



Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that a **COUNCIL MEETING** of the 2016/2021 term of the Garden Route District Municipality will be held **via Zoom**, on **WEDNESDAY, 28 JULY 2021** at **11:00** to consider the items as set out in the agenda.

*Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat 'n **RAADSVERGADERING** van die 2016/2021 termyn van die Garden Route Distriksmunisipaliteit gehou sal word **via Zoom** op **WOENSDAG, 28 JULIE 2021** om **11:00** ten einde oorweging aan die items soos in die agenda uiteengesit, te skenk.*

KuKhutshwe isaziso ngokwemiqathango yoMhlathi 29 woRhulumente Basekhaya: Umthetho Wezolawulo loMasipala, 1998, uMthetho 117 wango 1998, sokuba **INTLANGANISO** yexesha lika 2016/2021 loMasipala Wesithili se Garden Route izakubanjwa ngobuxhakaxhaka **be Zoom NGOLWESITHATHU, 28 KWEYEKHALA 2021** ngentsimbi ye **11:00** ukuqwalasela imiba ebekwe kwi agenda.

BHJ GROENEWALD
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
Municipal Manager
Munisipale Bestuurder
Mphathi Masipala

Date: 24 JULY 2021

ADDENDUM

AGENDA

1. OPENING AND WELCOMING / OPENING EN VERWELKOMING / UVULO NOLWAMKELO
2. SILENT PRAYER / STILLE GEBED / UMTHANDAZO OTHULEYO
3. ATTENDANCE OF MEMBERS / BYWONING VAN LEDE / AMALUNGU AKHOYO
 - 3.1 COUNCILLORS PRESENT / RAADSLEDE TEENWOORDIG / OOCCEBA ABAKHOYO
 - 3.2 COUNCILLORS WITH LEAVE / RAADSLEDE MET VERLOF / OOCCEBA ABAKWIKHEFU
 - 3.3 COUNCILLORS WITHOUT LEAVE / RAADSLEDE SONDER VERLOF / OCEBA ABANGEKHO KWIKHEFU
4. NOTING OF THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES ACT, 2000 / KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 1 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE STRUKTUREWET, 2000 / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 1 (INDLELA YOKUZIPHATHA KOOCEBA) UMTHETHO WEZOLAWULO LOMASIPALA WORHULUMENTE WASEKHAYA, 2000
5. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA

SECTION F		
REPORTS FROM THE COMMUNITY SERVICES DEPARTMENT / ITEMS VANAF DIE GEMEENSKAPSDIENSTE DEPARTEMENT / IMIBA YESEBE LENKONZO ZOLUNTU		
F.3	RELOCATION OF THE GEORGE FIRE STATION TO MOSSEL BAY / SKUIF VAN DIE BRANDWEERSTASIE NA MOSSELBAAI <i>Refer: Report dated 20 July 2021 from the Executive Manager Community Services (C Africa) / Acting Chief Fire Officer (J Brandt)</i>	4 - 17
SECTION H		
REPORTS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / ITEMS VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT / IMIBA YESEBE LEZOCWANGCISO KUNYE NOPHULISO LOQOQOSHO		
H.3	REPORT ON THE PROPOSED PROJECT – ENERGY GENERATION BY GARDEN ROUTE ENERGY COMPANY (GRECO) / VERSLAG RAKENDE DIE VOORGESTELDE GROEN ENERGIE PROJEK DEUR DIE GARDEN ROUTE ENERGIE MAATSKAPPY (GRECO) / INGXELO NGESIPHAKAMISO SENKQUBO-UKUVELISWA KWAMANDLA YINKAMPANI YAMANDLA YE GARDEN ROUTE (GRECO) <i>Refer: Report dated 19 July 2021 from the Executive Manager Planning and Economic Development (L Menze) / Manager PMU (P Dongi)</i>	18 – 25 (THIS ITEM REPLACES ITEM H.2 IN THE MAIN AGENDA)

DISTRICT COUNCIL

28 JULY 2021

1. RELOCATION OF THE GEORGE FIRE STATION TO MOSSEL BAY / *SKUIF VAN DIE BRANDWEERSTASIE NA MOSSELBAAI*

**REFER REPORT FROM THE EXECUTIVE MANAGER COMMUNITY SERVICES (C AFRICA) / ACTING FIRE CHIEF OFFICER (JOHAN BRAND)
(8/3/8/1)**

2. PURPOSE

To inform Council with regards to the status of the planned relocation of the GRDM Fire Services base of operations from George to Mossel Bay.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

New information has come to the fore regarding the availability of property to be made available by George Municipality for the construction of a new Fire Station for GRDM and the drastic cost savings associated with not relocating to Mossel Bay.

5. RECOMMENDATIONS

1. That Council gives an in-principle decision for the Garden Route District Municipality to go ahead and build the fire station and related activities in George, subject to receipt of a supporting Council decision from George Municipality.
2. That the Municipal Manager be authorized to take all necessary actions or steps to ensure that the fire station and related activities is successfully constructed on the property to be provided by George Municipality.
3. That Council reconsider the planned relocation of the GRDM Fire Services to Mossel Bay, based on the new information available.

4. That Council consider and approve the recommended property from the George Municipality Erven 22494 and 22495 for the use of building a new fire station
5. That Mossel Bay Municipality be notified about the decision taken by GRDM in terms of the building of a Fire Station.

AANBEVELINGS

1. *Dat die Raad `n in beginsel besluit neem ten opsigte van die bou van `n brandweerstasie en verwaante aktiwiteite, onderheuwig aan `n ondersteunende Raadsbesluit van George Munisipaliteit in hierdie verband.*
2. *Dat die Munisipale Bestuurder alle nodige stappe of aksies neem om die bou van die brandweerstasie en verwante aktiwiteite, te verseker.*
3. *Dat die Raad die beplande hervestiging van die GRDM Brandweerstasie na Mosselbaai, gegrond op die nuwe inligting wat beskikbaar is, verander.*
4. *Dat die Raad oorweeg en die voorgestelde Erf 22494 en 22495 goedkeur vir die bou van `n Brandweerstasie.*
5. *Dat die Raad Mosselbaai Munisipaliteit inlig van hul Raadsbesluit insake die bou van `n Brandweerstasie*

6. DISCUSSION / CONTENTS

6.1 Background

The GRDM has committed to the construction of its own fire station building complex in Mossel Bay on land belonging to the district and which is identified as ERF 3803, Mossel Bay. The district has obtained ownership of half of the ERF via an agreement with the Mossel Bay Municipality. The construction of the fire station is viewed as a progressive step for the GRDM and the Fire Services, due to use of the current facilities serving as a fire station being procured via a rental contract.

The rental contract is costing the GRDM R 920,556.00 for this current year. The rental costs towards a building with an increase of 10% annually, equates to approximately R15 million over 10 years and it is viewed that the building of the GRDM's own fire station will ensure that the GRDM saves funds over the long term and possesses a fixed asset with good value. R7 million has been proposed in the 2021/2022 budget for the construction of the new fire station in Mossel Bay.

6.2 Discussion

Recently we have received information regarding the George GRDM Fire personnel's concerns of the relocation to Mossel Bay and were referred to their respective unions for consultations with management in this regard. A meeting was scheduled for the Municipal Manager to meet with the Fire personnel on 23 July 2021 to discuss their concerns.

We also learnt recently of the concern of George Municipality in terms of this relocation intentions of GRDM and received urgent communication from George Municipality in this regard. George Municipality made it clear that they are willing to make property available to GRDM for the building of a new fire station, within the municipal boundaries of George Municipality.

On 13 July 2021, GRDM sent a letter to George Municipality to officially confirm their intentions of making property available to GRDM for the building of a fire station in George.

The Director, Protection Services, Mr Steven Erasmus, on the same day, confirmed their intentions and requested correspondence from GRDM Executive Management and Council to their Executive management and Council in this regard. They confirmed their commitment to avail property to GRDM and requested a formal letter by our Municipal Manager as well as the property description and extend of the land we require. They also suggested a meeting with their Property section as soon as possible.

Initially Erf 24901 (5089 square meters) was identified as the best suitable site, but George Municipality came back and proposed that we also look at another site (combined erven Erf 22494 and Erf 22495 size 5877 square meters). An in loco inspection was conducted (20 July 2021) by the Executive Manager Community Services Mr Clive Africa, Mr Donald Gelderbloem (Town Planner George Municipality), Mr Johan Brand (Acting Chief Fire Officer), Senior Fire Managers (GRDM) Mr Deon Stoffels and Deon Van Wyk, and they reached mutual agreement that the combined Erf 22494 and 22495 is suitable for the building of a Fire Station.

After consultation with the Planning and Property department from George Municipality, we identified available property that is closely situated from the current location of the rented property being used as a Fire Station. They were identified as Erf nr 22 494 and Erf 22 495 (combined size 5877 square meters) and is indicated on the map inserted in (*Annexure A*).

A letter, dated 14 July 2021, as requested by George Municipality was also send to the Municipal Manager (*Annexure B*).

On 21 July 2021 a letter of response was received from George Municipality indicating their full support in making property available for the establishment of our new fire station in George (*Annexure C*). On the same day a letter of thanks and acknowledgement was also send to George Municipality (*Annexure D*). In the letter received from George Municipality they indicated that they will now submit an item to their Council on the 29 July 2021 to resolve on this matter and that they will inform the Garden Route District Municipality about the outcome of their Council resolution.

The building of a new fire station for GRDM at the combine site Erf nr 22 494 and Erf 22 495 (combined size 5877 square meters) (*Annexure D*) in George could have profuse cost saving advantages to GRDM in comparison to moving to Mossel Bay and is therefore worth re considering previous decisions taken by GRDM Council.

Cost saving in terms of building the new fire station in George could be seen as follows:

Expenditure	Cost saving	
	Per Annum	Once off
Renting of building as a fire station (is no longer needed)	R800 000.00	
Relocation of 25 personnel (is no longer needed)		R2 520 000.00
Relocation of equipment and furniture is considerably less in terms of distance		+ - R25 000.00
Total Saving	R800 000.00 p/a	R2 545 000.00

The following is also applicable:

The recent advert for tender in the newspaper will not point to wasteful expenditure as a result of it been advertised in conjunction with the tender for the Waste Management Landfill project.

Licensing and registration of GRDM vehicles, as applicable when moving from one town to another will also not be applicable and will add to cost saving.

Cost saving will also be incurred in terms of less traveling between George and Mossel Bay for original documentation correspondence between Head Office and Mossel Bay Fire station as this is a daily and weekly exercise currently between offices.

Consultation with unions in regard to the relocation of personnel will no longer be needed because of personnel and their families lives' no longer been disrupted by the effects of relocation.

6.3 Financial Implications

The financial implications are set out as in above report.

6.4 Legal Implications

6.3.1 Constitution of the Republic of South Africa 1996 – section 24

- 6.3.2 Local Government Municipal Structures Act, 1998 (Act 117 of 1998) Section 84(1)(j)
- 6.3.3 Local Government Municipal Systems Act of 2000
- 6.3.4 Local Government Municipal Finance Management Act 56 of 2003
- 6.3.5 The Fire Brigade Services Act 99 of 1987

6.5 Staff Implications

A decision to, not move to Mossel Bay, would eliminate any staff implications as no staff and their associated families will be disrupted by relocating.

6.6 Linkage to Strategic Objectives

Not moving to Mossel Bay is directly linked to the cost saving objectives of Council.

6.7 Previous / Relevant Council Resolutions:

Resolution taken at the 26 November 2020 Council meeting.

6.7 Risk Implications

There are no foreseen risks associated with the proposed decision for Council to not implement the recommendations.

6.8 Comments from Executive Management:

6.8.1 Executive Manager: Roads and Transport Planning Services

Content is noted.

6.8.2 Executive Manager: Economic Development and Planning

The retention of the Fire Service Unit in George will be in the best interest of the current cohort of Fire Fighters, as they have already settled in George. Any relocation would be an inconvenience to them and their families, however, if there are no other avenues then the Institution will be compelled to move to Mossel Bay.

Rescinding of the decision would be precocious, as the decision with George Municipality has not been finalised at this stage. Requesting Council to defer

implementation of this Resolution until a stage where this finalised with George would suffice. In terms of Economic Development, the relocation will have negative economic impact to Economy of George, whilst it benefits the Mossel Bay Economy.

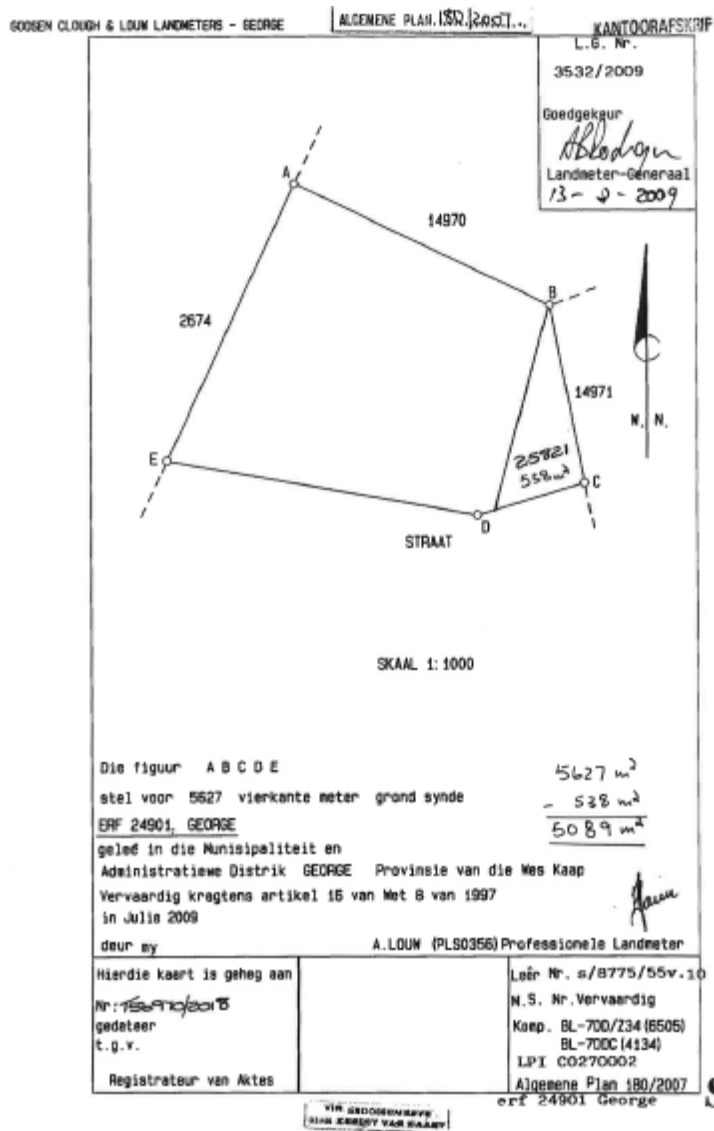
6.8.3 Executive Manager: Financial Services

Not having to relocate the service to Mossel Bay will definitely have a significant cost saving to GRDM in terms of relocation costs. Recommendations are supported.

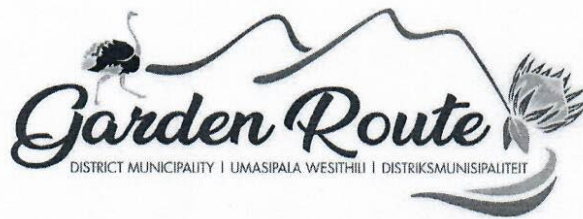
6.8.4 Manager: Legal Services

Noted the content of the report. In the event of George Municipality's Council resolve not to provide us with the said properties, this item be referred back to Council

ANNEXURE A



ANNEXURE B



54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr M. Stratu
Reference: (8/3/1/2)
Date: 14/07/2021

Dr M. Gratz
George Municipality
72 York Street
George
6529

tliduplooy@george.gov.za

Dear Dr. M. Gratz,

RE: BUILDING OF A NEW FIRE STATION BY THE GARDEN ROUTE DISTRICT MUNICIPALITY

George Municipality recently approached officials of the Garden Route District Municipality, stating that they have property available that we can use for the establishment of a fire station.

A meeting took place today, 14 July 2021 between Messrs Africa and Gelderbloem, whereby Mr Gelderbloem has indicated two (2) properties that can be utilised by the Garden Route District Municipality for the construction of a fire station. Two (2) erven were identified, namely erf 24901 (approximately 5 089 square meters) and erf 24911 (approximately 3 259 square meters).

Erf 24901 will be best suited for the construction of the fire station, based on the fact that it provides easy access to the National Road (N2); GRDM will be able to respond rapidly should there be a fire in the industrial area and the erf is big enough to accommodate our specifications.

In the spirit of co-operative governance and the mutual benefit it will have for both parties if the fire station remains in George, we humbly request approval from your Council that erf 24901 be transferred to the Garden Route District Municipality free of charge.

Your speedy response in this regard will be highly appreciated.

Yours faithfully



MG STRATU
MUNICIPAL MANAGER

DATE: 14/07/2021

ANNEXURE C

Enquiries: Ms Lauren Waring
Director: Planning and Development
E-mail: lwaring@george.gov.za
Tel: +27 (0)44 801 9477
Collaborator Number: 1926849

Office of the Municipal Manager
Kantoor van die Munisipale Bestuurder

21 July 2021

Attention: Mr Monde Stratu
Municipal Manager
Garden Route District Municipality
54 York Street
GEORGE
6530
per e-mail: mm@gardenroute.gov.za

Dear Mr Stratu

**APPLICATION BY THE GARDEN ROUTE DISTRICT FOR THE ACQUISITION OF
LAND FOR THE ESTABLISHMENT OF A FIRE STATION (ERVEN 22494 AND 22495,
GEORGE)**

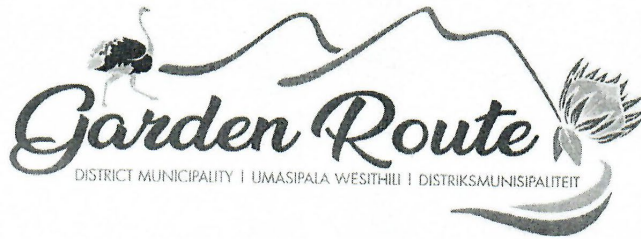
Your letter dated 14 July 2021 and the subsequent email correspondence exchange between George Municipality and Garden Route District Municipality, refers.

George Municipality welcomes the establishment of a fire station in George by the Garden Route District Municipality and we believe such an asset will be mutually beneficial. The combined erven 22494 and 22495 (as reflected in the aerial view of the sites attached hereto), are ideal in terms of location, size and accessibility. Please note that the costs pertaining to consolidation of the two erven and the appointment of a town planner would be borne by the Garden Route District Municipality. In principle, we support your application for the acquisition of the aforementioned erven, **subject to a Council Resolution** to this effect. An ordinary meeting of the George Municipal Council is scheduled for 29 July 2021 and an item will be tabled at that meeting requesting approval.

Yours Sincerely,

DR M GRATZ
ACTING MUNICIPAL MANAGER

ANNEXURE D



54 York Street,
George
Western Cape
6529

PO Box 12,
George,
Western Cape
6530

Tel: 044 803 1300
Fax: 086 555 6303
E-mail: info@gardenroute.gov.za
www.gardenroute.gov.za

OFFICE OF THE MUNICIPLA MANAGER

Enquiries: Mr M. Stratu
Reference: (8/3/1/2)
Date: 21 July 2021

The Acting Municipal Manager
Dr M. Gratz
George Municipality
72 York Street
GEORGE
6529

By email: fiduplooy@george.gov.za

Dear Dr Madam

**PROPERTY MADE AVAILABLE BY GEORGE MUNICIPALITY FOR THE ESTABLISHMENT OF A
NEW FIRE STATION**

Your responding letter dated 21 July 2021 with regards to the application for the acquisition of land (Erven 22494 and 22495) refers.

Garden Route District Municipality would like to thank you for the prompt response to our letter dated 14 July 2021 (reference 8/3/1/2) and want to extend our sincerest gratitude towards George Municipality for the support of making land available for the establishment of Garden Route District Municipality's new Fire station.

GRDM is waiting eagerly on the resolution of your Council meeting dated 29 July 2021 and optimistically hope for a positive outcome.

It is our objective to conclude the building of the new Fire Station within one year as this initiative is clearly in the best interest of the people we serve in the Garden Route Municipal area.

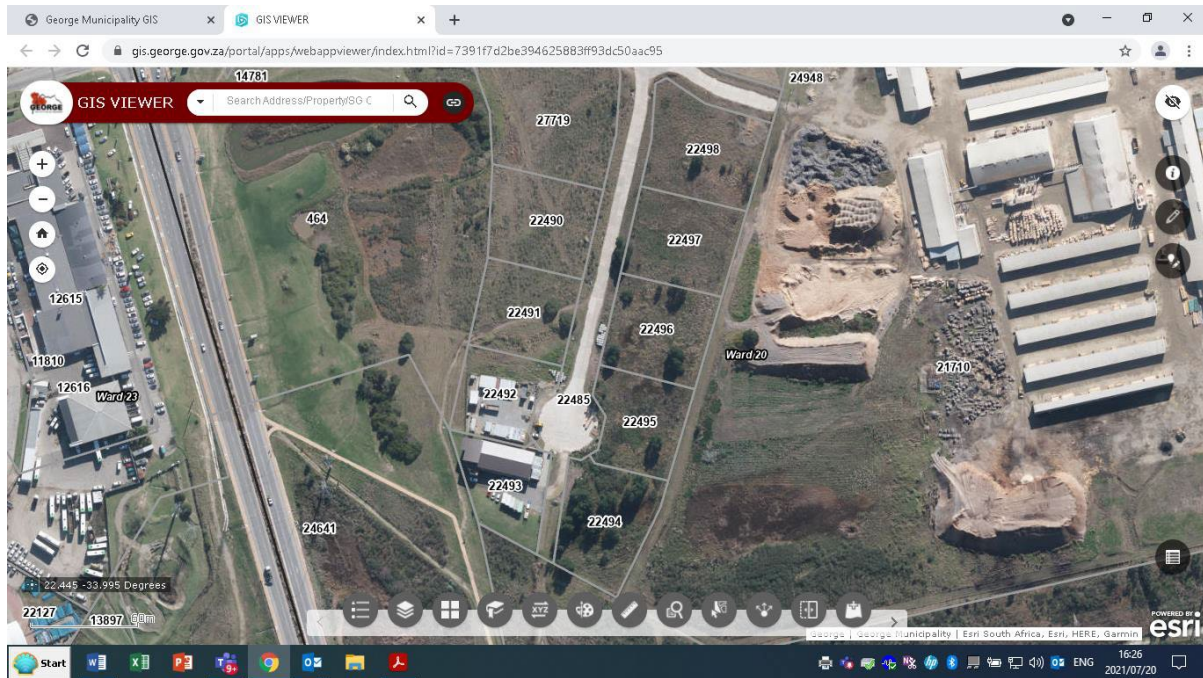
Yours faithfully



MONDE STRATU
MUNICIPAL MANAGER

DATE: 21/07/2021

ANNEXURE E



BACK TO AGENDA

DISTRICT COUNCIL

28 JULY 2021

1. REPORT ON THE PROPOSED PROJECT – ENERGY GENERATION BY GARDEN ROUTE ENERGY COMPANY (GRECO) / *VERSLAG RAKENDE DIE VOORGESTELDE GROEN ENERGIE PROJEK DEUR DIE GARDEN ROUTE ENERGIE MAATSKAPPY (GRECO) / INGXELO NGESIPHAKAMISO SENKUBO-UKUVELISWA KWAMANDLA YINKAMPANI YAMANDLA YE GARDEN ROUTE (GRECO)*

REPORT FROM THE EXECUTIVE MANAGER PLANNING AND ECONOMIC DEVELOPMENT SERVICES (L. MENZE)/ PMU MANAGER – (PASSMORE DONGI)

2 PURPOSE

- 2.1 To inform Council of the progress made and initiatives undertaken regarding the proposed District wide approach to sustainability and energy security.
- 2.2 To advise the Council of Garden Route District Municipality (GRDM) on the proposed Garden Route Energy Company (GRECO) as an entity of the municipality.
- 2.3 To seek approval of Council to allow Management to proceed with establishing and registering GRECO as a Municipal Entity as contemplated in Chapter 8A of the Local Government: Municipal Systems Act 32 of 2000, which is aimed at ensuring energy security and resilience for the region.
- 2.4 To seek approval for the Municipal Manager to enter into power purchase agreements with the local municipalities in the District for the energy generated by GRECO.
- 2.5 To ensure the successful implementation of the project by the management and engage with all relevant stakeholders.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

GRDM is exploring options for a publicly-owned Independent Power Producer (IPP) entity that will generate and deliver bulk electricity supply to the seven local municipalities in the District. Various forms of public-private partnerships (PPP's) may be entertained, but the preference is to avoid the additional regulatory burdens inherent in PPP's if at all possible. A carefully chosen mix of Solar PV, Wind, Wave and Waste to Energy will be able to deliver almost 80

percent of the electricity requirements of the District. The objective is to make sure that the region is energy secure and hence benefit from the spin-offs thereof.

5. RECOMMENDATIONS

- 5.1 That Council approve the proposed establishment of a Municipal Entity - Garden Route Energy Company (GRECO) as an entity of GRDM.
- 5.2 That Council authorises Management to proceed with establishing and registering Garden Route Energy Company (GRECO) as a Municipal Entity in terms of the applicable legislation.
- 5.3 That Council authorises the Municipal Manager (on behalf of Council) to enter into power purchase agreements with the local municipalities in the District for the energy generated by Garden Route Energy Company (GRECO).
- 5.4 That Council approves and authorises Management to source funding that will allow Garden Route Energy Company (GRECO) to build generation plants (renewable energy mix) throughout the region that will ensure energy security for the region and attraction of investment.

AANBEVELINGS

- 5.1 *Dat die Raad kennis neem van die voorgestelde oprigting van 'n munisipale entiteit GRECO as 'n entiteit van GRDM.*
- 5.2 *Dat die Raad goedkeuring verleen aan bestuur om voort te gaan met die registrasie en stigting van GRECO as 'n munisipale entiteit in terme van die relevante wetgewing.*

- 5.3 *Dat die Raad goedkeuring verleen aan die Munisipale bestuurder om kragkoop-ooreenkomste aan te gaan met die plaaslike munisipaliteite in die distrik vir die energie wat deur GRECO opgewek gaan word;*
- 5.4 *Dat die Raad volmag aan die Munisipale bestuurder verleen om befondsing te bekom wat GRECO in staat sal stel om opwekkingsaanlegte (hernubare energiemengsel) in die hele streek te bou wat daarop gemik is om die energie sekerheid van die streek aan te spreek asook om toekomstige beleggings moontlikhede te bevorder;*

IZINDULULO

- 5.1 Sesokuba iBhunga liphumeze isiphakamiso sokumiselwa Kweziko loMasipala le GRECO njengeziko le GRDM.
- 5.2 Sesokuba iBhunga liphumeze kwaye livumele Abaphathi ukuba baqhubekeke nokumiselwa kwaye nokubhalisa I GRECO njengeZiko likaMasipala nelijoliswe ekuqinisekiseni kokhuseleko lwamandla kunye nokusimisela kwingingqi.
- 5.3 Sesokuba iBhunga liphumeze ukuba uMphathi Masipala(egameni lebhunga) angene kwisivumelwano sokuthenga komasipala basekuhlalelni kwiSithili kumandla aveliswa yi GRECO.
- 5.4 Sesokuba iBhunga liphumeze kwaye ligunyazise abaPhathi ukuba bafune imalinxaso nezakuvumela I GRECO yakhe indawo yokuvelisa amandla(indibaniselwano yokusetyenziswa kwamandla) kwingingqi iphela nezakuqinisekisa ukhuselo lwamandla kwingingqi kwaye itsale nomdla wabatyalali zimali.

6. DISCUSSION / CONTENTS

6.1

Background/Discussion

Council will recall that management was tasked with the responsibility of ensuring energy security in the region. Currently, the national energy supply is under significant strain. Eskom is in the midst of an operation and financial distress and is in the process of restructuring. In parallel, the national policy environment and regulatory framework allows local governments to facilitate private and public sector investments in distributed renewable energy. The aim

is to add to the resilience and flexibility of a sustainable, affordable electricity supply for GRDM towns as also contemplated by GRDM's Growth and Development Strategy.

Management embarked on a number of initiatives that included the establishment of the Garden Route Green Energy Forum and applications for funding to develop district wide master plans. This process was necessitated by the fact that the current situation in terms of energy requirements of the region is not sustainable and therefore management had to creatively identify sources of funding to ensure that the region is better prepared for the future. This is also in line with the new approach by the National Government of focusing on district approach to service delivery.

Municipal revenues are highly dependent on electricity sales, which comprised 30% (R101.5-billion) of total revenue (R356.0-billion) in 2016/17. This share of municipalities' revenue has also been relatively consistent (for more than a decade) but has increased in absolute terms since 2005/06. This revenue has also historically been used to cross-subsidise other services and is thus an important revenue stream for municipalities (reduced margins between purchases and sales). The provision of affordable, accessible and available electricity by municipalities is an important mandate and thus a demonstration of what local generating capacity could do for municipalities is very critical.

GRDM is exploring options for a publicly-owned IPP entity that will generate and deliver bulk electricity supply to the seven (7) Local Municipalities in the District. Various forms of PPP's may be entertained, but the preference is to avoid the additional regulatory difficulties inherent in PPP's if at all possible. A carefully chosen mix of Solar PV, Wind, Wave and Waste to Energy will be able to deliver almost 80 percent of the electricity requirements of the District.

Importantly, novel funding mechanisms are proposed that will allow for local ownership of the IPP facilities by way of the issuance of green bond-like coupons or instruments. This will mean that the lion's share of electricity tariffs paid by the residents of the District to the IPP's, in this case GRECO, will stay in

the District as annuity income streams via the green coupons. This will have a significant impact on creating a Circular Economy and Building on Local Energy Transition in GRDM (**as outlined in the GRDM's Growth and Development Strategy**) on the back of simultaneously providing a source of low-cost green electricity to the area. The GRDM's Growth and Development Strategy acknowledges that the Country is in the process of a national energy transition, which encompasses (a) decarbonisation of the national energy system and decommissioning of Eskom's coal fleet, (b) the uptake of renewable energy at different scales, and the exploration of economic opportunities for green industrialisation across the different sectors. For municipal governments there are two chief concerns i.e

- To ensure affordable, sufficient and sustainable energy access for all residents and businesses; and
- To maximise the local economic development potential and contribution of energy planning and investments.

In view of the above, the South African Economic Reconstruction and Recovery Plan (14) highlights specific interventions that are relevant for the Garden Route, including the facilitation of Small-Scale Embedded Generation (SSEG), and electricity procurement from non-Eskom power producers. It is therefore for this reason of ensuring sustainable and affordable energy security that Management request Council to consider the establishment of a Special Purpose Vehicle (SPV) to drive the implementation of Energy Programmes for the Region.

Average Load And Combined Annual Electricity Consumption In Garden Route

Average load for GRDM was estimated as 166MW, with an annual consumption of 1 454 MWh (Table 1). Up to 84 percent of supply can be provided by a combination of solar PV (260 MW) and wind (156 MW). This optimum amount will result in 75 GWh that will be forfeited, and passed on to Eskom at zero cost. The estimated annual savings for the Garden Route Region will be R420m, and the expected savings for each of the local municipal areas are indicated in Table 1.

Table 1. Electricity demand and usage statistics for the seven local municipalities making up the Garden Route district municipality. Average annual demand figures shown in white are estimates based on population size.

Local Municipality	Bitou	George	Hessequa	Kannaland	Knysna	Mossel Bay	Oudtshoorn	Garden Route DM
Population (thousands)	50	194	54	24	74	94	98	588
Average annual demand (MW)	12	54	13	6	18	36	27	166
Annual consumption (GWh)	105	473	114	53	158	316	237	1 454
Solar replacement (GWh)	49	220	53	25	73	146	110	676
Wind replacement (GWh)	40	179	43	20	60	120	90	551
Total replacement (GWh)	89	399	96	45	133	266	200	1 227
Percentage of Eskom supply replaced	84%	84%	84%	84%	84%	84%	84%	84%
Indicative cost per kWh	R0.56	R0.56	R0.56	R0.56	R0.56	R0.56	R0.56	R0.56
Estimated savings (R/kWh)	R0.34	R0.34	R0.34	R0.34	R0.34	R0.34	R0.34	R0.34
Estimated annual savings (Rm)	R30m	R137m	R33m	R15m	R46m	R90m	R69m	R420m
Current net surplus / deficit (Rm)	R13m	R139m [#]	Not available	Not available	Not available	R101m	Not Available	-
Increase in surplus (%)	230%	99%	-	-	-	89%	-	-

[#] 2018 data.

When the full impact of carbon taxes on electricity prices come into effect, there will be an additional saving to the Garden Route District of approximately R150 million per annum.

6.3 Financial Implications

There will be financial implication on the establishment and registration of an Entity for the Garden Route District Municipality.

6.4 Legal Implications

The legislative requirements including but not limited to:

- 6.4.1 Constitution of the Republic of South Africa 1996 – Sections 24(b)(iii), 25(8) & 27(1)(b)
- 6.4.2 Local Government Municipal Structures Act, 1998 (Act 117 of 1998) - Section 84(1)(k)
- 6.4.3 National Energy Act No. 34 of 2008
- 6.4.4 Local Government Municipal Systems Act 32 of 2000, section 86b, 86c, 86d, 86h.
- 6.4.5 Local Government Municipal Finance Management Act 56 of 2003, sections 84 – 109
- 6.4.6 Companies Act 71 of 2008
- 6.4.7 Garden Route District Municipality: Growth and Development Strategy 2021-2039
- 6.4.8 South Africa: Economic Reconstruction and Recovery Plan (Pillar 14)

6.5 Staff Implications

GRDM Planning and Economic Development - Project Management Unit and Properties Section.

Municipal Manager`s Office – legal and internal audit sections

6.6 Previous / Relevant Council Resolutions:

There are no previous or relevant Council resolutions related to this matter.

6.7 Risk Implications

There are no foreseen risks associated with the proposed intervention to implement this important intervention in addressing the energy security of the region.