



**CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD**

**CITY OF CAPE TOWN  
CITY IMPROVEMENT DISTRICT POLICY  
(POLICY NUMBER - 64295)**

**APPROVED BY COUNCIL: 8 DECEMBER 2022  
ITEM NUMBER (C 21/12/22)**

**CITY OF CAPE TOWN**  
**CITY IMPROVEMENT DISTRICT POLICY**

**INDEX**

**Chapter 1: General**

- 1 Abbreviations/Acronyms and Definitions
- 2 Interpretation and Application
- 3 Aim of the Policy

**Chapter 2: Establishment Procedure**

- 4 Limited Role of Councillors
- 5 Applicant for the Establishment of a City Improvement District
- 6 Steering Committee
- 7 Preliminary Procedures
- 8 Business Plan
- 9 Public Participation contemplated in section 22(2)(a) of the MPRA
- 10 Obtaining written consent under section 22(2)(b) of the MPRA
- 11 Application for Establishment
- 12 Determination by Council

**Chapter 3: Administration and Management of a City Improvement District**

- 13 Administration and Management by a Non-Profit Company (“NPC”)
- 14 Governance and Compliance requirements in terms of the Income Tax Act
- 15 Membership
- 16 Members’ Register
- 17 Members’ Meetings
- 18 Notice of Members’ Meetings
- 19 Proxies

**Chapter 4: Board of Directors**

- 20 Election of Board of Directors
- 21 Board Meetings
- 22 Board Observers
- 23 Code of Conduct

**Chapter 5: Transparency and Inclusivity**

- 24 Communications
- 25 Disclosure of documents in terms of PAIA

**Chapter 6: Finances**

- 26 Annual Budget and Adjustments Budget
- 27 Risk Management
- 28 Financial Records
- 29 Annual Report
- 30 Additional Rate
- 31 Expenditure

**Chapter 7: Services & Projects carried out by the NPC**

- 32 Procurement Rules
- 33 Public Safety
- 34 Engagement of Metro Police, Law Enforcement and Traffic Officers by the NPC
- 35 Managing Capital Assets other than in terms of a Service Delivery Agreement
- 36 Cleansing and Maintenance Services

**Chapter 8: Amendments to the Business Plan**

- 37 Amendments to the Business Plan requiring further Consent

**Chapter 9 Dissolution**

- 38 Dissolution

**Chapter 10: Implementation and Commencement**

- 39 Implementation
- 40 Commencement

Schedule 1: Pro forma Code of Conduct for Board Members of CIDs

Schedule 2: Minimum Recommended Practices under the King Code

Schedule 3: Annual Report Template

Schedule 4: Business Plan Template

## CHAPTER 1 GENERAL

### 1. Abbreviations/Acronyms

AGM	Annual General Meeting
ARPs	Additional Rate Payers
BID	Business Improvement District
CCT	City of Cape Town (See definition for “City”)
CCTV	Closed-Circuit Television
CID	City Improvement District
GG	Government Gazette
GN	Government Notice
IDP	Integrated Development Plan
KPI	Key Performance Indicator
MATR	Municipal Asset Transfer Regulations
MFMA	Municipal Finance Management Act
MOI	Memorandum of Incorporation
MPRA	Municipal Property Rates Act
NPC	Non-Profit Company
PAIA	Promotion of Access to Information Act
PBO	Public Benefit Organisation
POPI	Protection of Personal Information Act
PPP	Public Participation Plan
PPPF Act	Preferential Procurement Policy Framework Act
PSIRA	Private Security Industry Regulation Act
SAPS	South African Police Service

SCM	Supply Chain Management
SRA	Special Rating Area

## Definitions

In this Policy words or expressions shall bear the meaning assigned to them and, unless the context otherwise indicates-

“**additional rate**” means an additional rate contemplated in section 22(1)(b) of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) (the “*MPRA*”), and in section 22 of the City of Cape Town: City Improvement District By-law (the “*By-law*”);

“**additional rate payer**” or “**ARP**” in relation to a City Improvement District means the owner of a rateable property located in the district who is liable for paying the additional rate;

“**alternate board observer**” means any councillor designated by the Executive Mayor in terms of section 21 of the By-law to attend meetings of the board of the management body as an observer in substitution for the principal board observer;

“**applicant**” means any owner or legally mandated representative of rateable property who makes an application for the determination of a City Improvement District, in accordance with the provisions of Chapter 2 of the By-law;

“**annual budget**” means the budget of the management body of a City Improvement District as approved by the Council and includes an annual budget revised by an adjustments budget in terms of sections 15 and 16 of the By-law;

“**annual report**” in relation to the management body of a CID means an annual report contemplated in section 18 of the By-law;

“**board**” means the board of directors of the management company contemplated in section 66 of the Companies Act, 2008 (Act No. 71 of 2008);

“**board observer**”, unless the context indicates otherwise, means any councillor, or alternate councillor, designated by the Executive Mayor to attend meetings of the board of the management body as an observer in accordance with requirements stipulated in section 21 of the By-law;

“**business days**” means the number of days provided for between the happening of one event and another by excluding the day on which the first event occurs; including the day on or by which the second event is to occur; and excluding any public holidays, Saturdays or Sundays that fall on or between the events;

**“Business Improvement District”** or **“BID”** means a category of City Improvement District in which the additional rate is levied only on rateable, non-residential property within its boundaries, within the meaning contemplated in the City’s Rates Policy;

**“business plan”** means the composite document, consisting of a motivation report, implementation plan and term budget as contemplated in section 5(9)(b)(i) of the By-law, the minimum required contents of which are listed in Schedule 1 to the By-law;

**“By-law”** means the City of Cape Town: City Improvement District By-law, 2023;

**“CAM Policy”** means the Management of certain of the City of Cape Town’s Immovable Property Policy, adopted by Council on 26 August 2010 (C54/08/10);

**“capital assets”** bears the meaning assigned to it in terms of Regulation 1(ii) of the Asset Transfer Regulations, 2008, issued under the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“CCTV”** means Closed-Circuit Television used for monitoring defined areas for safety and security purposes, using technology consistent with the industry standard for surveillance equipment;

**“City”** means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), or any structure or employee of the City acting in terms of delegated authority;

**“City Improvement District”** and **“CID”** means a contiguous geographic area, designated by the Council for the levying of an additional rate on rateable properties within its boundaries to finance improvements and upgrades of the public spaces within the district, operated by a management body, as contemplated in section 22 of the Municipal Property Rates Act (MPRA), and which may be further categorised as a Residential Improvement District, Mixed-Use Improvement District or Business Improvement District;

**“collection ratio”** in respect of a proposed CID is a measure of how much of the revenue invoiced by the City during a 12-month period was collected during that 12-month period;

**“Common control”**, in relation to two or more juristic bodies who are eligible for membership of the management body of a CID, means control by a person who-

- (a) beneficially owns more than half of the issued share capital of each body;
- (b) is entitled to vote a majority of the votes that may be cast at a general meeting of each body, or has the ability to control the voting of a majority of those votes, either directly or through a controlled entity of that person;
- (c) is able to appoint or to veto the appointment of a majority of the directors of each body;

- (d) is a holding company and each body is a subsidiary of that company;
- (e) in the case of a body which is a trust, has the ability to control the majority of the votes of the trustees, to appoint the majority of the trustees or to appoint or change the majority of the beneficiaries of the trust;
- (f) in the case of a close corporation, owns the majority of the members' interest or controls directly or has the right to control the majority of the members' votes in the close corporation; or
- (g) has the ability to materially influence the policy of the bodies in a manner comparable to a person who, in the ordinary commercial practice, can exercise an element of control referred to in para (a) to (f) of this definition;

**“Common ownership”** in relation to two or more juristic bodies who are eligible for membership of a management body of a CID, means greater than 50% ownership of each such body by any person;

**“Companies Act”** means the Companies Act, 2008 (Act No. 71 of 2008), as amended or replaced;

**“connected person”** bears the meaning assigned to it in section 1 of the Income Tax Act, 1962 (Act No. 58 of 1962);

**“Constitution”** means the Constitution of the Republic of South Africa, 1996;

**“Council”** means the Municipal Council of the City;

**“digital signature”** means a specific type of electronic signature that uses common electronic authentication methods to verify signer identity, such as an email address, a corporate ID, or a phone PIN;

**“Disposal Management System”** means the system for the disposal or letting of assets that forms part of the City's Supply Chain Management Policy, as required under Regulation 40 of the Municipal Supply Chain Regulations (GN 868 in GG no. 27636 dated 30 May 2005);

**“days”** means calendar days, save that it excludes public holidays and the day on which the first event occurs and includes the day of the second event;

**“electronic signature”** means data attached to, incorporated in, or logically associated with other data and which is intended by the user to serve as a signature as defined in the Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002);

**“Executive Director”** means an official responsible for CIDs appointed in terms of section 57 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“Externally Funded Law Enforcement and Traffic Services Policy”** means the Policy relating to the contracting of externally funded members of the City’s Law Enforcement and Traffic Services Departments by the private sector and other interested parties, approved by Council on 5 December 2019 (C14/12/19);

**“gated development”** means a gated community, settlement or development as defined in the City’s Gated Development Policy;

**“Income Tax Act”** means the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;

**“Integrated development plan”** or **“IDP”** means a plan envisaged in section 25 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“Integrated Waste Management Policy”** means the City’s Policy which ensures and regulates the provision of waste management services, through internal services or external service mechanisms;

**“local community”** in relation to a CID means the body of persons comprising individuals falling under one or more of the following categories –

- (a) property owners in the district, irrespective of whether or not they will be liable for paying the additional rate;
- (b) residents of the district;
- (c) tenants and body corporates in the district; and
- (d) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs in the district affected by the proposed improvement or upgrading of the district.

**“majority”** means the majority of proposed ARPs, as contemplated in section 5(5) of the By-law;

**“management body”** means the management body of a CID, to be incorporated as a non-profit company under the Companies Act, tasked with implementing the CID’s business plan, as contemplated in section 8 of the By-law;

**“medium term”** means a period between 3 – 5 years;

**“MATR”** means the Municipal Asset Transfer Regulations, 2008 (GG no. 31346 of 22 August 2008), issued under section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“MFMA”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“Mixed-Use Improvement District”** means a category of CID in which the additional rates liability is imposed on both residential and non-residential rateable property within its boundaries, within the meaning contemplated under the City’s Rates Policy;



“**MPRA**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

“**non-residential property**” bears the meaning assigned to it in terms of the City’s Rates Policy;

“**NPC**” means the non-profit company incorporated by the steering committee to function as the CID’s management body, as contemplated in section 8 of the By-law;

“**owner**” bears the meaning assigned to it in section 1 of the MPRA;

“**PAIA**” means the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);

“**Policy**” means the Policy for the determination of CIDs, or any other policy adopted by the Council in relation to CIDs, as in force from time to time;

“**Policy for Private Security Operating in Public Space**” means the Policy outlining the steps the City should take to strengthen its oversight role of CIDs in respect of private security service providers contracted by CIDs and deployed in public spaces for purposes of performing a public safety function, approved by Council on 5 December 2019 (C15/12/19).

“**PPPF Act**” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

“**principal board observer**” means any councillor tasked with the principal obligation of attending meetings of the board of a management body as an observer by the Executive Mayor in terms of section 21 of the By-law;

“**property**” bears the meaning assigned to it in section 1 of the MPRA;

“**Proposed additional rate payer**” or “**proposed ARP**” means the owner of a property located within a geographic area that is the subject-matter of an application for determination of a CID under section 4 of the By-law, or an application for expansion of an existing CID’s geographic boundaries under section 26 of the By-law, who will become liable to pay the additional rate in the event such an application is approved by the Council;

“**POPI**” means the Protection of Personal Information Act, 2013 (Act No. 4 of 2013);

**“public benefit activities”** means a public benefit activity as contemplated in section 30(1) of the Income Tax Act, 1962 (Act No. 58 of 1962), read with Part 1 of the Ninth Schedule thereto, or any such activities determined by the Minister of Finance by notice in the Government Gazette which are benevolent in nature, having regard to the needs, interests and well-being of the general public;

**“Public Benefit Organisation”** means a public benefit organisation as contemplated in section 30 of the Income Tax Act, 1962 (Act No. 58 of 1962);

**“public space”** has the meaning assigned to it in the By-law;

**“quarter”** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June.

**“rateable property”** has the meaning assigned to it in section 1 of the By-law;

**“related persons”** has the meaning assigned to in section 2 of the Companies Act, 2008 (Act No. 71 of 2008);

**“Residential Improvement District”** means a category of CID in which the additional rate is levied only upon rateable residential properties, within the meaning contemplated under the City’s Rates Policy;

**“residential property”** bears the meaning assigned to it in the City’s Rates Policy, as may be amended;

**“rolling bad debt reserve”** has the meaning assigned to it in the By-law;

**“short term”** means a period of up to 3 years;

**“sign / signed”** relates to digital signature, electronic signature and signature as defined herein;

**“signature”** means a handwritten depiction of someone's name, nickname, or even a simple "X" or other mark that a person writes on documents as a proof of identity and intent;

**“special rating area”** means a geographical area within the City’s jurisdiction designated by Council under section 22 of the MPRA for the levying of an additional rate on rateable properties within its boundaries to improve and upgrade the public spaces within that area, referred to as a CID;

**“stakeholders”** means those groups or individuals that can reasonably be expected to be significantly affected by the NPC’s activities, outputs or outcomes, or whose actions can reasonably be expected to significantly affect the ability of the NPC to effectively implement its business plan;

**“steering committee”** means the committee of a CID to be established in accordance with the provisions of clause 6 of this Policy;

**“Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“term budget”** has the meaning assigned to it in the By-Law;

**“written notice”** means a notice in writing, including but not limited to, e-mail, hand delivery, social media, advertisements, website or sent by post.

## **2. Interpretation and Application**

- 2.1 All terms and phrases used in this Policy bear the same meaning as assigned to them in the MPRA and the By-law.
- 2.2 This Policy must be read together with the MPRA, the By-Law, the City’s Rates Policy, the City’s Credit Control and Debt Collection Policy and any other City Policies and By-laws which may be relevant.
- 2.3 In the event of any conflict between the provisions of this Policy and the By-law, the By-law prevails.
- 2.4 This Policy does not apply to privately-owned property developments or to gated developments regulated in terms of the City's Gated Development Policy, which are not eligible, in and of themselves, for designation as a CID.
- 2.5 Any reference to a policy of the City shall be interpreted as a reference to such document as may be in force at the relevant time.

## **3. Aim of the Policy**

- 3.1 The purpose of this Policy is to-
  - 3.1.1 Provide a policy framework for the establishment of CIDs with a view to:
    - 3.1.1.1 enhancing and supplementing the municipal services contemplated under section 8 of the Systems Act in order to improve and upgrade the CID;
    - 3.1.1.2 facilitating investment in the CID;
    - 3.1.1.3 facilitating a co-operative approach between the City and the private sector in the provision of additional municipal services;
    - 3.1.1.4 promoting economic growth and sustainable development in a manner complimentary to the City’s objects and developmental duties under its IDP; and
    - 3.1.1.5 preventing degeneration of distressed areas and promoting urban regeneration through sustainable urban management.
  - 3.2 Assist and facilitate community-driven initiatives to establish CIDs.

- 3.3 Provide for City oversight of the establishment and management of CIDs.
- 3.4 Ensure transparent and accountable governance of CIDs.

## **CHAPTER 2**

### **ESTABLISHMENT PROCEDURE**

#### **4. Limited Role of Councillors**

Councillors may not actively promote the establishment of any CID. This prohibition serves foremost to maintain the objectivity of councillors when deciding on establishment applications. In addition, it promotes the principle that the establishment of CIDs must be community driven. Councillors may, however, advise and furnish information to the steering committee, proposed ARPs and the local community regarding any proposed application.

#### **5. Applicant for the Establishment of a CID**

The applicant must be an owner of property located within the proposed CID who will be an ARP in the event the establishment application is approved by Council.

#### **6. Steering Committee**

- 6.1 The applicant must form a steering committee, made up of a representative sample of property owners within the proposed CID, for purposes of assisting him/her with the establishment procedure.
- 6.2 Only property owners with municipal accounts in good standing may serve on the steering committee.
- 6.3 The steering committee must keep a comprehensive portfolio of evidence of the establishment process.
- 6.4 The steering committee is subject to the POPI and must not disclose to any person, or make use of, any personal information of property owners, within the proposed CID, received from the City, other than for purposes of compiling the business plan and, ultimately, submitting the application for establishment to Council.
- 6.5 In the event that any member of the steering committee has any doubts as to whether the prohibition under clause 6.4 applies to certain information of property owners, he/she must approach the Executive Director for guidance before disclosing or making use of such information.

#### **7. Preliminary Procedures**

- 7.1 Before commencing with the establishment process, the steering committee shall meet with the Executive Director to ensure that the proposed CID is the appropriate vehicle for the improvement and/or upgrade of the proposed district.

- 7.2 Before meeting with the Executive Director as contemplated in clause 7.1 above, the steering committee shall submit a written request to his or her office, accompanied by the following:
  - 7.2.1 a list of steering committee members as contemplated in clause 6 above;
  - 7.2.2 a map depicting the geographical boundaries of the proposed district;
  - 7.2.3 a brief summary of the nature of the challenges experienced in the area of the proposed CID; and
  - 7.2.4 a written confirmation by each steering committee member that he/she shall keep any personal information of proposed ARPs and local community members which the City may provide to them during the course of the preliminary procedures confidential and use such information exclusively for purposes of the establishment process in accordance with the POPI.
- 7.3 Following the meeting in clause 7.2 the Steering Committee must inform the Executive Director:
  - 7.3.1 that they accept the CID concept and the prescribed requirements;
  - 7.3.2 that they wish to commence with the CID establishment process; and
  - 7.3.3 provide a final map depicting the area of the proposed CID.
- 7.4 Within 60 days after the meeting contemplated in clause 7.1, the Executive Director must —
  - 7.4.1 extract a property database which comprises of all properties within the designated geographical area of the proposed CID excluding:
    - 7.4.1.1 municipal properties predominantly used for municipal purposes; and
    - 7.4.1.2 properties exempted from paying property rates or receiving partial rates relief;
  - 7.4.2 prepare the total arrears profile of the proposed district to determine whether it meets the threshold requirement of a 95% collection ratio over the last 12-month period; and
  - 7.4.3 in the event that the proposed CID meets the aforesaid collection ratio requirement, furnish the steering committee with the draft property database and request that they report any anomalies.
- 7.5 Within 30 days of receiving feedback from the steering committee as contemplated in clause 7.4.3, the Executive Director shall make any necessary amendments and furnish the steering committee with the final property database.
- 7.6 In the event that the proposed CID fails to meet the required collection ratio contemplated in section 5(2) of the By-law, the Executive Director-

- 7.6.1 may exercise his or her discretion under section 5(3) of the By-law to reduce the minimum collection ratio;
- 7.6.2 in the event circumstances do not warrant a deviation from the minimum collection ratio as aforesaid-
  - 7.6.2.1 shall inform the steering committee accordingly; and
  - 7.6.2.2 may assist the steering committee in identifying ways in which the collection ratio could be brought within the minimum threshold.
- 7.7 No documents pertinent to the establishment procedure shall be circulated by the steering committee prior to approval of the Executive Director.

## **8 Business Plan**

- 8.1 Before drafting the business plan, as contemplated in section 5(9)(b)(i) read together with Schedule 1 of the By-law, the steering committee shall:
  - 8.1.1 Approach the relevant sub council(s) to obtain the contact details of the relevant City Departments and facilitate consultation with them regarding the category and level of service(s) currently provided by the City in the proposed CID, as well as any new services or upgrades to existing services (and their respective levels), which it is anticipated will be delivered by the City in the short to medium term;
  - 8.1.2 conduct an urban management survey, the form and content of which must be pre-approved by the Executive Director-
    - 8.1.2.1 of a randomised sample of at least:
      - 8.1.2.1.1 20% of the proposed ARPs, provided that owners of multiple CID properties shall only be counted once; or
      - 8.1.2.1.2 any reduced percentage of proposed ARPs and/or local community members as the Executive Director may approve on written application by the steering committee.
    - 8.1.2.2 concentrating on the focus areas identified in section 3(3)(c) of the By-law.
- 8.2 The business plan must comply with the formal and substantive requirements stipulated in Schedule 1 to the By-law and be completed in the format as outlined in the Business Plan Template included as Schedule 4 to this Policy.
- 8.3 Before giving written notice of the public meetings required in terms of sections 6(5), 6(10) and 6(14) of the By-law, the steering committee must submit the draft and final business plan, respectively, to the Executive Director for his/her consideration whether it complies with the requirements of Schedule 1 of the By-law.
- 8.4 The Executive Director must inform the steering committee within 15 business days of his/her decision in terms of clause 8.3 and stipulate required

amendments in the event that the business plan does not comply with Schedule 1 of the By-law.

- 8.5 The steering committee may only give written notice of the public meetings required under section 6 of the By-law, once the Executive Director has confirmed compliance of the draft and final business plan, respectively.
- 8.6 Without prejudice to the generality of section 3(3)(c) of the By-law, examples of proposed services, projects or activities which may be provided for in a business plan include, but are not limited to-
  - 8.6.1 cleaning services, such as cleaning sidewalks and public roads; emptying public litter bins and removing graffiti;
  - 8.6.2 public safety services within the public areas of the CID (excluding coercive policing interventions to prevent crime or to enforce City By-laws), which may include-
    - 8.6.2.1 conducting foot and vehicle patrols of public areas within the CID in order to identify, monitor and report violations of City By-laws to the relevant City Departments;
    - 8.6.2.2 installing and monitoring CCTV on City property, which may utilise licence plate recognition technology, subject to compliance with the City's Regulation of External and Privately Owned CCTV Cameras on City Property Policy;
    - 8.6.2.3 establishing effective communication networks with the City's Safety and Security Directorate; the South African Police Service ("SAPS"), the local Community Policing Forum and any Neighbourhood Watch operating in the area, *inter alia*, to report crime and summon SAPS to incidents of crime;
    - 8.6.2.4 installing additional lighting in public areas;
    - 8.6.2.5 reporting hazardous street conditions to the relevant City Departments;
    - 8.6.2.6 monitoring public space to ensure public safety, and reporting violations of relevant City By-laws to the relevant City Department(s);
    - 8.6.2.7 conducting public education and awareness campaigns in the CID in relation to crime prevention strategies; and
    - 8.6.2.8 contracting City Law Enforcement Officers as contemplated in the Policy relating to the contracting of externally funded members of the City's Law Enforcement and Traffic Services Departments by the private sector and other interested parties.
  - 8.6.3 improving and maintaining municipal capital assets and infrastructure, subject to approval by the relevant City Department(s), including but not limited to

installing and upgrading street lighting; illuminating street signs; installing street furniture (such as public benches); creating public open spaces;

- 8.6.4 horticultural services, subject to approval by the relevant City Department(s), including but not limited to planting trees; installing sidewalk planters; maintaining tree wells; maintaining street verges;
- 8.6.5 supporting community development and anti-poverty initiatives;
- 8.6.6 marketing and promoting the CID; and
- 8.6.7 other public benefit activities, provided they are authorised by the management body's principal objects.

## **9 Public Participation contemplated in section 22(2)(a) of the MPRA**

- 9.1 The steering committee must submit and maintain a public participation plan ("*PPP*"), for the approval of the Executive Director in accordance with section 6(2) of the By-law.
- 9.2 When considering approval of the PPP, the Executive Director shall be cognisant of the need to promote public participation without imposing undue administrative and financial burdens.
- 9.3 The steering committee must open and maintain a register of members of the local community at the commencement of the process, containing the names, contact details and addresses of -
  - 9.3.1 all proposed ARPs;
  - 9.3.2 all persons who have submitted written comment to the applicant, or have signed an attendance register at public meetings be it physical or virtual, pursuant to the process prescribed in this section; and
  - 9.3.3 all persons who have requested in writing that the applicant place their name on the register.
- 9.4 Insofar as forms of written notice are concerned-
  - 9.4.1 written notification by means of email, hand delivery, social media, advertisements, website or sent by post is to be used for proposed ARPs and persons listed in the register contemplated in clause 9.3, unless these individuals have requested not to be notified via any of the aforementioned methods;
  - 9.4.2 where notices are delivered by hand, the steering committee must require recipients to sign acknowledgement of receipt and keep a record thereof;
  - 9.4.3 the steering committee must create a website for the proposed CID, upon which all notices and documentation contemplated in sections 5 and 6 of the By-law must be displayed in a user-friendly format and made available for download;



- 9.4.4 publication of a notice in a community newspaper, in a language other than English or Afrikaans, is preferable in those cases where the local community includes a population of at least 30% of non-Afrikaans and/or non-English speakers;
- 9.4.5 appropriate notification methods in respect of people with special needs as per the register of members as contemplated in clause 9.3 (e.g. illiteracy, disability or other disadvantage), may include announcements on local radio stations and holding special meetings.
- 9.5 Public meetings should be convened at dates, times and venues that are sensitive to the needs of the local community.
- 9.6 At public meetings convened, the steering committee must -
  - 9.6.1 make available all relevant information in respect of the proposed application, including the draft business plan;
  - 9.6.2 information should be conveyed in a user-friendly format, employing visual aids where appropriate;
  - 9.6.3 provide a reasonable opportunity to all attendees to pose questions and comment on the proposed application and the draft business plan;
  - 9.6.4 explain the comment process;
  - 9.6.5 explain the written consent process in terms of clause 10;
  - 9.6.6 keep minutes; and
  - 9.6.7 require attendees to sign an attendance register.
- 9.7 Prior to commencing the public participation process under section 6 of the By-law, the steering committee must launch a website carrying-
  - 9.7.1 the By-law and this Policy;
  - 9.7.2 the composition and contact details of the steering committee;
  - 9.7.3 the draft and final business plans;
  - 9.7.4 the urban management survey required under clause 8.1.2;
  - 9.7.5 presentations and minutes of the public meetings;
  - 9.7.6 notices issued in terms of section 6 of the By-law;
  - 9.7.7 the approved PPP contemplated in section 6(4) of the By-law;
  - 9.7.8 frequently asked questions; and
  - 9.7.9 consent forms template.
- 9.8 Over and above the public meetings required in terms of section 6 of the By-law, the steering committee shall convene one or more focus groups for purposes of conveying information about, and eliciting comment on, both the draft and final business plans. In particular-

- 9.8.1 the group(s) should consist of between 3 to 15 participants;
- 9.8.2 the participants at each meeting should comprise of interested and affected parties with similar needs and interests;
- 9.8.3 taken together, the participants of the various focus group(s) should be representative of the local community;
- 9.8.4 the steering committee shall record comments from the participants and include such comments in a table to the draft and/or final business plan; and
- 9.8.5 the steering committee shall provide feedback regarding the general outcome of these focus group(s) at the various public meetings.

## **10 Obtaining written consent under section 22(2)(b) of the MPRA**

- 10.1 The written consent of proposed ARPs as contemplated in section 6(15) of the By-law is to be evidenced on a consent form based on a template prescribed by the Executive Director.
- 10.2 Proposed ARPs may indicate their support of, or objection to, the establishment of the proposed CID on a signed consent form and submit same to the steering committee by hand, post, or electronically.
- 10.3 When submitting the consent forms to the City as required under section 5(9)(b)(ii) of the By-law, the steering committee shall cross-reference each form to the property database contemplated in clause 7.4 of this Policy to verify that the form has been duly submitted by a property owner in the proposed district.
- 10.4 Regarding the situation in which a property is co-owned-
  - 10.4.1 the co-owners act jointly and severally in either granting or withholding such consent.
- 10.5 Regarding the situation in which the property is owned by a corporation, partnership or trust-
  - 10.5.1 the City shall acknowledge the authority of the person lawfully designated to act on behalf of the body in terms of the internal procedures of that body; or
  - 10.5.2 in the absence of such procedures, the person thus entitled shall be the partners or trustees acting jointly.
- 10.6 The steering committee shall invite all objectors to meet with them to discuss their objections to the application; provide objectors with minutes of any such meetings, and provide objectors with an opportunity to respond to the minutes for inclusion in the application to Council.
- 10.7 The steering committee shall prepare a summary of any minutes and responses referred to in clause 10.6 and include such a schedule to the final business plan as required under section 6(15) of the By-law for consideration by Council when determining the application.

## **11 Application for Establishment**

- 11.1 The application for establishment of a CID shall comply with the requirements of this Chapter, read together with Chapter 2 of the By-law.
- 11.2 The applicant must lodge the application with the Executive Director in accordance with section 5(6) of the By-law by no later than 31 October of a financial year.
- 11.3 The Executive Director may accept applications for establishment after 31 October upon written request from the steering committee who must –
  - 11.3.1 be close to meeting the required support; and
  - 11.3.2 have the potential to achieve the required support within the broader timeframes for Council to consider the application by 30 June.
- 11.4 In exercising his/her discretion under clause 11.3, the Executive Director shall take into account, *inter alia*, the reasons for any delay and Council's ability to accommodate the late application for the upcoming financial year.

## **12 Determination by Council**

- 12.1 The decision whether or not to determine a CID rests with the Council.
- 12.2 Councillors shall disclose in writing to the Council any direct or indirect personal or private business interest that such councillor or a related person may have in the establishment of the CID before Council meets to consider the application, and withdraw from any involvement in the matter if required to do so under item 5 of Schedule 1 to the Systems Act.
- 12.3 When considering the determination of a CID, the Council shall consider whether -
  - 12.3.1 the additional rate to be levied on property in the defined geographical area would raise adequate funds for the proposed improvement and/or upgrade of the district;
  - 12.3.2 the CID will not be used to reinforce existing inequities in the development of the City's area of jurisdiction;
  - 12.3.3 the business plan of the CID is consistent with the City's IDP;
  - 12.3.4 the majority of the property owners, calculated in accordance with section 5(5) of the By-law, has consented in writing to the establishment of the CID;
  - 12.3.5 the procedural requirements of section 22 of the MPRA, the By-law and the Policy have been complied with, including any public participation requirements imposed by the Executive Director;
  - 12.3.6 the proposed improvements or upgrades are clearly and fully defined;

- 12.3.7 the proposed improvements or upgrades can be clearly and functionally linked to the geographical area of the CID, the boundaries of which can be clearly determined;
- 12.3.8 there is evidence that it will be financially viable to use the CID mechanism to raise funds for the proposed improvement or upgrade; and
- 12.3.9 the City is satisfied with the institutional arrangements proposed in respect of the CID.
- 12.4 In the event that the application is approved, the Council shall establish the CID with effect from 1 July of the following financial year.
- 12.5 In the event that Council resolves to refer the application back to the applicant for amendment, Council's recommendations contemplated in section 7(1)(c) of the By-law must state whether it deems any proposed amendments to be material, thus triggering further public participation in terms of section 7(2)(c)(i) thereof.

### **CHAPTER 3**

#### **ADMINISTRATION AND MANAGEMENT OF A CID**

##### **13 Administration and Management by a Non-Profit Company ("NPC")**

- 13.1 The steering committee must establish a NPC in terms of the Companies Act, as the management body of the CID as contemplated in section 8(2) of the By-law.
- 13.2 The NPC's Memorandum of Incorporation (MOI) must substantially comply with the format prescribed by the Executive Director, and any proposed amendments to the MOI must be pre-approved by the Executive Director.
- 13.3 The NPC must ensure that its MOI remains in line with the By-law and this Policy. The NPC must make whatever amendments are necessary to maintain ongoing consistency between the MOI, the By-Law and the Policy in the event of material amendments to the By-law or Policy.
- 13.4 The functions of the NPC include the following:
  - 13.4.1 managing the NPC;
  - 13.4.2 implementing the business plan;
  - 13.4.3 determining the funding required each year;
  - 13.4.4 appointing contractors to undertake improvements or upgrades; and
  - 13.4.5 receiving the additional rate collected by the City and expending the funds in accordance with the approved business plan, subject to the budget set forth therein, as may be adjusted from time to time.

## **14 Governance and Compliance requirements in terms of the Income Tax Act**

- 14.1 The NPC must satisfy the requirements of its MOI and at all times act in accordance therewith; in particular-
  - 14.1.1 members of the board of the management body shall not be connected persons in relation to one another;
  - 14.1.2 no single person shall directly or indirectly control the NPC;
  - 14.1.3 all income of the NPC shall be applied solely towards the promotion of its principal objects;
  - 14.1.4 no activity may directly or indirectly promote the economic self-interest of any director, fiduciary or employee, excluding payment of reasonable remuneration to employees;
  - 14.1.5 the NPC shall not knowingly be a party to or knowingly permit itself to be used as part of any transaction, operation or scheme of which the sole or main purpose is or was the reduction, postponement or avoidance of liability for any tax, duty or levy which, but for such transaction, operation or scheme, would have been or would have become payable by any person under the Income Tax Act or any other Act administered by the Commissioner of the South African Revenue Services (the "*Commissioner*");
  - 14.1.6 the NPC shall not accept any donation that may be recalled by the donor, except where the recipient fails to abide by the conditions of such donation, save where the donor is another approved PBO or a tax-exempt entity which itself is carrying on a public benefit activity;
  - 14.1.7 the NPC shall comply with any reporting requirements as determined by the applicable authorities from time to time, which include the Executive Director and/or the Council under the By-Law; the Commissioner under the Income Tax Act, or the Minister of Finance or another functionary under that Act; and
  - 14.1.8 the NPC shall not use its resources directly or indirectly to advance, support or oppose any political party.

## **15 Membership**

- 15.1 Subject to clause 15.2, membership of the NPC is limited to ARPs.
- 15.2 Should a member be exempted from paying the additional rate by the City as per clauses 30.6 and 30.7 during the course of any CID term, the automatic termination of their membership shall be from the date of exemption. Should the property owner become liable for the additional rate in future he or she can apply for membership.
- 15.3 The NPC`s MOI can set additional criteria to suspend membership for purposes of obtaining a quorum at members` meetings.

- 15.4 Subject to clauses 15.3 and 15.5, every member shall be entitled to one vote per R10,000,000.00 (ten million rand) (or portion thereof), of the municipal valuation of each of their rateable properties within the CID to a maximum of ten votes per property, provided that the total number of votes assigned to any single member, or to any number of members under common ownership or control shall not exceed thirty-three and one-third (33-1/3) percent of the total number of votes which may be cast.
- 15.5 Where individual members or members under common ownership or control own multiple properties within the CID, their vote allocation shall be subject to the limitation contemplated in clause 15.4 and calculated as follows:
- 15.5.1 In respect of any individual property with a municipal valuation equal to or in excess of R5,000,000.00 (five million rand), one vote per R10,000,000.00 (ten million rand) (or portion thereof), of the municipal valuation thereof, capped at ten votes per clause 15.4; and
- 15.5.2 In respect of any individual property with a municipal valuation under R5,000,000.00 (five million rand), one vote per R10,000,000.00 (ten million rand) (or portion thereof), of the combined municipal valuation of all such properties.
- 15.6 The City shall be assigned one vote.
- 15.7 Members shall be required to advise the Chairperson in writing in the event they are at the time of acquiring membership or, subsequently come to fall, under common ownership or control as contemplated in clause 15.4. In the case of a member subsequently falling under common ownership or control, the aforementioned written notice shall be provided within 10 days.

## **16 Members' Register**

- 16.1 The NPC shall maintain at its registered office a register of its members as required under section 24(4) of the Companies Act.
- 16.2 As contemplated in Regulation 32(6) of the Companies Regulations, 2011 (GN R351 in GG 34239 of 26 April 2011), the NPC shall keep a member's unique identifying number (e.g. South African identity number), and electronic address (where the member has elected to make his/her electronic address available to the NPC), as recorded in the members' register confidential, unless the member has consented in writing to such information being made available pursuant to a request for access to the members' register under the Companies Act or PAIA.

## **17 Members' Meetings**

- 17.1 The chairperson of the board elected in terms of section 12 of the By-law, shall preside at members' meetings. The NPC's MOI must provide for a procedure in terms of which another director or ordinary member may be elected to chair the meeting whenever the chairperson is absent or unable to attend.

- 17.2 The NPC must hold its Annual General Meeting (AGM) before 31 December, in accordance with the By-law and its MOI.
- 17.3 All members' meetings, including the AGM, must be open to the local community.
- 17.4 The chairperson of any members' meeting must provide the local community a reasonable opportunity to participate in the business of the meeting, including participating in deliberations, but not voting, on proposed resolutions.
- 17.5 The board shall publish the agenda, minutes and any written resolutions of all members' meetings on the NPC's website.
- 17.6 Within two months of the AGM, the NPC shall provide the Executive Director with a copy of the unsigned minutes of the AGM in order to confirm that the AGM was validly convened and otherwise complied with relevant legal requirements.

## **18 Notice of Members' Meetings**

- 18.1 The board must give notice at least 15 business days before any members' meeting to members, ARPs and the local community. Such notification shall be by way of-
  - 18.1.1 a notice of the meeting on the NPC's website;
  - 18.1.2 notice by means of electronic communication to all local community members entered into a register kept by the NPC for this purpose, including those who:
    - (i) were entered into the register compiled in terms of clause 9.3; or
    - (ii) requested in writing to be advised of company activities; and
  - 18.1.3 an advertisement in one English and one Afrikaans daily newspaper;
  - 18.1.4 where such notification is deemed necessary by the board, or by the Executive Director, to communicate effectively with the local community, an advertisement in a local community newspaper in a language other than English and Afrikaans.

## **19 Proxies**

- 19.1 The NPC's MOI shall allow members the power to appoint individuals (who need not be members), as their proxy to participate in and vote at any members' meeting.
- 19.2 Members should be afforded a discretion regarding any limitations upon such a proxy appointment in respect of-
  - 19.2.1 the period of validity of the appointment, provided that the appointment may not extend beyond the 5-year term of the CID in effect at the time of the appointment; and
  - 19.2.2 the proxy's deliberative authority.

## CHAPTER 4

### BOARD OF DIRECTORS

#### **20 Election of Board of Directors**

- 20.1 At its first meeting of directors after an AGM (or first members' meeting for newly established CIDs), the directors must elect a chairperson, deputy chairperson and treasurer to serve until the following AGM, as contemplated in section 12 of the By-law.
- 20.2 The NPC must have at least 3 directors, each with specific portfolio(s) aligned with the strategic objectives identified in the business plan.

#### **21 Board Meetings**

- 21.1 Board meetings shall be convened at least once every three months.
- 21.2 Subject to clause 21.3, board meetings shall be closed to attendance by all members and the local community. Any member of the NPC or local community may attend a board meeting subject to a written application stating the item and intended outcome at least 1 week prior to the board meeting.
- 21.3 In respect of attendance by person(s) contemplated in clause 21.2, the chairperson may permit such persons to address the board on their specific item(s).
- 21.4 Dates of all the board meetings to be held must appear on the website.
- 21.5 The Executive Director may request the board to convene a special board meeting.
- 21.6 The Executive Director may request to attend any board meeting.

#### **22 Board Observers**

- 22.1 The Executive Mayor shall designate board observers to attend meetings of the board and board committees of the management body in accordance with section 21 of the By-law.
- 22.2 The Chief Whip may determine terms of reference to guide the exercise of the powers and functions of board observers. Board observers shall familiarise themselves with these terms of reference and conduct themselves in accordance with its requirements.
- 22.3 Board observers shall enter into a board observer agreement with the NPC, the contents of which must be pre-approved by the Chief Whip, to govern *inter alia* the board observer's rights and limitations upon the use and disclosure of confidential information of the NPC.



- 22.4 If the principal board observer is unable to attend any board meeting, he or she must inform the alternate board observer as soon as is reasonably possible, so that the latter can attend the board meeting.
- 22.5 An alternate board observer has the same entitlements and is subject to the same limitations as the principal board observer. However, the alternate board observer may only attend meetings of the board and its committees in the absence of the principal board observer, unless requested to do so by the board or the Executive Mayor.
- 23 Code of Conduct**
- 23.1 The NPC must adopt a code of conduct for directors that, at minimum, gives effect to the *pro forma* code of conduct, attached as Schedule 1 to this Policy.
- 23.2 All members of the board must familiarise themselves with, sign a copy of, and comply with the aforesaid code of conduct.
- 23.3 Material breach of the Code of Conduct must result in disciplinary action.

## **CHAPTER 5**

### **TRANSPARENCY AND INCLUSIVITY**

#### **24 Communications**

- 24.1 The NPC shall establish and maintain a website for purposes of publishing information pertaining to its activities and relevant regulatory information, and to invite comments or complaints from its members and members of the local community.
- 24.2 The NPC shall publish the following information on its website:
- 24.2.1 the company name and registration details;
- 24.2.2 the company's registered, postal, physical, website and e-mail addresses, as well as contact telephone numbers;
- 24.2.3 the names of the current directors and their portfolio(s), together with appropriate contact details;
- 24.2.4 the Company Secretary's details;
- 24.2.5 the company's MOI;
- 24.2.6 the names, designation and contact details of senior staff;
- 24.2.7 an annually-updated list of its members, provided that such list may not contain any personal or confidential information of a member, including his/her unique identifying number (e.g. South African identity number); residential address; contact telephone number(s) or electronic address, unless the member has consented in writing to such information being included in the aforesaid list;

- 24.2.8 the current By-law and this Policy, as well as a hyperlink to these documents on the City's website;
- 24.2.9 all documents pertaining to the establishment of the CID in terms of the By-law, including the documents that the applicant for establishment is required to submit in terms of section 5 of the By-law;
- 24.2.10 all documents submitted in respect of any application for extension of the CID's term, or amendment of its business plan as contemplated in sections 25 - 27 of the By-law;
- 24.2.11 the company's annual report, audited financial statements and performance reports required in terms of the By-law and this Policy;
- 24.2.12 information regarding members' meetings, including dates, notices, agendas and minutes;
- 24.2.13 the *pro forma* membership application form;
- 24.2.14 information regarding meetings of the board of directors, including dates, notices and agendas, provided that the chairperson of the board may redact commercially sensitive information or information of a personal and confidential nature;
- 24.2.15 the rules governing procurement of goods and services by the NPC;
- 24.2.16 the company's complaints resolution process; and
- 24.2.17 the outcome of any complaint submitted in terms of the NPC's complaints resolution process, provided that personal information of the complainant, CID employee or agent, or member of the public is redacted;
- 24.2.18 the NPC's manual compiled in terms of section 14 of PAIA; and
- 24.2.19 frequently asked questions.

## **25 Disclosure of documents in terms of PAIA**

- 25.1 The NPC constitutes a "public body" as contemplated in section 1 of PAIA.
- 25.2 The fact that a request may pertain to an activity of the management body that is funded by privately raised funds, as opposed to funds derived from the additional rate and paid over by the City, does not change the management body's aforesaid classification as a "public body" for purposes of PAIA.
- 25.3 The NPC shall compile a PAIA manual as required under section 14 of PAIA, having due regard to the *pro forma* manual provided by the Executive Director.

## CHAPTER 6

### FINANCES

#### **26 Annual Budget and Adjustments Budget**

- 26.1 As contemplated in sections 15 and 16 of the By-Law, the NPC must submit to the Executive Director:
- 26.1.1 An annual budget, as approved at an AGM, by 31 January for every consecutive year of the CID's 5-year term;
- 26.1.2 An adjustments budget for the third and fourth quarter of each financial year if required under section 16(2) of the CID By-law, as approved at a board meeting, by the end of March of the relevant year;
- 26.2 The annual budget and adjustments budget shall-
- 26.2.1 be in a form as may be required by the Executive Director;
- 26.2.2 set out the estimated revenues, excluding interest earned, from-
- 26.2.2.1 the additional rate to be raised by the City to the NPC;
- 26.2.2.2 sources other than the aforementioned additional rate, provided the NPC is guaranteed to receive such income;
- 26.2.3 set out the estimated expenditure, which shall provide for a contingency margin of at least 3% for expenditure other than the items listed in sub-clauses 26.2.3.7 – 26.2.3.9, including but not limited to-
- 26.2.3.1 employee related expenses such as salaries and wages; pay-as-you-earn, unemployment insurance, and skills development levy payments; travel allowances and bonuses;
- 26.2.3.2 core Business related expenses, such as-
- 26.2.3.2.1 cleansing services;
- 26.2.3.2.2 environmental enhancement (e.g. landscaping, treeing, removal of alien vegetation and recycling);
- 26.2.3.2.3 public safety services, including procuring services of City law enforcement officials and private security services providers;
- 26.2.3.2.4 any CCTV monitoring services performed by a third party;
- 26.2.3.2.5 social upliftment services; and
- 26.2.3.2.6 urban maintenance services;
- 26.2.3.3 repairs and maintenance of NPC assets and any rental offices should the lease agreement require the NPC to carry such costs;

- 26.2.3.4 general expenditure arising from all other planned operations, such as administration and management costs in the event the NPC outsources its management; accounting fees; bank charges; computer expenses; and insurance premiums;
- 26.2.3.5 individual costs for each proposed project of the NPC;
- 26.2.3.6 capital expenditure;
- 26.2.3.7 interest and redemption costs in the event the NPC intends to finance the purchase of any assets;
- 26.2.3.8 depreciation of all assets, *i.e.* property, plant and equipment; and
- 26.2.3.9 provision for a rolling bad debt reserve contribution.

26.2.4 materially align with the budget contained in the CID's Business Plan.

26.3 In the event the annual budget deviates materially from the term budget contained in the CID's Business Plan for the relevant financial year in the manner contemplated in section 26(1)(c) of the By-law, the Executive Director shall require the NPC to submit an application in terms of section 26 to amend the term budget and implementation plan provided for in its Business Plan.

## **27 Risk Management**

- 27.1 As soon as is practicably possible within its 5-year term, the NPC must build up financial reserves, in cash or other liquid deposits, of not less than two months of monthly pay-overs from the City.
- 27.2 Until such time as the NPC has built up the reserves required under clause 27.1, it shall not be permitted to expend any of its surplus funds, unless prior approval is obtained from the Executive Director on good cause shown.

## **28 Financial Records**

- 28.1 The board shall keep full and proper financial records of the financial affairs of the NPC, in accordance with Chapter 5 of the By-law.

## **29 Annual Report**

- 29.1 As contemplated in section 18 of the By-law, the NPC must submit its annual report to the Executive Director and the relevant sub-council within 3 months of its AGM.
- 29.2 In relation to the financial year under review, the annual report must-
  - 29.2.1 provide a record of the NPC's activities; and
  - 29.2.2 provide a report on the NPC's performance against its budget; and
  - 29.2.3 enable accountability to the NPC's members and the local community for decisions by the NPC and its board.

- 29.3 The annual report must be prepared in accordance with the following principles:
- 29.3.1 Materiality: The report must disclose all information regarding economic, environmental and social issues that have substantially affected the NPC's ability to implement its business plan in the short and medium term.
- 29.3.2 Stakeholder inclusiveness: The NPC must identify its stakeholders and comment upon the nature of the NPC's relationship with its key stakeholders, including how and the extent to which it responds to their reasonable expectations and interests. When determining the appropriate scope and boundary of the annual report, these expectations and interests should be taken into account.
- 29.3.3 Conciseness: The report must be concise, avoid unnecessary detail and provide internal cross-references to minimise repetition. Information must be presented in a manner that is understandable and accessible to all stakeholders who have a reasonable understanding of the NPC and its activities, favouring plain language over jargon or highly technical language. Use of graphics and consolidated data tables is encouraged.
- 29.3.4 Reliability and Completeness: The report must be reliable and complete, *viz.* cover all material matters, present information in a balanced way (i.e. reflecting positive and negative aspects of the NPC's performance), and be free of material error.
- 29.3.5 Consistency and Comparability: The report must present information in a manner that is consistent with reporting policies adopted in previous financial years, so as to enable year-on-year comparison. If there is a significant change to reporting policies, e.g. Key Performance Indicators ("*KPIs*"), the report must explain the rationale of the change and describe its effect.
- 29.4 The annual report must contain the following information and substantially comply with the template included as Schedule 3 to this Policy as approved by the Executive Director-
- 29.4.1 **The Cover:**
- 29.4.1.1 The following information must appear on the cover page:
- (a) annual report;
  - (b) financial year under review; and
  - (c) full name of the NPC.
- 29.4.1.2 The following aspects are at the discretion of the NPC:
- (a) slogans; and
  - (b) information printed on the back-cover page.

## 29.4.2 Table of Contents.

### 29.4.3 Part A: General Information:

#### 29.4.3.1 General information, including-

- (a) company name and non-profit registration details;
- (b) registered, postal, physical, website and email addresses, as well as contact telephone numbers;
- (c) auditor's general information and the tenure of the NPC's auditors, *i.e.* the number of uninterrupted financial years that the firm has acted as the NPC's auditors, up to and including the last audited financial year;
- (d) banker's information (name and address); and
- (e) Company Secretary's details.

#### 29.4.3.2 A list and description of abbreviations and acronyms utilised.

#### 29.4.3.3 A signed foreword by the NPC's Chairperson, in narrative form, providing an executive summary of the NPC's performance in the year under review measured against the NPC's strategic objectives, highlighting-

- (a) strategic objectives;
- (b) performance outcomes with respect to objectives, targets or standards for the year under review;
- (c) key events, achievements and failures during the year under review;
- (d) outlook on the main challenges and goals of the NPC for the short and medium-term; and
- (e) any acknowledgements.

#### 29.4.3.4 A signed statement by the NPC's Chief Executive Officer ("CEO"), or in the absence of a CEO, the NPC's Executive Manager or Treasurer, briefly outlining the financial affairs of the NPC, including-

- (a) a general financial review;
- (b) spending trends (*i.e.* expenditure totals in respect of services and any projects and how this compares to previous financial years);
- (c) capacity constraints and challenges;

- (d) discontinued activities and new or proposed activities in furtherance of the strategic objectives provided for in the business plan;
- (e) whether supply chain management (“SCM”), processes and systems are in place;
- (f) SCM-related challenges experienced by the NPC and steps being taken to address same;
- (g) any finalised, unsolicited tender proposals for the year under review;
- (h) audit report matters in the previous year and how they would be addressed;
- (i) proposed measures to address any financial challenges;
- (j) material events after the reporting date;
- (k) economic viability of the NPC; and
- (l) acknowledgements.

29.4.3.5 Statement of responsibility and confirmation of the accuracy of the annual report: A signed statement by the chairperson, confirming that the board considers the annual report to be a complete, accurate and fair reflection of the NPC’s operations, performance and financial information for the year under review.

29.4.3.6 A strategic overview of the vision, mission and values of the NPC per its business plan.

29.4.3.7 The NPC’s statutory mandate: An executive summary of its mandate in terms of the By-law.

29.4.3.8 The organisational profile of the NPC, viz.-

- (a) the primary activities of the NPC (e.g. service provision, capacity building, humanitarian assistance etc.);
- (b) how the aforesaid activities relate to the NPC’s mission and primary strategic goals;
- (c) the NPC’s stakeholders; and
- (d) the scale of the NPC, viz. number of members, number of volunteers, number of employees and the scope and scale of the activities.

29.4.3.9 The organisational structure of the NPC, providing a synopsis of the posts from executive level to any officials reporting directly to the executive, including information regarding:

- (a) the post designation;

- (b) the name of the official; and
- (c) any vacant posts.

#### 29.4.4 Part B: Performance Information:

##### 29.4.4.1 Situational Analysis

- (a) Report the NPC's *service delivery environment*, providing an executive summary of-
  - (i) the NPC's overall performance in respect of each service and any improvement project;
  - (ii) any difficulties encountered in delivering the relevant services or implementing improvement projects, as well as proposed remedial measures; and
  - (iii) external factors that may have impacted upon the NPC's service delivery performance and implementation of any improvement projects.
- (b) Report the NPC's *organisational environment*, providing an executive summary of:
  - (i) factors in the NPC's organisational framework that may have impacted upon the NPC's performance (e.g. resignations, wasteful expenditure, fraud or maladministration), and any mitigation and disciplinary measures; and
  - (ii) internal factors that may have contributed to the NPC's successes in the year under review.

29.4.4.2 Overview of strategic objectives per the NPC's implementation plan and progress towards these goals during the year under review.

29.4.4.3 A brief discussion of the NPC's complaints process, foreshadowing an overview of feedback, complaints and remedial action in respect of each of the NPC's services and improvement projects under the heading: Performance Information.

29.4.4.4 Performance Information broken down by each service or improvement project, which must include the following information:

- (a) A *description* of each *service/ project*, including-
  - (i) a discussion of the purpose of each service/ project;
  - (ii) a summary of activities forming part of the service/project with specific reference to the geographical area within which these activities are undertaken (including reference to any material



distinction in service levels between different areas within the CID);

- (b) *Performance indicators*, including-
  - (i) a summary of any achievements or shortfalls in respect of the implementation plan targets for that service/ project.
  - (ii) an outline of processes for involvement of affected stakeholder groups in the design, implementation, monitoring and evaluation of policies and programs, as well as any examples of how stakeholder engagement has led to changes in policies or service/ project management.
  - (iii) a discussion of the economic, social and/or environmental impacts of the relevant service/ project during the year under review.
  - (iv) a user-friendly table setting out:
    - (aa) the strategic objectives of each service/project in consecutive headings;
    - (bb) under each strategic objective heading, the proposed measures to achieve that objective;
    - (cc) Key Performance Indicators (“KPIs”), for *each* measure;
    - (dd) the planned targets for the year under review in respect of each KPI, as per the implementation plan;
    - (ee) the actual achievements for the year under review in respect of each KPI;
    - (ff) any shortfalls in achieving the KPI targets for the year under review; and
    - (gg) comments on such shortfalls.
- (c) Discussion of any *feedback and complaints* received in relation to the relevant service/ project during the year under review, including remedial measures.
- (d) Discussion of any proposed *strategies* to address any *under-performance*.
- (e) Discussion of the NPC’s *performance* in the context of resource allocation, identifying:

- (i) the available resources per the approved budget for the year under review;
- (ii) actual expenditure in the year under review;
- (iii) any over/under expenditure; and
- (iv) an explanation and proposed mitigation measures in respect of any over/under expenditure.

**29.4.5 Part C: Governance: Disclosure on the application of King IV**

- 29.4.5.1 Brief description of the application of the King IV Code (the “Code”), in respect of non-profit companies, an example of which is provided in the Annual Report template included as Schedule 3 to this Policy.
- 29.4.5.2 In respect of each applicable principle of the Code (not necessarily in chronological sequence), disclose the associated recommended practices which the NPC has implemented in the year under review, as well as the extent of such implementation, provided the NPC discloses at minimum the extent of its compliance with the recommended practices listed in Schedule 2 to this Policy;
- 29.4.5.3 Where appropriate, the disclosure contemplated in clause 29.4.5.2 must be accompanied by cross-references to other relevant parts of the Annual Report:

**29.4.6 Part D: Financial Information**

- 29.4.6.1 The board’s perspective in preparing the annual financial statements, including any significant assumptions made.
- 29.4.6.2 With reference to the auditor’s report, the auditor’s rationale in identifying the most significant aspects of the audit and how these issues were addressed in the audit.
- 29.4.6.3 The board’s perspective on the financial accounting matters it considered significant and how the board discharged its responsibilities in that regard.
- 29.4.6.4 The annual report must attach the following documents:
  - (a) The report of the auditor; and
  - (b) The audited annual financial statements.

**30 Additional Rate**

- 30.1 The amount of any additional rate levied in respect of a CID is determined by the Council.
- 30.2 For purposes of levying the additional rate on CID properties, the Council may distinguish between two different categories of property, for example residential and non-residential property.

- 30.3 When establishing a CID Council shall not levy an additional rate in excess of 25% of the applicable Rates rate imposed by the Council in the relevant financial year on any rateable property in the CID, save where:
- 30.3.1 in exceptional circumstances, changes in the economic environment render that imperative; and
- 30.3.2 the majority of the ARPs have consented to such in terms of section 6 of the By-law.
- 30.4 When determining the additional rate, the Council shall ensure that no single CID property with a municipal valuation of 50% or more of the total municipal valuation of the CID will fund more than 25% of the CID's budget.
- 30.5 The finance agreement contemplated in section 23(7) of the By-law shall regulate, *inter alia*-
- 30.5.1 the mechanisms and manner of payment;
- 30.5.2 how the NPC must hold funds from additional rate payments;
- 30.5.3 any parameters relating to expenditure;
- 30.5.4 any obligations on the NPC to hold appropriate insurance; and
- 30.5.5 the mandatory requirement that any sub-contractor of the NPC shall have appropriate public liability insurance cover in place.
- 30.6 Without limiting the generality of clause 30.2, the exemptions, rebates and reductions set out in the City's Rates Policy apply with the necessary changes in relation to the levying of an additional rate.
- 30.7 When the City grants a full or partial rebate as set out in the City's Rates Policy, the relevant property owner will be granted a full (100%) rebate in relation to the additional rate.

### **31 Expenditure**

- 31.1 The general principles set forth in section 3 of the By-law, and in particular section 3(3)(d) of the By-law, enjoins the NPC to expend any funds, regardless of whether such funds derive from the additional rate, commercial activities, donations or any other means:
- 31.1.1 solely to the benefit of-
- 31.1.1.1 public space located within the geographical area of the CID; or
- 31.1.1.2 activities which provide a distinctive benefit to the CID, as opposed to the City as a whole; and
- 31.1.2 not in a manner that accrues to the peculiar or special benefit of privately owned property, or the owners thereof.

- 31.2 As contemplated in section 24(2) of the By-law, the NPC must observe the procurement principles under section 217 of the Constitution when concluding service agreements with third party suppliers.
- 31.3 The Executive Director may request a forensic audit should he/she deem it necessary.

## **CHAPTER 7**

### **SERVICES AND PROJECTS CARRIED OUT BY THE NPC**

#### **32 Procurement Rules**

- 32.1 While a NPC is not subject to the MFMA (including its Supply Chain Management requirements), or the PPPF Act, it is enjoined to observe the procurement principles enshrined in section 217 of the Constitution.
- 32.2 The board must prepare rules governing procurement of goods and services by the NPC to give effect to section 217 of the Constitution.
- 32.3 The rules contemplated in clause 32.2 must include, but are not limited to-
- 32.3.1 a procurement system which is fair, equitable, transparent, competitive and cost-effective as contemplated in section 217 of the Constitution;
- 32.3.2 denying corrupt persons (e.g. persons who have a criminal or fraud convictions), access to contracts;
- 32.3.3 denying persons who have been deemed unfit to be a company director access to contracts;
- 32.3.4 enhancing oversight of decision-makers, which could be implemented by requiring multiple approvals before significant decisions are taken or service provider contracts are awarded; and
- 32.3.5 requiring rotation of procurement decision-makers so as to prevent the formation of relationships that may lead to corruption.

#### **33 Public Safety**

- 33.1 A NPC may not appoint a third party to perform public safety services on its behalf other than in terms of a written agreement, which must include provisions-
- 33.1.1 defining the scope and ambit of permissible public safety services;
- 33.1.2 limiting any public safety services to public spaces within the CID's designated geographical area;
- 33.1.3 limiting the deployment of all equipment, vehicles and personnel to performing the relevant public safety services on the NPC's behalf,

- 33.1.4 expressly prohibiting the shared use of such resources to perform any services in terms of other agreements with private property owners or Neighbourhood Watch Organisations located or operating in the CID;
- 33.1.5 subject to clause 33.1.3, requiring the service provider to liaise with and communicate relevant information to the South African Police Service (SAPS), the local Community Policing Forum and any Neighbourhood Watch operating in the area;
- 33.1.6 prohibiting the performance of any coercive policing functions, such as:
  - 33.1.6.1 the enforcement of municipal by-laws and road traffic legislation, including the issuing of fines;
  - 33.1.6.2 carrying out a search and seizure;
  - 33.1.6.3 arresting any person, other than a “citizen’s arrest” in terms of section 42 of the Criminal Procedure Act, 1977 (Act No. 51 of 1977) (provided the terms of service do not obligate the third party to effect citizen’s arrests);
- 33.1.7 prohibiting the carrying of a firearm by any security officers in the employ of the public safety service provider when performing any services in terms of the contract, unless the CID on written application obtains the consent of the City’s Safety and Security Directorate, subject to any conditions the City may deem appropriate;
- 33.1.8 requiring compliance with the City’s Policy for Private Security Operating in Public Space.
- 33.2 No NPC may enter into a public safety services contract contemplated in clause 33.1, unless the security service provider is:
  - 33.2.1 registered with the Private Security Industry Regulatory Authority (the “PSIRA”), in terms of sections 20 and 23 of the Private Security Industry Regulation Act, 2001 (Act No. 56 of 2001) (the “PSIR Act”);
  - 33.2.2 in compliance with the Code of Conduct promulgated by the Minister of Safety and Security in terms of section 28(2) of the PSIR Act; and
  - 33.2.3 up to date with any fees payable to the PSIRA in accordance with section 43 of the PSIR Act.
- 34 Engagement of Metro Police, Law Enforcement and Traffic Officials by the NPC**
  - 34.1 A NPC may enter into a contract with the City in order to secure the dedicated services of a member of any of the City’s law enforcement departments (“contracted member”), to the geographical area of the relevant CID, as contemplated in the City’s Policy relating to the contracting of externally funded members of the City’s Law Enforcement and Traffic Services Departments by the private sector and other interested parties.

- 34.2 The NPC shall engage contracted members in accordance with the Policy relating to the contracting of externally funded members of the City's Law Enforcement and Traffic Services Departments by the private sector and other interested parties and the Memorandum of Agreement entered into between the NPC and the City in this regard. Pursuant thereto-
- 34.2.1 the respective Chiefs of the Law Enforcement and Traffic Services Branches shall retain full command and control at all times over their contracted members;
- 34.2.2 contracted members shall retain their discretion as peace officers and may, but are not obliged to, accede to requests from the management body; and
- 34.2.3 the aforesaid Chiefs may, after consultation with the management body, temporarily withdraw a contracted member under their command and control from the geographical area of the relevant CID if he/she believes it necessary for the relevant Department to fulfil its functions (i.e. traffic policing, the policing of municipal by-laws and the prevention of crime).

### **35 Managing Capital Assets other than in terms of a Service Delivery Agreement**

- 35.1 Subject to section 22(4) of the MPRA and the processes prescribed under the MATR, the Management of certain of the City of Cape Town's Immovable Property Policy, 2010 and the CAM Policy the City may grant a NPC the right to use, control or manage a capital asset located within the CID's demarcated geographical area in terms of a lease or management agreement from which the NPC generates its own revenues from managing such asset.

### **36 Cleansing and Maintenance Services**

- 36.1 Before entering into any service provider agreements with third parties for the provision of cleansing and/or maintenance services on behalf of the CID, the NPC must liaise with the Director: Waste Services to plan and co-ordinate the provision of such services and avoid wasteful duplication of services rendered by the City.
- 36.2 Any cleansing and maintenance services by the NPC and its agents must be performed in line with the City's Integrated Waste Management Policy of the Waste Services Department, as may be in force at any relevant time.

## **CHAPTER 8**

### **AMENDMENTS TO THE BUSINESS PLAN**

#### **37 Amendments to the Business Plan requiring further Consent**

- 37.1 Amendments contemplated in section 26 of the By-law shall be submitted by 31 March of any calendar year.

- 37.2 Any application contemplated in section 26(1) shall, at minimum, set out the following:
- 37.2.1 the proposed amendment and, in the case of an application under section 26(1)(e), a map identifying the proposed boundary changes;
  - 37.2.2 an estimate of any impact on the costs, annual budget, or implementation plan, accompanied by a detailed explanation; and
  - 37.2.3 in the case of a proposed boundary change under section 26(1)(e), how the expansion accords or deviates from the existing priorities, objectives and goals of the CID as set forth in the current business plan.
- 37.3 The Executive Director shall submit a report to Council to assist in the section 26 decision-making process, outlining *inter alia*-
- 37.3.1 existing patterns of cross-subsidisation in the CID by ARPs;
  - 37.3.2 the extent to which considerations of fairness and equity support the proposed amendment;
  - 37.3.3 affordability and sustainability of the existing CID; and
  - 37.3.4 the arrears profile in the case of an application in terms of section 26(1)(e) (namely a material expansion of the CID's geographic area).

## CHAPTER 9

### DISSOLUTION

#### **38 Dissolution**

- 38.1 A CID may be dissolved in accordance with the procedure contemplated in section 28 of the By-law.
- 38.2 Winding-up of the management body shall be in accordance with section 28(2) of the By-law and the relevant provisions of the Companies Act.
- 38.3 The City shall assist the management body under liquidation to identify an appropriate beneficiary of its entire net value. The City shall give preference to proximate CIDs sharing similar strategic objectives to the dissolved CID.

## **CHAPTER 10**

### **GENERAL**

#### **39 Implementation**

- 39.1 Where the City is legally empowered to do so, requirements set out in this Policy may be imposed as conditions attached to the determination of a CID.

#### **40 Commencement**

- 40.1 This Policy shall commence on 13 April 2023.



## SCHEDULE 1

### PRO FORMA CODE OF CONDUCT FOR BOARD MEMBERS OF CITY IMPROVEMENT DISTRICTS

#### 1. DEFINITIONS

In this Code of Conduct, words or expressions shall bear the meaning assigned to them and, unless the context indicates otherwise -

“**By-Law**” means the City of Cape Town City Improvement District By-Law, 2023;

“**Board**” means the board of directors of the management body of a City Improvement District, as contemplated in section 66 of the Companies Act, 71 of 2008;

“**Business plan**” means a motivation report, implementation plan and term budget as contemplated in section 5(9)(b)(i) of the By-law, read together with schedule 1 thereto;

“**Chairperson**” means the chairperson of the board;

“**City**” means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No. 479 of 22 September 2000, issued in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), or any structure or employee of the City acting in terms of delegated authority;

“**City Improvement District**” or “**CID**” means a contiguous geographic area, designated by the Council for the levying of an additional rate on rateable properties within its boundaries to finance improvements and upgrades of the public spaces within the district, operated by a management body, as contemplated in section 22 of the Municipal Property Rates Act (MPRA), and which may be further categorised as a Residential Improvement District, Mixed-Use Improvement District or Business Improvement District;

“**Companies Act**” means the Companies Act, 2008 (Act No. 71 of 2008), as amended or replaced;

“**Company**” (also referred to as the “*CID company*”), means a non-profit company incorporated in accordance with the provisions of the Companies Act and as required under section 8(2) of the By-Law, for purposes of implementing the provisions of the business plan of a CID;

“**Conflict of Interest**” means a conflict between the official duties and the private or personal interests of directors, sufficient to influence, or reasonably appear to influence, the objective exercise of their official duties and

responsibilities, irrespective of whether or not the CID company suffers harm as a result of the conflict;

**“Confidential information”** means all information, written, oral, visual or electronic, whether or not it is marked as such, which is made available, directly or indirectly through any means of communication by directors, councillors, City officials, employees or any third party, which is, or which should reasonably be expected to be confidential given the nature of the information;

**“Constitution”** means the Constitution of the Republic of South Africa, 1996;

**“Council”** means the Municipal Council of the City;

**“Director”** means a member of the board of a CID company, as contemplated in section 66 of the Companies Act, or an alternate director of a CID company, and includes any person occupying the position of a director or alternate director, by whatever name designated;

**“Knowing”, “Knowingly” or “Knows”**, when used with respect to a person, bears the same meaning as assigned to these terms under section 1 of the Companies Act;

**“Management Body”** means the management body of a CID to be established in accordance with section 8 of the By-Law;

**“Memorandum of Incorporation”** (“*MOI*”) means the document, as amended from time to time, that sets out rights, duties and responsibilities of shareholders, directors and others within and in relation to a CID company, and other matters as contemplated in sections 1 and 15 of the Companies Act;

**“PAIA”** means the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);

**“Policy”** means the Policy for the determination of CIDs, or any other policy adopted by the Council in relation to CIDs, as in force from time to time;

**“Potential Conflict of Interest”** means a situation where a director has private interests which are such that a conflict of interest would arise if the director were to become involved in relevant (i.e. conflicting) official responsibilities in future;

**“Private interest”** means: (i) a pecuniary interest which involves an actual or potential financial gain for the director himself or herself; and (ii) non-pecuniary interests of a director in the form of otherwise legitimate private-capacity activity, personal affiliations and associations, and interests of related persons, if those interests could reasonably be considered likely to influence the director’s performance of his/her official duties;

**“Related person”** has the meaning assigned to in section 2 of the Companies Act, 2008 (Act No. 71 of 2008).

## **2. INTRODUCTION**

### **2.1. Status of the Code**

This policy is binding on all directors of the CID company. Any breach of this code must result in disciplinary action.

### **2.2. Purpose of the Code**

2.2.1. The Code is established to govern the roles and responsibilities of board members of a CID company, as well as to provide guidelines on the legal, management and ethical standards expected of them.

2.2.2. The Code finds application when a person acts in his/her capacity as a board member of a CID company, including participation in meetings of the board (including its committees), and any other time or occasion that he or she represents the board.

2.2.3. Board members must familiarise themselves with the provisions of this Code and, at all times, conduct themselves in compliance with its provisions.

### **2.3. Interpretation of the Code**

Any director who is doubtful about the application of this rule or the propriety of any political activity must request guidance from the Chairperson in writing.

## **3. GENERAL**

### **3.1. Use of Public Funds**

3.1.1. Directors must ensure that public funds paid over to the CID company are applied only pursuant to the provisions of the company's business plan, and that such funds, as well as publicly funded assets under the company's management or control, are properly safeguarded and accounted for.

3.1.2. Directors must take appropriate steps to ensure that the CID company employs its resources efficiently, responsibly and in a manner that gives effect to the procurement principles enshrined in section 217 of the Constitution, and to all binding public procurement law.

### **3.2. Gifts and Preferential Treatment**

3.2.1. Directors shall not offer or accept any gifts, hospitality, preferential treatment or other benefits that might affect, or could reasonably appear to affect, the recipient's objectivity and ability to make independent judgments.

3.2.2. If a director is unsure as to whether the prohibition in clause 3.2.1 above applies to a particular gift, hospitality, preferential treatment or other benefit, the director must obtain written approval from the board before offering or accepting same.

3.2.3. Subject to the provisions of clause 3.2.1 above, a director may offer or accept any gifts, hospitality or other benefits in the ordinary course of the CID company's activities:

- 3.2.3.1. Which either individually or in aggregate does not exceed R500.00 over a 12-month period; or
- 3.2.3.2. In respect of which the director has obtained prior written approval of the board, up to a maximum of R2,000.00 over a 12-month period.
- 3.2.4. Directors are obliged to record any gifts, hospitality or other benefits gifts, rewards, meals and entertainment above the value of R200.00 in the CID's Gift and Hospitality Register.

#### **4. UNAUTHORISED USE AND DISCLOSURE OF INFORMATION**

- 4.1. Directors shall not disclose – either during or after their term of office - any information collected or held by the CID company that is not in the public domain, and is confidential, commercially or operationally sensitive, or falls within any person's reasonable expectation of privacy, unless authorised by the board.
- 4.2. Clause 4.1 above does not detract from any person's right to access to information under PAIA or the Companies Act.
- 4.3. Directors shall not use information acquired in the course of their official duties in order to further their direct or indirect personal or private financial interests.
- 4.4. Directors must return documentation obtained during their term of office to the Chairperson, or indicate to him or her that all such documentation in their possession has been disposed of appropriately. Former directors who require access to any board documents pertaining to their term of office may approach the Chairperson for this purpose.

#### **5. POLITICAL ACTIVITIES**

- 5.1. Directors may not occupy a salaried political party position or hold a leadership position in any political party.
- 5.2. Subject to clause 5.1 above, directors may engage in lawful political activities, provided they:
  - 5.2.1. Are compatible with their CID responsibilities;
  - 5.2.2. Exercise proper discretion, particularly in respect of the activities of the CID company; and
  - 5.2.3. Refrain from making party-political speeches in public, or engage in political activities on matters directly affecting the CID company.
- 5.3. Directors must advise the Chairperson in writing before undertaking any political activity which could give rise to a potential conflict of interest.

## **6. CONFLICT OF INTEREST**

### **6.1. General**

- 6.1.1. Directors are duty bound to act in the interests of the CID company and must avoid conflicts of interest.
- 6.1.2. A director, related persons, or the director's friends, associates or associated organisations, may not benefit from the discharge of that director's official duties or deliberations.

### **6.2. Disclosure of Private Interests**

- 6.2.1. Upon appointment, each director must declare in writing to the Chairperson his/her private interests which could give rise to a potential conflict of interest.
- 6.2.2. Directors must declare in writing to the Chairperson any new private interests as contemplated in clause 6.2.1 above that arise or of which they become aware of during the course of his/her board membership. Such declaration must be effected within one (1) month of acquiring or becoming aware of the interest.
- 6.2.3. Details of disclosed private interests under clause 6.2.2 must be kept by the Chairperson in a confidential register designated for this purpose, which must be updated by the Chairperson on an annual basis. Directors must advise the Chairperson in writing of any interim changes in their interests or that of a related person within one (1) month thereof. Access to the register is limited to the Chairperson and Chief Executive Officer of the CID company.
- 6.2.4. Directors shall declare whether or not they have any private interests in the subject-matter of a board meeting which could give rise to a potential conflict of interest before the commencement of such meeting in writing to the chairperson in such format as the latter may require.
- 6.2.5. All disclosure forms contemplated in clause 6.2.4 shall be kept in the register referred to in clause 6.2.3 above.
- 6.2.6. The minutes of every board meeting shall record whether or not there has been compliance with clause 6.2.4.

### **6.3. Examples of Conflicts of Interest**

Examples of conflicts of interests include, but are not limited to, situations where:

- 6.3.1. A director is a shareholder or member of a corporate entity, or proprietor of a business, which tenders for and/or enters into a contract with the CID company to perform services or deliver goods.

- 6.3.2. A related person, friend or business associate of a director is a shareholder or member of a corporate entity, or proprietor of a business, which tenders for and/or enters into a contract with the CID company to perform services or deliver goods.
- 6.3.3. A related person, friend or business associate of a director applies or is considered for appointment as an employee of the CID company.
- 6.3.4. A decision to expend funds will not benefit CID residents in general, but rather result in a monetary or non-monetary benefit to a director, or to a related person, friend, business associate of a director, or to an organisation or entity of which the director is a member.
- 6.3.5. A director has received a gift, hospitality, preferential treatment or other benefits from a person or entity who tenders for the supply of goods or services to the CID, where this might affect, or could reasonably appear to affect, the director's objectivity and ability to make independent judgments.
- 6.3.6. The CID company considers extending the boundaries of the CID in circumstances where the extension will result in a monetary or non-monetary benefit to a director, or to a related person, friend, business associate of a director, or to an organisation or entity of which the director is a member, where such benefit is not acquired in common with other residents of the proposed extension area.
- 6.4. Director's Participation in Decision-Making Process
- 6.4.1. In the event a particular matter gives rise to a potential conflict of interest, the implicated director must write in advance to the Chairperson outlining the facts giving rise to the potential conflict of interest.
- 6.4.2. Where a director has declared a potential conflict of interest as contemplated in clause 6.4.1, the implicated director must recuse himself or herself from the consideration and deliberation (both formal and informal) of, or voting on, the matter giving rise to the potential conflict of interest.
- 6.4.3. The prohibition contemplated in clause 6.4.2 above does not apply if the board, having received full disclosure from the relevant director, has determined that the relevant interest does not in fact give rise to a conflict of interest (including where no reasonable person could consider the relevant interest to give rise to a conflict of interest). A decision that an interest is insufficient to give rise to a conflict of interest and that the relevant director may participate must formally be recorded in the minutes of the board meeting.
- 6.4.4. Where a particular matter implicates the interests of the Chairperson (or related persons), the Chairperson must authorise the Deputy Chairperson or another director to chair the relevant board meeting and recuse himself/herself from any deliberations or decisions pertaining to such interests.

## 6.5. Documentation/ Records

- 6.5.1. Any documentation pertaining to a matter in respect of which a director has a potential conflict of interest may not be made available to that director before a final decision has been taken. Once a decision has been taken, the board may notify the relevant director thereof and provide him with relevant documentation, provided such documentation does not contain trade secrets or sensitive commercial information of persons in competition with the interests of the director (or related person).
- 6.5.2. Where a director receives documentation relating to his/her private interests, the director must return the documents to the Chairperson as soon as possible.

## 7. PROCUREMENT

- 7.1. Directors are duty bound to ensure that the requirements for public procurement, including the principles of section 217 of the Constitution (where applicable), are adhered to.
- 7.2. Directors must acquaint themselves with section 217 of the Constitution and all law, regulations and policies that govern public procurement.
- 7.3. As a general principle, the CID company must adopt a competitive tendering process when procuring goods and services.

## SCHEDULE 2

### **MINIMUM RECOMMENDED PRACTICES UNDER THE KING CODE**

<b>PRINCIPLE 1 - The board should lead ethically and effectively</b>	
<b>Para. Ref.</b>	<b>Recommended Practice</b>
	Steps to avoid conflicts of interest of directors, including the adoption of the Code of Conduct for Directors.
	The extent to which the implementation of the aforesaid Code of Conduct facilitated effective and ethical leadership during the year under review.
	Steps taken by the board to adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, including steps taken by the board to be transparent in the manner in which they exercise their governance role and responsibilities (e.g. inviting members of the local community to attend board meetings).
<b>PRINCIPLE 2 – The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture:</b>	
<b>Para. Ref.</b>	<b>Recommended Practice</b>
	Provide an overview of the arrangements for governing and managing ethics (e.g. the code of conduct for staff members implemented by the board and steps taken to minimise conflicts of interest in the supply chain management process).
	The extent to which the board has incorporated by reference, or otherwise, the code of conduct for directors in supplier and employee contracts.
	Sanctions and remedies to deal with breaches of the NPC's ethical standards.
	Measures taken to monitor organisational ethics and how the outcomes were addressed.



**PRINCIPLE 3 -The board should ensure that the organisation is and is seen to be a responsible corporate citizen:**

Para. Ref.	Recommended Practice
	An overview of measures taken to promote responsible corporate citizenship.
	Key areas of focus during the reporting period.
	<p>Brief description of the CID Company's measures to monitor corporate citizenship in the following areas and how the outcomes, if any, were addressed:</p> <ol style="list-style-type: none"> <li data-bbox="437 656 1257 689">(1) Workplace (e.g. employment equity, fair remuneration etc.);</li> <li data-bbox="437 707 1390 779">(2) Economy (e.g. prevention, detection and response to fraud and corruption);</li> <li data-bbox="437 797 1390 869">(3) Society (e.g. community development and the protection of human rights); and</li> <li data-bbox="437 887 1390 958">(4) Environment (e.g. responsibilities in respect of pollution and waste disposal, as well as water usage).</li> </ol>
	Planned areas of future focus.

**PRINCIPLE 4 – The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process:**

Para. Ref.	Recommended Practice
	<p>Steps taken to fulfil the following responsibilities of the CID Company:</p> <ol style="list-style-type: none"> <li data-bbox="437 1335 1390 1406">(1) ensuring that its service programme is meeting the local community's needs or problems effectively and efficiently;</li> <li data-bbox="437 1424 1390 1496">(2) ensuring that it establishes a reliable and sustainable support base in order to do its work;</li> <li data-bbox="437 1514 1390 1585">(3) putting procedures in place to ensure the careful and accountable handling of the CID Company's resources and programmes.</li> </ol>

**PRINCIPLE 5 – The board should ensure that reports issued by the CID Company enable stakeholders to make informed assessments of its performance and its short, medium and long-term prospects:**

Para. Ref.	Recommended Practice
	An overview of the steps taken by the board to ensure that the CID Company's reports (including its annual financial statements), comply with legal requirements and meet the legitimate and reasonable information needs of the local community.
	Transparency in the CID Company's reporting (e.g. publication of the annual report, annual financial statements and implementation plan on its website).

**PRINCIPLE 6 – The board should serve as the focal point and custodian of corporate governance in the CID Company:**

Para. Ref.	Recommended Practice
	An overview of the board's Charter (if any), which provides for the board's role, responsibilities, membership requirements and procedural conduct.
	The number of board meetings held during the reporting period and the attendance details.
	Whether the board is satisfied that it has fulfilled its responsibilities in accordance with its Charter (if any), for the reporting period.

**PRINCIPLE 7 – The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively:**

Para. Ref.	Recommended Practice
	The number of directors (distinguishing between executive and any non-executive directors).
	The names, age, qualifications and experience, period of service of each director, as well as any other governing body and professional positions they hold.
	The directors' appointment procedures.
	Whether the board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.
	Reasons why any directors have been removed, resigned or retired.
	Any new appointments.
	Whether the board considers the chairperson to be independent.

**PRINCIPLE 8 - The board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties:**

Para. Ref.	Recommended Practice
	<p>Disclose the following information concerning any board committee:</p> <ol style="list-style-type: none"> <li>(1) Its overall role and associated responsibilities and functions;</li> <li>(2) Its composition, including reference to each member's qualifications and experience;</li> <li>(3) Any external adviser or invitees who regularly attend committee meetings;</li> <li>(4) Key areas of focus during the reporting period;</li> <li>(5) The number of meetings held during the reporting period and attendance of those meetings; and</li> <li>(6) Whether each committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</li> </ol>

**PRINCIPLE 9 - The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness:**

Para. Ref.	Recommended Practice
	Description of any performance evaluations undertaken during the period under review, including their scope, whether they were formal or informal, and whether they were externally facilitated or not.
	An overview of the evaluation results and remedial actions taken.
	Statement as to whether the board is satisfied that the evaluation process is improving its performance and effectiveness.

**PRINCIPLE 10 - The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities:**

Para. Ref.	Recommended Practice
	<p>In the event a CID Company has appointed a CEO or Manager, a statement detailing-</p> <ol style="list-style-type: none"> <li>(1) the notice-period stipulated in his/her employment contract and the contractual conditions governing termination;</li> <li>(2) other professional commitments of the CEO/ Manager, e.g. membership of governing bodies outside the CID Company; and</li> <li>(3) any delegation of powers of the board to the CEO/ Manager.</li> </ol>

	The arrangements in place for accessing professional corporate governance services and the board's statement as to whether it considers these arrangements to be effective.
<b>PRINCIPLE 11 - The board should govern risk in a manner that supports the organisation in setting and achieving its strategic objectives:</b>	
<b>Para. Ref.</b>	<b>Recommended Practice</b>
	Overview of the nature and extent of the risks and opportunities the CID Company is willing to take, without compromising sensitive information.
	An overview of the arrangements for governing and managing risks.
	Key areas of focus during the reporting period, e.g. key risks facing the CID Company, unexpected or unusual risks and risks taken outside of risk tolerance levels.
	Steps implemented to monitor the effectiveness of risk management and how the outcomes were addressed.
	Planned areas of future focus.
<b>PRINCIPLE 12 - The board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives:</b>	
<b>Para. Ref.</b>	<b>Recommended Practice</b>
	An overview of arrangements for governing and managing technology and information (e.g. the protection of privacy of personal information).
	Key areas of focus during the reporting period, including objectives, material policy changes and any remedial actions taken as a result of major incidents.
	Planned areas of future focus.
<b>PRINCIPLE 13 - The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen:</b>	
<b>Para. Ref.</b>	<b>Recommended Practice</b>
	An overview of the arrangements for governing and managing compliance.
	Key areas of focus during the reporting period.
	Actions taken to monitor the effectiveness of compliance management and how the outcomes were addressed.
	Planned areas of future focus.

**PRINCIPLE 14 - The board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term:**

Para. Ref.	Recommended Practice
	An overview of the board's remuneration policy with regard to members of the executive management (e.g. the CEO and/or manager).
	Details of remuneration awarded to individual members of the executive management during the review period.

**PRINCIPLE 15 - The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the NPC's external reports:**

Para. Ref.	Recommended Practice
	Provide overview of steps taken by board or structures in place to ensure that assurance services and functions enable an effective control environment and support the integrity for internal decision-making and of the NPC company's external reports (e.g. the appointment of external service provides to provide independent assurance on financial aspects of the CID company's activities).

**PRINCIPLE 16 - In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the CID Company over time:**

Para. Ref.	Recommended Practice
	An overview of the arrangements for governing and managing stakeholder relationships (e.g. methodologies for identifying individual stakeholders, as well as mechanisms for engagement and communication with stakeholders).
	Key areas of focus during the review period
	Actions taken to monitor the effectiveness of stakeholder management and how the outcomes were addressed.
	Future areas of focus.

**SCHEDULE 3**

**ANNUAL REPORT TEMPLATE**

***[insert name]* NPC**  
**Annual Report and Financial Statements**  
**for the year ended *[insert date]***

*[use of trade mark/logo/graphics/slogans within NPC's discretion]*



Our online report is available at \_\_\_\_ *[insert website]*

**Contents****Pg No.****PART A: GENERAL INFORMATION**

1. NPC's general information
2. List of abbreviations or acronyms
3. Foreword by Chairperson
4. Chief Executive Officer's [*or Treasurer's*] overview
5. Statement of responsibility and confirmation of accuracy for the annual report
6. Strategic overview
  - 6.1. Vision
  - 6.2. Mission
  - 6.3. Values
7. Statutory mandate
8. Organisational structure

**PART B: PERFORMANCE INFORMATION**

1. Situational Analysis
  - 1.1. Service delivery environment
  - 1.2. Organisational environment
2. Strategic Objectives
3. Complaints process
4. Performance information by service/project
  - 4.1. [e.g. public safety]
  - 4.2. [e.g. urban management]
  - 4.3. [e.g. social development]
  - 4.4. [e.g. communications/ marketing]

**PART C: CORPORATE GOVERNANCE**

1. Application of King IV
2. Governance structure
  - 2.1. Board composition
  - 2.2. Board Observer
  - 2.3. Appointment of the board
  - 2.4. Overview of the board's responsibilities
  - 2.5. Board charter
  - 2.6. Director Independence
  - 2.7. Board Committees
  - 2.8. Attendance at board and committee meetings
3. Ethical leadership
4. Board oversight of risk management
  - 4.1. Risk management policy
  - 4.2. Effectiveness of risk management
  - 4.3. Key business risks and opportunities
5. Accountability
  - 5.1. Performance reviews
  - 5.2. Delegated limits of authority
  - 5.3. Supplier Code of conduct

**PART D: FINANCIAL INFORMATION**

1. Report of external auditor
2. Annual financial statements

## PART A: GENERAL INFORMATION

### 1. GENERAL INFORMATION [*either in list/ table form*]

<b>Registered name:</b>	[ <i>co. name</i> ] NPC
<b>Registration no:</b>	[xxxx]
<b>Physical address:</b>	[xxxx]
<b>Postal address:</b>	[xxxx]
<b>Telephone number/s:</b>	[xxxx]
<b>Email address:</b>	[xxxx]
<b>Website address:</b>	[xxxx]
<b>External auditors:</b>	[xxxx] and [Number of uninterrupted financial years that the firm has acted as the NP's auditors]
<i>Banker's information:</i>	[Name and address]
<b>Company Secretary:</b>	[xxxx]

### 2. LIST OF ABBREVIATIONS/ACRONYMS

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCT	City of Cape Town
KPI	Key performance indicators
SCM	Supply chain management



### 3. FOREWORD BY THE CHAIRPERSON

- Introduction
- Strategic objectives
- Executive summary of performance outcomes
- Key events / challenges
- Short and medium-term outlook
- Acknowledgments
- Conclusion

---

*[Name of chairperson]*

*[name]* NPC

*[date]*

#### **4. CHIEF EXECUTIVE OFFICER'S [or Executive Manager's / Treasurer's] OVERVIEW**

- General financial review of NPC
- Spending trends
- Capacity constraints and challenges
- Discontinued activities
- New or proposed activities
- Supply chain management
- Supply chain management-related challenges
- Any finalised, unsolicited tender proposals for the year under review
- Audit report matters in the previous year and proposed mitigation
- Proposed measures to address any financial challenges
- Material events after the reporting date
- Economic Viability of NPC
- Acknowledgement/s or Appreciation

---

[Name of CEO/ Executive Manager/ Treasurer]

[name] NPC

[date]

**5. STATEMENT OF DIRECTORS' RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT**

We confirm that, to the best of our knowledge:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by [*name of auditors*]

The directors consider the annual report, taken as a whole, to be accurate, fair, balanced and free of material omissions.

The Financial Statements, prepared in accordance with the applicable accounting standards (i.e. ....), give a true and fair view of the assets, liabilities and financial position of the company.

The external auditors have been engaged to express an independent opinion on the annual financial statements.

Approved by the board on [*date*] and signed on behalf by:

\_\_\_\_\_  
Chairperson of the Board  
[*Name*]  
[*Date*]

\_\_\_\_\_  
Treasurer  
[*Name*]  
[*Date*]

## 6. STRATEGIC OVERVIEW

### 6.1. Vision

Overview of vision per NPC's business plan. **Sample text:** *The ... NPC was established by local property owners in .... [insert year] to organise, fund, manage and facilitate improvements in the \_\_\_ [insert name/ acronym] City Improvement District for the benefit of the entire local community. The ... [insert name/ acronym]*

**CID refers to a geographical area, designated as such by the City of Cape Town ("CTT"), in terms of the CID By-law and s. 22 of the Municipal Property Rates Act, on application by local property owners. The ... NPC's activities are funded by local property owners through an additional rate levied on their properties.**

**Our vision is to ensure a clean, safe and sustainable urban environment, for the benefit of all who live and work in the [insert name/ acronym] CID, in partnership with the CCT and other stakeholders.**

### 6.2. Mission

Overview of mission per NPC's business plan.

**Sample text:** *Our mission is centred on four key pillars: safety; maintenance and cleansing; greening and beautification, and social responsibility.*



**Our strategy for promoting that vision is detailed in our Business Plan, available online at ..... [insert website address]**

### 6.3. Values

Overview of values per NPC's business plan.

**Sample text:** *Our core values are:*

**Transparency:** *Open decision-making so that stakeholders can readily discern our outputs and outcomes.*

**Accountability:** *We answer for the execution of our responsibilities.*

**Performance:** *We will strive to achieve our strategic objectives.*

**Stakeholder inclusivity:** *We will carry out our activities taking into account the needs, interests and expectations of our stakeholders.*

**Social responsibility:** *We aim to deliver economic, social and environmental benefits for all our stakeholders.*

**Sustainable development:** *We will meet the needs of the local community without compromising the ability of future generations to meet theirs.*

## 7. STATUTORY MANDATE

Briefly outline the statutory mandate of the NPC.

***Sample text: In terms of the CID By-law and s. 22 of the Municipal Property Rates Act, the .... NPC is tasked with considering, developing and implementing improvements and upgrades to the ... [insert name/ acronym] CID to supplement services provided by the CCT. The funding comes from additional rates collected by the CCT from CID property owners and paid over to the company under the aforesaid legislation, as may be supplemented by local fundraising initiatives. In expending these funds, the company is subject to oversight by the CCT in terms of the CID By-law and Policy, as well as public procurement principles enshrined in s. 217 of the Constitution of the Republic of South Africa, 1996 (the "Constitution").***

## 8. ORGANISATIONAL PROFILE

Briefly outline the primary activities of the NPC and how they relate to the NPC's mission and primary strategic goals. Who the NPC's stakeholders are and the scale of the NPC.

## 9. ORGANISATIONAL STRUCTURE

Insert organogram depicting the NPC's organisational structure from the board, down to the senior manager/s.

## **PART B: PERFORMANCE INFORMATION**

### **1. SITUATIONAL ANALYSIS**

#### **1.1. Service delivery environment**

Provide an executive summary of the context within which the NPC operates, including:

- The overall performance in respect of each service and any capital improvement projects.
- Difficulties encountered in providing relevant services and in carrying out any improvement projects, as well as proposed remedial measures.
- External factors impacting upon the NPC's service delivery performance and implementation of any improvement project.

#### **1.2. Organisational environment**

Provide an executive summary of material developments internal to the NPC, impacting upon its ability to deliver services or implement projects, including:

- Factors in the NPC's organisational framework that may have impacted adversely upon the NPC's performance (e.g. resignations, wasteful expenditure, fraud or maladministration), and any mitigation and disciplinary measures.
- Internal factors that may have contributed to the NPC's successes in the year under review.

### **2. Strategic Objectives**

Provide overview of strategic objectives *per* the NPC's implementation plan and progress towards these goals during the year under review.

### **3. Complaints Process**

Briefly describe the NPC's complaints process, and furnish summary of feedback, complaints and remedial action as they pertain to the respective services and capital improvement projects discussed further below under clause 4 of Part B.

### **4. Performance Information**

#### **4.1. [Service/ Project 1]: [e.g. PUBLIC SAFETY]**

4.1.1. Describe service/ project, *viz.*

- 4.1.1.1. Discuss purpose of existing services or projects, with reference to the "strategic focus areas" of the CID model (i.e. (1) safety; (2) maintenance and cleansing; (3) greening and beautification, and (4) social responsibility.)
- 4.1.1.2. List activities that form part of existing services or projects, with reference to the geographical area within which these activities

are undertaken (including reference to any material distinction in service levels between different areas within the CID).

- 4.1.2. Outline strategic objectives in respect of services or projects; **the measures taken to achieve this objective, and Key Performance Indicators (KPIs) in respect of these measures.**
- 4.1.3. Discuss achievements and shortfalls in respect of attaining the targets for each service or project.
- 4.1.4. Discuss involvement of stakeholders in the design, implementation, monitoring and evaluation of policies and programs.
- 4.1.5. Discuss the economic, social and/or environmental impacts of each service or project during the year under review.

*[Insert table listing performance information regarding the strategic objectives of the service or project; **the measures taken to achieve such objective; the KPIs in respect of each measure, as well as the performance information in respect of each KPI for the financial year that is the subject-matter of this annual report (referred to below as “20yy/20zz”)**]*

<b>STRATEGIC OBJECTIVE: [state objective] [sample text: REDUCE CRIME LEVELS IN PUBLIC AREAS WITHIN CID]</b>					
<b>Measure</b>	<b>Key Performance Indicator</b>	<b>Planned target 20yy/20zz</b>	<b>Actual achievement 20yy/20zz</b>	<b>Deviation from target to actual achievement for 20yy/20zz</b>	<b>Comments on deviations</b>
e.g. Record crime statistics/ incidents.	e.g. Quarterly reports of crime statistics/ incidents	e.g. 4 reports	e.g. 3 reports	e.g. 4 <sup>th</sup> Quarter report outstanding.	e.g. In respect of the 4 <sup>th</sup> quarter, the CID is awaiting confirmation from SAPS as to crime statistics in the CID for that period.
e.g. Address factors contributing to crime levels in CID, in consultation with SAPS, CCT, Security Service & other stakeholders	e.g. Number of such factors identified and addressed through stakeholders.	e.g. Address at least 5 such factors.	e.g. Addressed 3 such causes, i.e.: (1) poor lighting in public spaces; (2) inadequate security patrols at night; and (3) vegetation on street curbs obscuring security patrols' line of sight.	e.g. Failed to identify and address 2 additional factors as aforesaid.	e.g. Limited financial resources have hampered CID's ability to address further root causes identified.

e.g. Conduct visible, daily foot patrols.	e.g. Number of day-time foot patrol teams.	e.g. 2 x day-time foot patrol teams.	e.g. 2 x day-time foot patrol teams.	n/a	n/a
e.g. Conduct visible, daily vehicle patrols	e.g. Number of vehicle patrol teams per day shift & night shift.	e.g. 1 x team (day) & 1 team (night)	e.g. 1 x team (day) & 1 team (night).	n/a	n/a
e.g. Install CCTV camera infrastructure.	e.g. number of CCTV cameras installed in CID.	e.g. Install 3 CCTC cameras.	e.g. Installed 2 CCTV cameras, i.e. (1) [insert location]; and (2) [insert location]	e.g. Failed to install one additional CCTV camera.	e.g. Financial constraints precluded installation of CCTV surveillance at the 3 <sup>rd</sup> identified location. To be executed in the next reporting period.
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: IMPROVE AND CONTINUALLY ASSESS ALIGNMENT OF RESOURCES WITH SAFETY NEEDS OF LOCAL COMMUNITY]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Identify "hot spot" areas.	e.g. Number of "hot spot" areas identified.	e.g. Identify 4 "hot spots".	e.g. Identified 4 hot spots, namely: (1) ..; (2) ...; (3) ...; and (4) ... [insert areas]	e.g. n/a	e.g. n/a
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: FOSTER TRUST BETWEEN CID SECURITY OFFICIALS &amp; LOCAL COMMUNITY]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Investigate service delivery complaints re community safety.	e.g. Percentage of total annual complaints investigated to satisfaction of complainant.	e.g. 80% of complaints investigated & concluded.	e.g. 60% of complaints investigated & concluded.	e.g. Failed to investigate/ conclude 20% of complaints.	e.g. The deviation pertains mainly to ongoing investigations of complex complaints that could not reasonably be concluded in the reporting period.
e.g. Evaluation of security officers & camera controllers	e.g. Monthly evaluation reports to CID board.	e.g. Submit 12 reports.	e.g. Submitted 12 reports.	e.g. n/a	e.g. n/a



e.g. On-site inspections of security patrol officers in CID & camera controllers	e.g. weekly assessment of security patrol officers & camera controllers	e.g. 50 weekly assessments.	e.g. conducted 40 weekly assessments.	e.g. Failed to conduct assessments in 10 non-consecutive weeks	e.g. Above average demands upon operational resources precluded assessments during the relevant period.
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: INCREASE SAFETY THROUGH PARTNERSHIPS]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Establish formal partnerships with SAPS, Metro Police and local community organisations.	e.g. Number of formal partnerships entered into.	e.g. Enter into 5 such partnerships	e.g. Entered into formal partnerships with Metro Police and ... Neighbourhoodwatch [insert name].	e.g. Failed to enter into a further 3 such partnerships.	e.g. Difficulty sustaining contact with SAPS.
e.g. Liaise with relevant role players of SAPS.	e.g. Monthly meetings with relevant SAPS role players.	e.g. 12 monthly meetings.	e.g. 11 monthly meetings	e.g. Failed to meet in December 20zz.	e.g. Demands upon SAPS resources during festive season, precluded meeting in Dec. 20zz.

- Discuss any *feedback and complaints* received in relation to the relevant service/ project during the year under review, including remedial measures.
- Discuss the NPC's proposed, global *strategies* to address any *under-performance*.

#### 4.1.6. Resource Allocation

- Discuss the NPC's performance in light of available resources, identifying:
  - o the available resources per the approved budget for the year under review;
  - o actual expenditure in the year under review;
  - o any over/under expenditure and the reason(s) therefor; and
  - o explanation of proposed mitigation measures, if applicable, in respect of any over/under expenditure.

[Insert table listing information regarding the actual expenditure in respect of the service/ project as compared with the projected expenditure for (1) the financial year preceding the current reporting period (which must correspond to the previous year's Annual Report) (referred to below as "20xx/20yy"); and (2) the financial year that is the subject-matter of this annual report (referred to below as "20yy/20zz")]

Service/ Project components	20xx/20yy			20yy/20zz		
	Projected Expen- diture	Actual Expen- diture	(Over)/ Under Expen- diture	Projected Expen- diture	Actual Expen- diture	(Over)/ Under Expen- diture

#### 4.2. [Service/ Project 2]: [e.g. MAINTENANCE AND CLEANSING SERVICES]

4.2.1. Describe service/ project, viz.

4.2.1.1. Discuss purpose of existing services or projects, with reference to the "strategic focus areas" of the CID model (i.e. (1) safety; (2) maintenance and cleansing; (3) greening and beautification, and (4) social responsibility.)

4.2.1.2. List activities that form part of existing services or projects, with reference to the geographical area within which these activities are undertaken (including reference to any material distinction in service levels between different areas within the CID).

4.2.2. Outline strategic objectives in respect of services or projects; **the measures taken to achieve this objective, and Key Performance Indicators (KPIs) in respect of these measures.**

4.2.3. Discuss achievements and shortfalls in respect of attaining the targets for each service or project.

4.2.4. Discuss involvement of stakeholders in the design, implementation, monitoring and evaluation of policies and programs.

4.2.5. Discuss the economic, social and/or environmental impacts of each service or project during the year under review.

[Insert table listing performance information regarding the strategic objectives of the service or project; **the measures taken to achieve such objective; the KPIs in respect of each measure, as well as the performance information in respect of each KPI** for the financial year that is the subject-matter of this annual report (referred to below as "20yy/20zz")]

<b>STRATEGIC OBJECTIVE: [state objective] [sample text: PROVIDE A CLEANER PUBLIC SPACE]</b>					
<b>Measure</b>	<b>Key Performance Indicator</b>	<b>Planned target 20yy/20zz</b>	<b>Actual achievement 20yy/20zz</b>	<b>Deviation from target to actual achievement for 20yy/20zz</b>	<b>Comments on deviations</b>
e.g. Develop cleaning strategy to guide delivery from appointed service delivery provider.	e.g. Annual cleaning strategy document to be adopted by CID board.	e.g. 1	e.g. 1	e.g. n/a	e.g. n/a
e.g. Provide (on own initiative or in collaboration with CCT) additional litter bins in public spaces.	e.g. Number of additional litter bins provided by CID and/or CCT.	e.g. 30	e.g. 25	e.g. - 5	e.g. Resources constraints have precluded meeting said target.
e.g. Provide clean streets & sidewalks (i.e. cleaning of municipal bins & removing street litter).	e.g. Number of times <i>all</i> streets within business corridor were cleaned at least once a week.	e.g. 50	e.g. 48	e.g. - 2	e.g. A strike precluded service delivery during two (non-consecutive) weeks.
	e.g. Number of times all other streets within CID was cleaned at least once a month.	e.g. 12	e.g. 12	e.g. n/a	e.g. n/a
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: ENSURE EFFECTIVE DELIVERY OF CLEANING SERVICES]</b>					
<b>Measure</b>	<b>Key Performance Indicator</b>	<b>Planned target 20yy/20zz</b>	<b>Actual achievement 20yy/20zz</b>	<b>Deviation from target to actual achievement for 20yy/20zz</b>	<b>Comments on deviations</b>
e.g. Investigate service delivery complaints re cleansing.	e.g. Percentage of total annual complaints investigated to satisfaction of complainant.	e.g. 70%	e.g. 60%	e.g. - 10%	e.g. The deviation refers mainly to ongoing investigations of complaints submitted during the last two months of the reporting period that could not be concluded before year-end.

STRATEGIC OBJECTIVE: [ <i>state objective</i> ] [ <i>sample text: RENEWING PUBLIC SPACES</i> ]					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. remove graffiti in public spaces.	e.g. Number of graffiti works removed.	e.g. 60	e.g. 60	e.g. n/a	e.g. n/a
e.g. remove unlawful or unsightly stickers and posters from public infrastructure	e.g. Number of stickers/ posters removed.	e.g. 50	e.g. 50	e.g. n/a	e.g. n/a

- Discuss any *feedback and complaints* received in relation to the relevant service/ project during the year under review, including remedial measures.
- Discuss the NPC's proposed, global *strategies* to address any *under-performance*.

#### 4.2.6. Resource Allocation

- Discuss the NPC's *performance* in the context of the resources available to the company, identifying:
  - o the available resources per the approved budget for the year under review;
  - o actual expenditure in the year under review;
  - o any over/under expenditure and the reason(s) therefor; and
  - o explanation of proposed mitigation measures, if applicable, in respect of any over/under expenditure.

[Insert table listing information regarding the actual expenditure in respect of the service/ project as compared with the projected expenditure for (1) the financial year preceding the current reporting period (which must correspond to the previous year's Annual Report) (referred to below as "20xx/20yy"); and (2) the financial year that is the subject-matter of this annual report (referred to below as "20yy/20zz")]

Service/ Project components	20xx/20yy			20yy/20zz		
	Projected Expenditure	Actual Expenditure	(Over)/ Under Expenditure	Projected Expenditure	Actual Expenditure	(Over)/ Under Expenditure

#### 4.3. [Service/ Project 3]: [e.g. ENVIRONMENTAL DEVELOPMENT SERVICES]

4.3.1. Describe service/ project, viz.

4.3.1.1. Discuss purpose of existing services or projects, with reference to the “strategic focus areas” of the CID model (i.e. (1) safety; (2) maintenance and cleansing; (3) greening and beautification, and (4) social responsibility.)

4.3.1.2. List activities that form part of existing services or projects, with reference to the geographical area within which these activities are undertaken (including reference to any material distinction in service levels between different areas within the CID).

4.3.2. Outline strategic objectives in respect of services or projects; **the measures taken to achieve this objective, and Key Performance Indicators (KPIs) in respect of these measures.**

4.3.3. Discuss achievements and shortfalls in respect of attaining the targets for each service or project.

4.3.4. Discuss involvement of stakeholders in the design, implementation, monitoring and evaluation of policies and programs.

4.3.5. Discuss the economic, social and/or environmental impacts of each service or project during the year under review.

*[Insert table listing performance information regarding the strategic objectives of the service or project; **the measures taken to achieve such objective; the KPIs in respect of each measure, as well as the performance information in respect of each KPI** for the financial year that is the subject-matter of this annual report (referred to below as “20yy/20zz”)]*

<b>STRATEGIC OBJECTIVE: [state objective] [sample text: GREENING PUBLIC SPACES]</b>					
<b>Measure</b>	<b>Key Performance Indicator</b>	<b>Planned target 20yy/20zz</b>	<b>Actual achievement 20yy/20zz</b>	<b>Deviation from target to actual achievement for 20yy/20zz</b>	<b>Comments on deviations</b>
e.g. Identify & develop sites for communal gardens in partnership with CCT.	e.g. Number of sites identified.	e.g. 1	e.g. 1	e.g. n/a	e.g. n/a
	e.g. Number of sites developed as community gardens.	e.g. 1	e.g. 0	e.g. -1	e.g. Preparation work underway on identified site; development scheduled to be completed in next FY.
e.g. Plant trees in public spaces and along sidewalks.	e.g. Number of trees planted.	e.g. 50	e.g. 40	e.g. 10	e.g. Project suspended due to water restrictions.
e.g. Landscaping of communal areas, such as	e.g. Number of landscaped sites.	e.g. 10	e.g. 10	e.g. n/a	e.g. n/a

traffic circles & centre islands.					
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: MAINTENANCE OF PUBLIC GREEN AREAS]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Mow street verges	e.g. Number of streets verges identified for mowing.	e.g. 30	e.g. 35	e.g. +5	e.g. n/a
	e.g. Number of street verges mowed on a monthly basis.	e.g. 10	e.g. 9	e.g. -1	e.g. Poor communication with service provider.

- Discuss any *feedback and complaints* received in relation to the relevant service/ project during the year under review, including remedial measures.
- Discuss the NPC's proposed, global *strategies* to address any *under-performance*.

#### 4.3.6. Resource Allocation

- Discuss the NPC's *performance* in the context of the resources available to the company, identifying:
  - o the available resources per the approved budget for the year under review;
  - o actual expenditure in the year under review;
  - o any over/under expenditure and the reason(s) therefor; and
  - o explanation of proposed mitigation measures, if applicable, in respect of any over/under expenditure.

[Insert table listing information regarding the actual expenditure in respect of the service/ project as compared with the projected expenditure for (1) the financial year preceding the current reporting period (which must correspond to the previous year's Annual Report) (referred to below as "20xx/20yy"); and (2) the financial year that is the subject-matter of this annual report (referred to below as "20yy/20zz")]

Service/ Project components	20xx/20yy			20yy/20zz		
	Projected Expenditure	Actual Expenditure	(Over)/ Under Expenditure	Projected Expenditure	Actual Expenditure	(Over)/ Under Expenditure

#### 4.4. [Service/ Project 4]: [e.g. SOCIAL AND ECONOMIC DEVELOPMENT SERVICES]

4.4.1. Describe service/ project, viz.

4.4.1.1. Discuss purpose of existing services or projects, with reference to the “strategic focus areas” of the CID model (i.e. (1) safety; (2) maintenance and cleansing; (3) greening and beautification, and (4) social responsibility.)

4.4.1.2. List activities that form part of existing services or projects, with reference to the geographical area within which these activities are undertaken (including reference to any material distinction in service levels between different areas within the CID).

4.4.2. Outline strategic objectives in respect of services or projects; **the measures taken to achieve this objective, and Key Performance Indicators (KPIs) in respect of these measures.**

4.4.3. Discuss achievements and shortfalls in respect of attaining the targets for each service or project.

4.4.4. Discuss involvement of stakeholders in the design, implementation, monitoring and evaluation of policies and programs.

4.4.5. Discuss the economic, social and/or environmental impacts of each service or project during the year under review.

*[Insert table listing performance information regarding the strategic objectives of the service or project; **the measures taken to achieve such objective; the KPIs in respect of each measure, as well as the performance information in respect of each KPI for the financial year that is the subject-matter of this annual report (referred to below as “20yy/20zz”)]***

<b>STRATEGIC OBJECTIVE: [state objective] [sample text: PROVIDE &amp; IMPROVE TEMPORARY SHELTER FACILITIES TO HOMELESS PERSONS IN CID]</b>					
<b>Measure</b>	<b>Key Performance Indicator</b>	<b>Planned target 20yy/20zz</b>	<b>Actual achievement 20yy/20zz</b>	<b>Deviation from target to actual achievement for 20yy/20zz</b>	<b>Comments on deviations</b>
e.g. Partnering with NGOs thereby creating employment opportunities for the homeless and safe spaces for youth.	e.g. Number of persons assisted with employment opportunity.	e.g. 2	e.g. 1	e.g. -1	e.g. CID is working together with NGOs to increase employment opportunities for the homeless in order to meet the annual target.  e.g. CID is working closely with the City's
	e.g. Number of youth assisted with a safe space.	e.g. 10	e.g. 8	e.g. -2	

					Social Development Department in respect of youth programmes to assist NGOs.
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: ENSURE EFFECTIVE DELIVERY OF SOCIAL DEVELOPMENT SERVICES]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Investigate service delivery complaints re social development services.	e.g. Percentage of total annual complaints investigated to satisfaction of complainant.	e.g. 70%	e.g. 70%	e.g. n/a	e.g. n/a
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: DECREASE NUMBER OF CHILDREN LIVING ON THE STREETS]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Partner with Department of Social Development ("DSD") & SAPS to provide a place of safety for minors living on the streets.	e.g. Monthly meetings with DSD social workers to discuss projects and specific cases.	e.g. 12	e.g. 12	e.g. n/a	e.g. n/a
	e.g. Monthly meetings with SAPS to discuss projects and specific cases.	e.g. 12	e.g. 12	e.g. n/a	e.g. n/a
	e.g. Number of minors successfully relocated to places of safety or reunited with their families.	e.g. 10	e.g. 8	e.g. -2	e.g. In five cases, minors who were reunited with their families appear to have returned to the streets.
<b>STRATEGIC OBJECTIVE: [state objective] [sample text: JOB CREATION]</b>					
Measure	Key Performance Indicator	Planned target 20yy/20zz	Actual achievement 20yy/20zz	Deviation from target to actual achievement for 20yy/20zz	Comments on deviations
e.g. Identify and carry out job creation projects (e.g. recycling & ...)	e.g. Number of jobs created for local community members.	e.g. 10	e.g. 10	e.g. n/a	e.g. n/a



cleansing initiatives).					
-------------------------	--	--	--	--	--

- Discuss any *feedback and complaints* received in relation to the relevant service/ project during the year under review, including remedial measures.
- Discuss the NPC's proposed, global *strategies* to address any *under-performance*.

#### 4.4.6. Resource Allocation

- Discuss the NPC's *performance* in the context of the resources available to the company, identifying:
  - o the available resources per the approved budget for the year under review;
  - o actual expenditure in the year under review;
  - o any over/under expenditure and the reason(s) therefor; and
  - o explanation of proposed mitigation measures, if applicable, in respect of any over/under expenditure.

*[Insert table capturing information regarding the actual expenditure in respect of the service/ project as compared with the projected expenditure for (1) the financial year preceding the current reporting period (which must correspond to the previous year's Annual Report) (referred to below as "20xx/20yy"); and (2) the financial year that is the subject-matter of this annual report (referred to below as "20yy/20zz")]*

Service/ Project components	20xx/20yy			20yy/20zz		
	Projected Expen- diture	Actual Expen- diture	(Over)/ Under Expen- diture	Projected Expen- diture	Actual Expen- diture	(Over)/ Under Expen- diture

## PART C: CORPORATE GOVERNANCE

### 1. APPLICATION OF KING IV

#### 1.1. [Brief description of the application of King IV]

Sample text: In recognition of the fact that the NPC is entrusted with public funds, particularly high standards of fiscal transparency and accountability are demanded. To this end, the NPC voluntarily subscribes to the King Code of Corporate Governance for South Africa 2016 (“King IV”), which came into effect on 1 April 2017. King IV contains a series of recommended reporting practices under the 15 voluntary governance principles.

The practices applied by the company are explained in this part (Part C), of the Annual Report. In determining which reporting practices to apply, the board took account of, among others things, the CCT’s policy, and the particular reporting protocols appropriate to a non-profit entity such as the NPC. **Recommended disclosures under KING IV are identified by way of reference to the relevant principle.**

#### 1.2. Compliance with King IV for the reporting period] Sample text: The board is satisfied that the NPC has complied with the applicable principles set out in King IV during the period under review, to the extent reasonably possible, are provided fully below. [NB: in the event that there are changes to the NPC’s governance positions reported in previous years, or cases of material non-compliance, this must be referred to briefly under this sub-heading].

### 2. GOVERNANCE STRUCTURE

#### 2.1. Board Composition

[Insert statement as to whether or not the board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence as required under principle 7.30(a) of King IV] (King IV principle 7.30(a))

[Insert in table/ another format the following details in respect of each director:]

[Full names]	
[Capacity, e.g. chairperson, non-executive director etc] (King IV principle 7.30 (c))	
Responsibilities	
Qualifications (King IV principle 7.30(e))	
Appointment to the board (King IV principle 7.30(f))	[Insert date & manner of appointment, e.g. appointed by AGM or co-opted by the board]
Committee membership	[List membership of board committees, if any]
Skills and experience (King IV principle 7.30(e))	
Career experience (King IV principle 7.30(e))	
Current directorships/ professional positions (King IV principle 7.30(h))	[List directorships of other companies and any other professional positions]

Changes in board composition [insert details of any removals, resignations or retirements]			
Name	Date & Manner of Appointment	Date of termination of directorship	Reason for termination (King IV principle 7.30(i))

## 2.2. Board Observer

[Insert brief summary of board observer's statutory role & give feedback of attendance of meetings] **Sample text:** *In terms of the By-law, city councillors are designated as "board observers" by the Executive Mayor to conduct oversight of board functions. This oversight entails receiving board documentation and attending board meetings, with a view to ensuring that the company duly executes its statutory mandate. The Executive Mayor has appointed cllr. .... [insert name] as board observer, and cllr. .... [insert name] as [his or her] alternate. Cllr. \_\_\_ attended \_\_\_ of the \_\_\_ board meetings convened during the period under review, while cllr. \_\_\_\_\_ [i.e. the alternate board observer] attended \_\_\_ of these meetings when cllr. was unable to attend.*

## 2.3. Appointment of the board

[Insert brief summary as to how directors are appointed to the board; required rotation of board members]

## 2.4. Overview of the board's responsibilities

[Executive summary of role of the board, e.g. (1) identifying strategies to implement the NPC's business plan in a manner that ensures the financial viability of the company and takes adequate account of stakeholder interests; (2) monitoring compliance with applicable legislation, codes and standards; (3) approving the annual budget; (4) overseeing preparation of and approving the annual financial statements for adoption by members; (4) exercising effective control of the NPC and monitoring management's implementation of the approved budget and business plan, etc...]

## 2.5. Board charter

[Sample text with regard to King IV Principle 6.5(b) requirement]: *The board is satisfied that it has fulfilled its responsibilities under the board charter during the period under review. (King IV Principle 6(5)(b)) [or: Other than the issues identified below, the board is satisfied that it has fulfilled its responsibilities under the board charter during the period under review. During the period under review, the board identified the following instances of non-compliance with the board charter. These are.... [list deviations/ cases of non-compliance]*



The board charter is available online at \_\_\_\_\_ [insert CID website].

2.6. Director Independence

[State whether the non-executive board members are independent as contemplated in principle 7.27 and 7.28 of King IV] Sample text: During the period under review, the board formally assessed the independence of all non-executive directors, as recommended by King IV. The board has determined that all of the non-executive directors, including the chairperson, [amend as may be appropriate] are independent in terms of King IV's definition of "independence" and the guidelines provided for in principle 7.28. **(King IV Principle 7.38(a))**

2.7. Board Committees [If the NPC has no board committees, state that the board has not appointed any committees]

[Insert statement as to whether the individual board committees are satisfied that they have fulfilled their respective responsibilities in accordance with their terms of reference for the reporting period as required under principle 8.50(f) of King IV].

<b>[Insert name of committee, e.g. Finance Committee]</b>	
<b>Overall role &amp; responsibilities (King IV Principle 8.50(a))</b>	
<b>Members (King IV Principle 8.50(b))</b>	<b>[Insert names]</b> 1. .. 2. .. 3. ..
<b>Key areas of focus during 20yy/20zz [i.e. the reporting period] (King IV Principle 8.50(d))</b>	
<b>Number of meetings held during 20yy/20zz [i.e. the reporting period] (King IV Principle 8.50(e))</b>	

2.8. Attendance at board and committee meetings

[Insert introductory sentence regarding the convening of meetings] Sample text: The board convenes at least quarterly. Special board meetings are convened when necessary. In the period under review, \_\_ [insert number] special board meeting was convened. Board committees [if any] meet \_\_\_\_ [insert frequency of meetings]. Particulars of board and board committee meetings are detailed in the table below. **The board observes Principle 1(c)(iv) of King IV regarding attendance of meetings. (King IV Principle 6.5 (board meetings) and King IV Principle 8.50(e) (board committee meetings)).**

<b>BOARD MEETINGS [sample table contents]</b>													
Director	Total	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]
[name]	9/12	-	✓	✓	✓	-	-	✓	✓	✓	✓	✓	✓
[name]	10/12	✓	✓	✓	-	✓	✓	✓	✓	✓	-	✓	✓
[Etc.]													
<b>[insert name] COMMITTEE MEETINGS [sample table contents]</b>													
Director	Total	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]	[date]
[name]	9/12	-	✓	✓	✓	-	-	✓	✓	✓	✓	✓	✓
[name]	10/12	✓	✓	✓	-	✓	✓	✓	✓	✓	-	✓	✓

[Insert appropriate footnotes to indicate whether director gave an apology and/or reason for non-attendance]

[Add column to deal with board observers]

### 3. ETHICAL LEADERSHIP

[Provide overview of the code of conduct for directors and how the code has been implemented during the reporting period as required under principle 6.5(b) of King IV]

Sample text: Directors are required to maintain the highest ethical standards. To this end, the NPC has adopted a code of conduct for directors, which governs their ethical roles and responsibilities, and provides guidelines on the applicable legal, management and ethical standards.



**The Code is available online at** \_\_\_\_ [insert CID website]

Upon appointment, directors must declare in writing to the chairperson any private interests which could give rise to a potential conflict of interest. These declarations are kept in a register and are regularly updated.<sup>1</sup>

Directors must further disclose in writing to the chairperson if any matter before the board gives rise to a potential conflict of interest. Such a director must recuse himself or herself from consideration and deliberation of, or voting on, the matter giving rise to the potential conflict of interest.

Transparency in personal or commercial interests ensures that directors are seen to be free of personal or business relationships that may materially interfere with their ability to act independently and in the best interests of the NPC.

[Insert board's assessment regarding their members' compliance with the code and any significant issues in this regard during the period under review] Sample text: The board is satisfied that the directors have complied with their duties in terms of the Code during the year under review. No changes to the directors' respective declarations were recorded which could potentially impact their independence. [Or detail any breaches of the code and disciplinary steps taken pursuant thereto] **(King IV principle 1.3)**

### 4. BOARD OVERSIGHT OF RISK MANAGEMENT

#### 4.1. Risk Management Policy

Provide an executive summary outlining:

- The NPC's risk management policy and strategy, if any.
- **Sample text: The board is tasked with implementing a sound system of internal controls to safeguard the company's assets and funds, and ensuring that assets and funds are employed in furtherance of the company's strategic objectives.**

---

<sup>1</sup> The code of conduct provides that the register is under the control of the chairperson and is kept confidential.

- **The board considers risk at each of its meetings as detailed at para [2.8] above. The system of internal controls put in place by the board includes:**
  - o **The five-year strategic plan, approved by the CCT in ... [insert year], which has been implemented across the whole range of company functions.**
  - o **Annual performance targets, with actual performance being monitored at least quarterly.**
  - o **A risk register, reviewed by the board on a bi-annual basis to identify operational risks, establish their likelihood and impact, as well as mechanisms designed to mitigate against these risks.**



The risk register is available online at \_\_\_\_\_ [CID website]

**(King IV Principle 11.9(a))**

#### 4.2. Effectiveness of Risk Management

- The extent to which the NPC has conducted risk assessments during the period under review to determine the efficacy of its aforesaid policy and strategy, and to identify any new risks. **(King IV Principle 11.9(a))**
- **Sample text: During the year under review, the board fulfilled its risk mandate by reviewing the company's risk register at meetings in \_\_ and \_\_ [insert relevant calendar months], and considering issues of risk governance as they pertained to matters under consideration at the \_\_ [insert number of meetings] board meetings convened during \_\_ [insert financial year under review]. The board is satisfied that the systems and processes in place to govern and manage risk are adequate and that the board has executed its risk management responsibilities satisfactorily.**

#### 4.3. Key Business Risks and Opportunities

- Key areas of focus during the reporting period, e.g. key risks facing the NPC, unexpected or unusual risks and risks taken outside of risk tolerance levels. **(King IV Principle 11.9(b))**

**Sample text: The board has identified several material issues that could have a significant impact on the company's financial performance and its ability to achieve its strategic objectives. These issues include:**

- o **Failure by our service suppliers to perform their functions adequately, effectively or within the parameters of their authority.**
- o **Negative perceptions of some in the local community regarding the company's service delivery or expenditure of public funds.**
- o **Cyber-attacks and the impact on the security of confidential information of the Company and its members.**

***The board confirms that no undue or unexpected risks arose during the period under review.***

- Planned areas of future focus. **(King IV Principle 11.9(d))**

***Sample text: The board's planned areas of future focus include identifying areas of improvement within the company's risk management process.***

## **5. ACCOUNTABILITY AND RESPONSIBILITY**

### **5.1. Performance Reviews**

*[Brief reference to the type of assessment undertaken, as well as whether the board is satisfied overall with performance.]*

### **5.2. Delegated limits of authority**

*[Briefly outline: (1) whether the board has delegated any authority to management; and, if so, (2) whether the board has reviewed these delegations during the period under review to ensure that there is an appropriate balance between governance oversight and operational efficiency.]* **(King IV Principle 10.85 and 10.89)**

### **5.3. Supplier Code of Conduct**

Review suppliers code of conduct to ensure that it meets the NPC's ethical standards and business practices.

## **PART D: FINANCIAL INFORMATION**

### **1. Report of the External Auditor**

*[Insert audit report issued by the external auditor]*

### **2. Annual Financial Statements**

*[Attach the audited financial statements]*

## SCHEDULE 4

### BUSINESS PLAN TEMPLATE

\_\_\_\_\_ *[insert name]* **CID BUSINESS PLAN**  
City Improvement Districts (“CIDs”)

*[insert proposed 5-year term]*

*[use of trade mark/logo/graphics/slogans within applicant’s discretion]*



This business plan is available at \_\_\_\_\_ *[insert website]*



## **CONTENTS**

*[Insert itemised table of contents]*

### **A. MOTIVATION REPORT<sup>2</sup>**

#### **a) Introduction<sup>3</sup>**

1. Introductory paragraph, outlining the nature and function of CIDs.

*[Sample text: It is proposed that a CID be established covering an area within the City of Cape Town (the “City”), as described below. A CID is a community-driven venture, allowing the local community, property owners and local businesses to organise and fund improvements of specific areas within the City. Once established by the City, a non-profit company (the “CID Company”), carries out the improvements and upgrades proposed in its business plan, funded by an additional rate levied on rateable property located within the CID. In the case of the proposed CID, it is envisaged that both / only non-residential / non-residential and residential] property owners will contribute to the improvements and upgrades*

2. Name of the proposed district.<sup>4</sup>
3. Specify applicant’s name and provide address for delivery of any notices to the applicant in respect of the application.

---

<sup>2</sup> See item 1 of Schedule 1 to the CID By-law.

<sup>3</sup> The introduction should be brief and stated in plain language. Although the introduction should, at minimum, contain the contents set forth in item 1(a) of Schedule 1 to the CID By-law, it need not necessarily follow the sequence in Schedule 1 and could contain diagrams and graphs to improve user-friendliness.

<sup>4</sup> In the case of applications for extension of an existing CID’s term, the introduction should ideally contain a brief outline of the CID’s history, e.g. the date of its initial establishment; any subsequent term extensions and most notable achievements in relation to the improvement and upgrade of the area. Chapter 8, Section 27 of the CID By-law outlines the requirements of extending the CID term.

4. Describe the geographical area of the proposed CID, including a diagram depicting the street boundaries.
5. Provide a brief overview of the strategic objectives of the proposed CID as they pertain to -
  - 5.1. improving public safety;
  - 5.2. maintenance and cleansing;
  - 5.3. environmental development, including but not limited to beautifying and upgrading public areas and facilities; and
  - 5.4. promoting social and economic development in an environmentally sustainable manner.
6. List the core values of the management body of the proposed CID Company and outline how they will be achieved. (E.g. Transparency & Accountability: to be achieved through submission of annual reports to the local community, facilitation of local community participation in board meetings and members' meetings of the CID company, and publication of relevant documentation online).

**b) Proposed Services and/or Projects**

7. Introductory sentence, outlining why this area needs a CID.
8. Provide brief reference to feedback from the local community received *via* the urban management survey<sup>5</sup> with regard to:
  - 8.1. existing problems and needs of the area; and
  - 8.2. proposed improvements and/or upgrades to address these issues and benefit the area.

---

<sup>5</sup> Conducted in terms of clause 8.1.2 of the Policy.

9. Brief outline of the proposed services and/or projects, foreshadowing the more detailed analysis provided for under paragraphs 10 - 29 below.

**(i) Improving Public Safety**

10. Describe the proposed services and/or projects and the activities forming part thereof (e.g., foot patrols; vehicle patrols; installation of CCTV cameras to monitor public spaces; formal communication and co-operation with the SAPS and neighbourhood watch associations; and other crime prevention initiatives, such as installing additional street lighting).
11. Identify areas within the proposed boundaries of the CID where the improvements and/or upgrades will be carried out.
12. Provide the total estimated costs of these services and/or projects over the term of the CID.<sup>6</sup>
13. Motivate the allocation of resources to any specific area contemplated in paragraph 11, in the event any improvement and/or upgrade will not be uniformly carried out in the proposed CID as a whole.
14. Demonstrate how the proposed improvements and/or upgrades are consistent with the municipality's IDP and with section 22(4) of the Local Government: Municipal Property Rates Act, No. 6 of 2004 (the "MPRA").

**(ii) Maintenance and Cleansing**

15. Describe the proposed services and/or projects and the activities forming part thereof (e.g. additional refuse collection; installing additional trash and recycling receptacles; removal of graffiti and sidewalk litter removal).
16. Identify the area within the proposed boundaries of the CID where the improvements and/or upgrades will be carried out (e.g. only certain corridors or the entire area.)

---

<sup>6</sup> The use of graphics is recommended.

17. Provide the total estimated costs of these services and/or projects over the term of the CID.<sup>7</sup>
18. Motivate the allocation of resources to any specific area contemplated in paragraph 16, in the event any improvement and/or upgrade will not be uniformly carried out in the proposed CID as a whole.
19. Demonstrate how the proposed improvements and/or upgrades are consistent with the municipality's IDP and with section 22(4) of the MPRA.

**(iii) Environmental Development**

20. Describe the proposed services and/or projects and the activities forming part thereof (e.g. planting trees and flowers; maintaining street verges; installing sidewalk planters; and upgrading facilities (such as park benches, playgrounds and public toilets), in public parks or public open spaces).
21. Identify the area within the proposed boundaries of the CID where the improvements and/or upgrades will be carried out (e.g. only selected areas or the entire CID area.)
22. Provide the total estimated costs of these services and/or projects over the term of the CID.<sup>8</sup>
23. Motivate the allocation of resources to any specific area contemplated in paragraph 21, in the event any improvement and/or upgrade will not be uniformly carried out in the proposed CID as a whole.
24. Demonstrate how the proposed improvements and/or upgrades are consistent with the municipality's IDP and with section 22(4) of the MPRA.

---

<sup>7</sup> The use of graphics is recommended.

<sup>8</sup> The use of graphics is recommended.

**(iv) Promotion of Social and Economic Development**

25. Describe the proposed services and/or projects and the activities forming part thereof (e.g. recycling initiatives, job creation initiatives, services for the youth and homeless).
26. Identify the area within the proposed boundaries of the CID where the improvements and/or upgrades will be carried out (e.g. only selected areas or the entire CID area.)
27. Provide the total estimated costs of these services and/or projects over the term of the CID.<sup>9</sup>
28. Motivate the allocation of resources to any specific area contemplated in paragraph 25, in the event any improvement and/or upgrade will not be uniformly carried out in the proposed CID as a whole.
29. Demonstrate how the proposed improvements and/or upgrades are consistent with the municipality's IDP and with section 22(4) of the MPRA.

**c) Financial Impact of the CID**

30. Explain who will fund the CID, viz. the specified the specified category/ categories of ARPs who will be liable for paying the additional rate (e.g. residential, non-residential).
31. How much will it cost?
  - 31.1. Provide an explanation of how the amount of the additional rate is to be calculated, broadly speaking.
  - 31.2. Explain the calculation of the additional rate in respect of the first year of the CID term, illustrated by reference to representative examples of typical valuations in the district.

---

<sup>9</sup> The use of graphics is recommended.

31.3. Refer to the possibility of year-on-year increases or decreases in the additional rate during the second to fifth years of the CID term, accompanied by-

31.3.1. an explanation of the basis of the calculation of potential variations with reference to the term budget (e.g. variations in the municipal rates base of the district pursuant to municipal valuations; inflation; increases expressly provided for in the term budget, as well as additional developments in the district);

31.3.2. an explanation of the guidelines in the Policy governing caps on the maximum amount of the additional rate as a percentage of the municipal rate in any financial year, and how that bears upon any year-on-year increase; and

31.3.3. criteria for exemptions from the additional rate liability under the Rates Policy.

**d) Proposed Management Structure**

32. Outline the requirement to incorporate a non-profit company to manage the CID and implement the business plan.

33. Briefly summarise:

33.1. Membership of the CID Company;

33.2. Composition and election of Directors;

33.3. Measures to ensure inclusivity, e.g. inviting local community members to members' meetings and board meetings regardless of whether or not they are ARPs; and publishing agendas, notices and minutes of members' meetings and board meetings on the CID company's website;

33.4. Financial and Performance Reporting requirements vis-à-vis the City.

**e) Permissible Amendments to the Business Plan**

34. Brief summary of purpose and scope of section 25 of the By-law, allowing amendment of certain limited business plan provisions by the Executive Director at the request of the CID company board without the need to obtain the further consent of ARPs.
35. List any provisions of the business plan which may be amended in accordance with section 25 of the By-law.

**f) List of all Rateable Properties within the CID**

36. In table form, detail:
  - 36.1. the address of the rateable property;
  - 36.2. the City's categorisation of each property in terms of section 8 of the MPRA.

**B. Implementation Plan**

37. In the form of a schedule, list the following in respect of each strategic objective contemplated in paragraph 5 above:
  - 37.1. proposed action steps to achieve the relevant strategic objective;
  - 37.2. key performance indicators in respect of each action step;
  - 37.3. projected commencement and completion dates of each action step; and
  - 37.4. the persons or bodies responsible for the effective implementation of each action step.













**C. Term Budget**

38. Provide proposed term budget in accordance with item 1(3) of Schedule 1 to the By-law. Term budget template will be provided separately by the Executive Director.

**ANNEXURES**

**Annexure A: Public Participation Plan**

39. Attach a copy of the approved public participation plan, as contemplated in section 6(2) of the By-law.

**Annexure B: Public Participation Process**

40. In respect of public meetings and/or AGMs convened in terms of section 6, section 25 or section 26:
- 40.1. Proof of notice of the meeting to proposed ARPs and the local community, viz.:
- 40.1.1. In respect of public notices displayed in the area: (a) an example of the public notice; and (b) photographs depicting examples of the public notices *in situ*, as well as a general description of where such notices were displayed;
- 40.1.2. A table, listing all persons contained in the register provided for in clause 9.3 of the Policy, indicating:
- 40.1.2.1. The notices transmitted or delivered;
- 40.1.2.2. The method of transmission or delivery; and
- 40.1.2.3. The date of transmission or delivery.
- 40.1.3. General description of radio advertisements or broadcasts, if applicable.
- 40.2. The agendas and minutes (signed by the chairperson(s)).

**Annexure C: Table of Comments**

41. Attach the table listing the comments received during the public participation process as well as the applicant's responses thereto, in respect of any application under section 5 or 26 of the By-law.

**Annexure D: Written Consent/Objection**

42. Attach the list of all properties that are liable for paying the additional rate indicating who supported/objected/abstained and include the signed written consent/objection of existing and/or proposed ARPs in respect of any application under section 5 or 26 of the By-law.