

No. 75

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Meeting held on Monday, 2024-09-30T10:00,
Inkosi Albert Luthuli International Conventional Centre, Durban.

PRESENT : Councillors TE Nyawose (Speaker), VC Xaba (Mayor), ZP Myeni (Deputy Mayor), AC Akkers, J Annipen, A Beetge, T Biyela, JM Black, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, J Chetty, R Cloete, HU De Boer, CB Dlamini, Z Dzanibe, J Essop, BA Fortein, SG Gama, GM Gasa, DM Gcabashe, FO Gcabashe, G Govender, S Govender, SV Govender, Y Govender, BR Gumede, S Gumede, MS Gwala, GJ Hegter, MM Hlengwa, NP Hlomuka, SD Hlongwa, MF Ismail, DM James, M Johnson, MA Mgobhozi, K Khambule, SM Khanyile, NP Khawula, MN Khubisa, KNN Khubone, NL Khuzwayo, ZW Khuzwayo, SNC Khwela, A Kissoon, FM Kristopher, BG Kubheka, V Kunju, CJ Laing, SW Lushaba, M Lutchmen, WM Luthuli, ME Mabaso, RD Macpherson, MA Madlala, NI Madlala, SR Madlala, 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, BA Mchunu, JL Mchunu, NP Mchunu, SW Mcineka, RL McKenzie, X Mdlazi, FW Mdletshe, DL Mea, SP Mfeka, DPM Mhlongo, GN Mhlongo, SE Mhlongo, MB Mjadu, AZ Mkhize, KV Mkhize, MA Mkhize, ME Mkhize, NN Mkhize, NA Mkhize, SM Mkhize, B Mkhwanazi, BR Mngadi, DF Mngadi, SV Mngadi, MR Mngonyama, TJ Mnguni, ZM Mncwango, DP Mngoma, BV Mngwengwe, S Mnyandu, T Mohamed, R Moses, ND Motseke, SB Mpanza, LI Msomi, DV Msweli, SSS Mthethwa, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo, J Naidoo, S Nala, NB Ndlela, AB Ndlovu, MF Ndlovu, PB Ndlovu, PC Ndlovu, NS Ndlovu, TB Ndlovu, V Ndlovu, SG Nene, TH Nene, SB Ngcongo, S Ngema, DB Ngubane, LE Nkomeni, MS Nkosi, DR Nowbuth, XM Nqweniso, DM Nsundwane, SH Ntombela, PC Ntshangase, NC Ntshayintshayi, BT Ntuli, N Ntuli, PB Ntuli, B Nxumalo, MR Nxumalo, TS Nxumalo, AM Nyembezi, MV Nzimande-Madlala, AE Peterson, AS Phahla, BW Phewa, P Pillay, GDA Pullan, A Rampersad, R Rampersad, T Sabelo, S Sewshanker, BH Shange, LP Shange, MG Shange, TE Shezi, IM Shinga, HP Shoji, JN Sibisi, KS Sibisi, LC Sikhakhane, BSB Sindane, B Singh, EL Singh, J Singh, R Singh, PS Sishange, CN Sisoka, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZR Sokhabase, ZA Solomon, I Syed, BB Thusi, ME Thusi, NT Tyelinzima, JC Van den Berg, HM Van Der Ryst, NB Vilakazi, NL Xulu, TV Xulu, NY Young, M Zondi, ON Mthembu-Zondi, SS Zuma and TG Zungu.

ABSENT : Councillors A Abdul, SP Chebure (Indisposed), SN Gabela (Personal Commitments), F Ismail (Indisposed), LBS Jali (Personal Commitments), MH Khan, MP Mkhize (Indisposed), K Mhlaba, NM Mhlongo, TJ Mkhize (Personal Commitments), E Mngadi (Personal Commitments), ZO Mnomiya (Indisposed), T Miya (Indisposed), V Ncukana, NZ Ntuli (Indisposed), PH Nxumalo (Personal Commitments), NN Nyanisa (Indisposed),

NE Patchapen (Personal Commitments), DT Pillay (Personal Commitments), AAK Paruk (Overseas Trip), WP Sibiya, S Singh, A Shaheed (Personal Commitments), M Thusi (Personal Commitments), ZN Tshazela (Indisposed), NI Webster, SM Windvogel (Indisposed), T Xuma (Indisposed) and N Zondi (Indisposed).

AMAKHOSI

PRESENT : Inkosi S Mlaba and Inkosi 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), T Ndlovu (Senior Manager: Secretariat) and SC Zondi (Chief Committee Officer).

(At the commencement of the meeting 176 Councillors were present, comprising ANC - 83, DA - 47, EFF - 19, IFP - 11, Action SA - 03, ABC - 02, ACC - 00, ACDP - 00, AIC - 00, ADEC - 00, APF - 01, ATM - 01, AL JAMA-AH - 00, DLC - 01, JEP - 01, IND - 01, KZNI - 01, MF - 01, MOSA - 00, NFP - 01, PFP - 01, PRM - 01, TA- 00, UIM - 00 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 10h16 and extended a warm welcome to Councillors; Traditional Leaders; City Manager; Deputy City Managers; Head: Legal and Compliance and other Unit Heads present; Members of the Administration; Media; and Members of the Public viewing on social media live streaming.

3. AFRICAN UNION AND NATIONAL ANTHEM

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

4. OPPORTUNITY FOR PRAYER/MEDITATION

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

5. OFFICIAL ANNOUNCEMENTS

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

5.1.1 It was reported that the Amaoti Pedestrian Bridges Project, which is a four 25-meter single-span U-shaped conventional reinforced concrete pedestrian bridges over the Ohlanga River built in response to the April 2022 floods, was awarded the prestigious 2024 South African Institute of Civil Engineering (SAICE) Community Based Project of the Year Award. This recognition was bestowed on the Municipality at the 2024 SAICE National Awards held in Johannesburg on 5 September 2024, congratulatory words were extended to the Engineering Unit.

5.1.2 The Inkosi Albert Luthuli International Convention Centre, was commended for being voted again as the best South African Convention Centre and thereby a winner of the 2024 World MICE (Meetings, Incentives, Conference & Exhibitions) Awards, held in Ho Chi Minh City, Vietnam, on 04 September 2024.

5.1.3 Council noted that the Membership allocation to the newly reconstituted Section 80 Committees has been concluded, as per submissions made by respective Party Whips. The said reconfigured Committees will start operating as soon as the Municipal Council approves Terms of Reference for the Human Settlements and Trading Services Committees.

5.1.4 Council welcomed the following new Council Members:

- Councillor Christopher, Ward 33 (**DA**)
- Councillor Akkers, Ward 34 (**Independent**)
- Councillor B Singh, Ward 35 (**DA**)
- Councillor DeBoer, Ward 36 (**DA**)

5.1.5 Councillors were encouraged to conduct themselves with dignity and decency during the Council proceedings, and in compliance with the expectations of the Councillors' Code of Conduct.

5.1.6 Well wishes were extended to all Councillors who were celebrating their birthdays in September 2024.

6. SPEAKER'S REPORT

There was no Speaker's Report tabled at this meeting.

7. APPLICATIONS FOR LEAVE OF ABSENCE

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

RESOLVED:

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

COUNCILLORS

Councillor J Annipen	:	2024-09-30	To leave at 15h00
Councillor SP Chebure	:	2024-09-30	Indisposed
Councillor SN Gabela	:	2024-09-30	Personal Commitments
Councillor S Gumede	:	2024-09-30	To leave at 15h30
Councillor F Ismail	:	2024-09-30	Indisposed
Councillor LBS Jali	:	2024-09-30	Personal Commitments
Councillor MP Mkhize	:	2024-09-30	Indisposed
Councillor TJ Mkhize	:	2024-09-30	Personal Commitments
Councillor E Mngadi	:	2024-09-30	Personal Commitments
Councillor ZO Mnomiya	:	2024-09-30	Indisposed
Councillor T Miya	:	2024-09-30	Indisposed
Councillor MS Nkosi	:	2024-09-30	To leave at 11h00
Councillor NZ Ntuli	:	2024-09-30	Indisposed
Councillor PH Nxumalo	:	2024-09-30 To 2024-10-02	Personal Commitments
Councillor NN Nyanisa	:	2024-09-30	Indisposed
Councillor NE Patchapen	:	2024-09-30	Personal Commitments
Councillor DT Pillay	:	2024-09-30	Personal Commitments
Councillor AAK Paruk	:	2024-09-30	Overseas Trip
Councillor A Shaheed	:	2024-09-30	Personal Commitments
Councillor J Singh	:	2024-09-30	To leave at 16h00
Councillor R Singh	:	2024-09-30	To leave at 12h00
Councillor I Syed	:	2024-09-30	To leave at 15h00
Councillor M Thusi	:	2024-09-30	Personal Commitments
Councillor ZN Tshazela	:	2024-09-30	Personal Commitments
Councillor SM Windvogel	:	2024-09-30	Indisposed
Councillor T Xuma	:	2024-09-30	Indisposed
Councillor NO Mthembu-Zondi	:	2024-09-30	To leave early
Councillor N Zondi	:	2024-09-30	Indisposed

8. **DECLARATION OF INTEREST**

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

9. **PRESENTATION: ETHEKWINI MUNICIPALITY WATER AND SANITATION
STATUS OF WATER PROVISION & AREAS UNDER INTERMITTENT SUPPLY**

Presented by Acting Deputy City Manager: Trading Services Mr E. Msweli

Prior to Council receiving the above-mentioned presentation, time being 10h31, the DA requested five (05) minutes for caucus, which was accordingly granted by the Speaker, the meeting thereafter resumed at 10h48.

Reporting back from caucus, the DA mentioned that they were ready to receive the presentation and will submit their comments afterwards.

Thereafter, the Speaker afforded His Worship the Mayor, Councillor VC Xaba, an opportunity to present his remarks on the status of water provision within the Municipality, prior to the Deputy City Manager's presentation. In this regard, His Worship ascended a podium accordingly.

His Worship reported that it has been constantly communicated that the demand for water far exceeds supply and the Municipality continues pleading with all stakeholders, especially the public, to work with the Municipality to address this challenge. That the high-water usage is attributed to, among other things, rapid urbanisation, aging infrastructure which causes water leaks and illegal connections.

Emphasis was put that the bulk water supply to eThekweni Municipality comes from Umgeni /uThukela Water catchment system. That the average abstraction amount from the System over the past 12 months amounts to 1406.4 MI/d. Also, that this value will have to be reduced to 1287.7MI/d which is a reduction of 118 MI/d in order for uMngeni-uThukela Water Board to meet the conditions of the Water Use Licence of 470 million m³/annum. This meant a reduction on the current sales and abstraction volume of 8.4%.

For this reason, the Department of Water and Sanitation has imposed water curtailment on the system which comes into effect 10 October 2024. The curtailment will be for a period of 12 months and residents were urged to use water sparingly so that the Municipality can assist in reducing this high-level of consumption.

His Worship submitted that the Municipality has done all within its powers to avert this situation by writing to the Department requesting the postponement of the curtailment while the Municipality implements measures to save water, including non-revenue water. However, the Municipality is now at the stage where the ultimate goal is to avert a situation where water supply gets depleted from the source.

In ensuring that residents are not adversely affected, the Municipality will be implementing the following interventions:

- **Installation of restrictors in water metres of all consumers**
- **Pressure reduction in the reticulation network**
- **Metering all unmetered consumers**
- **Improve turnaround time in repairing leaks and pipe bursts through deployment of Ward-Based Plumbers**
- **Community education in water conservation**
- **Disconnection of illegal connections**
- **Water rationing where demand is too high or exceeds available supply**

His Worship pleaded with the residents to work with the Municipality to save water, not only for now, but also for future generations.

He then handed over to the Acting Deputy City Manager: Trading Services to provide more details on the curtailment, its effects, and the interventions being implemented by the Municipality.

The Deputy City Manager: Trading Services drew attention to the fact that many people were unaware of the risk that freshwater is a scarce resource and that freshwater scarcity affects two thirds of the world's population (about 4 billion people). Background information was given that eThekweni has 3.8 million population, with eThekweni Water and Sanitation (EWS) being responsible for the provision of water and sanitation services to all customers with the eThekweni Municipal area.

Providing status of water supply, the Acting Deputy City Manager reported that the Municipality has 6 Water Treatment Works; 108 Brake Pressure Tanks; 52 Elevated Tanks; 338 Reservoirs; 750 km trunk & gravity pipelines and 12 000km water mains.

He then provided a detailed presentation, a synopsis of which is recorded below:

Service Level Standards

To make water available to customers at an affordable cost, various levels of service are offered to domestic customers: -

- a) Full pressure water supply fed directly to the household from the City's supply network.
- b) Semi pressure supply received by the household through a roof-tank.
- c) 200 litres of water per household per day available through an individual household supply or metered flow Limiter connected to a yard tap).
- d) Standpipes/water dispensers that are provided to supply informal communities as an interim measure.
- e) Water sachets or tankered water in the case of prolonged service interruptions.
- f) Water boreholes where there is no water reticulation.

Constraints

- a) Rapid urbanization in predominantly rural areas and consumer infills in townships.
- b) Non-adherence to level service standards by consumers.
- c) Vandalism / theft of critical water infrastructure, for instance water pumps, telemetry equipment, power cables and various water fittings.
- d) Increased number of illegal connections.
- e) Ageing infrastructure.
- f) Lack of cadastral in rural areas.
- g) Non-payment for water consumption.
- h) Load shedding, its effect on pumping systems.
- i) Constrained bulk supply.

Current Interventions by the Unit to Address Challenges

- a) The Municipality has implemented the Western Aqueduct project which aims at addressing water supply challenges in the Outer West, Inner West and parts of Northern areas (Including INK, uMzinyathi and eTafuleni areas) at a capital cost of R3 billion.
- b) In addition, the Municipality has also completed the New Northern aqueduct project at a value of R2 billion to augment supply in the Northern areas. This project is at commissioning stage, anticipated date of commissioning is 16 September 2024.
- c) Lastly, the Municipality has begun construction for the replacement of the Southern aqueduct. This will augment supply to Southern areas mainly Umlazi and Folweni areas. This project is scheduled for 2 years from June 2024 to October 2026.
- d) Implementation of the Council-approved WC/WDM Strategy
- e) Implementation of pressure management to lower probability of water main bursts. Project at commissioning stage for 107 pressure reducing valves Citywide, in addition to the 2 331 working pressure reducing valves.
- f) Adhoc replacement of old asbestos cement pipes which are prone to bursting.

Municipal Long-Term Plans

- a) Pipeline replacement projects at 2% per annum (250-300km)
- b) Improved Asset Management and Operation and Maintenance
- c) Sustainable systems in the rural areas / Ingonyama Trust Board areas to supply services and receive payment where applicable
- d) Long-term Plans by the Department of Water & Sanitation / uMngeni-uThukela Water / EWS
- e) Construction of new Upper uMkhomazi Water Project to augment supply to eThekweni Municipality and other areas.
- f) Construction of the Lower uMkhomazi Water Project
- g) 2 x Water reuse PPPs at Northern and KwaMashu WWTW (100ML/day total)
- h) PPP at Southern WWTW for 40ML/day 2nd class water

Recent Water Supply Challenges: Department of Water and Sanitation Curtailments

- a) The bulk of water supply to eThekweni Municipality comes from Umgeni catchment system.
- b) This catchment system has six storage dams supporting the Municipality.
- c) The Municipality has been given a directive by the Department of Water and Sanitation that abstraction licenses from this catchment system have been exceeded by 8.4% or equivalent 108ML/day.
- d) This has prompted the Department of Water and Sanitation to impose curtailments on this system with effect from 10 October 2024.

PROGRESS OR WAY FORWARD

Department of Water and Sanitation Curtailments

- a) The Department of Water and Sanitation restrictions come into effect 10 October 2024.
- b) This will be a 12-month gradual reduction in supplied volumes.
- c) The Municipality will be reducing proportional to all custody transfer points.
- d) Various interventions have already been implemented by the Municipality in preparation for such curtailments.
- e) Some interventions are still at Supply Chain Management stage due to lack of funding.
- f) Algae Infestations
- g) Improvement has been noticed with regards to treated bulk water.
- h) The Municipality has imposed self-restrictions, particularly in the Northern Aqueduct, to manage demand from Durban Heights.
- i) Umgeni –uThukela is adding more chemicals to control algae at Albert Falls and Nagle dams.

Municipality's Response to Umngeni System Curtailments:

- a) Reinstatement of automated controls for all storage reservoirs
- b) Demand Reduction Table
- c) Restrictor installations
- d) Proactive Leak Detection & Repair
- e) Pressure Management & Reduction
- f) Data logging, and
- g) Interventions by the City

Commenting on the presentation, the DA mentioned that a lot more needs to be done to curb the 55% water loss, over and above the deployment of plumbers to all Wards to fix water leaks. They mentioned that turnaround times to resolve queries related to water burst and sewer leakages needed to be improved and that illegal connections had to be addressed. They also mentioned some of the causes contributing to challenges water shortage within the Municipality include density of population, industrial and residential developments. It being also mentioned that restricting the flow of water will not address the challenge of non-revenue water.

Also commenting on the presentation, the IFP was of the view that a consolidated Water Masterplan is required urgently for proper alignment of water related issues and interventions. It being mentioned that the Business Plan on its own is insufficient. Emphasis being made that the results of the investigation on the cause of algae be communicated as soon as these are available.

Meanwhile, the ActionSA commended His Worship the Mayor for the initiative of bringing to the attention of Council critical water-related issues, to empower Councillors with sufficient and clear information. They also raised similar issues, that of tackling water losses and attending to queries timeously. They further queried if the Municipality is aware of any actions taken by uMngeni-uThukela Water to hold uMgungundlovu and uMngeni Municipalities accountable for over abstracting from the water source.

Also joining the discussion, the DLC emphasized that water leaks and sewer spillages be resolved timeously, in line with the service level standards and agreements.

Also commenting on the matter, the PRM mentioned that some of water challenges, include water meters installed incorrectly by service providers on behalf of the Municipality, reference being made to areas under Ingonyama Trust Board at uMzinyathi.

Lastly, the VF Plus submitted that water infrastructure has dilapidated with constant water outages, a proposal being submitted that in future, building plans should include innovative ways of saving water.

Thereafter, the City Manager noted the comments from the Council members and advised that the proposals submitted in this meeting will be considered by Management going forward. He then handed over to the Acting Deputy City Manager: Trading Services to provide responses to the comments submitted by the Councillors.

The Acting Deputy City Manager: Trading Services advised of a backlog of eight thousand (8 000) water queries as at end September 2024. It being mentioned that to date, there were seven hundred (700) water faults on the system, and that the Ward-based Plumbers have been deployed to assist fixing water leaks.

In terms of the proposed water curtailment on the system and its effects, it was emphasised that it would be best for the Municipality to implement the proposed interventions, including installation of restrictors on water meters as the non-implementation of such interventions might lead to a dire situation.

Regarding the query raised on the Municipal Water Masterplan, it was advised that the document is available, however, the Municipality is required to update the Masterplan to align with the requirements from the National Department of Water and Sanitation.

On the issue raised concerning actions being taken by uMngeni-uThukela Water to hold uMgungundlovu and uMngeni Municipalities accountable for over abstracting from the water source, it was advised that the Municipality cannot comment on behalf of uMngeni uThukela Water and the Department of Water and Sanitation.

Upon concluding discussions, accordingly, the presentation on eThekweni Municipality Water and Sanitation Status of Water Provision and Areas under Intermittent Supply was **NOTED.**

10. CONFIRMATION OF MINUTES: MEETINGS HELD 2024-08-01; 2024-08-29 (Ordinary); 2024-08-01; 2024-08-29 (In-Committee).

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

- (i) 2024-08-01 (Ordinary) were tabled, moved by Councillor Khwela and seconded by Councillor Myeni.
- (ii) 2024-08-29 (Ordinary) were tabled, moved by Councillor Mkhize and seconded by Councillor Sokhabase.
- (iii) 2024-08-01 & 2024-08-29 (All In-Committee), were adopted during an In-Committee session.

Thereafter, it was

RESOLVED:

That the Minutes of the meetings of the eThekweni Municipal Council held 2024-08-01 and 2024-08-29; (Both Ordinary); 2024-08-01 and 2024-08-29 (All In-Committee), as circulated and taken as read, be and they are hereby confirmed.

11. MATTERS ARISING

There were no matters arising from the Minutes of the meetings held 2024-08-01 and 2024-08-29.

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

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

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

FIRST REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-06-24)

- PRESENT** : Executive Committee Members ZP Myeni (Deputy Mayor and Chairperson), A Beetge, Y Govender; NI Madlala, TM Mthethwa, OB Mvubu, MS Nkosi, ZR Sokhabase and there being one (01) vacancy.
- ABSENT** : Executive Committee Member BT Ntuli (Leave- Municipal Business).
-

1. REPORT OF THE FINANCE COMMITTEE: MEETING HELD 2024-06-19

1.1 Investment Report for the Month Ended: 30 April 2024 (7/11/4): (Page 9: Finance Committee - Agenda 2024-06-19)

The Committee noted the Municipal funds invested at different Financial Institutions recorded at an amount of R9 407 659 000.00 (Nine Billion Four Hundred and Seven Million Six Hundred and Fifty-Nine Thousand Rand), at an average of return on investment of 9.03%. Also, that the Municipality has an overdraft facility of R682 000 000.00 (Six Hundred and Eight Two Million Rand) and the unutilised Capital and Operational Grants as at the end of April 2024 was reported to be R2 022 000 000.00 (Two Billion Twenty-Two Million Rand). It being further noted that there was 56 (Fifty-Six) days cash on hand excluding grants.

During discussion, the negative credit outlook of the Municipality was noted with reservations. That it was not clear whether this indicates failure by the Municipality to meet its loan obligations. Furthermore, that the Municipality is operating at a loss based on the fact that the interest paid on borrowing exceeds the income derived from the investments. The Committee emphasised the need to be furnished with an investment strategy to understand where there are gaps to ensure financial stability of the Municipality.

In response, the Management confirmed that the Municipality remains capable of meeting its loan obligation. They attributed the severe impact on the Municipality's credit rating to the introduction of Section 159 of the Constitution. However, confirmation was given that efforts are currently underway to reassess and potentially revise this outlook.

Furthermore, the Management acknowledged the imbalance where the Municipality's interest payments exceeded the income generated from all investments. However, they highlighted the City's strategy to reduce borrowing hence the loan borrowing of R1 500 000 000.00 (One Billion Five Hundred Million) and utilise internal reserves and grants for major critical projects instead of relying heavily on borrowing at a higher cost.

With the Committee noting the investments report for the month of April 2024,

COMMITTEE RECOMMENDS:

That the report on investments for eThekweni Municipality as at 2024-04-30, which records the total funds invested in financial institutions as R9 407 659 000.00 (Nine Billion Four Hundred and Seven Million Six Hundred and Fifty-Nine Thousand Rand), at an average rate of return on investment of 9.03%, 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.

Speaking on the matter, the DA noted that the Municipality has R9,4 billion of investments and R2 billion being the unutilised grants in the month of April 2024. However, they were disappointed to note the negative credit outlook of the Municipality, citing that this attributed to the introduction of Section 159 of the Constitution. They also noted with concern that the Municipality is operating at a loss since the interest paid on borrowing exceeds the income derived from the investments. They further cited some of the interventions that can be implemented to turn the situation around which include increasing revenue streams, collection of debt owed and utilisation of unspent grants.

Also commenting on the matter, the VF Plus mentioned that it was critical for the ratepayers' funds and interests to be safeguarded. That loan borrowing is not a solution, and citing that the R2 billion of unspent grants be utilised to fastrack service delivery. On the other hand, the appointment of debt collectors to collect monies owed by customers on behalf of the Municipality was appreciated.

Thereafter, the ANC mentioned that in the mist of water challenges, they were pleased to report that the Municipality does not owe uMngeni-uThukela Water and Eskom. Referring to the report, they mentioned that the Municipality has invested R9 billion in various financial institutions, and an overdraft facility of R6.8 million which was applauded. They emphasized that the report does not relate to loan borrowings, however they noted challenges cited, and indication given that strategies will be developed and implemented to improve the situation.

Accordingly, the above recommendations were, NOTED.

1.2 Unauthorized, Irregular, Fruitless and Wasteful (UIFW) Expenditure Incurred for Quarter Ended 31 March 2024 (7/R):
(Page 15: Finance Committee - Agenda 2024-06-19)

The Committee noted non-compliance with the Supply Chain Management Policy as well as the Municipal Financial Management Act No 56 of 2003, which resulted in irregular expenditure in the amount of R436 233 367.68. (Four Hundred and Thirty-Six Million Two Hundred and Thirty-Three Thousand Three Hundred and Sixty-Seven Rand and Sixty-Eight Cents), being incurred by the Municipality during the quarter ended 31 March 2024.

It was further noted that these respective items have been reviewed and analysed by the Internal Control Unit, noted by the Bid Adjudication Committee, and will be referred to the Municipal Public Accounts Committee for recommendation to write off or recover based on the outcomes of their investigation.

As part of efforts to curb irregular expenditure, the Finance Cluster have implemented the following controls:

- The Municipality has a Supply Chain Management Policy (SCMP) prepared according to Chapter 11 of the Local Government: Municipal Finance Management Act No 56 of 2003, Supply Chain Management Regulations and the National Treasury Guidelines and circulars;

- The SCMP is reviewed on an annual basis to ensure that any updates or amendments are incorporated into the policy;
- Annual procurement plans are prepared by all departments within the Municipality;
- All contract procured through Supply Chain Management are monitored to ensure that the contracts are replaced timeously;
- Financial certificates are issued prior to the acquisition of goods and services; and
- The implementation of an online budget checking tool.

During discussions, the Committee expressed appreciation for the controls being implemented to mitigate irregular expenditure. However, they raised concerns that the current report lacked the necessary detail for them to effectively oversee the matter. That given the substantial amount involved, a need exists for concrete plans to reduce Unauthorized, Irregular, Fruitless, and Wasteful Expenditure (UIFWE). The Committee highlighted the lack of effective contract management as a significant root cause and emphasized the importance of addressing this through appropriate disciplinary processes.

In order to enhance their oversight role, the Committee requested that future reports on irregular expenditure should be comprehensive and include the following details:

- i) Detailed explanation of the reasons leading to the occurrence of irregular expenditure;
- ii) Actions taken to recover the amounts incurred rather than merely noting them;
- iii) Confirmation that value for money was achieved in the transactions related to the irregular expenditure;
- iv) Verification whether consequence management was applied against officials implicated in the irregularities.

In response, Management confirmed that the primary issue leading to irregular expenditure was failure to meet local content requirements. Confirmation was given that despite compliance issues regarding regulated requirements, value for money was achieved. The Committee was assured that these matters will undergo thorough investigation by the Municipal Public Accounts Committee, with final recommendations to be presented to Council.

Furthermore, Management clarified that the recommendation to write off the expenditure does not rule out implementing consequence management measures against implicated officials. That to address these shortcomings, Management disclosed ongoing plans to automate Supply Chain Management (SCM) processes, aiming to enhance compliance and efficiency in meeting regulatory obligations.

Accordingly,

COMMITTEE RECOMMENDS:

1.2.1

That the Unauthorised, Irregular, Fruitless and Wasteful Expenditure reported for the Quarter ended 31 March 2024 amounting to R436 233 367.68. (Four Hundred and Thirty-Six Million Two Hundred and Thirty-Three Thousand Three Hundred and Sixty-Seven Rand and Sixty-Eight Cents), be noted.

1.2.2 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.

1.2.3 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.

Cumulative Expenditure for period Ending 31 March 2024:

As at 31 March 2024, the cumulative Irregular, Fruitless and Wasteful Expenditure incurred for the 2023/2024 period amounts to R1 083 717 318.94

The total below illustrates the summarised details of the quantum of irregular expenditure incurred and reported for each quarter of the 2023/2024 financial year.

Source	Quarter 1	Quarter 2	Quarter 3	Cumulative Total
Municipality's own Internal Control processes	R4 231 382.81	R33 824 865.45	R26 728 036.22	R64 784 284.48
SSS Database splitting of orders	R0.00	R0.00	R87 587 846.33	R87 587 846.33
Non-compliance with the Preferential Procurement Regulations, 2017 – Local Content	R76 343 780.88	R533 083 922.12	R321 917 485.13	R931 345 188.13
Cumulative Total	R80 575 163.69	R566 908 787.57	R436 233 367.68	R1 083 717 318.94

NOTED.

1.3 Public Tender Awards of eThekweni Municipality for the Month Ended: 30 April 2024 (9/1/3):
(Page 72: Finance Committee - Agenda 2024-06-19)

The Committee noted that the amount of R910 665 317.46 (Nine Hundred and Ten Million Six Hundred and Sixty-Five Thousand Three Hundred and Seventeen Rand Forty-Six Cents) was the total value of tenders issued during the month of April 2024.

During the discussion, the Committee expressed support for the ongoing tender process aimed at procuring additional tools of trade, specifically firearms for the Metro Police Unit. That this initiative is expected to enhance the capabilities of newly appointed and future Metro Police officials. Additionally, the Committee welcomed the tender process for selecting a service provider to investigate illegal connections, emphasizing the need for fairness in utility billing across residents. The Committee also acknowledged and appreciated the reduction in the tender value for the demolition of the China Mall.

However, reservations were expressed regarding what appears to be misuse of Section 36 of the Local Government: Municipal Finance Management Act No. 56 of 2003. It was pointed out that Section 36 should only be invoked in cases of emergencies or other urgent challenges that necessitate bypassing the regular tender process. Mention

being made that poor planning by departments does not qualify as an emergency. Additionally, it was noted that the use of Section 36 typically leads to irregular expenditure, which has been identified as a significant issue in eThekweni Municipality. That effective endeavours should be explored to empower Black and youth owned business as the current model is deemed ineffective.

The management acknowledged the inputs submitted and committed to addressing some of the concerns raised. However, it was noted that internal processes are in place to prevent the misuse of Section 36. It was further emphasized that in certain cases, the decision to invoke Section 36 is influenced by instances where tenders are not awarded and where the service is critical, thereby necessitating the use of Section 36. That Section 36 is not an anomaly, but the process is permitted in line with the legislation, with an oversight to just focus on monitoring potential abuse.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.3.1 That the public tender awards by the City for the month of April 2024, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Acting Head: Supply Chain Management dated 2024-05-07, be noted.
- 1.3.2 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.
- 1.3.3 That the Finance Committee calls for additional information on individual awards, where it deems appropriate and necessary to play its oversight role.
- 1.3.4 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.
- 1.3.5 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.

- 1.4 Public Tender Awards of eThekweni Municipality for the Month Ended: 31 May 2024 (9/1/3):
(Page 129: Finance Committee - Agenda 2024-06-19)

The Committee noted that the amount of R200 488 010.49 (Two Hundred Million Four Hundred and Eighty-Eight Thousand Ten Rand Forty-Nine Cents) was the total value of tenders issued during the month of May 2024.

COMMITTEE RECOMMENDS:

- 1.4.1 That the public tender awards by the City for the month of May 2024, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Acting Head: Supply Chain Management dated 2024-06-05, be noted.

- 1.4.2 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.
- 1.4.3 That the Finance Committee calls for additional information on individual awards, where it deems appropriate and necessary to play its oversight role.
- 1.4.4 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.
- 1.4.5 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.

- 1.5 Budget Statement Report for the Month Ended: 30 April 2024 (7/1/4):
(Page 173: Finance Committee - Agenda 2024-06-19)

The Committee noted that the actual operating revenue of 99% of the budget with a variance of -1% and the revenue generated to date was 85,98%. The actual operational expenditure was reported as a percentage of year-to-date budget at 94% with a variance of -6%; the operating expenditure spent to date was 75,5%. The reported capital expenditure was 75% of the year-to-date budget with a variance of -25% and the capital expenditure spent to date was 45,79%. A cash collection of 93% as at April 2024 was reported slightly lower when compared to the same period in the previous year (93.17%).

During discussion, the Committee registered the following inputs:

- The growing debtors list was noted with concerns and emphasis being given on the need for increased efforts in debt collection.
- That notwithstanding the ongoing legal dispute between the City and the Municipal bus Operator, Tansnat Durban CC, efforts should be made to recover the significant outstanding debt owed to the Municipality and further look into dissolving this partnership.
- That the Committee should be furnished with a detailed update report on the ongoing court case. In light of the Municipal buses being utilised to transport students of the Mangosuthu University Technology (MUT), the Committee queried whether the City was benefiting from this arrangement.
- Due to substantial water losses in eThekweni, the Committee emphasized the need of implementing comprehensive action plans aimed at reducing these losses.
- A submission was made for the installation of meters at both the inlet and outlet points of all reservoirs to accurately monitor water intake from the Supplier and distribution to residents.

- Additionally, the Committee emphasized the urgency of expediting meter reading processes to ensure accurate billing for the residents.
- Investing more in asset management and allocating budget for repairs and maintenance of the infrastructure was deemed crucial, particularly in light of the significant damages the City has suffered from storm related incidents over recent years.

The Management acknowledged the Committee's inputs and advised of plans in the pipeline to address issues of water losses. That to combat this issue effectively, budget allocation has been made for a comprehensive pipe replacement program and the widespread deployment of smart meters. Furthermore, they expressed confidence that the implementation of the turnaround strategy will generate positive outcomes.

With the Committee noting the Budget Statement report for the month ended 2024-03-31,

COMMITTEE RECOMMENDS:

- 1.5.1 That the Budget Statement report for the month ended 2024-03-31 and the supporting documents, submitted by the City Manager as per his report dated 2024-05-14, 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.
- 1.5.2 That in compliance with Section 32(2) of the Municipal Finance Management Act, Council notes the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) incurred for the month of April 2024 as detailed on section 10 of the Budget Statement Report.
- 1.5.3 That Council refers the UIFW referred to in .2 above to the Municipal Public Accounts Committee (MPAC) for investigation into the recovery or write-off of the said expenditure in terms of Section 32(2)(b) of the Municipal Finance Management Act and request MPAC to report back to Council on the outcome of its investigations.

Items 1.5.1 & 1.5.2 NOTED, item 1.5.3 ADOPTED.

- 1.6 Budget Statement Report for the Month Ended: 31 May 2024 (7/1/4):
(Page 506: Finance Committee - Agenda 2024-06-19)

The Committee noted that the actual operating revenue of 99.5% of the budget with a variance of -0.5% and the revenue generated to date was 93%. The actual operational expenditure was reported as a percentage of year-to-date budget at 95% with a variance of -5%; the operating expenditure spent to date was 84%. The reported capital expenditure was 84% of the year-to-date budget with a variance of -16% and the capital expenditure spent to date was 60.23%. A cash collection of 93% as at May 2024 was reported slightly lower when compared to the same period in the previous year (94.45%).

The DA registered concern regarding slow paced movement to resolve issues of rates clearance certificates. Furthermore, that more work should be done to address the issue of long outstanding debt by government entities and other parastatals. The spending on grants was considered low considering that the City is two weeks away from the end of the financial year.

However, assurance was given that spending on grants will increase significantly in the month of June. In cases where spending remains notably low by the end of the financial year, the City will apply for necessary funding rollover into the next financial year.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.6.1 That the Budget Statement report for the month ended 2024-05-31 and the supporting documents, submitted by the City Manager as per his report dated 2024-06-13, 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.
- 1.6.2 That in compliance with Section 32(2) of the Municipal Finance Management Act, Council notes the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) incurred for the month of May 2024 as detailed on section 10 of the Budget Statement Report.
- 1.6.3 That Council refers the UIFW referred to in .2 above to the Municipal Public Accounts Committee (MPAC) for investigation into the recovery or write-off of the said expenditure in terms of Section 32(2)(b) of the Municipal Finance Management Act and request MPAC to report back to Council on the outcome of its investigations.

Items 1.6.1 & 1.6.2 NOTED, item 1.6.3 ADOPTED.

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

SECOND REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-09-17)

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

1. FILLING OF VACANT AUDIT AND RISK COMMITTEE MEMBER POST WITH BUILT ENVIRONMENT EXPERTISE (4/3/2)

(Page 1)

A vacancy exists in the Audit and Risk Committee following the resignation of a member with expertise in the Built Environment. The requirements of Circular 55 of the Local Government: Municipal Finance Management Act No 56 of 2003 states that Members should be selected from different areas of expertise to respond to varied needs of the Municipality. It being noted that full representation of different set of expertise is required to ensure effective functioning of the Committee.

In view of the above, the Municipality has embarked on the process to fill this vacant post. A screening process of the applications received was undertaken successfully, focusing mainly on candidates in possession of built environment, in addition to other requisite skills and experience. This process then culminated in the appointment of Professor Jacques Snyman, as per the details in the table below:

No.	Name	Qualification	Board Experience	Area of Expertise
1	Prof. Jacques Snyman	<ul style="list-style-type: none"> • 2010 D Tech (Civil Eng.) (TUT) • 2002 BSc (Hons) (UP) • 1996 M Dip Tech (Civ. Eng) (TUT) former TP) • 1991 NHD: Civil Eng (TUT) (former TP) • 1989 ND: Civil Eng (TUT) (former TP) 	Chairs and provides leadership on various committees within the university structure as well as other environments and serves on the Faculty of Engineering and the Built Environments board and Ethics Committee.	<ul style="list-style-type: none"> • Water Engineering; and • Environmental Engineering

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

COMMITTEE RECOMMENDS:

That Council approves the appointment of Professor Jacques Snyman to serve as an Audit and Risk Committee member with the built environment expertise for a period of three (03) years from the date of approval.

With the DA Abstaining, the recommendations were ADOPTED.

2. REQUEST FOR APPROVAL OF VARIOUS LONG-TERM LEASES: (REPORTS DEFERRED BY COUNCIL ON 13 JULY 2023)

(Page 3)

It will be recalled that in its meeting held 2023-07-13, the Municipal Council resolved to refer back the lease items to the Executive Committee for a full review of leases submitted and the associated lease policy. With the necessary processes having been undertaken, the Executive Committee in its meeting of 2024-09-17 reconsidered the lease items and these are now accordingly resubmitted to the Municipal Council for final approval.

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

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

At the Support Committee level, the matter was passed with a vote. With 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the DA reiterated the need for specific details to be provided with respect to the actual location of properties to facilitate thorough interrogation and informed decision-making. On the issue of the lease in question,

it was then advised that this relates to the Sizakala Customer Service Centre located at Umhlanga. That the Municipality intends upgrading the same to better accommodate additional Municipal services.

There being a unanimous support,

COMMITTEE RECOMMENDS:

- 2.1.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA) that:
 - 2.1.1.1 The proposed Portion described as Portion 755 of Erf 1560 of Lot 31, No 1560, in extent of 741m² as depicted on Plan No. SJ 4793/2 is not needed to provide the minimum level of basic Municipal services and is considered to be a surplus for the requirements of the Municipality during the period of the proposed granting of rights to use control or manage the said property.
 - 2.1.1.2 The Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R19 000 000.00 (Nineteen Million Rand) and an assessed market rental of R1 333 800.00 (One Million Three Hundred and Thirty-Three Thousand Eight Hundred Rand) per annum, R111 150.00 (One Hundred and Eleven Thousand One Hundred and Fifty Rand) per month, excluding VAT.
- 2.1.2 That the Municipal Council approves in principle that a right be granted to use control or manage the capital asset described as proposed Portion 755 of Erf 1560 of lot 31 No.1560 in extent of 7411m² as depicted on SJ Plan No SJ 4793/2 in terms of Regulation 34(1)(b) read together with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulations 2008 as follows:
 - 2.1.2.1 That a long-term right is proposed to be granted in respect of proposed Portion 755 of Erf 1560 of Lot 31 No. 1560.
 - 2.1.2.2 That rental be assessed on the open market value.
 - 2.1.2.3 That all conditions received from the Municipality's Service Delivery Units as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
 - 2.1.2.4 That the proposed property described as Portion 755 of Erf 1560 of Lot 3, No 1560, in extent 7411m² be leased by way of public tender, in accordance with the Municipal Supply Chain Management Policy, at a base rental of R1 333 800.00 (One Million Three Hundred and Thirty Three Thousand Eight Hundred Rand) per annum, R111 150.00 (One Hundred and Eleven Thousand One Hundred and Fifty Rand) per month, excluding VAT, escalating by 7% pa and reviewable every 5 years for a period of 45 years.
 - 2.1.2.5 That all costs incidental to this transaction shall be borne by the lessee and all the developmental plans must be submitted to the Local Authority.
 - 2.1.2.6 That the rental be suspended for the developmental period stipulated on the bidders proposal or until the Practical Completion Certificate is issued (whichever comes first) from the date of registration of the lease, to allow for the refurbishment/development of the property, provided that the development period or period until the Practical

Completion Certificate is issued does not exceed 3 years from the date of registration of the lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million Rand).

2.1.2.7 Should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.

2.1.2.8 That subject to the adoption of .1 to .2 above and compliance with the eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.

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

Again, the matter was passed with a vote at the Support Committee level. Accordingly, with 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (02) DA Members voted against the recommendations. With (04) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

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

2.2.1.1 The proposed property described as Position Erf 395 Savannah Park is not needed to provide the minimum level of basic municipal services and that is considered to be a surplus to the requirements of the Municipality for the period that the proposed granting of rights to use, control or manage the said property is proposed and,

2.2.1.2 The Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R22 747 500.00 (Twenty-Two Million Seven Hundred and Forty Seven Thousand Five Hundred Rand), at an assessed market rental of R1 364 850.00 (One Million Three Hundred and Sixty-Four Thousand Eight Hundred and Fifty Rand) or R113 738.00 (One Hundred and Thirteen Thousand Seven Hundred and Thirty-Eight Rand) per month, excluding VAT.

- 2.2.2 That the Council approves in principle, that a right be granted to use, control or manage the capital asset described as Erf 395 Savannah Park in extent of 4.6262 Ha as depicted on Plan 4751/4 in terms of Regulation 34(1)(b) read with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulation 2008 as follows:
- 2.2.2.1 That a long-term right is proposed to be granted in respect of the subject property.
- 2.2.2.2 That rental be assessed on the open market value.
- 2.2.2.3 That the proposed property described as Erf 396 Savannah Park in extent 4.6262Ha be lease by way of public tender in accordance with the provisions of the Preferential Procurement Policy Framework which supports the Radical Economic Transformation Framework, at a base rental of R1 364 850.00 (One Million Three Hundred and Sixty Four Thousand Eight Hundred and Fifty Rand) per annum and R113 738.00 (One Hundred and Thirteen Thousand Seven Hundred and Thirty Eight Rand) per month, excluding VAT, escalating by 7% per annum and reviewable every 5 years for a period of 45 years.
- 2.2.2.4 That all costs incidental to this transaction shall be borne by the lessee and all the developmental plans must be submitted to the Local Authority.
- 2.2.2.5 That the rental be suspended for the development period stipulated on the bidders proposal or unit until the Practical Completion Certificate is issued (whichever comes first), from the date of registration of the lease to allow for the refurbishment/development of the property, provided that the development period or period until the Practical Completion Certificate is issued does not exceed 3 years from the date of registration of the lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million Rand).
- 2.2.2.6 That should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 2.2.2.7 That subject to the adoption of .1 to .2.6 above and compliance with eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.

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

The matter was passed with a vote at the Support Committee level. With 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF- 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (02) DA Members voted against the recommendations. With (04) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 2.3.1 That the Municipal Council declares in terms of Section 14 of the Local Government: Municipal Finance Management Act No 56 2003 (MFMA) that:
- 2.3.1.1 That the proposed lease of Erf 517 Mobeni (situated on Rem of Erf 1 Mobeni) in extent 6.2553Ha as depicted on SJ 4801/9 is not required to provide the minimum level of basic municipal services and is considered to be a surplus to the requirements of the Municipality for the period of the proposed granting of the rights to use, control or manage the said property.
- 2.3.1.2 That the Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R103 500.00 (One Hundred and Three Million Five Hundred Thousand Rand) and an assessed market rental of R9 324 000.00 (Nine Million Three Hundred and Twenty-Four Thousand Rand) per annum or R777 000.00 (Seven Hundred and Seventy Thousand Rand) per month, excluding VAT.
- 2.3.2 That the Council approves in principle that a right be granted to use, control or manage the capital asset described as Proposed Lease of Erf 517 Mobeni (situated on Rem of Erf 1 Mobeni) in extent 6,2553Ha as depicted on Plan No. SJ 4801/9, in terms of Regulation 34(1)(b), read with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulation 2008, as follows:
- 2.3.2.1 That a long-term right is proposed to be granted in respect of Proposed Lease of Erf 517 Mobeni (situated on REM 1 Mobeni).
- 2.3.2.2 That rental be assessed on the open market.
- 2.3.2.3 That all conditions received from the Municipality's Service Delivery Units, as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
- 2.3.2.4 That the proposed property described as Proposed Lease of Erf 517 Mobeni (situated on rem of Erf 1 Mobeni) be leased by way of public tender, in accordance with the provisions of the Preferential Policy Framework which supports the Radical Economic Transformation Framework at a basic rental of R9 324 000.00 (Nine Million Three Hundred and Twenty Four Thousand Rand) per annum or R777 000.00 (Seven Hundred and Seventy Seven Thousand Rand) per month, excluding VAT, escalating by 7% per annum and reviewable every 5 years for a period of 45 years.

- 2.3.2.5 That all costs incidental to the transactions shall be borne by the lessee and all the developmental plans must be submitted to the local authority.
- 2.3.2.6 That the rental be suspended for the development period stipulated on the bidders proposal or until the Practical Completion Certificate is issued (whichever comes first) from date of registration of the notarial deed of lease to allow for the refurbishment/development of the property, provided that the development period or period until the Practical Completion Certificate is issued does not exceed 3 years from the date of registration of the notarial deed of lease and provided further that the capital investment is above R30 000 000.00 (Thirty Million).
- 2.3.2.7 That should the developer not complete the development within a three-year period, an application must be made to the Head: Real Estate to submit a request to the Municipal Council to consider an extension of time, without any further rental suspension, to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 2.3.3 That subject to the adoption of .1 to .7 above and compliance with the eThekweni Municipality: Supply Chain Management Policy, authority be granted for the Head: Real Estate to sign all documents necessary to conclude the required agreement.
- REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.**

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

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

COMMITTEE RECOMMENDS:

- 2.4.1 That the Council declares in terms of Section 14 of the Local Government Municipal Finance Management Act No 56 of 2003 (MFMA) that:
- 2.4.1.1 The proposed property described as Erf 10306 Durban, in extent 2097m² as depicted on Plan No. SJ No 4795/9, is not needed to provide the minimum level of basic municipal services and is considered to be a surplus to the requirements of the Municipality for a 30-year period of the proposed granting of rights to use, control or manage the said property; and
- 2.4.1.2 That the Municipality has considered fair market value of the asset, economic and community value to be received in exchange for the asset, with the current market value of the property being R54 000 000.00 (Fifty-Four Million Rand).
- 2.4.2 That the Municipal Council approves that a right be granted to use, control or manage the capital asset described as Erf 10306 Durban, in extent 2097m² as depicted on Plan No. SJ4795/9 in terms of Regulation 34(1)(b), read together with Regulation 36 and 41(1) of the Municipal Asset Transfer Regulations 2008 as follows:
- 2.4.2.1 That a long-term right is proposed to be granted in respect of Proposed Portion of Erf 10305 Durban.

- 2.4.2.2 That an upset rental of R5 800 000.00 (Five Million Eight Hundred Thousand Rand) per annum or R483 333.33 (Four Hundred and Eighty-Three Thousand Three Hundred and Thirty-Three Rand Thirty-Three Cents) per month, excluding VAT, as assessed by a registered valuer, be approved.
- 2.4.2.3 That all conditions received from the Municipality's Service Delivery Units, as detailed in paragraph 5 of the report will form part of the lease agreement to be concluded between the Municipality and a successful tenderer.
- 2.4.2.4 That the subject property described as Erf 10306 Durban in extent 2097m² as depicted on Plan No. SJ4795/9, be leased by way of public tender in accordance with the Municipal Supply Chain Management policy, at a base rental of R5 800 000.00 (Five Million Eight Hundred Thousand Rand) or R483 333.33 (Four Hundred and Eighty Three Thousand Three Hundred and Thirty Three Rand Thirty Three Cent) per month, excluding VAT, escalating by 7% per annum and reviewable every 5-year period of 30 years.
- 2.4.2.5 That all costs incidental to this transaction be borne by the lessee and all the developmental plans be submitted to the Land Use Management Unit of the Municipality.
- 2.4.2.6 That the rental may be suspended for the refurbishment/development period stipulated on the bidder's proposal or until the Practical Completion Certificate is issued (whichever comes first) from the date of registration of the lease to allow for the development of the property, provided that the capital investments is above R30 000 000.00 (Thirty Million Rand), and, should the developer not complete the development within a two-year period, an application can be made to full Council to consider an extension to complete the development in accordance with suitable terms and conditions as recommended by the Head: Real Estate.
- 2.4.3 That subject to the adoption of .1 to .6 above and the approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to conclude and administer this transaction.

REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.

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

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

COMMITTEE RECOMMENDS:

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

- 2.5.1.1 The properties are not required to provide the minimum level of basic services for a period of 30 years, being the duration of the proposed lease.
- 2.5.1.2 The current market rental value of the land is assessed at a value of R12 000.00 (Twelve Thousand Rand), per month, excluding VAT, and is to be reviewed from time to time.
- 2.5.1.3 The properties be leased in accordance with the provision of the Preferential Procurement Policy Framework which supports Radical Economic Transformation and the Supply Chain Management Policy.
- 2.5.2 That all costs incidental to the transaction shall be at the cost of the lessee to whom the right to use, control or manage the capital asset is to be granted.
- 2.5.3 That all developmental plans must be submitted to the Local Authority for approval prior to any construction.
- 2.5.4 That subject to the adoption of .1 to .3 above and the approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality, the Municipal Asset Transfer Regulations 2008, the Land Disposal and Granting of Rights Policy of the Municipality and any other applicable legislation, and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interest.

REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.

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

At the Support Committee level, the matter was passed with a vote. With 26 Councillors present, 21 Councillors (ANC – 14, IFP - 2, EFF - 4 and KZN - 1) voted in support of the recommendations and 5 DA Councillors voted against the recommendations.

At the Executive Committee level, the (02) DA Members voted against the recommendations. With (04) ANC Members, (01) EFF Member, (01) IFP Member and (01) NFP Member being in support,

COMMITTEE RECOMMENDS:

- 2.6.1 That the Council of eThekweni Municipality approves in principle that right be granted to use, control or manage the capital assets described in Annexure C of the report of the Head: Real Estate dated 16 May 2023, and in terms of Regulation 34(1)(b), read with Regulation 36 and 41 of the Municipal Asset transfer Regulation 2008 that:
 - 2.6.1.1 The properties are not required to provide the minimum level of basic Municipal service for a period of 9 years and 11 months, being the duration of the proposed leases.

- 2.6.1.2 The properties be leased in accordance with the provision of the preferential Procurement Policy Framework which supports the Radical Economic Transformation Framework and the Supply Chain Management Policy.
- 2.6.2 That all costs incidental to the transaction shall be at the cost of the lessee to whom the right to use, control or manage the capital asset is to be granted.
- 2.6.3 That all developmental plans must be submitted to the Local Authority for approval prior to any construction.
- 2.6.4 That a flat-rate, fair market rental of R10 000.00 (Ten Thousand Rand) per locator, per month for all Cellphone sites has been determined, excluding VAT for the first year, thereafter, escalating by 7% per annum for the duration of the lease period.
- 2.6.5 That the sites be used for Cellular Base Station purposes only.
- 2.6.6 That in terms of the zonings of the sites, it shall be necessary for these new lessees to obtain Special Consent of the Council for the construction of the Cellular Phone Base Stations and the leases shall be based on this proviso.
- 2.6.7 That the lessees shall obtain Provincial approval in terms of the Environmental Impact Assessment which shall accompany the Special Consent applications.
- 2.6.8 That subject to the adoption of .1 to .7 above and approval of the Bid Adjudication Committee, authority be granted for the Head: Real Estate to sign all documents necessary to give effect to this transaction in terms of the Supply Chain Management Policy of the Municipality, Municipal Asset Transfer Regulation 2008, Land Disposal and Granting of Rights Policy of the Municipality and any other applicable legislation and that it shall be subject to such further conditions as the Head: Real Estate considers necessary to protect Council interest.

REFERRED BACK, to the Executive Committee for a full review of leases submitted and the associated lease policy.

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

THIRD REPORT OF THE EXECUTIVE COMMITTEE

(Meeting held 2024-09-26)

PRESENT : Executive Committee Members VC Xaba (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. REPORT OF THE FINANCE COMMITTEE: MEETINGS HELD 2024-09-12 & 18

(Page R1)

1.1 Billing Report for the Month of July and August 2024 (7/6/2/R): (Page 1: Finance Committee: Agendas 2024-09-12 & 18)

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

ACCOUNTS MANAGEMENT REPORTS:

Billing:

- There were nine hundred and twenty four thousand five hundred and eighty five (924 585) accounts eligible for billing as at 31 August 2024, resulting in 99.99% in billing completeness.
- The same percentage of 99.99% was obtained in the month of July 2024 and the Municipality has been consistent during the last financial year which ended 30 June 2024.
- Daily and monthly monitoring of the completeness of billing is performed and this is measured through the Service Delivery and Budget Implementation Plan on a monthly basis.

Completeness of Billing - August 2024:

Description	Count
Eligible for billing	924585
Billed Accounts	924524
Total Unbilled Accounts	61

Description	Count
Billing %	99.99%

Completeness of Billing - July 2024:

Completeness of Billing	
Eligible accounts	906255
Billed accounts	906165
Account Exceptions	4
Unbilled Accounts	86
Billed %	99.99%

As per the 2022 General Valuation roll with its supplementary rolls, the municipality have 552 162 total number of properties with the rand value of R711,000,952,646 as at the end of August 2024 all combined as tabulated below:

	July 2024		August 2024	
Row Labels	Market Value	No. of Properties	Market Value	No. of Properties
	R		R	
Agricultural	4,808,249,000.00	1,142	4,810,784,000.00	1,143
Agricultural (Non Sewered)	-	11	-	11
Agricultural (Sewered)	2,650,000.00	10	2,650,000.00	10
Business & Commercial	144,941,312,000.00	17,062	145,603,430,500.00	17,111
Business & Commercial (Non Sewered)	16,779,000.00	14	16,779,000.00	14
Business & Commercial (Sewered)	156,618,000.00	517	156,618,000.00	517
Development Phasing Line (vacant land)	204,528,000.00	456	204,528,000.00	456
Industrial	72,667,328,600.00	7,360	72,637,542,700.00	7,360
Industrial (Non Sewered)	-	6	-	6
Industrial (Sewered)	78,972,000.00	117	78,972,000.00	115
Mining Property	227,544,000.00	11	227,544,000.00	11
Public Benefit Activities	1,021,725,000.00	38	1,029,985,000.00	39
Public Service Infrastructure	16,886,662,900.00	6,483	16,887,592,900.00	6,487
Public Service Infrastructure (Non Sewered)	750,000,500.00	16	750,000,500.00	16
Public Service Infrastructure (Sewered)	9,721,500.00	156	9,721,500.00	156
Public Service Purposes	21,061,786,000.00	757	21,055,086,000.00	757
Residential	430,269,033,182.00	480,445	430,798,695,682.00	480,664
Residential (Non Sewered)	14,350,000.00	91	14,350,000.00	90
Residential (Sewered)	97,692,000.00	426	100,101,000.00	426
Sectional Title Real Right	5,739,000.00	7	12,285,000.00	7
Unauthorised / Illegal Dev. / Use	819,043,000.00	485	826,323,000.00	492

	July 2024		August 2024	
Row Labels	Market Value	No. of Properties	Market Value	No. of Properties
	R		R	
Unauthorised / Illegal Dev. / Use (Sewered)	230,000.00	1	230,000.00	1
Vacant Land	15,826,159,864.00	35,249	15,681,867,864.00	35,227
Vacant Land (Non Sewered)	22,032,000.00	182	22,482,000.00	183
Vacant Land (Sewered)	73,005,000.00	863	73,384,000.00	863
	709,961,160,546.00	551,905	711,000,952,646.00	552,162

REVENUE INCENTIVES & REBATES:

Current Active Development Incentives (percentage):

Developer	Property Value	Rebate Granted in Percentage
	R	
Mount Edgecombe	110,720,000.00	50%
Kingsburgh	16,000,000.00	65%
Cornubia	171,270,000.00	40%
Inanda	17,070,000.00	40%
Cornubia	17,270,000.00	40%
La Mercy	22,700,000.00	70%
Umhlanga	24,600,000.00	40%
Queensburgh	84,360,000.00	70%
Ntuzuma	201,000,000.00	50%

Current Active Customer Rebates (Rands):

Rebate Analysis 2024/2025	July 2024	August 2024
Bed and Breakfast	R331,149.00	R358,389.00
Disability Grantees Rebate	R337,139.00	R372,754.00
Holiday Accommodation Rebate	R19,224.00	R37,367.00
Indigent Rebate	R23,596.00	R39,350.00
Life Rights Schemes and Retirement Villages Rebate	R102,932.00	R102,932.00
Medically Boarded Rebate	R189,542.00	R196,265.00
School not Gain	R16,342,903.00	R202,180.00
Senior Citizens Rebate	R24,008,301.00	R24,682,558.00
Student Accommodation		
	R41,354,786.00	R25,991,795.00

Special Rating Areas:

JULY 2024 SRA STATS					
SRA Code	Transaction Amount	Paid Amount	CA Amount	Balance Outstanding	Coll%
61	R103,173.61	R80,000.06	-	R23,173.55	78%
96	R676,405.32	R531,719.41	R17,431.43	R127,254.48	81%
AO	R377,403.27	R285,869.64	R14,663.84	R76,869.79	80%
BH	R55,467.72	R33,117.85	R1,764.19	R20,585.68	63%
FR	R344,055.48	R212,760.79	-	131,294.69	62%
G7	R718,686.92	R582,354.28	R1,915.49	R134,417.15	81%
GG	R15,267.17	R11,911.81	R265.82	R3,089.54	80%
GW	R345,270.94	R290,476.53	R4,949.71	R49,844.70	86%
MA	R332,027.80	R288,129.48	R1,263.01	R42,635.31	87%
PV	R289,966.73	R196,487.43	R3,527.90	R89,951.40	69%
UV	R344,430.78	R257,188.22	R6,625.08	R80,617.48	77%
WP	R106,851.04	R83,611.01	R1,402.55	R21,837.48	80%
	R3,709,006.78	R2,853,626.51	R53,809.02	R801,571.25	

VACANT LAND REBATES:

Vacant land rebate is a newly introduced rebate effected from 01 July 2024 where qualifying vacant landowners are given 10% discounts on their rates in line with the approved policy.

VACANT LAND REBATES PROCESSED TO DATE				
ACC NO.	PLAN REF NO.	MONTHLY RATES	10% REVENUE FORGONE (REBATE)	MONTHLY RATES AFTER 10% REBATE
83628406222	NR23060081	12,630.29	1,263.03	11,367.26
83628449551	2023112905NR	7,949.65	794.97	7,154.69
83628000202	NR2023030305	5,349.30	534.93	4,814.37
83610913021	NR23090014	58,025.05	5,802.51	52,222.55
83628002929	2023092603	7,578.18	757.82	6,820.36
83625043326	2023080105	11,887.33	1,188.73	10,698.60
83625044437	2023120101	11,664.45	1,166.45	10,498.01
83628483486	2023091807	9,361.27	936.13	8,425.14
83625115137	2024053003	7,949.65	794.97	7,154.69
83625100087	2024032802	13,819.02	1,381.90	12,437.12
83625117258	2023030301	9,138.39	913.84	8,224.55
83628269569	202303234706	7,949.65	794.97	7,154.69
83629973943	2023011714	12,035.92	1,203.59	10,832.33
83625132610	2023112901	9,064.09	906.41	8,157.68
83625101198	202300104	11,664.45	1,166.45	10,498.01
83627763154	2024060603	12,778.88	1,277.89	11,500.99
83628385618	2023110801	7,949.65	794.97	7,154.69
83618830613	CE22110032	2,674.65	267.47	2,407.19
83628024947	202303235312NR	7,206.70	720.67	6,486.03
83627762447	CATBP20230323	9,435.57	943.56	8,492.01
83628214221	2023030304	7,949.65	794.97	7,154.69
83630297750	NR24040043_2	27,935.23	2,793.52	25,141.71
83628861024	NR24040037	32,467.28	3,246.73	29,220.55
83628448137	2023101810NR	7,206.70	720.67	6,486.03
83625043427	2024060604NR	13,298.95	1,329.90	11,969.06
83601694852	NR23080061	201,044.52	20,104.45	180,940.07
83624563373	NR20020081	253,868.86	25,386.89	228,481.97
83627838501	2023062701NR	10,178.53	1,017.85	9,160.68
		790,061.86	79,006.19	711,055.67

DESPATCH:

1. With the introduction of online e-Services platform where customers register to view, download, and pay for their customer bills, there has since been a reduction in the number of manually posted bills;
2. Currently, the Municipality has four hundred and four thousand one hundred and thirty-eight (404 138) customers registered on e-Services. The Accounts Management has begun a region-by-region project, working on systematically downloading region reports, indicating all customers who are not on e-Services and those with email addresses as contacts are immediately registered on e-Services with those with cellphone numbers as contact being sent bulk SMSs requesting them to provide email addresses to be onboarded onto the online platform;
3. Also embarked on monthly online platform awareness where the revenue teams visit customer centres to register customers on the online eThekweni e-Services to be able to receive their bills via email/ or by logging onto the system to view and print;
4. The online e-Services platform is incorporated into the eThekweni App, which means by downloading the eThekweni App, customers are then able to use e-Services platform. The Accounts Management is also in a process of completely doing away with manual posting and with the implementation date for this anticipated to be end December 2024.
5. The online e-Services platform offers many benefits to customers, including the following:
 - 5.1 Updating their account information
 - 5.2 Capturing their meter readings
 - 5.3 Viewing their utility bills
 - 5.4 Paying their accounts online through Masterpass/ Code/Direct Debit

How to use Masterpass on the eThekweni Municipal App

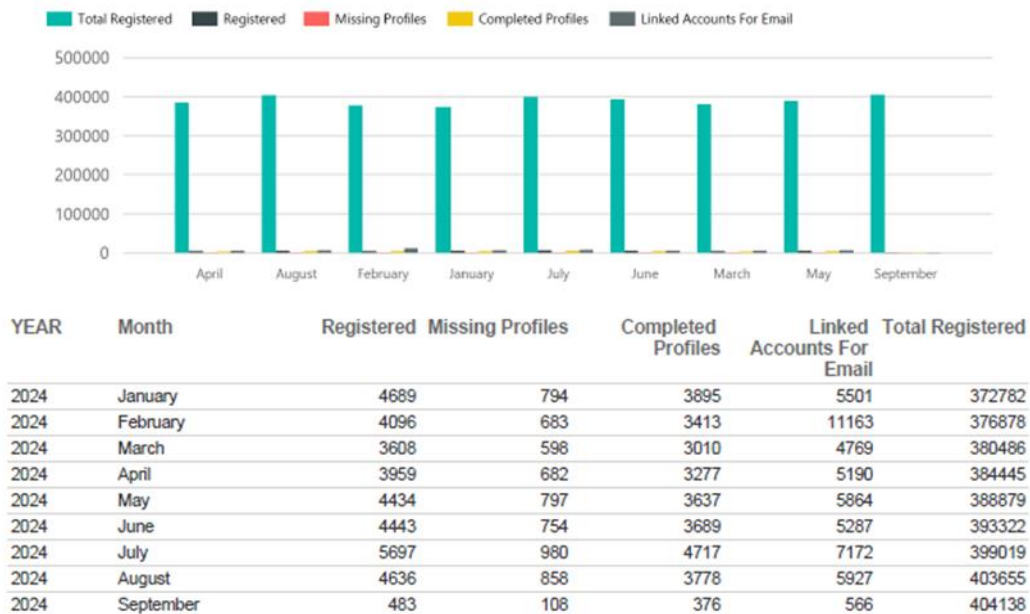
Using Masterpass to pay an eThekweni Municipality bill is secure and simple with these easy steps:

- Download the eThekweni Municipality App from your mobile device's App Store
- Download any bank's free Masterpass App from your mobile device's App Store, even if you do not bank with that bank. Complete your profile, then add your MasterCard or other payment network credit, cheque or debit cards.
- Open eThekweni Municipality's mobile App, login with your e-Services account and choose the **View Bills** option, select account you wish to pay for, statement month, statement year and click View Bill button.
- You will be presented with a pdf bill statement and **PAY NOW** button, click on '**Pay Now**' button and Masterpass screen will open with your account details.
- Enter amount you want to pay, and you will be prompted to enter your ATM PIN or One Time Pin to authorise payment.

Below are the latest e-Service stats:



eServices Monthly Statistics as of 9/4/2024



ACCOUNTS MANAGEMENT SECTION CHALLENGES:

Challenges	Plans in place (Possible Solutions)
1. Post Offices' own challenges affecting the posting of customers' bills.	Current projects in place to onboard more customers onto the e-Service online platform.
2. Data cleansing challenges as a result of people changing contact details frequently, thus the data updated today could be history the next day.	Currently working with SALGA to access different databases e.g., SARS, Home Affairs in order to have updated customer information.
3. Unread meters which result in long estimated billing and compromising the accuracy of revenue.	The Council has resolved that the Revenue Management Unit (RMU) takes over the meter reading function from the Trading Services with immediate effect.
4. No control of logging customer queries, resulting in influx and duplication of emails, and long response time-period.	The RMU has a correspondence system for customers to log queries, customer education/more awareness needs to be done by the RMU so that all RMU customer queries can be logged in one place and can therefore be timeously resolved.

In noting the presentation, the Committee unanimously commended Management for a comprehensive report, it being proposed that the rebates offered by the Municipality, including inter alia, the Vacant Land Rebates, be widely publicised so that all qualifying citizens can apply. A submission being made for the Municipality to have a dedicated hotline number to be utilised by residents who require to update their contact details on the Municipal database, so that bills can be sent to accurate addresses and/or preferred online platforms.

Upon scrutinising the four hundred and eighty thousand four hundred and forty-five (480 445) residential properties on the Valuation Roll being billed in a month, a further breakdown was requested to be made available to the Committee in terms of the billed amount versus collections thereof. Confirmation being given that some of the

properties under the Ingonyama Trust Board, in possession of title deeds or proof of ownership and were on the Valuation Roll are being billed accordingly, in line with the value of the property. On challenges pertaining to the Revenue Management System (RMS), information was given that the RMU and the Information Management Unit (IMU) have engaged and with the IMU tabling a turnaround strategy to fix challenges with the system.

Clarity was also given that the Municipality issues a consolidated bill, however, monies due for different categories of the Municipal services are known and made available. It being further noted that for new customers, bills are generated as soon as properties are registered.

At the Executive Committee level, the report was also noted with appreciation and all efforts being made to ensure that the Municipality enhance its revenue collection, including areas that require improvement in the future. Emphasis being made on the significant role of the Trading Services Cluster in enhancing the Municipality's revenue collection. That to ensure accurate meter readings for billing purposes, the Municipality should prioritise provision of essential resources, tools of trade to the Cluster and further expedite the rollout of prepaid meters. His Worship the Mayor and the Finance team was commended for their approach to unpack revenue matters in isolation, mention being made this approach will enable both the Finance and the Executive Committee to easily track these matters with efficiency.

With the Committee noting the billing report subject to comments above, accordingly,

COMMITTEE RECOMMENDS:

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

Commenting on the billing report for the month of July and August, the IFP commended the Finance Committee for dedicating a platform to unpack revenue matters in isolation, and another platform to unpack expenditure; SCM matters etc. Mention being made that this enables Councillors to thoroughly interrogate matters which affect the financial stability of the Municipality. It being recalled that since the introduction of the RMS system back in 2016, the system has been inundated with technical challenges, which had disadvantaged residents. It was further mentioned that there has been distinction between the billing system and the valuation roll, reference being made to the ongoing 6kls water saga in this regard. They also mentioned that delays in processing invoices and dispatching often results in poor revenue collection and accumulation of bad debts, also citing a challenge of unidentified leaks, incorrect calculation of charges and repudiations of water loss insurance claims as well as unnecessary disputes.

Commenting further, the IFP was not convinced that the Municipality has credible reconciliation of general or supplementary valuation rolls and that the general experience is that customers only receive invoices for rates account only in several months or years after properties have been transferred. They also mentioned that customers with leasehold accounts and formal renting were sitting with huge debts due to lack of information on the extended housing subsidy assistance available to these customers.

They called upon the City leadership to intervene in this regard, and to ring-fence the debt owed by these customers to avoid interest charges, while they pay for capital debts. On the other hand, they commended the Municipality

for concluding the migration of the meter reading function from the Water and Electricity Units to the Finance Cluster.

Thereafter, His Worship the Mayor mentioned that the billing report highlighted that the Municipality has 552 162 total number of properties with a rand value of R711 000 952 646 and that 60% thereof accounts for residential properties. He mentioned that it was pleasing to note that 99.99% billing completeness was obtained and that the Municipality has also been consistent during the last financial year. Mention being made that more still needed to be done, for the Municipality to continue maintaining a sound financial position, as recommended by the National Government.

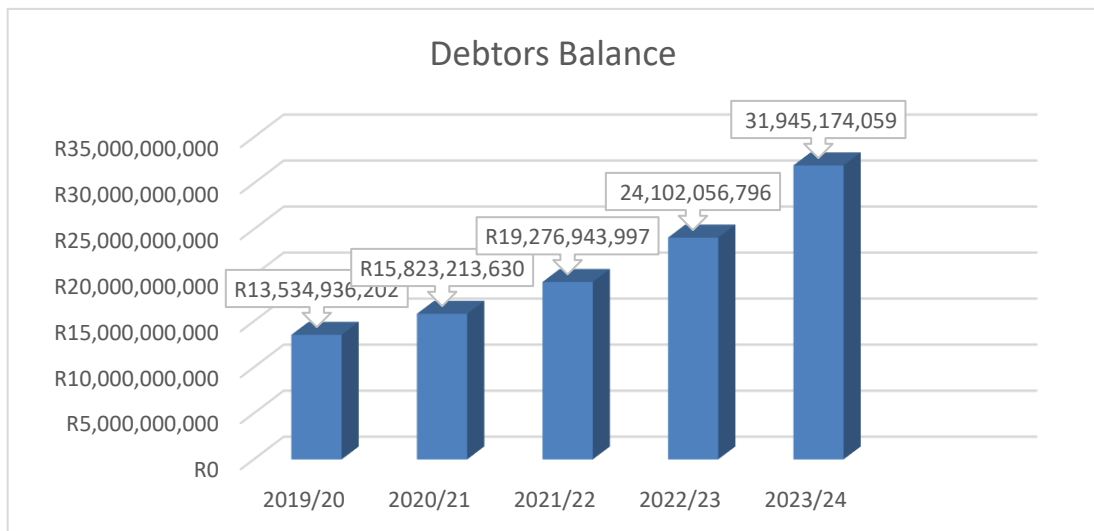
Thereafter, the above recommendations were NOTED.

1.2

Debt Collection Report for the Months of July and August 2024 (7/6/3/1)
(Page 11: Finance Committee: Agendas 2024-09-12 & 18)

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

State of Debtors:

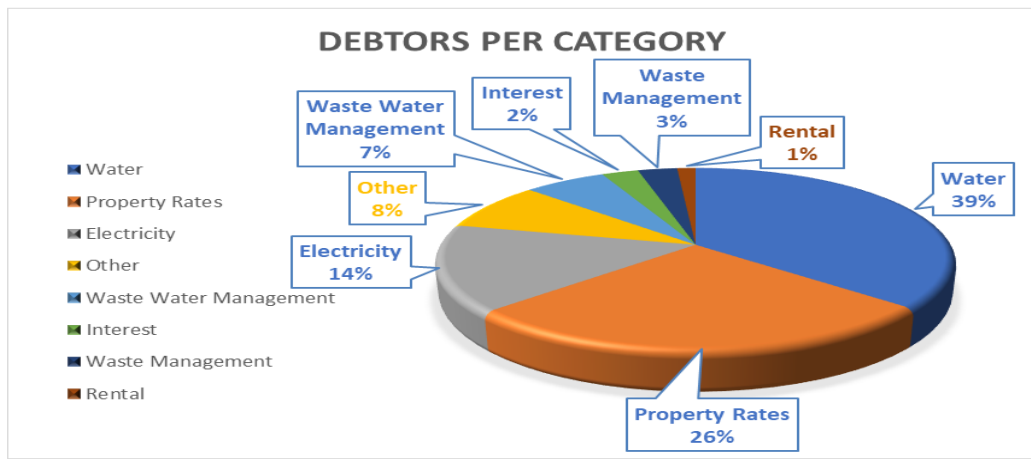


It was reported that the Municipality's debt has been steadily growing at an average of 25% over the last 3 years, with a rapid growth in debtors having been noted after the Covid-19 pandemic. For the year 2023/2024, the debtors book grew significantly by R7,8 billion, which was the highest average growth over the years. That this was mainly due to high billings because of backdated charges, including the 6kl back charge. It being further noted that during the last five (5) years, the debtors have increased from R13,5 billion in 2019/2020 to R31,9 billion in 2023/2024 financial years. The increase being attributed to the following:

- Declining state of the economy and rising unemployment
- Increasing tariffs and property values

- Un-affordability due to low or loss of income
- Dissatisfaction with service delivery
- The effect of the Covid-19 pandemic and the National Lockdown
- Natural disasters
- Political unrest and looting that took place which mostly affected eThekweni.
- Internal billing issues, especially on water and the back charge of the six (6) kilo litres of water
- Poor indigent support management processes/low number of indigent support take ups.

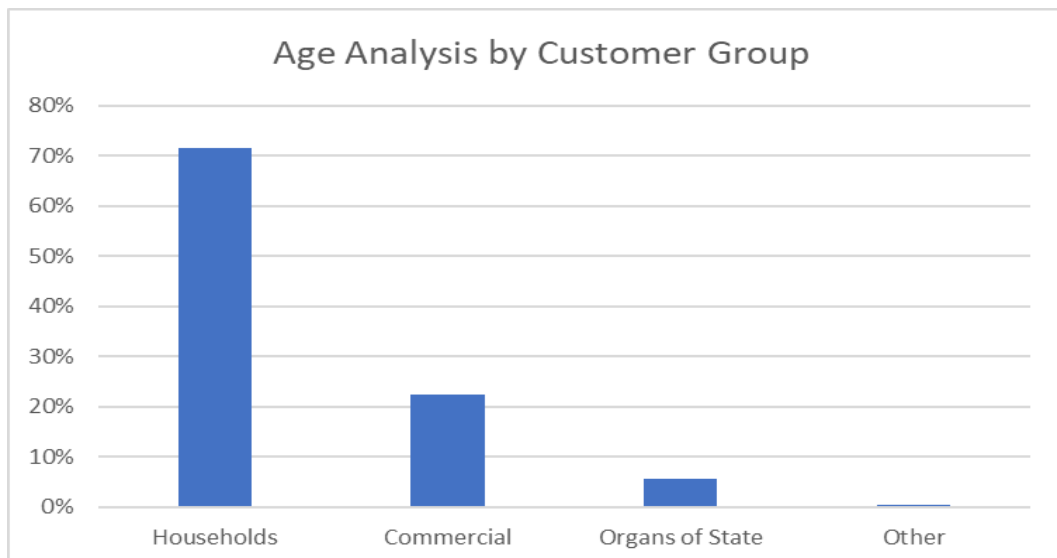
Debt by Income Source:



Water makes up 39% of total debt, while property rates and electricity are 26% and 14% respectively.

The remaining debt is made up of Other, Wastewater, Waste Management, Interest and Property Rental.

Debt by Customer Groups:



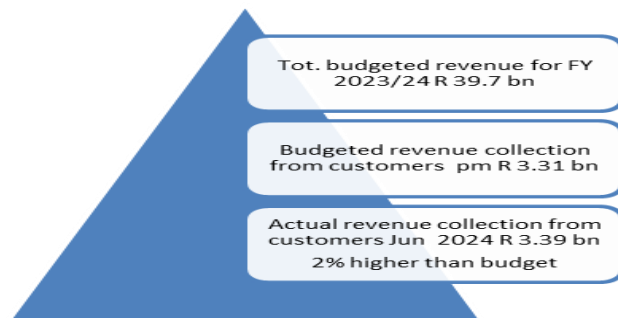
It being noted that the residential debt contributes the highest percentage of debtors at 76% of the total debtors, the high household debt shows significant number of households are struggling to pay their Municipal bill, commercial debt contributes 21% and organs of state debts make up 3% of the total debt. The balance of the debts beings for other accounts, including sundries.

Revenue Receipts and Collection Rate:

Receipts for the period July 2023 to 30 June 2024:

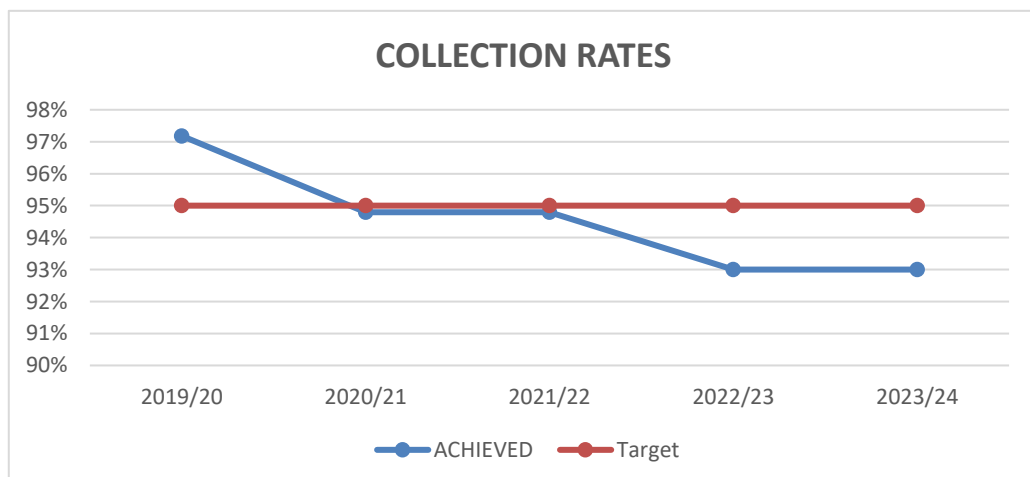
Total Receipts:

MONTH	INTERVAL (EXCL. GRANTS)	EXTERNAL	TOTAL VALUE
July	818,589,186.00	2,326,330,297.00	3,144,919,483.00
August	933,219,659.00	2,695,739,435.00	3,628,959,094.00
September	920,421,219.00	2,652,314,994.00	3,572,736,213.00
October	954,177,215.00	2,393,666,346.00	3,347,843,561.00
November	1,172,428,593.00	2,516,758,866.00	3,689,187,459.00
December	763,196,072.00	2,457,632,145.00	3,220,828,217.00
January	1,054,317,240.00	2,321,249,148.00	3,375,566,388.00
February	866,573,851.00	2,434,841,266.00	3,301,415,117.00
March	710,209,511.00	2,470,214,604.00	3,180,424,115.00
April	924,474,193.00	2,451,399,765.00	3,375,873,957.00
May	850,833,599.00	2,526,214,762.00	3,377,048,361.00
June	889,442,483.00	2,503,944,761.00	3,393,387,244.00
YTD TOTAL			40,608,189,211.00



Highlights: Revenue collected for the year 2023/2024 was 2% higher than budgeted;

An amount of R40,608, 189,211 was collected as from the municipality's own income sources.



The collection rate measures the total billing vs total collections for the year.

In 2023/2024 – A collection rate of 93% was achieved against the target of 95%.

Although the collected revenue for the year was above target, it is worth noting that the higher billing reported in the year due to backdated charges resulted in a lower collection rate.

The collection for the current financial year has been as follows:

- July 2024 - **R3,517,039,493** (Three Comma Five Hundred and Seventeen Billion Rands)
- August 2024 - **R4,019,080,170** (Four Comma Nineteen Billion Rands)

Challenges:

The following challenges are experienced in collection:

- Unaffordability by the customers to pay for services;
- High billing charges which result in disputes/queries and delayed payments;
- Slow/late payment rate from government and parastatals;
- Water and Electricity meter reading queries (backdated charges/6 kl);
- General delays in payment due to competing priorities;
- Schools not paying for services, S21 Schools;
- Department of Education challenges with maintaining payment arrangement
- Inadequate disconnection of both water and electricity/follow ups/investigation services for non-payment
- Customers tampering with meters resulting in loss of income.
- Deceased, Liquidated Estates matters
- Deregistered company and increase in business liquidations
- Final demands/handover process slow.
- Slow legal process.
- Prescription of debt due to slow process of issuing summons

Progress to roll out implementation of write off of debts owed by deceased/insolvent estates:

On 29 August 2024, the Council took a resolution to write-off debt on deceased and insolvent properties with a property value of R1 Million and below, where the property owner has been deceased for a period over 24 months. Reflected below is the internal processing of the applications:

1. Revenue Customer Services

1.1 Customer Enquiry:

When a customer queries about the deceased write-off at any Sizakala or Customer Services Centre, consumers will be given the qualifying criteria as well as required documents to apply to write-off debt for the deceased estate properties.

1.2 Application:

Upon consumer applying for deceased estate write off, the application must be accompanied by the Consent and Acknowledgement Form together with the required documents.

1.3 Effect Changes on Revenue Management Services:

Customer services team will then add applicant's details on the Revenue Management System as Care Off(C/O).

- 1.4 Upload applications on SharePoint link under Arrears Management Dept- Sale in Execution under Admin Team folder to access documents or application to be sent by messenger to the 4th floor Florence Mkhize Building.

2. Sale in Execution & Legal Processes Department:

2.1 Upon receipt of Applications:

Will scrutinize application and ensure all requirements have been met.

2.2 Consolidation:

Ensure accounts are consolidated, if not, accounts to be sent to Credit Control to consolidate.

- 2.3 Process the debt write-off in accordance with the outstanding values in terms of delegated levels of authority - Application to be processed within 10 working days from receipt of application.

- 2.4 RMS – Update Notes on the system for all applications.

3. Credit Control Department:

3.1 Consolidation:

Separate accounts that are in arrears to be consolidated by Credit Control.

4. Project Roll Out:

All Units will be in a position to start with the project roll out by Monday, 09 September 2024.

5. Communication:

A circular for the signature by the Head: Revenue has been prepared and checked with Legal and Compliance Services for completeness and should be available by Monday, 09 September 2024, draft circular and consent form are attached as Annexure A & B thereto.

Thereafter, the Committee appreciated the presentation, indication given that the report displayed an in-depth analysis of the current state of the Municipality in terms of debt collection. A proposal was made that a list of requirements for residents to make applications to write-off debts for the deceased and insolvent estate, as per the Council resolution of 29 August 2024, be shared with all Councillors and to be also made available at all Sizakala Centres. It being stressed that this would enable Councillors to communicate the requirements with the communities and assist with the process to move smoother.

That Councillors also encourage communities to register on the eThekweni services App. Further, that the Officials at all Sizakala Centres be thoroughly taken through the contents of this new initiative, so that they are better equipped and efficient in processing customers applications, as this will in return assist the Municipality to increase its revenue collection for households.

In response to a concern raised on a plan to tackle the challenges which have impacted negatively on debt collection, Members were reminded that the core reason for the Committee convening twice a month is to focus on revenue management matters, in doing so, collectively find solutions to challenges that are hindering the Municipality from achieving sound revenue management. A submission being made that the Committee needed to come up with strategies that would encourage its customers to pay for the Municipal services, including exploring ways of rewarding paying customers; establishment of an office within the Revenue Management Unit to deal with business relations and fiscal matters etc; increased focus on Government debts, and historical debts of Ingonyama Trust Board, Developers and Tansnat.

A recommendation was further submitted that a workshop be arranged for the Committee Members to be taken through the contents and amendments on the Credit Control and Debt Collection Policy. Also, that a Memorandum of Agreement between the Municipality and the Department of Education related to the payment of Municipal services by the schools be shared with the Committee Members. The high number of unresolved disputes were noted, mention being made that this might be a hinderance for customers that need to participate in the Debt Relief Programmes, a further recommendation being made that it was the best option for the Municipality to first resolve disputes prior to Acknowledgement of Debt is entered into between the Municipality and customers.

In relation to the deceased and insolvent estate debt write-off, the Committee unanimously agreed that the application requirements had to be revisited and refined to include proof of income instead of proof of employment etc. That a report in this regard be re-tabled to the Committee for further consideration.

With the Committee being in support,

COMMITTEE RECOMMENDS:

That Council notes the report on debt collection as well as the performance of the Revenue Management Unit with regards to the management of the Council's debtors' book, it being further recommended that Council approves the below debt collection and debt reduction strategies developed by the Revenue Management Unit.

Item	Actions	Remarks	Timelines
Property values on Indigent threshold	<ul style="list-style-type: none"> • Identifications of all properties on Indigent threshold. • Listing of customer details. • Listing of amounts owed 	<ul style="list-style-type: none"> • Each team to have a list of accounts where property value is less than R650k. • Contact to be done to customers to apply as an Indigent. 	Ongoing
Section 21 Schools	<ul style="list-style-type: none"> • Agreement with DoE to settle debt. • Electricity and water prepaid meters roll-out to schools. 	<ul style="list-style-type: none"> • Disconnections for arrears settlement to be done to DoE Offices. • Schools to make monthly payments. • Roll out of prepaid electricity and water meters on schools. 	Ongoing
E-services accounts (messages)	<ul style="list-style-type: none"> • Identification and listing of customers on arrears registered on e-Services. 	<ul style="list-style-type: none"> • Monthly report of accounts in arrears on e-Services to send follow up messages. 	Ongoing
Multiple Accounts	<ul style="list-style-type: none"> • Identification of duplicates accounts. • Disconnect, redline, Final Demands and summons. • Legal process. 	<ul style="list-style-type: none"> • IMU to create the report with duplicates accounts. 	Ongoing

Item	Actions	Remarks	Timelines
Businesses	<ul style="list-style-type: none"> Identify top 300 - 500 value accounts Ensure that top value accounts are free of disputes. Electricity, water & Metro to avail resources to assist on the recovery campaign. 	<ul style="list-style-type: none"> Embark on target disconnection drive. Involve political and senior administration leadership as awareness on importance to pay municipal accounts. 	Ongoing
Businesses water disconnections	Water to embark on water disconnections	Water disconnections to be done to all businesses in arrears in conjunction with electricity disconnections	Ongoing
Pre-paid disconnections	Electricity department to provide list of disconnected meters.	Reconciliation of disconnected meters with customer accounts.	Ongoing
Procurement of a panel of external debt collectors	Procurement of a panel of at least 10 (ten) external debt collectors to assist with the recovery of outstanding debt.	Reconciliation of disconnected meters with customer accounts.	The panel has been appointed.
Bad apples accounts	<ul style="list-style-type: none"> Identification of non-paying and credit agreement defaulters. Disconnections. Legal process. 	<ul style="list-style-type: none"> To disconnect all the non-paying and non-responding to red letters. Hand over to debt collectors. 	Ongoing
Irrecoverable (Liquidations & Business rescues)	<ul style="list-style-type: none"> Listing of accounts not paying. Value categorization of irrecoverable. Listing of deceased estates. 	<ul style="list-style-type: none"> Consideration of write-offs where monies are regarded as irrecoverable in terms of the Credit Control Policy. 	Ongoing
Body Corporates	<ul style="list-style-type: none"> Listing of non-paying body corporates. 	<ul style="list-style-type: none"> Appointment of administrators. 	Ongoing
Terminated Accounts	<ul style="list-style-type: none"> Listing of terminated accounts. 	<ul style="list-style-type: none"> Investigate the existence of the debt. Consideration of irrecoverable debt. 	Ongoing
Deceased estates	<ul style="list-style-type: none"> Identification and analysis of all deceased estates. Preparation of a report to Council on how best to deal with deceased estates older than 18 months. 	<ul style="list-style-type: none"> Analytical review process. Presentation of the report to Council for consideration. 	Report has been approved by Council. At implementation stage.
Timely issuing of Rates Clearance Certificates	<ul style="list-style-type: none"> Issuing of RCC's on time and ensuring that all debt owing on the accounts is called and paid prior to the issuing of the RCC. 	<ul style="list-style-type: none"> Compliance with the SOP as approved by the Head: Revenue. 	Ongoing
Implementation of the CIU reports and recommendations	<ul style="list-style-type: none"> Implementation of the CIU report on the issuing of the RCC's (systems improvement and introduction of the watermark in the Certificates. 	<ul style="list-style-type: none"> Implementation of the CIU report. 	Ongoing
Review of all accounts where RCC's were issued without all debt being called and recommend for write-off	<ul style="list-style-type: none"> Analytical review of all accounts where RCC's were issued without all outstanding debt being called and make recommendations for debt write-off, where debt is deemed irrecoverable. 	<ul style="list-style-type: none"> Analytical review of the change of properties with emphasis where billing is unable to effect MOC. 	In progress

Speaking on the matter, the IFP appreciated the ongoing dialogue in terms of the debts owed by deceased estates and further mentioned that this intervention has been long overdue. Further clarity was required though with regard to a mechanism to be implemented to assist customers with joint estate, with the Municipality being requested to find amicable solutions in this regard.

In noting the report, the EFF welcomed the finalisation of the meter reading contract to assist in collecting debt on behalf of the Municipality as well as the debt collection and debt reduction strategies. That the Municipality should also intensify its revenue collection by targeting businesses around the City and to better improve communication with its debtors. A proposal also being made that youth volunteers be recruited to collect debt.

Also commenting on the report, the DA mentioned referred to the R32 billion uncollected debt, and 70% thereof being owed by households. That this is a crisis to be addressed as the debt has risen by 75% over the years. That the report further indicates that the debt rose by R7.8 billion within a single financial year. In this regard, they questioned the accountability aspect, citing that meters have not been read timeously, the tariffs being unaffordable, internal challenges with the billing systems etc. Indication being given that ratepayers cannot be expected to fund the debts as well as to write-offs thereof. They emphasised regular monthly reading of meters to drive revenue collection.

Also commenting on the report, His Worship the Mayor mentioned that everyone had to be part of the solution. Mention being made that the debt balance has increased by R18.4 billion in five (05) years. However, in the 2023-2024 financial year alone the R7.8 billion increase was due to 6kl water back billing, which has led to major challenges of high billing resulting in disputes and late payments for services. Therefore, a decision taken for all future Debt Relief Programmes to include a dispute resolution mechanism was welcomed, as happy customers will result in paying customers.

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

1.3

Report on Revenue Policy Framework (7/1/P):
(Page 21: Finance Committee: Agendas 2024-09-12 & 18)

The Committee was advised that the Revenue Management Unit is the only Unit tasked with the collection of revenue in the Municipality. That to ensure sustainable service delivery and financial stability, there are By-laws and Policies in place which are enablers of efficient and adequate collection of revenue.

These policies encompass various aspect of revenue collection, including credit control, ensuring fair tariff structure, supporting indigent residents, appropriately levying rates and charging for development to cover bulk infrastructure costs.

It being noted that policies include the Credit Control and Debt Collection Policy, Indigent Policy, Tariff Policy, Development Charges Policy and Rates Policy. The key objectives of these policies are:

1. **Credit Control and Debt Management Policy:** to effectively manage outstanding debts, timely payment of Municipal services and it promotes the culture of payment among residents and businesses. Delinquent payments reduce the Municipality's capacity to provide services to residents, hence the development of the Debt Management Strategy. The implementation of the approved Standard Operating Procedures within the Unit plays a vital role in encouraging timely payments, managing arrears and swiftly addressing non-payment.

2. **Indigent Policy:** to provide for access to essential services for the most vulnerable households, promoting social equity and inclusion. Indigent beneficiaries are assessed based on their total income household and property value thresholds.
3. **Tariff Policy:** to establish fair and transparent service charges that reflect the cost delivery while ensuring affordability.
4. **Development Charges Policy:** provides a significant source of funding for bulk infrastructure projects. Its objective is to ensure that all new developments contribute to the cost of infrastructure expansion and updates that are required for growth.
5. **Rates Policy:** regulates the levying of property rates in a manner that is equitable, based on property values and is the Municipality's major source of revenue. Successful implementation of these policies ensures a stable and predictable revenue stream that enables the Municipality to plan and deliver infrastructure and services efficiently.

Further, that as prescribed in the legislation, all above mentioned policies are categorised as budget-related and they are reviewed annually. There are also bylaws that give effect to some of these policies. The Bylaws include the Credit Control and Debt Collection Bylaw, 2017 and the Property Rates Bylaw, 2017, as amended. Bylaws are reviewed as and when required. The Credit Control and Debt Collection Bylaw is currently under review to insert a provision that deals with the issuing of invalid or fraudulent Revenue Clearance Certificate by conveyancers and imposing blacklisting to those found committing such misconduct.

Committee further noted that in addition to the policies mentioned above, the Revenue Management Unit is responsible for the development and review of the Standard Operating Procedures (SOPs) to guide the performance of employees and to ensure a certain degree of the quality of service offered to customers. The SOPs are viewed annually and approved by the Head: Revenue.

Policy Review Process:

The policies mentioned in 1 to 5 above (in the key objectives of the policies) were included as part of the budget-related policies and have been adopted by the Council. The Rates Policy is the only policy that, in December of each year, has to be presented to the Council for approval in-principle to seek public comments. This is a legislative requirement and comments from the public must be considered before the final submission to the Council for approval.

Other policies mentioned in this report circulate internally and amendments are vetted by the Legal and Compliance Unit, before approved by the Council. A summary of the timeframes leading to the Council approval of the policies are as indicated below:

POLICY NAME	INTERNAL CONSULTATION	LEGAL VETTING	COUNCIL APPROVAL	EXTERNAL CONSULTATION	COUNCIL APPROVAL
Rates Policy	September	October/ November	December	January (30 days)	March
Credit Control and Debt Collection Policy	September	October/ December	N/A	No consultation external consultation required	March

POLICY NAME	INTERNAL CONSULTATION	LEGAL VETTING	COUNCIL APPROVAL	EXTERNAL CONSULTATION	COUNCIL APPROVAL
Indigent Policy	September	October/ December	N/A	No consultation external required	March
Tariff Policy	September	October/ December	N/A	No consultation external required	March
Development Charges Policy	September	October/ November	December	January (30 days)	March

It being noted that the following Standard Operating Procedures are currently going through a consultative process and are due to be approved by the Head: Revenue by 30 September 2024:

1. Credit Control and Debt Collection
2. SIE & Legal Processes and
3. Rates Clearance Certificates

With the Committee welcoming a proposal of a workshop on all Revenue-Related Policies,

COMMITTEE RECOMMENDS:

That the Executive Committee notes the Budget related Policies that exist and being utilised as a revenue collection tool within the Finance Cluster, it being further noted that these Policies are required to accompany the Annual Budget during the Council's annual budget meeting.

NOTED.

At this stage of the proceedings, time being 12h31, the IFP requested five (05) minutes for a caucus, following a dispute related to one of their Councillor not appearing on the speaking list of the previous item.

Reporting back from the caucus, time being 12h39, the IFP requested mutual respect from the Chairperson. Thereafter, the Speaker extended a humble apology to the IFP on behalf of his Office for erroneously omitting name of its Councillor on the speaking list, and further advised that this would be improved in the future. This was accordingly, noted.

1.4

Closing Report on the Implementation of Debt Payment Relief for the Period April to July 2024 (7/6/3/1):

(Page 25: Finance Committee: Agendas 2024-09-12 & 18)

The strategic intent of Debt Relief Program is to reduce ballooning debt and provide an interim relief to all customers in arrears with specific attention to Non-Profit organisations, the indigent, deceased estates, and those affected by economic hardships, guided by the Policy Framework.

In terms of Section 96 of the Local Government: Municipal Systems Act No. 32 of 2000 the Municipality is obliged to collect all monies that are due. It being noted that as a response to the economic hardships over the past three (03) years which had had a negative impact to customers due to reduced salaries, loss of jobs and damages to properties, the Council took a resolution to provide payment relief to customers of eThekweni Municipality. It was recalled that in September 2023, the Council approved payment relief for three (03) months starting from 01 October 2023 to 31 December 2023 with the following conditions:

1. Customers that are 90 days in arrears to sign a payment arrangement with 5% down payment for residential customers and 10% for non-residential customers excluding government departments/institutions and parastatals;
2. Interest accumulated to be written off once the payment arrangement has been entered into;
3. All interest written-off to be reinstated where a customer default on this payment plan with the city;
4. Existing customers on a payment plan to be afforded an opportunity to take part in this incentive as a once-off offering, such customers will have to make a similar payment as stipulated above;
5. The Municipality to enter into a payment plan with all customers taking part in this relief scheme and the balance of the outstanding debt over a maximum period of 36 months with no interest added;
6. When a customer signs an arrangement for the following periods a certain percentage of capital debt to be written off at the end of the payment arrangement, on condition that the customer doesn't fall into arrears within a period of 12 months from the liquidation of the debt;
 - 6.1 1-3 months: 15% of capital debt to be written off.
 - 6.2 4-6 months: 10% of capital debt to be written off.
 - 6.3 5-12 months: 7,5% of capital debt to be written off.
 - 6.4 13-18 months: 5% of capital debt to be written off.
 - 6.5 19-24 months: 2,5% of capital debt to be written off.
 - 6.6 Above 24 months: 0% of capital debt to be written off
7. Non-Profit organisations (old age and disabled homes, Mental hospitals, Early Childhood Development Centres, etc.) be granted a 50% capital debt write-off once the payment arrangement has been entered into;
8. Water loss insurance customers – that all customers who had submitted claims for water leaks but were paid by the insurance only part of the amount claimed – the difference (capital debt) between the amount claimed, average monthly consumption and the amount paid by the insurance be written off.

9. **Debt Relief Program Outcome:**

Capital amount entered into payment arrangement	R1,117,103,315.18
Down payment received	R112,057,568.00
Total debt written off	R126,711,681.40

- 9.1 For the 3 months of the arrangement, approximately 15,992 customers entered payment arrangement, and the total capital sum signed for was over R1 Billion and R112 Million was received as down payment over the three months period.
- 9.2 Although the debt relief showed some positive results, however due to the limited time of the debt relief and the relief running during the festive season some people were not able to take advantage of the relief which resulted in this not fully achieving the intended outcomes.

- 9.3 The debt relief was run at a time when the Municipality had challenges with the meter reading contract and customers had to sign debt relief on estimated bills, and it was only after the debt relief period had ended that the Municipality was able to read meters. The subsequent meter reading resulted in high current consumption which then resulted in customers not being able to maintain the arrangement amounts and current consumption.
- 9.4 The correction of the technical error of 6kl of water to customers who did not qualify, affecting more than 49,000 customers resulted in high current charges and customers who had taken the debt relief, defaulted due to not being able to maintain current and arranged amounts.
- 9.5 Interest accumulated to be written off once the payment arrangement has been entered into;
- 9.6 All interest written-off to be reinstated where a customer default on this payment plan with the Municipality.
- 9.7 Existing customers on a payment plan to be afforded an opportunity to take part in this incentive, such customers will have to make a similar payment as stipulated above;
- 9.8 The Municipality to enter into a payment plan with all customers taking part in this relief scheme and the balance of the outstanding debt over a maximum period of 36 months with no interest added;
- 9.9 When a customer signs an arrangement for the following periods a certain percentage of capital debt to be written off at the end of the payment arrangement, on condition that the customer doesn't fall into arrears within a period of 12 months from the liquidation of the debt;
- 9.10 Non-Profit organisations (Old age and disabled homes, Mental hospitals, Places of Worship, ECD Centres, etc.) be granted a 50% capital debt write off once the payment arrangement has been entered into;
- 9.11 Capital write off for Residential and non-residential customers (including bulk customers)
 - 9.11.1 1-3 months: 15% of capital debt to be written off.
 - 9.11.2 4-6 months: 10% of capital debt to be written off.
 - 9.11.3 5-12 months: 7,5% of capital debt to be written off.
 - 9.11.4 13-18 months: 5% of capital debt to be written off.
 - 9.11.5 19-24 months: 2,5% of capital debt to be written off.
 - 9.11.6 Above 24 months: 0% of capital debt to be written off.
- 9.12 Water loss insurance customers – that all customers who had submitted claims for water leaks but were paid by the insurance only part of the amount claimed – the difference (capital debt) between the amount claimed, average monthly consumption and the amount paid by the insurance be written off;
- 9.13 All monies owed by deceased and insolvent estates, older than 18 months, be written off, on condition that there is a surviving beneficiary to take over after the write-off to avoid the reemergence of the debt;

- 9.14 The Council approves reversal of interest, and the capital debt write off on all transactions relating to this debt relief program.

It being noted that the results of the Debt Relief program for the period April to July 2024 were as follows:

Details	24-Apr	24-May	24-Jun	24-Jul	Total
CA Status	Count of CA_NO	Count of CA_NO	Count of CA_NO	Count of CA_NO	Count of CA_NO
Active	4269	4679	4640	11521	25109
Authorised	8	12	4	44	68
Completed	140	70	33	80	323
Created	11	5	6	18	40
Customer Accepted				13	13
Grand Total	4,428	4,766	4,683	11,676	25,553

Month	1-3 months		4-6 months		7-12 months		13-24 months		25- 36 months		TOTAL	
24-Apr	144	16,847,991	91	1 797 678.23	310	4 495 816.80	651	29 037 089.77	3,222	148 454 526.03	4,418	200,633,103
24-May	136	29,639,424	75	1 962 205.37	277	4 786 002.87	555	9 709 199.67	3,718	199 606 488.90	4,761	245,703,321
24-Jun	121	18,555,570	76	2 924 453.26	284	3 219 298.12	528	12 033 733.84	3,669	235 598 755.82	4,678	272,331,811
24-Jul	547	99,155,150	170	8 117 225.12	535	12 961 962.57	1,056	38 570 424.75	9,333	627 390 518.49	11,641	786,195,281
Grand Total	948	164,198,136	412	14 801 561.98	1,406	25 463 080.36	2,790	89 350 448.03	19,942	1 211 050 289.24	25,498	1,504,863,516

- 9.15 The number of applications received in July increased drastically compared to the other months despite the extensive marketing campaigns and Debt Relief Roadshows conducted by the Revenue Management Unit during the same period;

- 9.16 However, it must be noted that the number of 25,553 applications was the highest the council has received in all previous debt relief programs;

Reasons for Requesting Another Debt Relief Programme:

1. The lapse of the debt relief has caused an outcry and many customers have requested for the relief to be extended;
2. The material economic conditions within eThekweni Metro have slightly improved but the debt relief program remains relevant and valid;
3. The subsequent events after the debt relief (meter reading, reinstatement of 6kl write-off) have caused a major setback in terms of achieving the goals of the debt relief; the 6kl back charge has to date affected almost 60,000 (sixty thousand) customers;

4. Due to economic pressures several Non-Profit organisations have seen a huge drop in donor funding to a point where they are barely affording to pay for their operational costs, and thus struggling to keep up with council charges.
5. The collection rate has improved in the 3 months after the introduction of the debt relief and improvements are noted in the following months after the debt relief as customers continue to honour their arrangements.

The collection figures during the debt relief period were as follows:

MONTH	RECEIPTED
APRIL	3,375,873,957
MAY	3,377,048,361
JUNE	3,393,387,244
JULY	3,517,039,493
TOTAL	13,663,349,055
Average	3,415,837,264

6. This was above the 2023/24 monthly average collection of R3,384,015,767;
7. Recently, the Council has appointed a panel of eight external Debt Collectors to assist in curbing the escalating debtors book;
8. The external debtors collectors are expected to start collecting on behalf of the Council no later than 01 December 2024, it would thus be prudent for the Council to offer its customers a final opportunity to settle debt through a debt relief program before their accounts are handed over to the external debt collectors.

During consideration at the Executive Committee level, a proposal was submitted for an extension of the Debt Relief Program till end December 2024, mention being made that the report will only be approved on 30 September 2024 to commence 01 October 2024 and therefore implementation thereof and communicating the program to the public may be delayed. That the extension will give the Municipality sufficient time to communicate the programme to reach all communities of eThekweni to make necessary applications without being pressed with time.

However, some Members submitted a contrary view, mention being made that plans were already in place to ensure that communication is disseminated through all media channels, including Municipal publication, online platforms and radio interviews facilitated by the Municipality's Communications Unit. Furthermore, information being given that organised community structures, particularly the Ratepayers Associations are always engaged on any new developments to ensure that information is disseminated expeditiously.

The Committee was further advised that a study was conducted to determine the feasibility of extending the period further than two (02) months. Mention being made that the outcomes of the study revealed challenges of productivity during the month of December due to most employees going on leave. That the Municipality should take cognisance of the fact that the aim is to assist free some of the debt without losing the sight of revenue collection by the Municipality.

There being different views submitted on the proposed extension, the matter was put to the vote. The DA (03) was in support of the extension; the EFF (01) and the IFP (01) abstained on this proposal. With the ANC (03) and the NFP (01) voting against the proposed extension, therefore, by the majority vote the proposed extension was not supported.

Therefore,

COMMITTEE RECOMMENDS:

- 1.4.1 That Council notes the close-out report on the implementation of the Debt Relief Programme.
- 1.4.2 That Council approves extension of the Debt Relief Programme for the final time up to and including the 31 December 2024.
- 1.4.3 That the terms and conditions of the extension of the Debt Relief Programme be similar to those adopted by the Council at its meeting held in March 2024.
- 1.4.4 That the Debt Relief Programme further incorporate a dispute resolution mechanism.

Financial Implications:

- 1.1 If Council approves the proposal all interest and a percentage of capital debt as per signed agreement on customer accounts that participate in this relief scheme will be written-off.
- 1.2 The determination of the actual amounts to be written off can only be determined on the lapse of the signed agreements by customers.
- 1.3 Although some were short lived due to defaulting customers, the Debt Relief has resulted in a sharp increase in cash collections, especially during the last month of the Debt Relief program;

MOTION TO AMEND

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor A Beetge, seconded by Councillor TM Mthethwa, moved as a procedural motion to amend the above recommendations 1.4.2 of the Executive Committee and by the addition of 1.4.4, to read as follows:

“1.4.2 That Council approves extension of the Debt Relief Programme for the final time up to and including 28 February 2025.

1.4.4 That subject to the terms and conditions of 1.4.3, an immediate program be instituted to resolve dispute and determine amounts to be subjected to the above program timely.”

NOT CARRIED

It was noted that the ActionSA had also submitted a similar motion to amend, however, they subsequently withdrew the motion.

Therefore, as some Councillors were not in support of the Motion to Amend, the matter was put to the vote. With 184 Councillors present, 60 Councillors (DA – 48, Action SA - 03, ACC - 02, ACDP – 02, APF- 01, ATM - 01, UIM – 01 and VF Plus - 01) voted in favour of the amendment, 87 Councillors (ANC - 85, ABC – 01 and NFP- 01) voted against the Motion to Amend. 37 Councillors (EFF – 19, IFP - 13, IND – 01, KZN - 01, MF-01, PFP – 01 and PRM – 01) abstained.

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

Meanwhile, the IFP also tabled a **MOTION TO AMEND** as follows: -

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor J Annipen, seconded by Councillor J Naidoo, moved as a procedural motion to amend the above terms and conditions on Page 3675 and addition of 8.1 to read as follows:

“8. Water loss insurance customers – that all customers who submitted claims for water leaks but were paid by the insurance only in part or had their claims repudiated of the amount claimed – the difference (capital debt) between the amount claimed, average monthly consumption and the amount paid by the insurance be written off.”

8.1 That Council tenants of formal rental, lease hold, housing lease accounts in arrears for 90 days be allowed to participate in the program.”

NOT CARRIED

As some Councillors were not in support of the Motion to Amend, the matter was put to the vote. With 186 Councillors present, 19 Councillors (IFP – 13, ACDP – 02, IND – 01, MF – 01, UIM – 01 and VF Plus - 01) voted in favour of the amendment, 139 Councillors (ANC - 85, DA – 49, ABC – 02, DLC - 01, NFP- 01 and PFP - 01) voted against the Motion to Amend. 28 Councillors (EFF – 19, ActionSA – 03, ACC – 02, APF – 01, ATM – 01, KZN – 01 and PRM – 01) abstained.

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

It was noted that the IFP has called for division in this regard. Accordingly, the following thirteen (13) IFP Councillors were present during the voting process:

- 1) Councillor J Annipen
- 2) Councillor T Biyela
- 3) Councillor D Gcabashe
- 4) Councillor S Govender
- 5) Councillor MS Gwala
- 6) Councillor R Mbonambi
- 7) Councillor N Mchunu
- 8) Councillor M Mjadu
- 9) Councillor M Mkhize
- 10) Councillor J Naidoo
- 11) Councillor N Ntshayintshayi
- 12) Councillor M Nxumalo, and
- 13) Councillor B Shange

At this stage of the proceedings, time being 12h46, the ANC requested five (05) minutes for a caucus, and this was granted, accordingly. Thereafter, the meeting resumed at 13h00.

Reporting back from the caucus, the ANC submitted that they were ready to proceed with the meeting and submitted a **MOTION TO AMEND** as follows:

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor NI Madlala, seconded by Councillor ZR Sokhabase, moved as a procedural motion to amend the above recommendations 1.4.3 of the Executive Committee and addition on 1.4.4 to read as follows:

“1.4.2 That Council approves extension of the Debt Relief Programme for the final time up to and including 31 December 2024.

1.4.4 That the Debt Relief Programme further incorporate a dispute resolution mechanism.”

CARRIED

With 186 Councillors present, 186 Councillors (ANC- 85, DA – 49, EFF- 19, IFP – 12, ActionSA – 03, ABC – 02, ACC – 02, ACDP – 02, AIC – 00, IND - 01, DLC – 01, ADEC- 00, APF – 01, ATM – 01, ALJAMAH – 00, JEP – 01, KZNI – 01, MF – 01, MOSA – 00, NFP - 01, PFP – 01, PRM – 01, TA – 00, UIM – 01 and VF Plus - 01) voted in favour of the amendment.

Accordingly, the abovementioned Motion to Amend the recommendations was, unanimously, **CARRIED**.

Reverting back to the substantive matter, the IFP mentioned that the Debt Relief Programme is a response to the economic hardships, Covid-19 pandemic, the civil unrest as well as the flood disasters. They mentioned that customers had experienced underground water leaks which could not be submitted for insurance purposes, due to hard lockdown restrictions during the Covid-19 pandemic. Further noting that the condition of the insurance stipulates that the claim had to be submitted within sixty (60) days of the water leak. Therefore, the proposed amendment sought to assist those customers whose claims were not processed during the pandemic. Furthermore, they mentioned that there was a need for Council tenants to be included and to benefit from the Debt Relief Programme. The extension of the programme was then supported.

Whereas the ANC mentioned that the extension of the Debt Relief Programme till the end of December 2024 would increase the Municipality’s ability to collect monies due, and with the incorporation of the dispute resolution mechanism in the process. It being recalled that this programme was designed to assist customers that were struggling with debt by re-structuring their payment plans, this in turn assisting the Municipality to collect monies owed.

Also commenting on the matter, the DA appealed to the Municipality not to hesitate to communicate the Debt Relief Programme recommendations to the public timeously, so that customers have sufficient time to apply and not miss the deadline. They further emphasized that the Municipal Officials should be readily available to assist customers and to resolve their disputes, if any.

Therefore, the above recommendations were, **ADOPTED**.

1.5 Budget Statement Report for the Month Ended: 31 August 2024 (7/1/4):
(Page 13: Finance Committee: Agendas 2024-09-12 & 18)

The Committee noted the overall financial performance analysis of the Municipality as at the end of August 2024. The actual operating revenue of 107% of the year-to-date budget, with a variance of 7%. The actual operating expenditure was

reported as a percentage of year-to-date budget figure of 84% with a variance of -16%. The capital expenditure was reported to be sitting at 65% of the budget and with a variance of -35%. The capital year to date spent was reported to be sitting at 5,38%. The cash collection rate of 99% is slightly lower when compared to the same period in the previous year (100,72%).

During deliberations, the following salient points were raised:

- The Committee acknowledged that the National Treasury, from time to time, encourages Municipalities to be visible and active on the credit space, and that loan borrowings are undertaken within the prescribed guidelines and benchmarks. It being also noted that borrowings were crucial for the Municipality, in considering that at times there were urgent projects that require funding, and it would be impossible to acquire grants at short notice. However, mention being made that a need was for the Municipality to explore other ways or strategies to generate revenue to fund its budget, without having to borrow.
- In response to the escalating debts of the Bus Operator, it was noted that City Fleet was responsible for the procurement and maintenance of the buses. That the matter in question was being handled by the eThekweni Transport Authority and the Operator. However, it being noted that the escalating debt was being dealt with by the Legal and Compliance Unit and a report would be submitted to Council once the matter has been concluded.
- The Committee commended that there was no Unauthorised, Irregular, Fruitless and Wasteful Expenditure incurred for the month of August 2024 reported by the line departments. Though, a concern was raised regarding the alleged Irregular Expenditure of R500 million for prepaid meters which was reported to be circulating through media. Mention being made that it was prudent to receive such information of wasteful expenditure from Management instead of Councillors learning of the wasteful expenditure from the media. However, the Committee noted that this was now a legal matter being handled by the City Integrity and Investigation Unit and that a report would be submitted to the Council once the investigation and outcome thereof have been finalised.
- Management was further commended for sound financial management, when compared with other Metropolitans in the Country. Mention being made that the water distribution losses were because of illegal connections, damages due to floods and ageing infrastructure. Therefore, that the Municipality needed to invest more in fixing the ageing infrastructure, as it is the backbone of the Municipality for rendering service to its communities. It being noted that Council had approved the Development Charges Policy, which allows the Municipality to engage with Developers to put infrastructure on the City's behalf and later recover their funds through rates rebates. A submission was made for Management to put more focus on catalytic projects that could assist in enhancing revenue.
- In response to a concern on invoices that were not paid within the prescribed period of 30 days, it was noted that part of the main reasons for the delays in payment, was due to documentation that should accompany the invoice not submitted timeously. It being noted that the Municipality was currently embarking on an online invoicing mechanism, that would automate Supply Chain Management processes and would assist with paying suppliers expeditiously.

- A decrease in expenditure on contract services was also noted with concern, however an indication was given that this was due to contracts not being fully in place as it was still the beginning of the new financial year.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.5.1 That the Budget Statement report for the month ended 2024-08-31 and the supporting documents, submitted by the City Manager as per his report dated 2024-09-13, in compliance with Section 71 of the Local Government: Municipal Finance Management Act No. 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.
- 1.5.2 That in compliance with Section 32(2) of the Local Government: Municipal Finance Management Act No 56 of 2003, Council notes there was no Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) incurred for the month of August 2024 reported by the line departments as detailed in section 11 of the Budget Statement Report.

Commenting on the budget statement report for the month of August 2024, the ActionSA commended the Municipality for not incurring any Unauthorised, Irregular, Fruitless and Wasteful Expenditure for the month. They further appealed to the Municipal leadership to maintain this trend.

Also commenting on the report, His Worship the Mayor welcomed the above comments related to the Municipality’s sound financial management.

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

- 1.6 Reprioritization of the SCM Unit 2024/2025 Capital Budget to Accommodate Critical Projects in SCM Stores (7/1/2/2):
(Page 191: Finance Committee: Agendas 2024-09-12 & 18)

Authority is sought to reprioritize part of the Supply Chain Management (SCM) Unit’s 2024-2025 Capital Budget. The supply chain operations have stores depots located in Pinetown, Springfield, Bus operations (Tyre store); Tyre store (Mobeni) and Spares store (Mobeni). The Unit also has six (06) Fuel bowsers from the following sites, Phoenix, Chatsworth, Verulam, Tongaat, Amanzimtoti, Old Fort complex.

A site visit has been conducted by the SCM management and has revealed issues of human capital support, logistical requirements which the Unit cannot afford for its staff to operate without. This visit has resulted in a need to reprioritize the Unit’s Capital Budget to cater for the critical projects which were not budgeted for.

As part of background information, the following was noted:

Non-Infrastructure Office Furniture & Equipment:

The SCM stores request for prioritization of these items as they are essential in making offices to be operational. Employees are currently sharing the use of desks and the condition of some of the office furniture and equipment is poor which also raises health and safety concerns. Occupational Health and Safety (OHS) also intervened in the issue of aircons for staff as these are in confined office spaces. The SCM stores do not have enough aircons.

This is affecting the health of employees due to the structure and the conditions of some of the buildings that the employees are accommodated therein. The employees that are stationed at Fuel Browsers are suffering the most when it comes to aircons. There is also an incomplete shelving project, the space is small, and the aim is to utilize it to its fullest. There is a need for more shelving in the warehouse.

Non-Infrastructure Kitchen Equipment (fridge & microwaves):

There is an urgent need for items such, fridges, microwaves, kettles and equipment for the SCM stores, the current situation especially for employees that are stationed at Fuel Browsers is dire as they are far from the CBD and are far from shops and must bring their own lunch but do not have means to warm or keep their food cool during hot temperature. This is affecting their health therefore the need for these items is also accelerated by OHS.

Non-Infrastructure Computer Equipment:

Most staff on the SCM stores do not have desktop computers, printers and must share the use of these items. This then causes delays and affects the day-to-day operations. Therefore this, as a result hinders the ability for them to perform their duties to the fullest. The staff complement is also increasing which leads them to a lack of enough computer equipment.

In motivating the request to re-prioritize the 2024/2025 Unit's Budget, it should be noted that, currently, the SCM Unit does not have funds to declare as savings. To optimise the capital budget, spend for the Finance Cluster, savings have been identified from the Revenue Unit. The savings are from the Capital Project meant for the construction of a new SCM building (T7123).

This project is currently on hold due to issues between the Architecture and the SCM Management. This project is sitting on a budget of R1 307 000.00 (One Million Three Hundred and Seven Thousand Rand). The amount R1 307 000.00 (One Million Three Hundred and Seven Thousand Rand) has now been identified as savings to fund the Capital Budget requirements for the SCM Stores.

At the Executive Committee level, information was given that the matter was approved by the Council in June 2024. However, due to budget shortfall, all required items could not be procured. Therefore, there was a need for an urgent acquisition of the above-mentioned essential items, hence budget reprioritization is necessary as per financial implications.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.6.1 That Council approves the 2024-2025 budget reprioritization arising from the savings identified within the Supply Chain Management Unit in the amount of R1 307 000.00 (One Million Three Hundred and Seven Thousand Rand) to fund the projects and for the acquisition of items listed under financial implication below, including office furniture; computer equipment; kitchen equipment; air-conditioner installation; office furniture: shelving and machinery equipment: ladder).
- 1.6.2 That subject to the approval of .1 above, the Deputy City Manager: Finance includes the budget reprioritization in the adjustments budget 2024-25.

Financial Implications:

SAVINGS FROM			SAVINGS TO		
Description	Vote	Amount	Description	Vote	Amount
New SCM Building	41100.45506.22.30015.0000.T7123.0010	R1 307 000.00	Office Furniture	43300.44520.30015.0000.PC8400.0010	R190 000.00
			Computer Equipment	43300.44630.30015.0000.PC8300.0010	R273 000.00
			Kitchen Equipment	42100.44530.30015.0000.PC8400.W027	R62 000.00
			Airconditioner Installation	41100.45501.12.30015.0000.T7248.0010	R150 000.00
			Office Furniture (Shelving)	41100.44560.30015.0000.PC8800.0010	R623 000.00
			Machinery Equipment (Ladder)	41250.44255.30015.0000.PC8800.W028	R10 000.00
TOTAL		R1 307 000.00			R1 307 000.00

Commenting on the above matter, the EFF welcomed the report however, they requested that project site inspections be undertaken to ensure that funds were being spent accurately and that there is value for money, notwithstanding that employees should work in a conducive environment.

The ANC also welcomed the report, they further confirmed that project site inspections were being conducted. It was reiterated that this matter was approved by the Council in June 2024. However, due to budget shortfall, all required items could not be procured. Therefore, there was a need for an urgent acquisition of the above-mentioned essential items, hence budget reprioritization is necessary as per the financial implications.

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

- 1.7 Public Tender Awards of eThekweni Municipality for the Month Ended: 31 August 2024 (9/1/3)
(Page 203: Finance Committee: Agendas 2024-09-12 & 18)

The Committee noted that the amount of R393 198 211,61 (Three Hundred and Ninety-Three Million One Hundred and Ninety-Eight Thousand Two Hundred and Eleven Rand Sixty-One Cents) was the total value of tenders issued during the month of August 2024.

In noting the report, the Committee commended the reduced number of tenders issued through the use of Section 36. However, it being further noted that tenders issued in this regard were events driven and for emergency purposes. Therefore, it being difficult to deter unforeseen events and the value that may be associated thereto.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.7.1 That the public tender awards by the City for the month of August 2024, inclusive of awards made in terms of Section 36 of the Supply Chain Management Regulations, as contained in the report by the Acting Head: Supply Chain Management dated 2024-09-06, be noted.

- 1.7.2 That it be noted that where information is available for Wards and registration numbers, it is included in the report, as information used to compile the report is taken from submissions made by the Units.
- 1.7.3 That the Finance Committee calls for additional information on individual awards, where it deems appropriate and necessary to play its oversight role.
- 1.7.4 That the City Manager reserves the right to investigate the awards with a view to taking disciplinary, criminal and recovery actions where wilful and negligent violation of Supply Chain Management Policies and Municipal Finance Management Act provisions are observed.
- 1.7.5 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.

Commenting on the matter, the DA mentioned that there were numerous queries which were ought to have been raised during the MPAC meeting, however these were deferred due to non-attendance of the representative from the Supply Chain Management Office. They queried amongst others, the reasons for tender awards dating back from April 2022, for maintenance and repairs etc, only being reported in the month of August 2024.

Thereafter, the ANC noted that an amount of R393 million is the total value of tenders issued during the month of August 2024. It being noted that there has been no breach of the SCM Policy and the Municipal Finance Management Act. That the City Manager is ready to investigate any allegation/s of irregularities or impropriety being reported.

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

- 1.8 Investment Report for the Month Ended: 31 August 2024 (7/11/4):
(Page 283: Finance Committee: Agendas 2024-09-12 & 18)

The Committee noted the Municipal funds invested at different Financial Institutions are recorded to amount to R6 831 033 000.00 (Six Billion Eight Hundred and Thirty-One Million and Thirty-Three Thousand Rand), at an average rate of return on investments of 8,98%. Also, that the Municipality has an overdraft facility of R682 000 000.00 (Six Hundred and Eight Two Million Rand) and the unutilised Capital and Operational Grants as at the end of August 2024 was reported to be R1 250 000 000.00 (One Billion Two Hundred and Fifty Million Rand). It being further noted that there was 41 (forty-one) days cash on hand excluding grants.

Accordingly,

COMMITTEE RECOMMENDS:

That the report on investments for eThekweni Municipality as at 2024-08-31, which records the total funds invested at financial institutions as R6 831 033 000.00 (Six Billion Eight Hundred and Thirty-One Million and Thirty-Three Thousand Rand), at an average of return on investment of 8.98%, 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. REPORT OF THE COMMUNITY SERVICES COMMITTEE: MEETINGS HELD
2024-09-19

(Page R22)

2.1 Request for Authority to Approve Implementation of the 2024-2025 Masakhane
Outreach Programme (2/3/2/1/2):
(Page 2: Community Services Committee - Agenda 2024-09-19)

As part of achieving community inclusivity, the Community Participation and Action Support Unit facilitates implementation of Masakhane Programme serving as a vehicle to aid better understanding of Municipal policies and legislative requirements, pertaining in particular to the service delivery mandate and the parties' obligations in this regard.

Masakhane programme is designed to effectuate Section 152 of the Constitution of the Republic of South Africa, the Local Government Systems Act 32 of 2000, as a building block contributing to responsive local government. This also ensures proper and effective communication between elected Councillors, officials, stakeholders and community members to improve service delivery in line with the needs of the communities.

All eThekweni Municipal Wards will be beneficiaries of the programme, and the approach in this regard will be determined on a need-by-need basis. For instance, Wards will be attended to as individuals, whilst others will be clustered in the event these share common service delivery challenges or if the Municipality has to provide transversal feedback on service delivery matters.

This submission seeks approval to implement the Masakhane programme during the 2024-25 financial year. The programme has been budgeted for accordingly, and the estimated budget for the programme requirements has been outlined accordingly in the table contained in the recommendation. Whilst the requirements generally remain the same, but specific requirements per area will be informed by the nature of facility required; duration of the programme; number of people, amongst the other things.

An amount of R3 315 000.00 (Three Million Three Hundred and Fifteen Thousand Rand) has been budgeted for the Masakhane programme in the 2024-25 financial year.

The Executive Committee welcomed the report and requested that initiatives such as the Mobile App, the debt write-off program for deceased and insolvent estates, and the debt relief program form part items for discussion during these Masakhane Outreach Programmes. Emphasis being made that the Municipality should prioritize disadvantaged areas, including Clermont, Inanda, Lamontville, and Chesterville, given the historical debts arising from prolonged disputes over estates.

Thereafter, a request was submitted for inclusion of a planned program for the Masakhane Outreach Programmes in the Council agenda. However, information was given that relevant Officials will present a detailed overview of the overall program to respective Political Party caucuses.

With the Committee being in support of the programme,

COMMITTEE RECOMMENDS:

That authority be granted for the Head: Community Participation and Action Support to implement the Masakhane Programme in the 2024-25 financial year, as a vehicle to promote common understanding on service delivery matters, associated policies and legislation as well as financial obligations, it being recorded that an amount of R3 315 000.00 (Three Million Three Hundred and Fifteen Thousand Rand) has been budgeted for to undertake this programme during this current financial year.

Financial Implications:

ITEM	VOTE NUMBER	AMOUNT
Venue hire	32306.18950-10.12120.0000.35000-4.0010	R630 750
Hire of marquee/tent	32306.18950-10.12120.0000.38300.0010	R761 500
Transport/vehicle hire	32306.218.5.12120.0000.35000-4.0010 32306.218.5.12120.0000.38300.0010 32306.27999.12120.0000.38300.0010	R200 000 R249 300 R214 370
Hire of sound	32306.11760.12120.0000.38300.0010	R440 350
Hire of ablution facilities	32306.10670.12120.0000.38300.0010	R293 940
Catering services	32306.11400.12120.0000.37410.0010 32306.11400.12120.0000.37410.0010 32306.11400.12120.0000.38264.0010 32306.11400.12120.0000.38300.0010 32306.11400.12120.0000.38711.0010 32306.11400.12120.0000.38712.0010 32306.11400.12120.0000.81400.0010	R210 500 R270 400 R241 120 R206 510 R110 500 R110 500 R110 500
GRAND TOTAL		R3 315 000

FC No.: 2025/06/01

Commenting on the matter, the ActionSA appreciated the report and emphasized that the Masakhane Programme enables community members to be better informed of the Municipal policies and legislative requirements, pertaining to the service delivery mandate and the parties' obligations in this regard. They mentioned that transparency is essential in rolling this programme. That a need exists for the Municipality to outline the manner in which the public will be invited to participate, so that all residents are truly served irrespective of their political interests.

Thereafter, the ANC reiterated that the Masakhane Programme is a Ward-Based Programme and that it is driven by all Ward Councillors and Ward Committee Members of the eThekweni Municipality.

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

2.2

Ratification of Approval to Allocate Funding to Support the Annual Reed Dance Ceremony (13/2/1/2/1):

(Page 28: Community Services Committee - Agenda 2024-09-19)

Governance Framework Act, 2003 (No. 41 of 2003) set out the procedure for the recognition of traditional communities and traditional leaders. It is for this reason that the Community Participation and Action Support Unit (CPAS) implements programmes that address issues impacting traditional communities and traditional leaders. The CPAS Unit works directly with the Traditional Council operating within the eThekweni Municipal area.

The Annual Reed Dance (UMkhosi WoMhlanga) is one of the traditional programmes supported by the CPAS Unit. The ceremony was re-introduced by the late His Majesty the King Goodwill Zwelithini to encourage young girls to abstain from sexual activity until marriage and also limiting the possibility of HIV/AIDS transmission. The ceremony takes place annually in September and is attended by thousands of maidens from all parts of KwaZulu-Natal as well as from the other provinces of South Africa and the neighbouring countries. The core requirement to participate in this event is virginity testing.

The plan for the 2024 Reed Dance was the participation of a number of two thousand (2000) maidens from eThekweni Municipality; five (05) Councillors for oversight purpose, as well as ten (10) officials to cater for the logistical arrangements. The details of the 2024 Reed Dance are as follows:

Date: 13-15 September 2024
Venue: Enyokeni Royal House, KwaNongoma
Time: 07h00 - 23h00 daily (Saturday and Sunday)

The Support Committee expressed reservations with respect to the report being presented after the ceremony has already taken place. In view thereof, the submission warrants a ratification approval. An amount of R913 000.00 (Nine Hundred and Thirteen Thousand) was required for this ceremony. With the budget vote number of the Annual Reed Dance Ceremony experiencing funding shortfalls, savings in the amount of R713 000.00 (Seven Hundred and Thirteen Thousand Rand) were identified from other vote numbers within traditional leadership projects. This to be reported as part of the adjustment budget.

Thereafter, the matter was put to the vote and the DA - 07 voting against and the majority being in support (ANC-08, EFF-04, IFP -02 and ActionSA-01).

At the Executive Committee level, it was noted that this submission is for ratification purposes, since all requisite processes have been duly completed. The Committee was informed that uMkhosi woMhlanga event received an allocation of R200 000.00 (Two Hundred Thousand Rand) to support the Provincial Government. It being reiterated that due to the increased number of participants in this year's event, an amount of R913 000.00 (Nine Hundred and Thirteen Thousand) was required to cover associated costs. Given the time constraints, the shortfall of R713 000.00 (Seven Hundred and Thirteen Thousand Rand) was sourced administratively from other departments without a formal Council decision, hence this submission seeks to ratify the decision regarding this allocation.

Having recalled a similar item was submitted for consideration by the Executive Committee in its meeting of 27 August 2024, clarity was sought on the difference between the latter approval and this submission. Clarity being given that the submission made on 27 August 2024, pertained to preparation events in all the Wards of eThekweni to activate readiness for all maidens wishing to participate in the main event held at eNyokeni.

Thereafter, the Committee noted the significant role of uMkhosi woMhlanga in promoting good behaviour and abstinence from young maidens. Mention being made that the Municipality should beef up funding to support the main and other events associated with uMkhosi WoMhlanga in the future.

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

COMMITTEE RECOMMENDS:

- 2.2.1 That authority be granted to give retrospective approval for a financial support in the amount of R913 000.00 (Nine Hundred and Thirteen Thousand Rand) allocated for the 2024 Reed Dance Ceremony, as part of the City contribution to support eThekweni Maidens participating in this event.
- 2.2.2 That, in view of the budget for traditional programs having a budget of R200 000.00 (Two Hundred Thousand Rand), there was a budget shortfall of R713 000.00 (Seven Hundred and Thirteen Thousand Rand), which has since been addressed through savings identified.
- 2.2.3 That in view of savings of R713 000.00 having been identified, authority be granted for the Head: Community Participation and Action Support to process budget transfers within the specific votes within the traditional leadership programme.

Financial Implications:

ITEM	VOTE NO	AMOUNT
Transport	32314.21805.12120.0000.53500-37.0010	R625 000
Catering	32314.11400.12120.0000.53500-37.0010	R240 000
Accommodation	32314.21920.12120.0000.53500-37.0010	R48 000
	Anticipated expenditure for the year	R913 000
	Total budget for the year	R200 000

FC No.:2025/06/06

Speaking on the matter, the IFP raised concerns on what they noted as insufficient budget allocation for the Reed Dance, further citing that the wellbeing of the Maidens during the event had deteriorated. They appealed to the Municipality to do better in future and to increase budget allocation for the programme.

Also commenting on the matter, the NFP stated that the number of Maidens has increased over the years, therefore there was a need for the budget allocation to be increased to meet the demand. They further mentioned that in future engagements with other Government structures should be organised to iron out all matters relating to the logistics for the Reed Dance.

Meanwhile, the ActionSA made mention that in every financial year, Council has to ratify expenditure of well-known annual events, due to what was cited as poor planning. They

encouraged the Municipality to plan timeously and accordingly in future, and further emphasized the importance of the Reed Dance in terms of guiding young women to abstain to avoid sexual transmitted diseases.

Also joining the discussions, the DA also raised concerns on the under budgeting for the event and emphasised that planning had to start timeously. They mentioned that it was the Council responsibility to approve budgets to be spent by the Municipal Units. While in support of the Reed Dance, they voted against the recommendations, citing that unauthorised expenditure would not be supported by the DA.

Whereas the EFF submitted that Maidens should be respected and treated equally. They also appealed to the Municipality to attend to all concerns that have been raised regarding the wellbeing of Maidens and budget shortfalls.

Thereafter, the ANC noted the comments as submitted and further clarified that the custodians of the Annual Reed Dance event is the Provincial Government, and the Municipality only provides support in terms of certain specific items. They further undertook to raise the concerns of Councillors at the relevant Government structures.

Therefore, as some Members were not in supported of the recommendations, the matter was put to the vote. With 185 Councillors present, 133 Councillors (ANC- 84, EFF- 18, IFP – 13, ABC – 02, ACC – 02, ACDP – 02, AIC – 00, IND - 01, DLC – 01, ADEC- 00, APF – 01, ATM – 01, ALJAMAH – 00, JEP – 01, KZNI – 01, MF – 01, MOSA – 00, NFP - 01, PFP – 01, PRM – 01, TA – 00, UIM – 01 and VF Plus - 01) voted in favour of the recommendations. 49 DA Councillors voted against the recommendations. 3 ActionSA Councillors abstained on the matter.

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

2.3

Request for Authority to Implement Sports and Recreation Programmes During 2024/25 Financial Year (33/2):

(Page 32: Community Services Committee - Agenda 2024-09-19)

The mission of the Department of Sports Development and Recreation is to transform the delivery of sports and recreation by ensuring equitable access and excellence at all levels of participation and to harness the socio-economic contributions, that can create a better life for all citizens of eThekweni. The Sports Development and Recreation Department participates in many projects within the Parks, Recreation and Culture Unit, which are in line with the core mandate of improving the health of citizens, promoting the City's sport facilities and building on the City's 2030 vision of creating Africa's most liveable City and becoming Africa's' sporting capital. Furthermore, this Department focuses on using sport as a tool to support and achieve a diverse range of local priorities with a focus on strategic objectives linked to the IDP.

Programmes to be implemented are in line with the City's Integrated Development Plan (IDP), Plan 6 which focuses on embracing cultural diversity and creating platforms where people interact creatively to stimulate economic growth, social cohesion and unity in diverse. These programmes will assist the City to meet its constitutional and service delivery mandate related to the provision of sports and recreation programmes thereby improving the health and well-being of its citizens.

The Department has made budget provision in the amount of R10 700 000.00 (Ten Million Seven Hundred Thousand Rand) to focus on various sports and recreation programmes during the 2024-25 financial year. The breakdown per activities is contained in the table contained under the recommendations below.

At the Executive Committee level, upon an enquiry on the reason for non-inclusion of certain signature programs of the Municipality, that had generated significant revenue and contributed to local tourism. Information was given that some programs are discontinued due to limited impact on the Municipality's revenue collection and investments. Mention being made that the current submission deals with key development programs and that a comprehensive report on the signature programmes within the Community and Emergency Services Cluster will be submitted in the future. Confirmation also being given that there is an existing collaboration with the Economic Development and Planning Cluster on certain initiative aimed at attracting visitors and investments in eThekweni Municipality.

Given a pivotal role played by sports in promoting social cohesion and general well-being,

COMMITTEE RECOMMENDS:

That authority be granted for the Acting Head: Parks, Recreation and Culture to incur expenditure in the amount of R10 700 000 (Ten Million Seven Hundred Thousand Rand) to implement and delivery sports development and recreation programmes earmarked for the 2024/2025 financial year as detailed under the financial implications below.

That subject to the approval of .1 above, authority be granted for the Acting Head: Parks Recreation and Culture to negotiate benefits and rights to leverage the destination and profile Durban with event organizers.

Financial Implications:

Programme: Active City Recreation	Budget
Healthy Lifestyle	R250 000
Recreation lifestyle	R550 000
Vulnerable group	R350 000
Rural Horse-riding	R100 000
Senior citizens	R250 000
Indigenous games	R200 000
TOTAL	R1 700 000

Sport Code: Winning City:

Tennis	R200 000
Aquatics	R550 000
Athletics	R200 000
Golf grass roots	R250 000
volleyball	R100 000
Chess	R150 000
Dance sport	R100 000

Table tennis	R200 000
Netball	R750 000
Cricket	R200 000
Basketball	R250 000
Boxing	R300 000
football	R450 000
Rugby	R250 000
Karate	R100 000
TOTAL	R4 050 000

Enabling Environment:

Workshops, seminars and training	
Sports council development	R500 000

eThekweni Games:

eThekweni Games/area development	
Community initiatives	R4 250 000
Commemoration days celebration	

Women in Sports:

Women in Sports	R200 000
-----------------	----------

Financial year:

2024/25	R10 700 000
---------	-------------

FC No.:35/590

Vote numbers: 19010.various.12120. 0000.various.0010

Commenting on the matter, the IFP welcomed the report, however they raised concerns on what they cited as lack of sporting activities within the Municipality. They mentioned that sporting facilities need to be upgraded, stating that sport development is essential in nurturing the youth in terms of discipline, prevention of unwanted pregnancies, and can further serve as a source of income for households.

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

2.4

Noting Reasons to Extend Lease, in terms of Section 116(3) of the MFMA 56 of 2003, the Prince Edward Library Situated at Thapi Centre 70-72 Dr PA Goolam Street, Durban:

(Page 40: Community Services Committee - Agenda 2024-09-19)

The eThekweni Municipal Libraries operate libraries within the eThekweni Municipal area through leased premises where there is no Municipal building to accommodate such a facility. The lease of one of its libraries, the Prince Edward Street Library, situated at Thapi Centre, 70-72 Dr PA Goolam Street in Durban has expired. Meanwhile, it is still imperative to continue operating in these premises in view of the close proximity of the library to the public transport route and therefore accessible to the majority of the library users, in particular the scholars.

In terms of future plans, the library facility of this area forms part of the catalytic project planned for the Durban Centrum site. Until then, the Prince Edward Library remains one of the highly utilized libraries. The lease was due to expire in July 2024, but Circular 62 of the MFMA was utilized to secure a temporary four (04) month extension from August to November 2024, pending the finalization of the Section 116(3) process for another 36-month period.

The Committee noted the relevance of the library facility in this area, as narrated. Also, the significance for the Unit to support communities by providing access to information, knowledge and preserve culture and heritage to enhance quality of life, creativity and enjoyable life-long learning in libraries, museums, art gallery and science centres. With regard to the proposed lease extension there are objections received after the public participation process has been conducted as per the advert issued 11 August 2024.

Therefore, accordingly

COMMITTEE RECOMMENDS:

- 2.4.1 That the Executive Committee notes the reasons for the proposed extension of the Prince Edward Street Library lease, in terms of Section 116(3) of the Local Government Act (MFMA) No 56 of 2003, for a further 36-month period, to continue operating the library services at Thapi Centre, 70-72 Dr Goolam Street Durban, and with the reasons narrated as follows:

- (i) The facility adequately accommodates the needs of library in terms of the size; set up; and location;
- (ii) The facility is located in the Central Business District and thus close to the public transport system; and
- (iii) The facility is easily accessible to the public; learners; and students.

- 2.4.2 That it be noted that there were no objections received for the proposed lease extension when a public participation process was advertised 11 August 2023 through media as part of the compliance requirements in line with the MFMA provisions.

NOTED.

- 2.5 National Air Quality Indicator Stations Management Programmes Between eThekweni Municipality and Department of Forestry, Fisheries and Environment (30/2/4/2/1/2):
(Page 84: Community Services Committee - Agenda 2024-09-19)

The Department of Forestry, Fisheries and Environment (DFFE) established a National Air Quality Indicator (NAQI) Station Management Programme as a nation-wide intervention to address challenges faced by the Provinces and the Municipalities regarding the management and main Ambient Air Quality Monitoring Network. This intervention was designed to ensure that a fixed number of ambient air quality monitoring stations are operating optimally and providing current, accurate and credible data for reporting the state of air quality.

The Acting Director General (Ms D Bendeman) in her capacity as the Accounting Officer (Department of Forestry, Fisheries and the Environment) has requested that the equipment be transferred to the ownership of the eThekweni Municipality and that the City Manager becomes the custodian and responsible for this equipment procured

for the eThekweni Municipality Ambient Air Quality Monitoring Stations Management Programme.

It being noted that the ambient air quality equipment to be transferred is valued at R2 651 900.00 (Two Million Six Hundred and Fifty-One Thousand Nine Hundred Rand), and with the costs in this regard to be borne by the Department of Forestry, Fisheries and Environment.

With the Committee appreciating the initiative,

COMMITTEE RECOMMENDS:

- 2.5.1 That the Executive Committee notes the intention by the Acting Director General of the Department of Forestry, Fisheries and the Environment, in her capacity as the Accounting Officer, to transfer to the eThekweni Municipality the equipment procured by the department for the eThekweni Municipality's Ambient Air Quality Monitoring Stations Management Programme.
- 2.5.2 That, in view of .1 above, authority be granted for the City Manager to take custodianship and responsibility for the monitoring equipment procured for the eThekweni Municipality's National Air Quality Indicator Stations Management Programme.

Speaking on the matter, the IFP mentioned that air pollution is a contributing factor to climate change and causing havoc resulting in drastic weather changes and disasters. They mentioned that the positive steps taken by the Municipality are welcomed. Further, stating that the Municipality should be vigilant in terms of ensuring that large industries do not compromise air quality. In this regard, they suggested that a presentation be made to all large industries and stations and their impact to drive green economy. Background information also being given that an industry located in South Coast was charged and fined millions several years ago for contaminating air.

Thereafter, the concerns raised by the IFP were noted. It being further mentioned that the City Manager would take custodianship and responsibility for the monitoring equipment procured for the eThekweni Municipality's National Air Quality Indicator Stations Management Programme. Also, that the City Manager would further provide clarity to concerns raised on the matter.

Accordingly, the above recommendations were; **NOTED.**

- 2.6 Request for the Parks, Recreation and Culture Unit's 2024-25 Capital Budget Reprioritization to Fund Projects with Budget Shortfall:
(Page L129: Community Services Committee - Agenda 2024-09-19)

Most facilities within the Parks, Recreation and Culture (PRC) Unit have deteriorated because of ageing infrastructure and lack of maintenance due to budget constraints. The budget of R185 864 000.00 (One Hundred and Eighty-Five Million Eight Hundred and Sixty-Four Thousand) has been allocated for capital projects in the 2024-25 financial year. This is intended for new infrastructure; rehabilitation; and upgrade purposes.

Meanwhile, the PRC Unit has identified priority projects that require immediate attention and thus allocation of funding for the projects' completion. Due to budget constraints, the Unit has identified projects where cash flows have changed and thus

the availability of funding to be reprioritised for urgent rehabilitation and upgrade works. This will therefore necessitates placing certain projects temporarily on hold to fasttrack costing and packaging to continue with the rehabilitation of urgent projects. The Unit's capital budget to be adjusted during the mid-term review to consider other projects to be undertaken as planned.

Some of the Committee members expressed reservations regarding the reprioritisation of funds due to report not fully signed and it being submitted late, thus not affording members sufficient time to peruse and interrogate the report. On such basis, the matter was thereafter put to the vote and thereby supported by the ANC-08, EFF-04, IFP-02 and with the DA-07 and the ActionSA-01, abstaining.

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

COMMITTEE RECOMMENDS:

2.6.1 That authority be granted for the Head: Parks, Recreation and Culture to proceed with the implementation and completion of the projects needing additional funding in the 2024-25 financial year, at a total estimated cost of R29 418 000.00 (Twenty-Nine Million Four Hundred and Eighteen Thousand Rand).

2.6.2 That, in view of .1 above and the capital budget shortfall, authority be granted for the Head: Parks, Recreation and Culture to proceed with the 2024-25 capital budget reprioritization and thus a transfer of funding in the amount of R29 418 000, and with the Deputy City Manager: Finance to include this transaction in his budget adjustment report.

Projects that are Work in Progress (WIP) Requiring Capital Budget to Ensure Urgent Payment of Contractors as detailed in the report of the Head: Parks, Recreation and Culture dated 2024-09-02.

PROJECTS REQUIRING FUNDS				FUNDED FROM		
DESCRIPTION	SCOPE OF WORKS	WARD No:	AMOUNT (R)	DESCRIPTION	WARD No	AMOUNT (R)
Umlazi U Hall (N3132)	Electrical upgrade and External works completion	W086	800,000	Amanzimtoti Library (N1636E)	W101	2,600,000
Georgedale Hall (N3132B)	Electrical upgrade and External works completion	W005	800,000			
Newtown Hall (N3132D)	Electrical upgrade and External works completion	W062	500,000			
Thornwood Hall (N3132C)	Electrical upgrade and External works completion	W014	500,000			
OR Tambo and Nelson Mandela Statues (N231Z1)	Installation of statues	W028	3,000,000	Amanzimtoti Library (N1636E)	W101	3,000,000
Pinetown Natural Resources- Roof (N2992D)	Rehabilitation of roof	W018	1,350,000.00	Inanda Swimming Pool (N1134B)	W055	2,750,000.00

PROJECTS REQUIRING FUNDS				FUNDED FROM		
DESCRIPTION	SCOPE OF WORKS	WARD No:	AMOUNT (R)	DESCRIPTION	WARD No	AMOUNT (R)
Catoridge Depot (N1642B)	Rehabilitation of depot	W001	400,000.00			
Brighton Beach Lifeguard (N2991B)	Rehabilitation of roof	W068	1,000,000.00			
Asherville Swimming Pool (N3133A)	Rehabilitation of pool	W025	2,000,000.00	Inanda Swimming Pool (N1134B)	W055	7,968,000.00
Umlazi BB Swimming Pool (N1651Z1)	Rehabilitation of Pool		1,500,000.00			
Kwamashu D Swimming Pool (N3134)	Rehabilitation of pool	W040	4,468,000.00			
Research Centre – Upgrade (N1354)	Upgrade of gas suppression system	W028	300,000.00	Ntshongweni Library (N1577)	W007	300,000.00
EThekweni Municipal Library EML (N3135)	Rehabilitation of roof	W028	7,600,000.00	Ntshongweni Library (N1577)	W007	7,600,000.00
Rivertown Beer Hall (N3136)	Rehabilitation of Roof and security upgrade	W028	4,600,000.00	Amanzimtoti Library (N1636E)	W101	2,000,000.00
				Ntshongweni Library (N1577)	W007	2,600,000.00
Mechanical Workshop (Botanic Gar) (N1642P)	Replacement of asbestos roof	W027	600,000.00	Pinetown Workshop (N1642R)	W018	600,000.00
TOTAL			R29,418,000	R29,418,000		

Financial Implication:

FC No.: 59137

Speaking on the matter, the IFP expressed concerns on what they strongly viewed as deteriorating state of the Municipal public facilities, including parks, pools, clinics, sports facilities etc. They further stated some facilities have been taken over by illegal occupants. They called upon the Parks, Recreation and Culture Unit to invest on the facelift of all the Municipal recreational areas, and to avoid being selective.

Meanwhile, the DA mentioned that there were several Unit Heads who were on suspension. In this regard, they requested that in future, a report on senior management on suspension, including budget implications thereof be submitted to the Council. They further cited that Unit Heads are responsible for budget allocations in their respective Units, however with the vacuum created because of suspensions, there was no accountability in terms of budget approvals etc, since personnel are being appointed on an acting basis.

However, the ANC reiterated that the PRC Unit has identified priority projects that require immediate attention and thus allocation of funding for the projects' completion. That due to budget constraints, the Unit has identified projects where cash flows have changed and thus the availability of funding to be reprioritised for urgent rehabilitation and upgrade works. This will therefore necessitates placing certain projects temporarily on hold

to fastrack costing and packaging to continue with the rehabilitation of urgent projects. The Unit's capital budget to be adjusted during the mid-term review to consider other projects to be undertaken as planned.

With the DA abstaining, the recommendations were, by the majority support, ADOPTED.

2.7

Request for Projects Authority for the Parks, Recreation and Culture Unit's Annual Signature Programmes in the 3-Year Financial Period:

(Page L28: Community Services Committee - Agenda 2024-09-19)

The Parks, Recreation and Culture (PRC) Unit hosts the Annual Signature Programs as part of its three (03) pillars, that of (i) investing in people and culture; (ii) social and cultural infrastructure; and (iii) sustaining the City's Natural Resources Base. Some of the Programs cut across the other Clusters and the PRC supports them as they directly address issues affecting the communities, including young children; youth; women; and the community at large. This submission refers to the 2024-25 installments of the programmes to be supported as follows:

NO.	ITEM	PROFILE
1.	Social Cohesion: Social Cohesion in Sport: Fun Runs Soccer Matches Ward-Based Conversation about Social Ills Social Cohesion Summit	Embracing cultural diversity where people interact creatively to stimulate economic growth, social cohesion and unity in diversity. To be undertaken in various Wards to be grouped for North; South; Outer West; Inner West and Central. To be hosted from July 2024 onwards as per the dates to be scheduled.
2.	Living Legends	Program initiated to recognize men and women who consistently and persistently commit sterling deeds Recognition of greatness achieved by past or current residents of eThekweni in various fields of human endeavour while they are still alive. Awards acknowledge individuals with outstanding achievements; individuals who demonstrated extraordinary contribution to the City legacy in various categories of expertise Amongst the individuals honoured thus far are the late Chief Justice Pius Langa; Minister Jeff Radebe; Leleti Khumalo; Mbongeni Ngema and the late Welcome Bhodloza Nzimande Nominations process in this regard will commence this August month with the event proposed for November 2024 Categories to be considered: Arts & Culture; Sports; Hospitality & Tourism; Human Rights; Music & Entertainment; Media; Academic; environment; Religion; Business; Science & Technology; and Political Influencers/Leaders

NO.	ITEM	PROFILE
3.	Socio-Cultural Empowerment (Men & Women): Men's Dialogue & Empowerment Programme Mentorship Men's Dialogue Seminar Appreciating Virtuous Women Beauty Pageant – Face of eThekweni Municipality	Striving for gender-equitable society, with activities not only confined to women, but also empowering men to challenge the prevailing social norms that lead to gender imbalances and by giving men space to adopt new roles and behaviors The programs' dates ranges from July to October 2024
4.	PRC Week: Sports Summit & Awards Verge Competition Beach Clean-ups International Coastal Clean-up	A week-long awareness strategy to showcase services available with the PRC Unit
5.	Cultural Programme & Asambe Cultural Parade	Implementing program in Wards as identified by Ward Councillor. Ward Councillor proposal to showcase culture awareness and should reflect educational matters. Funding and procurement undertaken by the PRC
6.	Mandela Day Celebration	Commemoration of the birthday of the late President NR Mandela, and his 67 minutes of community services legacy. To work with Ward Councilors on proposals

The DA abstained on the matter at the Support Committee and Executive Committee levels, with the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 2.7.1 That authority be granted for the Head: Parks, Recreation and Culture (PRC) to incur expenditure in the amount of R6 179 290.00 (Six Million One Hundred and Seventy-Nine Thousand Two Hundred and Ninety Rand) to co-ordinate and implement the signature programmes for the financial year 2024/25 only, as per City Manager's report dated 2023-07-24, which covered three-year budget cycle from 2023/2024, 2024/2025 to 2025/2026.
- 2.7.2 That subject to the approval of .1 the Head: PRC informs the Executive Committee and the Community Services Committee of the process regarding the implementation of the signature programmes.
- 2.7.3 That subject to .1 and .2 above, authority be granted for the Head: PRC to comply with the supply chain management processes when procuring goods and services required for the programmes.

Financial Implications:

FC No.: 32/295

While in support of the recommendations, the IFP further cautioned Councillors not to utilise the Annual Signature Programs to gain political support.

However, the ANC emphasised that the programs were being implemented within all Municipal Wards and that Councillors were prohibited from interfering with the processes.

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

3. REPORT OF THE GOVERNANCE & HUMAN RESOURCES COMMITTEE:
MEETING HELD 2024-09-23

(Page R33)

3.1 Shift Systems Development Policy (4/2/1/P):
(Page 135: Governance & Human Resources Committee - Agenda 2024-09-23)

Authority is sought to approve the Shift Systems Development Policy. This is aimed at addressing service delivery challenges brought about by poor levels of labour productivity, operational efficiency and organisational effectiveness within the eThekweni Municipality.

As instructed by the City Manager, the Organizational Development and Change Management (ODCM) Unit explored cost-cutting interventions Municipal-wide, with a view to achieving cost-effectiveness in undertaking the Municipal operations. Hence, the development and/or reviewal of the Shift Systems Development Policy for various Municipal operations.

The shift systems have been identified as completely inadequate to address the operational coverage requirements and ultimately have proven to be the most inefficient, costly, and unsustainable mechanisms for service provision. Therefore, a need for the Shift Systems Development Policy has been identified to improve operational performance, business sustainability and service delivery excellence within the eThekweni Municipality.

The Shift Policy has been developed to scientifically determine and institute optimal shift systems, which will ensure alignment of operating mechanisms to strategic objectives. The overtime utilization has shifted from being a necessary provision for exigencies to being a means for supplementary income, resulting in a provision that is seemingly inadequate to address continuously expanding deficit that staff create through adapting their lifestyles to a total sum exceeding the salary provision. The overtime trend has extensively surpassed budgeted provisions and have ultimately removed the value proposition of having overtime as an operational catalyst for necessitated provision.

At an organisational level, the overtime bill is substantially higher and to a great extent wasteful as this utilization demonstrates a severe inadequacy in the substantive operational provisions for service delivery coverage.

The policy has been vetted by the relevant structures and therefore submitted to the Council for final adoption. With the Committee being in support,

COMMITTEE RECOMMENDS:

3.1.1 That Council approves the eThekweni Municipality Shifts Development Policy developed for implementation to achieve operational efficiency and effective overtime management Municipal-wide.

3.1.2 That it be noted that there are no financial implications associated with this policy.

ADOPTED.

3.2 Naming of Street in Ward 9 Covering Estate Cotswold Fenns (25/4/15/1):
(Page 153: Governance & Human Resources Committee - Agenda 2024-09-23)

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

In line with the provisions of the Policy, Ward 09, covering Estate Cotswold Fenns underwent a process to name the streets in this area, with the Ward Councillor and the community at large being involved in this process. Subsequent to a sufficient consultation process, the community identified the name reflected under the recommendation below, and with this name believed to be continuing an existing theme within Ward 9, creating a sense of unity; cohesiveness; and reflecting the sentiments of the community of Ward 9.

As indicated, it is in the best interest of the Municipality to name the streets for identification purposes, and provision of efficient service delivery. All due processes have been followed and satisfied in the naming of the streets in Ward 9 covering Estate Cotswold Fenns. Therefore, the name proposed has already been accepted by the community through consultation with various structures and the Ward Councillor confirmed that consultation was made and agreed with the developer about the name reflected on Plan STN No.15/04/2924.

Accordingly,

COMMITTEE RECOMMENDS:

That given that all requirements for the naming of streets have been satisfied, and it is in the best interest of the eThekweni Municipality and the communities affected to name the streets, Council approves the street name identified for Ward 09 covering Estate Cotswold Fenns, as indicated on Plan Number STN 15/04/2024 and reflected below:

Street Code	Proposed Name	Reviewed Name	Meaning
400690 Street	Kingfisher	Kingfinger Avenue	This name inspired by the birds found on the wetlands of the estate.

ADOPTED.

4. REPORT OF THE ECONOMIC DEVELOPMENT & PLANNING COMMITTEE:
MEETING HELD 2024-09-25

(Page R38)

4.1 Reviewed Economic Development Incentive Policy (EDIP) 2024-2025 (20/1/P):
(Page 1: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to approve reviewed Economic Development Incentive Policy (EDIP) for implementation in the 2024/2025 financial year. The EDIP represents the Municipality's offering of economic incentives as part of a broader strategy aimed

at creating a more conducive environment for investment and growing the economy of the Municipality. The EDIP focuses on supporting new investments based on their potential and future contribution to economic growth, spatial regeneration, and job creation within the Municipal area, in accordance with the strategic objectives of the Municipality.

The EDIP serves as a tool to attract investment, create jobs, and activate various sectors within the Municipality's economy. A contractual agreement between the Municipality and the beneficiary will detail the benefit offered, specific to the type of application. It is therefore envisaged, that the EDIP offerings will position the Municipality as a destination of choice for both local and international investment. It also aims to position eThekweni as a preferred investment destination, coupled with the advantage of being a second most significant industrial region in South Africa, specific focus is given to regenerating the urban core and reinvigorating secondary economic and transit-oriented development nodes.

In response to the economic downturn, the Municipality has reviewed its Economic Development Incentive Policy to enable ease of doing business and to support industries by creating an economic environment that is more responsive to the current dynamics to support the much-needed resuscitation of business.

Development incentives are but one way of locking down the increasingly mobile capital needed for local growth and investment. The form and nature of incentives offered by countries internationally largely reflect a series of criteria which aims to achieve competitiveness, diversification, innovativeness, resilience, and sustainability. Cities are considered engines of economic growth, thereby compelling a robust response to attracting investment and proactively creating a competitive environment.

The eThekweni Municipal area also houses Africa's busiest ports, namely, the Durban Port and the Dube Trade Port platform, equipped with infrastructure to access economies across Sub-Saharan Africa. Furthermore, the Municipality has strong focus on improving the productive sectors of the local economy, especially the manufacturing sector which is critical to creating and sustaining jobs.

Thereafter,

COMMITTEE RECOMMENDS:

4.1.1 That the reviewed Economic Development Incentive Policy 2024-2025 for implementation in the 2024-2025 municipal financial year, be approved.

4.1.2 That the changes to the Terms of Reference of the Verification Committee, be noted.

ADOPTED.

4.2 Township Economy, KwaMashu Safe Hub, WS-7328, Ward 47 – Major Contract Adjustment in terms of Section 116(3) (20/1/5/1 & 7/14/1):
(Page 38: Economic Development & Planning Committee - Agenda 2024-09-25)

Council is requested to note the reasons for the proposed major amendment of contract number WS-7328, as per the process outlined in Section 55 of the Supply Chain Management (SCM) policy (Section 116(3) of the Municipal Finance Management Act (MFMA)).

Authority is sought for the continuation of the ward-based appointed contractor on confirmed fixed rates adjusted in accordance with approved (WS-7328) contract this to include the proposed non-motorised routes.

The Municipality was awarded the National Treasury Neighbourhood Development Grant Funding (NDPG) for the construction of Kwa-Mashu Safe Hub Building an all-encompassing multi-storey building, promenade, and adjoining sports-fields, complementing existing economic, recreational, and educational uses of the township in Ward 47. The Economic Development Programmes and Planning Unit (EDPPU) proceeded with the SCM process to procure a service provider. Whilst construction was underway, further NDPG capital grant allocation was awarded towards the non-motorised (Routes 1,3,6) proposed from the awarded promenade and adjoining sports recreational facilities towards the economic hub heart of the Bridge City Commercial Precinct.

Following the additional grant allocation, the Economic Development Programs Unit began detailed design for the NMT Routes with the intention of concluding SCM in the 2023/20 24 financial year. However, due to the midterm budget cuts by the National Treasury in the same year, the SCM processes could not be concluded. This necessitated fast-tracked planning for the 2024/2025 financial year and a proposal for the amendment of contract WS-7328. To mitigate future budget cuts the intention is to exploit current NDPG funded works in Ward 47 by accommodating additional proposed NMT routes through Section 116 (3) of the MFMA. The proposed additions were advertised in terms of Section 116(3) (b) (i) & (ii) and the local community was provided with reasonable notice of the intention to amend the contract.

The National Treasury (NDPG) funded projects aims to catalyze the open space with the youth development center as a nucleus that links the neighbouring townships via a promenade onto the additional pathways (NMT's) permeating towards the economic hub heart Bridge City Centre. The merit of consolidated precinct offerings is strengthened by its proximity to the public transport hub Go! Durban/ IRPTN Northern Precincts.

It was noted that after the commencement of the project, the consequential damage from May 2022/April 2023 floods to the natural environment required stabilization efforts by way of structural elements to accommodate river widening previously not allowed for in the initial scope of works.

Detailed below are the key events and circumstances leading to the expansion of the approved contract authority amount by more than 33% of the contract award itemized as follows:

- **Non-Motorised Routes Sectional Upgrades** - The budget cuts made by National Treasury in the mid-term 2023/2024 FY resulted in the impracticability of SCM progression in the 2023/2024 financial year as such propose for exploiting current NDPG funded works executed in the same Ward 47.
- **Retaining Walls & Gabion Baskets** - The external risk brought on following May 2022 /April 2023 floods river widening an “act of nature” requiring adequate risk responses to protect embankment, subject matter experts further advised extensive site-specific hydraulic investigations.
- **Additional R/C Retaining Walls for Construction of Roadworks** - The subject property is flanked by existing adjoining homesteads on Makhathini Road encroaching the boundary and requiring a retaining wall to prevent future risk of subsidence.

The construction contract specification contained in (WS-7328) had an original period of performance of 24 months, set to end on the 29th of November 2024. However, due to the proposed additions, it is now estimated to be completed on 2025-06-29.

The additional scope of works is itemised below valued at R25,259,004.05 excl. VAT:

Additional Items -Scope of Works	R
Item 1: NMT Route 1, 3 & 9:	16,498, 346.00
Preliminaries & General Costs @10%	1,649,834.60
Sub-Total 1	18,148, 180.60
Contingency@10%	1,814, 818.06
Sub-Total 2	19,962, 998.66
Item 2: Retaining walls & Gabion baskets	4,771,005.39
Item 3: Additional R/C Retaining walls/ Roadworks	525,000.00
Sub-Total 3	5,296, 005.39
Net additional contract authority required (Sub-Total 2+3)	25,259,004.05

Table 1: The above works to be considered as proposed additional works in line contract WS-7128 tendered rates.

COMMITTEE RECOMMENDS:

- 4.2.1 That Council notes the reasons to amend Contract (WS-7328), in terms of Section 116(3) of the Municipal Financial Management Act (MFMA) No.56 of 2003 for the Construction of KwaMashu Safe Hub, due to the following reasons:
- (i) Additional scope of work s and time for remediation works related to river stabilization to accommodate river widening.
 - (ii) Additional scope of works for Non-Motorized Routes Sectional Upgrades.
- 4.2.2 That the Council notes the public participation process was advertised through the media, in terms of Section 116(3) of the MFMA, as part of achieving compliance pertaining to the public participation process and further notes there were no comments received from the public participation process.
- 4.2.3 That the financial implications of the proposed amendment is the contract authority of R84 729 522.35 (Eighty Four Million Seven Hundred and Twenty Nine Thousand, Five Hundred and Twenty Two Rand Thirty Five Cents), excluding VAT, to be increased by R27 784 904.46 (Twenty Seven Million Seven Hundred and Eighty Four Thousand, Nine Hundred and Four Rand Forty Six Cents), excluding VAT, to R112 514 426.81 (One Hundred and Twelve Million Five Hundred and Fourteen Thousand Four Hundred and Twenty Six Rand Eighty One Cents), excluding VAT, with a period of performance being extended from twenty four (24) months to thirty one (31) months, and the corresponding practical completion date to be revised.

Project No. (WS-7328)

R26 333 000.00 (26101.45354.30.51040.0000.S1148E.W047) (Provided 24/25 Capital budget)

R 1 451 904.46 (26101.45354.68.51040.0000.S1148D.W047) (Provided 24/25 Capital budget)

Financial Implications:

Based on this recommendation, the total cost to Council (excl. VAT) is as per Table 2: **WS-7328** below:

ID		<u>AS PER BAC APPROVAL</u> (Excl. VAT)	<u>TOTAL COST TO THE COUNCIL</u> (Incl. VAT @ 15%)
		Cost Council (R)	Amount (R)
A	Original Contract Sum	77,026,838.50	88,580,864.28
B	Contingency 10%	7,702,683.85	8,858,086.46
AB	Current Contract Authority excl. VAT	<u>84,729,522.35</u>	94,438,950.70
	<i>Escalation 9%</i>	<i>7,216,280.00</i>	<i>8,298,722.00</i>
	Sub Total By tender (incl. escalations & contingencies)	91,945,802.35	
	VAT 15%	13,791,870.35	
	Approved Contract Authority	<u>105,737,672.70</u>	
C	Additional Contract Authority excl. VAT	25,259,004.05	
D	Escalation 10%	2,525,900.41	
CD	Sub Total (excl. VAT)	27,784,904.46	
	VAT 15%	4,167,735.67	
	<u>Total Additional Authority Required</u>	<u>31,952,640.13</u>	
AB+CD	Revised Contract Financial Authority	<u>R112,514,426.85</u>	

Budget Provision and FC Number

2024/2025 Funding to cover the above expenditure is provided under:

Project (WS 7328)	FY	BU	Item	Fundi ng	Cost ing	Project	Region	To be provided	Anticipated Expenditure (excl. VAT)
Bridge City NMT	2024/25	26101	45354.30	51040	0000	S1148E	W047	26,332,000	26,333,000.00
Bridge City NMT-Promenade	2024/25	26101	45354.68	51040	0000	S1148D	W047	11,425,000	1,451,904.46
FC No: 2025/18/CA19									

Table 1: The mSCOA and Budget Provision that the following amounts be recorded as being required.

Original contracts sum incl. 10% contingency	R 84 729 522.35 (excl VAT)
Estimated revised contract value	R112 514 426.85 (excl VAT)
% variance in cost	33%

The additional contract authority sought in terms of this report is in terms of DCM Treasury Circular 2013/14 and in terms of Section 116(3) of the MFMA.

The revised contract value does not impact upon the required contractor CIDB grading designation of **8GB**.

NOTED.

4.3

Request for Authority for eThekweni Municipality to Enter into Agreement with the Hawaan Conservation Trust for Biodiversity Monitoring (32/1/5/2/2):
(Page 48: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought for the eThekweni Municipality to enter into an agreement with the Hawaan Conservation Trust. The Biodiversity Management Department will set up all required research equipment, at the site owned by Hawaan Conservation Trust, and

then collect the required data. The results will be used to guide and enhance biodiversity management, particularly, in response to future climate change scenarios.

eThekweni Municipality is situated in one of the world's 35 Global Biodiversity Hotspots, namely the Maputaland-Pondoland-Albany hotspot and contains three of the country's eight terrestrial biomes. This biodiversity hotspot is under pressure from urban development, pollution, alien species invasion, unsustainable harvesting, and climate change. The resulting transformation and degradation mean many native species are at risk of extinction, and local communities are exposed to severe risk. To address these challenges, the Municipality seeks to collaborate with the Hawaan Conservation Trust.

The proposed collaboration with the Hawaan Conservation Trust aligns with the National Environmental Management: Biodiversity Act (NEM:BA, Act 10 of 2004) by enabling eThekweni Municipality to monitor and study biodiversity within the remaining coastal dune forest. This unique ecosystem stabilizes sand dunes, protects inland areas from erosion and coastal storms, and provides many other ecosystem services. It also supports a diverse range of plant and animal species, many of which are endemic, and plays a key role in climate resilience.

This partnership aims to set up a biodiversity sampling site in the Hawaan Forest, contributing valuable data as part of the global LIFEPLAN initiative. The collected data will aid improved management of local biodiversity, supporting ecosystem services for local communities. The research equipment and data processing are funded by Project LIFEPLAN, which is administered by the University of Helsinki.

eThekweni Municipality joined Project LIFEPLAN in 2022 and has committed to ensure sampling of biodiversity over a six-year period. Sampling has already been underway in the Buffelsdraai Reforestation Project, but an additional site is required.

It was noted that the eThekweni Municipality will set up the research equipment, provided by LIFEPLAN, at Hawaan Forest Conservation Trust. This includes a Malaise trap for trapping insects, a cyclone sampler for air sampling of fungal spores, a camera for photographing mammals and birds, audio recorders for capturing animal sounds and equipment for sampling of root and soil fungi.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 4.3.1 That the proposed collaboration on biodiversity monitoring between eThekweni Municipality and Hawaan Conservation Trust, be approved.
- 4.3.2 That subject to the adoption of .1 above, authority be granted for the City Manager to enter into and sign a Memorandum of Agreement between the eThekweni Municipality and the Hawaan Conservation Trust.

Speaking on the matter, the ActionSA welcomed the partnership between the Municipality and the Hawaan Conservation Trust for biodiversity monitoring. However, they requested that the agreement should not be reduced to a mere exercise. They stated that pollution challenges persist within the Municipality, citing illegal dumping, sewer spillages etc. being a direct threat to environment. The Municipality was urged to not only embrace diversity and conservations, but also to address pollution challenges and threats to the environment.

Thereafter, the ANC reiterated that eThekweni Municipality joined Project LIFEPLAN in 2022 and has committed to ensure sampling of biodiversity over a six-year period. That this partnership aims to set up a biodiversity sampling site in the Hawaan Forest, contributing valuable data as part of the global LIFEPLAN initiative. The collected data will aid improved management of local biodiversity, supporting ecosystem services for local communities. It being reported that sampling has already been underway in the Bufflesdraai Reforestation Project, but an additional site is required. It was further reported that the eThekweni Municipality will set up the research equipment, provided by LIFEPLAN, at Hawaan Forest Conservation Trust.

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

4.4

Request for Authority for the eThekweni Municipality to Enter into Memorandum of Agreement with the Developers, Investec Properties (Pty) Ltd and JT Ross Properties (Pty) Ltd for the Upgrade of Old North Coast Road (21/5/1):
(Page 53: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to mandate the City Manager to enter into a Memorandum of Agreement (MOA) with the developers, Investec Properties (Pty) Ltd and JT Ross Properties (Pty) Ltd, for the financial contribution towards the upgrade project of the Old North Coast Road (ONCR).

The MOA will serve as an expression of agreement to work together to complete the road upgrade. The MOA will also indicate that the parties have reached an understanding and consensus on how the developer's contribution into the ONCR upgrade project will be facilitated.

Due to an increase in trips also caused by the Northfield and Brickworks development, the developers were required to contribute to the upgrade of the ONCR. It is therefore crucial that the MOA be signed to ensure that the two mentioned developers and the City agree on an amount due by the developer, it being noted that payment of that amount to the City to contribute towards the completion of the upgrade of the ONCR.

The Avoca Development Node has been designated as a Catalytic Project within the Municipality due to its strategic location and the scale of anticipated socio-economic benefits resulting from the three developments planned for the node. The Avoca Node comprises of three precincts, namely, Northfields, Brickworks and Caneridge. Investec (Pty) Ltd (Main Street 57 Proprietary Limited) and JT Ross Property Group are private property development companies that are developing Brickworks, Caneridge and Northfields respectively.

Considering that Avoca Node is predominantly a commercial development and due to the capital investment amount involved, the Municipality submitted a Budget Facility for Infrastructure (BFI) application to access grant funding for the upgrade of ONCR. The overall cost for the upgrade of ONCR, including the 0.57km of KZN-DOT owned section, was estimated to be R357,2 million, excluding VAT. The City was successful in receiving an allocation of R206 million in the form of a grant for the upgrading of the Old North Coast Road (city-owned portion). Subsequently the city then engaged with the KwaZulu-Natal Department of Transport (KZN-DOT) and the Developers, Investec (Pty) Ltd and JT Ross (Pty) Ltd, to cover the shortfall of R72 million. The cost contribution breakdown for the upgrade of the ONCR is outlined below:

COST CONTRIBUTION BREAKDOWN	
BFI Funding	R206 million
eThekweni Municipality	R110,7 million
KZN Department of Transport	R62 million
Developers	R10 million
Total	R357,2 million

It was further advised that the parties are in the process of finalising a Memorandum of Agreement for cost contribution of R62 million from the KZN Department of Transport towards the ONCR upgrade project on their portion of the road (P535).

Following consideration of the above,

COMMITTEE RECOMMENDS:

- 4.4.1 That the current status of the Avoca Node Development, be noted.
- 4.4.2 That the finalisation of a Memorandum of Agreement (MOA) between the eThekweni Municipality and the KZN Department of Transport on the Upgrade of the Old North Coast Road, be noted.
- 4.4.3 That authority be granted for the eThekweni Metropolitan Municipality to enter into the MOA with Investec Properties (Pty) Ltd and JT Ross Property Group regarding developer contribution into the upgrade of the Old North Coast Road project.

Financial Implications:

- 1. The Developers are committed to financial contribution of R10 000 000.00 (Ten Million Rands only) towards the implementation of the Project.
- 2. The Municipality will be responsible for the construction of Old North Coast Road and the KZN Department of Transport portion (P585) and maintenance of the road during the construction phase until completion of the project.

ADOPTED.

- 4.5 Amendment of eThekweni Municipality's System of Delegations (3/2/1):
(Page 63: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to approve the insertion of the eThekweni Municipality: Accommodation Establishments By-law delegations to the eThekweni Municipality's System of delegations (Part C and D of the Municipality's Terms of Reference and Delegations document), as contained in Annexures 'A', and 'B' attached to the report by the City Manager dated 2024-09-02.

The additional delegations and amendments as contained in the abovementioned annexures are required to maintain a system of delegations that adequately fulfils the mandate provided for under Section 59 of the Municipal Systems Act. Periodic reviews and amendments to the delegations ensures that the system of delegations is kept up-to-date and assists in the efficient discharge of the Municipality's administrative and operational responsibilities.

It will be recalled that Part C and Part D of the eThekweni Municipality Terms of Reference and Delegations document was first adopted by Council on 2015-02-25. Part C contains the delegations from Council and Part D contains the administrative delegations, providing for delegations and sub-delegations by the Municipal Manager.

Subsequent to its first adoption, the System of Delegations has been reviewed and amended on numerous occasions to provide for, amongst others, delegations made in terms of By-laws and various other legislative enactments. In this instance, the eThekweni Municipality: Accommodation Establishments By-law that was gazetted on 27 October 2022 and subsequently came into effect on the same date. This necessitates the amendment of the system of delegations to include the delegations which have arisen as a result of the promulgation of the aforementioned by-law.

It was advised that the Municipality faces institutional risk should an official or structure acts without the necessary authority being delegated to him/her/it. The approval of the amendments made to the Municipality's System of Delegations provides the necessary assurance that such power or function was exercised as per the Council-approved authority.

Thereafter,

COMMITTEE RECOMMENDS:

That the delegations as contained in Annexure 'A', and 'B' in the Report of the City Manager dated 2024-09-02, be approved, and inserted into the respective Part C and Part D of the Municipality's Terms of Reference and Delegations document.

ADOPTED.

4.6

Request for Authority to Implement Localization of Tuck-Shops in eThekweni (20/1/1):

(Page 91: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to implement a strategic intervention aimed at localizing tuck-shops in eThekweni to enhance local economic development, support local entrepreneurship, and ensure sustainable economic growth within the Municipality.

It was noted that eThekweni Municipality aims to empower local tuck-shop owners, enhance local economic participation, and foster a supportive business environment. This initiative aligns with the national and provincial strategies such as the National Development Plan 2030 and the KwaZulu-Natal Provincial Growth and Development Strategy. The strategic interventions proposed will contribute to economic empowerment, job creation, and community development.

In recent years, the eThekweni economy has seen collapse of micro-enterprises known as tuck shops, which serve basic retail needs in townships and lower-income suburbs. Many of these tuck shops have been taken over by foreign nationals, leading to unfair competition with local tuck shops. As a result, the sector is now dominated by foreign ownership, which has resulted in economic displacement, employment practices, informal economy dynamics, influx of foreign nationals, compliance and legal issues, competition and market saturation, access to resources, community relations and cultural integration and rise of shopping malls.

The eThekweni Municipality has identified the need to support and formalise local tuck-shops to ensure they contribute positively to the local economy. Tuck-shops play a crucial role in providing essential goods to communities, creating employment opportunities, and supporting local supply chains. However, many tuck-shops face challenges such as lack of formal registration, limited access to capital, and inadequate infrastructure.

The proposed strategic interventions aim to address these challenges through a comprehensive support framework that includes stakeholder engagement, enable access to opportunities, access to capital, local ownership of township/rural markets, bulk buying programme, leveraging foreign ingenuity, township and rural empowerment, skills development and capacity building, Municipal tuck-shop owners' recognition, supportive infrastructure, monitoring and evaluation, review of Informal Economy By-Laws and compliance .

During consideration at the Executive Committee level, the report was welcomed with reservations. Attention being drawn to the observation that most of the tuck-shops are currently owned by foreign nationals. That Council should not be subjected to endorse initiatives that do not support indigenous entrepreneurs. Clarity being sought on interventions being put in place to ensure that local tuck-shop overcome the competitive environment which was viewed as the biggest struggle.

Information was given that this initiative is a response to a study undertaken by the Economic Development Unit, and the Department of Economic Development, Tourism and Environmental Affairs. Mention being made that the study highlighted challenges of business registration, lack of access to capital funding to sustain small businesses and challenges to withstand the competitive environment, particularly, in terms of bulk purchases. Therefore, this initiative seeks to provide the following interventions:

- Enabling equal access to opportunities;
- Registration with the CIPC;
- Access to capital funding;
- Access to market for bulk purchase; and
- Skills development for local entrepreneurs.

With the Committee being in support,

COMMITTEE RECOMMENDS:

- 4.6.1 That authority be granted for the Head: Business Support Markets, Tourism & Agri-Business to implement the strategic interventions for the localization of tuck-shops to empower tuck-shops owners through skills development and business processes thereby promoting local economic growth.
- 4.6.2 That the Head: Business Support Markets, Tourism & Agri-Business report, on an ongoing basis, the outcomes of the strategic interventions to be implemented.

MOTION TO AMEND

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor ZM Mncwango, seconded by Councillor SS Zuma, moved as a procedural motion to amend the above recommendations of the Executive Committee by the addition of recommendation 4.6.3 to read as follows:

“That the Head: Business Support Markets, Tourism & Agri-Business conducts an investigation on tuck-shops owned by illegal foreigners and must report back to Council, and in the effort of tuck-shop localization, there must be an agreement between the Municipality and tuck-shop owners that they will not lease or sell their tuck-shops to illegal foreigners”.

NOT CARRIED

Given divergent views in relation to the proposed amendment, the ActionSA was afforded an opportunity to speak on the matter.

Accordingly, the ActionSA expressed its full support of the Municipal strategic interventions for the localization of tuck-shops to empower tuck-shops owners through skills development and business processes and promoting local economic growth. However, they submitted that the reality was that out of five (5) tuck-shops in a township, three (03) of those are owned and operated by illegal foreigners. It being further mentioned that the interventions by the Municipality might not assist as there were few local tuck-shop owners, therefore through the proposed investigation, quantified information will assist the Municipality to better know how many tuck-shops within the Municipality are operated and leased to illegal foreigners.

As some Councillors were not in support of the Motion to Amend, the matter was put to the vote. With 176 Councillors present, 42 Councillors (EFF – 19, IFP - 10, Action SA - 03, ABC - 02, ACC - 01, APF- 01, ATM - 01, JEP – 01, KZN - 01, MF-01, PRM - 01 and VF Plus - 01) voted in favour of the amendment, 86 Councillors (ANC-83, DLC-01, IND – 01 and NFP- 01) voted against the Motion to Amend. 48 Councillors (DA - 46, PFP - -01 and UIM – 01) abstained.

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

Speaking on the substantive matter, the ActionSA expressed that whilst in support of the recommendations, the exclusion of the investigation is concerning.

The IFP then welcomed the report, pointing out that the taxi industry and street traders were the main local economy drivers, therefore they were in full support of interventions aimed at promoting local economic growth.

Also commenting on the matter, the DA welcomed the initiative aimed at boosting local and national economy. They further commended the Economic Development & Planning Committee for crafting a proposal, which aims to redress inequalities of the past, and to provide an opportunity for local tuck-shop owners to enter formal economy and thus creating employment. Mention being made that this intervention was also in alignment with both the 2030 National Development Plan and the Provincial Growth and Development Strategy. They emphasised that in order for the intended outcome to be achieved, the implementation of the interventions be properly monitored so that tuck-shops are not utilised for illegal activities.

Thereafter, the ANC provided background information and highlighted that the title tuck-shops was initially created during the apartheid regime, whereby Africans were not allowed and given opportunities to own shops within urban areas. It was reported that the Economic Development & Planning Cluster within its annual programme has organized a Small Business Workshop where all tuck-shop owners were invited to engage on challenges encountered within the sector. Following the engagement, resolutions were taken, which included amongst others, that tuck-shops owners be formally organized and registered on the Municipal database and trained to be able to obtain financial resources.

Therefore, that the proposal under discussion is supporting local economic growth and responding to the needs of the local shops to empower owners to achieve certain business standards and run compliant small businesses.

Subsequent to the positive views submitted, the recommendations of the Executive Committee were accordingly **ADOPTED.**

4.7

Hammarsdale Link Road Acquisition of Road Servitude (17/2/1/1/2):
(Page 98: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to acquire and construct a 30m wide road servitude along the Northern boundary of Portion 12 of the Farm Hammarsdale No. 6981 and the Southern boundary of the Remainder of the Farm Royal No. 14414, respectively, in order to construct a 7m wide road.

The proposed investment into a new link road promotes Integrated Development Plan 2: Developing a Prosperous, Diverse Economy and Employment Creation. The objective of this project is to ensure that the necessary road infrastructure is in place to accommodate and facilitate the current economic growth that is escalating in the greater Mpumalanga/Hammarisdale region.

The Mpumalanga/Hammarisdale Local Area Plan and Outer West Spatial Development Plan also supports the Hammarisdale link road as an important mobility route and public transport corridor connecting the Mpumalanga Extension Township with Hammarisdale CBD. Both plans call for the implementation of this road.

Hammarisdale has recently become a key focus area for the eThekweni Municipality to attract new investments in the industrial and logistical warehousing sector. The area has become a significant role-player in Government's Strategic Infrastructure Project (SIP 2) and as a result has experienced considerable industrial growth in the past 2 years. This growth has placed pressure on bulk services such as Main Road 385 which is currently not coping with this development growth.

In order to continue facilitating and accommodating investments it has become critically important to consider the provision of secondary service roads. Hammarisdale Link Road will provide access to new industrial areas as well as connecting the Mpumalanga Extension Township with the Hammarisdale CBD.

The following returns can be leveraged from the Hammarisdale Link Road in the short to medium terms:

Economic Benefits:

Development:	Extend: (m ²)	Potential Rates Income (p/a):
New Castle Steel factory	140 000	5 500 000
Newlyn Development	105 000	4 000 000
TOTAL		9 500 000

The above developments will generate an estimate of R9,5 million rates income per annum. In terms of employment creation, a minimum of two thousand (2000) temporary construction jobs will be created, and a minimum of one thousand six hundred (1600) direct permanent jobs. The reduction in unemployment in the region will be substantial.

Social Benefits:

Mpumalanga Extension Township which accommodates four thousand 4000 units, with an estimated population of twenty-four thousand (24 000) currently has no direct formal access to Hammarsdale Town Centre and industrial areas. Only one access road is available opposite the Hammarsdale Junction Mall which is a 5km round trip to reach the Hammarsdale Town Centre where communities mainly want access to the Hammarsdale taxi rank, places of work opportunities and shop for daily needs. Communities currently have to use informal pathways which dangerously crosses a railway line and the Sterkspruit River.

The Hammarsdale Link Road will provide more direct and safer pedestrian and public transport link opportunity to Hammarsdale.

Environmental Benefits:

The Western industrial areas are severely constraint by an existing wetland system that traverses all the properties. The Hammarsdale Link Road provides a rationalized solution that allows for only one crossing over the wetland, thus minimizing the negative impact on the wetland system.

Transportation Benefits:

Hammarsdale Link Road will allow the Municipality to achieve its objectives of maintaining MR385 as an urban mobility route and also provide necessary public transport services to Mpumalanga Extension Township.

Following discussion,

COMMITTEE RECOMMENDS:

- 4.7.1 That Council grants approval for the acquisition of servitude rights over both Portion 12 of the Farm Hammarsdale No. 6981 and the Remainder of the Farm Royal No. 14414, respectively, as per Hand Plans Nos. SJ4801/2 and SJ9967, via donation, private treaty or expropriation, if necessary, following the appropriate procurement process as prescribed by the relevant legislation, including the Municipal Supply Chain Management Policy.
- 4.7.2 That in the event that expropriation is deemed necessary, authority be granted for the Head: Real Estate to proceed with the expropriation of servitude rights over both Portion 12 of the Farm Hammarsdale No. 6981 and the Remainder of the Farm Royal No. 14414, respectively, as per Hand Plans Nos. SJ4801/11 and SJ4801/2A.
- 4.7.3 That subject to the adoption of .2 above, authority be granted for the Head: Real Estate to assess compensation in terms of Section 25(3) of the Constitution of the Republic of South Africa Act No. 108 of 1996, read in conjunction with the Expropriation Act No. 63 of 1975, as the proposed acquisition is in the public interest and/or for public purposes and as such the acquisition is deemed compulsory.
- 4.7.4 That subject to the adoption of .3 above, authority be granted for the Head: Real Estate to conclude the appropriate agreement and sign all necessary documents to effect the transfer, donation or expropriation and registration in favour of the eThekweni Municipality.

ADOPTED.

4.8

EThekweni Municipality: Business Licensing By-Law, 2024 (1/1/3/1/4):
(Page 108: Economic Development & Planning Committee - Agenda 2024-09-25)

Council at its meeting held on 2024-03-26, resolved to approve the publication of the eThekweni Municipality: Business Licensing By-Law, 2024 for public participation and to conduct a workshop with the Economic Development and Planning Committee on this By-Law. This process has since been completed. Therefore, authority is sought to approve the Bylaw for implementation purposes. The approved eThekweni Municipality: Business Licensing By-Law, 2024 to be promulgated in the Provincial Gazette of Kwa-Zulu-Natal, as per Section 156 of the Constitution of the Republic of South Africa.

The Bylaw will serve to regulate the licensing of businesses and establishments that provide for entertainment, health facilities or sale of food to the public which is intended for human consumption and to combat the illegal and unlawful business operations within the Municipality, to protect public health and to regulate other related matters.

Although the Municipality currently regulates the control and licensing of food businesses, health facilities and entertainment establishments through various Bylaws and the Businesses Act, these Bylaws are outdated, fragmented in their application and do not effectively meet the Municipality's objectives. Thus, a need to develop a single, unified Bylaw which will be applicable throughout the jurisdiction of the Municipality.

Accordingly, the Bylaw:

- (a) provides measures for an effective system for the licensing of businesses and establishments that provide entertainment, health facilities or sale of food to the public;
- (b) regulates the procedures that persons or businesses must comply with in making an application for a business licence;
- (c) provides for disqualifications, exclusions and exemptions for a business licence;
- (d) provides for the licensing of specific businesses and establishments; and
- (e) provides for penalties for non-compliance with the provisions of the by-law and operating without a valid business license.

Having noted that the Legal and Compliance Unit consulted extensively with the Business Support, Markets and Durban Tourism Unit and all other stakeholders who have an interest in the regulating of businesses within the Municipality (hereinafter referred to as "the Enforcement Units") to draft the By-law which addresses the needs and policy position of the Enforcement Units concerned

COMMITTEE RECOMMENDS:

4.8.1

That eThekweni Municipality: Business Licensing By-law, 2024 be adopted by Council and approved for final publication and promulgation in the Provincial Gazette, with the By-law taking effect six (6) months from the date of publication thereof; and

- 4.8.2 That the promulgation notice for the eThekweni Municipality: Business Licensing By-law, be further published in the Ezasegagasini Metro.

Speaking on the matter, the ActionSA welcomed the recommendations and further acknowledged the work already being undertaken by the Municipality. However, they expressed concern on what they cited as the Municipality being too lenient towards Foreign Nationals in relation to the By-Law enforcement. They emphasised that the By-Laws should be enforced equally across. They called on thorough investigation on Foreign Nationals operating within the Durban Central District.

Thereafter, the ANC emphasised that the Bylaw would serve to regulate the licensing of businesses and establishments that provide for entertainment, health facilities or sale of food to the public which is intended for human consumption and to combat the illegal and unlawful business operations within the Municipality, to protect public health and to regulate other related matters.

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

- 4.9 Reprioritisation of the 2024/2025 Economic Development Programmes and Planning Unit Capital Budget (20/1/6/3 & 7/1/2/2):
(Page 145: Economic Development & Planning Committee - Agenda 2024-09-25)

Authority is sought to approve the reprioritisation of capital budget funds for the Economic Development Planning and Programmes Unit. The Economic Development and Planning and Programmes Unit (EDPPU) has identified projects with under expenditure from the Hammersdale Transport and Traders and the Mpumalanga Pedestrian Bridge. The proposed budget reprioritization will not impact the delivery of the projects as these have already been adopted under the MTERF framework in May 2024.

The Municipality's commitment to these projects remains unwavering, and the EDPPU has meticulously reviewed and adjusted the budget to ensure that the allocated resources for these initiatives are fully preserved. The reprioritisation proposed will be strategically implemented to enhance overall efficiency and effectiveness, without compromising the timelines or quality of the projects already in progress.

In the 2023/2024 financial year, the EDPP Unit undertook the process to revive the Hammersdale Transport and Traders Facility within the Hammersdale Town Centre Node. The Trades Facility is one of the projects that was planned pre-Covid pandemic; however, due to post-Covid budget cuts it could not be implemented.

Working with the City's Architectural Services Department, the EDPP has resuscitated this project. The EDPP was provided with a three-year budget proposal by the City Architectural Services. The budget proposal was incorporated into the Medium-Term Expenditure and Revenue Framework (2024-2027) that was approved in the full Council meeting of May 2024.

However, due to unforeseen changes in July 2024, the Architectural Services Department revised their budget projection showing a significant decline in the expected expenditure for the 2024/2025 financial year from R26 693 000.00 (Twenty-Six Million Six Hundred and Ninety-Three Thousand Rand) to R7 493 000.00 (Seven Million Four Hundred and Ninety-Three Thousand Rand), resulting in a saving of R19 200 000.00 (Nineteen Million Two Hundred Thousand

Rand). Further funds from projects with under expenditure of R7 647 000.00 (Seven Million Six Hundred and Forty-Seven Thousand Rand) have been identified from Mpumalanga Pedestrian Bridge (S1041K) due to delays in the Transnet detail drawings approval process.

The total expected reprioritisation in respect of the Economic Development Programmes & Planning Unit (EDPP) for the financial year 2024/2025 financial year is R26 847 000.00 (Twenty-Six Million Eight Hundred and Forty-Seven Thousand Rand). The under expenditure has been identified from the projects tabulated below based on the new projections received from the Implementing Departments which indicates that the expected budget expenditure is less than budget allocated, which therefore gives a justification for the shifting of funds.

List of EDPP Projects with expected Project Under Expenditure (Rands):

Capital Budget Description	Funding	Original budget	Anticipated Expenditure 24/25	Project Under Expenditure Identified	Comments
Mpumalanga Pedestrian Bridge (S1041K)	Council	7,647,000.00	0	7,647,000.00	Project fully funded by NDPG funding
Mpumalanga Transport & Traders (S1029C)	USDG	26,693,000.00	7,493,000.00	19,200,000.00	The project under expenditure identified due to changes in the anticipated expenditure by implementing department
		34,340,000	7,493,000.00	26,847,000.00	

Below is the list of Projects that will be funded by funds emanating from Projects with under expenditure:

Pinetown Storage (and trading) Facility:

This facility was unfortunately burnt down, and the Municipality was unable to rebuild it due to financial constraints. This tragic accident displaced a number of traders that utilised the facility for storage and trading. The financial impact of not having this facility has been crippling to the traders as their goods are expensive to transport to and from their homes overnight. This facility will also assist in bringing order in the node as traders are now dispersed and unable to trade within the confines of the trading area.

KwaMashu Auto Hub:

The Auto Hub facility was also one of the developments planned and approved for KwaMashu township that lost the funding due to post-Covid 19 financial constraints experienced by the Municipality. The project was due to commence in 2025/26 financial year and is in the advanced stages of the procurement process with the tenders already evaluated. Bringing this project forward will expedite service delivery and ensure that funding originally intended for township economic development is realised.

Mpumalanga Boxer Node:

This project has over the last three years been implemented by the City's Architecture Department which has significant challenges with the contractor that was on site due to poor performance. After significant support and intervention from the department

the contractor failed to complete the project until the performance period expired. The completion contract has been proposed by City Architecture to get this project to 100% completion and handed over to the community.

Rivertown Public Realm Upgrade: the Rivertown Precinct is one of the Catalytic Nodes in the Inner City that connects the ICC to the Hotels on the Beachfront. This activity node is now in its phase third of its development. Funds are required by Catalytic Project Unit to upgrade the public realm in this node.

KwaNozaza Node:

This node is a future economic hub in the Ntuzuma township. One of the facilities within the node that was identified during the Executive Committee's Operation Sukuma Sakhe was an old KwaNozaza Building which has been significantly vandalized. The repurposing of this facility will provide the community with a Community Development Centre.

Bridge City Informal Trader Facilities:

EDPP Unit has completed the construction of the Informal Trading facilities in Bridge City. These facilities are meant to formalise the growing informal trading within the Bridge City Node. On completion of these facilities, there is a growing demand to improve universal access for people living with disabilities. The project is meant to add a number of ramps as well as artwork for creative and livable spaces.

Virginia Airport:

This is one of the assets owned by the City which is still functioning as an airport and therefore has to meet all the compliance requirements of the Civil Aviation Authority (CAA). The equipment required includes backup generators and CCTV installation. Also, a Sewer Stormwater reticulation upgrade is required.

Projects to be funded by USDG were outlined as per table below:

Project Name	Funding	Original Budget	Potential Projects with under expenditure. Required	Revised Budget	Comment
KwaMashu Auto Hub (W104)	USDG	0	6,000,000.00	6,000,000.00	Project brought forward to be implemented in 24/25 financial year. (Construction of Automotive SMME Hub)
Pinetown Storage Facility (W18)	USDG	0	10,200,000.00	10,200,000.00	Budget required to rebuild Trading Facilities for informal traders
Mpumalanga Boxer Node (W91)	USDG	0	3,000,000.00	3,000,000.00	Budget required for the completion contract for the precinct upgrade and trading stalls.
		0	19,200,000.00	19,200,000.00	

Projects to be funded by Council funding were outlined as per table below:

Project Name	Funding	Original Budget	Potential Savings Required	Revised Budget	Comment
KwaNozaza Node (W42)	Council	0	1,178,440.00	1,178,440.00	Budget required to renovate and upgrade an existing municipal facility.
Rivertown Public Realm Upgrade	Council	0	1,600,000.00	1,600,000.00	Budget Required to improve the Public Realm of the Rivertown Precinct
Bridge City Informal Trader Facilities (W47)	Council	0	1,000,000.00	1,000,000.00	Budget required to cater for special needs ramps, signage, Artwork and Fencing.
Virginia Airport (W35)	Council	0	3,868,560.00	3,868,560.00	Budget required to implement CAA compliance requirements.
Total			7,647,000.00	7,647,000.00	

Following consideration of this matter,

COMMITTEE RECOMMENDS:

- 4.9.1 That Council approves the reprioritization in the amount of R26 847 000.00 (Twenty-Six Million Eight Hundred and Forty-Seven Rands) to fund and implement the tabulated projects (Table 2 and Table 3) required for the development of the economic nodes within townships, Virginia Airport, secondary town centres and rural nodes in the 2024/25 financial year.
- 4.9.2 That subject to the approval of .1 above, Council approves that R26 847 000.00 (Twenty-Six Million Eight Hundred and Forty-Seven Thousand Rands) be included in the adjustment budget.
- 4.9.3 That subject to the approval of .1 and .2 above, authority be given to Deputy City Manager: Finance to issue financial clearances for the procurement process to continue.

Financial Implications:

USDG Funding to the value of R19 200 000.00 (Nineteen Million Two Hundred Thousand Rands) has been identified and R7 647 000.00 (Seven Million Six Hundred and Forty Seven Thousand Rand) has been identified from Council funding this is to fund various projects.

TRANSFER FROM:

Project Name	BU	Item	Fund	Costing	Project	Region	Amount
Mpumalanga Transport & Traders	26101	45304.22	51080	0000	S1029C	W004	R19 200 000.00
Mpumalanga Pedestrian Bridge	26101	45105	30015	0000	S1041K	W091	R7 647 000.00

TRANSFER TO:

Project Name	BU	Item	Fund	Costing	Project	Region	Amount
Pinetown Storage Facility	26101	45304.26	51080	0000	S1173	W018	R10 200 000.00
Kwamashu Auto Hub	26101	45354.26	51080	0000	S1082E	W014	R6 000 000.00
Mpumalanga Boxer Node	26101	45354.26	51080	0000	S1032E	W091	R3 000 000.00
KwaNozaza Node	26101	45354.26	30015	0000	S1174	W042	R1 178 440.00
Rivertown Public Realm Upgrade	26750	45339.54	30015	0000	CP013	W026	R1 600 000.00
Bridge City Informal Trader Facilities	26101	45304.32	30015	0000	S1147H	W047	R1 000 000.00
CCTV Installation- Virginia Airport	90001	44150	30015	0000	S1199	0010	R1 900 000.00
Generator Installation-Virginia Airport	90001	45354.62	30015	0000	S1198A2	0010	R600 000.00
Sewer, Water reticulation upgrade-Virginia Airport	90001	45220	30015	0000	S1200	0010	R1 368 560.00

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

DIRECT EXCO REPORTS

5. **CIRCULAR IN RESPECT OF THE USE OF OFFICIAL MUNICIPAL VEHICLES BY COUNCILLORS, INCLUDING OFFICE BEARERS**

(Page 1)

The Municipal Council is required to note Circular No. 11 of 2024 from the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs on the use of official Municipal vehicles by Councillors, including Office Bearers. The Circular narrates the following:

1. Motor vehicle and travel allowance:

- (i) That in line with applicable legislation, Councillor may structure their basic salary to provide for a motor vehicle allowance. If a Councillor structures a vehicle allowance the Councillor must provide proof of ownership of a private vehicle to the Municipality.
- (ii) That a Councillor who utilises a privately-owned vehicle for official purposes must keep a logbook to log information relating to actual official and private kilometres travelled per month, and in exceptional circumstances and upon good cause, with the approval of the Mayor or Speaker utilise the Municipal-owned vehicle for official purposes. This arrangement is subject to the Municipal Council being prudent in exercising financial management, ensuring that the provision of motor vehicle does not undermine the need to prioritise service delivery and sustain a viable Municipality.
- (iii) That attention be drawn to the fact that any Councillor other than a Mayor, Deputy Mayor, Speaker or Whip of Council may use a Municipal-owned vehicle when attending at a specific function which that Councillor has been delegated to attend.

2. Operating Procedures:

Reference was made to Notice No. 3807, published in Government Gazette No. 49142 dated 18 August 2023 and the Municipal Cost Containment Regulations dated 07 June 2019, pertaining to:

(a) Types of Vehicles:

Detailing the types of vehicles that the Municipality may supply to Municipal Office Bearers based on affordability, an option available to the said Municipal Office Bearers to use their private vehicles and be reimbursed at the prevailing Department of Transport rate for actual kilometres travelled in respect of privately-owned vehicles.

(b) Use of Official Vehicles:

- The Municipal Political Office Bearers are to use the official vehicles for official purposes, however if unable to utilise same for official purposes such a Councillor may utilise a Municipal-owned vehicle, in line with the relevant Council-approved Policy.
- When Political Office Bearers travel by air on official business, arrangements should be made for a hired suitable car at the point of arrival. Drivers may not be sent ahead with the official vehicles to meet Political Office Bearer at the point of arrival.
- In the event of new appointments, new vehicles will be purchased only when there are no suitable vehicles from the existing carpool for allocation as an official vehicle.
- The Municipal Manager should ensure that log sheets containing information relating to kilometres travelled per month are safely kept.

(c) Replacement of Official Vehicles:

- All applications for the allocation or replacement of official vehicles should be directed to the Municipal Council for consideration. Once approved, the procurement thereof be facilitated by the Procurement Department.
- Official vehicles may be replaced and transferred to the Municipal vehicle pool only after completion of (one hundred and twenty thousand) 120 000 kilometres, however, a vehicle may be replaced before the completion of (one hundred and twenty thousand) 120 000 kilometres, only in instances where the vehicle has a serious mechanical problem; is in a poor condition, but subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer. A Council decision is required for such an earlier vehicle replacement.

The Municipal Council to further note that once the matter has been tabled, confirmation of noting the Circular is required in a form of a resolution extract to be forwarded to the office of the MEC: Cooperative Governance and Traditional Affairs within fourteen (14) days after the Council approval.

Accordingly,

COMMITTEE RECOMMENDS:

- 5.1 That Council notes content of Circular 11 of 2024 from the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs, in respect of the use of official Municipal vehicles by Councillors, including Political Office Bearers, which Circular outlines the following:
- (a) Allocation of motor vehicle and travel allowances for Councillors and Office Bearers
 - (b) Type of vehicles that the Municipality may supply to Municipal Political Office Bearers, and options available to the said Political Office Bearers for usage of the official vehicles.
 - (c) Usage of official vehicles by Municipal Political Office Bearers.
 - (d) Replacement of official vehicles outlining when and how the Municipal Council may replace the official vehicles for Municipal Office Bearers.
- 5.2 That in view of .1 above, Council notes that a copy of the resolution confirming that this Circular was tabled before the Municipal Council will be forwarded to the MEC for Cooperative Governance and Traditional Affairs (CoGTA) within fourteen (14) days after the adoption of the Municipal Council, as per the request by the MEC: CoGTA.

NOTED.

6. AUTHORITY TO ADJUST THE MONTHLY OUT OF POCKET EXPENSES/STIPEND FOR WARD COMMITTEES

(Laid on Table)

The eThekweni Municipality has concluded a process of reviewing the stipend payable to cover out-of-pocket expenses incurred by the Ward Committee Members. It being noted that the stipend has remained the same since the establishment of the eThekweni Municipality Ward Committees in February 2022.

Council to further note that the stipend is payable to cover the costs incurred by Members when required to attend meetings, training sessions, consultation events, and visits to Municipal offices. They often need to purchase data to access communications from the Municipality or to engage with community members. Currently, an amount of R1 000.00 (One Thousand Rand) is provided to the Ward Committees as an out-of-pocket expense to cover these responsibilities. However, due to evolving socio-economic conditions, this amount has proven insufficient for Ward Committees to effectively carry out their duties, thereby impacting their functionality.

Therefore, in line with the KwaZulu-Natal Framework on the payment of out-of-pocket expenses to the Ward Committees, as adopted by the Department of Cooperative Governance and Traditional Affairs (COGTA) for the KZN Municipalities, the eThekweni Municipality proposes an increase of R500.00 (Five Hundred Rand). Accordingly, authority is sought to adjust the monthly out-of-pocket expense for the Ward Committees from R1 000.00 (One Thousand Rand) to R1 500.00 (One Thousand Five Hundred Rand).

The Executive Committee acknowledged the vital role of Ward Committees in their respective communities and their contribution to accelerate service delivery matters. While it was acknowledged that the increase is insufficient given the nature of the work done by the Ward Committees, it was noted that the current adjustment is based on the Municipality's current financial capacity.

The DA abstained on this matter at this stage, and with the other Political Parties present being in support,

COMMITTEE RECOMMENDS:

- 6.1 That Council notes that the Municipality has 110 (One Hundred and Ten) Ward Committees that receives a monthly out of pocket expense of R1000.00 (One Thousand Rand) which is the maximum rate in terms of the National Framework regulating the payment of out-of-pocket expenses for elected Ward Committee Members, as gazetted by the Minister of Cooperative Governance and Traditional Affairs (COGTA)
- 6.2 That Council notes there is a Provincial Framework on the payments of out-of-pocket expenses to Ward Committee Members developed by the Department of Cooperative Governance and Traditional Affairs (COGTA), and approved in December 2022.
- 6.3 That Council approves the adjustment of the monthly out-of-pocket payment for elected Ward Committee Members from R1000.00 (One Thousand Rand) to R1500.00 (One Thousand Five Hundred Rand) based on the eThekweni Municipality's capacity and affordability, and to be implemented with effect from 01 October 2024.

Financial Implications:

- It will be noted that the Municipality currently has 110 Ward Committees, and a total of 1100 Members, with one (01) outstanding.
- Currently the budget provision for payment of monthly Ward Committee stipend is within the Office of the Speaker, allocated as follows:

Item	Vote	Amount	FC No
Stipends for Ward Committees 2024/2025	32123-20500-12120-0000-87200-0010	R12 000 000.00	

An additional budget allocation that is required has been made available as follows:

Total Number of Ward Committees	Current Annual Stipend Budget	Additional Required Budget to accommodate the adjustment
111x10 Member	R1000 x 1110x12 months	R500x1110x12 months
1110	R13 320.00	R6 660 000

Commenting on the matter, the IFP referred to Ward Committee Members as essential foot soldiers, further emphasizing the need for these Members to be better resourced. They appealed to the Municipality to budget appropriately to cater for the Ward Committee members going forward.

Meanwhile, the NFP submitted that in future, skills development programs targeted for Ward Committee Members should be considered, as it would assist the aforesaid Members beyond their term of office.

Also, joining the discussion, the DA welcomed the proposed increase of the stipend. They further mentioned that Ward Councillors work hand in hand with the Ward Committee members

Thereafter, the ANC noted the issues raised by Councillors. They extended gratitude to the Office of the Speaker for convening a consultative engagement with Ward Committees and Ward Councillors where various issues were raised, including the stipend, uniforms etc. They highlighted that the out-of-pocket expenses is a stipend payable to cover the costs incurred by Members when required to attend meetings, training sessions, consultation events, and visits to Municipal offices. It being noted that due to poor economic conditions, the stipend might be utilised for other household needs.

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

At this stage of the proceedings, time being 16h33, Council took a comfort break. The meeting later resumed at 16h46.

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

FOURTH REPORT OF THE EXECUTIVE COMMITTEE

(Special meeting held 2024-09-30)

PRESENT : Executive Committee Members VC Xaba (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. **DRAFT TERMS OF REFERENCE FOR THE HUMAN SETTLEMENTS AND TRADING SERVICE COMMITTEES**

(Page 1)

It will be recalled that the Council approved the separation of the then Human Settlements and Infrastructure Committee to provide for dedicated focus and strengthen the operations, in particular, to contribute to improving revenue generation.

In order to ensure that the newly established Committees function within their jurisdiction, it has become imperative to formulate new Terms of Reference. These have been supported by the Executive Committee and now submitted to the Council for the final approval.

The Council will recall that one of the new Committees was named as Human Settlements. It has since been realized that the name does not accommodate all the Committee functional areas. To correct this omission, it is accordingly recommended to rename this Committee to become Human Settlements, Engineering and Transport Committee.

With the Committee being in support

COMMITTEE RECOMMENDS:

- 1.1 That Council rescinds the decision taken previously to name one of the newly established Committees as Human Settlements.
- 1.2 That subject to 1.1 above and in order to accommodate all functional areas pertaining to the Committee, it is recommended to rename the Committee to become “Human Settlements, Engineering and Transport.”
- 1.3 That, subject to the approval of 1.2 above, and for the Committees to function within the parameters of their jurisdiction, the Council approves the new Terms of Reference for both the Human Settlements, Engineering & Transport Committee as well as the Trading Services Committee, attached herein, and which Terms of Reference outlines the following:
 - (a) Functions and powers
 - (b) Generic powers
 - (c) Membership
 - (d) Chairperson
 - (e) Quorum and Decision Making
 - (f) Meetings
 - (g) Relationship to other structures
 - (h) Line of authority

Upon consideration of the terms of reference, reservations were expressed on the delay in finalising the matter. It being cited that the Human Settlements, Engineering & Transport Committee is a crucial Committee which has 60% budget allocation on the overall Municipal budget.

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

2. NOTING OF INTENTION TO AMEND, IN TERMS OF SECTION 116(3) OF THE MUNICIPAL FINANCE MANAGEMENT ACT 2003, CONTRACT NO 5W: 26204 FOR THE HIRE OF WATER TANKERS

(Page 12)

The Council should note that there is an existing 12-month contract entered into with seven (07) service providers for the supply of water through water tankers. This contract was entered into following the tender award on 02 August 2023. The contract has since been amended till 24 October 2024 in order to finalize the procurement process for the replacement contract.

Due diligence was followed in terms of advertising the intention to amend this contract for a further 12-month period. There is one (01) objection received where the contract amendment is considered unlawful since there is a contract advertised of which bidders have not yet been furnished with responses related thereto.

Another comment received is in support of the contract amendment but explanation has been requested regarding the reasons for the delayed award of the replacement contract. Response will be provided accordingly that the amendment is informed by a need to achieve business continuity in terms of water supply pending the finalization of the procurement process for the replacement contract. Also, that contract amendment is in compliance with the legislation requirements. Where contract is amended when business continuity is necessary prior to finalizing the procurement process.

During discussions, the DA and the EFF noted this submission with reservations, citing a need to achieve effective planning for such initiatives, taking into consideration its vital need in various communities of eThekweni. Furthermore, that the continuous use of Section 116(3) to extend contracts limits other service providers from taking part in a competitive bidding process. Also, that this has potential to be flagged as an audit query.

Thereafter, with the Committee having queried the status of the procurement process to acquire one hundred (100) water tankers, the actual number of the existing Municipal owned water tankers and those that are operational, it was mentioned that the procurement process is underway and it is anticipated that the fleet will arrive in December 2024. Also, that the total number of the existing fleet is one hundred & seventy-four (174) with one hundred and ten (110) being operational.

In noting that a tender process is underway, the Executive Committee proposed an amendment to reflect that the contract will be extended for a period not exceeding twelve (12) months, pending the finalization of the normal tender process.

Accordingly,

COMMITTEE RECOMMENDS:

- 2.1 That Council notes the intention to use Section 116(3) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, to amend Contract No. 5W: 26204 for the Hire of Water Tankers with Operators for a period not exceeding 12 months, it being noted that the amendment is required to provide sufficient time to finalize the procurement process in preparation to award replacement contract.
- 2.2 That Council notes that a public notice to amend the contract was published for a period of 21 (twenty-one) days which ended 20 September 2024, inviting comments from the public, and there were 2 (two) comments received on the completion of the public participation process.
- 2.3 That Council notes the comments related to the reasons for amending the contract, and with one of the comments declaring the amendment as unlawful, it being recorded that the response will be provided accordingly that the amendment is due to the procurement process for the replacement contract not having been finalized, also, that the amendment is in compliance with the legislative requirements as this is permitted to achieve business continuity where the procurement process is still underway.

Financial Implications:

The sample principle that was adopted for the initial authority where the respective business units will make budget provision available prior placing orders will also apply for the requested extension period. EWS allocated the vote as per table below for this project:

Business Unit	Item. Sub	Funding	Costing	Project	Region
---------------	-----------	---------	---------	---------	--------

Commenting on the matter, the IFP mentioned that this report should have been included in the presentation made earlier in this meeting.

Meanwhile, the DA while noting that the tanker services complement the supply of water to the residents, however, they expressed concern that it cannot take a year to finalise the tender process for a new contract. They further cited that there were allegations of some benefitting from the usage of tankers.

The ActionSA then enquired on the number tankers to be provided by the seven (07) companies.

Thereafter, the ANC reported that queries had been raised earlier during the Special Executive Committee and responses thereto provided, with the Committee recommending adjustments to ensure a watertight process. They reiterated that this matter relates to the amendment of the existing contract for a period not exceeding twelve (12) months, while the normal tender process for a new contract was still underway. Therefore, this report could not be considered earlier with the presentation on the status of water provision and areas under intermittent supply.

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

13. **REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

There was no report of the Municipal Public Accounts Committee tabled at this meeting.

14. **REPORT OF THE ETHICS COMMITTEE**

There was no report of the Ethics Committee tabled at this meeting.

15. **NOTICE OF MOTION IN TERMS OF SECTION 18 OF THE RULES OF ORDER BY-LAW, 2014, AS AMENDED**

There was no Notice of Motion tabled at this meeting.

16. **REPORT OF THE MAYOR IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**

There was no report of the Mayor in terms of the Municipal Finance Management Act (MFMA) tabled at this meeting.

17. **REPORT OF THE MUNICIPAL MANAGER**

There was no report of the City Manager tabled at this meeting.

REPORT OF COMMITTEE DECISIONS

Decisions of Committees reflected below have been reported to Council by way of circulating minutes of such Committees to each Member of the Council:-

1. **EXECUTIVE COMMITTEE**

Meetings held on : 2024-08-20
: 2024-08-27

2. **GOVERNANCE AND HUMAN RESOURCES COMMITTEE**

Meeting held on : 2024-08-23

3. **HUMAN SETTLEMENTS AND INFRASTRUCTURE COMMITTEE**

Meeting held on : 2024-08-22

4. **LOCAL LABOUR FORUM: TREASURY AND OFFICE OF THE CITY MANAGER**

Meeting held on : 2024-08-15

ITEMS FOR NOTING

The Items for Noting, reflected on Pages 23 to 29 of the Agenda, pertaining to the items discussed and resolved at the Executive Committee level during the month of August 2024 were, **NOTED.**

The meeting terminated at 17h07 and moved into in-committee.

APPROVED THE MEETING OF THE ETHEKWINI COUNCIL ON 2024-11-06.

SPEAKER