

NELSON MANDELA BAY

METROPOLITAN MUNICIPALITY



**COUNCIL
SPECIAL MEETING**

24 JULY 2025 AT 10:00

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

Office of the Speaker
Noninzi Luzipho Building
GQEBERHA
21 July 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, 24 JULY 2025 AT 10:00** AT THE NELSON MANDELA BAY STADIUM, 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.)

NB: ALL MEMBERS MUST SIGN THE ATTENDANCE LISTS.

6. STATEMENTS BY EXECUTIVE MAYOR
7. REPORT BY EXECUTIVE MAYOR
8. REPORT ACTING CITY MANAGER
9. MATTERS OF PUBLIC IMPORTANCE

(A matter of public importance had been received from Councillor A. Rautenbach, which is reflected as Item 3 of the Acting City Manager's report.)

PEB/VG

J:\ADMIN\COMMITTEES – STANDING\NELSON MANDELA BAY METROPOLITAN COUNCIL\NMBMC\2025\JULY\AG-24-7 (SPECIAL)

**REPORT OF
EXECUTIVE MAYOR
TO METROPOLITAN COUNCIL**

REPORT OF EXECUTIVE MAYOR TO METROPOLITAN COUNCIL

INDEX : 24 JULY 2025

Item	Subject	Page
1.	BUDGET ADJUSTMENT ON THE 2025/2026 CAPITAL BUDGET TO COVER SHORTFALL ON DISASTER MDRG FUNDING PROGRAMME	1
2.	REQUEST FOR APPROVAL TO INCORPORATE THE RE-PRIORITISATION OF THE MDRG CAPITAL PROJECTS IN THE 2024/25 FINANCIAL YEAR AND THE ROLLOVER OF MDRG UNSPENT FUNDING FROM THE 2024/2025 FINANCIAL YEAR CAPITAL BUDGET TO THE 2025/2026 FINANCIAL YEAR CAPITAL BUDGET	6
3.	MBDA STADIUM MANAGEMENT	10
4.	APPROVAL OF METRO TRADING SERVICES STRATEGIES	11
5.	MBDA BOARD MEMBERSHIP	16

REPORT OF EXECUTIVE MAYOR TO METROPOLITAN COUNCIL

(Meeting : 24 July 2025)

1. BUDGET ADJUSTMENT ON THE 2025/2026 CAPITAL BUDGET TO COVER SHORTFALL ON DISASTER MDRG FUNDING PROGRAMME

The Executive Mayor on 27 June 2025 considered the following report:

1.1 Purpose

The purpose of the following item is to recommend to the Executive Mayor, for authority to approve an amendment of the 2025/26 Capital Budget to cover a budget shortfall towards the implementation of the Municipal Disaster Recovery Grant (MDRG) R53.9m. resulting from the current construction cost estimates that exceed the approved budget from the MDRG conditional grant framework and would thus require an urgent budget adjustment approval to commence construction on the approved disaster projects.

It is recommended that the shortfall be funded from internal municipal funding sources of the 2025/2026 MTREF Capital Budget.

1.2 Background

When approving the 2025/26 Budget Council dated 18th June 2025 inter-alia resolved as follows:

- (n) That Council *delegates* the Executive Mayor to ensure that all projects linked to the **Municipal Disaster Relief / Recovery Grants** are incorporated into the 2025/26 budget, to cover work that will proceed in the coming financial year (2025/26), based on unspent portions of the MDRG to be determined during July / August 2025, from the 2024/25 financial year, to avoid any interruption towards project implementation.

The above resolution was taken by Council with the full understanding that there may be certain implementation hurdles that may create problems in the 2025/26 financial year, as the projects linked to the Disaster Grants were not part of the 2026-2028 Council approved 2025/26 budget. The Executive Mayor will then report her decisions to Council as they are implemented.

Originally NDMC approved a number of capital projects linked to the R53.9 million funding. In May 2025, they then granted approval to re-allocate the funding between the approved Capital Projects and deviate from the approved scope of work: -

No.	Project name	Approved Allocated Budget	Proposed Allocated Budget
1	Repairs to collapsed & burst pipelines (Jones Street, Taylor Street) – Jubilee Hotel - Kariega	R 500 000,00	R 500 000,00
2	Repairs and restoration of Mavuso Road and stormwater drainage - New Brighton	R 10 000 000,00	R 6 555 683,96
3	Repairs and restoration of Moegesukkel Access Road including stormwater drainage - Kariega	R 7 099 000,00	R 10 966 980,16
4	Repairs and restoration of Salt Lake - Jacks Street including stormwater drainage	R 4 000 000,00	R 3 575 218,61
5	Repairs and restoration of Salt Lake Salt Lake - Seibrits Pond	R 2 500 000,00	R 1 230 895,03
6	Repairs and restoration of Budaza Street including stormwater drainage - New Brighton	R 4 000 000,00	R 4 114 018,28
7	Repairs and restoration of Jabavu Footbridge - Kariega	R 6 700 000,00	R 6 695 307,83
8	Repairs and restoration of Mngwanza Street including stormwater drainage - Kariega	R 4 200 000,00	R 6 163 053,44
9	Repairs and restoration of De Mist Canal and Fourie Street -Kariega	R 15 000 000,00	R 14 197 842,69
	Total Amount	R 53 999 000,00	R 53 999 000,00

The revised project list (Including Construction Work as well as Consulting Services) is demonstrated in the table below:

Figure 1: NMBM MDRG BUDGET FRAMEWORK

Area: Town, Village, etc.	REVISED BUDGET ALLOCATION	CONSULTING SERVICES BUDGET	CONSTRUCTION BUDGET
INFRASTRUCTURE & ENGINEERING BUDGET			
Jubilee hotel -Collapsed & burst Pipelines (Jones Street, Taylor Street	R 500,000.00	R -	R 500,000.00
Mavuso Road - New Brighton	R 6,555,683.96	R 590,011.56	R5,965,672.40
De Mist canal -Fourie Street	R 14,197,842.69	R 1,277,805.84	R12,920,036.85
New Brighton - Budaza Street Stormwater Reconstruction	R 4,114,018.28	R 370,261.65	R3,743,756.63
Jabavu - Footbridge	R 6,695,307.83	R 602,577.70	R6,092,730.13
Salt Lake- Jacks Street,	R 3,575,218.61	R 321,769.67	R3,253,448.94
Salt Lake - Seibrits Pond	R 1,230,895.03	R 110,780.55	R1,120,114.48
Moegesukkel, Kariega Area,	R 10,966,980.16	R 987,028.21	R9,979,951.95
Kariega - Mngwanza Street	R 6,163,053.44	R 554,674.81	R5,608,378.63
Total	R53,999,000.00	R4,814,910.00	R49,184,090.00

When the procurement was initiated at an early-stage, advertisements were placed for service providers to tender at a shortened stage of 14 days. The processes resulted in service providers submitting their bids that were within the R53.9 million grant limit, however, this process was reversed due to legal opinions that were obtained by the acting City Manager. This resulted in a decision being taken to rather utilise SCM19/152/C, which is an existing framework tender.

A briefing meeting was held on the 26th May 2025 to solicit respective quotations from the service providers for each of the 7 identified projects as per the clustering on the SCM 19/152C framework.

Table 1: NMBM DISASTER BUDGET 2024/2025

WARD	PROJECT	CONTRACTOR	BUDGET
48	Jubilee Hotel -Collapsed & burst Pipelines (Jones Street, Taylor Street	N/A	R500 000
19	Rehabilitation of Mavuso Road and Ponds	Siyaya Khaya	R 10 590 679,80
46	Repairs and restoration of De Miss Canal and Fourie Street	Siyaya Khaya	R 12 523 368, 54
19	Reconstruction of Budaza Street Stormwater	Siyaya Khaya	R 5 231 886,31
31	Restoration of Seibrits Street and Stormwater	Phefong/BLB JV	R 6 505 775,73
31	Restoration of Jack Street and Stormwater	Phefong/BLB JV	R 2 554 471.64
53	Repairs and restoration of Moegesukkel Roads	Khayalihle Trading	R 12 929 997,34
44	Reconstruction of Mngwanza Road	Siyaya Khaya	R 5 608 378,63
Total Value of Appointed Disaster Projects – Construction Only			R 52 652 925,96
Jabavu Footbridge Cost Estimate			R 5 041 648.76

Grand Total of Construction Costs	R 57 194 574,72 (incl vat)
PSP COSTS	R 4 814 910
TOTAL DISASTER BUDGET COSTS	R 62 509 484.72 (incl Vat)
MDRG BUDGET	R 53 999 000
DISASTER BUDGET SHORTFALL	R 8 510 484.72

The tendered Bill of Quantities were issued to the contractors with the respective costs submitted by the service providers totalling R 57 194 574,72 (Vat Incl). The contractors were appointed in June 2025 for the respective 6 projects. The appointment process for a service provider for the Jabavu Footbridge is currently underway.

The professional fee budget allocation is R 4 814 910 incorporated into the MDRG framework. The shortfall in budget is primarily due to the overall costs associated with the contract SCM 19/152/C. The disaster construction programme therefore has a budget shortfall of R 8 510 484.72 (Vat Incl). Due to no additional funding being available from the Disaster Grant, this difference will have to be funded from internal funding sources of NMBM, outside of the MDRG framework.

The current budget MDRG has individual project savings amounting to R 5 938 359.00 which will be re-prioritised within the R 53 999 000 to be transferred to projects where there is a budget deficit as compared to the awards that have already been made against SCM 19/152/C. As this is a Conditional Grant, approval from the Provincial Disaster Manager Centre (PDMC) would first need to be obtained.

1.3 Budget and Treasury comments

This item has been perused by Budget and Treasury. Understanding the challenges experienced in the implementation of the MDRG projects, the only possible method for resolving the budgetary issues linked to the implementation of the projects funded from the R53.9 million MDRG allocation, is to re-allocate a portion of the approved (internally funded) projects to provide the required shortfall difference of around R8.5 million. These projects should not have any commitments linked to them, meaning that these “savings” should be considered permanent.

The NMBM Disaster Management Office has also written to the PDMC alerting them of the utilisation of savings identified within other projects that are originally funded from the MDRG of R53.9 million.

As previously stated, there is no Capital Budget allocation of any kind in the 2025/26 Financial Year for the MDRG Projects linked to the R53,999 million. The EM has been delegated in a Council meeting dated 18 June 2025 to deal with the MDRG issues.

Therefore, any unspent portion of the 2024/25 MDRG Conditional Grant needs to be determined, and a process be followed to apply for a roll-over of these unspent funds in the 2025/26 Financial Year. Once this approval is obtained, the Executive Mayor can then recommend to Council for the inclusion of these funds and associated projects into the 2025/26 Financial Year.

THE EXECUTIVE MAYOR RECOMMENDS:

- (a) That the Council, **by resolution taken by the majority of its full number**, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the amendment / reduction of the

following projects to cover the shortfall to be offset from the 2025/2026 NMBM Capital Budget Roads and Stormwater for the implementation of the MDRG projects: -

PROJECT ID NUMBER	PROJECT DESCRIPTION	BUDGET (2025/26)	REDUCED BY (VAT EXCL)	TO
20200055	Replacement Vehicles Fleet - Automotive Transport Pool	R 10 000 000	(R4 000 000/1.15) R 3 478 260	R6 521 740
20200056	Roads-New/Replacement Vehicle fleet	R 5 000 000	(R 4 510 500/1.15) R 3 921 740	R1 078 260
TOTAL		R15 000 000	(R 7 400 000)	R7 600 000

- (b) That based on the above the amended amount of **R7 400 000 (Vat Excl.)** be re-allocated to the various disaster projects to implement the MDRG projects as follows: -

PROJECT ID	PROJECT TITLE	2025/26 APPROVED BUDGET (EXCL VAT)	INCREASE BY (EXCL VAT)	FROM "R" (VAT EXCL)	TO "R"
20250064	Construction of new stormwater outlet headwalls, pipeline and drainage at Mavuso Road	R 0	R 3 921 740	R 0	R 3 921 740
20250069	Construction of new stormwater piping at Budaza Street	R 0	R 1 393 610	R 0	R 1 393 610
20250068	Upgrade & Restoration of Salt Lake - Seibrits Pond	R 0	R 2 084 650	R 0	R 2 084 650
TOTAL		R 0	R 7 400 000	R 0	R 7 400 000

- (c) That it be noted that Disaster Management Sub Directorate must develop separate correspondence to the Provincial Disaster Management Centre (PDMC) for the reprioritisation in terms of the budget savings to other projects identified with budget shortfall.
- (d) That an amount of R 2 988 313.61 will be allocated to the Upgrade & Restoration of Salt Lake - Seibrits Pond - 20250068 from the MDRG budget from savings identified on approved budgets via the budget reprioritisation process, with the approval from the Provincial Disaster Manager Centre (PDMC)
- (e) That the MDRG Capital Projects have not been incorporated in the 2025/26 Council approved budget, accordingly and amendment budget item will be authorised by the Executive Mayor in line with Council's delegation when approving the 2025/26 Budget (18 June 2025).

2. REQUEST FOR APPROVAL TO INCORPORATE THE RE-PRIORITISATION OF THE MDRG CAPITAL PROJECTS IN THE 2024/25 FINANCIAL YEAR AND THE ROLLOVER OF MDRG UNSPENT FUNDING FROM THE 2024/2025 FINANCIAL YEAR CAPITAL BUDGET TO THE 2025/2026 FINANCIAL YEAR CAPITAL BUDGET

The Executive Mayor on 11 July 2025 considered the following report:

2.1 Purpose

The purpose of the following item is to recommend to the Executive Mayor, for an authority to incorporate the reprioritisation of the 2024/25 MDRG Capital Projects and to approve a rollover of unspent funding on the Municipal Disaster Recovery Grant (MDRG – R53.9M) from the previous 2024/2025 Capital Budget financial year to the 2025/2026 Capital Budget to ensure budget availability towards the implementation of the Municipal Disaster Recovery Grant (MDRG) R53.9m.

The Provincial Disaster Management Centre (PDMC) has approved the extension of the 6 months Conditional Grant Framework up to end September 2025 (Annexure A). The implementation programme has commenced which will see the projects continued into the 2025/2026 financial year.

It is recommended that the unspent portion of the MDRG (Response) capital budget from the 2024/2025 Capital Budget year be rolled over to the 2025/2026 Capital Budget Framework.

2.2 Background

When approving the 2025/26 Budget Council dated 18th June 2025 inter-alia resolved as follows:-

- (n) That Council *delegates* the Executive Mayor to ensure that all projects linked to the **Municipal Disaster Relief / Recovery Grants** are incorporated into the 2025/26 budget, to cover work that will proceed in the coming financial year (2025/26), based on unspent portions of the MDRG to be determined during July / August 2025, from the 2024/25 financial year, to avoid any interruption towards project implementation.

The above resolution was taken by Council with the full understanding that there may be certain implementation hurdles that may create problems in the 2025/26 financial year, as the projects linked to the Disaster Grants were not part of the 2026-2028 Council approved 2025/26 budget. The Executive Mayor will then report her decisions to Council as they are implemented. The approved 2024/2025 MDRG project list as demonstrated in the table below (along with the re-allocated amounts based on the PDMC approval).

The re-prioritised project values still needs to be incorporated into the 2024/2025 Capital Budget.

Table 2: 2024/2025 MDRG Approved Budget

No.	Project name	Approved Allocated Budget	Proposed Allocated Budget
1	Repairs to collapsed & burst pipelines (Jones Street, Taylor Street) – Jubilee Hotel - Kariega	R 500 000,00	R 500 000,00
2	Repairs and restoration of Mavuso Road and stormwater drainage - New Brighton	R 10 000 000,00	R 6 555 683,96
3	Repairs and restoration of Moegesukkel Access Road including stormwater drainage - Kariega	R 7 099 000,00	R 10 966 980,16
4	Repairs and restoration of Salt Lake - Jacks Street including stormwater drainage	R 4 000 000,00	R 3 575 218,61
5	Repairs and restoration of Salt Lake Salt Lake - Seibrits Pond	R 2 500 000,00	R 1 230 895,03
6	Repairs and restoration of Budaza Street including stormwater drainage - New Brighton	R 4 000 000,00	R 4 114 018,28
7	Repairs and restoration of Jabavu Footbridge - Kariega	R 6 700 000,00	R 6 695 307,83
8	Repairs and restoration of Mngwanza Street including stormwater drainage - Kariega	R 4 200 000,00	R 6 163 053,44
9	Repairs and restoration of De Mist Canal and Fourie Street -Kariega	R 15 000 000,00	R 14 197 842,69
	Total Amount	R 53 999 000,00	R 53 999 000,00

The revised project list (Including Construction Work as well as Consulting Services) is demonstrated in the table below:

Table 3:: MDRG Approved re-prioritised budget

Area: Town, Village, etc.	REVISED BUDGET ALLOCATION	CONSULTING SERVICES BUDGET	CONSTRUCTION BUDGET
INFRASTRUCTURE & ENGINEERING		BUDGET	
Jobilee hotel -Collapsed & burst Pipelines (Jones Street, Taylor Street	R 500,000.00	R -	R 500,000.00
Mavuso Road - New Brighton	R 6,555,683.96	R 590,011.56	R5,965,672.40
De Mist canal -Fourie Street	R 14,197,842.69	R 1,277,805.84	R12,920,036.85
New Brighton - Budaza Street Stormwater Reconstruction	R 4,114,018.28	R 370,261.65	R3,743,756.63
Jabavu - Footbridge	R 6,695,307.83	R 602,577.70	R6,092,730.13
Salt Lake- Jacks Street,	R 3,575,218.61	R 321,769.67	R3,253,448.94
Salt Lake - Seibrits Pond	R 1,230,895.03	R 110,780.55	R1,120,114.48
Moegesukkel, Kariega Area,	R 10,966,980.16	R 987,028.21	R9,979,951.95
Kariega - Mngwanza Street	R 6,163,053.44	R 554,674.81	R5,608,378.63
Total	R53,999,000.00	R4,814,910.00	R49,184,090.00

There has been 0% expenditure to date against the MDRG projects for construction works due to various delays encountered on the implementation of the programme. Work has already commenced on the 2024/2025 related to PSP services rendered against the MDRG Capital Projects. We have received the following listed invoices for PSP services payable in the 2024/2025 financial year.

Table 4: 2024/2025 MDRG PSP Invoices

NELSON MANDELA BAY MUNICIPALITY				
INVOICES RECEIVED (MBSA)				
Date	Service Provider	Inv (Excl. VAT	15% VAT	Inv (Incl. VAT)
23/April/2025	MBSA Consulting	R365,876.40	R54,881.46	R420,757.86
23/April/2025	MBSA Consulting	R141,296.40	R21,194.46	R162,490.86
24/April/2025	MBSA Consulting	R130,700.00	R19,605.00	R150,305.00
24/April/2025	MBSA Consulting	R124,800.00	R18,720.00	R143,520.00
24/April/2025	MBSA Consulting	R120,276.40	R18,041.46	R138,317.86
24/April/2025	MBSA Consulting	R260,600.00	R39,090.00	R299,690.00
24/April/2025	MBSA Consulting	R187,476.40	R28,121.46	R215,597.86
24/April/2025	MBSA Consulting	R125,326.40	R18,798.96	R144,125.36
TOTAL EXPENDITURE AS OF 30 JUNE 2025		R1,456,352.00	R218,452.80	R1,674,804.80
TOTAL DISASTER BUDGET		R46,955,652.17		R53,999,000.00
UNSPENT 2024/2025 BALANCE TO BE CONSIDERED FOR ROLLOVER TO 2025/2026		R45,499,300.17		R52,324,195.20

The total unspent budget to be carried over to the 2025/2026 is R 52 324 195.20 (inc Vat) from the 2024/2025 Capital Budget.

2.3 Budget and Treasury comments

The Directorate has perused the item and in agreement that in order for the projects (i.e. MDRG) to be brought into the 2025/26 financial year, the delegations to the Executive Mayor, as approved by Council dated 18 June 2025, will have to be applied.

The approval by the Executive Mayor will be reported to Council within 60 days of approval of this item. We must state though that due to the urgency of this matter, and the fact that we are dealing with an outcome of a disaster, grant already allocated & transferred to the NMBM for spending, this **must** be undertaken on an urgency basis.

As we are aware the Rollover applications have their process which commences when the annual financial statements are concluded on or before end August of each year, however, in this case the luxury of time does not exist as there will be no ability / authority to settle any invoices when there exists no budget in a Council approved budget for the 2025/26 financial year.

Council **must** also understand that all Capital spending against the MDRG must be concluded on or before end September 2025, as no authority exists beyond this time, which may lead to the loss of funds required for this purpose.

It is also important to note that the amounts to be rolled over are based on what the Directorate has confirmed, as at 30th June 2025, as there may be no opportunity to address any other invoices affecting the previous financial year (2024/25), if there is anything missed.

THE EXECUTIVE MAYOR RECOMMENDS:

- (a) That the Council, **by resolution taken by the majority of its full number**, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the reprioritisation of the MDRG Capital Projects into the 2024/2025 Capital Budget. Refer to table below. (Note all values are Vat inclusive):-

Project ID	Project Title	2024/25 Council Approved Budget Incl VAT	Proposed re-distribution 2024/25 (As per PDMC Approval)
20250064	MDRG - Construction of new stormwater outlet headwalls, pipeline and drainage at Mavuso Road	10,000,000	6,555,684
20250065	MDRG - Reconstruction of Moegesukkel Access Road	5,679,200	2,193,396
20250066	MDRG - Reconstruction of Salt Lake - Jacks Street (Stormwater Channel 500m X 450mm)	3,200,000	2,860,175
20250067	MDRG - Reconstruction of Salt Lake - Jacks Street (Roadworks 400m X 6m)	800,000	715,044
20250068	MDRG - Upgrade & Restoration of Salt Lake - Siebritz Pond	2,500,000	1,230,895
20250069	MDRG - Construction of new stormwater piping at Budaza Street	4,000,000	4,114,018
20250070	MDRG - Reconstruction of Jabavu Footbridge in Kariega	6,700,000	6,695,308
20250071	MDRG - Reconstruction of Mngwanza Street in Kariega	4,200,000	6,163,053
20250072	MDRG - Reconstruction of De Mist Canal in Kariega	12,000,000	11,358,274
20250073	MDRG - Reconstruction of Fourie Street in Kariega	3,000,000	2,839,569
20250074	MDRG - Reconstruction of Stormwater Drainage System at Moegesukkel Access Road	1,419,800	8,773,584
20250083	MDRG: Replacement of Collapsed/ Burst Pipelines (Jones & Taylor Street - Kariega CBD)	500,000	500,000
		53,999,000	53,999,000

- (b) That the approval of the unspent MDRG Capital Budget 2024/2025 to be rolled over to the 2025/2026 Capital Budget. Refer to table below. (Note all values are vat inclusive):-

**Report by Executive Mayor to
Metropolitan Council
24 July 2025 (Special)**

Project ID	Project Title	Proposed re-distribution 2024/25 (As per PDMC Approval)	Invoices for PSP Services Rendered 2024/25	Capital Budget remaining as at 30 June 2025
20250064	MDRG - Construction of new stormwater outlet headwalls, pipeline and drainage at Mavuso Road	6,555,684	299,690.00	6,255,994
20250065	MDRG - Reconstruction of Moegesukkel Access Road	2,193,396		2,193,396
20250066	MDRG - Reconstruction of Salt Lake - Jacks Street (Stormwater Channel 500m X 450mm)	2,860,175	143,520.00	2,716,655
20250067	MDRG - Reconstruction of Salt Lake - Jacks Street (Roadworks 400m X 6m)	715,044		715,044
20250068	MDRG - Upgrade & Restoration of Salt Lake - Siebritz Pond	1,230,895	138,317.86	1,092,577
20250069	MDRG - Construction of new stormwater piping at Budaza Street	4,114,018	150,305.00	3,963,713
20250070	MDRG - Reconstruction of Jabavu Footbridge in Kariega	6,695,308	162,490.86	6,532,817
20250071	MDRG - Reconstruction of Mngwanza Street in Kariega	6,163,053	144,125.36	6,018,928
20250072	MDRG - Reconstruction of De Mist Canal in Kariega	11,358,274	420,757.86	10,937,516
20250073	MDRG - Reconstruction of Fourie Street in Kariega	2,839,569		2,839,569
20250074	MDRG - Reconstruction of Stormwater Drainage System at Moegesukkel Access Road	8,773,584	215,597.86	8,557,986
20250083	MDRG: Replacement of Collapsed/ Burst Pipelines (Jones & Taylor Street - Kariega CBD)	500,000		500,000
		53,999,000	1,674,804.80	52,324,195

- (c) That the Executive Mayor to report to the next Council meeting within the next 60 days of approval of the roll over (Reference is made to Council Resolution);-
- (n) That Council **delegates** the Executive Mayor to ensure that all projects linked to the **Municipal Disaster Relief / Recovery Grants** are incorporated into the 2025/26 budget, to cover work that will proceed in the coming financial year (2025/26), based on unspent portions of the MDRG to be determined during July / August 2025, from the 2024/25 financial year, to avoid any interruption towards project implementation.

3. NELSON MANDELA BAY STADIUM (NMB STADIUM)

3.1 Purpose

The purpose of the item is to inform Council of the Court Order issued under case number 2865/2025 resulting in the management of the stadium being returned to the Nelson Mandela Bay Municipality.

3.2 Background and context

- 3.2.1 The initial management contract of the NMB Stadium by the MBDA came to an end in December 2019, whereafter it was extended by Council on a month-to-month basis.
- 3.2.2 Council thereafter resolved that the MBDA will manage the stadium for period of one year commencing 1 June 2022 to 30 June 2023.
- 3.2.3 No council resolution was obtained subsequent to 30 June 2023 for the continued management of the stadium by the MBDA and the former Executive Mayor on 30 June 2023 extended the management thereof by the MBDA on a month-to-month basis.
- 3.2.4 At a previous Council meeting in 2025 the staff at the NMB Stadium informed Council of the instability in their livelihoods that the NMBM is creating by the month-to-month arrangement with the MBDA.
- 3.2.5 The plight of the staff at the NMB Stadium was of a serious concern and raised further risks associated with the month-to-month management of the NMB Stadium by the MBDA.

3.2.6 Taking into consideration:

- The instability that was created of a month-to-month arrangement; and
- That this month-to-month arrangement was operationalised via a memorandum from the former Executive Mayor.

A letter dated 4 June 2025 was addressed by the Executive Mayor to the MBDA Board for the return of the NMB Stadium to the Nelson Mandela Bay Municipality. **The sole purpose of this correspondence was to bring about stability in the management of the NMB Stadium and its operations.**

3.2.7 Upon receipt of the correspondence by the MBDA Board a court application was launched by MBDA, however, to ensure that this matter was resolved in an amicable manner, a settlement was reached between the Parent Municipality and its Entity and made an order of court. A copy of the court order is attached as **Annexure "A"**.

3.2.8 As a court order is a formal, written decision issued by a Court that legally directs parties to take specific actions or refrain from certain actions and defines the legal relationships between the parties involved in a court case and it is binding it does not require the approval of Council.

THE EXECUTIVE MAYOR RECOMMENDS:

That the Council notes the Court Order attached as **Annexure "A"** hereto.

4. APPROVAL OF METRO TRADING SERVICES STRATEGIES

4.1 Purpose

The purpose of the item is to request Council to approve the:

- a) Water and Sanitation Strategy
- b) Electricity and Energy Strategy
- c) Solid Waste Management Strategy
- d) Water and Sanitation B&IP
- e) Electricity and Energy B&IP
- f) Solid Waste Management B&IP
- g) Institutional Roadmap for the creation of Business Units:
 - Water and Sanitation Institutional Road Map
 - Electricity and Energy Institutional Road Map
 - Solid Waste Management Institutional Road Map

4.2 Background

National Treasury introduced the Metro Trading Reform for Electricity, Water and Sanitation, as well as Solid Waste Management as a way addressing not only operational inefficiencies but also structural impediments to the performance of trading services. In order to develop the strategies, Metros are required to:

- Conduct a self-assessment of the long-term service delivery and financial performance of the Trading Services;
- Prepare a Turnaround Strategy; an Institutional and Governance Reform Road Map, as well as Business and Investment plans for Water and Sanitation, Electricity and energy as well as Solid Waste Management services, based on the results of their self-assessment.
- Ensures compliance to DoRA, in terms of allocating a minimum of 56% of the USDG grant to Water and Sanitation, Electricity and Energy as well as Solid Waste Management services capital infrastructure projects aligned to metro approved investment plans.

Guidance Notes were issued to assist Municipalities in developing the required documents:

- **Guidance Note 1** - Preparations for the introduction of Trading Services commencing in 2024/25 with Water and Sanitation (Issued in April 2024).
- **Guidance Note 2** – Assessment Criteria, Process and Timeframes (issued August 2024).
- **Guidance Note 3** – Institutional Arrangements for Reforming Metro Trading Services (issued Sept 2024).
- **Guidance Note 4** – Formalisation of metro commitments in Annexure 3: Performance Improvement Action Plan (A3:PIAP) (issued Dec 2024).

Qualifying Criteria

	Metro Trading Trading Service	Water & Sanitation	Electricity & Energy	Solid Waste Management
A	Trading Sector Reform Strategy (TSRS) (main doc): <ul style="list-style-type: none"> • W&S TSR Strategy • E&E TSR Strategy • SWM TSR Strategy 	31 July 2024	31 Oct 2024	31 July 2025
A1	Annexure A1: TSR Institutional Road Map: <ul style="list-style-type: none"> • W&S TSR IRM • E&E TSR IRM • SWM TSR IRM 	30 Sept 2024	31 Oct 2024	31 July 2025
A2	Annexure A2: TSR Business & Investment Plans (B&IPs): <ul style="list-style-type: none"> • W&S TSR B&IP • E&E TSR B&IP • SWM TSR B&IP 	30 Sept 2024	31 Oct 2024	31 July 2025
A3	Annexure A3: TSR Performance Improvement Action Plan: <ul style="list-style-type: none"> • W&S TSR PIP • E&E TSR PIP • SWM TSR PIP 	Template available November 2024 <ul style="list-style-type: none"> • Metros develop drafts for MYBR in Jan/Feb 2025. • Final drafts at benchmarking in April/May 2025. • Council approval of final documents (A, A1, A2 and A3). 		<ul style="list-style-type: none"> • Drafts mid-year Jan 2026 • Final drafts benchmarking April 2026. • Council approval (A, A1, A2 and A3).

4.3 Problem statement

The following challenges were identified.

4.3.1 Water and sanitation

- Drought Vulnerability
- High Water Demand and Consumption

- Non-Revenue Water (NRW) and Water Losses
- Trust Deficit with Customers
- Infrastructure Backlog and Failures
- Financial Sustainability Challenges
- Dependence on Grant Funding
- Staffing Challenge

The Strategy seeks to create an institutional arrangement that supports to deliver quality sustainable services, supporting development and growth to address the fundamentals of a business to deliver services through:

- Organisational structure that is adequately staffed to meet the customer needs.
- Provide the correct tools of trade ranging from ICT, plant (incl. vehicles), equipment, physical safe working environments, etc. for staff to perform their duties optimally.
- Funding model unique for water and sanitation trading services to support its operations while also catering for its maintenance and future developments

4.3.2 Solid Waste Management

The Solid Waste Management faces a range of significant challenges that hinder its ability to deliver effective and efficient services. These include:

- inadequate funding,
- limited investment in infrastructure and maintenance,
- Vandalism and theft of this service's infrastructure has been rampant over the past few years

Proposed interventions for Solid Waste Management

- Enhancement of complaints
- Enhancement of Education and Awareness

4.3.3 Electricity and energy

The Electricity & Energy Directorate faces challenges such as:

- lack of investment in infrastructure,
- alleged corruption, and governance issues leading to distrust among employees.
- Difficulty in filling permanent positions and inefficient shared services which contribute to instability, impacting service delivery and public trust in the electricity business.

The following actions have been identified as critical to improve the trading services ability to generate and collect revenue:

- Full transparency in all aspects of the trading service's financial operations to build and retain trust amongst all key stakeholders.
- Determination and implementation of appropriate tariffs emanating from a comprehensive Cost-of-Supply study, ensuring that tariffs charged are fair and equitable, with a reasonable profit margin provided for.
- Develop a comprehensive Revenue Enhancement Strategy that will be anchored in the philosophy of housing electricity business under a single point of accountability.

- Establish a fully-fledged Billing and Accounts division to enhance the current remote metering division to accommodate all electricity account and billing aspects.
- Permanent Staff vacancies needs to be filled and additional artisans need to be employed in metering to deal comprehensively with all electricity metering and meter processing matters.

The creation of a division responsible for procurement and sourcing of all electricity related contracts; this division should be centred around transparency, efficiency, and cost-effectiveness.

4.4 Conclusion

Weekly meetings convened from 10 April 2025 with National Treasury to assist the Metro in meeting the qualifying criteria for the Metro Trading as well as identifying areas of improvement in the Trading Service Strategies. Internal meetings with internal partners of the Trading Service i.e Corporate Services as well as the Budget and Treasury officials were convened in the development of the Strategy documents as well as institutional Roadmap.

A presentation in respect of the Metro Trading Services is attached hereto as **Annexure “B”**

THE EXECUTIVE MAYOR RECOMMENDS:

That the Council approves the following Metro Trading Services strategies:

- (a) Water and Sanitation Strategy
- (b) Electricity and Energy Strategy
- (c) Solid Waste Management Strategy
- (d) Water and Sanitation B&IP
- (e) Electricity and Energy B&IP
- (f) Solid Waste Management B&IP
- (g) Institutional Roadmap for the creation of Business Units:
 - Water and Sanitation Institutional Road Map
 - Electricity and Energy Institutional Road Map
 - Solid Waste Management Institutional Road Map

EXECUTIVE MAYOR

REPORT BY ACTING CITY MANAGER

REPORT BY ACTING CITY MANAGER

INDEX : 24 JULY 2025

Item	Subject	Page
1.	MEMORANDUM OF AGREEMENT WITH THE EASTERN CAPE DEVELOPMENT CORPORATION	1
2.	COLLABORATIVE FUNDING AGREEMENT WITH THE AUTOMOTIVE INDUSTRY DEVELOPMENT CENTRE EASTERN CAPE	3
3.	MOTION IN TERMS OF RULE 28 – COUNCILLOR G RAUTENBACH – MATTER OF PUBLIC IMPORTANCE: NON-OPERATIONAL CALL CENTRE	5

REPORT BY ACTING CITY MANAGER

(Special meeting : 24 July 2025)

1. MEMORANDUM OF AGREEMENT WITH THE EASTERN CAPE DEVELOPMENT CORPORATION

1.1 Purpose

The purpose of the item is to remove and rescind resolution “(e)” – “That payment be made in line with Section 67 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003” – as per Item 19 of the minutes of Council of the meeting held on 12 December 2024 at which Council

1.2 Background

The Nelson Mandela Bay Municipality (NMBM) and the Eastern Cape Development Corporation (ECDC) have entered into agreements in the past which have proven to be successful and enabled development in the metropolis. Furthermore, in terms of Section 2.3.1 of Council’s Investment Incentive Policy, it is recommended that NMBM develop formal partnerships with other economic development and investment facilitation institutions in Nelson Mandela Bay inclusive of the ECDC.

On 12 December 2024, Council resolved as follows in respect of a proposed agreement with the ECDC:

- (a) That Min. No. 11/2024 of the Minutes of the Economic Development Tourism and Agriculture Committee meeting held on 5 March 2024, be rescinded.
- (b) That the Nelson Mandela Bay Municipality (NMBM) enters into a Memorandum of Understanding (MOU) with the Eastern Cape Development Corporation (ECDC) in support of the work undertaken by the Economic Development, Tourism and Agriculture Directorate (EDTA) for a period of 3 years commencing from the date of Council approval to June 2027.
- (c) That an amount of R5.5 million be transferred to the Eastern Cape Development Corporation (ECDC) to cover all related projects.
- (d) That the Eastern Cape Development Corporation (ECDC), provide for an equal contribution of R5.5 million towards implementation and that the contributions be clearly stated in the SLA.
- (e) That payment be made in line with Section 67 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003.

Subsequent to the Council resolution of 12 December 2024, during the preparation of the draft agreement by Legal Services and the municipality’s instructed attorneys, it was identified that the injunction of section 67 of the Local Government: Municipal Finance Management Act (‘MFMA’) in the Council resolution was unfortunately, incorrectly, and inappropriately referenced as this section of the Act pertains to the transferring of “funds of the municipality to an organisation or body outside any sphere of government”.

1.3 Discussion

The Eastern Cape Development Corporation is a state-owned entity of government established in terms of the Eastern Cape Development Corporation Act, Act No. 2 of 1997, whereas section 67 of the MFMA refers to transfers of municipal funds to non-governmental organisations and bodies. The inclusion of reference to section 67 of the MFMA in the item’s recommendations to Council

emanated from the Budget and Treasury comment and recommendation “(f)” of Item 3 in the preceding agenda submitted to Economic Development, Tourism and Agriculture Committee at its meeting of 17 October 2024 as well as in the prior recommendation “(c)” of Item 11 in the agenda submitted to Economic Development, Tourism and Agriculture Committee for its meeting of 5 March 2024.

Notwithstanding the above, and upon the written advice of the Acting Chief Financial Officer, the incorrect and inapplicable reference to section 67 of the MFMA necessitates the rescission of resolution “(e)” above and the submission of a properly formulated item to Council.

IT IS RECOMMENDED:

- (a) That resolution “(e)” of Item 19 of the minutes of Council from its meeting held on 12 December 2024, be rescinded.
- (b) That the balance of Item 19 of the minutes of Council from its meeting held on 12 December 2024 remain as a properly formulated and constituted resolution of Council which was adopted on that date, i.e.:
 - (a) That Min. No. 11/2024 of the Minutes of the Economic Development Tourism and Agriculture Committee meeting held on 5 March 2024, be rescinded.
 - (b) That the Nelson Mandela Bay Municipality (NMBM) enters into a Memorandum of Understanding (MOU) with the Eastern Cape Development Corporation (ECDC) in support of the work undertaken by the Economic Development, Tourism and Agriculture Directorate (EDTA) for a period of 3 years commencing from the date of Council approval to June 2027.
 - (c) That an amount of R5.5 million be transferred to the Eastern Cape Development Corporation (ECDC) to cover all related projects.
 - (d) That the Eastern Cape Development Corporation (ECDC), provide for an equal contribution of R5.5 million towards implementation and that the contributions be clearly stated in the SLA.
- (c) That recommendation “(e)” on Min. No. 44/2024 the minutes of the Economic Development, Tourism and Agriculture Committee from its meeting held on 17 October 2024, be rescinded.
- (d) That the balance of Min. No. 44/2024 of the minutes of the Economic Development, Tourism and Agriculture Committee from its meeting held on 17 October 2024 remain as a properly formulated and constituted recommendation:
 - (a) That Min. No. 11/2024 of the Minutes of the Economic Development Tourism and Agriculture Committee meeting held on 5 March 2024, be rescinded.
 - (b) That the Nelson Mandela Bay Municipality (NMBM) enters into a Memorandum of Understanding (MOU) with the Eastern Cape Development Corporation (ECDC) in support of the work undertaken by the Economic Development, Tourism and Agriculture Directorate (EDTA) for a period of 3 years commencing from the date of Council approval to June 2027.
 - (c) That an amount of R5.5 million be transferred to the Eastern Cape Development Corporation (ECDC) to cover all related projects.

- (d) That the Eastern Cape Development Corporation (ECDC), provide for an equal contribution of R5.5 million towards implementation and that the contributions be clearly stated in the SLA.

2. COLLABORATIVE FUNDING AGREEMENT WITH THE AUTOMOTIVE INDUSTRY DEVELOPMENT CENTRE EASTERN CAPE

Purpose

To remove and rescind resolution “(g)” – “That payment be made in line with Section 67 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003” – on Item 22 of the minutes of Council from its meeting held on 12 December 2024 at which Council adopted this item by general consensus.

To amend resolution “(a)” – “That the appointment of Automotive Industry Development Centre (AIDC) to implement the Nelson Mandela Bay Municipality (NMBM) Automotive Township Development Programme, be approved”. - on Item 22 of the minutes of Council from its meeting held on 12 December 2024 at which Council adopted this item by general consensus.

To amend resolution “(e)” – “That an amount of R1,8 million budget be allocated and used for the implementation of the Collaborative Funding Agreement between NMBM and AIDCEC” – on Item 22 of the minutes of Council from its meeting held on 12 December 2024 at which Council adopted this item by general consensus.

To amend resolution “(f)” – “That the partnership be approved contingent upon an amount of R1 800 000 from AIDC was used to match the Municipality’s contribution and that the contributions be included in the Service Level Agreement”. - on Item 22 of the minutes of Council from its meeting held on 12 December 2024 at which Council adopted this item by general consensus.

Background

The Nelson Mandela Bay Municipality (NMBM) through its Economic Development, Tourism and Agriculture (EDTA) directorate intends to enter into a partnership with Automotive Industry Development Centre- Eastern Cape (AIDCEC), for the purposes of collaborating in implementing the objectives and functions of Enterprise development within the metro. It is through this partnership that NMBM will be able to develop and sign a collaborative funding agreement with AIDCEC in the form of an MOA to fully implement amongst other, the Council resolution of the 07 December 2022 effectively.

On 12 December 2024, Council resolved by consensus at its 12 December 2024 meeting (postponed from 5 December 2024) as follows in respect of a proposed agreement with the AIDCEC:

- (a) *That the appointment of Automotive Industry Development Centre (AIDC) to implement the Nelson Mandela Bay Municipality (NMBM) Automotive Township Development Programme, be approved.*
- (b) *That the Municipality enters into a Memorandum of Agreement (MOA) with AIDC EC.*

- (c) That the implementation of the Automotive Township Development programme in partnership with AIDC EC, for a period of 36 months in order to ensure that the project is completed (in line with the Council's resolution of the 07th of December 2022), be approved.*
- (d) That a Collaborative Funding Agreement between NMBM and AIDC EC for the implementation of phase two of the programme, be signed.*
- (e) That an amount of R1,8 mil budget be allocated and used for the implementation of the Collaborative Funding Agreement between NMBM and AIDC EC.*
- (f) That the partnership be approved contingent upon an amount of R1 800 000 from AIDC was used to match the NMBM's contribution and that the contributions be included in the SLA.*
- (g) That payment be made in line with Section 67 of the Municipal Finance Management Act, Act No. 56, 2003.*

Subsequent to the Council resolution of 12 December 2024, during the preparation of the draft agreement by Legal Services and the municipality's instructed attorneys, it was identified that,

- i. the injunction of section 67 of the Local Government: Municipal Finance Management Act ('MFMA') in the Council resolution was unfortunately, incorrectly, and inappropriately referenced as this section of the Act pertains to the transferring of "funds of the municipality to an organisation or body outside any sphere of government".
- ii. the Resolution in its current form interchangeably refers to two separate entities "(AIDC and AIDCEC)". This is as a result of a typo that was unfortunately omitted on Resolution "(a)" and "(f)" of item 22.
- iii. the Resolution in its current form approved that an amount of R1,8 million budget be allocated and used for implementation of the Collaborative Funding Agreement between NMBM and AIDCEC for a period of 36 months, contrary to the Standing Committee approval of an amount of R1,8 million per annum. This is also as a result of erroneous capturing of resolution "(e)".

Discussion

Observably, the Automotive Industry Development Centre Eastern Cape (AIDC-EC) is an entity of the ECDC a state-owned entity of government established in terms of the Eastern Cape Development Corporation Act, Act No. 2 of 1997, whereas section 67 of the MFMA refers to transfers of municipal funds to non-governmental organisations and bodies. The inclusion of reference to section 67 of the MFMA in the item's recommendations to Council emanated from the Budget and Treasury Commentary and recommendation "(g)" of Item 6 in the preceding agenda submitted to Economic Development, Tourism and Agriculture Committee at its meeting of 17 October 2024.

Notwithstanding the above, and upon the written advice of the Acting Chief Financial Officer, and Legal Services and the municipality's instructed attorneys the incorrect and inapplicable reference to section 67 of the MFMA necessitates the rescission of resolution "(g)" above, amendment of Resolutions "(a)", "(e)" and "(f)" and the submission of a properly formulated item to Council.

IT IS RECOMMENDED:

- a. That resolution “(g)” of Item 22 of the minutes of Council from its meeting held on 12 December 2024, be rescinded.
(g) That payment be made in line with Section 67 of the Municipal Finance Management Act, Act No. 56, 2003.
- b. That resolutions “(a)”, “(e)”, “(f)” of the same item 22 of the minutes of Council from its meeting held on 12 December 2024 be amended.
 - (a) That the appointment of Automotive Industry Development Centre Eastern Cape (AIDCEC) to implement the Nelson Mandela Bay Municipality (NMBM) Automotive Township Development Programme, be approved.*
 - (e) That an amount of R1,8 mil budget per annum be allocated and used for the implementation of the Collaborative Funding Agreement between NMBM and AIDC EC.*
 - (f) That the partnership be approved contingent upon an amount of R1 800 000 from AIDCEC was used to match the NMBM’s contribution and that the contributions be included in the SLA.*
- c. That the balance of Item 22 of the minutes of Council from its meeting held on 12 December 2024 remain as a properly formulated and constituted resolution of Council which was adopted on that date, i.e.:
 - (b) That the Municipality enters into a Memorandum of Agreement (MOA) with AIDC EC.*
 - (c) That the implementation of the Automotive Township Development programme in partnership with AIDCEC, for a period of 36 months in order to ensure that the project is completed (in line with the Council’s resolution of the 07th of December 2022), be approved.*
 - (d) That a Collaborative Funding Agreement between NMBM and AIDC EC for the implementation of phase two of the programme, be signed.*

3. MOTION IN TERMS OF RULE 28 – COUNCILLOR G RAUTENBACH – MATTER OF PUBLIC IMPORTANCE: NON-OPERATIONAL CALL CENTRE

A copy of a Notice of Motion in terms of Rule 28/Matter of Public Importance was received from Councillor G Rautenbach, a copy of which is attached hereto as **Annexure “A”**.

Councillor Rautenbach moves:

- “(a) That Water & Sanitation and Electricity & Energy Directorates be stationed at the same combined Call Centre.
- (b) That the operational hours of the call centre revert back to its original hours (24/7)
- (c) That the 0800 20 50 50 be the main number to report issues to obtain a reference number and the matters be escalated, especially to the afterhours standby crew/s for immediate attention and action”.

D M PILLAY
ACTING CITY MANAGER

22 July 2025