DRAFT MINUTES

OF THE SPECIAL MEETING OF THE COUNCIL OF THE CITY OF CAPE TOWN HELD IN THE COUNCIL CHAMBER, 6TH FLOOR, PODIUM BLOCK, CIVIC CENTRE, 12 HERTZOG BOULEVARD, CAPE TOWN, ON WEDNESDAY, 30 MAY 2018 AT 10H00.

ACRONYMS:

LIST OF ACRONYMS FOR INFORMATION

ACDP	-	**African Christian Democratic Party**
AIC	-	**African Independent Congress**
AJ	-	**Al Jama-ah**
ANC	-	**African National Congress**
CMC	-	**Cape Muslim Congress**
COPE	-	**Congress of the People**
DA	-	**Democratic Alliance**
DI	-	**Democratic Independent**
EFF	-	**Economic Freedom Fighters**
FF+	-	**Freedom Front Plus**
PA	-	**Patriotic Alliance**
PAC	-	**Pan Africanist Congress of Azania**
UDM	-	**United Democratic Movement**

SECTION 1 OPENING OF MEETING

The Speaker welcomed all Councillors, officials, the media and members of public to the Special Council meeting.

A moment of silence was observed.

Councillors were called upon to register their attendance electronically.

SPC 02/05/18 APOLOGIES / LEAVE OF ABSENCE

Still to be inserted

SECTION 2 MAYORAL ADDRESS

At this stage the Executive Mayor addressed Council on the Budget and related matters as follows:

Mr Speaker, in tabling the budget for adoption today, I would like to start by thanking our residents for taking the time to provide their comments on the proposed budget during the public participation phase.

During the public participation which spanned from 28 March until 4 May 2018 we received a record number of more than 50 400 comments from the public. This was a mammoth increase from last year's budget where we received around 1 700 comments and much lower numbers in previous years. Of the more than 50 400 comments, 70% were received via email while the remainder was received via Have Your Say forms and public meetings. This sharp spike in comments shows us that our residents are speaking and we must listen. This must serve as a firm reminder to all of us as public servants to always keep the best interests of our residents at the forefront of our minds.

Speaker, overall the budget for the 2018/19 year before us today amounts to R47.7 billion of which R8.4 billion has been set aside for the capital budget and the remainder for operating spend. I am thrilled that the City managed to resolve one of the biggest contentions in the budget with the proposed 26,9% and 55,1% water tariff increases. Shortly after tabling the draft budget, I wrote to the City Manager, Executive Directors and Mayco Members to request that we investigate how these tariffs could be reduced. One month into the public participation process, we had already received more than 24 900 comments of which approximately 80% were tariff-related objections, more specifically objections to the electricity, water and rates tariffs. The City committed to listening to residents and to being a responsive administration and today I am pleased to say that we have reduced two key water tariffs from 26,9% to 19,9% and from 55,1% to 10,1%.

These changes show that we have listened to the public's comments. The proposed water tariffs were reduced following public input, review and discussion. Since the tabling of the City's draft budget for 2018/19 in March, a reassessment of the budget proposals for the Water and Sanitation Department took place. As a result of the reassessment, the overall increase in the department's budget requirement has been reduced from 26,96% to 19,9%. This reassessment also led to a reduction in level 6 water tariffs for those residents using the least amount of water of below 6 000 litres per month. These residents no longer face the proposed 55,1% increase but rather an increase of 10,1%. Households using less than 6 000 litres per month will therefore pay R28,90 per kilolitre instead of

R40,73 per kilolitre as initially proposed. This was achieved primarily by reviewing and rephrasing the New Water Plan, including the savings realised in the current financial year. The New Water Plan's spend for the current 2017/18 financial year has been reduced by R1,1billion. For the coming 2018/19 financial year, the New Water Plan's budget has been reduced from R2,4 billion to R1,5 billion. The City has amended the capital requirement for the New Water Plan that is under way to supplement our water resources as a water-scarce city. The amended New Water Plan is now proposed to comprise R14,1 billion over the next five years instead of the originally proposed R19 billion.

The City's finance teams have gone through the budget carefully to see how we could move funds, cut costs and adjust our loan book and capital replacement reserves. For instance, we have reviewed our loan amounts which will reduce the external interest costs in the tabled budget by just over R300 million per annum over the next three years. No changes have been made to the proposed fixed delivery charge for water which is based on the property's meter size.

This remains necessary to counter the variations in water usage and to bring more stability to the water and sanitation revenue. This is because the costs to operate the water distribution system remains the same regardless of the volume of water used.

The Deputy Mayor may also elaborate on the changes in the water tariff and the New Water Plan later.

- *In terms of the other tariffs, the property rates tariff has also been reduced from 7,2% to 6,5%*
- *This will result in a reduction of R65 million on property rates revenue*
- *The electricity tariff increase remains at 8,1%*
- *The sanitation tariff has also been reduced from 26,9% to19,9%*
- *The refuse collection tariff increase also remains unchanged at 5,7% As part of the budget process, our budget is also assessed by National Treasury to ensure compliance with national legislation.*
  Our budget was assessed against the following criteria:
- *Credibility: to determine whether the budget is funded, evidence of political oversight and public participation.*
- *Relevance: to test if the budget is aligned to the Integrated Development Plan and the Spatial Development Framework and the extent to which national and provincial priorities are taken into consideration.*
- *Sustainability: to determine whether the budget gives effect to long-term financial and operational sustainability of the city.*

The conclusion from National Treasury was that the budget assumptions are credible while our revenue estimates are realistic. The IDP strategic objectives align to the National Development plan, the provincial agenda *and is reflective of the current drought challenges. In terms of sustainability, National Treasury concluded that we have positive cash flow projections over the three year MTREF cycle and that we have adequate cash-backed reserves. The budget is therefore funded, credible and sustainable over the MTREF in terms of Section 18 of the Municipal Finance Management Act.*

Some of the major capital spend planned for the 2018/19 financial year is as follows:
- *R4,1 billion for Informal Settlements, Water and Waste Services*
- *R1,8 billion for Transport and Urban Development*
- *R1,1 billion for Energy*

The following are some of the most significant projects on the budget:
- *R253 million for dark fibre broadband infrastructure*
- *R95 million for electrification*
- *R53 million for street lighting*
- *R114 million for the Bellville Waste Water Treatment Works*
- *R75 million for the Cape Flats Waste Water Treatment Works*
- *R109 million for the upgrading of solid waste facilities*
- *R9 million for CCTV installations*
- *R21 million for cemetery developments*
- *R9 million for the construction of the Dunoon Library*
- *R10 million for the Manenberg Integrated Project*
- *R14 million for the new Fisantekraal clinic*
- *R20 million for the New Pelican Park Clinic*
- *R240 million for congestion relief projects*
- *R287 for Integrated Rapid Transit projects*
- *R155 million for land acquisition*

Other key changes in the budget include an additional allocation of R45 million for the appointment of traffic and law enforcement staff. There is also an additional allocation R7,5 million for the appointment of law enforcement officers funded from private institutions and Central Improvement Districts as a result of memoranda of agreement that were only finalised in April.

Speaker, I am proud to present yet another pro-poor budget which shows our commitment to being a caring city by assisting those who need help most. Our social package of nearly R3 billion has been allocated to assist the poorest and most vulnerable in our city. The social package financial relief is in line with our commitment to build a caring city and our Organisational Development and Transformation Plan's objective to be a more customer-centric and responsive administration. Many of our residents, especially pensioners, commented during the public participation phase about how they are struggling to make ends meet.

Our social package helps these vulnerable residents with rebates and free basic services such as electricity, refuse removal, water and sanitation to residents who qualify. Where properties are valued at R100 000 and below, these households qualify for 100% rates and refuse removal rebates. These residents also receive 10 500 litres of free water and 7 350 litres of free sanitation. In properties valued above R100 000 and below R150 000, these residents get a 100% rates rebate, 75% off refuse removal charges, 10 500 litres of free water and 7 350 litres of free sanitation. Properties valued between R150 000 and R400 000 all receive 10 500 litres of free water and 7 350 litres of free sanitation; and between 50% and 25% off their refuse removal charges. There is also relief with electricity charges for consumers on the Lifeline tariff. Where consumption is on average 250 units per month, these residents receive 60 units free per month. Where consumption is between 250 and 450 units, these households will receive 25 units free each month. The City also uses household income as a factor to determine which residents qualify for assistance.

For instance, where the gross monthly household income is R4 000 or below, these households can get a 100% rates rebate and receive the same benefits as if their properties were valued below R100 000. There are also various levels of rates rebates available for where household income is between R4 001 and R6000. Senior citizens and disabled persons also qualify for rates rebate where the household income is below R15 000.I want to appeal to councilors to assist people to apply for indigent relief. Mr Speaker, I hereby table the budget for debate and a vote. Thank you."

Cllrs X Sotashe (ANC), G Haskin (ACDP), G Hendricks (AJ) and M F Cassim (COPE) were afforded the opportunity to address Council on the budget – comments attached to the official minutes as **Annexure A.**

The Speaker announced that items SPC 03, SPC 05, SPC 06, SPC 04, SPC 08 and SPC 09 would be debated simultaneously, but voted on separately. The minutes are however recorded in numerical sequence.

At this stage, Ald I Neilson (DA), Cllrs J van der Merwe (DA), S Little (DA), S Mamkeli (DA), E Andrews (DA), A Ntsodo (DA), S Diamond (DA), Ald J P Smith (DA), Cllr B Herron (DA), Ald M Nieuwoudt (DA), Cllrs S Mbandezi (DA) and R Arendse (DA). The comments made by the respective political parties on the budget are attached to the official minutes as **Annexure B**.

SPC 03/05/18 APPROVAL: PROPOSED REVIEW OF AND AMENDMENTS TO THE 2017-2022 INTEGRATED DEVELOPMENT PLAN (IDP)-2018/19 AMENDMENTS

The recommendation was put to the vote, with results as follows:

In favour : 141
Against : 65
Abstentions : 0

The recommendation as per the agenda was therefore carried.

RESOLVED that:

(a) the Integrated Development Plan (IDP) review as per Annexure A to the report on the agenda, be noted

(b) the public comments on the proposed amendments to the 2017 - 2022 Integrated Development Plan (IDP) - 2018/19 amendments, including the Corporate Scorecard, as per Annexure B to the report on the agenda, be noted

(c) the proposed amendments to the 2017 - 2022 Integrated Development Plan (IDP) - 2018/19 amendments, including the Corporate Scorecard, as per Annexure C to the report on the agenda and as reflected in the IDP publication attached as Annexure D to the report on the agenda, be approved.

ACTION : L JANSSENS, C KESSON

SPC 04/05/18 BUDGET 2018/19 TO 2020/21

The Executive Mayor tabled the Budget for debate during her Mayoral Address.

At conclusion of the Mayoral Address, Cllr J van der Merwe, seconded by Ald I Neilson proposed the following amendments to the recommendation as set out in the report on the agenda:

"1. Amendment (Reduction) of Film Tariffs – Safety & Security

It is recommended that:

(a) 2018/19 Film tariffs to remain the same as the 2017/18 financial year's tariffs. The impact of the unchanged film tariff will be absorbed by an increase on Fire fees revenue (profit centre

P18060021, profit element 811700) in the 2018/19 Operating Budget.

(b) the relevant legislated MBRR Schedule A tables and tariff book be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury.

2. Amendment to Capital Budget Project – Assets & Facilities Management

It is therefore recommended that:

a) Appropriating further allocations of R11 065 152 and R7 227 923 to the 2018/19 Capital Budget on Approval Object CPX/0000923 FM Infrastructure, within the Assets and Facilities Management Directorate, funded from Revenue in the 2018/19 and 2019/20 financial years, respectively.

b) *the relevant legislated MBRR Schedule A tables be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury.*

3. Amendment to budget tables to include organisational structure change serving before Council - Finance

It is recommended that:

(a) Subject to Council's consideration and subsequent approval of item C 22/05/18 dealing with the ALMALGAMATION OF THE VACANT EXECUTIVE DIRECTOR: CORPORATE SERVICES AND EXECUTIVE DIRECTOR: STRATEGIC GOVERNANCE POSITIONS at the Council meeting on 31 May 2018, the relevant legislated MBRR Schedule A tables contained in item SPC04/05/18 BUDGET 2018/19 TO 2020/21 be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury

4. Addition to General Tariff Policy and Water & Sanitation Tariffs – Informal Settlements. Water & Waste Services

It is recommended that:

(a) the following paragraph be added as 8.6 of the General Tariff Policy:

8.6 - Cluster Development Properties registered in the name of a SHRA-accredited Social Housing Institution and, registered as City Partners – Full and Conditional may be granted access to:

- *Water to a maximum of 6 000 liters per qualifying unit per month at R Nil.*
- *Sanitation to a maximum of 4 200 liters per qualifying unit per months at R Nil.*

In order to qualify, accredited Social Housing Institution and, registered as City Partners – Full and Conditional must supply documentation of units where:

- *The municipal valuation of the property is R400 000 or less.*
- *The household income is R4 000 per month or less.*

Institutions must apply on an annual basis and provide the property value and household income to the satisfaction of the Director: Revenue and the Director: Water and Sanitation.
Single Residential and Non-Residential Properties of such institutions will not qualify in terms of this paragraph

(b) That the tariff schedules be amended as follows:
The inclusion of an additional category of “Domestic Cluster – Social Housing Institutions – City Partners” in all the Water and Sanitation Level 1 to Level 7 restriction tariffs be approved;

(c) The steps for tariffs for “Domestic Cluster – Social Housing Institutions – City Partners” category within each restriction level be in line with the “Domestic Cluster Non-Indigent” category except Step 1 to be R Nil.

(d) the relevant legislated MBRR Schedule A tables and tariff book be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury.

5. Amendment (reduction) to Parking Fees - Transport & Urban Development Authority

It is recommended that:

(a) the proposed inflation-linked increase on Parking Fees tariff be suspended until such time as the new parking system is implemented and the 2018/19 Parking tariffs to remain the same as the 2017/18 financial year’s tariffs. The impact of the unchanged Parking Fees tariff will be absorbed by a reduction of on both revenue and expenditure as follows:

i. Parking Fees Revenue (profit centre P19070022, profit element 812300) - R82,704,667

ii. Advisory Services – Project Management (cost centre 190070022, cost element 452070 in the 2018/19 Operating Budget – R82,704,667

(b) the relevant legislated MBRR Schedule A tables and tariff book be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury.

6. Amendment to Capital projects – Paardevlei Transport & Urban Development Authority and Informal Settlements. Water & Waste Services

It is recommended that:

(a) The following amendments be included in respect of projects relating to the Paardevlei development, to bring the 2018/19 budgetary provisions in line with the latest implementation plans:

Department	**Proposed Approval Object**	**Approval Object Description**	**Tabled Budget 2018/19**	**Proposed Budget 2018/19**	***Increase***	**Fund Source Description**
ISWWS: Water & Sanitation	CPX.0012962	Paardevlei Project - Stormwater	825 000	**12 700 000**	*11 875 000*	1 EFF
TDA: Urban Catalytic Investment	CPX.0009414	R44 Road Upgrade: North & South Bound Lanes	6 000 000	**27 500 000**	*21 500 000*	1 EFF: 2
TDA: Urban Catalytic Investment	CPX.0013060	N2 Interchange (Phase 1)	81 300 000	**14 800 000**	*-66 500 000*	1 EFF: 2
TDA: Urban Catalytic Investment	CPX.0013063	Road Connection to new N2 Interchange	1 000 000	**0**	*-1 000 000*	1 EFF: 2
			89 125 000	**55 000 000**	***- 34 125 000***	

(b) That the relevant legislated MBRR Schedule A tables be amended after Council approval, before the submission of the 2018/19 Budget to National Treasury."

The amendments proposed by Cllr J van der Merwe, seconded by Ald I Neilson were put to the vote, with results as follows:

In favour : 139
Against : 66
Abstentions : 0

The amended recommendation was therefore carried.

RESOLVED that, based on the 2018/19 MTREF budget resolutions:

(a) the City's annual budget for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20 and 2020/21, and related policies as set out in the following schedules and annexures, *including the amendments as set out in the preamble above*, be adopted:

(i) Operating expenditure by standard classification reflected in Table 21.
(ii) Operating expenditure by vote reflected in Table 22.
(iii) Operating revenue by source reflected in Table 24
(iv) Multi-year capital appropriations by vote reflected in Annexure 1.
(v) Capital expenditure by standard classification reflected in Table 25.
(vi) Capital funding by source reflected in Table 25.
(vii) Budgeted Cash Flow statement as reflected in Table 27
(viii) Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 52 and Table 53.
(ix) Performance Indicators and benchmarks for 2018/19 as set out in Table 35
(x) Consolidated budget tables for the City and municipal entities (CTICC and CTS) as reflected in Table 98 to Table 106.
(xi) Property (Tax) Rates as set out in Annexure 2.
(xii) City Improvement Districts (CIDs)- Additional Rates Special Rating Areas (SRA) policy, SRA additional rates as set out in Annexure 3.
(xiii) Revised consumptive tariffs, rates and basic charges for electricity services, water services and waste management services as set out in Annexure 4
(xiv) Rates policy as set out in Annexure 5.
(xv) Tariffs, fees and charges book as set out in Annexure 6.
(xvi) Tariff policies as set out in Annexure 7
(xvii) Credit control and debt collection policy as set out in Annexure 8 (with effect from 01 June 2018).

(xviii) Grants-In-Aid policy as set out in Annexure 9.
(xix) Policy on Accounts Payable as set out in Annexure 10.
(xx) Funding and Reserves Policy as set out in Annexure 11.
(xxi) Virement Policy as set out in Annexure 12.
(xxii) Budget Management and Oversight Policy as set out in Annexure 13.
(xxiii) Long Term Financial Plan Policy as set out in Annexure 14.
(xxiv) Policy Governing Adjustments Budgets as set out in Annexure 15.
(xxv) Unforeseen and Unavoidable Expenditure Policy as set out in Annexure 16.
(xxvi) Policy Governing Planning and Approval of Capital Projects as set out in Annexure 17.
(xxvii) Integrated Development Plan (IDP) July 2017-June 2022 with proposed amendments (2018/19) as set out in Annexure 18.
(xxviii) Overview of budget assumptions applied to the 2018/19 MTREF required to be included in Annexure 18 [IDP July 2017-June 2022 with proposed amendments (2018/19)] as set out in Annexure 19.
(xxix) Transfers and grants to external organisations as set out in Annexure 20.
(xxx) Individual projects with a total project cost in excess of R50 million (to give effect to S.19(1) (b) of the MFMA) as reflected in Table 81 and as set out in Annexure 21.
(xxxi) Operating- and capital ward allocation projects supported by Subcouncils as set out in Annexure 22.
(xxxii) Cape Town International Convention Centre- Schedule 0 (annual budget and supporting tables) as set out in Annexure 23.
(xxxiii) Cape Town International Convention Centre- Business Plan as set out in Annexure 24.
(xxxiv) Cape Town Stadium- Schedule D (annual budget and supporting tables) as set out in Annexure 25.
(xxxv) Cape Town Stadium- Business Plan as set out in Annexure 26.
(xxxvi) Iconic and other events to be hosted by the City in 2018/19 as set out in Annexure 27.

(b) National Treasury Circular 89 and Circular 91 (Municipal budget circulars for the 2018/19 MTREF) as set out in Annexure 28 to this report, be noted.

(c) unspent conditional grant allocations (national), as at the end of the 2017/18 financial year, and appropriated or voted to 2018/19 and future years, not be committed to expenditure until approval thereof is obtained from National Treasury, in accordance with the directive of Budget Circular 48 (2009), Circular 51 (2010), Circular 55 (2011), Circular 59 (2012), Circular 67 (2013), Circular 72 (2014), Circular 75 (2015), Circular 79 (2016) and Circular 91 (2018).

(d) the Capital Replacement Reserve(CRR): Ward Allocations be funded from savings identified in the 2017/18 financial year to fund the ward allocation projects in the amount of R53 428 500 for the 2018/19 financial year

(e) the changes to the tabled 2018/19 - 2020/21 budget (March 2018) and the 2018/19-2020/21 budget (May 2018) as reported in Annexure B, be adopted. It should be noted that these changes were already incorporated into the tables in Annexure A to this report.

(f) the commencement of a process be approved, in compliance with Section 46 of the Municipal Finance Management Act (MFMA), to take up funding to an amount of R4 billion depending on the City's cash flow requirements. However, should the cash flow position be sufficient to fund the capital programme either partially or fully, the funding will be adjusted accordingly.

(g) an amount of up to R2 million be made available in support of the Council approved Mayor's Special Fund objective, as contemplated in Section 12 of the MFMA, and that this allocation be funded from within the Rates account.

ACTION : J STEYL, K JACOBY

SPC 05/05/18 **PUBLIC COMMENTS ON THE CITY OF CAPE TOWN DRAFT BUDGET (2018/19)**

The recommendation was put to the vote, with results as follows:

In favour : 144
Against : 59
Abstentions : 2

The recommendation as per the agenda was therefore carried.

RESOLVED that:

(a) the public participation process conducted in respect of the draft budget for 2018/2019, be noted

(b) the changes resulting from public comments already included in the budget, be approved

(c) the budget be further amended as a consequence of the public comments received where appropriate and/or necessary

(d) appropriate responses be given to all respondents on the budget, where possible

(e) comments be referred to the relevant directorates for consideration in terms of their available resources or realignment of their implementation plans

(f) the comments/objections received be considered in current and future budget processes.

ACTION : I ROBSON, L SCHEEPERS, K JACOBY

SPC 06/05/18 INPUT ON THE TABLED 2018/19 BUDGET : PORTFOLIO COMMITTEE REFERENCES AND SUNDRY PROPOSALS

RESOLVED that the proposals for amendment which relate to the City's tabled budget for 2018/19 to 2020/21 received via Portfolio Committees, departmental technical adjustments and Subcouncils (Ward Allocations), as presented in the body of the report on the agenda and Annexures A to D to the report, be noted.

ACTION : J STEYL, K JACOBY

SPC 07/05/18 2018/19 BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP)

RESOLVED that the Built Environment Performance Plan (BEPP) for 2018/19, be approved.

ACTION : P AHMED, G FORTUNE

SPC 08/05/18 INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET TIME-SCHEDULE: JULY 2018 – 30 JUNE 2019

The recommendation was put to the vote, with results as follows:

In favour : 142
Against : 56
Abstentions : 4

The recommendation as per the agenda was therefore carried.

RESOLVED that the Integrated Development Plan (IDP) and Budget Time-Schedule: 1 July 2018 to 30 June 2019, as outlined in Annexure A to the report on the agenda, be approved.

ACTION : L JANSSENS, C KESSON, K JACOBY

SPC 09/05/18 **2018/19 LOCAL GOVERNMENT MEDIUM-TERM EXPENDITURE COMMITTEE (LG MTEC) INTEGRATED PLANNING AND BUDGETING ASSESSMENT: ANALYSIS OF MUNICIPAL IDP, SPATIAL DEVELOPMENT FRAMEWORK (SDF) AND BUDGET**

RESOLVED that the 2018/19 Local Government Medium-Term Expenditure Committee (LG MTEC) assessment report, be noted.

ACTION : J STEYL, K JACOBY

SPC 10/05/18 **2018/19 ONE-YEAR CORPORATE SCORECARD (INCLUDING QUARTERLY TARGETS)**

RESOLVED that the 2018/19 One-Year Corporate Scorecard (including quarterly targets) which will form part of the final SDBIP Book in June 2018, be noted.

ACTION : C JANUARY, C KESSON

THE MEETING ENDED AT 14:25.

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ALD D SMIT **DATE**
CHAIRPERSON