

# Board Meeting Held 26 June 2019



At 18h30  
DUCT Offices  
240 West Street, Pietermaritzburg

Meeting called by: David Still

Type of meeting: Directors Meeting

**Attendees:** David Still – Chairman (DS)  
Kirsten Oliver (KO)  
Liz Taylor (LT)  
Mark Graham (MG)  
Trevor Gorven (TG)

**Apologies:** Khuthalile Mahlaba (KM)  
Zama Siqalaba (ZS)  
Colin Everson (CE)  
Sandile Ndawonde (SN)

**By Invitation:** Faye Brownell (FB)  
Gill Graaf (GG)  
Sithembiso Sangweni (SS)  
Belinda Putterill (BP)

## Minutes

**Agenda item:** Actions from previous minutes (April 2018)

**Presenter:** All

### Discussion:

The progress for each of the unresolved action items is highlighted in the table below.

Action items	Person responsible	Comment	New Deadline
1. DEA achievements on DUCT Website	FB	Not done as yet. To be completed with website update by marketing intern.	01/06/2019
2. DUCT to consider a partnership with St Nicolas school on Waste	FB	A clean up event was organized with St Nicolas.	
3. GG, FB and DS to meet to discuss Medium Term Budget outlook and determine Cashflow impacts by current and possible future project delays.	DS, GG and FB	Done	
4. Determine feasibility of Staff Bonuses	DS, GG and FB	Very limited bonuses were paid out in December due to cashflow constraints.	

Action items	Person responsible	Comment	New Deadline
5. FB, GG and LS need to re-assess CV's with a focus on candidates' experience within the Environmental/NPO sector.	FB, GG and LS	Financial Manager advertisements not to be pursued at this time.	
6. Sue (Payroll Administrator) to be replaced before the end November. Suitable candidates from 160 CV's that applied for Financial Manager's position will be selected and approached.	FB, GG and LS	Noma Ntshangase appointed from within. Training to capacitate her to fulfill the role is underway.	
7. GG should explore the possibility of a loan for the purpose of purchasing a vehicle.	GG	This is not possible due to status of bank balance.	
8. FB to submit a request to the National Lotteries Board to utilise the remaining unspent funds of the project on purchasing a vehicle.	FB	This was completed and submitted with quotation for a new Mahindra. Awaiting response from Lottery.	
9. Jacob Sikhonde's family	SS	Sithembiso met with the family and legal battles are ongoing.	

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**Agenda item: Welcome & Apologies**

**Presenter: David Still**

**Discussion:**

The Chair welcomed all attendees and noted the apologies noted above.

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**Agenda item: Adoption of Previous Minutes**

**Presenter: David Still**

**Discussion:**

The minutes of the last meeting on 24th October 2018 were reviewed for adoption.

- Corrections were noted with the reference to GF under action items carried forward.
- Spelling of Colenbrander should be corrected to Colenbrander

**Conclusions:**

The minutes were proposed by DS, confirmed by TG.

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**Agenda item: Finances**

**Presenter: Gill Graaf**

**Discussion:**

Management Accounts:

- Gill presented the Draft Management accounts up to the end of May 2019. Although a loss was projected there has been a large turn around. This is thanks to some private work that has come through and some of the projected expenses were planned on renovations.
- There has also been a higher water bill due to a possible water leak or leaking toilet. This is being monitored and meters are being checked.
- Positive outlook with a projection of R374k profit for the year. This will improve with pipeline projects.

#### Cashflow:

- DEA has advised that the APO tranche for this year has been reduced, there was no warning and has affected our cash flow.
- DEA have also that we need to submit an annexure to them before they will submit the tranche for payment. The APO has been completed but they have advised that DUCT has underperformed and will not pay until the performance has been achieved. This could be due to capturing on the DEA side, full investigation needs to be made by FB and SS.
- There are mechanisms in place to check performance and to pick up if there is an error or an actual performance. We assume this is an error from their side but we will need to investigate. Salaries are at risk of not being paid. The impact of the workers not being paid should be handled with care.
- A short-term overdraft was requested from Nedbank, they have approved R1m, we requested R2m this will mean that we will need to lend over two months instead of one. This will also require some surety. The tranches are supposed to be paid every 3 months.
- There is also a possibility we won't get paid by DEA and the overdraft will be due for payment. Decision to be made by the board on what direction to take.
- Although DUCT had sufficient reserves a combination on purchasing 240 West Street and small project losses has once again put us into a shortfall position.

#### Current bank balances:

- GG showed the bank balances, even though there is R2m in the bank we are not allowed to "borrow" against other projects. This does not help relieve the cash flow.

#### Msunduzi Municipality:

- We can not use available funds to pay other projects. We can only claim funding from Msunduzi once we have spent it. Payment is usually made in the middle of the month but there is also a financial year end which might impact the turnaround time.

#### Loan Policy:

- Short term loans are available from board members, loan policy has been put in place and agreed upon.
- DS will send out and email to the directors regarding providing loans to DUCT.

#### Fundraising:

- TG advised that it cannot just be up to DS to raise funds. A fund-raising campaign should be put into place.
- FB has some options of approaching local businesses that are prepared to put some money into the NPC.
- Website, rebranding and focus on marketing at events will be refreshed with available interns and BP.
- Section 18A needs to be promoted.
- There is still importance for partners in the catchment to assist with cashflow.
- Funds are expected from Midmar Mile by end of August 2019.
- Marketing campaigns should be directed at Midmar Mile and Duzi.
- FB will be presenting at 2 x events XXXX

Action items	Person responsible	Deadline
✓ Investigations on DEA underperformance to be done	FB and SS	1 July 2019
✓ Finalise legally with Jacob Sikhonde's family	SS	End July 2019

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**Agenda item: General**

**Presenter: All**

**Office Renovations:**

- Costs for the office renovations to date has been revied by DS. The other planned renovations will be done once cash flow has improved. Quotations have been received.
- Additional costs will be incurred for Wi-Fi upgrade. R13k quoted for new gateway to increase volume of users and boost signal to outside room. Other options such as LTE router are being investigated. This is however still on hold until the cash flow improves.
- Need to do an analysis whether current IT service provider ProSyscom are still competitive in the market.

**Other:**

- The board focus still remains strategic and input will be ongoing
- Project reports have been changed to a dashboard overview and the template is being used by supervisors.

**Staff Morale:**

- SS advised that the staff are experiencing low morale due to the financial / cash flow status. Methods / options of building in a cushion to cover salaries needs to be investigated.
- Planning for the next 5 years needs to have built in mechanisms to provide security to the staff. This might need a source of funding. Savings on employee costs needs to be put into a fund and built over time or look at a provident fund type of investment drawn from employee contributions from their salaries into a savings fund / group annuity. Need to establish the costs involved in administration of such funds. Could build this into the next increase so that instead of a full 6%, 3 % goes into an investment. Options will be looked into. Alan Grey were among the best priced solution. It was noted that DUCT can not carry this cost, it will need to be a staff paid cost.
- KO noted that there is a difference between working for an NPO and a corporate. Staff needs to understand what it means to work for an NGO. The uncertainty is a reality. Dialogue needs to be encouraged from staff, the culture of using your initiative should be developed.

<b>Action items</b>	<b>Person responsible</b>	<b>Deadline</b>
✓ Space under the deck be used as storage but still needs to be fenced	BP	Aug 2019
✓ Alternative on Wi-Fi / Internet connectivity	FB	Aug 2019
✓ Market competitiveness of current IT Service Provider	FB	Aug 2019
✓ Strategic issues to be added to board meeting agenda	FB	Ongoing
✓ Project report format to be revised to dashboard view	FB	Complete & being implemented
✓ Investigate staff annuity / savings fund options	FB	Sep 2019

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**Agenda item: Management Progress Report**

**Presenter: Sithembiso/Faye**

**Discussion:**

**Current Projects:**

*Groen Sebenza:*

Faye advised that Thembeke is doing a sterling job with the Groen Sebenza interns.

### *Richardsbay:*

Although this is not a long-term project, it is important to connect with RBM. The next partnership meeting will have a presentation on the impact of DUCT on the Umhlatuze area.

MG advised that XXXX has left Umhlatuze and future collaboration will be possible.

Inception meeting has been held; site meeting has been held, Doug is in Richardsbay and staff are in place. We need to invoice the project.

### **Project Pipeline:**

- Additional R1m from Umsunduzi bank clearing
- P4G still waiting on outcome of the award, FB expects a response by July 2019.
- Grand Challenge due diligence completed
- Sand mining – small budget that has been increased slightly due to increase in scope.
- GS5 Fountain Hill INR have small funds but they are strategic in approach. Management plan for alien plant clearing needs to be created by SS.
- DS asked SS whether vehicles and storage space was still an issue. FB advised that R17k a month rental for storage is not feasible and has not been built into budget and planning. Boats are being damaged due to open storage. Dough is complaining that he is needing to take care of trailers.
- Two new vehicles are needed but with rising maintenance costs another one might be needed.
- Need to look at alternate supplier, MotoMech is the current mechanic. MG advised that alternate is to approach Brian Gobel. As a paddler he might have an interest in providing preferential pricing to DUCT.

### **Focus 2019:**

FB presented the concept of DUCT that was done in Cape Town. [See attached presentation.](#)

The concept of the natural environment and protected area was done but impact and ecological infrastructure is not in place. UEIP led by SANBI has been going for 5 years, 24 (municipalities, uMngeni water, environmental organisations, SAPPI, Mondi etc) have been signed up to plan and prioritise what happens in the catchment areas. DUCT has been identified as the implementor. It is not a legal entity but is a co-ordination forum.

It's a research heavy, municipality heavy but no real funding behind it. GEP Global Environmental Procedure is a UN / International funded project. The funds have not been tapped into, there is a lot of political motivation instead of an actual strategic motivation.

FB has been working closely with [Peri](#) and partnerships are useful. Collaboration agreement is in the pipeline, this will allow DUCT to circumvent normal procurement processes.

The problem with UEIP is that massive investment is required. WWF investment research program will circumvent the huge costs required. The interventions are around ecological infrastructure (wetlands etc), education, Alien invasive removal. Hard infrastructure (sewers etc) is also necessary but behaviors need to be changed.

TG said that sewerage management / prevention and education needs to be the focus.

MG said that institutional interventions also need to receive more focus.

### **P4G application:**

Video: [YTUBE Channel link](#)

After attending the Water stewardship partnership held in JHB FB was approached by the Danes to submit an application after the summit. FB Outlined the following:

*Why should we work with P4G:* DEA has signed with them at changing policy at national level. They have a lot of influence at high level, world economic forum etc. Their concept is to bring environmental project into business and to assist with blended finance options.

*They also set up partnerships and entities,* startup funding.

*Environmental Value:* If you fix a wetland and educate people there is no ROI in currently.

*Bulk Level Income:* The original proposal has been changed after Steve left. Umngeni wants to take it over as their own plan and circumvent Steve. Durban can insist on having a SPV and UEIP is the body that can stop Umngeni from capturing the funds.

The tariff has been approved which estimates about R10m this year, starting from 1 July 2019. Water Affairs have approved the proposed levies which apparently have factored the levy in.

*Project Partners:* SAPPI have agreed to partner with DUCT for 2-year application to P4G and act as co-funders on the project. Once the ROI is proven then SAPPI can approach executive for more funding as they can't just focus on their own land, the impact downstream and international sustainability can be proven.

*Outcomes:* P4G is incubation funding. 100kUSD, FNB also potential for funding to come through as NPC needs to be established.

*Question:* do we want to play at that level? This would place us in opposition of uMngeni Water. *Outcome:* agreed that there is value in taking Umngeni Water on.

Long term sustainability requires this BEE entity to be set up correctly, with the right partners to show that this is a long-term safe investment for corporate entities and international players.

B-Corp is an international recognized regulation authority that verifies that an entity is certified, regulated and should be considered to help set up the new NPO entity.

P4G selection should be completed within the next 2 months.

FB needs to build relationships with eThekweni. EI Levy will be core dependable income.

WWF will use our pitch to take other catchment areas up in a similar way. But we need to make sure they don't claw into our areas and steal our ideas as their own.

<b>Action items</b>	<b>Person responsible</b>	<b>Deadline</b>
✓ Local embassy think the application is great but still needs Danish authorities to approve	FB	August 2019
✓ Set up new BEE Entity	FB	July 2019
✓ Identify BEE Partnership	FB	July 2019
✓ Obtain B-Corp certification	FB	August 2019

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**Agenda item: Governance**

**Presenter: David Still**

**Policies & Procedures:**

Anti-Bribery policy and Recruitment policy circulated to the board has been approved.

## **Resolutions and confirmation of Resolutions:**

Confirmation of circulated email resolution in December 2018, it was resolved to authorize Colenbrander Incorporated to lodge documentation on behalf of the company with the Companies and Intellectual Property Commission (CIPC) electronically through CIPS's website in order to lodge any documentation on our behalf as may be necessary.

Confirmation of circulated email resolution in December 2018, it was resolved that Mr GPW Jewitt resign as a director with immediate effect and that Miss K J Mahlaba and Miss Z N Siquabala be appointed in his stead.

Confirmation of circulated email resolution in June 2019, it was resolved that Mrs Gill Graaf in her capacity as Finance Manager and / or Ms Faye Brownell in her capacity as General Manager be authorized to complete documentation submitted to Nedbank on behalf of the business.

<b>Action items</b>	<b>Person responsible</b>	<b>Deadline</b>
✓ Colenbrander Incorporated to effect change of Directors	BP	July 2019

## ***Other Information***

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**Next Meeting will be the Bosberaad in August 2019. Venue still to be determined.**

**Annexures:**

**Attendance Register**

**General Manager's presentation**