



Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, Act 117 of 1998, that a **SPECIAL COUNCIL MEETING** of the 2021/2026 term of the Garden Route District Municipality will be held at the CA Robertson Council Chambers and via Zoom on **TUESDAY, 31 MARCH 2026** at **16:00** 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 **SPESIALE RAADSVERGADERING** van die 2021/2026 termyn van die Garden Route Distriksmunisipaliteit gehou sal word in die CA Robertson Raadsaal en via Zoom op **DINSDAG, 31 MAART 2026** om **16:00** 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 YEBHUNGA EKHETHEKILEYO** yexesha lika 2021/2026 loMasipala Wesithili se Garden Route izakubanjelwa kwiGumbi leBhunga CA Robertson nango ngo Zoom **NGOLWESIBINI, 31 KWEYOKWINDLA 2026** ngentsimbi ye **16:00** ukuqwalasela imiba ebekwe kwi agenda.

ALD GR WOLMARANS
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
 Municipal Manager
Munisipale Bestuurder
 Mphathi Masipala

Date: 31 MARCH 2026

AGENDA

1. OPENING AND WELCOMING / OPENING EN VERWELKOMING / UVULO NOLWAMKELO
2. EVACUATION PROCEDURES / ONTRUIMINGSPROSEDURES / INKQUBO YOKUFUDUSWA
3. SILENT PRAYER (MEDITATION) / STILLE GEBED (MEDITASIE) / UMTHANDAZO OTHULEYO
4. ATTENDANCE OF MEMBERS / BYWONING VAN LEDE / AMALUNGU AKHOYO
 - 4.1 COUNCILLORS PRESENT / RAADSLEDE TEENWOORDIG / OOCEBA ABAKHOYO
 - 4.2 COUNCILLORS WITH LEAVE / RAADSLEDE MET VERLOF / OOCEBA ABAKWIKHEFU
 - 4.3 COUNCILLORS WITHOUT LEAVE / RAADSLEDE SONDER VERLOF / OOCEBA ABANGEKHO KWIKHEFU
5. NOTING OF THE PROVISIONS OF SCHEDULE 7 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL STRUCTURES AMENDMENT ACT, 2021 / KENNISNAME VAN DIE VOORSKRIFTE VAN SKEDULE 7 (GEDRAGSKODE VIR RAADSLEDE) VAN DIE PLAASLIKE REGERING MUNISIPALE AANGEPASTE STRUKTURE WET, 2021 / UQWALASELO LWEMITHETHO-NEMIMISELO YOLUHLU 7 (INDLELA YOKUZIPHATHA KOOCEBA) LOMTHETHO WORHULUMENTE BASEKHAYA WESIMO SOMASIPALA OLUNGISIWEYO WANGO 2021
6. DISCLOSURE OF INTERESTS BY COUNCILLORS AND OFFICIALS / VERKLARING VAN BELANGE DEUR RAADSLEDE EN AMPTENARE / UKUCHAZWA KOMDLA NGOOCEBA KUNYE NAMAGOSA

7.	COMMUNICATIONS BY THE SPEAKER / MEDEDELINGS DEUR DIE SPEAKER / UNXIBELELWANO LUKASOMLOMO
8.	COMMUNICATIONS BY THE EXECUTIVE MAYOR / MEDEDELINGS DEUR DIE UITVOERENDE BURGEMEESTER / UNXIBELELWANO LUKA SODOLOPHU
9.	COMMUNICATIONS BY THE MUNICIPAL MANAGER / MEDEDELINGS DEUR DIE MUNISIPALE BESTUURDER / UNXIBELELWANO LOMPHATI MASIPALA
10.	APPROVAL OF MINUTES OF COUNCIL MEETINGS / GOEDKEURING VAN NOTULES VAN RAADSVERGADERINGS / UKUPHUNYEZWA KWEMIZUZU YENTLANGANISO YEBHUNGA
10.1	None / Geen / Asikho
11.	MINUTES OF MAYORAL COMMITTEE MEETING AND SECTION 79 COMMITTEES (FOR NOTIFICATION) / NOTULES VAN BURGEMEESTERSKOMITEEVERGADERINGS EN ARTIKEL 79 A (VIR KENNISNAME) / IMIZUZU YEKOMITI KASODOLOPHU NEZINYE IKOMITI ZOMHLATHI 79 (ITHATHELWE INGQALELO)
11.1	None / Geen / Asikho

12.	STANDING ITEMS / STAANDE ITEMS / IMIBA EMISIWEYO	
12.1	TASK TEAM REPORT ON ROADS FUNCTION TRANSFER TO THE DEPARTMENT OF INFRASTRUCTURE (DOI): EXIT REPORT AND CONTINGENCY PLAN / TAAKSPANVERSLAG RAKENDE DIE PAAIE FUNKSIEOORDRAG NA DIE DEPARTEMENT VAN INFRASTRUKTUUR (DVI): UITGANGVERSLAG EN GEBEURLIKHEIDSPAN / INGXELO YEQELA LOMSEBENZI NGOMSEBENZI WEENDLELA UKUDLULISELWA KWISEBE LEZEZISEKO (DOI): INGXELO YOKUPHUMA NESICWANGCISO SOKUXAKEKA <i>Report from the Chairperson of Roads Transition Task Team (T Loliwe)</i>	6-16
SECTION A		
REPORTS FROM THE SPEAKER		
REPORT FROM THE CHAIRPERSON OF THE MPAC / VERSLAG VANAF DIE VOORSITTER VAN DIE MPRK /INGXELO ESUKA KUSIHLALO WE MPAC		
A.1	None / Geen / Asikho	
SECTION B		
REPORTS FROM THE EXECUTIVE MAYOR / VERSLAE VANAF DIE UITVOERENDE BURGEMEESTER / IMIBA EVELA KUSODOLOPHU		
B.1	None / Geen / Asikho	
SECTION C		
REPORTS FROM THE OFFICE OF THE MUNICIPAL MANAGER / VERSLAE VANAF DIE KANTOOR VAN DIE MUNISIPALE BESTUURDER / IMIBA EVELA KWI OFISI I YOMPHATI MASIPALA		
C.1	PROPOSED INTERIM ARRANGEMENT IN THE TRANSFER OF THE ROADS FUNCTION PENDING THE FINALIZATION OF SECTION 197 PROCESS / VOORGESTELDE INTERIM REËLINGS RAKENDE DIE OORDRAG VAN DIE PAAIE FUNKSIEFUNKSIE AFHANGENDE DIE FINALISERING VAN DIE ARTIKEL 197-PROSES / <i>Refer report from the Municipal Manager (MG Stratu)</i>	17 – 28
SECTION D		
REPORTS FROM THE FINANCE AND CORPORATE SERVICES DEPARTMENT / VERSLAE VANAF DIE FINANSIËLE EN KORPORATIEWE DIENSTE DEPARTEMENT / IMIBA YESEBE LENKONZO ZEMALI KUNYE ZOLAWULO		
D.1	None / Geen / Asikho	
SECTION E		
REPORTS FROM THE COMMUNITY SERVICES DEPARTMENT / VERSLAE VANAF DIE GEMEENSKAPSDIENSTE DEPARTEMENT / IMIBA YESEBE LENKONZO ZOLUNTU		
E.1	None / Geen / Asikho	

SECTION F		
REPORTS FROM THE ROADS AND TRANSPORT PLANNING SERVICES DEPARTMENT / VERSLAE VANAF DIE PAAIE EN VERVOER BEPLANNINGSDIENSTE DEPARTEMENT / IMIBA YESEBE LENKONZO ZENDLELA KUNYE NEZICWANGCISO KWEZOTHUTHO		
F.1	None / <i>Geen</i> / Asikho	
SECTION G		
REPORTS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / VERSLAE VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT / IMIBA YESEBE LEZICWANGCISO KUNYE NOPHULISO LOQOQOSHO		
G.1	None / <i>Geen</i> / Asikho	
SECTION H		
NOTICE OF URGENT MOTIONS / KENNISGEWING VAN DRIGENDE MOSIES / ISAZISO SEZIPHAKAMISO		
H.1	None / <i>Geen</i> / Asikho	
SECTION I		
NOTICES OF MOTIONS / KENNISGEWING VAN MOSIES / ISAZISO SEZIPHAKAMISO		
I.1	None / <i>Geen</i> / Asikho	
SECTION J		
IN CLOSED SESSION / IN GESLOTE SESSIE / KWI-SASHONI YASEKHUSINI		
J.1	Will be distributed separately from this agenda	
CLOSURE / SLUITING / UQUKUNJELO		

Ald GR Wolmarans
Ald P Terblanche
Ald S De Vries
Ald CN Lichaba
Cllr / Rdl / Ceba NV Gungubele
Cllr / Rdl / Ceba JG Meiring
Cllr / Rdl / Ceba K Malooi
Cllr / Rdl / Ceba CP Taute
Cllr / Rdl / Ceba D Acker
Ald JC Lambaatjeen
Cllr / Rdl / Ceba SM Toto
Cllr / Rdl / Ceba HRT Stroebel
Ald NS Ndayi
Cllr / Rdl / Ceba J Hoogbaard)
Ald RH Ruiters
Cllr / Rdl / Ceba M Kannemeyer
Cllr / Rdl / Ceba MA Mkonto
Cllr / Rdl / Ceba JJ Cornelius
Cllr / Rdl / Ceba JJ Bavuma
Cllr / Rdl / Ceba R Louw
Cllr / Rdl / Ceba F September
Cllr / Rdl / Ceba S Mangxaba
Ald DJ Swart
Ald WP Meshoa
Cllr / Rdl / Ceba R Windwaai
Ald M Kruger
Cllr / Rdl / Ceba DB Coeries
Cllr / Rdl / Ceba AR Marbi
Cllr / Rdl / Ceba MD Jansen (as of
12 November 2025)
Cllr / Rdl / Ceba L Nohana (as of 01
December 2025)
Cllr / Rdl / Ceba J Fry (as of 24
December 2025)
2 X vacant

1. **TASK TEAM REPORT ON ROADS FUNCTION TRANSFER TO THE DEPARTMENT OF INFRASTRUCTURE (DOI): EXIT REPORT AND CONTINGENCY PLAN / TAAKSPANVERSLAG RAKENDE DIE PAAIE FUNKSIEOORDRAG NA DIE DEPARTEMENT VAN INFRASTRUKTUUR (DVI): UITGANGVERSLAG EN GEBEURLIKHEIDSPLAN / INGXELO YEQELA LOMSEBENZI NGOMSEBENZI WEENDLELA UKUDLULISELWA KWISEBE LEZEZISEKO (DOI): INGXELO YOKUPHUMA NESICWANGCISO SOKUXAKEKA**

17 March 2026

REPORT FROM THE CHAIRPERSON OF ROADS TRANSITION TASK TEAM (T LOLIWE)

2. **PURPOSE**

To provide a status report on the activities of the Roads Transition Task Team that was appointed by the Council.

3. **DELEGATED AUTHORITY**

District Council

4. **EXECUTIVE SUMMARY**

The report provides the committee's final report and overall overview of the process and challenges associated with the transfer of the Roads Function from the Garden Route District Municipality (GRDM) to the Western Cape Department of Infrastructure (DOI). This transfer stems from the Provincial Government's decision to terminate the Roads Agency Agreement (RAA), effective 31 March 2026. The RAA, in place since 2016, allowed GRDM to manage road-related functions on behalf of the Province, but its termination marks a shift towards centralizing the Roads function within the provincial government.

Following the termination notice, GRDM's Council acknowledged the decision and established a multidisciplinary Roads Transition Task Team on 29 July 2025 to oversee the transfer process. The team has convened nine times to address critical aspects such as compliance with Section 197 of the Labour Relations Act, staff identification, communication, asset verification, financial implications, and risk management.

Despite these efforts, several major concerns remain unresolved. The DOI has not provided a draft transfer agreement, that delayed the negotiations and finalization.

Additionally, the DOI has yet to share a detailed implementation plan outlining timelines, milestones, and staff placement details, given the time left before the transfer, we do not anticipate that such a plan will be provided nor it will add any value at this stage. The inclusion of (twenty nine) 29 support staff positions remains undecided, posing financial and legal risks to GRDM. Furthermore, the DOI has now confirmed its intentions regarding the utilization of GRDM properties currently occupied by the Roads Department, a draft lease agreement was submitted in February 2026 and is still under consideration.

Council should note that GRDM has not issued termination notices to medical and pension funds for Roads employees due to the absence of a signed agreement, as this poses significant legal and financial risks. Furthermore, the organogram has not been revised to remove Roads employees for the same reason.

Based on the recent communication from DOI, dated 18 March 2026, it is now likely that GRDM will continue to pay salaries to Roads employees beyond 31 March 2026. This will result in unauthorized expenditure unless a new agreement is reached and an adjustment budget is passed. As of now, GRDM retains full legal and financial responsibility for the 337 Roads employees until the transfer is lawfully finalized.

Recent discussions with DOI officials on 23 March 2026 raised concerns about the legality of the proposed transfer process, which seeks to implement an interim measure, whereby DOI takes back the full roads service function; however, GRDM continues to pay salaries of the road's personnel as well as administer labour relation's matters. These concerns and implications will be reported to the council through a separate item. The transfer process remains incomplete, and further negotiations, Council decisions, and transition arrangements are required.

5. RECOMMENDATION

For Council to consider, discuss, and resolve on the close-out report.

AANBEVELING

Dat die Raad die afsluitingsverslag oorweeg, en 'n besluit neem.

ISINDULULO

Sesokuba iBhunga liqwalasele, lixoxe, kwaye liqukumbele ngengxelo yokugqibela.

6. DISCUSSION / CONTENTS

6.1 Background

The process relating to the transfer of the Roads Function from the Garden Route District Municipality (GRDM) to the Western Cape Department of Infrastructure (DOI) originates from the formal decision by the Provincial Government to discontinue the existing Roads Agency Agreement (RAA).

The DOI, through formal correspondence dated 7 April 2025, notified GRDM of its intention to terminate the Roads Agency Agreement with effect from 31 March 2026.

This agreement, which has been in operation since 2016, enabled GRDM to perform roads-related functions on behalf of the Province. The termination of this agreement represents a strategic shift by the Province to centralise the Roads function within the provincial sphere of government.

Upon receipt of the termination notice, Council formally:

- Acknowledged the discontinuation of the Roads Agency Agreement
- Mandated the Municipal Manager to initiate processes in terms of Section 197 of the Labour Relations Act (LRA)
- Established an internal Roads Transition Task Team to coordinate the transfer process
- Mandated engagement with organised labour and affected employees

On 29 July 2025 Council appointed a Roads Task Team constituted as a multi-disciplinary structure comprising:

1. Strategic Manager in the Office of the Municipal Manager (chairperson);
2. Executive Manager Financial Services;
3. Executive Manager Integrated Planning and Development;
4. Executive Manager of Roads and Transport Services,
5. Manager Human Resources;
6. Manager Integrated Support Services and Legal Compliance;
7. Manager Supply Chain Management;
8. Manager Income, Bank Reconciliation, Expenditure and Remuneration;
9. Manager Projects, Properties, Facilities and Resort Management,
10. Assistant Manager Human Resources (responsible for Labour Relations Matters);
11. Manager Disaster Management;
12. 1 Representative from IMATU and 1 Representative from SAMWU.
13. Impact of the transfer to employees' current benefits (issuing of notices to medical aids and pension funds)

This structure was intended to ensure the smooth transition of the roads' function and also ensures a coordinated, compliant, and structured transition process. This committee reports directly to the council

Since the inception of this committee is has met 9 times on the following dates:

1. 30 July 2025
2. 13 August 2025
3. 26 August 2025
4. 17 September

5. 14 October
6. 12 November 2025
7. 13 January 2026
8. 03 February 2026
9. 17 March 2026

Amongst various discussions and deliberations in the committee were the following broad categories:

1. Budgetary Implication of the transfer
2. Supply Chain Management Implication of the Transfer
3. Financial Viability Implications of the Transfer

Risk and actions required should the transfer not materialise by 1 April 202

4. Request for Information : Monitoring of information requested by Doi and ensuring that information requests are actioned timeously.
5. Monitoring of Compliance to section 197 of the Labour Relations Act
6. Identification of staff affected by the transfer
7. Communication and Consultation
8. Reporting to Council
9. Communication of Council Resolution to relevant stakeholders
10. Identification of GRDM properties that might be affected by the transfer
11. Verification of Assets
12. Occupational ratio of shared properties between GRDM and DOI
13. Drafting of communication to DOI on matters that require DOI attention including requests for information
14. Assessment of Roads related contracts and its impact on the transfer of function

Based on the broad discussion and decision of the committee, various reports outlining the activities of the committee as well as concerns raised by the committee were reported to council and items presented during the following Council meetings:

1. 29 October 2025
2. 27 January 2026
3. 25 February 2026

Amongst the issues raised in the reports, the following major concerns were raised :

1. **Transfer Agreement:** The draft transfer agreement has not been shared with GRDM, delaying negotiations and finalization.
2. **Implementation Plan:** DOI has yet to provide a detailed implementation plan outlining timelines, milestones, and staff placement details.
3. **Support Staff Inclusion:** No resolution has been reached regarding the inclusion of the 24 support staff positions, which poses financial and legal risks to GRDM.
4. **Property Utilization:** DOI has not yet formally confirmed whether it intends to utilize GRDM properties currently occupied by the Roads Department beyond March 2026.

It should be noted, however, that in February 2026, Doi did submit a draft lease agreement in relation to the utilisation of GRDM properties they are occupying. This is still subject to negotiation and council resolution and application of relevant asset disposal guidelines.

The transfer agreement, Implementation Plan and the confirmation on the inclusion of the support staff is still outstanding.

We have also, in the previous report informed council about the lack of responses from the communication we dispatched to the Doi on the above issues. We are however, happy to inform council that we have received response from our after our last follow up letter .(attached as Annexure A).

This response was further discussed with DOI officials on 23 March 2026. Management raised concerns on the legality of transferring this function in the proposed manner and that will be ventilated and reported to council through a different item.

Contingency Plans

As required by medical and pension fund rules, the employer must give a notice of termination of service to the fund at least one month prior to such termination. This ensures that the employees are not penalised by the funds. However, GRDM, although, is in possession of the termination notice and council accepted the termination of Roads Agency Agreement, did not give notices to the relevany medical aid funds and pension funds of the road's employees. Management has considered the risk of giving notices to these funds, when we do not have a signed agreement too high. Our assessment was that it is almost impossible for the legal

transfer of staff from GRDM to DoI to be finished within one month, given that there was no agreement in place. The communication received from DoI on 19 March 2026, confirmed our assessment.

Furthermore, revision of the organogram to remove the roads employees was consciously not done, for the same reason stated above. However payment of Salaries related payments to roads employee will result in unauthorised expenditure, as the current budget does not have such a provision. That provision could also not have been made on the current budget with the termination notice still in force.

Should GRDM continue to pay the Salaries of Roads employees beyond the 31 March 2026, an adjustment budget will be required. Such adjustment budget can only be justified by a new agreement between DOI and GRDM.

It must be explicitly noted that, in the absence of a signed Memorandum of Agreement (MOA) or Transfer Agreement with the Department of Infrastructure (DOI), all Roads staff (approximately 337 employees) remain employees of the Garden Route District Municipality (GRDM).

Accordingly, GRDM retains full legal and financial responsibility for the payment of salaries, benefits, pension contributions and all related employment costs until such time that the transfer process is lawfully finalised in terms of Section 197 of the Labour Relations Act.

6.3 FINANCIAL IMPLICATIONS

- Unauthorised Expenditure
- Unfunded budget
- Budget Deficit

6.4 LEGAL IMPLICATIONS

Compliance with Section 197 of the Labour Relations Act is mandatory.

Non-compliance may result in litigation and joint liability.

6.5 STAFF IMPLICATIONS

1. Possible retrenchments by GRDM
2. Possible Industrial Action from labour

6.6 PREVIOUS / RELEVANT COUNCIL RESOLUTIONS

Report 12.1 on the Council agenda dated 25 February 2026

6.7 RISK IMPLICATIONS

ESTIMATED SALARY EXPOSURE

Item	Estimated Monthly Cost	Estimated Annual Cost
Roads Staff (±337)	+R9.3 million	+R114 million
Support Staff Risk	±R1.3 million	±R16 million

MFMA COMPLIANCE AND AUDIT RISK

Section 15: Expenditure may only be incurred in terms of an approved budget.

Section 18: Expenditure must be funded from realistically anticipated revenue.

Section 62: Accounting Officer must ensure effective financial management.

Section 71: Monthly reporting on financial performance.

Failure to address this risk may result in unauthorized, irregular or fruitless expenditure.

DETAILED RISK MATRIX

Risk	Impact	Likelihood	Consequence	Mitigation
Salary Liability	High	High	Budget deficit	Financial modelling, Treasury engagement
Legal Non-Compliance	High	Medium	Litigation	Legal opinion, Section 197 compliance
Unauthorised Expenditure	High	High	Negative Audit Opinion	Adjustment budget
Labour Unrest	High	High	Strikes/disputes	Union engagement
Operational Disruption	High	Medium	Service failure	Interim Arrangements with DOI

Mondi Stratu

Municipal Manager

Garden Route District Municipality

Per email mm@gardenroute.gov.za

andisiwe@gardenroute.gov.za

Dear Mr Stratu,

RE TRANSFER OF THE ROADS FUNCTION TO DOI

1. Your letters dated 4 February 2026 and 17 March 2026 refer.
2. At the outset, it must be clarified that, in terms of the Roads Ordinance 19 of 1976, the Department of Infrastructure is the road authority responsible for the provincial roads function. The Garden Route DM has historically exercised certain responsibilities in respect of this function as an agent through a MOA concluded with the Department.
3. As previously communicated, this MOA terminates on 31 March 2026. From 1 April 2026, all responsibilities in respect of the roads function will therefore revert fully to the Department, which will assume direct responsibility for those activities previously performed through the agency arrangement. The DM will accordingly cease to act as an agent save in respect of paying the affected employees pending the s197 transfer- see paragraph 9 below.
4. It is important to distinguish this reversion of responsibilities from the process relating to the transfer of employees currently performing the work. Whereas the transfer of responsibility follows from the termination of the MOA and the revision of the Department's establishment, the transfer of affected employees must be addressed through a process contemplated in section 197 of the LRA.
5. The Department confirms that the necessary internal processes have been completed and that engagements with the DPSA are at an advanced stage. It is accordingly anticipated that the Department will soon be in a position to engage


Garden Route DM regarding the transfer of affected employees in terms of section 197(6), following which the parties will jointly consult with the unions.

6. It is specifically noted that only employees occupying positions on the approved roads organogram forming part of the MOA, will be the subject of the section 197(6) process referred to in paragraph (4) above. Employees falling outside the approved roads organogram are expressly excluded.
7. While the Department trusts that all parties will work constructively and efficiently towards reaching agreement in a timely manner, it is recognised that the process of finalising the transfer of employees into the Department's establishment will extend beyond 1 April 2026.
8. The immediate priority is therefore to agree on an interim arrangement to ensure both stability for affected employees and continuity of service delivery pending the conclusion of the section 197(6) process.
9. This interim arrangement must reflect the position set out above, namely that from 1 April 2026 the roads function and all associated responsibilities vest with the Department, while the Garden Route DM remains the employer of the employees currently performing the work.

In practical terms, this means that the DM, on an interim basis, will continue to make available the employees required to perform the function, while the Department assumes responsibility for the function itself and all associated operational requirements, including supervision, work allocation, resourcing, and operational decision-making. As mentioned above, the DM will administer the payment of those affected employees only pending the s197 transfer.

10. To this end, we request that an urgent meeting between our respective management teams be convened to discuss and agree on the interim arrangements required to ensure continuity of service delivery.
11. Once this has been addressed, a joint engagement with the affected DMs, coordinated through SALGA, will be convened to formally progress discussions between the employers regarding the section 197(6) transfer process.
12. We look forward to engaging constructively with the Garden Route DM to ensure an orderly transition of the function while safeguarding both service delivery and the interests of affected employees.

Yours faithfully,



.19/03/2021

ADV CHANTAL SMITH
HOD INFRASTRUCTURE

CC

Xander Smuts

DRE: Region 2

Marilise Van Wyngaardt

A/Chief Director Road Departmental Operations

Michael Hendrickse

A/DDG Transport Infrastructure

Shaffida Andrews

A/CFO Infrastructure

BACK TO AGENDA

1. PROPOSED INTERIM ARRANGEMENT IN THE TRANSFER OF THE ROADS FUNCTION PENDING THE FINALIZATION OF SECTION 197 PROCESS / VOORGESTELDE INTERIM REËLINGS RAKENDE DIE OORDRAG VAN DIE PAAIE FUNKSIEFUNKSIE AFHANGENDE DIE FINALISERING VAN DIE ARTIKEL 197-PROSES /

REPORT FROM THE MUNICIPAL MANAGER (M STRATU)

2. PURPOSE

The purpose of this report is to present to Council the interim arrangements pertaining to the transfer of the Roads function, pending the finalization of the Section 197 process, as Proposed by the Department of infrastructure (DOI).

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

The agency agreement between GRDM and DOI will terminate on 31 March 2026. With effect from 1 April 2026, there will be no existing legal relationship between GRDM and DOI.

In correspondence dated 19 March 2026, DOI informed GRDM that the transfer process will not be finalised by 31 March 2026 and has accordingly proposed an interim arrangement to regulate the relationship between GRDM and DOI from 1 April 2026. Today, 31 March 2026, SALGA forwarded a draft addendum of the Roads Agency Agreement that is also expiring today. The Municipal Manager must be mandated to negotiate the terms of the addendum. The terms and conditions of this interim arrangement will be formalised in an addendum to be concluded between GRDM and DOI.

The addendum as it currently stands proposes the extension of the Memorandum of Agreement for a period of three (3) months with some amendments.

5. RECOMMENDATION

That Council authorises the Municipal Manager to negotiate and finalise the addendum with DOI.

AANBEVELING

Dat die Raad die Munisipale Bestuurder die magtig verleen om te onderhandel en die addendum met DVI, te finaliseer.

6. DISCUSSION / CONTENTS

6.1 Background/Discussion

DOI communicated its intention to terminate the agency agreement with the Garden Route District Municipality on 7 April 2025. This termination was duly accepted by the GRDM Council, resulting in the formal conclusion of the relationship between GRDM and DOI on 31 March 2026.

DOI has not acted with the necessary urgency to ensure compliance with all processes required in terms of section 197 of the Labour Relations Act. The implication is that, as of 1 April 2026, the function cannot be lawfully transferred to DOI. Council is reminded that reports from the Roads Transition Committee (standing items) on the Council agenda, consistently recorded the risks associated with a failure to transfer the function by 31 March 2026. Council was kept informed of these risks at all relevant times. It is further noted that the transition committee recorded in its reports that it provided all reasonable support to DOI to facilitate a smooth transfer. As of today, there is nothing outstanding from GRDM to facilitate the transfer to DOI. The Roads Transition Committee also informed Council that DOI had not cooperated adequately, particularly through a lack of response to correspondence from GRDM. As a result, GRDM was not consistently aware of DOI's planning progress or the bottlenecks on DOI's side that impeded the transfer process.

It was only on 19 March 2026 that DOI formally notified GRDM that it would not meet the 31 March 2026 deadline for transferring the roads function in terms of section 197. In the same correspondence, DOI proposed an interim arrangement in terms of which the function and associated responsibilities would transfer to DOI on 1 April 2026. Under this proposed arrangement, GRDM's role would be limited to providing employees to DOI while continuing to remunerate them.

A meeting was held on 23 March 2026 between DOI representatives and the three district municipalities affected by the transfer of the roads function. During this meeting, DOI indicated that separate engagements would be scheduled with each district municipality to discuss the terms of the proposed interim arrangement. The district municipalities generally expressed reservations regarding the legality of this proposal by DOI. The interim arrangement proposed by DOI is legally untenable and if supported, may expose GRDM to legal, financial and labour relations risks.

On 31 March 2026, SALGA submitted a draft agreement, to be finalised and signed by both parties i.e. GRDM and DOI. This agreement seeks to extend the Roads Agency function from 1 April 2026 to 30 June 2026 or until the section 197 (6) of Labour Relations Act is complied with and a transfer agreement is signed. This agreement is attached **as Annexure**.

Management reviewed the draft addendum and bring this to the attention of council:

- The signing of an addendum will nullify the acceptance of the notice of termination of the Agency Function, as was communicated by the Minister on 7 April 2025 and acknowledged by Council on 29 July 2025.
- The overall effect of the addendum is an extension of the Memorandum of Agreement (MOA) with the exception of certain amendments.
- That the councillors note that the addendum materially differs from the communication received on 19 March 2026 (**Annexure**), where DOI

indicated that they will be taking over the full function by 1 April 2026, except the payment of roads employee's salaries.

- That the Municipal Manager, has reviewed the draft addendum and requested clarity from DOI on certain clauses of the addendum. (Attached as Annexure)
- That the response has not yet been received from DOI.

6.4 Legal Implications

If Council does not resolve to authorise the extension of the current MOA through addendum, section 197 of the Labour Relations Act, will automatically kick in at midnight with the effect that all responsibilities relating to the Roads Function, will revert to DOI, this includes the employees and responsibility relating to them.

6.5 Financial implications

DOI still proposes to provide funding for operations that may be required from GRDM, including a twelve percent (12%) administration fee (including VAT). Council should note that the administration fee excluded VAT in the past and should the current proposal be accepted as is, this may negatively impact the financial position of Council.

6.6 Staff Implications

In terms of the draft Addendum, the MOA is extended, implying that the previous responsibilities that GRDM had relating to employees, will continue, except for the proposed amendments (i.e. written approval must be granted by DOI regarding the scope of work).

6.3 Previous / Relevant Council Resolutions:

Item C.1 on the agenda of 12 March 2026

6.4 Risk Implications

The implication of this extension is that GRDM must provide support staff which has previously been a contentious issue, especially regarding payment and this matter must be clarified to avoid any issues regarding their payment.



**TRANSITIONAL ADDENDUM TO THE MEMORANDUM OF AGREEMENT PENDING
CONCLUSION OF SECTION 197(6) AGREEMENT**

Concluded by and between:

THE WESTERN CAPE PROVINCIAL GOVERNMENT

VIA ITS

DEPARTMENT OF INFRASTRUCTURE

(Herein represented by Adv. C Smith, in her capacity as Head of Department:

Department of Infrastructure)

(Hereinafter referred to as "the Department")

AND

THE [X] DISTRICT MUNICIPALITY

(Herein represented by, in his/her capacity as

Municipal Manager of the [X] District Municipality)

(Hereinafter referred to as "the District Municipality")

FOR THE MAINTENANCE AND CONSTRUCTION OF PROCLAIMED PROVINCIAL ROADS

INTRODUCTION

- A. WHEREAS the Parties previously concluded a Memorandum of Agreement ("the Agency Agreement") in terms of which the District Municipality performed certain components of the Roads Function on behalf of the Department on an agency basis, which is attached hereto;
- B. AND WHEREAS the Department has resolved to discontinue the Agency Agreement and to assume direct responsibility for the execution of all components of the Roads Function, subject to the conclusion of a section 197(6) agreement in terms of the Labour Relations Act, 66 of 1995;
- C. AND WHEREAS the section 197(6) agreement has not yet been concluded, necessitating an interim arrangement to ensure continuity of service delivery and operational stability on a proper legal footing;
- D. AND WHEREAS the Parties accordingly agree that this Addendum constitutes a transitional arrangement, in terms of which the District Municipality will, on an interim basis, continue to make available resources and provide necessary support for the performance of the relevant components of the Roads Function, under the direction of the Department, pending the conclusion of the section 197(6) agreement;
- E. AND WHEREAS this Addendum shall apply for a period of three (3) months from 1 April 2026 to 30 June 2026, or such extended period as may be agreed in writing between the Parties, pending the conclusion and implementation of the section 197(6) agreement;
- F. AND WHEREAS the Parties have agreed that the Department will allocate an amount of R[...] (...) to the District Municipality for the interim arrangement;
- G. AND WHEREAS the aforesaid amount is all-inclusive, covering all costs associated with the interim period, including Cost of Employment and a 12% management (agency) fee (inclusive of VAT);

H. AND WHEREAS the total allocation in respect of current expenditure is composed as follows:

DISTRICT MUNICIPALITY	
Composition of Allocations	1 April 2026 – 30 June 2026
	Current Expenditure
12% Agency fee (incl. VAT)	
<u>Current:</u>	
COE	
Total allocation	

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. PREVAILING PROVISION

In the event of any inconsistency between the provisions of this Addendum and the Memorandum of Agreement, the provisions of this Addendum shall prevail for the duration of this Addendum.

2. AMENDMENTS TO THE TERMS AND CONDITIONS OF THE AGENCY AGREEMENT

The Parties have agreed to amend the Agreement as follows;

2.1. Definitions and Interpretation (Clause 1)

Clause 1.4.1 is hereby amended to read:

“Agency basis” means that the District Municipality performs certain support functions in respect of the Roads Function, as agreed with and directed by the Department, for the benefit of the Department.

2.2. Duration (Clause 3)

Clause 3 is hereby amended to read:

"This Addendum shall commence on 1 April 2026, notwithstanding date of signature, and shall remain in force until 30 June 2026, or until the conclusion and implementation of the section 197(6) agreement, whichever occurs first, unless extended in writing by agreement between the Parties."

2.3. Scope of Work (Clause 5)

The following clause is inserted after Clause 5.3:

"5.4. The scope of work and associated programme for the performance of the responsibilities under this Agreement shall be determined and provided by the District Roads Engineer, and the District Municipality shall implement such work in accordance therewith."

2.4. Cash management (Clause 6.3)

Clause 6.3.3 is hereby amended to read:

"The Department must make a prepayment equivalent to one-month average estimated expenditure for the duration of this addendum."

2.5. Asset management (Clause 7)

The following clause is inserted after Clause 7.4:

"7.5. Prior written approval must be obtained from the District Roads Engineer prior to the purchase of assets in support of road staff."

2.6. Plant and Equipment (Clause 11)

2.6.1. Clause 11.4 is hereby amended by substituting the words:

“in consultation with”

with:

“with the prior written approval of the Chief Engineer: Mechanical Services”.

2.6.2. The following clauses are inserted after Clause 11.4:

“11.5. Notwithstanding that plant and equipment may be made available by the Department for use by the District Municipality, all such plant and equipment shall be immediately allocated to and recorded on the Department’s plant management system.”

“11.6. The District Municipality shall remove all District Municipality branding from all plant and equipment owned by the Department and utilised for purposes of this Agreement.”

2.7. Materials (Clause 13)

Clause 13.1, Clause 13.2 and Clause 13.3 of the Memorandum of Agreement is hereby deleted in its entirety and replaced with the following clauses:

“13.1 The Department may, at its discretion, provide all necessary materials for the purpose of rendering the roads function including fuel and parts for the maintenance and repairs of the yellow fleet. “

“13.2 The District Municipality shall plan and communicate the materials needed for rendering the support function in a timeous manner by providing a weekly materials plan to the District Roads Engineer.”

“13.3 The District Municipality through its Supply Chain Management system must assist the Department in acquiring materials and services, as and when requested by the District Roads Engineer.”

2.8. Agency Service (Clause 22)

Clause 22 is deleted

3. VARIATIONS

The Parties agree that apart from the variations as stipulated in clause 2 of this addendum, the balance of the terms and conditions of the Agency Agreement remain unaltered.

4. ENTIRE AGREEMENT

This addendum, read with the Agency Agreement, constitutes the entire agreement between the Parties and no amendment thereof will be of any force and effect unless reduced to writing and signed by both Parties.

SIGNED at.....on this.....day of.....2026 in the presence of the undersigned witnesses.

THE DEPARTMENT

(Herein represented by **Adv. C Smith** in her capacity as Head of Department)

AS WITNESSES:

Signature
letters

Name also in capital

Signature
letters

Name also in capital

SIGNED at.....on this.....day
of.....2026 in the presence of the undersigned witnesses.

THE BENEFICIARY

(Herein represented
by.....in his/her
capacity as Municipal Manager for
[x] District Municipality)

AS WITNESSES:

Signature
letters

Surname and Initials capital

Signature
letters

Surname and Initials in capital