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CIGFARO

Driving Financial Sustainability Through Innovation and Reform: The changing role of the CFO and finance practitioner

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Chief Financial Officer

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Why the changing role

Understanding the strategic landscape

Geopolitical Risks (KPMG, 2025)

Tectonic shifts in power, economic centers and trade

New trade alliances and investment hubs are redefining global power dynamics. The US is imposing tariffs, eliciting retaliatory responses, while new economic 'nodes' are emerging outside of traditional investment centers.

A complex, fragmented regulatory and tax environment

Regulations and tax are evolving at different speeds in different geographies. Minimum global tax is becoming adopted by many countries, while others are withdrawing from multilateral tax policy.

A fast-moving and politicized technology landscape

Shifting alliances (based upon national security concerns) and fragmented regulations add to complexity, while the emergence of new Generative AI (Gen AI) players challenges US dominance. Regulators are struggling to keep pace with new Gen AI solutions, and a rolling back of regulations could leave AI models out of control. Geopolitical competition in AI and other technologies (i.e. quantum computing) is creating technological blocs around the US and China, thus jeopardizing international cooperation and access.

Multiple threats to supply chains, assets and infrastructure

Geopolitical rivalries, trade protectionism, conflict, competition for resources, cyberattacks and climate events place severe strains on globally exposed businesses. Wars and tensions pose rising threats to key shipping choke points. Countries are adopting protectionist measures to safeguard and diversify their supply chains, including energy, food and critical minerals.

Demographic, technological and cultural pressures on workforces

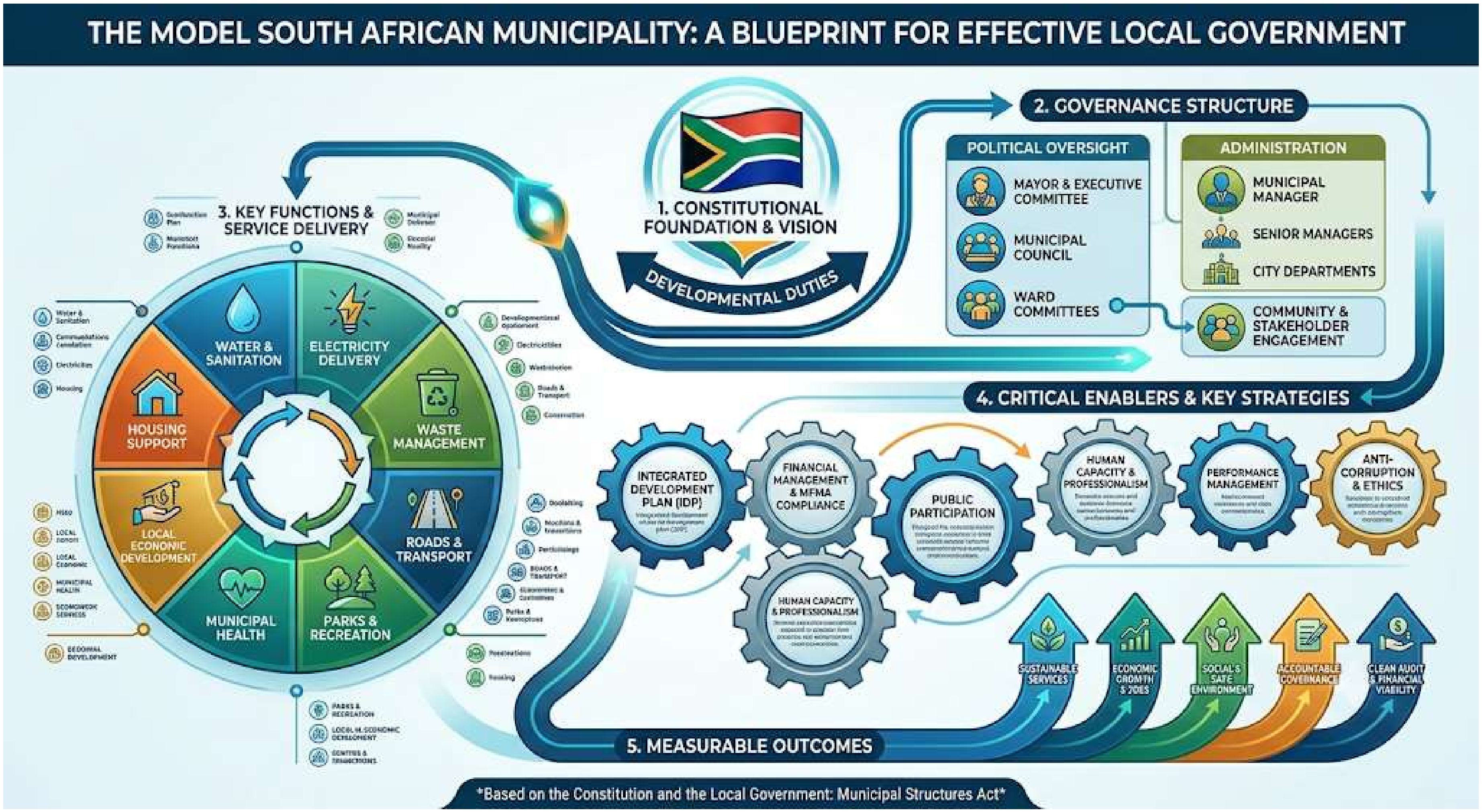
Aging populations, mass retirement, falling birth rates (in developed markets), changing worker preferences, culture wars, AI integration and reskilling bring major workforce challenges.

Financial Sustainability, Understanding our World…

External influences on our Business Environment

FINANCIAL

The ideal environment



Redefining the CFO and finance practitioner role

THE CHANGING ROLE OF THE CFO IN TODAY'S BUSINESS LANDSCAPE

By Karl Smith, Senior ETM Manager at the South African Institute of Professional Accountants (SAIPA)

For many finance professionals, attaining the position of Chief Financial Officer (CFO) is the pinnacle of their career aspirations. **The nature of the CFO position may vary depending on the organisation's size and type.** In larger companies, they may hold more topline strategic positions, while in smaller enterprises, they spearhead strategy while engaging with multiple teams at various levels, requiring adaptability and a holistic understanding of the organisation.

However, the CFO role has undergone significant evolution in recent years, reflecting the dynamic nature of modern business environments and the expanding responsibilities of CFOs in driving sustainable growth and innovation

From operations to strategy

Traditionally, the CFO's responsibilities revolved **around managing financial operations, including accounting, reporting, and budgeting**. However, today's CFOs are expected to not only fulfil this function but to also **become strategic thinkers, guiding the organisation's overall direction and contributing to long-term success**. This requires a **deep understanding of the business landscape, data analysis skills to identify trends, and the ability to make informed strategic decisions.**

Moreover, the modern CFO is **increasingly tasked with risk management, including identifying and mitigating various risks such as cyber threats and regulatory compliance issues. Collaboration has also become a key aspect of the CFO's role, necessitating strong communication and interpersonal skills to work closely with other members of the executive team and stakeholders.**

Driving digitization

With the rise of business digital transformation, CFOs must **now be adept at implementing and managing technology solutions that align with the organisation's goals.** This includes embracing technologies like process automation, artificial intelligence tools, and integrated management software packages. Without a deep understanding of the technologies that are driving innovation in their market, CFOs will be unable to drive this digitalisation within their organisation. Successfully embracing digitisation throughout the finance function is crucial for CFOs looking to enhance their organisation's overall efficiency and effectiveness.

Beyond the bottom line

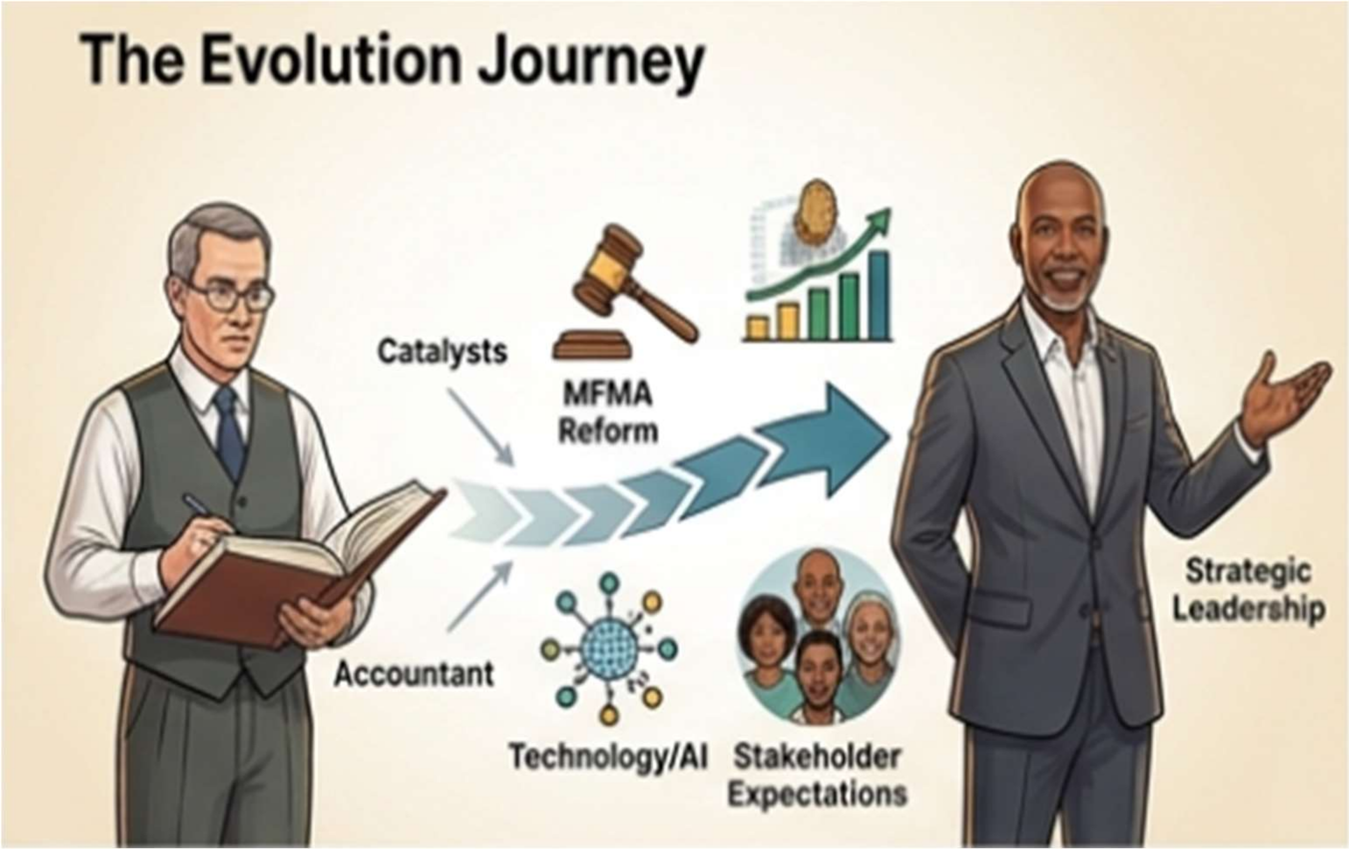
CFOs are increasingly involved in **environmental, social, and governance (ESG) issues**, reflecting a **broader focus on sustainability and long-term value creation**. With investors readily scrutinising the environmental credentials of businesses they choose to invest in, the CFO of today needs to not only understand the business's ESG strategy, but also play an integral role in ensuring it is adequately funded, effectively implemented, and robustly reported by maintaining the highest assurance standards for the data that is captured.

This expanded role requires CFOs to have a **diverse skill set beyond financial expertise, including creativity, open-mindedness, and a keen understanding of technology and data. CFOs are no longer just about the money – they need to maintain an expanded view of business sustainability beyond profit and loss.**

The role of the CFO has flourished in recent years, continuing to evolve into that of a strategic partner who plays a crucial role in managing financial operations, mitigating risks, driving collaboration, implementing technology solutions, and addressing ESG issues. As businesses continue to adapt to changing landscapes, CFOs must remain agile and proactive in embracing new challenges and opportunities to drive organisational success.

Responsible leadership

Responsible leaders are **mindful** of the **interconnected nature** of the **economic, social and environmental systems of which we are both a part of and dependent upon.** Responsible leaders, therefore, act as **stewards and take care of the impact of their decisions** and behaviours on **society** and the **environment**. As individuals, they should be able to **exercise ethical courage and judgment**, while in **stakeholder settings** they should be able to **collaborate** with others in **developing resilient communities** and responsible organisations in **pursuit of a just and sustainable future**. (SBS,2026)


The Evolution Journey
Catalysts
MFMA
Reform
Accountant
Technology/AI
Stakeholder
Expectations
Strategic
Leadership

Our story

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Drakenstein in Spatial Context

Drakenstein Demographic Profile

Area:
1 538 km²

Number of Informal Settlements: 44

Households:
79 937

Number of Farms:
1 790

Number of Councillors: 65

Number of Wards: 33

Population and Household Profile

Population: 311 793

Households: 79 937

- Formal: 46 888
- Informal: 8 864
- Backyarders: 14 353
- Rural: 9 992

Vision

A city of **excellence**

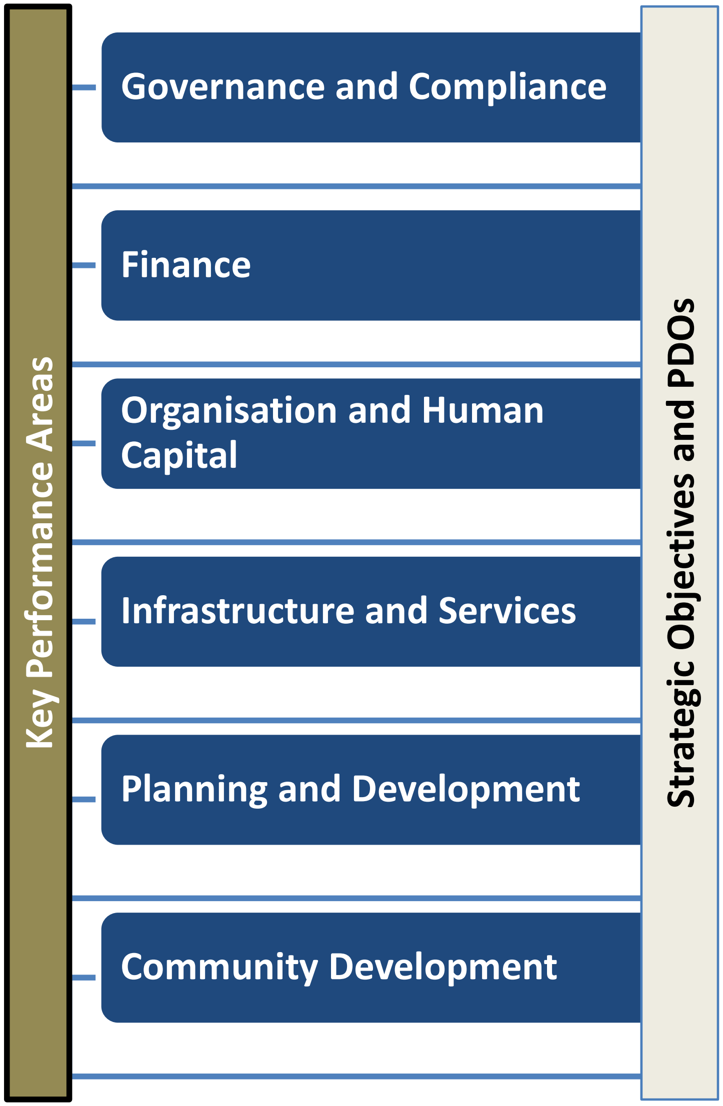
Mission

- To provide quality, affordable, accessible and sustainable services;
- Enhance community participation; and
- Promote social and economic development.

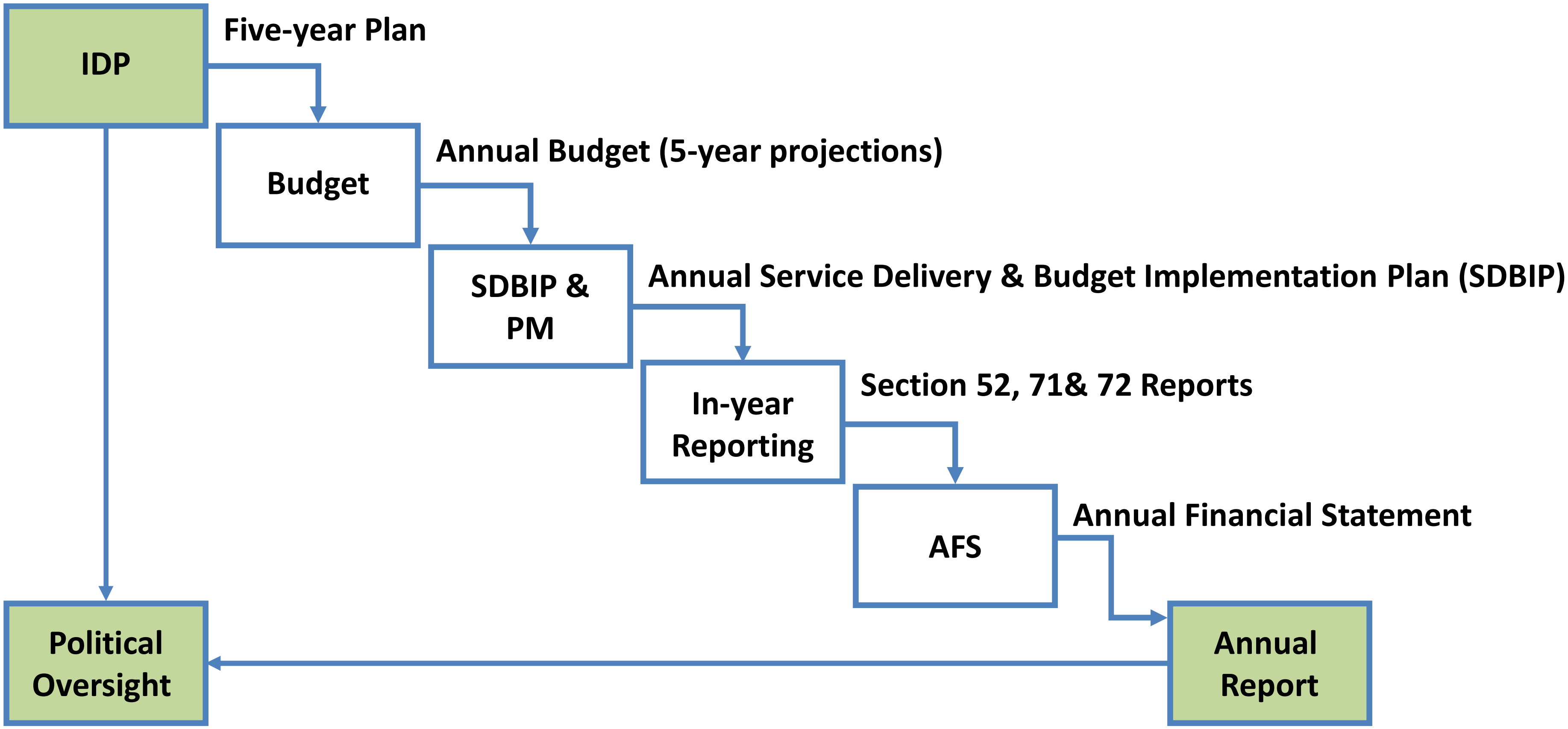
Values

- Excellence
- Teamwork
- Caring
- Accountability
- Transparency
- Integrity
- Responsiveness
- Equity
- Accessibility

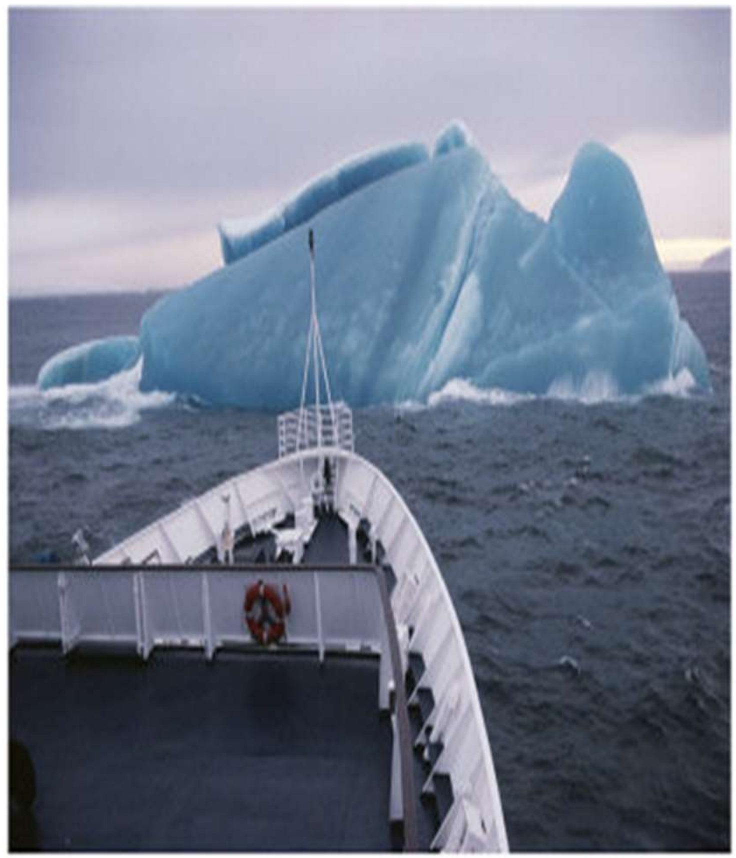
Key Performance Areas (KPAs)



Planning and Accountability Cycle

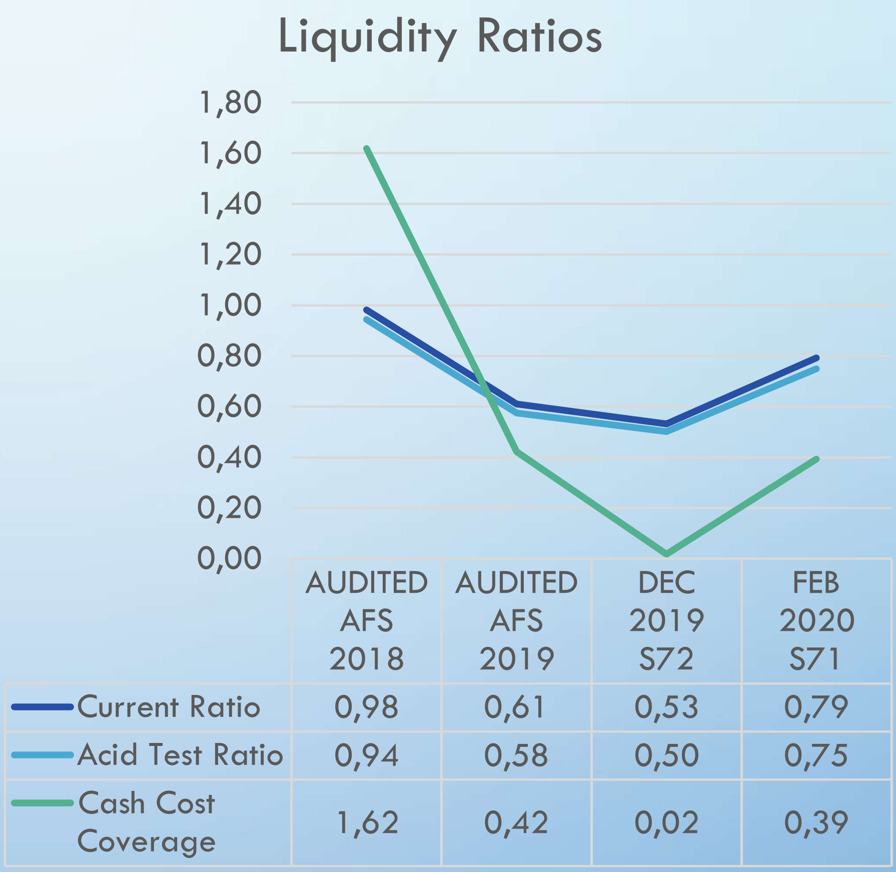


2019 DM was heading for an iceberg…. An immediate financial turnaround was required in line with strategy renewal and innovation



CURRENT FINANCIAL POSITION: LIQUIDITY MANAGEMENT

	R	R	R	R
	AUDITED AFS	AUDITED AFS	DEC 2019 S72	FEB 2020 S71
Current Ratio:				
	R	R	R	R
	2018	2019	2019	2020
Current Assets	639 995 118	449 443 926	457 324 351	498 455 161
Current Liabilities	652 185 778	736 543 611	859 743 674	629 506 166
	0,98	0,61	0,53	0,79
Acid Test Ratio				
	R	R	R	R
	2018	2019	2019	2020
Current Assets	639 995 118	449 443 926	457 324 351	498 455 161
Inventories	24 687 641	25 526 036	26 724 579	27 096 405
Current Liabilities	652 185 778	736 543 611	859 743 674	629 506 166
	0,94	0,58	0,50	0,75
Cash cost coverage in months				
	R	R	R	R
	2018	2019	2019	2020
Fixed Montly cost	141 555 067	155 960 710	145 876 915	142 327 141
Cash and Cash Equivalents	229 099 916	65 853 590	2 569 248	55 903 182
	1,62	0,42	0,02	0,39



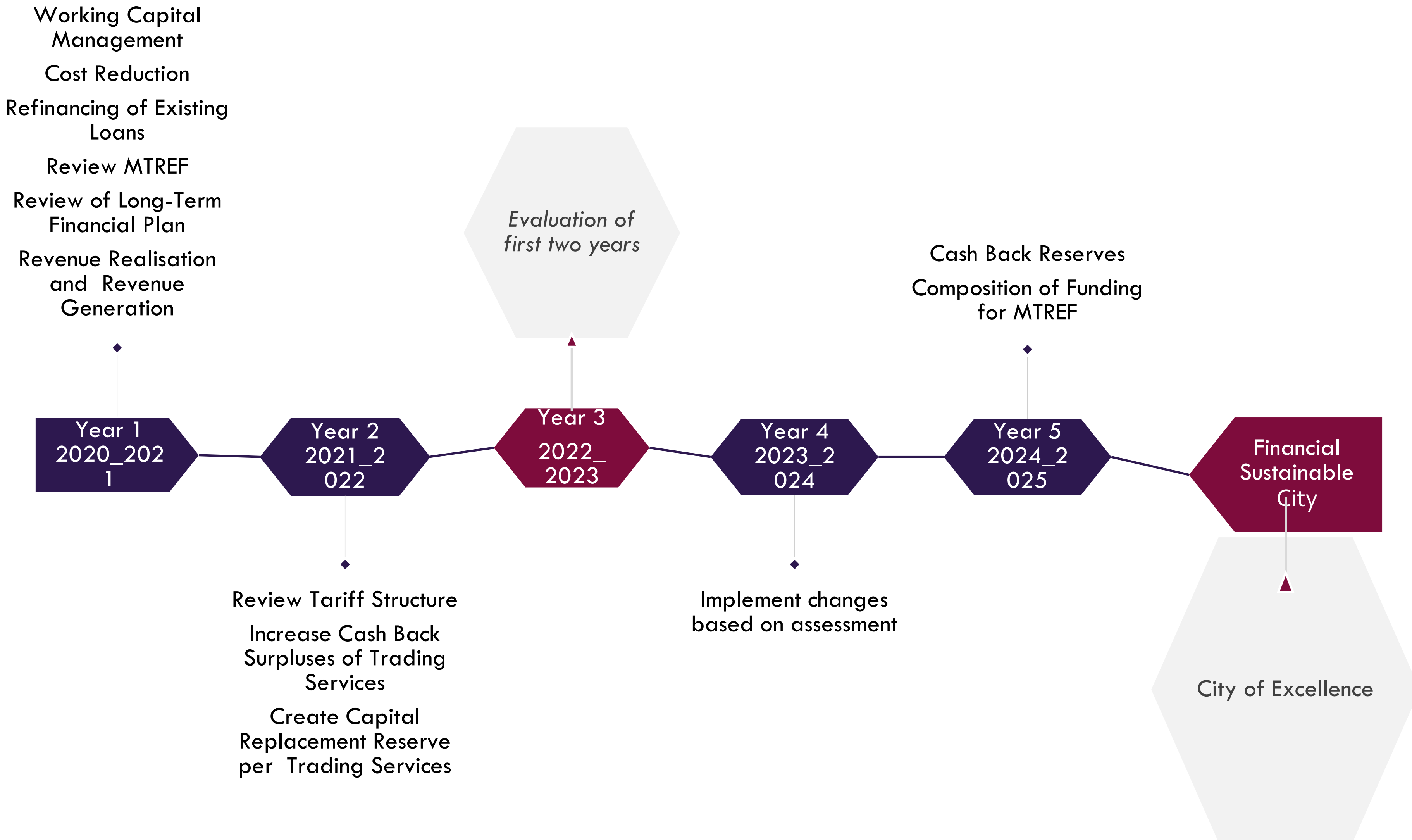
CURRENT REALITY: CAPITAL BUDGET

- Capital budget not sustainable over MTREF.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 R	2018 RESTATED R
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Property rates		273,011,822	241,880,363
Sale of goods and services		1,252,219,365	1,147,612,711
Grants received		295,890,227	307,337,377
Interest received		23,783,447	39,067,958
Dividends received		15,120	15,120
Other receipts and fines received		106,060,984	109,511,915
Net VAT received		52,472,054	0
PAYMENTS			
Employee cost		(654,884,120)	(576,357,358)
Suppliers		(964,416,531)	(862,058,015)
Interest paid		(144,220,981)	(124,741,177)
Net VAT paid		0	(9,810,835)
NET CASH FROM OPERATING ACTIVITIES	40	**239,931,389**	**272,458,058**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		(576,123,335)	(651,721,214)
Proceeds on disposal of property, plant and equipment		33,471,669	173,220
Decrease/(Increase) in non-current receivables		421,180	911,165
NET CASH FROM INVESTING ACTIVITIES		**(542,230,486)**	**(650,636,829)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in long-term liabilities		126,072,992	314,142,342
Increase in consumer deposits		12,182,156	3,415,058
Increase/(Decrease) in Financial Lease Liability		797,625	440,765
NET CASH FROM FINANCING ACTIVITIES		**139,052,772**	**317,998,165**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(163,246,325)**	**(60,180,605)**
Cash and cash equivalents at the beginning of the year	21	229,099,916	289,280,521
Cash and cash equivalents at the end of the year	21	65,853,591	229,099,916

Financial Recovery Plan Implemented



Strategic competitive choice (municipal market context)

Overcome Weaknesses

Rationalisation strategies

- An initial turnaround strategy led to a competence-based growth strategy.

APPLICABLE

Strategic space growth strategies

N/A

nternal
(within
sources)

External
(expanded
resource
capability)

Competence-based growth strategies

- Concentrated growth
- Innovation

APPLICABLE

External oriented growth strategies

N/A

Maximise strengths

Rationalisation strategies

- The initial financial turnaround plan led to a competent-based growth strategy focusing on growth and innovation

Competence-based growth

- Focus on particular areas of expertise within DM
- Build on innovative capabilities within DM

Our winning aspiration….

- **Good governance and Financial Management**
  - Public **servant leadership**
  - **Proactive communication** on all available media platforms/channels
  - **Public participation**
  - **Asset management** (infrastructure, fleet, equipment, buildings, etc.)
  - **Sound financial management** and fiscal discipline

- **Economic development**
  - **Attracting new business** while retaining the existing
  - **Proactive marketing and tourism promotion** (development prospectus)
  - **Increasing the ease of doing business** (automation of processes)
  - Less **red** tape, more **red** carpet

Our winning aspiration….

- **Service delivery and social development**
  - Facilitating **economic growth** and **creating job opportunities**
  - **Tourism promotion**
  - **Controlled urbanisation** and **dignified informal settlements**
  - **Homeless people** and **save havens**
  - **Waste management**
  - **Parks** (arboretum, open spaces, grass and trees)
  - **Road and stormwater** maintenance
  - **Public safety** – expanding the Drakenstein Security and Safety Network/Community Safety Forum

Financial Sustainability and Performance

Good Governance Africa (GGA)
Governance and Performance Index (2024)

Categories:

- Administration and Governance
- Economic Development
- Leadership and Management
- Planning, Monitoring and Evaluation
- Service Delivery

- Best Secondary City in SA = 39 (1/39)
- Secondary Cities plus Local Municipalities = 205 (2/205)
- Best Municipality 2025 – Western Cape
- Ratings Afrika 2025 (73/100); 2021 (39/100)

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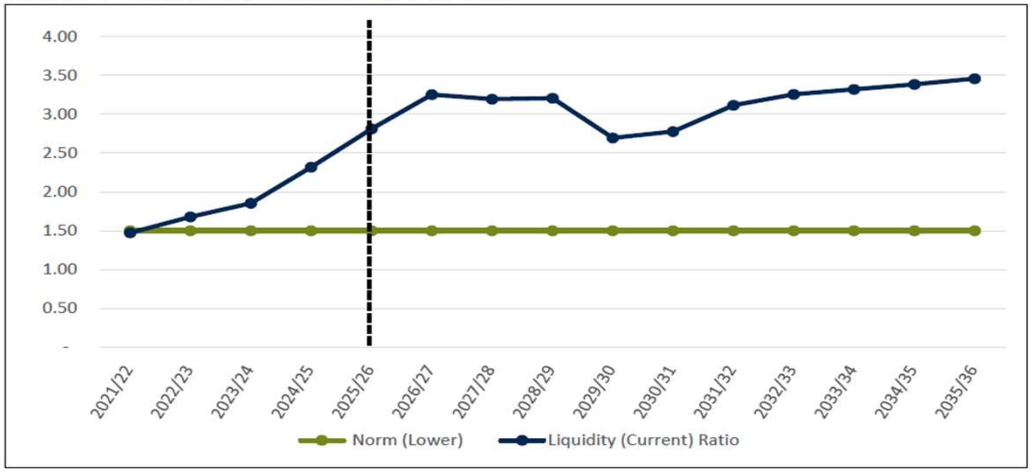
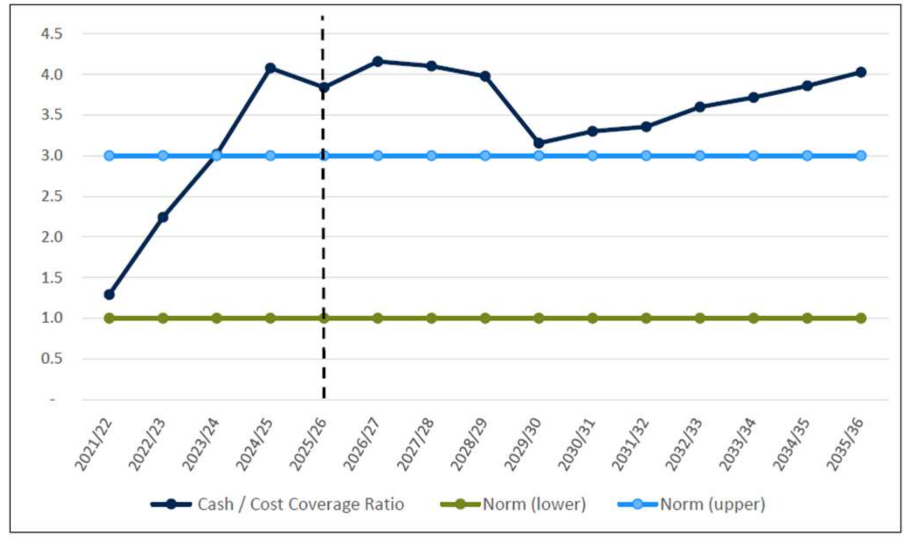
Our approach yielded the following results:

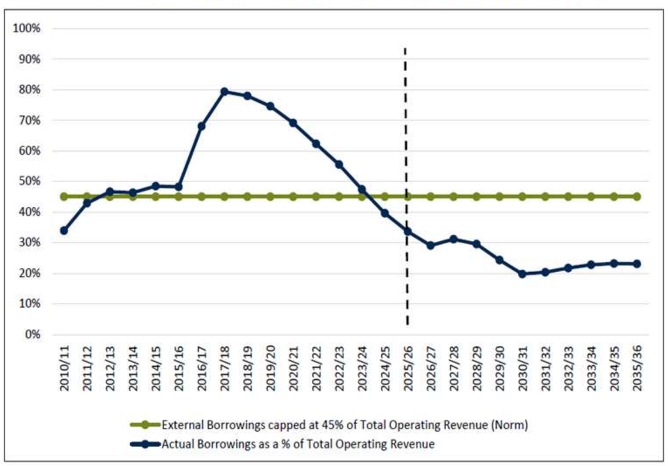
Graph 19: Liquidity (Current) ratio over the LTREF



Graph 22: Cash Coverage ratio over the LTREF



Graph 23: External Borrowings as a Percentage of Total Operating Revenue (Gearing Ratio)



Drakenstein Municipality receives trailblazer award for innovative indigent consumer management

8 August 2025

Drakenstein Municipality has been recognised nationally for the groundbreaking, innovative and compassionate way in which it manages its indigent consumer support and database.

At the Municipal Innovation Recognition Awards (MIRA) 2025 ceremony recently held in Durban, the Municipality received a prestigious award for trailblazing innovations for service delivery for its transformative project, "Drakenstein Indigent Management System – Transforming Indigent Management Through Technology and Compassion". Initiated during the 2021/22 financial year, this ongoing project reimagines indigent support by blending advanced technology with human-centred service principles.

Drakenstein Municipality rated top secondary city in SA in latest Governance Performance Index

18 March 2024 | Press Releases

18 March 2024

Drakenstein Municipality has been rated the **number one (1) secondary city for good governance** in South Africa by the research and advocacy non-profit organisation Good Governance Africa in the Governance Performance Index (GPI) report of 2024. Stellenbosch Municipality ranked second in this category and George Municipality fifth.

An Innovative Approach: The Capping Principle

Drakenstein is the first municipality to implement a property rates capping module. This system protects qualifying residential and agricultural property owners from excessive annual rate increases, regardless of their property's market value surge. Here's how it works for a residential property.

Is the property in the 'Residential' category?

▼

Did its category change from 'Vacant' between the 2020 and 2025 valuations?

NO	YES
✅ **12.5% Rates Cap APPLIES**	❌ **Rates Cap Does NOT Apply**

This ensures that the capping benefit is applied fairly, excluding properties whose fundamental use and value proposition changed significantly due to development.

Protecting Our Citizens: Key Tariff Initiatives

In response to the valuation surge, Drakenstein Municipality has introduced a comprehensive suite of measures designed to provide significant financial relief to property owners across key sectors.

🏠 For Residential Consumers

- **Rate Reduction:** Base rate decreased by **22.5%**.
- **Increased Exemption:** Impermissible value raised from R220,000 to **R350,000**.
- **Pensioner Rebates:** An automatic **5%** reduction for those over 60, plus an additional **10%** for those with a monthly income of R35,000 or less (on application).
- **Capping "Game Changer":** Property rates increase capped at a maximum of **12.5%** for 42,635 qualifying owners.

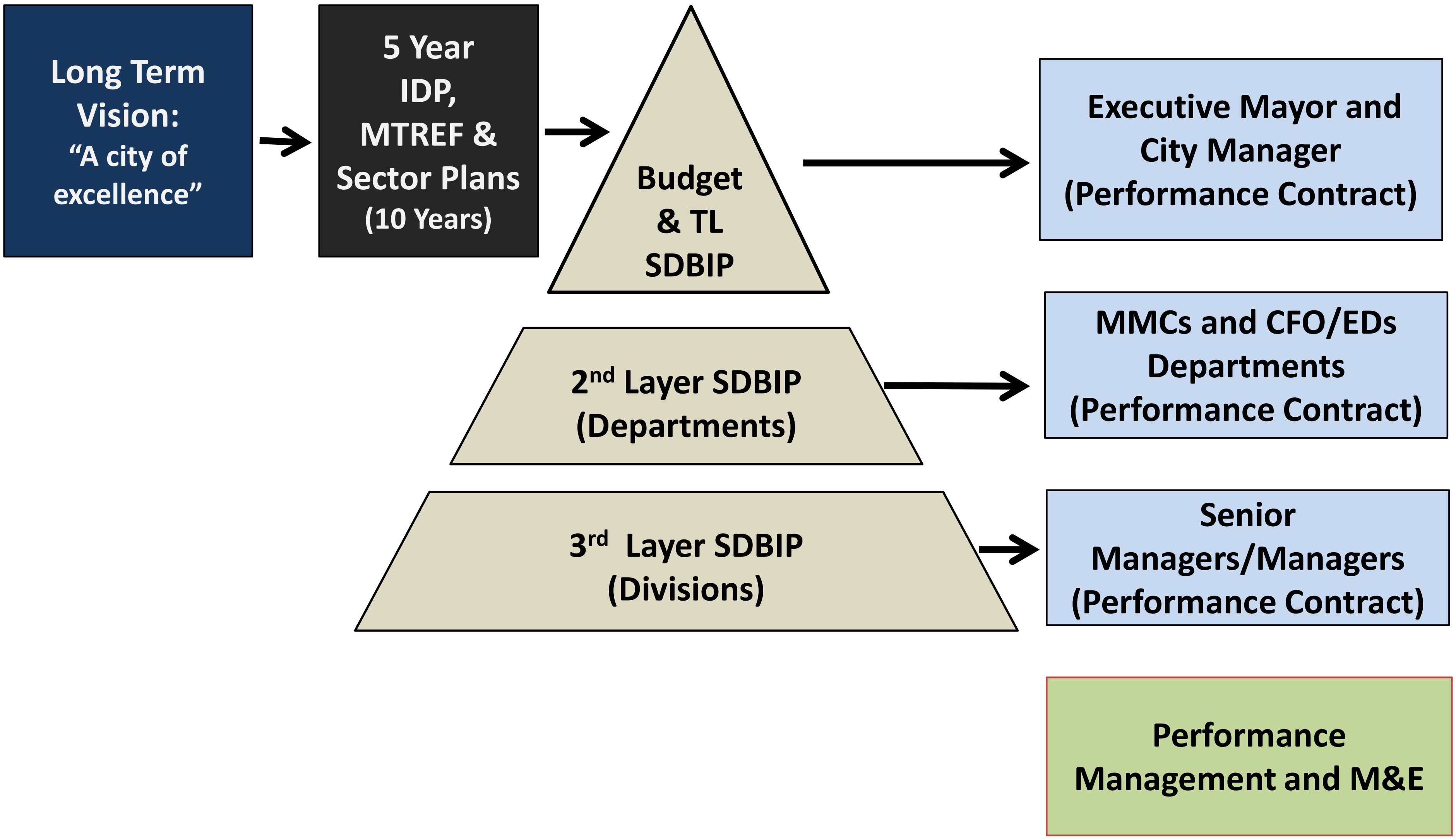
🌾 For Agricultural Consumers

- **Rate Reduction:** Base rate decreased by **22.5%**.
- **Statutory Rebates:** The existing statutory **75%** rebate for all agricultural consumers remains in place.
- **Additional Rebates:** Up to **10%** in additional rebates for providing services like farm worker housing and education facilities.
- **Agricultural Capping:** Property rates increase capped at a maximum of **50%** for 1,609 qualifying farm owners.

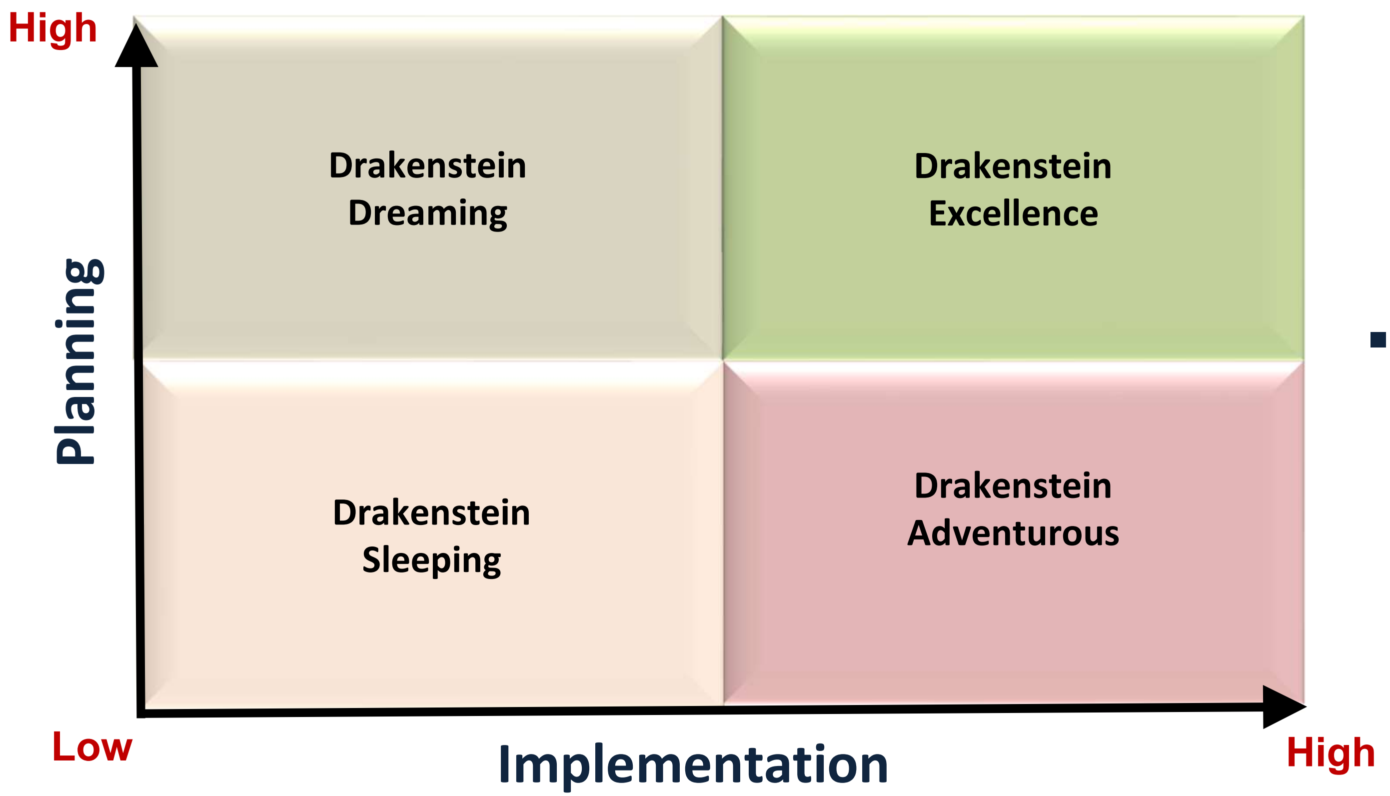
🏢 For Business & Vacant Land Consumers

- **Business Rate Reduction:** Base rate for business consumers decreased by **22.5%**.
- **Business Rebate:** A **30% rebate** for businesses located outside the designated urban edge.
- **Vacant Land Rate Reduction:** Base rate decreased by **22.5%**, though no capping will apply to this category.

Implementation Framework



Planning and Implementation



- GOYAs

KEY TAKEAWAY

The modern public-sector CFO and finance practitioner is a strategist, innovator, ethical leader, and steward of sustainable public value

Thank you