



**REPORT OF OVERSIGHT COMMITTEES REPORTING DIRECTLY TO THE COUNCIL** allowed in terms of Section 8(1)(f)(b)(i) of the Rules and Orders for consideration by the Council

Agenda of the Council Meeting of the

CITY OF TSHWANE METROPOLITAN MUNICIPALITY

to be held, in the Council Chamber, Second Floor, Tshwane House, Madiba Street, Pretoria, on **WEDNESDAY, 27 MARCH 2024** at **10:00**, to consider the matters as set out in the agenda.

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Cllr M Ndzwanana  
THE SPEAKER OF COUNCIL

18 March 2023

## F. REPORTS TO COUNCIL

The Speaker, in terms of Section 8(1)(f)(b)(i) of the Rules and Orders, proposes to Council that the report contained in this agenda, from the Special Section 79 Standing Committee: Public Accounts held on 8 March 2024, be submitted for consideration, and subsequently requests the Chair of Chairs, Alderman IP du Plooy, to present the report to Council.

COUNCIL AGENDA : CITY OF TSHWANE METROPOLITAN MUNICIPALITY:  
27 MARCH 2024

REPORTS TO COUNCIL

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COUNCIL AGENDA : CITY OF TSHWANE METROPOLITAN MUNICIPALITY:  
27 MARCH 2024

REPORTS TO COUNCIL

Reference No 69418/1[10/1/3/1/4]  
Bertus Van Zyl (5198)  
COUNCIL: 27 March 2024

1. CITY STRATEGY AND ORGANISATIONAL PERFORMANCE DEPARTMENT  
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT SECTION  
52(D) QUARTER 4 PERFORMANCE ASSESSMENT REPORT ON THE  
IMPLEMENTATION OF THE SERVICE DELIVERY AND BUDGET  
IMPLEMENTATION PLAN (SDBIP)  
**(From the Section 79 Standing Committee: Public Accounts: 8 March 2024)**

1. PURPOSE

The purpose of the report is to table –

- the unaudited performance of the City of Tshwane against the targets in the approved adjusted Service Delivery and Budget Implementation Plan (SDBIP) set to be achieved over the Quarter 4 of the 2022/23 financial year in line with Section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), unaudited reporting status on the C88 indicators as well as the performance against the milestones set for the fourth quarter of the 2022/23 financial year on the City's capital projects; and
- the unaudited performance of the municipal entities against the targets set for the Quarter 4 of the 2022/23 financial year in line with their adjusted approved business plans.

2. STRATEGIC PRIORITIES

This report addresses the following strategic priority:

- A professional public service that drives accountability and transparency

3. BACKGROUND

The Municipal Finance Management Act Section 52(D) Quarter 4 Performance Assessment Report on the implementation of the Service Delivery and Budget Implementation (SDBIP) Report was tabled at the Mayoral Committee on 19 July 2023 and also served at the Council meeting of 27 July 2023. The Council has referred the report to the Municipal Public Accounts Committee (MPAC) for consideration.

#### 4. DISCUSSION

The Council Resolution for the Municipal Finance Management Act Section 52(D) Quarter 4 Performance Assessment Report on the implementation of the Service Delivery and Budget Implementation (SDBIP) Report has been attached as an Annexure to this report.

#### 5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

##### 5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

There are no financial implications emanating as a result of this report for the City of Tshwane as the purpose of the report is to table the:

- the unaudited performance of the City of Tshwane against the targets in the approved adjusted Service Delivery and Budget Implementation Plan (SDBIP) set to be achieved over the Quarter 4 of the 2022/23 financial year in line with Section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), unaudited reporting status on the C88 indicators as well as the performance against the milestones set for the fourth quarter of the 2022/23 financial year on the City's capital projects; and
- the unaudited performance of the municipal entities against the targets set for the Quarter 4 of the 2022/23 financial year in line with their adjusted approved business plans.

##### 5.2 COMMENTS OF THE GROUP HEAD: GROUP LEGAL AND SECRETARIAT SERVICES

The purpose of the report is to table –

- the unaudited performance of the City of Tshwane against the targets in the approved adjusted Service Delivery and Budget Implementation Plan (SDBIP) set to be achieved over the Quarter 4 of the 2022/23 financial year in line with Section 52(d) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), unaudited reporting status on the C88 indicators as well as the performance against the milestones set for the fourth quarter of the 2022/23 financial year on the City's capital projects; and
- the unaudited performance of the municipal entities against the targets set for the Quarter 4 of the 2022/23 financial year in line with their adjusted approved business plans.

In terms of Section 11 (3) (a) (k) & (n) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (hereafter referred to as the "MSA"), a municipality exercises its legislative or executive authority by developing and adopting policies, plans, strategies and programs, including setting of targets for delivery, establishing and implementing performance management systems and also by doing anything else within its legislative and executive competence.

Section 46 (1)& (2) of the MSA provides that, (1) A municipality must prepare for each financial year a performance report reflecting-

- a. the performance of the municipality and of each external service provider during that financial year;
  - b. a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
  - c. measures taken to improve performance.
- (2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

In terms of Section 52 (d) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (hereafter referred to as "MFMA"), the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

This report is in compliance with the provisions of Regulation 13 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 published in terms of the "MSA" and the Performance Management Policy and Procedure developed by the City of Tshwane (dated 28 August 2008), whereby the purpose of reporting or giving feedback is to assist in monitoring, which aims to provide Managers, decision makers and other stakeholders with a regular feedback on the progress made with implementation so that corrective measures may be put in place, where necessary.

Having taken regard to the aforesaid and with specific reference to the contents of the report, Group Legal and Secretariat Services Department supports the approval of the report and the recommendation thereof.

## 6. IMPLICATIONS

### 6.1 HUMAN RESOURCES

In areas where human resources challenges have been identified, the city must, within its means, undertake to resolve such challenges.

### 6.2 FINANCES

The report does not have any financial implications.

### 6.3 CONSTITUTIONAL AND LEGAL FACTORS

This report is developed in compliance with Section 52 (d) of the MFMA. It focuses predominantly on the non-financial performance. The report developed by the Group Financial Services Department focuses on the City's financial performance.

### 6.4 COMMUNICATION

This report was made public in line with Section 21A of the Local Government: Municipal Systems Act, 2000. The report was submitted to the National Treasury,

the Gauteng Provincial Treasury, and the provincial department responsible for Local Government.

#### 6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

None

#### 7. CONCLUSION

Target achievement remains a major challenge and affects the realisation of the city's commitments to service delivery.

#### ANNEXURE:

- A. [13. MFMA Quarter 4 Performance Assessment report on the SDBIP.pdf](#)

#### RECOMMENDED:

1. The consideration of the unaudited performance of the City of Tshwane against targets set to be delivered over the Quarter 4 period 2022/23 financial year as presented in the adjusted Service Delivery and Budget Implementation Plan (SDBIP) for the 2022/23 financial year, as well as the performance against the milestones for capital projects set to be delivered over the fourth quarter, developed in line with Section 52(d) of the Municipal Finance Management Act.
2. The consideration of the unaudited performance of the municipal entities against the targets set for Quarter 4 of the 2022/23 financial year in line with their approved business plans.



Reference No 20540/1[CATERING20540/01]  
 Judith Maluleka (3408)  
 COUNCIL: 27 March 2024

2. OFFICE OF THE SPEAKER DEPARTMENT  
 REPORT ORDINARY COUNCIL CATERING COST AND CONTRACTOR  
**(From the Section 79 Standing Committee: Public Accounts: 8 March 2024)**

1. PURPOSE

The purpose of the report is to seek the Group Head in the Speaker's Office and Supply

Chain Management, to submit a report at the next meeting of the Section 79 Standing

Committee: Municipal Public Accounts regarding the cost and contractor providing catering for Council meetings.

2. STRATEGIC PRIORITIES

This report addresses the following key strategic priorities embodying the 2022 – 2026 Integrated Development Plan (IDP), namely:

- A professional public service that drives accountability and transparency.

A City that is open, honest and responsive

3. BACKGROUND

The City of Tshwane is established and derives its powers/mandate from the Cooperate systems delegation, Governance model and Municipal Structures Act. The City of Tshwane plays a coordination and management role for council. The City of Tshwane amongst others, oversees and coordinates council and its committees and mandated to play Oversight on the executive and administration of departments in terms of the relevant legislation.

This specification serves to initiate the process of sourcing and appointing a panel of professional service providers to render catering service/s for the City of Tshwane as and when required for a period of three (3) years to provide meals, refreshments, services, equipment as required for functions, meetings, civic events, civic funerals and public, participation. Performing their roles. In doing so, stringent financial controls are applied, and parties are required, when convening party events, to follow the SupplyChain Management Policy of the municipality.

As per the policy, the allocation of the funds to the various political parties are disbursed proportionally per financial year (FY), and there is a specific GL account and cost centre designated for this particular purpose – namely cost centre 219 and GL account number 412070.

The public standing committee on the 6th May 2022 discussed and questioned the quality of food that was provided on the 31st of March 2022 for Ordinary Council meeting.

## THE COST AND CONTRACTOR PROVIDING CATERING FOR COUNCIL MEETINGS.

MPAC submitted the following request for the calling of a report in relation to the above:

“SUBJECT”

The cost and contractor providing catering for Council meetings.

### MOTIVATION

The quality of food as well as the lack of cutlery for breakfast and lunch at Council.

At the Council Meeting on Thursday 31st March 2022, the breakfast consisted of dryscone, an apple and a toasted sandwich with polony on.

They were called Cheese and ham sandwiches. The juices were not enough for all councilors and there was no water.

Lunch time were hundreds of meals more than councilors, only plastic spoons and only for some meals, with others not even having any plastic spoon to eat with.

## 4. DISCUSSION

The standard process and procedure within the office of the speaker for the procurement of the catering services for Ordinary council meetings is as follows.

- The section which requests the necessary catering and or refreshments to be rendered for the Ordinary Council meeting.
- There is a section responsible for the procurements of catering service(s)
- There is a component responsible for Auxiliary Council support section which further handles the catering, necessary tools, equipment, furniture etc.
- And there is another component which amongst its KPA's they are responsible for the protocol and ushering of all council members and invited guest(s)

Based on the above-mentioned sections the standard process and procedure with the Speaker's office is undertaken on a monthly basis and as and when required,

The Council and Secretariat services submit a signed service request form to the MAS section for the preparation of the specification.

Once the said specification is prepared and is signed by the Divisional Head responsible and is approved by the Group Head. The approved specification is submitted together with the relevant documents to Supply Chain Management support personnel for advertising processes and further handling.

Supply Chain Management upon completion of their administrative process and recommendations they invite the Office of the Speaker for evaluation process.

The Supply Chain Management prepares and consolidates their report for the necessary signatures with recommended bidder.

The office support personnel (MAS) receive the signed report and create the purchase requisition for Supply Chain to approve and for the creation of purchase order necessary.

The recommended service provider is contacted and briefed with the expected service to be rendered by the relevant personnel (Auxiliary Support).

## 5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

### 5.1 COMMENTS OF THE CHIEF FINANCIAL OFFICER

Cognisance is taken of the contents of the report.

It's important to highlight that funds designated for catering were allocated under Cost Centre 219, GL 412070 (Catering: Outsourced) in the approved financial year 2021/22, intended for providing refreshments and/or catering services in accordance with the approved Supply Chain Management process, as stipulated by the Municipal Finance Management Act 56 of 2003 and National Treasury Regulations.

The report specifies that the budget allocated for Catering: Outsourced in the 2021/22 financial year stands at R119,270.00, and the contract was awarded to Nendou Trading (Vendor 224588) for the provision of refreshments and/or catering services, following the approved Supply Chain Management process tender OS 01-2017/18, in compliance with the Municipal Finance Management Act 56 of 2003 and National Treasury Regulations.

During the public standing committee meeting on May 6, 2022, there was a discussion and inquiry regarding the quality of the food provided during the ordinary Council meeting on March 31, 2022.

The Group Financial Services has advised all departments to prioritize the principle of obtaining value for money when procuring goods and services. Any corrective actions taken should not jeopardize the City's cash flow or hinder the implementation of stringent cost containment measures.

Furthermore, it is important to emphasize that the City's cash position remains severely limited, underscoring the necessity for all departments to strictly adhere to the cost containment measures. The ongoing financial turnaround efforts require concerted efforts from all stakeholders. of the City requires cooperation between the administration and Council.

## 5.2 COMMENTS OF THE GROUP HEAD: GROUP LEGAL AND SECRETARIAT SERVICES

The purpose of the report is to seek the Group Head in the Speaker's Office and Supply Chain Management, to submit a report at the next meeting of the Section 79 Standing Committee: Municipal Public Accounts regarding the cost and contractor providing catering for Council meetings.

Section 79 Oversight Committees are established in terms of section 79 of Municipal Structures Act 117 of 1998, hereinafter referred to as 'MSA'. Section 79(1) of the Act, among others stipulates that a municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers; and must determine the functions of a committee. MPAC was established pursuant to these provisions.

The City is required to give regular feedback to all role players in terms of Regulation 13 of Performance Management Regulations, 2001 published under the Municipal Systems Act, 2000 (Act No. 32 of 2000). The Regulation provides that the purpose of reporting or giving feedback is to assist in monitoring, which aims to provide managers, decision makers and other stakeholders with regular feedback on the progress made with implementation so that corrective measures may be put in place, where necessary.

Having taken regard to the aforesaid, and with specific reference to the contents of the report, Group Legal and Secretariat Services take cognizance of the report and its recommendations.

## 6. IMPLICATIONS

### 6.1 HUMAN RESOURCES

No human resource implications are anticipated.

### 6.2 FINANCES

The Catering: Outsourced budget currently available for the 2021/22 financial Year was R119,270.00 and was awarded to Nendou Trading (Vendor 224588) for purposes of providing refreshments and or catering services as per the approved Supply Chain Management process tender OS 01-2017/18 in line with the Municipal Finance Management Act 56 of 2003 and National Treasury Regulations.

### 6.3 CONSTITUTIONAL AND LEGAL FACTORS

Governance model and MPAC Terms of Reference.

### 6.4 COMMUNICATION

The report will be communicated to the relevant stakeholders and the Office of the Speaker upon approval.

## 6.5 PREVIOUS COUNCIL OR MAYORAL COMMITTEE RESOLUTIONS

None.

## 7. CONCLUSION

The Municipal Public Accounts Committee (MPAC) resolved at its meeting held on 6 May 2022 to call for a report pertaining to the cost and contractor providing catering for Council meetings. This report seeks to respond to the request of the Committee and the submission thereof forms part of accountability.

### **IT WAS RECOMMENDED (SECTION 79 STANDING COMMITTEE: PUBLIC ACCOUNTS: 8 MARCH 2024):**

That cognizance be taken of the report.

**During the discussion of this item by the members of the Section 79 Standing Committee: Municipal Public Account held on 8 March 2024, the following Councillors participated in the debate:**

**Cllr S Muller  
Cllr AM Maluleka  
The Group Head: Office of the Speaker**

**Hereafter, Councillor M Joubert seconded by Councillor S Muller proposed the following recommendations:**

**(Unaltered)**

- “1. That the wasteful expenditure be investigated.**
- 2. That the department give invoices and or quotations for all expenses.**
- 3. That the Committee to refer report to Group Audit and Risk.”**

**The Committee Acceded to Cllr M Joubert proposal, and it was therefore resolved as set out below:**

### **ANNEXURES:**

- A. [Minutes Public Accounts 6 May 2022.pdf](#)
- B. [SCM Report part 1 COUNCIL.pdf](#)
- C. [C9 REPORT MPAC COUNCIL CATERING COST.docx](#)

**RECOMMENDED:**

1. That cognizance be taken of the report
2. That the wasteful expenditure that is outlined in the report be investigated.
3. That the relevant department submits to the Section 79 Standing Committee: Public Accounts the invoices and or quotations for all expenses incurred.
4. That the report be referred to the Group Audit and Risk department

JUDITH MALULEKA: (012) 358 3408  
COUNCIL: 27 March 2024

3. OFFICE OF THE SPEAKER  
REPORT ON THE INSPECTION- IN- LOCO OF THE SECTION 79 STANDING  
COMMITTEE: PUBLIC ACCOUNTS CONDUCTED AT THE WONDERBOOM  
AIRPORT ON 27 JUNE 2023  
**(From the Section 79 Standing Committee: Public Accounts: 8 March  
2024)**

1. PURPOSE

The purpose of this report is to present findings of the inspection- in- loco that was conducted at the Wonderboom National Airport on 14 June 2023, by the Section 79 Standing Committee: Municipal Public Accounts (MPAC) as per the approved Process Plan.

2. STRATEGIC PRIORITIES

The findings reported herein are guided by:

Priority 2: Provide stringent financial management and oversight.

Priority 9: Provide a professional public service that drives accountability and transparency.

3. BACKGROUND

MPAC at its meeting of 09 June 2023 considered the item, Wonderboom National Airport tenancy occupancy status and generated revenues. The Committee after scrutinising the report resolved as follows:

1. That it be recommended to Council
2. That cognisance be taken of the revenue that the City of Tshwane generates out of Wonderboom National Airport.
3. That cognisance be taken of the lease agreements situation at the Airport.
4. That cognisance be taken of the tenant occupancy demographics of rentable premises at Wonderboom National Airport.
5. That an Inspection-*in-Loco* be conducted to the Wonderboom National Airport in order for the Section 79 Standing Committee: Public Accounts to take informative decisions regarding the report and that the Chairperson of

the Committee arrange a meeting with the Group Head: Group Legal and Secretariat Services regarding the leases.

#### 4. DISCUSSIONS

As per recommendations 5 of the Committee meeting held on 09 June 2023, the Municipal Public Accounts Committee members conducted the inspection on 27 June 2023 at the Wonderboom National Airport

It is important to note that the airport, like many other small and medium sized general airports in South Africa, is a commercial entity. The airport enterprise is encapsulated and governed by the City of Tshwane Local Government Service Delivery Model. This then implies that the airport, which is regarded as a local strategic economic asset, is in the business of providing public service to the aviation community and society at large.

During the visit to the airport, the airport manager delivered verbal presentations to the Committee, highlighting the following as services provided by the airport:

- Municipal water and electricity services
- Aeronautical Revenue
- Airport Property Leases

##### 4.1 MUNICIPAL WATER AND ELECTRICITY SERVICES

The service is provided by the City of Tshwane ,through Impact Meter Services. The revenue from services rendered accrues directly to the City of Tshwane except for Property Rentals. Revenue from water and electricity sales is collected through the contracted services (Impact Meters) and therefore doesn't form part of the Airport's income statement.

Property Rental charges are long-term revenue generation commitments that are subject to the conclusion of lease agreements with interested members of the public, guided by:

1. Local Government: Municipal Finance Management Act (Act No.56, 2003).
2. National Treasury Municipal Asset Transfer (MAT) Regulation 34(1)(b)and Regulation 36 of 2008.
3. Land Management Policy approved by Council on 28/03/2019.

Property Rentals remain the main revenue contributor constituting 68.8% of the total, followed by Aeronautical with 31.17%.

Aviation fuel sales together with vehicle parking fees are streams of revenue which were dormant, but in the process of resuscitation through



the implementation of the Airport Strategic Turnaround Strategy already endorsed by Council.

Charges on refuse and industrial waste removal are included on the rentals – albeit minimal. Thus, to optimize revenues from waste removal, the Airport with the assistance of the Waste Management Services Division has concluded an audit and will be imposing applicable charges to tenants, based on the audit.

The 2022/23 target revenue of R 16.250 million to be generated at Wonderboom National Airport was exceeded by 30% as at end of Quarter 3. The revenue generated at the Airport in Quarter 3 of the 2022/23 FY improved by 36.67% compared to the same period in the 2021/22 FY. Reasons for over performance against annual target and prior year achievements are ascribed to the significant changes on tariffs previously charged and actions undertaken regarding the billing and invoicing for aeronautical activities. These are:

- Implementation of the Turnaround Strategic Plan i.e., adjustment of the Tariff Structure, Migration of Revenue Accounting Systems, and streamlining of revenue collection business processes to address recurrent Audit Findings.
- Redefinition of aircrew training activities,
- Review of aeronautical contracts and their applicability, and
- Registration of Airport tenants, operators, aircraft, and their owners for billing and invoicing purposes.

#### 4.2 PLANS TO INCREASE AERONAUTICAL REVENUE

The changes identified as fundamental towards increasing revenue are:

- (1) The change of the departure passenger tax to include arrivals; and
- (2) Rescission or reduction of the 80% discount of aeronautical charges for aircrew training activities.

The rationale for the charging of the “*Arrival Passenger Tax*” is owed to the following facts:

- Wonderboom National Airport is a general aviation airport operated outside the principles of a single-economic entity compared to Airports Company South Africa (ACSA) wherein the passenger origin – destination travel starts and ends at an ACSA airport. Therefore, passenger taxes cannot be charged twice by ACSA on departure and arrival.
- Wonderboom National Airport services a plethora of smaller aerodromes and landing strips in remote areas, farms, mines, and

lodges. From the Airport traffic statistics, over 90% of the passenger traffic using Wonderboom is inbound, arriving from those far-flung areas as opposed to outbound or departing traffic. Therefore, the passenger tax should follow the type of the traffic utilizing the airport.

- The 80% Discount given to flight training schools at Wonderboom National Airport should also be reviewed in the 2023/24FY. The discount is excessive and not aligned with the cost of doing business i.e. provision of air traffic and navigation services, electricity, etc.

#### 4.3. WONDERBOOM NATIONAL AIRPORT PROPERTY LEASES WERE FOR:

- (1). Land that the Lessees should develop at own costs; and
- (2). Land and Buildings, office, parking, and retail spaces that the Lessees at their own volition can still alter and/or add improvements.

Regardless of the varying Airport authorities that enter into the Lease Agreements, and the type of the premise to be rented, the Lease Agreements at Wonderboom Airport differ in their terms and conditions as negotiated with each respective Lessor/Tenant

The Lease Agreement that the City of Tshwane Metropolitan Municipality (CTMM) supposedly entered with the Lessees arose from the 2005 Council Resolution.

Council has passed a Resolution in 2005 on the use of the New Lease Agreement at Wonderboom National Airport in promotion of private sector investment towards the development and expansion of the Wonderboom National Airport. Council in 2005 adopted the new lease agreement for Wonderboom Airport as recommended, as the decision was motivated by the need to resolve the following inherent challenges:

- The old lease agreement was developed in the late 1980s and not compliant with new legislation.
- Investments made could only be done through private equity and not through debt finance or loan.
- Financial institutions regarded investment on Wonderboom Airport as a risk because the investment could get lost to the local authority in total.
- Biasness of the lease as certain tenants received exclusive rights over the long term.
- Tenants rented areas of “approximate sizes” and not exact/proper surveyed

site sizes.

- Proliferation of disputes over site-size.
- Exploitation of system weaknesses by tenants to evade rental payments.
- High risk of Airport financial instability; and
- Inability to transform the airport aviation market environment or difficulty to implement the BBBEE code because of the old property rental contract framework.

## 5. COMMENTS FROM STAKEHOLDER DEPARTMENTS

Not applicable.

## 6. IMPLICATIONS

### 6.1. FINANCIAL

The reported findings demonstrate the potential to loose revenue due to the 80% discount given to flight training schools, which was excessive and not aligned to the cost of doing business i.e. provision of air traffic, navigation services and electricity.

Measures implemented to optimize revenue from waste removal, is a step in the right direction, as the audit will assist in determining applicable charges.

### 6.2. HUMAN RESOURCES

There is a need for enhanced security measures and controls at the airport, as exploitation of system weaknesses by tenants lead to evasion of rental payments.

### 6.3 COMMUNICATION

The MPAC resolutions emanating from the inspection will be communicated to Council.

### 6.4 CONSTITUTIONAL AND LEGAL FACTORS

This report is underpinned by legislative requirements and strategic priorities of the City as listed above.

### 6.5 PREVIOUS COUNCIL AND MAYORAL COMMITTEE RESOLUTIONS

The inspection in loco is supported by the terms of reference as outlined in the Governance Model, which is a Council resolution of 09 June 2011.  
The inspection emanates from the MPAC meeting of the 09 June 2023

## 7. CONCLUSION

Wonderboom National Airport's business model generates revenue primarily through various channels, including property rentals, aeronautical services, aviation fuel sales, refuse and waste removal services, provision of aviation security access and revenue from vehicle parking facilities.

Currently, the revenue streams from vehicle parking and aviation fuel retail are inactive, but there are plans in place to revive and revitalize these revenue sources.

The generated revenue at the airport exhibited a mixed trend over time, influenced by the governance and administration of the airport, as well as the availability of aviation fuel for retail during any given period. Historically, leading up to 2020, the most significant source of revenue for the airport was consistently the sale of aviation fuel.

The 80% discount provided to flight training schools at Wonderboom National Airport should be subject to review in the 2023/24 fiscal year. This discount is deemed excessive and does not align with the actual cost of providing essential services such as air traffic and navigation services, electricity, and more. An assessment of this discount is necessary to ensure fairness and sustainability in the airport operations

## ANNEXURES:

Kindly see attached photos from inspection in loco (ANNEXURE A-D) and attendance register.

ANNEXURE A



ANNEXURE B



ANNEXURE C



ANNEXURE D



### RECOMMENDED:

1. That MPAC takes cognizance of the report.
2. Quarterly reports be submitted to MPAC on Rescission and/or Review of the 80% Discount on Airport Tariff Charges for aircrew training activities effective from September 2024.
3. Restructuring and Provision of New Lease Agreements for all Rentable properties at Wonderboom Airport be implemented and progress reports thereof be submitted to MPAC effective from September 2024.

## CONFIDENTIAL: NOT FOR PUBLICATION

CONFIDENTIAL MATTER(S)

Reference No 06002/1[5/1/P]

Llele Poo (8950)

COUNCIL: 27 March 2024

4. GROUP AUDIT AND RISK DEPARTMENT  
SEC 32 ACTIVATION REPORT ON IRREGULAR EXPENDITURE (USD WS 09-2017/18)  
**(From the Section 79 Standing Committee: Public Accounts: 2 February 2024 and the Section 79 Standing Committee: Public Accounts 8 March 2024)**  
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**CONFIDENTIAL: NOT FOR PUBLICATION**

Reference No 25138/1[5/1/P]  
Makhapule Khosa (0947)  
COUNCIL: 27 March 2024

5. GROUP AUDIT AND RISK DEPARTMENT  
SECTION 32 ACTIVATION REPORT ON IRREGULAR EXPENDITURE (SDC T10  
2016/17)  
**(From the Section 79 Standing Committee: Public Accounts: 2 February 2024  
and the Section 79 Standing Committee: Public Accounts 8 March 2024)**  
***(Due to the confidential nature of this report, it will be distributed  
electronically to Councillors only and will therefore not be loaded on  
SharePoint)***

## **CONFIDENTIAL: NOT FOR PUBLICATION**

Reference No 92576/1[5/1/p]

Llele Poo (8950)

COUNCIL: 27 March 2024

6. GROUP AUDIT AND RISK DEPARTMENT  
MPAC SECTION 32 REPORT  
**(From the Section 79 Standing Committee: Public Accounts: 2 February 2024  
and the Section 79 Standing Committee: Public Accounts 8 March 2024)**  
***(Due to the confidential nature of this report, it will be distributed  
electronically to Councillors only and will therefore not be loaded on  
SharePoint)***



**CONFIDENTIAL: NOT FOR PUBLICATION**

Reference No 96232/1[5/1/P]

Llele Poo (8950)

COUNCIL: 27 March 2024

7. GROUP AUDIT AND RISK DEPARTMENT  
SECTION 32 ACTIVATION REPORT ON IRREGULAR EXPENDITURE (USD EE  
31 2017/18)  
**(From the Section 79 Standing Committee: Public Accounts: 2 February 2024  
and the Section 79 Standing Committee: Public Accounts 8 March 2024)**  
***(Due to the confidential nature of this report, it will be distributed  
electronically to Councillors only and will therefore not be loaded on  
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