

Good Afternoon Ladies & Gentlemen

Welcome to the Annual General Meeting of the GSCID Nov 2018

Its gives me great pleasure to submit my **Chairman's Report**

INTRODUCTION

Once again as a general opening comment, I am pleased to report that the GSCID, over the last year, under the guidance of our General Manager, Nina Farrell, has been operating effectively.

You will see in her upcoming Report the extent to which she personally, and key members of her team, are extensively involved in the daily comings & goings in the CID area, and have implemented some key initiatives. It is to their credit that they show such interest and engagement in their tasks.

As you all know it is the GSCID's job to address **Crime, Grime & Social issues** in any given precinct. In our CID, Crime & Grime issues continue to be **our focus** – it is our responsibility to maintain and improve the environment which daily affects our Stakeholders ability to operate & thrive. This I believe we have done well. In addition, we have had several successes on the social / homeless front.

FINANCIAL PERFORMANCE

The Financial Statements for the year under review reflect a business on a solid footing with ample reserves. Being a **Non –Profit company**, it is our objective each year to minimise expenditure and match this with income by way of a levy on the Rates base. In an ideal world, we should not make a profit. However, Income levied revolves around the City of Cape Town Rating system and the collection thereof, so we cannot budget for a 100% recovery, which means if we do our jobs well there is always likely to be a windfall in collection, for which we do not budget.

Currently we have an annual cash flow of approx. R7m which is focussed entirely on running costs of which circa 70% is spent on **Security & Cleaning (Crime & Grime)** – which is as it should be. Cost escalations have been monitored with scrutiny, and operational efficiencies continue to be the focus. Indeed, our expenses are closely monitored.

Suffice to say that this year, we made a profit this year, relative to a surplus of circa R900,000 from the last year. This arises from the fact that we had a large contribution from the recovery of Retention Debtors (arrears), as well as tight control on the operating expenditure. We have had additional windfall this year from retentions arising from back charged levies. We have played a role in aiding with debt recovery. Balance sheet funds have been prudently invested at the bank to ensure good interest return. All in all, this represents a good performance.

Our balance sheet is strong. We have circa R4m in the bank, before the use of some spoken for capital projects.

You would think that the more reserves you have the better, however it is also important to use such reserves, naturally in prudent fashion. In an ideal world our reserves should be equivalent to 3 months' worth of levies (+/- R1.5m). So theoretically, we have the excess to invest in Capital

Projects which upgrade / improve the business CBD in some manner that will benefit all our Stakeholders.

Timing is always an issue. So, some projects are already on going or are spoken for, and we are in the process of implementation, per our last AGM. For instance, a key project has been the implementation of our camera system, as well as the construction of the control room. Both of which we are immensely proud. We have optimally made use of reserve funds as well as leased operating models – to maximise benefit. These are further steps in achieving a vision of a pedestrian friendly academic and business node. Additionally, we have used additional foot patrollers and horseboxes to ensure that we aid in our crime combating modus. The statistics show the GSCID to have seen continued improvement in these statistics.

But even with such projects we still have reserves and operating surplus to spare. We shall accordingly be asking the AGM to confirm our continued attendance on the prior approved capex, as well as to allow us to commit to a further reasonable spend, to implement projects that talk to our goals set out in our spatial development framework, which talk to allowing for greater public use of spaces and to encourage the node as an educational precinct. Additional cameras, horseboxes and items that focus on a visible presence remain key focal areas. Following the example of our Claremont neighbours we shall also like to consider the implementation of the State of GSCID report, which will aid in marketing our node.

It remains our earnest focus to use these funds as best we can to the benefit of our stakeholders.

GENERAL OPERATIONS

On a general operational front, Nina continues to sit in captain's seat of the GSCID organisation, and steer the ship well. Her role continues to highlight the GSCID's commitment to growth and mentoring of those involved in it. Our Board and Board EXCO continues to work closely with Nina to ensure regular discussion and good governance. Once again, my thanks to my fellow directors who volunteer their time for this cause. They have ensured the continued efficacy and legacy of the CID.

Various charitable drives have occurred during the year, as set out in our General Manager's report.

Night operations and additional clean-up efforts have been a regular occurrence this last year.

This year we have seen the partnership with the LMRID come to the fore. This partnership has ensured the long-term goal of linking the GSCID to the residential areas that serve it. We are grateful for the efforts of Nina, as well as Simon Birch and Mark Gammon in ensuring this partnership. Thank you. Indeed, we are pleased to note that the LMRID has embarked on the camera installation journey with us ensuring greater coverage of our node.

With the advent of a tougher economy so we see debt on the rise. But even with that the GSCID continues to show a strong collections track record, highlighting that ultimately stakeholders are happy. Even those that have withheld funds, on points of legal principle, have not done so simply

without cause, and we have engaged with such stakeholders with the City's blessing to ensure that settlement occurs – highlighting an actively engaged CID.

MOVING ON – GSCID DESIREABLE PLACE TO DO BUSINESS

Rentals remain strong.

Current vacancies (as reflected by SAPOA) at the end of October 2018 are at circa 4% in our node, relative to a national average of 11%.

These figures are remarkable and are lower than they have been for many years, and like our neighbours in Claremont certainly are better than many other comparative areas. Partly, I guess, because there have been a number of CBD conversions to Residential & also because of the influx of people and businesses relocating from up north (as reflected by the increased congestion on our roads).

Compared to the rest of the country, the Western Cape is in a bubble & continues to perform well. The fact that we have such strong functioning CID's I believe talks strongly to this point of why the Cape node performs well. Ultimately, we aid in providing a good safe place to do business.

Also, importantly this remains a strong node for education with the likes of UCT, CPUT and Varsity College in our midst, as well as strong primary and secondary schools. This provides a strong draw card for business and residential investors alike.

Developments continue to occur within our CID, showing a good indicator of satisfaction and growth.

BUDGET 2019/20

Our 2019/20 Budget has been distributed and reflects a 7% increase in gross levies, what that equates to will depend on the appropriate valuation. The budget has been attached for approval by the Meeting and any related questions can be dealt with then. We are, as mentioned carrying out specific projects, and special operational projects, e.g. targeted security, to also make use of our reserves. Our additional income is linked to additional services, which would be treated as non-core, in the event such income diminished and these non-core services would naturally have to be cut.

ADDITIONAL SERVICES

Through the kind generosity of UCT we are able to supplement our core security services through a collaborative arrangement. The University allows us to supplement our core guarding services through their efforts.

As mentioned, discussions are in place for additional funding from residential bodies corporate, as well to operate public parking and earn some additional revenue from same, which can be put to additional security / cleaning/ projects in due course.

We engage with neighbouring CID's to ensure as well that we aid in providing seamless service to our constituents.

THANKS

Finally, a few words of thanks: -

To the officials of the City with whom we deal with on a daily basis

To our service providers – particularly Securitas & Straatwerk, as well as to Ingrid Frieslaar.

To the SAPS – Mowbray and Rondebosch branch in particular

Relationships are at the heart of any business concern. The GSCID is no different. It is through these valuable relationships that the GSCID is able to operate as well as it does. We do not take them lightly. We thank each and every person with whom we are engaged with tackling our mandate. You make this CID possible.

Personally, from myself –

Thanks to our GSCID staff – particularly our General Manager Nina Farrell and her team. To those who donate to us so generously, namely UCT and to Growthpoint, thank you.

Thanks to Councillor Paddy Chapple of the City of Cape Town, and to the stalwart members of the UCT team that aid us, AND of course, thanks to my fellow Directors.

Once again, we look forward to a good year ahead next year.