

MINUTES

OF THE MEETING OF THE FINANCE PORTFOLIO COMMITTEE OF THE CITY OF CAPE TOWN HELD IN COMMITTEE ROOM 2, 6th FLOOR, PODIUM, CIVIC CENTRE, CAPE TOWN ON MONDAY, 06 MARCH 2023 AT 11:00

PRESENT

COMMITTEE MEMBERS

DEMOCRATIC ALLIANCE (DA)

Ald S Moodley (Chairperson)
Ald R Arendse
Ald J van der Merwe
Cllr M Adonis
Cllr S Booyesen
Cllr D Christians
Cllr A Griesel
Cllr M Temlett
Cllr J Witbooi
Cllr T Gqada
Cllr A Jansen

AFRICAN NATIONAL CONGRESS (ANC)

Cllr T Mjuza

ECONOMIC FREEDOM FIGHTERS (EFF)

Vacant

CAPE COLOURED CONGRESS (CCC)

Cllr A Davids (via Skype)

CAPE EXIT (CAPEXIT)

Cllr A Kay (via Skype)

GOOD

Cllr A C Louw

ABSENT WITH APOLOGY

Cllr B Majingo
Cllr L Mqina

ABSENT WITHOUT APOLOGY

Cllr A Z Elyas

OFFICIALS:

T Blake
D Clegg
M Collop
E de Villiers
X Erasmus
C Gelderbloem
K Jacoby
L Muller
W Muller
T Solanga
C Stroud (via Skype)
P Abbott (via Skype)
B Chinasamy (via Skype)
S Ndzongo (via Skype)
D Valentine (via Skype)
S Ndzongo (via Skype)

OTHER OFFICIALS PRESENT:

PROVINCIAL ADMINISTRATION WESTERN CAPE

S Ntloko

EXECUTIVE COMMITTEE SERVICES

R Alberts
N Meissenheimer
D Daniels

FNPC 01/03/23 OPENING AND PRAYER / MOMENT OF SILENCE

The Chairperson, Ald S Moodley welcomed everyone present to the meeting.

Cllr J Witbooi opened the meeting with prayer.

Ald S Moodley extended a warm welcome to Cllr A Jansen (DA), the newly assigned member to the Finance Portfolio Committee.

FNPC 02/03/23 APPLICATION FOR LEAVE OF ABSENCE

The Committee was informed that an apology for this meeting were received from Cllrs B Majingo and L Mqina.

The Chairperson, Ald S Moodley requested the Administration to engage with the Chief Whip's Office, in consultation with the Speaker, to change the commencement time of the Portfolio Committee from 11:00am to 10:30am.

NOTED

FNPC 03/03/23 CHAIRPERSON'S REPORT OR ADDRESS

The Chairperson, Ald S Moodley addressed the meeting as follows:

“Namaste, Vanakkum, Good Morning, Goeie More, Molweni, Salaam, Alderman, Alderwoman, Councillors, MAYCO Member for Finance-Cllr Siseko Mbandezi, CFO Kevin Jacoby, Directors, Officials, Members of the Public and the Media. Our Regular Visitors from the Provincial Government. Thank you for your attendance.

Valuation Department:

- *The 2022 General Valuation inspection venues have now been opened for 11 days with Monday 6 March 2023 being the 12th day.*
- *Thus far, there have been approximately 250 objections submitted. This is similar to previous years.*
- *Staff have been placed in the City call centre and 1300 calls were handled in the first few days and 1600 calls in the second week.*
- *The department has worked hard to ensure that the General Valuation Notices are sent via e-mail to all those registered via e-services. This means that over 510 000 of the 909 000 or over 56% of the property owners will also get an e-mail of the valuation notices sent via the South African Post Office Service.*
- *The Special Council meeting held on Friday the 24 February 2023 approved the provisional rates-in-the-Rand, rates ratios and the increase in the Council reduction in valuation rebate for all residential properties valued at R5 million and under. This proposal was supported unanimously.*
- *The Rates Calculator, showing the proposed rates for the new valuation effective 1 July 2023, has been available on the City of Cape Town website since 27 February 2023.*

Budget:

“The annual mid-year budget and performance assessment engagement focused on the City’s 2021/22 financial year’s performance, the 2022/23 mid-year performance including the IDP and SDBIP performance and preparations for the 2023/24 MTREF.

National Treasury assessed the City in four areas i.e. Institutional Arrangement, Financial Health, Financial Governance, Service delivery, and was found to be sound in all four areas. Summary comments of each focus area are as follows;

Institutional Arrangement

The City has made good progress with the mSCOA implementation although there are still gaps and challenges identified.

Financial Health

The City's financial ratios are good and indicates financial sustainability over the remainder of the 2022/23 MTREF.

There was an overall improvement in the cash flow due to higher than budgeted operating income (savings, higher investment returns associated with interest rate hikes) which has enabled the City not to take short-term loans.

Financial Governance:

National Treasury commended the City on the reduced Unauthorised, Irregular, Fruitless & Wasteful Expenditure (UIFW) and the UIFW reduction plan in place to process the minimal amount of UIFW identified.

Service Delivery

The City is investing substantially in water services, which has also contributed to reduced water losses.

The City has continuously managed to provide for repairs and maintenance as well as renewal and upgrading of infrastructure in its budget allocation with the actual outcome close to the target.”

Supply Chain Management

The new Supply Chain Management Policy was approved by Council in January. Supply Chain Management has conducted a number of training sessions with line directorates on the policy changes.

The tender completion rate for the current financial year is 90% which is very good. 10% is left to go until 30 June. Work is being done to push out the tenders for the next financial year. Currently the tenders completed for 2023/24 financial year is 38%. This is being tracked regularly and SCM submits reports every two weeks to ED's and Project Managers.

Expenditure:

The Department is performing well and on track.

Grant Funds:

Grant Funds at Risk given that the City is already 67% through the financial year.

Revenue:

Despite the bad economy and ongoing load shedding Revenue Services continue with their service delivery, attending to community meetings and sustain the collection ratio.

It's to be noted that Council has approved the recommendation from the Finance & Corporate Portfolio Committees to increase both the Indigent Grant & Pensioners Monthly Income Levels from R4500 to R7500 and R17500 to R22000 respectively. Thank you."

NOTED.

FNPC 04/03/23

MINUTES OF THE FINANCE PORTFOLIO COMMITTEE MEETING HELD ON 6 FEBRUARY 2023

RESOLVED that the minutes of the Finance Portfolio Committee meeting held on 06 February 2023, be confirmed, subject to the following correction as indicated in bold:

Pg 9 APOLOGIES

Cllr T Mjuza (~~DA~~) (**ANC**)

(Confirmation of minutes proposed by Cllr M Temlett and seconded by Cllr A Griesel.)

ACTION: R ALBERTS

FNPC 05/03/23

MATTERS ARISING FROM THE MINUTES

None

FNPC 06/03/23

MATTERS RECEIVING ATTENTION

UPGRADING OF CASH OFFICES IN ATLANTIS

Cllr T Mjuza requested a progress report of upgrades conducted at specific facilities, including the scope of work to allow the Portfolio Committee to perform their oversight role.

Ald S Moodley referred to a priority report that served at the Portfolio Committee indicating specific facilities which required upgrades, across the Metro. He requested that Mr T Blake submit a progress report in that regard.

Mr T Blake responded that Facility Management presented their 4-year plan and identified specific offices to be upgraded. He

proposed that the relevant Department be requested to provide a progress report, including the status of generators at facilities.

Mr K Jacoby enquired if the item should remain on the MRA schedule, seeing that the Department is not only focussing on Atlantis, but all the cash offices.

Cllr J Witbooi highlighted the lack of internet services and ablution facilities at Atlantis Cash Office. The meeting agreed that the item should remain on the MRA schedule until Facility Management resolved the issues.

Mr K Jacoby emphasised the importance of the concerns raised and stated that Facility Management should prioritise the issues.

At this point, Mr T Blake responded that he will engage with Facility Management to provide a progress report in respect of Atlantis Cash Office for submission to the Portfolio Committee meeting scheduled for April 2023.

Cllr T Mjuza highlighted customer care related concerns at facilities / cash offices, *as residents often report such complaints to Councillors and asked for interventions to improve service delivery.

ACTION: T BLAKE

REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: DECEMBER 2022

Ald S Moodley stated that Public Housing would submit a report in terms of the Action Plan relating to the collection ratio of Public Housing Rental Stock to the April 2023 Portfolio Committee meeting.

ACTION: S SEPTEMBER

FNPC 07/03/23

NO PRESENTATIONS WERE RECEIVED AT THE TIME OF FINALISING THE AGENDA

It be noted that no presentations were submitted for this meeting.

ACTION: R ALBERTS

FNPC 08/03/23

FINANCIAL MONITORING REPORT: JANUARY 2023

Mr W Muller highlighted the key focus grants, namely the USDG and Informal Settlement Upgrade partnership grant and advised that the CoCT have required cash flow processes in place. It was noted that National Treasury and National Human Settlement exercised pressure on the CoCT to ensure that funds are being spent effective and efficiently, as USDG poses major challenges

seeing that it is a transversal grant used by various directorates across the City and highlighted the importance of monitoring and evaluation thereof.

He further made reference to the Budget facility for infrastructure grant, allocated for Phase 2A of the MyCity service, which is in the process of submitting BFI funding application, as well as the substantial amounts of the project R5,2 Billion and additional two applications for the Potsdam and Macassar Waste Water Treatment Works (end March 2023).

He advised that he would report on the matter on a regular basis to keep the Portfolio Committee updated on the status of the grant expenditure. In addition, he stated that he would submit a bi-weekly detailed financial report to the Chairperson and other role-players on the performance of all the grants, as well as the engagements with the CFO to address grant related blockages.

Ald J Van der Merwe highlighted the importance of the Financial Monitoring report and proposed that it be included as a standing item on all PC Agendas to perform their oversight role with the relevant Line Departments. He requested that the Chairperson pursue the matter at FOCOS.

Mr K Jacoby acknowledged Ald J Van der Merwe's comments, however stated that due to staff constraints, he would not be able to have representation at all the PC meetings.

He further stated that the grant funding is part of the Capex programme listed on the PC agendas for monitoring purposes.

Cllr J Witbooi advised that finance capacities resorts within the line department and that the finance representative ensure monitoring and evaluation, to achieve the 100% expenditure target.

Ald S Moodley referred to Sir Lowry's Pass River Upgrade project, R56 500 000 allocated budget (multi-year project), however the anticipated spend for the current financial year must be reflected in the comments.

Mr K Jacoby responded that the R56 500 000 is for the full year forecast (current financial year) and that the contractor is appointed and on-site. He added that the nature of the project is big infrastructure, which will expedite spending.

Ald S Moodley enquired about the Top 10 commercial debtors (age analysis) particularly Basfour 2295 (Pty) Ltd (R41 100 378.05) and mentioned that the payment instalment plan of R100 000 over 12 months would only cover a small portion on the full amount and how the debt would be managed going forward. The same applies for the other account owner names listed.

Mr T Blake referred to the Covid-19 relief for businesses and mentioned that Revenue Services had put measures in place to allow payment arrangements, particularly rental accommodation;

hotels and Air B&B's listed. The objective is to get businesses up and running to increase financials. It was noted that the R100 000 instalment plan is towards arrears, whilst the current account payment is active.

Ald S Moodley concurred with Mr T Blake that assistance be provided rather than allowing businesses to become bankrupt and the City is not able to recover funds.

Cllr T Majuza referred to a housing development project that funding was re-directed via the Adjustment budget process to Conradie and Maitland housing projects. He highlighted the project related challenges such as budget re-allocations; contractor disputes and conflict between CoCT Human Settlements and National Government: Human Settlements that effects the project negatively (6-year timeframe). It was further noted that he engaged Cllr M Booi: Mayco Member Human Settlements and Cllr A Ntsodo: Human Settlements PC Chair to discuss project related concerns and a way forward. He expressed concern that criminal activities take place on-site and poses a safety and security risk (rape incident occurred on-site).

He emphasised that the unfinished buildings are deteriorating and (no door and window frames) and therefore engaged with the Human Settlements Department to place security and enclose the site for safety and security reasons. However departmental budget constraints is a challenge. He further added that he deployed a Neighbourhood Watch to secure the site and to combat and curb crime.

At this point, he requested urgent intervention in respect of this housing development project.

RECOMMENDED TO MAYCO that:

- a) the Financial Monitoring Report for the period ending 31 January 2023 be noted and referred to MayCo Members and EMT for remedial action, where required;
- b) It be noted that any saving on the various expenditure items will be set aside to address a shortfall on post-retirement medical aid provision, leave provision or other staff benefits, which are dependent on actuarial valuations and need to be topped up as such at year-end.

AUTHOR: C STROUD / K JACOBY

FNPC 09/03/23

DRAFT FINANCE DIRECTORATE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2023/2024

Mr K Jacoby gave a brief overview of the SDBIP process and highlighted the City's Integrated Development Plan (IDP) approved by Council (aligned to the IDP pillars and key priority

areas). The SDBIP is reviewed annually to ensure that line departments perform in terms of service delivery and based on the resources assigned during the budget process. Currently the 2023/24 Medium Term Income and Expenditure Framework (MTIEF) is considered by Council, whereupon it is signed-off by the Executive Mayor; Mayco and the City Manager, which becomes the personal scorecard for monitoring and evaluation purposes. He further emphasised the importance of the Corporate Finance Directors and staff to achieve the targets and the PC's oversight role.

Cllr J Witbooi referred to page 149 and enquired the role and function of the Portfolio Committee (recommendation and review directorate SDBIP).

Mr K Jacoby responded that the recommendation allows for input/comment to the Executive Mayor together with the Mayoral Committee, for further recommendations in addition to what is contained in the report.

Cllr J Witbooi referred to line items, which directly affects the success of the line department and requested that detailed line items be interrogated to achieve proper outcomes at a proposed workshop for further deliberations.

Mr K Jacoby responded that line items are extensive and detailed and a workshop could be arranged with the relevant line department, whereupon he enquired about the timeframe for the proposed workshop.

Ms M Collop responded that the document is in draft status and that a workshop be arranged before the May 2023 PC meeting.

Ald S Moodley concurred with Cllr Witbooi that a workshop be arranged for further engagement in terms of the report.

RECOMMENDED TO MAYCO that:

- (a) the contents of the Draft Finance Directorate Service Delivery and Budget Implementation Plan (SDBIP) for 2023/2024, be noted

FURTHER RESOLVED that:

- (b) a workshop be arranged in April 2023 to discuss the Directorate's SDBIP.

AUTHOR: M COLLOP / K JACOBY

FNPC 10/03/23

REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: JANUARY 2023

Mr T Blake stated that the December 2022 and January 2023 collections were low due to the festive period. He indicated that he received results for February 2023 that reflected improvement collections as they enter full debt management action.

Ms E De Villiers gave a brief powerpoint presentation of the Collection Ratio and Debt management actions for the period of January 2023 as follows:

- Outstanding debt book;
- Debt book comparison and analysis;
- Overall collection ration summary as at 31 January 2023;
- Monthly collection ratio trend;
- Monthly update as at 31 January 2023;
- Available assistance: Indigent customers and rates rebates;
- Public housing loans and Public housing rentals;
- Actions for Public housing rentals debt;
- Property Management and
- Way forward with full credit control and debt collections actions.

Ald S Moodley enquired what services would be disconnected at SAPS premises.

Mr T Blake responded that they are not allowed to cut key National points however, as they select strategic sites for disconnections. Regular engagements also took place with the responsible Government Departments and notices were issued in this regard. It was noted that planned disconnections would take place at Pinelands SAPS site, due to non-payment. He added that they issued a notice to the Defence Force Department (Acacia Park) and approximately R40 Million payments were processed.

Cllr D Christians stated that he frequently deals with tampering related complaints from residents. Often they are under the impression that the indigent application might wave tampering related cost. He further enquired about Council's stance in terms of tampering and suggested that information relating to tampering be included on the utility accounts to raise awareness and educate consumers and to stop the scourge of tampering.

Mr T Blake concurred with Cllr D Christians that tampering poses major challenges and that the Electricity Protection Unit complaints had increased, as well as water device related complaints.

He further stated that transgressors could be fined R7 900 as per the By-law contravention or the electricity can be recovered from purchased units (no write-off for stolen units).

He requested that Electricity Services provide a successful case of conviction and publish such media release. He advised that 90 staff members over 12 months had tampering related complaints

and that the CFO escalated the matter to the City Manager's office for intervention.

Cllr J Witbooi stated that the MFMA requires that invoicing takes place within 30 days and disconnection of electricity, cases to be escalated to AG (dept non-compliance of 30-day payment period).

He further stated that when residents are charged for electricity arrears, a portion goes off against their account and enquired about the reconciliation timeframes. He advised that residents often do not understand how the processes work, particularly when they purchase units and only receive a minimal amount.

RESOLVED that contents of the Collection Ratio and Debt Management Actions for January 2023, be noted.

ACTION: T BLAKE / K JACOBY

FNPC 11/03/23 FINANCE DIRECTORATE VACANCY ANALYSIS: JANUARY 2023

RESOLVED that contents of the Finance Directorate vacancy analysis January 2023 report, be noted.

ACTION: K JACOBY / T SOLANGA

FNPC 12/03/23 FINANCE DIRECTORATE: FINANCIAL PERFORMANCE FOR THE PERIOD ENDING JANUARY 2023

RESOLVED that contents of the overall financial performance of the Finance Directorate for the period ending January 2023, be noted.

ACTION: D CLEGG / K JACOBY

FNPC 13/03/23 WARD ALLOCATIONS 2022/23 - IMPLEMENTATION PROGRESS AS AT 20 FEBRUARY 2023

Cllr T Mjuza made reference to page 238 and enquired whether the budget allocation is registered under line departments or projects assigned by Subcouncils to line departments for implementation.

Ald S Moodley clarified that it reflects projects assigned to specific wards in Subcouncils for implementation by the line department. He added that cross cutting SC/Metro infrastructure related projects are exorbitant amounts that forms part of the budget allocation of R56 Billion.

Councillors should identify priority projects at ward level in consultation with communities and utilise ward allocation funding (R1 Million) to address needs and priorities in the ward. The

geographic areas of the ward are big and the demand often exceeds the budget, as well as the review allocation in order to implement projects of impact in terms of service delivery. He highlighted the timeframes to ensure that the budget is spend by end June 2023.

Cllr J Witbooi referred to ward activities, similar ward projects identified by Councillors and stated that contract related issues often hampers such projects.

Mr K Jacoby stated that contract readiness is essential for the implementation of projects (checks and balances).

Mr C Stroud advised that a SOP is in place for proposed ward allocation projects and that workshops should be arranged with line departments to ascertain whether they have capacity and contractual mechanisms to implement the projects. He further stated that the proposed projects are vetted by the Budget office prior to inclusion in the draft budget for approval by Council.

At this point, Ald J Van der Merwe made reference to a project where due processes were followed, but however halfway in the financial year, the line department encountered tender issues and had to re-allocate funding in the adjustment budget and now have limited timeframe to implement another project (4 months).

Mr K Jacoby recommended that quality checks must be in place and contract readiness, otherwise it would reflect negatively on the EDs' scorecards when they are evaluated in terms of expenditure (review policy if amendment is required).

RESOLVED that the progress report on Ward Allocation 2022/23 implementation for the period 20 February 2023, be noted.

ACTION: C STROUD / K JACOBY

FNPC 14/03/23

FINANCE DIRECTORATE: 2022/23 SECOND QUARTER'S PROGRESS REPORT ON THE DIRECTORATE AND DEPARTMENTS' PERFORMANCE

RECOMMENDED TO MAYCO that:

- a) the Portfolio Committee monitored and evaluated the impact and performance of the 2022/23 second quarter's progress report in relation to its functional areas;
- b) the Executive Mayor together with the Mayoral Committee evaluate and review the 2022/23 second quarter's progress report and submit the report to Council for noting;

- c) Council notes the 2022/23 second quarter's progress report.

ACTION: M COLLOP / K JACOBY

THE MEETING CONCLUDED AT 12:30.

**ALD S MOODLEY
CHAIRPERSON**

DATE: