



REPORT TO FINANCE PORTFOLIO COMMITTEE

6 MARCH 2023

1 ITEM NUMBER: **FNPC 04/03/23**

2 SUBJECT / *ONDERWERP* / ISIHLOKO

CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 6
FEBRUARY 2023

*UKUQINISEKISWA KWEMIZUZU YENTLANGANISO EYAYICHOTSHELWE
NGOWE- IKOMITI yeMICIMBI yeSEBE LEZEMPILO: 6 EYOMDUMBA 2023*

BEVESTIGING VAN DIE NOTULE VAN DIE VERGADERING GEHOU
OP 6 FEBRUARIE 2023

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 COMMITTEE ROOM 2, 6th FLOOR, PODIUM, CIVIC CENTRE, CAPE TOWN ON MONDAY, 06 FEBRUARY 2023 AT 11:00

PRESENT

COMMITTEE MEMBERS

DEMOCRATIC ALLIANCE (DA)

Ald S Moodley (Chairperson)
Cllr M Adonis (DA)
Ald R Arendse (DA)
Cllr S Booysen
Cllr D Christians
Cllr A Z Elyas
Cllr A Griesel
Cllr M Temlett (DA)
Ald J van der Merwe
Cllr J Witbooi

AFRICAN NATIONAL CONGRESS (ANC)

Cllr B Majingo

ECONOMIC FREEDOM FIGHTERS (EFF)

Vacant

CAPE COLOURED CONGRESS (CCC)

Cllr A Davids

CAPE EXIT (CAPEXIT)

Cllr A Kay

GOOD

Cllr A C Louw

OFFICIALS:

P Abbott (via Skype)
T Blake
W Claassens
B Chinasamy
D Clegg
M Collop (via Skype)

E de Villiers
X Erasmus
C Gelderbloem (via Skype)
K Jacoby (via Skype)
N Lepheana
L Muller
W Muller
C Stroud (via Skype)
D Sullivan
D Valentine

OTHER OFFICIALS PRESENT:

PROVINCIAL ADMINISTRATION WESTERN CAPE

S Ntloko

EXECUTIVE COMMITTEE SERVICES

R Alberts
N Meissenheimer

APOLOGIES

Cllr T Gqada (DA)
Cllr T Mjuza (DA)
Cllr L M Mqina (ANC)

ABSENT WITHOUT AN APOLOGY

None

FNPC 01/02/23 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.

FNPC 02/02/23 APPLICATION FOR LEAVE OF ABSENCE

The Committee was informed that apologies for this meeting were received from Cllrs T Gqada (DA), T Mjuza (ANC), L Mqina (ANC) and the official, Ms A Markram.

It was further noted that Cllr A Cassiem (EFF) has resigned as Councillor.

NOTED.

FNPC 03/02/23

CHAIRPERSON'S REPORT OR ADDRESS

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

“Namaste, Vannakkum, Good Morning, Goeie More, Molweni, Salaam, Alderman, Councillors, MAYCO Member of 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. Wishes for 2023.

Clean Audit

Budget process is well underway.

- *Financial Management Report: The implementation of the 2022/23 Budget has reached its half year performance targets and all Directorates are focussing on the key deliverables as contained in their SDBIP's.*
- *The Mid-Year Performance assessment and associated Adjustments Budget has been approved by Council with a noticeably minimum variation on the capital budget; unlike the previous financial year there isn't a notable downward movement of planned capital expenditures.*
- *The compilation of the 2023/24 Medium-term Revenue and Expenditure Framework is on track and the tabling of the 2023/24 MTREF will take place to the end of March prior to public consultation.*

SCM

SCM has completed over 75% of the demand plan for 2022/23 financial year and intend to complete the balance of processing of tenders by 30 April 2023.

A successful mid-year stock count took place in December and was successful with variances less than R10k against an inventory holding of over R526 million. This is less than 1% variance and 99% of stock is duly accounted for as at 31 December.

The SCM Audit Action plan was implemented from January to sustain a Clean Audit outcome.

A large focus in SCM will continue to be on building the Centre of Excellence and Culture and Change Journey in SCM.

Expenditure:

The Expenditure Department is starting the year with:

- *Revising Policies and*
- *Maintaining high performance, especially payment of invoices within 30 days.*

Grant Funds:

As we all aware the national fiscus is constrained as a consequence of unforeseen costs to government related to load shedding amongst other critical national expenditure imperatives. As a result, it is essential that the City of Cape Town does NOT give National Treasury any reason to reduce the City's grant allocations and payments for critical delivery projects. In particular, the City's performance with respect to the Urban Settlements Development Grant as at December 2022 has not been satisfactory and certain underperforming Directorates are placing the City at risk. A total of 32% of the USDG has been spent to 19 January 2023. The recent Adjustments Budget was the opportunity for Directorates to re-assess their projects and move funds from under-performing to performing projects, it is now the time for all USDG utilising Directorates to deliver.

Likewise, the Informal Settlements Upgrading Partnership Grant requires particular focus from the Water and Sanitation Directorate in terms of utilising the funds allocated as they have only spent R21 million of the R115 million allocation to date. The Human Settlements Directorate is performing well from this grant.

As Chair of the Finance Portfolio, I will be monitoring the performance of all recipient Directorates of grant funds as regular performance reports are submitted to all Directorates by the Director: Grant Funding.

Valuation:

- *The Valuation Department did the handover of the Certified Valuation Roll to the City Manager on 31 January 2023.*
- *The assurance review of the Valuation Roll is underway by the independent assessors from IPTI (International Property Tax Institute) and we expect the Opinion in the week of 13 to 17 February 2023.*
- *Mr Llewellyn Louw, our municipal valuer will speak on the 2022 General Valuation on Cape Talk on 16 February from 14:10 to 14:40.*
- *The inspection process which starts on 21 February 2023, being launched by the Mayor on 20 February 2023. More details will be shared with you and other Councillors on venues, opening times, etc. just as soon as the schedules are finalised.*

Revenue:

A big Thank you to the Revenue frontline staff who have to work in very challenging conditions, with the daily ongoing loading shedding's and the unhappiness of our citizens who are unable to

be assisted because of this load shedding. Thanks to the CFO and Director Trevor Blake who have ensured that funding is available to get as much offices on generators and/or inverters. Happy to see quite a number of generators being installed at offices with quite a few installations planned for this month. I know there is going to be good news that the City intends to increase the income limits for indigent property owners, City rental indigent tenants and for Indigent City property lessees who qualify. The rates rebates for pensioners and disabled persons will also be increased. I know Trevor Blake and Louise Muller and their teams will be presenting these proposals at our next PC tariff and policies meeting later this month.

In terms of the service teams and all the directorates across, I want to say to you to work with the officials. We had a recent case where we needed to assist the attorneys from struggling to get a transfer, it was very critical and needed the City to assist. I just sent one email to the officials and believe it or not, on the same day, that matter was resolved. I was so impressed. So our officials go all the way to assist the public. I always believe that your actions and how you interact with your officials, they will go backwards to help you. And there is always this issue of mutual respect that we must have. Sometimes we lose the plot, we think we are councillors and we think we are the big boss. It does not work that way. These are our colleagues; these are our employees. We need to show them the utmost respect.

Announcements:

- *Councillors must please make use of the electronic copy of the annual report that was tabled in Council (26 January 2023) to submit their comments on the City's Integrated Annual Report [Item FNPC 08/02/23 on agenda] as part of the public participation process – A link has also been forwarded to members to submit their comments online.*
- *Remind members of the Finance PC Workshop regarding the Budget Related Policies and Annual Review Process, which will take place on 16 February 2023 from 14H00 – 16H00 via SKYPE*
- *Welcome the newly appointed Executive Committee Officer, Ms Rochelle Alberts, who has been allocated to serve the Finance Portfolio Committee.*
- *Our appreciation to Neil Meissenheimer, who will still be assisting for the next two months.*

Thank you.”

NOTED.

FNPC 04/02/23 MINUTES OF THE FINANCE PORTFOLIO COMMITTEE MEETING HELD ON 7 NOVEMBER 2022

RESOLVED that the minutes of the Finance Portfolio Committee meeting held on 07 November 2022, be confirmed.

ACTION: N MEISSENHEIMER

FNPC 05/02/23 MATTERS ARISING FROM THE MINUTES

None

ACTION: N MEISSENHEIMER

FNPC 06/02/23 MATTERS RECEIVING ATTENTION

1. SITE VISIT TO CASH OFFICES IN ATLANTIS

Mr T Blake mentioned that as previously agreed, it is pointless to visit the office in Atlantis, because they've reported what the facilities look like. Facilities Management prioritized the upgrading and modernisation of the office, as well as making the office a little bit bigger within the next couple of weeks or months. Once that is done, the relevant Department will get inputs from the Ward Councillor if problems are still experienced.

Mr Blake indicated that there are quite a few other offices to be upgraded. At the same time, the relevant Department, in consultation with Property Management, is also looking for offices, especially at shopping centres, in Atlantis and other places to make it much easier and accessible for the public.

Cllr J Witbooi expressed his thanks for the feedback and requested a media release in this regard. He indicated that for the past six years he kept asking for the upgrade at Atlantis Office, as the community often expressed their dissatisfaction that Councillors do not act on their concerns. He further requested that the item be listed as upgrading of Atlantis Office on the schedule of matters receiving attention.

RESOLVED that the item be listed as Upgrading of Cash Offices in Atlantis.

ACTION: N MEISSENHEIMER

FNPC 07/02/23 NO PRESENTATIONS WERE RECEIVED AT THE TIME OF FINALISING THE AGENDA

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

ACTION : N MEISSENHEIMER

FNPC 08/02/23

INVITATION TO SUBMIT WRITTEN COMMENTS IN CONNECTION WITH THE CITY'S INTEGRATED ANNUAL REPORT 2021/22

Ald J van der Merwe enquired about the due date for the submission of comments in connection with the City's Integrated Annual Report 2021/22, whereupon the Chairperson indicated that the due date is 28 February 2023. Cllr J Witbooi requested that the comments be collated and collectively be submitted by the Finance Portfolio Committee.

RESOLVED that members of the Portfolio Committee submit written comments on the electronic copy of the City's Integrated Annual Report as part of the public participation process.

AUTHOR: W CLAASSENS / M FILLIES / G MORGAN

FNPC 09/02/23

2022/2023 QUARTERLY PROGRESS REPORT ON CORPORATE PERFORMANCE AND PERFORMANCE OF THE CITY'S ENTITIES (CTICC AND CAPE TOWN STADIUM)

RECOMMENDED TO MAYCO that:

- (a) the Portfolio Committee monitored and evaluated the impact and performance of the 2022/2023 quarterly progress report on Corporate Performance and performance of the City's entities in relation to its functional area
- (b) the Executive Mayor together with the Mayoral Committee evaluate and review the 2022/2023 quarterly progress report on Corporate Performance and performance of the City's entities and submit the report to Council for noting;
- (c) Council notes the 2022/2023 quarterly progress report on Corporate Performance and performance of the City's entities.

AUTHOR: M ABASS / M FILLIES / C JANUARY / G MORGAN

FNPC 10/02/23

DIRECTORATE AND DEPARTMENT AMENDMENTS TO THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) FOR 2022/23

RECOMMENDED TO MAYCO that:

- (a) the Portfolio Committee considered and supported the 2022/2023 midyear budget adjustment amendments to the Directorate and Department scorecards

- (b) the Executive Mayor together with the Mayoral Committee consider and approve the 2022/2023 mid-year budget adjustment amendments to the Directorate and Department scorecards.

ACTION: N MEISSENHEIMER / M COLLOP / K JACOBY

FNPC 11/02/23

DEPARTMENT SUPPLY CHAIN MANAGEMENT: TARIFFS AND CHARGES FOR THE 2023/24 FINANCIAL YEAR

RECOMMENDED TO MAYCO that the proposed Supply Chain Management Department's 2023/24 tariffs, as set out in Annexure: Supply Chain Tariff Schedule 2023/2024 to the report on the agenda, be supported and for approval by Council.

ACTION: N MEISSENHEIMER / D CLEGG / Z NQANQALI / C STROUD / B CHINASAMY / K JACOBY

FNPC 12/02/23

VALUATIONS DEPARTMENT: TARIFFS AND CHARGES FOR THE 2023/24 FINANCIAL YEAR

RECOMMENDED TO MAYCO that the proposed 2023/24 tariffs of Finance Directorate: Valuations Department, as set out in Annexure: Finance Department: Valuations to the report on the agenda, be supported and for approval by Council.

ACTION: N MEISSENHEIMER / D CLEGG / Z NQANQALI / C STROUD / K JACOBY

FNPC 13/02/23

REVENUE DEPARTMENT: TARIFFS AND CHARGES FOR THE 2023/24 FINANCIAL YEAR

RECOMMENDED TO MAYCO that the proposed Revenue Department's 2023/24 tariffs, as set out in Annexure: Revenue Tariff Schedule 2023/2024 to the report on the agenda, be supported and for approval by Council.

ACTION: N MEISSENHEIMER / D CLEGG / Z NQANQALI / C STROUD / K JACOBY

It be noted Items FNPC 14 to FNPC 16 were clustered for debate. The decisions are however recorded separately.

FNPC 14/02/23

FINANCIAL MONITORING REPORT: OCTOBER 2022

RESOLVED that:

- (a) the Financial Monitoring Report for the period ending 31 October 2022 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.

ACTION: C STROUD / K JACOBY

FNPC 15/02/23 FINANCIAL MONITORING REPORT: NOVEMBER 2022

RESOLVED that:

- (a) the Financial Monitoring Report for the period ending 30 November 2022 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.

ACTION: C STROUD / K JACOBY

FNPC 16/02/23 FINANCIAL MONITORING REPORT: DECEMBER 2022

RESOLVED that:

- (a) the Financial Monitoring Report for the period ending 31 December 2022 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.

ACTION: C STROUD / K JACOBY

It be noted Items FNPC 17, FNPC 18 and FNPC 24 were clustered for debate. The decisions are however recorded separately.

FNPC 17/02/23 REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: OCTOBER 2022

RESOLVED that contents of the debt management actions report for October 2022, be noted.

ACTION: T BLAKE / K JACOBY

FNPC 18/02/23 REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: NOVEMBER 2022

RESOLVED that contents of the debt management actions report for November 2022, be noted.

ACTION: T BLAKE / K JACOBY

It be noted Items FNPC 19 to FNPC 21 were clustered for debate. The decisions are however recorded separately.

FNPC 19/02/23 FINANCE DIRECTORATE: FINANCIAL PERFORMANCE FOR THE PERIOD ENDING OCTOBER 2022

RESOLVED that the overall financial performance of the Finance Directorate for the period ending October 2022, be noted.

ACTION: D CLEGG / K JACOBY

FNPC 20/02/23 FINANCE DIRECTORATE: FINANCIAL PERFORMANCE FOR THE PERIOD ENDING NOVEMBER 2022

RESOLVED that the overall financial performance of the Finance Directorate for the period ending November 2022, be noted.

ACTION: D CLEGG / K JACOBY

FNPC 21/02/23 FINANCE DIRECTORATE: FINANCIAL PERFORMANCE FOR THE PERIOD ENDING DECEMBER 2022

RESOLVED that the overall financial performance of the Finance Directorate for the period ending December 2022, be noted.

ACTION: D CLEGG / K JACOBY

FNPC 22/02/23 FEEDBACK ON THE INTERNATIONAL TRIP UNDERTAKEN FROM 5 TO 8 JUNE 2022 TO ATTEND THE GOVERNMENT FINANCE OFFICERS ASSOCIATION CONFERENCE IN TEXAS, UNITED STATES OF AMERICA (SPONSORED TRIP)

Ms L Muller gave a brief feedback of what transpired at the subject conference in Texas, how land use planning could affect revenue, economic crisis, as well as a number of processes which could negatively impact on City finances.

RESOLVED that the feedback on the international trip undertaken from 5 to 8 June 2022 to attend the Government Finance Officers Association Conference in Texas, United States of America (sponsored trip), be noted.

ACTION: L MULLER / K JACOBY

FNPC 23/02/23 MINUTES OF THE FINANCE PORTFOLIO COMMITTEE WORKSHOP HELD ON 26 OCTOBER 2022

RESOLVED that the minutes of the Finance Portfolio Committee Workshop held on 26 October 2022, be noted.

ACTION: L SWART / K JACOBY

FNPC 24/02/23 REPORT ON COLLECTION RATIO AND DEBT MANAGEMENT ACTIONS: DECEMBER 2022

Ald J van der Merwe made reference to the details of the accounting records that were taken into account for all transactions processed during December 2022 in respect of Public Housing Rentals and Loans Debt, which included account billing, adjustments and credits and processed during this month. He requested that a report be submitted in April 2023 on the public housing action plan relating to the collection ratio in respect of the City's public housing rental stock.

Mr T Blake indicated that the Department is busy with the enhancement of the prepaid deduction project and that the Housing Department is battling to retrieve the information from the tenants, as result of Covid-lockdown and gangsterism in many areas. He informed the Committee that when the attorneys tried to recover the debt, it was observed that many tenants were not occupying the rental stock. An amendment was also made to the Credit Control and Debt Collection Policy, namely that where the debtor is not in occupation for any reason, the City reserves the right to take whatever action it deems necessary to recover any debt incurred from the occupants of the property from prepaid meters toward rent and other service fees.

RESOLVED that:

- (a) contents of the debt management actions report for December 2022, be noted.
- (b) a report on the public housing action plan relating to the collection ratio of public housing rental stock be submitted at the Portfolio Committee meeting scheduled for 3 April 2023.

ACTION: T BLAKE / K JACOBY / S SEPTEMBER / N GQIBA

THE MEETING CONCLUDED AT 11:55.

**ALD S MOODLEY
CHAIRPERSON**

DATE: