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 **FRIDAY, 03 JULY 2026** at **12:00** to consider the items as set out in the agenda.

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*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 **VRYDAG, 03 JULIE 2026** om **12:00** 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 **NGOLWESIHLANU, 03 KWEYEKHALA 2026** ngentsimbi ye **12:00** ukuqwalasela imiba ebekwe kwi agenda.

ALD GR WOLMARANS
SPEAKER
SPEAKER
SOMLOMO

MG STRATU
Municipal Manager
Munisipale Bestuurder
Mphathi Masipala

Date: 02 JULY 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	None / *Geen* / Asikho	
	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* / ULUNGISELELO LWEXESHA ELICETYWAYO LOKUDLULISELWA KWEMISEBENZI YEENDLELA ELILINDE UKUGQUNJELWA KWENKQUBO YECANDELO 197** *Refer report from the Municipal Manager (MG Stratu)*	**6 – 20**
C.2	**STATUS QUO OF NEGOTIATIONS BETWEEN DOI AND GRDM RELATING TO THE ROADS FUNCTION / *STATUS QUO RAKENDE ONDERHANDELINGE TUSSEN DVI EN GRDM MET BETREKKING TOT DIE PAAIEFUNKSIE* / IMEKO YENGXOXO PHAKATHI KWE-DOI NE-GRDM NGOKUPHATHELELE UMSEBENZI WEENDLELA** *Refer report from the Municipal Manager (MG Stratu)*	**21 - 33**
C.3	**STATUS REPORT ON THE TRANSFER PROCESS FOR THE ROADS FUNCTION / *VORDERINGSVERSLAG RAKENDE DIE OORDRAG PROSES VAN DIE PAAIE FUNKISE*** *Refer report from the Municipal Manager (MG Stratu)*	**34 - 127**

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 / *Geen* / Asikho	
SECTION G **REPORTS FROM THE PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT / *VERSLAE VANAF DIE BEPLANNING EN EKONOMIESE DIENSTE DEPARTEMENT* / IMIBA YESEBE LEZICWANGCISO KUNYE NOPHUHLISO LOQOQOSHO**		
G.1	None / *Geen* / Asikho	
SECTION H **NOTICE OF URGENT MOTIONS / *KENNISGEWING VAN DRIGENDE MOSIES* / ISAZISO SEZIPHAKAMISO**		
H.1	None / *Geen* / Asikho	
SECTION I **NOTICES OF MOTIONS / *KENNISGEWING VAN MOSIES* / ISAZISO SEZIPHAKAMISO**		
I.1	None / *Geen* / Asikho	
SECTION J **IN CLOSED SESSION / *IN GESLOTE SESSIE* / KWI-SASHONI YASEKHUSINI**		
J.1	Will be distributed seperately 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 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) Cllr / Rdl / Ceba SN Bentley (as of 01 April 2026) Cllr / Rdl / Ceba VD Carolus (as of 09 June 2026) 1 X vacant

1. PROPOSED TRANSITIONAL ARRANGEMENT IN THE TRANSFER OF THE ROADS FUNCTION PENDING THE FINALIZATION OF SECTION 197 PROCESS / *VOORGESTELDE OORGANGSREËLING IN DIE OORDRAG VAN DIE PADFUNKSIEFUNKSIE AFHANGENDE DIE FINALISERING VAN DIE ARTIKEL 197-PROSES* / ULUNGISELELO LWEXESHA ELICETYWAYO LOKUDLULISELWA KWEMISEBENZI YEENDLELA ELILINDE UKUGQUNJELWA KWENKQUBO YECANDELO 197

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.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

The agency agreement between GRDM and DOI was extended on 1 April 2026, with a termination date of 30 June 2026.

GRDM, at the various meetings held with DOI, emphasised the deadline approaching (30 June 2026) and even requested an extension for six (6) months to finalise the section 197 process, to no avail. On 30 June 2026, GRDM informed DOI that as no agreement is in place and no extension has been received as at 30 June 2026, the extended Agency Agreement will expire and the employment contracts of all employees will automatically transfer to DOI in terms of section 197(2) of the Labour Relations Act.

No response was received.

On 1 July 2026, after close of business at 19h09, the Municipal Manager received the attached correspondence from DOI, requesting an extension of one (1) month from 1 July 2026 to 31 July 2026 to allow for urgent engagement between DOI and the trade unions.

The interim arrangement proposes the extension of the Memorandum of Agreement for a period of one (1) month, with some amendments.

5. RECOMMENDATIONS

5.1 That Council considers this report and provide guidance to the Administration on how to proceed further.

5.2 That in line with the above, Council authorises the Municipal Manager to negotiate with DOI to enter into a new agreement until 31 March 2027 in order to finalise and ensure a smooth transition of all Roads related functions, including the negotiations with the unions.

AANBEVELINGS

5.1 Dat die Raad die verslag oorweeg en leiding aan Administrasie verskaf oor hoe om verder voort te gaan.

5.2 Dat die Raad, in ooreenstemming met bogenoemde, die Munisipale Bestuurder magtig om met die DOI te onderhandel om 'n nuwe ooreenkoms tot 31 Maart 2027 aan te gaan ten einde alle Paaie verwante funksies, insluitend die onderhandelinge met die vakbonde, te finaliseer en 'n gladde oorgang te verseker.

IZINDULULO

5.1 Ukuba iBhunga liqwalasele le ngxelo kwaye linike ulwalathiso kuLawulo malunga nendlela yokuqhubeka phambili.

5.2 Ukuba ngokuhambelana noku kungasentla, iBhunga ligunyazisa uMphathi kaMasipala ukuba athethathethane ne-DOI ukuze bangene kwisivumelwano esitsha kude kube ngumhla wama-31 kuMatshi 2027 ukuze kugqitywe kwaye kuqinisekiswe ukuba yonke imisebenzi enxulumene neeNdlela iyatshintsha kakuhle, kuquka neengxoxo nemibutho yabasebenzi.

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 July 2026, the function automatically 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. Various meetings were also held between Management and DOI in order to finalise the section 197(6) Transfer Agreement, where GRDM placed on record that the time is not sufficient to finalise the transfer by 30 June 2026. DOI, however, took note of the concerns raised by GRDM but emphasise that by 30 June 2026, they will be in a position to take over the Roads Function.

It was only on 1 July 2026 that DOI notified GRDM that it would not meet the 30 June 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 August 2026. Under this proposed arrangement, GRDM's role would be limited to providing employees to DOI while continuing to remunerate them.

The non-extension of the Agency Agreement meant that the function automatically transferred in terms of section 197(2), which effectively means that section 197(6) is no longer applicable. However, there are issues of commercial interest that must still be negotiated and finalised to still be pursued with DOI in this new agreement (VAT, post retirement, etc.).

Management reviewed the draft Transition Arrangement proposed by DOI and wishes to bring the following to the attention of Council:

- The signing of an addendum is after the termination date of the Agency Function, and there is no valid agreement between the Parties as of 1 July 2026 and therefore it cannot be lawfully extended as proposed by DOI.
- That a new agreement needs to be entered into between the Parties, effective 1 July 2026 with new terms and conditions.
- Additional costs may be incurred for various functions, including but not limited to the ICT and connectivity services to be performed by GRDM.

DOI requests an agreement for a period of one month (1 – 31 July 2026). However, experience has taught us that the agreement could not be concluded within such a short space of time.

The risks associated with the above are as follows:

1. Budget instability – it will have to be adjusted on a regular basis.
2. The IDP of the municipality will have to be amended on a regular basis to be in line with the new mandate.
3. The whole labour relations framework is compromised with persistent changes that results in uncertainty, anxiety, fear, etc., which may lead to labour instability and service delivery challenges.
4. Structure – persistent municipal organogram changes and subsequent approvals by Council.
5. As an organ of state, we have a duty to ensure certainty and consistency.

6. Meaningful consultation with employees require sufficient time and is a strict requirement for compliance with the LRA.

Our reading of the proposed transitional arrangement is a marked departure from the recently expired agency agreement extension, which limited GRDM responsibility to only provide labour, among others. This proposed transitional arrangement is also contradictory to the new Roads delivery model and is taking us back to the previous Agency Function, which, if Council agree, will have to be negotiated anew.

6. 3 Legal Implications

Currently, there is no agreement between DOI and GRDM and the implication thereof is that all responsibilities relating to the Roads Function automatically transferred to DOI in terms of section 197(2) of the Labour Relations Act on 1 July 2026.

Any non-compliance with the legal prescripts may lead to legal action against GRDM.

6.4 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 this may negatively impact the financial position of Council.

6.5 Staff Implications

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

6.6 Previous / Relevant Council Resolutions:

Item C.1 on the agenda of 31 March 2026

6.7 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.

Any financial non-compliance may result in a contravention of MFMA Circular 68 as issued by National Treasury.

Western Cape Government

Infrastructure
Adv Chantal Smith
Office of the Head of Department
HOD.Infrastructure@westerncape.gov.za | Tel: 021 483 2826

Refernce: DOI 20/1/E

30 June 2026

To: The Municipal Manager, Garden Route District Municipality

Attention: Mr M Stratu

By email

Cc: The Mayor-GRDM

Attention: Ald. M Kruger

By email: mm@gardenroute.gov.za

URGENT

Dear Mr Stratu,

Expiration of Agency Agreement between DOI and GRDM and negotiations between DOI and GRDM in relation to reaching agreement as to an MOA and s197(6) transfer agreement

1. I have been kept closely apprised of the negotiation process pursuant to the above between the DOI negotiating team and yourself and your team.

2. I have been advised as to the outcome of what appeared to be a positive Teams meeting held between our team and you and yours on 17 June which focussed on the contested issue of the transfer of GRDM alleged support staff in which it was agreed inter alia:

   (a) That as a significant concession, DOI would be prepared to accept transfer of 26 of the 32 alleged support staff put forward by GRDM, and that 6 named support staff would not be transferred, provided that certain conditions were met by GRDM including that DOI would bear no financial responsibility in the event of GRDM retrenching any one or more of the 6 excluded support staff;
   (b) Your external attorney, Ms Anel Gray requested that DOI consider DOI bearing half the consequential financial implications involved in a consequential unfair dismissal challenge by the 6 or their Unions in relation to such'

(c) DOI's lead negotiator, attorney John MacRobert reiterated DOI's position, as expressed above but advised that he would take instructions and receive instructions and a mandate as to this request;

(d) This he did per his letter to you of 23 June 2026, setting out explicitly DOI's position on this request, as also as to DOI's position in relation to other litigation that may be brought in general.

(e) You responded per your emailed letter of 25 June 2026, to which I now respond below.

3. Firstly, your response is a marked departure from its position tabled at the Teams meeting referred to above, and I have now equally reviewed the position of DOI on the same basis. The DOI is now back to its original position of accepting only the 9 stores staff.

4. Second, I am advised that your letter contains inaccurate interpretations of section 197 of the LRA, including section 197(8) thereof which relates <u>only</u> to transferred employees and not to the 6 who, it has been agreed, will not transfer.

   The short point is that the 6 are simply not preponderately part of the roads function, as may legally required.

   Simply to achieve agreement DOI advised that it would be prepared to "swallow" the balance of the 9 Stores staff, but with difficulty. This has now been reconsidered as indicated in point 3. on the same basis that you have reconsidered your position.

5. Third, should GRDM elect to retrench any staff member, this will be a decision of GRDM alone, and not that of DOI and hence it follows that DOI will not bear any costs or financial implications of such retrenchments and will not fund same.

6. Fourth, GRDM's expressed position, as articulated by you in your letter that it would not oppose any unfair dismissal referrals, but abide the decisions of any Tribunal or Court, is nothing short of extraordinary and is also in bad faith.

   DOI will not come to your aid in such event, financially or otherwise.

7. Fifth, GRDM's mark-ups on the draft MOA and s197(6) agreement are totally unacceptable and not inthe spirit in which these negotiations are to be conducted.

8. To conclude, DOI's position, given the above, is as follows:

   (a) If GRDM is no longer prepared to honour the agreement reached at the last Teams meeting as set out above, then DOI will revert to its original position of accepting transfer of the 9 support staff only. GRDM will have to bear the all consequences, financial and otherwise, of the remaining 23, as well as possible other adverse consequences to GRDM.

   (b) You/GRDM are required to respond with a reconsidered position in the light of the above, both as to the support staff and the MOA and s197(6) Agreements by close of business today.

Yours faithfully .

Date:
2026.06.30
15:48:08 +02'00'

....

Adv Chantal Smith
Head of Department- Department of Infrastructure
Western Cape Government

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 GARDEN ROUTE DISTRICT MUNICIPALITY

(Herein represented by Mr M Stratu in his capacity as Municipal Manager of the Garden Route 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 maintenance and construction activities in respect of provincial roads 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 perform such maintenance and construction activities in respect of provincial roads, 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 one (1) month from 1 July 2026 to 31 July 2026.

F. AND WHEREAS the Parties have agreed that the Department will allocate an amount of **R14 001 507** (Fourteen million one thousand five hundred and seven rand) 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, being those costs set out in Clause (H) below, 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:

1 July 2026 - 31 July 2026	
Composition of Allocations	**Current Expenditure**
12% Agency fee (incl. VAT)	R1 408 712
Current:	
COE for Roads organogram	R9 111 739
Travel and Subsistence	R408 883
Contract employees	R419 639
Property related costs	R455 841
ICT costs	R73 650
Inventory Cost	R1 363 777
Outstanding Invoice 25/26	R750 334
Operational expences	R8 932
Total allocation	**R14 001 507**

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 maintenance and construction activities in respect of provincial roads, on behalf of and under the direction of 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 July 2026, notwithstanding date of signature, and shall remain in force until 31 July 2026."

2.3. Scope of Work (Clause 5)

The following clause is inserted after Clause 5.3:

"5.4. The work activities and associated programme for the execution of the scope of work 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 Cape Town on this 1st day of July 2026 in the presence of the undersigned witnesses.

Date: 2026.07.01 17:02:28 +02'00'

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

AS WITNESSES:

Signature | MICHAEL HENDRICKSE
Name also in capital letters

Signature | Louise Buys
Name also in capital letters

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

THE BENEFICIARY
(Herein represented by **Mr M Stratu** in his capacity as Municipal Manager of the Garden Route District Municipality)

AS WITNESSES:

Signature
Surname and Initials capital letters

Signature
Surname and Initials in capital letters

BACK TO AGENDA

1. STATUS QUO OF NEGOTIATIONS BETWEEN DOI AND GRDM RELATING TO THE ROADS FUNCTION / *STATUS QUO RAKENDE ONDERHANDELINGE TUSSEN DVI EN GRDM MET BETREKKING TOT DIE PAAIEFUNKSIE / IMEKO YENGXOXO PHAKATHI KWE-DOI NE-GRDM NGOKUPHATHELELE UMSEBENZI WEENDLELA*

REPORT FROM THE MUNICIPAL MANAGER (M STRATU)

2. PURPOSE

The purpose of this report is to update Council on the status quo up to 30 June 2026 relating to Roads Function.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

On 19 June 2026 this municipality received a draft Memorandum of Agreement and Transfer Agreement from the Department of Infrastructure (DOI) for comments.

Various meetings were held between the Parties to reach an agreement on the terms and conditions as reflected in the draft agreements. Part of the negotiations with DOI related to the support staff, where DOI informed this municipality, in writing, of its intention to transfer 26 of the 32 support staff in terms of section 197(6) of the LRA.

On 25 June 2026, GRDM submitted the revised draft agreements to DOI, indicating it's proposed amendments to the documents in order to reach finality.

On 30 June 2026, we received correspondence from DOI (copy attached as Annexure), signalling departure from their initial agreement dated 19 June 2026 (copy attached as Annexure), whereby they've indicated that they will take 26 support staff.

According to DOI, GRDM's comments on the draft agreements are unacceptable and not in the spirit of which negotiations are to be concluded. DOI concluded that if GRDM is not prepared to honour the "agreement", they will revert back to their position of accepting transfer of nine (9) Stores support staff only.

On 01 July 2026, GRDM responded to DOI's correspondence.

5. RECOMMENDATIONS

5.1 That Council take note that there is no valid agreement between the Parties and that the function transferred to DOI on expiry of the extended Agency Agreement on 30 June 2026 at 23h59.

5.2 That Council take note that the expired agreement cannot be resuccitated *post ex facto*.

5.3 That as a consequence of the above, the provision that provides for an exception in terms of section 197(6) of the LRA became inapplicable in the process.

5.4 That Council confirms that DOI is the new employer in terms of section 197(2) of the Labour Relations Act.

5.5 That Council informs DOI that all risks associated with the transfer of the Roads function, including but not limited to the VAT contingent liability, disciplinary matters, post-retirement benefits (former and current employees that performed the Roads Function) has transferred to DOI by operation of law.

AANBEVELINGS

5.1 Dat die Raad kennis neem dat daar geen geldige ooreenkoms tussen die Partye is nie en dat die funksie na DvI oorgedra is met die verstryking van die verlengde Agentskapooreenkoms op 30 Junie 2026 om 23:59.

5.2 *Dat die Raad kennis neem dat die verstrykte ooreenkoms nie post ex facto hernu kan word nie.*

5.3 *Dat as gevolg van bogenoemde, die bepaling wat voorsiening maak vir 'n uitsondering ingevolge artikel 197(6) van die WAV in die proses onvanpas geword het.*

5.4 *Dat die Raad bevestig dat DVI die nuwe werkgewer is ingevolge artikel 197(2) van die Wet op Arbeidsverhoudinge.*

5.5 *Dat die Raad DVI in kennis stel dat alle risiko's wat verband hou met die oordrag van die Paaiefunksie, insluitend maar nie beperk tot die BTW-voorwaardelike aanspreeklikheid, dissiplinêre sake, voordele na aftrede (voormalige en huidige werknemers wat die Paaiefunksie verrig het) deur die werking van die wet na DOI oorgedra is.*

IZINDULULO

5.1 Ukuba iBhunga liqaphele ukuba akukho sivumelwano sisebenzayo phakathi kwamaQela nokuba umsebenzi udluliselwe kwi-DOI ekupheleni kweSivumelwano se-Arhente esongeziweyo ngomhla wama-30 kweyeSilimela 2026 ngentsimbi ye-23h59.

5.2 Ukuba iBhunga liqaphele ukuba isivumelwano esiphelelwe lixesha asinakuphinda sivuselelwe emva kokuba singekho.

5.3 Ngenxa yoku kungasentla, ilungiselelo elibonelela ngokwahlukana ngokwecandelo 197(6) le-LRA alizange lisebenze kule nkqubo.

5.4 Ukuba iBhunga liqinisekisa ukuba i-DOI ngumqeshi omtsha ngokwecandelo 197(2) loMthetho woBudlelwane beMisebenzi.

5.5 Ukuba iBhunga lixelele i-DOI ukuba yonke imingcipheko enxulumene nokudluliselwa komsebenzi weNdlela, kuquka kodwa kungaphelelanga apho kuhlawulwa i-VAT, imiba yoluleko, iinzuzo emva komhlalaphantsi (abasebenzi bangaphambili nabangoku abenza umsebenzi weNdlela) idluliselwe kwi-DOI ngokusebenza komthetho.

6. DISCUSSION / CONTENTS

6.1 Background/Discussion

DOI notified the Garden Route District Municipality (GRDM) on 7 April 2025 of its intention to terminate the agency agreement. The GRDM Council accepted the termination, and the agreement formally ended on 31 March 2026. Thereafter, DOI requested a three-month extension of the agreement to allow for negotiations regarding the transfer of staff in terms of section 197(6) of the Labour Relations Act (LRA). This extension expired on 30 June 2026.

On 19 May 2026, representatives of DOI, GRDM, SALGA, and the Central Karoo and Cape Winelands District Municipalities met in Paarl to commence negotiations on the draft Memorandum of Agreement (MOA) and section 197(6) agreements circulated by DOI. GRDM requested that separate negotiations be held with each municipality due to their differing circumstances. Following discussion, this approach was agreed to, and DOI was requested to conclude separate agreements with each district municipality.

The initial agreements proposed by DOI were considered heavily weighted in DOI's favour, placing substantial financial liabilities on municipalities, including obligations relating to leave pay, overtime, and other employment benefits. SALGA emphasised that DOI should engage meaningfully on the allocation of these financial responsibilities and provide clarity on how the proposed liability allocation had been determined.

At the meeting, DOI was also advised that, should negotiations in terms of section 197(6) of the LRA not be successful, the default position would be the automatic transfer of employees in terms of section 197(2) of the LRA.

In addition, DOI's attention was drawn to section 5 of the Intergovernmental Relations Framework Act, which requires all spheres of government to consider the circumstances and implications of their decisions when exercising statutory powers and performing functions. GRDM highlighted the need to consider the financial impact on municipalities, particularly the effect of transferring operational staff while leaving support staff behind. A key concern remains the allocation of any costs associated with potential retrenchments or other employment-related consequences arising from the transfer process.

Council should further note that GRDM's proposed amendments relate to:

- Post-retirement benefits of former and current employees, which should remain the responsibility of DOI;
- Any contingent VAT liability, should SARS seek to recover VAT from GRDM in respect of the Roads Agency Function;
- Any adverse cost orders arising from disciplinary matters involving roads staff; and
- Risks associated with municipal properties where no signed agreement exists between the parties.

On 30 June 2026, we received correspondence from DOI (copy attached as Annexure), signalling departure from their initial agreement dated 19 June 2026 (copy attached as Annexure), whereby they've indicated that they will take 26 support staff. According to DOI, GRDM's comments on the draft agreements are unacceptable and not in the spirit of which negotiations are to be concluded. DOI concluded that if GRDM is not prepared to honour the "agreement", they will revert back to their position of accepting transfer of nine (9) Stores support staff only.

On 01 July 2026, GRDM responded to the above letter as follows:

"1. *Your letter dated 30 June 2026, transmitted to me at 16h08, and to which I responded on 30 June 2026, refers.*

2. *At the outset, it is necessary to correct a number of factural and legal inaccuracies contained in your correspondence, as they create an erroneous impression that the allegations levelled against the GRDM are well-founded. They are not.*

3. *Firstly, I state categorically that there is presently no legal relationship between the Department of Infrastructure ("DOI") and GRDM in respect of the Roads Agency function. By operation of section 197(2) of the Labour Relations Act, the transfer of the Roads function occurred automatically with effect from 1 July 2026. Consequently, any suggestion that a contractual or agency relationship continues to exist between the parties is legally untenable.*

4. *Secondly, it is incorrect to allege that GRDM departed from the position it adopted during the Microsoft Teams meeting held on 17 June 2026. On the contrary, it was agreed during that meeting that DOI would prepare and submit the proposed Memorandum of Agreement ("MOA") and Transfer Agreement, following which GRDM would consider those documents and provide its comments. GRDM duly complied with that process and submitted its inputs on 25 June 2026. The allegation that GRDM altered its position is therefore factually incorrect.*

5. *Thirdly, DOI had expressly agreed to accept the transfer of the 26 support staff, a position that was confirmed in its correspondence addressed to GRDM on 19 June 2026, your letter of 30 June 2026 contains no rational or lawful explanation for DOI's subsequent reversal of that position. The unexplained departure from DOI's earlier undertaking appears arbitrary and is indicative of conduct that cannot be reconciled with the duty to negotiate and act in good faith.*

6. *Insofar as your views regarding the interpretation of section 197(8) of the Labour Relations Act, 1995, are concerned, I do not intend engaging in a debate on legal interpretation. Your interpretation remains your opinion, and GRDM does not accept it as a correct statement of the law.*
7. *With regard to the issue of possible retrenchments and the legal consequences arising therefrom, the legal position is clear. Should any retrenchment process be initiated as a consequence of the transfer, DOI will necessarily be a party to that process and will bear the legal obligations and consequences that arise from its decisions and conduct.*
8. *Accordingly, the allegation that GRDM has negotiated in bad faith is denied in the strongest terms. Throughout this process, GRDM has consistently maintained that the transfer should be implemented lawfully, fairly, and in an orderly manner. At all material times, GRDM has sought to negotiate in order to protect both its own legal interests and those of the affected employees, while ensuring compliance with the applicable legislative framework.*
9. *Furthermore, the assertion that GRDM has reneged on any previous agreement is without foundation. Your letter fails to identify any agreement from which GRDM has purportedly resiled. No such agreement exists, and the allegation is therefore unsupported by the facts.*
10. *Finally, it must be recognised that any process contemplated under section 197(6) has now been overtaken by operation of section 197(2). DOI permitted the Agency Agreement to lapse without taking the necessary steps to regulate the transfer before the effective date. As a consequence, the transfer occurred automatically by operation of law on 1 July 2026, and there is no longer any legal relationship between DOI and GRDM arising from the Roads Agency Agreement.*
11. *In the circumstances, the allegations contained in your letter are rejected.*
12. *Should you have any further queries, please do not hesitate to contact me or Nadiema Davids via email – nadiema@gardenroute.gov.za or on 044 803 1408 / 081 580 4692.*

Yours faithfully

MONDE STRATU
MUNICIPAL MANAGER"

6. 3 Legal Implications

Currently, there is no agreement between DOI and GRDM and the implication thereof is that all responsibilities relating to the Roads Function automatically transferred to DOI in terms of section 197(2) of the Labour Relations Act on 1 July 2026.

6.4 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 this may negatively impact the financial position of Council.

6.5 Staff Implications

In terms of the draft Addendum, the MOA is extended, implying that the previous responsibilities that GRDM had, will continue, except for the proposed amendments.

6.6 Previous / Relevant Council Resolutions:

Item C.1 on the agenda of 12 March 2026

6.7 Risk Implications

GRDM will be exposed to the following risks, namely:

- Disciplinary and labour litigation risks;
- Risks of retrenchments of support staff;
- Property and Assets risks;
- VAT and SARS exposure;
- Post retirement benefits;
- Financial liability relating to accrued leave, overtime, etc.

Western Cape Government

Department of Infrastructure
Marilise van Wyngaardt
Chief Directorate: Departmental Operations
Marilise.vanwyngaardt@westerncape.gov.za
Tel: +27 21 959 7700

THE MUNICIPAL MANGER
GARDEN ROUTE DISTRICT MUNICIPALITY

Dear MM,

RE: CONFIRMATION OF STAFF TO BE TRANSFERRED AND EXCLUDED – SECTION 197(6) OF THE LABOUR RELATIONS ACT, 66 OF 1995

Following the engagements and agreement reached during our consultation yesterday, and in accordance with the provisions of Section 197(6) of the Labour Relations Act, 66 of 1995 ("the LRA"), we hereby confirm the employees forming part of the Garden Route staff to be transferred as part of the agreed process.

The staff members to be transferred are listed below:

1. Fransman SR – HR Practitioner: Labour Relations
2. Leslie VG – HR Practitioner: Labour Relations
3. Roman LL – HR Practitioner: Recruitment & Contracts
4. Sipongo EC – HR Practitioner: Recruitment & Contracts
5. Klaas B – Task Administrator
6. Teyisi B – Chief Clerk
7. Mxathule SI – Chief Clerk
8. Klanisi M – HR Practitioner: Benefits
9. Barnard AG – Chief Clerk: Registry & Archives
10. Pieterse J – Chief Clerk: Registry & Archives
11. Jansen LA – General Assistant
12. Stoffels FM – Senior Clerk: Debtors
13. Mhlontlo NV – Controller: Expenditure
14. October NNN – Supply Chain Management Officer
15. Gologolo S – Supply Chain Management Officer
16. Koopman P – Messenger / Assistant Storeman
17. Petersen G – Buyer
18. Abrahams W – Buyer
19. Grobbelaar JH – Buyer
20. Esterhuizen AMH – Buyer
21. Magqeleba NV – Buyer
22. Kellies MC – Principal Clerk: Stores
23. Aucamp AM – Procurement Officer
24. Mzayiya BJ – Procurement Officer
25. Beqezi N – Store Assistant

26. Ms B.A. Losper – Administrative Officer: Training

Furthermore, as agreed, we confirm that the following support staff identified by the District Municipality are excluded from the transfer process. It is further recorded that any and all costs associated with potential redundancy in respect of these excluded employees shall be for the sole account of the District Municipality and shall not constitute a shared financial responsibility:

1. Manho AJ – ICT Consultant
2. Claassen HV – Project Administrator: EPWP
3. Klaas NU – Manager: Policy Research & Development
4. Ms N. Skosana – Internal Auditor
5. Notyhanga S – Internal Auditor
6. Scott T – Legal Assistant Researcher

In order to ensure compliance with the Section 197(6) transfer requirements, we kindly request that you provide the same information for the above-mentioned employees as was required for those listed in the original Appendix A.

Please find attached the updated Appendix A list for CKDM, reflecting the above confirmations.

In addition, the following vetting documentation is required in respect of each employee:

- Certified copy of Identity Document (front and back, where applicable)
- Certified copy of Driver's Licence
- Certified copies of highest educational qualifications

Kindly note that amendments have also been effected to the Memorandum of Agreement (MOA) and the Transfer Agreements, consistent with the above and the requirements of Section 197(6) of the LRA. These documents are submitted for your review and consideration.

Should you be in agreement, we request that you formally accept the amendments by signing the revised documents and returning scanned copies to us. Alternatively, please provide any proposed amendments for our consideration.

We trust that this matter will receive your urgent attention and cooperation.

Yours faithfully,

Marilise van Wyngaardt
Acting CD: Road Departmental Operations
Date: 19/6/2026

Western Cape Government

Infrastructure
Adv Chantal Smith
Office of the Head of Department
HOD.Infrastructure@westerncape.gov.za | Tel: 021 483 2826

Refernce: DOI 20/1/E

30 June 2026

To: The Municipal Manager, Garden Route District Municipality

Attention: Mr M Stratu

By email

Cc: The Mayor-GRDM

Attention: Ald. M Kruger

By email: mm@gardenroute.gov.za

URGENT

Dear Mr Stratu,

Expiration of Agency Agreement between DOI and GRDM and negotiations between DOI and GRDM in relation to reaching agreement as to an MOA and s197(6) transfer agreement

1. I have been kept closely apprised of the negotiation process pursuant to the above between the DOI negotiating team and yourself and your team.

2. I have been advised as to the outcome of what appeared to be a positive Teams meeting held between our team and you and yours on 17 June which focussed on the contested issue of the transfer of GRDM alleged support staff in which it was agreed inter alia:

   (a) That as a significant concession, DOI would be prepared to accept transfer of 26 of the 32 alleged support staff put forward by GRDM, and that 6 named support staff would not be transferred, provided that certain conditions were met by GRDM including that DOI would bear no financial responsibility in the event of GRDM retrenching any one or more of the 6 excluded support staff;
   (b) Your external attorney, Ms Anel Gray requested that DOI consider DOI bearing half the consequential financial implications involved in a consequential unfair dismissal challenge by the 6 or their Unions in relation to such'

(c) DOI's lead negotiator, attorney John MacRobert reiterated DOI's position, as expressed above but advised that he would take instructions and receive instructions and a mandate as to this request;

(d) This he did per his letter to you of 23 June 2026, setting out explicitly DOI's position on this request, as also as to DOI's position in relation to other litigation that may be brought in general.

(e) You responded per your emailed letter of 25 June 2026, to which I now respond below.

3. Firstly, your response is a marked departure from its position tabled at the Teams meeting referred to above, and I have now equally reviewed the position of DOI on the same basis. The DOI is now back to its original position of accepting only the 9 stores staff.

4. Second, I am advised that your letter contains inaccurate interpretations of section 197 of the LRA, including section 197(8) thereof which relates only to transferred employees and not to the 6 who, it has been agreed, will not transfer.

   The short point is that the 6 are simply not preponderately part of the roads function, as may legally required.

   Simply to achieve agreement DOI advised that it would be prepared to "swallow" the balance of the 9 Stores staff, but with difficulty. This has now been reconsidered as indicated in point 3. on the same basis that you have reconsidered your position.

5. Third, should GRDM elect to retrench any staff member, this will be a decision of GRDM alone, and not that of DOI and hence it follows that DOI will not bear any costs or financial implications of such retrenchments and will not fund same.

6. Fourth, GRDM's expressed position, as articulated by you in your letter that it would not oppose any unfair dismissal referrals, but abide the decisions of any Tribunal or Court, is nothing short of extraordinary and is also in bad faith.

   DOI will not come to your aid in such event, financially or otherwise.

7. Fifth, GRDM's mark-ups on the draft MOA and s197(6) agreement are totally unacceptable and not inthe spirit in which these negotiations are to be conducted.

8. To conclude, DOI's position, given the above, is as follows:

   (a) If GRDM is no longer prepared to honour the agreement reached at the last Teams meeting as set out above, then DOI will revert to its original position of accepting transfer of the 9 support staff only. GRDM will have to bear the all consequences, financial and otherwise, of the remaining 23, as well as possible other adverse consequences to GRDM.

   (b) You/GRDM are required to respond with a reconsidered position in the light of the above, both as to the support staff and the MOA and s197(6) Agreements by close of business today.

Yours faithfully .

Date:
2026.06.30
15:48:08 +02'00'

....

Adv Chantal Smith
Head of Department- Department of Infrastructure
Western Cape Government

BACK TO AGENDA

1. STATUS REPORT ON THE TRANSFER PROCESS FOR THE ROADS FUNCTION / *VORDERINGSVERSLAG RAKENDE DIE OORDRAG PROSES VAN DIE PAAIE FUNKISE*

REPORT FROM THE MUNICIPAL MANAGER (M STRATU)

2. PURPOSE

The purpose of this report is to provide Council with an update on the status of the roads transfer process since the Council meeting held on 28 April 2026, at which Council resolved to extend the Roads Function Agency Agreement until 30 June 2026.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

The Department of Infrastructure (DOI) formally notified the Garden Route District Municipality (GRDM) of its intention to terminate the Roads Agency Agreement on 7 April 2025, with the transfer of the Roads Function scheduled to take effect on 31 March 2026. Throughout the transition period, the Roads Transition Committee regularly reported to Council on the progress of the transfer process and consistently highlighted the risks associated with failing to complete the statutory requirements in terms of section 197 of the Labour Relations Act by the agreed deadline. GRDM provided all reasonable assistance to facilitate the transfer and repeatedly communicated its concerns to DOI regarding the lack of progress, inadequate cooperation, and limited responses to correspondence. Formal correspondence dated 4 February and 17 March 2026 further warned DOI that the transfer process would not be completed before the expiry of the Agency Agreement. Despite these warnings, the draft extension agreement was only received on 31 March 2026, the final day of the existing agreement.

An urgent Special Council meeting was convened on 31 March 2026 to consider the proposed extension of the Agency Agreement from 1 April to 30 June 2026, allowing additional time for the conclusion of a section 197(6) agreement. Although management advised Council that several clauses in the proposed addendum required amendment to protect the Municipality against legal and financial risks, Council resolved to approve the extension in its existing form. On 28 April 2026, Council subsequently considered a revised addendum after the Department accepted amendments proposed by the Cape Winelands District Municipality, which addressed many of the same concerns previously raised by GRDM. Formal employer negotiations in terms of section 197(6) only commenced on 19 May 2026, less than two months before the revised transfer deadline of 30 June 2026. During the negotiation meetings held on 19 May, 2 June and 17 June 2026, GRDM consistently warned that the remaining timeframe was insufficient to conclude the negotiations and the required consultations with organised labour before the expiry of the Agency Agreement.

Throughout the negotiations, GRDM participated in good faith and submitted comprehensive comments on the draft section 197(6) agreement, raising outstanding issues relating to disciplinary matters, contract workers, VAT and contingent liabilities, municipal properties, post-retirement benefits and the transfer of support staff. The Municipality repeatedly requested that DOI extend both the negotiation period and the Agency Agreement, warning that failure to do so would result in the automatic application of section 197(2) of the Labour Relations Act. These requests were declined, and on 30 June 2026 the Agency Agreement expired without either a signed section 197(6) agreement or a further extension. DOI rejected GRDM's proposed amendments and withdrew its earlier commitment to transfer 26 support staff, reducing the number to nine. Consequently, in accordance with section 197(2) of the Labour Relations Act, the Roads Function and affected employees transferred automatically to the Department of Infrastructure by operation of law with effect from 1 July 2026, following formal notification by GRDM to both the Department and the affected employees.

5. RECOMMENDATIONS

5.1 That Council notes this report, which outlines the developments and activities that have taken place since the previous Council meeting held on 28 April 2026.

5.2 That Council take note of the processes and activities that led to the application of section 197(2) of the Labour Relations Act.

AANBEVELINGS

5.1 Dat die Raad kennis neem van die verslag, wat die ontwikkelinge en aktiwiteite uiteensit wat plaasgevind het sedert die vorige Raadsvergadering wat op 28 April 2026 gehou is.

5.2 Dat die Raad kennis neem van die prosesse en aktiwiteite wat gelei het tot die toepassing van artikel 197(2) van die Wet op Arbeidsverhoudinge.

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. 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.

On 4 February 2026 (Annexure A), GRDM communicated concerns on the deadline, taking into consideration that the contract will expire on 31 March 2026. More than a month later (31 March 2026), GRDM received the extension draft agreement, which Council approved on the same day.

On 31 March 2026, an urgent Special Council meeting was convened following the late receipt of a draft agreement from the Department of Infrastructure (DOI) seeking an extension of the existing Agency Agreement. The proposed agreement provided for the extension of the Roads Agency Agreement for a fixed period from 1 April 2026 to 30 June 2026. The purpose of the extension was to afford the Parties an opportunity to conclude a Section 197(6) agreement within the prescribed period.

When the report seeking approval of the extension of the Agency Agreement was presented to Council, the administration advised that certain clauses in the proposed agreement required amendment to safeguard the interests of the Garden Route District Municipality (GRDM) and to mitigate potential legal and financial risks to which the Municipality could be exposed. Notwithstanding this advice, Council resolved to approve the extension of the Agency Agreement in its existing form, without incorporating the proposed amendments.

On 28 April 2026, Council considered a further report presenting an amended addendum to the existing Agency Agreement between the DOI and the GRDM.

Council was informed that the amended addendum had become necessary following comments submitted by the Cape Winelands District Municipality on a similar addendum. These comments addressed the same concerns previously raised by the GRDM administration when the extension agreement was initially considered by Council, but which Council had resolved not to incorporate. Following the Cape Winelands District Municipality's representations, the DOI accepted the proposed amendments and revised the interim addendum accordingly. The DOI subsequently advised all district municipalities that the interim addendum had been amended to incorporate these changes.

On 11 May 2026, GRDM received an invite to go and start the section 197(6) negotiation with the aim of reaching an agreement. First discussions on MOA and section 197(6) agreement were held with three DM’s and DOI on 19 May 2026. This was already less than two months to the actual second deadline of the transfer which was 30 June 2026. At this meeting GRDM and the other DM’s raised concerns that the deadline of 30 June 2026 will again not be met. This was noted by the chairperson of the meeting without any input.

The second meeting on the section 197(6) negotiations was on 2 June 2026, again GRDM raised concerns that the looming deadline of 30 June 2026 will not be achieved. During these negotiations there were three main issues that GRDM wanted finality on before any agreement could be signed. There were mainly:

1. **Current Disciplinary Matter**

   As a result of the transfer, GRDM should relinquish all current matters to DOI as its disciplinary code will no longer apply and that should the labour court and/ arbitrator reinstate any employees, such individuals should become employees of DOI and not GRDM. The current draft agreement is opposing that

2. Roads Contract workers

All roads contract worker contracts will be terminated upon transfer (30 June 2026) and that DOI will negotiate with respective employees going further.

3. VAT Liability

In the event that SARS claim the contingent vat liability from GRDM as a result of GRDM performing the agency function, that VAT liability should be claimable to DOI.

4. GRDM Properties

In the absence of a singed lease agreement on the properties that are currently occupied by roads employees, the current arrange will terminate on 30 June 2026.

On 17 June 2026, GRDM and DOI met and mainly discussed the issue of the support staff. DOI agreed to accommodate 26 Support staff from the list of 32 that was submitted. This was later confirmed by a letter from DOI dated 19 June 2026 (Annexure B).

On the said meeting of 2 June 2026, DOI committed to share the draft Section 197(6) agreement and MOA with the amendments as discussed. However, that was not provided.

DOI submitted the draft Section 197(6) agreement to GRDM on Friday, 19 June 2026. GRDM worked through the agreement and responded on the draft agreement on 25 June 2026, with comments on the agreement for consideration by DOI. These comments were mainly addressing issues that were raised in the preceding meeting in Paarl i.e. the VAT matter, Contingent liabilities, Properties and Post Retirement benefits of roads employees (Annexures C and D).

On 30 June 2026 (Annexures E), GRDM again wrote a letter to DOI reminding them about the expiry of the agreement which was due, as well as the application of section 197(2) of the labour relation act, in the absence of the agreement between the relevant parties. Council should note that GRDM previously requested an extension of the negotiation period as alluded above, which was not accepted. As a result of no valid agreement between DOI and GRDM, as well as an extension of the current deadline of 30 June 2026, all affected staff were informed that, by operation of law they are now transferred to DOI, effective 01 July 2026. At the time of this report, no response has been received from DOI.

On 30 June 2026 (Annexure F), DOI responded to our letter of 25 June 2026, saying they are not accepting our comments on the draft agreements. As well as reneging on their decision to accommodate the 26 support staff and only accommodating 9 on the transfer.

GRDM responded and referred DOI to the letter dated 30 June 2026. On 01 July 2026, GRDM responded same letter in detail to the letter (Annexure G).

On 27 May 2026, it was already clear that the deadline of new transfer 30 June 2026 will not be met, given the pace of the negotiation on section 197(6) agreement, which only started on 19 May 2026. The municipal Manager penned an urgent letter to Doi, sensitising them about the urgency of finalising the Section 197(6) agreement as well as possible risk should this process is not finalised by 30 June 2026. The letter also requested the extension of the section 197(6) negotiations to allow more time for the employer to finalise the agreement as well as adequate time for negotiations between the unions and the employers. The letter is attached as Annexure H. We have not received any response to the letter, however, it was always confirmed by DOI that the extension will not be entertained and that the transfer will happen by 30 June 2026.

On 31 March 3026, 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 I.

6. 4 Legal Implications

The transfer of a function is strictly regulated by section 197 of the Labour Relations Act, and compliance with its provisions is mandatory. Any failure to comply with the requirements of section 197 may expose GRDM to significant legal consequences, including adverse cost orders, reinstatement orders, and other appropriate relief that may be granted by the courts.

Section 197(2) of the Labour Relations Act establishes the default legal position applicable to the transfer of a business or function as a going concern. This provision is intended to protect the rights and continuity of employment of affected employees. Any departure from the default position must be effected in accordance with the provisions of section 197(6), which prescribes a specific consultation and agreement process. Compliance with this process is subject to close scrutiny by both organised labour and the courts, and any non-compliance may render the deviation unlawful and susceptible to legal challenge.

6.4 Financial implications

Since the decision was taken to transfer the function, the Municipality has incurred substantial costs in facilitating and participating in the transfer process. These costs include, amongst others, the appointment of specialist labour law attorneys to provide legal advice and representation, as well as travel and related expenses associated with attending the various negotiation and consultation meetings.

6.5 Staff Implications

The transfer has implications not only for employees directly assigned to the Roads function, but also for employees who provide support services to that function and who may be affected by the transfer. In accordance with the provisions of the Labour Relations Act and other applicable labour legislation, organised labour must be meaningfully consulted on all matters affecting the rights, interests, and conditions of employment of the affected employees.

Such consultation is an essential component of the transfer process and is intended to ensure compliance with the statutory requirements governing transfers in terms of section 197 of the Labour Relations Act.

6.6 Previous / Relevant Council Resolutions:

Item C.2 of the Council agenda of 28 April 2026

6.7 Risk Implications

The most significant risks relate to non-compliance with the Labour Relations Act, the Transfer Framework, and applicable collective agreements. Failure to comply with these legal and regulatory requirements may result in financial liabilities, legal challenges, and labour disputes, potentially impacting organisational operations and stakeholder relations.

ANNEXURE A

ANNEXURE A

Jou roete na vooruitgang • Indlela yakho eya empumelelweni • Your route to prosperity

Garden Route
DISTRICT MUNICIPALITY | UMASIPALA WESITHILI | DISTRIKSMUNISIPALITEIT

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OFFICE OF THE MUNICIPAL MANAGER

Enquiries: MH Smit
Reference: 9/3/4/4
Date: 04 February 2026

Acting Director: Regional Roads Services
RAA Team Leader – CG Harman
Department of Infrastructure
PAARL

Attention: Cecil.Harman@westerncape.gov.za

Mr Khalil Mullagie
Provincial Director of Operations
SALGA Western Cape
SALGA House, 7th Floor, 44 Strand Street
CAPE TOWN
8000

Email: kmullagie@salga.org.za

GARDEN ROUTE DISTRICT MUNICIPALITY | URGENT CONCERNS REGARDING THE TRANSFER OF THE ROADS FUNCTION TO THE DEPARTMENT OF INFRASTRUCTURE WITH EFFECT FROM 1 APRIL 2026

I trust this correspondence finds you well.

At the outset GRDM would like to reiterate its position in support of the orderly and seamless transfer of the Roads function to the Department of Infrastructure (DOI). To this end, GRDM has, to date, duly complied with all the requests received and has rendered all reasonable assistance to DOI officials to facilitate and promote a smooth transfer process to the extent possible.
We are still committed to ensure the success of the process and hence we are writing this correspondence.

We are worried however that the process may be compromised due to some important aspects of the process that are time bound. We take this opportunity to raise concerns regarding the current status of the process, we do this in line with Management and Council's responsibilities in terms of applicable legal prescripts including the Municipal Finance Management Act (MFMA), the Labour Relations Act (LRA), and contractual obligation to service providers.

We believe that despite the current progress made in respect of some human resource processes including staff vetting, information and data gathered, there remains outstanding several critical matters required for the lawful, orderly and financially sustainable transition. These outstanding matters have the potential to materially impede the municipality's ability to comply with statutory obligations, meaningfully engage the affected employees, and to budgetary adjustments prior to the proposed transfer date of 1 April 2026.

Below we deal with the concerns:

1. **Outstanding Transfer Agreement and Implementation Plan**

To date and despite numerous requests to the DOI, we have not received, the final Section 197 Transfer Agreement. It is common cause that the said agreement is a sine qua non for the finalisation of the process of transferring the function to the DOI. We have not had sight of a comprehensive implementation plan outlining timelines, milestones, responsibilities and staff placement arrangements; and written confirmation regarding the future utilisation of GRDM Roads Department properties post-transfer is outstanding. We believe that these three aspects are critical to the successful execution of the authority's decision.

As a consequence, we are unable to :

- Meaningfully engage all GRDM staff about the impending transfer
- Formally inform affected employees as required by Section 197(7)(c) of the LRA.
- Conduct the necessary legal, financial and operational due diligence;
- Preparing and finalising the required Adjustments Budget by February 2026.
- Making Strategic organisational wide decisions regarding planning and forecasting exercises for the longevity of the organisation.

Evidently these aspects are critical to enable the municipality to successfully proceed with the transfer of the Roads function on 1 April 2026.

2. Inclusion of Support Staff (24–29 Posts)

It is our Council's position that all staff directly and indirectly linked to the Roads function, including support staff, must be included in the transfer process as guided by the Transfer framework of the Department of Public Service and Administration. Failure to transfer these officials will potentially expose both the DOI and GRDM to significant legal and financial risks, including but not limited to:

- Joint and several liability for employment-related obligations for a period of up to 12 months post-transfer in terms of Section 197 of the LRA;
- An estimated ongoing financial burden of approximately R16 million per annum;
- Heightened risk of labour disputes, retrenchments and associated litigation.

GRDM respectfully requests urgent written confirmation regarding the inclusion of the identified support staff in the transfer.

3. Service Delivery, Capacity and Institutional Risk

The municipality has experienced a notable increase in resignations and early retirement requests among Roads Department personnel from October 2025 to date about 27 employees have ceased to be municipal employees mainly to resignations and early retirements. This trend is directly attributable to the prolonged uncertainty surrounding the transfer process and the absence of a finalised transfer agreement.

It is our considered view that DOI expedites the process and ensure that support to the workforce is provided, including structured engagements with organised labour. We have been requested as well by the Municipal Managers Forum of the GRDM to request, as we hereby do, an urgent and inclusive engagement of all the local municipalities as affected stakeholders to update them on the process thus far.

4. Risk of Operating Without a Legal Mandate After 31 March 2026

The current Agency Agreement governing the Roads function expires on 31 March 2026. It is common cause that, with effect from 1 April 2026, there will be no subsisting relationship between the DOI and GRDM insofar as it relates to the Roads function.

In this regard, GRDM has commenced engagement with all service providers appointed in respect of the Roads Function and has formally advised them that their respective contracts shall terminate on 31 March 2026.

DOI is accordingly advised and urged to ensure that it has appropriate contractual arrangements in place with its own service providers for the supply of goods and services required for the continued performance of the Roads Function, as all contracts entered into by GRDM in relation to the Roads Function shall lapse on 31 March 2026.

Furthermore, GRDM shall undertake the clearance of all stores and diesel tanks to ensure that, as at 31 March 2026, no stock or consumables belonging to DOI remain in the possession or control of GRDM.

GRDM will also be terminating all contracts with ICT service providers with effect from 31 March 2026. DOI is once again cautioned to take all necessary and reasonable steps to ensure that it has alternative arrangements in place so as to avoid any operational disruptions from 1 April 2026.

Should the transfer not be finalised by that date, GRDM will be unable to continue rendering the Roads function without a legally valid mandate. Any agreement subsequently entered into with the DOI, in the event that the transfer is not finalised by 31 March 2026, shall be on entirely new terms and conditions.

Any continuation of services without such mandate would expose the municipality to unauthorised and potentially irregular expenditure, as well as service delivery and governance risks.

5. Properties

We urge that the process of finalising the discussion on the municipal properties currently occupied by DOI be expedited.

GRDM is currently considering engaging in a process of soliciting tenders in respect of all properties previously utilised by the DOI. It is intended that, with effect from 1 April 2026, such properties shall be occupied by DOI or such newly appointed lessee.

6. **Conclusion**

GRDM remains fully committed to cooperating in good faith to ensure a smooth and lawful transfer of the Roads function. However, without urgent clarity and the necessary enabling documentation, both the municipality and the Department face significant legal, financial and operational risks.

Your urgent attention to these matters is respectfully requested.

Yours sincerely,

MG STRATU
MUNICIPAL MANAGER
DATE: 3/2/2026

ANNEXURE B

ANNEXURE B

Western Cape Government

Department of Infrastructure
Marilise van Wyngaardt
Chief Directorate: Departmental Operations
Marilise.vanwyngaardt@westerncape.gov.za
Tel: +27 21 959 7700

THE MUNICIPAL MANGER
GARDEN ROUTE DISTRICT MUNICIPALITY

Dear MM,

RE: CONFIRMATION OF STAFF TO BE TRANSFERRED AND EXCLUDED – SECTION 197(6) OF THE LABOUR RELATIONS ACT, 66 OF 1995

Following the engagements and agreement reached during our consultation yesterday, and in accordance with the provisions of Section 197(6) of the Labour Relations Act, 66 of 1995 ("the LRA"), we hereby confirm the employees forming part of the Garden Route staff to be transferred as part of the agreed process.

The staff members to be transferred are listed below:

1. Fransman SR – HR Practitioner: Labour Relations
2. Leslie VG – HR Practitioner: Labour Relations
3. Roman LL – HR Practitioner: Recruitment & Contracts
4. Sipongo EC – HR Practitioner: Recruitment & Contracts
5. Klaas B – Task Administrator
6. Teyisi B – Chief Clerk
7. Mxathule SI – Chief Clerk
8. Klanisi M – HR Practitioner: Benefits
9. Barnard AG – Chief Clerk: Registry & Archives
10. Pieterse J – Chief Clerk: Registry & Archives
11. Jansen LA – General Assistant
12. Stoffels FM – Senior Clerk: Debtors
13. Mhlontlo NV – Controller: Expenditure
14. October NNN – Supply Chain Management Officer
15. Gologolo S – Supply Chain Management Officer
16. Koopman P – Messenger / Assistant Storeman
17. Petersen G – Buyer
18. Abrahams W – Buyer
19. Grobbelaar JH – Buyer
20. Esterhuizen AMH – Buyer
21. Magqeleba NV – Buyer
22. Kellies MC – Principal Clerk: Stores
23. Aucamp AM – Procurement Officer
24. Mzayiya BJ – Procurement Officer
25. Beqezi N – Store Assistant

26. Ms B.A. Losper – Administrative Officer: Training

Furthermore, as agreed, we confirm that the following support staff identified by the District Municipality are excluded from the transfer process. It is further recorded that any and all costs associated with potential redundancy in respect of these excluded employees shall be for the sole account of the District Municipality and shall not constitute a shared financial responsibility:

1. Manho AJ – ICT Consultant
2. Claassen HV – Project Administrator: EPWP
3. Klaas NU – Manager: Policy Research & Development
4. Ms N. Skosana – Internal Auditor
5. Notyhanga S – Internal Auditor
6. Scott T – Legal Assistant Researcher

In order to ensure compliance with the Section 197(6) transfer requirements, we kindly request that you provide the same information for the above-mentioned employees as was required for those listed in the original Appendix A.

Please find attached the updated Appendix A list for CKDM, reflecting the above confirmations.

In addition, the following vetting documentation is required in respect of each employee:

- Certified copy of Identity Document (front and back, where applicable)
- Certified copy of Driver's Licence
- Certified copies of highest educational qualifications

Kindly note that amendments have also been effected to the Memorandum of Agreement (MOA) and the Transfer Agreements, consistent with the above and the requirements of Section 197(6) of the LRA. These documents are submitted for your review and consideration.

Should you be in agreement, we request that you formally accept the amendments by signing the revised documents and returning scanned copies to us. Alternatively, please provide any proposed amendments for our consideration.

We trust that this matter will receive your urgent attention and cooperation.

Yours faithfully,

Marilise van Wyngaardt
Acting CD: Road Departmental Operations
Date: 19/6/2026

ANNEXURE C

ANNEXURE C

Garden Route
DISTRICT MUNICIPALITY I UMASIPALA WESITHILI I DISTRIKSMUNISIPALITEIT

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OFFICE OF THE MUNICIPAL MANAGER

Enquiries: *M Stratu*
Reference: *REFERENCE: (S/P)*
Date: *25 June 2026*

John MacRobert Attorneys
Study Villa
32 Study Street
Flamingo Vlei
Table View
CAPE TOWN
7441

E-mail: john@johnmacrobert.com

Dear Mr MacRobert

FOLLOW FOLLOW-UP TO TEAMS MEETING HELD ON 17 JUNE 2026 REGARDING THE TRANSFER OF SUPPORT STAFF FROM GRDM TO THE DEPARTMENT OF INFRASTRUCTURE ("DOI"), RELATED FINANCIAL IMPLICATIONS, AND RESPONSE TO THE MUNICIPAL MANAGER'S EMAIL DATED 22 JUNE 2026

1. We refer to your correspondence dated 23 June 2026 bearing the above subject matter.
2. The Garden Route District Municipality ("GRDM") responds as follows to the issues raised therein:
3. Paragraph 2(a)(i)

GRDM's position remains that any costs arising from the retrenchment of employees as a consequence of the decision to terminate the agency agreement must be borne by DOI. This position is founded upon a proper interpretation of section 197(8) of the Labour Relations Act 66 of 1995 ("LRA"), which provides as follows:

"For a period of 12 months after the date of the transfer, the old employer is jointly and severally liable with the new employer to any employee who becomes entitled to receive a payment contemplated in subsection (7)(a) as a result of the employee's dismissal for a reason relating to the employer's operational requirements or the employer's liquidation or sequestration, unless the old employer is able to show that it has complied with the provisions of this section."

4. Furthermore, having regard to the fact that GRDM has, at all material times, been performing an agency function on behalf of DOI, it would be unreasonable, inequitable, and contrary to the underlying principles governing the relationship between the parties to require GRDM to assume any financial liability arising from or connected with the contemplated transfer. The circumstances of the present matter are materially distinguishable from those pertaining to a commercial transaction (this is transfer between organs od state), which is clearly not the case herein. GRDM derives no commercial, financial, or other benefit from the transfer and has acted solely in the execution of its agency mandate on behalf of DOI. In these circumstances, there exists no lawful or equitable basis upon which any financial obligations associated with the transfer should be imposed upon GRDM.

5. Paragraph 2(a)(ii)

In the event that one or more of the affected employees, whether individually or through their respective trade unions, challenge any retrenchment on the basis that it constitutes an unfair dismissal, whether an ordinary unfair dismissal or an automatically unfair dismissal as contemplated in section 187(1)(g) of the LRA, and refer such dispute to the South African Local Government Bargaining Council ("SALGBC"), the Labour Court, or any other competent forum, GRDM does not intend to oppose or defend such proceedings. GRDM shall abide by the outcome and orders of the court.

6. Paragraph 2(a)(iii)

The identity of the respondents or cited parties in any litigation will be determined by the applicant(s) concerned. Should DOI be cited as a respondent or interested party in such proceedings, it will necessarily be required to participate therein and address any allegations directed against it.

7. Paragraph 2(a)(iv)

GRDM records its agreement with the contents of this paragraph.

8. Paragraph 2(b)

GRDM confirms that it will not oppose any application contemplated in this paragraph and shall abide by the decision of the Court.

9. Paragraph 3

GRDM is prepared to assist DOI by making the services of the nine (9) stores staff available with immediate effect, subject to the express condition that DOI assumes responsibility for all costs associated with such arrangement.

10. Paragraph 4

GRDM welcomes the proposed meeting and acknowledges the urgency of the matters under consideration. GRDM has already provided its comments and proposed amendments to the draft Memorandum of Agreement ("MOA") and the draft Transfer Agreement on 25 June 2026.

11. GRDM wishes to express its appreciation for the constructive, professional, and courteous manner in which these engagements and negotiations have been conducted. GRDM remains committed to assisting DOI in ensuring that the transfer of the relevant functions is implemented smoothly, efficiently, and in full compliance with all applicable legal requirements.

In doing so, GRDM must simultaneously safeguard the interests of the Municipality and discharge its statutory obligations to ensure that all decisions taken are lawful, rational, and fiscally responsible, and do not expose the Municipality to undue financial prejudice.

Please further note that any further extension of the agency agreement will be subject to negotiations.

Yours faithfully

MR MONDE STRATU
MUNICIPAL MANAGER

ANNEXURE D

MEMORANDUM OF AGREEMENT

between

THE WESTERN CAPE GOVERNMENT
VIA ITS DEPARTMENT OF INFRASTRUCTURE
(represented herein by Advocate C Smith, in her capacity as Head of Department, duly authorised thereto)
(the "**Department**")

and

THE _______________ DISTRICT MUNICIPALITY
(represented herein by __________ in his capacity as Municipal Manager, duly authorised thereto)
(the "**Municipality**")

(Collectively the "**Parties**")

PREAMBLE

A. **WHEREAS** the Department is the lawful road authority responsible for the Provincial roads function in terms of the Roads Ordinance 19 of 1976;

B. **AND WHEREAS** the Municipality has, in terms of a prior Memorandum of Agreement, ("Agency Agreement"), performed certain components of the roads function on behalf of the Department on an agency basis;

C. **AND WHEREAS** the Department resolved on 7 April 2025 to discontinue the Agency Agreement with the Municipality and in terms of which the Municipality was responsible for road maintenance and construction activities on proclaimed roads ("the Roads Function") on behalf of the Department;

D. **AND WHEREAS** the Department intends to assume responsibility for the Roads Function from 1 July 2026;

E. **AND WHEREAS** the termination of the Agency Agreement necessitates the orderly transfer and/or re-alignment of the Roads Function and all roads function-related responsibilities from the municipalities, including but not limited to movable and immovable assets, operational resources, contractual rights and obligations, records, related financial arrangements (the Roads Function Transfer);

F. **AND WHEREAS** the implementation of the Roads Transfer Function attacks the provisions of section 197 of the Labour Relations Act 66 of 1995, and applicable public service prescripts, which aspects will be dealt with in terms of Transfer Agreements ("Transfer Agreements") between the Parties;

G. **AND WHEREAS** the Parties acknowledge that the effective transfer of the Roads Function must be undertaken in a manner that is lawful, coordinated, transparent and fiscally responsible;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. PURPOSE

1.1. In this Memorandum of Agreement ("MOA"), the Parties set out the overarching principles for their cooperation relevant to the winding down of the Agency Agreement. The purpose of this MOA is to facilitate the orderly and legally compliant steps required for the transition of the Roads Function, including:

1.1.1. the development and conclusion of a Transfer Agreement and any ancillary arrangements necessary to give effect to the transfer; and

1.1.2. the identification, allocation, or re-alignment of assets, liabilities and staff in accordance with applicable legislation.

1.2. Except where expressly provided for in this Agreement, this Agreement does not itself effect the transfer of employees, assets, liabilities, contractual rights, obligations or functions. Such matters shall be regulated and implemented only in accordance with the applicable legislation and the specific agreements contemplated herein. This Agreement is intended solely to regulate the transition process and the obligations of the Parties pending the conclusion and implementation of such agreements We don't know what these other agreements are that you are referring to or whether we have reached consensus in respect of those agreements.

1.3. The MOA further outlines the governance and coordination mechanisms through which the Parties will collaborate, including:

1.3.1. the transfer of affected employees in accordance with section 197 of the Labour Relations Act 66 of 1995, to be formalised in a Transfer Agreement; and

1.3.2. the verification and regulation of Roads Function-related assets, liabilities, contractual rights and obligations, operational resources, records, and financial arrangements.

1.4. This MOA does not replace or supersede any binding agreements required to regulate the transfer of staff, assets, or related matters, including the Transfer Agreement.

2. DURATION AND STATUS

2.1. This MOA comes into effect on 1 April 2026 notwithstanding date of signature hereof. It will remain in force unless terminated by written agreement between the Parties, or to the extent expressly superseded by a subsequent agreement.

2.2. Nothing in this MOA limits the statutory powers or obligations of either Party.

2.3. The Parties acknowledge and agree that:

2.3.1. this Agreement is intended to create binding and enforceable obligations;

2.3.2. each Party shall perform its obligations in good faith and with due regard to the principles of cooperative governance.

2.3.3. a failure by any Party to comply with its obligations under this Agreement may constitute a breach of this Agreement and may give rise to appropriate legal remedies.

3. STATUTORY FRAMEWORK

3.1. This MOA is concluded within the framework of, and shall be guided by, the applicable legislative and regulatory prescripts governing the Roads Function and the transfer of staff and assets, including, but not limited to, the following:

3.1.1. the Labour Relations Act 66 of 1995 ("LRA") and particularly section 197 of the LRA;

3.1.2. the Public Service Act, 1994 ("PSA"), and all regulations, Personnel Administration Measures Act 11 of 2014 (PAM) and applicable Ministerial Determinations issued under the PSA;

3.1.3. the Roads Ordinance 19 of 1976;

3.1.4. the Municipal Systems Act 32 of 2000;

3.1.5. the Intergovernmental Relations Framework Act, Act 13 of 2005

3.1.6. the Public Finance Management Act 1 of 1999 ("PFMA");

3.1.7. the Municipal Finance Management Act 56 of 2003 ("MFMA"); and

3.1.8. the Department of Public Service and Administration's 2004 Framework to Facilitate Transfers of Personnel Between Spheres of Government.

3.2. All transfers and related arrangements shall be implemented strictly in accordance with the applicable legislative framework and the formal agreements concluded pursuant thereto.

4. INTENT OF THE PARTIES

4.1. The Parties shall collaborate, exchange and verify all information reasonably required to –

4.1.1. facilitate the steps required in termination of the Agency Agreement and the transition of the Roads Function to the Department in accordance with applicable legislation;

4.1.2. enable the seamless and legally compliant transfer of affected employees in terms of section 197 of the LRA, including the preparation for and conclusion of a Transfer Agreement;

4.1.3. identify, verify, document and regulate the transfer, allocation and/or re-alignment of Roads Function-related assets, liabilities, contractual rights and obligations, operational resources, records and associated financial arrangements through appropriate and legally binding implementation agreements;

4.1.4. safeguard employee rights and conditions of service in accordance with applicable labour legislation;;

4.1.5. ensure continuity of service delivery, operational stability and financial accountability during the transition period;

4.1.6. maintain transparent, structured and co-ordinated communication with affected employees, organised labour, South African Local Government Association (SALGA) and other relevant stakeholders, consistent with statutory processes and ongoing negotiations; and

4.1.7. prepare and exchange all necessary information, data, schedules and documentation required to give effect to the transition and to support the conclusion of the requisite binding agreements.

5. SCOPE OF TRANSFER

The transfer of the Roads Function pursuant to the termination of the Agency Agreement shall encompass the following components;

5.1. Information and Due Diligence

5.1.1. The Parties shall, in the spirit of co-operative governance and utmost good faith collaborate, exchange and verify all information necessary to facilitate the lawful and efficient transition of the Roads Function. This includes, but is not limited to, the following:

5.1.1.1. organisational structures and staff establishment information;
5.1.1.2. asset registers and supporting verification data;
5.1.1.3. contracts, service level agreements, sub-contractor and supplier arrangements;
5.1.1.4. financial information, budgets and expenditure records; and
5.1.1.5. any other documentation reasonably required to enable the conclusion of binding transfer agreements.

5.1.2. The exchange of such information is intended to facilitate agreement between the Parties and does not itself constitute the transfer of assets or staff.

5.2. Roads Function-Related Assets

5.2.1. The transfer, allocation and/or re-alignment of Roads Function-related movable (to be defined) and immovable assets (to be defined) , contractual rights and obligations, and operational resources (to be defined) shall be regulated in terms of a separate, specific and legally binding agreement between the relevant Parties relating to assets – the word "liabilities" to remain and not be deleted as suggested.

5.2.2. Such agreement shall be developed between the Parties and shall include detailed asset schedules, verification processes and effective dates.

5.3. Roads Function-Related Liabilities

5.3.1. Subject to applicable legislation and the Transfer Agreement, liabilities and contingent liabilities associated with the Roads Function shall be dealt with as follows:

5.3.2. Liabilities Transferring to the Department:

5.3.2.1. The Department shall assume all liabilities transferred to it in terms of the Transfer Agreement (section 197(6) agreement) or other written agreement concluded between the Parties.

5.3.2.2.

5.3.3. Post-Retirement Benefits (Retired Officials)

5.3.3.1. Subject to clause 5.3.3.2, any post-retirement medical aid subsidy, post-retirement medical benefit, pension-related obligation or similar retirement benefit arising in respect of persons who retired from the employment of the Municipality, prior to the Transfer Date, shall remain the responsibility of the Department.

5.3.3.2. Notwithstanding clause 5.3.3.1, the Department shall reimburse or otherwise fund the cost of post-retirement medical aid subsidies in respect of qualifying retired Roads Function employees to the extent expressly agreed in writing between the Parties.

5.3.3.3. The Municipality shall provide the Department with a verified schedule of all persons in receipt of post-retirement medical aid subsidies for which reimbursement is sought from the Department.

5.3.3.4. Effect must be given to section 5 of the Intergovernmental Relations Framework Act in respect of but not limited to any post-retirement liabilities associated with the roads functions being transferred back to the Department.

5.3.3.5. Such schedule shall include:

5.3.3.5.1. the full name and identity number of the beneficiary;
5.3.3.5.2. the date of retirement;

5.3.3.5.3. the monthly subsidy or benefit currently paid; and

5.3.3.5.4. proof to the satisfaction of the Department that the beneficiary was employed or supported in the Roads Function immediately prior to retirement; and

5.3.3.6. no reimbursement or funding obligation shall arise unless and until the information contemplated above has been provided and verified by the Department.

5.3.4. Employee-Related Liabilities:

5.3.4.1. Employee-related liabilities, including but not limited to accrued leave, long-service awards, bonuses and other employment-related benefits, shall be dealt with in accordance with the Transfer Agreement.

5.3.4.2. The Municipality shall calculate and provide to the Department full particulars of all employee-related liabilities associated with transferring employees, including the basis upon which any amount is claimed from the Department.

5.3.4.3. Such information shall be supported by appropriate calculations, employee schedules and financial records and shall be subject to verification by the Department.

5.3.4.4. No amount shall be payable by the Department unless provided for in the Transfer Agreement or otherwise agreed in writing between the Parties following verification.

5.3.5. Existing Litigation and Proceedings:

5.3.5.1. Subject to clause 5.3.7 below and the provisions of the Transfer Agreement, the Municipality shall remain solely responsible for all litigation, arbitration proceedings, labour disputes, disciplinary matters, compensation claims, contractual disputes and other legal proceedings instituted, pending or underway as at the Transfer Date in which the Municipality is a party – no, this is for the Department as we are only the Agent. We cannot be held responsible.

5.3.5.2. The Municipality shall bear all costs, liabilities, settlements, awards and judgments arising from such proceedings unless otherwise agreed in writing between the Parties – no, see comments above.

5.3.5.3. Employee-related disciplinary, incapacity, grievance, arbitration, labour and employment-related matters shall be dealt with exclusively in accordance with the Transfer Agreement, which shall prevail in the event of any inconsistency between that Agreement and this MOA.

5.3.6. Future Claims Arising from Pre-Transfer Events – all future claims are for the Department, unless the court determines otherwise. Clause 5.3.6 to be amended accordingly:

5.3.7. Employee-Related Contingent Liabilities

5.3.7.1. Any employee-related claim arising from acts, omissions, decisions or circumstances occurring prior to the Transfer Date shall remain the responsibility of the Municipality unless liability is expressly accepted in terms of the Transfer Agreement – the Department's liability as the new Employer – this clause to be amended.

5.3.8 Costs of transfer fees

5.3.8.1 All costs, expenditure and disbursements associated with or relating to the negotiations in respect of this agreement and the Transfer Agreement and relating to the transfer of the Roads Function that the Municipality incurs, will be for the account of the Department.

5.4. Roads Function-Related Employees

5.4.1. The transfer of affected employees performing work in relation to the Roads Function shall be effected strictly in accordance with section 197 of the LRA.

5.5 **VAT Contingent liability**

5.5.1 It is not in dispute that the Municipality acted as an Agent for the Department in performing the Roads Function.

5.5.2 In the event that the South African Revenue Services determine that the Municipality, whilst performing the Agency Function on behalf of the Department, is liable for VAT, the VAT contingent liability must be paid by the Department as the Principle.

6. UNDERTAKINGS OF THE DISTRICT MUNICIPALITY

The Municipality undertakes, subject to applicable legislation and its internal governance processes, to –

6.1. provide the Department with accurate, complete and timeous information relating to Roads Function-related employees, including but not limited to –

6.1.1. job descriptions;

6.1.2. Tuned Assessment of Skills and Knowledge (TASK) gradings;

6.1.3. qualifications and professional registrations;

6.1.4. Cost Of Employment (COE) breakdowns;

6.1.5. leave credits and service records;

6.1.6. any other employment-related information reasonably required to facilitate the section 197 process; and

6.1.7. anticipated or pending disciplinary procedures and legal proceedings;

6.2. provide to the Department its approved organisational establishment and any related governance approvals necessary to facilitate alignment and transition planning;

6.3. participate in joint verification processes to determine and confirm the identification of "affected employees" for purposes of LRA section 197;

6.4. provide to the Department verified asset registers and supporting documentation relating to movable and immovable Roads Function-related assets, contractual rights and obligations, and operational resources;

6.5. continue to perform, as a transitional function, the agency function in respect of the Roads Function and ensure continuity of service delivery until the agreed effective transfer date on 30 June 2026; and

6.6. co-operate and participate meaningfully in structured communication processes with affected employees, organised labour, SALGA and other stakeholders, consistent with statutory consultation requirements.

7. UNDERTAKINGS OF THE DEPARTMENT

The Department undertakes, subject to applicable legislation and requisite approvals, to –

7.1. endeavour to secure the necessary determinations or directives in terms of the PSA, including any required approval from the Minister for the Public Service and Administration;

7.2. lead the preparation and finalisation of the Transfer Agreement in consultation with the Municipality and organised labour;

7.3. facilitate the negotiation and conclusion of the separate, binding asset transfer agreement referred to in clause 5.2.1 above;

7.4. develop and communicate agreed timelines, implementation plans and formal notices once the required statutory determinations and agreements are concluded; and

7.5. establish the necessary post-transfer governance, contractual, financial and procurement arrangements required to sustain Roads Function operations from the effective transfer date.

8. ENGAGEMENT WITH EMPLOYEES AND LABOUR UNIONS

8.1. Inter-Employer Coordination – to be done in terms of the Transfer Framework

8.1.1. The Parties acknowledge that the successful transition of the Roads Function requires structured, transparent and coordinated communication between them. Accordingly, the Parties undertake to –

8.1.1.1. engage with one another in a timely, respectful and co-operative manner in relation to all matters concerning the termination of the Agency Agreement and the transition of the Roads Function, including employee and asset transfer matters;

8.1.1.2. share relevant information reasonably required to facilitate informed decision-making and alignment prior to any external engagement;

8.1.1.3. not act in a manner that deliberately obstructs, delays or frustrates the transition process through miscommunication, selective disclosure, unilateral positioning, or the dissemination of inaccurate or incomplete information;

8.1.1.4. ensure that any proposed communication relating to the transition is first discussed between the Parties, and that reasonable opportunity is afforded for alignment on content, sequencing and timing.

8.2. Communication with Affected Employees and Organised Labour

8.2.1. The Parties acknowledge that engagement with organised labour and affected employees in relation to the LRA section 197 transfer, and related transition matters, shall occur only once alignment has been reached between the respective employer parties on the proposed approach and key terms.

8.2.2.

8.2.3. The Parties shall not communicate externally regarding the transition or LRA section 197 process unless alignment has first been reached between the employer Parties.

8.2.4. Information that may reasonably compromise or prejudice the integrity or success of negotiations with organised labour shall not be communicated externally unless required by law or agreed between the Parties.

8.2.5. The Parties acknowledge that compliance with this clause 8 is material to the successful implementation of the transition. Any material breach of this clause 8, including the unauthorised disclosure of information or unilateral communication contrary to the provisions of this Agreement, shall constitute a material breach of this Agreement.

8.2.6. All communication with affected employees and organised labour shall –

8.2.6.1. comply with applicable labour legislation and bargaining council protocols;

8.2.6.2. be accurate, consistent and transparent;

8.2.6.3. reflect a coordinated employer position; and

8.2.6.4. be conducted in a manner that promotes stability, continuity of service delivery and lawful implementation of the transition.

8.3. Designated Contact Persons

8.3.1. For purposes of coordination under this MOA, the designated contact persons are as follows:

8.3.1.1. For the Department:

Primary Contact

Marilise Van Wyngaardt

Chief Director: Road Departmental Operations (Act)

Cell: 071 061 2645

Marilise.VanWyngaardt@westerncape.gov.za

Copy to:

Michael Hendrickse

Deputy Director General: Transport Infrastructure (Act)

Michael.Hendrickse2@westerncape.gov.za

8.3.1.2. For the Municipality:

<insert names, contact telephone numbers and two email addresses>

8.3.2. All formal communication under this MOA shall be channelled through the designated contact persons, unless otherwise agreed in writing.

9. TRANSITIONAL ARRANGEMENTS UNTIL THE EFFECTIVE TRANSFER DATE

9.1. Notwithstanding the process to terminate the Agency Agreement, the Municipality shall continue rendering the Roads Function until the effective transfer date (or cessation date) (date to remain) agreed by the Parties in writing, or until the Agency Agreement, or any addendum thereto, lawfully terminates the execution of the Road Function by the Municipality, whichever occurs first.

9.2. The Department may provide procurement or operational support to the Municipality as needed and under agreed processes.

9.3. Contingency plans will be developed to mitigate service interruption risks.

10. FINANCIAL ARRANGEMENTS

10.1. The Parties acknowledge that financial allocations, COE amounts, and related journals must align with relevant provincial and municipal legislation.

10.2. Any historical funding corrections (including under-journaling) will be handled through approved PFMA or MFMA processes.

10.3. Financial implications of the transfer of staff will be formalised in the Transfer Agreement.

11. BREACH AND DISPUTE RESOLUTION

11.1. Any dispute arising from this Agreement shall be dealt with in accordance with the Intergovernmental Relations Framework Act, 13 of 2005.

11.2. Pending resolution of any dispute, the Parties shall continue to perform their obligations under the Agency Agreement or addendums thereto, to the extent reasonably possible.

11.3 Notice of Dispute

A party alleging the existence of a dispute shall notify the other Party in writing, setting out:

11.3.1 the nature of the dispute;

11.3.2 the relevant facts and circumstances;

11.3.3 the provisions of this MOA affected; and

11.3.4 the relief or corrective action sought.

11.4 Operational Level Resolution

Upon receipt of the notice contemplated above, the designated officials or representatives of the Parties shall meet within three (3) business days to attempt to resolve the dispute through consultation and negotiation.

11.5 Urgent Relief

Nothing in this clause prevents a Party from approaching a court of competent jurisdiction for urgent interim or interlocutory relief where failure to do so may result in irreparable harm or prejudice.

12. ENTIRE AGREEMENT

12.1. This Agreement constitutes the entire agreement between the Parties regarding its subject matter and supersedes all prior discussions and understandings relating thereto.

13. AMENDMENT

13.1. No amendment to this Agreement shall be of any force or effect unless reduced to writing and signed by all Parties.

14. GOOD FAITH AND COOPERATION

14.1. The Parties undertake to cooperate fully with one another and to take all reasonable steps necessary to give effect to this Agreement and the lawful transition of the Roads Function.

14.2. The Parties undertake to negotiate, finalise and execute the Transfer Agreement and any ancillary agreements contemplated in this MOA in good faith and within reasonable timeframes.

SIGNED ON BEHALF OF THE **DEPARTMENT** AT ________________________________ON THIS THE ________________________ DAY OF __________________________________ 2026

____

Adv C Smith

in her capacity as Head of Department, duly delegated

IN THE PRESENCE OF THE UNDERSIGNED WITNESS:

__________________________________ __________________________________

Witness Full Names Signature

__________________________________ __________________________________

Witness Full Names Signature

SIGNED ON BEHALF OF THE ____________ **DISTRICT MUNICIPALITY** AT _________________ **ON THIS THE _____________ DAY OF ___________________ 2026**

____

Mr _____________

in his capacity as Municipal Manager of the _________ District Municipality, duly authorised thereto

IN THE PRESENCE OF THE UNDERSIGNED WITNESS:

___________________________________ ___________________________________

Witness Full Names Signature

___________________________________ ___________________________________

Witness Full Names Signature

DRAFT STAFF TRANSFER AGREEMENT

IN TERMS OF SECTION 197(6) OF THE LABOUR RELATIONS ACT 66 OF 1995

Entered into between:

THE WESTERN CAPE PROVINCIAL GOVERNMENT VIA ITS DEPARTMENT OF INFRASTRUCTURE

(Herein represented by Advocate Chantal Smith, in her capacity as Head of Department, duly authorised thereto)

(Hereinafter referred to as "the Department")

and

THE GARDEN ROUTE DISTRICT MUNICIPALITY

(Herein represented by __________________________ in his or her capacity as the Municipal Manager, and duly authorised thereto)

(hereinafter referred to as "the Municipality")

and

THE SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION

(Herein represented by _____________________ , in his or her capacity as____________________, and duly authorised thereto)

(Hereinafter referred to as "SALGA")

SOUTH AFRICAN MUNICIPAL WORKERS UNION

(Herein represented by ___________________ , in his or her capacity as ____________________, and duly authorised thereto)

(Hereinafter referred to as "SAMWU")

INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION

(Herein represented by _________________ , in his or her capacity as ______________________, and duly authorised thereto)

(Hereinafter referred to as "IMATU")

(Collectively hereinafter referred to as "the Parties")

PREAMBLE

A. **WHEREAS** the Department resolved on 7 April 2025 to discontinue the Roads Agency Agreement with the Garden Route District Municipality ("the Municipality"), in terms of which the Municipality was responsible for the road maintenance and construction function on proclaimed roads ("the Roads Function") on behalf of the Department;

B. **AND WHEREAS** the Department intends to fully assume responsibility for the Roads Function from 1 July 2026;

C. **AND WHEREAS** the Parties agree that the Department's assumption of the Road Function constitutes a transfer of a going concern as contemplated in section 197 of the Labour Relations Act, 1995 ("the LRA"), and would, unless otherwise agreed in terms of section 197(6) of the LRA, result in the automatic substitution of the Department as employer in place of the Municipality, with the Department assuming responsibility for the administration of the employment relationship, and the consequent transfer of the affected municipal Employees to the Department;

D. **AND WHEREAS** the Parties wish to conclude an agreement in terms of section 197(6) of the LRA, thereby agreeing to certain departures from the automatic transfer regime of section 197 of the LRA; and

E. **AND WHEREAS** the Parties have after negotiations and consultation with each other reached agreement on the terms and conditions of employment that shall apply to the municipal Employees who are to be transferred from the Municipality to the Department in accordance with this Agreement.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION:

1.1. In this Agreement unless the context indicates a contrary intention, an expression which denotes:

1.1.1. any gender, shall include the other genders;

1.1.2. a natural person shall include a juristic person and vice versa; and

1.1.3. the singular includes the plural and vice versa.

1.2. In this Agreement the following expressions bear the meanings assigned to them below and cognate expressions bear the following corresponding meanings:

1.2.1. **"Agreement"** means this Transfer Agreement and any of its annexures;

1.2.2.

1.2.3. **"Business Day"** means any day other than a Saturday, Sunday or South African Public Holiday;

1.2.4. **"Calendar Day"** means any day of the week and includes weekends, and statutory public holidays proclaimed as such in the Republic of South Africa;

1.2.5. **"Commencement Date"** means the date on which this Agreement is signed by the Party to sign last in time;

1.2.6. **"Employee"** means any person employed by the Municipality who falls within the scope of this Agreement and is identified for transfer in Annexure A, and who shall, with effect from the Transfer Date, be transferred to the Department pursuant to section 197 of the LRA and this Agreement;

1.2.7. "**Encash**" means, in relation to accrued benefits, to elect to receive payment of such accrued benefits in cash, rather than to transfer, preserve or otherwise deal with such benefits in accordance with the applicable fund rules;

1.2.8. "**Government Employees Housing Scheme (GEHS)**" means the housing support framework applicable in the Public Service, including the housing allowance and, where applicable, the Individual-Linked Savings Facility (ILSF), as regulated by the applicable Public Service determination, directive and related prescripts;

1.2.9. "**Government Employees Medical Scheme (GEMS)**" means the restricted medical scheme established for qualifying government employees and their beneficiaries, with membership limited to persons who meet the eligibility requirements of the Scheme;

1.2.10. **"Meal break**" means the meal interval contemplated in section 14 of the Basic Conditions of Employment Act, 1997;

1.2.11. **"MPSA"** means the Minister for the Public Service and Administration;

1.2.12. **"Municipality"** means the Garden Route District Municipality, which was established in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), read with the Province of the Western Cape: Provincial Gazette 5588 dated 22 September 2000;

1.2.13. **"On the Whole Not Less Favourable"** means that the overall terms and conditions of employment applicable to an Employee after transfer, when assessed collectively and in substance, are not materially less advantageous to the Employee than those applicable immediately prior to the Transfer Date;

1.2.14. **"Party"** means individually one of the Parties identified herein;

1.2.15. "**PSCBC**" means the Public Service Co-ordination Bargaining Council;

1.2.16. **"Public Service"** means the public service as defined in Public Service Act, 1994;

1.2.17. **"Department" or "DOI"** means the Western Cape Provincial Department of Infrastructure;

1.2.18. **"Transfer Date"** means 1 July 2026; and

1.2.19. **"WCPG"** means the Western Cape Provincial Government.

2. COMMENCEMENT

2.1. This Agreement shall commence on the Commencement Date, and shall remain in force until its objectives have been fulfilled, unless earlier terminated in accordance with this Agreement, provided that its duration shall not exceed three (3) years from the Transfer Date.

3. TRANSFER OF EMPLOYEES

3.1. The Parties record that the Department's assumption of the Roads Function constitutes a transfer of a business as a going concern as contemplated in section 197 of the Labour Relations Act, 1995.

3.2. With effect from the Transfer Date, all Employees permanently or contractually employed by the Municipality in respect of the Roads Function, and identified for transfer in Annexure A, shall transfer to the Department on the terms set out in this Agreement.

3.3. From the Transfer Date, the Employees' contracts of service shall be subject to the Public Service Act, 1994, its Regulations, applicable determinations, collective agreements and other laws applicable to public servants. The Employees shall accordingly occupy posts on the approved establishment of the Department in accordance with the applicable statutory framework.

3.4. The transfer shall not constitute a break in the continuity of an Employee's employment. Notwithstanding such continuity, no Employee shall have any automatic entitlement or legitimate expectation to retain identical terms, service conditions, or benefits following the Transfer Date. The Employees shall also have no automatic right, entitlement, or legitimate expectation to be granted or to receive any grants, benefits, or other advantages that were awarded or provided to WCPG or DOI employees prior to the Transfer Date. From the Transfer Date onward, each Employee's employment shall be governed by the terms and conditions set out in this Agreement and the applicable Public Service legislation and regulations, including any determinations issued by the MPSA, provided that, taken as a whole, such terms and conditions are not less favourable than those applicable immediately prior to the Transfer Date.

3.5. The Municipality shall transfer to the Department the complete employment records of each Employee prior to the Transfer Date, and in respect of such records which are only available after the Transfer Date, not later than 30 (thirty) Calendar Days of the Transfer Date.

3.6. A list of the Employees to be transferred, reflecting each Employee's surname and initials, salary reference number and current designation, is attached as Annexure A (Annexures A.1, A.2 and A.3), which forms part of this Agreement.

4. STANDARD OF PROTECTION: "ON THE WHOLE NOT LESS FAVOURABLE"

4.1. Subject to clause 4.2.4 below, the Department shall employ the Employees on terms and conditions that are On the Whole Not Less Favourable than those applicable immediately prior to the Transfer Date.

4.2. This process as contemplated in clause 4.1, shall -

4.2.1. be undertaken holistically and not on a component-by-component basis;

4.2.2. consider remuneration, statutory protections and material conditions of service collectively;

4.2.3. recognise that alignment to the Public Service legislative and regulatory framework may alter the structure or composition of individual components; and

4.2.4. not require the preservation or replication of any specific municipal allowance, subsidy, employer contribution or scheme, provided that the overall position of the Employee is not materially less favourable, unless the post, municipal remuneration, allowance or benefit is materially higher than that in the Public Service and/or the municipal allowance, benefit or remuneration of the municipal employee or official is specifically legislated or regulated for in the municipal sector, but which is not implementable in the legislative and regulatory regime of the Public Service.

4.3. Minor or immaterial differences in individual components shall not constitute a breach of this standard set out in clause 4.1 above.

4.4. Any determination of material shortfall shall be made objectively with reference to the applicable Public Service regulatory framework and the Employees' overall remuneration and benefits outcome and shall not be assessed by reference to employer contribution levels or total cost to employer.

5. EMPLOYMENT CAPACITY AS AT TRANSFER DATE

5.1. **Permanent Employees**

5.1.1. Permanent Employees shall retain permanent status subject to the statutory retirement framework in section 16 of the Public Service Act, 1994, including:

5.1.1.1. normal retirement at age 65;

5.1.1.2. retirement from age 55;

5.1.1.3. retirement from age 60 where permitted;

5.1.1.4. retention beyond 65 only in the public interest and subject to approval.

5.1.2. With effect from the Transfer Date, salary for the first month of employment by the DOI will be paid on the last day of that month. Thereafter, Employees will be paid on the 15th of each month.

5.2. **Probationary Employees**

5.2.1. Employees on probation before the Transfer Date shall complete the probation period in accordance with Public Service regulatory requirements. Probation served at municipal level shall be recognised on a pro rata basis, provided that the probation period is twelve (12) consecutive calendar months, excluding the number of leave days which were taken during the period of probation or any extension thereof.

5.2.2. Confirmation of appointment remains subject to satisfactory performance and compliance with prescribed Public Service requirements. Until confirmation of probation, an Employee's salary shall be paid on the last day of the month. Upon confirmation of probation, salary shall thereafter be paid on the 15th day of each month.

5.3. **Fixed-Term Contract Employees**

5.3.1. Employees employed on fixed-term contracts shall remain on such contracts for the unexpired portion of their term.

5.3.2. The transfer shall not -
5.3.2.1. convert fixed-term employment into permanent employment;
5.3.2.2. extend the duration of the contract; or
5.3.2.3. create any expectation of permanent appointment or reappointment on a fixed-term contract.

6. JOB PLACEMENT, GRADING AND OSD

6.1. Placement shall be determined with reference to the Departmental approved job descriptions, evaluated grades and inherent requirements of the posts, and not solely on the basis of job title similarity. The Department is not obliged to maintain municipal job titles that do not align with the Public Service regulatory framework or the Employee's verified credentials.

6.2. Upon the Transfer Date, and subject to 4.2.4 above, Employees shall be placed in the Department -
6.2.1. in accordance with their existing employment status and contractual capacity;
6.2.2. either as additional to or aligned with the approved Departmental establishment;
6.2.3. against posts that have been duly job evaluated and graded in accordance with the Public Service Job Evaluation (JE) system;
6.2.4. in accordance with the approved job descriptions of the Departmental posts;
6.2.5. in line with the inherent requirements of the Departmental posts; and
6.2.6. with due regard to the Employee's verified qualifications, experience and competencies.

6.3. Municipal grading systems, including the Tuned Assessment of Skills and Knowledge (TASK) system, shall have no force or effect in respect of Employees in the Public

Service. The Department shall not be liable for any backpay, grading adjustment, or salary claim arising from municipal grading decisions made outside of the Public Service Job Evaluation system.

6.4. All Employees must meet the prescribed minimum requirements of the post to which they are transferred, as determined by the approved job description, job evaluation outcome, applicable collective agreement, or applicable Public Service framework.

6.5. Placement shall not constitute a promotion, automatic regrading, or automatic salary progression and shall not be determined solely on the basis of similarity of municipal job titles.

6.6. Where a post is governed by an Occupational Specific Dispensation (OSD) or other regulated professional framework, compliance with all prescribed statutory, regulatory and inherent requirements of the post, including professional registration, trade certification or licensing where applicable, shall be a compulsory minimum requirement for placement. Where an Employee does not meet the prescribed requirements of such post on the Transfer Date, the Employee -

6.6.1. shall not be placed in, or translated to, an OSD or other similarly regulated post;

6.6.2. shall not perform functions that are legally or professionally regulated by such registration or certification requirements; and

6.6.3. shall not be remunerated in accordance with OSD or other regulated salary scales.

6.7. Where an Employee does not meet the prescribed minimum appointment requirements or inherent requirements of the corresponding Public Service post on the Transfer Date, the Employee shall instead be placed in an appropriate post for which the relevant requirements are met.

6.8. Where an Employee subsequently comes to meet the prescribed minimum appointment requirements and inherent requirements of an OSD or other specialised or regulated professional post, no automatic entitlement to translation, placement, promotion or salary progression shall arise. In such circumstances, the Employee may apply for the relevant post through the Department's normal recruitment and selection processes, subject to the availability of a vacant funded post, and salary determination shall be effected in accordance with the applicable OSD or other regulated professional framework, rules and prescripts in force at the time of appointment.

7. SALARY STRUCTURE AND PROTECTION

7.1. Salary placement shall align with the graded post. In determining the salary applicable to the Employee's post with effect from the Transfer Date, the Employer shall consider the Employee's relevant remuneration model prior to the transfer, to which the Employee was contractually entitled to.

7.2. Salary placement shall align with the graded post. Subject to 4.2.4 above, where an Employee's remuneration, benefits and allowances before the Transfer Date exceeds the maximum notch of the applicable scale of the post he or she is placed in on or after the Transfer Date, the Employee shall be placed 'out of adjustment' and retain that notch while remaining in that specific post.

7.3. Out-of-adjustment status contemplated in clause 7.2 means the following:

7.3.1. It does not constitute regrading of the post.

7.3.2. The Employee does not qualify for notch progression.

7.3.3. The status ceases upon appointment to another post or when the Employee's salary eventually aligns with that of the graded post in which he or she is placed.

7.4. **Package-based Public Service dispensations**

7.4.1. Where an Employee is placed in a post governed by an MMS, SMS, or other applicable Public Service package-based remuneration dispensation, remuneration from the Transfer Date shall be determined strictly in accordance with the applicable legislative, regulatory and remuneration framework governing that post.

7.4.2. In such cases, the assessment of whether the Employee is transferred on terms and conditions that are on the whole not less favourable shall be undertaken holistically, with reference to the applicable package dispensation as a whole, and not by preserving, replicating, or comparing individual municipal package components in isolation.

7.4.3. No municipal allowance, benefit, package component, or structuring element shall continue automatically as a separate ongoing entitlement after the Transfer Date merely because it formed part of the Employee's municipal remuneration package before transfer.

7.4.4. Any motor vehicle allowance, transport-related structuring, medical assistance, housing-related structuring, annual bonus or 13th cheque component, or similar package element shall, from the Transfer Date, be dealt with strictly in accordance with the rules of the applicable Public Service package dispensation and any approved Departmental policy or framework applicable to the receiving post.

7.4.5. For the avoidance of doubt, it shall not be required of the Department to duplicate, cash-protect, or continue separately any municipal package component or municipal-specific scheme where the destination Public Service package dispensation already provides a remuneration structure for that purpose.

8. ANNUAL SALARY & COST OF LIVING ADJUSTMENT

8.1. Annual Salary and Cost of Living Adjustments shall be effective on 1 April of a calendar year, in accordance with the applicable Public Service Regulatory Framework determined in terms of section 3(1) of the Public Service Act, 1994, by the MPSA. Such Annual Salary and Cost of Living Adjustments remain subject to the terms and conditions of this Agreement and the applicable regulatory prescripts. With effect from 1 July 2026, employees would have received their increases. It is therefore the Department's responsibility to ensure that the increases are included.

9. NOTCH AND GRADE PROGRESSION

9.1. The grading level of the post determines the salary level attached to the post. Where an Employee is placed on the salary level attached to the post, the Employee may progress on that salary level in accordance with the 2019 Incentive Policy Framework for Employees in the Public Service effective from 1 April 2019, which is also applicable to the OSD dispensation.

9.2. Subject to meeting all qualifying requirements applicable to pay progression or grade progression, an Employee may be eligible for an annual notch increase or grade progression, with effect from 1 July of the relevant calendar year – should not be discretionary.

9.3. However, where an Employee is paid on a higher salary level or notch that is not linked to the graded level of the post or to an approved grade-progression model, the salary is regarded as being out of adjustment and is capped. In such cases, the Employee will only receive cost-of-living adjustments and will not qualify for pay or grade progression.

10. PENSION AND PENSIONABLE SERVICE

10.1. Compulsory Membership

10.1.1. With effect from the Transfer Date, all Employees appointed under the Public Service Act, 1994, shall become members of the Government Employees Pension Fund ("GEPF"), subject to the rules of the GEPF and applicable legislation.

10.2. Election in Respect of Existing Municipal Fund Benefits

10.2.1. In respect of accrued benefits held in a municipal pension or provident fund prior to the Transfer Date, Employees may elect, subject to the rules of their existing fund and applicable legislation, to -

10.2.1.1. encash their accrued benefits;

10.2.1.2. transfer their accrued benefits to an approved preservation fund; or

10.2.1.3. apply to transfer their accrued benefits to the GEPF, subject to actuarial assessment and acceptance in accordance with the rules of the GEPF.

10.3. Recognition of Prior Pensionable Service

10.3.1. Recognition of prior municipal service as pensionable service is not automatic and shall be governed by the rules of the GEPF, applicable Public Service prescripts, and administrative measures determined by the MPSA for the transition of Employees from organs of state to the Public Service – to be clarified.

10.3.2. The acceptance of any transfer value and the extent of pensionable service credit granted shall be determined solely by the GEPF in accordance with its rules and actuarial determinations.

10.4. Actuarial Shortfall

10.4.1. Any actuarial shortfall, being the difference between the actuarially determined value of the accrued pension benefits to be recognised by the Government Employees Pension Fund (GEPF) and the value of the assets transferable from the applicable municipal pension fund in respect of transferring employees shall be settled by the receiving employer.

10.4.2. Failing such settlement, the Municipality shall remain liable for the shortfall, and appropriate financial arrangements must be concluded between the Parties to ensure that the GEPF is not exposed to any unfunded liability arising from the transfer – this clause to be deleted.

10.4.3. The Parties record that this provision gives effect to the requirement that transferring employees are not placed in a less favourable position in respect of pensionable service and accrued benefits as a consequence of the transfer.

10.4A **Assumption of Pre-Transfer Liabilities**

10.4A.1 The Department shall assume liability for –

10.4A1.1 any retirement benefits payable to Employees who retired prior to the Transfer Date; or

10.4A1.2 any financial consequence arising from an Employee's election to encash or preserve accrued benefits.

10.5. **Pensionable Service Implications**

10.5.1. Employees acknowledge that:

10.5.1.1. continuity of employment in terms of section 197 of the LRA does not equate to automatic recognition of pensionable service;

10.5.1.2. preservation of continuous pensionable service within the GEPF is dependent upon successful transfer and actuarial acceptance of accrued benefits in accordance with the rules of the GEPF; and

10.5.1.3. the election to encash accrued benefits or transfer such benefits to a preservation fund may interrupt pensionable service and may affect future retirement benefits.

10.5.2. Employees further acknowledge that an election to encash accrued pension benefits prior to or upon transfer may affect eligibility for any housing bond guarantee linked to the applicable pension or Public Service framework. Where an Employee elects to receive a cash payout of accrued pension benefits, any housing bond secured through such pension-linked security or guarantee must be settled by the Employee/and or Municipality with the relevant financial institution.

– this clause to remain

10.6. **Municipal legacy pension, ex gratia and capitalised pension liabilities**

10.6.1. Any municipal ex gratia pension, capitalised pension, gratuity-based pension benefit, revenue pension, or similar retirement-related benefit arising from service with the Municipality before the Transfer Date shall not transfer automatically to the Department as an ongoing Public Service pension or retirement benefit.

10.6.2. Any accrued entitlement, contingent right, actuarially recognised liability, or future payment obligation in respect of such municipal legacy pension-type benefit shall remain governed by the applicable municipal resolution, policy, fund rules, actuarial basis, and legal framework under which it arose.

10.6.3. The Department shall assume liability for the funding, payment, administration, actuarial valuation, adjustment, or settlement of any such municipal legacy pension-type benefit, whether payable on retirement, early retirement, disability, death, or otherwise, unless this Agreement expressly provides otherwise.

10.6.4. In respect of any transferred Employee who, immediately before the Transfer Date, had accrued service, eligibility, or a contingent entitlement under a municipal ex gratia pension, capitalised pension, or similar legacy retirement arrangement, the Department shall remain solely responsible for all resulting liabilities, including any future benefit becoming payable after the Transfer Date by reason of pre-transfer service or pre-transfer eligibility criteria.

10.6.5. Employees who transfer to the Department shall, from the Transfer Date, participate in and retire under the applicable Public Service retirement framework and relevant retirement fund rules only in respect of service with the Department after transfer, without prejudice to any municipal legacy – to be clarified entitlement retained for the account of the Municipality under this clause.

11. CONDITIONS OF SERVICE AND BENEFITS

11.1. General

11.1.1. Medical assistance, housing, all categories of leave (including annual leave (how many days?), sick leave, incapacity leave, family responsibility leave and special leave), long service recognition, hours of work, and related conditions of service shall, subject to the provisions of this Agreement, continue and be administered strictly in accordance with the applicable Public Service legislative and regulatory framework, including determinations issued by the MPSA and applicable national collective agreements – benefits to be clarified. Can we have a schedule of how the conditions of service will look?

11.2. Medical Aid and Employer Contribution

11.2.1. Employees shall, subject to the rules of the Government Employees Medical Scheme (GEMS), become members of GEMS, which is a restricted medical scheme with membership limited to qualifying government employees and their beneficiaries, and shall qualify for a medical assistance subsidy strictly in accordance with the applicable Public Service regulatory framework.

11.2.2. This clause applies only to Employees translated to a notch-based Public Service remuneration dispensation. In such cases, employer medical aid contributions shall be limited to those expressly provided for in the applicable Public Service Regulatory Framework, and no automatic entitlement shall arise to any percentage-based employer contribution or medical subsidy previously applicable at municipal level.

11.2.3. In respect of Employees translated to salary levels 1 to 10 in a notch-based Public Service remuneration dispensation, such Employees shall become members GEMS on assumption of duty in order to receive a medical subsidy. Employees on salary levels 1 to 5 who join the Tanzanite One benefit option of GEMS shall receive a 100% subsidy. Employees on salary levels 6 to 10 shall receive a 75% subsidy, capped at the amounts provided in the applicable Determination and Directive on Medical Assistance for Employees in the Public Service. Should an Employee opt not to join GEMS and remain with another medical scheme, the subsidy shall be capped at R1 014.00 per month.

11.2.4. An Employee who is transferred to a total cost-to-employer (TCE) package dispensation SMS, MMS or an applicable OSD shall not qualify for a medical assistance subsidy, as the TCE dispensations allow for such Employee to provide for an employer contribution in structuring his or her own salary package.

11.2.5. For purposes of assessing compliance with the "on the whole not less favourable" requirement contemplated in this Agreement, medical aid and medical assistance benefits shall be considered as one component of the Employee's overall terms and conditions of employment and shall not be assessed in isolation. The specific municipal medical scheme, contribution model or benefit design shall not be protected as a standalone transferred right.

11.2.6. Any differences arising from the application of the Public Service medical assistance framework shall be assessed in the context of the Employee's overall remuneration and benefits outcome, and not on a cost-to-employer basis.

11.3. **Annual Bonus**

11.3.1. Employees who are remunerated on salary level 1 - 10 shall be paid an annual bonus equal to one-twelfth (1/12) of their pensionable salary notch, in accordance with the applicable Public Service regulatory framework.

11.3.2. Employees transferred to an MMS, SMS and equivalent package-based OSD posts shall not receive a separate annual bonus and may elect to provide for a thirteenth cheque benefit through the structuring of their total remuneration packages, in accordance with the applicable remuneration framework.

11.3.3. In terms of PSCBC Resolution 2 of 2015, all Employees shall, on the Transfer Date, make a once-off election regarding the date of payment of the 13th cheque / service bonus.

11.3.4. The Municipality will calculate and pay a proportional (pro rata) annual bonus to Employees, due within 30 (thirty) Calendar Days of the Transfer Date. This payment covers the period starting from the month after their last bonus was paid immediately before the Transfer Date. DOI to reimburse the Municipality according to the amended MOA.

11.4. **Performance Assessments**

11.4.1. An Employee's pre-transfer performance management assessment shall be recognised on transfer from the Municipality to the Public Service, for purposes of continuous performance assessment from the Transfer Date. The Municipality shall conduct a final performance assessment in respect of each Employee, where such assessment has not been done within 90 (ninety) Calendar Days before the Transfer Date. Where an Employee qualifies, in terms of the applicable pre-transfer employment regime, for a performance bonus and/or a notch increment based on such assessment, the Municipality shall ensure that such bonus is paid and/or such notch increment is implemented prior to the Transfer Date. The Municipality shall remain liable to the Employee for any such performance bonus which becomes due and payable before the Transfer Date. To the extent that such performance bonus is attributable to the Roads Function and is recoverable in terms of the applicable funding arrangements between the Department and Municipality, the Municipality may claim reimbursement from the Department, subject to verification and the submission of satisfactory supporting documentation.

11.4.2. With effect from the Transfer Date, the Employee shall be subject to the performance management system applicable in the Public Service. Any assessment of performance after the Transfer Date shall be undertaken in accordance with the applicable Public Service framework and with due regard to the period of service rendered to the Department during the relevant cycle. No automatic entitlement shall arise to any pro rata salary progression, incentive or other performance-related reward by reason only of service rendered to the Municipality prior to the Transfer Date.

11.4.3. The relevant performance information for each Employee must be submitted to the Department within three weeks of such assessment by the relevant Municipality. From the Transfer Date, the transferred Employees will have three months from that date to complete their Performance Agreements on PERMIS.

11.5. **Housing Assistance**

11.5.1. Housing assistance shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, and the approved Employee Housing Scheme and related prescripts.

11.5.2. Employees who are transferred to salary levels 1 to 10 and who qualify for housing assistance in terms of the applicable Public Service Regulatory Framework may receive housing assistance to the amount of R1 973,00 (ONE THOUSAND, NINE HUNDRED AND SEVENTY-THREE RAND) per month subject to compliance with the qualifying criteria prescribed in the Employee Housing Scheme and owning a house.

11.5.3. Employees appointed after May 2015 who do not own a house and who rent accommodation shall be eligible for a housing allowance of R1 973.00 (ONE THOUSAND, NINE HUNDRED AND SEVENTY-THREE RAND) per month. An amount of R900.00 (NINE HUNDRED RAND) of the housing allowance shall be paid into the Individual-Linked Savings Facility (ILSF) until such time as the Employee purchases a house. Amounts standing to the credit of the Employee in the ILSF shall not be forfeited, shall accrue interest, and shall become payable upon death, retirement or resignation.

11.5.4. Employees appointed to MMS, SMS, or equivalent structured remuneration dispensation posts shall not qualify for a housing subsidy. The TCE dispensation however allows for such Employees to structure for a housing allowance from their total remuneration packages to reflect housing costs in accordance with the remuneration framework applicable to those posts.

11.5.5. No automatic entitlement shall arise to any housing allowance, subsidy, or other housing-related support previously applicable at municipal level. An entitlement to housing-related support after the Transfer Date shall arise only where expressly provided for in terms of the applicable Public Service Regulatory Framework and where the Employee meets the prescribed Public Service qualifying requirements.

11.6. **Housing Bond Guarantees**

11.6.1. Existing housing bond guarantees issued by the Municipality in respect of transferred Employees shall not automatically transfer to the Department.

11.6.2. The Municipality shall engage with the relevant Financial Institutions and the affected Employees to determine, on a case-by-case basis, whether any existing municipal housing bond guarantee must be terminated, regularised or otherwise dealt with in accordance with the applicable Public Service Regulatory Framework and financial prescripts. No such engagement shall be construed as creating an obligation on the Department to substitute, continue or assume such guarantee.

11.6.3. The Department shall not continue as or replace a Municipality as the grantor of any municipal housing bond, and no automatic entitlement to a State housing bond guarantee shall arise upon the Transfer Date, unless expressly authorised in terms of the applicable Public Service Regulatory Framework and financial legislation.

11.6.4. The assessment of whether an Employee is "On the Whole Not Less Favourable" shall be determined with reference to the total remuneration and benefits package excluding any housing bond guarantee, which shall not be considered for that purpose.

11.7. **Long Service Awards**

11.7.1. From the Transfer Date, long service recognition shall be administered strictly in accordance with the applicable Public Service Regulatory Framework and the relevant national determinations and directives.

11.7.2. Prior municipal service shall be recognised for the purposes of determining eligibility for future long service awards within the Public Service by applying measures similar to those determined by the MPSA for the recognition of service rendered at organs of state, ensuring that such recognition is aligned with the applicable regulatory framework and the provisions for long service recognition as established in the relevant directives.

11.7.3. No automatic entitlement shall arise to any pro-rata long service payment upon transfer, unless such payment is required in terms of applicable legislation or lawfully binding municipal instruments prior to the Transfer Date.

11.7.4. This is the responsibility of DOI as the new employer, who will substitute the old employer. Any long service payments due by a Municipality prior to the Transfer Date shall remain the sole responsibility of the Municipality, which shall remain liable to the Employee for such payment. To the extent that such payment relates to service rendered in connection with the Roads Function and is recoverable in terms of the applicable funding arrangements between the Department and Municipality, the Municipality may claim reimbursement from the Department, subject to verification and the submission of satisfactory supporting documentation. Nothing in this clause shall render the Department directly liable to Employees in respect of such payments. This must also apply to the support staff that will be transferred to DOI effective 1 July 2026.

12. ALLOWANCES

12.1. **General**

12.1.1. All allowances (including overtime, standby, acting, travel, transport, telephone and scarce skills) shall be administered strictly in accordance with the applicable Public Service framework.

12.1.2. No automatic continuation shall arise in respect of municipal allowance structures.

12.2. **Overtime**

12.2.1. From the Transfer Date, overtime shall be administered strictly in accordance with the applicable Public Service Regulatory Framework.

12.2.2. All overtime worked up to and including the day immediately preceding the Transfer Date shall be calculated, verified and paid for by the respective Municipality in accordance with its applicable legislative and collective bargaining framework.

12.2.3. The Municipality shall remain liable to Employees for all overtime worked up to and including the day immediately preceding the Transfer Date. To the extent that such overtime is attributable to the Roads Function and is recoverable in terms of the applicable funding arrangements between the Parties, the Municipality may claim reimbursement from the Department, subject to verification and the submission of satisfactory supporting documentation. Nothing in this clause shall render the Department directly liable to Employees in respect of such overtime

12.3. **Travel and Subsistence**

12.3.1. From the Transfer Date, Travel and Subsistence shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, relevant national determinations and directives, and departmental policy.

12.3.2. Any Travel and Subsistence claim up to and including the day immediately before the Transfer Date shall be calculated, verified and paid for by the respective Municipality in accordance with its applicable legislative and collective bargaining framework.

12.3.3. To the extent that such expenses are attributable to the Roads Function and are recoverable in terms of the applicable funding arrangements between the Department and Municipality, the Municipality may claim reimbursement from the Department, subject to verification and the submission of satisfactory supporting documentation. Nothing in this clause shall render the Department directly liable to Employees in respect of such expenses.

12.4. **Cellphone and Data**

12.4.1. Any cellphone allowance, data allowance, communication allowance or similar benefit operated by a Municipality shall not transfer automatically to the Department as an ongoing condition of service upon transfer.

12.4.2. From the Transfer Date, cellphone and data arrangements shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, relevant national determinations and directives, and the Department's approved policy and processes.

12.4.3. All cellphone and data allowance liabilities approved, incurred, committed or payable up to and including the day immediately before the Transfer Date shall be calculated, verified and paid by the respective Municipality in accordance with its applicable legislative, collective bargaining and policy framework.

12.4.4. To the extent that such costs are properly attributable to the Roads Function and are recoverable in terms of the applicable funding arrangements between the Department and Municipality, the Municipality may claim reimbursement from the Department. Nothing in this clause shall render the Department directly liable to Employees in respect of such expenses.

12.4.5. From the Transfer Date, the Department shall have no obligation to continue, renew, replace or replicate any cellphone allowance, data allowance, communication allowance or similar benefit previously granted by a Municipality.

12.4.6. No pending request, prior approval, prior participation, or previous receipt of any cellphone allowance, data allowance, communication allowance or similar benefit under a Municipality's policy shall create any right, entitlement or legitimate expectation that such allowance or benefit will continue after the Transfer Date.

12.5. **Scarce Skills**

12.5.1. From the Transfer Date, Scarce Skills Allowances shall be administered strictly in accordance with the applicable Public Service Regulatory Framework and relevant national determinations and directives. Where the Public Service framework does not provide for a Scarce Skills Allowance for the relevant post, no automatic continuation of any municipal scarce skills allowance shall arise.

12.5.2. For the avoidance of doubt, any scarce skills allowance previously granted by a Municipality was derived solely from and remained subject to that Municipality's own policy, approval requirements, conditions, review processes, limits, classifications and operational requirements applicable thereto.

12.5.3. The Department shall not be liable for any scarce skills allowance approved, incurred, committed, or payable before the Transfer Date, and the Municipality shall remain solely responsible for all such liabilities.

12.5.4. The grading of posts on the Department's approved establishment shall be determined through the applicable job evaluation system. Post grading, placement on the establishment, or appointment to a post shall not constitute automatic absorption, conversion or continuation of any prior municipal scarce skills allowance.

12.5.5. No pending motivation, prior approval, prior receipt, prior classification of a post or occupation as scarce, or previous payment of a municipal scarce skills allowance shall create any right, entitlement or legitimate expectation that such allowance will continue after the Transfer Date.

12.6. **Standby**

12.6.1. From the Transfer Date, Standby Allowances shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, including relevant national collective agreements and determinations governing standby duties.

12.6.2. Where a post on the Department's approved establishment requires standby duties, and such duties are formally authorised in accordance with the applicable regulatory framework, the Employee may qualify for a Standby Allowance in terms of the prescribed rates and conditions.

12.6.3. Standby Allowances are distinct from overtime compensation. An Employee placed on authorised standby duty shall receive the prescribed standby allowance, and overtime compensation shall only be payable for actual hours physically worked in excess of normal working hours, in accordance with the applicable Public Service regulatory framework.

12.6.4. No automatic entitlement shall arise to any municipal standby allowance structure, rate, or payment arrangement previously applicable prior to the Transfer Date. All standby and overtime arrangements from the Transfer Date shall comply strictly with the applicable Public Service prescripts.

12.7. **Acting**

12.7.1. From the Transfer Date, acting appointments and acting allowances shall be administered strictly in accordance with the applicable Public Service Regulatory Framework determined in terms of section 3(1) of the Public Service Act, 1994, by the

MPSA, and implemented through the approved Departmental Acting Allowance Policy aligned to such regulatory prescripts.

12.7.2. No automatic entitlement shall arise to any acting allowance arrangement, rate, or practice previously applicable at municipal level. Acting allowances shall only be payable where:

12.7.2.1. the acting appointment is formally authorised;

12.7.2.2. the acting period and level comply with the applicable regulatory framework; and

12.7.2.3. all prescribed conditions for payment of an acting allowance are met.

12.7.3. The Department shall not be liable for acting allowances incurred before the Transfer Date, and the Municipality will be solely responsible for payment of such acting allowances.

12.8. **Capital Car Allowance / Essential User Vehicle Allowance**

12.8.1. From the Transfer Date, transport and motor-vehicle-related arrangements shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, National Treasury instructions, and Department of Transport prescripts, the applicable remuneration dispensation of the receiving post and the Department's approved transport policy and tariff schedules.

12.8.2. Any municipal fixed vehicle allowance, capital car allowance, essential user allowance, transport allowance or similar municipal arrangement shall not transfer automatically to the Department as an ongoing condition of service.

12.8.3. Any such municipal allowance or arrangement is derived solely from and remains subject to the Municipality's own policy, approval requirements, operational needs, categories of eligibility, compliance requirements, limits and exclusions applicable thereto.

12.8.4. Any such municipal arrangement remains subject to the Municipality's own policy, approval requirements, operational criteria, limits, exclusions and compliance conditions applicable before the Transfer Date, and the respective Municipality shall remain solely responsible for all liabilities approved, incurred, committed or payable before the Transfer Date.

12.8.5. Where an Employee is placed in a notch-based Public Service dispensation, use of a private vehicle for official purposes after the Transfer Date shall be subject to formal approval and reimbursement, where applicable, in accordance with the approved kilometer-based tariff and Departmental policy.

12.8.6. Where an Employee is placed in an MMS, SMS or applicable OSD package dispensation, any vehicle-related remuneration structuring or participation in a subsidised transport arrangement shall be dealt with strictly in accordance with the rules of the applicable Public Service dispensation and the Department's approved transport framework. No municipal vehicle-related allowance shall continue separately in addition to such dispensation.

13. LEAVE

13.1. From the Transfer Date, leave entitlement, accrual, utilisation, forfeiture and payment of leave shall be governed exclusively by the Determination and Directive on Leave of Absence issued by the Minister for the Public Service and Administration in terms of the Public Service Act, 1994, together with any applicable national collective agreements and regulatory prescripts.

13.2. For avoidance of doubt, the Public Service annual leave cycle runs from 1 January to 31 December of each calendar year, and payment of accumulated leave in the Public Service is regulated in accordance with the applicable statutory framework, including the circumstances under which leave may be paid out upon termination of service.

13.3. All annual leave accrued by Employees while employed by the Municipality, up to and including the day immediately preceding the Transfer Date, shall be calculated and verified by the Municipality to the Employees and transferred to the Department as part of the transfer of Employees – this clause to be clarified.

13.4. The Municipality shall provide the Department with a verified schedule of accrued annual leave balances for all transferring Employees, together with such supporting records and information as may reasonably be required for verification purposes.

13.5. Subject to verification by the Department, accrued annual leave transferred in terms of clause 13.3 shall be recognised by the Department and may be taken by Employees after the Transfer Date in accordance with the Department's leave administration policies and applicable legislation.

13.6. Upon the Transfer Date, the Department shall assume responsibility for the accrued annual leave balances transferred in terms of clause 13.3. Any payment in respect of such accrued annual leave that becomes due after the Transfer Date, including upon an Employee's resignation, retirement, dismissal, death or any other termination of employment from the Department, shall be the responsibility of the Department. The Municipality shall have no further liability in respect of such transferred annual leave balances after the Transfer Date.

13.7. With effect from the Transfer Date, the Employee shall fall within the sick leave dispensation and cycle applicable in the Public Service. Unused sick leave credits accrued at the Municipality prior to the Transfer Date shall not be recognised, transferred or preserved for purposes of the Public Service sick leave cycle.

14. HOURS OF WORK, OCCUPATIONAL HEALTH AND WELLNESS

14.1. Hours of Work

14.1.1. From the Transfer Date, hours of work shall be regulated in accordance with the Basic Conditions of Employment Act, 1997, the applicable Public Service regulatory framework, any determinations issued by the MPSA, any relevant national collective agreements, and the Departmental Work Arrangements Policy.

14.1.2. The standard ordinary hours of work shall be forty (40) hours per week excluding meal break, calculated over a twelve-month cycle. The monthly equivalent is provided for reference only and shall not create a fixed monthly entitlement or exceed statutory limits.

14.1.3. Ordinary hours, overtime, rest periods and cumulative working hours shall comply strictly with the maximum thresholds prescribed in the Basic Conditions of Employment Act and applicable Public Service prescripts.

14.1.4. Overtime shall be authorised and compensated only in accordance with the applicable Public Service regulatory framework and shall not result in total cumulative working hours exceeding the limits prescribed by law.

14.2. **Personal Protective Clothing**

14.2.1. From the Transfer Date, the provision of Personal Protective Equipment and Protective Clothing shall be provided and administered strictly in accordance with the Occupational Health and Safety Act, 1993, its applicable regulations, and the Department's approved occupational health and safety policies and standard working procedure.

14.2.2. Personal Protective Equipment and protective clothing shall be issued where required, having regard to the inherent risks of the post, the tasks performed, and the workplace risk assessment, in fulfilment of the employer's statutory duty to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of employees.

14.2.3. No automatic entitlement shall arise, after the Transfer Date, to any municipal clothing allowance, cash clothing benefit, or clothing-related practice previously applicable prior to transfer.

14.3. **Employee Health and Wellness**

14.3.1. Confidential counselling is available via a service provider appointed by the Department or WCPG.

15. ADMINISTRATIVE AND EMPLOYMENT-RELATED ARRANGEMENTS

15.1. **Unemployment Insurance Fund (UIF)**

15.1.1. From the Transfer Date, Employees transferred and employed by the Department in terms of the Public Service Act, 1994, shall be subject to the employment framework applicable to the Public Service and shall not participate in the Unemployment Insurance Fund (UIF).

15.1.2. No UIF contributions shall be deducted or paid by the Department in respect of such Employees after the Transfer Date.

15.1.3. Any UIF record and any UIF contribution arising from employment with the respective Municipality prior to the Transfer Date shall remain the responsibility of that Municipality and shall continue to be regulated by the applicable UIF legislative framework and administrative processes.

15.2. **Relocation and Transfer**

15.2.1. The Employees will not be relocated or transferred to a different work site/workstation without due consultation.

15.2.2. The cost of approved relocations shall be borne by WCPG in terms of the prevailing directives.

15.3. **Professional Registration**

15.3.1. An Employee placed in a post for which professional registration is an inherent requirement of the post must hold and maintain the prescribed professional registration applicable to that post for the duration of employment in that post.

15.3.2. An Employee who does not hold, or who fails to maintain, the prescribed professional registration applicable to a post may not be placed in, continue in, or perform the duties of that post, and may not be remunerated as the incumbent of that post.

15.3.3. An Employee shall be responsible for the payment of all professional registration and renewal fees due to professional bodies, societies and regulatory bodies.

15.4. **Educational Assistance / Bursaries for Employees' Children**

15.4.1. Any educational assistance, bursary, study grant or similar benefit operated by the Municipality in respect of an Employee's child shall not transfer automatically to the Department as an ongoing condition of service upon transfer.

15.4.2. For the avoidance of doubt, any such benefit is derived solely from and remains subject to the Municipality's own policy, conditions, approval requirements, budget availability, limits and exclusions applicable thereto.

15.4.3. The Department shall not be liable for any bursary, educational assistance, study grant or similar benefit in respect of an Employee's child that was approved, incurred, committed or became payable before the Transfer Date, and the Municipality shall remain solely responsible for all such obligations.

15.4.4. From the Transfer Date, the Department shall have no obligation to continue, renew, replace or replicate any bursary, educational assistance or similar benefit previously granted by the Municipality in respect of an Employee's child.

15.4.5. No pending application, prior participation, prior approval, or previous receipt of assistance under the Municipality's bursary scheme shall create any right, entitlement or legitimate expectation that such assistance will continue after the Transfer Date.

15.5. **Salary Pay Date**

15.5.1. The salary payment dates are on -

15.5.1.1. the 15th day of the month, subject to clause 5.2 of this Agreement; or

15.5.1.2. the last day of the month for Employees serving probation.

15.6. **Deductions**

15.6.1. From the Transfer Date, payroll deductions shall be administered strictly in accordance with the applicable Public Service Regulatory Framework, National Treasury prescripts, the Basic Conditions of Employment Act, 1997, and the Department's approved payroll deduction policies.

15.6.2. No automatic continuation shall arise in respect of any stop order, salary deduction, or third-party payment arrangement previously applicable at municipal level.

15.6.3. Employees shall be responsible for making appropriate arrangements with their respective financial institutions or service providers pending approval and implementation of any payroll deduction in terms of the Department's approved requirements and processes.

15.6.4. Payroll deductions shall only be implemented where -

15.6.4.1. the deduction is authorised by law, a collective agreement, a court order, or an arbitration award;

15.6.4.2. the Employee has provided written consent, where such consent is required by law; and

15.6.4.3. the deduction complies with the Department's approved policies and payroll system requirements.

16. EMPLOYEE SUPPORT AND RELATED BENEFITS

16.1. Group Life Insurance

16.1.1. The Public Service regulatory framework does not provide for a separate employer-funded group life insurance benefit. Accordingly, no automatic continuation shall arise in respect of any municipal group life insurance benefit previously applicable prior to the Transfer Date.

16.1.2. From the Transfer Date, the Department shall not be liable for the payment of premiums in respect of any private or municipal group life insurance scheme. Should an Employee wish to maintain such insurance in a private capacity, the costs thereof shall be for the Employee's own account.

16.2. Temporary Disability Cover

16.2.1. From the Transfer Date, no separate employer-funded temporary disability insurance benefit shall apply in the Public Service.

16.2.2. Employee incapacity and temporary inability to work shall be managed in accordance with the applicable sick leave provisions and the Policy and Procedure on Incapacity Leave and Ill-Health Retirement (PILIR), as issued and applied within the Public Service regulatory framework.

17. PRE-TRANSFER LIABILITIES

17.1. Subject to the provisions of this Agreement, all employee-related financial liabilities incurred prior to the Transfer Date, including but not limited to leave, overtime, travel, allowances, disciplinary costs and related matters, remain the responsibility of the respective Municipality. The Department shall be liable for such liabilities, nor reimburse the Municipality in respect thereof, except to the extent expressly provided for elsewhere in this Agreement or any related agreement concluded between the Department and Municipality s. The words "disciplinary costs and related matters" must be deleted – they should be held liable for any costs order, reinstatement, etc. that relates to their staff, should such an order be granted by the Commissioner/Labour Court.

18. PENDING DISCIPLINARY AND LABOUR MATTERS

18.1. From the Transfer Date the Department shall assume responsibility for any pending disciplinary, incapacity, grievance, arbitration or other labour-related proceedings involving transferring Employees. Such proceedings shall continue without interruption and shall be dealt with in accordance with the applicable Public Service legislative and regulatory framework.

18.2. Such substitutions shall be procedural in nature only and shall constitute an assumption of liability for any act, omission, procedural defect, unfair labour practice, unfair dismissal, or other claim arising from conduct occurring prior to the Transfer Date.

18.3. The Municipality shall – this to fall away:

18.3.1. Remain fully liable for all financial obligations arising from acts or omissions occurring prior to the Transfer Date, including compensation, awards, settlements, damages, interest and legal costs – no, we cannot be held liable – it was a function that was performed on their behalf (for their staff) and any costs, orders, etc. are for DOI's account.

18.3.2. Take the lead in preparing, managing and conducting any pre-transfer disciplinary or external labour matter, including matters before the CCMA, any Bargaining Council, the Labour Court or any other tribunal.

18.3.3. Make available, at their own cost, all documentation, investigation reports, transcripts (tape recordings only and in the event that they want the records to be transcribed, it will be for their account), evidence bundles and internal records necessary to ensure the proper conduct of such proceedings.

18.3.4. Ensure the continued availability of investigators, presiding officers, initiators, witnesses and any other officials involved in the matter, including attending hearings where required.

18.3.5. Fund any legal representation required in respect of pre-transfer conduct.

18.3.6. Indemnify and hold the Department harmless against any loss, liability, damage, claim, cost or expense arising from any pre-transfer conduct, or from any procedural defect or irregularity relating thereto – no, we cannot agree to such indemnity – see comments above.

18.3.7. Implement, at their own cost and risk, any award, settlement, order or outcome arising from a pre-transfer act or omission, including any monetary payment, corrective action, record adjustment or other consequential measure, to the extent that such implementation relates to liability retained by the Municipality in terms of this Agreement – we will not be held liable for any awards – for DOI's account.

18.4. The Municipality shall, prior to the Transfer Date, disclose in writing a comprehensive schedule of all pending or contemplated labour-related matters and shall certify that no material matter has been withheld.

18.5. The Department reserves the right, following assessment of the merits and procedural integrity of any pending disciplinary matter, to determine whether continuation remains appropriate under the Public Service regulatory framework.

19. UNION AFFILIATION

19.1. Only trade unions within the jurisdiction of the PSCBC Co-ordinating Chamber for the Western Cape Province (CCPWCP) and sectoral bargaining councils are recognised trade unions that represent workers in the Public Service from the Transfer Date.

20. INDEMNITY – no, we cannot accept liability and indemnify them – the clause to be deleted in its entirety

20.1. The Municipality hereby indemnifies and holds the Department harmless against any and all claims, demands, losses, damages, liability, and legal costs arising from or in connection with the performance of the Road Functions by the Employees, to the extent that such liability is attributable to acts or omissions occurring on or before the Transfer Date.

20.2. Where liability in respect of any claim is determined, whether by agreement, settlement, or order of a competent court or tribunal, to be joint or concurrent as between the Municipality and the Department and/or Employees, the Municipality shall indemnify the Department to the extent that such liability is attributable to conduct occurring on or before the Transfer Date.

20.3. For the avoidance of doubt, this indemnity applies irrespective of whether any claim is brought against the Municipality, the Department, the Employees, or any combination thereof, provided that the underlying cause of action arose on or before the Transfer Date.

21. DISPUTES ARISING FROM APPLICATION AND IMPLEMENTATION

21.1. In the event of a dispute between the Department and the Municipality only, the dispute resolution process in the Intergovernmental Relations Framework Act 13 of 2005, will be followed. Should any dispute arise between the Municipality and the Department regarding the number and specific Employees or the posts to be transferred, the transfer of all undisputed Employees and posts shall proceed without delay. Any Employees that are the subject of the dispute shall remain in the employ of the Municipality pending the final resolution of the dispute through the applicable intergovernmental dispute resolution process.

21.2. During the duration of such dispute resolution process, the Municipality and the Department may conclude a written agreement regulating, among other matters, the funding of the disputed posts and Employees, as well as the interim allocation and performance of functions and responsibilities by the Municipality and/or the Department.

21.3. Following the Transfer Date, any dispute concerning a transferring Employee's terms and conditions of employment shall be dealt with in accordance with the provisions and prescripts of the Public Service Act, 1994.

22. DOMICILIUM CITANDI ET EXECUTANDI

22.1. Unless otherwise specified, any notice or communication in terms of this Agreement -

22.1.1. must be in writing to be effective; and

22.1.2. must be delivered by hand, sent by prepaid registered post, or transmitted by email to the relevant Party at the physical address and email address set out below, which address each Party chooses as its domicilium citandi et executandi for all purposes under this Agreement, or at such other address as may be substituted by written notice in accordance with this clause:

22.1.2.1. **The Department**
Physical address: 9 Dorp Street, Cape Town, 8001
Email: ______________________
Attention: Head of Department, Department of Infrastructure / authorised signatory

22.1.2.2. **The ________________District Municipality**
Physical address:
Email: ______________________
Attention: Municipal Manager / authorised signatory

22.1.2.3. **SALGA**
Physical address: ______________________
Email: ______________________
Attention: authorised signatory

22.1.2.4. **SAMWU**
Physical address: ______________________
Email: ______________________
Attention: authorised signatory

22.1.2.5. **IMATU**
Physical address: ______________________

Email: _______________________

Attention: authorised signatory

22.1.3. Each of the Parties shall be entitled from time to time by written notice to the other, to vary its domicilium to any other address within the Republic of South Africa which is not a post office box or poste restante. Such change will only take effect upon receipt or deemed receipt of such notice by the other party.

22.2. Any notice or communication shall -

22.2.1. if delivered by hand during business hours to the person apparently in charge of the premises selected by the addressee for the delivery of notices, be deemed to have been received on the date of delivery;

22.2.2. if sent by prepaid registered post to the selected address, it is deemed to have been received six (6) Calendar Days after posting; and

22.2.3. if transmitted by electronic mail message it shall be deemed to have been received by the addressee on the expiration of 24 (twenty-four) hours after transmission, provided that the recipient's mailbox does not generate an automated out of office response.

22.3. Any written notice or communication which has been received by a Party shall be regarded as sufficient notice even if it has not been sent in the manner or to the address/telefax number provided for above.

23. WAIVER

23.1. No waiver of any of the terms and conditions of this Agreement shall be binding unless expressed in writing and signed by the Party giving the same, and any such waiver shall be affected only in the specific instance and for the purpose given.

23.2. No failure or delay on the part of either Party in exercising any right, power or privilege precludes any other or further exercising thereof or the exercising of any other right, power or privilege.

23.3.

23.4. No indulgence, leniency or extension of time which any Party ("the Grantor") may grant or show the other Party, shall in any way prejudice the Grantor or preclude the

Grantor from exercising any of its rights in terms of this Agreement.

24. ENTIRE AGREEMENT

24.1. This Agreement replaces any other previous verbal or written agreement entered into between the Parties.

24.2. This Agreement constitutes the entire agreement between the Parties and no amendment, alteration, addition or variation of any right, term or condition of this Agreement will be of any force or effect unless reduced to writing and signed by the Parties to this Agreement.

24.3. The Parties agree that there are no conditions, variations or representations, whether oral or written and whether expressed or implied or otherwise, other than those contained in this Agreement.

25. PROTECTION OF PERSONAL INFORMATION

25.1. The Parties acknowledge their respective obligations to comply with the applicable provisions of the Protection of Personal Information Act 4 of 2013 (hereinafter referred to as 'POPIA').

25.2. Where any Party receives any personal information as defined in POPIA, it shall ensure that it fully complies with the provisions of POPIA and only deal with the personal information to fulfil its obligations under this Agreement. The personal information received shall not be further processed or disclosed without the consent of the disclosing Party.

25.3. The Parties acknowledge that for the purposes of this Agreement, the Department will process the Employees' personal information included in the Agreement to perform its public law duties and in order to conclude this Agreement.

25.4. Each Party therefore understands and agrees, notwithstanding any contrary provision in any other agreement between the Parties, that each Party retains its full rights to pursue legal or equitable remedies in the event of any breach or threatened breach of the provisions dealing with the protection of personal information, and may prevent the other Party, any of its agents or subcontractors, or any third party who has received records from that Party from violating this Agreement by any legal means available. Each Party further understands that violation of the provisions dealing with the protection of personal information may subject that Party to applicable legal penalties, including those provided under POPIA.

25.5. Within 30 (thirty) Calendar Days after the termination of this Agreement, for whatever reason, the receiving Party of either Party's personal information shall return same or at the discretion of the disclosing party of such personal information, destroy such personal information, and shall not retain copies, samples or excerpts thereof except where legislation requires the receiving Party to retain the personal information. In such a case, the receiving Party shall return or destroy such personal information, within 30 (thirty) Calendar Days after the required legislative duration to retain the personal information has lapsed.

25.6. In cases where the disclosing Party has elected for the personal information to be destroyed, as provided for in clause 25.5 above, the receiving Party shall, within 10 (ten) Business Days of receiving the instruction to destroy the personal information, send an affidavit confirming the destruction of personal information.

1. SIGNED BY THE FOLLOWING PARTIES:

Party	Name of signatory	Capacity of signatory	Date of signature	Place of signing	Witness name	Witness signature	Date of signature
	a	b	c	d	e	f	g
Department							
Garden Route District Municipality							
Cape Winelands District Municipality							
Central Karoo District Municipality							
IMATU							
SALGA							
SAMWU							

Annexure A [to be completed]

Item No.	Item Description	District Municipality	WCPG	Agreement
1.	Number of Employees to be transferred as at 1 August 2025.	GRDM: 304 CKDM: 114 CWDM: 156	GRDM: 304 Posts confirm as per approved Organogram CKDM: 114 Posts confirm as per approved Organogram CWDM: 156 Posts confirm as per approved Organogram	GRDM: 304 CKDM: 114 CWDM: 156

ANNEXURE E

ANNEXURE E

DISTRICT MUNICIPALITY I UMASIPALA WESITHILI I DISTRIKSMUNISIPALITEIT

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:	N Davids
Reference:	14/1
Date:	30 June 2026

Department of Infrastructure
Provincial Government Western Cape
CAPE TOWN
8000

Sir

OUTSTANDING MATTERS RELATING TO THE TRANSFER OF THE ROADS FUNCTION TO THE DEPARTMENT OF INFRASTRUCTURE, EFFECTIVE 1 JULY 2026

Writer hereby acknowledges receipt of your letter dated 17 June 2026.

As you are aware, the transfer negotiations contemplated in section 197(6) of the Labour Relations Act, 66 of 1995, have not been concluded. Furthermore, today marks the final day of the Agency Agreement between the Department of Infrastructure ("DOI") and the Garden Route District Municipality ("GRDM"). Consequently, with effect from 1 July 2026, the relevant Roads function will, by operation of law, revert to the Department of Infrastructure.

The legal consequence of this reversion is that the Department of Infrastructure is automatically substituted in the place of the Garden Route District Municipality as the employer of all employees identified as forming part of the Roads function. In accordance with section 197(2) of the Labour Relations Act, all rights and obligations arising from the contracts of employment of the affected employees are transferred to the Department of Infrastructure without amendment, interruption, or any break in continuity of employment. Formal written communication will be issued to all affected employees advising them of the transfer of their contracts of employment in terms of section 197(2) of the Labour Relations Act and confirming the legal consequences thereof.

Since the Roads Function will transfer to the Department of Infrastructure (DOI) in terms of section 197(2) of the Labour Relations Act, 1995 on 1 July 2026, the following matters are brought to your attention.

1. CURRENT DISCIPLINARY MATTERS

The following files have been prepared and will transfer to you by close of business today, as this municipality has no jurisdiction over the Roads Staff as of 1 July 2026.

- Messrs Qhokolo & Jansen: Suspended; disciplinary hearings scheduled for 29–30 June 2026 has been postponed (charges: theft). No new date available yet.
- Mr Ndengane: Hearing postponed to 7 July 2026 (charges: gross misconduct, dishonesty).
- Mr J Joseph: Hearing scheduled for 25 June 2026 and await a new date for continuation (charges: gross misconduct, theft).
- Mr O Nkala: Hearing scheduled for 1–2 July 2026 (charge: theft).
- Ms M Arends: Appeal; arbitration set for 25 and 27 August 2026.
- Mr M Solani: Review application; pending court date from the Labour Court.
- Mr A Snyman: Allegations of intimidating staff; diesel misuse; theft; negligence; unauthorised disclosure of confidential information and irregular clocking processes.

Upon transfer, GRDM will relinquish all jurisdiction, and its disciplinary code will no longer apply. Should the Labour Court and/or Arbitrator reinstate any employees (Arends and/or Solani), such individuals shall become employees of DOI, and any associated costs or orders against GRDM shall be for DOI's account.

2. CONTRACT WORKERS

All the contract workers received their termination letters and any further negotiations with them must be between DOI and the respective employees.

3. **VAT LIABILITY**

In the event of SARS (the South African Revenue Services) claims VAT (Value Added Tax) from GRDM as a result of the Agency Agreement, DOI will be responsible to settle such claim/liability.

4. **POST RETIREMENT BENEFITS**

DOI is responsible for all post-retirement benefits of former and current employees, including the support staff to be transferred effective 1 July 2026.

5. **GRDM PROPERTIES**

GRDM is the registered owner of various properties currently occupied by DOI personnel. In the absence of a signed lease agreement, this arrangement will cease as of midnight on 30 June 2026. GRDM disclaims all liability for any claims arising from unauthorized occupation post-termination. Any legal action (including negligence, loss, or damages) will be defended, and all associated risks are transferred to DOI.

Should you have any further queries, please do not hesitate to contact me or Nadiema Davids via email – nadiema@gardenroute.gov.za or on 044 803 1408 / 081 580 4692.

Yours faithfully

30/6/2026

MONDE STRATU
MUNICIPAL MANAGER

ANNEXURE F

Western Cape Government

Infrastructure
Adv Chantal Smith
Office of the Head of Department
HOD.Infrastructure@westerncape.gov.za | Tel: 021 483 2826

Refernce: DOI 20/1/E

30 June 2026

To: The Municipal Manager, Garden Route District Municipality

Attention: Mr M Stratu

By email

Cc: The Mayor-GRDM

Attention: Ald. M Kruger

By email: mm@gardenroute.gov.za

URGENT

Dear Mr Stratu,

Expiration of Agency Agreement between DOI and GRDM and negotiations between DOI and GRDM in relation to reaching agreement as to an MOA and s197(6) transfer agreement

1. I have been kept closely apprised of the negotiation process pursuant to the above between the DOI negotiating team and yourself and your team.

2. I have been advised as to the outcome of what appeared to be a positive Teams meeting held between our team and you and yours on 17 June which focussed on the contested issue of the transfer of GRDM alleged support staff in which it was agreed inter alia:

   (a) That as a significant concession, DOI would be prepared to accept transfer of 26 of the 32 alleged support staff put forward by GRDM, and that 6 named support staff would not be transferred, provided that certain conditions were met by GRDM including that DOI would bear no financial responsibility in the event of GRDM retrenching any one or more of the 6 excluded support staff;
   (b) Your external attorney, Ms Anel Gray requested that DOI consider DOI bearing half the consequential financial implications involved in a consequential unfair dismissal challenge by the 6 or their Unions in relation to such'

(c) DOI's lead negotiator, attorney John MacRobert reiterated DOI's position, as expressed above but advised that he would take instructions and receive instructions and a mandate as to this request;

(d) This he did per his letter to you of 23 June 2026, setting out explicitly DOI's position on this request, as also as to DOI's position in relation to other litigation that may be brought in general.

(e) You responded per your emailed letter of 25 June 2026, to which I now respond below.

3. Firstly, your response is a marked departure from its position tabled at the Teams meeting referred to above, and I have now equally reviewed the position of DOI on the same basis. The DOI is now back to its original position of accepting only the 9 stores staff.

4. Second, I am advised that your letter contains inaccurate interpretations of section 197 of the LRA, including section 197(8) thereof which relates <u>only</u> to transferred employees and not to the 6 who, it has been agreed, will not transfer.

   The short point is that the 6 are simply not preponderately part of the roads function, as may legally required.

   Simply to achieve agreement DOI advised that it would be prepared to "swallow" the balance of the 9 Stores staff, but with difficulty. This has now been reconsidered as indicated in point 3. on the same basis that you have reconsidered your position.

5. Third, should GRDM elect to retrench any staff member, this will be a decision of GRDM alone, and not that of DOI and hence it follows that DOI will not bear any costs or financial implications of such retrenchments and will not fund same.

6. Fourth, GRDM's expressed position, as articulated by you in your letter that it would not oppose any unfair dismissal referrals, but abide the decisions of any Tribunal or Court, is nothing short of extraordinary and is also in bad faith.

   DOI will not come to your aid in such event, financially or otherwise.

7. Fifth, GRDM's mark-ups on the draft MOA and s197(6) agreement are totally unacceptable and not inthe spirit in which these negotiations are to be conducted.

8. To conclude, DOI's position, given the above, is as follows:

   (a) If GRDM is no longer prepared to honour the agreement reached at the last Teams meeting as set out above, then DOI will revert to its original position of accepting transfer of the 9 support staff only. GRDM will have to bear the all consequences, financial and otherwise, of the remaining 23, as well as possible other adverse consequences to GRDM.

   (b) You/GRDM are required to respond with a reconsidered position in the light of the above, both as to the support staff and the MOA and s197(6) Agreements by close of business today.

Yours faithfully .

Date:
2026.06.30
15:48:08 +02'00'

……………………

Adv Chantal Smith
Head of Department- Department of Infrastructure
Western Cape Government

ANNEXURE G

ANNEXURE G

Garden Route
DISTRICT MUNICIPALITY | UMASIPALA WESITHILI | DISTRIKSMUNISIPALITEIT

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:	*N Davids*
Reference:	*14/1*
Date:	*01 July 2026*

Adv Chantall Smith
Department of Infrastructure
Provincial Government Western Cape
CAPE TOWN
8000

Madam

EXPIRATION OF AGENCY AGREEMENT BETWEEN DOI AND GRDM AND NEGOTIATIONS BETWEEN DOI AND GRDM IN RELATION TO REACHING AGREEMENT AS TO AN MOA AND S197(6) TRANSFER AGREEMENT.

1. Your letter dated 30 June 2026, transmitted to me at 16:08, and to which I responded on 30 June 2026, refers.
2. At the outset, it is necessary to correct a number of factual and legal inaccuracies contained in your correspondence, as they create an erroneous impression that the allegations levelled against the GRDM are well-founded. They are not.
3. Firstly, I state categorically that there is presently no legal relationship between the Department of Infrastructure ("DOI") and GRDM in respect of the Roads Agency function. By operation of section 197(2) of the Labour Relations Act, the transfer of the Roads function occurred automatically with effect from 1 July 2026. Consequently, any suggestion that a contractual or agency relationship continues to exist between the parties is legally untenable.

4. Secondly, it is incorrect to allege that GRDM departed from the position it adopted during the Microsoft Teams meeting held on 17 June 2026. On the contrary, it was agreed during that meeting that DOI would prepare and submit the proposed Memorandum of Agreement ("MOA") and Transfer Agreement, following which GRDM would consider those documents and provide its comments. GRDM duly complied with that process and submitted its inputs on 25 June 2026. The allegation that GRDM altered its position is therefore factually incorrect.
5. Thirdly, DOI had expressly agreed to accept the transfer of the 26 support staff, a position that was confirmed in its correspondence addressed to GRDM. Your letter of 30 June 2026 contains no rational or lawful explanation for DOI's subsequent reversal of that position. The unexplained departure from DOI's earlier undertaking appears arbitrary and is indicative of conduct that cannot be reconciled with the duty to negotiate and act in good faith.
6. Insofar as your views regarding the interpretation of section 197 are concerned, I do not intend engaging in a debate on legal interpretation. Your interpretation remains your opinion, and GRDM does not accept it as a correct statement of the law.
7. With regard to the issue of possible retrenchments and the legal consequences arising therefrom, the legal position is clear. Should any retrenchment process be initiated as a consequence of the transfer, DOI will necessarily be a party to that process and will bear the legal obligations and consequences that arise from its decisions and conduct.
8. Accordingly, the allegation that GRDM has negotiated in bad faith is denied in the strongest terms. Throughout this process, GRDM has consistently maintained that the transfer should be implemented lawfully, fairly, and in an orderly manner. At all material times, GRDM has sought to negotiate in order to protect both its own legal interests and those of the affected employees, while ensuring compliance with the applicable legislative framework.
9. Furthermore, the assertion that GRDM has reneged on any previous agreement is without foundation. Your letter fails to identify any agreement from which GRDM has purportedly resiled. No such agreement exists, and the allegation is therefore unsupported by the facts.
10. Finally, it must be recognised that any process contemplated under section 197(6) has now been overtaken by operation of section 197(2). DOI permitted the Agency Agreement to lapse without taking the necessary steps to regulate the transfer before the effective date. As a consequence, the transfer occurred automatically

by operation of law on 1 July 2026, and there is no longer any legal relationship between DOI and GRDM arising from the Roads Agency Agreement.

11. In the circumstances, the allegations contained in your letter are rejected
12. Should you have any further queries, please do not hesitate to contact me or Nadiema Davids via email – nadiema@gardenroute.gov.za or on 044 803 1408 / 081 580 4692.

Yours faithfully

MONDE STRATU
MUNICIPAL MANAGER

ANNEXURE H

Western Cape Government

DEPARTMENT OF INFRASTRUCTURE
Head of Department
Chantal.Smith@westerncape.gov.za
HOD.Infrastructure@westerncape.gov.za

GARDEN ROUTE DISTRICT MUNICIPALITY
EXECUTIVE MAYOR
Attention: Mr Marais Kruger
Email pa.mayor@gardenroute.gov.za **and** manager.mayor@edendm.co.za

CC: Municipal Manager mm@gardenroute.gov.za

CC: Recognised Trade Unions

Dear GRDM Executive Mayor,

1. We refer to the Transitional Addendum between the Department of Infrastructure (DOI) and the Garden Route District Municipality (GRDM), which governed the period from 1 April to 30 June 2026.
2. At the outset, the Department committed to ensuring a responsible transfer of the Roads Function through a process contemplated in Section 197(6) of the Labour Relations Act.
3. Meaningful engagement took place during this period, with significant progress being made on several matters.
4. It was initially envisaged that the transfer process would be concluded within this timeframe. However, despite the efforts made by all parties, this has not been possible.
5. Notwithstanding this, the Department remains committed to ensuring that the transfer process is undertaken responsibly, without any adverse impact on service delivery or on the employees currently performing the Roads Function under the Service Level Agreement.
6. On this basis, and pending Council approval of the draft Section 197(6) Agreement shared with you by Minister Simmers, the Department intends to extend the Transitional Addendum for a further one-month period, from 1 July 2026 to 31 July 2026.
7. This extension is granted solely to allow for urgent engagement with the recognised trade unions, with the employers—being the Department of Infrastructure and the Garden Route District Municipality—approaching that engagement on a united basis. It is not, under any circumstances, intended to reopen matters that have already been narrowed through negotiation or resolved.

8. The Department further wishes to assure all affected employees and recognised trade unions that the Department of Infrastructure will continue to ensure that all employees covered by the Transitional Addendum are paid in full during the extension period, thereby ensuring continuity and certainty while the consultation process is finalised.

9. Please find the SLA attached. Kindly sign and return the attached document at your earliest convenience.

Yours sincerely,

Date:
2026.07.01
16:59:33
+02'00'

ADV CHANTAL SMITH
HEAD OF DEPARTMENT
DATE:

ANNEXURE I

ANNEXURE I

Western Cape Government
FOR YOU
Infrastructure

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 GARDEN ROUTE DISTRICT MUNICIPALITY

(Herein represented by Mr M Stratu in his capacity as Municipal Manager of the Garden Route 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 maintenance and construction activities in respect of provincial roads 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 perform such maintenance and construction activities in respect of provincial roads, 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 one (1) month from 1 July 2026 to 31 July 2026.

F. AND WHEREAS the Parties have agreed that the Department will allocate an amount of **R14 001 507** (Fourteen million one thousand five hundred and seven rand) 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, being those costs set out in Clause (H) below, 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:

1 July 2026 - 31 July 2026	
Composition of Allocations	**Current Expenditure**
12% Agency fee (incl. VAT)	R1 408 712
Current:	
COE for Roads organogram	R9 111 739
Travel and Subsistence	R408 883
Contract employees	R419 639
Property related costs	R455 841
ICT costs	R73 650
Inventory Cost	R1 363 777
Outstanding Invoice 25/26	R750 334
Operational expences	R8 932
Total allocation	**R14 001 507**

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 maintenance and construction activities in respect of provincial roads, on behalf of and under the direction of 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 July 2026, notwithstanding date of signature, and shall remain in force until 31 July 2026."

2.3. Scope of Work (Clause 5)

The following clause is inserted after Clause 5.3:

"5.4. The work activities and associated programme for the execution of the scope of work 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 Cape Town on this 1st day of July 2026 in the presence of the undersigned witnesses.

Date:
2026.07.01
17:02:28 +02'00'

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

AS WITNESSES:

Signature	MICHAEL HENDRICKSE Name also in capital letters
Signature	Louise Buys Name also in capital letters

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

THE BENEFICIARY
(Herein represented by **Mr M Stratu** in his capacity as Municipal Manager of the Garden Route District Municipality)

AS WITNESSES:

Signature	Surname and Initials capital letters
Signature	Surname and Initials in capital letters