

MSUNDUZI LOCAL MUNICIPAL COUNCIL



TO: **ALL COUNCILLORS**

Notice is hereby given that a *Special* meeting of the **MSUNDUZI MUNICIPAL COUNCIL** will be held via **MICROSOFT TEAMS** on **WEDNESDAY, 19 JULY 2023** at **14:00**.

18 July 2023

[Signature]
SPEAKER

AGENDA

ITEM No		PAGE No
1.	DEDICATION AND A BRIEF PERIOD OF SILENCE	--
	<i>We, the Councillors of this Local Council, dedicate ourselves to the attainment of equal opportunity, justice and a better life for all the people who live within our area of jurisdiction. Simunye edolobheni lethu.</i>	
2.	NOTICE CONVENING THE MEETING.	--
3.	APPLICATIONS FOR LEAVE FROM THE CURRENT MEETING AND SIGNING OF ATTENDANCE REGISTER – <i>Leave forms are available from the Office of the Speaker and the Executive Committee Suite.</i>	--
4.	DECLARATION OF PECUNIARY AND OTHER INTERESTS.	--
5.	OPPORTUNITY TO ENTER INTO A SPONSORSHIP AGREEMENT WITH ROYAL FM FOOTBALL CLUB: Report dated 22 June 2023 by the Municipal Manager [Report incorporating the recommendations of the Executive Committee to be circulated]	1

Bongiwe Duze

FOR: DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES

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REPORT TO THE MSUNDUZI MUNICIPAL COUNCIL

File Reference:
Report Number:

Author: Sandile Zondi
Designation: SM: Political Support

NOT CONFIDENTIAL

FOR CONSIDERATION

1st Level: SMC (26/06/2023)
2nd Level: EXCO ()
3rd Level: COUNCIL ()

SUBJECT: OPPORTUNITY TO ENTER INTO A SPONSORSHIP AGREEMENT WITH ROYAL FM FOOTBALL CLUB

DATE: 22 JUNE 2023

1. PURPOSE

To present to Council the opportunity to enter into a sponsorship agreement with the Royal AM Football Club (RAFC).

2. BACKGROUND

- 2.1 The Msunduzi Municipality has, since the 2014/ 2015 financial year, entered into a sponsorship agreement with the Maritzburg United Football Club (MUFC).
- 2.2 The most recent (3) year sponsorship agreement between the Msunduzi Municipality and the MUFC was due to expire at the end of June 2024. Due to the relegation of the MUFC to the National First Division, the current sponsorship agreement will be terminated as one of the conditions of the sponsorship was for the Club to remain in the Premier Soccer League (PSL).
- 2.3 The proposal to sponsor the Pietermaritzburg-based Royal AM Football Club (RAFC) is based on the above background.

3. LEGISLATIVE PROVISIONS / POLICIES

Section 67, Municipal Finance Management Act no. 56 of 2003

4. MOTIVATION/DISCUSSION

- 4.1 Royal AM Football Club was founded in 2020 by entrepreneur Shauwn Mkhize alongside her son, Andile Mpisane, who is the youngest chairperson in PSL history. Both Shauwn and Andile previously served as junior chairman and president of Royal Eagles FC, respectively.
- 4.2 In 2014 the Mpisane family bought Mpumalanga based soccer club, Sivutsa Stars FC which was relocated to Pietermaritzburg and was renamed Royal Eagles FC. The team went on to do very well in the Glad-Africa Championship. In 2019, the mother and son

duo purchased Real Kings FC and renamed it Royal AM FC. The club is based in Pietermaritzburg and has its home ground at Chatsworth Stadium in Durban.

- 4.3 In August 2021, Royal AM went on to buy Bloemfontein Celtics which previously played in the Premier Soccer League (PSL) for more than 50 years. Bloemfontein Celtics was then renamed Royal AM FC which allowed the club the opportunity to play in the PSL (2021/22) for the first time since it was formed.
- 4.4 The newly formed Royal AM FC also has a development team which plays in the SAB league that falls under the SAFA Durban Central Regional Office and an under 21 team that plays in the Multi Diski Challenge.
- 4.5 Royal AM FC's vision emanates from the dream to one day own a football club that seeks to empower the youth by creating a platform that enables them to showcase their talents to the world. This helped identify the clubs' core principles; Respect, Family, Sportsmanship and Unity. These principles are what birthed the club's motto "UNITED WE STAND, DIVIDED WE FALL".

5. COMMENTS FROM THE RELEVANT BUSINESS UNIT OR COMPONENT OF THE BUSINESS UNIT

- 5.1 Since the imminent termination of the agreement with the MUFC, it makes sense to identify a suitable local soccer club that the Municipality can establish a relationship with that will see the same benefits and spin-offs that the City has enjoyed since 2014.
- 5.2 In addition to the fact that Royal AM FC is already based in Pietermaritzburg, the benefits of providing a home ground for a PSL Team include the following:
 - (i) Positive economic Impact to the City (both for the formal and informal business owners);
 - (ii) City Marketing and Branding, including local, national and international exposure;
 - (iii) Youth development;
 - (iv) Corporate Social Investments (CSI);
 - (v) Club performance and social cohesion; and
 - (vi) Business Strategy and Long Term Sustainability,
- 5.3 In addition, the Municipality owns the Harry Gwala Stadium which was initially built as a legacy project during the 2010 Soccer World Cup and has served as the home ground for the MUFC since 2014. The stadium is currently maintained according to and meets all the compliance requirements of the PSL – in the absence of a home-ground PSL team, this stadium runs the risk of being under utilized to its full potential and thereby becoming a 'white elephant'.

6. IMPLICATIONS:

6.1 FINANCIAL

- (i) The amount for the proposed sponsorship agreement for a period of three years is the amount of Nine Million Rand (R9 000 000) per annum (VAT Exclusive), + CPI in the two (2) outer years. In addition, to the cash sponsorship, the agreement will include the cost

for the annual maintenance of the Harry Gwala Stadium in order to keep it in compliance with PSL standards.

- (ii) The budgeted amount for the 2023/ 2024 financial year will need to be catered for in the mid-year adjustment budget. The budget amount for the two (2) outer years must be included in the annual budgets respectively.

6.2 LEGAL

Subject to vetting by the Legal Services Unit, if approved, a sponsorship agreement must be signed between the Msunduzi Municipality and the Royal AM Football Club that will clearly set out the terms and conditions for the duration of the sponsorship period.

6.3 COMMUNICATION

The partnership agreement with the Maritzburg United Football Club boasted gross multi media exposure to the value of R55.2 million per season and the similar level of exposure will be expected during the proposed partnership agreement with the (RAFC).

7. RECOMMENDATIONS

IT IS RECOMMENDED THAT:

- 7.1 Council notes the opportunity to enter into a sponsorship agreement with the Royal AM Football Club (RAFC).
- 7.2 Council grants approval for the sponsorship agreement between the Msunduzi Municipality and the Royal Am Football Club for a period of three (3) years, commencing in the 2023/ 2024 financial year.
- 7.3 The amount for the proposed sponsorship agreement for a period of three years is the amount of Nine Million Rand (R9 000 000) per annum (VAT Exclusive), + CPI in the two (2) outer years.
- 7.4 In addition, to the cash sponsorship, the agreement will include the cost for the annual maintenance of the Harry Gwala Stadium in order to keep it in compliance with PSL standards.:
- 7.5 The City Manager be authorized to sign the sponsorship agreement between the Msunduzi Municipality and the Royal Am Football Club for a period of three (3) years, commencing in the 2023/ 2024 financial year.

8. SUBMITTED BY:



CITY MANAGER

(Mr L.H MAPHOLOBA)

DATE: 23 JUNE 2023