

**NELSON MANDELA BAY**

**METROPOLITAN MUNICIPALITY**



**COUNCIL MEETING**  
**10 NOVEMBER 2025**  
**AT 15:00**

# **NELSON MANDELA BAY MUNICIPALITY**

Office of the Speaker  
Noninzi Luzipho Building  
**GQEBERHA**  
5 November 2025

NOTICE IS HEREBY GIVEN IN TERMS OF SECTION 19 OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, ACT 32 OF 2000 (AS AMENDED), THAT A SPECIAL MEETING OF THE NELSON MANDELA BAY METROPOLITAN COUNCIL WILL BE HELD ON **THURSDAY, 6 NOVEMBER 2025 AT 15:00 AT THE COUNCIL CHAMBER, CITY HALL, GQEBERHA.**

**COUNCILLOR E JOHNSON  
SPEAKER OF COUNCIL**

## **A G E N D A**

1. APPLICATIONS FOR LEAVE OF ABSENCE IN TERMS OF PARAGRAPH 3 OF THE CODE OF CONDUCT
2. DISCLOSURE OF INTEREST IN TERMS OF PARAGRAPH 5 OF THE CODE OF CONDUCT
3. DISCLOSURE OF INTEREST BY OFFICIALS
4. STATEMENTS OR COMMUNICATIONS BY SPEAKER
5. INTERVIEWS WITH DEPUTATIONS

(At the time of printing the agenda, no requests in terms of Rule 24 had been received.)

6. STATEMENTS BY THE EXECUTIVE MAYOR
7. REPORT BY EXECUTIVE MAYOR IN TERMS OF SECTION 56(5) OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT, ACT NO. 117 OF 1998 AND DECISIONS TAKEN IN TERMS OF SECTION 63 OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, ACT NO. 32 OF 2000
8. REPORT BY ACTING CITY MANAGER

J:\ADMIN\COMMITTEES – STANDING\NELSON MANDELA BAY METROPOLITAN COUNCIL\NMBMC\2025\MAY\AG-9-10

**NB: ALL MEMBERS MUST SIGN THE ATTENDANCE LISTS.**

**REPORT BY  
EXECUTIVE MAYOR**

**REPORT OF EXECUTIVE MAYOR TO METROPOLITAN COUNCIL IN TERMS OF  
SECTION 30(5) OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT,  
ACT NO. 117 OF 1998, INCLUDING OTHER MATTERS REFERRED TO COUNCIL BY  
THE EXECUTIVE MAYOR.**

**REPORT OF EXECUTIVE MAYOR TO METROPOLITAN COUNCIL IN TERMS OF SECTION 30(5) OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT, ACT NO. 117 OF 1998, INCLUDING OTHER MATTERS REFERRED TO COUNCIL BY THE EXECUTIVE MAYOR.**

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## **REPORT BY EXECUTIVE MAYOR**

**(MEETING : 10 November – Postponed from 6 NOVEMBER 2025)**

### **1. REPORT ON THE ORION ENGINEERED CARBON'S SPECIAL WATER TARIFFS DISPENSATION**

#### **Purpose**

The purpose of this item is to seek authority from the Council to consider a special water tariff dispensation effective from the 2025/26 financial year for Orion Port Elizabeth resulting from the investment made in their business operations. The requested adjustment aims to address the financial erosion experienced by Orion's balance sheet resulting from significant investments in an operational Reverse Osmosis (RO) plant, which was intended to purify return effluent for reuse in production processes.

#### **Background**

Orion has formally requested or submitted a motivation for a tariff reduction on the grounds that it has invested heavily in an RO plant designed to reduce potable water consumption and offset costs by utilising lower-cost return effluent water. However, the plant has not been operational due to two primary issues:

- the quality of water from the Fish Water Treatment Works has not met specifications for the RO process. And the institution is covered from this risk as part of the By-law in clause 30 of the NMBM Water and Sanitation bylaw (2010), outlines the position that the, NMBM cannot guarantee supply at all times due to factors outside its control. The clause governs the relationship with all consumers.
- The plant was not optimally designed to accommodate fluctuations in water quality, leading to operational challenges.

As a result, Orion's investment has not yielded the anticipated savings, and the company has experienced financial strain, prompting the request for a special tariff dispensation / adjustment to recoup some of these costs.

In terms of the submission made by the company, it has been upfront in disclosing the total investments made in terms of the costs incurred for the plant to achieve the desired outcomes. The following information summarises the total investment made by Orion (Port Elizabeth) to this project, as per their submission: -

#### **5.4 Financial Investment in the Water Treatment Project**

- a. Capital Cost (Construction and Lease) =R64.5 million
- b. Operational Cost (additional water charges) =R9.1 million
- c. Additional Capital Cost due to project delays = R4.5 million
- d. Additional Engineering Study (FOG) =R0.5 million
- e. Cumulative Total Cost =R78.6 million

## Legal Framework for Tariff Adjustments

Council will be aware that all local government institutions are required to operate within a tariff regime approved by council, in accordance with:

- The Constitution of South Africa (1996)
- The Water Service Act
- Local Government: Municipal Finance Management Act (MFMA) (56 of 2003)

Section 160(2) of the Constitution of RSA inter-alia states the following: -

(2) The following functions may not be delegated by a Municipal Council:

- (a) The passing of by-laws;
- (b) the approval of budgets;

- (c) the imposition of rates and other taxes, levies and duties; and
- (d) the raising of loans.

So, issues that relate or deal with tariffs cannot be decided outside the Council approval processes, hence this item is tabled directly to Council for consideration.

## NMBM Credit policy

Credit policy within a local government typically focuses on managing credit risks, collection procedures, and payment terms rather than directly setting or reducing tariffs. However, Credit Control Policy can support tariff strategies in the following ways:

### Facilitating Tariff Discounts or Concessions

Credit Control policies can define the criteria and processes for offering discounts, rebates, or concessions to specific customer groups, such as vulnerable households, certain industries, or small businesses, helping to address economic conditions without altering the entire tariff structure.

### Supporting Payment Relief Programs

Credit Control policies can enable payment plans or debt write-offs for customers facing financial hardship, indirectly reducing the effective tariff burden.

### Operational Flexibility

While tariff adjustments require formal approval through council and regulatory frameworks, Credit Control Policy provides operational flexibility to implement targeted relief measures aligned with socio-economic objectives.

Credit Control policies for targeted relief can be used as a practical approach to accommodate economic hardship in a way that aligns with legal and policy frameworks.

In conclusion, while Credit Control policies are not directly used to reduce tariffs at a policy level, they can facilitate targeted relief measures and payment arrangements that support consumers during economic challenges.

### **Motivation for Tariff Reduction or Special Dispensation for Orion (Port Elizabeth)**

The basis for advocating a tariff reduction for Orion (Port Elizabeth) is grounded in the following considerations: -

#### **Support for Water Footprint Reduction**

Although the Reverse Osmosis (RO) plant has not yet become fully operational, the initial support from the NMBM for Orion's business model to utilise return effluent water was intended to help reduce the NMBM's potable water footprint. A tariff reduction for three years would reinforce this commitment by enabling Orion to offset part of its operational costs related to this initiative.

#### **Financial Impact on Orion (Port Elizabeth)**

Orion's substantial investment in the RO plant has yet to deliver the anticipated benefits. The company is incurring costs without realizing the expected savings or revenue from reusing treated effluent. Consequently, Orion's financial position has been adversely affected, forcing it to continue paying for potable water while not receiving any direct financial or operational return on its investment.

#### **Contribution to Economic Growth of the Region**

As an investor in the NMBM area of jurisdiction, Orion (Port Elizabeth) contributes to local employment, economic activity, and the City's Gross Domestic Product (GDP). Recognising this, the NMBM seeks to support Orion's sustainable investment, understanding that failure of the project would have broader economic implications.

We have experienced recently the dis-investment by Goodyear who has been one of the tyre manufacturing companies in Kariega (formerly Uitenhage), and we can only imagine the economic impact (including families that will be devastated by such a decision) of such an action if other companies such as Orion (PE) may decide to follow suite. There will equally be direct impact to the municipality, which will include non-payment for services as well as the increasing dependency on the Indigent Subsidy Scheme, further eroding the Equitable Share allocated to the NMBM in terms of the Division of Revenue Act (DORA).

Goodyear began tyre manufacturing in Kariega (formerly Uitenhage) in 1947, but the plant decided to close in 2025 after nearly 75 years of production, impacting **900 jobs** and signalling a shift to a pure tyre-import model for South Africa. The plant was a significant manufacturer of high-technology consumer tyres and played a major role in the region's automotive industry, with its closure representing a community crisis for the area.

#### **Conditional Support Commitment**

In exchange for the proposed tariff reduction or special dispensation, Orion (PE) commits to a three-year plan to improve the design and operation of the RO plant. The commitment by Orion (PE) to relook into the design of the RO will be on treating return effluent water with variable quality from Fish

Water Wastewater Treatment Works, ensuring that the system becomes fully operational and deliverable.

This approach aims to balance the financial viability of Orion's investment with the NMBM's strategic goals of water conservation and sustainable development, while maintaining alignment with legislative and regulatory frameworks. This commitment can be further operationalised through a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) between NMBM and Orion (PE) if Council approves this approach.

**Orion (PE)'s Consolidated Billing Accounts have been in good standing with the NMBM**

We must confirm that in as far as the consolidated billing accounts of Orion (PE) the company has been constantly serving them and has no arrear accounts. The following demonstrates the billing account for Orion (PE): -



NELSON MANDELA BAY MUNICIPALITY		TAX INVOICE	1230 000373
PORT ELIZABETH   UITENHAGE   DESPATCH		COMPUTER GENERATED COPY TAX INVOICE	
VAT No 4490193473		WARD NUMBER	
TEL : 041-506-5555 FAX :041-506-1304		DEPOSIT	277527.00
PO Box 834 6000			
Prof/Dr/Rev/Mr/Mrs/Miss			
ORION ENGINEERED CARBONS P.O. BOX 862 PORT ELIZABETH 6000		Statement Date	20241230
		Account Number	600007100400
		UniPay Number	910046000071004001
DATE	DETAILS	AMOUNT	
	VAT/BTW REG. No - 4090102320		
	BROUGHT FORWARD		68 912.90
19/12	222495 THANK YOU FOR YOUR PAYMENT		68 912.90CR
30/12	JOHN TALLANT ROAD		
	READINGS TO 17/12/24 RTE 094008700		
	NEXT METER READING IS SCHEDULED FOR 21/01/25		
	METER READING CONS.		
	-----		
	WATER		
	01B/KNZV117D 286496 MF 13310.0		
	01B/K702831D 996 MF 0.0		
	TOTAL 13310.0	409757.95	
	WATER		
	08B/KJZR077Q 13543 0.0	0.00	
	AVAILABILITY CHARGE	11547.00	
	VAT @ 15%	63195.74	484 500.69
30/12	SEWERAGE RTE 094008700	15366.39	
	VAT @ 15%	2304.96	17 671.35
30/12	EFFLUENT SURCHARGE RTE 094008700		0.00
30/12	EFFLUENT SURCHARGE F RTE 094008700	1896.67	
	VAT @ 15%	284.50	2 181.17
30/12	SEWERAGE AVAILABILIT RTE 094008700	9622.56	

Nelson Mandela Bay Municipality  
Consolidated Billing

VAT REGISTRATION NO: 4490193473

**STATEMENT FOR ACCOUNT 600 007 100 400**

ACCOUNT HOLDER: ORION ENGINEERED CARBONS (PTY) LTD

VAT REGISTRATION NO: 4090102320  
UNI PAY NUMBER:  
>>>>>> 910 046 000 071 004 001

Last Billed	28-Aug-2025	Latest Due Date	29-Sep-2025	Total Balance	1,519,857.10
Principal	0.00	C/FWD Balance	1,519,857.10	Excess Credit	0.05CR
		Interest	0.00	Due	1,519,857.15

Details

AUGUST 2025

\*\* TYPES \*\* 15 55

THIS STATEMENT: R1 519 857,10    ARREARS: R0,00    PRINCIPAL: R0,00    DUE DATE:  
29-09-2025

21/08	BROUGHT FORWARD			36 928,90
28/08	200834 THANK YOU FOR YOUR PAYMENT			36 928,90CR
	JOHN TALLANT ROAD			
	READINGS TO 18/08/25	RTE 094008700		

NEXT METER READING IS SCHEDULED  
FOR 15/09/25

	METER	READING	CONS.		
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	WATER				
	01B/RNZV117D	306933 MF	42420,0		
	01B/K702831D	996 MF	0,0		
	TOTAL		42420,0	1241633,40	
	WATER				
	08B/KJZR077Q	13543	0,0	0,00	
	AVAILABILITY CHARGE			12123,00	
	VAT @ 15,0%			188063,46	1 441 819,86
28/08	SEWERAGE	RTE 094008700		51413,04	
	SEWERAGE-INDUSTRIAL				
	VAT @ 15,0%			7711,96	59 125,00
28/08	EFFLUENT SURCHARGE	RTE 094008700			0,00
28/08	EFFLUENT SURCHARGE F	RTE 094008700		6341,79	
	VAT @ 15,0%			951,27	7 293,06
28/08	SEWERAGE AVAILABILIT	RTE 094008700		10103,68	
	VAT @ 15,0%			1515,55	11 619,23
28/08	ROUNDING DISCOUNT				0,05CR
	TAX INVOICE NO	0828 000362			
				-----	
				1 519 857,10	
				-----	
	MISCELLANEOUS			0,05CR	
	WATER			1 1441819,86	
	SEWERAGE-INDUST.	12	59125,00	EFF SURCHRG FIX	1395 7293,06
	SEW AVC	1511	11619,23		

CURRENT MONTH: SEPTEMBER 2025

\*\* TYPES \*\* 00

BROUGHT FORWARD 1 519 857,10

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1 519 857,10  
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\*\*\* End of Report \*\*\*

The above demonstrates an account that is up to date with the balance that reflects the current account.

The comparison between the brown water tariff vs. potable water tariff is indicated in the below spreadsheet

**NMBM Additional Water Costs 2024 & 2025**

<b>Month</b>	<b><u>KL Consumed</u></b>	<b><u>NMBM Rate per KL</u></b>	<b><u>Brown Water Bud Rate per KL</u></b>	<b><u>Rate Difference</u></b>	<b><u>Additional Cost</u></b>
January	50,720	29.50	6.51	22.99	1,166,052.80
February	29,280	29.50	6.51	22.99	673,147.20
March	32,650	29.50	6.51	22.99	750,623.50
April	35,910	29.50	6.51	22.99	825,570.90
May	31,970	29.50	6.51	22.99	734,990.30
June	33,760	29.50	6.51	22.99	776,142.40
July	28,310	30.56	6.51	24.05	680,912.12
August	17,210	31.27	6.51	24.76	426,119.60
September	27,270	31.27	6.51	24.76	675,205.20
October	8,220	31.27	6.51	24.76	203,527.20
November	N/A - Brown Water Operational				
December	N/A - Brown Water Operational				
January	23,230	27.88	6.51	21.37	496,425.10
February	25,840	27.88	6.51	21.37	552,200.80
March	29,310	27.88	6.51	21.37	626,354.70
April	25,950	27.88	6.51	21.37	554,551.50
May	30,000	27.88	6.51	21.37	641,100.00
June	30,000	27.88	6.51	21.37	641,100.00
July	30,000	27.88	6.51	21.37	641,100.00
August	30,000	27.88	6.51	21.37	641,100.00
September	30,000	27.88	6.51	21.37	641,100.00
October	30,000	27.88	6.51	21.37	641,100.00
November	30,000	27.88	6.51	21.37	641,100.00
December	30,000	27.88	6.51	21.37	641,100.00
<b>Total</b>					<b>14,270,623.32</b>

**A recommended special tariff dispensation for Orion (PE) to be considered by Council**

The following proposal is recommended for Council to consider discounting the potable water tariff applicable to Orion (PE) on a monthly bill / account w.e.f. 2025/26 financial year: -

**2025 / 26 =** Less 40% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged).

**2026/27 =** Less 45% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged); and

**2027/28 & beyond =** Less 50% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged).

That the above be subjected to an MOU / MOA being entered into between NMBM and Orion (PE) upon approval by Council for the acting City Manager to enter in such an agreement.

## Budget and Treasury Directorate's Comments

The Directorate has perused the item and confirms that issues relating to Tariffs approval are, in terms of Section 160(2) of the Constitution (1996) in the behest or command of Council. The Directorate will implement the decision of Council based on the resolution and also suggests that there be a written MOU / MOA between NMBM and Orion (PE) to be facilitated by Infrastructure and Engineering Directorate together with Legal Services Sub Directorate to operationalise this proposal with the aim of benefitting both sides.

The total income foregone will (2025/26), on a month-to-month basis depend on the amount consumed or billed multiplied by the applicable centage of water tariff. In the case of September 2025 consumption, a reduction could be around R571 151.36 ( $R1\ 241\ 633.40 \times 1.15 = R1\ 427\ 878.41 \times 40\% = R571\ 151.36$ ).

## Annexures to the Report

Attached as Annexures to the Report are the following documents: -

**Annexure "A"** – Letter from the Managing Director: Orion (PE) Ms N Faltein

## IT IS RECOMMENDED

- (a) That Council, by resolution taken by majority of its full numbers and in terms of section (30)(2) of the Local Government: Municipal Structures Act, (Act 17 of 1998) (as amended), read in conjunction with Chapter 4 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) approves the following special dispensation for potable water tariff applicable to Orion (PE) whilst the brown water tariff remain unchanged: -
  - (i) **2025 / 26** = Less 40% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged);
  - (ii) **2026/27** = Less 45% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged); and
  - (iii) **2027/28 & beyond** = Less 50% of the monthly Potable Water Tariff per Orion (PE) billing account (and Brown Water Tariff remain unchanged).
- (b) That the above be subjected to an MOU / MOA being entered into between NMBM and Orion (PE) upon approval by Council for the acting City Manager to enter in such an agreement.

**2. REPORT ON CONDITIONAL GRANTS**

The report will be submitted at the meeting.

For Consideration

**EXECUTIVE MAYOR**