

No. 33

MINUTES

OF

ETHEKWINI MUNICIPAL COUNCIL

Meeting held Thursday, 2023-04-26T16:00

at Inkosi Albert Luthuli International Conventional Centre, Durban.

PRESENT : Councillors TE Nyawose (Speaker), TM Kaunda (Mayor), ZP Myeni (Deputy Mayor), A Abdul, J Annipen, AD Beesley, A Beetge, M Billy, T Biyela, JM Black, NJ Bollman, M Brauteseth, WJD Burne, MH Buthelezi, KPM Cele, SB Cele, SP Chebure, J Chetty, R Cloete; Z Dzanibe, J Essop, BA Fortein, GM Gasa, DM Gcabashe, FO Gcabashe, NBC Godlwana, G Govender, S Govender, Y Govender, SV Govender, BR Gumede, S Gumede, MB Gwala; MS Gwala, GJ Hegter, MM Hlengwa, NP Hlomuka, SD Hlongwa, J Jacquire; LBS Jali, DM James, MA Jokweni, MH Khan, K Khambule, MN Khubisa, KNN Khubone, NL Khuzwayo, ZW Khuzwayo, SNC Khwela, A Kisson, BG Kubheka; V Kunju, CJ Laing, SW Lushaba, M Lutchmen, WM Luthuli, ME Mabaso, RD Macpherson, MA Madlala, NI Madlala, SR Madlala, A Maharajh, RP Maharaj, S Maharaj, FN Majola, HS Makhathini, MW Manqele, JB Maphumulo, NJ Maphumulo, SH Mazibuko, WM Mazibuko, M Mbambo, KT Mbhele, RP Mbonambi, L Mchunu, SW Mcineka; RL McKenzie, X Mdlazi, FW Mdletshe, SP Mfeka, K Mhlaba, GN Mhlongo, AZ Mkhize, KV Mkhize, ME Mkhize; MP Mkhize, NN Mkhize, NA Mkhize, TJ Mkhize, B Mkhwanazi, ZM Mncwango E Mngadi, BR Mngadi, DF Mngadi, S Mngadi, MR Mngonyama, TJ Mnguni, BV Mngwengwe, ZO Mnomiya, S Mnyandu; T Mohamed, T Miya, MB Mjadu, SR Moodley, R Moses, ND Motseke, SB Mpanza, NP Msibi, LI Msomi, DV Msweli; LG Mthembu, TD Mthethwa, TM Mthethwa, N Munien, OB Mvubu, SK Mzimela, BD Naidoo; V Ncukana, WP Ndiweni, NB Ndlela, AB Ndlovu, MF Ndlovu, NS Ndlovu, PB Ndlovu, PC Ndlovu, V Ndlovu, SG Nene, TH Nene, S Ngema, SB Ngcongo, DB Ngubane, MS Nkosi; LE Nkomeni, DR Nowbuth, XM Nqweniso, DM Nsundwane, SH Ntombela, PC Ntshangase, BT Ntuli, N Ntuli, NZ Ntuli, B Nxumalo, MR Nxumalo, NN Nyanisa, MV Nzimande-Madlala, BW Phewa, DT Pillay; GDA Pullan, A Rampersad, S Sewshanker, A Shaheed, LP Shange; MG Shange, TE Shezi, HP Shozi, IM Shinga, JN Sibisi, KS Sibisi, LC Sikhakhane, BSB Sindane, EL Singh, J Singh, S Singh; PS Sishange, CN Sisoka, NI Sithole, BS Sivetye, EG Smith, AD Snyman, ZA Solomon, ZR Sokhabase, I Syed; ZN Tshazela, BB Thusi, M Thusi, ME Thusi, JC Van den Berg; HM Van Der Ryst, NB Vilakazi, NI Webster, SM Windvogel, TV Xulu, NY Young, GN Zondi; M Zondi, N Zondi, TG Zungu and there being four (04) vacancies.

ABSENT : Councillors SV De Boer (Indisposed); SG Gama; SN Gabela, R Gokool, (Personal Commitments); NC Gumede (Indisposed), M Johnson (Indisposed); F Ismail, MF Ismail (Indisposed); TG Makhanya (Indisposed); TZ Mathe, BA Mchunu (Personal Commitments); NP Mchunu, (Indisposed); NM Mhlongo, SE Mhlongo, MA Mkhize (Personal Commitments); SM Mkhize, SV Mngadi (Indisposed); NP Msomi; SSS Mthethwa, J Naidoo, MM Ngiba, PH Nxumalo (Personal Commitments); P Pillay (Indisposed);

BH Shange (Personal Commitments); PB Ntuli, AAK Paruk (Indisposed); VG Reddy, T Sabelo; NT Tyelinzima, T Xuma and ON Mthembu-Zondi (Personal Commitments).

AMAKHOSI

PRESENT : Inkosi NM Hlengwa.

AMAKHOSI

ABSENT : Inkosi JJ Shangase; Inkosi S Mlaba and Inkosi EB Shozi.

OFFICIALS

PRESENT : Messrs/Mesdames TB Mbhele (City Manager), M Mhlongo (Head: Legal & Compliance Services), 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 178 Councillors were present, comprising ANC - 81, DA - 49, EFF - 21, IFP - 12, ActionSA - 02, ABC - 01, ACC - 00, ACDP - 02, AIC -02, ADEC - 00, APF - 00, ATM - 01, AL JAMA-AH - 00, DLC - 00, JEP - 00, KZNI - 01, MF - 01, MOSA - 01, NFP - 01, PFP - 00, PRM - 01, TA- 00, UIM - 01 and VF Plus - 01).

It should be noted that this meeting was preceded by a presentation of the State of the City Address by His Worship the Mayor which commenced at 11h20.

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 16h23 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 on social media live streaming.

Thereafter, the Speaker reported the outcome of an urgent Speakers Committee engagement held immediately after the State of the City Address (SOCA) to deliberate on the prospect of accommodating the SOCA debate in this meeting.

He then informed Councillors that the consensus reached was that a dedicated session be scheduled for the SOCA debate. That a Special Council meeting will then be scheduled within a period of fourteen (14) days after this meeting to engage on the SOCA, it being emphasised that the SOCA debate will not be combined with the 2023/2024 Final Budget discussion at the end of May 2023.

The above report by the Speaker was accordingly, NOTED.

3. AFRICAN UNION AND NATIONAL ANTHEM

It should be noted that the National Anthem of the Republic of South Africa was rendered during the Mayor's SOCA which preceded this meeting. It being recorded that the Anthem was led by the Choir of the Ekwazini High School of Umlazi G Section, which was invited as part of the SOCA Guests.

4. OPPORTUNITY FOR PRAYER/MEDITATION

This aspect was also done as per an indication in 3. Above.

5. OFFICIAL ANNOUNCEMENTS

Due to time constraints, the Speaker relinquished the opportunity to present the announcements.

6. SPEAKER'S REPORT

Purpose

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

6.1 Public Participation: 2023/2024 Budget and IDP Public Hearings

6.1.1 It was recalled that on 30 March 2023, the Municipal Council approved the 2023/2024 Draft Budget, and, as per the statutory requirement, Section 16 (1)(a)(iv) of the Local Government: Municipal Systems Act makes provision for the Municipality to develop a culture of Municipal governance with a system of participatory governance to encourage local communities to participate in the affairs of the Municipality, including the preparation of its budget.

6.1.2 In line with the above-mentioned provision, and in keeping with a requirement to involve communities in the Municipal processes, a programme was developed to invite communities to comment on the draft 2023/2024 Budget and IDP, as per legislative requirement. Reflected in the table below are the budget hearings convened to date:

Date	Time	Venue
12 April 2023	10:00 am	Sugar Ray Xulu Stadium
12 April 2023	16:00 pm	Kloof Civic Centre
13 April 2023	8:00 am	Coastlands Hotel Umhlanga (Business Sector)
15 April 2023	10:00 am	Umnini Sports Ground
20 April 2023	10:00 am	King Zwelithini Stadium
20 April 2023	16:00 pm	Chatworth Youth Centre
		Durban Exhibition Sector (Disability Sector)

6.1.3 It was reported that the next budget hearing is scheduled for 02 May 2023, with the last session being planned for 11 May 2023. It is encouraging to note community showing interest in these hearings as the turnout to date is applaudable. All valuable contributions made by members of the public have been captured and will be considered to form part of the final draft budget to be submitted to Council for final approval in May 2023.

6.1.4 It being noted that some communities, such as Umlazi community, raised urgent matters requiring attention of the Municipality, confirmation being given that these will be attended to timeously since most do not have budget implications.

6.2 Community Engagements/Meetings

6.2.1 In an ongoing pursuit to keep the residences informed of the Council business, the Speaker reported that community engagements remain a critical aspect of the Municipal operations. It being noted that such gatherings must be recorded and reported accordingly.

6.2.2 Council was reminded that other than these engagements being of a statutory nature, as per the provision in the Councillors' Code of Conduct, these are also monitored by the National Treasury, in terms of compulsory indicators set for all Municipalities and monitored through Service Delivery Budget Implementation Plans (SDBIPs), these being reported on a quarterly basis.

6.2.3 EThekweni Municipality has 111 Wards, and therefore, the target for community engagements is 111 Ward-based community engagements reports submitted. In the event that this target is not achieved, the administration has to make submission to the National Treasury on how the non-achievement is to be improved. Council Members were therefore urged to ensure that reports from engagements held are submitted as required to avoid negative reports being submitted on behalf of the Municipality.

6.2.4 Council noted that to date there were ten (10) Wards that have reported on community engagements held, and those that have not yet submitted were urged to do so. In this regard, the Speaker expressed a concern about community engagements not being convened by Councillors.

Subsequently, some Councillors submitted that assistance was not adequately provided by the Office of the Speaker for Councillors to successfully convene such engagements.

Thereafter, the Speaker advised that a session would be convened outside this meeting to address concerns being raised by Councillors.

6.3. UPDATE ON COUNCIL MEMBERSHIP

6.3.1 Council noted that the Proportional Representation (PR) Councillor vacancy that existed from the African National Congress (ANC), as a result of the resignation of the erstwhile Councillor Pearl Luthuli-Mkhize, has been filled by Councillor Sizeni Gladness Gama.

- 6.3.2 It was reported that the Office of the Speaker is in receipt of another resignation letter from the Ward 11 Councillor Graeme Derek Clarivette, representing the Democratic Alliance (DA).
- 6.3.3 It being noted that the Municipal Council currently has two (02) Ward Councillor vacancies, namely Ward 11 and 73 and these to be filled through a by-election to be conducted by the Independent Electoral Commission (IEC) in due course.
- 6.3.4 Council further noted that the Office of the Speaker has received a resignation letter from Councillor Ntokozo Sibiyi-Xaba, resigning with immediate effect as the ANC PR Councillor. This then implied that the ANC has a vacancy for PR Councillor in Council, and which will then be filled in due course.

6.4 MEMBERSHIP: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- 6.4.1 It was recalled that at the last Council meeting held 30 March 2023, it was reported ANC has a vacancy in the Municipal Public Accounts Committee (MPAC), from its five (05) Members, as per its proportional representation.
- 6.4.2 It was reported that the Office of the Speaker has received a request from the ANC for one of its members, Councillor Mzokuthula Rotas Mngonyama, to be moved from the MPAC and be allocated to now serve on the Finance Committee, and he being replaced by Councillor Sizeni Gladness Gama on the MPAC. It being recorded that the ANC still remains with a vacancy on the MPAC.

Therefore, it was

RESOLVED:

That Council approves the appointment of Councillor Sizeni Gladness Gama to serve on the Municipal Public Accounts Committee, representing the African National Congress.

At this stage of the proceedings, the DA enquired on the status and Council membership of Councillor MM Ngiba, citing this Councillor has been absent from the Council meeting for the period of over a year.

On the other hand, the ActionSA further enquired whether Councillor Ngiba was still receiving a monthly salary from the Municipality.

Thereafter, the Speaker advised that the matter has been reported to the KwaZulu-Natal Provincial Department of Cooperative Governance and Traditional Affairs for actioning. He further advised that a report will be submitted to Council once the matter has been concluded, it being cited that there was also an ongoing court case implicating the Councillor in question.

The update on the matter was accordingly, NOTED.

7. APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED:

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

COUNCILLORS

Councillor SV De Boer	:	2023-04-25 To 2023-04-27	(Indisposed)
Councillor R Gokool	:	2023-04-25 To 2023-04-27	(Personal Commitments)
Councillor NC Gumede	:	2023-04-26	(Indisposed)
Councillor M Johnson	:	2023-04-26	(Indisposed)
Councillor MF Ismail	:	2023-04-26	(Indisposed)
Councillor TG Makhanya	:	2023-04-25 To 2023-04-26	(Indisposed)
Councillor BA Mchunu	:	2023-04-26	(Personal Commitments)
Councillor NP Mchunu	:	2023-04-26	(Indisposed)
Councillor MA Mkhize	:	2023-04-26	(Personal Commitments)
Councillor SV Mngadi	:	2023-04-24 To 2023-04-29	(Indisposed)
Councillor J Naidoo	:	2023-04-26	(Indisposed)
Councillor PH Nxumalo	:	2023-04-26	(Personal Commitments)
Councillor P Pillay	:	2023-04-26	(Indisposed)
Councillor AAK Paruk	:	2023-04-26	(Indisposed)
Councillor BH Shange	:	2023-04-26	(Personal Commitments)
Councillor ON Zondi	:	2023-04-26	(Personal Commitments)

8. DECLARATION OF INTEREST

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

9. CONFIRMATION OF MINUTES: MEETINGS HELD ON 2023-03-30.

9.1 Prior to the adoption of the Minutes, the DA Councillor WJD Burne submitted that the word “*condones*” on Page 1467, paragraph 5.1.2 be amended to “*condemns*” in the Minutes of the Council meeting of 30 March 2023.

9.2 Also referring to the Minutes, the IFP Councillor MS Gwala submitted that on:

- (i) Page 1503, paragraph 4, had to read as follows “*Thereafter, the Speaker mentioned that, in terms of the Rules, all Councillors are allowed to speak on items of their choices and that the Municipality’s Legal and Compliance Unit is available to provide guidance and advise the Speaker on matters which necessitated such.*”

9.3 Meanwhile, DA Councillor M Billy submitted an amendment as follows:

- (i) Page 1522, item 2.5.3 paragraph 6, to read as “*Thereafter a heated debate ensued between both political parties, and, with the DA considering some of the utterances by Councillor Madlala unacceptable, which included racist statement and homophobic insults. In this regard, the matter was brought to the attention of the Speaker and the DA was of the view that the Speaker did not act adequately, therefore resulting to the DA leaving the meeting.*”

The above corrections were noted, with Councillor Madlala cautioning though that cognisance should be taken that Minutes do not represent a blow-by-blow account of what was discussed, but reflects concise summary of discussion within a proper context of the discussion.

The amendments were then noted accordingly, thereafter, with the eThekweni Municipal Council Minutes of the meeting held 2023-03-30 having been tabled, moved by Councillor PC Ntshangase and seconded by Councillor BW Phewa, it was

RESOLVED:

That the Minutes of the eThekweni Municipal Council meeting held 2023-03-30, as circulated and taken as read, be hereby confirmed, subject to the following amendments:

- (i) The word “condones;” on Page 1467, paragraph 5.1.2 be amended to “condemn” in the Minutes of the Council meeting of 30 March 2023.
- (ii) On Page 1503, paragraph 4, to read “Thereafter, the Speaker mentioned that, in terms of the Rules, all Councillors are allowed to speak on items of their choices and that the Municipality’s Legal and Compliance Unit is available to provide guidance and advice the Speaker on matters which necessitated such.”
- (iii) On Page 1522, item 2.5.3 paragraph 6, to read “Thereafter a heated debate ensued between both political parties, and, with the DA considering some of the utterances by Councillor Madlala unacceptable, which included racist statement and homophobic insults. In this regard, the matter was brought to the attention of the Speaker and the DA was of the view that the Speaker did not act adequately, therefore resulting to the DA leaving the meeting.”

10. MATTERS ARISING

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

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

No questions that were tabled on this meeting.

12. REPORTS:

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

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

FIRST REPORT OF THE EXECUTIVE COMMITTEE
(Meeting held 2023-04-24)

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

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

(Page R1)

1.1 Noting of Contract Amendment in terms of Section 116(3) of the MFMA for the Amendment of the Specification for the Construction of Top Structures in Ward 6- and 7-Emalangeneni Housing Project (27/7/1/1/2):

(Page 765: Human Settlements & Infrastructure Committee - Second Supplementary Agenda 2023-03-22)

The item submitted was noted by the Human Settlements and Infrastructure Committee at its meeting on 22 March 2023 but erroneously omitted from the Report submitted by the Secretariat Department to the Executive Committee to subsequently recommend to Council to note the same matter.

This submission then serves to rectify that omission.

Authority is sought to amend Contract 1H-33081 for the construction of four hundred and fifty two (452) conventional 40m² top-structure Units under the Emalangeneni Phase 3 Rural Housing Project in Wards 6 and 7. The proposed amendment is informed by the delays encountered to construct top-structures as a result of adverse geotechnical conditions on site which then necessitated the amendments of quantities, labour and plant, thereby increasing project implementation costs (including construction costs and professional fees). It should be noted that a notice seeking public comment on the intention to amend the contract was advertised on 16 September 2022, and there were no objections received on the close of advert on 21 October 2022.

Emalangeneni Rural Housing Project Tranche 1 and 2 was approved for the total yield of eight hundred and forty-two (842) sites. To date an amount of R71 621 856.60 (Seventy-One Million Six Hundred and Twenty-One Thousand Eight Hundred and Fifty-Six Rand Sixty Cent) was approved. This amount included Tranche 1, 2, alignments and rainwater tanks. A total of seven hundred and ninety (790) Units of the original 842 Units have been completed. Currently, there are two (2) contractors appointed under contract 1H-33081 for the construction of four hundred and fifty-two (452) units, and with each contractor taking responsibility for the construction of two hundred and twenty-six (226 Units).

Both contractors have indicated challenges on site, i.e. hard rock, bad terrain and wet sites. This is accompanied by the Engineers' report and quotation to open access, construction of sub-soil drains and hard rock excavation. Appointments for both contractors are active.

The following salient points provides background to the matter:

- (i) Since this is a rural project there is a minimum development in terms of infrastructure i.e. roads, water and sewer. This therefore means there will be challenges in other areas and units in terms of access.
- (ii) The Department of Human Settlements (DoHS) funds only the top structure and storm water management in rural projects. There is no infrastructure funding nor earthworks funding. Currently Emalangen Rural Project experiences challenges in earthworks (hard rock, terrain and wet sites).
- (iii) The contractor is required to open access so they can get to the specific site, this is before the contractor cuts the platform. Some sites are water locked (wet) and require sub soil drainage and some have hard rock. Working on such sites takes time and has a major impact on finances.
- (iv) The USDG funding being requested is to be utilised for earthworks, i.e. construction of sub soil drainage and hard rock excavation. Approval of the USDG funds utilisation will assist to unlock project blockages and ensure there are no further claims, delays or material theft.
- (v) There have been engagements with the Provincial Department of Human Settlements (DoHS) in terms of requesting further funding for such conditions. Since the project is a rural project there is no funding for infrastructure allocated by the DoHS, such funding would have assisted in this challenge. The DoHS always refer the request of funding to be implemented through the USDG. This project is in the 2022/2023 business plan.

At the Committee level diverse views were submitted where some members requested site inspection prior to noting this item whereas others recommended to note the item as such. In view thereof, members of the DA and the IFP abstained on the matter. The matter was then noted by the majority of the members.

The issue of discovering challenges mid the project and thus incurring unplanned additional costs was considered concerning. The accuracy of the initial inspection done by the Engineers was then questioned as it is believed construction is commenced based on the outcome that land is suitable for construction.

The concern was noted and following explanation that the Municipality only receives funding for top structures for both urban and rural housing projects. That the latter becomes a challenge because of the topography of the area and where access is required to undertake the project. Funding for infrastructure then becomes the responsibility of the Municipality.

Commitment was then made to engage the other spheres of Government to agree on a funding model that will accommodate the rural housing projects given that this involves different dynamics. That in the meantime priority is on providing people with housing and the Municipality ensures that this is delivered, hence, the commitment to support the infrastructure required.

The DA and the IFP abstained at this stage, and also citing that the intention was to first conduct inspection on this matter but that this request was not acceded to. With the other Parties being in support,

COMMITTEE RECOMMENDS:

1.1.1 That Council notes the following reasons necessitating the intention to amend Contract 1H-33081, in terms of Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, in relation to the amendment of specification resulting in additional contract authority for the construction of 452 40m² top-structure units using conventional methods in Emalangen Phase 3 Rural Development:

- (i) Delays in constructing top structures as result of adverse geotechnical conditions on site which has necessitated the amendment of quantities and thereby increasing project implementation costs, including construction costs and professional fees.
- (ii) Full scope of the contracts cannot be completed within the approved contract authority thus resulting in project stalling and delaying service delivery. Further, the delays in completing the project will lead to high risk as a result of exposing the current work to unforeseen storm disaster and weather conditions if not fully addressed.
- (iii) Another Structural Engineer will have to be appointed through an open tender process to design and monitor the construction of 56 top-structures. This will result in further delays by an additional 6 to 12 months and this will attract standing time and project escalation costs given that the top-structure contractor will be left without work. Original designs will require review and potential amendments at a cost by the new Structural Engineer. Added to this, the current professional team have to date acquired valuable institutional knowledge of the site conditions and specifications, which will be lost should a new team be appointed, resulting in further implementation delays.
- (iv) The NHBRC and DoHS will not issue final completion certificate if houses are exposed to dangerous ground and embarkment conditions. This will further result in non-payments from DoHS as payments are informed by final completions signed by NHBRC and DoHS.

1.1.2 That, subject to .1 above, Council notes additional contract authority as follows:

- (i) **Contractor A** – an amount of **R5 300 826.45** (Five Million Three Hundred Thousand Eight Hundred and Twenty-Six Rand Forty-Five Cent) is requested; total amount will be R22 592 288.14 (Twenty-Two Million Five Hundred and Ninety-Two Thousand Two Hundred and Eighty-Eight Rand Fourteen Cent) from original appointment of R17 291 461.69 (Seventeen Million Two Hundred and Ninety-One Thousand Four Hundred and Sixty-One Rand Sixty-Nine Cent).
- (ii) **Contractor B** – an amount of **R5 006 861.64** (Five Million Six Thousand Eight Hundred and Sixty-One Rand Sixty-Four Cent) is requested; total amount will be R22 298 323.33 (Twenty-Two Million Two Hundred and Ninety-Eight Hundred Thousand Three Hundred and Three Hundred and Twenty-Three Rand Thirty-Three Cent) from original appointment of R17 291 461.69 (Seventeen Million Two Hundred and Ninety-One Thousand Four Hundred and Sixty-One Rand Sixty-Nine Cent).

1.1.3

That Council notes that a public notice seeking comments on the intention to amend the contract was advertised as per the statutory requirement and, there were no objections received in this regard.

Financial Implication:

Table below depicts the approved subsidy by the DoHS, which is below the Engineer’s recommendation for a negotiated total contract value of R44 890 611.47 (table 303 above). This is due to requested funding which is mainly for earthworks and are not covered on top structure funding its mainly USDG (R10 307688.09). Rural developments do not have earthworks budget.

TABLE BELOW APPROVED BY DoHS SUBSIDY FOR 452 UNITS:

ITEM	AMOUNT
Original top-structure amount for 452 Units	R34 582 923.38
Expenditure to date	R30 215 678.94
Requested Budget	R10 307 688.09
TOTAL i.e. original appointment + requested budget	R44 890 611.47
TOTAL COSTS PER UNIT	R99 315.51

The above table illustrates approved contract authority, including expenditure to-date and the additional contract authority that is required to complete all works with respect to enquiry 1H-33081. It is therefore requested that this budget be allocated under USDG as this cover’s earthworks. The extension equates to R22 804.62 per unit excl. VAT. Partial budget for Redcliff Valley View (USDG) will be utilized at Emalangeneni Phase 3 as Redcliff Valley View has Legal matters which have led to delays in the project progress and thus budget for Redcliff Valley View being reprioritized. Savings will assist in Emalangeneni Phase 3 budget for financial years 2022-2023 and 2023-2024.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MS Gwala of the IFP, seconded by Councillor J Annipen, moved as a procedural motion that, “Noting of Contract Amendment in terms of Section 116(3) of the MFMA, for the Amendment of the Specification for the Construction of Top Structures in Ward 6- and 7-Emalangeneni Housing Project”; be referred back to the Committee to conduct its own oversight on the project cited and to ascertain if the feasibility study was undertaken.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 178 Councillors present, 70 Councillors (DA- 49; IFP -12; Action SA -02; ACC - 00, ACDP – 02; MF - 01, MOSA – 01; PRM -01; UIM – 01 and VF Plus – 01) voted in favour of the reference back and 106 Councillors (ANC - 81, EFF – 21; ABC – 01; DLC – 00; ADEC – 00; APF – 00; ATM -01; ALJAMAH – 00; JEP -00; KZNI - 01, NFP -01; PFP – 00 and TA- 00) voted against the reference back. 02 AIC Councillors abstained on the matter.

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

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

Whereas the majority of the Parties welcomed and noted contract amendment of the Specification for the Construction of Top Structures in Ward 6- and 7-Emalangeneni Housing Project. It being mentioned that the Support Committee was at liberty to conduct site inspection to ascertain value for money, however, it being emphasised that this should also not halt service delivery.

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

2. REPORT OF THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE: MEETING HELD: 2023-04-12.

(Page R4)

2.1 Request to Commence with the Application Process for the 2023-24 Sundry Grant-In-Aid Allocations (7/14/1):

(Page 71: Governance and Human Resources Committee - Agenda 2023-04-12)

The Committee considered a request to consider opening a process to call for applications for Sundry Grant- In-Aid in the 2023/2024 financial year and the process to open on 03 May and close on 30 June 2023 at 12h00. It is intended to publicise the advert on the Municipal Newspaper and the application form will be printed in IsiZulu and English. The application form will also be made available on the eThekweni Municipality website www.durban.gov.za. Further, the application forms will be distributed to Councillors for their respective Wards. The Unit through the Office of the Speaker will ensure that all Councillors are informed about the call for applications through an SMS System.

During the consideration of the matter, the attention of the Committee was drawn to challenges experienced in the past financial years due to the advent of the Covid-19 pandemic. That the Covid-19 Regulations led to the Unit being innovative and implementing new measures for the application process. Therefore, applicants are now allowed to send applications via email, and the Unit has also introduced a dedicated Grant-In-Aid WHATSAPP number 081 829 8163 for all queries and information from applicants. For the overall process, completed applications, including relevant attachments, must be sent to GIA.Sundry@durban.gov.za only and not any private emails of staff. The email account will only receive applications until 12h00pm on 30 June 2023. Any applications received after the closing date and time will not be considered.

Application forms will also be available in the following Regional Offices from 03 May 2023:

Region	Address	Contact No.
North Region	Tongaat Sizakala Centre, 325 Main Road	031 322 2164
South Region	Kingsburg Sizakala Centre, 9 Mayor Mews	031 311 5830
North Central Region	KwaMashu Sizakala Centre, E1 139 Ntombenhle Road	031 311 4608
South Central Region	Mega City Shopping Centre, 1 st Floor, Sizakala Centre, 50 Mangosuthu Highway	031 311 5203

Region	Address	Contact No.
Outer West Region	Pinetown Civic Centre, 60 Kings Road	031 322 4197
Central West Region	Westville Civic Centre, William Lester Drive	031 311 6683

Accordingly, authority is sought to call for applications for the Sundry Grant-In-Aid in the 2023/2024 financial year, and the application process to open from 03 May and close 30 June 2023 at 12h00.

With the Committee being in agreement,

COMMITTEE RECOMMENDS:

- 2.1.1 That authority be granted for the Head: Community Participation and Action Support to call for applications for the Sundry Grant- In-Aid in the 2023/2024 financial year, and with the application process to open 03 May and close 30 June 2023 at 12h00, it being recorded that the organisations to be considered include the following sectors:
- (i) Sport, Culture and Recreation.
 - (ii) Early Childhood Development;
 - (iii) Economic Development;
 - (iv) Social Welfare; and
 - (v) Skills Development.
 - (vi) Religious / Faith Based Organisation conducting work for the Community at large
- 2.1.2 That it be noted that the advert will be published on Municipal Newspaper (Ezasegagasini) and, the application forms to be printed in IsiZulu and English and also made available on the eThekweni Municipality website www.durban.gov.za.
- 2.1.3 That it be noted that these forms will also be distributed to Councillors for their Wards through the Office of the Speaker and the Office of the Speaker would ensure that all Councillors are informed about the call for applications through the SMS System.
- 2.1.4 That it be noted that the applicants will be allowed to send their applications via email, and the Unit has introduced a dedicated Grant-In-Aid WHATSAPP number 081 829 8163 for all queries and information that may be required by the applicants.
- 2.1.5 That it be noted that completed application forms, including relevant attachments, must be sent to GIA.Sundry@durban.gov.za only and not any other private emails of staff, and the said email account to only receive applications until 12h00pm on 30 June 2023, with no applications to be accepted when received after closing date and stipulated time.

Speaking on the matter, the EFF was in support of the programme and further pleaded with administration to ensure that all Wards within the Municipality benefit from the Sundry Grant- In-Aid programme. They also requested that the Municipality had to speed up the training process for community members and Councillors as the closing date of 30 June 2023 for the submission of applications is fast approaching.

Also commenting on the matter, the IFP appreciated the online platforms being incorporated for the submission of applications. They further indicated that the process had to be transparent and for application forms to be easily accessible for everyone.

Thereafter, the ANC acknowledged that funding being allocated for the Sundry Grant- In-Aid was not sufficient, however, it was highlighted that it would assist communities and will sustain Non-Governmental Organisations. It was further mentioned that trainings will be provided for beneficiaries as well as those who wished to be considered in future so that they are taken through the application process; financial management; and reporting thereof.

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

2.2

Request for Approval of the Revised eThekweni Municipality Communication and Marketing Strategy (12/P):

(Page 99: Governance and Human Resources Committee - Agenda 2023-04-12)

The eThekweni Municipality Communication and Marketing Strategy has a five-year lifespan and has since expired. The Communications Unit then embarked on a process to revise the strategy. The overall objective of the strategy is to guide, harmonize and integrate the Municipality's communication and marketing activities, ensuring consistent and tailored messaging to various stakeholders using the most appropriate channels.

The objectives include the following:

- To close the gap between how the Municipality wishes to be perceived and how stakeholders perceive it, through harmonising and positioning the brand in the way the Municipality desires.
- To strengthen internal communications, by building the necessary systems, tools and practices that facilitate continuous and open dialogues, particularly between employees and senior leadership.
- To develop employees who are committed eThekweni brand ambassadors.
- To build confidence and trust in the Municipality by shifting the perception of stakeholders and enhancing their understanding of and support for Municipal policies, strategies and plans.
- To create aligned messaging through integrated and coordinated communication and marketing activities across the Municipality, particularly, among customer-facing departments and Municipal entities that play a key role in the marketing and branding of the Municipality.
- To sustain a healthy relationship between the Municipality and its citizens.

The expected outcomes are as follows:

- Employees who become committed brand ambassadors, through strengthened internal communications that facilitate continuous and open dialogue across the institution.
- Key strategic stakeholders (residents, businesses, investors, government and social partners) who have confidence in the Municipality and support its vision, mission, programmes and projects.
- Customers who have a positive experience, which strengthens the Municipality's financial position.

The eThekweni Municipality has a locational advantage, with great climate, beaches for tourism and leisure, cultural and scenic diversity, as well as world-class business

and sport facilities. These unique assets could be leveraged to position eThekweni as a destination of choice among tourists, businesses and investors.

The City also occupies a strategic role within the national and global economy, thanks to its port infrastructure and main economic sectors. With its ocean, natural environment and resources, and talented people, eThekweni has potential to become a leading smart port region in the country and the region.

The challenge for eThekweni is to turn its comparative advantages into competitive advantages. Its port has a crucial role to play, as currently the cost to export through Durban is 40% higher than OECD average, making the economy uncompetitive, which is reflected in the low levels of foreign direct investment compared to Johannesburg and Cape Town. Furthermore, the City's strong heritage and cultural resources, if developed and effectively marketed, could support local economic and social development. However, people development issues, skills mismatch and inequality are major constraints to economic growth.

The key developmental challenges are:

- The structural and systemic poverty, unemployment and inequality that run deep in the Municipality – more than half of the population live below the upper bound poverty and social ills and discontent have been rising. COVID-19 and recent increases in the cost of living and interest rates have exacerbated this inequality, poverty and unemployment.
- Poor education outcomes and low skills levels, combined with economic stagnation, prevent people from participating in the economy.
- High levels of insecurity and vulnerability among residents, especially the poor.
- Ageing infrastructure and large backlogs in infrastructure investment weigh down the economy.
- Crime and grime in the Inner-City affect business confidence and deter investment.
- Lack of investor confidence to finance larger-scale projects that have potential to boost economic growth and create opportunities.
- Inadequate and inconsistent government service delivery levels due to certain sound reasons, especially the provision of quality and affordable housing and basic services for the poor.
- Inadequate customer relations management that leads to poor customer experience,
- Disempowered communities and civil society organizations that do not support Municipal programmes and projects.

The key communication gaps or challenges are:

- Lack of internal alignment, especially between the various departments and the Communications Unit, which is charged with driving the communications and marketing strategy.
- Poor stakeholder and community engagement combined with inadequate service delivery.
- Real or perceived corruption and its impact on the Municipality's image, reputation and brand.
- Inconsistent and conflicting messaging, particularly due to the new political dynamics, creating confusion in the minds of stakeholders.

- Limited budget and a lack of ring-fenced budget for communications initiatives.
- Weak working relationships with the media, resulting in negative media coverage, and the emergence of ‘fake news’, in the absence of evidence-based facts and rigorous research that are needed to win the ‘battle for ideas’.
- Inadequate tailored messaging to different stakeholders through appropriate communications channels.
- English as the predominant language of communication, limiting engagements.

With the Committee supporting the revised strategy which takes into account the aspects highlighted above,

COMMITTEE RECOMMENDS:

- 2.2.1 That the revised eThekweni Municipality’s Communication and Marketing Strategy, as contained in the report by the Head: Communications dated 2023-04-05, and copy attached herein, be adopted.
- 2.2.2 That subject to the adoption of .1 above, authority be granted for the Head: Communications to implement the Communication and Marketing Strategy to drive communication and marketing initiatives within the eThekweni Municipality.

Commenting on the matter, the Deputy Mayor appreciated the revised eThekweni Municipality’s Communication and Marketing Strategy, reiterating that the strategy will guide, harmonize, and integrate the Municipality’s communication and marketing activities, and ensuring consistent and tailored messaging to various stakeholders using the most appropriate channels.

As some members were not in support of the recommendations, the matter was put to the vote. With 177 Councillors present, 126 Councillors (ANC - 81, EFF – 21; IFP -12; ABC – 01; ACC - 00, ACDP – 02;DLC – 00; ADEC – 00; APF – 00; AIC- 02; ATM -01; ALJAMAH – 00; JEP -00; KZNI - 01, MF - 01, MOSA – 01;NFP -01; PFP – 00; TA- 00; UIM – 01 and VF Plus – 01)) voted against voted in favour of the recommendations and 51 Councillors (DA- 48; Action SA -02 and PRM – 01) abstained on the matter.

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

3. REPORT OF THE COMMUNITY SERVICES COMMITTEE: MEETING HELD: 2023-04-13.

(Page R32)

- 3.1 Request for Authority to Implement the Moses Mabhida Stadium Network Refresh Project within the 2022/2023 Financial Year (10/2/1):
(Page L65: Community Services Committee - Agenda 2023-04-13)

Project authority is requested to upgrade the network infrastructure at Moses Mabhida Stadium which is critical for the daily operations and event-specific requirements. The project will include network services to the security and access control systems, the ticketing system, centralised heating and air conditioning systems, internet services,

lighting control and building management systems since all the systems were integrated. It was noted that a network solution would be procured through a state-owned entity for the provision, configuration and installation of network equipment and services with a 36-months maintenance and support plan.

At the Support Committee level, the DA expressed concern regarding an estimated amount of R36 000 000.00 (Thirty-Six Million Rands) to be sourced for the Network Refresh Project and requested that maintenance plans should be submitted in order for the Committee to provide oversight. Thereafter, the DA (07) and the Action SA (01) abstained on the matter, whereas the ANC (14), EFF (02), IFP (02) and the DLC (01) were all in support of the recommendations.

Upon an enquiry on the expenditure items at the Executive Committee level; clarity was given that the funds will be utilised for the integrated network system which, in terms of the norm for stadiums, is required to be upgraded after ten (10) years. That network is key to the functioning of the stadium, hence, integrated technological systems is a critical requirement. Mention being made that the upgrade will include, amongst others, the security system, cameras, access control, lightening, ticketing system, internet access, air-conditioning etc. Information being given that the Moses Mabhida Stadium network system has not been maintained and/or upgraded in over thirteen (13) years, therefore a need exists for the stadia to be in par with the other World modern stadiums and to align with the requirements of the 4th Industrial Revolution.

The DA abstained both at the Support Committee and the Executive Committee levels. With the other Political Parties being in support;

COMMITTEE RECOMMENDS:

- 3.1.1 That authority be granted for the Head: Stadia and Facilities to implement the Moses Mabhida Stadium Network Refresh Project at an estimated costs of R36 000 000.00 (Thirty-Six Million Rand) and to be funded from savings identified within the current financial year (2022/2023) to remedy the Stadium's deteriorating network infrastructure, equipment and services with a 36 months maintenance and support plan.
- 3.1.2 That subject to the approval of .1 above, authority be granted for the Head: Stadia and Facilities to undertake procurement processes subject to confirmation of budget savings before the financial year end.

Financial Implications:

The project is estimated at R36 Million however, the Stadia and Facilities Unit does not have available budget but anticipate utilising savings that will be declared by financial year end.

Speaking on the matter, the EFF whilst in support of the recommendations, requested that in future, the Support Committee be supplied with all relevant information inclusive of bill of quantities, material sourcing, details of activities to be undertaken etc. They further expressed concern about the Moses Mabhida Stadium not being able to sustain itself, it being cited that the relevant Unit had to develop Revenue Generating Strategy.

The NFP was also in support of the matter and indicated that the project will assist to reduce the rate of crime, and, that with the upgrading of security systems; cameras, elimination of fraudulent tickets etc. the community will feel safe when attending events hosted by the Stadium.

Joining the discussions, the DA mentioned that the Moses Mabhida Stadium is a critical infrastructure which had to be maintained. However, they were of the view that the proposed upgrades had to be postponed at this stage, and that the Stadium ought to be able to generate its own revenue. They indicated that other service delivery issues. including water and electricity infrastructure had to be prioritized. They were also of the opinion that the Moses Mabhida Stadium is unable to attract world-class events, it being cited that this is due to the deteriorating state of the City. They emphasised that the budget being set aside for the Stadium projects is exorbitant, therefore, on this basis, would dissent on this matter.

Meanwhile, the ANC reported that the Stadium was last upgraded in year 2009, when it was initially built, therefore, the Stadium's interlinked systems are now outdated and no longer serve its intended purpose. They also mentioned that to build a balanced society, sports and recreational activities had to be catered for, as one of the mandates of the Community Services Cluster.

That to attract world-class events, a need exists for the stadia to be in par with the other World modern stadiums. It being mentioned that if the upgrades are not undertaken prolonging this matter will lead to an increase in the upgrade costs thus requiring increased budget. Furthermore, the upgrades earmarked are of a serious nature and having an impact to improve other elements including improving safety and attracting events thus leading to economic growth in eThekweni. It being reiterated that the project will include upgrade of the security system, cameras, access control, lightening, ticketing system, internet access, air-conditioning etc.

Thereafter, some members were not in support of the recommendations; therefore, the matter was put to the vote. With 176 Councillors present, 120 Councillors (ANC - 81, EFF - 19; IFP -11; ABC - 01; ACC - 00, ACDP - 02; DLC - 00; ADEC - 00; APF - 01; AIC- 02; ATM -01; ALJAMAH - 00; JEP -00; KZNI - 01 and NFP - 01; PFP - 00 and TA- 00) voted in favour of the recommendations and 52 Councillors (DA - 49; MF - 01, MOSA- 01 and VF Plus - 01) voted against the matter. 04 Councillors (Action SA -02, PRM - 01 and UIM - 01) abstained on the matter.

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

4. REPORT OF THE FINANCE COMMITTEE: MEETING HELD: 2023-04-19.

(Page R34)

4.1 Review of Terms of Reference for the Finance Committee:
(Page 21: Finance Committee - Agenda 2023-04-19)

It was recalled that Council at its meeting of 28 February 2023 resolved to reconfigure the Support Committees as recommended by the Executive Committee.

This resulted in the establishment of a separate Security & Emergency Services Committee and a separate Finance Committee. It being noted that the Support Committees are established to assist the Executive Committee.

With the Committee being in support of the revised Terms of Reference of the Finance Committee,

COMMITTEE RECOMMENDS:

That Council approves the review and amendments to the Terms of Reference of the Finance Committee attached as Annexure “A” to the Report of the City Manager, following the Council decision on 2023-02-28 to reconfigure the Support Committees, with the erstwhile Finance, Security & Emergency Services Committee being split into two (02) Committees; it being also recorded that the Terms of Reference for the Finance Committee focuses on its core functions to formulate policy and monitor implementation within the following functional areas:

- a) Revenue and Debt Management;
- b) Procurement, including demand side;
- c) Asset Management, excluding immovable property;
- d) Disposal of Assets, excluding immovable property;
- e) Expenditure;
- f) IDP, Budgets and Budgetary Control;
- g) Financial administration, including Investments, Cash Flow Management and Borrowing;
- h) Insurance; and
- i) Valuations.

ADOPTED.

4.2

Budget Statement Report for the Quarter Ended 31 March 2023 (7/1/4):
(Page L67: Finance Committee - Agenda 2023-04-19)

In giving an overview, the Deputy Head: Corporate Accounts took the meeting through the salient features of the report relative to the actual operating revenue of 98% of the year-to-date budget, with a variance of -2%, and revenue generated to date is 80.2%. The actual operating expenditure reported as a percentage of year-to-date budget figure is 95% with a variance of -5% and Operating Expenditure spent to date is 69.3%. The reported capital expenditure is 95% of the budget with a variance of -5% and the capital year to date spent is 41%. A cash collection of 93.08% as at the end of March 2023 was reported, and slightly lower when compared to the same period in the previous year (94%).

Thereafter, a submission was made for the Municipality to review the City’s unemployment rate figures by the utilization of other sources of information other than the Statistics SA; mention being made that the figures were unrealistic. Reservations were also expressed on what was viewed as a slow progress in the completion of Catalytic Projects, it being cited that some projects have been ongoing from the year 2011 and 2016; therefore, having passed their anticipated completion dates, reference being made to Centrum Site and the Durban Iconic Tour. It being stressed that the Projects had to be prioritized and red tape being eliminated, in order to grow the City’s economy. It being also noted that eighty seven percent (87%) of the Municipality’s Creditors had been paid within thirty (30) days; a request being made that an age

analysis of Creditors be incorporated into the Budget Statement Report, to enable the Committee to effectively exercise its oversight role.

In view of the foregoing;

COMMITTEE RECOMMENDS:

- 4.2.1 That the Budget Statement report for the month ended 2023-03-31 and the supporting documents, submitted by the City Manager as per his report dated 2023-04-18, in compliance with Section 71 and Section 52 (d) of the Local Government: 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.
- 4.2.2 That in compliance with Section 32(2) of the Local Government: Municipal Finance Management Act, Council notes the Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFW) incurred for the month of March 2023 as detailed on section 10 of the Budget Statement Report.
- 4.2.3 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 Local Government: Municipal Finance Management Act and request MPAC to report back to Council on the outcome of its investigations.

Commenting on the matter, the DA mentioned that the financial state of the Municipality is in a precarious position, citing underspending on maintenance budget, concerns being also raised on what they viewed as escalating water distribution losses which sit at 57%, unread water and electricity meters for prolonged periods, as well as uncollected debts with no political will to resolve same. In this regard, they submitted that the tariff increases are not warranted at this stage, also citing the importance for the City to recover monies owed by certain Government Departments, households, and Parastatals for use to improve service delivery. They also requested that update report, not the actual evidence, be submitted to the Support Committee in relation to an ongoing Court case pertaining to the outstanding Municipal debt between the Municipality and Tansnat.

The ActionSA submitted areas of concern arising from the Budget Statement, citing uncollected debt in the amount of R5 billion as well as the 57% water distribution losses. They were also of the opinion that the residents and businesses are under huge financial strain, therefore the proposed tariff increases will cause further burden.

Thereafter, the ANC reported that interventions are continuously being made to address challenges impacting revenue collection and service delivery. In addition, it was acknowledged that the process is moving slowly in view of the declining state of the economy and high unemployment rate, which challenge is facing the Country as a whole. In terms of the budget, it was reiterated that the actual operating expenditure as a percentage of year-to-date budget figure is 95% and the operating expenditure spent to date is 69.3%. The reported capital expenditure sat at 95% of the budget and the capital year to date spent was 41%.

An assurance being given that there will be 100% spent on grants by the end of the financial year. It being mentioned that the Municipality has a capacity to continue borrowing, as per credit ratings, to fund capital projects and support economic development as well as economic growth.

Thereafter, the above recommendations 4.2.1 & 4.2.2 were; NOTED, 4.2.3 being; ADOPTED.

At this stage of the proceedings, time being 18h14, Council took a comfort break and the meeting resumed at 19h05.

4.3

Progress Report for R1.5 Billion Borrowings for Capital Projects (7/3/1/1/2)
(Page L68: Finance Committee - Agenda 2023-04-19)

Approval is sought for the loan agreement of the long-term debt finance for Capital Projects of R1.5 Billion, as approved in the Medium-Term Budget, from the preferred lender – Development Bank of Southern Africa (DBSA), subject to Section 46 of the Local Government: Municipal Finance Management Act, No. 56 of 2003, read with the Municipal Regulations of Debt Disclosure Issued under Notice GNR dated 15 June 2007.

The Municipal Council at its meeting of 28 February 2023 granted authority for the Municipality to engage in discussions with the Development Bank of Southern Africa (DBSA), as the preferred lender for a R1.5 billion loan for a 15-year fixed interest rate loan, to agree in principle upon the final terms of the loan agreement, for approval by the Council in accordance with Section 46(2) of the Local Government: Municipal Finance Management Act, No 56 of 2003. The Municipality has now satisfied the requirements of the Municipal Finance Management Act (MFMA) Section 46 (Long Term Debt). The requirements included requesting of comments from National and Provincial Treasury, notices in the newspaper and a posting on the Municipality's website calling for public comments.

Information being given that there were no comments received from any interested members of the public. The Provincial and National Treasury did not object to the proposed loan, and their written comments are as follows: -

National Treasury

The comments included a general assessment of the Municipality's financial standing considering a number of financial indicators as follows:

- Although the Municipality has a positive cash coverage ratio, the deterioration between the financial years 2020/2021 and 2021/2022 from 2 months to one (01) month results in this indicator being on the lower end of norm of between 1 month and 3 months. National Treasury encouraged the Municipality to continue to work tirelessly to improve its cash and investment management efforts.
- The Working Capital Management also needs to improve, especially the number of days taken to either collect the funds from debtors or pay creditors.
- National Treasury also encouraged the improvement of the revenue collection, currently below the norm of 95%.

- Although the repairs and maintenance has improved between 2020/2021 and 2021/2022, greater improvement is required to maintain the 6%-8% norm.
- National Treasury also commented on the borrowing/debt service costs seemed to be relatively low at 4% and have been reducing over the past financial years, this creates substantial additional capacity for the Municipality to afford the repayments for the proposed loan.

National Treasury emphasised that the Municipality should ensure that funds it intends borrowing will only be used for capital projects. Overall, National Treasury encouraged the Municipality to improve its financial sustainability which includes consistent operating surpluses which demonstrate the ability to manage expenditure within available means, furthermore, this would be the best indicator for good financial management.

KwaZulu-Natal Provincial Treasury

Provincial Treasury comments encompassed analysis of various financial performance indicators such as Net Debtors Days, Net Cash Position, Liquidity Ratio, Creditors Payment Period, Debt Service Cost Ratio and Debt Equity Ratio.

Similar to National Treasury, the KZN Provincial Treasury also pointed out that the Municipality's net debtors' days is higher than the 30-day norm and the revenue collection rate is lower than the 95% norm for the 2020/2021 and 2021/2022 financial years.

Whilst the net cash position appeared reasonable, the KZN Provincial Treasury indicated that the Municipality should evaluate the impact of items that are required to be cash backed such as reserves, retirement benefit obligations and consumer deposits to increase the margin of safety for critical and unanticipated expenses. It was also suggested that the liquidity ratio be closely monitored as the lower ratio indicates that the Municipality has a limited ability to pay its current obligations.

The KZN Provincial Treasury further signaled concerns regarding the Municipality's unspent conditional grants for the 2021/2022 financial year, particularly those relating to capital projects. It advised that effective measure must be implemented to improve capital project management. Furthermore, the Provincial Treasury advised the Municipality to carefully assess the impact that capital expenditure will have on future cashflows through increased repairs and maintenance costs.

EThekweni Municipality is currently engaging with the DBSA to agree, in principle, upon the final terms of the loan agreement, for approval by the Council in accordance with Section 46(2) of the Local Government: Municipal Finance Management Act, No 56 of 2003. The loan agreement is attached in Annexure "A".

Confirmation being given that the Municipality has now satisfied all the requirements stipulated in Section 46 of the Local Government: Municipal Finance Management Act No. 56 of 2003 read with the Municipal Regulations of Debts Disclosure Issued under Notice GNR dated 15 June 2007.

The DA (03) and the IFP (01) dissented on the matter and with the ANC (04); EFF (01) and the NFP (01) being in support,

COMMITTEE RECOMMENDS:

- 4.3.1 That Council having resolved as part of the budget approval process that a borrowing of R1.5 Billion be secured to fund Capital Expenditure of 2022/2023 Financial Year and, in accordance with Section 46 (3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, made public the information statement and invited, received and considered the written comments and/or representation from the National and Provincial Treasuries; therefore; it being recommended as follows:
- 4.3.1.1 That approval be granted for the eThekweni Municipality to take long-term loan in the amount of R1.5 Billion for a 15-year fixed interest rate loan with the Development Bank of Southern Africa (DBSA) as a preferred lender.
- 4.3.1.2 That subject to the approval of .1 above, authority be granted for the City Manager to sign the loan agreement from Development Bank of Southern Africa.
- 4.3.1.3 That subject to the approval of .1 and .2 above, authority be granted for the Chief Financial Officer to sign any and all documents, notices and request for disbursement in relation to the agreement.

Commenting on the loan borrowing matter, the DA submitted that even though the Municipality was given a green light in terms of credit worthiness, this does not mean that the Municipality had to borrow. They were of the view that enforcement measures and strategies had to be developed to collect monies owed to the Municipality to improve service delivery. Also, that allocated grants should be spent within the prescribed frameworks. On this basis, they dissented on the matter.

The IFP was also not in support of the loan borrowing, citing that this will have a detrimental effect on taxpayers. They further mentioned that there have been no noticeable tangible outcomes from the previous loan borrowings.

Meanwhile, the APF supported the matter, and emphasized that the funds to be borrowed will assist the Municipality to fast-track service delivery.

Also, in support of the matter, the ANC submitted that the cost to repair the infrastructure damaged as a result of the April 2022 floods are extremely high. Therefore, a decision has been taken to increase the loan borrowing to supplement the City's internal funding. Also, that the loan was part of the City funding strategy and was already part of the approved 2022/2023 final Budget to fund Capital projects. They emphasised that, the loan was a well-thought-out strategy. It being highlighted that those that do not share similar views can be further engaged on the matter to provide further clarities, if required.

As some members were not in support of the recommendations; the matter was put to the vote. With 169 Councillors present, 109 Councillors (ANC - 81, EFF - 19; ABC - 01; ACC - 00, ACDP - 02; DLC - 00; ADEC - 00; APF - 01; AIC- 02; ATM -01; ALJAMAH - 00; JEP -00; KZNI - 01, MF - 01, MOSA- 01, NFP - 01; PRM - 01; PFP - 00 and TA- 00) voted in favour of the recommendations and 60 Councillors (DA - 44; IFP -12; Action SA -02, UIM - 01 and VF Plus - 01) voted against the matter. There were no abstentions recorded.

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

5. REPORT OF THE ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE: MEETING HELD: 2023-04-20.

(Page R86)

5.1 Application for the Amendment of General Plan SG 4383/1968 by the Relay-out of Portions 15 - 19 of Erf 334 Zeekoe Vallei so as to form Portion 24 of Erf 334 Zeekoe Vallei (21/7/3):

(Page 1: Economic Development and Planning Committee - Agenda 2023-04-20)

Authority is sought for approval of the amendment of an approved General Plan SG 4383/1968 in respect of Portions 1 – 23 of Erf 334 Zeekoe Vallei.

Although most properties shown on the General Plan have already been registered separately, proposed Erven 15 – 19 of Erf 334 Zeekoe Vallei remain unregistered. Commercial Properties (Pty) Ltd owns the underlying parent property, namely, the Remainder of Erf 334 Zeekoe Vallei and wishes to develop proposed Portions 15 - 19 of Erf 334 Zeekoe Vallei as a single site.

It was noted that the subject sites are located in the suburb of Parlock and remain undeveloped thus lending itself to densification and development of additional housing stock by the private sector in an established suburb.

The application submitted is a combined land development application for the amendment of the General Plan and the rezoning of the proposed Portion 24 of Erf 334 Zeekoe Vallei from Special Residential 400 to Intermediate Residential.

Having noted that the application will have socio-economic spins-offs in that vacant land will become available to the market that is suitable for housing development by the private sector in an established neighbourhood with existing services,

COMMITTEE RECOMMENDS:

5.1.1 That in terms of Section 37(2) of the Land Survey Act, 1997 (Act No. 8 of 1997) the application for an amendment to General Plan SG 4383/1968 by the re-layout of Portions 15-19 of Erf 334 Zeekoe Vallei so as to form Portion 24 of Erf 334 Zeekoe Vallei, as depicted in the layout plan Drawing No. 19ZAP dated July 2019 and prepared by Ausmeier and Mountain, be **APPROVED**, for the following reasons:

5.1.1.1 That the re-layout of the individual Erven into one Erf provides for a larger property more suitable for the envisaged development.

5.1.1.2 That the larger site will allow for the clustering of units onto portions of the property that are geotechnically more suitable for development.

5.1.2 That the development shall be subject to conditions as imposed in terms of Section 46(1)(b) of the eThekweni Municipality Planning and Land Use Management By-Law 2016 (Municipal Notice 114 of 2017) and stipulated in the approval issued by the Head: Development Planning Environmental Planning and Management under reference number COM017/09/2019/C.

ADOPTED.

5.2

Application in terms of Section 46 of the eThekweni Municipal: Planning and Land Use Management Second Amendment By-Law, 2021 (Notice 95 of 2021) for the Amendment of the eThekweni Municipal Land Use Scheme: Outer West Sub-Scheme, Section 7: Development Facilitation Table, by the Insertion of a Control Under the Additional Controls Section, in the Retirement Village Zone for Increased Floor Area Ratio from 0.35 to 0.50 for Erf 1958 Kloof, Situated at 14 Beryldene Road (21/7/3):
(Page 6: Economic Development and Planning Committee - Agenda 2023-04-20)

Authority is sought for the approval of the amendment of the eThekweni Municipal Land Use Scheme: Outer West Sub-scheme, Section 7: Development Facilitation Table: Retirement Village Zone, by the insertion of an Additional Control for increased Floor Area Ratio (FAR) from 0.35 to 0.50 for Erf 1958 Kloof, situated at 14 Beryldene Road, to read as “Erf 1958 Kloof shall have a permissible Floor Area Ratio of 0,5”.

It was noted that the intention is to re-develop the subject site from the current residential/hotel use to a retirement village with a varied range of housing typologies to accommodate senior citizens. The Scheme amendment is proposed to enable the envisaged development of the retirement village which requires additional FAR in order to achieve the proposed double-storey residential units. The development parameters between the existing and proposed zone are as follows:

ZONE	FAR	COVERAGE	HEIGHT
Special Residential 1800	0.35	30%	2
Retirement Village	0.35	35%	2

The proposed increase in the maximum permissible FAR is detailed in the table below:

Site area = 9320m ²	
	FAR
Permitted	0.35 = 3262m ²
Proposed	0.5 = 4660m ²
Additional	0.15 = 1398m ²

Having noted that the proposal is broadly in line with the eThekweni Municipality’s objective to promote spatial efficiency by optimizing development in areas of greatest opportunity and encourages efficient use of infrastructure and facilities,

COMMITTEE RECOMMENDS:

5.2.1 That in terms of Section 46(1)(a) of the eThekweni Municipal Planning and Land Use Management By-Law 2016 (Municipal Notice 114 of 2017), the application for the amendment of the eThekweni Municipal Land Use Scheme: Outer West Sub-Scheme Section 7: Development Facilitation Table, by the insertion of a control under the additional controls section, in the Retirement Village zone for increased FAR from 0.35 to 0.50 be, **APPROVED**, for the following reasons:

5.2.1.1 The department is satisfied that such greater bulk will not result in any significant detriment to the amenities of the area and furthermore that the general intent of the floor area restrictions imposed within the particular zone is not being deliberately circumvented by virtue of this being a site-specific amendment.

- 5.2.1.2 The proposed scheme amendment will result in optimal utilisation and holistic development of the subject site and promote residential development in a well serviced area.
- 5.2.1.3 From a land use compatibility perspective, the subject site is currently underdeveloped, and the proposed use will complement, improve, and extend the residential use within the Kloof suburb.
- 5.2.1.4 All of the necessary commenting departments raised no objections to the proposal and found the application to be acceptable in terms of meeting all the necessary requirements.
- 5.2.1.5 Cognisance has been taken of the points raised by the objector and all technical aspects will be interrogated further by the respective infrastructure departments at the detailed development phase.

The **eThekweni Municipal Land Use Scheme: Outer West Sub-Scheme: Section 7: Development Facilitation Table: Retirement Village Zone** will be amended to include the following Additional Controls numbered as follows:

‘‘Erf 1958 Kloof shall have a permissible Floor Area of 0,5’’

ZONE: RETIREMENT VILLAGE				
SCHEME INTENTION: To provide, preserve and use land or buildings for appropriate accommodation for retirees and facilities which are ordinarily or incidentally related to retirement villages.				
MAP COLOUR REFERENCE: Light brown with green border				
PRIMARY	SPECIAL CONSENT	PRECLUDED		
<ul style="list-style-type: none"> • Conservation area • Dwelling House • Health & Beauty Clinic • Institution • Laundry • **Multiple Unit Development • Office – Medical • Office* • Retirement Centre 	<ul style="list-style-type: none"> • Agricultural Land • telecommunication s infrastructure • Garden Nursery • Health Studio • Nature Reserve • Place of Public Worship • Restaurant / Fast Food Outlet • Shop • Special Building 	<ul style="list-style-type: none"> • Action Sports Bar • Adult Premises • Agricultural Activity • Airport • Animal facility • Arts and Crafts Workshop • Betting Depot • Boarding House • Builder’s Yard • Car Wash • Cemetery/Crematorium • Chalet Development • Container Depot • Convention Centre • Correctional Facility • Crèche • Direct Access Service Centre • Display Area • Educational Establishment 	<ul style="list-style-type: none"> • Escort Agency • Flat • Flea Market • Fuelling and Service Station • Funeral Parlour • Government/Municipal • Hotel • Industry – Extractive • Industry – General • Industry – Light • Industry – Noxious • Landfill • Mobile Home Park & Camping Ground • Mortuary • Motor Display Area • Motor Garage • Motor Vehicle Test Centre • Motor Workshop • Museum • Night Club 	<ul style="list-style-type: none"> • Parkade • Pet Grooming Parlour • Place of Public Entertainment • Recycling Centre • Reform School • Refuse Disposal • Riding Stables • Sand-winning • Scrap Yard • Student Residence • Transport Depot • Truck Stop • Utilities Facility • Veterinary Clinic • Warehouse • Zoological Garden
ADDITIONAL CONTROLS				
<ol style="list-style-type: none"> 1. *Restricted to administration and doctor’s rooms. 2. Shop and restaurant area, except by special consent, not to exceed 150 m² and to be for the exclusive use of the residents and their guests. 3. **The density shall be limited to 20 units per hectare where unit size is > 75 m² or 30 units per hectare where unit size is < 75 m² 4. Where there is a mixture of units both less and larger than 75 m² the municipality shall make the final determination of the numbers permitted 5. All landscaping shall be to the discretion of the Municipality. 6. In the case of Erf 989 Bothas Hill, the Rob Roy Lifestyle Village, the permissible floor area ratio shall be 0.4, a minimum of 2660 m² floor area must be provided for communal facilities and communal spaces and future additions to the main building exceeding two 				

storeys may be considered by special consent in terms of clause 5.3.1 based on the uniqueness of the site. 7. Accommodation for motor vehicles to be provided on the erf as per Section 8 8. Subject to the provision of a sewerage disposal system to the satisfaction of the Municipality 9. Erf 1958 Kloof shall have a permissible Floor Area of 0,5						
DEVELOPMENT PARAMETERS						
SPACE ABOUT BUILDINGS		DWELLING UNITS PER HECTARE	MINIMUM SUBDIVISION SIZE	HEIGHT IN STOREYS	COVERAGE	FLOOR AREA RATIO
BUILDING LINE: FRONT	BUILDING LINES: SIDE AND REAR					
7.5 m	3.0 m	Not Applicable	3600 m ²	2	35 %	0.35

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor CJ Laing of the DA, seconded by Councillor WJD Burne, moved as a procedural motion that “Application for the Amendment of General Plan SG 4383/1968 by the Relay-out of Portions 15 - 19 of Erf 334 Zeekoe Vallei so as to form Portion 24 of Erf 334 Zeekoe Vallei”; be referred back to the Support Committee for further consideration of the following points: -

- *The objections and concerns of the residents around the site.*
- *The development plan and the proposed business plans.*

The DA mentioned that the concerns raised by the residents within the area of the sites cited had to be considered. It being reported that amongst others, these concerns include proposed plans not being conducive to the proposed use by the senior citizens. Whilst in support of the development, the DA registered their commitments to address concerns being raised by communities to ensure that processes and procedures are followed.

Reference was then made to recommendation 5.2.1.5 above which reflect that “*cognizance has been taken of the points raised by the objector and all technical aspects will be interrogated further.*” In this regard, they emphasised that the aspects and concerns of the proposed development had to be addressed, including the building plans and designs, spatial capacity, infrastructure relating to services etc. On this basis, they dissented on the approval of the recommendations.

Subsequently, discussion ensued wherein the DA Councillor Burne requested to also speak on the matter as a seconder of the motion. However, this was not granted, it being cited that the proposer of the reference back had already commented on the matter, this being also confirmed by the legal opinion later, that in terms of the procedure, only the author or the proposer speaks to present a motivation if some members are not in support of the motion.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 164 Councillors present, 03 Councillors (MF - 01, MOSA – 01 and VF Plus – 01) voted in favour of the reference back and 119 Councillors (ANC - 80, EFF – 21; IFP -11; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -02; DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -00; KZNI - 00, NFP -01; PFP – 00 and TA- 00) voted against the reference back. 02 Councillors (PRM -01 and UIM – 01) abstained on the matter.

(It should be noted that the 48 DA Councillors, neither voted in favour, against or abstained on the reference back).

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

At this stage of the proceedings, time being 19h45, the DA requested 15 (fifteen) minutes for a caucus. The request was granted by the Speaker; however, eight (08) minutes were allocated.

Thereafter, the meeting resumed at 20h06, and as part of report back, the DA reported that the Speaker should have allowed the seconder to comment on the motion. They viewed the act of the Speaker as a sign of inconsideration. Mention being made that the DA respects the Chairperson, and that they expected the same. They further requested a legal opinion, based on the seconder being disallowed to motivate the motion.

In response, the Speaker began by extending an apology to the DA, if his ruling had been interpreted as a sign of disrespect. However, he indicated that his ruling was precise, and handed over to the Legal team to advise on the matter.

In proving a legal opinion, the Head: Legal and Compliance mentioned that the seconder was due to comment on the substantive matter as per the speakers list submitted to the Chairperson, for this meeting. On the actions taken by the Speaker, the Head advised that the Speaker was in compliant with Rule 18 (12) of the Rules of Orders By-Law, which indicates that *“the Speaker must ascertain whether a notice of motion is opposed. An unopposed notice of motion must be passed in without a debate. In the event that a notice of motion is opposed, the Speaker must call upon the mover of the notice of motion to speak first”*.

Discussion thereafter reverted to the substantive matter, the EFF supported the recommendations, however, they emphasised that an oversight be undertaken by the Support Committee. They mentioned that all race groups, including black communities, had to be allowed to reside in areas of their choice. They further encouraged the Municipality to also prioritize township development.

Thereafter, the DA was disappointed that their request for the matter to be referred to the Committee for further consideration was not accepted. They reiterated that protocols, procedures, and relevant oversight had to be undertaken prior to the approval of the recommendations.

Meanwhile, the ANC reported that the matter was thoroughly interrogated at the Support Committee level. It was reiterated that the report seeks to request for approval to re-develop the subject site from the current residential/hotel use to a retirement village with a varied range of housing typologies to accommodate senior citizens. That the Scheme amendment is proposed to enable the envisaged development of the retirement village which requires additional Floor Area Ratio from 0.35 to 0.50, to achieve the proposed double-storey residential units.

Mention being made that the decision was taken by the Committee based on technical aspects presented, which included that there was no infrastructure and traffic impacts with the proposed re-development. It being further emphasised

that appeal matters related to development are dealt with by the Town Planning Appeals Committee.

As some members were not in support of the recommendations; the matter was put to the vote. With 164 Councillors present, 118 Councillors (ANC - 77, EFF – 21; IFP -12; Action SA -02, ABC – 00; ACC - 00, ACDP – 00;DLC – 00; ADEC – 00; APF – 01; AIC- 02; ATM -01; ALJAMAH – 00; JEP -00; KZNI – 00, MF - 00, MOSA- 01, NFP - 01; PRM – 01; PFP – 00 and TA- 00) voted in favour of the recommendations and 46 Councillors (DA - 44; UIM – 01 and VF Plus – 01) voted against the matter. There were no abstentions recorded.

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

5.3 Close Out Report on Durban’s Participation in the Future Cities Programme (32/2/2):
(Page 20: Economic Development and Planning Committee - Agenda 2023-04-20)

The progress made on the projects supported through the Future Cities Programme and the critical next steps that are needed to support and institutionalize the programme outputs was noted. It was further noted that the Future Cities Programme provides technical support to cities around key intervention areas related to transport, urban planning and resilience. The eThekweni Municipality identified two primary interventions for technical support from the UK Prosperity Fund’s Global Future Cities Programme, namely, the ISIMS (Informal Settlement Information Management Solution) Project: Data Integration, Collection and Analysis (with an initial focus on Informal Settlements) and ETOD (eThekweni Transit-Oriented Development) project with a focus on enhancing institutional and governance coordination of stakeholder plans for transit-Oriented Development.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 5.3.1 That the progress made in implementing the Informal Settlement Information Management Solution, eThekweni Transit-Oriented Development and additional pilot projects, be noted.
- 5.3.2 That the intention of the eThekweni Transit-Oriented Development team to table a more detailed implementation plan and budget for the Pinetown precinct, once this has been prepared, be noted.
- 5.3.3 That Council notes anticipated funding requirements (details still to be developed and tabled) for furthering the institutionalization of eThekweni Transit-Oriented Development within the City and for the potential of the pilot implementation of Transit-Oriented Development to yield return on investment through revenue generation.
- 5.3.4 That the notion of learning from other City’s practices and shared learning across the various Municipal departments involved, be supported.
- 5.3.5 That Council supports the implementation of the priority next steps for the ISIMS and ETOD projects outlined in the report by the City Manager dated 2022-10-04.

ADOPTED.

- 5.4 Renewal of Memorandum of Agreement with Inanda, Ntuzuma and KwaMashu National Construction Incubator - 2023/2024 to 2025/2026 (20/1/6/3):
(Page 33: Economic Development and Planning Committee - Agenda 2023-04-20)

Authority is sought for the City Manager to renew a 3-year Memorandum of Agreement with Inanda, Ntuzuma and KwaMashu (INK) National Construction Incubator (NCI) and, in terms of Section 67 of the Local Government: Municipal Finance Management Act No. 56 of 2003. authorise transfer of funds for three years starting from 2023/2024 to 2025/2026 financial years.

The proposal is to renew the agreement to provide financial support towards the incubator programme which aims to enhance the capacity of construction Small, Medium and Micro Enterprises through the structured transfer of business and technical knowledge that leads to sustainable business practices, job creation and positive contribution to the City's economy.

The incubation programme proposed also aims to recruit and incubate a number of forty (40) constructors (new intake) over a 3-year programme. This group will comprise of 10 aspiring contractors from INK, 15 CIDB grade 1-2 contractors, 10 CIDB grade 3-5 contractors and 5 contractors requiring post incubation from previous programme; to provide an outreach programme that will see training of an additional 15 contractors per financial year on a Construction Education and Training Authority funded Skills Development Programme i.e., bricklaying, plumbing and painting; to facilitate access to markets by increasing procurement opportunities both in the private and the public sector, and mostly through the RET programme.

At the Support Committee level, the Democratic Alliance (05) and the IFP (02) abstained on the matter and the ANC (11), EFF (04), MOSA (01), Action SA (01) and the ACDP (01) supported the recommendations.

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

COMMITTEE RECOMMENDS:

- 5.4.1 That authority be granted for the City Manager to enter into a Memorandum of Agreement with Inanda, Ntuzuma, KwaMashu National Construction Incubator for a period of 2023/2024 to 2025/2026 financial years.
- 5.4.2 That subject to the approval of .1 above, authority be granted for the Head: Business Support, Tourism, Markets & Agribusiness to, in terms of Section 67 of the Local Government: Municipal Finance Management Act No.56 of 2023, transfer the sum of R3 900 000.00 (Three Million Nine Hundred Thousand Rand), excluding VAT, in 2023/2024 financial year, R 4 000 000.00 (Four Million Rand), excluding VAT, in 2024/2025 financial year, and R4 000 000.00 (Four Million Rand), excluding VAT, in 2025/2026 financial year to National Construction Incubation Programme.
- 5.4.3 That subject to the approval of .1 and .2 above, authority be granted for the Head: Business Support, Tourism, Markets & Agribusiness to monitor work and report back to the Committee in terms of the conditions of the Memorandum of Agreement and

the requirements in terms of Section 67 of the Local Government: Municipal Finance Management Act No. 56 of 2003.

Financial Implications:

A total amount of estimated at R12 million will be provided over the next three years

Year 1 R3 900 000.00 (Excl. VAT) in 2023/24 Financial year

Year 2 R4000 000.00 (Excl. VAT) in 2024/25 Financial year

Year 3 R4 000 000.00 (Excl. VAT) in 2025/26 Financial year

Vote No.: 26540.25445.170.12120.0000.38830.0010

FC No.: 2023/32/32

*Budget for 2025/2025 has been captured but not yet approved by the council.

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor MR Nxumalo of the IFP, seconded by Councillor J Annipen, moved as a procedural motion that “*Renewal of Memorandum of Agreement with Inanda, Ntuzuma and KwaMashu National Construction Incubator - 2023/2024 to 2025/2026*”; be referred back to the Support Committee for further interrogation and an in loco inspection / site visit for the Committee to also obtain full understanding of the project.

The IFP while in support of the recommendations, however, indicated that it was problematic to approve the project without the Support Committee having had sight thereof to play its effective oversight role as funds will be provided by the Municipality. They also indicated that beneficiaries of the project should have been given an opportunity to submit challenges and progress of the project.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 165 Councillors present, 58 Councillors (DA – 45; IFP -12, and VF Plus – 01) voted in favour of the reference back and 107 Councillors (ANC - 77, EFF – 21; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -02; DLC – 00; ADEC – 00; APF – 01; ATM -01; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00, PRM -01, TA – 00 and UIM – 01) voted against the reference back. There were no abstentions recorded.

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

Discussion thereafter reverted to the substantive matter, the EFF was in support of the recommendations and emphasised that the recruitment and submission of constructors (new intake) over a 3-year programme had to be fair and transparent.

Also, commenting on the matter, the DA were in support of the economic development initiatives for growing businesses, however they cited that it was also difficult to support items which do not have a solid return on investment. They indicated that in the previous Memorandum of Understanding for the similar project, outcomes of the project were not measurable. They further mentioned that there was no factual evidence on how the proposed budget for this project will be utilised.

In this regard, they stated that Committee members had to be allowed to play their oversight role by conducting site visit prior to the approval of the recommendations. On this basis, they dissented on the matter.

The IFP maintained their position of the matter being referred back to the Support Committee for further interrogation. They were strongly of the view that inspection of the project had to be undertaken, given that public funds will be spent on the project.

Meanwhile, the ActionSA were in support of the recommendations, citing that the project specifications and evidence were presented in detail at the Support Committee level.

The APF was also in support of the matter and further emphasised that there was a need to sustain the project. In motivation, they reported that the programme was aimed at uplifting small black emerging businesses and/ or contractors. Reference being made to a previous businesswomen beneficiary, who was reported to be one of the best four (04) coffin manufacturers in the Province.

Thereafter, the ANC concurred with APF on the renewal of the Memorandum of Agreement with Inanda, Ntuzuma and KwaMashu National Construction Incubator. They cited that this three (03) -year programme was aimed at capacitating and training emerging contractors and companies in various aspects, including business administration; compliance issues; tender processes; facilitation of finance application etc. Mention being made that some of the companies benefitted from the previous programme were able to obtain job opportunities during the re-vamping of the KwaMashu Bridge City Mall. It was also reported that the new programme will now include fifty-five (55) companies, within and outside the INK area. Therefore, this project was viewed as a progressive programme aimed at uplifting black businesses and contractors to participate in the economic growth of the province.

Some members were not in support of the recommendations; therefore, the matter was put to the vote. With 161 Councillors present, 103 Councillors (ANC - 75, EFF – 19; ActionSA -02, ABC – 00; ACC - 00, ACDP – 00; DLC – 00; ADEC – 00; APF – 01; AIC- 02; ATM -01; ALJAMAH – 00; JEP -00; KZNI – 00, MF - 00, MOSA- 00, NFP - 01; PRM – 01; PFP – 00; TA- 00 and UIM – 01) voted in favour of the recommendations and 46 Councillors (DA – 45 and VF Plus – 01) voted against the matter. 12 IFP Councillors abstained on the matter.

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

5.5

Reprioritization of Funds for Durban Tourism to Execute Robust Destination Promotion for the Easter Season, Pre-Promotion for the Winter Season, including the Durban July and PR Activations for Two International Inaugural Flights (20/1/4/3):
(Page 165: Economic Development and Planning Committee – Supplementary Agenda 2023-04-20)

Due to insufficient funds within the Durban Tourism Unit, authority is sought for the reprioritization of funds from the Office of the Deputy City Manager (Economic Development and Planning) to Durban Tourism to execute robust destination

promotion for the Easter Season, pre-promotion for the winter season, including the Durban July, and the Public Relation activations for two international inaugural flights. Additionally, authority is sought for the transfer of funds identified as savings from the Town Planning and Research and Advisory budget under the Office of the Deputy City Manager (Economic Development and Planning).

The Durban Tourism is currently sitting at a deficit of R4 000 000.00 (Four Million Rand) due to the following reasons:

- Municipal-wide operational budget cuts in May 2022
- Unforeseen circumstances of hosting the Coronation Royal Gala Dinner in October 2022 that was not part of the budget approval in May 2022
- The additional financial investment in the aggressive PR and Marketing during the City’s E. Coli crisis in December 2022 that was not part of the budget approval in May 2022

If Durban Tourism is unable to receive all the required funds, it will not be able to successfully execute the robust destination promotion for the Easter Season, Pre-promotion for the Winter Season, including the Durban July and the PR Activations for two international inaugural flights, this will result in Durban Tourism not being able to:

- Attract visitors and increase numbers during the Easter and Winter peak season
- Boost accommodation occupancy in tourism products
- Profile the destination through pre, during and post promotion Destination Brand and holistic experience exposure
- A lack in Media Exposure and Media leveraging
- Lack of economic boost for the City within the value chain of tourism products.

COMMITTEE RECOMMENDS:

- 5.5.1 That the shortfall to execute robust destination promotion for the Easter Season, Pre-promotion for the Winter Season, including the Durban July and the PR Activations for two international inaugural flights budget due to the reasons as stated in the report by the City Manager dated 2023-04-04, be noted.
- 5.5.2 That the reprioritization of R3 000 000.00 (Three Million Rand) from the Town Planner and Research and Advisory vote under the Office of Deputy City Manager: Economic Development and Planning to Durban Tourism for the execution of robust destination promotion for the winter season including the Durban July and Public Relations activations for two international inaugural flight, be approved.
- 5.5.3 That subject to the adoption of .2 above, the reallocation of the budget would be regularized during the adjustment budget process.

Financial Implications:

The budget required to be transferred from the Town Planner and Research and Advisory budget vote number under the Office of the Economic Development and Planning Deputy City Manager (ODCM) of the amount of R3 000 000.00 (Three Million Rand) will be secured from the below budget votes for the 2022/2023 financial year and will be transferred to the Durban Tourism budget vote:

BU	ITEM NO.	FUNDING	COSTING	PROJECT	REGION	PROPOSED EXPENDITURE
26430	11150	12120	0000	MRC01	0010	R1 000 000.00

26001	10975	12120	0000	MRC01	0010	R2 000 000.00
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DURBAN TOURISM BUDGET VOTE

BU	ITEM NO.	FUNDING	COSTING	PROJECT	REGION	PROPOSED EXPENDITURE
26722	16315	12120	0000	85500	0010	R3 000 000.00

Prior to commenting on the matter, Councillor Mngadi of DA submitted that the Chairperson continued to preside on what was viewed as a chaotic and disruptive meeting. He reported that feminization attacks were articulated from the ANC caucus were an insult and were also homophobic, it being mentioned that this could lead to violence attacks which had occurred in the past. In this regard, the DA strongly cited that; it was unacceptable that these utterances continued to occur under the supervision of the Chairperson.

Thereafter, the Speaker mentioned that when Council members exchange words amongst one another without being recognized and leading to high noise levels, this then impacts on the meeting processes and lack of order during the meeting. He cautioned members against this behaviour.

Also, speaking on the matter, the IFP mentioned that the allegations submitted by the DA were serious and mentioned that, in future this be avoided. Also, emphasizing that respect amongst Council members was of the utmost importance.

Thereafter, the ANC concurred with the sentiments of the IFP, that of maintaining discipline and respect amongst Council members. They extended an apology to the DA caucus, in the event that there were words that were perceived to be sexist, harmful, or homophobic. They further emphasised that the ANC, as the Political Party, was against any violence acts or attacks as a result of gender-based statements etc. They also pleaded with all political caucuses to respect the Speaker and his ruling for the meetings to proceed smoothly and uninterrupted.

Subsequently, the discussion reverted back to the substantive matter, wherein the DA mentioned that the Tourism Office was struggling to promote the City's product, citing that this was due to deteriorating state of the City's infrastructure, with reference being made to sewer spillages. Reference was also made to the previous year festive season as they were of the view that this was the worst performing season in terms of the tourists' figures. The DA further mentioned that it was about time that the Municipality claimed its glory of being the preferred holiday destination. Also, citing that the tourism industry was experience-orientated, therefore the lack of basic services, increasing crime statistics etc., impacts directly on the tourism industry performance.

Meanwhile, the NFP mentioned that the tourism industry worldwide was severely affected in the past two (02) years due to known circumstances. It was further mentioned that Council members were also not contributing positively to the growth of the City's tourism sector, through communicating distorted information about the Municipality on media platforms. They emphasised that the above recommendations should be supported; so that the Durban Tourism fulfil its mandate and to execute robust destination promotion and in return also create job opportunities.

Thereafter, the ANC acknowledged that the tourism industry contributes in growing the local economy and that declining tourists' figures emanate from the consequences of the triple disasters. However, they added that dissemination of incorrect information to the public also impact negatively to the tourism industry. In this regard, they stated that the Durban Tourism should be supported collectively to fulfil its mandate and to market the City, as a preferred holiday destination.

Accordingly, the above recommendations were unanimously; ADOPTED.

- 5.6 Exploring Institutional Mechanisms to Respond to Challenges and Opportunities for the Inner City in accordance with the Approved Local Area Plan, Regeneration Strategy and Applicable Legislation (21/5/1):
(Page 176: Economic Development and Planning Committee – Supplementary Agenda 2023-04-20)

Authority is sought to obtain approval to investigate and report on institutional options, in terms of the applicable legislation and that which will result in fit-for purpose institutional arrangements for the regeneration and renewal of the Inner City.

It will be recalled that the Municipal Council at its meeting held 2017-02-23 granted the Acting Deputy City Manager: Economic Development and Planning authority to establish a City owned entity with representatives in its board of a wide variety of stakeholders, including business, dedicated capacity and resources to drive the Inner City Urban Regeneration and Management.

The Committee noted that in order to satisfy this resolution, the process of establishing a Municipal Entity is set out in Part 2 of Chapter 8 of the Local Government: Municipal Systems Act 2000 and Part 1 of Chapter 10 of the Local Government: Municipal Finance Management Act 2003. The process must commence with certain mandatory assessments that ought to be made, including the following:

- a) Whether service should be provided through an internal mechanism or an external one; and
- b) In each case, to determine the type of internal or external mechanism that is best suited to deliver the service.

Since the adoption of the aforesaid resolution, work has been conducted to collate information and do preparatory work towards the establishment of a special purpose vehicle to manage the precinct.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 5.6.1 That Municipal Council commences with an exercise to review and decide on the appropriate mechanism to provide, significantly upgraded, extended, and improved certain Municipal services in the Durban Inner City as well as to drive Inner City Urban Regeneration and Management; and
- 5.6.2 That authority be granted for the City Manager to assess and report back to Council on the following:

- 5.6.2.1 Direct and indirect costs and benefits associated with the project if the service is provided by the Municipality through an internal mechanism, including the expected effect on the environment and on human health, well-being and safety;
- 5.6.2.2 Assessment of the Municipality's capacity and potential future capacity to furnish the skills, expertise and resources necessary for the provision of the service through an internal mechanism;
- 5.6.2.3 The extent to which the re-organisation of its administration and the development of the human resource capacity within that administration, as provided for in sections 51 and 68 of the Municipal Systems Act, respectively, could be utilised to provide a service through an internal mechanism;
- 5.6.2.4 The likely impact on development, job creation and employment patterns in the Municipality, and the views of organised labour; and
- 5.6.2.5 Developing trends in the sustainable provision of Municipal services generally.
- 5.6.3 That Council notes that after considering the report of the City Manager on the above assessment, Council may:
- 5.6.3.1 Decide on an appropriate internal mechanism to provide the service; or
- 5.6.3.2 Before it takes a decision on an appropriate mechanism, explore the possibility of providing the service through an external mechanism.

ADOPTED.

- 5.7 Request for Authority to enter into a Memorandum of Agreement with Innovate Durban (Non-Profit Company) (20/1/7/1):
(Page 187: Economic Development and Planning Committee – Supplementary Agenda 2023-04-20)

Authority is sought to enter into a Memorandum of Agreement with Innovate Durban Non-Profit Company (NPC) to enhance innovation, entrepreneurship, investment and jobs within the eThekweni Municipality region, as outlined by the Integrated Development Plan and the Economic Development Strategy's Innovation Programme.

The agreement with Innovate Durban aims to address issues of unemployment, widening skills gap and slow economic growth within eThekweni Municipality. Innovate Durban NPC is dedicated to fostering innovation and entrepreneurship in the region. It was established in 2017 by the eThekweni Municipality's Economic Development Unit to foster an innovation-driven economy within the City. With the support of the eThekweni Municipality, Innovate Durban aims to create a thriving Innovation Strategy.

Innovate Durban's Strategic focus over the next three financial years 2023/2024, 2024/2025 and 2025/2026 includes the following programmes:

- Programme Area 1: Enhancing Innovation Support,
- Programme Area 2: Expanding Capacity and Skills Development
- Programme Area 3: Conducting Research to inform decision-making and developing platforms to deliver its initiatives.

With the Committee noting that the Innovate Durban’s initiatives are in line with the eThekweni Municipality’s Integrated Development Plan, and the Economic Development and Job Creation Strategy,

COMMITTEE RECOMMENDS:

- 5.7.1 That authority be granted for the City Manager to enter into a Memorandum of Agreement with Innovate Durban Non-Profit Company to promote the development of innovation in eThekweni.
- 5.7.2 That subject to the approval of .1 above, authority be granted for the Head: Economic Development to, in terms of Section 67 of the Local Government Municipal Finance Management Act 2003 and in accordance with the conditions of the Memorandum of Agreement referred to in .1 above, disburse funds to Innovate Durban Non-Profit Company for its core operational and programme funding amounting to R7 429 400.00 (Seven Million Four Hundred and Twenty Nine Thousand, Four Hundred Rand) in the 2023/24 financial year; R7 429 000.00 (Seven Million Four Hundred and Twenty Nine Thousand Rands) in the 2024/2025 financial year; and R7 429 000.00 (Seven Million Four Hundred and Twenty Nine Thousand Rands) in the 2025/26 financial year.
- 5.7.3 That authority be granted for the Head: Economic Development to report annually on progress regarding the implementation of programmes outlined in the Memorandum of Agreement with Innovate Durban (Non-Profit Company).

VOTE No.:

Vote No	Amount	Year
26103.25030.17.12120.0000.38840.0000	R7,429,400	2023/24
26103.25030.17.12120.0000.38840.0010	R7,429,000	2024/25
26103.25030.17.12120.0000.38840.0010	R7,429,000	2025/26

REFERENCE BACK

In terms of Rule of Order Bylaw 20(1)(c), Councillor J Annipen of the IFP, seconded by Councillor MR Nxumalo, moved as a procedural motion that “Request for Authority to enter into a Memorandum of Agreement with Innovate Durban (Non-Profit Company)”; be referred back to the Support Committee for further interrogation in order for caucus to solicit necessary information in order to make an informed decision on this matter.

NOT CARRIED

As some members were not in support of the reference back, the matter was put to the vote. With 155 Councillors present, 15 Councillors (IFP -12, PRM -01, UIM – 01 and VF Plus – 01) voted in favour of the reference back and 140 Councillors (ANC - 74, DA – 41; EFF – 20; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -01; DLC – 00; ADEC – 00; APF – 01; ATM -00; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00 and TA – 00) voted against the reference back. There were no abstentions recorded.

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

Discussion thereafter reverted to the substantive matter, the IFP maintained that the matter had to be referred back to the Support Committee for further interrogation, including the NPO appointment process including the selection criteria. They emphasised that public funds would be spent on the programme; in this regard, they indicated the entire process had to be transparent.

Meanwhile, the ActionSA mentioned that this programme will assist in job creation and skills development. They also reported that a site inspection was undertaken by the Support Committee. On this basis, they were in support of the recommendations.

Some members were not in support of the recommendations; therefore, the matter was put to the vote. With 155 Councillors present, 143 Councillors (ANC - 74, DA – 41; EFF – 20; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -01; DLC – 00; ADEC – 00; APF – 01; ATM -00; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00, PRM -01, TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the recommendations. 12 IFP Councillors abstained on the matter.

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

6. **DIRECT EXCO REPORTS**

6.1 **ETHEKWINI MUNICIPALITY: DEVELOPMENT CHARGES POLICY 2023/2024 (7/6/P & 21/7/P)**

(Page 1)

Authority is sought for the approval of the 2023/2024 Development Charges Policy. The public consultation process was conducted the previous year. However, the business community requested to be afforded sufficient time to unpack the policy in preparation for them to submit invaluable comments.

Accordingly, comments were subsequently received from the KZN Growth Coalition; South African Property Owners Association (SAPOA); and the Durban Chamber of Commerce. These related to i) concern that the calculations of development charges are not clear enough; ii) request for confirmation that the funds raised through development charges will be ring-fenced for use only for the construction of new engineering infrastructure and not used for other infrastructure backlogs; and iii) concern that approval of plans is a lengthy process and a request for the Municipality to fastrack this process. With the latter point having been noted by the Municipal Unit and an undertaking made to strengthen internal processes and procedures thereby eliminating delays in plans approval.

It should be noted that the concerns by the business stakeholders have been taken into consideration. As such, provisions have been made to provide information relating to points raised in i) and ii) in the preceding paragraph, and these being reflected in Clauses 12; 12.3 and 12.4 of the policy document.

The DA and the IFP abstained at this stage to take the matter to their respective caucuses. With the other Political Parties being in support,

COMMITTEE RECOMMENDS:

That Council approves the amended Development Charges Policy which seeks to provide a framework for the implementation of development charges by providing guidance on the assessment and collection of development charges in a transparent and equitable manner; ensure the efficient use of public resources, promote the development of infrastructure and services in the area of economic growth and provide a balanced approach to the assessment and collection of development charges, also ensuring that development charges are applied in a fair and equitable manner.

Some members were not in support of the recommendations; therefore, the matter was put to the vote. With 155 Councillors present, 114 Councillors (ANC - 74, EFF – 20; IFP – 12; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -01; DLC – 00; ADEC – 00; APF – 01; ATM -00; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00, PRM -01, TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the recommendations. 41 DA Councillors abstained on the matter.

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

6.2

REQUEST FOR AUTHORITY TO TRANSFER FUNDS TO PROJECT X8662, CONTRACT WS 7683: MECHANICAL AND ELECTRICAL REHABILITATION OF FIRE-DAMAGED NTUZUMA RESERVOIR 2 WATER PUMP STATION (7/1/2/2 & 23/1/11/2/1/2)

(Page L69)

Authority is sought to transfer funds from projects X5189E; X6307CZ1; Y6524AZ1; X6721A to project X8662 to respond to an urgent need to undertake mechanical and electrical rehabilitation of the fire-damaged Ntuzuma Reservoir 2 Water Pump Station. The water pump station is currently closed due to damages on critical electrical and mechanical equipment which serve as the backbone of the overall operations in the pumpstation.

While the report was due for consideration by the Human Settlements and Infrastructure Committee, the submission to the Executive Committee was informed by the urgency to address water challenges in the area of Ntuzuma and surrounding areas. It was reported that the Water and Sanitation Unit has been able to identify savings from the Municipal projects currently delayed and thus a decision to redirect funds due an urgency to restore water supply in the areas including Ntuzuma; KwaMashu and Lindelani. That this matter is considered critical in view of the Constitutional and legislative requirements to provide communities with access to basic water supply and sanitation in a safe; affordable; appropriate; and acceptable manner.

To respond to the water crisis in the areas concerned, the Municipality is currently supplying water to all communities affected through water tankers and static tanks. It then being acknowledged that this is a costly exercise of which no revenue is generated, thus a loss to the Municipality. Therefore, the Unit intends implementing Phase 1 as a short-term measure to provide standby generator and ensure power supply to the pumpstation. Then Phase 2 will focus on other critical repairs aimed at providing long-term solutions in this regard.

In terms of processes initiated in preparation to commence work for Phase 1, quotations have since been sourced and the project will cost an amount of R15 Million to be sourced from unspent funds in projects mentioned hereinbefore.

The Committee acknowledged the significance of urgently responding to the repairs of the Ntuzuma Reservoir 2 to meet the high demand of water. However, Members unanimously agreed that it appears that there is an element of criminality and existing syndicate to sabotage the infrastructure within the City. It being cited that the intention must be to force the Municipality to continue using hired water tankers to supply water once infrastructure has been damaged. That this matter be investigated and also to consider putting in place a structured plan to protect the City infrastructure.

While noting the water challenges and the urgency to undertake repairs, some of the Members were of the view that the report should have included details on what has caused the fire outbreak; coupled with a security report in this regard; and also specifying the projects which were now being stopped and the Wards impacted. Also, details on the specific items to be funded through the R15 Million identified, it also being recorded that the actual funds to be sourced from the projects identified amount to a total of R16 Million.

Notwithstanding the concerns, the Committee supported the urgent repairs to immediately restore water supply for the communities affected, but emphasis being placed on the need to protect infrastructure thus avoiding spending a fortune for repair work and then suffer vandalism on the other hand. Also, to consider engaging the State Security Agency to conduct investigation into infrastructure damages for the perpetrators to be brought to book.

Accordingly,

COMMITTEE RECOMMENDS:

- 6.2.1 That Council approves the transfer of R15 000 000.00 (Fifteen Million Rand) from the savings identified from Projects X5189E, X6307CZ1, X6721A, Y6524AZ1 to project X8662 to undertake critical electrical and mechanical equipment impacting the Ntuzuma reservoir 2 water pumpstation with a view to immediately restoring water supply to the communities affected thus meeting the Constitutional obligation to provide access to basic water.
- 6.2.2 That, subject to the adoption of .1 above, authority be granted for the Deputy City Manager: Finance to include in his Adjustment Budget Report the amount of R15 Million.

Financial Implications:

Funds to be transferred to Project X8662 from Projects X5189E, X6307CZ1, X6721A, Y6524AZ1.

Table below where savings have been identified to cater for the R15 000 000.00 (Fifteen Million Rand) excluding VAT to Project X8662 from savings identified on Projects X5189E, X6307CZ1, X6721A, Y6524AZI.

Financial year	Project Number	Contract Number	Savings declared in R'M	Reason for Savings
2022/2023	X5189E	WS 7268	5	Meter purchases cannot be delivered timeously.
2022/2023	X6307CZ1	WS 7202	2	Poor performance from the contractor.
2022/2023	X6721A	WS 7093	4	Delays in start due to improper programme submission and CPG contractor challenge.
2022/2023	Y6524AZI	WS 7191	5	Project completed under budget.

Speaking on the matter, the DA mentioned that the residents of Ntuzuma and surrounding areas have suffered due to interrupted water supply as a result of the fire outbreak damaging the Ntuzuma Reservoir 2 Water Pump Station. They reported that the schedule of water tankers dispatched to supply water as an interim measure at the areas affected was requested from the relevant Unit. That water tankers should be distributed equally to the communities affected.

On the other hand, a view was submitted that the report should have included details on what has caused the fire outbreak; citing that the non-availability of details signifies the Municipality's lack of interest to prevent such occurrence in the future. They also mentioned that the report lacked details on the specific items to be funded in Phase 1 through the R15 Million identified, as well as details of Phase 2 of the project. It being reiterated that the report also did not specify projects which were now being stopped and the Wards impacted, because of the funds being transferred from these projects to repair the damaged Ntuzuma Reservoir.

Also commenting on the matter, the NFP welcomed the report to address water challenges at Ntuzuma, stating that going forward, investigation be undertaken on the cause of infrastructural damages within the City. It being emphasised that damages impact directly on the livelihoods of the communities and the Municipal budget.

The APF extended gratitude to His Worship the Mayor, citing that during his SOCA, it was indicated that the contractor to repair the Ntuzuma Reservoir Water Pump Station will be on site to commence with the work. They also mentioned that security measures had to be intensified to prevent such occurrences in the future. Also, that if there were any utterance or information of sabotage to the Municipal infrastructure; those should be reported timeously to the law enforcement agencies.

Thereafter, the ANC extended gratitude on behalf of the Ntuzuma residents to the Municipality for setting aside funding as an interim measure to supply water to the residents, while a long-term plan to repair the Water Pump Station was still being developed. They also reported that the cause of fire was still unknown, mentioning that competent structures will conduct investigation and a report thereon to be presented to Council.

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

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

SECOND REPORT OF THE EXECUTIVE COMMITTEE

(Special meeting held 2023-04-26)

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

1. ETHEKWINI MUNICIPALITY WATER & SANITATION TURNAROUND STRATEGY.

(Page 1)

Most parts of the areas within the eThekweni Municipal are experiencing water challenges which range from insufficient water supply; unreliable water supply; wastewater treatment and raw sewage spills. Meanwhile, there is also insufficient investment aimed at addressing water and sanitation challenges. Cognisance is taken that water challenges in eThekweni were exacerbated by the floods damages which ravaged the City of eThekweni in April 2022 thus causing severe infrastructural damages, in addition to prevailing challenges in this regard.

Given the prevailing challenges in the provision of basic water and sanitation to the people of eThekweni, the Water and Sanitation Unit resolved to develop a Turnaround Strategy. Addressing water challenges is a critical requirement given the Constitutional obligation to provide basic water and sanitation to the local communities. On the other hand, the National Treasury took keen interest to support the Municipality to address challenges given that these also impact on the financial contribution by National Treasury as there will be reduction to funding allocated to the Municipality if there is reduction in revenue generation from water services. As such National Treasury offered its expertise to support the Municipality in developing the turnaround strategy.

The Turnaround Strategy aims to achieve the following objectives:

- To improve water and sanitation services;
- To increase cash flow;
- To build capable; efficient financially viable institution; and
- To increase investment

The priority actions to be implemented to achieve the objectives cited above include i) Emergency Financial Turnaround Programme; ii) managing the water and sanitation service as a business; and iii) implementing a management contract to achieve a turnaround of the business. It is National Treasury’s view that a management contract will be the most effective mechanism to achieve a substantial and sustained turnaround of the water and sanitation business in eThekweni. To run water and sanitation as a business unit requires effective management including:

- Asset creation
- Asset management
- Customer management
- Financial management
- Human resources in the form of people and processes

It should be noted that immediate actions identified to improve water and sanitation service and to be implemented parallel to preparing for a management contract include a meter installation and replacement contract; and a pressure reduction contract. On the other hand, a need exists to improve management of existing contract including meter reading; meter installation and replacement contract. The medium-term objective includes water security with the objective to i) reduce demand by 18% to 330 million kl per annum; ii) ensure uMkhomazi project is on track; iii) ensure reuse projects on track.

The table below reflects immediate; medium and long-term actions:

No.	Immediate Actions	Medium to Long-Term Actions
1.	Focus on Non-Revenue water reduction	Focus on budget alignment and institutional alignment; capacitation; and capability
2.	Focus on treatment plans; maintenance; refurbishment; replacement etc.	Manage the management contracts to yield results whilst setting the tone for future
3.	Focus on mobilizing institutional support and alignment	Design and set up the Water and Sanitation Business Unit
4.	Focus on demonstrating commitment and leadership	

The Turnaround Strategy will only be successfully implemented through commitments at the political level; administrative level; and partnerships developed with other key strategic parties.

During the discussions, Members received what they regarded as a comprehensive strategy with great excitement. Also extending words of gratitude to the National Treasury and other relevant stakeholders, including the National Department of Water and Sanitation as well as Umgeni Water for contributing their expertise thus the development of a well-structured and solution-driven strategy

Cognisance being taken that the strategy appears to be aggressive towards resolving historic issues of water and sanitation. That, if implemented effectively this Council would be able to create and leave a lasting legacy in its term of office and thus assisting future generation in terms of sustainable water supply. Also, that accelerating the implementation of the Turnaround Strategy will lead to speedily addressing water

challenges. Therefore, Political Parties were urged to unite in terms of supporting the implementation of the Strategy given the significant benefits to be derived therefrom.

Some of the Members stated that the strategy appeared to be unrealistic with funds being reprioritized from various critical projects. That a need exists for the Municipality to strengthen consequence management in order to resolve some of the issues of poor performance management within the City. On the other suggestions made in terms of getting the strategy speaking to realistic timelines and budget allocations, clarity was given that this was a broader strategy to inform dedicated implementation plans which will then give specific details in terms of the actions to be implemented; associated timelines; and budget allocation.

It was acknowledged that consideration of the Turnaround Strategy is the competence of the Human Settlements and Infrastructure Committee. That the strategy will still be submitted to this Committee to unpack its content and the opportunity to contribute input to impact the strategy implementation plan.

There was unanimous view that the adoption of the strategy by the Municipal Council is considered a matter of extreme urgency given the critical water challenges, and also taking into account the imminent visit by the Minister of Water and Sanitation to engage with the Municipality on water and sanitation challenges. On the other hand, the representative from the National Treasury encouraged the Executive Committee to honour an invitation to participate in the Executive Leadership Programme in Cape Town and with the theme being water and sanitation.

Given the severe water challenges in most parts of the eThekweni Municipality and with Members achieving consensus that solution-driven solutions are required as a matter of urgency,

COMMITTEE RECOMMENDS:

- 1.1 That Council approves the eThekweni Water and Sanitation Turnaround Strategy which outlines a comprehensive vision to improve water and sanitation service within the eThekweni Municipality area thereby achieving a Constitutional obligation to provide basic water and sanitation service to different eThekweni stakeholders and also generating revenue to contribute in the financial sustainability of the Municipality as well as related infrastructural development.
- 1.2 That subject to the adoption of .1 above, commitments be made to ensure effective strategy implementation process, which commitments include:
 - (i) Clear eThekweni Municipality existing governance structures both at political and administrative level;
 - (ii) The governance system to work alongside the value delivery system to enable smooth workflow, manage issues and support decision-making;
 - (iii) Governance systems to provide a framework with functions and processes that guide activities
 - (iv) A governance framework includes elements of oversight; control; value assessment; integration amount support function and decision-making capabilities;
 - (v) Reinforce the Business Unit with performance management contract

Prior to the matter being discussed by Council, the DA requested that the matter be deferred to the next meeting, on the basis that during the Special Executive Committee meeting convened earlier this day a commitment was given that National Treasury will make a presentation to this Council meeting on the eThekweni Water and Sanitation Turnaround Strategy before debating the matter.

However, the Speaker advised that he was not informed of such a request as the Chairperson of meeting, in this regard, the request was not conceded to. Thereafter, discussion reverted back to the substantive matter, and the IFP noted the development of the strategy and emphasised that it was mostly needed to address water challenges. They also concurred with DA in terms of the presentation of the entire details of the Strategy, citing that such information will still need to be cascaded to their constituencies. They cited that the previous Auditor-General's Report has indicated that exorbitant funds were lost due to non-revenue water, therefore the strategy to resolve such challenges was viewed as a progressive move by the Municipality.

Meanwhile, the ActionSA indicated that the details of the entire Strategy were not clear, given that the Strategy will still be submitted to the Committee to unpack its content. On this basis, they abstained on the matter.

In support of the matter, the EFF indicated that a detailed presentation on the eThekweni Water and Sanitation Turnaround Strategy was provided during the Special Executive Committee meeting convened earlier this day; and that a similar presentation will be made at the relevant Support Committee meeting. They further mentioned that a Strategy to resolve some of the water challenges was generally welcomed; citing that it will also assist to deal with audit findings on water losses flagged by the Auditor-General on various occasions.

Also, in support of the matter, the ANC acknowledged that there were budget constraints to address Municipal-wide water challenges, infrastructure etc. In this regard, the National Treasury and the Department of Water and Sanitation working together with the Municipality has developed the Strategy which outlines a comprehensive vision to improve water and sanitation service within the eThekweni Municipality area. It was stressed that Council must demonstrate its commitment by approving the Strategy. It was also emphasised that the presentation on the entire Strategy was still to be made to all Councillors.

As some members were not in support of the recommendations; therefore, the matter was put to the vote. With 155 Councillors present, 112 Councillors (ANC - 74, EFF – 20; IFP – 12; ABC – 00; ACC - 00, ACDP – 00; AIC -01; DLC – 00; ADEC – 00; APF – 01; ATM -00; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00, PRM -01, TA- 00; UIM – 01 and VF Plus – 01) voted in favour of the recommendations. 43 Councillors (DA- 41 and Action SA -02) abstained on the matter.

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

2. COUNCIL INPUT IN THE SECTION 26 CONSULTATION PROCESS OF THE MUNICIPAL DEMARCATION BOARD (21/2)

(Page 7)

The Committee noted the intention to alter the boundary of the eThekweni Municipality thereby removing some of the areas currently belonging to eThekweni and be allocated to the uMgungundlovu and Ilembe District Municipalities. The areas affected are listed in the table below.

The Committee unanimously objected to the removal of the areas identified, it being recorded that removal of some of the areas will result in the loss of sizeable rate base in the area of eThekweni. It was also recommended that the Municipality also engage stakeholders impacted by the proposal to alter the boundaries concerned.

With there being a consensus on the decision to object to the boundary alterations,

DEM Number	Affected Municipalities	Description
DEM4520-2	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH) by excluding Mkhambathini Local Municipality (KZN226) from the municipal area of uMgungundlovu District Municipality (DC22), and by including it into the municipal areas of eThekweni Metropolitan Municipality (ETH)
DEM4520-4	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH)	Proposed redetermination of the Municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH) by excluding a portion EMBO/TIMUNI traditional authority area from the Municipal area of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and by including it into the Municipal area of eThekweni Metropolitan Municipality (ETH)
DEM4520-7	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH)	Proposed redetermination of the Municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH) by excluding Mkhize traditional area from the Municipal areas of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and by including it into the Municipal area of eThekweni Metropolitan Municipality (ETH) by recategorizing the remaining uMgungundlovu District Municipality (DC22) into a new Category A, Metropolitan Municipality in KwaZulu-Natal.
DEM4523	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH) by excluding Embo/Thumini Traditional area from the municipal areas of Mkhambathini Local Municipality KZN226) and uMgungundlovu District Municipality (DC22), and by including it into the municipal area of eThekweni Metropolitan Municipality (ETH). Proceed to Section 26 of MDA to solicit views and representations.

DEM Number	Affected Municipalities	Description
DEM7351	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and EtheKwini Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and eThekweni Metropolitan Municipality (ETH) by excluding Khayelihle High School, Felokwakhe Mkhize (Ezigeni), Powers Court Primary School, Esikhukhukhu Combined Primary School and Amandlakhe Combined Primary School voting districts from the municipal area of EtheKwini Metropolitan Municipality (ETH) and by including them into the municipal areas of Mkhambathini Local Municipality (KZN226) and uMgungundlovu District Municipality (DC22).
DEM7352	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and EtheKwini Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and EtheKwini Metropolitan Municipality (ETH) by excluding Mophela Primary School voting district from the municipal area of EtheKwini Metropolitan Municipality (ETH) and by including it into the municipal areas of Mkhambathini Local Municipality (KZN226) and uMgungundlovu District Municipality (DC22).
DEM7353	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and EtheKwini Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and EtheKwini Metropolitan Municipality (ETH) by excluding Cato Ridge Library activities room voting district from the municipal area of EtheKwini Metropolitan Municipality (ETH) and by including it into the municipal areas of Mkhambathini Local Municipality (KZN226) and uMgungundlovu District Municipality (DC22).
DEM7354	eThekweni Metropolitan Municipality (ETH), KwaDukuza Local Municipality (KZN292) and iLembe District Municipality (DC 29)	Proposed redetermination of the municipal boundaries of EtheKwini Metropolitan Municipality (ETH), KwaDukuza Local Municipality (KZN292) and iLembe District Municipality (DC 29) by excluding portions of farm PENCARROW 17860 FU from the municipal area of EtheKwini Metropolitan Municipality (ETH) and by including them into the municipal areas of KwaDukuza Local Municipality (KZN292) and iLembe District Municipality (DC 29).
DEM4015	eThekweni Metropolitan Municipality (ETH), Ndwedwe Local Municipality (KZN 293) and iLembe District Municipality (DC29)	Proposed redetermination of the municipal boundaries of eThekweni Metropolitan Municipality (ETH), Ndwedwe Local Municipality (KZN 293) and iLembe District Municipality (DC29), by excluding the town of Tongaat and Hazelmere Dam from the municipal area of eThekweni Metropolitan Municipality (ETH) and by including them into the municipal areas of Ndwedwe Local Municipality (KZN293), and iLembe District Municipality (DC29).
DEM4520-3	Impendle Local Municipality (KZN224); Mkhambathini Local Municipality (KZN226); Mpofana Local Municipality (KZN223); Richmond Local Municipality (KZN227); The Msunduzi Local Municipality (KZN225); uMngeni Local Municipality (KZN222); uMshwathi Local Municipality (KZN221)	Proposed redetermination of the Municipal boundaries of Impendle Local Municipality (KZN224), Mkhambathini Local Municipality (KZN226), Mpofana Local Municipality (KZN223), Richmond Local Municipality (KZN 227), the Msunduzi Local Municipality (KZN225), uMngeni Local Municipality (KZN222), uMshwathi Local Municipality (KZN221), and uMgungundlovu District Municipality (DC22) by excluding the Municipal Area of Mkhambathini Local Municipality (KZN226), from the municipal area of uMgungundlovu District Municipality (DC22), and by including it into the Municipal area

DEM Number	Affected Municipalities	Description
	uMgungundlovu District Municipality (DC22); eThekweni Metropolitan Municipality (ETH)	of eThekweni Metropolitan Municipality (ETH); by excluding Impendle Local Municipality (KZN224), Mpofana Local Municipality (KZN223), Richmond Local Municipality (KZN227), the Msunduzi Local Municipality (KZN225), Umngeni local Municipality (KZN222), uMshwathi Local Municipality (KZN221) from the municipal area of uMgungundlovu District.
DEM735	Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) eThekweni Metropolitan Municipality (ETH)	Proposed redetermination of the municipal boundaries of Mkhambathini Local Municipality (KZN226), uMgungundlovu District Municipality (DC22) and Ethekeweni Metropolitan Municipality (ETH) by excluding Cato Ridge Library activities room voting district from the municipal area of Ethekeweni Metropolitan Municipality (ETH) and by including it into the municipal areas of Mkhambathini Local Municipality (KZN226) and uMgungundlovu District Municipality (DC22).

Accordingly,

COMMITTEE RECOMMENDS:

That authority be granted for the Municipal Manager, in conjunction with the Speaker of Council, to submit to the Municipal Demarcation Board, on behalf of the Municipal Council, a decision to object the Municipal Demarcation Board’s proposal in terms of DEM4520-2, DEM4520-4, DEM4520-7, DEM4523, DEM7351, DEM7352, DEM7353 (the Western boundary alteration) and DEM7354, DEM4015, DEM4520-3, DEM7353 (the Northern boundary alteration).

ADOPTED.

3. REQUEST FOR AUTHORITY TO TRANSFER FUND TO Y8792 – DESIGN, SUPPLY AND INSTALLATION OF ALTERNATIVE ON-SITE SANITATION TECHNOLOGY TO REPLACE PIT TOILETS WITHIN THE ETHEKWINI MUNICIPAL AREAS (23/2/2)

(Page L43)

The Municipality is currently facing significant backlog in the provision of acceptable sanitation mainly to previously disadvantaged and marginalized communities of eThekweni Municipal Areas, due to the lack of bulk sewer infrastructure and funding constraints. These areas are currently without any bulk sewer infrastructure and the most likely viable option available is the installation of onsite infrastructure inclusive of urine diversion toilets and any other proven form of on-site sanitation technology.

It is estimated that over 50,000 households require on-site sanitation throughout the Municipal area. This number continues to increase due to the rapid urbanization phenomenon into the areas predominantly rural in nature and in close proximity to the Municipal area. The urbanization phenomenon results in no clear distinction between rural, peri-urban and urban levels of basic services leading to pressure for improved services of an urban nature, hence the need for new sanitation technology with a better service feel.

eThekweni Municipality comprises of a combination of both urban and rural areas. Most rural areas are currently served with informal VIP structures not built according to the Municipality standards and heavy rainfall and subsequent flood disasters experienced around the areas of eThekweni Municipality have further deteriorated the existing rural sanitation infrastructure where toilets structures have collapsed, washed away and have become increasingly unusable resulting in open defecation by affected communities and negatively impacting on health and safety of the public and communities.

The Municipality currently has the following categories of sanitation level of service:

- No access to any form of sanitation facility (open defecation);
- Have access to traditional pit latrine;
- Have access to a bucket system of sanitation (although reports indicate this to have been eliminated in the eThekweni Municipality region);
- Those who have access to chemical toilets;
- Non-functional sanitation systems such as full VIP systems (that is, reached their design lifespan).

The following categories of sanitation solutions are not permitted within the eThekweni Municipality:

- Night soil pail;
- Simple, unimproved pit latrine.

The Committee acknowledged the importance to address this challenge, however, questioned the approach of redirecting funds from other critical projects, which while will solve the challenge but will cripple the other projects which will remain unfunded.

The Democratic Alliance (03) dissented on this matter in view of the approach being followed to deprive other projects of funding. While the IFP (01) had reservations in terms of certain omissions the significance to support the families concerned was considered a priority. The ANC (4); EFF (01) and the NFP (01) supported this milestone achievement taking cognisance this will accommodate houses being built, and that it is unacceptable for the communities not to have access to modern toilets in this day in age. That the Committee will take responsibility and accountability to monitor expenditure in terms of the funding transfer being made.

COMMITTEE RECOMMENDS:

That Council grants additional authority for R100 000 000.00 (One Hundred Million Rand) with R6 394 000.00 (Six Million Three Hundred and Ninety Four Thousand Rand), excluding VAT, being funded from savings from the Projects listed under the financial implications below to the Project No. Y8792 for the design, supply and installation of alternative on-site sanitation technology to replace Pit toilets within the eThekweni Municipal area and the balance be sourced from further savings to be identified in the 2022/2023 financial year.

Financial Implications:

The Project No. Y8792 Design, supply and installation of alternative on-site sanitation technology to replace Pit toilets within the eThekweni Municipal Area requires a budget of R450 000 000.00 (Four Hundred and Fifty Million Rand) excluding VAT in the 2022/2023; 2023/2024; and 2024/2025 split in the following Financial Years:

2022/2023	2023/2024	2024/2025
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R100 000 000.00 (excl. VAT)	R175 000 000.00 (excl. VAT)	R175 000 000.00 (excl. VAT)
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The Department requires authority of R100 000 000.00 (One Hundred Million Rand) for this project in the 2022/2023 Financial Year, with only R30 000 000.00 (Thirty Million Rand) provision for the current year which limits the roll out phase to only six (6) Wards and therefore, additional savings of R6 394 000.00 (Six Million Three Hundred and Ninety Four Thousand Rand) have been identified and a request for the transfer of these funds from the projects below:

Project No.	Description	Amount to Transfer (Rands)
	Adams 5 Reservoir	R2 000 000.00
X8068E	Adams 6 Reservoir	R1 000 000.00
X8547A	Cato – Ridge Construct Booster	R350 000.00
Y6712CZ1	Emona Sunhills Outfalls and Pu	R200 000.00
Y6975C	Isipingo WTW Upgrades	R1 000 000.00
Y8699B	Silverglen -Sewer Re-Alignment	R44 000.00
Y8743	Riverside Road Rising Main Reloc	R700 000.00
Y8942B	Dassenhoek WWTW Upgrade to 35ml/Day	R700 000.00
Y9174	Phoenix WWTW Emergency Functional Upgrade	R800 000.00
TOTAL		R6 394 000.00

Project No.: Y8792 R6,394 000.00 Excluding VAT 2022/2023 To be met by savings from Project Numbers in the financial implications above, 2022/2023 financial year Capital Budget.

Commenting on the matter, the DA acknowledged the importance to address pit toilets challenges, however, questioned the approach of redirecting funds from other critical projects, which will solve the challenge but will also cripple the other projects which will remain unfunded. On this basis, they dissented on this matter in view of the approach being followed to deprive other projects of funding.

Thereafter, as some members were not in support of the recommendations; the matter was put to the vote. With 165 Councillors present, 118 Councillors (ANC - 78, EFF – 20; IFP – 12; Action SA -02; ABC – 00; ACC - 00, ACDP – 00; AIC -02; DLC – 00; ADEC – 00; APF – 00; ATM -01; ALJAMAH – 00; JEP -00; KZNI - 00, MF - 00, MOSA – 00, NFP -01; PFP – 00, PRM -01, TA- 00; and UIM – 01) voted in favour of the recommendations. 47 Councillors (DA - 46 and VF Plus – 01) voted against the recommendations. There were no abstentions recorded.

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

4. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR THE QUARTER ENDED 31 MARCH 2023 (2/10/1/1/9)

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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 3 ended 31 March 2023, which reflects an overall achievement of 66.53% 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 87.50%, be noted.

Summary of KPIs Per Plan:

Plan No	Plan Name	Achievement Rate (%)
1	Develop and sustain our Spatial, Natural and Built Environment	84.62%
2	Developing a Prosperous, Diverse Economy and Employment Creation	76.92%
3A	Creating a Quality Living Environment	62.50%
3B	Creating a Quality Living Environment	58.62%
3C	Creating a Quality Living Environment	50.00%
4A	Fostering a Socially Equitable Environment	55.56%
4B	Fostering a Socially Equitable Environment	61.54%
5	Supporting Design, Human Capital Development and Management	83.33%
6A	A vibrant and creative City - the foundation for sustainability and social cohesion	50.00%
6B	Stadia Facilities Unit	50.00%
6C	Agro Ecology	60.00%
7A	Good Governance and Responsive Local Government	61.11%
7B	Good Governance and Responsive Local Government	100.00%
7C	Good Governance and Responsive Local Government	100.00%
8	Financially Accountable and Sustainable City	64.52%
	Overall Achievement	66.53%

Plan No	Plan Name	Achievement Rate (%)
21	ICC	91.67%
22	Ushaka	87.50%

NOTED, with only 20 IFP Councillors abstaining.

(At this stage of the proceedings Councillor BA Fortein, in her capacity as the Member of the Municipal Public Accounts Committee, presented the report of the Committee).

REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

REPORT FROM THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO COUNCIL

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL (UIFW) EXPENDITURE INVESTIGATED FOR THE QUARTER ENDED 30 SEPTEMBER 2022: REPORT 2

BACKGROUND

Section 32(2) of the MFMA provides that a Municipality must recover UIFW expenditure, except where the unauthorised expenditure is regularized through an adjustments budget, or where the expenditure is deemed to be irrecoverable following an investigation into the expenditure incurred.

The section reads as follows:

“A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure—

- (a) in the case of unauthorised expenditure, is—
 - (i) authorised in an adjustments budget; or
 - (ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and
- (b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.”

ANALYSIS OF UIFW CASES FINALISED

In line with National Treasury’s Municipal Finance Management Act Circular No. 68 and as outlined in Regulation 74 of the Municipal Budgets and Reporting Regulations, the process outlined below, was followed:

- A report was prepared by the Unit that incurred irregular expenditure after investigation by the said Unit. The report disclosed the deviation from Supply Chain Management Policy, the reasons for the deviation and the value of the expenditure.
- The report together with the supporting documents were submitted to the Internal Control Unit for review and thereafter were submitted to the Bid Adjudication Committee for noting purposes.
- The Internal Control Unit reviewed and applied its mind on the report and considered whether there was any value for money obtained by the municipality, or any losses suffered by the municipality due to non-compliance detected using the following questions:
 - a) The nature of the irregularity
 - b) Whether or not the contracts followed the SCM public tender process
 - c) Whether or not the Unit Head had certified that value for money was received
 - d) Whether or not the Unit Head has confirmed that goods or services were delivered as per contract specifications and initial contract rates
 - e) Whether corrective action needed to be undertaken
 - f) Whether preventative measures were required to be implemented and the status of such actions; where deemed necessary
- Other irregularities were identified during the audit by the Auditor-General and others through investigations by the City Integrity & Investigation Unit.

Cumulative UIFW expenditure totaling **R346 604 845,25** (three hundred and forty six million six hundred and four thousand eight hundred and forty five rands and twenty five cents). “**Annexure A**” was identified by Internal Control as repeat transgressions on contracts which were tabled at Committee in prior financial years and written off.

Irregular expenditure amounting to **R80 765 544,71** (Eighty million seven hundred and sixty five thousand five hundred and forty four rands and seventy one cents) as detailed in “**Annexure E**” was identified as Conflict of Interest transgressions by the following sources:

Source	Annexure	Amount
Internal Control	A	R346 604 845.25
Auditor General South Africa	E	R80 765 544,71
TOTAL		R427 370 389,96

The relevant Officials were previously interviewed to establish the root causes of the UIFW expenditure. The MPAC further established the mitigating measures that had been implemented to prevent a recurrence of the expenditure and confirmed that disciplinary action had been taken or would be taken against the officials that had caused the expenditure to be incurred. In some instances, the Committee noted that matters had been referred for criminal investigation.

Having duly considered and deliberated on the expenditure concerned,

COMMITTEE RECOMMENDS:

- 1.1 That in compliance with Section 32(2) of the Municipal Finance Management Act (MFMA), irregular expenditure amounting to **R427 370 389,96 (Four Hundred and Twenty Seven Million Three Hundred and Seventy Thousand Three Hundred and Eighty Nine Rands and Ninety Six Cents)** as detailed in “**Annexures A & E**” of this report be certified as irrecoverable and written-off by Council based on the outcomes of the investigation of such expenditure.
- 1.2 That it be noted that any consequence management recommendations will be dealt with in accordance with the council policy regarding financial misconduct and oversight by the Disciplinary Board for Financial Misconduct.

Speaking on the matter, the EFF submitted that the amounts to be written-off as irregular expenditure was unacceptable, citing that Management led by the City Manager was unsuccessful in its attempt to prevent such expenditure. Reference was made to the uncompleted EPWP employees verification process, lack of consequence management, non-adherence to supply chain management processes amongst others. They requested mediate action to be taken to address these challenges.

Meanwhile, the DA mentioned that unauthorised, irregular, fruitless and wasteful expenditure (UIFWE) was a threat to the Municipality as it impacts on service delivery and financial management. They emphasised a need to enforce accountability; it being cited that some findings were repeated transgressions, including ghost employees, lack of consequence management etc. Also, that transparency, proper processes, and procedures need to be followed and that a clear message be sent to all Municipal officials that maladministration activities and non-adherence to procedures will not be tolerated and culprits to be handed over to the law enforcement authorities. It being

also emphasised that the Municipality must consider the interest of its residents and for all people to be treated equally and fairly.

The ActionSA expressed a concern about what they viewed as a high figure of UIFWE; stating that consequence management was non-existence within the Municipality. Although, in support of the recommendations, they stressed that criminal investigations and consequence management had to be enforced by the Municipality.

Thereafter, the ANC extended gratitude to the Municipal Public Accounts Committee for their sterling work of attending to UIFWE and all irregularities being identified. They also emphasised enforcement of consequence management, measures being put in place to curb UIFWE to avoid similar occurrences in the future. They further mentioned that the perception that Internal Controls, Audit Committee etc are able to identify issues, with attempts to address same; indicates that the Municipality was intolerant of irregularities.

Accordingly, recommendation **1.1** above was **ADOPTED**, with only 20 IFP Councillors voting against the matter; and with recommendation **1.2** being **NOTED**.

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. COMMUNITY SERVICES COMMITTEE

Meetings held on : 2023-02-09
: 2023-02-16
: 2023-03-22

2. ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE

Meetings held on : 2023-02-23
: 2023-03-23

3. EXECUTIVE COMMITTEE

Meeting held on : 2023-02-21
: 2023-02-27
: 2023-02-28
: 2023-03-14
: 2023-03-28
: 2023-03-30

4. FINANCE COMMITTEE
Meeting held on : 2023-03-22

5. HUMAN SETTLEMENT AND INFRASTRUCTURE COMMITTEE
Meeting held on : 2023-03-22

6. LOCAL LABOUR FORUM: ECONOMIC DEVELOPMENT AND PLANNING
Meeting held on : 2023-02-24

7. LOCAL LABOUR FORUM: GOVERNANCE AND CORPORATE HUMAN RESOURCE CLUSTER
Meeting held on : 2023-02-23

8. LOCAL LABOUR FORUM: TREASURY AND OFFICE OF THE CITY MANAGER
Meetings held on : 2023-02-08
: 2023-02-16

9. SPEAKER'S COMMITTEE
Meeting held on : 2023-02-27

ITEMS FOR NOTING

The Items for Noting, reflected on Pages 06 to 19 of the Agenda, pertaining to the items discussed and resolved at the Executive Committee level during the month of March 2023 were, **NOTED.**

The meeting moved into in-committee at 22h38.

SPEAKER