



REPORT TO FINANCE PORTFOLIO COMMITTEE

1 JUNE 2020

1 ITEM NUMBER: FNPC **04/06/20**

2 SUBJECT / *ONDERWERP* / ISIHLOKO

CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 2 MARCH 2020

BEVESTIGING VAN DIE NOTULE VAN DIE VERGADERING GEHOU : 2 MAART 2020

UKUQINISEKISWA KWEMIZUZU YENTLANGANISO EYAYICHOTSHELWE NGOWE- IKOMITI yeMICIMBI yeSEBE LEZEMPILO: 2 EYOKWINDLA 2020

3 PURPOSE

The minutes are submitted for confirmation

MINUTES

OF THE MEETING OF THE FINANCE PORTFOLIO COMMITTEE OF THE CITY OF CAPE TOWN, HELD IN MEETING ROOM 2, 6 TH FLOOR, PODIUM BLOCK, CIVIC CENTRE, CAPE TOWN ON MONDAY, 2 MARCH 2020 AT 11:00

PRESENT

COMMITTEE MEMBERS

DEMOCRATIC ALLIANCE

Cllr S Mbandezi (Chairperson)
Cllr A van Zyl (Deputy Chairperson)
Cllr M Adonis
Cllr D Christians
Cllr A Griesel
Cllr G Kriel
Cllr N Ndaleneni (left at 12:45)
Cllr M Raise
Cllr E Sawant
Cllr J Witbooi

AFRICAN NATIONAL CONGRESS

Cllr S John
Cllr S Nonkeyizana
Cllr T Sakathi

ECONOMIC FREEDOM FIGHTERS

Cllr F Gaffoor

ABSENT WITH APOLOGY

Cllr F Abrahams

OTHER COUNCILLORS

Ald I Neilson (Mayoral Committee member: Finance)
Cllr D Cottee (arrived at 3:25 and left at 13:36)

OFFICIALS

K Jacoby (Chief Financial Officer)
T Blake
B Chinasamy
N Lepheana
L Muller
W Muller
D Valentine
S Bashe
D Clegg
P Maritz

A Anderson
D Allpass
G Boucher
M Collop
M Markram
M Mtyi
M Noonan
D Pietersen
B Saayman

OTHER OFFICIALS

PROVINCIAL ADMINISTRATION WESTERN CAPE

E Johannes
S Ntloko

PUBLIC AND PRESS

J Keiden

EXECUTIVE SUPPORT

R Riffel

FNPC 01/03/20 OPENING AND PRAYER /MOMENT OF SILENCE

The Chairperson, Cllr S Mbandezi welcomed all present to the meeting.

FNPC 02/03/20 APPLICATIONS FOR LEAVE OF ABSENCE

RESOLVED that leave of absence be granted to Cllr F Abrahams and G Gaffoor.

ACTION: L KELLEEM

FNPC 03/03/20 CHAIRPERSONS REPORT OR ADDRESS

None

FNPC 04/03/20 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 3 FEBRUARY 2020

RESOLVED that the minutes of the meeting held on 3 February 2020 be confirmed.

FNPC 05/03/20 MATTERS ARISING FROM THE MINUTES

None

FNPC 06/03/20 MATTERS RECEIVING ATTENTION INGXELO

See Matters receiving attention report.

FNPC 07/03/20 PRESENTATION: PROFESSIONAL SERVICES IN WATER SERVICES: CUSTOMER SERVICE PROJECT

Mr. B Saayman presented this matter. He highlighted the following with regards to the Customer service project.

- Background
- Project Specific Objectives
- Customer Service Branch
- Induction of Management team
- Debt Management/Focus area/ Activity/Deliverable/Recommendations /Risk
- Mobility
- Debt management successes and Remaining challenges
- Meter management Examples “Installation Visual Standard
- Meter Management – Successes / Remaining Challenges
- Meter technology – Successes / Remaining Challenges
- Customer complaints Successes / Remaining Challenges
- Meter reading & Billing Successes / Remaining Challenges
- Value add

Cllr J Witbooi requested clarity on the concept “**value for money.**”

Cllr S Mbandezi requested clarity on the synergy between Corporate and Water Services Debt management departments.

Mr. Saayman responded to both questions and explained the value chain, billing system and chain of command.

RESOLVED that the contents of the presentation as well as the verbal comments be noted.

FNPC 08/03/20 HUMAN RESOURCES

The presentation was deferred to the April 2020 meeting.

FNPC 09/03/20 CONDITIONAL GRANT FUNDS STUS REPORT

Mr. W Muller presented this matter. He highlighted the following.

- 2018/19 Roll Over Summary
- 2019/20 Performance as at 27 February 2020
- 2019/2020 Performance Risks
- Division of Revenue Bill 2020/2021
- Summary of DoRB National Grant Allocations to the City

Mr Muller also informed the meeting of the following hyperlink available to Councillors to evaluate Grant fund spending.

[Grant Fund Expenditure Report](#)

RESOLVED that the contents of the presentation as well as the verbal comments be noted.

AGSA REPORT: AUDIT OUTCOMES AND MANAGEMENT ACTION PLAN 2018/2019 FINANCIAL YEAR

Mr. D Valentine presented this matter.

The following were highlighted.

- Summary of 2018/19 Audit Outcome
- Audit Outcome
- Detailed Audit Findings
- CPPPM Assessment on Contract Management weaknesses
- Emerging risks
- EMT Commitments

Cllr T Sakathi enquired about consequence management with regards to the situation where Councilors and staff members are doing business with the City of Cape Town.

Cllr Sakathi further enquired about the under expenditure which is not reflected on the report. (Capital budget R1.3 billion and Operating Budget R 2.4 billion).

Cllr Sakathi also raised the matter of Deviations, he enquired about consequence management. He said the biased Bid adjudication committees should be restructured.

Mr. Jacoby confirmed that the City of Cape Town are not doing business with any Councilor or staff member.

He said the matter was raised as emphasis of matter and that more effort and time should have been applied to this matter.

Mr. Jacoby confirmed that the City achieved 98% for implementation of the Audit action plan. He further addressed all concerns raised by the Councilors.

FNPC 10/03/20 Cllr J Witbooi referred to a number of matters included on the report.

- Service level agreements
- Compliance
- Supply chain and Contract management
- Self-reporting
- Materiality

Cllr S Mbandezi addressed the matter “*Housing – Value for money and transfer of ownership*” in Morningstar and Bloekombos. He said projects should be in synergy with all relevant timelines.

Ald I Nielson referred to the issues of biasness of tenders. He requested, that any evidence should be reported to the City Manager or SAPS.

RESOLVED that the contents of the presentation on the AGSA report be noted.

FNPC 11/03/20 FINANCIAL MONITORING REPORT: JANUARY 2020

Cllr A Griesel requested clarity on recommendation (b) as reflected on page 48 of the agenda, Mr Jacoby confirmed that all savings on expenditure would be set aside to provide for post-retirement medical aid provision and other staff benefits.

Cllr S Mbandezi requested clarity on the following:

- Turnaround time for the filling of vacancies
- Service charges - refuse revenue (R45.5 million overspent)
- Contracted services (R78.1 million overspent)
- Other Expenditure (R44 million underspent).

Mr Jacoby responded to the above questions of clarity and commented with specific reference to the corporate training budget.

RESOLVED that the contents of the Financial Monitoring report for January 2020 be noted

FNPC 12/03/20 DIRECTORATE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2020/21

RESOLVED that this matter be discussed at a workshop to be arranged for the Finance Portfolio Committee during April 2020.

FNPC 14/03/20 MATTERS RECEIVING ATTENTION

See item FNPC 06/03/20

FNPC 15/03/20 FINANCIAL (CAPITAL) STATUS REPORT ON GROUNDWATER, DESALINATION AND RE USE PROGRAMMES: JANUARY 2020

RESOLVED that the financial(capital) status of report on groundwater(aquifers) desalination and re-use programs be noted.

FNPC 16/03/20 FINANCE DIRECTORATE: 2019/20 SECOND QUARTER'S PROGRESS REPORT ON THE DIRECTORATE AND DEPARTMENTS PERFORMANCE

RECOMMENDED that the Executive Mayor and members of the Mayoral Committee evaluate and review the 2019/20 second quarter's progress report before submission to Council for noting.

FNPC 17/03/20 FINANCE DIRECTORATE: FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JANUARY 2020

Mr. D Clegg submitted a short summary on the contents of the report.

RESOLVED that the contents of the Financial performance report for January 2019 be noted.

FNPC 18/03/20 REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: JANUARY 2020

Mr T Blake introduced this matter. He highlighted the following matters:

- The total outstanding debt for rates and services, as at 31 January 2020 is R8.311 billion
- The monthly payment ratio for January 2020 89.06%
- The 6 months moving average payment ratio for the period ended 31 January 2020 is 96.53%.
- The 12 months moving average payment ratio for the period ended 31 January 2020 is 97.99%.
- The year to date payment ratio as at 31 January 2020 is 96.80%.
- The total cash collected during January 2020 was R2 649 020.
- The total billings, including adjustments were R 36 41 781 406 which has increased by R 850 442 894 compared to that of January 2019

Mr Blake further informed the meeting of the following:

Indigent debtors increased
Indigent debt write offs priority
Government debt increased
Provincial treasury is on track with payments
SAE'S are in consultation with the City over debt repayment

Mr Blake informed the meeting of the Debt management actions taken over the last three months. (November 2019- January 2020)

- 46215 warning letters for water users were issued
- 11046 warning letters for electricity users were issued
- 11373 Water restrictions were done (residential)
- 606 Water disconnections were done
- 1608 Electricity disconnections
- 604 Electricity pole disconnections
- Letters of demand 43798
- ITC listing 2752
- 8883 warning letters for prepaid loading
- 6210 accounts handed over for legal action

Cllr J Witbooi informed the meeting of the situation where water is restricted over weekends in the Atlantis area. He requested that disconnections be done during the week in order to afford residents the opportunity to pay arrears.

It was agreed that the officials would further consult on this matter.

RESOLVED that the contents of the Report on Collection Ratio and Debt Management Actions: January 2020 be noted.

FNPC 19/03/20 WARD ALLOCATIONS 2019/20 IMPLEMENTATION PROCESS AS AT 26 FEBRUARY 2020

Cllr S Mbandezi mentioned that Subcouncils 1, 15 and 17 are underperforming on the implementation of ward allocation projects. He expressed the opinion that Councillors should play a more active oversight role to ensure implementation of projects.

Discussion ensued over the role of Councillors to ensure implementation of ward allocation projects.

Cllr T Sakathi said that it is the responsibility of the relevant department to implement ward projects. He informed the meeting of the situation that when Councillors enquire on the status of ward projects they are often told that they are interfering with the work of the department.

Cllr Sakathi enquired on who is ultimately responsible for the implementation of ward projects. He said that consequence management should be activated when ward projects are not implemented.

Mr K Jacoby, informed that the relevant area managers and the relevant Subcouncil managers are responsible for the implementation of ward projects, but ultimately the relevant Executive Director is responsible for the implementation of projects.

It was agreed that this matter be referred to the Urban Management Portfolio Committee for further action.

RESOLVED that:

- (a) the contents of the report be noted with concerns over the performance of Subcouncils 1, 15 and 17 with regards to the implementation of ward allocation projects;
- (b) the Executive Director Urban Management continue to pursue the formal service level agreements to ensure the implementation of ward allocation process.
- (c) the resolution be submitted to the Urban Management Portfolio Committee.

ACTION: R RIFFEL

FNPC 20/03/20 PROPOSED CHANGE TO THE REBATES GIVEN BY SOLID WASTE MANAGEMENT SERVICE

Messrs. M Mtyi and G Bouwer introduced this matter, they informed the meeting that the rationale for adjusting rebate categories are as follows:

- Rates rebate (100%) applies to properties valued up to R300,000;
- Water & Sanitation rebate (100%) for properties valued R1 to R400,000;
- Solid Waste Management Services rebate (100%) for properties valued R1 to R100,000

In order to bring the Solid Waste Management Services rebate in close alignment with the above the amendment the following was proposed.

2020/21	% Rebate	Number of properties	Proposed Tariff 2020/21	Rebate value
R1 to 300 000	100%	162 552	R130.70	R254 946 556.80
R300,001 to R350,000	50%	31 157	R65.35	R24 433 319.40
R350,001 to R500,000	25%	63 424	R32.68	R24 872 355.84
	Total	257 133		R304 252 232.04

The Finance committee unanimously supported the amendment.

RECOMMENDED that the Solid waste management rebate categories be adjusted as follows:

2020/21	% Rebate	Number of properties	Proposed Tariff 2020/21	Rebate value
R1 to 300 000	100%	162 552	R130.70	R254 946 556.80
R300,001 to R350,000	50%	31 157	R65.35	R24 433 319.40
R350,001 to R500,000	25%	63 424	R32.68	R24 872 355.84
	Total	257 133		R304 252 232.04

ACTION: R RIFFEL, M MTYI, G BOUWER

The meeting terminated at 14:15.

Cllr S Mbandezi
Chairperson

Date: