



COUNCIL

SUPPLEMENTARY AGENDA

For the meeting of the eThekweni Municipal Council scheduled for **Tuesday, 2023-10-31T10:00** at **Inkosi Albert Luthuli International Convention Centre, 45 Bram Fischer Road, Durban.**

COUNCILLOR TE NYAWOSE
SPEAKER OF THE COUNCIL

Date of issue: 2023-10-30

(8) DECLARATION OF INTEREST

(12) REPORTS:

	<u>PAGE</u>
Executive Committee (Second Report)	: (2023-10-30) 3

SECOND REPORT OF THE EXECUTIVE COMMITTEE
(Meeting held 2023-10-30)

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. REPORT OF THE ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE: MEETING HELD 2023-10-26

(Page R1)

1.1 Relocation of Royal AM Football Club from Durban to Pietermaritzburg and Resultant Termination of Partnership Contract (20/1/4/3):
(Page 14: Economic Development and Planning Committee - Agenda 2023-10-26)

The eThekweni Municipality through Durban Tourism had a three-year destination promotion leveraging partnership with the Royal AM Football Club. It should be noted that the Royal AM FC notified Durban Tourism through a letter dated 2023-07-19 that they have received an offer for the Royal AM FC to relocate to Pietermaritzburg and utilize the UMsunduzi Municipality's Harry Gwala Stadium as their home venue. Due to this relocation, the City will no longer be able to continue achieving its initial objectives of this partnership.

It will be recalled that the key focus in partnering with the Royal AM Football Club and other sporting brands is to leverage and promote the Durban Brand and destination promotion for local economic development, which is in line with the IDP Plan 2 objective of growing the economy and creating jobs. Partnership and destination brand leveraging key specific objective of leveraging in sporting teams and their brands is to promote destination Durban as a world class tourism destination while they play the role of Durban Brand Ambassadors.

The City of eThekweni for the past two years has managed to yield leveraging from the partnership with the Royal AM FC, though destination branding logo placements on the team sleeve, wide range of on the field branding and team players and management destination promotion activations. The financial year 2023/2024 was going to be the last year of the partnership between the City and the Royal AM Football Club. With the current situation of the Royal AM Football Club playing their home games in Pietermaritzburg, the City will not be able to leverage from the team as the focus is on another competing City.

During discussion, the Committee questioned the implications of submitting this matter approximately three months later, with the notice having been received in July 2023, also the legal implications given the contractual obligations held. In response thereof, it was advised that the contract termination process could only be commenced upon the formalization of the Club's contract with the UMsunduzi Municipality.

That the processing of this matter including this submission to the Council is based on the legal opinion given by the Legal & Compliance Unit, and that the obligations of the Partnership Agreement regarding cancellations will be invoked as well.

In view of the foregoing, the contract termination submitted was supported by the majority of the Executive Committee members, and with the EFF recoding its abstention to take the matter to its Political Caucus.

Accordingly,

COMMITTEE RECOMMENDS:

- 1.1.1 That Council notes the decision by the Royal AM Football Club to relocate from Durban to the UMsunduzi Municipality's Harry Gwala Stadium as their home venue.
- 1.1.2 That Council notes the legal opinion given and advising that for the Economic Development and Planning Cluster to effect termination proposed by the Royal AM FC the Council decision is required, hence the submission of this recommendation to the Council.
- 1.1.3 That subject to .1 and .2 above, Council approves termination of the destination promotion leveraging partnership agreement between the eThekweni Municipality and the Royal AM FC as guided by the legal opinion and the contract obligations, it being noted that the line department keep a record of achievement of partnership deliverables during the year preceding termination.
- 1.1.4 That Council notes that the termination referred to in .3 above relates to the last year of the agreement i.e. 2023/2024 financial year and this to result in savings in the amount of R3 500 000.00 (Three Million Five Hundred Thousand Rand) and with the intention to channel this amount to other sporting partnerships to help Durban leveraging.

Financial Implications:

The total financial savings from this termination will be R3 500 000.00 (Three Million and Five Hundred Thousand Rand) excl. VAT which was going to be paid in this financial year. This will be channelled to other sporting partnerships to help Durban leverage.

- 1.2 Request for Authority to Provide 3-Year Financial Support to the Durban Film Office for Industry Development Programmes (20/2/3:
(Page 4: Economic Development and Planning Committee - Agenda 2023-10-26)

Authority is sought to approve and support the Durban Film Office for the Industry Development Programmes in the 2023/2024, 2024/2025 and 2025/2026 financial years. The programmes involved include Micro Budget Film Fund; Development Fund and Festivals & Markets Travel Support Programme.

The Durban Film Office (DFO) is the television and film-industry development arm of the eThekweni Municipality, mandated to position Durban as a world-class film and television production destination, and a facilitator for the development of the local film industry. The DFO has three (03) main development programmes targeting filmmakers at different levels in the industry, namely:

- **Development Fund:**
Supports intermediate to experienced producers based in eThekweni who need to develop features fiction or documentary projects or the local and/or international markets.
- **Micro Budget Film Fund:**
Supports local emerging filmmakers and encourages the production of local content and storytelling to stimulate the local film industry.
- **Festivals and Markets Travel Support programme:**
To provide support for attendance in festivals and markets, exposing local filmmakers to international audience.

The objective of providing this support is the creation of a viable and economically sustainable film and television sector in the City, where eThekweni filmmakers are renowned for creating high-quality content, for local and international audience and for Durban to be recognised as a preferred destination for feature films and commercial media production. Through the Municipality's Film Grant In-Aid Fund for Industry Development Programmes, there has been an increase in the number of new entrants of aspiring filmmakers from the historically disadvantaged communities.

The overall economic impact of the Film Industry Development Programmes from 2014-2024 can be summarized as follows:

- **Funding and Skills Development Initiatives:**
The Durban Film Office has supported over 41 emerging film production companies with project funding and skills development initiatives since the commencement of this programme.
- **Job Creation:**
Each film production creates an average of 40 – 60 job opportunities during production and postproduction of a film.
- **Film Service Companies (Indirect Job Creation):**
Each production employs several indirect services such as equipment hire, hair and make-up, vehicle hire, location hire, catering etc.
- **Destination Marketing / Film Tourism:**
Film Productions promote eThekweni Municipality by using local locations such as the beaches, parks, markets, hidden gems located in the rural and township areas and showcasing unique architects and topography that can also be used as double locations. This has contributed to the growth of the tourism sector.

The Micro-budget Film Programme offers R250 000.00 (Two Hundred and Fifty Thousand Rand) for production of a feature length film and specifically targets fiction feature projects. It will run for a period of twelve (12) months with the aim of producing three (03) micro budget films per year.

The reasons for increased production costs are due to relative increases associated with equipment hire; inflation rates & fuel costs; increased use of artificial intelligence; special effects & stunts; location tariffs; e.g., beaches; parks; intellectual property protection & registration; film classification & ratings; post-production costs; marketing & distribution and music rights/scoring.

The recommendations to support the Durban Film Office was supported by the majority of the Members, and with the EFF and IFP recording their abstentions for their Caucus processes.

Having noted the foregoing,

COMMITTEE RECOMMENDS:

- 1.2.1 That authority be granted for the Head (Economic Development) to continue supporting the Durban Film Office Development Programme, namely, Micro Budget Film Fund; Development Fund; and Festivals & Markets Travel Support Programme.
- 1.2.2 That subject to te approval of .1 above, Council approves the allocation of funding as per the categories outlines below:
 - i) an amount of R350 000.00 (Three Hundred and Fifty Thousand Rand) be approved under the Micro Budget Film Fund and with this same amount to be allocated per project in the three (03) financial years starting from the 2023/2024 to 2025/2026, it being recorded that three (03) projects will be accommodated under this programme.
 - ii) an amount of R250 000.00 (Two Hundred and Fifty Thousand Rand) be approved under the Development Fund and with this same amount to be allocated per project in the three (03) financial years starting from the 2023/2024 to 2025/2026, it being recorded that 02 projects will be accommodated under this programme.
 - iii) an amount of R200 000.00 (Two Hundred Thousand Rand) be approved under the Festival and Market Travel Support Programme and with this same amount to be allocated per project in the three (03) financial years starting from the 2023/2024 to 2025/2026.
- 1.2.3 That subject to approval of .1-.4 to . above, authority be granted for the City Manager to conclude the necessary contractual agreements with the successful applicants under the Durban Film Office Industry Development Programmes as per the categories outlined.
- 1.2.4 That subject to the approval of .1 to .3 above, authority be granted for the Head (Economic Development) to disburse funding in accordance with the approved contractual agreements.

Development Programmes: Micro Budget Film Fund Development Fund Programme and Festival and Market Support. Vote No:

Business Unit	Item	Fund	Costing	Project	Region	Expenditure proposed	Financial Year(s)
26106	25030.17	12120	0000	63330	0010	R1 750 000.00	2023/24
26106	25030.17	12120	0000	63330	0010	R1 750 000.00	2024/25
26106	25030.17	12120	0000	63330	0010	R1 750 000.00	2025/26

FC No.: 2024/18/20

1.3

Request to Authorize 03-Year Destination Promotion Leveraging Sports Partnership and Sponsorship with Durban Sporting Bodies (KZN Sharks Rugby Team and Hollywoodbets Dolphins Cricket Team) (20/1/6/1):

(Page 10: Economic Development and Planning Committee - Agenda 2023-10-26)

Authority is sought to approve a three (03) year (2023/2024; 2024/2025 and 2025/2026) destination promotion leveraging sports partnership and sponsorship with Durban Sporting Bodies (KZN Sharks Rugby Team and Hollywoodbets Dolphins Cricket Team), subject to Teams' participation in National and International Premier competitions. Additionally, authority is sought for the City Manager or his delegatee to negotiate appropriate partnership mileage commensurate with the investment to be made to the KwaZulu-Natal Sharks Rugby Team and the Hollywoodbets Dolphins Cricket Team.

The eThekweni Municipality strategically positions the City of Durban as the premium tourism, destination, events and sporting capital in South Africa. The key focus in partnering with national brands is to leverage and promote the Durban Brand and Destination promotion for local economic development which is in line with the IDP Plan 2 objective of growing the economy and creating jobs.

The partnership and destination brand leveraging has key specific objective of using Teams and their brands, and other assets to promote Destination Durban as a world class tourism destination while they play the role of Durban Brand Ambassadors. To remain ahead and relevant in its profile, the City thus continues with its marketing campaign of creating Durban Brand awareness in the minds of targeted visitors.

Tourism visitor numbers have significantly declined due to the COVID19 pandemic, and this partnership will assist the tourism industry to recover from through various marketing initiatives to be done by these local sporting teams and Durban Tourism locally and internationally.

The City of Durban would yield benefits of brand exposure through this partnership with the KZN Sharks Rugby Team and the Hollywoodbets Dolphins Cricket Team, and therefore with the City of eThekweni to enjoy the rights listed below:

A: Partnership Benefits: KZN Sharks Rugby Team:

- a) Official Designation/Host City Rights.
- b) Durban Destination logo on the front position of the playing kit for all the local teams.
- c) LED Perimeter advertising boards at all home matches.
- d) Website link from sharksrugby.co.za to visitdurban.travel
- e) Durban Tourism opportunity to partner with Sharks during international matches for activation purposes to drive destination promotion.
- f) Durban Tourism opportunity to partner with Sharks during their away matches for activation purposes to drive destination promotion.
- g) Durban Tourism opportunity to conduct off field promotions on match days, including spectator concourse areas.
- h) Opportunity to place one canvas banner at the stadium
- i) Opportunity to engage with these local teams followers in their platforms to promote the destination such, i.e. to social media

- membership will be available to Durban Tourism, Supporters website. Teams Photographs- use of team and player photographs
- j) Opportunity to run Durban related banner adverts and promotions in national programs like Sharkbite TV program- each program will allocate 3 minutes to Durban Tourism.
 - k) Durban Tourism use of a dedicated Suite for hosting and networking.
 - l) Sharks team to make available 25 Silver zone Tickets, 5 Seats in the Presidents Suite.
 - m) Team to facilitate at least one township match exhibition annually in partnership with Durban Tourism in effort to promote township tourism.

B: Partnership Benefits: KZN Dolphins Crickets Team:

- a. Durban Destination logo on back of Hollywoodbets Dolphins Mens team playing kit for all formats
- b. Durban Destination logo on sleeve of Hollywoodbets Dolphins Ladies team playing kit for all formats
- c. Durban Destination logo on sleeve of all Hollywoodbets Kingsmead Stadium ground staff
- d. Durban Destination logo on sleeve of all school representative Teams
- e. Durban Destination branding opportunities at the cricket stadium
- f. Durban Destination logo on Stairwell of South Stand
- g. 4 perimeter boards at Kingsmead Stadium
- h. LED advertising for all International matches
- i. Durban Destination logo on new West Stand Deck (approximately 1m x 20m).
- j. 10 x 10s messages on scoreboard for all domestic games hosted in Kingsmead Stadium
- k. 5 x 30s commercial on video replay screen for all televised domestic fixtures
- l. Durban Tourism opportunity to partner with Dolphins during their away matches for activation purposes to drive destination promotion.
- m. Durban Tourism opportunity to conduct off field promotions on match days, including spectator concourse areas.
- n. Use of Hospitality Suite for all domestic and international matches held at Hollywoodbets Kingsmead Stadium
- o. 17 x Hospitality Suite tickets
- p. 4 x Presidential Suite tickets for all domestic and international matches held at Hollywoodbets Kingsmead Stadium
- q. Video of Durban to be broadcasted during International matches
- r. 6 x Social media posts
- s. Logo on the field for all international matches

The Democratic Alliance (06) abstained on this matter at the Support Committee level, it being noted that the item was approved with the majority support of the ANC (14), EFF (01), IFP (02), ASA (01), ACDP (01), MOSA (01) and the AL-JAMAAH (01).

At the Executive Committee level, a request was submitted pertaining to the quantification of the benefits associated with this partnership to determine Return on Investment. Management then briefly touched on activities leveraged off the partnership, and which activities could have been charged on the Municipal account. However, it was agreed that full details with specific financial benefits would be submitted through a formal Report to be submitted to the Committee

Thereafter, with the EFF and the DA abstaining at this stage, with the majority support,

COMMITTEE RECOMMENDS:

- 1.3.1 That Council approves the 3-year destination promotion leveraging sports partnership and sponsorship between eThekweni Municipality and Durban Sporting Bodies, the KwaZulu-Natal Sharks Rugby Team in the amount of R4 300 000.00 per each financial year and with the Hollywoodbets Dolphins Cricket Team in the amount of 3 000 000.00 per each financial year in the period 2023/2024 to 2025/2026
- 1.3.2 That authority be granted for the City Manager or his delegatee to negotiate benefits and rights to leverage the destination and profile Durban through these partnerships.
- 1.3.3 That authority be granted for the City Manager to conclude contracts with the KwaZulu-Natal Sharks Rugby Team and the Hollywoodbets Dolphins Cricket Team against the partnership investment.
- 1.3.4 That subject to the approval of .1 to .3 above, Council notes that the approval is subject to the Teams’ continued participation in the national and international premier competitions.
- 1.3.5 That Council notes that the Dolphins will be funded for the first time, thus an adjustment required to reallocate funds previously allocated to the Royal AM Football Club now that the partnership contract with this club has been terminated.

Financial Implications:

The total financial implication would be R21 900 000.00 (Twenty One Million and Nine Hundred Thousand Rand) excl. VAT which will be paid over three years as per below.

TEAM & Vote Number	1ST YEAR	2ND YEAR	3RD YEAR
KZN Sharks Vote No: 26723 24860.21 12120 0000 85520 0010	R4,3 Million (2023/24)	R4,3 Million (2024/25)	R4,3 Million (2025/26)
KZN Dolphins Vote No: 26723 24860.21 12120 0000 85520 0010	R3,0 Million (2023/24)	R3,0 Million (2024/25)	R3, 0 Million (2025/26)

FC No.: 2024/13/10

DIRECT EXCO REPORTS

2. NOTING OF REASONS TO AMEND CONTRACT NO: 7E-1464. 7H-1465 AND 7A-1348 IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) NO 56 OF 2003 FOR LEASE OF MUNICIPAL OFFICE PREMISES: THE EMBASSY BUILDING LOCATED ON 199 ANTON LEMBEDE STREET AND THE DELTA TOWERS LOCATED ON 303 DR PIXLEY KA-SEME STREET (17/2/2/5/1)

(Page 1)

The Embassy Building and the Delta Towers are used for office accommodation of the Human Settlements, Legal and Compliance, Real Estates and various other Municipal Units. The lease in these buildings is due to expire 31 December 2023.

In line with the Council's objective to accommodate offices in Municipal-owned properties with the intention to achieve cost-effectiveness, the Head: Real Estates advertised tenders to secure properties in February 2021 but both culminated in a non-award. Another advert was placed in April 2023 but again was unsuccessful hence approval of the non-award. With the Unit heeding a call by the Council to reduce the number of leased buildings, once again the tenders to secure office accommodation were advertised in June 2023 and are currently being processed. In view thereof, the Head: Real Estate is currently seeking permission for a 12-month lease extension on a month-to-month basis with respect to the Embassy Building and the Delta Towers Building, to enable cancellation in the event responsive tenderers are secured.

The Council is therefore requested to note below the reasons for extending the lease in question:

- a) The tenders for the procurement of space to accommodate the above-mentioned Units culminated in a non-award and there being no alternate Municipal-owned premises of that magnitude to accommodate the Units affected.
- b) Should the lease not be extended then the City will incur irregular expenditure due to there being no contract in place.
- c) The options of relocation are also limited due to a magnitude of office space required and some of the buildings within the CBD not compliant with Health and Safety requirements thus not suitable to house staff without raising serious health and safety concerns.
- d) It should also be noted that the office relocation will undoubtedly cause a disruption of service delivery considering the number of Units and staff occupying these buildings.

During discussion, the Committee requested to be furnished with a list of all Delta Towers buildings accommodating Municipal Offices. Further, that inspection be conducted since some of the buildings are not in good condition yet the Municipality is paying market-related rates for such.

The Report to be submitted was then to cover the buildings used for Municipal offices; the condition of the building; and the lease amount, which information will then be verified through inspection to be conducted by the Executive Committee.

On this basis, and noting a way forward recommended to determine value for money for the buildings leased to the Municipality,

COMMITTEE RECOMMENDS:

- 2.1 That Council notes the reasons to amend Contract 7E-1464, 7H-1465 and 7A-1348 in terms of Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, for the extension of the current lease contract with Delta Property Fund (Pty) Ltd in respect of the premises situated at Embassy Building and Delta Towers, 199 Anton Lembede Street and 303 Dr Pixley KaSeme Street in total extent 16044m² together with 250 parking bays for a period of twelve (12) months on a month to month basis for the following reasons:
- a) The tenders for the procurement of space to accommodate the above-mentioned Units culminated in a non-award and there being no alternate Municipal-owned premises of that magnitude to accommodate the Units affected.
 - b) Should the lease not be extended then the City will incur irregular expenditure due to there being no contract in place.
 - c) The options of relocation are also limited due to a magnitude of office space required and some of the buildings within the CBD not compliant with Health and Safety requirements thus not suitable to house staff without raising serious health and safety concerns.
 - d) It should also be noted that the office relocation will undoubtedly cause a disruption of service delivery considering the number of Units and staff occupying these buildings.
- 2.2 That the public participation process was advertised on the 19th May 2023 through the media for the extension of the lease, in terms of Section 116(3) of the Local Government: Municipal Finance Management Act No. 56 of 2003, as part of achieving compliance requirements pertaining to the Public Participation on the process to invite public comments on the proposed contract extension and it being recorded that there were no objections received with regards to the proposed extension.
- 2.3 That it being recorded that there were no objections to the proposed extension of lease.

Financial Implications:

Monthly charges excluding VAT, Rates and Taxes, Operating Costs and Utilities.

Real Estate Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R1 121 000.00	R13 452 000.00	01 January 2024 – 31 December 2024
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R148 750.00	R1 785 000.00	01 January 2024 – 31 December 2024

Human Settlements Unit:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R266 000.00	R3 192 000.00	01 January 2024 – 31 December 2024
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R25 500.00	R306 000.00	01 January 2024 – 31 December 2024

FC No.: 2024/04/04

Legal and Compliance:

Basic Rental (Monthly)	Basic Rental (Annual)	Period
R137 180.00	R1 646 160.00	01 January 2024 – 31 December 2024
Parking Rental (Monthly)	Parking Rental (Annual)	Period
R38 250.00	R459 000.00	01 January 2024 – 31 December 2024

FC No.: 2024/09/03

TM KAUNDA
CHAIRPERSON