

6

Chapter Six

MUNICIPAL ENTITIES

Khayelitsha Community Trust	219
Cape Town International Convention Centre Company	219
Red One (Pty) Ltd	219
Philipi East Trading Company	220

Municipal entities

The City of Cape Town is responsible for the following municipal entities and partnerships; Khayelitsha Community Trust, the Cape Town International Convention Centre Company, Red one, Philippi East Trading Company and the Cape Town Partnership.

Khayelitsha Community Trust

The Khayelitsha Community Trust (KCT) was established during 2003 to develop the local community through the establishment of commercial, residential and community facilities in the area. It was established through the City's broader Urban Renewal Programme.

As part of the trust's mandate to create commercial and community facilities, the trust secured the development of the Khayelitsha Business District (KBD) by means of a land availability agreement, concluded with the City, and a loan funding arrangement with Rand Merchant Bank (RMB).

The KBD development includes the construction of a retail centre, municipal offices, a service station and 1 200 residential units.

The KCT delivered its first development in the KBD with the completion of the Khayelitsha Mall, a 17 225 m² retail centre, in November 2005. The centre, with 51 shops and banks, was officially opened by the Mayor of Cape Town, Nomaindia Mfeketo, on 24 November 2005. An additional 2 000 m² of retail space was immediately approved and finalised in June 2005.

The trust has been instrumental in facilitating and assisting local contractors and labourers procure contracts and employment in retail construction. In total 16 local companies were engaged in the construction of the retail centre providing employment to more than 160 local people at a total cost of R13,6 million.

Cape Town International Convention Centre Company

Convenco, the holding company of the CTICC, began operations in July 2003. The City of Cape Town is the controlling shareholder (50,3%), while the Western Cape Provincial Government and SunWest are

minority shareholders. The mandate of Convenco is to operate a world-class convention centre with the concomitant spin-off of increasing tourism, creating jobs and increasing economic benefits for Cape Town and the Western Cape.

In 2005/06 Convenco has again seen a growth in revenue streams as well as in all event categories it has hosted. In total the CTICC hosted 454 events, 23,7% up from 367 events in the previous year. The centre accommodated 35 international conferences, 40 national conferences, 25 consumer exhibitions, 13 trade fairs, 58 large banquets and 283 other events. An important factor for the economic spin-off of the centre is the number of international delegates and the time they spent in Cape Town. During the financial year 2006 the CTICC drew 19 675 international delegates who stayed 102 693 'delegate days' in Cape Town, 5,8% up from the year before.

The financial performance of Convenco in its third year of operations exceeded expectations. Total revenue (from venue rental, catering and other activities) increased with 14,3% compared to the 2005 financial year, while the contribution from the operation towards Convenco increased with 23,1%. Convenco however, after taking into account the depreciation on the centre as well as the provision for municipal rates and taxes, continues to make an annual loss. Convenco produces its own, detailed annual report.

Red One (Pty) Ltd

RED1 was formally established on 1 July 2005 by the City as a private entity. The City holds five of Red 1's shares in accordance with the Memorandum and Articles of Association. Further shares will be allocated in accordance with a nationally approved compensation formula. RED1 is operating as the service provider to the whole municipal jurisdictional area of the City that was previously served by the City of Cape Town electricity undertaking and Eskom. The City is exercising the Service Authority role, as outlined in section 82 of the Municipal Systems Act. The City has entered into a Service Delivery Agreement with Red1, which sets out the relationship between the two parties. The daily electricity operations are managed through RED1 entering into Operational Agreements with the City Electricity Undertaking and Eskom to ensure service delivery requirements are met.

This is a temporary arrangement until the full transfer takes place. The Board, currently consisting of six directors with the CEO and CFO being ex officio members, handles all governance issues. The Board is ably chaired by Ms P Nzimande, who is also the CEO of EDI Holdings, the company responsible for the oversight of the restructuring of the electricity industry. Mr S Mowzer has been appointed as the Chief Executive Officer. RED1 is funded by the City in the form of a management fee for the oversight of the electricity distribution taking place within the full jurisdictional boundaries of the City of Cape Town. The City recorded all financial transactions with RED1 under a separate company code within SAP. Benefits already achieved from setting up RED1 are the transfer of a group of Nyanga customers from Eskom to Cape Town. These customers are now all administered and serviced in a uniform way to other City customers, thus addressing a long running contention on different service delivery standards being applied. To accelerate service delivery the City will fund the Thabo Mbeki area electrification, and the Guguletu Substation which has spare capacity, will supply the electricity. This is a co-operative agreement between the City and Eskom brokered by RED1.

Philippi East Trading Company

The Philippi East Trading Company (Pty) Ltd was established in 2000 to conduct the business of a market at Philippi East on behalf of the City. As a result of changes to legislation the company has been dormant since 2004. The City resolved on 31 May 2006 to wind up the company.



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

5th Floor, Civic Centre
12 Hertzog Boulevard
Cape Town

Website: www.capetown.gov.za