

eThekweni Municipal Council

MINUTES

Meeting held on Wednesday, 2024-10-30

No. 78

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Special Meeting held on Wednesday, 2024-10-30T11:00, through Microsoft Teams
streamed live from Durban City Hall.

PRESENT : Councillors TE Nyawose (Speaker), VC Xaba (Mayor), ZP Myeni (Deputy Mayor), A Abdul, AC Akkers, J Annipen, A Beetge, JM Black, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, SP Chebure, J Chetty, R Cloete, HU De Boer, CB Dlamini, Z Dzanibe, J Essop, BA Fortein, SN Gabela, SG Gama, GM Gasa, DM Gcabashe, FO Gcabashe, G Govender, S Govender, Y Govender, BR Gumede, S Gumede, MS Gwala, GJ Hegter, MM Hlengwa, NP Hlomuka, SD Hlongwa, F Ismail, MF Ismail, LBS Jali, DM James, M Johnson, MA Mgobhozi, K Khambule, SM Khanyile, NP Khawula, 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, SR Madlala, RP Maharaj, S Maharaj, FN Majola, TG Makhanya, 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; X Mdlazi, FW Mdletshe, SP Mfeka, K Mhlaba, DPM Mhlongo, GN Mhlongo, NM Mhlongo, SE Mhlongo, T Miya, MB Mjadu, AZ Mkhize, KV Mkhize, MA Mkhize, ME Mkhize, MP Mkhize, NN Mkhize, NA Mkhize, SM Mkhize, TJ Mkhize, B Mkhwanazi, BR Mngadi, DF Mngadi, E Mngadi, SV Mngadi, MR Mngonyama; TJ Mnguni, ZM Mncwango, DP Mngoma, BV Mngwengwe, ZO Mnomiya, S Mnyandu, T Mohamed, R Moses, ND Motseke, SB Mpanza, LI Msomi, SSS Mthethwa, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo, J Naidoo, S Nala, V Ncukana, NB Ndlela, AB Ndlovu, MF Ndlovu, PB Ndlovu, PC Ndlovu, NS Ndlovu, TB Ndlovu, V Ndlovu, SG Nene, 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, NZ Ntuli, PB Ntuli, B Nxumalo, MR Nxumalo, PH Nxumalo, TS Nxumalo, NN Nyanisa, AM Nyembezi, MV Nzimande-Madlala, AAK Paruk, NE Patchapen, AS Phahla, BW Phewa, DT Pillay, P Pillay, GDA Pullan, A Rampersad, R Rampersad, T Sabelo, S Sewshanker, A Shaheed, BH Shange, LP Shange; MG Shange, TE Shezi, IM Shinga, HP Shoji, JN Sibisi, KS Sibisi, WP Sibisi, LC Sikhakhane, BSB Sindane, B Singh, J Singh, R Singh, S Singh, PS Sishange, CN Sisoka, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZR Sokhabase, ZA Solomon, I Syed, BB Thusi, M Thusi, ZN Tshazela, NT Tyelinzima, JC Van den Berg, HM Van Der Ryst, NB Vilakazi, NI Webster, SM Windvogel, NL Xulu, TV Xulu, T Xuma, NY Young, M Zondi, N Zondi, ON Zondi-Mthembu, SS Zuma, and TG Zungu.

ABSENT : Councillors T Biyela (Personal Commitments), SV Govender (Municipal Business), MH Khan (Overseas Trip), MN Khubisa (Indisposed), NI Madlala (Personal Commitments), HS Makhathini (Personal Commitments), RL McKenzie (Indisposed), DL Mea (Indisposed), DV Msweli (Municipal Business), AE Peterson (Personal Commitments), EL Singh (Indisposed) and ME Thusi (Personal Commitments).

AMAKHOSI
PRESENT : None

AMAKHOSI
ABSENT : Inkosi S Mlaba , Inkosi EB Shoji and Inkosi EB Mlaba.

OFFICIALS
PRESENT : Messrs/Mesdames TB Mbhele (City Manager), S Mfingwana (Deputy Head: Litigations), BM Mhlongo (Deputy Head: Office of the Speaker) and SC Zondi (Chief Committee Officer).

(Prior to opening the meeting, time being 11h00, the Speaker requested Secretariat to confirm the number of Councillors present at this meeting to establish if the meeting was quorate.)

(Thereafter, with the time being 11h20, a confirmation was given that 168 Councillors were present, comprising ANC - 75, DA - 40, EFF - 18, IFP - 11, ActionSA - 04, ABC - 02, ACC - 02, ACDP - 02, AIC - 01, ADEC - 01, APF - 01, ATM - 01, AL JAMA-AH - 00, DLC - 01, IND - 01, JEP - 01, KZNI - 00, MF - 01, MOSA - 01, NFP - 01, PFP - 01, PRM - 00, TA- 01, UIM - 01 and VF Plus - 01).

1. NOTICE CONVENING THE MEETING

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

2. OPENING

The Speaker declared the meeting open at 11h25 and extended a warm welcome to Councillors; Traditional Leaders; City Manager; Deputy City Managers; Head Legal and Compliance Services and other Unit Heads; Members of the Administration; Media; and Members of the Public viewing live streaming on social media platforms.

The Speaker also took this opportunity to inform Council that his Office has received a request from the Chairperson of the Executive Committee, His Worship the Mayor to allocate time for the Executive Committee to conclude its discussions on the eThekweni Municipality Trading Services Reform Strategy to subsequently submit concrete recommendations to this Council meeting.

This was accordingly, NOTED.

3. AFRICAN UNION AND NATIONAL ANTHEM

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

4. OPPORTUNITY FOR PRAYER/MEDITATION

A moment of silence was observed as an opportunity for prayer and meditation prior to officially commencing with the proceedings.

5. OFFICIAL ANNOUNCEMENTS

In tabling the official announcements, the Speaker advised that this Special meeting has been convened to deal with the eThekweni Municipality Trading Services Reform Strategy, that needed to be submitted to the National Treasury accompanied by a Council resolution on the said matter, before end October 2024.

Council further noted that in the approved Calendar of Meetings, the ordinary Council meeting for the month of October was scheduled for Thursday, 31 October 2024. However, due to requests received and acceded to by the Speaker of Council, to accommodate Council Members celebrating the festival of lights, DIWALI, the meeting has since been moved to Wednesday, 06 November 2024.

In view of the meeting being conducted through Microsoft Teams, Councillors were requested:

- (i) To ensure that they connect in a decent environment with no disturbance to be caused by the surroundings, it being noted that some of the Council matters are of a confidential nature.
- (ii) Councillors were reminded to be presentable as this was still a formal Council meeting.
- (iii) To raise a hand to be recognized when requesting to speak on the item.
- (iv) To switch off the video camera to improve stability of the network.
- (v) To connect in the area with a stable network since some of the technical glitches experienced are not arising from the Durban City Hall streaming but, in the areas where individuals were connecting.
- (vi) To stay connected for the duration of the meeting to maintain quorum.

Concluding his remarks, the Speaker requested Councillors to complete the Attendance Register posted on the Microsoft Teams Chat. That any Councillor experiencing challenges in this regard should contact the Administration for assistance.

At this stage of the proceedings, time being 11h37, the Speaker adjourned this meeting for fifteen (15) minutes to enable the Executive Committee to conclude deliberations on the eThekweni Municipality Trading Services Reform Strategy and submit its recommendations to this Council meeting.

Meanwhile, the ANC requested further forty-five (45) minutes for caucus purposes. This was accordingly granted by the Speaker of Council and he further indicated that the meeting would resume at 12h30pm.

With the time being 12h38, the meeting re-convened and the Speaker reiterated this Special meeting would only deal with the eThekweni Municipality Trading Services Reform Strategy.

Meanwhile, the ActionSA requested that the Report of the Executive Committee be circulated to all Councillors prior to the matter being discussed by Council. In response, the Speaker mentioned that the request was in line with the standard meeting procedures and would be complied with accordingly.

In noting that the Executive Committee had not concluded its business, the Speaker further adjourned this Special Meeting, time being 12h50pm.

Thereafter, the meeting resumed at 13h11pm, as the Executive Committee was now ready to join this Council meeting.

6. **SPEAKER'S REPORT**

In view of this being a Special Meeting, there was no Speaker's Report tabled.

7. **APPLICATIONS FOR LEAVE OF ABSENCE**

RESOLVED:

That the applications for leave of absence reflected below, be approved, as submitted by the following Councillors:

COUNCILLORS

Councillor T Biyela	:	2024-10-30	Personal Commitments
Councillor SV Govender	:	2024-10-30	Municipal Business
Councillor MH Khan	:	2024-10-30	Overseas Trip
Councillor MN Khubisa	:	2024- 10-30	Indisposed
Councillor NI Madlala	:	2024-10-30	Personal Commitments
Councillor HS Makhathini	:	2024-10-30	Personal Commitments
Councillor RL McKenzie	:	2024-10-30	Indisposed
Councillor DL Mea	:	2024-10-30	Indisposed
Councillor DV Msweli	:	2024-10-30	Municipal Business
Councillor AE Peterson	:	2024-10-30	Personal Commitments
Councillor EL Singh	:	2024-10-30	Indisposed
Councillor ME Thusi	:	2024-10-30	Personal Commitments

8. **DECLARATION OF INTEREST**

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

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

FIRST REPORT OF THE EXECUTIVE COMMITTEE

PART 1

(Meeting held 2024-10-29)

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

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

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

(Page R14)

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

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

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

During deliberations, the following salient points were raised:

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

- In response to a concern on the expenditure of capital projects budget, it was noted it was the end of the first quarter of the financial year, thus the focus was on the procurement processes which were sitting at 75% in completion. Assurance being given that expenditure of projects has commenced with a definite change in expenditure in future reports.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.1.1 That the Budget Statement quarterly report for the month ended 2024-09-30 and the supporting documents, submitted by the City Manager as per his report dated 2024-10-16, in compliance with Section 71 and Section 52 (d) of the Municipal Finance Management Act 56 of 2003 on the implementation of budget and the financial affairs for the Municipality and its entities in terms of Government Notice 32141 dated 17 April 2009, relating to the “Local Government: Municipal Finance Management Act No. 56 of 2003, the Municipal Budget and Reporting Regulations”, be noted.
- 1.1.2 That in compliance with Section 32(2) of the Local Government: Municipal Finance Management Act No.56 of 2003, Council notes the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) incurred for the month of September 2024 as detailed on section 11 of the Budget Statement Report.
- 1.1.3 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.

DEFERRED, to the Ordinary Meeting of 2024-11-06.

DIRECT EXCO REPORTS

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

(Page 52)

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

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

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

- Plans 7B, 7C and 6C have achieved 100%, indicating a particularly strong performance in good governance and certain sustainability initiatives.

- The lowest performance seen in Plan 3B (46.67%) and Plan 3A (52.17%) which focus on creating a quality living environment, indicating potential areas for improvement in urban development and infrastructure services.
- Financial accountability in Plan 8 has achieved a solid performance with a 72% success rate though there is room for improvement.

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

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

Reasons for poor performance and measures to improve Plan 3B Human Settlements (46.67%)		
Plan	Reasons	Measures
Human Settlements	Breakdown of vehicles and Inclement weather	Consultation with City Fleet to expedite repairs.
Human Settlements	Failure to extend contractor's contracts.	In the process of appointing new Service Providers that will deliver more units.
Human Settlements	Poor responses from beneficiaries who come to collect title deeds.	<ol style="list-style-type: none"> 1. Steercom was formulated to deal with issues hindering the transfer process, it comprises of Engineering, Public Sector Housing, Human Settlements as well as the Department of Human Settlements (DoHS). 2. DOHS in a process of appointing Service providers to assist with the outstanding town planning and Land Surveying related issues. 3. Partial transfer approach to be implemented.

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

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

COMMITTEE RECOMMENDS:

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

Summary of KPIs Per Plan:

Plan No	Plan Name	Achievement Rate (%)
1	Develop and Sustain our Spatial, Natural and Built Environment	81.89%
2	Developing a Prosperous, Diverse Economy and Employment Creation	83.33%
3A	Creating a Quality Living Environment - Trading Services	52.17%
3B	Creating a Quality Living Environment	46.67%
3C	Creating a Quality Living Environment - Strategy Office	80.00%
4A	Fostering a Socially Equitable Environment	83.33%
4B	Fostering a Socially Equitable Environment	77.78%
5	Supporting Organisational Design, Human Capital Development and Management	77.78%
6A	A vibrant and creative City - the foundation for sustainability and social cohesion	71.43%
6B	A vibrant and creative City - the foundation for sustainability and social cohesion	50.00%
6C	A vibrant and creative City - the foundation for sustainability and social cohesion	100.00%
7A	Good Governance and Responsive Local Government	91.67%
7B	Good Governance and Responsive Local Government	100.00%
7C	Good Governance and Responsive Local Government	100.00%
8	Financially Accountable and Sustainable City	72.00%
	Overall Achievement	73.33%

DEFERRED, to the Ordinary Meeting of 2024-11-06.

FIRST REPORT OF THE EXECUTIVE COMMITTEE

PART 2

(Special Meeting held 2024-10-30)

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

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

1. APPROVAL OF ETHEKWINI MUNICIPALITY'S TRADING SERVICES REFORM STRATEGY (2/1/3/R)

(Page 92)

The eThekweni Municipality's Electricity Unit is facing critical challenges, including changes to the operating environment, financial instability, operational inefficiencies, and governance issues, amongst others. These challenges have led to a decline in service delivery standards and growing customer dissatisfaction. To urgently address these issues, a comprehensive Reform Strategy aligned to the National Treasury's seven-box framework has been proposed.

The Strategy is aimed at addressing key issues, including systemic underinvestment in infrastructure, operational failures causing declining cash flows, and complex governance structures that diffuse decision-making across multiple Units. Immediate action is required as National Treasury is set to amend the Urban Settlement Development Grant (USDG) by introducing a performance-based incentive grant component for trading services starting in 2025/2026. Amendments to the Division of Revenue Bill are also underway. These reforms will soon apply to trading services, of all Metro Municipalities.

It is imperative for the eThekweni Municipality to qualify to access this critical funding. For the 2024/2025 financial year, the USDG constitutes 44.9% and the Informal Settlements Upgrading Partnership Grant (ISUPG) 31.4% of the Electricity Unit's capital budget, totalling R518 Million. Overall, grant funding represents 76% of the Electricity's total capital budget. Access to this essential capital funding is at risk if the Municipality does not immediately approve and implement the Electricity Trading Service Reform Strategy.

The Reform Strategy focuses on five (05) strategic goals as follows:

- (i) Establishment of a single point of management accountability for the delivery of electricity services.
- (ii) Optimizing primary operations to deliver services efficiently to customers.
- (iii) Optimizing support operations to deliver services efficiently to primary operations.
- (iv) Turnaround cash flow revenue to deliver a surplus to sustain operations.
- (v) Increasing investment into electricity operations to increase revenue and ensure efficient and sustainability service delivery.

The immediate implementation of the Reform Strategy will involve significant structural reforms, including potential integration and optimization of support services such as upgrading Information and Communications Technology (ICT) systems, and improving Human Resources (HR) and Supply Chain Management (SCM) processes. This strategy aims to swiftly improve service delivery, enhance customer satisfaction, and increase revenue from electricity sales. It also seeks to improve governance and accountability, build stakeholder trust, and attract investment, further supporting electricity financial sustainability. The Reform Strategy also aims to ensure long-term growth and efficiency to the electricity trading services, and its immediate approval and execution is crucial.

The Strategy is accompanied by the two other critical documents, namely, Institutional Reform Roadmap and Business & Investment Plan. The table below illustrates the objectives of the aforesaid documents:

STRATEGIC DOCUMENTS			
Reform Strategy Document:	Institutional Reform Roadmap	Business and Investment Plans	Priority Improvement Action Plan
<ul style="list-style-type: none"> • Baseline • Underlying causes • Outline of Reform Strategy • Strategic goals • Tactical goals and objectives 	<ul style="list-style-type: none"> • Plan for establishing a single point of management capacity • Plan for augmenting and developing management capacity • Change Leadership • Assessment and proposed changes for improved governance • Plan for achieving financial transparency as per National Treasury guidelines 	<ul style="list-style-type: none"> • Commercial Plans to address customer service and revenue management • Plan for revision of tariffs and addressing renewable energy changes • Capital Investment Framework • List of prioritised engineering projects • Projections to achieve solvency 	<ul style="list-style-type: none"> • National Treasury is still to release a template in this regard in November 2024. Thereafter, the Municipality will comply accordingly.

The Executive Committee understood the significance of approving the proposed strategy to access grant funding and to increase operational efficiency thus financial stability and infrastructural assets improvements. However, the Committee cautioned against approving a document comprising the organisational structure that might conflict with the Municipal Staff Regulations proposed by the National Department of Cooperative Governance and Traditional Affairs.

Also, with the revised business model to provide for tariffs to be separated into three (03) components, namely, (i) energy charge; (ii) network charge; and (iii) retail charge, clarity was sought of the percentage constituting the network charge. In this regard, confirmation was given that related figures will be determined at the time of setting tariffs, it being advised that this will involve a consultation process for stakeholders to contribute input and comments thereon.

The Committee having interrogated the structure in detail, certain anomalies were identified and it being requested that these be addressed for the Council to approve a comprehensive and accurate document. The points below represent the input and comments made at the Executive Committee level:

- Request for effective integration of information for the documents supporting the strategy to have similar interpretation with the overall strategy, in particular, with respect to the staff organogram and the reporting lines associated therewith.

- The reporting lines to be clarified, with respect to the Head: Electricity having a dotted line reporting to the City Manager, and to also enter into a Service Level Agreement for the Head: Electricity to handle financial and related matters with the Chief Financial Officer.
- That it is imperative to achieve clear role clarification in terms of the reporting lines to avoid potential confusion; omissions; and/or duplications. The integration of information was to give a clear indication whether the Head: Electricity reports to the City Manager, or this will be only in a form of a dotted line for specific Key Performance Indicators. The understanding in terms of the strategy document is that the Head: Electricity reports to the City Manager, but the other supporting document then reflects a dotted line to the City Manager. It was agreed then to amend the documents to achieve similar interpretation.
- Reference having been made to the Business & Investment Plan, the attention was drawn to the Programmes contained therein and which already reflect names of the officials assigned to undertake the functions. This was then regarded as an anomaly, and that the document be edited to reflect operational functions and designations. It being advised that staff placement will then become a secondary process, based on the criteria to be agreed to. It being noted that the Organisational Design and Change Management Unit is still to be involved in the entire organisational structure review process to achieve sound governance processes and transparency in this regard.

The Executive Committee adjourned to enable the officials to effect the necessary amendments as per the comments made. Upon the Committee reconvening to review the edited versions of the document, it was noted that a discrepancy still exists with regard to the reporting lines. It being noted that Management amended one part to refer to the Head: Electricity having a dotted line reporting to the City Manager and a solid line reporting to the Deputy City Manager. However, it was learnt that in certain other part there is still reference to the Head: Electricity reporting directly to the City Manager.

With regard to the other amendments, Management has removed reference to the Head: Electricity reporting to the Chief Financial Officer, and also removed the names of officials to remain with designations only. Further, the documents have been edited to remove any reference to the company brands.

On the issue of the reporting line, the City Manager recommended an amendment to reflect that the Head: Electricity will report to the City Manager via the Deputy City Manager. He confirmed that this is in line with the Municipal Staff Regulations. Also, confirming that the Trading Services Support Committee will still be responsible to play an oversight role over the Electricity Unit.

The DA then made reference to the network charge part and recommended that this be removed from the strategy in the meantime to avoid any potential resistance to approve the same. This was noted, but the inclusion was considered a safer option, taking into account that consultations were still to take place in a process to determine a levy to be applicable at an appropriate time.

Given time constraints and evidence that sufficient time is required to interrogate the content of the strategy and its supporting documents to achieve a synergistic approach with the other Municipal processes, the ANC proposed that the strategy be noted in the Special Council meeting of 30 October 2024 and defer approval thereof to the ordinary Council meeting of 06 November 2024. That His Worship the Mayor be delegated authority to write to National Treasury seeking permission to extend the deadline of 31 October 2024 within which to submit the approved strategy.

The DA and the IFP noted the proposal, but sought clarity whether this route will not put the Council into a risk of forfeiting certain benefits since the requirement is clear that the submission deadline is 31 October 2024.

Thereafter, the proposal made was put to the vote, even though other Parties were still awaiting response in terms of the implications associated with a request for the extension of deadline. Therefore, there was no indication given by the DA (03) and the IFP (01) in terms of accepting or not accepting the proposal as voting was taken prematurely according to their understanding.

Nevertheless, the proposal was supported by the ANC (03); EFF (01); and the NFP (01).

Accordingly, by the majority support,

COMMITTEE RECOMMENDS:

- 1.1 That Council approves the eThekweni Electricity Trading Service Reform Strategy together with the supporting documents reflected as Annexure A1 (Institutional Reform Roadmap) and Annexure A2 (Business & Investment Plan), circulated separately, and which strategy is aligned to the National Treasury's seven-box framework and developed to address electricity challenges, achieve financial sustainability and improved customer service.
- 1.2 That in view of certain elements of the strategy still requiring some clarity, including clarity on reporting lines and the issue of potential additional tariff for network charge, Council delegates authority to His Worship the Mayor, Councillor VC Xaba, to further engage the National Treasury where grey areas have been identified.

Speaking on the matter, the DA expressed concern that the Executive Committee meeting convened earlier this day has taken too long to conclude its deliberations and this in turn impacting the proceedings of this Council meeting.

Thereafter, with the time being 13h25, the Speaker adjourned the meeting and allocated fifteen (15) minutes to enable the Secretariat to prepare recommendations emanating from the Special Executive Committee held earlier this day. The meeting later resumed at 13h53pm.

Upon the request by the Speaker, the City Manager presented the recommendations of the Executive Committee as follows:

- “1.1 That Council notes the eThekweni Electricity Trading Service Reform Strategy together with the supporting documents reflected as Annexure A1 (Institutional Reform Roadmap) and Annexure A2 (Business & Investment Plan), circulated separately, and which strategy is aligned to the National Treasury's seven-box framework and developed to address electricity challenges, achieve financial sustainability and improved customer service.**

- 1.2 That in view of certain elements of the strategy still requiring some clarity, including clarity on reporting lines and the issue of potential additional tariff for network charge, Council defer approval of the strategy to its meeting of 06 November 2024, and delegates authority to His Worship the Mayor, Councillor VC Xaba, to write to National Treasury requesting extension of the submission deadline of 31 October 2024, which is the requirement in line with the requirements of Circular No. 128 of the Local Government: Municipal Finance Management Act No. 56 of 2003, for the Council to then submit the approved strategy after its meeting of 06 November 2024.”**

Thereafter, the Speaker provided an opportunity for Council Members to comment on the report.

Accordingly, the IFP began by expressing a concern about the delays in commencing with this meeting, due to the prolonged Special Executive Committee held earlier on this day. Commenting on recommendation 1.2 above, the IFP requested a legal opinion to verify the implications associated with a request to the National Treasury, for the extension of the submission deadline of 31 October 2024, thus enabling the Council to submit the approved strategy after its meeting of 06 November 2024.

Subsequently, the Deputy Head: Litigation advised that it was difficult in his capacity to preempt the decision to be taken by the National Treasury. However, he indicated that a prior request for extension of the submission deadline was submitted by the Municipal Administration to the National Treasury and it was not acceded to.

Also commenting on the matter, the DA requested Legal to further clarify to Council if the request for extension was rejected or postponed. They further proposed an amendment on the content of the Report from the Executive Committee as well as the recommendations.

Thereafter, the Deputy Head reiterated that the request for extension was rejected by the National Treasury. It was further advised that the discussions of the Executive Committee cannot be amended, and that Council can only deal with the recommendations in terms of the meeting procedures.

In noting the above, the DA mentioned that the amendment was first tabled at the Executive Committee meeting, whereby they recommended that Paragraph 4 item 22.0, relative to the Tariff Alignment to Cost of Serve, be removed.

However, based on the guidance given, the amendment of the Executive Committee discussions was disallowed.

The DA through the Speaker then requested the City Manager to indicate the implications, including financial implications, amongst others, if the request is not approved by the National Treasury. Also indicated its position regarding non-support of the recommendations of the Executive Committee if presented in the current format.

Commenting further on this matter, the IFP mentioned that uncertainty still exists regarding the impact to the Municipality should the deadline of 31 October 2024 is not met, whether the request for deadline extension would be approved.

To put matters into perspective, the City Manager reported to Council that the Municipality has previously formally applied to the National Treasury requesting submission deadline extension. He reported that a formal response through email correspondence, was received from the National Treasury on 22 October 2024. Having read the response, it was learnt that the extension was not permitted.

On the issue of deadline extension implications, the City Manager indicated the Municipality will forfeit its allocation of the USDG allocation with this to severely dent the service delivery plans. The attention was then drawn that this was the reason for convening this Special Council meeting to achieve compliance with the submission deadline thereby protecting financial interest of the Municipality.

Following the remarks from the City Manager, the IFP considered it prudent then for the Council to approve the strategy in this Council meeting to strictly adhere to the deadline prescribed by the National Treasury. Sharing similar sentiments, the EFF mentioned it appears there is no other option but to approve given the previous unsuccessful attempt by the Municipality to be granted deadline extension by the National Treasury. Also joining the discussions, the DLC referred to negative ramifications due to possible financial loss in the form of the USDG if the strategy was not approved by 31 October 2024.

On the other hand, the ActionSA requested reasons for the late submission of this report to this Council. Mention being made that such critical reports should be submitted timeously to do justice on the strategy interrogation and avoid resorting to requesting deadline extension.

At this stage of this proceedings, time being 14h24, the DA requested ten (10) minutes for a caucus. However, the Speaker granted eight (08) minutes. The meeting subsequently resumed at 14h37 where the DA reported it was ready to proceed with the debate.

The Speaker handover to the City Manager to respond to the question from the ActionSA on the reason for the late submission of the report thus resulting to convening this Special meeting.

Accordingly, the City Manager reported that the ordinary Council meeting was scheduled for Thursday, 31 October 2024, and the Municipality would have met the deadline in this regard, However, due to compelling reasons for postponement, the meeting was moved, to Wednesday, 06 November 2024. On this basis, the request for extension of the submission deadline to be moved to 06 November 2024, was submitted to the National Treasury, however, not acceded to. He mentioned that the National Treasury has advised the Municipality to convene a Special Meeting for the approval of the eThekweni Municipality Trading Services Reform Strategy by 31 October 2024, hence the urgent need to convene this Special Council Meeting.

As part of background information, the City Manager advised that the project commenced in April 2024, with time constraints associated therewith given a requirement to develop a number of three (03) documents, following intensive research, including alignment of the Strategy with the World Bank requirements and reforms. He reported that this process concluded end June 2024, with the consultation process subsequently commencing in the month of July and culminating in producing and completing draft strategy in September 2024. That there were further comments that needed to be incorporated into the documents, and with the Council meeting only convening on a monthly basis.

The City Manager further reported that the National Treasury is full of praises of the operational efficiency by the Municipality, pointing out that endeavours be made not to water down the good work already completed. Further, that the six (06) years incentive grants cannot begin on a negative footnote. That aspects which require further amendments and/ or consideration can be dealt with at a later stage. It being advised that upon submission of the final Strategy by the National Treasury, there would be an opportunity for the Municipality to revise the Strategy, should a need arise.

In view of the explanation from the City Manager, the IFP submitted a MOTION TO AMEND.

In terms of Rule 20 (4) of the Rules of Order By-Law 2014, as amended, Councillor MS Nkosi, seconded by Councillor LE Nkomeni, moved as a procedural motion to amend the recommendations of the Executive Committee, to read as follows:

“That Council approves the eThekweni Electricity Trading Service Reform Strategy together with the supporting documents reflected as Annexure A1 (Institutional Reform Roadmap) and Annexure A2 (Business & Investment Plan), circulated separately, and which strategy is aligned to the National Treasury’s seven-box framework and developed to address electricity challenges, achieve financial sustainability and improved customer service, with other areas of concern to be addressed at a later stage”.

Thereafter, elaborating on the amendment, Councillor Nkosi emphasised the importance of Council approving the Strategy in this meeting, citing possible loss of much-needed grant incentives from the National Treasury, if the decision is not taken forthwith. That areas of concern would be addressed at a later stage.

Prior to the Council voting on this proposed amendment, time being 14h58pm, the ANC requested ten (10) minutes for a caucus, but the Speaker granted eight (08) minutes.

The meeting subsequently resumed at 15h13pm, and reporting back from the caucus, the ANC supported the proposed amendment, and further proposed additions to the above amendments as follows: -

- “1.1 That Council approves the eThekweni Electricity Trading Service Reform Strategy together with the supporting documents reflected as Annexure A1 (Institutional Reform Roadmap) and Annexure A2 (Business & Investment Plan), circulated separately, and which strategy is aligned to the National Treasury’s seven-box framework and developed to address electricity challenges, achieve financial sustainability and improved customer service.**
- 1.2 That in view of certain elements of the strategy still requiring some clarity, including clarity on reporting lines and the issue of potential additional tariff for network charge, Council delegates authority to His Worship the Mayor, Councillor VC Xaba, to further engage the National Treasury where grey areas have been identified.”**

With the DA abstaining, the amendments were, by the majority vote, CARRIED.

Reverting back to the substantive matter, the Council approved the recommendations, as amended, with the exception of the DA that voted against the matter, The DA was adamant of the importance to revise business model and clearly unpack and understand the provision of separating tariffs into three (03) components, namely, (i) energy charge;(ii) network charge; and (iii) retail charge.

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

The meeting terminated at 15h23.

APPROVED AT THE MEETING OF THE ETHEKWINI COUNCIL ON 2024-12-02.

SPEAKER