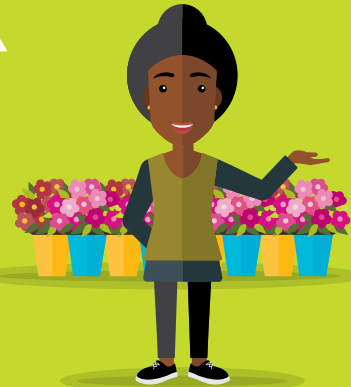


MAKING PROGRESS POSSIBLE. **TOGETHER.**



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD



INTEGRATED ANNUAL REPORT 2020/21



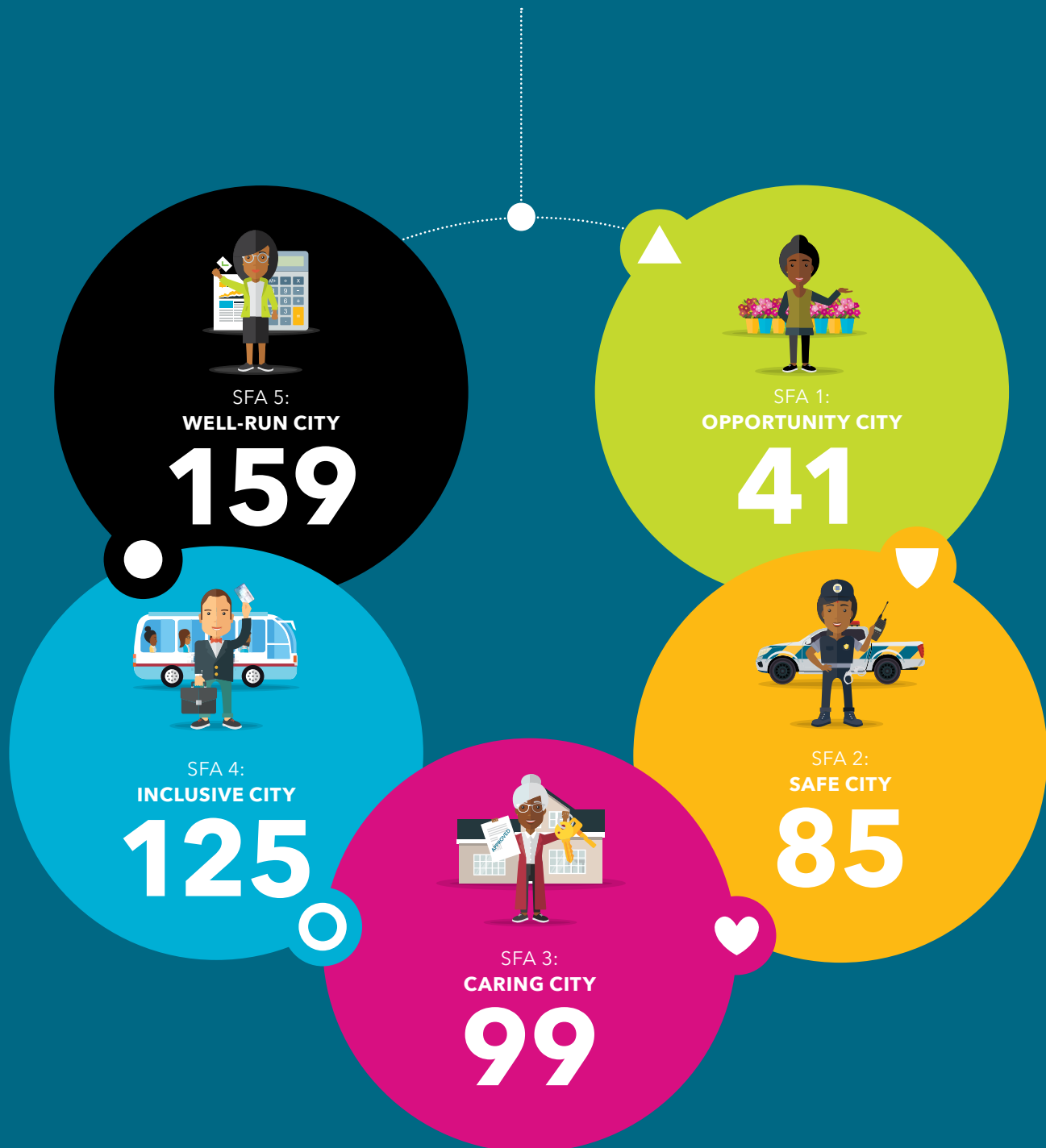
MAKING PROGRESS POSSIBLE. TOGETHER.

INTEGRATED ANNUAL REPORT
2020/21



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

CONTENTS



Vision and mission of the City of Cape Town	6
About this annual report	9
Message from the Executive Mayor	10
Statement by the City Manager	12

15

OVERVIEW OF THE CITY OF CAPE TOWN

About Cape Town	16
Mapping the future of Cape Town – the Municipal Spatial Development Framework (MSDF)	22

25

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

City governance structures and frameworks	26

33

AN INTEGRATED PLAN TO TAKE CAPE TOWN THROUGH RECOVERY TO RESILIENCE

41

PERFORMANCE REVIEW

Strategic focus area 1: Opportunity city	41
Strategic focus area 2: Safe city	85

Strategic focus area 3: Caring city	99
Strategic focus area 4: Inclusive city	125
Strategic focus area 5: Well-run city	159

179

OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

Operating results for revenue and expenditure	180
Net surplus result	181
Capital expenditure	181
Net debtors outstanding and ratios	182
Investments, cash and borrowings	183
Credit rating	183

185

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Reporting entity's mandate	186
Approval of the consolidated annual financial statements	186
Report of the Auditor-General	187
Management comments and corrective actions to be instituted.....	193
Report of the Audit and Performance Audit Committee	194
General information	200
Financial statements and significant accounting policies	204
Annexures	307

335

APPENDICES

Appendix A: 2020/21 annual performance management report – City of Cape Town	336
Appendix B: Definitions for 2020/21 annual performance management report – City of Cape Town	342
Appendix C: 2020/21 annual performance management report – CTICC	346
Appendix D: Definitions for 2020/21 annual performance management report – CTICC	348
Appendix E: 2020/21 annual performance management report – Cape Town Stadium	350
Appendix F: Definitions for 2020/21 annual performance management report – Cape Town Stadium	352
Appendix G: Abbreviations used in this report	354
Appendix H: Figures and tables in this report	356
Appendix I: MFMA Circular 63 appendices	358
Appendix J: 2020/21 Municipal Public Accounts Committee annual report	359
Appendix K: City of Cape Town trend watchlist	369
Appendix L: 2020/21 integrated governance report	379
Appendix M: B-BBEE compliance performance report	403
Appendix N: City of Cape Town cost containment information	408
Appendix O: 2020/21 Risk Management Committee annual report	410

VISION AND MISSION OF THE CITY OF CAPE TOWN

THE CITY OF CAPE TOWN'S VISION IS THREEFOLD:



IN STRIVING TO ACHIEVE THIS VISION, THE CITY'S MISSION IS TO:

- ✓ **CONTRIBUTE ACTIVELY** to the development of its environmental, human and social capital;
- ✓ offer **HIGH-QUALITY SERVICES** to all who live in, do business in or visit Cape Town as tourists; and
- ✓ be known for its **EFFICIENT, EFFECTIVE** and **CARING** government.

Spearheading this resolve is a focus on infrastructure investment and maintenance to provide a sustainable drive for economic growth and development, greater economic freedom, and increased opportunities for investment and job creation.

In pursuit of its vision and mission above, the City is building on the strategic focus areas (SFAs) it has identified as the cornerstones of a successful and thriving city, which also form the foundation of its five-year Integrated Development Plan.

THE FIVE STRATEGIC FOCUS AREAS ARE AS FOLLOWS:

SFA 5: WELL-RUN CITY

This SFA is underpinned by the principles of the 2016 King IV Report on Corporate Governance for South Africa.

SFA 1: OPPORTUNITY CITY

Create an environment where investment can grow and jobs can be created.

SFA 4: INCLUSIVE CITY

Create a city where everyone has a stake in the future and enjoys a sense of belonging.

SFA 2: SAFE CITY

Create a safe living and business environment for its residents.

SFA 3: CARING CITY

Build a metro that offers a sustainable environment, a sense of belonging, access to services, and help to those who need it.

**THESE FIVE FOCUS AREAS INFORM
ALL THE CITY'S PLANS AND POLICIES.**



VISION AND MISSION



Some of the City's material issues include the following:

- ✓ Addressing **climate change** and improving **resource efficiency** and **urban resilience**
- ✓ Efficient **water supply, use and management**
- ✓ Efficient **energy supply, use and management**
- ✓ Effective, **integrated waste management**

- ✓ **Sustainable, integrated** human settlement efficiencies
- ✓ Social sustainability with a focus on **poverty alleviation**
- ✓ Economic sustainability through **financial prudence**
- ✓ **Effective and transparent** governance and management of risk
- ✓ Achieving **environmental sustainability** and biodiversity objectives

- ✓ **Sustainable land use** and development
- ✓ **Customer communication** and satisfaction measurement
- ✓ **Sustainable procurement** with preference and support of SMEs
- ✓ **Infrastructure maintenance** and development
- ✓ **Transformation**, diversity and talent management
- ✓ **Efficient and effective corporate administration**

FIGURE 1: Elements feeding into the City of Cape Town's vision and mission

ABOUT THIS ANNUAL REPORT

This 2020/21 integrated annual report continues the City of Cape Town's journey towards fully integrated reporting. As such, it aligns as far as possible with the recommendations of the King Report on Corporate Governance for South Africa (King IV), as well as globally accepted standards for integrated reporting.

It offers a comprehensive view of the City's financial, operational, social and environmental efforts, performance, successes and challenges for the 12 months from 1 July 2020 to 30 June 2021, which is the City's financial year. It also reflects progress made against the objectives set in the City's Integrated Development Plan (IDP) for the five years from 2017 to 2022, but with a particular focus on the IDP amendments for the 2020/21 period.

The report is informed by a number of other plans and strategic documents produced by the City's various directorates and business areas.

These include, but are not limited to, the following:

- ✓ The City's Service Delivery and Budget Implementation Plans (SDBIPs) 2020/21
- ✓ The City's 2020/21-2022/23 budget
- ✓ The Integrated Public Transport Network (IPTN) 2032
- ✓ The Transit-Oriented Development (TOD) Strategic Framework
- ✓ The Metropolitan Spatial Development Framework (MSDF)
- ✓ The Economic Growth Strategy
- ✓ The Economic Recovery Action Plan
- ✓ The Social Development Strategy
- ✓ The Environmental Strategy
- ✓ The Comprehensive Integrated Transport Plan



MESSAGE FROM THE EXECUTIVE MAYOR



Since the start of the global Covid-19 pandemic in early 2020, our resilience as a people has been tested. Sadly, some have endured more hardship than others. Governments worldwide have faced sudden, unexpected and significant challenges.

In times of crisis, steady leadership is required. As Executive Mayor of this beautiful city, it has been a great responsibility, but also a privilege to undertake this journey along with our residents, colleagues, the business sector, religious leaders and the international community. Through our collective efforts, I am proud that we were able to adapt our systems and way of work swiftly in order to continue delivering services amid the constantly shifting restrictions of the national lockdown. Moreover, services had to be delivered with the least possible disruption to residents. Indeed, it has required consistent effort to ensure that we maintain the expected service delivery levels and remain in good financial standing.

In recent months, we have seen good progress with key infrastructure projects across town, which are key to advancing local economic recovery and growth. In the years ahead, our residents' role in partnering with the City to continue moving Cape Town forward will be more important than ever before.

I wish to thank all City staff who have diligently performed their duties with bravery and purpose, both on the front line and behind the scenes. Honouring our service delivery commitments in these trying times is a significant accomplishment, and something we can certainly applaud. I am truly proud of the way in which the City has navigated the pandemic.

Where there were unavoidable lapses in service delivery due to lockdown restrictions, our residents exercised patience and continued to support us by maintaining their rates payments. Without it, we simply would not have been able to maintain our sound financial position and keep delivering services, so I thank each and every Capetonian.

The Covid-19 pandemic has had a negative impact on many a household's finances. Through proper financial management, however, the City has been able to offer significant rates relief to households financially affected by the pandemic. We signed off on a R3,3 billion social package to support the indigent, people with disabilities, pensioners and other residents in need. We increased the rebate thresholds to provide relief to more residents than ever before, and we expanded the qualifying criteria for this support so as to assist those earning less than R7 000. To assist residents even further, we are writing off R4 billion in historical debt for the 2021/22 financial year.

The City has experienced some very challenging operating conditions for the past several years. In 2017 already, many directorates and departments were asked to expand their focus and stretch their budgets to deal with the water crisis. And just as we recovered from the drought, the Covid-19 pandemic struck. In the process, though, we have learned many valuable lessons about resilience

and future planning. We have also come to realise yet again that we can only get through the tough times by working hand in hand with our residents. The crises we faced have highlighted the importance of working towards the same goal.

As we look ahead to beyond Covid-19, we are committed to rebuild in both the short and long term. With the expansion of the vaccine roll-out, we are looking forward to seeing a sustained reopening of industries, and the recovery of the economy.

Despite the difficulties caused by Covid-19, the City remains an example to the rest of South Africa. We are doing our utmost to govern well, lessen the impact of the pandemic on our residents, and display the best of humanity in service of Cape Town's people.

As Executive Mayor, it has been inspiring to see how not only City employees, but also the vast majority of Cape Town's residents have embraced our motto of "Making Progress Possible. Together".

Thank you, Cape Town.



ALDERMAN DAN PLATO
Executive Mayor

STATEMENT BY THE CITY MANAGER



Drafting my message for last year's integrated annual report, I never imagined that the world would still be so firmly in the grip of the Covid-19 pandemic an entire year later. In many ways, the 12 months reviewed in this report have been even more challenging for most people and businesses than those initial months following the outbreak of the pandemic.

We have had to accept that this virus is here to stay; if not forever, then at least for a much longer time than we originally anticipated. Moreover, its health, social and economic impacts have been compounded over time.

While the City was in the fortunate position to have a solid foundation in place from which to address the many challenges of the pandemic, neither the administration nor the people we serve have been immune to the impact of this devastating event. However, as a trusted partner and service provider to our residents, we have embraced our responsibility to do whatever we can to help and support the people and businesses of the Mother City through these trying times.

The strong partnerships we enjoy with an array of City stakeholders have been key in ensuring our resilience as a local authority, and in continuing to

deliver the basic services and support Capetonians expect and depend on. Particularly our strategic business partners have proven invaluable in these difficult times and have allowed us to develop and roll out a variety of business support and recovery plans and programmes. This enabled us to adjust many of our operations and focus areas in record time to ensure that we provide the necessary support to businesses and employers across town. We introduced measures to mitigate the worst of the economic crisis for our customers (indigent relief), enable residents to apply for job opportunities (through the public employment programme) and limit the financial knock-on effect of the lockdown on employees, harnessing technology and connectivity to facilitate business continuity.

The City's Investment Facilitation Unit has been a key role player in our recovery efforts, particularly through its Incentives Policy, which is designed to

attract vital investment to the greater Cape Town area, and to help prospective investors navigate the municipal processes involved in such investment. As a direct result of the City's prioritisation and incentivisation of investment in the past financial year, we engaged with almost 250 prospective investors and saw the initiation of numerous investment projects valued at nearly R15 billion – all during a global pandemic!

In addition, our focus on making it as easy as possible to do business with us has continued to foster significant contributions to our local economy by Cape Town businesses. Over the past financial year, the City successfully completed more than 94% of the planned tenders required, and paid 97% of its suppliers on time.

Successfully awarding the planned tenders, combined with the growing maturity of the City's contract and project management functions, has culminated in a R6,53 billion capital budget spend. This represents 91,1% of the full capital budget spend, excluding contract contingencies. This achievement indicates the City's ongoing commitment to infrastructure investment.

City support and assistance in the challenging 2020/21 financial year have certainly not been limited to Cape Town businesses, however. Over the past year, we remained steadfast in our resolve to assist our citizens financially by offering payment incentives and debt write-offs worth R4,1 billion. Our 'help and save' budget has also allocated R3,35 billion for rates relief for the financial year ahead, including R1,99 billion earmarked for indigent relief and R1,35 billion for rates rebates. In this way, we are working not only to reduce the existing impact of Covid-19 on lives and livelihoods, but also to alleviate future economic hardship as far as possible.

It is also worth noting that, despite the financial pressure that these write-offs and relief incentives

place on the City's operating budget, international rating agencies continue to recognise us for our strong financial performance. Moody's maintained its Ba2/NP negative rating of the City for 2020/21, citing "the metro's strong financial performance, supported by prudent financial management, a large and diversified economic base, and predictable revenue sources from property taxes and service charges".

I thank the City's employees and partners for the vital part they have played in ensuring all of these successes, as well as the many other achievements of the City over the past financial year. While the 2020/21 financial year has not been what any of us expected or hoped for, City staff's commitment to serving the people of Cape Town to the very best of their ability has never waned.

We also mourn the loss of our colleagues who succumbed to the virus, and we extend our condolences to all those who have lost loved ones, co-workers and friends to Covid-19.

The City remains committed to doing everything it can to reduce the number of Covid-19 fatalities going forward by supporting and enabling the vaccination roll-out. We encourage all Capetonians to get vaccinated in order to protect themselves and others from the virus.

I am confident that a better and safer future lies ahead. The City considers it a privilege to be able to support our residents as we move towards that future together.



LUNGELO MBANDAZAYO
City Manager



OVERVIEW OF THE CITY OF CAPE TOWN

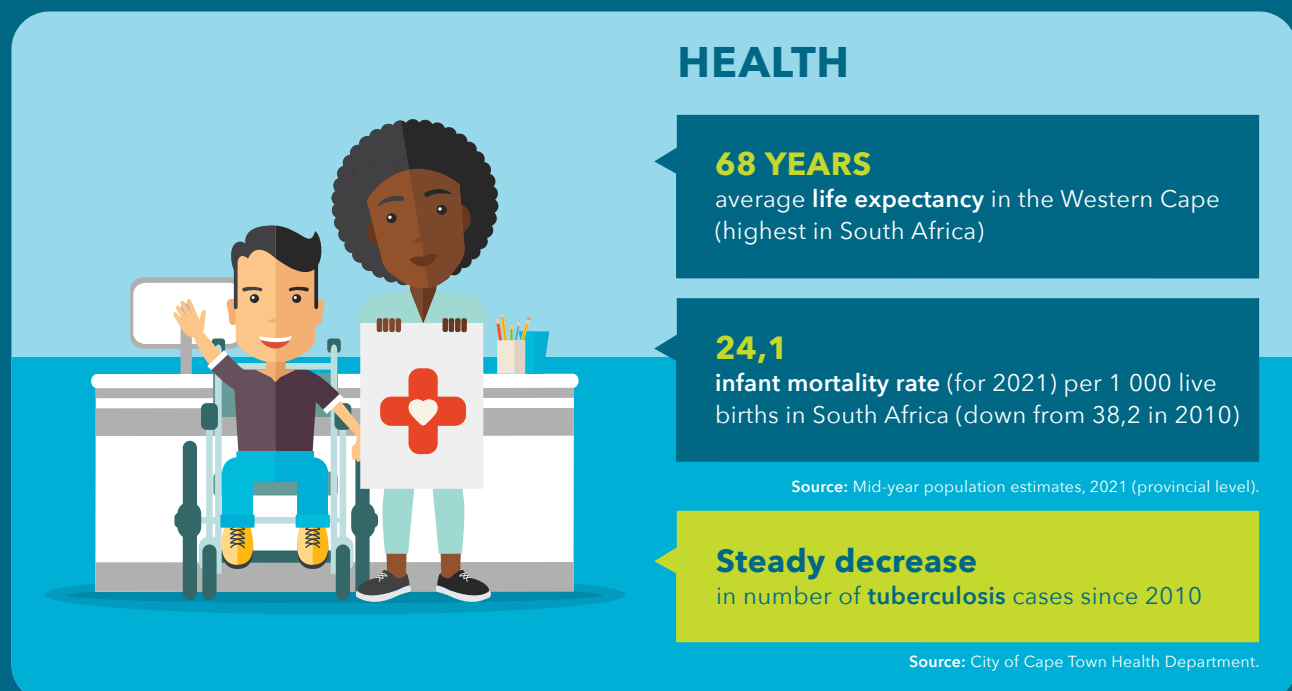
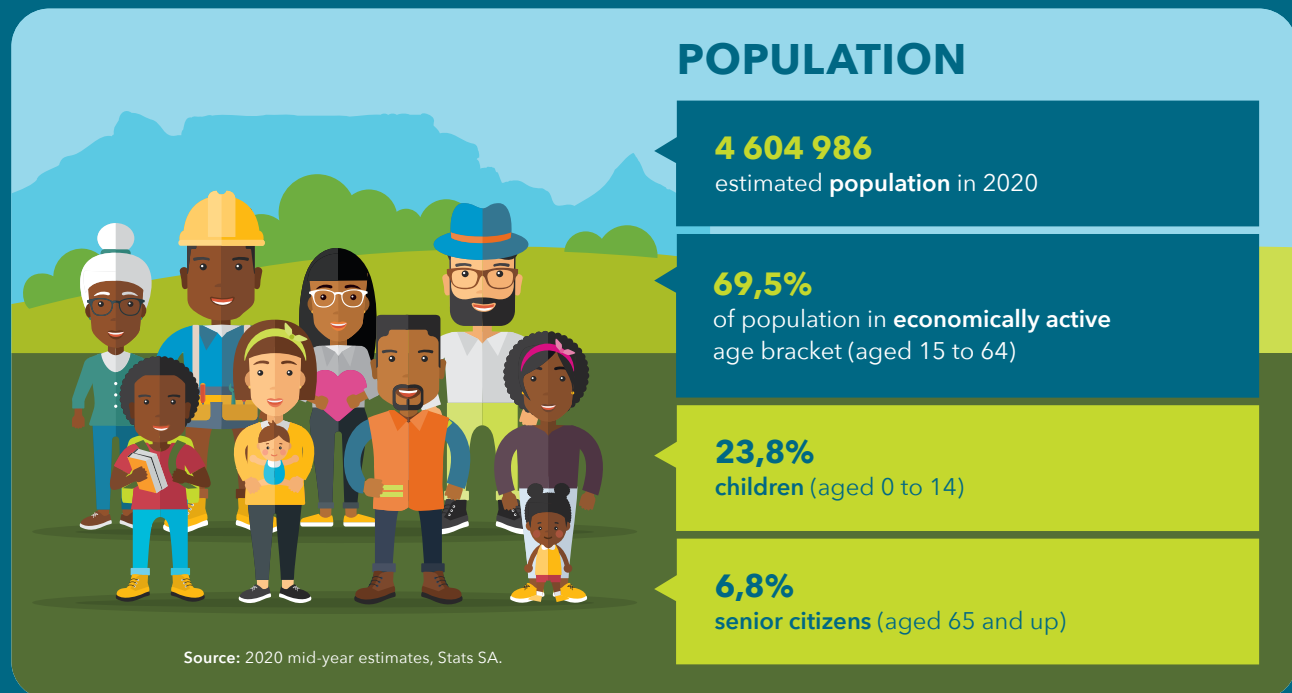
15

About Cape Town	16
Mapping the future of Cape Town - the Municipal Spatial Development Framework (MSDF)	22

ABOUT CAPE TOWN

Cape Town has the second-largest population of all cities in South Africa and, pre-Covid-19, was one of the most-visited tourist destinations in Africa. It is a vital economic, political and business hub for South Africa, and a driver of growth and development in the country as well as the southern African region.

The city has seen steady population growth in recent years. This trend is expected to continue, with any possible changes or effects on population growth post-Covid-19 to be monitored. According to current estimates, the total population of Cape Town will reach approximately 5,5 million by 2035.





HOUSEHOLDS

1 439 058

households (2020)

3,2

members per household on average

Source: Estimated by Policy and Strategy Department using Stats SA 2016 Community Survey and 2020 mid-year estimates.



EDUCATION

5,7%

illiteracy rate (15 years and older) in 2019
(up from 5,4% in 2016)

0,7%

of adult population (20 years and older) with
no schooling in 2019 (up from 0,5% in 2016)

32,6%

of adult population with **matric** as highest
level of education in 2019

779

ordinary **public** schools

201

ordinary **independent** schools

Sources: 2016 and 2019 General Household Surveys, Stats SA;
Western Cape Education Department website.



CRIME

5 864

per 100 000 population **overall crime**

2 330

per 100 000 **property-related** crime

925

per 100 000 **drug-related** crime

Source: SAPS, 2020.

POVERTY AND FOOD SECURITY



R3 500

household income per month –
Cape Town poverty line (2019)

245 657

households below poverty line

Source: 2019 General Household Survey.

201 707

indigent households in 2021

0,78

Human Development Index (HDI) score.

This is higher than the national average of 0,71. Cape Town's HDI is classified as "high human development", and South Africa's as "medium human development".

Sources: City of Cape Town Finance Department; IHS Markit Regional eXplorer, accessed 20 July 2021.

ECONOMIC OUTPUT



-0,5%

average economic growth rate between 2016 and 2020 (compared to -0,8% nationally)
Among others, due to impact of Covid-19 pandemic.

81,0%

in the tertiary sector

17,9%

in the secondary sector

3 045

more jobs created between 2015 and 2020
Quarter 2 of 2020 was devastating for employment. Compared to the corresponding period in 2019, the City lost nearly 190 000 jobs. Recovery is ongoing, with marginal increases noted in the third and fourth quarters.

Second-highest

contributor to total employment in
South Africa in 2020

Sources: 2020 IHS Markit Regional eXplorer; 2020 Quarterly Labour Force Survey, Stats SA.

ENVIRONMENTAL CHALLENGES

Water scarcity and related environmental changes, alongside the potential impact of various bulk water augmentation schemes

Climate change and the risk associated with rising sea levels

Changing rainfall patterns and temperature extremes negatively affecting human health and well-being, water resources, biodiversity and food security

More frequent and intense **extreme weather events**

Continued reliance on fossil fuels, with electricity still 95% coal-derived

Watercourses, beaches, nature reserves, agricultural areas, cultural landscapes and scenic views being **degraded by urbanisation**

Loss of globally important and critically **endangered biodiversity**

Invasive biological species

Rapid urbanisation and urban growth, including growth in the population and in the formal and informal urban footprint as household sizes decrease and demand for housing rises, placing pressure on land for development, as well as on finite natural resources

Unprecedented number of **illegal land invasions**

Limited and increasingly **scarce energy and water resources** and diminishing capacity to manage solid and liquid waste

Pollution of the city's air, open spaces, freshwater bodies and oceans

Poor quality of urban rivers and wetlands, and excessive pollution events

Exposure to risk from natural hazards and climate change, including resource shortages, fires, and extreme weather events, drought, floods, severe storms, coastal erosion, rising sea levels and extreme heat

A unique cultural heritage and sense of place, and the associated challenge of conserving heritage and landscapes in a rapidly growing city

Ageing infrastructure and the associated negative impact on the environment, such as ageing wastewater treatment plants and reticulation infrastructure and the resulting pollution events and poor water quality of urban rivers and wetlands, along with the associated elevated health risks

Increase in illegal land invasions in protected areas, with an associated **loss of biodiversity, environmental degradation, water pollution and health risks**

Increased poaching and other illegal activities, as well as a significant increase in illegal land invasions at many sites as a direct result of the Covid-19 hard lockdown and job losses



Sources: 2020 IHS Markit Regional eXplorer; City of Cape Town Environmental Strategy.

ENERGY

159,7 MILLION

gigajoules total **annual energy use** citywide
in 2018*

4,6 TONNES

CO₂ emissions
per capita in 2018**



SMALL-SCALE EMBEDDED GENERATION

registered by end of 2020 was **over 47 MW**

ELECTRICITY INTENSITY

of the city's economic output **dropped steadily at an average of 2,7% per annum** from 59,1*** in 2003 to 38,2 in 2019 – a total drop of over 35%****

* Based on the final data updates for the new Cape Town State of Energy and Carbon report to be published in 2021.

** BASIC emissions - latest available data as reported to the Carbon Disclosure Project. BASIC emissions is a reporting standard of the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC). It includes electricity imported into the city, but excludes regional and international aviation, as well as regional and international marine bunkers.

*** Measured in kWh/2010 ZAR (1 000) GDP.

**** Additional data have enabled an update from previous reports to include a longer time series and electricity sales in the Eskom supply area.

Source: City of Cape Town Sustainable Energy Markets Department.

WATER



Approved Water Strategy being implemented to achieve water resilience, as well as an inclusive and sustainable service

Implementation of the **drought response programme** and additional water supply through non-surface water sources

Consistently **high potable water quality** exceeding national prescribed standards

Low per-capita water consumption maintained following the 2017 drought

Dramatic **increase in consumers' awareness** of water-use efficiency (higher than the National Master Plan target)

SERVICE DELIVERY CHALLENGES INCLUDE:

Increasing number of sewer spillages due to underinvestment in refurbishment of pump stations and pipe replacement, vandalism, and disposal of foreign objects into manholes

Three wastewater treatment plants having **reached capacity due to rapid development**, with significant investment in these areas planned for the next five years

Source: Monthly W&W PC report, SDBIP indicator.

ACCESS TO SERVICES

(change from 2016 to 2019, as reported by all households)

Access to **piped water** (either on or within 200 m from property) up from 95,7% to **98,9%**

Access to **electricity** (from mains for lighting) down from 91,7% to **88,7%**



Access to **refuse** removal (at least once a week) down from 96,5% to **95,3%**

Access to adequate **sanitation** (flush, chemical or pit toilet with ventilation) up from 92,4% to **95,5%**

Access to **telephony** (landlines and/or cellphones) up from 97,6% to **98,1%**

Sources: 2016 and 2019 General Household Surveys, Stats SA.



MAPPING THE FUTURE OF CAPE TOWN -

THE MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK (MSDF)

The City's MSDF sets out the spatial vision and development priorities to achieve a reconfigured, inclusive spatial form for Cape Town. This legally required document illustrates and shapes the spatial vision and approach of the City's Integrated Development Plan, indicating what the City will be doing, with what resources, guided by which strategies and policies, and when.

The MSDF content and process are informed by the requirements of the Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA), the City of Cape Town Municipal Planning By-law, 2015, as well as a range of other national and provincial regulations and legal frameworks. Key national informants of the MSDF include South Africa's National Development Plan (NDP) and Integrated Urban Development Framework. City policies constitute another primary informant, including the Transit-Oriented Development Strategic Framework, the Integrated Public Transport Network (IPTN), the Densification Policy and a range of social, economic and environmental policies. For the upcoming MSDF review, the draft district spatial development frameworks (DSDFs), which saw extensive public participation in 2021, and the recently adopted National Spatial Development Framework will be key informants.

The DSDFs, in turn, outline the planning and spatial vision for the City's eight planning districts, namely Table Bay, Blaauwberg, Southern, Northern, Cape Flats, Helderberg, Tygerberg, as well as the combined district of Mitchells Plain, Khayelitsha and Greater Blue Downs. These frameworks represent the City's district-level response to urban growth management, describing interventions at a local planning level to mitigate against constraints and enhance opportunities that will improve residents' quality of life. Integral to the DSDFs is the Environmental Management Framework, which further guides environmental matters at the district level.

New growth management tools and analyses have highlighted the unsustainable operational costs associated with servicing peripheral development. In response, the MSDF considers how and where the City should invest in infrastructure, given fiscal constraints. The MSDF promotes an inward growth rationale, directing and supporting public and private investment and maintenance programmes in the existing footprint of the city, and protecting its critical natural assets. Upscaled development and infrastructure provision in an urban inner core – serviced by main public transport routes, and home to the majority of the city's economic nodes and many communities in need – directly supports spatial transformation through dense, diverse land uses and transit-oriented growth and development, anchored by an efficient transport system (both public and private).

In addition, the approach to formal and informal urban growth pressures will need to be configured in a manner that is appropriate and sufficiently resilient to respond to a range of shocks and stresses associated with climate change.

Certain technical components of the upcoming MSDF review began in the 2020/21 financial year.

For more information on the MSDF, visit the City's website: https://resource.capetown.gov.za/documentcentre/Documents/City%20strategies%2C%20plans%20and%20frameworks/CT_Metropolitan_Spatial_Development_Framework.pdf



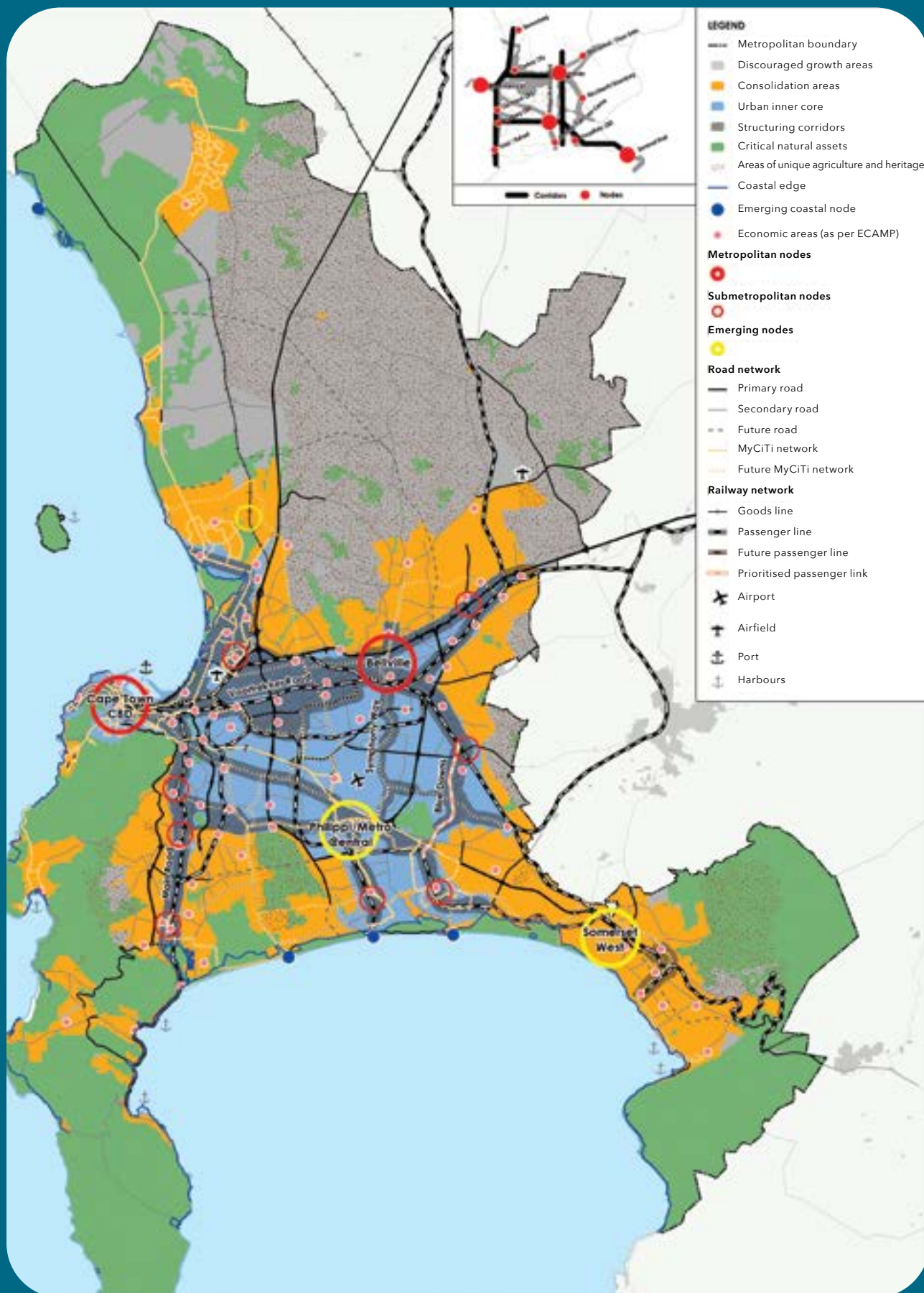


FIGURE 2: Cape Town's spatial transformation areas



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

The following pages offer an overview of the framework of institutional management and governance structures through which the City implements its strategies, using the appropriate resources.

CITY GOVERNANCE STRUCTURES AND FRAMEWORKS

GOVERNANCE STRUCTURE

The model below depicts the City's political governance arrangements.

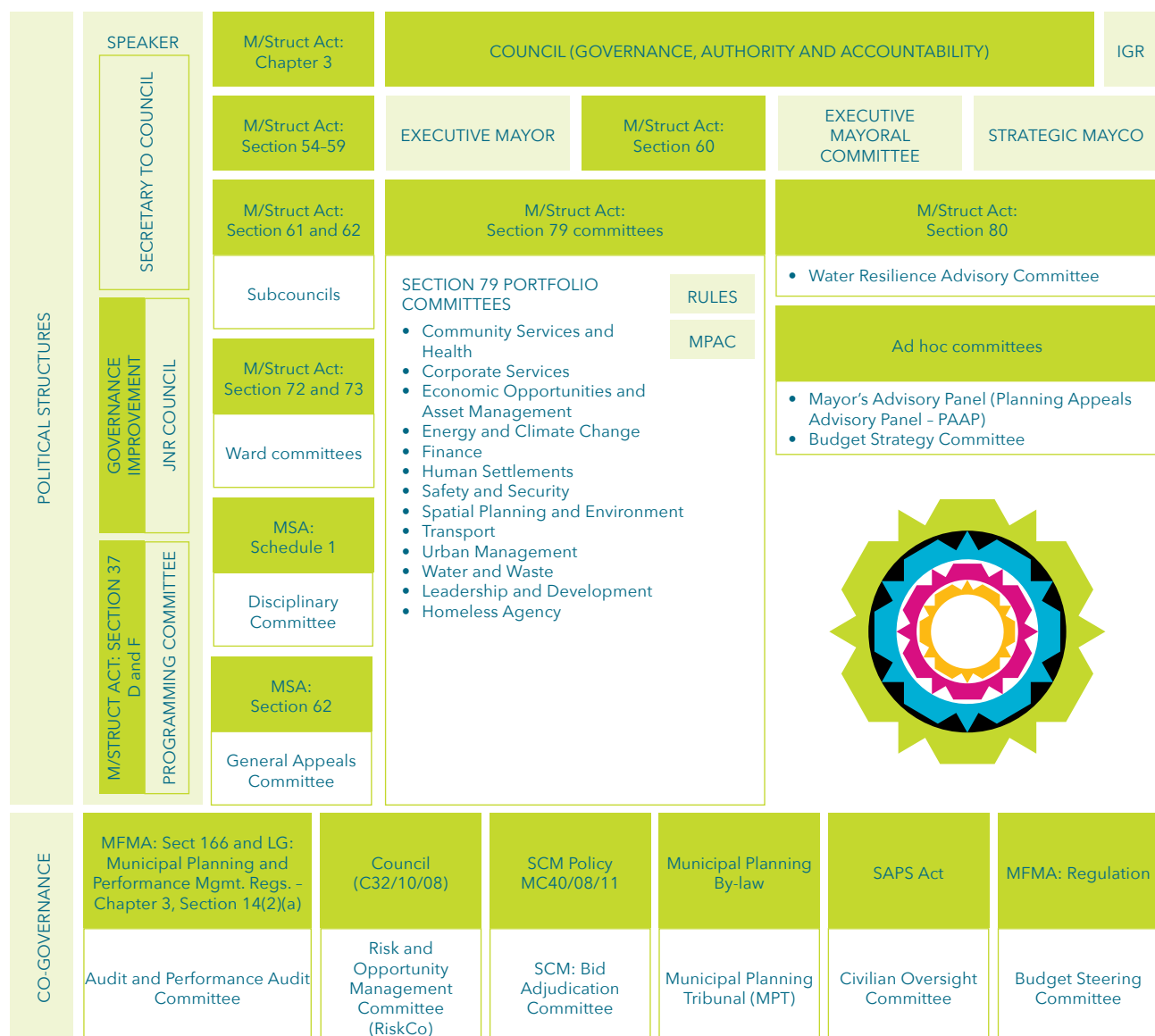


FIGURE 3: City of Cape Town governance structure

MAYORAL COMMITTEE

The Executive Mayor appoints the Mayoral Committee (Mayco). Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, together with the Mayco members. (Visit www.capetown.gov.za for more information.)

COMMITTEES

SECTION 79 PORTFOLIO COMMITTEES

These committees have an important oversight role, especially with regard to the IDP, budgets, policies, service delivery, strategic objectives and priorities, as well as by-laws. Oversight entails scrutinising the actions of Council's executive and administration in a strategic and structured way. The oversight role of the Corporate Services Portfolio Committee, in particular, also includes developing strategy for the monitoring and evaluation of the executive and administration's actions.

All section 79 portfolio committees' terms of reference stipulate their working arrangements. These include vital information on the committees' specific functional areas, such as details of their respective roles, powers and duties, chairpersons, membership and administrative support.

OTHER SECTION 79 COMMITTEES

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC is the mechanism through which Council oversees the expenditure of public money. The committee's primary purpose is to exercise oversight on behalf of Council in line with the practices prescribed in MPAC and National Treasury circulars and guidelines, as adopted by Council.

The committee is mandated to investigate the recoverability of unauthorised, irregular, and fruitless or wasteful expenditure in terms of section 32(2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA). In the case of irregular, fruitless or wasteful expenditure by the City or its municipal entities, MPAC may request the City's accounting officer (or nominee) or the chairperson of the municipal entity's board of directors to appear before it to provide clarity.

MPAC operates in a non-party-political manner to maximise its effectiveness. Although MPAC has no executive powers, its findings and recommendations are escalated to the appropriate executive authority. MPAC considers the reports of its task teams at

the main MPAC meetings, and submits reports containing task teams' recommendations to Council for final decision making. MPAC reports directly to Council via the Speaker of Council.

RULES AND ETHICS COMMITTEE

The Rules and Ethics Committee oversees the rules of procedure of Council and its committees. The committee may also consider and make recommendations to Council on the following matters:

- ✓ Nominations for civic honours and Freedom of the City awards
- ✓ Outside/private work applications by full-time councillors
- ✓ Naming and renaming of immovable Council assets in line with public participation processes (excluding new and unnamed streets, which are covered by the subcouncil delegations)
- ✓ Amendments to the delegations for Council and its committees
- ✓ Development of guidelines/frameworks for councillors on ethics matters

SECTION 80 COMMITTEES

WATER RESILIENCE ADVISORY COMMITTEE

The Water Resilience Advisory Committee considers matters pertaining to water resilience measures in Cape Town, and makes recommendations to the Executive Mayor in this regard. The committee also includes participation by external stakeholders.

FUTURE INFRASTRUCTURE PLANNING COMMITTEE

This committee advises on the effective and efficient planning of infrastructure in Cape Town to support the City's strategic objectives. It makes recommendations to the Executive Mayor.

MUNICIPAL SYSTEMS ACT SECTION 62 COMMITTEES

GENERAL APPEALS COMMITTEE

This committee considers any appeals lodged against decisions taken in terms of delegated or subdelegated authority by political structures, political office-bearers or councillors.

SCHEDULE 1 COMMITTEE

DISCIPLINARY COMMITTEE

The Disciplinary Committee investigates any alleged breach of the code of conduct for councillors, and makes recommendations to Council in this regard.

It also investigates non-attendance of meetings and imposes fines as determined by the rules of order of Council.

MUNICIPAL FINANCE MANAGEMENT ACT SECTION 166 COMMITTEE

AUDIT AND PERFORMANCE AUDIT COMMITTEE

The Audit and Performance Audit Committee (APAC) has neither executive nor management responsibilities or functions.

It advises Council, political office-bearers, the accounting officer and management on matters relating to:

- ✓ internal controls;
- ✓ risk management and mitigation;
- ✓ accounting policies;
- ✓ the adequacy, reliability and accuracy of financial reporting and information;
- ✓ effective governance (including ethics and forensic matters);
- ✓ compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation;
- ✓ the annual financial statements so as to provide Council with an authoritative and credible view of the City's financial position;
- ✓ any issues raised by the Auditor-General of South Africa and the City's Internal Audit Unit;
- ✓ the systems, controls and effectiveness of the performance management system, including performance-related strategies, policies and methodologies, the accuracy, completeness, integrity and timelines of performance management reports, as well as the integrated annual report in terms of sections 45 and 46 of the Local Government: Municipal Systems Act, Act 32 of 2000;
- ✓ the monitoring and evaluation of the Internal Audit Unit;
- ✓ investigations into financial and non-financial performance of the City that Council may request; and
- ✓ any other issues referred to it by Council.



SOUTH AFRICAN POLICE SERVICE ACT COMMITTEE

CIVILIAN OVERSIGHT COMMITTEE

Appointed in terms of section 64J of the South African Police Service Act, Act 68 of 1995, the Civilian Oversight Committee ensures civilian oversight of the municipal police service.

MUNICIPAL PLANNING TRIBUNAL

Each municipality is required to establish a municipal planning tribunal (MPT) to decide specific categories of planning applications. The tribunal comprises experienced public and private-sector planning professionals. Councillors are prohibited from serving on the tribunal. The City's MPT is supported by a dedicated committee support office.

SPEAKER

The Office of the Speaker coordinates all processes flowing from the Speaker's statutory duties and from delegations conferred by Council. These include disciplinary investigations in terms of the code of conduct for councillors and municipal employees, rules of order for meetings of political structures, as well as the General Appeals Committee. The Speaker also has political oversight in respect of certain committees of Council.

SUBCOUNCILS

Council delegates the duties, powers and functions of the City's subcouncils in terms of section 59 of the Municipal Systems Act. Alternatively, these functions are derived from the City's Subcouncil By-law.

Subcouncils may make recommendations to Council on any matter affecting their areas of responsibility. They may also advise Council on the duties and powers that they believe should be delegated to them.

EXECUTIVE MANAGEMENT TEAM

The Executive Management Team (EMT) is the City's senior administrative structure. It leads the City in its efforts to achieve its strategic pillars, priorities and objectives as outlined in the IDP. The EMT is aligned with the City's elected political structure.

PROTECTED-AREA ADVISORY COMMITTEES

Cape Town coordinates nine protected-area advisory committees (PAACs) under the National Environmental Management: Protected Areas Act, Act 57 of 2003. These are aimed at encouraging local community involvement and obtaining expert

advice in the management of the City's nature reserves. The latest three-year cycle of the committees has ended and a public process is under way to appoint new committees.

CITY ALIGNMENT WITH KING IV

Council adopted the King IV Report on Corporate Governance for South Africa, 2016 ('King IV') on 5 December 2017. This reaffirmed the City's commitment to continued good corporate governance, ethical leadership, and fair and transparent procedures and reporting.

King IV defines governance as effective and ethical leadership aimed towards achieving an ethical culture, good performance, effective control and legitimacy. As depicted in figure 4 below, King IV follows a principle-and-outcomes-based approach to good governance. This means that each outcome is linked to specific principles, which are underwritten by a set of practices.

GOVERNANCE IN ACTION

One of the ways in which the City aims to achieve good corporate governance is through the implementation of the organisational assurance governance framework and the combined assurance model contained in the framework. The framework defines the principles underpinning the City's governance arrangements by means of the delegation and assignment of appropriate levels of authority and responsibility to the various role players in the assurance value chain. It clarifies City roles from a governance perspective and, among others, aims to promote effective assurance coverage of significant organisational risks and material matters. The combined assurance model supports the framework and seeks to incorporate, enhance and optimise the integration, coordination and alignment of governance and assurance processes, as well as control oversight across the City.

FIGURE 4: King IV outcomes, principles and practices

GOVERNANCE OUTCOMES

Governance outcomes are the benefits that organisations should realise if the underlying principles – and therefore, ultimately, good governance – are achieved.

These governance outcomes are:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

PRINCIPLES

Principles embody the aspirations of the journey towards good corporate governance. They guide on what organisations should strive to achieve by the application of governance practices. Principles build on and reinforce one another: They are phrased so that they are fundamental to good corporate governance and hold true across all organisations.

PRACTICES

Practices are recommended at the level of leading practice. The practices associated with a particular principle should be applied so that they support and give effect to the aspiration as expressed in that principle. Practices may be scaled in accordance with proportionality considerations.

Diagram taken from 2016 King IV Report on Governance for South Africa.

ETHICAL GOVERNANCE

The first two principles of King IV deal with ethical governance, which includes ethical leadership and ethical culture. The City has an ethics code that is aligned with the Municipal Systems Act (Code of

Conduct for Municipal Staff Members), the provisions of Municipal Supply Chain Regulations number 46 and 47, the City's own values as well as the King IV principles. The code defines the City's objectives and corresponding principles of good conduct. Regular awareness campaigns and training sessions are

conducted on the code. The City also has an in-house ethics function that is mandated to protect, nurture and enhance the ethical culture of the organisation.

CONTROL ENVIRONMENT

The City has implemented a range of policies and procedures to create an effective control environment. In their day-to-day activities, all City officials fulfil a critical role in the effective functioning of the system of internal control. The first and second lines of assurance are responsible for implementing control activities, including policies, procedures, techniques and mechanisms to manage identified risks in their respective functional areas. Identified control weaknesses are reported to the relevant stakeholders, and remedial actions are implemented.

INTERNAL CONTROL FRAMEWORK

Section 62(1)(c)(i) of the MFMA states that the accounting officer of a municipality is responsible to ensure that the municipality maintains effective, efficient and transparent systems of financial and risk management and internal control. Principle 15 of King IV further highlights the importance of an effective control environment to ensure the integrity of information used for reporting and decision making in an organisation.

RISK GOVERNANCE

Principle 11 of King IV specifies that risk should be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV municipal supplement also highlights that Council must assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation.

The City follows an integrated approach to risk management, as encapsulated in the assurance governance framework. Integrated risk management (IRM) is the Citywide application of risk management, which includes risk identification, assessment, management, monitoring and reporting. Effective risk management assists in the achievement of the City's objectives set in the IDP.

In terms of section 62 of the MFMA, the City Manager is responsible for risk management, which includes accountability at an administrative level. The City Manager has constituted the Risk Management Committee (RiskCo) as the appropriate forum and governance structure to help the City Manager and management team discharge their risk management responsibilities.

The RiskCo chair issues an annual report. The report highlights the purpose of RiskCo, its activities during the year in review, and the key strategic risks, controls and actions identified and reported.

The City also has an IRM Unit as part of the Risk, Ethics and Governance (REG) function that helps embed risk management in the organisation.

INTEGRATED THINKING AND REPORTING

One of the concepts that King IV advocates is integrated thinking instead of the traditional silo mentality. King IV defines integrated thinking as "the active consideration by the organisation of the relationships between its various operational and business units and the capitals (financial, manufactured, intellectual, human, social and relationship, and natural) that it uses or affects".

Integrated reporting, in turn, is an outcome of integrated thinking and relates to a periodic report issued about value creation over time. Value creation in the City helps improve service delivery. In line with King IV, the City has both an IDP (five-year integrated strategic plan) and an integrated annual report. Both documents and related processes are aimed at assisting with the achievement of the King IV concepts.

In the spirit of King IV, and to enhance the City's integrated reporting processes, an integrated governance report is compiled each year as a supplement to this integrated annual report. It focuses specifically on governance and related matters. The 2020/21 integrated governance report, compiled by the City's Probity Portfolio, provides an overview of the combined assurance model, as well as the role and functions of the City's oversight and governance structures in terms of providing good corporate and ethical governance. It reflects the results of work performed by the Office of the Portfolio Manager: Probity and the independent internal assurance providers (IAPs), namely REG, Internal Audit, Forensic Services, and the Office of the City Ombudsman. It also reports on work performed by other levels of assurance providers.

In addition, the integrated governance report outlines the corrective measures the administration has taken and the governance interventions implemented as a result of the assurance providers' work.

CONSEQUENCE MANAGEMENT

Consequence management relates to the processes implemented to identify, address, monitor and report on deliberate (in)action(s) by City officials that may result in non-compliance, financial misconduct, unethical, malicious or other improper conduct, illegal acts or negligence. These processes and their outcomes are monitored and reported to the relevant oversight and governance structures.

To help establish ethical leadership as highlighted in King IV, the City Manager approved a Citywide consequence management standard operating

procedure (SOP) on 23 December 2020. It includes guidelines to operationalise the principles contained in the Consequence Management Policy. A consequence management register (CMR) and accompanying guidelines on how to complete the CMR were also compiled for implementation.

ASSURANCE SERVICES

In accordance with principle 15 of King IV, the governing body (in this instance, Council) should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making, as well as of the City's external reports.

COMBINED ASSURANCE

As a recommended practice under principle 15, King IV suggests that a combined assurance model be applied to provide a coordinated approach to all assurance activities. In essence, combined assurance optimises assurance and reporting on the strategic risks facing the City at all relevant levels – from line management and specialised functions to independent internal and external assurance providers. Ultimately, it adds value by helping management achieve business objectives. The City's combined assurance model comprises four levels of assurance providers, each with unique roles in enhancing good corporate and ethical governance practices. The Portfolio Manager: Probity in the Office of the City Manager coordinates and drives the combined assurance programme, which includes mobilising, monitoring and reporting on the outcomes of the programme.

EFFECTIVENESS OF THE CONTROL ENVIRONMENT

The City has an independent internal audit function that performs assurance reviews, tests the effectiveness of the internal control environment, and reports findings to various stakeholders. Internal Audit submits an annual statement on governance, risk management and internal control processes in the City to the APAC.

COMBATING FRAUD AND CORRUPTION

To be a responsible corporate citizen in line with principle 3 of King IV, the City remains steadfast in its commitment to help combat fraud and corruption in South Africa and promote a culture of ethics in local government. The City has a zero-tolerance approach to corruption. The Forensic Services and Ethics functions support and contribute to combating fraud, corruption, unethical behaviour and related activities, thereby enhancing good corporate governance.

An independent service provider manages a full-time fraud hotline, which is available to internal and external City stakeholders to enable the reporting

of any irregularities and suspicious or unethical behaviour.

The authority to institute forensic and ethics investigations in the administration is vested in the City Manager. Forensic Services and Ethics report all findings and recommendations to the City Manager and APAC in terms of the administrative and functional reporting lines respectively. This dual reporting line ensures that both functions operate independently and objectively.

KING IV ADEQUACY REVIEW

King IV introduced a municipal supplement to provide high-level guidance and direction on how local governments should interpret and apply the code. In keeping with the rest of the King IV report, the supplement is primarily aimed at the governing body (Council), being the focal point of corporate governance in the organisation. Good governance is essential to ensure the success of the municipality, and to protect and advance the interests of those it serves. It also enhances the functioning of leadership structures and enables Council to govern the municipality in such a way that it is able to meet its objectives.

In 2020/21, the EMT requested the Portfolio Manager: Probity to perform a King IV maturity assessment (adequacy review) on the City. The objective was to measure the City's processes and procedures against the King IV principles, with a specific emphasis on the criteria specified in the supplement for municipalities, in order to provide the City's administrative leadership with an overview of the adequacy of the application, incorporation and embedding of the fundamental concepts of the code. These include ethical leadership, the organisation being an integral part of society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting.

Of the 17 principles listed in King IV, only 16 apply to the City, as principle 17 relates to institutional investors exclusively. The review found the City to be generally compliant with King IV. Of the 16 principles assessed, 14 were deemed adequately applied. For two principles, areas of improvement were identified. Recommendations to remedy these areas were accepted by management and are being implemented.

The overall results from the adequacy review reflect the City's commitment to good corporate governance, ethical leadership, and fair and transparent procedures and reporting. The review has also confirmed that the City is indeed implementing the King IV principles.



AN INTEGRATED PLAN TO TAKE CAPE TOWN THROUGH RECOVERY TO RESILIENCE

Covid-19 and the national lockdown brought immense hardship to people, communities and businesses across South Africa. While Cape Town had the solid economic and infrastructure foundations in place to help cushion the blow a little, the economic decline that resulted from the pandemic has, nevertheless, been very significant.

From the outset, the City recognised and embraced its responsibility to lead the way in helping Cape Town and its people deal with the massive challenges created by Covid-19, and assist in reversing the socioeconomic decline by whatever means we can.

Soon after the impacts of the initial, hard lockdown became evident, the City mobilised to implement a holistic, integrated recovery plan, with a number of dedicated workstreams targeting specific focus areas. The information on these pages offers a snapshot of some of the key components of the City's integrated recovery plan.



ECONOMIC RECOVERY

Prior to Covid-19, Cape Town's economy was already facing various challenges, including low economic growth, widespread unemployment (particularly among the youth) and worsening inequality, which had resulted in further racial, socioeconomic and spatial fragmentation across town. There are many reasons for these challenges, not least poor economic growth and development at a national level, coupled with a spate of sovereign credit rating downgrades.

So, when the pandemic hit our shores and the national lockdown was imposed, this further exacerbated the economic difficulties for individuals, households and businesses across Cape Town.

The City's Economic Recovery Action Plan identified three stages of intervention to respond to this economic crisis:

- ✓ **Response** - The provision of immediate short-term support for individuals and firms suffering cash flow shortages, layoffs, unemployment or bankruptcy as a result of Covid-19
- ✓ **Adaptation and recovery** - The medium-term salvaging of the economy by getting people and businesses back to work in new ways, which might not have been possible or necessary in a pre-Covid-19 economy
- ✓ **Stabilisation** - The establishment of a new equilibrium that will act as a baseline for long-term, inclusive economic growth

The City's objective in responding to the pandemic and driving long-term, sustainable recovery is to

ensure dependable, consistent service delivery to individuals and businesses. This is in addition to targeted expenditure through the capital and operating expenditure budget to stimulate the economy, while safeguarding the City's financial sustainability and helping to meet the significant needs that characterise the recovery phase.

With this in mind, the City's Economic Recovery Action Plan includes the following components:

- ✓ **Enhancing business retention efforts** - This includes business aftercare and support, reducing the cost of doing business in the city, and targeted assistance from sector support organisations.
- ✓ **Driving resumption of expansion and investment** - The City continues its efforts to lower the costs and barriers of doing business. An adapted Investment Incentive Policy is aligned with the objective of further stimulating investment during the recovery phase.
- ✓ **Equipping businesses for new ways of work** - The City is working through its special purpose vehicles (SPVs) to equip businesses for new ways of work.
- ✓ **Identifying new sectoral opportunities** - By growing its partnerships with organisations such as the National Skills Fund and CapeBPO (previously Business Process Enabling South Africa Western Cape, or BPESA), the City aims to support sectors that offer enhanced opportunities for employment creation on the back of the pandemic.

WISP HELPS BUSINESSES CUT COSTS AND INCREASE REVENUE

The Western Cape Industrial Symbiosis Programme (WISP) is a City-funded platform offered free of charge to businesses by the City's special business partner GreenCape. The programme

sees GreenCape develop mutually profitable links between companies from all industrial sectors so that one company's underutilised and waste resources can be recovered, reprocessed and reused by others. The solution allows participating businesses to cut costs, improve processes, create new revenue streams and jobs, all while having a positive impact on the environment through the repurposing of waste.



INFRASTRUCTURE PLANNING AND DELIVERY

Well-planned infrastructure investment is proven to support macroeconomic stabilisation, create jobs and boost productivity and competitiveness, enabling long-term economic growth. So, to ensure socioeconomic recovery from the effects of the pandemic, as well as the realisation of pre-Covid-19 programme commitments, the City approved the Infrastructure Planning and Delivery Framework (IPDF).

The IPDF was compiled directly in response to the need for a more consistent and coordinated effort to accelerate infrastructure investment, adopting a long-term, strategic, Citywide approach. It establishes an appropriate mechanism to ensure that long-term infrastructure delivery stabilises service delivery and that infrastructure investments are made intelligently and strategically. The IPDF consolidates detailed sector-based pipelines over a ten-year horizon. Pipelines are based on sector planning and analyses of infrastructure capacity; yet they rely on the same growth assumptions to ensure uniformity.

Through effective prioritisation of a consolidated portfolio, the IPDF sets out to determine which capital projects are likely to have the greatest

impact in communities and on the economy, while serving the City's long-term financial sustainability and strategic priorities. The key objective is to maximise economic and social returns by prioritising infrastructure investment that supports and enables spatial transformation and inclusive growth. A core rationale is to support recovery by spending the infrastructure budget well, and to ensure stable, quality services. The availability, accessibility, affordability and adequacy of basic services facilitated and enabled via infrastructure networks are critical for realising inclusive economic development.

Furthermore, the IPDF offers the opportunity to mainstream resilience and environmental sustainability considerations into the management of the capital portfolio. This allows the City to enhance urban resilience and sustainability, acknowledging that different infrastructure choices have different long-term economic, social, environmental and financial implications. Finally, the infrastructure portfolio allows for improved risk management by enabling the City to adapt to a dynamic context characterised by a changing climate, the introduction of new technologies, and changing demographics.

ENSURING CAPE TOWN IS A CITY OF OPPORTUNITY THROUGH JOB CREATION

The City has continued to attract significant investment over the past financial year, despite the restrictions of the national lockdown, with

more than R11 billion invested in Cape Town in 2020. At least 40 000 jobs will be created as a result of various major construction projects across the metro. The City's concerted efforts to attract investment have certainly paid off: Between January and March 2021, Cape Town maintained the lowest unemployment rate of all metros.



TOURISM RECOVERY

Tourism is one of the most significant contributors to Cape Town's economic growth. The sector has also been among those hardest hit by Covid-19 and the national and global lockdowns, which have seen extensive movement restrictions and border closures. In response, the City put together a tourism task team with the assistance of the Mother City's official destination marketing organisation, Cape Town Tourism. The team is mandated to support the tourism and hospitality industry, while also focusing on future prospects. They developed a ten-point tourism action plan aimed at not only helping the city's tourism industry survive, but also supporting its sustainable recovery by stimulating supply and demand for domestic and international markets.

Specific objectives of the plan include the following:

- ✓ To assist the tourism industry by unlocking short-, medium- and long-term relief measures to address the severe cash flow crisis many tourism businesses are still facing
- ✓ To lobby National Government for a responsible easing of the Covid-19 restrictions, which are making it difficult for tourism and hospitality establishments to operate
- ✓ To drive domestic tourism campaigns to generate local demand for the tourism industry
- ✓ To leverage strategic partnerships and agreements that would ensure connectivity and demand flows to Cape Town
- ✓ To ensure that Cape Town is a safe tourism destination by empowering tourism establishments to implement all Covid-19 protocols
- ✓ To keep Cape Town top of mind in key source markets via targeted messaging and content-driven marketing campaigns
- ✓ To identify and develop new tourism products that can diversify Cape Town's offering as a tourism destination
- ✓ To promote Cape Town as a resilient and responsible tourism destination
- ✓ To continue fostering a tourism mindset among the youth, both as a destination and as a potential career option
- ✓ As a direct result of this plan, as well as the commitment and dedication of all tourism stakeholders in the region, the hospitality and tourism sectors have been able steadily to claw back the financial and employment losses incurred during much of 2020.

BUILDING FUTURES BY SUPPORTING YOUTH INNOVATION

Through the City's annual #YouthStartChallenge, youth aged 18 to 35 are offered the chance to present business ideas that have long-

term potential, but can also stimulate job creation. The top 100 entrants go through a process of selection, with the qualifying start-ups receiving training and development opportunities. The #YouthStartChallenge is another way in which the City is providing a platform and support for innovation.

CITY'S FINANCIAL INCENTIVES ATTRACT INVESTMENT AND CREATE JOBS

The expanded investment incentive scheme, which was first adopted in November 2019, is a practical way in which the City is working to keep Cape Town regionally and globally competitive. The scheme became even more relevant with the onset of Covid-19 and, today, is playing a key role in Cape Town's economic recovery after the devastation caused by the pandemic and lockdown.

The City offers both financial and non-financial incentives to domestic and international businesses who either invest in Cape Town for the first time or expand their existing operations and create new jobs.

Financial incentives include:

- ✓ fee waivers for building plan and land-use applications;
- ✓ the deferral and write-off of up to R1 million in development contributions; and
- ✓ a special electricity tariff for large power users.

Non-financial incentives include:

- ✓ prioritised single-point investment facilitation;
- ✓ the fast-tracking of building plan and land-use applications; and
- ✓ the fast-tracking of occupancy certificates.

Since the 2018 financial year, the City's Investment Facilitation Unit has supported 18 confirmed investments to the value of R1,486 billion, resulting in 1 190 potential jobs. In the second quarter of the 2020/21 financial year (October to December 2020), the unit was involved in 70 engagements as part of the single-point investment facilitation service, and 14 different investors expressed interest in starting or expanding operations in Cape Town. These investors operate in a range of industries, from renewable energy and manufacturing to construction materials, agriprocessing and information technology.





ACCELERATED SERVICE DELIVERY

The City's R200 million Mayoral Visible Service Delivery Acceleration (MVSA) programme is an innovative approach to fast-tracking efforts to improve the quality, safety and surroundings of communities in 23 identified precincts across the metro.

After an extensive evaluation of City services in the identified precincts, 80 capital projects have been identified for funding and implementation, with more

than 200 operational projects planned for roll-out. The precincts that will benefit from the programme are central Bellville, central Atlantis, Lotus Park, central Bishop Lavis, Bonteheuwel, Hanover Park, Manenberg, Ocean View, Uitsig, Wynberg, Nyanga urban node, Monwabisi Park, Harare, the Durbanville public transport interchange, central Kraaifontein, Delft, central Kuils River, Nolungile, Nonkqubela, Bo-Kaap, central Goodwood, central Parow and Mitchells Plain.

CITY INVESTS 95% OF HUMAN SETTLEMENTS GRANTS DESPITE COVID-19 CHALLENGES

Despite the impact of the pandemic throughout the 2020/21 financial year, the City managed to spend approximately 95% of its Urban Settlements Development Grant (USDG) for the period, delivering on its human settlements commitments to Cape Town's most vulnerable residents. In addition, good delivery levels were also achieved on other human settlements-related grants such as the Informal Settlements Upgrading Partnership Grant (ISUPG), of which 99% was invested.

Through its investment of grant funding, the City demonstrates its ongoing commitment to delivering housing opportunities to tens of thousands of residents per year, despite a profound national housing policy shift away from the state as a primary housing provider, and huge cuts to national conditional grant funding. Between the 2021/22 and 2023/24 financial years, the allocated capital budget for City human settlements projects is approximately R3,3 billion. Of this, almost R2 billion is projected to be spent on formal subsidy housing, while approximately R1,3 billion is earmarked for informal housing and new accommodation types to address growing informality.





A BUDGET GEARED TOWARDS RECOVERY

As one could expect, the most significant challenge to the City's recovery plans is funding. This is especially true given the financial difficulties that many Capetonians are still experiencing in their households and businesses, which have a knock-on effect in terms of the City's ability to collect revenues.

Despite this, however, the City's annual budget for 2021/22 aims to achieve a balance between meeting the service delivery needs of all businesses and residents in these trying times, and stemming further economic decline in a constrained context. The budget allocation for 2021/22 totals R56,48 billion, of which R48 billion has been allocated to operational requirements, and R8,4 billion is earmarked for capital expenditure.

"We are determined to continue charting a recovery path for the City and ensuring that the appropriate levels of services are delivered as efficiently as possible," said Executive Mayor Ald Dan Plato. "The investments made through our 2021/22 budget will not only help ensure that services are delivered and

communities are protected, but will also support the critical recovery of our local economy."

Given the economic fallout from the pandemic, and its impact on the income levels of businesses and residents, the budget places significant emphasis on avoiding additional economic hardship. Instead, through extensive expenditure cuts, the City managed to keep rates and tariff increases to a minimum, with a 4,5% increase for rates, 5% for water and sanitation, and 3,5% for refuse removal. At 13%, the electricity tariff increase was also kept below the full 15,6% increase imposed by Eskom.

The cost cuts were achieved primarily through the personal financial sacrifices of many City staff and managers, with a 0% cost-of-living increase in the salaries and wages provision in the 2021/22 financial year. To this end, the City had petitioned the Local Government Bargaining Council not to award any salary increases for staff and councillors. As a result, the City could allocate R3,4 billion to help qualifying residents with rates and services relief.

HELPING SMMEs GROW AND CREATE JOBS

The Mobile Business Hub adds to the efforts of the City's Business Hub located in central Cape Town by taking business support skills directly to entrepreneurs. Small businesses and entrepreneurs are a vital segment of the local economy, as they employ nearly three quarters

of South Africa's workforce. In addition, the City's Jobs Connect workforce development programme links businesses, particularly small, medium and micro-sized enterprises (SMMEs) and corporates, to the appropriate talent/professionals and provides training and employment opportunities to job seekers across town.





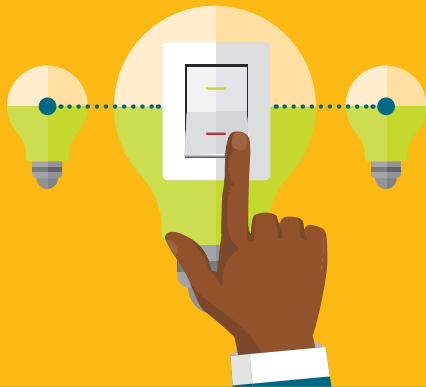
STRATEGIC FOCUS AREA 1: OPPORTUNITY CITY

SFA 1 FOCUSES ON:

- ✓ improving Cape Town's business climate;
- ✓ establishing Cape Town globally as an attractive investment destination with positive economic growth;
- ✓ encouraging business opportunities; and
- ✓ investing in and maintaining infrastructure.

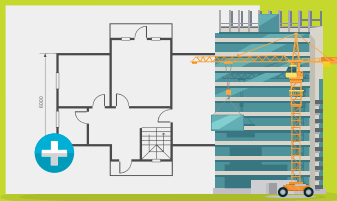
OBJECTIVES	PROGRAMMES
OBJECTIVE 1.1: Positioning Cape Town as a forward-looking, globally competitive city	✓ Ease-of-business programme ✓ Cape Town business brand programme ✓ Infrastructure investment programme ✓ Road infrastructure investment programme ✓ Economic development and growth programme ✓ Partnership development programme ✓ Leveraging the City's assets
OBJECTIVE 1.2: Leveraging technology for progress	✓ Digital city programme
OBJECTIVE 1.3: Economic inclusion	✓ Skills investment programme ✓ Mayor's Job Creation Programme
OBJECTIVE 1.4: Natural resources and environmental sustainability	✓ Energy-efficiency and supply programme ✓ Climate change programme ✓ City resilience programme

KEY OPPORTUNITY CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2020/21



SAVED OVER 265 GWH OF ELECTRICITY

over the past **12 YEARS**
through energy-use improvements
in municipal operations,
translating to avoided emissions of
262 735 TCO₂E



**FINALISED 98%
OF BUILDING PLANS**
within statutory timeframes



Brought total number of
BUILDING PLANS APPROVED
since 2012/13 to **230 504**, with a value
of approximately **R171,2 BILLION**



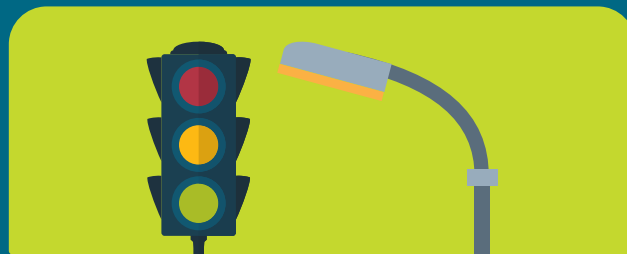
Created **34 306 JOB
OPPORTUNITIES**, bringing the
total to **386 569** since 2012/13



Installed nearly **1 140 KM OF
FIBRE-OPTIC CABLE** across the
metro, with **408** City buildings now
connected to fibre-optic infrastructure



Invested around **R51 BILLION** in **INFRASTRUCTURE DEVELOPMENT** since 2012/13



Retrofitted **ALL TRAFFIC LIGHTS** and approximately **36%** of all **STREETLIGHTS** with **ENERGY-EFFICIENT LAMPS**



Diverted **53 000 TONNES** of **ORGANIC WASTE** from landfill through the garden waste-chipping programme



Offered **THINK TWICE** kerbside recycling programme to over **190 000** households across town and diverted **27 292 TONNES** of recyclables from landfill



Distributed an additional **2 040 FREE COMPOSTING CONTAINERS** to Capetonians



Provided **WORK-READINESS TRAINING TO 4 619 RESIDENTS** through the City's workforce development project



Invested over **R300 MILLION** in Wesgro and the SPVs since 2011, while they have facilitated over **R32,2 BILLION** worth of investment in Cape Town and created more than **46 000** direct jobs in return



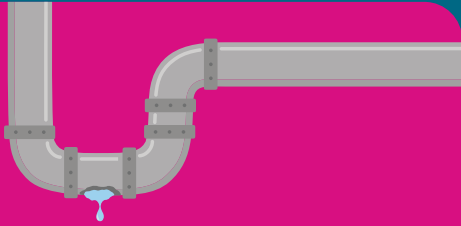
Helped secure **22 NEW ROUTES** and **26 ROUTE EXPANSIONS** since 2015 through Cape Town Air Access



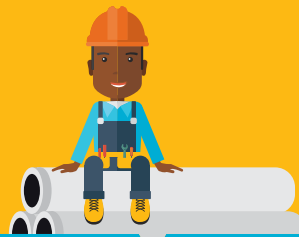
ENHANCED THE SKILLS OF NEARLY 15 888 PEOPLE, mainly from disadvantaged areas, since 2014 through SPV training partnerships



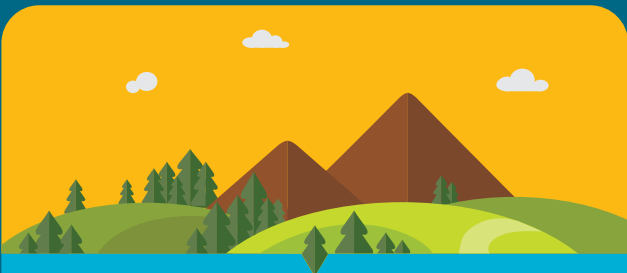
ACTIONED 99% OF SIMPLE SERVICE REQUESTS from SMMEs received through the Business Hub helpdesk within two working days



REPLACED 56 047 M OF WATER MAINS in 2020/21, bringing the total replaced since 2012 to 386 969 m



REPLACED 28 140 M OF SEWER MAINS in 2020/21, bringing the total replaced since 2012 to 221 589 m



Conserved **65,34% (55 540 HA) OF THE 2009 BIONET** to date, resulting in the 2022 IDP target already being met



Created **3 973 JOB OPPORTUNITIES** and over **533 FULL-TIME JOB EQUIVALENTS** through invasive species management programme

300 000

Received **OVER 300 000 VISITORS** at the City's **NATURE RESERVES**



Continued to implement **COASTAL CAPITAL UPGRADE PROJECTS**, including completion of Big Bay-Small Bay revetment and Beach Road at Bikini Beach seawall repair.

OBJECTIVE 1.1: POSITIONING CAPE TOWN AS A FORWARD-LOOKING, GLOBALLY COMPETITIVE CITY

EASE-OF-BUSINESS PROGRAMME

BUSINESS SUPPORT PROJECT

Small and medium enterprises (SMEs) make up over 90% of all businesses in Cape Town and account for nearly half of private-sector employment. The City is committed to creating an environment in which small businesses can grow and thrive.

If inefficiently applied, regulatory compliance may limit firms' ability to grow and create more jobs. Therefore, the City has committed to facilitate business support for approximately 500 SMEs per year until 2022. This includes ongoing advice and skills development, guidance on regulation compliance, and the removal of business-related bottlenecks. The assistance is delivered directly to SMEs, in partnership with support organisations and various business incubators.

TABLE 1: Business support project achievements until the end of June 2021

INDICATOR	FINANCIAL YEAR 2020/21
Service requests responded to within two working days (simple requests)	99%
Service requests responded to within 14 working days (complex requests)	90,9%
Small businesses participating in City's enterprise and supplier development programme	760
Businesses in distress supported by Business Hub consultants and senior client advisors	2 501
Number of reform projects (that reduce the cost of doing business) supported and/or facilitated	23
Regulatory impact assessments facilitated	2
Educational events hosted for businessowners	45

LAND USE MANAGEMENT SYSTEM (LUMS) PROJECT

Expediting land development applications in support of various City strategies is enabled through ongoing improvements to the LUMS. Key to this approach is reviewing and simplifying the City of Cape Town Municipal Planning By-law, 2015 (MPBL), and entrenching the City's Development Application Management System (DAMS). This ensures that both these instruments improve efficiencies in

the processing of applications, thereby enabling economic growth.

The MPBL has consolidated the municipal planning regulatory function and placed it under full City control, effectively giving the City executive authority over municipal planning in its area of jurisdiction. The City reviews the MPBL every year, allowing the public to comment and make suggestions on possible improvements to the by-law and its associated processes.

The Development Management Scheme (DMS) is the City's single zoning scheme, as required by law, with the objective to control land use and regulate land-use rights through effective zoning. The DMS helps direct the spatial transformation of Cape Town, as it is framed within the MSDF and the City's economic and social development strategies. It is currently undergoing its five-year review.

DEVELOPMENT APPLICATION DATA MANAGEMENT

The City's Development Application Management System (DAMS) allows for the electronic submission, circulation and processing of building plans and land-use applications. As a result of DAMS and the City's e-Services portal, 100% of all building plans and 100% of all land-use applications were received electronically in the year in review.

In 2020/21, the City finalised 98% of building plans within the statutory timeframes, against a target of 95%. A total of 230 504 building plans with a combined building work value of approximately R171,2 billion have been submitted for City approval since 2012/13.

During the Covid-19 lockdown, DAMS enabled the Development Management Department to continue providing an efficient service to City customers. Staff continued to work from home, and customers continued submitting applications electronically. However, property registry transactions were inhibited because of reduced responsiveness from the Deeds Office. The City is committed to engaging with the Deeds Office to ensure more resilient service delivery.

The City also recognises that data capturing and management on DAMS need to improve to ensure quality reporting and decision making, and will continue investing in the system's enhancement and development in the coming years. To this end, the Development Management Department is currently re-engineering and streamlining all DAMS business processes and upgrading the e-Services portal to provide a more efficient service to customers. While the lockdown has meant that changes are taking longer than anticipated, the streamlined system should be ready for implementation by July 2022.

CITY-PRIVATE-SECTOR GROWTH PARTNERSHIP PROJECT

The City partners with property developers and other stakeholders to share information and assess opportunities to help achieve its infrastructure investment vision. This provides a clear view of any planned public and private-sector development initiatives or concerns. The partnerships also help

ensure full transparency between stakeholders, and a shared development vision based on effective information flow.

The City engages with representative property development bodies and other relevant stakeholders to share information on its infrastructure investment vision, initiatives and programmes, and to discuss private-sector-led developments. This helps build a common vision for development in Cape Town based on transit-oriented development (TOD) principles, and improves relations and investment decisions through increased information flow.

These information-sharing engagements include a focus on investment initiatives in the spatially targeted TOD precincts making up the Catalytic Land Development Programme (CLDP), and specifically also the priority precincts. Examples include the business forum and the higher education forum that have been established for Bellville, being one of the priority precincts. These forums meet a number of times per year, offering the City a platform to share information regarding its planned initiatives in the Bellville precinct, including opportunities to develop this area into an innovation district.

CAPE TOWN BUSINESS BRAND PROGRAMME

BUSINESS BRAND PROJECT

The City's business brand, Invest Cape Town, continues to stimulate and enable investment by ensuring that all economic role players in the region speak with one voice, campaigning for Cape Town as Africa's hub for business ideas and innovation. In the year in review, Invest Cape Town built on its success from the previous financial year by:

- ✓ continuing to strengthen partnerships with SPVs;
- ✓ supporting digital events hosted by SPVs and stakeholders;
- ✓ running local and international campaigns to boost the economy and encourage investor confidence; and
- ✓ successfully growing its digital platforms.

The Invest Cape Town website (investcapetown.com) reached more than 45 900 users in 2020/21. It experienced a year-on-year session decrease of 15,7% due to search algorithm changes, as well as a correction from the previous year's session spike due to an aggressive Covid-19 campaign roll-out in 2019/20.

In September 2020, the investor confidence campaign was relaunched. This collaboration between Invest Cape Town, Wesgro and the InvestSA one-stop shop was rolled out in three phases, which concluded in April 2021. The campaign aimed to boost the investment identities of both Cape Town and the Western Cape locally and abroad, and to promote the investment landscape as a compelling and lucrative one, while eliminating barriers to investment. The overall campaign achieved 51,7 million impressions, 208 331 clicks to all websites, and an estimated 1 626 leads. Invest Cape Town itself achieved 16,1 million impressions, 55 093 clicks to its website, 405 estimated leads and 221 estimated sector brochure downloads.

ECONOMIC SECTOR DEVELOPMENT PROJECT

As part of its trade and investment function, the City funds and supports various SPVs to drive growth and job creation in strategic sectors of the economy. The SPVs currently supported are the Cape Information Technology Initiative (CiTi), the Cape Town Fashion Council, BlueCape, the Cape Craft and Design Institute, GreenCape, the Cape Clothing and Textile Cluster, and CapeBPO.

Cape Town's BPO sector injects R3,4 billion in investments into economy

The business process outsourcing (BPO) sector in Cape Town has consistently proven to be a key driver of investment, upskilling and jobs. The sector employs more than 60 000 people in the city, with over 17 000 of them gaining employment in the past three years, despite the challenges of the Covid-19 pandemic. Because of this, Cape Town has become a leading hub on the continent for call centre services to both domestic and international markets. Recognising the industry's growth potential, the City allocated R28,5 million towards BPO sector skills development and training between July 2018 and March 2021.

Other SPVs receiving City support include Wesgro, the Western Cape's destination marketing, investment and trade promotion agency, and the Western Cape Economic Development Partnership. Since 2011, the City has invested over R300 million in Wesgro and the various other SPVs, which have, in turn, facilitated over R32,2 billion's worth of



investment in Cape Town and created more than 46 000 direct jobs.

In 2020/21 alone, the SPVs collectively achieved R9,7 billion's worth of investment, which has resulted in 10 194 direct jobs for Cape Town. This was achieved against an internal City target of R5,5 billion in investments, 4 000 jobs and 1 660 training initiatives. This excellent achievement was facilitated by the City's contribution of over R55 million to the SPVs in the past financial year.

The industries in which Cape Town has the most pronounced job creation advantages are business process services, fishing, real estate, textiles and clothing, hotels and restaurants, and food and beverage manufacturing. While many of these have been severely affected by the pandemic, they remain key focus areas for attracting investment.

INVESTMENT DESTINATION IN IDENTIFIED MARKETS PROJECT

Identifying opportunities in high-growth, high-impact sectors is key to growing the local economy, attracting investment to the region and maximising job creation and economic development. Therefore, the City engages with various Cape Town-based companies to obtain business, sector and economic insights that can inform its approach to supporting identified high-potential sectors. Project Camissa is the City's primary research initiative aimed at gathering these insights. The research findings are applied to better understand which industries hold the biggest potential for both output and employment growth, and to identify strategic interventions that will best support this growth potential.

The City also partners with various stakeholders to increase air and port access to Cape Town so as to boost investment and tourism. Fast-growing trade and investment markets are targeted, including North America, Germany, Brazil, France and Southeast Asia, as well as key African markets such as Ethiopia, Kenya, Mauritius and Zimbabwe.

Since its launch in 2015, Cape Town Air Access has helped secure 22 new routes and 26 route expansions. These include the sought-after North American direct connection, with the team successfully negotiating a seasonal non-stop connection to Newark Airport in New York in 2019. In the year in review, the global aviation industry suffered huge losses as a result of the pandemic. Never before in the history of aviation has the sector seen such a substantial and persistent decline in global passengers, cargo and revenue. The crisis is also unique in that it affects every airline and airport worldwide, and will continue to do so for some time. According to CAPA – Centre for Aviation, over a third of the global aircraft fleet remained grounded at the start of 2021, while more than half of the European fleet were inactive.

During much of the pandemic, air cargo has been the shining light for airline revenue generation. At the start of the pandemic, many airlines converted and retrofitted passenger aircrafts to handle air freight, as passenger movements were mainly limited to repatriation flights. When commercial passenger traffic resumed, the belly cargo carried in the hold of the aircraft contributed to bottom lines, in many cases replacing the loss of significant business class traffic. Pre-Covid-19 estimates from the International Air Transport Association were that the cargo business accounted for 12% of airline revenue. The 2021 estimate, however, suggests that this could rise to as high as 33%.

INTERGOVERNMENTAL LEGISLATION AND CITY POLICY RATIONALISATION AND REFORM PROJECT

The objective of this project is to create a business-friendly regulatory environment that applies to Cape Town as a whole, in a consistent manner, for the benefit of all communities. Existing policies are continuously evaluated and checked to determine whether they need to be amended, replaced or scrapped. This is undertaken on a needs analysis basis, using research on whether the rule, policy, procedure and/or guideline is required. Moreover, to improve efficiency, the City will explore the introduction of a regulatory impact assessment to repeal or amend duplicate provisions and

competencies, as well as to assess proposed new policies and by-laws. As stated earlier, the annual review of the MPBL and of the procedures in terms thereof is also aimed at efficiency improvements.

In addition, the development of a policy to inform the drafting of a building by-law has commenced, with a particular focus on inclusivity, sustainability and efficiency.

In accordance with the TOD Strategic Framework, the City has further proposed a comprehensive review of the enabling policy environment, processes and procedures applicable to the built environment. The objective would be to assess the extent to which these either enable or inhibit TOD outcomes. This will supplement the review of the policy environment pertaining to TOD completed in 2018, which identified various policies, processes and procedures that required repeal, rationalisation and incorporation into DSDFs, amendment or updating. This work will continue in the years ahead.

An extension to these efforts is the introduction of an advocacy approach to the legislative and planning processes of National Government and Province to effectively position the City to support infrastructure delivery and private-sector investment in Cape Town.

EVENTS PROJECT

EVENT PLANNING

The Special Events Committee considered 116 event support proposals in the year in review, 95 of which were approved. Development of the Events Support Management System (ESMS) was also initiated. This system will automate the events support, branding and corporate events application processes, and is set to be completed by the end of the 2021/22 financial year.

A film newsletter has been developed, and is issued to a broad database on a monthly basis. Improvements have also been made to the Film Cape Town (FCT) website to keep the industry abreast of key developments in the Cape Town film industry. Over the past year, the website recorded 5 894 unique sessions, while year-on-year traffic to the FCT site has risen by 34%. Active management of the FCT social media platforms has also helped raise awareness, with campaigns promoting Cape Town as a premier film destination.

The development of an Events Cape Town website is under way and will be completed in the 2021/22 financial year.

In addition, a strategic communications plan was implemented in 2020/21 to promote the City's work

and achievements in both the events and film space. This is primarily driven by media releases issued by the City's Communication Department, as well as articles on the FCT website.

EVENT PERMITTING

The declaration of a national state of disaster in March 2020 and the subsequent implementation of the nationwide lockdown significantly affected the events industry. At the end of the 2020/21 financial year, 314 event permit applications had been received and 91 event permits issued. In terms of the Events By-law, permits are only required for events involving more than 200 attendees. An SOP for events during the Covid-19 pandemic was developed to assist organisers in hosting safe events during this time.

The modernisation of the event permitting process has been completed, including all internal user training and change management. A soft implementation is scheduled to allow external event organisers to test the system and identify potential issues. Debugging will be completed in the course of 2021/22, prior to the launch of the ESMS.

EVENT MANAGEMENT

In 2020/21, the City supported 304 internal corporate events. Support included branding assistance as well as event management services rendered to various City departments. External events hosted safely during the year included the following:

- ✓ Miss South Africa
- ✓ Sanlam Cape Town Marathon
- ✓ Jazzathon
- ✓ International Public Art Festival
- ✓ 2021 Spar Netball Challenge
- ✓ Suidoosterfees
- ✓ Free Athlone Drive-in Cinema
- ✓ Freedom Paddle
- ✓ Ultra-trail Cape Town
- ✓ Torpedo SwimRun
- ✓ Investec South African Women's Open (golf)
- ✓ International Encounters South African Documentary Festival

FILM PERMITTING

A total of 3 371 film permit applications were received in 2020/21, and 3 072 permits were issued. The City played a key role in advocating for the reopening of the local film industry during the lockdown by coordinating and supporting industry input into National Government structures.

This contributed to filming being allowed under lockdown level 4. An SOP to allow filming under strict Covid-19 mitigation measures was developed to assist filmmakers in creating safe work environments while filming.

STRATEGIES, POLICIES AND BY-LAWS

The City's Events Policy was updated during the year in review, and Council approved a film strategy. A film policy is currently being developed and the Film By-law is being updated. These documents will be ready for public input in the 2021/22 financial year.

AWARDS

Despite the impact of Covid-19, the City was awarded two premier accolades, namely World's Leading Festival and Events Destination 2020, as well as Africa's Leading Festival and Events Destination 2020.

E-PERMIT SYSTEM

The City's e-permit system remains operational and allows event organisers to submit their permit applications with the least possible administrative burden. This forms part of the commitment to make it easier to do business with the City and cut down on paper.

PLACE MARKETING

The City's Place Marketing function seeks to profile Cape Town as an international destination with unlimited opportunities. This function is delivered through the three dedicated units of Destination Marketing, Investment Promotion, and Tourism.

In the year in review, these units recorded the following key highlights and achievements:

DESTINATION MARKETING

- ✓ Launched thisis.capetown social media channels to put forward the City's destination narrative in key international source markets
- ✓ Initiated media monitoring via the BrandsEye global platform to track conversation and sentiment relating to Cape Town in key international source markets
- ✓ Maintained and optimised search engine on the destination webpage www.thisis.capetown
- ✓ Continued media and communication support for strategic business and tourism events and conferences
- ✓ Launched the Mobile Business Hub, with seven activations conducted over five months in 2021. The purpose of the service is to promote customer centricity, enterprise and supplier development, entrepreneurship and innovation

- ✓ services and outreach beyond the existing brick-and-mortar support network for organisations
- ✓ Pivoted the marketing and communications plan to focus on digital content delivery to key source markets in order to maintain awareness
- ✓ Launched domestic campaign "For the Love of Cape Town", assuring South Africans that we miss them, and encouraging people to stay safe and visit when it is safe to do so
- ✓ Installed airport branding with Covid-19 safety regulations at Cape Town International Airport, as well as branding of six new sites in the domestic baggage hall
- ✓ Had discussions with the four universities making up the Cape Higher Education Consortium (CHEC) to explore joint marketing initiatives that would attract international students to study online
- ✓ Aired video about remote working on Airport TV and Visionet screens at OR Tambo and King Shaka airports, encouraging South Africans to work from Cape Town
- ✓ Conceptualised an international campaign with film and photography. The campaign is awaiting media space in international markets once they reopen
- ✓ Published a refreshed electronic destination brochure in English, Portuguese, Spanish, German, Mandarin and French
- ✓ Presented webinar on remote working and lobbied National Government in conjunction with Fedhasa, Cape Town Tourism and Work Wanderers

INVESTMENT PROMOTION

- ✓ Continued to entrench and strengthen the City's business brand, Invest Cape Town, through stronger partnerships, digital campaigns and stakeholder relations
- ✓ Facilitated solid growth in the use of the Invest Cape Town website and social media platforms by focusing on delivering quality, compelling content
- ✓ Achieved an increase of 34,56% in website sessions through search engine results, from 35 443 in 2019/20 to 47 692 in 2020/21
- ✓ Recorded good growth in Invest Cape Town's social media presence, having achieved 3 255 followers on Twitter and 2 434 on LinkedIn, as well as an increase in mentions, impressions, profile visits and click-throughs

TOURISM

- ✓ Continued to fund and participate in Cape Town Air Access in order to restore the 22 new direct international flights to Cape Town established since 2015

- ✓ Provided strategic advice to Cape Town Tourism as part of the current three-year contract and accompanying strategies designed for growth amid the pandemic
- ✓ Promoted a neighbourhood video project, eKasi Sessions, aimed at showcasing the local culture-rich communities of Langa, Khayelitsha, Simon's Town and Mitchells Plain
- ✓ Marked Tourism Month 2020 (September) by hosting school sessions across Cape Town to foster an understanding of the three pillars of responsible tourism, namely economic inclusion, environmental integrity and social upliftment
- ✓ Implemented the responsible-tourism frontline project in collaboration with Cape Town Tourism to reward frontline healthcare workers and stimulate Cape Town's tourism economy
- ✓ Continued to roll out the Council-approved Tourism Development Framework 2019-2024, which provides strategic direction to promote tourism and increase job creation
- ✓ Embarked on scenario planning and a bounce-back strategy, taking prolonged Covid-19 measures into consideration

INFRASTRUCTURE INVESTMENT PROGRAMME

The City stimulates growth by investing in suitable economic and social infrastructure to support economic development. Since 2012/13, the City has invested around R51 billion in infrastructure development. Of this, R24 billion has gone towards new infrastructure development and R27 billion to the refurbishment of existing infrastructure.

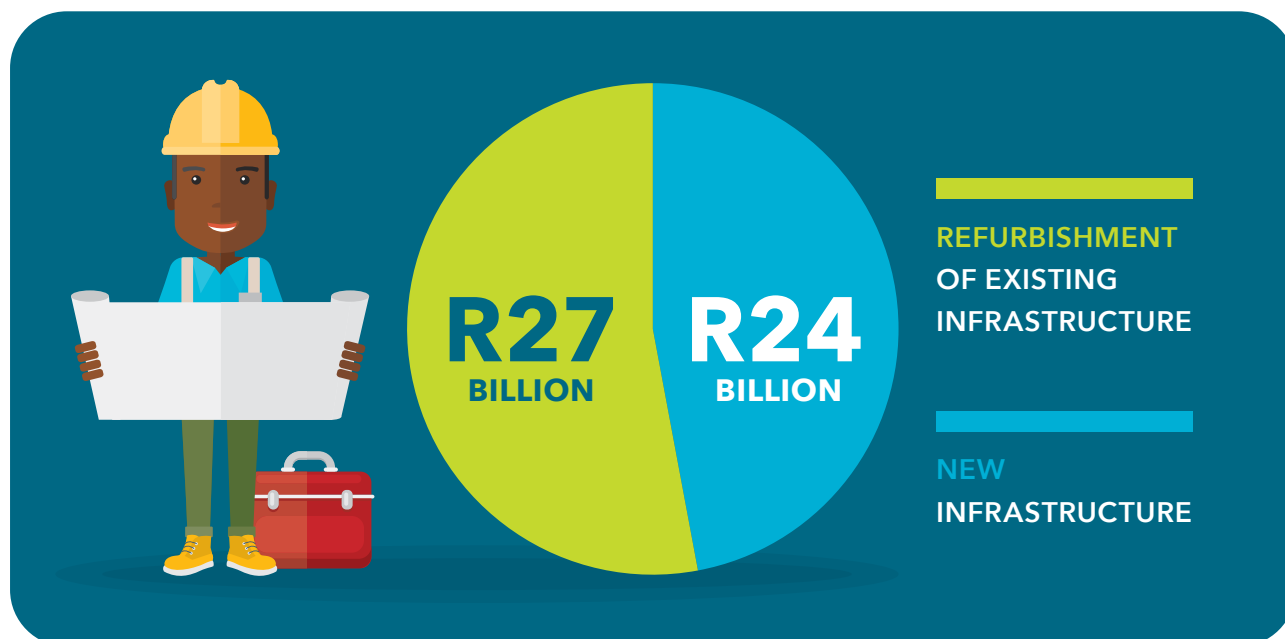
Resources are allocated according to a strategic infrastructure asset management plan and asset register. Approximately R29 billion is earmarked for investment in infrastructure over the three financial years from 2021/22 to 2023/24.

In 2020/21, the City developed its Infrastructure Planning and Delivery Framework. It builds on the infrastructure programme of the past few years to ensure that we have a pipeline of infrastructure investments that will help re-energise the economy and stimulate economic growth in the wake of Covid-19 and the national lockdown. To ensure optimal investment, all infrastructure projects proposed for inclusion on the capital budget are assessed against an implementable delivery plan to ascertain implementation readiness, tender readiness (i.e. must be on the City's demand plan), strategic alignment, spatial targeting, and implementation capacity.

In addition, all major capital programmes are taken through the City's stage-gate process on their way

to implementation to ensure strategic optimisation and effective delivery.

FIGURE 5: Infrastructure investment by the City of Cape Town since 2012/13



INFRASTRUCTURE INVESTMENT RESEARCH PROJECT

The processes associated with the Medium-Term Integrated Infrastructure Investment Framework and MSDF are being used to obtain valuable information on the cost of the infrastructure investments required to facilitate growth that would respond to actual needs.

INFRASTRUCTURE ASSET MANAGEMENT PROJECT

In line with national requirements, the City has assigned an EMT champion for the implementation of the Cities Infrastructure Delivery and Management System (CIDMS). CIDMS is a South African National Standard (SANS) 55001-compliant asset management system tailored for application in metropolitan cities in South Africa. Developed by National Treasury's cities support programme, in partnership with the cities of Cape Town, eThekweni and Johannesburg, the CIDMS is designed to:

- ✓ help cities optimise performance across the urban infrastructure value chain by offering best-practice processes, techniques and tools;
- ✓ achieve strategic objectives and desired outcomes;
- ✓ serve as an integrated system that incorporates the requirements of national policy and strategy,

legislation, relevant standards as well as best practice in multiple disciplines; and

- ✓ support good governance and transparency, including making and communicating informed decisions.

National Treasury also developed a bespoke CIDMS implementation strategy for the City. Adopting this strategy presents massive potential benefits for the administration and offers ratepayers the assurance that new assets will be well looked after. It will also allow the City to benchmark itself against other cities worldwide and ensure that it has a world-class asset management approach.

All of this will be possible because the CIDMS strategy will allow the City to:

- ✓ access useful statistical data for informed decision making;
- ✓ plan better for asset replacement and capital spend;
- ✓ optimise the deployment of human capital;
- ✓ extend the useful life of assets;
- ✓ leverage accurate data about the condition and location of all assets; and
- ✓ maintain complete records of maintenance carried out and the associated costs per asset.

A FOCUS ON BULK WATER SYSTEM RESILIENCE

Strengthening, refurbishing and maintaining Cape Town's bulk water supply system remains a key focus for the City. A number of strategic interventions are already in place to achieve this, such as a computer-based drought management plan. The City also continues to play a key role in the Western Cape water supply system (WCWSS) by reviewing and finalising water allocations and water-use licensing applications from the regional catchment system. Moreover, the administration collaborates closely with neighbouring municipalities and the national Department of Water and Sanitation (DWS) to utilise regional water supplies more effectively.

INFRASTRUCTURE MAINTENANCE SERVICE PROJECT

Maintenance and refurbishment of existing water and sanitation infrastructure continued in the year in review. The City has a detailed process flow to ensure that its water and sanitation data are accurate and its management systems are effective. It continues to invest in repairs and maintenance of its water and sanitation infrastructure, which makes a noticeable difference to Cape Town and its people. Infrastructure is required to supply citizens, communities, businesses and industries with potable water, as well as to collect, treat and discharge wastewater, to manage stormwater runoff, and to prevent flooding. For more information on the City's investment in the maintenance of water and other infrastructure, please see the financial statements included in this report, as well as the City's budget document, which is available at www.capetown.gov.za.

TABLE 2: Water and sewerage reticulation pipeline replaced

INDICATOR	2020/21 TARGET	2020/21 ACTUAL	TOTAL REPLACED SINCE 2012/13
Water mains replaced	45 000 m	56 047 m	386 969 m
Sewer mains replaced	28 000 m	28 139 m	221 589 m

ROAD INFRASTRUCTURE INVESTMENT PROGRAMME

CONCRETE ROADS UPGRADE PROGRAMME

In the year in review, the City continued its work to rehabilitate and upgrade minor roads throughout Cape Town, with a particular focus on existing concrete roads in low-income areas. Labour-intensive methods are prioritised to generate employment for members of surrounding communities.

The Gugulethu Phase 5B and Heideveld Area 5 rehabilitation projects were successfully completed, and construction recommenced in Hanover Park, where works had previously been disrupted by gang activity. The Hanover Park project will continue into 2021/22, and tenders will also be advertised for further roads rehabilitation projects in Bishop Lavis, Bonteheuwel/Uitsig and Kalksteenfontein. A further R193 million will be invested in the concrete roads upgrade programme over the next three years.

ROAD CONGESTION RELIEF PROJECT

The very high levels of congestion on Cape Town's roads negatively affect public and private transport as well as freight movement. The City's Comprehensive Integrated Transport Plan (CITP) and IPTN focus on providing increased travel capacity through improved, integrated, inter-operable and inter-modal public transport, as well as investment in road infrastructure.

The infrastructure component of the congestion management programme has been completed and a list of congested locations has been prepared. Using the comprehensively updated Emme 4 transportation model, with future land-use predictions and various technical filters, the City's consultants have documented the technical criteria for prioritising projects on an unbiased, citywide basis. A range of projects has been identified, including critical missing links in the road network, adding capacity (lanes) to existing links, and capacity improvements at key interchanges and intersections. All of these are believed to have maximum potential to provide the most benefit to

the greatest number of people, with good economic indicators (i.e. first-year rate of return).

Recently, there has also been a focus on possible projects for priority lanes, such as high-occupancy vehicle lanes and public transport priority lanes (bus lanes and queue jump lanes at intersections).

PROGRESS TO DATE

The initial focus of the congestion relief project was in the Blaauwberg, Kommetjie and Kuils River areas.

- ✓ **In the Blaauwberg area**, Platteklouf, Bosmansdam and Sandown roads, as well as Malibongwe Drive (M12) have now been upgraded to dual carriageways, working in collaboration with developers.
- ✓ **In the Kommetjie area**, the widening (dualling) of portions of Kommetjie Road and Ou Kaapse Weg has been completed, and planning for the Kommetjie Road/Pokela Road intersection improvement has commenced. The preliminary design of the Houmoed Avenue extension (phases 1 and 2) has been completed and approved by Province.
- ✓ **In the Kuils River area**, the Belhar Main Road extension and Langverwacht Road widening have been completed. The designs for the Erica Drive and Saxdown Road extensions and the Amandel Road widening are complete, but construction will only commence in the 2022/23 financial year.
- ✓ **In the Somerset West area**, Broadway Boulevard (R44) has been dualled between Beach and Main roads. Further widening of the R44, together with capacity improvements to the N2 and R102 interchanges and new non-motorised transport

bridges, has been completed (in collaboration with the South African National Roads Agency Limited) in the vicinity of Somerset Mall. Onverwacht Road (new link) and upgrades to Sir Lowry's Pass Village Road have also been completed. The design of the dualling of the R44 from Main Road to Altena Road is complete, and construction will commence in 2021/22.

- ✓ **In the Rondebosch, Newlands, Claremont and Wynberg area**, planning has commenced for phased upgrades along the M3 corridor between the N2 and Travato Link Road.
- ✓ **In the Maitland area**, planning has commenced for phased upgrades along the Voortrekker Road corridor between Salt River and Jakes Gerwel Drive, as well as along Berkley Road between the M5 and Prestige Drive in Maitland.
- ✓ **In the Bellville area**, the design of the dualling of Jip de Jager between Kommissaris Street and Van Riebeeckshof Road is complete. Construction is likely to commence in 2021/22.

Traffic safety management projects completed include:

- ✓ the detailed design of the Buttskop level crossing elimination (to be achieved through the construction of a portion of the Zevenwacht Link Road between Van Riebeeck and Albert Philander roads); and
- ✓ the detailed design of the De Waal Road/Main Road improvement.

The congestion relief programme, which commenced in August 2015, continues. The indicative annual budget projection was as follows:

TABLE 3: Initial budget projection for congestion relief programme

FINANCIAL YEAR	2016/17	2017/18	2018/19	2019/20	2020/21
Initial projection	R125 000 000	R200 000 000	R200 000 000	R125 000 000	R100 000 000
Actual capital budget with additional funding sources at end of financial year	R151 747 200	R227 159 689	R242 319 380	R218 924 792	R66 574 561
Actual expenditure at close of financial year	R128 628 495	R130 727 212	R168 365 254	R187 624 749	R48 502 336

To enable the City's Transport Directorate to continue to address the congestion problem effectively, the City invested R48,5 million (after top-up, rollovers and budget adjustments) into congestion relief work in 2020/21.

There is currently a backlog in roads infrastructure in terms of congestion relief, and the current budget allocation for the next three years is insufficient to cover all the required projects.

TABLE 4: Approved annual congestion relief budget for the next three years

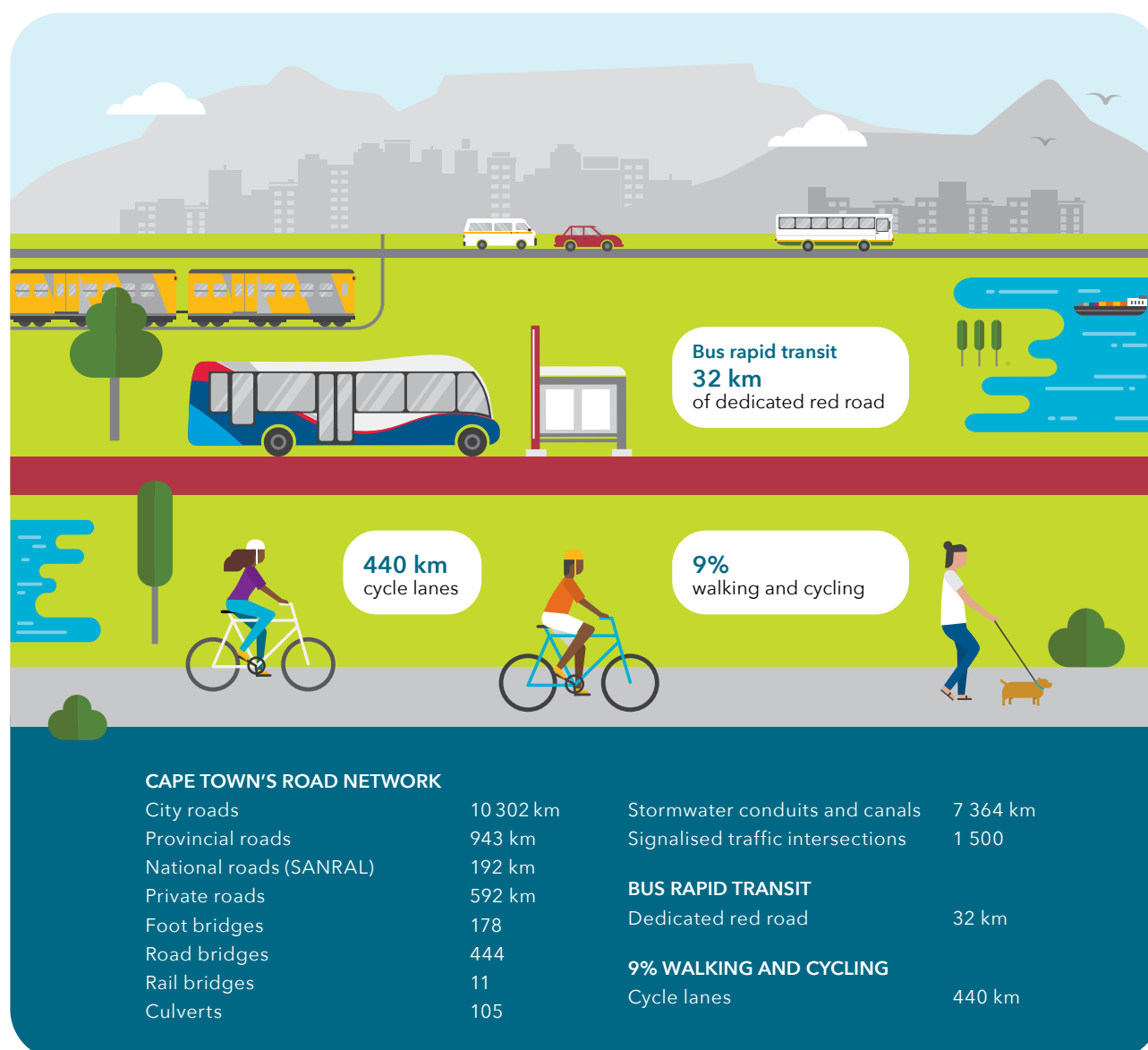
YEAR	2021/22	2022/23	2023/24
Approved budget	R105 795 932	R175 600 000	R203 000 000

As the congestion relief programme gets an increasing number of large infrastructure projects ready for implementation, additional budget will be required to deliver the intended programme outcomes. As such, any additional funding that becomes available will be directed towards projects that will be of greatest benefit to Capetonians and the local economy. Where possible, additional, special funding will also be secured.

PUBLIC RIGHT OF WAY PLAN UPDATE

The Public Right of Way (PROW) road network plan is the City's hierarchical classification depicting the

existing and future road network. Since it serves as a record of both existing and planned road network improvements, the PROW plan is a critical spatial planning tool. The hierarchy determines how the City's transport professionals manage and control varying degrees of access throughout the road network. The plan is updated as new planning information becomes available and new roads are constructed, and because road classifications require amendment from time to time. Its accuracy is also being improved through georeferencing of historical plans.

FIGURE 6: Cape Town's transport network

ROAD SCHEMES REVIEW PROGRAMME

The City has many historical road schemes that need to be reviewed, mostly in the previous Cape Town City Council area. A prioritised list of road schemes has been developed, and their review is ongoing. Road scheme reviews that commenced in the reporting year as part of the central Bellville catalytic precinct project included Robert Sobukwe Road, Carl Cronje Drive, Maree/De Lange Street, Tienie Meyer bypass, AJ West Street and Church Street.

E-TOLLS

The City remains opposed to e-tolls due to their potentially negative economic impact on communities. Since the City fought and won a lengthy legal battle against the imposition of e-tolls on Cape Town roads, its stance in this regard has not changed.

ECONOMIC DEVELOPMENT AND GROWTH PROGRAMME

INVESTMENT INCENTIVES

The Investment Facilitation Unit administers the City's investment incentive programme. Initially only available in the Atlantis industrial area, the incentive scheme was expanded to another five areas in November 2019, namely Parow Industria, Lansdowne industrial area, Triangle Farm, Sacks Circle and Elsies River industrial area.

In the past year, new investors and expanding businesses took up total financial incentives to the value of R27,35 million, as well as 309 non-financial incentives. These incentives have helped secure the growth and sustainability of the beneficiary companies, enabling them to create and retain employment.

MAYORAL URBAN REGENERATION PROGRAMME

The objective of the Mayoral Urban Regeneration Programme (MURP) is to uplift former neglected and dysfunctional areas in the metro. It aims to achieve this through a focus on degraded and/or rapidly regressing central business districts, town centres, community nodes, public transport interchanges and commercial corridors. MURP seeks to stabilise the identified areas by improving safety, quality of life and socioeconomic conditions in the shared public space, as well as by introducing a sustainable system of operations and maintenance

of public infrastructure and facilities in partnership with communities. At the same time, it provides a platform for effective public and private investment.

MURP investments are articulated in a package of interventions that are negotiated with communities and City line departments. These are then incorporated into community action plans or area strategies via the establishment of area coordinating teams (ACTs) and community project steering committees in each identified focus area.

The programme is now being mainstreamed in the City's 24 subcouncils through the identification of a strategic precinct in each subcouncil, and the establishment of ACTs. One example is subcouncil 13, Philippi East. This neighbourhood, which is of major long-term strategic importance for the City, but is currently among the five most violent precincts in town, has been prioritised as a key catalytic investment area, with a focus on addressing inequality and ensuring spatial transformation. Initial interventions will include effective precinct management (cleaning and safeguarding) and the strengthening of active citizenry. This will prepare the area for future public transport infrastructure and mixed-use/housing investment, which will help unlock the social and economic potential of the neighbourhood.

The MURP approach relies on transversal cooperation between line departments and improved partnerships with communities so that the City, residents and developers can plan the future of the area together.

MOVING FORWARD WITH MURP

The Mayoral Visible Service Acceleration (MVSA) initiative seeks to fast-track implementation in identified historical MURP areas as well as newly prioritised areas across town. The MVSA has been initiated by the Executive Mayor and the Mayco member for Urban Management.

It is aimed at ramping up and accelerating initiatives that will have a visible and tangible impact on the quality of life, safety and socioeconomic conditions of residents in areas of high need and strategic importance.

The following focus areas have been identified:

- ✓ Atlantis/Wesfleur
- ✓ Durbanville Town Centre/PTI
- ✓ Kraaifontein Town Centre
- ✓ Nyanga/Gugulethu
- ✓ Delft Main Road Precinct
- ✓ Kuils River/Van Riebeeck Road Precinct
- ✓ Nolungile Station Precinct

- ✓ Nonkqubela Station Precinct
- ✓ Harare Precinct
- ✓ Lotus Park Informal Settlement
- ✓ Monwabisi Park Informal Settlement
- ✓ Bellville CBD/ PTI
- ✓ Bishop Lavis Town Centre
- ✓ Bo-Kaap
- ✓ Bonteheuwel
- ✓ Goodwood CBD
- ✓ Parow CBD
- ✓ Hanover Park
- ✓ Manenberg
- ✓ Mitchells Plain Town Centre
- ✓ Ocean View
- ✓ Uitsig
- ✓ Wynberg CBD/PTI

FIGURE 7: Mayoral Urban Regeneration Programme focus areas



These areas have been identified based on the following criteria:

- ✓ **Council for Scientific and Industrial Research study areas in greatest need of public/ social facilities and infrastructure** - These are areas that require an investment focus to redress inequality.
- ✓ **Socioeconomic index** - This indicates areas that require special attention, and where upliftment relies on a catalytic approach.
- ✓ **Density** - Areas where improved sustainability will have a positive impact on the quality of life of a larger number of residents due to a denser population.
- ✓ **Areas of rapid urbanisation** - Areas with the lowest levels of sustainability due to poor urban management and a lack of investment in public facilities and infrastructure have generally become urbanised through in-migration over the past 20 years. Residential growth has typically outstripped operational and capital investment in the public domain.
- ✓ **Redress of apartheid planning** - A large proportion of the urbanised areas mentioned above were originally created through apartheid planning, and the associated inequalities exist to this day. Should the City merely continue developing new areas, it runs the risk of achieving similar outcomes.
- ✓ **Achievability** - Areas where the objectives are achievable in the short to medium term, where progress has already been made, or where there are existing resources available within the urban fabric.
- ✓ **Current investment focus/programme** - Areas with a current investment focus enable a more integrated approach to people investment and participatory planning, which means that a better quality of life, sustainability and improved community safety are achievable. However, the identified areas need to correspond with the spatial investment priorities contained in the MSDF for the integration and sustainability outcomes to be realised.
- ✓ **Focus on central business districts, town centres and community nodes** - Areas where effective urban management ensures safety and sustainability, being the preconditions for economic development and a reduced operational burden on the City.

Elements of the MURP toolkit will be applied across Cape Town through the following actions:

- ✓ The identification of MURP neighbourhoods and precincts, and the development of community action plans and public investment frameworks to guide physical development and implementation in these areas.
- ✓ The development and implementation of safety action plans to stabilise neighbourhoods ravaged by crime and violence.
- ✓ The introduction of precinct management in town centres, central business districts and activity streets or corridors.
- ✓ The development and implementation of localised social and economic strategies in identified neighbourhoods and precincts.
- ✓ The drafting and implementation of development and urban design frameworks in identified neighbourhoods and precincts.

Different elements of the toolkit will be applied to various neighbourhoods and precincts, depending on area dynamics as well as the wishes of the respective subcouncils and communities.

The intention is also to target strategic catalytic precincts aligned with the City's MSDF. These precincts include:

- ✓ central Bellville, including its public transport interchange;
- ✓ Philippi East;
- ✓ the Site C/Nolungile Station Precinct;
- ✓ Nyanga/Gugulethu; and
- ✓ Mitchells Plain Town Centre.

Targeting these precincts will allow for investment to be clustered, and basic urban management as well as safety and security to be ramped up. The aim is to achieve maximum impact in partnership with line and provincial departments.

In the case of central Bellville (which is also a prioritised catalytic precinct), significant effort has been made to start addressing the general decay and dilapidation. Actions include the appointment of a dedicated precinct manager (who also works closely with the Voortrekker Road city improvement district), the deployment of community ambassadors, and improved area cleaning and security. In addition, various short-term interim improvements and upgrades are being planned to the existing public transport interchange.

In the Philippi opportunity area catalytic precinct, a precinct management unit has been established through a local partner association, the Philippi Economic Development Initiative. The intention is for the unit to start providing enhanced coordination of basic urban management services in order to ensure better area cleanliness and safety.

GREEN ECONOMY PROJECT

The City continues its work to facilitate increased investment in the local production of green products and the provision of green services, while also positively influencing the demand for both.

The primary instrument for catalysing investment and creating jobs in the green economy remains the Atlantis special economic zone (SEZ), which was officially launched on 6 December 2018. The Atlantis SEZ capitalises on the province's already booming renewable-energy and green-technology sector. With approximately 93 ha of development-ready land available in the SEZ, this remains a significant opportunity for investors.

Although investor interest has steadily increased since the designation of the Atlantis SEZ in 2018, new investment has been slow to materialise, partly due to the Covid-19 pandemic. In the meantime, the focus has been on setting up the appropriate governance structures that will allow the Atlantis SEZ company to operate the zone. The City was also involved in intensive negotiations that resulted in a land transaction with the SEZ, involving the transfer of land in return for shareholding. Council approved this transaction in December 2020.

The Atlantis SEZ was established to unlock the underlying economic value of existing and underutilised infrastructure through the creation of a green-tech manufacturing hub. Wind turbines, solar panels, insulation, bioenergy, electric vehicles, materials recycling and green building materials are all examples of initiatives that could find a place here in the future. The SEZ has the potential to tap into global green technology market opportunities and, in the process, help address poverty and unemployment in Atlantis and surrounds.

INFORMAL ECONOMY SUPPORT PROJECT

The City offers structured discussion platforms where all stakeholders in the informal economic sector can engage regarding strategic and operational challenges facing the sector, and refine the plans and projects aimed at resolving those challenges.

A key discussion point at these engagements used to be stakeholders' frustration at the inconsistent

manner in which informal trading sites and permits were processed and allocated. In response, the City embarked on a project to automate the processing and allocation of informal trading bay permits, thereby eliminating human interference. Trader associations were trained to use the system so that they, in turn, could train their members and give them greater control over the permit-issuing process.

A leadership development programme focusing on building trader associations' capacity was rolled out in Gugulethu and Delft. However, the outbreak of Covid-19 meant that the project could not yet be implemented in other areas.

The City also initiated the development of an informal sector support framework. Its aim is to develop an overarching approach for providing support to the informal sector, including ways for internal City departments and directorates to collaborate in this regard.

Microenterprise development programmes were implemented to encourage entrepreneurship and provide support and guidance to new and existing businesses.

In an effort to ensure that the informal sector continues to access markets despite the Covid-19 restrictions, the City held its inaugural online market where traders were encouraged to sell their products and services in a virtual marketplace. Lessons learnt from the pilot will be used to improve the design and implementation of planned future online markets.

Unfortunately, Covid-19 meant that the 2021 Informal Economy Summit had to be cancelled. The City is exploring alternative mechanisms to enable meaningful stakeholder engagement with the sector.

UNLOCKING THE NIGHT-TIME ECONOMY RESEARCH PROJECT

The night-time economy (NTE) includes all economic activity occurring between the hours of 18:00 and 06:00. Experience in cities such as London, Amsterdam and Sydney reveals that, if proactively planned and strategically managed, the NTE is a valuable source of urban regeneration, cultural well-being, employment and economic growth. In fact, to many cities across the globe, the NTE is as important as the day-time economy.

The City, in collaboration with the Cape Town Central City Improvement District and the Urban Real Estate Research Unit of the University of Cape Town (UCT), is undertaking a research study of the NTE in central Cape Town. The study aims to explore

both the challenges and potential opportunities presented by Cape Town's NTE.

Phase 1 of the project was completed in May 2021, having been delayed due to low survey response rates, primarily because of the pandemic. A number of measures were taken to increase survey responses, but as this took additional time, the project was delayed by approximately six to eight weeks. The first phase also included desktop research, interviews with NTE role players, and digital surveys of NTE firms.

Key findings will be set out in an NTE map of the central business district precinct and will inform future research into:

- ✓ the characteristics of role players in the NTE;
- ✓ the direct and indirect economic output of, and jobs supported by, the NTE;
- ✓ potential future opportunities in the NTE;
- ✓ challenges and opportunities in managing the NTE; and
- ✓ possible urban interventions that might support the growth of the NTE.

PARTNERSHIP DEVELOPMENT PROGRAMME

As part of the City's catalytic land development programme (CLDP), the City's Urban Catalytic Investment Department is developing a number of partnerships with other state-owned enterprises with matching land mandates to implement catalytic projects together. These include the national Department of Public Works, the Passenger Rail Agency of South Africa (PRASA), Transnet, Airports Company South Africa (ACSA), Telkom, higher education institutions, SANParks and others. These agreements will enable collaborative planning and, where appropriate, joint implementation of development initiatives, leveraging pooled public land assets, enhancing economies of scale, and providing better value for money and greater impact.

Established by the City and other stakeholders, the Greater Tygerberg Partnership is a good example of the power of such collaboration. It continues to deliver a range of local community initiatives and programmes in the broader Tygerberg area, but specifically also in support of the central Bellville catalytic precinct (a prioritised TOD node in the CLDP). These include an informal trader programme, waste minimisation initiatives, establishing public ablution facilities, an investor conference, public art,

supporting park-based activations, friends groups, events and the like.

TRADE AND DEVELOPMENT PROJECT

The resumption of the renewable-energy independent power producers programme (REIPPP) has added impetus to investment prospects for the Atlantis SEZ. The Atlantis Investment Facilitation Office continues to refine and promote these opportunities in close collaboration with the Wesgro investment team.

The existing investment pipeline for the SEZ in particular and Atlantis more broadly has held up well despite the impacts of the Covid-19 pandemic.

BUSINESS ENGAGEMENT PROJECT

The City had planned to implement a series of quarterly business meetings in the course of 2020/21 to engage with leaders and chief executives of various companies in key Cape Town sectors. Four focus groups with businesses had also been planned as part of the City's annual customer satisfaction survey. The plan was for these to serve as a way of testing policy and programme ideas, assessing the state of the business-enabling environment, and also to be platforms for public participation on the impact of new business-related City strategies, policies and programmes. Unfortunately, these plans had to be put on hold due to Covid-19.

The City's Enterprise and Investment Department continues to engage with businesses and deliver a range of focused initiatives. As part of the Economic Growth Strategy review, for instance, the City hosted a number of online focus group sessions with prominent businessowners in Cape Town to obtain their perspectives on how the City can best support economic growth. These engagements yielded some important insights, which were subsequently incorporated into the revised and renamed Inclusive Economic Growth Strategy. Project Camissa, the City's economic intelligence research initiative, also continued its work.

The opportunities, challenges and strategic interventions identified by businesses are used to inform how the City supports the development of these industries.

SECTOR INTELLIGENCE PROJECT

The City's Catalytic Sectors Branch (in Enterprise and Investment) and Economic Analysis Branch (in Policy and Strategy) collaborate on a quarterly basis on Project Camissa, the City's business and sector

intelligence-gathering study. In addition, Catalytic Sectors has also been engaging with various stakeholders in South Africa's industrial policy ecosystem and collating intelligence to inform the City's sector support model. The aim is to seek independent research support for the development of a sector support framework, as articulated in the City's draft Inclusive Economic Growth Strategy. This, however, will depend on budget availability.

LEVERAGING THE CITY'S ASSETS

PRIVATE SPONSORS PROJECT

The aim of the Corporate Social Investment (CSI) and Collaboration Committee is to facilitate cooperation with the private and philanthropic sector as a way of building on the City's strategic priorities and mobilising resources for priority projects.

In the year in review, the work group continued to assist City departments with:

- ✓ examining the potential for CSI investment, public-private cooperation, community partnerships, volunteering and philanthropic activity in the City's current work;
- ✓ addressing mechanisms that hinder partnerships;
- ✓ considering examples of effective partnerships;
- ✓ examining mechanisms that might facilitate collaboration;
- ✓ considering the City's role in initiatives that might be driven through partner non-governmental organisations;
- ✓ acting as a 'clearing house' for the acceptance and solicitation of contributions; and
- ✓ exploring mechanisms for the City and its staff to take part in externally initiated collaborations.

All departments are required to follow the prescribed procedures in the SOP developed by the work group to assist with the acceptance and solicitation of CSI contributions. As part of its oversight, the work group reports to Council on consolidated donations received across the City. Details of the CSI donations process are available on the City's website.

In 2020/21, the CSI Committee facilitated a number of significant collaborations, including the following:

- ✓ An agreement with Amazon, allowing the City to utilise the technology company's cloud services and infrastructure to enable data sharing,

and thereby improve collaboration between government and non-governmental entities, researchers and the private sector

- ✓ Cooperation between the local Rotary District and the City's Enterprise and Investment Department with a view to mentoring small businesses and budding entrepreneurs in Cape Town
- ✓ Various partnerships with public enterprises, non-governmental organisations (NGOs) and private-sector and international organisations, which resulted in various donations and offers of assistance made to the City, notably in terms of the provision of personal protective equipment (PPE), the supply of emergency radio equipment, as well as refurbishment and restoration services

ASSET LEVERAGE PROJECT

The asset leverage project is aimed at rationalising and optimising City assets to deliver economic benefit for Cape Town and its people. The project will see the City's immovable assets assessed and reorganised to improve service delivery and ensure optimal utilisation. Immovable assets that are not required for municipal purposes will also be made available to the market for development purposes.

OPTIMISING THE CITY'S STRATEGIC ASSETS

Cape Town is strategically placed, with a number of strategic assets of high social, economic, environmental and heritage value that require an asset-specific management model. The alignment of the Enterprise and Investment portfolio with the Asset Management portfolios now allows for service integration and strategic alignment. In the process, this ensures a stronger focus on the key sectors that can stimulate economic growth in the city, such as business development, tourism and asset management.

The migration of a general asset management model within Property Management to a specialised Strategic Assets Department resulted in the following three major streams for the strategic assets mandate:

- ✓ Ensuring that all the facilities in the portfolio are fully compliant, fit for use and purpose, and that the lifecycle of all assets is optimally managed
- ✓ Ensuring that all assets are optimally utilised in terms of their social, economic, environmental and heritage yield
- ✓ Leveraging strategic assets to stimulate and promote economic opportunity

**CAPE TOWN IS
STRATEGICALLY PLACED,
WITH A NUMBER OF
STRATEGIC ASSETS OF
HIGH SOCIAL, ECONOMIC,
ENVIRONMENTAL AND
HERITAGE VALUE THAT
REQUIRE AN ASSET-
SPECIFIC MANAGEMENT
MODEL. THE ALIGNMENT
OF THE ENTERPRISE AND
INVESTMENT PORTFOLIO
WITH THE ASSET
MANAGEMENT PORTFOLIOS
NOW ALLOWS FOR SERVICE
INTEGRATION AND
STRATEGIC ALIGNMENT.**



The City's portfolio of strategic assets comprises diverse historic, recreational, economic and social congregational asset holdings. Over time, each of these assets has presented the City administration with opportunities for financial optimisation and leveraging. More importantly, the assets have facilitated safe spaces for residents to socialise, interact, utilise opportunities and derive maximum benefit from an integrated urban environment.

A single portfolio of strategic assets offers the benefit of opportunities for integration, cross-subsidisation and cohesive development planning. Furthermore, maintaining a strategic assets portfolio enables the Strategic Assets Department to consider how these assets should interact with the urban environment where they are vital contributors to social cohesion, access, entrepreneurship and resilience. Finally, a consolidated portfolio allows for the sequencing of asset maintenance and upgrades so that resources are sensibly allocated across the portfolio.

UPGRADES TO KEY CITY STRATEGIC ASSETS

The table below shows the progress made with upgrades to a number of key City strategic assets for 2020/21, and plans for 2020/21:

TABLE 5: Progress made with upgrades to strategic assets

STRATEGIC ASSET	PLANNED FOR 2020/21	STATUS IN 2020/21
City Hall	✓ Upgrades to event spaces ✓ Installation of new lighting and fittings in all event spaces ✓ Installation of curtaining and blinds in all event spaces ✓ Installation of audio-visual equipment for conferencing and meetings in all event spaces ✓ Upgrades to the first- and third-floor staff offices and staff mess rooms ✓ Construction of new shaft at the auditorium for the installation of a new lift for persons with disabilities ✓ Main auditorium floor/seating raking ✓ Stepped flooring for overhead viewing of stage ✓ New fencing for City Hall carpark – Parade Street ✓ Upgrade to the event kitchens on the second floor ✓ Ongoing refurbishment of City Hall to ensure optimal facility management and asset usage	Completed
Good Hope Centre	✓ Study on how the Good Hope Centre may be elevated to become a venue for future City use (i.e. for events, conferences, etc.) with a view to turning it into a world-class event space ✓ Study on the best use of the Good Hope Centre, with accompanying proposal approved and purchase order created. Budget to be viremented to City Hall to increase scope of works. No capital remaining.	Completed
Grand Parade	✓ Installation of new, manual dropdown bollards ✓ Installation of phase 3 closed-circuit television (CCTV) cameras for monitoring on the Castle side of the Grand Parade ✓ Installation of yellow tourist photo frame ✓ Planning for upgrade to the precinct to attract more tourists and locals to the area	All completed, except for ongoing upgrade to the precinct

STRATEGIC ASSET	PLANNED FOR 2020/21	STATUS IN 2020/21
Athlone Stadium	✓ Installation of new show lighting and canopy floodlighting for the west and east roof canopies ✓ Supply and installation of new turnstiles at access points – all general entrances ✓ Study to explore how Athlone Stadium can be optimally utilised in the future ✓ Budget savings to be viremented to City Hall to increase scope of works. No capital remaining.	Completed
The Granary	✓ Phase 2: Connectivity installation of new radio	Completed
Green Point athletic stadium	✓ Installation of new generators for the athletics track to attract high-class evening events	Cancelled, as there was no tender in place. Currently exploring alternative power source.
Green Point urban park	✓ Upgrade to the stepping stone bridge ✓ Upgrade to the existing spring-water reticulation system	Cancelled due to Covid-19 budget cuts

FILM AND MEDIA PROMOTION

The film and media industry has grown rapidly over the past few years, and Cape Town has developed a strong global positioning as a filming destination of choice. Over the next five years, the City will actively promote this positioning to attract various film and media productions, in particular feature films, television series, documentaries, commercials, still photography, animation and interactive computer games.

CITY LANDHOLDINGS PROJECT

The City is utilising its strong public partnerships to leverage the land assets it owns in order to encourage private-sector investment in catalytic TOD precincts. This investment will stimulate economic activity in support of growth, development and jobs, and unlock additional affordable housing opportunities.



OBJECTIVE 1.2: LEVERAGING TECHNOLOGY FOR PROGRESS

DIGITAL CITY PROGRAMME

BROADBAND PROJECT

The City's broadband infrastructure project (BIP) is aimed at creating a municipally owned telecommunications network to serve the municipality across the metropolitan area. The high-speed Cape Town broadband infrastructure network is a strategic asset that is central to the fulfilment of the City's vision of becoming a truly digital city.

In May 2019, the City approved a change in project scope, shifting the focus to the deployment of network infrastructure only (known as 'option 2' out of a range of five strategic options considered). The BIP has now been established as a full infrastructure-only programme led by the City's Portfolio, Programme and Project Management Office. Having completed project planning in accordance with the City's new stage-gate process in 2019/20, the focus over the past year was on completing the detailed design. In May 2021, Council gave the go-ahead for the project to commence execution in the 2021/22 financial year.

A key outcome of the broadband review has been the definition of a business model that requires engagement with external sales partners for the reselling of spare infrastructure capacity into the market and the provision of active network layer services back to the City.

By the end of the reporting year, the City had installed a total of 1 143 km of fibre-optic cable. These include fibre-optic cabling used to connect the City's buildings, including libraries and clinics, as well as bus stations, cameras and other infrastructure vital for service delivery. Currently, 408 City buildings across 215 sites benefit from the administration's broadband infrastructure.

As the number of access networks continues to expand, together with the number of devices and systems connected to them, the City's broadband infrastructure will become ever more important to the administration's daily service delivery.

As part of the BIP, the City will increase the number of last-mile access links to continue connecting buildings such as clinics and libraries, as well as other critical service delivery systems, including water management systems, traffic lights, Metro Police cameras, smart meters, environmental monitors and public Wi-Fi access points. This will directly contribute to service excellence.

TECHNOLOGY INNOVATION PROJECT

In the year in review, the City's initiative to modernise Community Services and Health IT and business systems recorded the following key achievements:

INFORMATION SYSTEMS FOR PATIENT CARE

The PREHMIS 4 clinic appointment system is being used at 85 of the City's 87 clinics and community day centres that are currently operational (excluding mobile and satellite services). At the time of



reporting, over 15 000 appointments were being made on this system each week.

Development of the patient administration system (including features such as patient flow management), the pharmacy system (including electronic dispensing and basic stock management) and the clinical information system (including integration with the National Health Laboratory Service) continues. The first deliverables of the patient administration and pharmacy systems had been implemented by June 2021. Work on the next phase of deliverables will commence in 2021/22.

INFORMATION SYSTEMS FOR ENVIRONMENTAL HEALTH

This project will enable customer-centric service delivery and compliance with national environmental health norms and standards, and will simplify and streamline processes as current paper-based procedures are digitised. By June 2021, the design of the environmental health information system had been completed and work on implementing phase 1 of the system will commence in 2021/22.

RECREATION AND PARKS - FACILITY BOOKING SYSTEMS

The development of the facility booking system, which provides a platform for online booking and payment, as well as mobile field services, is complete. This end-to-end solution will be launched in the first quarter of 2021/22.

The SAP booking system for the City's swimming pools and sports grounds was also launched in August 2020. It allows customers to view real-time availability of a facility on the internet and book online, and enjoy faster turnaround times from booking to payment.

SOCIAL DEVELOPMENT AND EARLY CHILDHOOD DEVELOPMENT (ECD) - ECD REGISTRATION SUPPORT SYSTEM

The ECD modernisation tool was launched in the year in review. Thanks to this tool, City departments involved in ECD compliance can now work together to fast-track processes that enable ECD centres to register with Province's Department of Social Development.

SPATIAL DATA MANAGEMENT PROJECT

This project supports the collation, analysis and interpretation of spatial data to inform the City's

spatial development frameworks and decisions. The data also provide a basis for the City to understand the impacts and consequences of planning decisions, and to monitor spatial transformation.

The need for enhanced, evidence-based spatial tools to provide decision makers with accurate and credible information is greater than ever before in light of the technical recession, the long-term impact of Covid-19 as well as the stark socioeconomic realities facing Cape Town. With this in mind, the following projects and platforms are being developed:

- ✓ **Enhanced spatial trends analysis** - To monitor and evaluate the location, nature and quantum of land-use change in the city
- ✓ **Land-use model 2040** - Involves the quantification and spatial distribution of current and future land-use projections to inform sector and master planning initiatives, as well as the management of both new and renewed infrastructure assets. The land-use model incorporates a rigorous land audit and is a primary informant to the City's land consumption requirements over the next 20 years
- ✓ **Urban development index** - Includes indicators to reflect spatial transformation in terms of land use, housing and transport
- ✓ **Spatial costing tool** - Calculates operating and capital costs associated with development. These costs vary according to location in relation to the MSDP spatial transformation areas (STAs), which set differentiated development rules based on the City's investment rationale. Among others, the spatial costing tool model will inform input regarding compliance with the MSDP for applications in Cape Town's discouraged growth area
- ✓ **Undeveloped and partially developed land inventory** - To inform the City's land-use model and the review of the DSDFs
- ✓ **Urban development zone performance index** - Determines the performance of the urban development zone tax incentive. Performance is assessed against the objective of stimulating urban real-estate regeneration in deteriorating areas that have been prioritised for public investment.

OBJECTIVE 1.3: ECONOMIC INCLUSION

SKILLS INVESTMENT PROGRAMME

SKILLS DEVELOPMENT AND APPRENTICESHIP INVESTMENT AND GRADUATE INTERNSHIP PROJECT

SKILLS DEVELOPMENT

The City partners with various SPVs to deliver skills training in sectors showing clear potential for growth. The focus is on skilling, re-skilling and upskilling target groups, addressing critical skills shortages, and attracting high-growth companies that could create more jobs.

The SPV collaborations continue to make a tangible contribution to industry development in identified sectors, particularly through training initiatives and industry events.

Between 2014 and June 2021, these training initiatives collectively enhanced the skills of nearly 15 888 people, mainly from disadvantaged areas. In the past year, skills training was facilitated in the call centre, craft and design, information and communication technology (ICT), clothing and textiles, as well as the green economy industries.

The Catalytic Sectors Unit also implemented two skills projects. The first is an initiative with technology services company EOH in the BPO industry in conjunction with the City's Expanded Public Works Programme (EPWP) Office. The second is the Cape Skills and Employment Accelerator project in the BPO and craft-and-design industries, involving stakeholders such as the Craft and Design Institute (for the clothing and textile component), the City's EPWP Office, and the National Skills Fund of the Department of Higher Education and Training. The Cape Skills and Employment Accelerator project, which is a three-year learnership programme, is a combination of classroom-based skills training and experiential work-integrated learning.

In 2020/21, these two initiatives trained 642 beneficiaries in BPO (EOH: 90; Cape Skills: 552) and

23 in craft and design. Work placement has been slow, however, since many companies were not employing staff due to the Covid-19 pandemic and various subsequent lockdown levels. Nevertheless, the training providers and project managers continue to work closely with industry to ensure that beneficiaries are placed.

These types of training initiatives typically result in good numbers of internships and permanent employment opportunities. The industry events and engagements, in turn, are excellent networking opportunities that drive enhanced business activities for individuals and companies respectively.

The City also allocated R2 million to the non-profit organisation GreenCape to further develop the Atlantis SEZ skills pipeline in the year in review. GreenCape used this funding for an impact assessment to understand the value created for Atlantis youth by the IkamvaYouth programme, as well as for technical, greentech and business training for Atlantis residents.

WORKFORCE DEVELOPMENT

The City's workforce development project, which connects unemployed residents with job opportunities, provided work-readiness training to 4 619 residents. This programme supports interventions that equip Capetonians with the occupational skills needed for entry-level and middle-skill opportunities to enable career advancement. Through collaboration with 31 corporate and SMME employers and various City programmes, 1 133 residents secured employment. The service provider achieved the targets for the three-year project ahead of the November 2020 project deadline.

The priority is to continue building the skills that employers (SMMEs and corporates) seek to grow their enterprises, by inviting more implementation partners to join the next phase. To this end, the City issued a second tender for the workforce development project. A new service provider was appointed with effect from March 2021 to implement the second project phase, now renamed Jobs Connect CT. The project continues to assist corporate and SMME employers to source appropriate talent.

The new service provider is expected to recruit and assess unemployed residents. After receiving work-readiness training, qualifying participants are placed in a combination of entry-level openings, education and training opportunities and voluntary work opportunities. To date, 2 997 individuals have received work-readiness training, while 31 have been placed in work opportunities.

ENTERPRISE DEVELOPMENT AND SUPPORT

The Enterprise and Supplier Development Unit continues to assist SMEs by improving the business climate and ease of doing business with the City.

In the year in review, the Business Hub helpdesk actioned 99% of simple service requests or enquiries from SMMEs and entrepreneurs within two working days. The enterprise and supplier development programme facilitated support for 760 SMMEs and City vendors across all 24 subcouncils.

The Business Climate Services Unit continued to engage with businesses to solicit their views on how the City can improve its service delivery. The business satisfaction survey was conducted through telephonic interviews and an online channel, with the survey questionnaire having been extensively discussed with all the City's relevant business-facing departments. Over 438 businesses across all economic sectors and business sizes were surveyed. Survey responses, along with further insights gained from businesses through the City's ideas management platform, will be used to reform the City's processes and systems in the years ahead.

The regulatory impact assessment framework was developed in the year in review, and the assessment of two City by-laws against the new framework commenced. One was completed and the other has been carried over into the new financial year. Further regulations have been identified for assessment in 2021/22.

Further highlights include the following:

- ✓ A supplier support programme was launched in partnership with the Small Enterprise Development Agency in June 2021 to develop City-registered vendors in terms of feasibility of new markets, marketing, financial management, mentorship, etc.
- ✓ A productivity efficiency programme was launched in partnership with Productivity SA in November 2020 to support small businesses employing 15-50 staff to improve their productivity and efficiency, thereby supporting their sustainability and future growth

- ✓ Supplier development was provided to 726 City vendors through the Smart Supplier programme, conducting workshops on how to do business with government, costing and pricing, contractor development and vendor registration support
- ✓ Workforce development support was provided through an entry-level recruitment service for SMMEs via the Lulaway e-recruitment portal, which screens and tracks applicants, schedules interviews and selects candidates

MAYOR'S JOB CREATION PROGRAMME

MJCP AND EPWP MAINSTREAMING PROJECT

Mainstreaming the Mayor's Job Creation Programme (MJCP) under the EPWP remains core to the City's ability to build sustainable communities. The City invests in an innovative training framework tailored to create labour-intensive jobs as part of its various projects. By linking training to high-growth sectors, the City continues to enable sustainable economic inclusion.

The City has an approved public employment and skills development (PE&SD) framework, which guides the organisation on how to design, plan, develop and implement related programmes and projects. A range of programmes and projects have already been implemented under this framework. Currently, these have a funding value of over R200 million and have provided jobs to over 1 600 participants in all three EPWP sectors (social, infrastructure and environment).

The projects run for 12 to 36 months, and the intention is to have between 3 000 and 5 000 such opportunities in place by the end of the current IDP cycle. All of these skilling interventions take cognisance of the Fourth Industrial Revolution, meaning that they are designed and implemented with a deliberate intention of introducing participants to relevant technological skills.

The Fourth Industrial Revolution will fundamentally alter the way we live, work and interact. In the year in review, over R8 million has been spent on upskilling EPWP participants through South African Qualifications Authority-accredited training and skills development in the BPO sector. By the end of the 2020/21 financial year, 90% of the participants had completed their training and were preparing to be externally verified by the sector education and training authority.

In the next financial year, the City intends implementing a PE&SD programme for SMMEs, focusing on the informal and start-up tier for EPWP participants. This programme is planned to have an intake of over 200 participants, and a value of over R20 million per year for up to three years.

EPWP INFORMAL SETTLEMENTS PROJECT

This sanitation and maintenance project utilises EPWP workers to achieve a quality-of-life improvement for the people living in and around Cape Town's informal-settlement communities.

As part of this, the City has become the first municipality in the country to provide a janitorial service to clean the toilets in informal settlements, which has created thousands of EPWP job opportunities. These janitors also monitor the infrastructure and inform the depots when and where maintenance is required.

Through these and other initiatives, the City created 34 306 employment opportunities in 2020/21.

**THE CITY CREATED
34 306 MAYOR'S JOB
CREATION PROGRAMME
EMPLOYMENT
OPPORTUNITIES
IN 2020/21.**



KADER ASMAL SKILLS DEVELOPMENT PROGRAMME WINS THREE EPWP AWARDS

The City's Invasive Species Unit initiated the Kader Asmal skills development programme in September 2018. The objective was to equip 30 beneficiaries with the necessary skills and experience to become more employable or start their own small businesses after the three-year implementation period. Having exceeded its target, the programme has to date taken in 53 participants, of whom 31 have entered either permanent or longer-term employment at the City itself or through its stakeholders.

In June 2021, the skills programme was named a winner three times over at the City's EPWP awards ceremony. It came out tops in the categories "Best EPWP Skills Development Programme", "Best Skills Development Administrators Team" and "Best Skills Development Exit Strategy". Due to its previous success, the Kader Asmal skills development programme has secured funding for another three years to include 75 participants in programmes across the City's Biodiversity Branch.

MJCP LOCALISED PROJECT

The City continues to localise MJCP programmes to ensure that its subcouncils participate in the design of labour-intensive community programmes that offer real benefits to local residents. As part of this effort, the job seekers database is being optimised, particularly with a view to centralising certain elements of the database, which will then be tested in the form of a job seekers desk at an identified pilot site. The job seekers desk will operate in

accordance with the corporate City and EPWP principles across all subcouncils, and will offer an improved experience to job seekers and the broader public. In creating better linkages with other City datasets, job seeker data will also be integrated with the databases for youth development, volunteers and social development programmes. Finally, the City has established a centralised MJCP area to provide support in respect of the job seekers database, among others.

OBJECTIVE 1.4: NATURAL RESOURCES AND ENVIRONMENTAL SUSTAINABILITY

ENERGY-EFFICIENCY AND SUPPLY PROGRAMME

The fast-changing energy and urban landscape, characterised by disruptions in the electricity sector and the need to respond to climate change, required the City to reconsider its position in terms of natural resources and environmental sustainability. This led to the establishment of a dedicated Energy and Climate Change Directorate at the end of 2018. The City remains committed to rapidly expanding its sustainable energy programmes and ramping up its climate action ambitions towards achieving carbon neutrality by 2050.

Programmes and projects in support of this include:

- ✓ an electricity-savings campaign for commercial and residential sectors;
- ✓ enabling small-scale embedded generation (SSEG);
- ✓ energy-efficiency improvements and the introduction of renewables in municipal operations;
- ✓ exploring the purchase of renewable energy directly from independent power producers;
- ✓ assessing the opportunities to develop City-owned small-scale renewable-energy plants;
- ✓ facilitating third-party access to the municipal grid;
- ✓ investigating new, enabling technologies and fuel options for the future, including utility-scale storage and electric vehicles;
- ✓ a programme to achieve net-zero carbon (NZC) buildings and energy performance certification;
- ✓ a strong focus on public transport, TOD, non-motorised transport and transport demand management;

- ✓ landfill gas-to-energy and beneficiation processes, as well as waste minimisation initiatives;
- ✓ producing the Cape Town State of Energy report series every five years to profile the City's energy system in detail, and directly support the goal of a data-driven and evidence-led administration; and
- ✓ climate change response planning, such as through the City's Climate Change Strategy and Climate Change Action Plan.

PURSUING CLEANER ELECTRICITY SUPPLY

The City recognises that the future of electricity supply lies in greater decentralisation and diversification of generation towards renewables, supported by complementary technologies such as storage or gas turbines. Extracting methane from waste offers additional flexibility in delivering a renewable supply. This shift would not only provide cheaper and cleaner power, but also allow carbon-neutral electricity to be aggregated to satisfy the demand from exporting and multinational industries.

INDEPENDENT POWER PRODUCERS PROJECT

In 2017, the City launched an application in the Gauteng North High Court for a declaratory order against the National Energy Regulator of South Africa (NERSA) and the minister of mineral resources and energy to allow the City to procure energy from independent power producers (IPPs). The matter ended inconclusively in August 2020, when the court referred it back to the parties to undertake intergovernmental engagement. As a result, in October 2020, the electricity regulations on new generation capacity were amended to explicitly allow municipalities to procure energy from IPPs. The City has since been engaging with the national



**A TOTAL OF
563 KWP OF
ROOFTOP
PV SYSTEMS
HAVE BEEN
INSTALLED
ON CITY
BUILDINGS.**

Department of Mineral Resources and Energy (DMRE) and NERSA to clarify the process for doing so. Should this process be unsuccessful, the City has the right to re-enrol the court application.

The feasibility of procuring electricity from small-scale IPPs (less than 10 MWp) embedded in the City network is also being explored. In this regard, the City is planning to engage the IPP market in the second half of 2021 with a view to concluding several power purchase agreements in 2022. This will be subject to both the City and the relevant suppliers obtaining the required regulatory and legislated approvals, such as the section 34 determination from the minister.

The City is also developing a larger-scale IPP procurement programme, targeting larger renewable-energy projects connected to the Eskom grid. The intention is to wheel the procured energy to the City power grid via the Eskom grid. A determination from the minister will still be required, however, and the City is engaging with officials in the DMRE in this regard. Internally, modelling and other work have been completed to assess the impact of these large procurement programmes on the City's financial sustainability. The results will support the required internal and external governance processes to receive the section 34 determination from the minister.

In addition, the City is developing a number of small renewable-energy generation installations at its own buildings and facilities. These will have a

generation capacity of less than 1 MWp each and will encompass both rooftop and ground-mounted photovoltaic (PV) installations. The feasibility phase of three of these projects is nearing completion, and the intention is to complete their installation by December 2022.

Larger-scale solar PV projects (5–10 MWp) are also being assessed for development on underutilised City-owned land. These will be embedded in the City's network, and the hope is that they would generate 50 MW. The most advanced of these projects is a solar PV plant in Atlantis, for which the feasibility phase is nearly complete. This project could yield a 10 MWp power plant, connected directly to the City's power grid.

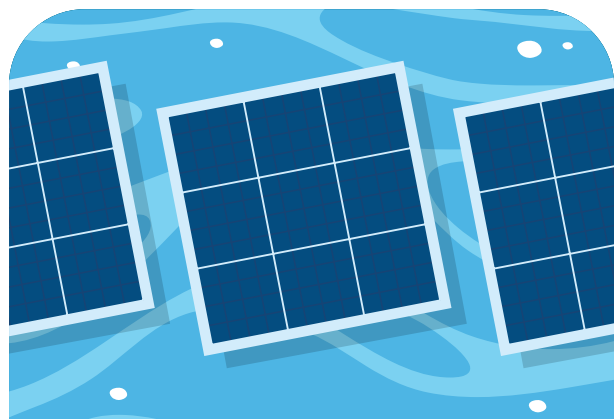
THE CITY'S GENERATION FRAMEWORK

Approved in March 2021, the City's new generation framework aims to establish a set of guidelines for City departments to participate in the generation and/or consumption of renewable energy. The uptake of renewable energy is expected to occur at an accelerated rate, and the framework serves to support this transition. The increased demand for renewable energy is strongly driven by the following factors:

- ✓ The City has undertaken to transition to more sustainable energy and electrical sources by signing the C40 Cities NZC Buildings Declaration.

- ✓ The tariff increases granted to Eskom by NERSA are expected to continue on a steep upward trajectory.
- ✓ Renewable energy is becoming increasingly affordable.

Given Eskom's declining plant performance, load-shedding is anticipated to continue and even increase in the short to medium term.



CITY PILOTS FLOATING SOLAR ELECTRICITY GENERATION

In 2019, the City partnered with FloatingSolarSA, UCT and the Water Research Commission to embark on a floating solar PV systems pilot study. The aim is to assess the additional benefits of floating solar PV systems on waterbodies, including the effect on water evaporation and enhanced PV performance due to the cooling provided by the waterbody.

The pilot site is the Kraaifontein wastewater treatment plant, where a 15 kWp floating solar PV system will be installed, together with a 15 kWp ground-mounted solar PV system adjacent to it to compare system performance. The floating system will be installed on one of two erected reservoirs; the other reservoir will be used as a control for the experiment.

Installation is expected to be completed by the end of July 2021, and the study will run for a year.

FLARING AND WASTE-TO-ENERGY IMPLEMENTATION

Waste-to-energy projects are being investigated as part of the City's Integrated Waste Management Plan. The destruction of landfill gas, which is a major contributor to global warming, not only assists the City with electricity generation, but also contributes to national climate change mitigation goals and the country's global commitments. This can be achieved by simply flaring the gas to destroy the greenhouse gas, thereby limiting its potential climate change impact.

In preparation for electricity generation, systems for gas extraction and flaring have been established at the Coastal Park and Bellville South landfills. Landfill gas-to-energy projects depend on the volumes of gas available. The two current projects have been designed to generate approximately 2 MW (Coastal Park) and 1 MW (Bellville South) of energy, respectively, which may vary over time as gas emissions decrease. This could be used to lower energy purchases for City operations, such as wastewater treatment. In the medium to long term, small-scale generation projects would result in additional operating cost savings by reducing bulk electricity purchases, with an additional saving on the value-added tax arising from this. The Coastal Park project has been operational since 2018, but the Bellville landfill site is not yet fully operational.

Another landfill gas extraction system was installed in the year in review, this time at the Vissershok landfill, and is currently being registered under the City's programme of activities with the Clean Development Mechanism. The initial phase of the project will be restricted to flaring, while phase 2 will include the conversion of landfill gas to electricity.

EMBEDDED GENERATION PROJECT

In recent years, Cape Town has seen an increase in the number of rooftop PV installations. In the absence of national legislation regarding SSEG, the City has developed a set of standards and regulations for the connection of small renewable-energy systems, particularly rooftop solar PV, to the municipal grid. These have been incorporated into the drafting of national legislation, and strongly promote transparency.

By the end of June 2021, 1 320 residential and 343 commercial and industrial grid-tied PV systems had been commissioned. These represent an embedded generation capacity of approximately 60,4 MVA. The total capacity of approved, grid-tied, embedded generation installations commissioned during the whole of the 2020/21 financial year was 18,5 MVA.

Notably, there has been a rapid increase in the number of approved off-grid residential systems.

A major challenge in this environment is that many customers are illegally connecting to the network without prior approval from the City. A City by-law requires SSEG systems to be registered, and grid-tied installations to comply with the criteria for registration. Non-compliant systems create safety risks and legal challenges for network operators, infrastructure, home owners and the City itself. An awareness campaign was therefore launched in July 2018 to educate customers about the need to register their systems, and the implications of unauthorised systems on the network. The registration process was communicated to citizens through social media, rates bill inserts and an online video. This communication campaign will continue as needed through digital and print media, as well as information sessions with installers.

ENERGY-EFFICIENCY PROJECT

Resource efficiency is critical to sustainably grow economic activity and increase a city's competitiveness and resilience. The City promotes energy efficiency as a means of reducing emissions and the impact of rising electricity tariffs.

ENERGY EFFICIENCY IN MUNICIPAL OPERATIONS

The City consumes approximately 3% of all electricity used in Cape Town. As such, it is committed to improving the management of electricity use in all its municipal operations, with the aim of improving resource efficiency, reducing its carbon footprint and saving money. In the 12 years from 2009/10 to 2020/21, this initiative saved over 265 GWh of electricity, which translates to avoided emissions of 262 735 tCO₂e and a financial saving of approximately R300 million.

Key achievements of the City's programme to improve energy efficiency in municipal operations include the following:

- ✓ A total of 77 municipal facilities have been retrofitted with energy-efficient lighting.
- ✓ A total of 563 kWp of rooftop PV systems have been installed on City buildings.
- ✓ All traffic lights have been retrofitted with light-emitting diode (LED) lamps.
- ✓ Approximately 36% of all streetlights in Cape Town have been retrofitted with energy-efficient lamps (19% of which are LED streetlights).
- ✓ Approximately 909 smart electricity meters have been installed in 741 municipal facilities (53% of the 1 374 facilities listed for metering).

- ✓ Over 150 staff have been trained to effectively use SmartFacility, an integrated and automated resource data management system for City facilities, to monitor and proactively manage municipal resources with real-time data access.



SMARTFACILITY ENSURES ACCURATE ENERGY EFFICIENCY METRICS

Monitoring building performance is key to measuring the savings from the City's various energy-efficiency programmes. Since 2013, the City has rolled out a smart electricity metering programme in its Council-owned municipal facilities for accurate measurement, savings verification and reporting. In November 2018, the SmartFacility application was launched. The app offers better access to live consumption readings and enables users to view the data via easy-to-use dashboards and extract summarised reports. These assist with proactively monitoring and managing facility consumption and performance. The automated reporting also supports decision making regarding energy-efficiency and renewable-energy optimisation in Council facilities. This will be a key tool in delivering on the NZC Buildings Declaration. Since the launch of SmartFacility, the team has trained more than 150 municipal officials who manage Council-owned facilities. In addition, the City has rolled out a project for a pilot smart water sensor device so that live water readings could also be accessed on the SmartFacility application.

SMART GEYSER PILOT

A new pilot aims to test the demand-side management and energy-efficiency capabilities of a smart geyser solution. The project is a collaboration between the City, technology supplier Plentify and implementation partner GIZ. It entails the installation of 100 HotBots (smart geyser controllers) in two City-owned residential complexes (50 per complex) for a one-year testing period.

The main goal is to identify and solve technical and operational challenges with the technology, and to develop a business case for its future roll-out. The first cohort of 50 homes in the Blue Downs housing scheme were selected in collaboration with the City's Water and Sanitation Department, and the HotBots have been installed. Suitable properties for the second cohort are currently being evaluated.

SHARING KNOWLEDGE ON ENERGY EFFICIENCY, RENEWABLE ENERGY AND SUSTAINABLE LIVING

The Cape Town Energy Water Waste Forum, a partnership for Cape Town's commercial sector, promotes resource efficiency in commercial buildings and operations. Forum members are owners and managers of commercial buildings, energy-efficiency-related service providers, policymakers and other stakeholders who share practical knowledge and support. Recently, the forum has been focusing on disruptive technologies in the energy sector, and the challenges and opportunities in the water sector, as well as finding innovative solutions to waste stream challenges. Due to Covid-19 and the various lockdown levels, engagement over the past year took place in cyberspace through a digital newsletter sharing updates on projects and case studies, as well as a webinar on achieving economic recovery through NZC buildings and transport systems.

Between May 2020 and January 2021, the City hosted the Cape Town Future Energy Festival. This series of fun, family-friendly virtual event experiences was designed to include citizens in their city's future energy story. The festival aimed to spark conversations on climate action, energy efficiency, solar and wind power, water and waste efficiency, smart transport and sustainable living. The event reached over 250 000 people through social media and the festival website, as well as another approximately 500 000 through mainstream media attention, primarily news reports on the My Clean Green Home exhibit. Much of the digital content developed for the festival will continue to be used in future communications and awareness programmes on energy and sustainability.

ELECTRIC VEHICLE FACILITATION PROGRAMME

Zero-emission vehicles such as electric vehicles (EVs) are seen as an important component of a carbon-neutral future. As such, the City is working to facilitate the uptake of this technology by both the public and private sector. Engagement with various industry players is under way, and the City is developing a number of pilot projects for demonstration and data collection purposes.

Some of the recently launched EV-related projects are as follows:

- ✓ **Solar-powered public EV chargers** - Two new solar-powered EV charging stations have been installed at the Bellville and Somerset West civic centres respectively. The chargers were donated by the United Nations Industrial Development Organisation as part of their Low Carbon Transport-South Africa project to support the transition to this new technology, and will be available to the public to use free of charge. These chargers will boost public awareness of the availability and viability of EV technology, and will also provide the City with valuable real-world data on user behaviour and energy use, which will help inform future roll-out strategies. Accompanying the installation has been the roll-out of a print and digital awareness campaign in the two pilot areas.
- ✓ **Exploring the viability of converting City fleets to EVs** - In 2020, based on a detailed financial investigation and modelling exercise, five EVs were procured to be used in the Safety and Security Directorate, where they replaced similar high-performance vehicles. As part of this initial phase, their performance is being monitored. The results will be used to inform future decision making on the expansion of the City's EV fleet.

CLIMATE CHANGE PROGRAMME

The City's new Climate Change Strategy, which was adopted in May 2021, provides an overall guiding framework for decision making on climate change. A Climate Change Action Plan is also currently being developed to guide the implementation of the strategy. By June 2021, the action plan was in the final stages of obtaining approval. Both the strategy and action plan take a high-ambition approach to addressing climate change and achieving the targets of the global Paris Agreement in terms of climate resilience and carbon neutrality. This also forms part of the City's commitment to the global C40 Deadline 2020 programme, which requires cities to have an action plan in place by mid-2021.

towards enhanced climate resilience and carbon neutrality by 2050.

The strategy and action plan have two overarching goals. One is the Carbon Neutral 2050 Goal, which commits the City to reduce greenhouse gas emissions to near zero by 2050. The other is to adapt to unavoidable climate change and build a city that is more resilient to climate shocks and stresses. Yet the City's Climate Change Action Plan is not only about carbon and climate risk, but also about using the opportunity to be a leader in transitioning to a competitive, resilient and efficient green economy. In addition, the aim is to leverage the strategy to support economic recovery (post-Covid-19) in a way that addresses the climate crisis, improves public health and reduces inequality.

Work on a climate change communication campaign started in early 2020. Climate change is a complex topic to communicate to a diverse audience, who may experience many other, more immediate day-to-day stresses. To inform the campaign, a comprehensive citizen perception study was conducted in mid-2020 to gain insight into Capetonians' perceptions of climate change. Specific aims were to establish the different perceptions of the various audiences, identify what type of communication is perceived as credible, and determine potential drivers of behaviour change. The City subsequently used this information to develop and launch its new climate change response and resilience campaign called "Let's ACT. For a stronger Cape Town". The campaign aims to support residents, communities, businesses and organisations to take action for a stronger, healthier and more resilient Cape Town for all.

The roll-out of the campaign, which will be conducted in phases, started off with Earth Hour on 27 March 2021. It is envisaged that "Let's ACT" will continue over a number of years, incorporating work from many different departments and including communication drives, educational programmes and stakeholder engagement.

Highlighted climate change adaptation and mitigation projects are described in more detail under the relevant headings in the following sections of this report. As waste management cuts across both adaptation and mitigation, it is included as a separate item under this programme.

CLIMATE CHANGE MITIGATION PROJECTS

AIMING FOR CARBON NEUTRALITY

The City has made the ambitious commitment of becoming carbon neutral by 2050. In doing so, the

City has joined a global coalition of cities under the C40 Deadline 2020 programme, who are all committed to transformative climate change action in keeping with global climate change response requirements. The City's goal of carbon neutrality has been incorporated into the new Climate Change Strategy, and its associated implementation actions are laid out in the forthcoming Climate Change Action Plan.

A commitment to carbon neutrality represents a step change from previous, self-determined targets such as the Cape Town Energy2040 goal, and has a number of implications. Such an internationally public commitment requires meticulous planning, compelling communication and ongoing extensive collaboration with a range of government, civil-society and private-sector stakeholders. The challenges are considerable, as Cape Town is starting from a relatively high base due to reliance on highly carbon-intensive coal-fired grid power and fossil-fuel-intensive transport systems. Moreover, the commitment needs to be achieved within an increasingly constrained fiscal context. This, therefore, requires a pragmatic approach.

A detailed greenhouse gas inventory and modelling projections have identified the big-ticket mitigation actions in the local Cape Town context, and internal engagements have refined these into programmes and projects. Broadly, these cover a transition to renewable electricity, electrification of the transport fleet, supported by public transport, spatial planning and catalytic urban investments, and the piloting of organic waste diversion at source. The plan is citywide and requires broad-based buy-in. From 2019 to 2021, the City's climate mitigation team, in partnership with the Western Cape Economic Development Partnership, coordinated a number of engagements with relevant sector departments in Cape Town. The aim was to foster buy-in for the carbon-neutral vision, develop measures and targets for the new emissions pathway, and identify appropriate actions for implementation. Subsequently, a process of external engagement with key stakeholders has been initiated to integrate multiple parties' perspectives, solicit expert input, validate the pathway and create a citywide vision.

Electricity supply is the dominant source of greenhouse gas emissions. Therefore, the core mitigation effort is through the energy-efficiency and supply programme described earlier. Other mitigation measures are being pursued in collaboration with the departments responsible for waste, transport and spatial planning. In terms of landfill gas-to-energy, these involve target setting and alignment with existing service delivery projects to drive the transversal effort required to make good on the City's commitment to carbon neutrality.

TRACKING CAPE TOWN'S GREENHOUSE GAS EMISSIONS

The City's Energy and Climate Change Directorate maintains and annually updates a detailed greenhouse gas inventory (carbon footprint), not only for local government activities, but for the entire Cape Town. Emissions are reported according to the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC) to ensure that the City's methodology is consistent with global best practice. As key data sourced from National Government only become available some 18 months after the calendar year reported on, there is an approximate two-year lag. The international Carbon Disclosure Project (CDP) platform reviews the quality of the City's annual greenhouse gas inventory. In 2020, the City was again awarded an A-rating for its overall data and actions submission.

Citywide greenhouse gas emissions were relatively stable between 2012 and 2018, with an apparent drop from 21 914 762 tonnes to 20 609 997 tonnes of CO₂ over this period. This was mostly due to reduced demand for electricity, as well as improvements in waste data, which offset increases in transport energy demand.

Cape Town already has a long-term trend of electricity decoupling from economic growth, which has kept emissions stable since 2012.

STATE OF ENERGY AND CARBON REPORT

- ✓ The Sustainable Energy Markets Department is developing its fourth iteration of the Cape Town State of Energy report, which henceforth will be known as the State of Energy and Carbon report. The report is a robust evidence base that profiles the City's energy system in detail, and directly supports the goal of a data-driven and evidence-led administration. This rich resource can be utilised by decision makers, researchers and planners, and will be published before the end of 2021.

THE NET-ZERO CARBON BUILDINGS PROGRAMME

The City, together with the metros of Johannesburg, eThekweni and Tshwane, joined the C40 South Africa New Buildings Programme in 2018. The strategic objective of the programme is to accelerate the implementation of transformational energy-efficiency policies and programmes in the built environment, working towards zero-carbon performance for new buildings in South African cities, and to share the lessons across C40 city networks. Through the programme, the City is committed to accelerating climate action by delivering carbon neutrality for all new buildings by 2030.

To meet the programme objective, the metros considered the development of NZC regulations and mechanisms that establish the energy intensity values that must be met for all the different building types to reach the NZC target. A pathway has been developed to drive energy efficiency, with the remaining energy demand met by renewable energy. Discussions with various stakeholders are ongoing to establish how appropriate these proposed legislative measures are for Cape Town. The C40 South Africa New Buildings Programme came to an end in June 2021, but the work will continue through internal resources and ongoing engagement with the C40 network and other metros.

ADAPTING TO CLIMATE CHANGE PROJECT

Through a mayoral commitment, the City joined the NZC Buildings Declaration at the Global Climate Action Summit in San Francisco in September 2018. By signing the declaration, the City committed to NZC performance of all new buildings citywide by 2030, and to pursuing the retrofit of all existing buildings to be NZC by 2050. In its own operations, the City committed to ensuring that all new facilities owned, occupied and developed by the municipality are NZC in operation by 2030, and that, to the extent possible, the same is true for existing facilities.

The following activities and actions are currently under way to support these commitments:

- ✓ **New buildings**
 - Exploring the development and implementation of various building energy-efficiency and renewable-energy mechanisms, and relevant instruments that would enable all new buildings (residential and commercial) to be NZC by 2030
 - Disseminating information on designing, constructing and operating NZC and resource-efficient buildings through events, forums, exhibits, digital media and publications
 - Accelerating the transition to cleaner energy supply through City-owned renewable-energy projects, enabling the procurement of renewable energy from IPPs and promoting the uptake of SSEG such as rooftop solar PV
 - Enabling renewable-energy supply through tariffs and registration systems for rooftop solar plants, and developing a wheeling framework that will facilitate the transacting of power flow between participants on a willing buyer, willing seller basis

- Working with a number of departments to develop the necessary guidelines and implement NZC precincts and carbon-neutral districts through interventions in planning policy, by-laws and projects
- ✓ **Municipal buildings**
- The sections “Energy efficiency in municipal operations” and “Independent power producers project” in this report provide details on the City’s energy-efficiency and own-generation activities. The following additional measures are also being pursued:
 - Developing the overall strategy that identifies the necessary technical and financial pathways and partners to achieve NZC municipal buildings by 2030
 - Completing the NZC municipal buildings pre-feasibility study to confirm the expected range of capital investment required and potential for cost savings if all municipal buildings were NZC (energy efficient with City-owned renewable-energy generation)
 - An energy performance certificate compliance initiative to ensure that all City-owned buildings that are 1 000 m² or larger will have their energy performance calculated, benchmarked and publicly displayed in line with national regulations by 7 December 2022
- ✓ **Existing buildings**
- Developing an overall strategy that identifies the necessary technical and financial pathways and partners to achieve the NZC goal for existing buildings by 2050
 - Designing and facilitating a multistakeholder engagement process on the NZC project for existing buildings
 - Developing programmes, goals and guidelines to improve energy efficiency

in all existing residential and commercial buildings, working towards NZC (in operation) by 2050

- Exploring various innovative financial mechanisms to increase customer access to energy-efficiency and renewable-energy property upgrades

CLIMATE CHANGE ADAPTATION PROJECTS

Guided by its Climate Change Strategy, the City is ensuring that climate change adaptation is integrated with all relevant decision making processes. Based on the findings of the research project “Climate change hazard, vulnerability and risk assessment for the City”, the City has put together an integrated set of climate change adaptation actions, which form part of its broader, consolidated Climate Change Action Plan.

The implementation of adaptation actions is already under way in many sectors. These actions will also be incorporated into City decision making and departments’ business planning processes once the Climate Change Action Plan is approved. Key focus areas include drought and decreased rainfall, extreme heat, sea-level rise and coastal erosion, flooding and an increased fire risk.

The following projects represent some of the key actions in this area:

CITY’S GREEN BOND

The City issued a green bond in July 2017, which was listed on the Johannesburg Stock Exchange’s green bond segment and accredited by the Climate Bonds Initiative. The international ratings agency, Moody’s, awarded the instrument a GB 1 rating. The facility quickly raised R1 billion, which is being used to partially fund the following projects on the City’s capital programme:

TABLE 6: Climate projects partially funded by the City’s green bond

PROJECT NAME	PROCEEDS ALLOCATED
Upgrade to reservoirs citywide	R4 630 527,73
Pressure management: Zone metering and valves	R14 694 306,59
Treated effluent: Reuse and infrastructure upgrades	R44 350 767,53
Water meter replacement and conservation programme	R856 737 970,68
Replacement and upgrade of sewage pump station	R4 431 377,17
Sir Lowry’s Pass River upgrade scheme	R23 244 252,91
Coastal structures rehabilitation	R19 001 781,64
Replace and upgrade sewer and water supply network	R32 909 015,75
TOTAL	R1 000 000 000

These projects continue to deliver climate benefits to the City through their adaptation or mitigation impact. The bond is amortised over ten years and had a remaining principal balance of R600 million at the end of 2020/21. For a copy of the post-issuance assurance report and details of the funded projects, see <http://www.capetown.gov.za/Work%20and%20business/Invest-in-cape-town/The-citys-investor-relations/External-finance>.

MITIGATING FLOOD RISKS

As part of its commitment to protect people against the effects of climate change, the City is paying particular attention to the Sir Lowry's Pass and Lourens rivers. The aim is to alleviate the risk of flooding in the nearby built areas (Gordon's Bay and central Somerset West, and from Vergelegen farm down to the False Bay coast in Strand) by increasing the capacity of the rivers to accommodate flood events. This involves river modification and the installation of flood defence structures. Work on Sir Lowry's Pass River is also aimed at freeing up land for affordable housing and other developments. These projects are under way, with large dedicated budgets set aside to achieve the targeted outcomes. Progress in the year in review was as follows:

- ✓ **Lourens River:** The river has been systematically upgraded to accommodate the 1:5-year flood line. One additional phase is required before embarking on the final phase, which will accommodate the 1:100-year flood line by constructing a bypass channel. Unfortunately, the project could not proceed in the year in review due to challenges with the professional service provider contract. Work will recommence once these issues have been resolved.
- ✓ **Sir Lowry's Pass River:** A four-year (42-month) construction period is envisaged to accommodate the 1:100-year flood line. Having reached the tender evaluation phase, this project was scheduled to commence at the start of 2021. Unfortunately, however, it could not proceed due to an appeal lodged with the City regarding the appointed professional service provider. The City now needs to follow the relevant section 33 process to resolve the issue, after which construction would hopefully commence in January 2022.

ENVIRONMENTAL STRATEGY IMPLEMENTATION

The City is taking various steps to implement its Environmental Strategy, including developing a monitoring and evaluation plan as well as an implementation plan, and continuing work on

tools to support the mainstreaming of the strategy. These include the Green Procurement Action Plan, the Mayor's Portfolio of Urban Sustainability programme, and State of the Environment reporting. In addition, the City is further developing the business case for investing in natural assets and green infrastructure to attract resources for environmental management, while creating more jobs and skills programmes.

INTEGRATED COASTAL MANAGEMENT PROJECTS

To more effectively manage Cape Town's coastline and optimise the sustainable economic and livelihood opportunities it presents, Council adopted the City's Coastal By-law in May 2020.

A coastal spatial and economic development framework is still being developed, and will promote strategic planning and decision making on coastal resources by viewing the coast as a non-linear and connected space. In addition to recognising the immense social value of the coast to Capetonians, the framework will encourage appropriate climate change adaptation and resilience planning along the coastline. Precinct management plans are being drafted to guide relevant departments involved in activities along the coast.

The by-law and framework are in addition to the City's existing Integrated Coastal Management Policy and Programme, which aims to address the risk of climate change-induced coastal hazards such as sea-level rise, shifting wind regimes and changing wave patterns.

In addition to these strategic projects and processes, other activities of the Coastal Management Branch in 2020/21 included the following:

- ✓ Completion of Big Bay-Small Bay revetment
- ✓ Completion of Beach Road at Bikini Beach seawall repair
- ✓ Ongoing rehabilitation and maintenance of the Hout Bay dunes
- ✓ Prioritisation, rephasing and replanning of coastal capital projects in the context of Covid-19 to ensure that coastal upgrades continue in high-need areas
- ✓ Continued progress on preparation for the repair and rehabilitation of Fisherman's Lane, including community engagement and a specialist review of security issues in the area
- ✓ Publication of Know Your Coast 2020 and online biweekly reporting of coastal recreational water quality on the City's website

- ✓ Ongoing recruitment of specialised coastal management staff to grow the City's coastal management function
- ✓ Continued development of a draft Harbour By-law

BIODIVERSITY MANAGEMENT PROJECT

The City is committed to managing Cape Town's unique biodiversity, and promoting natural areas as community spaces that deliver vital ecosystem services, while also serving as recreational and social spaces. Key City biodiversity conservation projects and initiatives include the following:

TABLE 7: Key City projects and initiatives to conserve Cape Town's biodiversity

	The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act	Twelve of the 16 City nature reserves have been notarised and published in the Provincial Gazette, with another two already notarised and their gazetting now imminent. The remaining two, namely Durbanville and Harmony Flats, already have adequate status and are recognised as protected areas under the National Environmental Management: Protected Areas Act, Act 57 of 2003. In addition, the proclamation process has started for five new City nature reserves, as well as an additional six sites to be added to existing reserves.
	Meeting the IDP target of conserving 65% of the Biodiversity Network (BioNet)	Cape Town is recognised as the most biodiverse city in the world. To date, 65,34% (55 540 ha) of the BioNet is protected.
	Ongoing roll-out of environmental education and outreach programmes	This is aimed at promoting environmental awareness and encouraging the public to access nature reserves. More than 2 338 learners from 42 schools attended environmental education programmes in the reporting period. With adults included, over 5 634 person-days of education were conducted. The low numbers are as a result of Covid-19 and various lockdown regulations. More than 300 000 people also visited the City's nature reserves through paying gates and the attendance of large events. However, since most reserves offer open access, actual visitor numbers are much higher.
	Ensuring continued management of existing conserved areas to enhance benefits to the community	The City coordinates protected-area advisory committees (PAACs) under the National Environmental Management: Protected Areas Act, Act 57 of 2003 to ensure local community involvement and seek expert advice in the management of the City's nature reserves. The City's nine PAACs meet quarterly and are continuing their work to ensure that local communities take part in reserve management. With the latest three-year PAAC cycle having ended, the public process to appoint new committees has been initiated.
	Creating a viable ecological link between Dassenberg Hills and the coast as part of the Dassenberg Coastal Catchment Partnership (DCCP)	The DCCP is an ongoing initiative of the City, CapeNature, the Worldwide Fund for Nature (WWF), the Wilderness Foundation, the Cape West Coast Biosphere, SANParks, Province's Department of Environmental Affairs and Development Planning, and the South African National Biodiversity Institute (SANBI). Ensuring access to the Witzands dunes for recreation and tourism is a key initiative, for which the recently built multipurpose centre, which serves as a gateway to the dunes, provides cash offices and other facilities.
	Facilitating development as part of the Atlantis industrial incentive scheme	The DCCP includes a land-banking component, which ensures that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity to development in the urban edge and Atlantis industrial area. The conservation land bank has been completed, with enough land secured to facilitate the development of all vegetation remnants in the Atlantis industrial and residential areas.

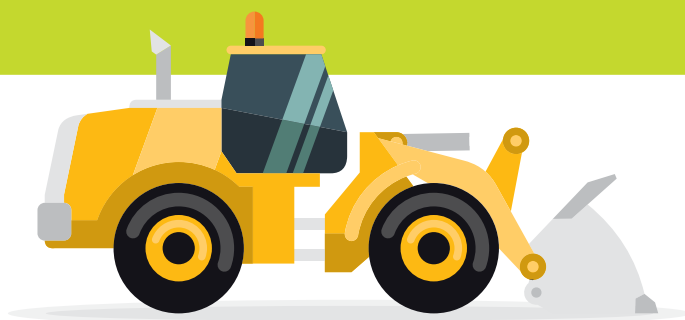
 Metro southeast Strandveld conservation implementation plan (CIP)	This innovative approach is being undertaken in collaboration with external conservation partners CapeNature, Province's Department of Environmental Affairs and Development Planning, and SANBI. The CIP has identified biodiversity areas that will serve to offset development for City housing projects such as Pelican Park Phase 2. The Macassar Dunes East conservation land bank was established to further facilitate City housing projects.
 Effective nature reserve management for long-term conservation success and climate change adaptation	The Biodiversity Management Branch continues to undertake planned ecological burns to ensure biodiversity protection as well as minimise the risk of wildfire.
 Strengthening the urban baboon programme	The urban baboon programme is best practice based on the latest scientific information. The urban baboon population increased by 80% from 245 in 2006 to 445 in 2020. Since 2012, the programme has consistently managed to keep baboons away from urban areas for over 95% of the time. This is key to the animals' protection: In urban areas, conflict between baboons and residents often results in the animals being shot, poisoned, run over, attacked by dogs and, in some cases, killed. Despite the on-the-ground success, however, the programme has been plagued by negative media coverage, disagreement among residents, and governance issues. CapeNature has agreed to coordinate a process to finalise an agreement with the key authorities and review the current guidelines and protocols.

CONSTRUCTION CONTINUES ON ENVIRONMENTAL CENTRE AT HELDERBERG NATURE RESERVE

The beautiful setting of the Helderberg nature reserve on the slopes of the Helderberg Mountain, overlooking False Bay, makes it an ideal location to teach communities in and around Somerset West about the Western Cape's plant and animal kingdom, and our impact on it. As such, staff at the reserve identified the need for an environmental education centre where groups of school children and other visitors can be accommodated.

Such a centre is now being constructed. With its design demonstrating alternative construction methods and sustainable design thinking, the centre could function as an extended environmental education tool over and above the activities that will take place in and around the facility. The design for the facility considers a number of factors, such as ecology, thermal impact, waste and stormwater impact, acoustics, light pollution, as well as carbon emissions.

Some of the main features of the building include rammed earth walls. These are constructed from local soils, recycled building materials and old truck tyres, which otherwise would have ended up on the City's landfill sites. The structure also includes over 6 000 ecobricks, many of which have been filled by schools, youth and environmental groups and other community projects across town.



INVASIVE SPECIES MANAGEMENT PROJECT

The City's invasive species management project involves the identification, control and management of invasive species. A three-year contract is in place for the control of invasive aliens, funded by National Government's natural resource management programme.

The population of invasive alien house crows increased to approximately 500 in the year in review due to Covid-19-related restrictions on contractor activity. The polyphagous shot hole borer infestation, which affected mature trees in Somerset West, also received significant media coverage in the past year. The City's team successfully removed multiple trees infested with the borer, and continues to monitor and contain its spread.

The City's invasive species management programme is also an important job creator. In the past year, 3 973 job opportunities and over 533 full-time job equivalents were created. This exceeds the annual targets of 3 000 and 250 respectively. The Kader Asmal three-year skills development programme has taken in 53 individuals to date, of whom 31 have since secured sustainable employment.

GREEN INFRASTRUCTURE PROGRAMME

In the year in review, the City continued with the development of its green infrastructure programme, which comprises spatial policies and guidelines, as well as project components. The mapping of natural and green open spaces in Cape Town in terms of defined ecosystem services has informed the preparation of a green infrastructure network for the city. Work continues on a gap analysis of selected City policies and by-laws, with a view to including green infrastructure principles and approaches wherever appropriate. Nine policies and/or by-laws have been reviewed, and input has been provided into new policy and by-law development. A best-practice guideline for urban watercourses is also being drafted.

The river ambassador programme, a partnership with the Cape Town Environmental Education Trust, is being implemented with a focus on the Source to Sea River Corridor Initiative pilot. Other interventions in support of green infrastructure have been initiated under the auspices of the City's programme for liveable urban waterways in the Sand River catchment, where the Source to Sea River Corridor Initiative is under way. Further examples of green infrastructure projects include the restoration of wetlands at Zandvlei, as well as the Asanda Village wetland park project.



ASANDA VILLAGE WETLAND PARK PROJECT

On 3 October 2020, the City hosted an open day in Asanda Village, Lwandle, to share the draft detailed designs for a proposed wetland park project with the community and obtain their input. The City plans to build a wetland park on an open patch of land that borders Asla Park and will be adjacent to Asanda Village. This forms part of the administration's urban renewal and greening efforts. After the open day, the detailed designs were finalised and environmental authorisation obtained from Province's Department of Environmental Affairs and Development Planning. The City also obtained the required water-use authorisation from the national Department of Water and Sanitation. The construction tender has been awarded and, should no appeals be received, work is anticipated to commence in July 2021.

WASTE MINIMISATION AND RECYCLING PROJECT

The City is planning and designing two materials recovery facilities to increase its capacity to implement waste separation at source. The construction of the Coastal Park facility should commence in 2021/22, while the licensing process for the Athlone facility is in progress.

An upgrade to the Retreat drop-off facility expanded its recycling area, while a similar upgrade to the Woodstock drop-off is 75% complete. Plans are under way for a similar expansion at the Killarney drop-off site, and for the redevelopment of the De Grendel drop-off to include a substantial recycling collection and sorting area. In addition, upgrades to the garden waste-chipping areas were completed at the Hout Bay and Kommetjie drop-offs to include enclosed chipping sheds.

A contract for the construction of a new major drop-off facility on Prince George Drive is in place, and the preliminary design phase for a community-based recycling facility at Fisantekraal has been completed.

Unfortunately, the City's drop-off sites were closed to the public under lockdown levels 4 and 5, but a number of the larger sites reopened when the lockdown was eased to level 3.

PARTNERING FOR RECYCLING SUCCESS

The City's Think Twice kerbside recycling programme is now offered to over 190 000 households across Cape Town and diverts over 27 292 tonnes of recyclables from landfill every year. The City plans to expand this programme in the years ahead and has rolled out the second phase of expansion for the tender that supplies the Kraaifontein materials recovery facility. Diversion of recyclables from landfill also takes place at more than 20 drop-off sites across town.

To complement the above separation-at-source recycling initiatives, the City continues to form partnerships so as to put various alternatives to the test following extensive surveys in low-income communities. One such partnership is with the not-for-profit industry body Polyco to implement a mobile buy-back centre concept named PACKA-CHING in lower-income areas. Operating from a trailer temporarily parked on City or private land, the initiative pays residents advertised prices per recyclable material type via an e-wallet that is linked to users' cellphones. PACKA-CHING has been successfully running in Langa since August 2017 and has expanded to other areas with private-sector partners and sponsors.

In the reporting year, the City also completed a trial of its own, custom-built swap shop, a trailer where residents can swap their recyclables for tokens, which may be redeemed for groceries, clothing and similar items, all in the same trailer. Having been halted in March 2020 due to the nationwide lockdown, the trial was completed from October to December 2020, during which time an average of 30 tonnes of recyclables were exchanged per month. This raised the average for the entire trial to 20 tonnes per month. The main types of recyclables brought in for trade (by mass) were plastics (54%), paper and cardboard (18%), glass (15%) and metal, including cans and scrap metal (13%), with 98,7 tonnes of recyclables being diverted through the trial.

DIVERTING WASTE FROM LANDFILL

Diversion of organic waste from landfill has become a key national and provincial priority. In response, 13 drop-off or landfill facilities across Cape Town currently deliver a garden waste-chipping service. The chipped waste is then used for the production of compost, or as mulch for agriculture. Through this programme, over 53 077 tonnes of organic waste were diverted from landfill in 2020/21. More than 5 000 newly designed, locally made home composters have been procured for distribution in the next financial year.

In addition, an organic waste drop-off trial was initiated in February 2021 with the aim of testing residents' willingness to drop off their organic food waste (fruit and vegetables, as well as cooked food waste) at one of four existing City drop-offs or one of four 'pop-up' drop-offs spread across town. Residents were supplied with 5 l plastic storage buckets, as well as pamphlets that explained what types of food waste were acceptable, and how to handle the waste while temporarily storing it at home. Through this trial, 3,9 tonnes of organic waste was diverted from landfill.

In terms of builders' rubble, the City is preparing to renew its contract for the crushing of construction and demolition waste at selected landfill sites on an 'as and when required' basis. This is because the majority of the crushed material will be required for use in capital projects at the landfill sites in the years ahead, such as for closure, capping and new landfill cell development.

CITY RESILIENCE PROGRAMME

The City is working to strengthen Cape Town's resilience to the economic, social, physical and environmental impacts of climate change, with a particular focus on reducing risk for vulnerable people and communities.

INTEGRATED RESILIENCE PROJECT

Urban resilience refers to the capacity of individuals, communities, institutions, businesses and systems in a city to survive, adapt and grow, no matter what chronic stresses and acute shocks they experience. Improving the resilience of Cape Town and its people is the main objective of the Cape Town Resilience Strategy.

CAPE TOWN RESILIENCE STRATEGY

Council approved the Cape Town Resilience Strategy in August 2019. Having been operational for almost two years by the end of 2020/21, the strategy proved to be robust as a framework within which to respond to the Covid-19 pandemic.

The strategy offers a 21st-century roadmap for Cape Town to strengthen its defences against sudden potential shocks, ranging from storms and heatwaves, to cyberattacks, global financial crises and other unforeseen challenges. It focuses on the need for partnerships across government, business, community organisations, academia and households to build Cape Town's collective resilience.

Of the 75 actions in the strategy, over 50 are either fully implemented or implementation has begun. A selection of actions that moved forward this year include the following:

- ✓ An urban resilience course for City staff has been introduced as part of the City's LEAD programme. Two training guides, one on adaptive management and one on reflective learning, were also produced for staff members.
- ✓ Eight case studies were developed to showcase projects that contribute to resilience.
- ✓ A methodology was developed for factoring resilience into capital project management, and has entered the stage-gate process.
- ✓ Two reflective learning projects were completed with senior officials working on the City's pandemic response.
- ✓ A pilot food systems programme was developed, and received the City leadership's endorsement.
- ✓ The prioritised shocks and stresses for Cape Town were updated and integrated into a range of medium-term planning processes.

In addition, the Resilience Department organised and coordinated the activities of the City's Pandemic Business Continuity Coordinating Committee throughout the year.

To download the strategy, go to http://resource.capetown.gov.za/documentcentre/Documents/City%20strategies%2c%20plans%20and%20frameworks/Resilience_Strategy.pdf.

**CAPE TOWN
BECAME THE
FIRST CITY IN
THE WORLD TO
IMPLEMENT THE
CITY WATER
RESILIENCE
FRAMEWORK,
A GLOBALLY
APPLICABLE
TOOL TO
ASSESS THE
STRENGTHS
AND
WEAKNESSES
OF URBAN
WATER
SYSTEMS.**





STRATEGIC FOCUS AREA 2:

SAFE CITY

SFA 2 FOCUSES ON:



helping citizens feel safe;



law enforcement;



addressing social factors that cause disorder and crime;



managing and preventing disasters; and



firefighting and rescue services.

OBJECTIVES

OBJECTIVE 2.1: Safe communities

PROGRAMMES

- ✓ Safety technology programme
- ✓ Holistic crime prevention programme
- ✓ Policing service programme
- ✓ Neighbourhood safety programme
- ✓ Safety volunteer programme
- ✓ Disaster risk assessment programme

KEY SAFE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2020/21

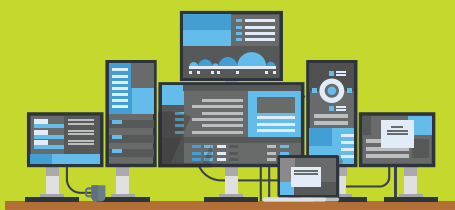


Emergency Police Incident Control (EPIC) system registered its
MILLIONTH MASTER SERVICE REQUEST

Total City CCTV footprint stands at
1 909 CAMERAS,
representing the largest public-area
surveillance agency in Africa



Public Emergency Communication
Centre (PECC) fielded
395 695 CALLS
and logged 240 904 incidents



Average CCTV network
UPTIME OF 80% TO 90%



Implemented
**107 EARLY CHILDHOOD
DEVELOPMENT INTERVENTIONS**



Trained **NEARLY 300
YOUTH CADETS** since 2003



Maintained **100% SECURITY PRESENCE**
at all City public transport facilities

Deployed an additional
**198 LAW ENFORCEMENT
OFFICERS AND 19
TRAFFIC OFFICERS**
as part of the externally funded
policing programme



Brought **TWO ADDITIONAL FIRE
STATIONS** into operation



Provided **PATROL EQUIPMENT
WORTH R3,5 MILLION** to accredited
neighbourhood watches

OBJECTIVE 2.1: SAFE COMMUNITIES

SAFETY TECHNOLOGY PROGRAMME

INTELLIGENT POLICING PROJECT

EMERGENCY POLICE INCIDENT CONTROL (EPIC) SYSTEM

EPIC is an integrated incident management platform designed to ensure that all City safety and security departments function optimally and provide quality services to Cape Town's residents and visitors. In addition, it improves coordination and collaboration with other public safety role players as well.

This directorate-level solution integrates the Public Emergency Communication Centre (PECC), 107 Centre, the Disaster Risk Management Centre, the Fire and Rescue Service, Metro Police, Law Enforcement, the Safety and Security Investigations Unit and Traffic Services into a single technology platform. It is a first for South Africa and attests to the City's commitment to delivering on its safe city promise.

The system helps call takers register service requests from the public, and share them with the appropriate safety and security departmental control rooms. In the control rooms, the dispatchers identify the location and status of available responders, and then dispatch units located closest to the emergency, using the most efficient route. EPIC provides real-time feedback on the status of an emergency, helps the City improve service delivery, and assists with effective resource management.

The two key positions of EPIC manager as well as head of EPIC information management solutions have been filled. The team is now making steady progress towards establishing EPIC as a benchmark technology platform for the delivery of safety and security services.

During the pandemic, EPIC too had to adapt to the changing environment. The need for greater insight during this time allowed for certain functionalities to be fast-tracked. These include the development of a common operating picture map to enhance situational awareness, as well as spatial dashboards that provide both a Covid-19 and an overall safety and security view.

In May 2021, EPIC reached a significant milestone when the millionth service request was created on the system.

Enforcement officers face increasingly hostile conditions out in the field. Therefore, to offer them additional safety, a panic button was added to the EPIC field officer device. When the button is activated, an incident is automatically created on EPIC, and the officer's details, including his/her location, are shared with the control rooms.

The contravention project, which allows enforcement officers from all departments to issue electronic contravention notices, has also made steady progress. The first three notice types have gone live, and a further 13 will follow in the next year. The electronic processing of notices will improve efficiency and accuracy, enable electronic evidence gathering, and also provide officers with relevant supplemental information about drivers and vehicles.

Through these and a number of other projects, EPIC is keeping up with the rapidly evolving technology landscape to improve efficiency and provide the Safety and Security management teams with the best possible insights. This ultimately allows them to make informed decisions that will improve service delivery to every Capetonian.

CAMERA SURVEILLANCE

The City's CCTV network is an important resource in crime prevention and detection, as well as traffic management. A total of 835 cameras are managed and monitored by the Metro Police's Strategic

Surveillance Unit, with a further 262 included in the freeway management system, and 812 in the integrated rapid transit system. This brings the City's total CCTV footprint to 1 909 cameras, making it the largest public-area surveillance agency in Africa, and the only one in Southern Africa that covers residential areas, informal settlements as well as city centres. With an average network uptime of 80% to 90%, the camera functionality standards are in line with international benchmarks.

CCTV acts as a crime deterrent, but also provides valuable data for SAPS investigations. Therefore, all of the City's footage is available to SAPS.

The City continues to expand its CCTV network with funding from the Safety and Security Directorate, as well as allocations from the budgets of ward councillors and development grants. Despite some delays due to Covid-19 and associated budgetary limitations, the City's Transport Directorate is continuing with the installation of high-tech CCTV cameras at various public transport interchanges (PTIs) and MyCiTi stations across Cape Town.

PUBLIC EMERGENCY COMMUNICATION CENTRE (PECC)

The PECC takes calls 24 hours a day, seven days a week. In the reporting year, it fielded 395 695 calls, which resulted in the logging of 240 904 incidents. The majority of calls related to medical, policing (by-law) and traffic incidents.

Yet the PECC also lost consultants in ten positions, including five emergency call takers, in 2020/21. This loss of capacity represents a serious challenge to the centre, which is now required to operate with 10% fewer staff members.

Following a review of its marketing strategy, the PECC decided to strengthen its social media activity, which is expected to become increasingly important in the years ahead.

In terms of training, budget cuts resulted in only compulsory training being provided. PECC staff had to rely on training interventions that were conducted in-house, offered for free, or could be charged to other departments. This remains a challenge going forward, and the centre will explore ways of securing additional training opportunities.

With regard to EPIC call taking, Covid-19 offered an opportunity to initiate the long-awaited process to set up a computerised system to refer medical-related calls to Province's Emergency Medical Services. PECC staff are now able to log all medical calls directly on the EMS system, thereby shortening response times for medical emergencies and services.

Call volumes are anticipated to increase in 2021/22 because of:

- ✓ potential social unrest surrounding the local government elections;
- ✓ an anticipated longer and colder winter; and
- ✓ the impact of a potential fourth wave of the Covid-19 pandemic, judging by the increase in calls experienced during the third wave.

Depending on the severity of further Covid-19 waves, PECC staff capacity may be negatively affected.

ABOUT THE PUBLIC EMERGENCY COMMUNICATION CENTRE (PECC)



The PECC has received more than eight million calls for help in the past 20 years – an average of just over 400 000 per annum. Emergency communicators work in shifts to provide a 24/7 service in English, Afrikaans and Xhosa, with 80% of calls answered within 20 seconds. The staff receive specialised training in customer service, conflict resolution, first aid, emotional intelligence, trauma management, leadership and mentorship, teambuilding, counselling and diversity management, as well as ongoing computer training. The PECC stands out as one of the City's most essential services to residents.

HOLISTIC CRIME PREVENTION PROGRAMME

DEVELOPMENT OF SAFETY PLANS PROJECT

Detailed safety plans are in place for the high-risk areas of Manenberg, Hanover Park, Bishop Lavis and Bonteheuwel. Plans are also being prepared for Kensington, Nyanga/Gugulethu, Atlantis, Mitchells Plain town centre and Ocean View. These plans continue to be executed by various City crime prevention teams.

EARLY CHILDHOOD DEVELOPMENT (ECD) INFORMAL SETTLEMENT SAFETY PROJECT

In 2020/21, the Social Development and ECD Department's area-based offices implemented 107 interventions based on assessments conducted at ECD centres in informal settlements across town the previous year. These assessments were aimed at determining the type of support required by ECD centres to enable them to achieve full regulatory compliance. The findings pointed to land use, infrastructure improvements, resources as well as learning and safety equipment as the key areas where City support was needed.

The interventions implemented in response to these needs included:

- ✓ putting in place detailed plans with clear accountabilities to deliver the support required;
- ✓ designing and implementing training focused on ECD teaching techniques to improve the ECD learning programmes;
- ✓ providing training to strengthen the organisational capacity of the ECD centre staff and forums;
- ✓ providing safety resources, such as first-aid kits and fire extinguishers, accompanied by training on how to use them;
- ✓ undertaking registration drives, which brought together various role players responsible for ECD compliance and registration;
- ✓ building centres' capacity on governance-related matters and conflict resolution; and
- ✓ providing resources to assist with compliance and life skills for ECD operators.

In addition to continuing these efforts in the year ahead, ECD centre operators will also be assisted to get their facilities Covid-19 compliant.

The Social Development and ECD Department offers continued support to ECD forums, which bring together a wealth of experience and knowledge to help ECD centres achieve compliance. This includes hosting quarterly meetings, capacity building on governance-related matters, technical learning such as computer literacy and office administration, conflict resolution, information sessions regarding legislation that pertains to the Children's Act, and more. In the 2020/21 year, 46 ECD forums across the city were assisted in this way.

CEASEFIRE PROJECT

The aim of this project is to change the underlying behaviour and social norms that perpetuate violence and cause shootings and killings in certain target areas. To this end, the City uses a combination of community mobilisation, public education, research and monitoring, violence interruption, outreach work and policy input.

YOUTH CADET PROJECT

The City's Metro Police youth cadet programme helps learners enhance their leadership skills and embrace pro-social values, so that they can make valuable contributions to their schools and communities. Since inception in 2003, nearly 300 cadets have received training and guidance in professional conduct, navigation, agriculture, communication, community work, first aid, arts and culture, and physical fitness.

The programme includes practical work components where cadets are deployed to neighbourhood safety teams, serve as coaches for new youth cadets, and work with instructors. This not only improves the employability of the cadets, but also enables them to serve as positive role models in their social and community circles.

CREATING A SAFE WORKPLACE FOR CITY STAFF PROJECT

Based on rising crime statistics, particularly involving attacks on essential services providers, various departments have made considerable efforts to safeguard their facilities, assets and staff. The City is committed to continuing and escalating these efforts to create safe and secure workplaces for the municipality's staff.

**SINCE THE CITY'S
METRO POLICE YOUTH
CADET PROGRAMME'S
INCEPTION IN
2003, NEARLY
300 CADETS HAVE
RECEIVED TRAINING
AND GUIDANCE
IN PROFESSIONAL
CONDUCT,
NAVIGATION,
AGRICULTURE,
COMMUNICATION,
COMMUNITY WORK,
FIRST AID, ARTS
AND CULTURE, AND
PHYSICAL FITNESS.**



POLICING SERVICE PROGRAMME

24-HOUR LAW ENFORCEMENT PROJECT

This programme involves the implementation of an integrated policing model that ensures quality service delivery from the Metro Police, Law Enforcement as well as Traffic Services.

Initiatives implemented in the year in review include the following:

EVIDENTIARY BREATH TESTING

The implementation of evidentiary breath testing has enabled a partnership between Province and the City to set up a dedicated unit that conducts random drinking-and-driving screening. This has led to the arrest of numerous drivers who were over the legal alcohol limit for driving. The unit has also delivered safety presentations on the effects and dangers of drinking and driving at various high schools and tertiary institutions. In addition, members of the unit partner with the National Institute for Crime Prevention and the Reintegration of Offenders as part of a diversion programme for drivers arrested for driving under the influence.

Due to health concerns associated with the testing method, evidentiary breath testing was paused during the Covid-19 pandemic. For the time being, the unit reverted to blood samples for testing alcohol levels.

PUBLIC TRANSPORT COMMUTER SAFETY

Commuters who use public transport are exposed to the elements, criminals and any poor attitudes or driving behaviours of public transport providers. The Transport Enforcement Unit focuses on addressing these risks and improving the safety of commuters using the City's public transport offerings. The unit attends to hundreds of complaints about poor driving and various safety concerns, and provides comprehensive safety and enforcement services. For the 2020/21 reporting period, a 100% security presence was maintained at all public transport facilities.

RAIL ENFORCEMENT

Unfortunately, the City's dedicated Rail Enforcement Unit, which was founded in October 2018 and was jointly funded by the City, Province and PRASA, had to be terminated due to lack of funding from PRASA. The unit had added a further 100 law enforcement officers to the existing Metrorail security personnel.

Their impact was evident, with numerous arrests made and a large amount of stolen rail infrastructure recovered. The City remains committed to this project, and continuously requests updates from PRASA in this regard.

HOLISTIC ROAD TRAFFIC ENFORCEMENT

The City's Traffic Services provide road traffic enforcement by means of specialised teams and general patrol officers. This is in addition to regular traffic patrols and special-operations target offences such as illegal street racing, reckless driving and other serious driving violations. In areas where traffic enforcement operations take place, both traffic offences and general crime seem to reduce. To support the specialised section in its work, the City has introduced cutting-edge camera monitoring technology to address traffic violations. This includes average-speed-over-distance enforcement cameras, which can also track unlicensed vehicles.

STAFF CAPACITY PROJECT

This programme has contributed significantly to the funding of additional City policing resources. The policy governing the programme was recently refined to improve process efficiency in contracting these additional resources. This has also made the programme more client-centred and, therefore, more attractive to potential sponsors.

The City's decision to allocate significant budget to the appointment of additional safety and security staff has proven highly beneficial. The funds were used to recruit and deploy an additional 200 staff members across the three policing departments (Metro Police, Law Enforcement and Traffic Services) as well as in the Fire and Rescue Service. This enabled these departments to increase their visibility in Cape Town's most vulnerable communities, and across the metro in general.

The two additional fire stations constructed in 2019/20 – situated on Kommetjie Road, opposite Masiphumelele, and on Old Sir Lowry's Pass Road respectively – are now fully operational. They have already fielded a number of emergency incidents in their areas, and significantly reduced response times. Moreover, Fire and Rescue took possession of four new aerial ladder trucks in the year in review. These enable rescues from high-rise developments in Cape Town.

All of these developments and investments are aimed at ensuring that Cape Town residents and visitors receive efficient firefighting and rescue services.

LAW ENFORCEMENT ADVANCEMENT PROJECT

Like all major cities, Cape Town faces significant security-related challenges. The City recognises that it needs to partner with the primary role players in the national criminal justice system, who are increasingly unable to address the rising crime rate. To this end, the City, in collaboration with Province, has embarked on an ambitious process involving the recruitment, training and deployment of an additional 1 000 law enforcement officers in 2020 and 2021.

These additional resources are primarily used to bolster the City's law enforcement capacity in terms of the neighbourhood safety team initiative, the Safety and Security Investigation Unit, area-based crime prevention functions, and the combating of land invasions. The project is expected to have a positive impact on the levels of crime and disorder in Cape Town.

The project was formally launched at Athlone stadium in January 2020. Phase 1 of this R3 billion partnership, jointly funded by the City and Province, was completed in 2020. This saw the first 500 law enforcement officers and 69 inspectors recruited, trained and deployed.

STAFF TRAINING PROJECT

The Metro Police Training College is registered with the Quality Council for Trades and Occupations (QCTO) as well as the Safety and Security Sector Education and Training Authority. It was the first municipal traffic college to receive accreditation from the Professional Firearm Trainers Council. It also has accreditation for the three-year Basic Traffic Officer qualification. The college is home to several hundred recruits, who are undergoing various training modules that will allow them to be placed in the City's Metro Police, Law Enforcement and Traffic departments.

Moreover, the Fire and Rescue Training Academy based at Epping fire station has been admitted as a member of the International Fire Services Accreditation Committee (IFSAC) and will be applying for accreditation to provide over 80 accredited courses to local, national and international applicants. It is looking to become a regional fire services training provider in the next two to three years. The academy is already accredited with the QCTO, the sectoral education and training authority, and the Southern African Emergency Services Institute.

The City also continues to seek out new specialised training opportunities for its existing safety and security staff to improve service delivery.

MUNICIPAL COURTS PROJECT

The City has committed to relocate four of its 11 municipal courts to improve community access and service delivery. Two of the four, namely Mitchells Plain and Cape Town, have already been relocated to new premises, been declared places of sitting in the Government Gazette, and are fully operational.

The relocation of the Wynberg and Blue Downs municipal courts is expected to be completed early in the 2021/22 financial year. The new locations of the courts will make them more accessible and enhance their service offering to the public.

NEIGHBOURHOOD SAFETY PROGRAMME

NEIGHBOURHOOD POLICING PROJECT

Neighbourhood policing involves the deployment of dedicated police officials as safety coordinators and problem solvers in residential neighbourhoods.

NEIGHBOURHOOD SAFETY TEAMS (NST)

The City's NST initiative is aligned with the City's goal of ensuring safe communities. The intervention starts with collaborative focus groups, where community problems are identified, synergistic connections and partnerships are established, and community relations are built. Thereafter, additional policing resources are deployed from Metro Police, Traffic Services and Law Enforcement.

NST staff also help address service-related matters, ranging from broken streetlights to missing drain covers. Other functions include working with schools and other stakeholders to address truancy and other youth challenges, tackling by-law infringements, and proactively suppressing any other threats to the safety and wellbeing of community members.

The City's first NST was deployed in Delft in December 2017 and has achieved consistently positive results in terms of combating crime. Based on this success, a second NST was established and deployed in Bonteheuwel in 2019. Progress with the initiative was evaluated and a decision taken to establish a third NST in the course of 2021.

NEIGHBOURHOOD WATCH SUPPORT PROJECT

PROVISION OF TRAINING AND PATROL EQUIPMENT

The City's neighbourhood watch support project works to strengthen neighbourhood watch organisations that have been accredited in terms of the Western Cape Community Safety Act, Act 3 of 2013. Support includes crime prevention training, the provision of patrol equipment, as well as ongoing guidance and assistance. In delivering these functions, the Safety and Security Directorate works closely with Province's Department of Community Safety. Ward councillors also contribute to this project by providing ward funding for the purchase of equipment.

In 2020/21, high-quality patrol equipment worth R3,5 million was provided to accredited neighbourhood watches across town. This included dash cams, body cams, reflective jackets, rechargeable flashlights, headlamps, spotlights, floodlights, first-aid kits, fire extinguishers, first-aid backpacks, hand radios and accessories.

The design of a quality operational vest has also been finalised. This highly visible and versatile item will be extremely useful to neighbourhood watch members. The City also continues to test and evaluate new products that can add value to neighbourhood watches from a crime prevention and disaster risk management perspective.

Four community safety liaison officers have now been deployed to dedicated areas across the metro. These crime prevention experts work closely with local stakeholders in all communities to provide neighbourhood watches with vital resources, training and other support. The training initiatives will be expanded in the near future, and possible additions to the programmes are currently being considered.

NEIGHBOURHOOD WATCH INVOLVEMENT IN DISASTER RISK MANAGEMENT

Neighbourhood watches across Cape Town have now evolved to the point where they can contribute more than just their traditional crime prevention function. The City's relationship with these organisations has also developed to the extent where additional services can be facilitated.

Therefore, the administration has introduced an initiative that will allow neighbourhood watches to actively assist in disaster management. A database of neighbourhood watches who are willing to assist in times of disaster has been compiled and

disaster risk management training will be offered to the identified members. The Disaster Risk Management Department is currently developing a training programme.

COMMUNITY SAFETY HUB

The City's Safety and Security Directorate has developed a community safety collaboration model that can easily be replicated and implemented citywide. The initial steps for implementing this experimental model were taken in Somerset West in early 2020, and full implementation is expected towards the end of 2021.

The model entails the establishment of a safety hub, which serves as the central point of an envisaged community safety collaboration model. The hub offers relevant non-governmental organisations, neighbourhood watches and Province's Department of Community Safety office space and meeting facilities on a shared basis. SAPS and other departments in Safety and Security (Metro Police, Law Enforcement, Traffic Services and the trauma practitioners) will also be invited to use the meeting facilities. A community safety liaison officer has been permanently stationed at the safety hub to oversee logistics.

The base radio station for the City's radio communications network, which was established for neighbourhood watches, will be placed at the safety hub and staffed on a 24-hour basis by the various neighbourhood watches active in the greater Somerset West area.

It is envisaged that the safety hub will foster collaboration between the various stakeholders. At the very least, it should enable the City to explore ways to harness the power of social and community networks towards achieving shared safety and security-related goals.

The initiative will be refined and further developed into an effective community safety collaboration model over time. It is also expected to yield valuable data, which can be used to develop a sustainable community safety strategy.

SAFE SCHOOLS PROJECT

SCHOOL RESOURCE OFFICERS

The safe schools project involves the deployment of school resource officers (SROs) and the delivery of various safety awareness programmes at schools. These specially trained SROs work to reduce and prevent violence, disorder and crime in the schools where they are placed. An SRO response team has also been established to provide additional support to schools and security escort services to

emergency medical teams in the Lavender Hill and Steenberg areas.

ROAD SAFETY EDUCATION

Road fatalities are largely avoidable if drivers obey the rules. By educating junior learners, the seed is planted for when they start driving later in life. The Road Safety Education Unit in the City's Traffic Services educates learners on safe road use. These lectures are supplemented with visits to the junior traffic training centre at Hillstar in Wetton, where the learners are taken around a small road layout with roadway markings and traffic signals. This practical interaction allows the children to use steering wheels to 'drive' and experience the rules of the road at an early age. The unit also deploys a number of part-time attendants to assist learners, especially at junior school level, to safely cross roads at problematic locations.

COMMUNITY-BASED RISK ASSESSMENT WORKSHOPS

Community-based risk assessment workshops emphasise a number of key principles that need to be considered in tackling hazards in informal settlements in an integrated and comprehensive way. The workshops involve broad participation and consultation with communities at risk to consolidate disaster reduction measures to mitigate the impact of hazards such as fires, floods, severe weather, disease and other threats.

In another initiative, this time aimed at improving child safety, Disaster Risk Management representatives trained 100 staff from ECD centres at emergency planning workshops. The purpose of

the workshops was to explore the priority risks and hazards that ECD centres face on a daily basis, and to develop individual emergency plans.

BY-LAW EDUCATION AND AWARENESS PROJECT

This project aims to increase awareness of City by-laws among residents of Cape Town. The aim is to reduce instances of by-law contravention, which will free up law enforcement staff to focus on more serious offences.

SAFETY VOLUNTEER PROGRAMME

AUXILIARY LAW ENFORCEMENT PROJECT: EXPANDING THE CITY'S LAW ENFORCEMENT CAPACITY

When it was launched in 2013, the Law Enforcement auxiliary volunteer initiative was the first project of its kind in the country aimed at supporting permanent law enforcement staff with by-law enforcement and delivering visible policing in the metro. The initiative allows for members of the public to register as volunteers to perform certain law enforcement duties. Inspectors have been appointed from the volunteers' own ranks to perform a supervisory role. These members have completed extensive training and have been part of the programme for more than two years. Since the first batch of volunteers was deployed in November 2013, the initiative has grown steadily.

K9 UNIT RAISES DRUG AWARENESS



The Metro Police Department's K9 Unit makes a valuable contribution to safer school environments in Cape Town. The unit consists of 25 canines, 20 of which are on active duty specialising in the detection of narcotics, explosives and copper. The canine officers and their handlers put on drug awareness shows at schools across town to raise awareness of the dangers of drugs, and to build relationships between the Metro Police and Cape Town communities.

DISASTER RISK ASSESSMENT PROGRAMME

A comprehensive disaster risk assessment was undertaken in 2009 to identify all possible hazards that could affect the City. However, as the administration's risk profile had changed over time, it was recognised that the assessment needed to be reviewed. The Western Cape Disaster Management Centre was approached to assist with this review, and also to help other municipalities in this regard. The review is still under way and is being conducted by an external consultant in partnership with various City services.

MANAGING THE COVID-19 PANDEMIC

When the president declared a national state of disaster in early 2020, the Disaster Risk Management Centre (DRMC) developed a Covid-19 City plan stipulating what needed to be done in line with national guidelines. Implementation of the plan took place within the seven City clusters that the national and provincial governments had identified to deal with the pandemic. A City joint operating committee (JOC) was established at the DRMC headquarters to deal with all daily operational issues experienced by the different services. A disaster coordinating team was also instituted to deal with all strategic issues emanating from the City JOC.

The DRMC coordinated the public education and awareness efforts regarding the lockdown regulations. Daily reports were compiled and sent to the WCDMC. The DRMC was also represented in the daily sitting of Province's JOC.

A telephone line was dedicated to receiving calls from people wishing to donate items to vulnerable families and communities. DRMC volunteers were then dispatched every day to assist in transporting donated soup and bread to community members in need across the metro. They also helped enforce social distancing rules in malls and shopping centres, at SASSA grant payment points and testing facilities (clinics and day hospitals).

COVID-19 EDUCATION AND AWARENESS

One of the key components of the DRMC's community outreach programmes is a loudhailing project to communicate messages on how to minimise the risk of contracting the Covid-19 virus, and what steps communities can take to safeguard themselves and their families. The project started in March 2020 and has continued ever since. It not only increases awareness of personal safety and

community hygiene, but also gathers important information regarding residents in need of assistance with services.

COVID-19 DONATIONS MANAGEMENT

Another important component of the response to those in need as a result of Covid-19 has been the management of donations. The DRMC has played an important facilitating and coordinating role in linking services, donations and support to community organisations who attend to vulnerable groups.

The DRMC has also been working closely with the Woodstock Brewery (Mother Soup project) in identifying, vetting and coordinating the allocation of soup donations to communities in need. The soup donation programme started in May 2020 and has a capacity of 8 000 l of soup, which can feed 24 000 residents on a daily basis. DRMC volunteers collect the soup and deliver it to drop-off points, where various communities and NGOs collect it for further distribution.

DISASTER MANAGEMENT WINTER-READINESS TASK TEAM

The winter-readiness task team started its annual meetings in March 2021 to ensure that various departmental plans were in place to assist residents in the event of flooding or other weather-related damages during winter.

The work of the task team is coordinated by the DRMC. Other stakeholders include Solid Waste Management, Social Development and ECD, Community Services, Transport, the PECC, Traffic Services, the Fire and Rescue Service, Development Services, Electricity Generation and Distribution, and Human Settlements. External partners include Province, SAPS, the Society for the Prevention of Cruelty to Animals, and the National Sea Rescue Institute.

Planning is based on a comprehensive close-out report from the previous winter, and best practices are used to mitigate risk factors.

The 2019/20 close-out report highlighted several capital projects to mitigate the flood risk in the coming months, including:

- ✓ the Sondela re-blocking project (Bardale);
- ✓ Better Life Upgrading of Informal Settlements Programme (UISP) development (Mfuleni);
- ✓ the upgrade of the Sir Lowry's Pass River;
- ✓ the revamp of the Vygieskraal canal;

- ✓ Macassar flood alleviation; and
- ✓ the upgrade of the Diep River Joe Slovo pond.

Key elements of the winter-readiness plan were as follows:

- ✓ Identifying at-risk informal settlements and moving residents to higher ground or implementing flood mitigation measures. The City identified 30 high-risk areas to prioritise, which included informal settlements in Khayelitsha, Philippi, Gugulethu, Klipheuwel and Strand
- ✓ Ongoing education and awareness programmes around flood and fire awareness for informal settlements. These programmes include practical tips on how to raise floor levels, divert flood waters and reduce the health hazards associated with stagnant water
- ✓ Critical stormwater infrastructure in high flood-risk areas, and removing invasive aquatic and terrestrial plants along key river corridors
- ✓ Pruning/maintenance of trees to minimise the risk of falling branches and debris
- ✓ Issuing weather warnings to residents based on advisories received from the South African Weather Service
- ✓ Service-level agreement with the South African Social Security Agency to provide humanitarian aid to residents in distress and discomfort as a result of flooding and storm damage

FIRE TASK TEAM

The DRMC has established a task team to address the ongoing threat of fires in informal settlements and backyard dwellings. The task team is jointly chaired by the DRMC and the Fire and Rescue Service. Its main aims are to give effect to the approved municipal disaster risk management

plan for urban fires, and to formulate an integrated strategy for adoption by Council.

A strategy guideline has been completed. It includes the four key components of risk management, namely:

- ✓ engineering and technological interventions;
- ✓ education, training and public awareness interventions;
- ✓ enforcement and development of by-laws; and
- ✓ emergency response and preparedness interventions.

Input from multiple stakeholders was received and ongoing research is being conducted into the latest fire risk reduction products.

DISASTER RISK MANAGEMENT ENGAGEMENT AND VOLUNTEERS

The DRMC continues to engage with commerce, industry and institutions regarding their emergency planning, and the importance of exercising their plans. These include major hazard industry role players as well as those involved in strategic and critical infrastructure. Emergency planning training is also provided at the DRMC training centre.

In addition, the DRMC manages a corps of over 500 volunteers from 13 different volunteer units active across town. These volunteers are recruited in terms of the Disaster Management Act, Act 57 of 2002 and the regulations on disaster management volunteers, and are equipped by DRMC through training in various disaster relief functions. The volunteers have remained active throughout the lockdown and provided invaluable services to the City and its residents.



NUMBER OF EMERGENCIES ON THE RISE

The Cape Town population is rapidly expanding, and areas such as Dunoon, Khayelitsha, Philippi, Nomzamo, Lwandle, Masiphumelele and Imizamo Yethu are experiencing exponential growth. And with such levels of growth, emergencies are also on the increase. Indeed, many of the 26 000 emergencies to which the City's Fire and Rescue Service responded in the past financial year occurred in the areas above, which are logistically challenging. Emergencies ranged from specialised incidents, vegetation and wildfires, and residential crises, to industrial and commercial fires. Unfortunately, fire fatalities occurred in some of the affected communities.

Another major emergency that Fire and Rescue had to deal with in the reporting year was the devastating Devil's Peak fire of 18 to 22 April 2021. Apart from damage to buildings in and around the UCT complex on the first day of the fire, no other structural damage occurred.



STRATEGIC FOCUS AREA 3:

CARING CITY

SFA 3 FOCUSES ON:



looking after the people of Cape Town, especially the vulnerable;



ensuring that the city is welcoming to all people; and



making residents feel at home.

OBJECTIVES

OBJECTIVE 3.1: Excellence in basic service delivery

OBJECTIVE 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers

PROGRAMMES

- ✓ Excellence in service delivery programme
- ✓ Social services facility provision programme
- ✓ Human settlements programme

- ✓ Basic service delivery programme

KEY CARING CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2020/21



1 721 SUBSIDISED ELECTRICITY CONNECTIONS

installed, bringing the total
to **23 628** since 2012/13

357 NEW WATER AND SANITATION SERVICE POINTS

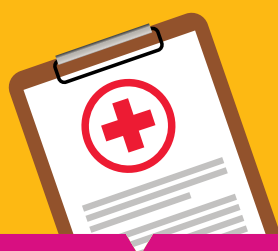
(toilet and tap with hand basin)
installed for backyarders, bringing
the total to **3 402** since 2014



DIVERTED 13,9% OF WASTE

from City landfill facilities

Achieved a
**97% SPEND OF
 URBAN SETTLEMENTS
 DEVELOPMENT GRANT**
 (USDG) capital budget despite Covid-19



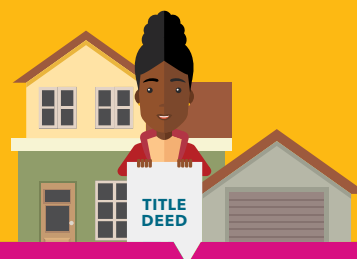
Approved **COMMUNITY SERVICES AND
 HEALTH INFRASTRUCTURE PLAN**



Budgeted **OVER R137 MILLION** in the
 medium term for the delivery of **BASIC
 SERVICES TO BACKYARD DWELLERS**



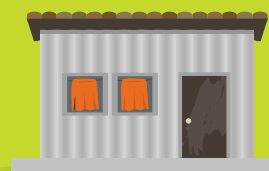
TRANSFERRED 1 000 TITLE DEEDS as part
 of the Public Housing rental sales campaign,
 bringing total transferred since 2013/14 to **5 036**



Already **TRANSFERRED 7 255 TITLE
 DEEDS** as part of the regularisation
 programme **SINCE 2013/14**



**TRANSFERRED OWNERSHIP OF MORE
 THAN 60 077 UNITS** of rental stock
 to tenants over the past 36 years



**SPENT 99% OF ITS INFORMAL SETTLEMENTS
 UPGRADING PARTNERSHIP GRANT**
 (ISUPG) capital budget for 2020/21

OBJECTIVE 3.1: EXCELLENCE IN BASIC SERVICE DELIVERY

EXCELLENCE IN SERVICE DELIVERY

THE CITY'S WATER SERVICES

CREATING A WATER-SECURE FUTURE FOR ALL CAPETONIANS

Water is a critical resource, but also one that is at significant risk across South Africa. Few people will forget the challenges and fears associated with Cape Town's severe water shortage in 2017, when the prospect of Day Zero had citizens across the metro fearing that the city's water resources could literally dry up at any moment.

Given the essential nature of this life-giving resource, the City prioritises fair access to it, along with its careful use and effective protection and preservation. To this end, the City's Water Strategy sets out a comprehensive and highly proactive strategic approach to meeting Cape Town's immediate and long-term water needs.

While various water investments, processes and operations occur across different strategic focus areas of the City's IDP, the information on these pages provides a consolidated view of the City's water resources, actions and commitments. Where relevant, details of various IDP-related initiatives and projects are referenced, citing the pages where these are featured elsewhere in this integrated report.

WHERE CAPE TOWN'S WATER COMES FROM

Cape Town gets the vast majority of its water, for domestic, business and agricultural use, from the Western Cape water supply system (WCWSS). In a 'normal' year, the people and businesses of Cape

Town use about 60% of the available water, and agriculture uses approximately 30%.

The WCWSS is managed by the national Department of Water and Sanitation (DWS) in partnership with the City. DWS is responsible for water resources regulation (making allocations and monitoring abstraction) as well as for water resources planning.

Surface water sources make up the bulk of Cape Town's water supply. The City's surface water system comprises six large dams (three owned by the City) and a number of smaller ones. Total storage of the six large dams is approximately 900 million kilolitres. These dams rely on winter rains, which are increasingly variable and cannot be predicted from one year to the next.

THE CITY'S WATER VISION

The overarching vision that informs the City's Water Strategy is as follows:

2040

**By 2040, Cape Town
will be a water-sensitive
city that optimises and
integrates the management
of water resources to
improve resilience,
competitiveness and
liveability for the prosperity
of the city's people.**

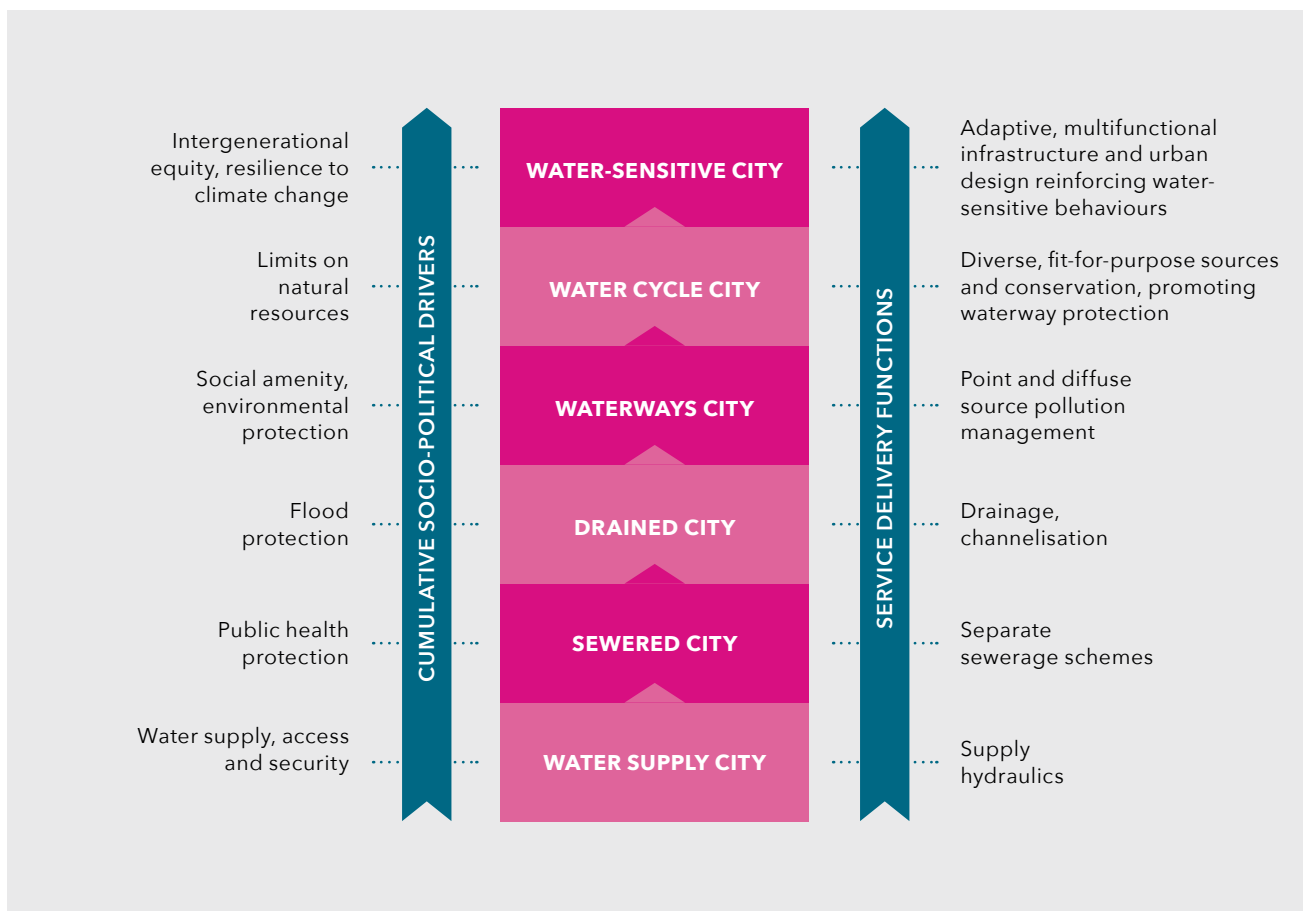
To achieve this vision, the City's Water Strategy encompasses the following five key water commitments:

- ✓ Safe access to water and sanitation for all
- ✓ Wise use of water resources
- ✓ Ensuring sufficient, reliable water from diverse sources
- ✓ Shared benefits from regional water resources
- ✓ A water-sensitive city

Ultimately, the achievement of the City's water vision requires Cape Town to transition from being a city that is mainly focused on water supply, to one that is truly water-sensitive.

Water-sensitive urban design includes all the components of urban water cycle management, including supply, sewerage and stormwater management. It requires a significant shift in the way in which urban planning and design consider water and water infrastructure.

FIGURE 8: The transition from a water supply city to a water-sensitive city

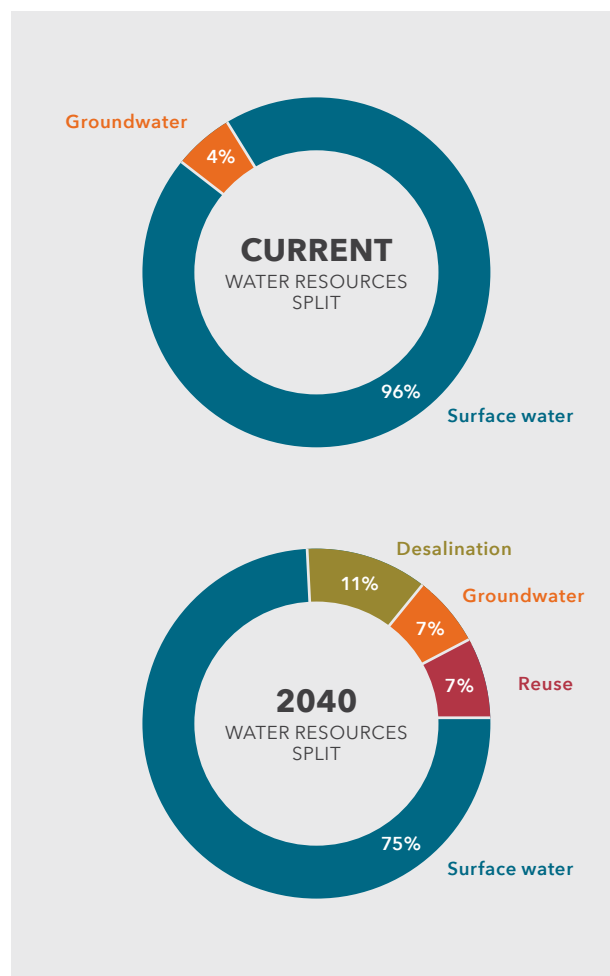


CAPE TOWN WATER STRATEGY

The Cape Town Water Strategy is a key component of the City's commitment to ensuring greater resilience, and sets out a refocused and integrated urban water management approach for at least the next ten years. It aims to secure Cape Town's water future by increasing the available water supply by more than 300 million litres per day over the following decade, at an approximate cost of R5,7 billion.

The intention is to reduce the likelihood of severe water restrictions in the future by increasing the reliability of supply from 98% to 99,5%. To achieve this, the strategy explores investment in alternative water sources, including groundwater, wastewater reuse as well as desalination, to supplement water supply. It also addresses the effectiveness of network management, expanding and managing bulk water and wastewater infrastructure, and reducing the risk associated with having to share regional resources.

FIGURE 9: How Cape Town's water supply system will change



THE CITY'S WATER VALUE CHAIN

Cape Town has an extensive and complex water value chain, which currently consists of the following primary components:

- ✓ Bulk (mainly surface) water supply
- ✓ Main water reticulation network
- ✓ Water pump stations
- ✓ Water reservoirs
- ✓ Bulk sewers
- ✓ Sewer reticulation network
- ✓ Wastewater treatment plants
- ✓ Wastewater pump stations
- ✓ Reuse of wastewater
- ✓ Wastewater disposal scenario

INFRASTRUCTURE

The City owns, operates and maintains:

- ✓ 12 water treatment plants with a combined capacity of 1 600 million litres per day;
- ✓ 24 reservoirs for treated water with a 48-hour storage capacity;
- ✓ seven wastewater treatment works and six smaller facilities;
- ✓ 603 pump stations;
- ✓ 11 000 km of water pipes; and
- ✓ 9 000 km of sewer pipes.

Water infrastructure - a significant City asset

The City's water and sanitation asset base is valued at R75 billion and is managed through an asset management system with ISO 9001 quality certification.

THE CITY'S SEWER NETWORK

Ongoing densification and the realisation of our spatial transformation objectives in the MSDP will place the City's bulk sewers under increasing pressure. Various initiatives are ongoing to reduce the potential overload of the sewer system, extend the useful life of the City's infrastructure, and protect the environment. The following two key projects are currently under way:

- ✓ **Cape Flats bulk sewer 1 and 2 rehabilitation** - The project aims to increase system capacity by means of better hydraulics in the pipelines and ensure reliability for at least the next 50 years.
- ✓ **Philippi collector sewer upgrade** - The project was delayed due to re-routing requirements, but is now on track with the design of phase 1. Construction is planned to commence in January 2023.

The City has over 1 000 operational staff carrying out maintenance 24/7, and more than 1 000 service requests are attended to daily. Ageing pipelines are being replaced to limit pipe bursts, water leaks and sewage spills, and their resultant environmental and financial cost.

MANAGEMENT

These vital City assets are overseen, managed and maintained by the following four clusters in the City's Water and Sanitation Department:

TABLE 8: Clusters making up the City's Water and Sanitation Department

BULK SERVICES CLUSTER	DISTRIBUTION SERVICES CLUSTER	TECHNICAL SERVICES CLUSTER	COMMERCIAL SERVICES CLUSTER
Catchment, Stormwater and River Management Branch - Manages and services a sustainable and effective stormwater system to ensure healthy rivers, wetlands, vleis and coastline. Bulk Water Branch - Manages water catchment areas, storage dams, treatment of water, and storage and conveyance of bulk water supply. Wastewater Branch - Manages the treatment of end-user wastewater to ensure safe discharge of treated effluent.	Reticulation Branch - Distributes potable water to consumers, and conveys wastewater to various treatment works. Informal Settlements Basic Services Branch - Provides and maintains basic water and sanitation to informal settlements.	Works transversally across all branches to ensure the quality and optimisation of all operations. Includes the following: ✓ Water Demand Management, Regulation and Planning Branch ✓ Engineering and Asset Management Branch ✓ Scientific Services Branch ✓ Auxiliary Services Branch	Works transversally with all other branches. Comprises the following three branches: ✓ Customer Services Branch ✓ Capital and Contact Management Branch ✓ Finance and Commercial Branch

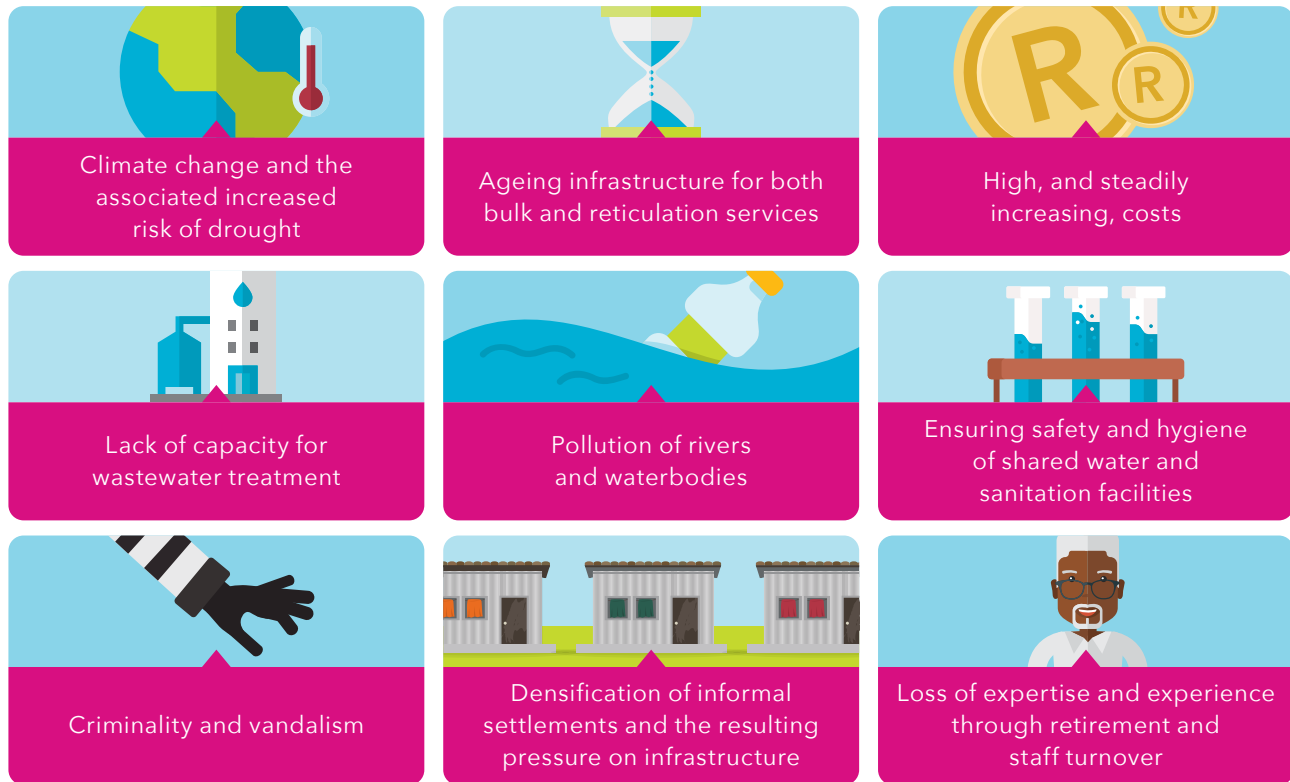
PRIORITISING SERVICE EXCELLENCE



To support the implementation of the Water Strategy and ensure customer-centric service delivery, a new Customer Services Branch was established in late 2019. It is accountable to four million customers and oversees approximately 660 000 water meter connections. The 33 000 water meter readings taken daily equate to R6 billion in annual customer billing.

Approximately 450 City employees and 425 contractors perform the functions of the Customer Services Branch (meter management and reading, as well as debt management) under 16 operations contracts. According to projections, Cape Town's population is set to grow by 500 000 over the next six years, which means approximately 80 000 additional customers will require service.

CAPE TOWN'S MAIN WATER CHALLENGES



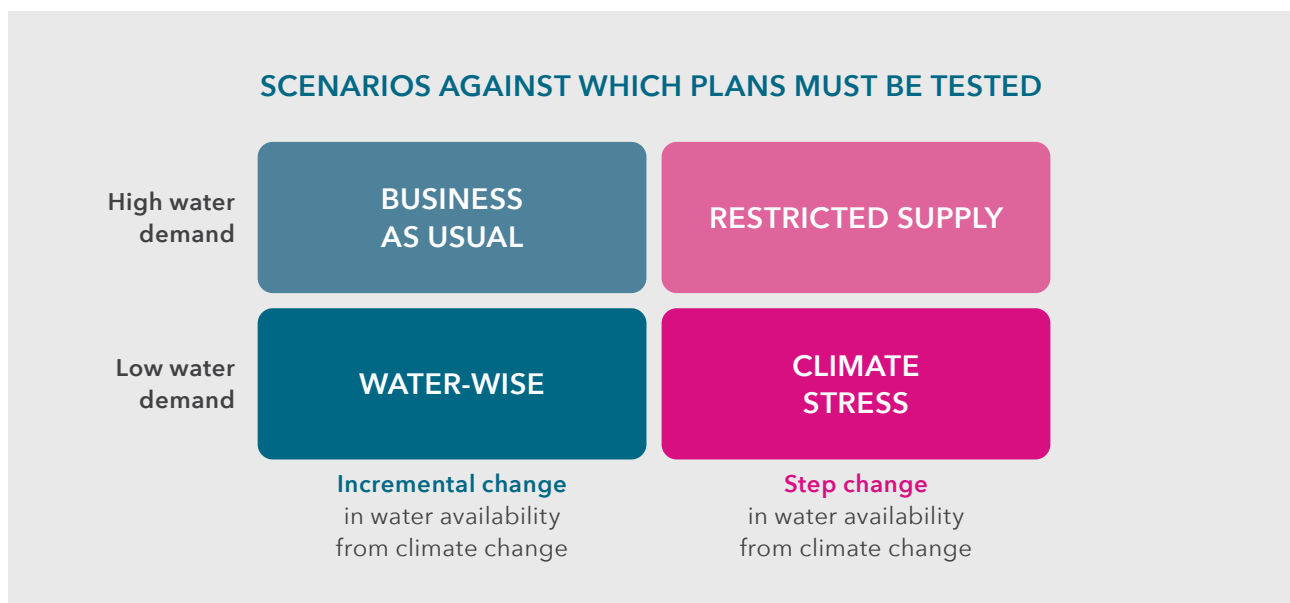
SCENARIO PLANNING IN THE CONTEXT OF UNCERTAINTY

The two key planning variables for the City's investment in new water supply are future water demand and future water availability. Unfortunately,

both are uncertain due to various factors, including rainfall patterns, behaviour change, water efficiency, and access to alternative water sources.

In light of the significant uncertainty, the City's water plans are built around the four possible scenarios below:

FIGURE 10: Water planning scenarios



COMMITTED TO WATER QUALITY AND CONSISTENCY

Cape Town Water has a proud tradition of providing quality water and sanitation services from source to tap. This involves many diverse responsibilities, ranging from the management of water catchment areas and water storage, to the treatment and safe disposal of wastewater back into the environment.

The City acknowledges the fundamental human right to water and a safe environment, including access to basic sanitation. The administration is serious about its obligation to progressively

realise this right together with other spheres of government, as set out in South Africa's Constitution.

In this respect, the City's core business is to facilitate access to reliable, convenient and safe water and sanitation services for Capetonians, and the processes used to do this need to be transparent, financially sustainable and responsive to citizens' needs. In a developing-city context, the City is performing well on most of these scores, and for the large majority of its residents. It will continue to provide these services, aiming for steady and incremental improvements in all performance domains.



ENSURING QUALITY DRINKING WATER

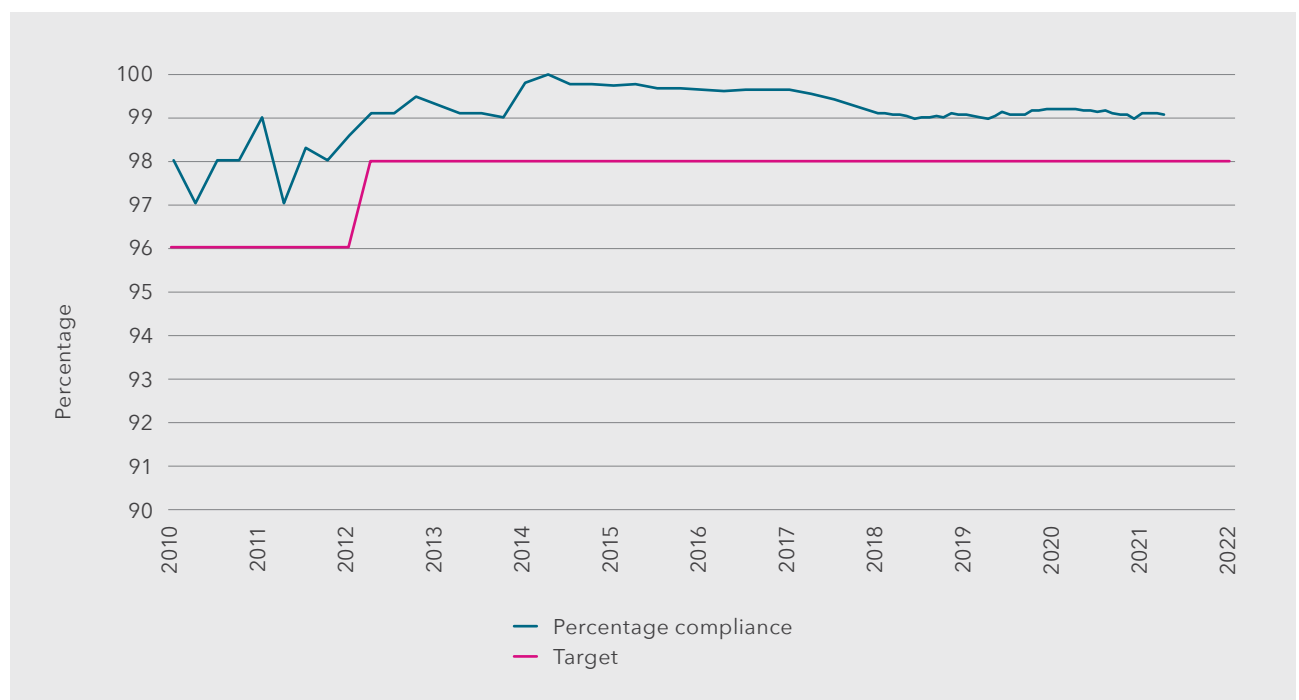
Every year, around 16 000 samples of drinking water are drawn from approximately 300 designated sampling points across town. These are laboratory tested to ensure compliance with stringent water quality standards (SANS 241). High levels of compliance with SANS 241 standards are consistently achieved.

QUALITY OF WATER SERVICE

Cape Town gets most of its raw water from rain-fed dams, which are in near-pristine condition, with little or no pollution. The City has a capable Scientific

Services Branch, which monitors the quality of raw and treated water, allowing for suitable management actions to maintain consistently high quality standards for water supplied to customers.

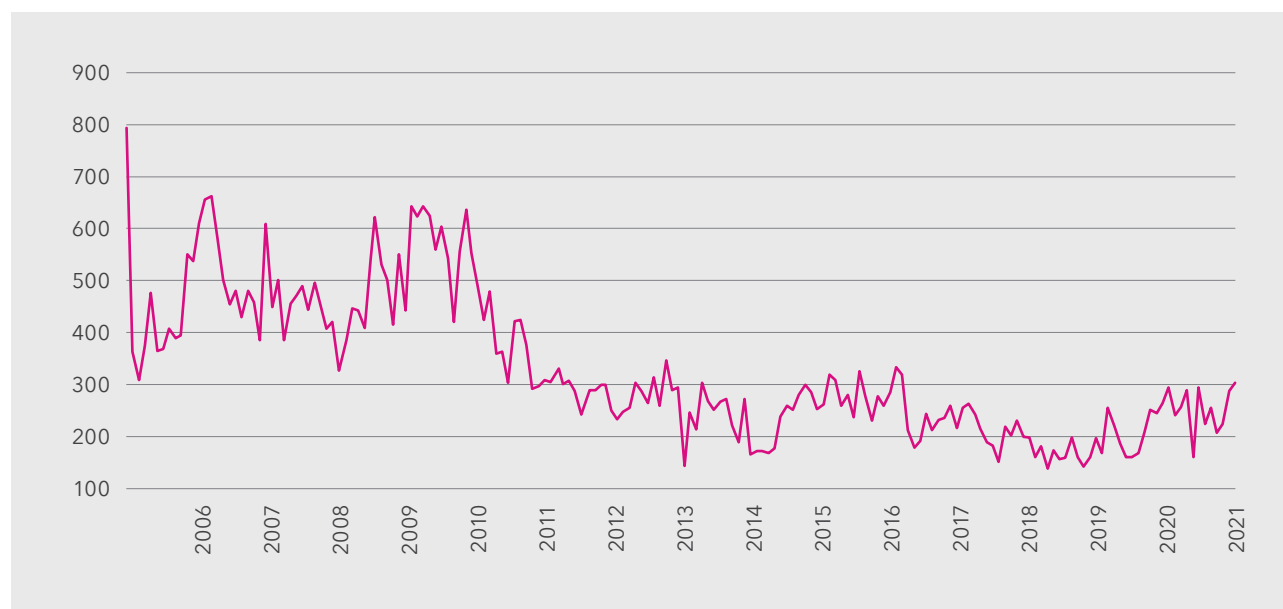
FIGURE 11: Percentage of samples meeting water quality standard compared to 98% target



Water pressure management has been implemented as a strategy to reduce water losses. By dividing the water supply network into smaller, manageable pressure zones, or district metered areas, the City ensures easier analysis of system pressure and flows, improves water quality and enables continuous water supply.

A substantial reduction in the frequency of pipe bursts has also been achieved over time. This has been accomplished through ongoing programmes such as rapid response to leaks, proactive leak detection, pressure management, and pipe replacement.

FIGURE 12: Water mains bursts per month, June 2006 to September 2021



METER REPLACEMENT PROGRAMME

This programme involves the replacement of conventional meters and water demand management devices with advanced metering infrastructure, enabling accurate measurement of water use, as well as a much-improved customer interface. The strategic objectives of the programme are to:

- ✓ promote water use through effective metering;
- ✓ build customer confidence through reliable, frequent and accurate metering, and giving customers ready access to this information; and
- ✓ enable more effective water management through significantly improved data on hydraulic flows through the system.

WATER AND SANITATION SECTOR PLAN

The primary purpose of the Water and Sanitation sector plan is to define the Water and Sanitation Department's five-year plan as part of the City's IDP. For the City to determine an adequate budget to deliver on its overall strategy, an integrated longer-term view must be established across sectors. Water and Sanitation is but one of nine defined sectors. Long-term planning also needs to be

coordinated to ensure that common assumptions, datasets (economic, demographic, spatial, fiscal) and transversal integration points are agreed upon and developed. To this end, an integrated planning process was undertaken in 2020. The process entailed detailed planning across sectors, and also explored integration touchpoints between sectors.

A key deliverable of the sector plan is a pipeline of all projects beyond those already budgeted for that will be required over a timeline of ten years or longer.

This process has also been included in the City's Strategic Management Framework, which aims to integrate strategic planning across the City and translate it into capital project requirements.

NEW WATER PROGRAMME (PLANNING FOR THE FUTURE)

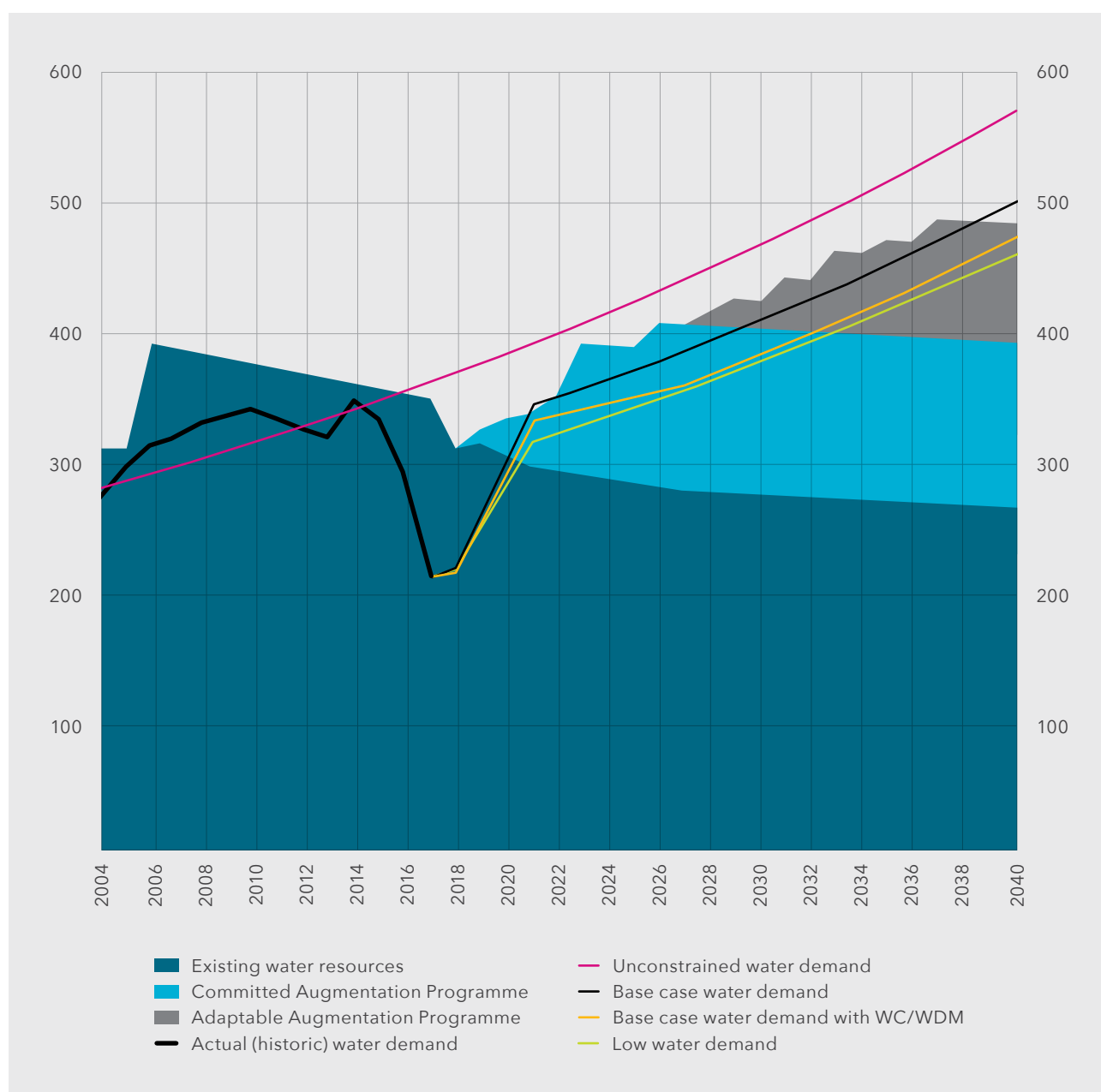
The plan to ensure sufficient water is based on a set of assumptions considered most likely to occur. This is called the 'base case plan', and the four assumptions underpinning it are as follows:

- ✓ **Climate change** - A gradual change in climate, resulting in reduced water availability from rain-fed dams over time
- ✓ **Assurance of supply** - An increase in assurance of supply from 49 in 50 years (98%) to 199 in 200 years (99,5%), resulting in a reduction in assured water availability from the Western Cape water supply system (WCWSS)
- ✓ **Management of the WCWSS** - A decrease in runoff due to invasive alien vegetation, changes in water allocations, and inefficiencies in the management of the existing integrated system
- ✓ **Water use** - A moderate rebound in water use once the drought restrictions are lifted

The programme to ensure sufficient water availability - the 'new water programme' - was informed by these base case planning assumptions and tested for robustness and adaptability against three possible scenarios. These scenarios consider the possible alternative futures depending on key variables beyond the City's control, namely future climate (and related water availability in dams) and future water demand.

The programme will deliver more than 300 million litres of additional supply per day over ten years, save approximately 70 million litres per day through demand management, and provide another approximately 250 million litres of new capacity per day up to 2040.

FIGURE 13: Scaling and timing of the new water programme (million kilolitres per year)



The interventions that form part of the new water programme over the next ten years comprise management interventions, surface water supply,

as well as groundwater abstraction, reuse and desalination (see table below):

TABLE 9: New water programme interventions for the next ten years

INTERVENTION	FIRST WATER	EFFECTIVE YIELD	
		Mℓ/day	Million kℓ pa
DEMAND MANAGEMENT	2019	70	26
ALIEN VEGETATION CLEARING	2019	55	20
MANAGEMENT OF WCWSS	n/a	27	10
CAPE FLATS AQUIFER PHASE 1	2020	20	7,3
TABLE MOUNTAIN GROUP PHASE 1	2020	15	5,5
CAPE FLATS AQUIFER PHASE 2	2021	25	9,1
ATLANTIS AQUIFER	2021	10	4
TABLE MOUNTAIN GROUP PHASE 2	2022	15	5,5
TABLE MOUNTAIN GROUP PHASE 3	2022	20	7,3
BERG RIVER AUGMENTATION	2023	40	15
WATER REUSE PHASE 1	2024	70	26
DESALINATION PHASE 1	2026	50	18
TOTAL, INCLUDING DWM		417	154
TOTAL NEW SUPPLY		347	128

Progress on these interventions is as follows:

- ✓ **Water reuse** - The City is currently in the design phase of the permanent Faure new water scheme project, which aims to provide 70 Mℓ per day (ultimately increasing to 100 Mℓ per day, if necessary). This water reuse scheme is expected to be completed in 2026.
- ✓ **Groundwater** - The City has installed four boreholes capable of producing 10 Mℓ per day. This is then injected into the water supply network, coming via the Steenbras dam and the Faure treatment plant. Further drilling is under way and is targeting the peninsula formation of groundwater in aquifers in the area. It is anticipated that the full yield of the Steenbras cluster will be about 25 Mℓ per day.
- ✓ **Invasive alien vegetation clearing** - Invasive alien vegetation clearing at the Steenbras and Wemmershoek catchment areas is still in progress to maximise the surface runoff yield and rehabilitate the area. The City has cleared

approximately 400 ha of pine plantations to date and aims to remove a further 130 ha over the next 18 months. As part of the project, 33 ha of eucalyptus and pine trees were cleared along the route of the pipeline to the wellfield.

- ✓ **Desalination** - The temporary desalination plants at Monwabisi and Strandfontein, which together produced 14 Mℓ per day during operation, have been decommissioned. The sites are being rehabilitated while the pipelines leading to the ocean are removed. These facilities have provided invaluable information about the commercial desalination process and its technological scope, which has greatly assisted with the planning for a proposed permanent desalination plant. Plans for the proposed plant with an approximate yield of 50 Mℓ per day are progressing well. The technical feasibility study has been completed and the outcomes are currently under review. The next objective is to conduct an assessment of the financial viability and mechanisms for the delivery of infrastructure.

WATER PROJECT

WATER AUGMENTATION SCHEME

The City continues to embrace greater use of non-surface water options and invests in improved design and innovation in public infrastructure, private households and businesses. This approach will leave Cape Town better prepared should the level of water scarcity increase in the future. Key projects include the Cape Flats, Atlantis and Table Mountain aquifers, as well as temporary desalination and water reuse plants.

The City's Water Strategy targets the development of a permanent desalination plant with a capacity of 50 Mℓ/d by 2026. This will be further upgradable to 100–150 Mℓ/d, depending on future demand. A high-level review of publicly and privately owned proposed desalination sites has been completed and good progress is being made in terms of developing new water sources.

The City will also soon receive its first water from the Table Mountain group aquifer abstraction programme. Around 15 million litres of groundwater is currently on track to come online before the next summer period, which will be gradually ramped up thereafter.

LIVEABLE URBAN WATERWAYS PROGRAMME

The City is currently implementing its liveable urban waterways (LUW) programme led by the Catchment, Stormwater and River Management Branch.

The strategic and transversal LUW programme has been developed directly in response to the City's Climate Change Strategy, Water Strategy, Resilience Strategy and Environment Strategy. It aims to demonstrate how water-sensitive design, waterway rehabilitation, nature-based solutions and investment in green infrastructure can achieve multiple benefits for society, the environment and the economy. Budget has been allocated for five LUW projects. Project teams are being established and work will commence once the consultant tender has been awarded.

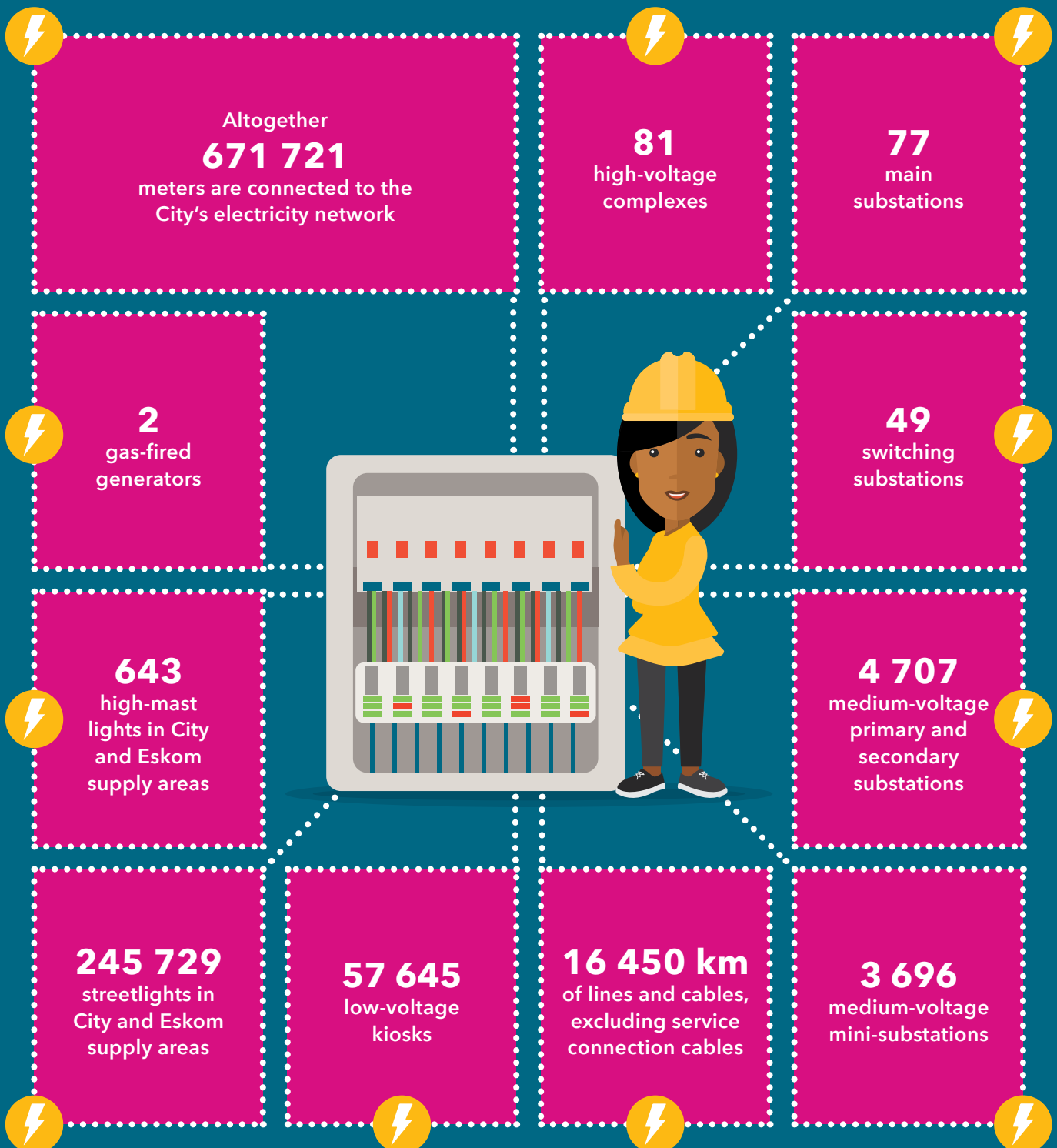
WHAT MAKES A WATERWAY LIVEABLE?

- ✓ Acceptable water quality
- ✓ Sufficient space for water
- ✓ A functioning ecology
- ✓ Connection with the water table and floodplain
- ✓ Establishing connections between, and used and enjoyed by, different communities
- ✓ Providing a range of ecosystem services as well as economic and social benefits



THE CITY'S ELECTRICITY NETWORK AT A GLANCE

FIGURE 14: The City's electricity network



ELECTRICITY PROJECT

When constructed more than 40 years ago, the 180 MW Steenbras pumped storage scheme was the first hydroelectric scheme of its kind in Africa. For the past four decades, it has been a key source of stable electricity supply to residents of Cape Town and, in recent years, has helped avoid or minimise the impact of load-shedding on Capetonians. Each of the station's four 45 000 kW generator units acts as a pump motor in one mode and a turbine generator in the other.

In the year in review, the City continued with detail planning of extensive maintenance work on the pumped storage scheme, including the following:

- ✓ Refurbishment of spherical valve flanges, dismantling joints, penstock in-situ flanges and mechanical seals
- ✓ Replacement of four Steenbras power transformers
- ✓ Refurbishment of the 80/15-tonne crane
- ✓ Concrete and civil structure investigations and repairs
- ✓ Major medium-term generator maintenance

A total station refurbishment project is also being considered.

The 30-year switchgear maintenance programme also continues across town. In the reporting year, R26,98 million was invested in circuit breaker replacement, and a further R129,87 million in the

like-for-like replacement of ageing infrastructure. Distribution networks continue to be expanded in response to new developments and load densification, with an investment of R111,1 million having been made in this regard.

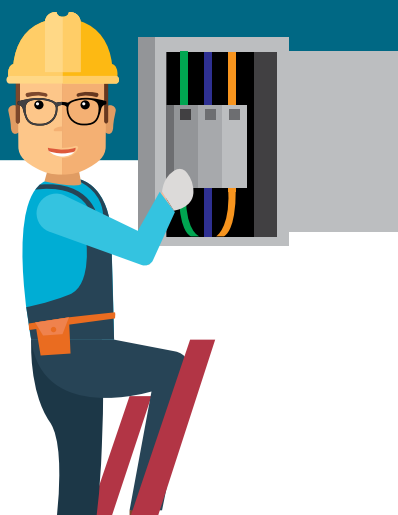
A 15-year network development programme is under way, with R137,8 million invested in the upgrade and refurbishment of substations, underground cables and overhead power lines across the metro.

In addition, the City continues to run various programmes aimed at providing stable electricity services to informal settlements, backyarders and subsidised housing developments. These services require various network upgrades, maintenance or replacement at various times, and are constantly monitored to reduce the potential for power failures in these areas.

Electricity project highlights in 2020/21 included:

- ✓ the ongoing provision of subsidised electricity connections to informal settlements and subsidised housing developments;
- ✓ investment of R19,8 million in 1 721 new connections for informal settlements and backyard structures, as well as infill electrification projects;
- ✓ the continued roll-out of electricity services to backyard dwellers at Council rental units; and
- ✓ investment of approximately R3,4 million of USDG funding and R16,4 million of ISUPG funding to ramp up electricity services.

CITY UNDERTAKES R22 MILLION HIGH-VOLTAGE ELECTRICITY REFURBISHMENT PROJECT



The City is undertaking a three-year electricity refurbishment that includes important maintenance and upgrades of critical high-voltage infrastructure across Cape Town. The project, which will be carried out from 2021 to 2023, will ensure that the City's 66 kV and 132 kV high-voltage power lines are protected and safe to operate for a further 25 years. This is in line with the City's commitment to provide a safe and reliable power supply to all energy users. In addition to refurbishing the power lines themselves, City electricity teams are also attending to other critical components of the high-voltage infrastructure, such as metal conductors and the steel structures that support the conductors and insulators.

THE CITY'S SOLID WASTE MANAGEMENT SERVICES

BUILDING A RESILIENT CITY THROUGH SUSTAINABLE SOLID WASTE MANAGEMENT

Residents of Cape Town generate an average of 4 400 tonnes of waste every day, or approximately 1,6 million tonnes every year. The City's Solid Waste Management Department is mandated to manage this waste and provides a basic refuse collection service to all formal properties in Cape Town and to 99,79% of known informal settlements.

Solid Waste Management's main responsibilities and services include the following:



Basic waste management services to all residents (including cleansing, and waste collection and disposal)



Providing waste management education and awareness



Clearing illegally disposed waste



Helping to conserve City resources



Keeping streets, beaches, rivers, canal banks and other public spaces clean



Reducing the impacts of waste on the health of citizens and the environment



Waste minimisation and prevention



Other regulatory waste management services



Reducing landfill waste



DID YOU KNOW?

The upgrade and development of landfill sites and drop-off facilities are capital projects prioritised by the City. Some key projects will be implemented over the next five years in an effort to maximise landfill airspace and provide for the convenient and safe disposal of residential waste and recyclables.

In delivering on these responsibilities, the department utilises and manages extensive waste management infrastructure and assets, including the following:



DID YOU KNOW?

The City's refuse collection teams pick up around 200 000 wheelie bins per day and dispose of their contents via established waste management procedures.

THE WASTE CHALLENGE OF AN EXPANDING CITY

As a major economic hub in the Western Cape, Cape Town's population grows at an estimated 1,99% per annum. Approximately 20% of all households in the metro are informal dwellings, and the number of backyard dwellers is already estimated to have doubled from the 75 000 reported in the 2011 Census.

While the City strives to provide 100% of households with access to waste collection services, it still experiences challenges with the provision of waste collection services to informal-settlement residents and backyard dwellers. This ultimately exacerbates other challenges, such as littering, illegal dumping and the knock-on effect this has on Cape Town's water and sewer systems.

Some of the focus areas for the Solid Waste Management Department in seeking to address these challenges include the following:

- ✓ Improved waste collection services for informal areas and backyarders
- ✓ Stricter enforcement of illegal dumping laws
- ✓ Improved delivery of cleaning services to all areas of the city

- ✓ Provision of additional bulk waste storage (shipping) containers in informal areas
- ✓ Expedited roll-out of separation-at-source services to more communities
- ✓ Enhanced citizen education and awareness of the need for recycling
- ✓ The inclusion of private-sector waste operators as part of City waste management planning
- ✓ Possible regionalisation of waste facilities and services
- ✓ Possible use of rail transport to move waste from City waste facilities
- ✓ Greater collaboration with city improvement district bodies to keep central business districts clean
- ✓ Improved diversion of waste from landfill

In 2020/21, the average waste generation rate per person per year was calculated at 0,99 tonnes. The pandemic severely affected the waste recovery/recycling industry, with many private waste businesses not able to render services during the lockdown. Waste diversion programmes managed by the City managed to divert 13,9% of waste from landfill.



DID YOU KNOW?

Thanks to Solid Waste Management's efforts, approximately 216 454 tonnes of waste is diverted from landfill every year.

SOLID WASTE PROJECT

TABLE 10: Progress with solid waste projects as at 30 June 2021

PROJECT	PROGRESS
Rehabilitation of Atlantis, Vissershok, Waterkloof, Witsand and Radnor landfill sites	Atlantis The site is currently being monitored in terms of the authorisation. Vissershok Progressive remediation work will be ongoing for the life of the site. Waterkloof Monitoring and auditing are being conducted in line with the authorisation. Witsand Efforts to maintain the sand layer over the Witsand landfill site continue. These include wind netting installation and repositioning. Discussions will be undertaken on the way forward in terms of maintenance. Radnor Construction is currently under way.
Landfill gas infrastructure for flaring at Coastal Park landfill	The City has launched its landfill gas flaring project at Coastal Park. The system is currently in the operations and maintenance phase. The electrification tender for Coastal Park has been awarded. The first carbon credits were issued on 2 June 2021.
Landfill gas infrastructure for flaring at Bellville landfill	The gas extraction and flaring system at Bellville South landfill is operating at reduced capacity due to vandalism and theft, although the situation has stabilised somewhat.
Landfill gas infrastructure for flaring at Vissershok landfill	The infrastructure construction phase has been completed.
Design and development of materials recovery facility: Helderberg	During building plan approval, an area of the site was identified as a possible wetland. A further basic environmental impact assessment was required, so the tender process was put on hold. Following the environmental impact assessment and authorisation for the activity, one appeal was lodged. The appeal has since been resolved, but the project had to be deferred as part of the readjustment of funds to deal with the pandemic.
Drop-off infrastructure	Prince George Drive/Parkwood The contract for the Parkwood/Prince George Drive drop-off was awarded and construction is in progress. Beaconvale The proposed drop-off site at Beaconvale had to be abandoned, as the site falls within the 100-year flood zone. De Grendel was identified as an alternative site. The new drop-off will be in addition to the existing facility in the area to improve current waste management systems. The site development plan for De Grendel has been completed.

SOCIAL SERVICES FACILITY PROVISION

SOCIAL FACILITIES PROJECT

The City's key community services are health, libraries and information services, recreation and parks, and social development and ECD.

In the past year, the following key achievements were delivered in this regard:

COMMUNITY SERVICES AND HEALTH INFRASTRUCTURE PLAN

The Community Services and Health Infrastructure Plan was approved. This directorate plan sets out a direct, equitable and sustainable response to the community and social services needs of Cape Town's residents. It is a guide for high-level decision making regarding infrastructure, including multiyear budgeting, and aims to identify and address short- and medium-term priorities, while taking a long-term view. Planning in a number of priority precincts as per the plan has taken place in the year in review.

Key departmental strategies and programmes were developed to guide integrated planning and facility provision in line with the City's spatial priorities.

These programmes include:

- ✓ Community Services and Health hubs in informal settlements (Social Development and ECD);
- ✓ regional recreation hubs (Recreation and Parks);
- ✓ development guidelines for library optimisation (Library and Information Services);
- ✓ an integrated recreation and sports facilities programme (Recreation and Parks); and
- ✓ a precinct planning (clustered facilities) programme.



Development and implementation of these programmes advanced significantly in 2020/21 and will be driven forward in the year ahead through ongoing infrastructural investments in line with broader City objectives.

COMMUNITY SERVICES AND HEALTH (CSH) HUBS IN INFORMAL SETTLEMENTS

The City has identified informal settlements where the provision of community service facilities needs to be prioritised. The design of the Kalkfontein and Wallacedene 4-in-1 CSH hubs was completed in 2019/20 already. Due to land and operating budget constraints this past year, however, implementation could not start as planned. The projects are technically ready and will be implemented as soon as the land and budget become available. Community Services and Human Settlements are collaborating to develop an operations and maintenance funding model.

CEMETERY AND CREMATORIUM PROVISION

To meet the growing demand for appropriate and adequate burial spaces, the City continues its efforts to secure land for cemetery development. This will enable more in-ground burials, the expansion of existing facilities, as well as potential infrastructure development to meet the need for alternative burial practices and demands.

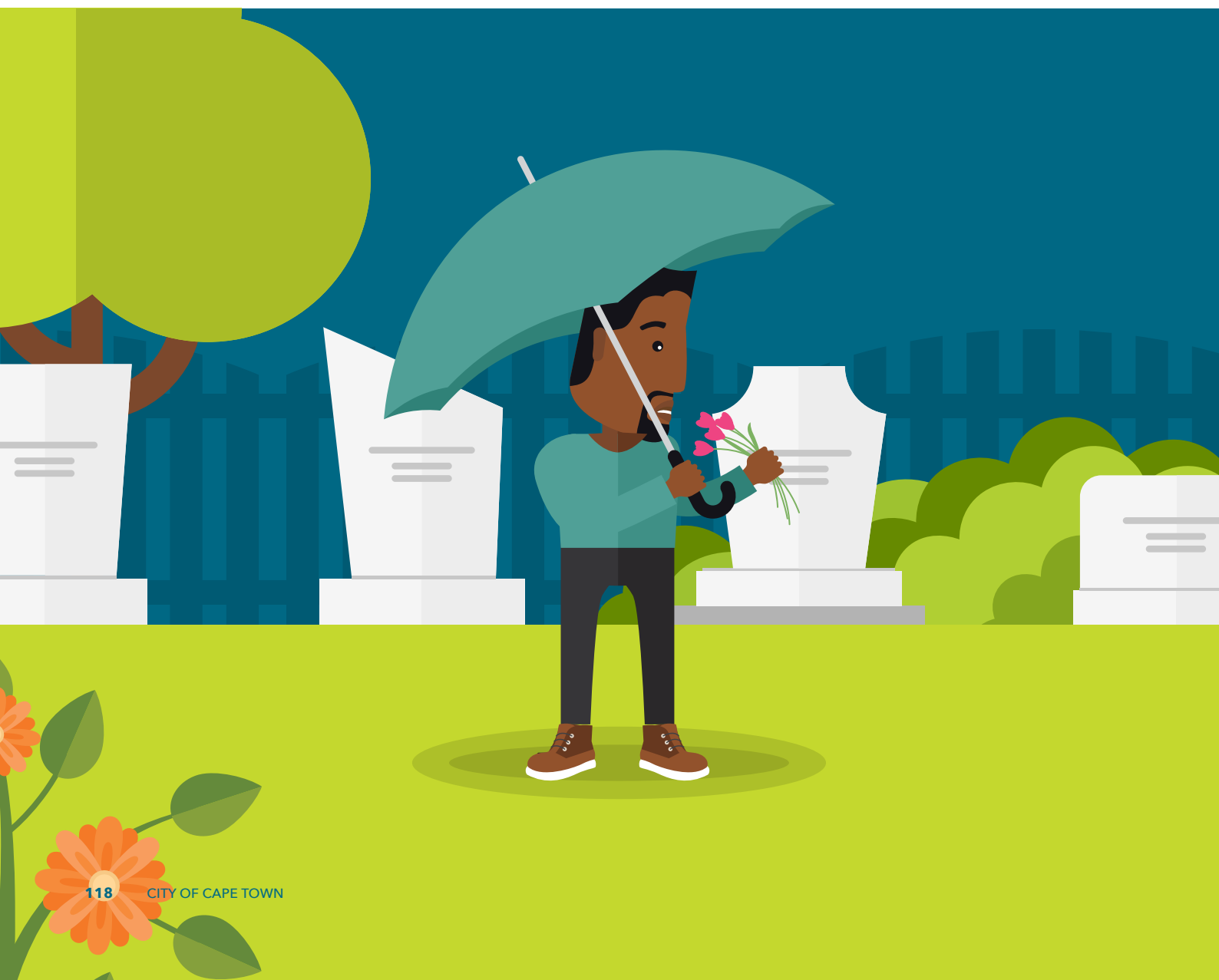
The City continues to promote cremation as an affordable alternative to in-ground burial. Given that approximately 40% of all deceased persons in Cape Town are cremated, ongoing investment to ensure the functionality and compliance of the Maitland crematorium is a priority.

To meet the growing demand for appropriate and adequate burial spaces, the City continues its efforts to secure land for cemetery development. This will enable more in-ground burials and the expansion of existing facilities. The City is promoting the reuse of family graves for second burials to densify existing cemeteries, and is also investigating potential infrastructure development to meet the need for alternative burial practices and demands.

The following progress was made in terms of cemeteries and cremation facilities in the year in review:

TABLE 11: Progress with cemeteries and cremation facilities in 2020/21

KLIP ROAD CEMETERY	Ancillary works for roadworks and the construction of niche walls for interment of cremated remains were completed in the year in review.
METRO SOUTHEAST CEMETERY	Further extensions are planned, subject to acquisition of national Public Works land and an amendment to the record of decision. A main electrical connection is also outstanding, as Eskom needs to provide an electrical box near the facility.
DURBANVILLE CEMETERY	Fencing was installed.
HOUT BAY CEMETERY UPGRADE	A prefabricated unit was erected and electrical and plumbing installations were upgraded.
GUGULETHU CEMETERY	The existing administrative building at the cemetery was upgraded.
MAITLAND CREMATORIUM UPGRADE	The refractory repairs to cremator 8 were completed to cope with the Covid-19 demands for cremation. In 2019/20 already, the Provincial Air Emission Authority issued directives for the use of cremators 5 and 6 for the duration of the pandemic. Other upgrade elements completed in the year in review include the upgrade to the existing cremation building, electrical works, and the construction of a new access road.



HUMAN SETTLEMENTS PROGRAMME

The City's human settlements programme is focused on the promotion of transit-oriented development as a means of addressing and reversing apartheid legacy planning. Creating affordable housing on well-located land, close to public transport and job opportunities, is a cornerstone of the City's efforts to bring redress and greater parity of services and opportunities to all residents of Cape Town. In support of this strategy, the City continues to:

- ✓ explore the location of housing opportunities closer to urban centres, such as central Cape Town and other urban nodes;

- ✓ increase the supply of new housing opportunities;
- ✓ open new areas for housing development in and around existing developed areas of Cape Town; and
- ✓ provide greater support for higher-density, affordable housing investment through social housing partners around transport corridors and priority nodes.

The City's human settlements commitment extends far beyond the mere provision of housing.

It also encompasses excellence in basic service delivery, and a human settlements programme built on, among others, the housing initiatives shown in the table below:

TABLE 12: Housing initiatives forming part of the City's human settlements programme

PROJECT	DESCRIPTION
Densification focus of all new human settlements projects	✓ Strategic densification in targeted areas, especially in and around transit-accessible precincts (TAPs) and local nodes ✓ Specifically relates to transport corridors and priority nodes with supportive infrastructure ✓ Aimed at encouraging urban densification ✓ More efficient use of well-located vacant land through: - infill initiatives; - the release of unused land owned by other state departments; and - mixed-use retail and residential development along key development nodes and transport corridors.
New housing development project	✓ The development of integrated human settlements on well-located land in line with the City's MSDF and relevant DSDFs, primarily targeting households earning a monthly income of R22 000 and below
Public-private partnership initiative	✓ Focuses on finding ways to effectively partner with the private sector to help meet housing demand ✓ Identification of new areas for housing development ✓ Explores partnerships with the private sector for the management of City-owned rental stock
Safety project	✓ Development of a safety model for City-owned rental housing ✓ Aimed at reducing crime and disorder at City-owned rental housing complexes ✓ Considers different perspectives, such as crime prevention, law enforcement and social-based proactive programmes offered by a range of stakeholders
Housing financing options project	✓ Develops partnerships with financial institutions and developers to supplement the provision of affordable housing through the introduction of user-specific packages
Housing function assignment project	✓ Assignment of human settlements function to optimise the City's capabilities in the built environment

To support the human settlements programme, the City has set itself a target of delivering 6 830 top structures from 2020/21 to 2022/23 (2 050 in 2020/21, 2 430 in 2021/22 and 2 350 in 2022/23). These targets are based on the provincial Human Settlements Development Grant allocation, which

changes on a quarterly basis and could, therefore, influence the delivery of top structures.

Each project is fully assessed and an appropriate mix of typologies is determined, as outlined in the table below:

TABLE 13: Human settlements programme typologies

TYPOLOGY	DESCRIPTION
Breaking New Ground (BNG)	✓ Provides a minimum 40 m² house developed in accordance with the national Integrated Residential Development Programme ✓ Available to qualifying households registered on the City's housing needs register earning a combined income of R0-R3 500 per month ✓ Grant funding for development provided by the national Human Settlements Department ✓ Ownership tenure of serviced site and top structure provided to qualifying beneficiaries earning below R3 500 per month ✓ For maximum densification, any top structures provided by the City to be at least double-storey or semidetached
Enhanced People's Housing Process (EPHP)	✓ For households wanting to maximise their housing subsidy by building, or organising the building of, their homes themselves ✓ Available to qualifying households registered on the City's housing needs register earning a combined income of R0-R3 500 per month
Gap/finance-linked individual subsidy programme (FLISP)	✓ Application process administered by Province's Department of Human Settlements ✓ FLISP subsidy allocated to qualifying households earning R3 501-R22 000 per month, on a sliding scale ✓ Serviced site or bonded house available to qualifying households ✓ Implemented by private developers and bought by homeowners
Social housing	✓ Higher-density, subsidised rental housing ✓ Implemented, managed and owned by independent, accredited social housing institutions in designated restructuring zones (for rental purposes) ✓ Critical to support City's TOD aspirations ✓ Available to households earning R1 500-R15 000 per month ✓ Utilises institutional and capital subsidies provided by the national Department of Human Settlements and regulated by the Social Housing Regulatory Authority (SHRA) ✓ Delivery through social housing institutions that have entered into partnership agreements with the City
Community residential units (CRUs)/public housing	✓ Include new rental housing (including hostels redevelopment), the upgrade and maintenance of existing rental housing (saleable and non-saleable units) as well as hostels ✓ Caters for households registered on the City's housing needs register who prefer rental housing and earn a joint income of R0-R10 000 per month ✓ City remains the owner of the non-saleable units

TYPOLGY	DESCRIPTION
Open-market sites	✓ Sites provided in larger developments where there is a need to integrate the new development with an established community across income categories
Upgrading of Informal Settlements Programme (UISP)	✓ A national housing programme focused on informal settlements upgrades by means of in-situ upgrading, or relocation where necessary ✓ As part of the upgrade process, existing informal settlements are provided with access to basic municipal services, such as water, sanitation, electricity and refuse removal ✓ Where appropriate, individual serviced sites can be transferred to qualifying occupants within informal settlements identified for upgrading

ENABLING HOUSING PROGRESS WITH A PROGRESSIVE INTEGRATED HUMAN SETTLEMENTS STRATEGY

The City faces many challenges in delivering adequate, affordable and appropriate housing to its residents, especially for those households earning less than R22 000 per month. These challenges have been exacerbated by the decline in national grant funding allocations.

Over the next decade, there will be an anticipated shortfall in the development of formal housing opportunities of approximately 30 000 every year. Therefore, assuming the average annual rate of supply by both the private and public sectors remains unchanged, the housing challenges will continue to have a profound negative impact on communities and neighbourhoods if not addressed effectively.

The City recognises that it cannot address the challenges of urbanisation, increased informality and a drastic shortage in the housing stock on its own. Strong partnerships and intervention at a national government level are required to address the growing informality in South Africa and ensure that the human settlements regime can cope with this phenomenon.

In response, the City has developed its Integrated Human Settlements Strategy. The strategy not only caters for the City's role as a provider of human settlements, but also recognises the administration's function as a regulator and enabler of human

settlements development. Its aim is to enable more sustainable, integrated and spatially transformed communities. To this end, the strategy encourages new ideas, new solutions, innovations and stronger partnerships between the public and private sector.

The City's Human Settlements Directorate spent 97% of its USDG capital budget in the 2020/21 financial year, despite the impact of Covid-19 and the lockdown. While this demonstrates that the City is delivering on its housing commitments, it is also clear that further interventions are required. To accommodate projected growth, as well as to manage the existing housing demand, it is estimated that roughly 500 000 housing opportunities need to be created between now and 2028. The Integrated Human Settlements Strategy maps out a suggested pathway to meet this target.

Some human settlements highlights in the past year include the following:

- ✓ Allocated R2,5 billion over the medium term to formal housing opportunities on well-located land, close to public transport, jobs, government services and public amenities
- ✓ Brought total title deed transfers linked to historical housing projects to 7 255, and deed transfers as part of the Public Housing rental sales campaign to 5 036, since 2013/14
- ✓ Concluded 18 539 household surveys with beneficiaries who have not yet received title deed transfers, which should result in further transfers in the years ahead
- ✓ Successfully implemented capital projects to the value of R193 440 652,56 to upgrade CRUs

OBJECTIVE 3.2:

MAINSTREAMING BASIC SERVICE DELIVERY TO INFORMAL SETTLEMENTS AND BACKYARD DWELLERS

BASIC SERVICE DELIVERY PROGRAMME

ENCOURAGING AND SUPPORTING BACKYARD DWELLING PROJECTS

The mainstreaming of basic service delivery to informal settlements and backyard dwellers remains a key transformational priority for the City.

Since 2014, the Informal Settlements Department has installed 3 402 water and sanitation points in the homes of backyard dwellers on City rental property. This water and sanitation provision project will continue with the roll-out of a further 2 000 such services to backyard dwellers.

Water is connected to the backyard dwelling via a dispensing device. This provides residents of these dwellings with their own allocation of 200 litres of free water per day, which is in no way controlled by the owner of the property on which they live. This eliminates backyarders' reliance on the main dwelling, and reduces the potential for exploitation. The City was the first metro to offer such services to backyard dwellers residing on Council-owned properties, such as rental units.

INFORMAL SETTLEMENTS SERVICES PROJECT

The City remains committed to the progressive upgrade of informal settlements, and the ongoing improvement of services, public spaces and tenure for informal-settlement households as they formalise their top structures.

In the 2020/21 financial year, the City committed to spend more than R137 million over the medium term to provide basic services to informal settlements, which includes providing water and waste services to these residents. In the past year, the City spent R37,7 million of the R50,5 million approved budget for the delivery of basic services to informal settlements.

ELECTRIFICATION OF INFORMAL SETTLEMENTS

The City continues to supply informal settlements with electricity, and to provide the infrastructure needed to enable the electrification of qualifying sites. The City has set itself a target of installing 1 500 subsidised electrical connections per year until 2022, and has consistently met and exceeded this target throughout the IDP period. In the year in review, 1 721 new electricity connections were installed, bringing total installations since 2012/13 to 23 628.

INFORMAL SETTLEMENTS FORMALISATION PROJECT

The City's Human Settlements Directorate spent 99% of its ISUPG capital budget in 2020/21, despite the impact of Covid-19 and the national lockdown.

The City continues to formalise and expedite the administrative incorporation of informal settlements. This includes the creation of a comprehensive investment and upgrade framework to guide the provision of services and, ultimately, security of tenure to informal-settlement residents.

SETTLEMENT MIX PROJECT: INTEGRATED SETTLEMENT PROJECT

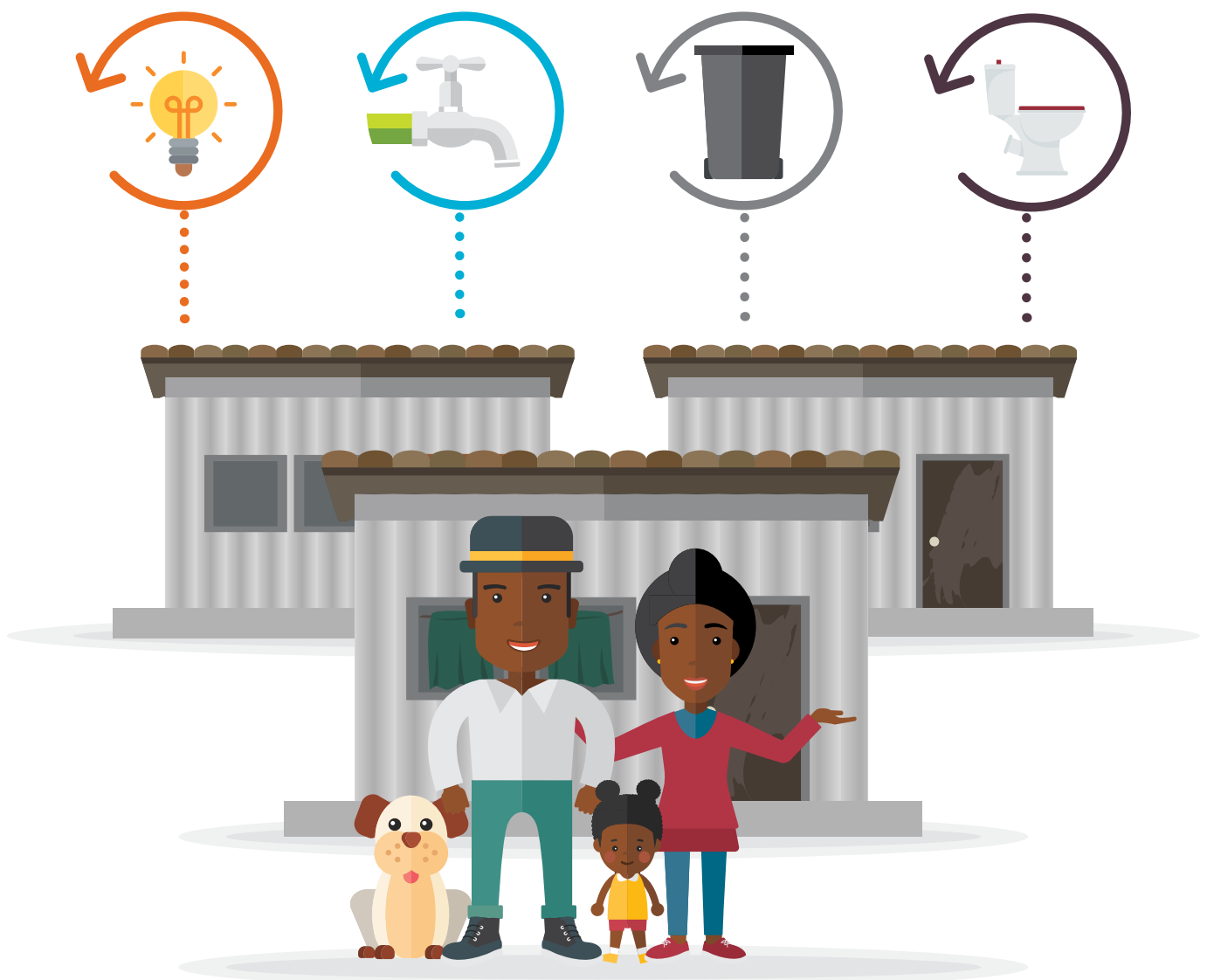
This project encourages a mix of formal and semi-formal approaches to settlements, supports the building of safe households and inclusive communities, and ensures that the most vulnerable are cared for through access to services and infrastructure. Key to this vision is having integrated, sustainable human settlements that include various housing types.

To help achieve this, all the City's greenfield housing projects consist of a mix of serviced sites and top structures. Serviced sites are generally allocated to those who do not qualify for a housing subsidy. The number of serviced sites is determined by the dynamics of the beneficiary group or the area, as well as the type of project and its location in the city.

REDUCING CITY OWNERSHIP OF RENTAL STOCK (CRU) PROJECT

Over the past 36 years, the City has transferred ownership of more than 60 077 units of rental stock to tenants. This transfer campaign has been intensified since 2013 to allow even more long-standing tenants to take ownership of the rental dwellings they occupy. Approximately 7 699 units still remain available for sale and transfer to willing and eligible tenants.

The City continues to raise awareness of this initiative by inviting tenants to visit their local housing estate offices to establish whether they qualify for this ownership opportunity. The transfer programme also provides for subsidy benefits, arrear write-offs, and assistance with transfer costs to qualifying tenants. Tenants who live in freestanding, semidetached, terraced or row houses and maisonettes may qualify.





STRATEGIC FOCUS AREA 4: INCLUSIVE CITY

SFA 4 FOCUSES ON:

- ✓ achieving true inclusivity for all the people of Cape Town;
- ✓ creating access to economic opportunities;
- ✓ ensuring that citizens feel cared for; and
- ✓ facilitating fully integrated communities.

OBJECTIVES	PROGRAMMES
OBJECTIVE 4.1: Dense and transit-oriented growth and development	✓ Spatial integration and transformation programme ✓ TOD catalytic land development programme (CLDP)
OBJECTIVE 4.2: An efficient, integrated transport system	✓ Integrated Public Transport Network 2032 programme ✓ Travel demand management programme ✓ Non-motorised transport programme ✓ Intelligent transport systems programme ✓ Efficient, integrated public transport programme ✓ Traffic calming programme
OBJECTIVE 4.3: Building integrated communities	✓ Built environment integration programme ✓ Citizen value programme ✓ Public participation programme ✓ Substance abuse programme ✓ Primary healthcare programme ✓ Social inclusion programme ✓ Cross-subsidisation programme

KEY INCLUSIVE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2020/21



Completed **150 TRAFFIC CALMING PROJECTS**



Facilitated **TEN ANTI-RACISM DIALOGUES** and **35 ANTI-DISCRIMINATION SESSIONS**



Received approximately **2,25 MILLION INCOMING NON-EMERGENCY CONTACTS** through corporate call centre



Achieved **CUSTOMER RATING OF 4,7 OUT OF 5** in call centre after-call survey



Continued to offer **EIGHT COMMUNITY-BASED MATRIX® SITES FOR ALCOHOL AND DRUG TREATMENT**



Served vulnerable residents close to their homes through **43 PROVINCIAL AND 87 CITY HEALTH FACILITIES** (mobile services excluded)



Achieved **IDEAL CLINIC PLATINUM STATUS** at 59 City healthcare facilities, gold at six, and silver at one



Started nearly **10 000 NEW HIV-POSITIVE PATIENTS ON ARVs**, bringing total number of patients on ARVs at City clinics to almost 80 000



Achieved low **TEENAGE BIRTH RATE OF LESS THAN 4,2%**



Established a **COMPREHENSIVE PERSONAL PRIMARY HEALTHCARE UNIT**



Conducted **23 504 MONITORING VISITS** to informal settlements to identify potential health hazards



Achieved **83,8% COMPLIANCE** in **FOOD SAMPLES TESTED**



EMPLOYED 771 HOMELESS people through the EPWP



Touched the lives of **MORE THAN 12 082** young people through **CITY YOUTH INITIATIVES**

OBJECTIVE 4.1: DENSE AND TRANSIT- ORIENTED GROWTH AND DEVELOPMENT

SPATIAL INTEGRATION AND TRANSFORMATION PROGRAMME

SPATIAL TRANSFORMATION

Spatial transformation involves redressing and restructuring the city to mitigate the impact of historic spatial planning. Apartheid-era city planning entrenched a fragmented and distorted spatial pattern along racial lines that is neither efficient nor sustainable. Households from the

poorest communities were located far away from economic opportunities – a legacy that persists to this day. As a result, those communities have to spend a disproportionate amount of their income on (typically public) transportation, while delivering services to their areas is also more costly.

This can be countered in a number of ways, including by creating more opportunities for more people in highly connected areas, such as catalytic precincts in the urban inner core and other growth areas, while avoiding low-cost housing projects on the periphery of the city.

TABLE 14: Possible responses to spatial transformation challenges and opportunities

CHALLENGE/OPPORTUNITY	REQUIRED RESPONSE
✓ Insufficient affordable housing opportunities in well-located transit accessible precincts (TAPs); lack of mixed-use, high-density precincts ✓ Lack of adequate (and integrated) public transport services in nodal locations ✓ Poor-quality (including unsafe) public living environments in downtown locations ✓ Resultant lack of private-sector investment in these areas ✓ Many significant public landholdings that can be leveraged in these locations	✓ Clustering of public facilities and services and City programmes in catalytic precincts (in so-called 'government precincts') ✓ Significant upgrade and multimodal integration of existing (or new) public transport interchanges to enhance mobility ✓ Significant upscaling of (higher-density) affordable housing opportunities in catalytic precincts in the form of various typologies and through different delivery mechanisms ✓ Leveraging existing public landholdings in these locations to incentivise private-sector participation in unlocking affordable housing development at scale ✓ Adequate basic urban management (i.e. safety and cleanliness) and sustained public-realm improvement (e.g. non-motorised transport facilities and open spaces) to cater for larger resident populations ✓ Proactively ensuring adequate and sustainable bulk services to accommodate the larger populations in catalytic precincts

As part of its commitment to spatial transformation, the City uses a range of new-generation urban growth management and spatial targeting tools and processes to plan and implement priority transit-oriented development (TOD) catalytic precincts, managed growth areas as well as protection areas, each with their own development parameters and procedural guidelines.

In support of the City's spatial vision, the MSDF sets out a range of spatial transformation areas (STAs). These reflect an investment rationale and associated land use guidelines in support of:

- ✓ an urban inner core, estimated to be 17% of the geographic area of Cape Town;
- ✓ incremental-growth and consolidation areas (20%);
- ✓ discouraged-growth areas (28%); and
- ✓ critical natural areas (34%).

The first two of these STAs comprise the existing urban footprint of the city. The urban inner core serves as the basis for spatially targeted public investment and encouragement of land-use intensification. To advance spatially targeted investment even further, development focus areas are introduced. These prioritise public investment at a localised level in the hope of stimulating a private-sector investment response. Land-use intensification proposals in the discouraged-growth areas and critical natural areas are not typically supported.

The STAs will be embedded in the updated DSDFs, and will be further given effect to through the proposed reintroduction of the urban development edge. However, the premise of the discouraged-growth area will be retained.

The STAs form the basis for:

- ✓ considering a range of growth management tools and processes, and differentiated priority areas;
- ✓ prioritising public and incentivising private investment in the urban inner core;
- ✓ drawing up more detailed and locally informed district and local plans;
- ✓ determining in-principle support for development proposals;
- ✓ supporting short-, medium- and longer-term infrastructure provision, particularly where infrastructure deficits inhibit development in the urban inner core;
- ✓ supporting land-use intensification, among others through the City's CLDP in TAPs;

- ✓ prioritising and aligning capital budgets and grant funding;
- ✓ the City's land acquisition and disposal strategies;
- ✓ a spatial rating system to assess human settlement programmes and land acquisitions against the Integrated Human Settlements Framework; and
- ✓ spatial monitoring and reporting in support of MSDF implementation.

Unfortunately, because the DAMS platform does not currently package development management data in a workable form for spatial monitoring, data challenges are being experienced. A process is under way to update DAMS to provide the data in a more useful format.

INNER-CITY HOUSING STRATEGY AND IMPLEMENTATION PLAN

The City takes a precinct development approach to improving the delivery of affordable housing projects in inner-city areas.

Key elements of such precinct development include:

- ✓ creating more economically integrated neighbourhoods;
- ✓ leveraging government investment and property assets;
- ✓ helping to stabilise areas; and
- ✓ encouraging greater private investment in regeneration.

In 2017, the City identified and advertised several sites in the Woodstock/Salt River area for social housing and mixed developments. In October 2019, however, the request-for-proposal process was cancelled and the five sites were unbundled, as the sites required different land disposal processes due to varied zoning rights and ownership.

The necessary land disposal processes are now under way. Significant progress has been made, with planning approvals granted in respect of the Pine Road, Dillon Lane, Salt River Market and Woodstock Hospital sites. Applications for erf 13814, Salt River (Pickwick Street site), erf 14888, Cape Town (New Market Street site) and erven 12010 and 12011, Salt River (St James Street site) are in process, and detailed feasibility studies for several other sites are also being conducted. New request-for-proposal processes are expected to follow for each site.

In addition, the Parow area has been identified as an appropriate area for Cape Town's second

precinct-based social housing initiative. The Human Settlements Directorate is busy with detailed feasibility testing of identified sites in subprecinct 1, Parow station, and land-use applications for prioritised sites are imminent. A request-for-proposal document will be circulated once the first set of planning approvals has been granted.

Other areas where opportunities are currently being investigated include central Bellville and the Philippi node area as catalytic precincts, as well as some secondary-level inner-city nodes.

HOSTELS REFURBISHMENT AND UPGRADE PLAN

The City's hostel redevelopment programme aims to redevelop identified hostels into CRUs. Typically, hostel buildings are located in established urban areas, where land availability is limited. This presents a significant challenge to site redevelopment, as the hostel dwellers need to be temporarily relocated during redevelopment, and then moved back into the refurbished units.

Implementation of this refurbishment plan is expected to take up to 12 years. As the project exceeds three financial years, approval has been obtained in terms of section 33 of the MFMA. A hostel forum was also re-established under the new Human Settlements Directorate and is chaired by the Mayco member for Human Settlements. Recognising the role of ward councillors, the mandate of the forum is to provide a space for all councillors with hostels in their wards to give input and be actively involved in the project.

The forum has provided input on the hostels development plan, which resulted in the appointment of four regional teams mandated to ensure comprehensive planning from inception to tender stage. The forum has also ensured that the immediate tasks assigned to these regional teams include a detailed survey of all hostel dwellers.

PRINCIPLES AND CONCEPTS TO GIVE EFFECT TO TOD OBJECTIVES AND SPATIAL TRANSFORMATION

A number of key principles are applied when developing and reviewing all new and existing spatial strategies, tools and policies.

These include the following:

- ✓ **Infrastructure provision and investment** are prioritised in the urban inner core, as defined by the MSDP. Annually, the City's investment programme is determined from the capital budget.
- ✓ **Master utilities planning is revised and adapted** to take account of MSDP and CLDP requirements, support the activation of the urban inner core, and maintain the City's built footprint.
- ✓ **High-density, high-intensity mixed-use development is prioritised** along the bus rapid transit (BRT) main routes and in rail station precincts, specifically the City's prioritised catalytic precincts. This means that the existing rail and MyCiTi stations and public transport interchanges (PTIs) serve as catalysts for development intensification and redevelopment.

As part of planning the roll-out and implementation of TOD in the abovementioned urban inner-core nodes and corridors, and specifically at TAPs such as rail and BRT stations, significant progress has been made with master planning for the prioritised catalytic precincts in the CLDP. The master plan sets out how this programme will be implemented in the medium to long term. This includes the catalytic precincts of central Bellville, the Philippi opportunity area as well as the Buitengracht (Gateway) precinct on the Foreshore (also see section on TOD CLDP further along).

LAND-USE MANAGEMENT PARAMETERS, SYSTEMS AND MECHANISMS

The City pursues integrated and streamlined land development processes, where proposals and applications in support of TOD are fast-tracked, and development and investment are valued within the parameters of the City's stated transformation objectives.

The City is compiling plans for typical TOD stations along the MyCiTi phase 2A corridor as well as elsewhere in the identified integration zones, with a view to approving these as policy and implementation plans. These plans will facilitate and enable TOD as envisaged in the 2016 TOD Strategic Framework.



SPATIAL TRANSFORMATION FOR SOCIOECONOMIC GAIN

The extent to which the City achieves its spatial development goals is directly linked to its ability to sustain job-creating economic growth in the medium term, and reduce job accessibility costs for the poor.

As such, the City is committed to facilitating employment-intensive land uses by focusing on the following:

- ✓ Creating and attracting 'job-rich' investment that ensures integrated, sustainable communities by providing new, and maintaining existing, infrastructure
- ✓ Providing services aimed at promoting social cohesion and enhancing social mobility in identified areas with the greatest need
- ✓ Responding appropriately to the spatial needs of the economic sectors that operate in Cape Town
- ✓ Prioritising investment in improved public transport systems and linkages to provide more convenient, affordable access to jobs, natural resources and social amenities
- ✓ Augmenting existing infrastructure and implementing de-risking mechanisms and initiatives to provide an enabling environment for private-sector reciprocal investment

TOD MECHANISMS FOR DEVELOPMENT PROJECT

The City's Spatial Planning and Environment Directorate is developing and implementing a range of institutional realignment mechanisms in support of TOD as a long-term spatial transformation approach. These are designed to stimulate denser and more diverse development in public transport corridors and catalytic precincts, and to realign internal development control processes and policies to support this. The mechanisms include the following:

- ✓ **TOD policy audit** - An audit of approximately 140 development policies applied in the City's current statutory and planning processes to identify which, if any, hinder or prohibit TOD. The audit findings and recommendations are currently being implemented. This includes the incorporation of some policies into the revised DSDFs, and withdrawing several obsolete (or anti-TOD) policies to simplify the policy landscape and remove red tape.

- ✓ **TOD manual** - An operational guide to empower case officers and other stakeholders to holistically assess development proposals and applications. This helps ensure that consistent and informed recommendations are made, and guides decisions from the pre-application consultation period to the final assessment. The manual integrates TOD design principles embedded in various existing urban development and integrated transport policies. As such, it demonstrates how development principles in current policies can be applied at the precinct level to achieve the City's key spatial transformational objectives in the IDP, MSDF and TOD Strategic Framework. The document has been circulated to the relevant district offices for implementation. A planning task team has been established to monitor the implementation of the TOD manual. A monitoring tool has also been integrated with the revised DSDFs to track private-sector-related development in line with TOD, and measure consistency in decision making regarding land use applications. The effectiveness of the monitoring tool can only be determined once it has had sufficient time to operate.
- ✓ **TOD land assessments** - The TOD property assessment tool was developed and implemented in 2017. The aim was to strategically assess the TOD potential of publicly owned land (in line with the City's TOD Strategic Framework) and recommend the highest and best use of the land to ensure that said potential is realised. Since the development of this tool, multiple portions of City-owned land have been identified to be reserved for human settlements, transport infrastructure and social facilities. Furthermore, many sites have been conditioned prior to being disposed of, to ensure that elements of TOD are incorporated into their future development.

TOD DEVELOPMENT MANAGEMENT FAST-LANE

The TOD base zone and enabling mechanisms include elements that will allow TOD-supportive development proposals to be fast-tracked and implementation barriers to be removed. This approach is being incorporated into the land use management system and regulatory processes. This will entail amending the MPBL and DMS. At the same time, areas where this zone would apply (typically priority TOD catalytic precincts) are being investigated as part of the DSDF review process.

TOD CATALYTIC LAND DEVELOPMENT PROGRAMME (CLDP)

Framed in line with National Treasury's Catalytic Land Development Guideline (issued in 2018), the City's CLDP consists of the following:

- ✓ Three prioritised catalytic TOD projects, namely Bellville future city, Philippi opportunity area, and the Gateway precinct
- ✓ TOD precincts and initiatives in smaller, secondary urban nodes (the so-called 'level-2 TOD initiatives' in the IDP)
- ✓ Significant public landholdings around various strategic rail and BRT stations in spatially targeted precincts (the so-called 'station typology initiative') proposed for development in partnership with PRASA and other public stakeholders

With more detailed implementation plans being developed and associated master planning making progress, this programme represents an intergovernmental pipeline of priority catalytic projects and infrastructure investments in the medium to longer term.

In 2019, Council adopted a project portfolio and prioritisation methodology (the CLDP), along with a supporting partnership framework, to drive TOD implementation. The resulting portfolio is centred around highly accessible station precincts or other points of access to the public transport system, primarily rail stations and transport interchanges, which offer significant opportunity to achieve the

City's objectives of TOD and spatial transformation by unlocking high-density mixed-use development. Opportunities in these TOD precincts arise from their location at points where people access (or could access) integrated rail, bus and minibus taxi services via the IPTN. The project presents complex, long-term, strategic investment opportunities, which need to be planned and assessed in collaboration with other public-sector partners.

To this end, the City needs to enter into partnerships with multiple public stakeholders and entities. These include government departments (national and provincial) and state-owned enterprises, especially those with large landholdings across town, and with their own land development mandates (such as PRASA, which has significant landholdings around various rail stations).

Significant progress has been made with developing such a partnership agreement with the national Department of Public Works and Infrastructure, whose strategic objective it is to establish so-called 'government precincts' in spatially targeted parts of town, in line with the City's catalytic precincts. This will help the City achieve its own spatial transformation vision and objectives around dense, mixed-use and transit-oriented development in and around TAPs, as per the CLDP.

In the year ahead, similar strategic partnerships will be pursued with public entities such as PRASA, Transnet and ACSA. Securing these partnerships is critical in planning and implementing various aspects of the programmes in the catalytic precincts forming part of the CLDP.

Progress in respect of the prioritised TOD CLDP is outlined in the tables that follow.



TABLE 15: Progress with prioritised TOD catalytic projects as at 30 June 2021

**CATALYTIC PROJECT:
FORESHORE GATEWAY PRECINCT**

This project aims to free up underutilised City-owned land sterilised by the obsolete Lower Buitengracht road scheme so as to unlock the economic potential of this significant part of the central city. A reconceptualised Gateway precinct will explore linkages and integration

with abutting public-sector initiatives and opportunities, such as Transnet's "People's Port" initiative, Public Works and Infrastructure's Customs House redevelopment, and Province's Founder's Garden precinct. It will also integrate the central city with the surrounding neighbourhoods of the Bo-Kaap, De Waterkant, Green Point and the V&A Waterfront.

PROGRESS: The cancellation of the Foreshore freeway tender process resulted in a review of the project, and the prioritisation of the Lower Buitengracht Road reserve and surrounding areas for development. Motivating factors in this decision have been the City's own significant landownership in the precinct, and the great potential for unlocking TOD in the shorter term in support of the proposed longer-term completion of the inner viaducts of the Foreshore freeway.

The first step in the broader precinct conceptualisation included analysis and development of a conceptual spatial vision and urban development framework with associated urban design guidelines for the broader Buitengracht subprecinct (the Gateway precinct). This was completed in the reporting period. Leveraging the area's rich heritage, significant public landholdings, mobility opportunities, unrealised utility capacity, and integrating it with abutting areas such as the V&A Waterfront, De Waterkant and Bo-Kaap, set a framework for

significant TOD infill development potential. This will include significant affordable housing opportunities to be unlocked in a vastly improved public realm and NMT network, for the benefit of both locals and tourists. The proposal also seeks to maximise the use of local community assets, while leveraging public landholdings to achieve the set spatial transformation objectives.

In addition, the City is pursuing the deproclamation of the obsolete 1969 Lower Buitengracht road scheme that forms part of this precinct. This will unlock currently sterile City-owned land along the lower end of Buitengracht (approximately 100 000 m² in extent) to enable the aforementioned proposals. The deproclamation process is under way and is currently being packaged for delivery to Province's MEC for Transport. The MEC's approval will pave the way for rezoning a first phase of the land for mixed-use development purposes (planned to commence in the next reporting period).

CATALYTIC PROJECT: BELLVILLE FUTURE CITY

This project is aimed at catalysing the regeneration of central Bellville, the public transport interchange and beyond, and leveraging additional private-sector and PRASA investment for land and public transport development. It is a long-term project that will span multiple financial years and involve numerous initiatives and subprojects to revitalise and regenerate central Bellville. These include investment in a new multimodal, vertically integrated PTI, which will involve the upgrade and modernisation of the existing PRASA station. This will catalyse the redevelopment of the

adjacent City-owned “Paint City” site and current taxi-rank area, as well as a significant proposed air rights development above the new PTI.

Other elements include expanded public transit infrastructure, provision of critical road infrastructure links (among others to displace heavy freight traffic from the Bellville core), a reconceptualised NMT network (car-free zone) in the core area, significant housing infill development opportunities, an employment space fostering densification, social facility/green network upgrades, and the clustering of public facilities in public-service (‘government’) precincts.

PROGRESS: Following completion of an earlier transportation masterplan framework, a wider precinct masterplan and a conceptual reference design for a new multimodal, vertically integrated PTI were completed in the reporting period.

This process included the conceptual review of various existing road schemes, in addition to some new road scheme proposals supporting the precinct master planning, including Robert Sobukwe extension northwards, Tienie Meyer extension eastwards, and other supporting routes such as Church Street. The aim is to enable redevelopment of the core area as a primarily pedestrian-friendly car-free zone. Further proposals included an investigation into the feasibility of a new light rail transit

link along the T13 main route between Tygervalley and the airport and beyond.

A comprehensive heritage investigation was undertaken of central Bellville and surrounds to understand which existing heritage resources and community assets are to form the basis for placemaking proposals going forward. In addition, with the support of subcouncil 6, work has begun to formulate a local spatial development framework based on the initial master planning. In this regard, the Executive Mayor launched the Bellville future city initiative in March 2021, and further public participation on the local spatial development framework is planned for the next reporting period. In the meantime, further detailed planning to package selected projects and initiatives for implementation continues.



CATALYTIC PROJECT: PHILIPPI OPPORTUNITY AREA



This precinct includes three nodes of Philippi East, significant City-owned and other public landholdings around the Stock Road railway station and Joe Qabi long-distance bus rank, as well as development opportunities at Nolungile station at the northern end of the ACSA-owned Swartklip site. Coordinated infrastructure investment in this area is intended to catalyse private-sector investment in adjacent properties and areas, including intensification of the Stock Road station node (and City-owned erf 5268) as a mixed-use precinct involving higher-density housing and commercial activity, various road and public-realm improvements, community facilities, light industrial (job-

creating) uses, as well as intensification and expansion of the existing agriprocessing hub (Philippi fresh produce market). The project aims to leverage the area's close proximity to the Philippi horticultural area (agricultural production) and Cape Town International Airport (distribution and export opportunities through the Air Access initiative).

Philippi agri-hub project

As a subcomponent of the Philippi opportunity area economic development strategy, this implementation project involves the establishment of an upgraded agriprocessing hub at the existing Philippi fresh produce market complex.

(More on this project follows below.)

PROGRESS: In the reporting period, a comprehensive regeneration framework, which includes an intergovernmental public infrastructure investment pipeline, was completed. This provides a rational project pipeline that will serve as a basis for attracting further grant funding investment to the area. Work continues to further refine a number of subprecinct components to investment-ready stage, including an overall review of housing opportunities in the precinct.

In addition, a comprehensive heritage investigation was undertaken of the broader area to understand which existing heritage resources and community assets are to form the basis for placemaking proposals and further public-realm investment going forward. Based on the area's competitive advantages and key

sectors, a local economic strategy with clear action plans has also been formulated.

In addition, with the support of subcouncil 13, work has begun to formulate a local spatial development framework based on the initial regeneration framework. Public participation in this regard is planned for the next reporting period.

In November 2019, the City, through National Treasury, was awarded a grant by the European Union-funded General Budget Support facility in support of the Philippi agri-hub project. The grant totals R39,7 million over a three-year period that commenced on 1 July 2020. The reporting period saw the successful completion of the first year of the project by the City's implementing partner, the Philippi Economic Development Initiative, a non-profit company established by the City and other partners years ago.



CATALYTIC PROJECT: STATION TYPOLOGY INITIATIVE

This component of the CLDP will see the development of public land in prioritised TOD precincts among the city's existing 98 rail and 40 BRT stations, in partnership with PRASA and other role players. It will contribute to improved urban efficiencies and sustainable transport services.

PROGRESS: In addition to the City's participation in the C40 Reinventing Cities initiative (see further detail below), work on a development vision and master planning for two additional level-2 local TOD catalytic precincts will commence in the next reporting period.

PHILIPPI AGRI-HUB PROJECT

The Philippi horticultural area is Cape Town's breadbasket and yields over 100 000 tons of fresh produce per annum. To leverage this potential and help develop the Philippi precinct into a thriving urban node of metropolitan significance, a regeneration framework for the area was developed in 2020, setting out various development strategies and an intergovernmental infrastructure investment pipeline. A core part of this was the development of the concept of an urban 'agri-hub' as a central component of a vertically integrated agricultural processing value chain, and the basis for developing an economic strategy for the area.

With the assistance of national and European grant funding, the Philippi agri-hub project will significantly enhance the urban agriculture and food processing facilities at the existing Philippi fresh produce market.

The project includes the following elements:

- ✓ An integrated (food-grade) agriprocessing and packaging plant with the necessary equipment and technology to enable a variety of processes, and with significant capacity to enable product value-add

- ✓ A modern agri-training facility and support centre (enhancing the existing Philippi Urban Agriculture Academy) that offers a wider variety of training and skills development programmes relating to small-scale organic farming methods and principles, as well as business development and support services
- ✓ An organic waste-to-fertiliser manufacturing facility (including earthworm farming) that will help reduce solid waste volumes by diverting waste from landfills, generate sustainable incomes, lower input costs, and benefit the environment

As part of the City's strategic development objectives for the area, the project also seeks to address:

- ✓ job creation and poverty alleviation;
- ✓ local economic development, with a particular focus on SMMEs, including research and technological advancement to enable increased productivity and quality;
- ✓ carbon reduction and environmental sustainability, including resource efficiency;



- ✓ social imperatives, including entrepreneurial skills development and urban agriculture skills transfer, as well as building community engagement; and
- ✓ building community health and resilience through a stronger urban food system and nutritional support in light of the Covid-19 response in the surrounding local community.

In addition to unlocking economic opportunity and improving economic and social inclusion, the agri-hub will also catalyse other regeneration initiatives to alleviate urban challenges in this underperforming part of Cape Town. These include creating higher-density, mixed-tenure housing opportunities, enhancing community infrastructure and addressing local stormwater and solid waste management challenges.

C40 REINVENTING CITIES INITIATIVE

Cape Town is a signatory to C40, a global network of cities that are committed to developing and implementing policies aimed at addressing climate change. As part of the City's CLDP, Cape Town, alongside nine other world cities (Chicago, Dubai, Lima, Madrid, Milan, Montreal, Singapore, Reykjavik and Rome), was successful in bidding for the second round of C40's Reinventing Cities initiative.

This initiative is a global architecture and urban design competition launched on 4 December 2019. It aims to deliver innovative climate solutions, measured against C40's ten competition criteria, via a series of demonstration projects that benefit local communities. Cape Town secured the right to implement its carbon-neutral designs on four underutilised City-owned sites following Council approval. For more information, visit www.c40reinventingcities.org.

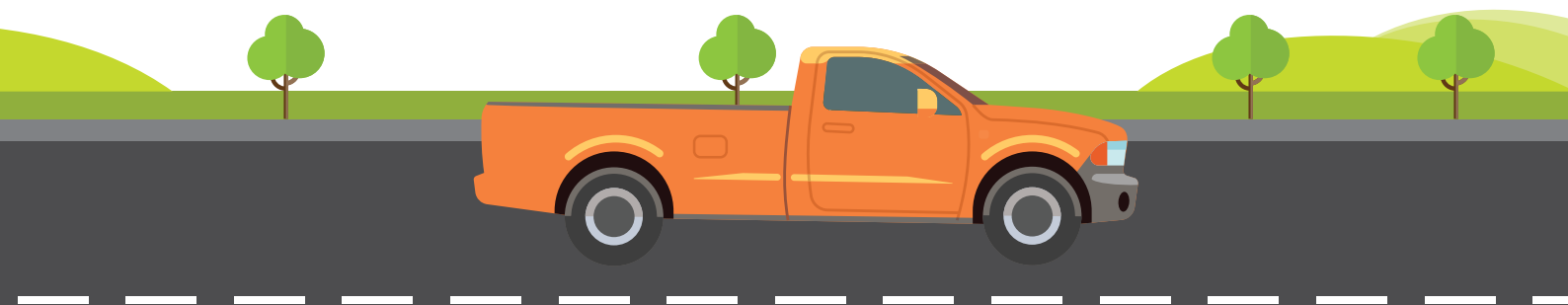
As part of the competition, interested parties were invited to submit proposals for City-owned sites selected from the CLDP portfolio of catalytic precincts across town. Importantly, the four sites

are located in TAPs that are capable of being repurposed for TOD so as to provide mixed-use development, including affordable and inclusionary housing, and help kickstart the rejuvenation of the surrounding areas. The four sites are as follows:

- ✓ Athlone station car park (0,37 ha) opposite the entrance to Athlone rail station
- ✓ Kapteinsklip area surrounding the rail station precinct (30,6 ha) in Mitchells Plain, located to the north and south of Baden Powell Drive, at the intersections of Eisleben and Weltevreden roads, and close to the False Bay coast and Mnandi resort
- ✓ Moquet farm (2,1 ha) in Diep River, at the intersection of Main and Kendal roads, a block away from the Diep River rail station
- ✓ Tygerdal (7,6 ha) at the Monte Vista rail station in Goodwood

The portfolio of sites were selected for their high levels of accessibility to deliver higher-density, mixed-use, transit-oriented development, including a variety of housing typologies and affordable tenures, providing for a wide range of income groups. Their development as part of this initiative will take the CLDP forward and showcase replicable models for sustainable and resilient, zero-carbon development locally and abroad.

The competition follows a two-stage bidding process. The first stage entailed an expression of interest, which closed on 12 June 2020 and attracted 32 development proposals. The City's adjudication team, with C40's guidance, is now assessing the bids to select preferred bidder(s) per site, who would then proceed to the detail-proposal stage. Strict assessment criteria are applied, including consideration of renewable energy, sustainable materials, resource efficiency and water resilience, green mobility, inclusive community benefits, and innovative architectural designs. Once a proposal has been selected, the City will contract with the winning entity to implement their design.



OBJECTIVE 4.2: AN EFFICIENT, INTEGRATED TRANSPORT SYSTEM

INTEGRATED PUBLIC TRANSPORT NETWORK 2032 PROGRAMME

The IPTN 2032 describes the system of public transport routes planned to be in place in Cape Town in the future. Work on reviewing the current IPTN is expected to commence shortly. The aim is to update the plan with the latest available data, new thinking around the sustainable provision of public transport, and new planning approaches. The following projects are being implemented within the current IPTN framework:

PHASE 2A PROJECT

Following the successful roll-out of phase 1 of the MyCiTi system as well as the N2 Express, phase 2A consists of a corridor of routes linking Khayelitsha and Mitchells Plain to Claremont and Wynberg. In October 2020, Council approved both the phase 2A system plan and phase 2A business plan. The City has budgeted R7,1 billion in grant funding from the budget facility for infrastructure to deliver the infrastructure to roll out this phase by 2028.

Once fully rolled out, phase 2A will be available to 1,4 million residents in the metro southeast. This will bring them closer to job opportunities and help the City deliver on its commitment to continuously improve transport options for all residents.

BLUE DOWNS RAIL CORRIDOR PROJECT

The Blue Downs rail corridor involves the construction of approximately 11 km of new rail link, including three stations, as well as planning for the development of the station precinct and surrounds. PRASA is the key investor, with the City providing support with the design and implementation of the rail link, as well as in the broader corridor development.

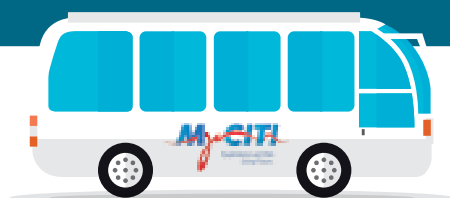
The City has completed the planning of the rail station environment. Based on indications by PRASA that the implementation of the Blue Downs rail line would be postponed, the City has also postponed its planning of the supporting feeder routes to the future rail corridor.

As part of the broader corridor development, the City is also focused on land development interventions and projects between Symphony Way and the Blue Downs rail corridor to enable a more compact, integrated city.

KLIFFONTEIN CORRIDOR PROJECT

The Klipfontein corridor has been identified as a fourth priority after the metro southeast-Wynberg and Claremont (phase 2A) corridor, the Blue Downs rail corridor, and the Khayelitsha-Century

The roll-out of Phase 2A of the MyCiTi bus service will make a significant contribution to Cape Town's economic recovery during and after the Covid-19 pandemic. Phase 2A is a massive undertaking by the City to bring affordable public transport closer to those who need it most. Many temporary work opportunities are created where construction and road upgrades are under way, and local businesses also stand to benefit from subcontracting their goods and services. The routes will connect about 30 communities along the way and will significantly improve access to opportunities and amenities. The City's investment will also greatly assist with urban regeneration of the areas where the routes and stations will be constructed, and with the hope to see private investment and developments following over time.



City corridor. Once planning for the Blue Downs and Khayelitsha-Century City corridors has been undertaken, planning for the Klipfontein corridor will start.

INTEGRATED TICKETING SYSTEMS AND INFRASTRUCTURE PROJECT

Integrated ticketing allows commuters to use one payment mechanism or system across various transport modes. Implementing such a system is a long-term project that requires careful planning to minimise costs and maximise commuter benefit.

The City has developed an integrated ticketing strategic framework, which assesses the operational integration potential of integrated ticketing options that can be applied across all modes of public transport to enable seamless travel. The framework serves as a reference document for all relevant matters to be considered during the more detailed planning, development and implementation phases of integrating ticketing. It does not specify any tariff policy changes that may be required, or any detailed information technology specifications; instead, it provides the framework for such policy changes or technology specifications to be developed.

TRAVEL DEMAND MANAGEMENT PROGRAMME

As a result of the Covid-19 pandemic and the national lockdown, road traffic remained significantly less for most of the reporting period as workforces continued to work remotely.

Recognising the potential long-term benefits of reduced travel demand as a result of having a remote workforce, the City has started identifying travel demand management (TDM) interventions that can help maintain these benefits going forward and improve Cape Town's transport characteristics. These interventions are categorised into the five focus areas of transport network, transport infrastructure, transport operations, citywide institutional interventions, and externally focused interventions. Quick-win, short-term, medium-term and long-term measures are identified for each intervention.

In addition, the City's Transport Directorate has completed an innovative project that utilises the congestion index element of the Urban Development Index to identify points in the road network where existing road-based public transport vehicles, such as buses and minibus taxis, are

negatively affected by congestion. This data-driven, evidence-based project identifies required road network improvements in the form of infrastructure projects aimed at reconfiguring parts of the road network to offer these forms of road-based transport speed and travel time advantages over private vehicle transport. The identified projects are to be programmed for implementation as part of the Transport Directorate's drive to incrementally improve the operational efficiency of existing road-based public transport, which, in turn, benefits passengers and promotes modal shift.

ROLL-OUT OF FLEXIBLE WORKING PROJECT

The City's TDM strategy aims to change individual travel behaviour in favour of more sustainable options. One of the measures to achieve this is a project to promote flexible work practices.

Development and implementation of the organisation-wide flexible working programme (FWP) is ongoing as part of the City's efforts to ease peak-time traffic congestion, reduce vehicle kilometres travelled, and support a better work-life balance for employees.

In the 2018/19 financial year, the City Manager issued specific guidelines relating to the roll-out of the FWP in the City, and a document with frequently asked questions was developed to clarify implementation issues. A transversal FWP management committee was also established to serve as a coordinating and reporting platform for the implementation of the programme. In addition, a change management approach was developed to help managers and employees transition to a new work culture in the City.

With the outbreak of the pandemic and the associated lockdown, the FWP proved invaluable as a mechanism to ensure that City staff were able to continue working and delivering services in a way that could be effectively controlled and managed. Many lessons were learnt with regard to procedural improvements and IT-related systems that could be optimised to enhance relevant staff's capabilities to continue working remotely. This has led to the development of the City's Future of Work initiative, which builds on the FWP by looking at the future work dispensation in terms of technological advancements, employee wellbeing, enhancement of productivity-based tools, and continued and improved service delivery.

Coupled with this, the City has been developing monitoring and evaluation tools to produce an evidence base of the benefits of remote working from a TDM perspective. An anonymous online

employee survey was conducted to gather information on employees' travel reduction and productivity adaptation across the various offices as a result of the FWP, and about employees' preferences with regard to the FWP. The majority of employees indicated their preference for the ongoing ability to work remotely and indicated that they were more productive. The survey results have also enabled the administration to understand the movement profile of affected staff so as to quantify travel savings and identify opportunities for further optimisation.

NON-MOTORISED TRANSPORT (NMT) PROGRAMME

Non-motorised transport (NMT) projects implemented in 2020/21 included initiatives in Blaauwberg North, Edgemoed, Bothasig and Durbanville, all of which were successfully completed. The second phase of the inner-city NMT project also got under way, and substantial progress has been made. This project will continue in 2021/22. A signalised pedestrian crossing on Strandfontein Road was also constructed as part of this programme.

Furthermore, a contract for the construction of NMT facilities in Grassy Park was awarded at the end of the year in review, and construction will commence in 2021/22.

Projects for the next phase (phase 4) of the NMT roll-out programme have been identified for implementation. In this regard, a further R194 million will be invested over the next three years. In addition, a framework has been developed for the drafting of a new NMT Strategy, which will include the development of strategies for walking, personal mobility devices, an updated cycling strategy, and the next ten-year programme for the NMT project roll-out.

INTELLIGENT TRANSPORT SYSTEMS PROGRAMME

The intelligent transport systems programme aims to maximise the operational capacity of both the private and public components of Cape Town's transport system.

TRAFFIC SIGNAL SYSTEM UPGRADE PROJECT

The City is working to refurbish or replace the various components of Cape Town's traffic signal

system to ensure that it remains fit for purpose. In 2020/21, the City continued with the development and testing of software to enhance the detection and management of traffic signal faults. Electric cabling was replaced at 28 intersections, and 44 traffic signal controllers were replaced or upgraded. A total of 24 new uninterruptible power supplies (UPSs) were installed and another 60 replaced. The batteries of 76 UPSs were replaced and 20 traffic counting stations were also incorporated into the traffic signal system.

FREEWAY MANAGEMENT SYSTEM PROJECT

The freeway management system continued to operate at a high standard throughout the past financial year. The variable-message sign network was used extensively to convey road safety information and communicate vital public health messages during the Covid-19 pandemic.

OVER-HEIGHT VEHICLE DETECTION SYSTEM

The over-height vehicle detection system, which prevents goods vehicles from striking the Atlantic Road bridge, was enhanced with the installation of new variable-message signs.

M3 TRAVELLER INFORMATION DISPLAY

Work began on the installation of a web-based traveller information display on the southern reaches of the M3 freeway. The system utilises free data obtained from the web to advise motorists of the prevailing travel times from Steenberg to suburbs in the far south along Main Road, Boyes Drive and Ou Kaapse Weg. This information will be particularly useful in the event of incidents on any of these routes, allowing motorists to minimise their delay.

EFFICIENT, INTEGRATED PUBLIC TRANSPORT PROGRAMME

MYCITI ROLL-OUT PROJECT

In addition to the various civil works and depot infrastructure, the MyCiTi project includes the construction of various bus stations (both open and closed) along the integrated rapid transit main route. Thirteen closed bus station buildings are being designed, including a large-scale MyCiTi BRT station in Philippi to serve as a catalyst for additional private-sector investment in the broader Philippi East node. The station will be located on Govan Mbeki Road (M9), just east of New Eisleben Road.

INFRASTRUCTURE INVESTMENT PROJECT

The City is upgrading and expanding Cape Town's public transport interchanges (PTIs) and facilities to accommodate the increasing demand for access and mobility. The three PTIs identified as part of the partially donor-funded ORIO project – a programme to drive a new methodology and approach to the delivery of PTIs – are undergoing extensive community engagement and collaborative design.

The aim of the PTI developments is to create nodes that will meet the transport needs of the community, serve as a hub for economic activity, and provide an opportunity for the upskilling of community members. Long-term management of the ORIO PTIs is envisioned as a partnership between the City and the community.

Projects will not commence simultaneously, but will be staggered to allow for deployment of sufficient resources.

TABLE 16: The City's public transport interchange (PTI) categories

PTI CATEGORY	DESCRIPTION
Category A	Large, regional, multi-modal interchanges: ✓ Process in excess of 20 000 passengers per day ✓ Require multistakeholder engagement ✓ Delivery timeframes exceed three years ✓ Longer lead time required ✓ TOD-aligned
Category B	Medium to large local interchanges: ✓ 3 000–20 000 passengers per day ✓ Require feasibility studies assessment and sizing before prioritisation and inclusion in the budget for implementation ✓ Shorter delivery timeframe of less than three years
Category C	Includes large turnkey projects that have multiple partnerships and investment profiles
Category D	Small-scale public transport facilities that require minor upgrades: ✓ 1 000–3 000 passengers per day ✓ Relate to day-to-day maintenance and operations requirements ✓ Bus stops, embayments, holding facilities, fencing

TABLE 17: Progress with public transport interchange projects as at 30 June 2021

CATEGORY	PROJECT	STATUS
A	Retreat PTI	Procurement phase
B	Durbanville PTI	Conceptual design commenced.
	Nonkqubela PTI	Conceptual design commenced.
	Dunoon PTI	Construction anticipated to be completed by September 2021.
	Makhaza PTI	Construction tender readvertised and construction to commence in 2021/22 financial year.
	Somerset West PTI	Procurement process completed. Construction to commence in 2021/22 financial year.
D	Public transport embayments	Various embayments and signage projects completed, and new embayments in planning phase.

TABLE 18: Public transport interchange projects for the next five years to commence in 2021/22

CATEGORY	PROJECT	STATUS
A	Wynberg PTI	Appointed contractor to review previous work. Conceptual design commenced.
B	Macassar, Parow, Vrygrond, Manenberg and Macassar	Feasibility studies in progress. Projects such as Vrygrond and Macassar were reprioritised to outer financial years.
C	Nolungile, Nyanga, Nonkqubela and Vuyani PTIs	ORIO-funded projects. Nyanga PTI has reached the preliminary design stage, while conceptual design commenced on Nolungile and Vuyani PTIs.

The City is also replacing or upgrading all bus shelters with uniform structures across Cape Town, starting with priority areas. The project was advertised to prospective service providers in January 2021, but the City received only one response. Consequently, the bid evaluation committee considered the project non-responsive, and the tender was cancelled.

It was decided not to reissue the tender, as it was unlikely to yield a different result. Instead, the City has followed the prescribed tender processes to appoint SMEC South Africa to design the shelters and request budget from the City to fund shelter construction/replacement. A service provider will then be appointed to sell advertising space on the shelters to recoup a portion of the City's investment.

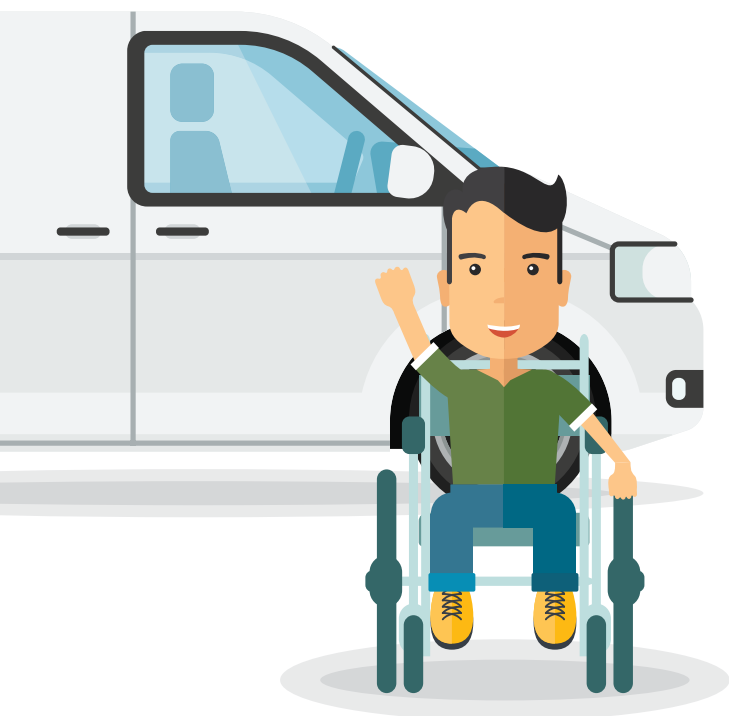
DIAL-A-RIDE PROJECT

Dial-a-Ride is the City's public transport service for persons with disabilities who are unable to access mainstream public transport. In an attempt to enhance the efficiency and effectiveness of the service, the City has embarked on the development of the Dial-a-Ride business plan. The plan will investigate the best possible means of providing the service for increased coverage and long-term sustainability.

As no significant increase in Dial-a-Ride's allocated budget of approximately R25 million per year seems likely going forward, additional funding needs to be sourced for expansion. The City is continuously engaging with its funding partners, namely Province and the National Department of Transport, in this regard.

TRAFFIC CALMING PROGRAMME

Traffic calming measures, especially in residential areas and near schools, form a vital part of the City's overall traffic safety approach. As such, the backlog in the provision of traffic calming measures is being addressed as a matter of urgency. The City is working to implement a minimum of 50 traffic calming projects at schools per year. In 2020/21, a total of 150 such projects were completed.



**THE CITY IS
WORKING TO
IMPLEMENT A
MINIMUM OF 50
TRAFFIC CALMING
PROJECTS AT
SCHOOLS PER YEAR.**

**IN 2020/21,
A TOTAL OF 150
SUCH PROJECTS
WERE COMPLETED.**



OBJECTIVE 4.3: BUILDING INTEGRATED COMMUNITIES

BUILT ENVIRONMENT INTEGRATION PROGRAMME

In support of its spatial targeting objectives, the City has designated the three integration zones of Blue Downs, the metro southeast and Voortrekker Road corridor. All are located in the designated urban inner core, as per the MSDF. In addition, the phase 2A MyCiTi route expansion (linking Mitchells Plain, Khayelitsha and Philippi with Wynberg) is also included in the urban inner core.

The integration zones are premised on:

- ✓ opportunities afforded by public transport to restructure existing urban form and shape future land use using TOD principles;
- ✓ establishing effective links between economic opportunities and residential areas;
- ✓ opportunities to diversify and intensify land uses to enhance the efficiency of urban form and reduce carbon emissions;
- ✓ securing development that supports low carbon, energy-efficient technology, both in transportation and utility service delivery;
- ✓ securing better-located accommodation options; and
- ✓ infrastructure improvements and related catalytic urban development projects.

Local area planning in the metro southeast and Voortrekker Road corridor integration zones has been ongoing since 2014/15, while planning for the Blue Downs integration zone began in 2017. To date, planning efforts have focused on prioritising local areas and catalytic precincts in each corridor, determining investment strategies, and engaging with the key internal and external stakeholders.

VOORTREKKER ROAD CORRIDOR INTEGRATION ZONE

The Voortrekker Road corridor integration zone is aimed at capitalising on the employment densities, high-quality public transport connectivity, extensive social facilities and services as well as the diverse residential typologies along the corridor, to create opportunities for residents, visitors and businesses. This aligns with the City's objectives of promoting compact, inclusive and productive cities, while leveraging return on targeted investments.

To achieve this, the City coordinates and directs a programme of targeted public investment in prioritised areas forming part of the CLDP. The intention is to leverage private investment in response to the public investments made as per the investment strategy concluded for the integration zone. By integrating various urban development work streams into a coherent, spatially targeted investment narrative, this programme determines the way in which other elements, such as infrastructure, social facilities and economic opportunities, are planned and implemented over time.

Good progress has been made, with development prefeasibility studies concluded for several strategic sites. The aim is now to continue packaging these sites for more transformative uses.

This will be done as follows:

- ✓ **The Parow station precinct parking lots** - Five City-owned vacant sites, a combined 2,5 ha in extent, have been earmarked and reserved for social housing development, with a potential yield of 500 to 700 new social housing units.
- ✓ **Parow golf course precinct** - This is one of the largest City-owned sites with the lowest degree of technical constraints. The site holds significant potential for transformative use for both urban greenfield development close to economic opportunities and public amenity upgrades centred around public transport access. At full development, the site could accommodate upwards of 4 000 residential

units, 90 000 m² of commercial space, and a range of public facilities and recreational uses.

- ✓ **Tygerdal utilities complex at Monte Vista station** – Now part of the portfolio of sites made available for the C40 Reinventing Cities competition, the complex was the subject of a detailed feasibility assessment and conceptual development framework. At full development, the site can potentially accommodate upwards of 550 residential units.

Rail stations along the Voortrekker Road corridor integration zone, being potential TOD sites, have been assessed in terms of urban management quality, public environment, transport infrastructure and property development potential. This assessment informs the northern corridor modernisation study currently under way to produce a comprehensive implementation plan for the roll-out of an integrated public transport infrastructure plan centred around the northern rail line and its stations. The study will also identify a series of TOD development opportunities on public landholdings in station precincts that are not core to rail functionality.

The Bellville, Tygerberg and Salt River stations have been identified by PRASA for detailed planning with a view to capital upgrades, while Parow station is in the project scoping phase.

The Salt River Market mixed-use, mixed-income social housing project has been declared feasible and is now entering a land use approval process. The project will serve as the prototype on which the development of the inner-city social housing site portfolio will be based. The Parow prioritised local area has been identified as the next social housing precinct. Several identified sites are being packaged for circulation to the City's social housing partners for development.

To date, several interventions have been completed under the Voortrekker Road corridor integration zone programme. These include the following:

- ✓ **Approval of the Parow station precinct pilot heritage exemption overlay** – The first of its kind nationally, the exemption area exempts landowners and property developers from the requirements of sections 34(3) and 38(9) of the National Heritage Resources Act to apply for building or demolition permits for alterations, additions or demolitions on properties older than 60 years. Owners and developers also do not need to submit notices of intent to develop for the consolidation of three or more properties.

- ✓ **Amendment of the City's public transport parking requirements in the Municipal Planning By-law to allow for a reduction in the requirements initially stipulated** – The latest (2019) iteration of the by-law takes the linear nature of road-based public transport into account, thus providing for more continuous coverage along Voortrekker Road, providing opportunities for higher land-use intensity around public transport access.
- ✓ **The extension of the urban development zone tax incentive beyond March 2021** – The urban development zone (UDZ) covers a sizeable portion of the Voortrekker Road corridor and represents the only financial incentive mechanism available for urban real estate development. National Treasury has extended the UDZ to March 2023 in order to review the incentive. Engagements in pursuit of a longer-term extension are ongoing. In the meantime, annual monitoring of UDZ performance against its objective of stimulating urban real-estate regeneration in blighted areas continues.

Public-realm upgrades under way or completed in the Voortrekker Road corridor include the following:

- ✓ **Elizabeth Park upgrade (Bellville)** – The upgrade of Elizabeth Park (including sections of the Bellville regional library interfacing with the park) has been completed. Work included riverine improvements, fencing, landscaping, creation of an amphitheatre, lighting, security cameras and various other improvements.
- ✓ **Kruskal Avenue pedestrian upgrade (Bellville)** – The phase 1 upgrade was completed in February 2020. Detailed design, tender documentation and site supervision for phase 2 are under way.
- ✓ **Bellville recreation hub** – The Community Services and Health Directorate compiled a detailed precinct plan for the optimisation of this hub. The vision for the precinct is to create an integrated system of recreational opportunities through a series of key upgrades to the Bellville sports complex, Hardekraaltjie campsite, Tielman Marais greenbelt, and the pedestrian network linking these facilities. Concept planning has been completed and detailed design and implementation are expected to start soon.
- ✓ **Station Road pedestrian arcade (Parow)** – The upgrade of the pedestrian thoroughfare between Parow station and Voortrekker Road has been initiated by the Department of Urban Planning and Design. The vision is to create a quality urban space that provides a dignified

experience for pedestrians, informal traders and businessowners alike through adequate landscaping, public lighting, refuse removal and safety upgrades.

A public-realm upgrade in the scoping phase in the Voortrekker Road corridor is the Koeberg station precinct in Maitland. This precinct is poised for significant mixed-use, affordable residential regeneration by the private sector in the short term. While these investments are encouraging, the area is not conducive to residential activity at present. The intention is to partner with the private sector to deliver a series of public-realm upgrades that are well managed and can stimulate activity and recreation for prospective residents.

METRO SOUTHEAST INTEGRATION ZONE

The metro southeast integration zone is home to approximately 40% of Cape Town's population, an estimated 31% of the city's formal dwellings, 51% of its backyard units and 70% of its informal dwellings (not in backyards). The highest unit densities in the city (above 100 units/ha) are found here, specifically in Langa, Philippi/Crossroads, Site B, C and TR Section, and the rest of Khayelitsha.

The area is also home to the largest concentration of households rated 'worst off' in terms of the socioeconomic status and household services indices. The southeast, where most of the city's poor people and communities are found, is not achieving the same growth or diversity of land use as the high-income suburbs and business centres to the north and west of the city. The lack of formal industrial and commercial development in the Cape Flats is striking, considering its sizeable resident population.

The primary objective of the work being done in this integration zone (apart from the Philippi opportunity area catalytic precinct) is to link Mitchells Plain and Khayelitsha with central Cape Town. This is being achieved through the following restructuring projects:

- ✓ **Implementing the phase 2A main routes T11 and T12** between the metro southeast, Claremont and Wynberg, with the Philippi East transit project being part of the TOD catalytic projects. Detailed analysis of this route is currently under way to direct further land use development. Precinct-level plans for the stations and surrounding areas are being developed to provide guidelines for the typical nature and form of development in these areas. This work will also guide and direct future



infrastructure upgrades that may be required to facilitate this development.

- ✓ **Alternative TOD housing developments** in central Khayelitsha, Mitchells Plain, Wynberg, Claremont and Nolungile, exploring alternative building materials, tenures and a mix of income groups
- ✓ **Upgrading identified informal settlements** along T11, T12 and the rail corridors
- ✓ **Upgrading hostels** in accordance with collective, unified standards, which will be fast-tracked

The primary catalytic TOD node in this integration zone is the Philippi opportunity area precinct and wider area. This catalytic precinct consists of a number of subfocus areas, including the Philippi-East BRT station precinct at Govan Mbeki/New Eisleben roads, the precinct surrounding Stock Road station, and the area around Nolungile station/Site C and the northern parts of Swartklip.

In 2019/20, a detailed regeneration framework was completed for the wider precinct, which includes a project and infrastructure investment pipeline for this catalytic node. This is now being followed by more detailed, ongoing subprecinct focus area planning to package implementation projects. These focus on higher-density, mixed-use residential and commercial/industrial development subprecincts, the intensification and expansion of existing public infrastructure and social facilities, as well as the agriprocessing hub facilities around the existing Philippi fresh produce market.

The City has also been working with landowner ACSA to better understand how the Swartklip area can be planned to transform Nolungile station and surrounds into a dense, transit-oriented development hub, and what is commonly known as "the Denel site" into a major node for mixed-use development. This work is ongoing.

BLUE DOWNS INTEGRATION ZONE

The Blue Downs rail link remains critical to the development of Cape Town. To support the planning and infrastructure programme in this rail corridor,

the City has designated it as a third integration zone. PRASA is the lead investor in the Blue Downs integration zone, which has an estimated project value of R5 billion.

It is envisaged that the three new stations on the Blue Downs rail line will become major opportunities for the development of multifunctional, integrated hubs offering mobility benefits, commercial opportunities and residential living spaces. With this in mind, the City and PRASA are working to determine the best possible land use development and management opportunities in and around these proposed new stations.

To this end, the City carried out a detailed baseline analysis of the area, including demographics,

socioeconomic status, bio-physical character, economy, land use and a detailed property market analysis. The end result was a Blue Downs integration zone profile, which clearly highlights the key constraints and opportunities in the study area. This information will be used to inform the vision for the integration zone and formulate contextually appropriate land use density and diversification targets.

Priority precincts with the highest development potential and greatest need for community investment have been identified to enhance the process of targeted land use intensification. These have been identified based on the criteria in the table below.

TABLE 19: Functional and structural assessment criteria for Blue Downs integration zone

CATEGORY	CRITERIA	LOCATIONS
Structural anchors	✓ Proximity to existing and future public transport services ✓ Proximity to high-mobility routes and intersections ✓ Proximity to social services and economic development	✓ Kuils River PTI (rail, taxi, bus) ✓ Wimbledon station ✓ Blue Downs PTI (rail, BRT) ✓ Mfuleni station ✓ Wesbank PTI (bus and taxi) ✓ Delft PTI (bus and taxi) intersections ✓ Hindle Road and Symphony Way ✓ Stellenbosch Arterial and Symphony Way
Need	✓ Significant density of existing residential development, with no access to social/ economic opportunity	✓ Social services precincts: Belhar, Delft, Mfuleni
Future public investment	✓ Planned public investment opportunities	✓ Rotterdam, human settlements ✓ ACSA – Symphony Way mixed-use development
Consolidation/ optimisation of existing activity	✓ Agglomeration of existing social and/or economic opportunity	✓ Delft central business district (CBD) ✓ Belhar CBD ✓ Mfuleni CBD ✓ Kuils River CBD
Market potential	✓ Precincts with significant property market potential for residential and/ or non-residential development	✓ Mfuleni CBD ✓ Wesbank PTI and surrounds ✓ Belhar/Calgro ✓ Kuils River CBD ✓ Blue Downs CBD

Using the baseline inputs, vision and priority precincts, the City has developed and applied a method to quantify densification and diversification targets for the Blue Downs integration zone. In the process, the TOD comprehensive scenario targets have been refined from the level of a transport

analysis zone to individual land parcels based on each site's local contextual informants, such as locational potential, remaining development potential, and environmental considerations. These refined targets will aid further local planning initiatives and guide investment and intensification.

DISTRICT SPATIAL DEVELOPMENT FRAMEWORKS (DSDFS)

The City is reviewing its eight DSDFs (previously called district plans) to guide development activities in more detail. Collectively, these eight frameworks cover the entire area of Cape Town and all land within its borders, and provide guidance to internal City directorates, communities and the private sector with regard to the nature and form of development in each planning district. To support land use and environmental decisions, the DSDF review also includes an investigation into mechanisms to boost the right kind of implementation in the right areas.

In 2020/21, the baseline and analysis reports were updated and the draft SDFs, environmental management frameworks and implementation plan for each district produced. These were subsequently advertised for public comment, and more than 3 100 submissions were received. Nearly 70 engagements were conducted with communities, stakeholders and government departments and agencies during the public comment period.

CITIZEN VALUE PROGRAMME

NAMING AND RENAMING PROJECT

The City's inclusive naming and renaming process is aimed at ensuring that the names of Council-owned buildings, facilities, roads and artefacts, places and memorials represent the heritage, shared past and experiences of all Capetonians. For example, following consultation with District Six stakeholders, Keizersgracht in District Six was renamed Hanover Street on Heritage Day 2019 as a first step in restoring the dignity of the people of District Six. Hanover Street used to be the business hub of this historic community.

HERITAGE PROJECT

The City reviews development applications involving heritage resources on a daily basis and advises architects, developers, local communities, heritage authorities and researchers on heritage-related issues.

As part of this process, heritage resources are constantly identified, reassessed, mapped and graded. This inventory of heritage resources is available to citizens online at <https://citymaps>.

capetown.gov.za/EGISViewer/. The quality and quantity of information in this inventory continues to improve through ongoing updates and audits.

A number of heritage-dense areas have been proposed as potential candidates for heritage protection overlay zoning. Other areas are being identified for the lifting of the 60-year clause in the National Heritage Resources Act, Act 25 of 1999. The latter are areas where there are no heritage resources worthy of conservation, and where the City would like to promote redevelopment.

Heritage highlights for 2020/21 included the following:

- ✓ Finalising the restoration and rehabilitation of the City Hall. This is now a top historic venue belonging to the City, and will soon be ready to welcome the public. It has become a major asset to the administration.
- ✓ Declaration of the following City-owned places as provincial heritage sites:
 - Freedom Square in Bonteheuwel
 - Gugulethu 7 memorial
 - Langa Pass Office
 - Princess Vlei in Retreat
 - Blaauwberg nature reserve
- ✓ Initiation of the eHeritage project, with the new heritage information system currently being developed
- ✓ Condition assessment of the lower Molteno reservoirs, with a view to rehabilitation and reuse
- ✓ Restoration of the De Waal park public facilities as part of the park's 150th anniversary
- ✓ Pioneering the use of heritage, arts and culture as critical informants in the City's urban catalytic project planning to promote a sense of identity and cultural ownership, and maximise the opportunities associated with historical and cultural resources. These projects are taking place in Philippi, Bellville and the Foreshore Gateway precinct, and involve both tangible and intangible heritage.
- ✓ Publication of a number of historical maps that have been digitised and georeferenced, and are now accessible on CityMap Viewer

In terms of individual local areas, comprehensive heritage investigations were also undertaken for the central Bellville and Philippi opportunity catalytic areas. The aim was to understand the existing heritage resources and community assets that are to form the basis for placemaking proposals and further public-realm investment in pursuit of a

quality living environment. This will result in various implementation projects and initiatives in the next reporting period.

ANTI-RACISM PROJECT

In the year in review, the City continued with the creation of an inclusive City helpdesk to serve as a central reporting and helpline for incidents of racism and discrimination. Callers will be assisted with referrals to appropriate authorities for investigation, remedial action and redress.

The City also continues to deliver public education, training and awareness programmes to create a culture of anti-discrimination and zero tolerance for racism. Councillors and officials of the City are trained in dealing with issues of racism and discrimination.

In the past year, the Employment Equity Branch, in partnership with Employee Relations, conducted ten anti-racism dialogues and 35 anti-discrimination sessions, also covering topics such as sexual harassment and workplace bullying. In addition, the City works to actively foster and strengthen partnerships with the South African Human Rights Commission, industry bodies and other interested stakeholders to jointly fight racism. To this end, the Employment Branch invited a representative from the Human Rights Commission to address City staff on matters pertaining to human dignity and human rights.

Creating a tolerant, diverse and inclusive workplace culture also requires a focus on gender and diversity matters. In this regard, the Employment Equity Branch hosted 43 diversity management workshops, ten unconscious-bias seminars for staff, 13 sessions on gender-based violence, six workplace bullying sessions, and 11 engagements with men as part of gender transformation education for staff across the City.

PUBLIC PARTICIPATION PROGRAMME

PUBLIC ENGAGEMENT PROJECT: CAPACITATED, INFORMED AND CONTINUOUSLY ENGAGED COMMUNITIES

The City has a good track record of meeting the legal, ethical and constitutional requirements of public participation. Nevertheless, it continues to work to ensure open and transparent dialogue with residents in planning, implementing and monitoring projects and programmes.

The Public Participation Unit gives effect to the IDP SFAs of an inclusive city and a well-run city by ensuring meaningful, customised public participation processes to better serve communities. The City's continuous engagement with communities is aimed at having an ongoing dialogue with communities on all matters that affect them in their neighbourhoods, improving service delivery and providing relevant information. This ongoing interaction also provides early warning signs to City departments regarding any decline in service performance that could lead to protests or damage to the City's infrastructure.

In the year in review, the unit was again involved in managing, coordinating or facilitating among the highest numbers of engagements the City has ever undertaken with its communities. These took place across various platforms and through various mechanisms, such as social media, focus group meetings, capacitation and information sessions, the establishment of project steering committees, community empowerment and upliftment programmes. Covid-19 containment regulations have also required the unit to adjust its engagement methods to include various online platforms.

Moreover, the Public Participation Unit's 130 EPWP trainee assistants were equipped to initiate and facilitate various local interventions. These included water conservation education at schools, campaigns on illegal dumping, registration of the unemployed on the EPWP database, and assisting local community organisations with Council processes. The EPWP trainees also went on to receive a City Award for their support with non-pharmaceutical Covid-19 interventions.

SOLICITING COMMENTS ON THE 2021/22 BUDGET PROCESS

This process consisted of 68 focus group sessions with public engagement forums via a mix of face-to-face engagements and online meetings. Sessions were held in each of the City's 24 subcouncils and were mainly attended by representatives from organisations and ward committee members listed on the subcouncil database. Due to the pandemic, public comments on the draft 2021/22 budget and IDP amendments were also solicited via online platforms, such as by posting content on social media, website landing pages as well as a video on YouTube. A link to the YouTube video was shared via WhatsApp, SMS, etc. In addition, media releases were issued to various publications and broadcasting stations.

CUSTOMER ENGAGEMENT PROJECT

The City has a strategic framework in place to enhance interaction with its customers and ensure that it meets their diverse needs. In the year in review, the corporate call centre received approximately 2,25 million incoming non-emergency contacts. Customers used various channels of communication, including phone calls, emails, SMS and face-to-face interaction. Most of these contacts related to accounts, water and sanitation, refuse removal and vehicle-related enquiries. Customers were assisted in their language of choice.

Customers have the option of completing an electronic after-call survey to rate their overall experience of the contact centre's service. The after-call survey is available in all queues. A customer rating of 4,7 out of 5 was achieved in the reporting year.

Despite the pandemic, normal contact centre service delivery could be maintained throughout the financial year. All queues in the centre remained open without interruption. Approximately 60% of permanent staff in the Customer Relations Department worked from home, and 40% worked on-site from the Cape Town Civic Centre.

The SAP project to achieve better management of customer service requests and enhanced customer engagement during request resolution was implemented in three phases between December 2020 and June 2021. The third phase, implemented on 17 June 2021, achieved the most significant change for customers with the implementation of three additional customer request statuses. Customers are now kept informed of the progress of their request with each status change. Some additional enhancements to the service management platform are planned for future implementation. These include changes to the online customer portal to mirror the enhancements to the SAP user interface, the integration of specialised notification types with service requests, and the spatial representation of service requests on internal and external GIS viewers.

In addition, the project to establish a single contact centre for non-emergencies is making steady progress. A business case for change has been established in collaboration with consultants, key stakeholders and the Customer Relations Department. Implementation will commence in the first quarter of the new financial year and should create an even more customer-centric service offering for Cape Town residents and businesses.

Finally, having installed one additional FreeCall line in the year in review, the City has now delivered

195 of these lines across town since project commencement in 2012/13. FreeCall lines are installed and maintained in municipal buildings in outlying areas. Residents are automatically connected to the corporate call centre when they pick up the phone. These free lines are mainly used to report faults, register complaints and make enquiries. This service was severely affected by the pandemic, as many City-owned venues were closed to the public at various stages of the lockdown, and availability of resources and equipment was also constrained.

SUBSTANCE ABUSE PROGRAMME

SUBSTANCE ABUSE TREATMENT PROJECT

The City's substance abuse treatment initiatives are aimed at those already caught up in alcohol and other substance abuse. In this regard, the City offers eight community-based Matrix® sites for alcohol and drug treatment across the metro. The Matrix® programme is an evidence-based model that teaches clients the skills required to achieve and maintain sobriety while remaining in their communities of origin. Individual and group sessions, drug testing, family support as well as ongoing support form part of the package of care offered to adults aged 18 and above.

In the year in review, the City's Matrix® sites assisted 2 315 clients and achieved a 79% clean drug test rate for those in the programme. The substance abuse programme also provided EPWP job opportunities to some of the clients who had completed their treatment.

A brief intervention programme for adolescents aged 12 to 17 was also piloted at the Tafelsig Matrix® site, offering adolescents and caregivers information to help initiate change in unhealthy or risky behaviours, such as alcohol or drug use.

SUBSTANCE ABUSE AWARENESS, PREVENTION, SUPPRESSION AND COORDINATION PROJECT

The City's substance abuse strategy makes provision for awareness and prevention, suppression and coordination initiatives. In response to the multifaceted nature of substance use and abuse, the strategy on alcohol and other drugs divides its activities into the following broad themes:

- ✓ **Awareness and prevention.** These interventions seek to ensure that those at risk of succumbing



to alcohol and other substance use, particularly the youth, are equipped to avoid illegal or harmful substances, including a particular focus on parenting and families. Interventions include education, information sharing, awareness campaigns, and providing alternative activities that promote skills and capacity building.

- ✓ **Suppression.** These interventions are aimed at reducing alcohol and drug supply and associated criminal activity through regulation and by-law enforcement, visible policing and intelligence-led task forces, such as the gang and drug task team.
- ✓ **Coordination.** These interventions bring all efforts together to prevent duplication and maximise results. Coordination takes place across all stakeholders, both internal and external.

To further drive substance abuse prevention and coordination in 2020/21, the City delivered the following:

- ✓ The Strengthening Families life skills programme was offered 16 times. These sessions adhered to Covid-19 regulations, yet still managed to reach 154 families. The initiative also introduced a new concept where families were provided with ingredients and recipes, and encouraged to cook meals together.

- ✓ A total of 42 foetal alcohol syndrome (FAS) simulator and Essentially Me programmes were rolled out, reaching 695 learners. The FAS programme encourages responsible lifestyle choices and raises awareness of FAS and the effect of alcohol on unborn babies. Essentially Me, in turn, equips learners between the ages of 9 and 11 to self-protect against substance abuse. Both programmes were also converted into activity books, of which some 2 000 copies were delivered to area implementers across town for dissemination to community members.

In addition, the City's after-school programmes were further expanded in the year in review. These were hosted and supported at 59 sites, including libraries, halls, civic centres, hubs and swimming pools. The City also directly supported schools with after-school programmes. This initiative resulted in the employment of 208 practitioners and coordinators, and ensured that over 2 631 learners had access to a safe space after school where they could develop additional life skills and be exposed to arts and culture as well as recreational activities.

Since the outbreak of the Covid-19 pandemic, initiatives, programmes and projects have been adapted and amended to ensure compliance with all health and safety regulations. All the City's substance abuse treatment facilities (both physical and online) managed to stay operational during the lockdown.

POLICING INTERVENTIONS PROJECT

The City takes a holistic, transversal approach to substance abuse, which includes social-based prevention and harm reduction. Law enforcement is only one element of this approach.

In the year in review, the City continued to build on its significant drug policing successes through the following interventions:

- ✓ Developing the capacity of the Strategic Information Management Service, which provides the ability to collect and analyse operational information and statistics, enabling proactive and reactive safety planning, responsiveness, and situational awareness
- ✓ Building the capacity of the Safety and Security Investigations Unit (SSIU), which works to improve the criminal justice outcomes of enforcement agencies' work, including to ensure higher conviction rates for firearm and drug arrests

PRIMARY HEALTHCARE PROGRAMME

INTERGOVERNMENTAL COLLABORATION PROJECT

The health departments of Province and the City continue to collaborate to provide personal primary healthcare (PPHC). This partnership is governed by a detailed service level agreement, which describes the responsibilities of both parties, with the ultimate goal of providing the best possible health service to all communities in the Cape metro. This is achieved through 43 provincial and 87 City health facilities (mobile services excluded), which deliver services to the metro's most vulnerable residents in close proximity to their homes.

An example of this partnership includes the recently established District Health Plan Forum, which serves as a platform where Province and City health staff discuss and analyse key PPHC indicators. This is in addition to a monitoring committee co-chaired by the director of City Health and Province's chief director of Metro Health Services, and with a membership that represents senior management of both organisations. These managers meet regularly to discuss strategic and high-level operational issues pertaining to health service delivery in Cape Town.

COMPLYING WITH NATIONAL NORMS AND STANDARDS AND IMPROVING ACCESS TO SERVICES

The Office of Health Standards Compliance is a statutory body that regulates quality healthcare in South Africa. In addition to introducing national norms and standards for all health facilities, it has launched the Ideal Clinic concept, which is aimed at ensuring the provision of quality, customer-centric health services. The City makes every effort to comply with all Ideal Clinic standards, and had set a target to have 92% of its facilities attain Ideal Clinic status in 2020/21. The challenges of Covid-19 meant that this target was not achieved. However, 66 of the 87 fixed clinics achieved Ideal Clinic status in the period in review (59 achieved platinum status, six gold, and one silver).

The City continues to implement plans to ensure more comprehensive health service delivery closer to residents' homes. In this regard, the number of City sites providing antiretroviral (ARV) treatment was increased to 78 in 2020/21 (from 65 in 2018/19, and 71 in 2019/20). Close to 10 000 new HIV-positive patients were started on ARVs in the past year, bringing the total number of patients on ARV treatment at City clinics to nearly 80 000 – slightly below the target due to the impact of Covid-19. About 45% of these are patients who are stable on treatment in an ARV club system. In addition, almost all (96%) patients who are co-infected with the human immunodeficiency virus (HIV) and tuberculosis (TB) were started on ARVs. Some TB treatment outcomes were negatively affected by Covid-19, with the success rate for drug-sensitive TB declining to 78%. However, drug-resistant treatment outcomes continued to improve as effective drug regimens were implemented.

Previous work to improve standards and access to care is delivering positive outcomes. The metro continued to have a low teenage birth rate (mothers below 18 years of age) of less than 4,2%, which would suggest that the City's advocacy for responsible sexual conduct and the use of contraceptives is having the desired effect.

A particular highlight of 2020/21 was the establishment of the Comprehensive Personal Primary Healthcare (CPPHC) Unit, which is responsible for providing services to 15 facilities across the metro. The unit's duties include planning and oversight of mental health services, child health, maternal and women's health, as well as non-communicable and communicable diseases, including Covid-19 and vaccination campaigns.



In terms of mental health, the CPPHC Unit supported the training of 112 City health staff through the Practical Approach to Care Kit (PACK) module. Eight staff also completed psychological first-aid training to be able to provide peer support should a negative or traumatic incident occur at the workplace. Trauma counsellors facilitated eight group trauma debriefings, 16 individual debriefings and 17 trauma counselling cases in 2020/21. City staff also have access to mental health education through the City's Care4U newsletters and the Trauma Topics Sharepoint website, which was launched in October 2020. The multidisciplinary Mental Health Strategic Task Team continued to meet monthly to discuss and facilitate strategic planning and implementation of mental health services for the City's Health Department.

ENVIRONMENTAL HEALTH SERVICES

The City's Health Department is a key role player in ensuring that Capetonians have the safest possible water, air and food available, complying with all legislated requirements. The pandemic resulted in an increased need for surveillance of compliance with non-pharmaceutical measures at various premises, including bars, clubs, hairdressers, ECD centres, schools, funeral undertakers, PTIs, etc. This higher surveillance will continue until the threshold for population (herd) immunity has been reached through the vaccination programme.

In the past year, Environmental Health also cemented its partnerships with other departments such as the Public Participation Unit and Disaster Risk Management as well as NGOs that could be of assistance in vulnerable communities. The whole-of-society approach will continue to be a major focus.

Environmental Health is also responsible for monitoring the domestic water supply to ensure that it is potable at all times, and that all communities have access to such supply. The potable water supply in all areas is monitored and samples are taken weekly to check compliance with the SANS 241 guideline relating to bacterial and chemical water quality.

SAFEGUARDING THE HEALTH OF CITIZENS

The City also continues to reassess its approach to safeguarding residents in the face of a changing environment and the challenges this poses, particularly to informal settlements. To this end, the City conducted 19 800 (target: 19 708) monitoring visits to informal settlements to identify potential health hazards in the year in review. They also conducted 1 300 (target: 1 000) health and hygiene projects relating to informal settlements. The target for the 2020/21 financial year for monitoring visits to informal settlements to identify potential health hazards has increased to 20 000.

ENSURING AIR QUALITY

The City's air quality monitoring network consists of 13 monitoring stations that measure the concentration levels of six criteria pollutants in the ambient air. Data are evaluated daily against the South African Ambient Air Quality Standards. Data for 2020/21 showed that ambient air quality failed to meet the standards on 57 days. The increase in recorded air pollution episode days compared to 2019/20 is attributed to improved data recovery rates at a number of monitoring stations because of the acquisition and commissioning of a range of new analysers. The Khayelitsha and Wallacedene monitoring stations were most affected by air pollution. Episode days here were due to very localised emission sources, such as food hawkers, residential fuel burning for cooking and heating, and traffic-related emissions. Generally, however, air quality annual averages complied with the applicable annual average standards.

A strict atmospheric emissions licensing regime is imposed on industry to regulate atmospheric emissions from listed activities. Income received from administrative fines issued in the financial year amounted to R600 000.

The City's three diesel vehicle testing teams also tested 8 132 vehicles in the reporting year, thereby helping to curb transport-related emissions. In addition, the unit assisted the Emalahleni Municipality in Mpumalanga to establish their own diesel vehicle emissions testing programme through information exchange and demonstration of the City's diesel vehicle testing capability.

MONITORING FOOD SAFETY

Food safety is another key function of the City's Health Department. Apart from inspections at food premises to ensure compliance with hygiene practices and standards, the Department also runs a food sampling programme. Foodstuffs are sampled and analysed for microbiological and compositional compliance with the standards set in food legislation. In the year in review, 83,8% of food samples (against a target of 75%) complied with all relevant standards. A key contributing factor to this success is the City's follow-up on sample results, as well as the health education provided to businessowners and persons in charge of food premises.

Many food manufacturers in Cape Town compete in international markets, which requires compliance with the highest global food safety standards. To this end, City Health has a specialised Food Control Unit staffed by seven senior environmental health practitioners, who focus specifically on food manufacturers. Product labelling is considered very important and forms part of the unit's surveillance activities. The food

safety programme is further complemented by the department's microbiological laboratory.

During the Covid-19 lockdown, most food manufacturers continued their operations to ensure food security. Covid-19 compliance measures were included in the surveillance and inspections of all premises.

SOCIAL INCLUSION PROGRAMME

Social inclusion is vital for social cohesion. The concept of inclusion generally refers to the ability of communities and individuals to fully participate in society, both socially and economically. To create an enabling environment for social inclusion, the City seeks to understand the underlying challenges facing Cape Town communities, and then implements projects to respond to these challenges. Key to achieving this is the provision of adequate public services and assets to ensure that the poor and vulnerable in society are uplifted and assisted. In this way, the City is creating platforms for upward social mobility and social capital. The projects resorting under the social inclusion programme are listed below:

HOMELESS PEOPLE PROJECT

Finding appropriate solutions to help and support Cape Town's homeless people requires significant collaboration and action. This vulnerable group requires assistance to reintegrate with the broader community and access employment opportunities. This project sees the City undertaking various interventions to prevent growth in homelessness, while rehabilitating and reintegrating homeless people.

In the year in review, the City's Street People Programme Unit engaged with 11 614 persons living on the street to move them into transitional shelters and safe spaces, with a view to then reintegrating them with their communities of origin. A total of 82 homeless people were reintegrated, while 828 were either placed in shelters or at safe spaces. Altogether 771 were also employed through the EPWP.

YOUTH DEVELOPMENT PROJECT

Youth development demands a transversal approach, with various stakeholders collaborating to offer targeted interventions aimed at this vulnerable group. The City provides youth development initiatives in high-risk areas as part of a package of services, opportunities and support to young

people. In 2020/21, various City departments involved in implementing youth interventions supported youth across the seven categories shown

in the table below. These are set out in the City's Transversal Youth Development Strategy.

TABLE 20: City's Transversal Youth Development Strategy categories

CATEGORY	DESCRIPTION
Category 1: Outreach	Providing services to youth who might not otherwise have access to them. Existing services are extended and made relevant and accessible to youth. Through the City's Health Department, for instance, health promoters have been conducting various health-focused outreaches at high schools, career expos, etc.
Category 2: Recreation, arts, sports and culture	Uses recreational activities to engage youth. An example is the Arts and Culture Branch's mural project, which has attracted young artists to paint positive messaging on designated structures across the metro. The Recreation and Parks Department has also been developing young leaders through their leadership development programme, which uses sports and recreational activities as a tool to engage youth aged 14 to 17 (grades 8 to 11) from various communities across town.
Category 3: Awareness raising	Initiatives aimed at raising awareness and building knowledge on particular issues or services. The purpose is often to provide information to change unhealthy behaviour, promote alternative behaviour or draw attention to a service. For example, the Community Services and Health Directorate uses its life skills project to raise awareness of a range of issues, including antisocial behaviour.
Category 4: Youth engagement/activation/participation	Promotes the inclusion of young people as a significant part of societal structures. This works to promote, build and create social bonds. Through the Arts and Culture Branch's high schools programme, for instance, youth are encouraged to make their voices heard and participate in various discourses.
Category 5: Capacity development	Initiatives focusing on developing the capacity of individuals through training, workshops, etc. These are normally soft skills and life skills such as conflict management, public speaking, presentation, etc. One example is the Community Services and Health Directorate's organisational capacity-building training delivered via ward allocations. The training specifically targets the local forums, building their capacity around presentation skills, fundraising, etc.
Category 6: Skills development	Focuses on developing hard skills through training. This is usually not through formal education, but still imparts a recognisable skill or ability, such as woodwork, plumbing, call centre services, etc. For instance, the Trade and Investment Department's special-purpose vehicle offers many young people access to job opportunities in call centres.
Category 7: Job opportunities: placement/internships/bursaries	Provides temporary job opportunities or job experience through EPWP, internships, apprenticeships, etc. Various City departments employ young people through their EPWP projects, while Human Resources provides bursary and internship opportunities through their youth-focused initiatives.

In the year in review, the City's various youth initiatives touched the lives of more than 12 082 young people across Cape Town. This figure would

have been higher were it not for the limitations imposed by Covid-19 and the national lockdown.

INFORMAL SETTLEMENTS SOCIAL INCLUSION PROJECT

The City delivers social services programmes in informal settlements to help build community capacity and improve access to social services and initiatives.

HEALTHY LIFESTYLE PROJECT

This eight-week programme is also known as the "Live Well challenge". The objective is to promote a healthy lifestyle and generally improve the health, quality of life and wellbeing of Capetonians. This, in turn, will enable their full participation in society and foster social cohesion.

In the year in review, City Health, which leads this initiative, facilitated two challenges in collaboration with Library and Information Services, Social Development and ECD, as well as Recreation and Parks. The various departments involved in the projects helped provide the communities in areas East, Central, South and North with information on the importance of a healthy lifestyle and exercise. The sessions also included screening services such as glucose, blood pressure and HIV testing services.

The initiatives are aimed at creating community awareness of the extent and seriousness of chronic diseases and high-risk lifestyles, and educating citizens on how to prevent these conditions. For those already affected, the project offers information on how to stop or slow disease progression and prevent complications. Individuals wanting to make better diet choices are supported through health information sessions and access to physical exercise facilities and opportunities.

The healthy lifestyle project remains a transversal initiative. As such, it has been incorporated into the scorecards for various departments for the 2021/22 financial year. Four Live Well challenges are planned for the year ahead.

LITERACY PROJECT

This project focuses particularly on developing functional, digital and information literacy. Storytelling, reading programmes and formal book clubs are used to create a reading culture.

Due to the Covid-19 social distancing regulations and lockdown, all library programmes were suspended in March 2020, and libraries were closed. As the restrictions eased in the course of the year in review, however, libraries started reopening, and provided drop-and-collect services to the public. Libraries gradually added other services and programmes to extend their offering, allowing

controlled numbers of patrons into the building to choose their own material for lending, access Smart Cape, and make use of the library for study purposes. The literacy project was reimplemented in the third quarter of the reporting year, by which time the lockdown regulations had sufficiently eased. All programmes were on target as at the end of 2020/21.

LEADERSHIP CAPACITY DEVELOPMENT TRAINING PROJECT

The Social Development and ECD Department also implemented a leadership capacity development training programme in the year in review. This was aimed at promoting social inclusion in informal settlements, thereby contributing to the City's newly launched Resilience Strategy.

The intervention was designed to empower community leaders to fully understand and prepare for the implementation of various development projects in their areas. It also equipped leaders to cultivate participation, foster collaborative relationships and enable meaningful dialogue in their communities.

In 2020/21, five initiatives were implemented across the areas of culture, adult curative and chronic care, recreation and community outreach.

SOCIAL INCLUSION RESEARCH PROJECT

The City continues to undertake research to inform the direction and content of its various social inclusion projects. Over the past year, work commenced on the drafting of the Street People Strategy.

CROSS-SUBSIDISATION PROGRAMME

REBATES AND INDIGENT PROJECT

The social package for indigent households comprises a combination of a blanket approach and a targeted approach. The blanket approach consists of rebates to indigent households based on property values of R0 to R400 000 (R500 000 for refuse removal only). Qualifying residents are entitled to:

- ✓ a 100% property rates rebate;
- ✓ a 100% refuse removal rebate;

- ✓ 10,5 kℓ free water;
- ✓ 7,35 kℓ free sanitation;
- ✓ 60 kWh free electricity if consumption is less than 250 kWh; and
- ✓ 25 kWh free electricity if consumption is greater than 250 kWh, but less than 450 kWh.

Households with property values between R100 001 and R300 000 are entitled to a refuse removal charge rebate of 100%. The City also offers varying rebates for residents with monthly household incomes of up to R7 000 (previously R6 000).

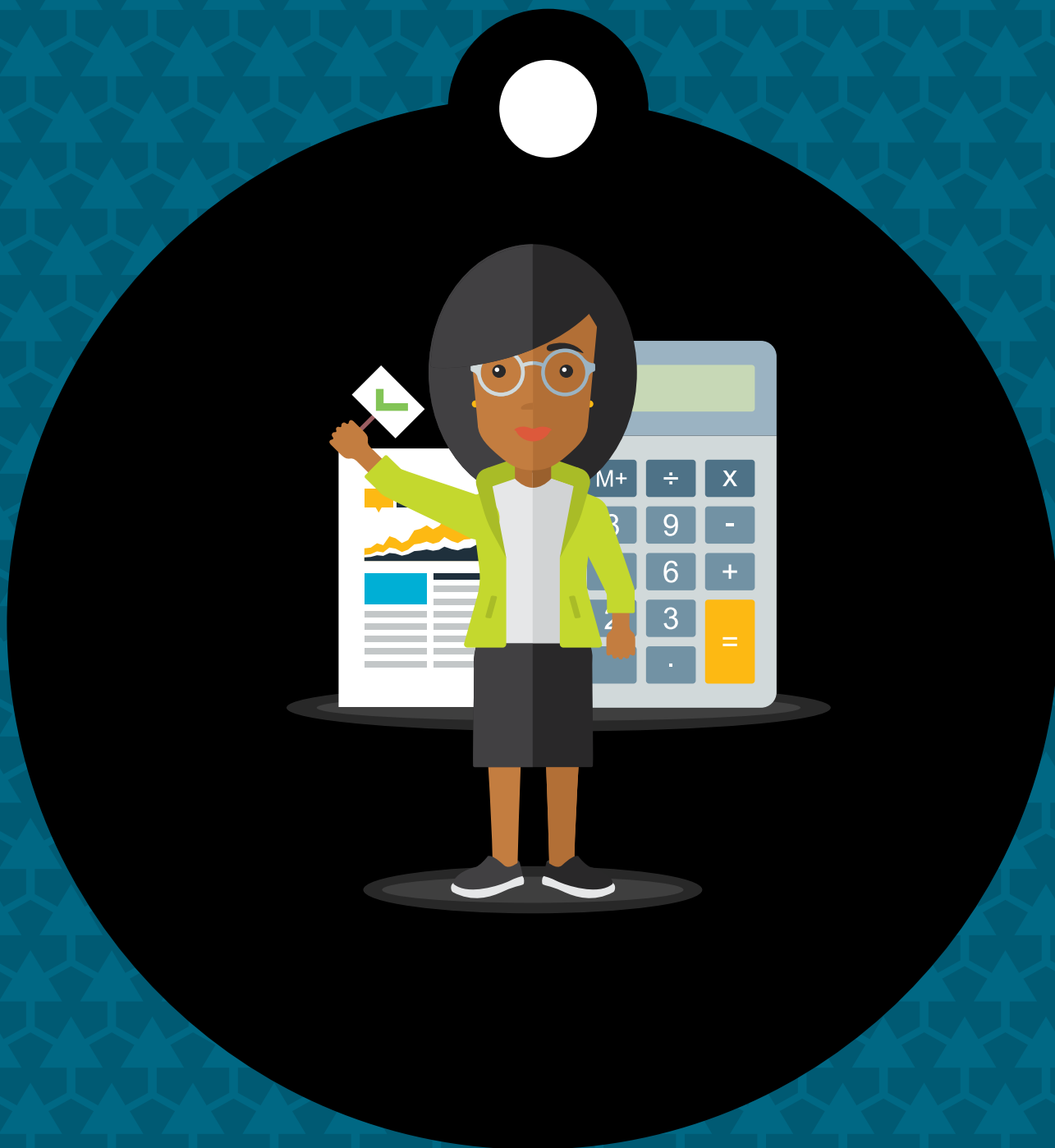
The City continues to protect its residents and ratepayers as far as possible from rising costs. To

this end, a so-called 'help and save' budget has been approved for the 2021/22 financial year, including a R3,4 billion allocation to help qualifying residents with rates and services relief. In its 2020/21 budget also, the City kept rates and service charges to the bare minimum required to cover the cost of service provision, in order to assist already struggling residents, communities and businesses.

Unfortunately, some pressures are beyond the City's control, including the impact of Eskom's price increase of 15,06% approved for 2021/22. While the City managed to absorb some of it, Capetonians will be paying 13,5% more for electricity from 1 July 2021.

STORYTELLING, READING PROGRAMMES AND FORMAL BOOK CLUBS ARE A STRONG FOCUS TO HELP CREATE A READING CULTURE AND THEREBY PROMOTE FULL PARTICIPATION IN SOCIETY.





STRATEGIC FOCUS AREA 5: WELL-RUN CITY

SFA 5 FOCUSES ON:



ensuring the City's financial and operational sustainability;



human resources development; and



organisational restructuring.

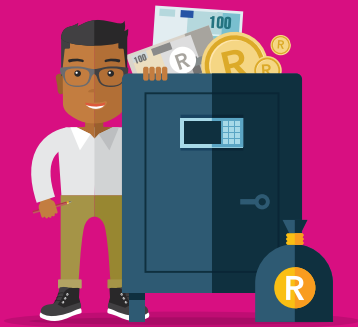
OBJECTIVES

OBJECTIVE 5.1: Operational sustainability

PROGRAMMES

- ✓ Efficient, responsible and sustainable City services programme
- ✓ Value awareness programme
- ✓ Compliant service delivery programme
- ✓ Evidence-led decision making programme
- ✓ Service delivery skills programme
- ✓ Service delivery improvement programme

KEY WELL-RUN CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2020/21

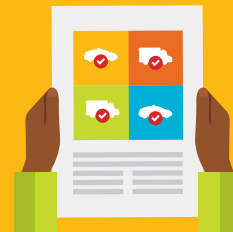


R6,55 BILLION
capital expenditure recorded
(2019/20: R6,04 billion),
which amounts to an 88,51%
capital spend (2019/20: 89%)

R2,69 BILLION
spent on repairs and maintenance
(2019/20: R2,71 billion)



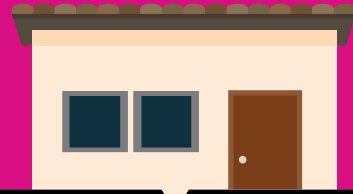
Completed and reopened new-look
KHAYELITSHA FLEET WORKSHOP



Completed and tabled
DRAFT FLEET SECTOR PLAN



Concluded **CONDITION ASSESSMENTS OF 22 MUNICIPAL BUILDINGS** across town



Transferred **31 CITY PROPERTIES WORTH R47 MILLION** to new owners



Provided **CHANGE MANAGEMENT TRAINING** to 814 employees



Reached **1 222 EMPLOYEES** with leadership development programmes



Launched **NEW SMS SERVICE** to enhance public's access to the Office of the City Ombudsman



City Ombudsman **FINALISED 412 INVESTIGATIONS**



Achieved **EMPLOYMENT VACANCY RATE OF 8,42%** against 11,01% target



Trained **20 EMPLOYEES** as in-house coaches

OBJECTIVE 5.1: OPERATIONAL SUSTAINABILITY

EFFICIENT, RESPONSIBLE AND SUSTAINABLE CITY SERVICES PROGRAMME

CREDIT RATING

The ratings agency Moody's maintained the City's Ba3/NP rating. According to the Moody's report, the rating "reflects the City's strong financial performance, supported by prudent financial management; a large and diversified economic base; and predictable revenue sources from property taxes and service charges".

The rating is good news for Cape Town residents, businesses and investors, as a consistently good rating is crucial for prudent financial planning. The lower interest charged on debt as a result of the strong rating means that it costs less to service debt, which, in turn, conserves public money. Despite the challenges caused by Covid-19, the City will continue its efforts to maintain this financial stability and build greater resilience in the years ahead.

CAPITAL EXPENDITURE

The City's capital expenditure for the year in review amounted to R6,55 billion (2019/20: R6,04 billion), which represents an 88,51% capital spend (2019/20: 89%). A full analysis of budgeted and actual capital expenditure per functional area is included in the statement of comparison in the City's financial statements. Details of external loans used to finance fixed assets are contained in annexure A to the statements, while annexure B contains details by asset class.

REPAIRS AND MAINTENANCE

Altogether R2,69 billion (2019/20: R2,71 billion) was spent on repairs and maintenance in the year in review, based on amounts charged by service providers. This brings the City's total investment in repairs and maintenance since 2012/13 to R29 billion.

ENERGY REVENUE MODEL DEVELOPMENT

The City is implementing a phased revenue model that moves towards cost reflectivity to sustain its operations. New technologies and renewable energy are being explored, and the City is developing programmes to ensure that poor households can afford sufficient electricity to meet their energy needs. In addition, options for unelectrifiable households are being explored, and a coordinated approach to low-income energy education and awareness has been initiated across all City departments.

CORPORATE FLEET, FACILITIES AND PROPERTY MANAGEMENT

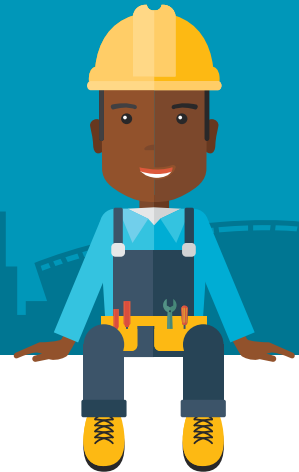
FLEET MANAGEMENT

The fleet management strategy envisages the provision of a sustainable and competitive internal fleet service for the City. To this end, it aims to:

- ✓ shape the City's future fleet so that it achieves optimum service delivery for the benefit of all residents, at the lowest cost of ownership;
- ✓ meet the strategic operational requirements of the City with regard to cost efficiency, fleet sustainability, average age of fleet, and best business practice;
- ✓ roll out an optimised in-house model for ownership and management, and a hybrid approach to maintenance, with small repairs and maintenance done internally and major repairs being outsourced;
- ✓ strengthen the position of fleet assets as a critical component of the service delivery value chain; and
- ✓ optimise the total cost of ownership for the City and endeavour to become competitive with external and/or other fleet service providers.

R29 BILLION

The City's total investment in repairs and maintenance since 2012/13 (R2,69 billion in the year in review).



Performance highlights in the 2020/21 financial year included investment in the recapitalisation of fleet assets, which resulted in the reduction of the average age of the fleet, thereby improving reliability and availability. The new-look Khayelitsha workshop was completed and reopened, while planning of the upgrades to the Bellville and Hillstar workshops continues, with the next phase of work to commence in the 2021/22 financial year.

In other highlights, the fleet management information system proceeded with phase 3. By 30 June 2021, deliverables completed included the business intelligence off-road maintenance report, urgent fixes and unresolved items from phase 2, and training and embedding in respect of phases 1 to 3. The aim is to complete the remaining deliverables in the 2021/22 financial year.

The reporting year also saw the second apprenticeship programme being completed. By the end of June 2021, the ten apprentices had completed 18 months of their in-service training obligations. The programme will be continued in the year ahead. Two participants in the first apprenticeship programme, one male and one female, were appointed as artisans in the fleet workshops.

Finally, the draft Fleet Sector Plan was completed and tabled for consideration. The decision has fallen on a centralised operational/management model. This process has now commenced and the City

Manager has issued a directive that outlines the key objectives and outcomes of the initiative.

FACILITIES MANAGEMENT

The City's facilities management strategy is supported by a facilities management implementation plan, which includes the following focus areas:

- ✓ Ensure that City buildings are efficiently maintained
- ✓ Ensure compliance with relevant legislation
- ✓ Provide suitable and compliant corporate accommodation for the City
- ✓ Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings)
- ✓ Develop a well-capacitated staff component
- ✓ Support optimisation and rationalisation plans for facilities
- ✓ Develop facilities management standards and maintain those standards in line with best practice
- ✓ Resilience, resource-efficiency and water-use consciousness
- ✓ Ensure that buildings support universal access for all users

FIGURE 15: City's facilities management strategy



In 2020/21, achievements against the focus areas in the implementation plan were as follows:

TABLE 21: Facilities management strategy performance against objectives

OBJECTIVE	ACHIEVEMENTS
Ensure that City buildings are efficiently maintained	✓ The Facilities Management Interaction Centre (FMIC) continued to ensure that the City's buildings are efficiently maintained. The FMIC operates via SAP CRM, which enables clients to contact a central point to ask questions, log complaints and request services. It also provides for a dashboard capability and management reporting. ✓ In conjunction with the FMIC, the service-level agreement project made further progress. In addition to the existing agreements with the Fire and Rescue Service, Metro Police, municipal courts and Traffic Services, an agreement has now also been signed with Community Services and Health (libraries and clinics). ✓ Facilities Management has continued implementing business initiatives identified in its asset management plan. With another 22 condition assessments of municipal buildings completed in 2020/21, total assessments now stand at 34 since the start of the initiative in 2019/20. Assessment of a further 16 buildings are planned for the 2021/22 financial year.
Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings)	✓ The Facilities Management Building Procedures and Guidelines for Tenants and Users contain guidelines and principles that need to be complied with in addition to the relevant internal and other standard operating procedures of City facilities.
Support optimisation and rationalisation plans for facilities	✓ In compliance with the City Manager's Directive 15 of 2017, Facilities Management works according to a norms and standards document. The document integrates specific legislation, regulations and infrastructure with the multidisciplinary technical environment of the City. Therefore, the intent is to standardise and strengthen the baseline competence so as to improve the strategic management and optimisation of the City's infrastructure assets.
Ensure that buildings support universal access for all users Ensure compliance with relevant legislation Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings)	✓ The Facilities Management lift modernisation/replacement project saw 13 lifts in corporate facilities either replaced or refurbished, upgraded and modernised.

.....

OBJECTIVE	ACHIEVEMENTS
Support optimisation and rationalisation plans for facilities Provide suitable and compliant corporate accommodation for the City	✓ This project supports the City's Future of Work strategy, as it enables staff across the organisation to work remotely. Hot-desking facilities have been rolled out at Cape Town Civic Centre, and the Strand, Durbanville, Bellville and Lentegour municipal buildings. Roll-out of hot desking to further identified facilities is planned for the 2021/22 financial year. ✓ The review of office accommodation needs continues with the aim of reducing the lease-in budget by 50% over a two-year period (2020 to 2022). A total of 28,9% of leased-in space for office accommodation was terminated in the past year. ✓ Customer interface service areas in Cape Town malls are being developed over a three-year period up to 2023, in line with the MSDF.

OPTIMISATION AND RATIONALISATION STRATEGIC FRAMEWORK AND ROADMAP

This framework is the foundation on which the City will develop the way forward in terms of optimising and rationalising its immovable property assets.

The intent behind the framework is twofold, namely:

- ✓ to set the tone, create order, set principles and parameters, and create governance and oversight structures for asset optimisation; and
- ✓ to articulate a defined process that can be applied to successive optimisation and rationalisation exercises.

As part of the implementation of the framework, the City transferred 31 properties to the value of R47 million to new owners in the year in review. These included transfers to Province, False Bay College and several NGOs for social facilities, and for business development.

The City's Optimisation and Rationalisation function is in the process of being capacitated. Once the resources are on board, the framework will be embedded in the City's operations.

MUNICIPAL COST CONTAINMENT REGULATIONS

The Municipal Cost Containment Regulations (MCCR) were promulgated in June 2019 and took effect the following month. In terms of the MCCR, municipalities are to implement cost containment measures to ensure that municipal resources are used effectively, efficiently and economically. The regulations further require municipalities and municipal entities to either develop or review their cost containment policies. To this end, Council approved the City's cost containment policy in October 2019.

VALUE AWARENESS PROGRAMME

CHANGE MANAGEMENT PROJECT

The City's change management project is its organisational roadmap aimed at ensuring service delivery that consistently meets the needs of all Cape Town's citizens, and providing resilient, adaptable and sustainable services.

Its key focus areas include:

- ✓ building a values-based organisational culture to drive excellence in service delivery;
- ✓ an absolute commitment to customer centricity;
- ✓ effective employee engagement through appropriate recognition and reward;
- ✓ raising the City's reputation as an employer of choice with a compelling employee value proposition; and
- ✓ entrenching the City as a 'best of breed' local government by attracting, training and retaining top talent.

In 2020/21, the City's Organisational Development Branch provided change management training to 814 employees, including the network of change champions as well as line and project managers, and to 144 Public Participation EPWP workers.

Change management support was also provided to major transversal programmes and projects, including the Human Resources (HR) service delivery model, Future of Work, HR Covid-19 capacity reporting, HR paperless onboarding, fleet centralisation, Protection of Personal Information Act (POPIA), broad-based black economic empowerment (B-BBEE) requirements for economic

inclusion, and the data strategy. In terms of the data strategy, major change contributions were made, including the implementation of the Citywide data perception survey and the Gartner data maturity assessment, uncovering the key focus areas for data maturity across all directorates. Partly thanks to the HR Covid-19 capacity reporting solution, the City received a global award for its rapid data response to the pandemic.

BUILDING A VALUES-DRIVEN CITY

A series of values awareness initiatives have been implemented across the City since 2017. In the past financial year, 1 222 leaders at post levels T10 and above participated in the City's leadership development programmes on City values, including values-based leadership. In April and May 2021, the City Pulse culture assessment survey was conducted. The survey measures employees' experience of the City's culture, including the demonstration of the City's values in day-to-day operations. The overall score as well as the scores on particular attributes relating to ethical leadership and appreciation of diversity and inclusivity across races and genders increased significantly compared to City Pulse 2019.

BECOMING AN EMPLOYER OF CHOICE

To create a strong employee value proposition, the City also implemented programmes identified as required by the 2018 and 2019 City Pulse culture assessment surveys, such as team enablement interventions to ensure greater team effectiveness and performance. The administration also continued to apply its attraction, development and retention strategies - an outcome of strategic workforce planning by the Organisational Development Department. These strategies focus on the development of targeted employee attraction interventions, participation in leadership development programmes and performance management, and development of recognition and reward initiatives at departmental and directorate levels. In addition, strategic workforce plans were developed for 41% of all City departments, which guided leadership in identifying areas of future skill demand and supply. These, in turn, informed strategies such as succession planning.

RECOGNITION AND REWARD PROJECT

The City is committed to creating an organisational culture in which employees are encouraged, enabled and equipped to consistently excel. The City Awards acknowledge exceptional employees who go the extra mile and set an example through living the values and behaviours that support a

customer-centric culture. In 2020, the City Awards were hosted online for the first time to comply with Covid-19 protocols. Individuals and teams were nominated by their peers or managers, and any employee was able to submit a nomination and motivation.

THE 2020 CITY AWARDS PROVED TO BE THE ADMINISTRATION'S BEST-SUPPORTED RECOGNITION AND REWARDS FUNCTION TO DATE, RECEIVING FOUR TIMES THE NUMBER OF SUBMISSIONS RECORDED IN PREVIOUS YEARS.



COMPLIANT SERVICE DELIVERY PROGRAMME

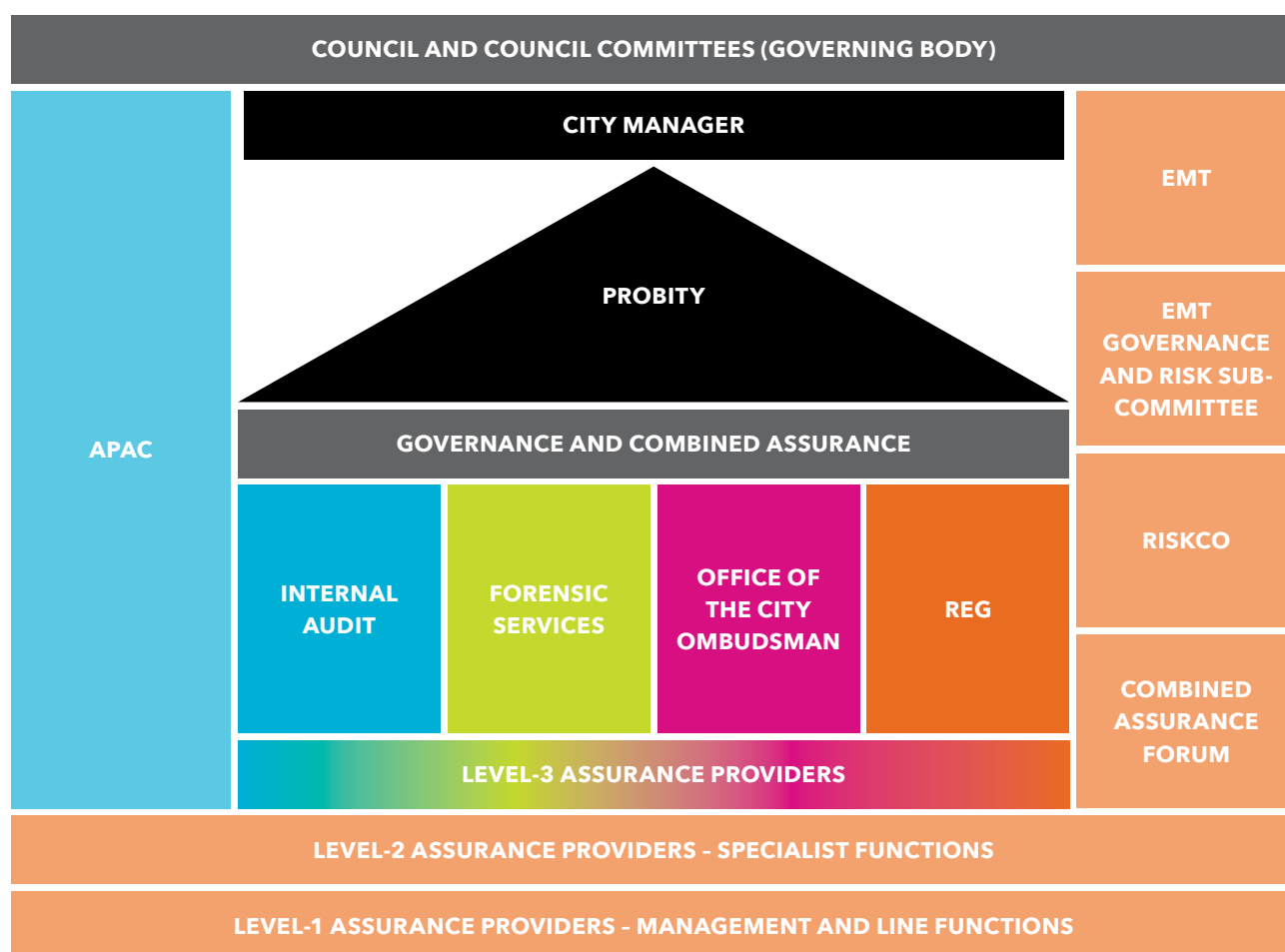
LEGAL COMPLIANCE PROJECT

PROBITY

King IV defines governance as effective and ethical leadership aimed at achieving an ethical culture, good performance, effective control and legitimacy. Probity at the City is a portfolio of selected levels of internal assurance providers (IAPs) located in the Office of the City Manager. It comprises the Office

of the Portfolio Manager: Probity, Governance and Combined Assurance, Risk, Ethics and Governance (REG), Internal Audit, Forensic Services and the Office of the City Ombudsman. Through their respective mandates, these IAPs help the City make governance a key enabler of improved service delivery, and implement various initiatives to help achieve the King IV governance outcomes. The IAPs report administratively to the Portfolio Manager: Probity and have unrestricted access to the City Manager. The City Ombudsman and the chiefs in charge of the independent IAP functions (level-3 assurance providers) are responsible and accountable for their respective operations.

FIGURE 16: City of Cape Town Probity function

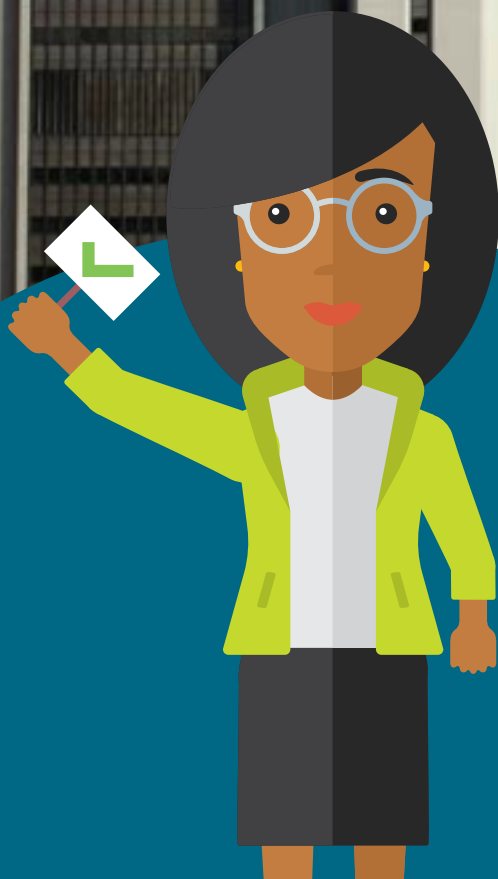


GOVERNANCE AND COMBINED ASSURANCE

The Governance and Combined Assurance function in the Office of the Portfolio Manager: Probity reports functionally to the portfolio manager and is responsible for assisting Probity in the execution of combined assurance responsibilities as per the City Manager's functional subdelegations. These include encouraging and facilitating collaboration among assurance providers, and consolidating and

reporting relevant information to provide a holistic and concise view of governance and combined assurance matters to key stakeholders. To achieve the above, the Office of the Portfolio Manager: Probity has identified and implemented key programmes, which include combined assurance, consequence management, integrated early-warning systems, integrated governance reporting, quality assurance and data integrity.

AT THE END OF JUNE 2021, THE CITY HAD 29 384 EMPLOYEES (2019/20: 28 828). THIS REPRESENTS A YEAR-ON-YEAR INCREASE OF 1,92% IN THE CITY'S STAFF COMPLEMENT. THE VACANCY RATE AT THE END OF THE YEAR IN REVIEW WAS 8,42%, WHICH IS SUBSTANTIALLY LOWER THAN THE TARGET PERCENTAGE OF 11,01%.



RISK, ETHICS AND GOVERNANCE (REG)

The City's REG function delivers the following:

- ✓ **Integrated risk management (IRM)** – The facilitation, monitoring and reporting of significant risks.
- ✓ **Business continuity management** – The facilitation of business impact analyses and business continuity plans (BCPs), and the testing of BCPs.

Furthermore, in conjunction with the corporate pandemic team, REG continued to assist identified essential services as well as the Pandemic Business Continuity Coordination Committee with:

- the identification of key level-2 pandemic assurance providers;
 - the review/facilitation and finalisation of Covid-19 BCPs for essential services as well as their identified assurance providers to ensure service continuity; and
 - drafting and making available a pandemic guideline when required.
- ✓ **Ethics** – Driving the process of protecting, nurturing and enhancing an ethical culture by implementing various ethics-related initiatives in the City. These are aimed at institutionalising ethical behaviour and responding to ethics and integrity transgressions of the City's code of conduct. Activities fall into the following three categories:
- **Reactive** – Investigations on reported transgressions of the municipal code of conduct for staff, ethics-related policies and procedures, conflicts/declarations of interest, private work, gift receiving and discriminatory behaviour
 - **Proactive** – Conducting training and awareness sessions aligned with the City's stance of zero tolerance for unethical behaviour, and emphasising the City's commitment to embedding ethical decision making into the day-to-day business activities of all officials and employees, as well as to the monitoring and reporting of all City employees' declaration-of-interest status
 - **Advisory** – Guidance to management and employees to ensure compliance with applicable ethics laws, regulations, codes and policies, as well as development and/or review of policies, processes and procedures relating to ethics in the City

INTERNAL AUDIT

Internal Audit is an independent function that reports administratively to the Portfolio Manager: Probity, and functionally to the APAC.

Internal Audit provides independent, objective assurance and advisory services. It helps the City accomplish its objectives by evaluating and improving the effectiveness of its risk management, control and governance processes.

In addition, Internal Audit implemented safeguards to ensure that its independence and objectivity are maintained in executing its mandate and responsibilities.

FORENSIC SERVICES

The responsibilities of the Forensic Services function include:

- ✓ providing a reactive forensic service in respect of significant fraud, corruption, maladministration or negligence on the part of City employees, municipal entities, agents, contractors, suppliers and service providers;
- ✓ implementing proactive anti-fraud and anticorruption policies, initiatives and prevention measures; and
- ✓ raising awareness and providing information and education in relation to fraud and corruption.

Forensic Services and the Ethics function (under REG) conduct awareness sessions that highlight the City's commitment to combating fraud and corruption and making ethical decision making an integral part of the day-to-day operations of all officials and employees.

OFFICE OF THE CITY OMBUDSMAN

King IV recommends that alternative dispute resolution mechanisms and associated processes be adopted and implemented as part of the overall management of stakeholder relationships.

The Office of the City Ombudsman (OCO) investigates and helps resolve public complaints against the administration. The OCO renders an independent, impartial, unbiased, non-prejudicial and apolitical service, which includes alternative dispute resolution, advocacy, relationship management and communication.

On 15 March 2021, a new SMS service was launched to enhance the OCO's public accessibility. Residents are now able to send an SMS to the number 44781 to lodge a complaint. The OCO endeavours to respond to complainants within two working days. By 30 June

2021, a total of 81 complaints had been received via the SMS service. Once complaints have been acknowledged, the OCO will determine whether the matter is within their mandate, and initiate an investigation upon confirmation. The resident will be assisted with the appropriate complaints forms through online communication.

In the reporting year, the OCO received 1 251 complaints, 200 of which did not fall within the Ombudsman's mandate. A total of 678 complaints were redirected or escalated to City departments, and 153 were scheduled for formal investigation. The remaining 220 complaints still need to be assessed. The OCO finalised 412 investigations in the financial year.

B-BBEE COMPLIANCE PERFORMANCE

Information on compliance with the B-BBEE Act, Act 46 of 2013 is included in appendix M.

EVIDENCE-LED DECISION MAKING PROGRAMME

DIGITAL TOOLS PROJECT

This project leverages digital and IT tools to automate and improve the management of City business processes in line with international best practice and the prescripts of laws such as the Spatial Data Infrastructure Act, Act 54 of 2003 and the Provincial Archives and Records Service of the Western Cape Act, Act 3 of 2005.

Enterprise content management (ECM) is a key component of the project. ECM refers to the ways in which data, information and documents are managed across the organisation in terms of knowledge and records management requirements. Previous ECM work was taken forward in 2020/21 as part of a core application review programme, which has a ten-year-plus timeline. The core application review includes the implementation of an integrated document and records management system as one of its main goals. This will enable the City to fast-track its move to a fully digital document and records management environment.

The City's open data portal provides public access to a wide variety of data. The portal promotes citizen engagement with the City by making it easier for members of the public to access data. It currently hosts 146 datasets and continues to grow in popularity, with an average of 2 000 downloads per month. It remains highly effective in promoting the use of the City's data for broader social and economic benefit. Data release on the portal is governed by the City's Open Data Policy. The review of the policy to align with the City's data strategy

was completed in 2020/21, and Council adopted the revised policy in December 2020.

The City's spatial information portal (intranet), in turn, provides internal access to spatial data, static maps, all business-specific viewers as well as geographic information systems (GIS) policies and standards. Enhancing the portal is a new GIS dashboarding tool, which allows all City staff users to access business intelligence data in a spatial or mapping format. Other dashboards show service requests and capital budget information, which is very close to real-time and updated constantly. In 2020/21, the dashboard was enhanced with the addition of data themes relating to energy consumption, water consumption and solar generation in relation to City buildings.

DATA ANALYSIS METHODOLOGY PROJECT

From July 2020 onwards, the City's focus on data concentrated on the pandemic response. The data workstream, which was initiated in March 2020 in response to the pandemic, continued to assist and support the City's dynamic operational framework and then recovery planning, led by the City Manager and the EMT.

Various phases of the City's response were identified across a number of workstreams, and data, models and tools were used to present, analyse, monitor and support City planning, operations and continued service delivery. In the advanced planning and operational implementation phase, from May to July 2020, the focus was on developing a supplementary health platform and a fatalities management plan, and actioning informal settlements basic services augmentation. From August 2020, the focus shifted to operations and systems maintenance to manage chronic stress, as well as preparing for Covid-19 monitoring and management in the long term. Since January 2021, the City has been hard at work stress managing, stabilising and adapting, including driving inclusive recovery and wellbeing.

All phases of the City's response to the pandemic involved collecting data, analysing patterns, gaining insights, and then communicating and utilising these insights to inform strategies, plans and actions. The data workstream reviewed epidemiological models, displayed data in dashboards for executive decision makers, developed insights and projections (to flow through to other management tools, such as logistics planning), while also managing data-sharing agreements. Internal City administrative data were also accessed to provide information on staff capacity. Some of the other

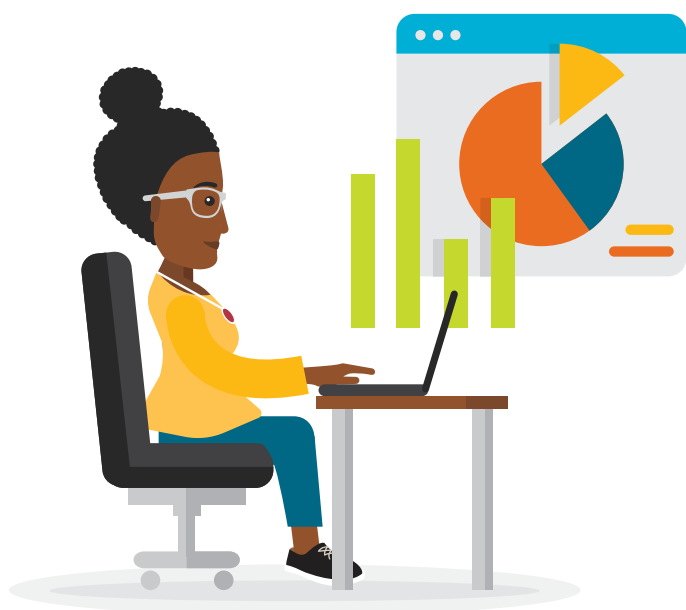
tools included a vulnerability viewer and economic impact modelling.

The implementation of the data strategy and its associated technical assistance was leveraged to adapt rapidly in support of the City's response to the crisis. An example has been a project to improve the City's understanding of its financial sustainability to serve its citizens better with less resources available. The project included building a revenue scenario model, quantifying the costs associated with the broad-ranging Covid-19 response in one, single space. It also involved a decision support tool that integrated various risk and decision models, and a risk model tailored to the specific system risks associated with the pandemic response.

In January 2021, the City was awarded an apolitical public services award for Covid-19 rapid responders for the administration's data response. The award citation commended the City for its "impressive data products, world-class project management capabilities, and innovative risk and resilience tools".

Many insights were gained into the value of data tools and skills, including analysis in a time of crisis, which have further accelerated the City's data maturity journey, and the role of data capabilities in its broader Resilience Strategy.

The majority of the data tools developed continue to be used in the pandemic recovery phase. For example, the vulnerability viewer and its data processes and analyses now provide case data and relevant contextual information to City officials and help align the data used across functional areas. Data are accessed and analysed to provide a snapshot of Covid-19 impact and status. Maps and indicators are also provided to highlight socioeconomic vulnerabilities in Cape Town.



INNOVATION PROJECT

The City's Innovation and Operational Effectiveness Branch heads up the development and implementation of innovative strategies and projects to drive customer-centric service delivery across the organisation as well as with external stakeholders.

Its core functions are to:

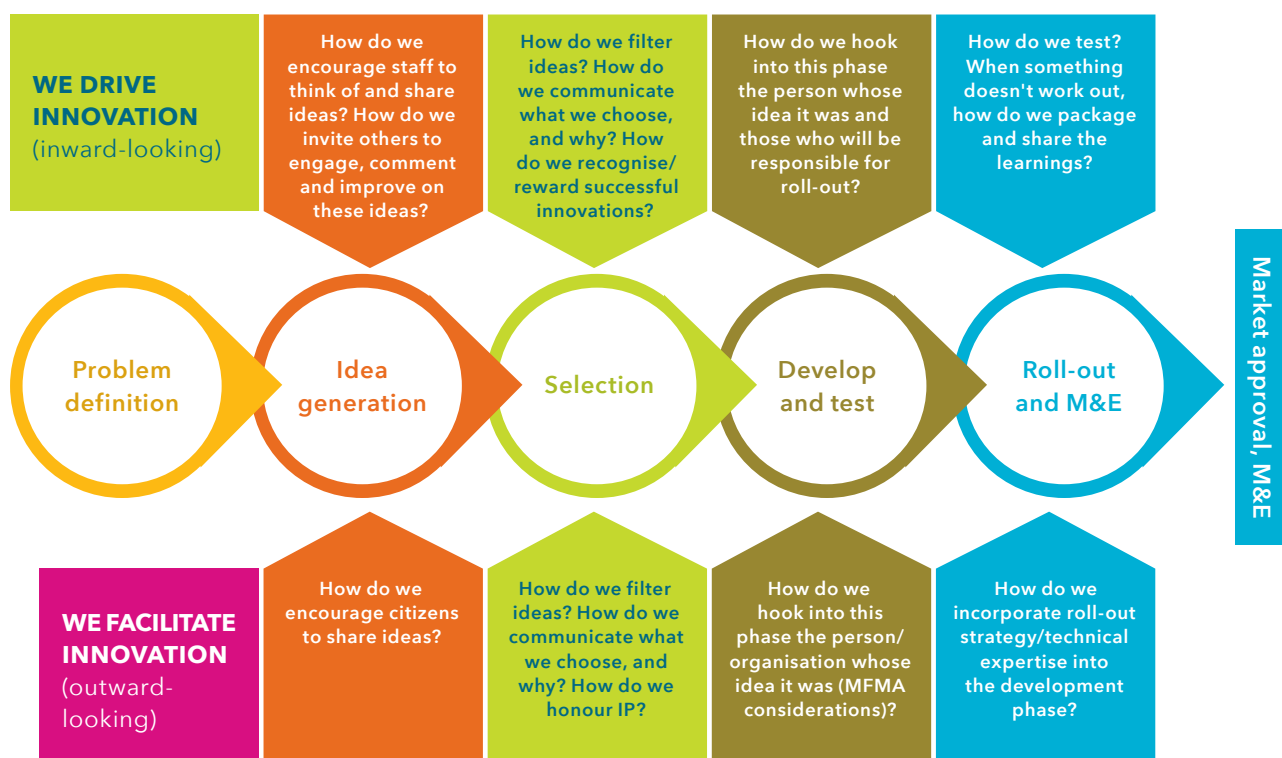
- ✓ enable the creation of an innovation-led organisation;
- ✓ solve operational challenges;
- ✓ increase operational excellence; and
- ✓ promote a culture of customer centricity.

In addition, an Innovation Forum, comprising representatives from all City directorates, works to:

- ✓ provide a Citywide platform for transversal approaches to innovation;
- ✓ set the overall innovation scope, strategic goals and deliverables for the organisation;
- ✓ promote an innovation ethos and culture in the City;
- ✓ create a space for collaboration on design-led thinking and innovation across City line departments; and
- ✓ facilitate Citywide initiatives to support design thinking and innovation.
- ✓ The City also provides a digital platform for ideas management, known as the City of Cape Town Collaboration Platform (<http://www.capetown.gov.za/ideas>). It offers a channel for collaboration with internal and external stakeholders, and creates an effective avenue for the sourcing of innovative ideas. The platform enables the City to crowdsource ideas from a wide range of stakeholders, such as citizens, scholars, innovators and researchers who are interested in sharing innovative ideas.

The platform promotes innovative, design-led approaches to City service delivery and encourages effective engagement with citizens on matters that affect them. It can be used to link up with existing areas of excellence in the City, drive further collaboration with external stakeholders, and obtain ideas from citizens on how to ensure relevant and increasingly innovative services.

FIGURE 17: The City's innovation framework



SERVICE DELIVERY SKILLS PROGRAMME

THE CITY'S HUMAN RESOURCES AT A GLANCE

At the end of June 2021, the City had 29 384 employees (2019/20: 28 828). This represents a year-on-year increase of 1,92% in the City's staff complement. The vacancy rate at the end of the year in review was 8,42%, which is substantially lower than the target percentage of 11,01%.

TABLE 22: Staff complement of the City of Cape Town

MANAGEMENT LEVELS		TARGET GROUPS								Total	Designated white male	Non-targeted groups	Total staff establishment on management levels 1-3
		DESIGNATED GROUPS				NON - DESIGNATED	DESIGNATED GROUPS						
		MALE				FEMALE							
		African	Coloured	Indian	White	African	Coloured	Indian	White				
LEVEL 1	EE PLAN TARGET 20/21	1	4	0	2	0	1	0	2	10	0	0	10
	Actual	1	3	0	3	1	0	0	2	10			
LEVEL 2	EE PLAN TARGET 20/21	6	12	2	16	5	6	2	4	53	2	1	54
	Actual	6	12	4	13	6	5	3	4	53			
LEVEL 3	EE PLAN TARGET 20/21	37	59	4	49	28	48	2	23	250	2	1	252
	Actual	30	50	8	69	22	33	8	31	251			
TOTAL PERMANENT		37	65	12	85	29	38	11	37	314	4	2	316
MANAGEMENT LEVELS 1-3: COMPLIANCE SUMMARY		MANAGEMENT LEVELS 1-3											
			MALE		FEMALE		DESIGNATED						
		EE PLAN TARGET 19/20	60,29%	189	39,71%	125	75%						
		ACTUAL	63,38%	199	36,62%	115	74,20%						

Total EE staff establishment of 316 includes foreign nationals

Total EE Plan Target Setting staff includes South African white males, but excludes foreign nationals

SKILLS GAP AND EVALUATION PROJECT

In the 2020/21 financial year, the Organisational Development Branch, in conjunction with line departments, completed 41% of all departmental strategic workforce plans. These are aimed at identifying current and future skills and competencies required by the organisation to meet its service delivery mandate. Strategic workforce plans incorporate succession plans as well as attraction, development, engagement and retention strategies for each department to ensure that their workforce needs are met through bespoke talent solutions.

To ensure the development of a sustainable pool of future leaders, a series of leadership development programmes were delivered throughout the reporting year, predominantly via virtual learning platforms. These included:

- ✓ the People Management Programme, which caters for staff at levels T10 to T13 as well as supervisory and future leadership;
- ✓ the Management in Development Programme (including a 360-degree assessment), which targets departmental heads and managers at levels T14 to T18; and
- ✓ the Leadership in Development Programme (including a 360-degree assessment), which is designed for directors and executive directors.

The LEAD (Leading, Engaging and Developing) programme, also launched in 2020, has been

designed to build technical capacity and competencies that will enable leaders and managers to implement the City's strategies. The programme covers four main areas, namely compliance and governance, municipal industry sector training, technical management, and people management. It comprises 21 modules, half of which are available on the City's online learning portal, and the balance facilitated in conjunction with internal subject matter experts.

To date, 1 222 employees, or 15% of those at levels T10 to T22, have attended the City's leadership development programmes. The positive impact of this training is demonstrated in the results shown across the leadership dimension of the City Pulse 2021 culture assessment survey.

In addition, the City has implemented a new programme to train in-house coaches. Twenty employees graduated from the programme in June 2021. Further development of existing in-house coaches is also under way through a contract with an external training provider.

SKILLS INTERVENTION PROJECT

The City undertakes numerous projects and interventions aimed at addressing identified skills gaps and ensuring that the administration and its employees keep pace with the demands of an evolving citizenry. While Covid-19 meant that some of the skills programmes, such as the driver and shop steward training, had to be put on hold, the following training interventions were provided in 2020/21:

TABLE 23: City skills interventions and projects in 2020/21

INTERVENTION	DESCRIPTION	CITY STAFF TRAINED
Smart driver training programme	Trains the City's fleet drivers in responsible driving habits to protect the wellbeing of the drivers, help prevent accidents, minimise the risk of liability and accident claims, adhere to industry norms, and comply with government regulations and laws.	1 316 staff trained
Adult education and training (corporately funded)	Various adult education and training programmes. Gap initiative aimed at bridging the gap between Grades 10/11 and matric.	156 employees enrolled. Six completed their General Education and Training Certificate.
External opportunities (funded across City directorates)	External learning opportunities for graduate interns, external bursars, in-service students as well as learnerships and apprenticeships. The City's budget for external bursaries for the year in review was R6,3 million.	705 external trainee and bursary opportunities provided 294 apprenticeships 115 students secured permanent employment with the City

INTERVENTION	DESCRIPTION	CITY STAFF TRAINED
Finance management programme	A three-year course consisting of 15 unit standards. Offered to employees in the City's finance environment as part of their ongoing professional development.	118 employees enrolled

INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

National Treasury offers its Infrastructure Skills Development Grant (ISDG) as part of the Division of Revenue Act. The ISDG programme seeks to develop capacity in municipalities by creating a long-term, sustainable pool of young professionals with technical skills in the built environment, such as engineering, town planning, architecture, quantity surveying and GIS management.

The City has human resource structures in place to support the ISDG programme, which is dealt with as an expansion of the existing internal graduate internship programme.

Since inception, 76 graduates have been placed in various branches of the City, and three project administrators have been appointed. In the year in

review, three graduates successfully registered and 31 secured permanent employment with the City.

SERVICE DELIVERY IMPROVEMENT PROGRAMME

Through its customer-centric service delivery improvement programme, the City is working to improve local service delivery and enhance area-based coordination and management of services. This is to ensure that all City services are fully operational, functional and measurable against its SFAs and priorities.

Progress in the year in review is shown in the table below.

TABLE 24: Progress with refining the City's service delivery model as at 30 June 2021

ACTION	PROGRESS
Drafting baseline reports on customer satisfaction	Monitoring reports submitted to oversight committee every quarter.
Developing service-level agreements between the Urban Management Directorate and line directorates	Completed ✓ Agreements have been concluded and signed off between line directorates and Urban Management. These include details of the service menu and service delivery turnaround times. ✓ The agreements are reviewed annually and amended where required to reflect changing service delivery demands.
Establishing monitoring and evaluation protocols	Meetings are convened on a bi-weekly and monthly basis. ✓ Many service delivery imperatives cut across different disciplines, departments and directorates, with their own structures, reporting lines and reporting authorities. ✓ A transversal approach is employed to ensure optimal coordination, facilitation and management of City resources, systems, processes and procedures through multidisciplinary transversal committees. ✓ The management of these committees happens at local/area level, where challenges, problems and outcomes are reported at subcouncil and portfolio committees. ✓ This is the most appropriate level for engaging and reporting on service delivery imperatives, where a balance is struck between local customer representation (via politicians serving their communities) and management representation, to answer to service delivery challenges and/or deficiencies.

ACTION	PROGRESS
Developing proactive tools that will enhance service delivery for the benefit of the City's clients	Ongoing ✓ Service delivery enhancement involves a multipronged approach to addressing both hard and soft issues. ✓ It involves work on a number of platforms and initiatives aimed at improving both customer experience at interface and increasing the City's footprint in terms of delivering basic services to some of our most impoverished and vulnerable citizens. ✓ The equitable distribution of services is another facet in the multipronged approach, aimed at addressing the challenge of varying demands for services across town. ✓ It requires the City to manage resources, create systems and measuring tools, and strike an acceptable balance between taking care of basic needs, while continuing to build environments conducive to economic growth and job creation. ✓ The latter is achieved through improving and finetuning City internal systems and processes in the administration's pursuit of better efficiencies and vastly improved service delivery response and turnaround times.
Ensuring alignment between the Tourism Development Framework and the City's five SFAs and 11 priorities	Ongoing Local-area tourism plans have been developed. The projects and activities are aligned with, and relate to: ✓ SFAs 1 and 4 of the IDP; ✓ the Economic Growth Strategy; and ✓ the City's strategic priorities.

**THE CITY
HAS HUMAN
RESOURCE
STRUCTURES
IN PLACE TO
SUPPORT
THE ISDG
PROGRAMME,
WHICH
IS DEALT
WITH AS AN
EXPANSION OF
THE EXISTING
INTERNAL
GRADUATE
INTERNSHIP
PROGRAMME.**





OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

THIS OVERVIEW PRESENTS HIGHLIGHTS FROM THE ENTITY'S FINANCIAL PERFORMANCE FOR THE YEAR IN REVIEW AS WELL AS THE PAST FIVE YEARS.

179

Operating results for revenue and expenditure	180
Net surplus result	181
Capital expenditure	181
Net debtors outstanding and ratios	182
Investments, cash and borrowings	183
Credit rating	183

OPERATING RESULTS FOR REVENUE AND EXPENDITURE

Over the past five years, revenues increased by 5,45% to R45,61 billion. This escalation is mainly due to annual tariff increases.

Operating expenditure increased by 8,88% to R43,73 billion. The City does, however, attempt to keep the cost of operations as low as possible.

The following graphs detail revenue and expenditure for the past five years:

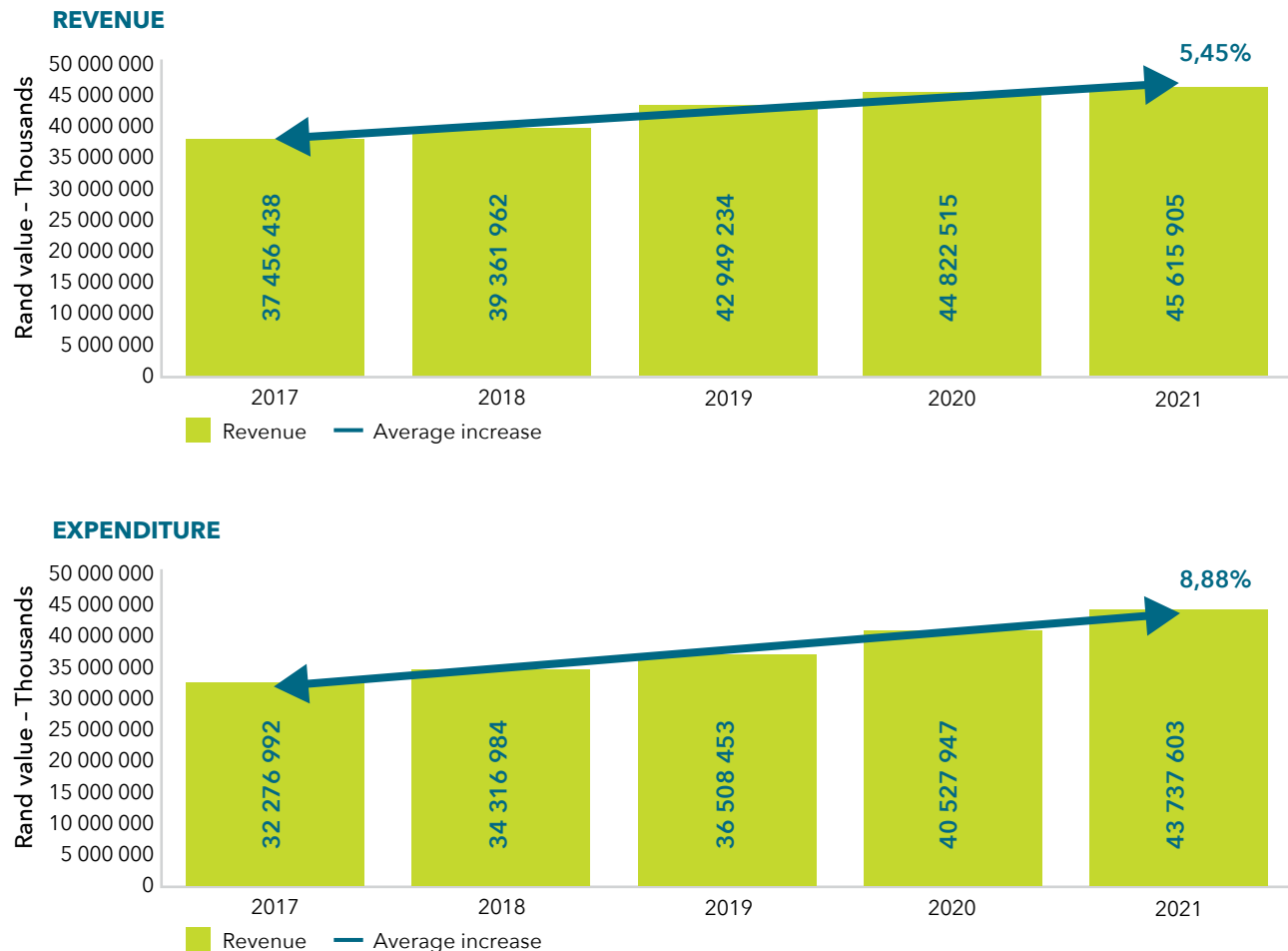


FIGURE 18: Entity's revenue and expenditure, 2017-2021

NET SURPLUS RESULT

As at the end of June 2021, the Entity reported a net surplus from operations of R1,87 billion (2020: R4,31 billion) against a budgeted surplus of R66,78 million. This surplus included grants revenue that had already been utilised to fund capital expenditure. A portion of the surplus was also committed to fund future expenditure, such as the replacement of capital assets. The surplus after appropriations is the best indicator of the Entity's underlying financial performance and sustainability.

TABLE 25: Actual and budgeted net surplus result, 2020/21

	ACTUAL R'000	BUDGET R'000
Total revenue	45 615 905	44 903 060
Total expenditure	43 737 603	44 836 283
Surplus from operations	1 878 302	66 777
Taxation	12 576	104 011
Loss attributable to non-controlling interest	21 615	76 493
Surplus after taxation	1 912 493	247 281
Less: Capital grants and donations	(1 812 666)	(1 939 476)
NET RESULT FROM OPERATIONS	99 827	(1 692 195)

CAPITAL EXPENDITURE

The Entity's property, plant and equipment expenditure for the year in review amounted to R6,55 billion (2020: R6,04 billion). This represents an 88,51% (2020: 89,01%) capital spend.

A complete analysis of capital expenditure (budgeted and actual) per functional area is included in the statement of comparison of budget and actual amounts, while annexure B to the consolidated annual financial statements contains details by asset class. More details on external loans used to finance fixed assets are contained in annexure A to the statements.

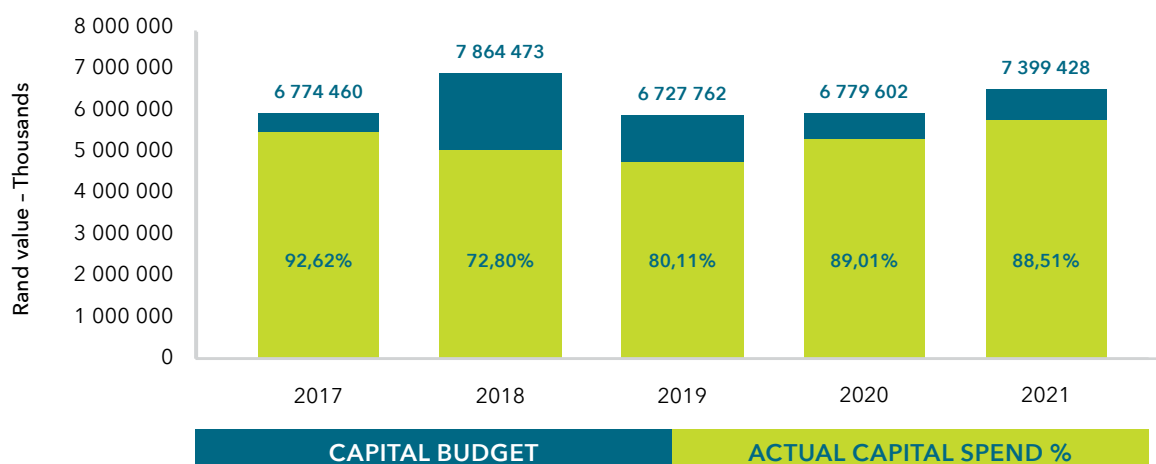


FIGURE 19: Entity's capital budget and capital spend, 2017-2021

NET DEBTORS OUTSTANDING AND RATIOS

The following illustrates the outstanding net debtors' and the collection ratios of the major stream services for the past five years.

Further details of these debtors' services are contained in note 9.

NET DEBTORS OUTSTANDING

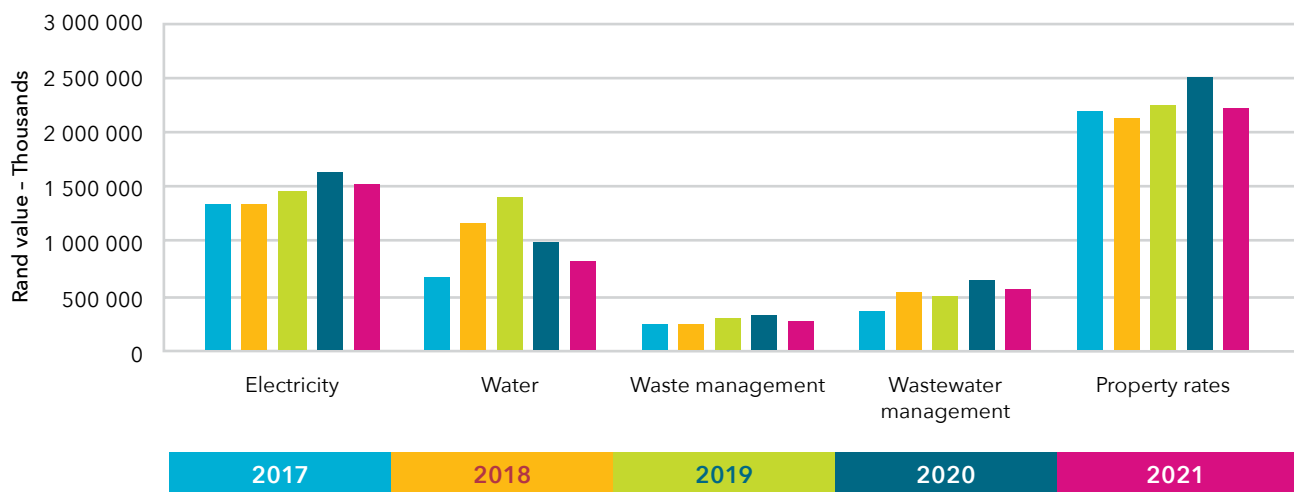


FIGURE 20: Entity's outstanding net debtors, 2017-2021

COLLECTION RATIOS

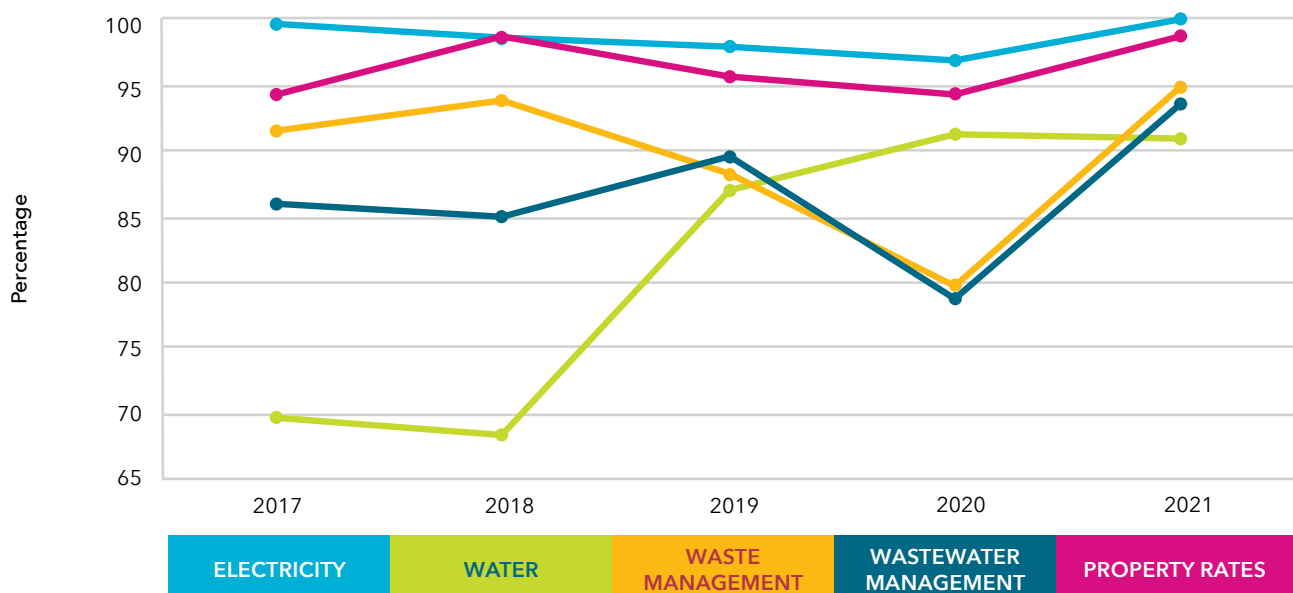


FIGURE 21: Entity's net debtors' collection ratios, 2017-2021

INVESTMENTS, CASH AND BORROWINGS

The Entity maintains a healthy cash and investment position, given the current economic conditions. Information on investments and cash and cash equivalents is provided in respectively notes 6 and 10 to the consolidated annual financial statements.

Investments as at 30 June 2021 amounted to R17,17 billion (2020: R17,65 billion), of which guaranteed investment instruments of R3,07 billion (2020: R2,77 billion) were set aside for the repayment of loans.

BORROWINGS

Based on the figures below, the City can service its current debt repayments, and also has sufficient cash flow to fulfil its long-term obligations. In addition, the City can take up further borrowings for capital expenditure/programmes based on its positive debt-to-revenue ratio.

TABLE 26: Financial ratios, 2020-2021

FINANCIAL RATIOS	TARGET	2021	TARGET	2020
Capital cost (interest and redemptions paid) to operating expenditure	6%-8%	2,72%	6%-8%	2,95%
Debt coverage by own billed revenue	26,11%	23%	45%	24,60%

CREDIT RATING

On 16 July 2021, Moody's Investors Service downgraded the long-term global scale and national scale ratings of the City of Cape Town from Ba2 and Aaa.za to Ba3 and Aa3.za, respectively. This downgrade by Moody's was as a result of an analysis performed on the local government 'sector' as a whole, with reasoning provided that there appears to be "rising liquidity pressure as a result of material shortfalls in revenue collection", that Moody's expects to last, in the context of very weak growth. Although the City's reporting indicated a resilient collection ratio and strong cash position at the time, the City, as an individual entity, was still directly impacted by this 'sector' review and downgrade.

On 26 November 2021, Moody's re-confirmed the City's global scale rating of Ba3/NP, national scale rating of Aa3.za/P-1.za as well as its negative outlook.

The City's rating reflects its credit profile of strong financial performance supported by prudent financial management, a large and diverse economic profile and predictable sources of revenue from property taxes and service charges. The City has consistently generated robust operating surplus and strong liquidity compared with that of its peers in South Africa. Although the City's debt is expected to rise gradually over the medium term, it will remain lower than most of its peers in the country. The City's credit profile is constrained by the capital spending pressure arising from infrastructure backlogs and population growth. It is further constrained by the structurally weak economic environment, worsened by the ongoing coronavirus restrictions, which is expected to moderate the City's operating performance.



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

185

Reporting entity's mandate	186
Approval of the consolidated annual financial statements	186
Report of the Auditor-General	187
Management comments and corrective actions to be instituted	193
Report of the Audit and Performance Audit Committee	194
General information	200
Significant accounting policies	204
Statement of financial position	222
Statement of financial performance	223
Statement of changes in net assets	224
Cash flow statement	225
Statement of comparison of budget and actual amounts – economic entity	226
Statement of comparison of budget and actual amounts – City of Cape Town	228
Segment report	230
Notes to the consolidated annual financial statements	236
Annexures	307

REPORTING ENTITY'S MANDATE

The City of Cape Town (hereinafter 'the City' or 'the Entity') is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa, 1996.

The principal activities of the City are to:

- ✓ provide democratic and accountable government to the local communities;
- ✓ ensure sustainable service delivery to communities;
- ✓ promote social and economic development;
- ✓ promote a safe and healthy environment; and
- ✓ encourage the involvement of communities and community organisations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Structures Act, Act 117 of 1998, the Local Government: Municipal Systems Act, Act 32 of 2000, the Local Government: Municipal Finance Management Act, Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2021, as set out on pages 204 to 333 in terms of section 126(1) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 39.2.2 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 1996, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this act.



Lungelo Mbandazayo

City Manager

29 September 2021

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

1. I have audited the consolidated and separate financial statements of the City of Cape Town set out on pages 204 to 306, which comprise the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies as at 30 June 2021.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa 2003, Act 56 of 2003 (MFMA) and the Division of Revenue Act of South Africa, Act 16 of 2019 (DoRA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

CONTEXT FOR THE OPINION

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the consolidated and separate financial statements section of my report.
7. I am independent of the City of Cape Town in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

KEY AUDIT MATTERS

9. I have determined that there are no key audit matters to communicate in this auditor's report.

EMPHASIS OF MATTERS

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

MATERIAL LOSSES/IMPAIRMENTS

11. As disclosed in note 9 to the financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R7,4 billion (2020: R7,8 billion).

SIGNIFICANT UNDERSPENDING

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the operating budget by R1,5 billion and the capital budget by R847 million. The underspending is mainly due to the impact of the Covid-19 lockdown, community dynamics and influences, delays with the appointment of service providers and contractor performance.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES (continued)

OTHER MATTERS

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

UNAUDITED DISCLOSURE NOTES

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, we do not express an opinion on it.

UNAUDITED SUPPLEMENTARY SCHEDULES

15. The supplementary information set out in pages 307 to 333 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion thereon.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE CONSOLIDATED AND SEPARATED FINANCIAL STATEMENTS

16. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the appropriate governance structure either intends to liquidate the City of Cape Town or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

18. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
19. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

20. In accordance with the Public Audit Act, Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My

procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the municipality's annual performance report for the year ended 30 June 2021:

STRATEGIC FOCUS AREA (SFA)	PAGES IN THE ANNUAL PERFORMANCE REPORT
Strategic focus area 3 – the caring city	336 to 337

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area.

OTHER MATTERS

25. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

26. Refer to the annual performance report on pages 334 to 339 for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
28. The material findings on compliance with specific matters in key legislation are as follows:

EXPENDITURE MANAGEMENT

29. Reasonable steps were not taken to prevent all occurrences of irregular expenditure disclosed in note 38.3.2.1 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the municipal supply chain management (SCM) regulation 5.

PROCUREMENT AND CONTRACT MANAGEMENT

30. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.

OTHER INFORMATION

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I have nothing to report in this regard.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES (continued)

INTERNAL CONTROL DEFICIENCIES

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
36. In some instances, adequate compliance monitoring processes were not implemented resulting in material non-compliance being reported in the area of supply chain management. This was due to contract management and regular contract performance management processes not being adhered to, which resulted in expenditure being incurred after the expiry date of contracts without following an appropriate procurement process.

MATERIAL IRREGULARITIES

37. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

MATERIAL IRREGULARITIES IDENTIFIED DURING THE AUDIT

38. The material irregularities identified are as follows:

PAYMENTS MADE FOR PLUMBING REPAIRS AND INSTALLATION SERVICES NOT RECEIVED

39. During the previous audit, the municipality made payments from July 2019 to June 2020 to contractors for the repair of plumbing and installation of water management devices at domestic properties occupied by indigent households. We identified instances where contractors billed for items that were not indicated on the respective job cards. The amounts claimed were therefore not always in line with the actual work completed and as a result, overpayments occurred. The overpayments occurred in the 2019/20 financial year and continued until the 2020/21 financial year.
40. The overpayments to contractors for these services are in contravention of section 78(1)(a) of the MFMA, as officials of the municipality exercising financial management responsibilities did not take all reasonable steps within their respective areas of responsibility to ensure that the system of financial management and internal control established for the municipality was carried out diligently.
41. The non-compliance is likely to result in a material financial loss if the overpayments are not recovered.
42. The accounting officer was notified of the material irregularity on 17 May 2021 and was invited to make a written submission on the actions that have been and that will be taken to address the matter. The accounting officer provided a submission on 11 June 2021 and subsequently on 7 December 2021.
43. The accounting officer appointed a forensic investigator on 8 June 2021 to quantify the full extent of the loss as well as the parties responsible for the loss. The financial loss will be recovered from the service providers and responsible officials identified once the outcome of the forensic investigation is known. The investigation had not yet been concluded and it is anticipated that a final report will be available no later than 31 March 2022.

NEEDS ANALYSIS TO INFORM THE REQUIRED NUMBER OF STANDBY TEAMS FOR PLUMBING REPAIRS NOT PERFORMED

44. During the previous audit, the municipality made payments from July 2019 to June 2020 to contractors for the repair of plumbing and installation of water management devices at domestic properties occupied by indigent households. We identified that the municipality paid in excess of the actual standby hours required for the period, as the municipality did not perform a needs analysis for standby teams required over weekends and after hours on weekdays. As a result the municipality paid for standby allowances that were not used. The overpayments occurred in the 2019/20 financial year and continued until the 2020/21 financial year.

45. The municipality paid contractors to be at full capacity over weekends and after hours on weekdays. The contract did not specify how the number of standby teams would be determined. The municipality's calculation of the number of standby teams also did not take into account demand trends and historical data of calls received during weekends and after hours on weekdays. The payment of standby hours not used is in contravention of section 78(1)(b) of the MFMA that requires effective management of resources of the municipality.
46. The non-compliance is likely to result in a material financial loss.
47. The accounting officer was notified of the material irregularities on 17 May 2021 and was invited to make a written submission on the actions that have been and that will be taken to address the matters. The accounting officer provided a submission on 11 June 2021 and subsequently on 7 December 2021.
48. The accounting officer appointed a forensic investigator on 8 June 2021 to investigate the full extent of the loss and circumstances and control deficiencies that led to the findings, and to recommend the necessary corrective actions and disciplinary steps to be taken. The investigation had not yet been concluded and it is anticipated that a final report will be available no later than 31 March 2022.
49. We will follow up on the implementation of the planned actions during the next audit cycle.

Auditor-General

Cape Town
10 February 2022



ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives, and on the municipality's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - ✓ identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - ✓ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - ✓ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - ✓ conclude on the appropriateness of the accounting officer use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the City of Cape Town, Cape Town Stadium and Cape Town International Convention Centre to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - ✓ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
 - ✓ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.
5. From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements for the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS TO BE INSTITUTED

ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL

Management comments and corrective action to be instituted on the matters raised in the report of the Auditor-General to the Council on the consolidated annual financial statements of the City of Cape Town for the year ended 30 June 2021 in terms of section 121(4)(e) of the Municipal Finance Management Act, Act 56 of 2003.

The audit report is unqualified with findings for which management comments and corrective actions are required. The findings are categorised under the heading 'Report on audit of compliance with legislation' and for which management comments and related corrective actions are provided as below.

EXPENDITURE MANAGEMENT

Paragraph 29

The City has made significant progress with the implementation of a contract management monitoring system and a contract register to monitor, evaluate and manage all contracts. Active contracts continue to be assessed on a monthly basis to monitor contract expiry. Continuous improvement and lessons learnt from residual shortcomings are being addressed systematically with enhancements to the contract management processes. In the event where processes and policies were not followed with due care, consequent management action is taken.

In addition to the above and given the high volume of contracts, the City is in the process of automating an alert mechanism for contracts due to expire, which is currently a manual process. The majority of the irregular expenditure identified in note 38 of the consolidated financial statements, were as a result of the City's own internal control measures implemented.

PROCUREMENT AND CONTRACT MANAGEMENT

Paragraph 30

Although a medium-term programme for corrective action has started two years ago, there were instances of non-compliance identified as stipulated in paragraph 29. These are still being addressed as part of the holistic change management programme. In addition, monitoring takes place and will be enhanced to ensure that delegations and approval processes (SCM regulation 5) are timeously adhered to. The City's preventative controls through ongoing training, consequence management and monthly oversight has contributed significantly to correcting past behavioural practices. The irregular expenditure identified in note 38 of the consolidated financial statements were mainly as a result of the City's own detection and reporting systems put in place, and through the proactive implementation of contract and project management processes.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021

In line with its strategic commitment to be a well-governed city, the City of Cape Town strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is a competent and independent Audit and Performance Audit Committee that is supported by management and councillors. Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent audit committee which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipal entity on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the City. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation, performance evaluation, major forensic investigations and/or other issues referred to it by the municipality or municipal entity.

The Audit and Performance Audit Committee (hereafter called 'the committee' or 'APAC') is an independent statutory committee appointed by Council and has adopted a formal Terms of Reference that has been approved by the Executive Mayor together with the members of the Mayoral Committee (Mayco). The committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein.

The committee is pleased to present its report for the financial year ended 30 June 2021.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Below is the summary of tenure, qualifications, and meeting attendances of the members:

NAME	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED	TENURE PERIOD (1)	TENURE PERIOD (2)
Dr Divya Singh	BA (Law) / LL.B / LLM / LLD / Masters in Tertiary Education Management / Advocate of the High Court of SA	8 (100%)	1 Nov 2015 to 31 Oct 2018	1 Nov 2018 to 31 Oct 2021
Ms Somesh Barnes*	Higher Certificate in Management / Diploma in Business Management / MBA	3 (100%)	26 Sep 2014 to 25 Sep 2017	1 Oct 2017 to 30 Sep 2020
Mr Rowan Nicholls*	BCom / CA(SA) / CAS (Computer Audit Specialist) (US) / MICS (Certificate of Chartered Shipbrokers) (UK)	3 (100%)	1 Oct 2017 to 30 Sep 2020	
Mr Mervyn Burton*	BCompt (Hons) / CA(SA) / Executive Management Programme	8 (100%)	1 Apr 2018 to 31 Mar 2021	1 Apr 2021 to 31 Mar 2024
Mr Linda Nene	BCom (Acc) / Post Graduate Diploma in Management (Corporate Governance) / Masters in International Business / CCSA / General Internal Auditor / Fellow of the IIA SA / CRMA / C Prac(SA) / Risk Management Strategies in the Public Sector	5 (100%)	1 Nov 2018 to 31 Oct 2021	1 Nov 2021 to 31 Oct 2024

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021 (continued)

NAME	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED	TENURE PERIOD (1)	TENURE PERIOD (2)
Dr Pritish Dala	PhD (Information Technology) / Masters (Information Technology) / BSc Hons (Computer Science) / Bachelor of Information Technology / Certified Information Systems Auditor (CISA) / Certified Information Security Manager (CISM) / Certified Information Systems Security Professional (CISSP) / Lead Auditor ISO (LA ISO) / Certified in the Governance of Enterprise Information Technology (CGEIT) / Certified in Risk and Information Systems Control (CRISC) / Certified Ethical Hacker (CEH) / Computer Hacking Forensic Investigator (CHFI) / Certified Data Privacy Solutions Engineer (CDPSE)	5 (100%)	1 Oct 2020 to 30 Sep 2023	
Ms Sizo Mzizi	BCom Hons: Financial Management / BTech: Cost and Management Accounting / Post Graduate Diploma: Corporate Law / Post Graduate Certificate: Corporate Governance / Higher Diploma in Education / ACMA CGMA (CIMA) / ACG (ACGISA)	5 (100%)	1 Oct 2020 to 30 Sep 2023	

* During the year under review Ms S Barnes' second term ended, Mr R Nicholls was not reappointed for a second term. Mr M Burton and Mr L Nene were reappointed for a second term.

Four committee meetings and four special committee meetings were held during the year. The four special meetings were for the purposes of approving the:

- ✓ 2020/21 Amended Audit Plan
- ✓ AGSA 2019/20 Audit Strategy
- ✓ IA Review of Annual Financial Statements (before submission to the AGSA)
- ✓ 2019/20 Annual Progress Report on Corporate Performance and Performance of the City's Entities
- ✓ Unaudited Draft Integrated Annual Report
- ✓ 2020/21 Adjusted Audit Plan
- ✓ 2021/22 Audit Plan
- ✓ Internal Audit Quality Assurance and Improvement Programme

The meeting agendas are substantial and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of commitment, integrity and objectivity. The APAC meetings are attended by:

- ✓ Portfolio Manager: Probity and relevant staff;
- ✓ Chief Audit Executive and relevant staff;
- ✓ Deputy Mayor;
- ✓ Chairperson of the Finance Portfolio Committee;
- ✓ City Manager (or a representative of the Office of the City Manager);
- ✓ Members of the Executive Management Team (EMT);
- ✓ Other officials (as required); and
- ✓ AGSA.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021 (continued)

In addition to the planned meetings, the committee also meets with the City Manager (quarterly) and the Executive Mayor (biannually).

AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements and the requirements of regulation 14 of the Municipal Planning and Performance Management Regulations.

The committee chairperson succinctly, openly, and honestly reported the committee's activities to Mayco and Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements prior to submission to the AGSA, the City's external auditors, and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit.

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability, and transparency. While congratulating the City's management on achieving an unqualified audit report on the annual financial statements and performance management, the committee notes the findings reported by the AGSA on the City's compliance with legislation and has already requested that the committee workplan be updated to focus on this area. There has been noticeable improvement in this area; however, there's still a great deal to be done. We are encouraged that management is committed to implementing the necessary controls to prevent and reduce the re-occurrence of these events, especially in the areas of supply chain management. We as APAC will continue to provide support wherever applicable.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed Internal Audit's annual statement on governance, risk management and internal control processes within the City of Cape Town for the year ended 30 June 2021.

The Internal Audit annual statement concluded that some improvement is needed in the City. The committee is, however, satisfied that while specific control weaknesses were identified, in general the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. There has been improvement; however, there is a need for continuous improvement across all the components of internal control.

The conclusion is, however, based on, and limited to, the available Internal Audit results throughout the 2020/21 financial year which was assessed in terms of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework. The COSO Internal Control - Integrated Framework was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication, and monitoring activities. It should be noted that audits conducted differ from year to year as it is dependent on the City's risk profile identified during the compilation of the annual risk-based audit plan. The impact of this is that the basis of comparatives used may differ as the City's risk profile may change from year to year. There has been improvement in the overall score.

As the evolving Covid-19 pandemic has brought uncertainties, organisations across the globe faced immediate risks impacting their control environment. In the context of the COSO Internal Control - Integrated Framework, these risks

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021 (continued)

may continue as the pandemic subsides and regulations around Covid-19 are lifted. One needs to take cognisance and prepare for the post-Covid-19 risk environment, while also implementing the learnings (controls) in the event of future pandemics.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the annual statement on governance, risk management and internal control processes. While they were not the general rule, they did occur from time to time in certain areas:

- (a) lack of policies and procedures and the inadequacy of existing policies and procedures;
- (b) lack of management review and supervisory checks;
- (c) lack of supporting evidence/information/records management processes;
- (d) the continuing resource and capacity constraints resulting in skills and performance limitations; resource/capacity constraints and lack of skills;
- (e) the want of effective communication/collaboration resulting in a siloed approach to activities; lack of communication/collaboration; and lack of monitoring activities.

While all of these areas require the necessary management attention, as the first line of defence in combined assurance, it is emphasised that none are serious enough to negatively impact the audit opinion, nor for the committee to raise a specific concern in this report with the City Manager, Council, Mayco or the Executive Mayor.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit findings on follow-up audits show a 76% reduction in recurring findings, which is above the target of 75%. Follow-up audits are only done once management confirms that the recommendations have been implemented. APAC is, however, concerned that some findings statuses remain as not implemented by management and that the percentage implementation of findings decreased (2019/20: 79%). Internal Audit is following up on these as well, with the objective of expediently clearing these matters.

Overall, the committee is satisfied with the quality and timing of management responses to the Internal Audit findings and agreed recommendations, which indicates a well-run city and an Internal Audit Department that is respected and valued. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. APAC is satisfied that management is appropriately balancing its commitment to delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Probity Department. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the committee regularly reviews developments in this area as part of its annual work plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021 (continued)

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Portfolio Manager: Probity in the Office of the City Manager, with unfettered access to the City Manager. The committee engaged the question whether the CAE should report administratively directly to the City Manager, and will continue to monitor the independence of the Internal Audit function as it is key to the committee's effectiveness.

An annual internal quality assessment of Internal Audit was completed for the year under review. The result is that the Internal Audit activity "Generally Conforms" to the Institute of Internal Auditors (IIA) Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Standards and Code of Ethics, and conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. Although this is the highest standard of achievement offered, recommendations for continuous improvement were received during the assessment and will be assessed and implemented as appropriate. The APAC monitors progress against the implementation plan at the quarterly meetings.

PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit and the Organisational Performance Management Department (as required by regulation 14 of the Municipal Planning and Performance Management Regulations). In reviewing the performance management system, the committee focuses on economy, efficiency, effectiveness and impact of key performance indicators and performance targets set by the municipality, as well as the risk to the City if targets are not attained.

RISK MANAGEMENT

The APAC Chairperson (or nominee) regularly attends the RiskCo meetings.

The committee appreciates the focus on emerging risks, especially the Citywide initiatives that continue to embed risk management processes in the City. RiskCo assists in promoting the understanding of the value of risk management through the strategic "tone from the top" ethos, ongoing risk evaluation, and efforts to ensure cost-effective mitigation activities. The committee highlighted its concern that management and Mayco do not regularly review the major corporate risks, or effectively manage their mitigation.

An independent maturity assessment of the Integrated Risk Management (IRM) function was conducted, and the IRM function is sound in terms of the fundamental risk procedures and the operational focus applied. In collaboration with EMT and RiskCo, a detailed action plan was developed for the recommendations and the implementation of the actions are monitored by RiskCo on a quarterly basis.

The committee commends the City on its proactive management of the Covid-19 pandemic and the planning regime that was instituted to manage the risks and ensure service and business continuity both internally and externally.

GOVERNANCE AND ETHICS

The committee continues to monitor key Citywide governance interventions required, such as the communication and monitoring of the Ethics Unit, Office of the Ombudsman, and compliance reporting, and receives quarterly feedback on forensic, legal, financial misconduct, ombudsman case management progress and ethics cases. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and growing awareness and understanding of the ethics message was evident in the year under review.

On a quarterly basis the committee receives feedback on the activities of the Municipal Public Accounts Committee (MPAC). A committee report will be submitted to MPAC as part of the annual report oversight process.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021 (continued)

DECLARATION OF INTERESTS (DOI) PROCESS: MONITORING AND REPORTING OF CITY EMPLOYEES' SUBMISSIONS

The DOI submissions are managed through the Ethics Unit working in cooperation with the line departments and EMT, and monitored through monthly reporting via the City Manager Dashboard process whereby the completion status, as well as areas of prioritisation that required EMT attention, was highlighted. The APAC monitors the submission status of the City employees' declarations of interest through biannual reporting from the Ethics Unit. The completion status for the 2020/21 financial year as at 30 June 2021 was 100% for level T14 and above, and 88% for level T13 and below. Note: In the latter instance, this is only year two of the three-year cycle, when the target of 100% must be achieved by end of year three for T13 and below. The number of SCM conflicted employees identified through the year was reduced to zero. The SCM conflicted list is provided by the SCM Department and is constantly monitored and followed up on a monthly basis by the Ethics Unit. The proactive following-up is to minimise/negate any AGSA findings at year-end.

MUNICIPAL ENTITIES

The committee plays an oversight and advisory role for the municipal entities, with the minutes of the respective audit committees being reviewed at the APAC meetings. Two members of the APAC and the Portfolio Manager: Probity have been appointed to the audit committees of both entities.

CONCLUSION

The committee is pleased with the continuing progress made by the City in improving and progressing in the areas outlined in this report.

The committee fully supports the City in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents. APAC is cognisant that sustainable service delivery in a vibrant, globally competitive and caring city must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to the management of the City, the AGSA and all the internal assurance providers, who assist the committee in performing its functions effectively and efficiently.



Mervyn Burton

Chairperson: Audit and Performance Audit Committee (appointed from 1 November 2021)

Date: 15 February 2022

GENERAL INFORMATION

AUDITORS	BANKERS	REGISTERED OFFICE
The Auditor-General of South Africa No 17 Park Lane Building Park Lane Century City 7441	Nedbank Limited 135 Rivonia Campus 135 Rivonia Road Sandown Sandton 2196	City of Cape Town 12 Hertzog Boulevard Cape Town 8001
Private Bag X1 Chempet 7442	PO Box 1144 Johannesburg 2000	PO Box 655 Cape Town 8000



**THE CITY OF
CAPE TOWN
IS A HIGH-
CAPACITY,
CATEGORY
A LOCAL
AUTHORITY
ESTABLISHED
IN TERMS
OF SECTION
151 OF THE
CONSTITUTION
OF THE
REPUBLIC
OF SOUTH
AFRICA, 1996.**



COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Ald A Abrahams	Cllr DE Badela	Cllr CDW Groenewoud
Ald EP Andrews	Cllr ZA Badroodien	Cllr NE Grose
Ald R Arendse	Cllr MK Bafo	Cllr LA Gungxe
Ald AJG Basson	Cllr UM Barends	Cllr B Hansen
Ald RA Bazier	Cllr S Batala	Cllr W Harris
Ald GV Cavanagh	Cllr TM Batembu	Cllr GCR Haskin
Ald PH Chapple	Cllr AM Benadie	Cllr PG Helfrich
Ald GD Fourie	Cllr R Beneke	Cllr A Hendricks
Ald BM Jacobs	Cllr CB Bew	Cllr PC Heynes
Ald WD Jaftha	Cllr N Bolitye	Cllr ND Hlangisa
Ald C Jordaan	Cllr M Booï	Cllr MW Hlazo
Ald CR Justus	Cllr FR Botha-Rossouw	Cllr TT Honono
Ald ML Kempthorne	Cllr R Bresler	Cllr VR Isaacs
Ald NJ Landingwe	Cllr EN Brunette	Cllr IR Iversen
Ald XT Limberg	Cllr KR Carls	Cllr HW Jacobs
Ald GW March	Cllr H Carstens	Cllr L Jali
Ald S Moodley	Cllr MA Cassiem	Cllr C Janse van Rensburg
Ald ID Neilson	Cllr MF Cassim	Cllr EE Jansen
Ald MJ Nieuwoudt	Cllr CS Cerfontein	Cllr S John
Ald D Plato	Cllr MN Chitha	Cllr X Joja
Ald SB Pringle	Cllr DJ Christians	Cllr N Jowell
Ald FA Purchase	Cllr BR Clarke	Cllr DM Khatshwa
Ald SJ Rossouw	Cllr GJ Classen	Cllr MRH Kleinschmidt
Ald JP Smith	Cllr DG Cottee	Cllr ME Kleinsmith
Ald X Sotashe	Cllr SA Cottle	Cllr C Kobeni
Ald TB Thompson	Cllr AC Crous	Cllr AL Komeni
Ald GG Twigg	Cllr M Dambuza	Cllr NF Kopman
Ald TA Uys	Cllr T Dasa	Cllr GPG Kriel
Ald JFH van der Merwe	Cllr MM Davids	Cllr AE Kuhl
Ald A van der Rheede	Cllr WB Dlulane	Cllr MD Kumeke
Ald J Vos	Cllr WP Doman	Cllr SP Liell-Cock
Ald BRW Watkyns	Cllr DK Dudley	Cllr AG Lightburn
Cllr FL Abrahams	Cllr SS Duka	Cllr BC Madikane
Cllr MR Abrahams	Cllr MR Dwane	Cllr N Mahangu
Cllr MF Achmat	Cllr PA East	Cllr N Mahlati
Cllr A Adams	Cllr CJ Esau	Cllr N Makasi
Cllr A Adams	Cllr JP Fitz	Cllr BM Majingo
Cllr R Adams	Cllr P Francke	Cllr LC Makeleni
Cllr Y Adams	Cllr CM Fry	Cllr SK Manata
Cllr M Adonis	Cllr A Gabuza	Cllr M Manuel
Cllr ZC Adonis	Cllr BC Golding	Cllr K Mare
Cllr FK Ah-Sing	Cllr GE Gordon	Cllr J Martlow
Cllr WJ Akim	Cllr AM Graham	Cllr DZ Masiu
Cllr E Anstey	Cllr AJ Griesel	Cllr V Matanzima

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Cllr JJ Maxheke	Cllr FM Nkuzana	Cllr AJ Skippers
Cllr P Maxiti	Cllr X Nofemele	Cllr OK Solomons
Cllr L Mazwi	Cllr S Nonkeyizana	Cllr NP Sono
Cllr S Mbandezi	Cllr SN Nqabeni Moloto	Cllr KG Southgate
Cllr JS Mbolompo	Cllr ML Nqavashe	Cllr CS Stevens
Cllr NV Mbombo	Cllr M Nqulwana	Cllr Z Sulelo
Cllr J McCarthy	Cllr A Ntsodo	Cllr PS Swart
Cllr AP McKenzie	Cllr P Nyakaza-Sandla	Cllr S Taliep
Cllr IP McMahon	Cllr L Nyingwa	Cllr HP Terblanche
Cllr CN Mdleleni	Cllr SF Oerson	Cllr EAJ Theron
Cllr SS Mfecane	Cllr GC Peck	Cllr G Timm
Cllr VN Mfusi	Cllr CY Persensie	Cllr N Tom
Cllr NE Mgolombane	Cllr XG Peter	Cllr B van der Merwe
Cllr JH Middleton	Cllr MJ Petersen	Cllr PE van der Ross
Cllr PM Mngxunyeni	Cllr S Philander	Cllr ML van der Walt
Cllr AC Moses	Cllr MP Pietersen	Cllr B van Reenen
Cllr NA Moshani	Cllr TI Pimpi	Cllr A van Zyl
Cllr T Mpengezi	Cllr YM Plaatjie	Cllr M Velem
Cllr V Mqadi	Cllr CJ Pophaim	Cllr R Viljoen
Cllr S Mzobe	Cllr CB Punt	Cllr DA Visagie
Cllr PS Mzolisa	Cllr ZL Qoba	Cllr CL Visser
Cllr N Ndaleni	Cllr RM Quintas	Cllr J Visser
Cllr AX Ndongeni	Cllr X Qwasha	Cllr PP Vokwana
Cllr K Nethi	Cllr MH Raise	Cllr ST Vuba
Cllr BP Ngcani	Cllr B Rass	Cllr FC Walker
Cllr B Ngcombolo	Cllr FHL Raymond	Cllr JJ Witbooi
Cllr MWN Ngeyi	Cllr N Rheeder	Cllr J Woodman
Cllr PM Ngqu	Cllr T Sakathi	Cllr N Xamle
Cllr D Ngubelanga	Cllr E Sawant	Cllr S Yalezo
Cllr XW Ngwekazi	Cllr MM Sibunzi	Cllr SK Yozi
Cllr S Ngxumza	Cllr RZ Simbeku	Cllr LG Zondani
Cllr M Nikelo	Cllr RS Simons	

In the course of the reporting period, the following councillors ceased to be political office bearers:

Cllr N Dilima	08/07/2020	Cllr E Fortune	31/03/2021
Cllr S Nqamnduku	28/08/2020	Cllr Z Nkangana	17/04/2021
Cllr D Bryant	09/09/2020	Ald M Oliver	20/04/2021
Cllr S Nkomiyahlaba	18/09/2020	Ald R Rau	28/04/2021
Cllr B Truter	06/01/2021	Ald D Smit	30/04/2021
Cllr C van Wyk	25/01/2021	Cllr M Bele	17/05/2021
Cllr F Gaffoor	29/03/2021	Ald C Clayton	31/05/2021

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with section 122(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors", read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

These consolidated financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

OFFSETTING

Assets and liabilities, as well as revenue and expenses, are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

GOING CONCERN

The going-concern assumption is founded on the City's constitutional mandate to levy property rates and service charges. Included in management's assessment of the City's going-concern status are key financial metrics, the impact of the Covid-19 pandemic, the associated conditions of a general economic downturn, approved medium-term budgets, and the City's dependency on grants from National Government and the Western Cape Provincial Government (hereinafter 'Province').

The National State of Disaster regulations promulgated to combat the Covid-19 pandemic, particularly the nationwide restrictions on spectator attendance at large events and gatherings, have had a negative impact on the normal business operations of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) and the Cape Town Stadium (CTS). As both entities are events-driven, the regulations continue to have a significant impact on their cash-generating capabilities. It is uncertain as to when these entities will be able to resume normal business operations.

The City approved a R200 million investment in the CTICC to fund the latter's cash shortfall up until 30 June 2022 by means of the new class C ordinary shares. The City resolved that the shares would be taken up as and when the CTICC requires the funding for its cash flow needs. The CTS's operations, in turn, are funded by the City in terms of a service delivery agreement based on its approved budget, which contributes to the CTS's operational sustainability.

Based on all of the above, management has concluded that the going-concern assumption used in the compiling of its financial statements is appropriate.

MATERIALITY

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

BUDGET INFORMATION

Variances between budget and actual amounts are regarded as material when the variance is:

- ✓ 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- ✓ 5% or greater in capital expenditure.
- ✓ All material differences are explained in note 37 to these consolidated financial statements.

QUALITATIVE THRESHOLDS

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- ✓ if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- ✓ if they constitute related-party transactions;
- ✓ depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- ✓ if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- ✓ if they are likely to result in a change in accounting policy;
- ✓ if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- ✓ depending on the degree of estimation or judgement required to determine their value; and
- ✓ if they affect the going-concern assumption of the City.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

QUANTITATIVE THRESHOLDS

Quantitative materiality refers to the monetary value of items, transactions or events that are likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The Entity uses 0,5% to determine materiality, considering the following factors:

- ✓ Nature of the Entity's business

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

MATERIALITY (continued)

QUANTITATIVE THRESHOLDS (continued)

- ✓ Statutory requirements
- ✓ The control and inherent risks associated with the Entity
- ✓ Prudence

The level of materiality per transaction class for the 2020/21 year is as follows:

Class of transaction	Level of materiality (R'000)
Revenue	223 939
Expenditure	221 548
Non-current assets	303 541
Current assets	85 839
Non-current liabilities	69 178
Current liabilities	52 507

The materiality calculation is based on the final approved 2020/21 adjustments budget of April 2021 for all classes of transactions.

Based on professional judgement, the overall quantitative value of materiality for the 2020/21 financial year is set at R200 million.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

IMPAIRMENT OF RECEIVABLES

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment, considering factors such as socioeconomic conditions, type of customer, the default period and service-specific payment histories.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

As part of the impairment calculation of the CTICC building and asset under construction, management has estimated the recoverable amount by calculating the value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding future cash flows and discount rates, which are disclosed in note 2.

SIGNIFICANT DELAYS IN ASSETS UNDER CONSTRUCTION

The Entity regards delays in assets under construction of more than one year as significant.

RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

MATERIAL LOSSES

Material losses are losses that occur due to factors other than normal production, and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

PROVISIONS AND CONTINGENT LIABILITIES

Management's judgement is required in recognising and measuring provisions, as well as measuring contingent liabilities, as set out in notes 13 and 34 respectively. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted where the effect of discounting is material.

CASH AND NON-CASH-GENERATING ASSETS

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the City's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other City assets.

The CTICC and CTS consider cash-generating assets to be those assets used to host events, being both companies' core revenue stream.

PRINCIPAL-AGENT ARRANGEMENTS

Management's judgement is required in determining whether it has entered into a principal-agent arrangement, as set out in note 35. A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The assessment of whether an entity is a principal or an agent requires the entity to evaluate the rights and obligations of all parties to each binding arrangement so as to establish whether the transactions it undertakes with third parties are for the benefit of another entity or for its own.

SEGMENT REPORTING

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results, to enable users to evaluate the nature and financial effects of the activities in which the segment engages and the economic environments in which it operates.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

CONTROLLED ENTITIES

Management's judgement is required to determine whether it controls another entity. An entity controls another entity if, and only if, the entity has:

- ✓ power over the other entity;
- ✓ exposure, or rights, to variable benefits from its involvement with the other entity; and
- ✓ the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with such other entity.

Power over the CTICC and CTS is obtained through voting rights based on the City's shares in these two entities. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the City has power over these entities.

The City is exposed, or has rights, to variable benefits from its involvement with the CTICC and CTS by way of increases or decreases in the value of its investment in these entities, and in return on investment, such as dividends or other distributions.

The City's voting rights enable it to affect the nature and amount of its benefits through voting at shareholder meetings, and, therefore, the City controls the CTICC and CTS.

Management has concluded that the proportion of ownership interests held in the controlled entities equals the voting rights held by the City. None of the controlled entities have non-controlling interests that are material to the City.

ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The following GRAP standards are applicable and effective in the current year:

- GRAP 18 - Segment reporting
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 110 - Living and non-living resources
- IGRAP 20 - Accounting for adjustments to revenue to pay levies

GRAP 18 establishes principles for the reporting of financial information by segment. As a result, these financial statements include a segment report and related disclosure.

GRAP 35 establishes principles for the presentation and preparation of consolidated financial statements. The concept of 'investment entities' was introduced, although the Entity has no interest in investment entities. The definition of control has changed to include scenarios where an entity is exposed, or has rights, to variable benefits because of its involvement with another entity (which could include losses), and the entity has the ability to affect the nature or amount of those benefits (or losses) because of its power over such entity. Additional application guidance is provided to explain how control should be applied in various scenarios in the public sector. The implementation of this standard has resulted in the city improvement district (CID) entities not meeting the definition of controlled entities and, therefore, no longer being consolidated. The comparative disclosure was updated accordingly, and the impact is presented in note 36.

ADOPTION OF NEW AND REVISED STANDARDS (continued)

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR (continued)

GRAP 38 combines disclosure requirements for GRAP 34 to 37. A number of new disclosure requirements have been introduced for the different arrangements that could exist where an entity has an interest in another entity. The financial statements were updated accordingly.

GRAP 110 prescribes the recognition, measurement, presentation and disclosure requirements for living resources, as well as disclosure requirements for non-living resources. Living resources controlled by the City are animals used to deliver mandated services. As these animals are immaterial in nature and amount, living resources are not separately presented as a line item on the face of the statement of financial position. In the current year, living resources were split from the other assets class and presented as a separate class of property, plant and equipment. The comparative disclosure was updated accordingly.

The impact of implementing GRAP 34, 36, 37 and IGRAP 20 has been immaterial.

STANDARDS AND INTERPRETATIONS EARLY-ADOPTED

The Entity has not early-adopted any GRAP standard that is not yet effective. The following guidelines are not yet effective or are not authoritative, but have been utilised to formulate the Entity's accounting policies since 2018/19:

- ✓ Guideline on Accounting for Landfill Sites
- ✓ Guideline on the Application of Materiality in Financial Statements

STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

At the date of submission of these financial statements, there were no standards of GRAP issued by the ASB for which the Minister of Finance had determined an effective date.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the controlling entity (City of Cape Town) and both its controlled entities (CTICC and CTS), presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

CONTROLLED ENTITIES

Controlled entities are entities controlled by the Entity. Controlled entities are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a controlled entity are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in controlled entities are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act, Act 107 of 1997.

HOUSING DEVELOPMENT FUND

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, *inter alia*, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

UNREALISED HOUSING PROCEEDS

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the acquisition of property, plant and equipment, and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- ✓ The cash funds that back up the CRR are invested until utilised.
- ✓ The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- ✓ Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

INSURANCE RESERVES

SELF-INSURANCE RESERVE

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to, or from, the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID) RESERVE

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act, Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the City to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

PROPERTY, PLANT AND EQUIPMENT (continued)

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

DEPRECIATION RATES

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Other	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Living resources	5-12
		Service concession	3-50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

A living resource is a living animal that the City uses to deliver a mandated service.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

HERITAGE ASSETS (continued)

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets, if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

AMORTISATION RATES

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	YEARS
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service unit approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset, as well as from its disposal at the end of its useful life.

RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

COMPOSITION OF ESTIMATES OF FUTURE CASH FLOWS

Estimates of future cash flows include:

- ✓ projections of cash inflows from the continuing use of the asset;
- ✓ projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- ✓ net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- ✓ cash inflows or outflows from financing activities; and
- ✓ income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

DISCOUNT RATE

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have been adjusted.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES

Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value. Where they are held for distribution or consumption at no charge, or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

INVENTORIES (continued)

Plants and compost are valued at the tariffs charged, being an approximation of the net realisable value. This is because these are by-products of the operations of the nursery, and the costs directly attributable to bringing these resources to the location and condition necessary for sale cannot be measured reliably.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values according to their age, condition and utility. Differences arising in the measurement of such inventories at the lower of cost and net realisable value are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories is recognised as an expense in the period during which the inventories are consumed, sold, distributed or written off, unless the cost qualifies for capitalisation to the cost of another asset.

TAXATION

Taxation on the profit or loss for the year consists of current and deferred taxation. Taxation is recognised in surplus or deficit.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. A deferred taxation asset is reduced as the realisation of the tax benefit becomes no longer probable.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

EMPLOYEE BENEFITS

RETIREMENT BENEFIT PLANS

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

POST-RETIREMENT MEDICAL AID: CONTINUED MEMBERS

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants after retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme. These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

EMPLOYEE BENEFITS (continued)

POST-RETIREMENT MEDICAL AID: CONTINUED MEMBERS (continued)

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value, as appropriate on initial recognition.

Standard of GRAP 108 on statutory receivables does not require disclosure of the risk associated with these transactions. In the absence of such a requirement, the Entity has based its disclosure on Standard of GRAP 104, which deals with financial instruments. The risk exposure for these transactions is disclosed under a separate category, 'Statutory assets', in note 1 to these financial statements.

NON-DERIVATIVE FINANCIAL ASSETS

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

Investments at fair value

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

Investments at amortised cost

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

Investments at cost

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

FINANCIAL INSTRUMENTS (continued)

NON-DERIVATIVE FINANCIAL ASSETS (continued)

Investments at cost (continued)

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

NON-DERIVATIVE FINANCIAL LIABILITIES

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

DERIVATIVE FINANCIAL INSTRUMENTS

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss, as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and any changes are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables that arise from contractual rights are classified as contractual receivables, while receivables that arise from the operation of law are classified as statutory receivables.

Contractual receivables are initially recognised at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at the transaction amount of the corresponding exchange or non-exchange revenue transaction, and are subsequently measured at cost.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies for the preparation of these financial statements.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

The approved budget presented in the statement of comparison of budget and actual amounts is the most recent adjustment budget approved by Council or the board of directors of the controlled entities.

The final budget presented is the most recently approved budget adjusted for changes made in terms of legislation and may not have been formally approved again by Council or the board of directors. Where entities are required to have their budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Province, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- ✓ Interest earned on trust funds is allocated directly to the fund.
- ✓ Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unspent conditional grants and receipts' if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ✓ The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ✓ The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- ✓ The amount of revenue can be reliably measured.
- ✓ The costs incurred or to be incurred in respect of the transaction can be reliably measured.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

REVENUE RECOGNITION (continued)

REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue. Revenue from traffic fines is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act, Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

THE ENTITY AS LESSEE

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

THE ENTITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- ✓ receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ✓ expect to be repaid in future; or
- ✓ expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period during which they are incurred.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular, fruitless and wasteful expenditure is accounted for as an expense in the statement of financial performance and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenses are disclosed in note 38.

SERVICES IN-KIND

Services in-kind are not recognised as revenue or assets, but the nature and type of major classes of services in-kind are disclosed in note 21.

RELATED PARTIES

A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

SEGMENT REPORTING

BASIS FOR SEGMENTATION

The City is a complex metropolitan municipality with a wide variety of goods and services managed by various business units. Operations are structured to achieve optimum service delivery, and the City produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act, section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, in a standardised format, and is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management considers the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment are explained under the description of segment operations.

Reportable segments are identified based on activities of the Entity that generate economic benefits or service potential, including internal services that contribute to achieving the Entity's objectives without necessarily generating net cash inflows.

ACCOUNTING POLICY AND MEASUREMENT BASIS

The accounting policies of the reportable segments are the same as the Entity's accounting policies.

Intersegment pricing is determined on an arm's-length basis, similar to transactions with third parties. Intersegment revenues are eliminated upon consolidation and reflected in the 'Elimination of intersegment transactions' column of the segment report.

GEOGRAPHIC INFORMATION

All the Entity's operations are located in the Republic of South Africa, in the Cape Town area. Information to report on different geographic areas is not available, and the cost to develop it would be excessive.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		CITY OF CAPE TOWN	
	Note	2021	Restated ¹ 2020	2021	Restated ¹ 2020
ASSETS					
Non-current assets		60 935 861	56 905 045	60 640 764	56 552 793
Property, plant and equipment	2	53 180 741	49 577 631	52 846 552	49 082 175
Heritage assets	3	10 268	10 269	10 268	10 269
Investment property	4	579 534	581 247	579 534	581 247
Intangible assets	5	629 285	605 350	624 635	599 678
Investments	6	6 352 701	5 960 366	6 573 136	6 267 808
Long-term receivables	7	6 639	11 616	6 639	11 616
Deferred taxation	31.1	176 693	158 566	-	-
Current assets		18 122 654	19 839 481	18 039 300	19 584 521
Inventory	8	469 154	434 472	467 065	431 504
Receivables	9	6 613 049	7 422 153	6 554 666	7 341 873
From non-exchange transactions		2 885 850	3 145 648	2 883 429	3 147 893
From exchange transactions		3 727 199	4 276 505	3 671 237	4 193 980
Investments	6	2 883 869	2 436 051	2 883 869	2 436 051
Taxation		663	663	-	-
Current portion of long-term receivables	7	7 600	8 524	7 600	8 524
Cash and cash equivalents	10	8 148 319	9 537 618	8 126 100	9 366 569
TOTAL ASSETS		79 058 515	76 744 526	78 680 064	76 137 314
LIABILITIES					
Non-current liabilities		13 662 335	13 299 092	13 662 335	13 299 092
Borrowings	11	6 547 823	6 871 889	6 547 823	6 871 889
Provisions	13	7 114 512	6 427 203	7 114 512	6 427 203
Current liabilities		9 993 896	9 934 028	9 902 652	9 777 564
Deposits	14	508 252	532 450	439 775	419 421
Provisions	13	1 572 671	1 388 623	1 572 671	1 384 347
Payables from exchange transactions	15	6 266 547	5 999 740	6 244 318	5 961 972
Unspent conditional grants and receipts	16	1 119 269	1 392 172	1 119 269	1 392 172
Value-added tax	17	86 918	174 689	86 380	173 298
Current portion of borrowings	11	440 239	446 354	440 239	446 354
TOTAL LIABILITIES		23 656 231	23 233 120	23 564 987	23 076 656
NET ASSETS					
Total net assets		55 402 284	53 511 406	55 115 077	53 060 658
Housing development fund	18	421 203	463 210	421 203	463 210
Reserves		5 077 328	5 175 985	5 077 328	5 175 985
Accumulated surplus		49 631 204	47 578 047	49 616 546	47 421 463
Non-controlling interest		272 549	294 164	-	-
TOTAL NET ASSETS AND LIABILITIES		79 058 515	76 744 526	78 680 064	76 137 314

¹ Comparatives restated – see note 36 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		CITY OF CAPE TOWN	
	Note	2021	Restated ¹ 2020	2021	2020
REVENUE					
Exchange revenue		23 474 211	23 715 871	23 462 678	23 534 038
Service charges	19	21 091 280	20 862 908	21 101 782	20 880 394
Rental of letting stock and facilities		404 776	546 750	381 537	430 719
Finance income	20	1 221 202	1 597 808	1 217 275	1 582 511
Licences and permits		39 181	38 599	39 181	38 599
Agency services		270 810	200 585	270 810	200 585
Other income	21	383 048	416 770	388 179	348 779
Gains on disposal of property, plant and equipment		63 914	52 451	63 914	52 451
Non-exchange revenue		22 141 694	21 106 644	22 147 516	21 116 163
Finance income	20	134 185	109 465	134 185	109 465
Other income	21	270 239	370 404	270 239	370 404
Property rates	22	9 999 209	9 832 266	10 005 031	9 841 785
Fuel levy		2 594 971	2 570 486	2 594 971	2 570 486
Fines, penalties and forfeits		1 548 682	1 288 976	1 548 682	1 288 976
Government grants and subsidies	23	7 398 444	6 868 796	7 398 444	6 868 796
Public contributions	24	195 964	66 251	195 964	66 251
TOTAL REVENUE		45 615 905	44 822 515	45 610 194	44 650 201
EXPENDITURE					
Employee-related costs	25	15 179 402	12 853 607	15 109 022	12 776 709
Remuneration of councillors and board members	39.2.2	159 272	159 812	158 089	158 912
Impairment costs	26	2 994 130	2 905 622	2 971 887	2 882 571
Collection costs		197 733	195 816	197 733	195 816
Depreciation and amortisation expenses ²	2, 4, 5	2 887 634	2 956 632	2 833 027	2 901 939
Finance costs	27	818 801	807 898	818 801	807 898
Bulk purchases	28	10 147 766	9 871 770	10 147 766	9 871 770
Contracted services	29	2 605 108	2 134 556	2 596 756	2 113 850
Grants and subsidies paid		256 155	254 502	321 394	313 955
General expenses	30	8 488 662	8 381 702	8 398 360	8 251 342
Losses on disposal of property, plant and equipment		2 940	6 030	2 940	6 030
TOTAL EXPENDITURE		43 737 603	40 527 947	43 555 775	40 280 792
NET SURPLUS FROM OPERATIONS					
		1 878 302	4 294 568	2 054 419	4 369 409
Surplus from operations before taxation		1 878 302	4 294 568	2 054 419	4 369 409
Taxation	31.1	12 576	34 396	-	-
NET SURPLUS FROM OPERATIONS		1 890 878	4 328 964	2 054 419	4 369 409
Attributable to owners of the controlling entity		1 912 493	4 357 970		
Attributable to non-controlling interest		(21 615)	(29 006)		
SURPLUS FOR THE YEAR		1 890 878	4 328 964		

¹ Comparative restated - see note 36 for more details.

² See annexure B for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

ECONOMIC ENTITY						
	Housing develop-ment fund	Capital replace-ment reserve	Insurance reserves	Accumu-lated surplus	Non-controlling interest	Total
2019						
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226
Restatement	-	-	-	(113 784)	-	(113 784)
Restated balance as at 1 July 2019¹	409 351	3 800 793	588 775	44 060 353	323 170	49 182 442
2020						
Balance as at 1 July 2019	409 351	3 800 793	588 775	44 060 353	323 170	49 182 442
Restated surplus ¹	-	-	-	4 357 970	-	-
Surplus for the year as previously reported	-	-	-	4 376 866	(29 006)	4 347 860
Restatement	-	-	-	(18 896)	-	(18 896)
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 578 047	294 164	53 511 406
2021						
Surplus for the year	-	-	-	1 912 493	(21 615)	1 890 878
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-	-
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-	-
Balance as at 30 June 2021	421 203	4 452 496	624 832	49 631 204	272 549	55 402 284

¹ Comparative restated - see note 36 for more details.

CITY OF CAPE TOWN					
	Housing develop-ment fund	Capital replace-ment reserve	Insurance reserves	Accumu-lated surplus	Total
2020					
Balance as at 1 July 2019	409 351	3 800 793	588 775	43 892 330	48 691 249
Surplus for the year	-	-	-	4 369 409	4 369 409
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 421 463	53 060 658
2021					
Surplus for the year	-	-	-	2 054 419	2 054 419
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-
Balance as at 30 June 2021	421 203	4 452 496	624 832	49 616 546	55 115 077

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		CITY OF CAPE TOWN	
	Note	2021	Restated ¹ 2020	2021	Restated ¹ 2020
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		41 598 654	39 564 744	41 272 675	39 356 189
Cash paid to suppliers and employees		(35 850 284)	(33 446 968)	(35 397 699)	(33 265 559)
Cash generated from operations	32	5 748 370	6 117 776	5 874 976	6 090 630
Finance income	32	1 308 676	1 657 602	1 304 749	1 642 305
Finance costs	32	(731 498)	(718 927)	(731 498)	(718 927)
Taxation		(5 551)	1 872	-	-
NET CASH FROM OPERATING ACTIVITIES		6 319 997	7 058 323	6 448 227	7 014 008
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment, and other		(6 549 248)	(6 027 190)	(6 528 473)	(5 970 668)
Proceeds on disposal of assets		84 203	73 358	84 028	73 195
(Increase)/decrease in long-term receivables		(32 484)	10 826	(32 484)	10 826
Increase in investments		(840 273)	(886 819)	(840 273)	(886 819)
NET CASH FROM INVESTING ACTIVITIES		(7 337 802)	(6 829 825)	(7 317 202)	(6 773 466)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	1 093 544	-	1 091 580
Repayment of borrowings		(371 494)	(386 792)	(371 494)	(384 828)
NET CASH FROM FINANCING ACTIVITIES		(371 494)	706 752	(371 494)	706 752
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1 389 299)	935 250	(1 240 469)	947 294
Cash and cash equivalents at the beginning of the year		9 537 618	8 602 368	9 366 569	8 419 275
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	8 148 319	9 537 618	8 126 100	9 366 569

¹ Comparatives restated - see note 36 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - ECONOMIC ENTITY

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets		63 328 932	63 328 932	60 935 861	-	60 935 861	2 393 071	3,78
Total current assets		17 252 340	17 252 340	18 122 654	-	18 122 654	(870 314)	(5,04)
Total assets		80 581 272	80 581 272	79 058 515	-	79 058 515	1 522 757	1,89
Total non-current liabilities		13 835 687	13 835 687	13 662 335	-	13 662 335	173 352	1,25
Total current liabilities		10 568 078	10 568 078	9 993 896	-	9 993 896	574 182	5,43
Total liabilities		24 403 765	24 403 765	23 656 231	-	23 656 231	747 534	3,06
Total net assets		56 177 507	56 177 507	55 402 284	-	55 402 284	775 223	1,38
Total net assets and liabilities		80 581 272	80 581 272	79 058 515	-	79 058 515	1 522 757	1,89
STATEMENT OF FINANCIAL PERFORMANCE								
Property rates	37.2.1	10 525 121	10 525 121	9 999 209	270 240	10 269 449	255 672	2,43
Service charges		19 872 799	19 872 799	21 091 280	(825 822)	20 265 458	(392 659)	(1,98)
Investment revenue		979 768	979 768	1 355 387	(454 920)	900 467	79 301	8,09
Transfers recognised – operational		6 203 809	6 203 809	5 781 742	11 454	5 793 196	410 613	6,62
Other own revenue	i	5 382 087	5 382 087	5 575 621	359 897	5 935 518	(553 431)	(10,28)
Total revenue (excluding capital transfers and contributions)		42 963 584	42 963 584	43 803 239	(639 151)	43 164 088	(200 504)	(0,47)
Employee costs		14 953 308	14 953 582	15 179 402	(1 000)	15 178 402	(224 820)	(1,50)
Remuneration of councillors	ii	190 750	190 750	159 272	8 328	167 600	23 150	12,14
Debt impairment	iii	3 211 296	3 211 296	2 971 887	(117 236)	2 854 651	356 645	11,11
Depreciation and asset impairment		3 088 084	3 088 084	2 909 877	30 228	2 940 105	147 979	4,79
Finance charges		851 450	848 349	818 801	12 677	831 478	16 871	1,99
Materials and bulk purchases		11 566 208	11 541 024	10 147 766	1 315 844	11 463 610	77 414	0,67
Transfers and grants		561 203	591 500	256 155	80 162	336 317	255 183	43,14
Other expenditure	iv	10 374 049	10 411 698	11 294 443	(1 724 518)	9 569 925	841 773	8,08
Total expenditure		44 796 348	44 836 283	43 737 603	(395 515)	43 342 088	1 494 195	3,33
Surplus		(1 832 764)	(1 872 699)	65 636	(243 636)	(178 000)	(1 694 699)	
Transfers recognised – capital		1 939 476	1 939 476	1 616 702	314 389	1 931 091	8 385	0,43
Contributions recognised – capital and contributed assets		-	-	195 964	(70 753)	125 211	(125 211)	
Surplus after capital transfers and contributions		106 712	66 777	1 878 302	-	1 878 302	(1 811 525)	

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - economic entity (continued)

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT								
Net cash from operating	37.2.2	3 460 562	3 460 562	6 319 997	-	6 319 997	(2 859 435)	(82,63)
Net cash from investing	i	(6 803 865)	(6 803 865)	(7 337 802)	-	(7 337 802)	533 937	(7,85)
Net cash from financing		(384 839)	(384 839)	(371 494)	-	(371 494)	(13 345)	3,47
Net increase in cash and cash equivalents		(3 728 142)	(3 728 142)	(1 389 299)	-	(1 389 299)	(2 338 843)	62,73
Cash/cash equivalents at the year-end		5 795 344	5 795 344	8 148 319	-	8 148 319	(2 352 975)	(40,60)
CAPITAL EXPENDITURE								
Community Services and Health	37.3							
Corporate Services	i	327 256	327 256	296 495	(1 664)	294 831	(32 425)	(9,91)
Economic Opportunities and Asset Management	ii	225 143	225 143	208 287	-	208 287	(16 856)	(7,49)
Energy and Climate Change	iii	359 072	359 072	320 615	(300)	320 315	(38 757)	(10,79)
Finance	iv	852 722	852 722	758 775	(8 497)	750 278	(102 444)	(12,01)
Human Settlements	v	274 033	274 033	248 490	-	248 490	(25 543)	(9,32)
Office of the City Manager	vi	781 009	781 009	737 971	-	737 971	(43 038)	(5,51)
Safety and Security	vii	1 585	1 585	1 281	-	1 281	(304)	(19,18)
Spatial Planning and Environment	viii	385 688	385 688	368 558	(679)	367 879	(17 809)	(4,62)
Transport	ix	133 448	133 448	105 564	-	105 564	(27 884)	(20,90)
Urban Management	x	917 980	917 980	938 420	(161 974)	776 446	(141 534)	(15,42)
Water and Waste Services	xi, xii, xiii	66 978	66 978	48 608	-	48 608	(18 370)	(27,43)
CTICC	xiv	3 050 983	3 050 983	2 633 797	34 726	2 668 523	(382 460)	(12,54)
Total		7 399 428	7 399 428	6 687 636	(138 388)	6 549 248	(844 668)	(11,42)

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets		60 708 257	60 708 257	60 640 764	-	60 640 764	67 493	0,11
Total current assets		17 167 735	17 167 735	18 039 300	-	18 039 300	(871 565)	(5,08)
Total assets		77 875 992	77 875 992	78 680 064	-	78 680 064	(804 072)	(1,03)
Total non-current liabilities		13 835 687	13 835 687	13 662 335	-	13 662 335	173 352	1,25
Total current liabilities		10 501 465	10 501 465	9 902 652	-	9 902 652	598 813	5,70
Total liabilities		24 337 152	24 337 152	23 564 987	-	23 564 987	772 165	3,17
Total net assets		53 538 840	53 538 840	55 115 077	-	55 115 077	(1 576 237)	(2,94)
Total net assets and liabilities		77 875 992	77 875 992	78 680 064	-	78 680 064	(804 072)	(1,03)
FINANCIAL PERFORMANCE								
Property rates	37.2.1	10 525 121	10 525 121	10 005 031	270 240	10 275 271	249 850	2,37
Service charges		19 872 799	19 872 799	21 101 782	(825 822)	20 275 960	(403 161)	(2,03)
Investment revenue		976 104	976 104	1 351 460	(454 920)	896 540	79 564	8,15
Transfers recognised – operational		6 138 091	6 138 091	5 781 742	11 454	5 793 196	344 895	5,62
Other own revenue	i	5 336 202	5 336 202	5 557 513	359 897	5 917 410	(581 208)	(10,89)
Total revenue (excluding capital transfers and contributions)		42 848 317	42 848 317	43 797 528	(639 151)	43 158 377	(310 060)	(0,72)
Employee costs	ii	14 875 438	14 875 713	15 109 022	(1 000)	15 108 022	(232 309)	(1,56)
Remuneration of councillors	iii	189 675	189 675	158 089	8 328	166 417	23 258	12,26
Debt impairment		3 210 936	3 210 936	2 971 887	(117 236)	2 854 651	356 285	11,10
Depreciation and asset impairment		2 850 866	2 850 866	2 833 027	30 228	2 863 255	(12 389)	(0,43)
Finance charges		851 450	848 349	818 801	12 677	831 478	16 871	1,99
Materials and bulk purchases		11 561 850	11 536 730	10 147 766	1 315 844	11 463 610	73 120	0,63
Transfers and grants	iv	556 482	546 779	321 394	80 162	401 556	145 223	26,56
Other expenditure		10 212 913	10 250 562	11 195 789	(1 724 518)	9 471 271	779 291	7,60
Total expenditure		44 309 610	44 309 610	43 555 775	(395 515)	43 160 260	1 149 350	2,59
Surplus		(1 461 293)	(1 461 293)	241 753	(243 636)	(1 883)	(1 459 410)	
Transfers recognised – capital		1 939 476	1 939 476	1 616 702	314 389	1 931 091	8 385	0,43
Contributions recognised – capital and contributed assets		-	-	195 964	(70 753)	125 211	(125 211)	
Surplus after capital transfers and contributions		478 183	478 183	2 054 419	-	2 054 419	(1 576 236)	

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - CITY OF CAPE TOWN (continued)

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT								
Net cash from operating	37.2.2 i	3 629 948	3 629 948	6 448 227	-	6 448 227	(2 818 279)	(77,64)
Net cash from investing		(6 816 334)	(6 816 334)	(7 317 202)	-	(7 317 202)	500 868	(7,35)
Net cash from financing		(384 839)	(384 839)	(371 494)	-	(371 494)	(13 345)	3,47
Net increase in cash and cash equivalents		(3 571 225)	(3 571 225)	(1 240 469)	-	(1 240 469)	(2 330 756)	65,26
Cash/cash equivalents at the year-end		5 795 344	5 795 344	8 126 100	-	8 126 100	(2 330 756)	(40,22)
CAPITAL EXPENDITURE								
Community Services and Health	37.3 i	327 256	327 256	296 495	(1 664)	294 831	(32 425)	(9,91)
Corporate Services	ii	225 143	225 143	208 287	-	208 287	(16 856)	(7,49)
Economic Opportunities and Asset Management	iii	359 072	359 072	320 615	(300)	320 315	(38 757)	(10,79)
Energy and Climate Change	iv	852 722	852 722	758 775	(8 497)	750 278	(102 444)	(12,01)
Finance	v	274 033	274 033	248 490	-	248 490	(25 543)	(9,32)
Human Settlements	vi	781 009	781 009	737 971	-	737 971	(43 038)	(5,51)
Office of the City Manager	vii	1 585	1 585	1 281	-	1 281	(304)	(19,18)
Safety and Security		385 688	385 688	368 558	(679)	367 879	(17 809)	(4,62)
Spatial Planning and Environment	viii	133 448	133 448	105 564	-	105 564	(27 884)	(20,90)
Transport	ix	917 980	917 980	938 420	(161 974)	776 446	(141 534)	(15,42)
Urban Management	x	66 978	66 978	48 608	-	48 608	(18 370)	(27,43)
Water and Waste	xi, xii, xiii	3 050 983	3 050 983	2 633 797	34 726	2 668 523	(382 460)	(12,54)
Total		7 375 897	7 375 897	6 666 861	(138 388)	6 528 473	(847 424)	(11,49)

¹ See note 37 for more details.

SEGMENT REPORT

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets	6 373 751	5 630 114	1 357 824	9 790 116	12 523 456
Current assets	883 175	270 011	581 194	1 536 564	14 186 938
TOTAL ASSETS	7 256 926	5 900 125	1 939 018	11 326 680	26 710 394
LIABILITIES					
Non-current liabilities	279 138	136 265	487 443	298 058	10 928 706
Current liabilities	2 336 086	1 828 504	181 224	2 359 834	1 188 270
TOTAL LIABILITIES	2 615 224	1 964 769	668 667	2 657 892	12 116 976
ADDITIONS TO PPE AND OTHER ASSETS	1 108 732	970 952	306 230	739 191	963 140
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Exchange revenue	3 452 861	1 691 544	1 600 953	14 385 328	1 516 927
Service charges	3 275 802	1 607 439	1 549 201	14 250 514	76 262
Rental of letting stock and facilities	192	14	-	38	151 052
Finance income	159 161	59 177	45 949	37 150	908 609
Licences and permits	-	-	-	-	1
Income from agency services	-	-	-	-	258 515
Other income	13 233	24 913	5 612	96 072	73 060
Gains on disposal of PPE	4 473	1	191	1 554	49 428
Non-exchange revenue	1 116 133	395 392	448 040	303 698	14 848 455
Finance income	-	-	-	-	134 185
Other income	-	-	-	-	-
Property rates	-	-	-	-	10 005 031
Fuel levy	-	-	-	-	2 594 971
Fines	5 039	365	142	2 975	1 855
Government grants and subsidies	1 099 031	395 027	447 898	244 943	2 111 735
Public contributions	12 063	-	-	55 780	678
Intersegment revenue	2 956 676	1 683 066	2 186 084	736 278	2 688 752
TOTAL REVENUE	7 525 670	3 770 002	4 235 077	15 425 304	19 054 134

Community and public safety	Economic and environmental services	Intersegment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTS	Inter-company offsetting	TOTAL ECONOMIC ENTITY
10 137 934	14 827 569	-	60 640 764	515 532	-	(220 435)	60 935 861
507 477	73 941	-	18 039 300	259 007	6 527	(182 180)	18 122 654
10 645 411	14 901 510	-	78 680 064	774 539	6 527	(402 615)	79 058 515
1 114 180	418 545	-	13 662 335	-	-	-	13 662 335
782 140	1 226 594	-	9 902 652	93 971	4 517	(7 244)	9 993 896
1 896 320	1 645 139	-	23 564 987	93 971	4 517	(7 244)	23 656 231
1 440 009	1 138 607	-	6 666 861	20 775	-	-	6 687 636
371 534	443 531	-	23 462 678	52 088	4 208	(44 763)	23 474 211
78 242	264 322	-	21 101 782	12 063	-	(22 565)	21 091 280
230 109	132	-	381 537	19 179	4 060	-	404 776
5 454	1 775	-	1 217 275	3 927	-	-	1 221 202
43	39 137	-	39 181	-	-	-	39 181
12 295	-	-	270 810	-	-	-	270 810
37 548	137 741	-	388 179	16 919	148	(22 198)	383 048
7 843	424	-	63 914	-	-	-	63 914
3 102 962	1 932 836	-	22 147 516	-	72 845	(78 667)	22 141 694
-	-	-	134 185	-	-	-	134 185
-	270 239	-	270 239	-	7 608	(7 608)	270 239
-	-	-	10 005 031	-	-	(5 822)	9 999 209
-	-	-	2 594 971	-	-	-	2 594 971
1 501 165	37 141	-	1 548 682	-	-	-	1 548 682
1 593 183	1 506 627	-	7 398 444	-	-	-	7 398 444
8 614	118 829	-	195 964	-	65 237	(65 237)	195 964
171 320	628	(10 422 804)	-	-	-	-	-
3 645 816	2 376 995	(10 422 804)	45 610 194	52 088	77 053	(123 430)	45 615 905

SEGMENT REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration
EXPENDITURE	3 332 687	2 161 929	2 789 353	11 826 795	9 298 072
Employee-related costs	1 213 374	607 639	1 011 548	1 123 658	4 723 275
Remuneration of councillors	-	-	-	-	158 089
Impairment costs	516 674	194 172	169 854	71 787	526 759
Collection costs	2 164	797	775	-	153 330
Depreciation and amortisation expense	267 255	178 251	66 193	376 760	622 343
Finance costs	-	-	45 990	-	772 811
Bulk purchases	429 209	-	-	9 718 557	-
Contracted services	116 498	545 580	728 454	122 361	126 822
Grants and subsidies paid	2 905	-	-	600	157 212
General expenses	784 350	635 489	766 506	412 976	2 056 359
Loss on disposal of PPE	258	1	33	96	1 072
Intersegment expenses	3 233 683	1 331 606	614 818	2 154 538	2 246 833
Total expenditure	6 566 370	3 493 535	3 404 171	13 981 333	11 544 905
Surplus from operations before taxation	959 300	276 467	830 906	1 443 971	7 509 229
Taxation					
Non-controlling interest					
SURPLUS AFTER TAXATION	959 300	276 467	830 906	1 443 971	7 509 229

Community and public safety	Economic and environmental services	Intersegment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTS	Inter-company offsetting	TOTAL ECONOMIC ENTITY
8 939 876	5 207 063	-	43 555 775	319 218	77 053	(214 443)	43 737 603
4 497 189	1 932 339	-	15 109 022	68 990	1 390	-	15 179 402
-	-	-	158 089	835	348	-	159 272
1 484 173	8 468	-	2 971 887	109 250	-	(87 007)	2 994 130
38 885	1 782	-	197 733	-	-	-	197 733
578 736	743 489	-	2 833 027	54 607	-	-	2 887 634
-	-	-	818 801	-	-	-	818 801
-	-	-	10 147 766	-	-	-	10 147 766
113 757	843 284	-	2 596 756	2 938	5 752	(338)	2 605 108
65 237	95 440	-	321 394	-	-	(65 239)	256 155
2 160 444	1 582 236	-	8 398 360	82 598	69 563	(61 859)	8 488 662
1 455	25	-	2 940	-	-	-	2 940
727 630	113 696	(10 422 804)	-	-	-	-	-
9 667 506	5 320 759	(10 422 804)	43 555 775	319 218	77 053	(214 443)	43 737 603
(6 021 690)	(2 943 764)	-	2 054 419	(267 130)	-	91 013	1 878 302
				12 576	-	-	12 576
				21 615	-	-	21 615
(6 021 690)	(2 943 764)	-	2 054 419	(232 939)	-	91 013	1 912 493

SEGMENT REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

The following summary describes the principal activities and operations of each reportable segment.

REPORTABLE SEGMENT	PRINCIPAL ACTIVITIES AND OPERATIONS
Water management	Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchment areas and water storage, to distribution.
Wastewater management	Treating wastewater and safely disposing it back into the environment.
Waste management	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the city's streets, public spaces, beaches and rivers.
Energy sources	Distributing electricity to residential, commercial and industrial customers in Cape Town, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.
Municipal governance and administration	All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
CTICC	Providing facilities to host conferences and conventions, with the objective of promoting Cape Town as a tourism city.
CTS	Managing and operating Cape Town Stadium on behalf of the City. The vision is to provide a world-class facility for the hosting of major sports events and become the premium venue of choice.

CENTRALLY INCURRED ASSETS, LIABILITIES, REVENUE AND EXPENDITURE

Value-added tax (VAT), cash, investments, borrowings and unspent grants have not been allocated to individual segments, as these are managed centrally by the Finance Department. Similarly, external interest relating to cash, investments or borrowings is not allocated to individual segments. All these items are allocated to the 'Municipal governance and administration' segment.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, the policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Total carrying amount	Fair value
2021				
Financial assets				
Investments	3 225 977	6 010 593	9 236 570	9 430 945
Long-term receivables	8 997	-	8 997	8 997
Contractual receivables	3 672 837	-	3 672 837	3 672 837
Cash and cash equivalents	7 084 826	1 063 493	8 148 319	8 148 319
TOTAL	13 992 637	7 074 086	21 066 723	21 261 098
Statutory assets				
Receivables	2 863 141	-	2 863 141	2 863 141
2020				
Financial assets				
Investments	2 916 392	5 480 025	8 396 417	8 545 364
Long-term receivables	20 140	-	20 140	20 140
Contractual receivables	4 235 229	-	4 235 229	4 235 229
Cash and cash equivalents	8 268 052	1 269 566	9 537 618	9 537 618
TOTAL	15 439 813	6 749 591	22 189 404	22 338 351
Statutory assets				
Receivables	3 128 073	-	3 128 073	3 128 073

Comparative restated – see note 36 for more details.

1. FINANCIAL RISK MANAGEMENT (continued)

CITY OF CAPE TOWN					
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
2021					
Financial assets					
Investments	3 225 977	6 010 593	220 435	9 457 005	9 651 380
Long-term receivables	8 997	-	-	8 997	8 997
Contractual receivables	3 612 491	-	-	3 612 491	3 612 491
Cash and cash equivalents	7 062 607	1 063 493	-	8 126 100	8 126 100
TOTAL	13 910 072	7 074 086	220 435	21 204 593	21 398 968
Statutory assets					
Receivables	2 865 104	-	-	2 865 104	2 865 104
2020					
Financial assets					
Investments	2 916 392	5 480 025	307 442	8 703 859	8 852 806
Long-term receivables	20 140	-	-	20 140	20 140
Contractual receivables	4 152 881	-	-	4 152 881	4 152 881
Cash and cash equivalents	8 097 003	1 269 566	-	9 366 569	9 366 569
TOTAL	15 186 416	6 749 591	307 442	22 243 449	22 392 396
Statutory assets					
Receivables	3 130 318	-	-	3 130 318	3 130 318

ECONOMIC ENTITY			
	Amortised cost	Total carrying amount	Fair value
2021			
Non-derivative financial liabilities			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 190 041	5 190 041	5 190 041
TOTAL	12 178 103	12 178 103	12 697 576
2020			
Non-derivative financial liabilities			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	5 009 033	5 009 033	5 009 033
TOTAL	12 327 276	12 327 276	13 014 542

Comparative restated – see note 36 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

CITY OF CAPE TOWN			
	Amortised cost	Total carrying amount	Fair value
2021			
Non-derivative financial liabilities			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 167 812	-	5 167 812
TOTAL	12 155 874	6 988 062	12 675 347
2020			
Non-derivative financial liabilities			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	4 971 265	4 971 265	4 971 265
TOTAL	12 289 508	12 289 508	12 976 774

1.1 FAIR VALUES

The following table analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

1. FINANCIAL RISK MANAGEMENT (continued)**1.1 FAIR VALUES** (continued)

ECONOMIC ENTITY				
	Level 1	Level 2	Level 3	Total
2021				
Financial assets				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
TOTAL	2 379 610	4 694 476	-	7 074 086
Financial liabilities				
Borrowings	6 988 062	-	-	6 988 062
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 318 243	-	-	7 318 243

CITY OF CAPE TOWN				
	Level 1	Level 2	Level 3	Total
2021				
Financial assets				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
TOTAL	2 379 610	4 694 476	-	7 074 086
Financial liabilities				
Borrowings	6 988 062	-	-	6 988 062
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 318 243	-	-	7 318 243

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 LIQUIDITY RISK

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	ECONOMIC ENTITY			
	Up to 1 year	1-5 years	>5 years	Total
2021				
Non-derivative financial liabilities				
Borrowings	1 142 584	7 146 560	1 303 476	9 592 620
Capital repayments	440 239	5 491 652	1 056 171	6 988 062
Interest	702 345	1 654 908	247 305	2 604 558
Payables	5 190 041	-	-	5 190 041
TOTAL	6 332 625	7 146 560	1 303 476	14 782 661

	CITY OF CAPE TOWN			
	Up to 1 year	1-5 years	>5 years	Total
2021				
Non-derivative financial liabilities				
Borrowings	1 142 584	7 146 560	1 303 476	9 592 620
Capital repayments	440 239	5 491 652	1 056 171	6 988 062
Interest	702 345	1 654 908	247 305	2 604 558
Payables	5 167 812	-	-	5 167 812
TOTAL	6 310 396	7 146 560	1 303 476	14 760 432

1.3 CREDIT RISK

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Financial assets	21 066 723	22 194 723	20 984 158	21 941 326
Investments	9 236 570	8 401 736	9 236 570	8 401 736
Long-term receivables – see note 7	8 997	20 140	8 997	20 140
Contractual receivables	3 672 837	4 235 229	3 612 491	4 152 881
Cash and cash equivalents	8 148 319	9 537 618	8 126 100	9 366 569
Statutory assets				
Receivables	2 863 141	3 128 073	2 865 104	3 130 318
TOTAL	23 929 864	25 322 796	23 849 262	25 071 644

Comparative restated – see note 36 for more details.

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 CREDIT RISK (continued)

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the 10 largest trade debtors represent R338,64 million (2020: R231,06 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. Receivables are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.

1.4 CAPITAL MANAGEMENT

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost-coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 PRICE RISK

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign-exchange rates, may affect the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2021 were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

ECONOMIC ENTITY					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	4,83	3 947 362	6 252 213	100 488	10 300 063
Cash and cash equivalents	3,89	7 084 826	-	-	7 084 826
TOTAL		11 032 188	6 252 213	100 488	17 384 889
Financial liabilities					
Borrowings	10,04	440 239	5 491 652	1 056 171	6 988 062

CITY OF CAPE TOWN					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	4,83	3 947 362	6 252 213	100 488	10 300 063
Cash and cash equivalents	3,89	7 062 607	-	-	7 062 607
TOTAL		11 009 969	6 252 213	100 488	17 362 670
Financial liabilities					
Borrowings	10,04	440 239	5 491 652	1 056 171	6 988 062

Sensitivity analysis

Financial assets

As at 30 June 2021, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R175,83 million (2020: R181,29 million), with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a 1% movement in interest rates.

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 MARKET RISK (continued)

1.6.1 Interest rate risk (continued)

Financial liabilities

Changes in the interest rate as at 30 June 2021 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

2. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020 ¹		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	6 127 173	(2 299 049)	3 828 124	5 932 035	(2 063 478)	3 868 557
Infrastructure	51 301 901	(16 382 599)	34 919 302	46 606 369	(14 877 557)	31 728 812
Community	5 303 314	(1 757 532)	3 545 782	5 121 508	(1 642 841)	3 478 667
Other	12 220 641	(6 865 156)	5 355 485	11 341 266	(6 375 508)	4 965 758
Living resources	1 225	(649)	576	1 281	(513)	768
Service concession	6 343 407	(2 878 784)	3 464 623	6 123 470	(2 660 250)	3 463 220
Housing rental stock	3 329 058	(1 262 209)	2 066 849	3 237 642	(1 165 793)	2 071 849
TOTAL	84 626 719	(31 445 978)	53 180 741	78 363 571	(28 785 940)	49 577 631

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2021							
Land and buildings	3 868 557	84 164	94 436	(195)	(88 205)	(130 633)	3 828 124
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(114 861)	(144)	3 545 782
Other	4 965 758	(54 272)	1 312 241	(20 401)	(845 497)	(2 344)	5 355 485
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
TOTAL	49 577 631	(78 587)	6 557 569	(23 228)	(2 712 578)	(140 066)	53 180 741

(See annexure B for more details.)

As at 30 June 2020

Land and buildings	3 652 297	192 800	189 071	(17)	(83 577)	(82 017)	3 868 557
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 412 449	(78 418)	1 433 335	(16 070)	(784 044)	(1 494)	4 965 758
Living resources	960	-	-	-	(192)	-	768
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	46 276 694	80 639	6 146 228	(26 920)	(2 797 211)	(101 799)	49 577 631

¹ Comparative restated – see note 36 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020 ¹		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 686 169	(1 128 600)	3 557 569	4 501 874	(1 044 104)	3 457 770
Infrastructure	51 301 901	(16 382 599)	34 919 302	46 606 369	(14 877 557)	31 728 812
Community	5 303 314	(1 757 532)	3 545 782	5 121 508	(1 642 841)	3 478 667
Other ¹	12 002 665	(6 710 814)	5 291 851	11 123 280	(6 242 191)	4 881 089
Living resources ¹	1 225	(649)	576	1 281	(513)	768
Service concession	6 343 407	(2 878 784)	3 464 623	6 123 470	(2 660 250)	3 463 220
Housing rental stock	3 329 058	(1 262 209)	2 066 849	3 237 642	(1 165 793)	2 071 849
TOTAL	82 967 739	(30 121 187)	52 846 552	76 715 424	(27 633 249)	49 082 175

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2021							
Land and buildings	3 457 770	104 186	80 129	(45)	(63 677)	(20 794)	3 557 569
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(114 861)	(144)	3 545 782
Other	4 881 089	(54 272)	1 307 757	(20 376)	(820 003)	(2 344)	5 291 851
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
TOTAL	49 082 175	(58 565)	6 538 778	(23 053)	(2 662 556)	(30 227)	52 846 552

(See annexure B for more details.)

As at 30 June 2020

Land and buildings	3 174 420	192 800	149 700	-	(59 148)	(2)	3 457 770
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 316 864	(78 418)	1 417 983	(15 924)	(757 922)	(1 494)	4 881 089
Living resources	960	-	-	-	(192)	-	768
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	45 703 232	80 639	6 091 505	(26 757)	(2 746 660)	(19 784)	49 082 175

¹ The comparative reclassification relates to the new asset class introduced in the current year with the implementation of GRAP 110 living and non-living resources. These assets were previously classified as 'other assets'. See annexure B.

2. PROPERTY, PLANT AND EQUIPMENT (continued)

ASSETS UNDER CONSTRUCTION - CARRYING VALUE

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Land and buildings	1 885	80 214	-	-
Infrastructure	3 707 170	3 096 336	3 707 170	3 096 336
Community	102 181	98 487	102 181	98 487
Service concession	-	39 276	-	39 276
Other	387 618	279 911	387 618	279 911
TOTAL	4 198 854	3 594 224	4 196 969	3 514 010
PPE projects				
<i>Significantly delayed</i>				
Land and buildings	-	80 214	-	-
Infrastructure	177 828	12 050	177 828	12 050
Other	63 942	-	63 942	-
Community	64 404	5 864	64 404	5 864
TOTAL	306 174	98 128	306 174	17 914
The significant delays in the current year mainly relate to delays in the completion of work at the Contermanskloof reservoir worth R132,29 million, the new Prince George Drive waste drop-off site worth R50,89 million, and work done at the Imizamo Yethu informal settlement worth R52,25 million.				
<i>Halted</i>				
Infrastructure	32 558	4 052	32 558	4 052
Community	35 197	379	35 197	379
TOTAL	67 755	4 431	67 755	4 431
The halted projects in the current year mainly relate to contractual disputes regarding the Hout Bay depot worth R32,56 million, and certain force majeure events at housing projects worth R29,99 million.				

CAPITAL COMMITMENTS - APPROVED AND CONTRACTED FOR CAPITAL EXPENDITURE

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Infrastructure	1 708 541	3 465 411	1 708 541	3 465 411
Community	75 429	35 866	75 429	35 866
Other	53 240	156 860	51 932	154 538
TOTAL	1 837 210	3 658 137	1 835 902	3 655 815

Capital commitments represent future capital expenditure, exclusive of VAT. The Entity is obligated to spend these amounts due to signed contracts with suppliers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Repairs and maintenance

An amount of R2,69 billion (2020: R2,71 billion) was spent on repairs and maintenance during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 36).

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R5,53 million (2020: R0,76 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets

A value-in-use amount of R308,7 million (2020: R430,6 million) was determined for the CTICC 1 and CTICC 2 buildings combined. The current carrying value of R418,6 million (2020: R512,6 million) was established for the relevant assets in that cash-generating unit. This has resulted in the recognition of an impairment loss of R109,8 million (2020: R82,0 million).

Significant assumptions applied in arriving at the value-in-use are set out below:

- (a) The restrictions imposed on the use of the facility and site in terms of the lease agreement and the memorandum of incorporation.
- (b) The lack of an active market between a willing buyer and a willing seller, through an arm's-length transaction, based on which to determine the value of the convention centre.
- (c) As a result of the above, the value-in-use of the cash-generating unit can only be attributed to the present value of the future cash flows generated through the convention centre itself. The continued operational impact of the Covid-19 lockdown regulations, which directly affects future cash flows from the cash-generating unit, is an indicator for potential impairment.
- (d) No residual value could be attached to the convention centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- (e) The value-in-use was estimated using a discounted flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional four years, assuming revenue growth of 7% (2020: 7%) as a result of the lower base brought about by the Covid-19 lockdown restrictions.
- (f) A discount rate of 13,02% (2020: 13,23%) was used. This was calculated using the risk-free rate of 8,88% (2020: 9,23%) associated with the R2030 bond, adjusted by 4,14 percentage points to take into account the company's long-term borrowing cost of 7,00% (2020: 6,50%), a beta coefficient of 0,76 (2020: 0,76), as well as a market risk premium of 6,10% (2020: 6,10%) for uncertainty regarding the timing and extent of future cash flows.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 269	-	10 269

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2021					
Paintings and museum items	10 269	-	-	(1)	10 268

(See annexure B for more details.)

As at 30 June 2020

Paintings and museum items	10 280	-	-	(11)	10 269

Heritage assets are held at cost, as it is impractical to determine their fair value.

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 269	-	10 269

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2021					
Paintings and museum items	10 269	-	-	(1)	10 268

(See annexure B for more details.)

As at 30 June 2020

Paintings and museum items	10 280	-	-	(11)	10 269

4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(63 109)	579 534	642 643	(61 396)	581 247

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2021						
Land and buildings	581 247	-	-	(1 713)	-	579 534

(See annexure B for more details.)

As at 30 June 2020

Land and buildings	582 961	-	-	(1 714)	-	581 247

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(63 109)	579 534	642 643	(61 396)	581 247

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2021						
Land and buildings	581 247	-	-	(1 713)	-	579 534

(See annexure B for more details.)

As at 30 June 2020

Land and buildings	582 961	-	-	(1 714)	-	581 247

Repairs and maintenance

An amount of R0,24 million (2020: R2,37 million) was spent on repairs and maintenance during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(494 996)	66 445	561 441	(424 815)	136 626
Computer software	1 397 175	(834 335)	562 840	1 201 774	(733 050)	468 724
TOTAL	1 958 616	(1 329 331)	629 285	1 763 215	(1 157 865)	605 350

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
As at 30 June 2021						
Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	468 724	67 211	130 067	(103 162)	-	562 840
TOTAL	605 350	67 211	130 067	(173 343)	-	629 285

(See annexure B for more details.)

As at 30 June 2020

Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	494 389	27 492	34 378	(87 529)	(6)	468 724
TOTAL	701 193	27 492	34 378	(157 707)	(6)	605 350

Comparative restated – see note 36 for more details.

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(494 996)	66 445	561 441	(424 815)	136 626
Computer software	1 382 575	(824 385)	558 190	1 188 862	(725 810)	463 052
TOTAL	1 944 016	(1 319 381)	624 635	1 750 303	(1 150 625)	599 678

RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
As at 30 June 2021						
Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	463 052	65 632	128 083	(98 577)	-	558 190
TOTAL	599 678	65 632	128 083	(168 758)	-	624 635

As at 30 June 2020

Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	486 374	27 492	32 579	(83 387)	(6)	463 052
TOTAL	693 178	27 492	32 579	(153 565)	(6)	599 678

6. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2021				
RSA Government stock	53 351	-	-	53 351
Guaranteed investment instruments	3 071 050	-	-	3 071 050
Other fixed deposits	6 969 157	-	-	6 969 157
Deposits held with fund managers	-	7 074 086	-	7 074 086
Net investments	10 093 558	7 074 086	-	17 167 644
Transferred to current investments	(101 575)	(2 782 294)	-	(2 883 869)
Transferred to cash and cash equivalents - see note 10	(6 867 581)	(1 063 493)	-	(7 931 074)
TOTAL	3 124 402	3 228 299	-	6 352 701
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	8 067 159	-	-	8 067 159
Deposits held with fund managers	-	6 749 591	-	6 749 591
	10 910 398	6 749 591	-	17 659 989
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 905 079	6 749 591	-	17 654 670
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents - see note 10	(7 988 687)	(1 269 566)	-	(9 258 253)
TOTAL	2 819 839	3 140 527	-	5 960 366



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

6. INVESTMENTS (continued)

	CITY OF CAPE TOWN			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2021				
RSA Government stock	53 351	-	-	53 351
Guaranteed investment instruments	3 071 050	-	-	3 071 050
Other fixed deposits	6 948 576	-	-	6 948 576
Deposits held with fund managers	-	7 074 086	-	7 074 086
Shares in CTICC	-	-	833 998	833 998
	10 072 977	7 074 086	833 998	17 981 061
Provision for impairment	-	-	(613 563)	(613 563)
Net investments	10 072 977	7 074 086	220 435	17 367 498
Transferred to current investments	(101 575)	(2 782 294)	-	(2 883 869)
Transferred to cash and cash equivalents – see note 10	(6 847 000)	(1 063 493)	-	(7 910 493)
TOTAL	3 124 402	3 228 299	220 435	6 573 136
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
Shares in CTICC	-	-	833 998	833 998
	10 741 429	6 749 591	833 998	18 325 018
Provision for impairment	(5 319)	-	(526 556)	(531 875)
Net investments	10 736 110	6 749 591	307 442	17 793 143
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
TOTAL	2 819 839	3 140 527	307 442	6 267 808

Guaranteed investment instruments

A total of R3,07 billion (2020: R2,77 billion) has been ring-fenced for the repayment of long-term liabilities – see note 11.

Compensation for occupational injuries and diseases (COID investments)

In terms of the COID Act, Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R53,35 million (2020: R72,01 million) and cash backed guarantees of R101,57 million (2020: R78,47 million).

7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Exchange transactions				
Other	36 664	703	36 664	703
Provision for impairment	(36 263)	(210)	(36 263)	(210)
	401	493	401	493
Housing selling developments	14 537	23 256	14 537	23 256
Provision for impairment	(5 941)	(3 609)	(5 941)	(3 609)
	8 596	19 647	8 596	19 647
Payments made in advance	5 242	-	5 242	-
	14 239	20 140	14 239	20 140
Transferred to current receivables	(7 600)	(8 524)	(7 600)	(8 524)
TOTAL	6 639	11 616	6 639	11 616
Reconciliation of impairment provision				
Balance at beginning of the year	3 819	2 154	3 819	2 154
Contribution to provisions	38 385	1 665	38 385	1 665
Balance as at 30 June	42 204	3 819	42 204	3 819

7.1 OTHER

Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20 to 40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

Litigation debtors

The City is currently in a dispute with a service provider regarding an outstanding claim.

7.2 HOUSING SELLING DEVELOPMENT LOANS

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 7% (2020: 10,25%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties.

7.3 PAYMENTS MADE IN ADVANCE

Deposits were paid to Eskom for infrastructure relating to housing developments. The deposits will be refunded upon completion of the projects concerned.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

8. INVENTORY

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Consumable stock	305 727	296 382	303 638	293 414
Water	49 730	48 686	49 730	48 686
Other goods held for use/resale	113 697	89 404	113 697	89 404
TOTAL	469 154	434 472	467 065	431 504

Inventory to the value of R0,107 million (2020: R3,56 million) was scrapped during the year, and R588,72 million (2020: R468,25 million) was expensed.

9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 738 478	(2 875 337)	2 863 141	5 979 294	(2 851 221)	3 128 073
From non-exchange transactions	5 738 478	(2 875 337)	2 863 141	5 979 294	(2 851 221)	3 128 073
Property rates debtors	3 198 947	(974 445)	2 224 502	3 713 518	(1 202 448)	2 511 070
CID property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Government subsidies	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
Contractual	8 226 836	(4 476 928)	3 749 908	9 223 494	(4 929 414)	4 294 080
From exchange transactions	8 204 127	(4 476 928)	3 727 199	9 205 919	(4 929 414)	4 276 505
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Other receivables	548 950	(164 583)	384 367	731 423	(200 225)	531 198
Payments made in advance	77 071	-	77 071	58 851	-	58 851
From non-exchange transactions	22 709	-	22 709	17 575	-	17 575
Other receivables	22 709	-	22 709	17 575	-	17 575
TOTAL	13 965 314	(7 352 265)	6 613 049	15 202 788	(7 780 635)	7 422 153
Total non-exchange transactions	5 761 187	(2 875 337)	2 885 850	5 996 869	(2 851 221)	3 145 648
Total exchange transactions	8 204 127	(4 476 928)	3 727 199	9 205 919	(4 929 414)	4 276 505
TOTAL	13 965 314	(7 352 265)	6 613 049	15 202 788	(7 780 635)	7 422 153

9. RECEIVABLES (continued)

As at 30 June 2021, the receivables balance included an amount of R132,86 million (2020: R267,00 million) owed by National Government and Province.

The 2020 comparative has been restated – see note 36 for more details.

RECONCILIATION OF IMPAIRMENT PROVISION

ECONOMIC ENTITY			
	Statutory	Contractual	Total
2021			
Balance at beginning of the year	2 851 221	4 929 414	7 780 635
Contributions to provisions	1 730 049	1 092 257	2 822 306
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
Balance as at 30 June	2 875 337	4 476 928	7 352 265
2020			
Balance at beginning of the year	2 547 305	3 880 326	6 427 631
Contributions to provisions	1 276 221	1 497 787	2 774 008
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	2 851 221	4 929 414	7 780 635

ANALYSIS OF RECEIVABLES' AGE IN DAYS

ECONOMIC ENTITY						
	STATUTORY RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 738 478	(2 875 337)	2 863 141	5 979 294	(2 851 221)	3 128 073
Property rates debtors	3 198 947	(974 445)	2 224 502	3 713 518	(1 202 448)	2 511 070
Not past due date	1 797 540	-	1 797 540	1 662 410	-	1 662 410
Past due						
0-90	154 314	(3 493)	150 821	528 212	(4 820)	523 392
91-180	206 022	(30 461)	175 561	227 587	(36 408)	191 179
181-365	227 356	(96 508)	130 848	250 488	(110 490)	139 998
365+	813 715	(843 983)	(30 268)	1 044 821	(1 050 730)	(5 909)
CIDs property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Not past due date	32 498	(584)	31 914	31 228	(418)	30 810
Past due						
0-90	13 756	(247)	13 509	26 400	(354)	26 046
91-180	6 427	(115)	6 312	7 631	(102)	7 529
181-365	7 956	(143)	7 813	5 481	(73)	5 408
365+	9 155	(9 155)	-	5 516	(5 516)	-
Government subsidies	216 555	-	216 555	205 828	-	205 828
Not past due date	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
Past due						
0-90	451 556	(378 901)	72 655	165 958	(137 398)	28 560
91-180	392 369	(329 237)	63 132	304 853	(252 389)	52 464
181-365	541 073	(454 015)	87 058	573 836	(475 082)	98 754
365+	868 186	(728 495)	139 691	939 045	(777 441)	161 604
TOTAL	5 738 478	(2 875 337)	2 863 141	5 979 294	(2 851 221)	3 128 073

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

	ECONOMIC ENTITY					
	CONTRACTUAL RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	8 204 127	(4 476 928)	3 727 199	9 205 919	(4 929 414)	4 276 505
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Not past due date	1 008 624	-	1 008 624	847 990	-	847 990
Past due						
0-90	351 640	(1 343)	350 297	587 898	(3 141)	584 757
91-180	99 712	(10 164)	89 548	137 516	(21 553)	115 963
181-365	122 796	(44 873)	77 923	121 458	(47 937)	73 521
365+	380 722	(370 550)	10 172	398 495	(387 684)	10 811
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Not past due date	318 883	-	318 883	284 947	-	284 947
Past due						
0-90	242 117	(18 942)	223 175	410 902	(30 981)	379 921
91-180	167 847	(58 914)	108 933	229 282	(74 644)	154 638
181-365	289 863	(154 268)	135 595	298 011	(152 255)	145 756
365+	1 534 234	(1 507 375)	26 859	1 836 165	(1 813 643)	22 522
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Not past due date	106 169	-	106 169	105 619	-	105 619
Past due						
0-90	74 419	(7 062)	67 357	142 479	(16 334)	126 145
91-180	51 680	(17 780)	33 900	86 625	(42 180)	44 445
181-365	90 675	(48 220)	42 455	138 328	(87 553)	50 775
365+	511 660	(491 531)	20 129	447 854	(438 355)	9 499
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Not past due date	253 004	-	253 004	315 753	-	315 753
Past due						
0-90	191 491	(6 342)	185 149	203 400	(9 517)	193 883
91-180	73 995	(22 996)	50 999	94 892	(36 263)	58 629
181-365	123 692	(62 511)	61 181	124 515	(69 917)	54 598
365+	546 690	(537 340)	9 350	640 523	(629 039)	11 484
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Not past due date	85 008	(61 197)	23 811	78 154	(53 533)	24 621
Past due						
0-90	63 015	(45 365)	17 650	66 968	(45 871)	21 097
91-180	38 348	(27 607)	10 741	24 222	(16 591)	7 631
181-365	69 535	(50 058)	19 477	69 007	(47 267)	21 740
365+	573 208	(573 208)	-	523 745	(523 745)	-

9. RECEIVABLES (continued)

ECONOMIC ENTITY						
	CONTRACTUAL RECEIVABLES (continued)					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Not past due date	361	(155)	206	2 917	(731)	2 186
Past due						
0-90	13 147	(5 649)	7 498	15 339	(4 344)	10 995
91-180	3 222	(1 385)	1 837	(1 455)	354	(1 101)
181-365	8 484	(3 645)	4 839	10 158	(2 527)	7 631
365+	183 865	(183 865)	-	173 938	(173 938)	-
Other receivables	548 950	(164 583)	384 367	731 423	(200 225)	531 198
Not past due date	301 945	(2 472)	299 473	451 266	(3 017)	448 249
Past due						
0-90	39 434	(3 337)	36 097	64 990	(5 018)	59 972
91-180	20 201	(2 769)	17 432	(11 015)	698	(10 317)
181-365	34 912	(7 057)	27 855	36 836	(7 925)	28 911
365+	152 458	(148 948)	3 510	189 346	(184 963)	4 383
Payments made in advance	77 071	-	77 071	58 851	-	58 851
Not past due date	77 071	-	77 071	58 851	-	58 851
FROM NON-EXCHANGE TRANSACTIONS	22 709	-	22 709	17 575	-	17 575
Other receivables	22 709	-	22 709	17 575	-	17 575
Not past due date	22 709	-	22 709	17 575	-	17 575
TOTAL	8 226 836	(4 476 928)	3 749 908	9 223 494	(4 929 414)	4 294 080

The "not past due date" category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts. Debtors to the value of R609,77 million (2020: R735,47 million) have arranged to repay their outstanding arrear debt over a renegotiated period.

Comparative restated – see note 36 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

CITY OF CAPE TOWN						
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 740 441	(2 875 337)	2 865 104	5 981 539	(2 851 221)	3 130 318
From non-exchange transactions	5 740 441	(2 875 337)	2 865 104	5 981 539	(2 851 221)	3 130 318
Property rates debtors	3 200 910	(974 445)	2 226 465	3 715 763	(1 202 448)	2 513 315
CIDs property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Government subsidies	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
Contractual	8 165 826	(4 476 264)	3 689 562	9 139 683	(4 928 128)	4 211 555
From exchange transactions	8 147 501	(4 476 264)	3 671 237	9 122 108	(4 928 128)	4 193 980
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Other receivables	492 324	(163 919)	328 405	647 789	(198 939)	448 850
Payments made in advance	77 071	-	77 071	58 674	-	58 674
From non-exchange transactions	18 325	-	18 325	17 575	-	17 575
Other receivables	18 325	-	18 325	17 575	-	17 575
TOTAL	13 906 267	(7 351 601)	6 554 666	15 121 222	(7 779 349)	7 341 873
Total non-exchange transactions	5 758 766	(2 875 337)	2 883 429	5 999 114	(2 851 221)	3 147 893
Total exchange transactions	8 147 501	(4 476 264)	3 671 237	9 122 108	(4 928 128)	4 193 980
TOTAL	13 906 267	(7 351 601)	6 554 666	15 121 222	(7 779 349)	7 341 873

RECONCILIATION OF IMPAIRMENT PROVISION

2021

	Statutory	Contractual	Total
Balance at beginning of the year	2 851 221	4 928 128	7 779 349
Contributions to provisions	1 730 049	1 092 879	2 822 928
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
Balance as at 30 June	2 875 337	4 476 264	7 351 601

2020

Balance at beginning of the year	2 547 305	3 878 643	6 425 948
Contributions to provisions	1 276 221	1 498 184	2 774 405
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	2 851 221	4 928 128	7 779 349

9. RECEIVABLES (continued)**ANALYSIS OF RECEIVABLES' AGE IN DAYS**

CITY OF CAPE TOWN						
	STATUTORY RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 740 441	(2 875 337)	2 865 104	5 981 539	(2 851 221)	3 130 318
Property rates debtors	3 200 910	(974 445)	2 226 465	3 715 763	(1 202 448)	2 513 315
Not past due date	1 799 503	-	1 799 503	1 664 655	-	1 664 655
Past due						
0-90	154 314	(3 493)	150 821	528 212	(4 820)	523 392
91-180	206 022	(30 461)	175 561	227 587	(36 408)	191 179
181-365	227 356	(96 508)	130 848	250 488	(110 490)	139 998
365+	813 715	(843 983)	(30 268)	1 044 821	(1 050 730)	(5 909)
CIDs property rates debtors	69 792	(10 244)	59 548	76 256	(6 463)	69 793
Not past due date	32 498	(584)	31 914	31 228	(418)	30 810
Past due						
0-90	13 756	(247)	13 509	26 400	(354)	26 046
91-180	6 427	(115)	6 312	7 631	(102)	7 529
181-365	7 956	(143)	7 813	5 481	(73)	5 408
365+	9 155	(9 155)	-	5 516	(5 516)	-
Government subsidies	216 555	-	216 555	205 828	-	205 828
Not past due date	216 555	-	216 555	205 828	-	205 828
Traffic fines	2 253 184	(1 890 648)	362 536	1 983 692	(1 642 310)	341 382
Past due						
0-90	451 556	(378 901)	72 655	165 958	(137 398)	28 560
91-180	392 369	(329 237)	63 132	304 853	(252 389)	52 464
181-365	541 073	(454 015)	87 058	573 836	(475 082)	98 754
365+	868 186	(728 495)	139 691	939 045	(777 441)	161 604
TOTAL	5 740 441	(2 875 337)	2 865 104	5 981 539	(2 851 221)	3 130 318

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

CITY OF CAPE TOWN						
	CONTRACTUAL RECEIVABLES					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	8 147 501	(4 476 264)	3 671 237	9 122 108	(4 928 128)	4 193 980
Electricity	1 963 494	(426 930)	1 536 564	2 093 357	(460 315)	1 633 042
Not past due date	1 008 624	-	1 008 624	847 990	-	847 990
Past due						
0-90	351 640	(1 343)	350 297	587 898	(3 141)	584 757
91-180	99 712	(10 164)	89 548	137 516	(21 553)	115 963
181-365	122 796	(44 873)	77 923	121 458	(47 937)	73 521
365+	380 722	(370 550)	10 172	398 495	(387 684)	10 811
Water	2 552 944	(1 739 499)	813 445	3 059 307	(2 071 523)	987 784
Not past due date	318 883	-	318 883	284 947	-	284 947
Past due						
0-90	242 117	(18 942)	223 175	410 902	(30 981)	379 921
91-180	167 847	(58 914)	108 933	229 282	(74 644)	154 638
181-365	289 863	(154 268)	135 595	298 011	(152 255)	145 756
365+	1 534 234	(1 507 375)	26 859	1 836 165	(1 813 643)	22 522
Waste management	834 603	(564 593)	270 010	920 905	(584 422)	336 483
Not past due date	106 169	-	106 169	105 619	-	105 619
Past due						
0-90	74 419	(7 062)	67 357	142 479	(16 334)	126 145
91-180	51 680	(17 780)	33 900	86 625	(42 180)	44 445
181-365	90 675	(48 220)	42 455	138 328	(87 553)	50 775
365+	511 660	(491 531)	20 129	447 854	(438 355)	9 499
Wastewater management	1 188 872	(629 189)	559 683	1 379 083	(744 736)	634 347
Not past due date	253 004	-	253 004	315 753	-	315 753
Past due						
0-90	191 491	(6 342)	185 149	203 400	(9 517)	193 883
91-180	73 995	(22 996)	50 999	94 892	(36 263)	58 629
181-365	123 692	(62 511)	61 181	124 515	(69 917)	54 598
365+	546 690	(537 340)	9 350	640 523	(629 039)	11 484
Housing rental stock	829 114	(757 435)	71 679	762 096	(687 007)	75 089
Not past due date	85 008	(61 197)	23 811	78 154	(53 533)	24 621
Past due						
0-90	63 015	(45 365)	17 650	66 968	(45 871)	21 097
91-180	38 348	(27 607)	10 741	24 222	(16 591)	7 631
181-365	69 535	(50 058)	19 477	69 007	(47 267)	21 740
365+	573 208	(573 208)	-	523 745	(523 745)	-

9. RECEIVABLES (continued)

CITY OF CAPE TOWN						
	CONTRACTUAL RECEIVABLES (continued)					
	As at 30 June 2021			As at 30 June 2020		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing selling stock	209 079	(194 699)	14 380	200 897	(181 186)	19 711
Not past due date	361	(155)	206	2 917	(731)	2 186
Past due						
0-90	13 147	(5 649)	7 498	15 339	(4 344)	10 995
91-180	3 222	(1 385)	1 837	(1 455)	354	(1 101)
181-365	8 484	(3 645)	4 839	10 158	(2 527)	7 631
365+	183 865	(183 865)	-	173 938	(173 938)	-
Other receivables	492 324	(163 919)	328 405	647 789	(198 939)	448 850
Not past due date	245 435	(1 808)	243 627	367 835	(1 731)	366 104
Past due						
0-90	39 434	(3 337)	36 097	64 990	(5 018)	59 972
91-180	20 085	(2 769)	17 316	(11 218)	698	(10 520)
181-365	34 912	(7 057)	27 855	36 836	(7 925)	28 911
365+	152 458	(148 948)	3 510	189 346	(184 963)	4 383
Payments made in advance	77 071	-	77 071	58 674	-	58 674
Not past due date	77 071	-	77 071	58 674	-	58 674
FROM NON-EXCHANGE TRANSACTIONS	18 325	-	18 325	17 575	-	17 575
Other receivables	18 325	-	18 325	17 575	-	17 575
Not past due date	18 325	-	18 325	17 575	-	17 575
TOTAL	8 165 826	(4 476 264)	3 689 562	9 139 683	(4 928 128)	4 211 555

10. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Amortised cost	7 084 826	8 268 052	7 062 607	8 097 003
Bank balance*	196 536	252 221	195 135	250 376
Year-end accruals	(110)	35	(110)	35
Cash on hand and in transit	20 819	27 109	20 582	26 874
Call and short-term deposits – see note 6	6 867 581	7 988 687	6 847 000	7 819 718
Fair value – see note 6	1 063 493	1 269 566	1 063 493	1 269 566
Call and short-term deposits	1 053 506	1 258 161	1 053 506	1 258 161
Bank accounts managed by fund managers*	9 987	11 405	9 987	11 405
TOTAL	8 148 319	9 537 618	8 126 100	9 366 569

* See annexure C for more details.

Economic entity comparative restated – see note 36 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

11. BORROWINGS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Marketable bonds	4 954 428	5 059 968	4 954 428	5 059 968
Concessionary loans	1 993 634	2 191 609	1 993 634	2 191 609
Other loans	40 000	66 666	40 000	66 666
Subtotal – see annexure A for more details	6 988 062	7 318 243	6 988 062	7 318 243
Transferred to current liabilities	(440 239)	(446 354)	(440 239)	(446 354)
TOTAL	6 547 823	6 871 889	6 547 823	6 871 889
A total of R3,07 billion (2020: R2,77 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6.				
MARKETABLE BONDS	4 954 428	5 059 968	4 954 428	5 059 968
Marketable bonds	4 954 428	5 059 968	4 954 428	5 059 968
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,95 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).				
CONCESSIONARY LOANS	1 993 634	2 191 609	1 993 634	2 191 609
Agence Française de Développement (AFD)	1 031 116	1 165 246	1 031 116	1 165 246
An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2021 was R1,11 billion (2020: R1,27 billion).				
KfW Development Bank	962 518	1 026 363	962 518	1 026 363
An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2021 was R1,07 billion (2020: R1,16 billion).				

11. BORROWINGS(continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
OTHER LOANS	40 000	66 666	40 000	66 666
DBSA	40 000	66 666	40 000	66 666
Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans will be fully paid on 31 December 2022.				
TOTAL – see annexure A for more details.	6 988 062	7 318 243	6 988 062	7 318 243

For more details about short-term debt facilities available to the Entity, see annexure C.

In compliance with paragraph 7.3(g) of the JSE listing requirements, Mr Hilton Robbins, in his capacity as Manager: Treasury of City of Cape Town, has been appointed as debt officer of City of Cape Town with effect from 12 October 2020.

In compliance with paragraph 7.16, of the JSE listing requirements, the City has no loans or procurement transactions with any related parties, domestic prominent influential persons and prescribed officers as defined by the JSE Debt Listing Requirements.

Economic entity comparative restated – see note 36 for more details.

12. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,46 billion (2020: R1,35 billion) to the DB and DC schemes were expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

12.1 DEFINED-BENEFIT SCHEMES**LA Retirement Fund (multi-employer fund)**

The last statutory actuarial valuation of the fund was performed as at 30 June 2020, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The funding basis valuation indicated an overall funding level of 100% for the DB section and pensioners account, respectively, at the financial year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan, and its last statutory valuation was as at 1 July 2018. Its interim valuation results show a deficit of R601,2 million and a funding level of 96%. As a result, the fund is not considered financially sound in terms of Notice 2 of 2016 issued by the Financial Sector Conduct Authority (FSCA). The fund has since submitted a scheme of arrangement (SOA) to the Registrar of Pension Funds in terms of section 18 of the Pension Funds Act to return the fund to a financially sound position. The SOA requests that all participating employers contribute an additional 2% per annum over the next five to six years. The SOA and the additional 2% contribution per annum will be implemented once approved by Council, and a provision of R12,3 million has been included under 'other provisions' (see note 13).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

12. RETIREMENT BENEFIT INFORMATION (continued)

12.2 DEFINED-CONTRIBUTION SCHEMES

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

12.3 DEFINED-BENEFIT AND DEFINED-CONTRIBUTION SCHEME

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed as at 30 June 2018, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed as at 30 June 2020.

	DB section	DC section	Total
In-service members	167	9 604	9 771
Pensioners	2 344	2 298	4 642
Membership as at 30 June 2020	2 511	11 902	14 413

	2020 R'million	2019 R'million
Past-service position: DC section	12 090	11 958
DB section	3 380	3 815
Total liabilities	15 470	15 773
Assets valued at market value	15 595	15 840
Actuarial surplus*	125	67

*The actuarial surplus is mainly attributable to the DB in-service members, and is not refundable to the employer.

Key financial assumptions	2021 %	2020 %
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	2,04	0,72
Post-retirement	4,04	2,72
Normal retirement age	65 years	65 years

13. PROVISIONS

	ECONOMIC ENTITY					
	As at 30 June 2021			As at 30 June 2020		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	237 146	79 286	316 432	299 857	79 287	379 144
Long-service leave benefits	713 938	81 383	795 321	662 572	49 434	712 006
Post-retirement healthcare benefits	6 129 623	290 989	6 420 612	5 429 905	278 610	5 708 515
Other provisions	33 805	1 121 013	1 154 818	34 869	981 292	1 016 161
TOTAL	7 114 512	1 572 671	8 687 183	6 427 203	1 388 623	7 815 826

MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service leave benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	379 144	712 006	5 708 515	1 016 161	7 815 826
Service costs	-	56 153	79 244	384	135 781
Interest costs	45 990	80 172	793 484	1 692	921 338
Payments/utilised	(26 593)	(81 204)	(280 090)	(1 036 452)	(1 424 339)
Additional provision raised	-	-	-	1 187 990	1 187 990
Reversals	-	-	-	(27 589)	(27 589)
Actuarial losses	-	28 194	119 459	370	148 023
Remeasurement	(82 109)	-	-	12 262	(69 847)
TOTAL	316 432	795 321	6 420 612	1 154 818	8 687 183

	CITY OF CAPE TOWN					
	As at 30 June 2021			As at 30 June 2020		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	237 146	79 286	316 432	299 857	79 287	379 144
Long-service leave benefits	713 938	81 383	795 321	662 572	49 434	712 006
Post-retirement healthcare benefits	6 129 623	290 989	6 420 612	5 429 905	278 610	5 708 515
Other provisions	33 805	1 121 013	1 154 818	34 869	977 016	1 011 885
TOTAL	7 114 512	1 572 671	8 687 183	6 427 203	1 384 347	7 811 550

MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service leave benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	379 144	712 006	5 708 515	1 011 885	7 811 550
Service costs	-	56 153	79 244	384	135 781
Interest costs	45 990	80 172	793 484	1 692	921 338
Payments/utilised	(26 593)	(81 204)	(280 090)	(1 036 452)	(1 424 339)
Additional provision raised	-	-	-	1 187 990	1 187 990
Reversed	-	-	-	(23 313)	(23 313)
Actuarial losses	-	28 194	119 459	370	148 023
Remeasurement	(82 109)	-	-	12 262	(69 847)
TOTAL	316 432	795 321	6 420 612	1 154 818	8 687 183

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

13. PROVISIONS (continued)

13.1 ENVIRONMENTAL REHABILITATION

In terms of the Entity's licensing stipulations for waste landfill sites, provision is made for the estimated cost of rehabilitating landfills for the portion of land used or contaminated at the reporting date. The valuation has been performed internally based on the detailed report of a valuation conducted by external consulting engineers on 30 June 2020.

Key cost parameters	2021	2020
Estimated dates of reaching capacity	Between 2018 and 2039	Between 2018 and 2031
Estimated post-closure rehabilitation time	4 years	4 years
Post-closure monitoring period	30 years	30 years
Average estimated annual inflation rate	4,17%	3,82%
Discount rate at the average borrowing rate	12,18%	13,02%

13.2 LONG-SERVICE LEAVE BENEFITS

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The nominal and real-zero curves as supplied by the JSE were used to determine the discount rates and consumer price index (CPI) assumptions for the respective periods.

Key cost parameters	2021	2020
Discount rate	Yield curve	11,26%
Consumer price index	Difference between nominal and real-yield curve	7,16%
Salary increase	Equal to CPI + 1%	8,16%

13.3 POST-RETIREMENT HEALTHCARE DEFINED BENEFITS

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2021 constituted 6 127 (2020: 6 224) in-service members and 6 920 (2020: 6 963) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

13. PROVISIONS (continued)

13.3 POST-RETIREMENT HEALTHCARE DEFINED BENEFITS (continued)

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off the balance sheet in respect of the employer's post-employment healthcare liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2021 has been discounted at a rate determined on the basis of the nominal and real-zero curves as supplied by the JSE.

Key financial assumptions	2021	2020
Discount rate	Yield curve	13,90%
Consumer price index	Difference between nominal and real-yield curve	9,24%
Healthcare cost inflation rate	CPI + 2%	11,24%

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		6 420 612	81 991	661 375
Healthcare inflation	1% decrease	5 740 507	69 535	589 482
	1% increase	7 225 750	97 260	746 515
Post-retirement mortality	20% decrease	7 017 306	90 015	724 301
	20% increase	5 943 053	75 447	611 008

13.4 OTHER PROVISIONS

Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision of R1,05 billion (2020: R924,16 million) is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

14. DEPOSITS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Electricity and water	425 716	405 503	425 716	405 503
Other deposits	82 536	126 947	14 059	13 918
TOTAL	508 252	532 450	439 775	419 421

15. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other creditors	5 162 103	4 985 359	5 139 874	4 947 591
Payments received in advance	1 076 506	990 707	1 076 506	990 707
Funds administrated on behalf of third parties	27 938	23 674	27 938	23 674
TOTAL	6 266 547	5 999 740	6 244 318	5 961 972

Payables are non-interest bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest bearing and normally settled on 30-day terms.

Economic entity 2020 comparative restated – see note 36 for more details.

16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	951 592	1 229 048	951 592	1 229 048
National Government	543 682	954 696	543 682	954 696
Province	407 910	274 352	407 910	274 352
Other conditional receipts	167 677	163 124	167 677	163 124
Public contributions	167 677	163 124	167 677	163 124
TOTAL	1 119 269	1 392 172	1 119 269	1 392 172

Neighbourhood Development Partnership Grant

National Treasury required proof that funds transferred in July 2020 had been depleted, that the City would be able to absorb additional funding, and that the City had obtained additional project approvals. For these reasons, National Treasury delayed the second tranche of R11,6 million, which should have been received in October 2020. Moreover, the allocation was subsequently reduced, as published in the Division of Revenue Second Amendment Bill, which was also not approved timeously. Therefore, only R8,4 million was received in March 2021.

Expanded Public Works Programme (EPWP) Integrated Grant

The second tranche of R20 million was delayed by a month due to non-reporting of the EPWP grant-funded projects on the EPWP reporting system. The funding was received in December 2020.

16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (continued)**Public Transport Network Grant**

The National Department of Transport delayed the second tranche of R497,4 million to assess monthly progress reports submitted. Moreover, the allocation was subsequently reduced, as published in the Division of Revenue Second Amendment Bill, which was also not approved timeously. Therefore, R200 million was received in February 2021 and R53,2 million in March 2021.

Integrated City Development Grant

National Treasury reduced allocations of certain grants by 1,2% to contain expenditure in the current constrained fiscal environment. In addition, the Division of Revenue Second Amendment Bill, which provided for these reduced payments, was not approved timeously, which resulted in payment delays. While the City should have received R32,9 million in November 2020, only R32,1 million was received in March 2021.

Infrastructure Skills Development Grant

National Treasury reduced allocations of certain grants by 1,2% to contain expenditure in the current constrained fiscal environment. In addition, the Division of Revenue Second Amendment Bill, which provided for these reduced payments, was not approved timeously, which resulted in payment delays. While the City should have received R5 million in January 2021, only R4,8 million was received in March 2021.

See notes 23, 24 and annexure D for more details on grants from National Government and Province, as well as public contributions.

17. VALUE-ADDED TAX (VAT)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
VAT payable	527 034	589 182	525 665	587 791
Impairment adjustment	(41 499)	(34 839)	(41 499)	(34 839)
Total VAT payable	485 535	554 343	484 166	552 952
VAT receivable	(398 617)	(379 654)	(397 786)	(379 654)
TOTAL	86 918	174 689	86 380	173 298

The VAT liability was impaired as a result of impairment against debtors. The City is registered for VAT on the payment basis.

18. HOUSING DEVELOPMENT FUND**Realised housing proceeds**

Balance at beginning of the year	443 563	377 344	443 563	377 344
Income	19 948	73 701	19 948	73 701
Interest	15 884	24 805	15 884	24 805
Expenditure	(66 787)	(32 287)	(66 787)	(32 287)
Balance at end of the year	412 608	443 563	412 608	443 563

Unrealised housing proceeds

Balance at beginning of the year	19 647	32 007	19 647	32 007
Long-term loans realised	(8 773)	(10 695)	(8 773)	(10 695)
Transfer to impairment provision - selling schemes	(2 279)	(1 665)	(2 279)	(1 665)
Balance at end of the year	8 595	19 647	8 595	19 647

TOTAL	421 203	463 210	421 203	463 210

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.

19. SERVICE CHARGES

Electricity	14 216 870	14 222 993	14 235 170	14 248 623
Water and wastewater	4 792 516	4 534 853	4 794 668	4 541 952
Solid waste	1 402 726	1 350 098	1 403 064	1 350 425
ICASA ECSN licence fees	25 288	24 885	25 288	24 885
Other	653 880	730 079	643 592	714 509
TOTAL	21 091 280	20 862 908	21 101 782	20 880 394

Economic entity comparative restated - see note 36 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

20. FINANCE INCOME

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Exchange transactions	1 221 202	1 597 808	1 217 275	1 582 511
External investments	941 653	1 357 907	937 726	1 342 610
Outstanding debtors	320 734	298 953	320 734	298 953
Transferred interest to conditional grants	(41 185)	(59 052)	(41 185)	(59 052)
Non-exchange transactions				
Outstanding debtors	134 185	109 465	134 185	109 465
TOTAL	1 355 387	1 707 273	1 351 460	1 691 976

Economic entity comparative restated – see note 36 for more details.

21. OTHER INCOME

Exchange transactions	383 048	416 770	388 179	348 779
Bulk infrastructure levies	255 090	152 298	255 090	152 298
Other income	121 248	208 978	126 379	140 987
Gains on foreign-exchange transactions	336	2	336	2
Fair-value adjustments	6 374	55 492	6 374	55 492
Non-exchange transactions	270 239	370 404	270 239	370 404
City improvement districts (CIDs)	270 239	239 394	270 239	239 394
Fair-value adjustments	-	131 010	-	131 010
TOTAL	653 287	787 174	658 418	719 183

The City received services in-kind to an estimated value of R11,52 million (2020: R15,22 million) in the form of volunteers.

Economic entity comparative restated – see note 36 for more details.

22. PROPERTY RATES

Actual				
Residential, commercial and other	11 276 871	11 024 106	11 282 693	11 033 625
Income forgone	(1 277 662)	(1 191 840)	(1 277 662)	(1 191 840)
TOTAL	9 999 209	9 832 266	10 005 031	9 841 785

VALUATIONS PER CATEGORY

Agriculture	8 842 435	7 823 081	8 842 435	7 823 081
Business and commercial	266 217 147	280 805 836	266 217 147	280 805 836
Industrial	90 667 953	90 350 732	90 667 953	90 350 732
Mining	258 108	214 188	258 108	214 188
Multiple purpose	5 791 480	7 156 597	5 791 480	7 156 597
Organ of state (public service purposes)	37 552 525	40 388 212	37 552 525	40 388 212
Public benefit organisation	4 674 173	2 437 690	4 674 173	2 437 690
Public service infrastructure	12 582 925	12 529 473	12 582 925	12 529 473
Residential	1 176 512 842	1 144 122 786	1 176 512 842	1 144 122 786
Vacant land	37 861 339	37 777 795	37 861 339	37 777 795
Place of worship	15 701 560		15 701 560	
TOTAL valuation at commencement of financial year	1 656 662 487	1 623 606 390	1 656 662 487	1 623 606 390

22. PROPERTY RATES (continued)

The latest general valuation roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2022. It is based on market-related values and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

GV2018 has introduced new rates categories, as required by the MPRA. Therefore, comparative figures for the valuation per category are not available in all cases.

23. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Unconditional grants	3 929 222	3 256 778	3 929 222	3 256 778
Conditional grants	3 469 222	3 612 018	3 469 222	3 612 018
National Government	2 406 305	2 520 166	2 406 305	2 520 166
Province	1 062 917	1 091 852	1 062 917	1 091 852
TOTAL	7 398 444	6 868 796	7 398 444	6 868 796
Analysis of government grants and subsidies				
Operating	5 781 742	4 957 485	5 781 742	4 957 485
Capital	1 616 702	1 911 311	1 616 702	1 911 311
TOTAL	7 398 444	6 868 796	7 398 444	6 868 796
24. PUBLIC CONTRIBUTIONS				
Unconditional	4 040	-	4 040	-
Conditional	191 924	66 251	191 924	66 251
Consumer connections	59 345	40 411	59 345	40 411
Contributed assets	124 531	60	124 531	60
Other	8 048	25 780	8 048	25 780
TOTAL	195 964	66 251	195 964	66 251

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

25. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Salaries, wages and allowances	13 972 331	12 774 134	13 901 951	12 697 236
Contributions and benefits paid: current provisions	74 467	189 055	74 467	189 055
Contributions: post-retirement and long-service benefits	1 159 152	(85 354)	1 159 152	(85 354)
Current service costs	135 781	152 605	135 781	152 605
Interest costs	875 348	683 298	875 348	683 298
Actuarial losses/(gains)	148 023	(921 257)	148 023	(921 257)
Remeasurement of provisions	(2 985)	-	(2 985)	-
	15 202 965	12 877 835	15 132 585	12 800 937
Expenditure recharged to capital projects	(23 563)	(24 228)	(23 563)	(24 228)
TOTAL	15 179 402	12 853 607	15 109 022	12 776 709

Economic entity comparative restated – see note 36 for more details.

26. IMPAIRMENT COSTS

Receivables	2 854 064	2 803 823	2 854 653	2 804 042
Investments	-	-	87 007	58 745
Property, plant and equipment	140 066	101 799	30 227	19 784
TOTAL	2 994 130	2 905 622	2 971 887	2 882 571

27. FINANCE COSTS

Borrowings	772 811	762 895	772 811	762 895
Unwinding of discount	45 990	45 003	45 990	45 003
TOTAL	818 801	807 898	818 801	807 898

Economic entity comparative restated – see note 36 for more details.

28. BULK PURCHASES

Electricity	9 718 558	9 317 868	9 718 558	9 317 868
Water	429 208	553 902	429 208	553 902
TOTAL	10 147 766	9 871 770	10 147 766	9 871 770

29. CONTRACTED SERVICES

Transportation services	687 884	514 485	687 884	514 431
Refuse removal services	418 468	389 543	418 468	389 543
Sewerage services	529 321	424 148	529 321	424 148
Electrical services	281 945	242 531	273 947	234 074
Waste haulage services	265 856	252 608	265 856	252 608
Other services	421 634	311 241	421 280	299 046
TOTAL	2 605 108	2 134 556	2 596 756	2 113 850

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being outsourced instead.

Economic Entity comparative restated – see note 36 for more details.

30. GENERAL EXPENSES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Auditor remuneration	20 098	21 940	18 136	20 241
CID levies	262 132	232 212	262 132	232 212
Consultants	741 878	927 209	730 625	916 548
Electricity - Eskom service areas	166 596	162 897	165 856	163 667
Fair-value adjustments	2 107	3 184	2 107	3 184
Indigent relief	501 098	408 106	501 098	408 106
Loss on foreign-exchange transactions	921	1 783	968	1 842
Inventory: scrapping	107	3 559	107	3 559
Telecommunications	316 975	247 449	306 918	237 651
Building contractors	1 723 268	1 901 874	1 715 779	1 889 310
Fuel	280 912	287 905	280 623	287 369
Pharmaceutical supplies ¹	237 185	200 333	237 185	200 333
Minor tools and equipment	446 584	505 763	443 816	479 658
Security services	1 228 094	883 364	1 214 696	864 936
Servicing of vehicles and equipment	448 913	493 322	441 691	482 273
Other expenditure	2 165 341	2 137 688	2 130 170	2 097 339
	8 542 209	8 418 588	8 451 907	8 288 228
Contributions from provisions	(50 661)	(34 731)	(50 661)	(34 731)
	8 491 548	8 383 857	8 401 246	8 253 497
Expenditure recharged to capital projects	(2 886)	(2 155)	(2 886)	(2 155)
TOTAL	8 488 662	8 381 702	8 398 360	8 251 342

¹ In the reporting year, pharmaceutical supplies became a material item due to Covid-19, and the comparative has been adjusted to present it separately.

Economic entity comparative restated – see note 36 for more details.

31. TAXATION

31.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2020: 28%).

At beginning of the year	(158 566)	(123 703)
Temporary differences: current year	(12 576)	(34 396)
prior year	(5 551)	(467)
At end of the year	(176 693)	(158 566)

31.2 TAXATION

Statement of financial performance charge

CTICC	(12 576)	(34 396)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

32. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Surplus for the year	1 878 302	4 294 568	2 054 419	4 369 409
Adjustment for:	5 985 204	4 515 353	5 898 147	4 454 386
Contributed assets	(173 114)	(60)	(173 114)	(60)
Contribution to provisions	860 093	(221 276)	864 369	(219 975)
Depreciation	2 887 634	2 956 632	2 833 027	2 901 939
Fair-value adjustment	(4 267)	(183 318)	(4 267)	(183 318)
Gains and losses on disposal of assets	(60 974)	(46 421)	(60 974)	(46 421)
Impairment	2 994 097	2 905 443	2 971 887	2 882 571
Inventory scrapping	107	3 559	107	3 559
Unrealised foreign-exchange (gains)/losses	(229)	169	(229)	169
General expense	18 443	-	-	-
Finance income	(1 355 387)	(1 707 273)	(1 351 460)	(1 691 976)
Cash transactions	(1 308 676)	(1 657 602)	(1 304 749)	(1 642 305)
Non-cash transactions	(46 711)	(49 671)	(46 711)	(49 671)
Finance costs	818 801	807 898	818 801	807 898
Cash transactions	731 498	718 927	731 498	718 927
Non-cash transactions	87 303	88 971	87 303	88 971
Operating surplus before working capital changes	7 863 506	8 809 921	7 952 566	8 823 795
Increase in inventories	(38 071)	(55 480)	(42 133)	(54 579)
Increase in receivables	(1 966 491)	(3 077 604)	(1 989 010)	(3 057 378)
(Decrease)/increase in unspent conditional grants and receipts	(272 903)	94 002	(272 903)	94 002
(Decrease)/increase in deposits	(24 198)	80 103	20 354	8 459
Increase in payables	267 638	250 386	286 360	261 274
(Decrease)/increase in net VAT	(81 111)	16 448	(80 258)	15 057
CASH GENERATED FROM OPERATIONS	5 748 370	6 117 776	5 874 976	6 090 630

Comparatives restated – see note 36 for more details.

33. OPERATING LEASE COMMITMENTS

33.1 THE ENTITY AS LESSEE

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Buildings	35 980	55 190	35 980	55 190
Payable within one year	22 585	50 253	22 585	50 253
Payable within two to five years	13 395	4 937	13 395	4 937
Radio masts	585	920	585	920
Payable within one year	277	478	277	478
Payable within two to five years	308	442	308	442
TOTAL	36 565	56 110	36 565	56 110

Minimum lease payments recognised as an expense during the period amounted to R59,01 million (2020: R55,96 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

Economic entity comparative restated – see note 36 for more details.

33.2 THE ENTITY AS LESSOR

Future minimum lease income under non-cancellable operating leases

Buildings				
Receivable within one year	74 226	67 983	74 226	67 983
Receivable within two to five years	264 325	252 378	264 325	252 378
Receivable after five years	418 016	455 894	418 016	455 894
TOTAL	756 567	776 255	756 567	776 255

The Entity lets properties under operating leases. Property rental income earned during the year was R71,21 million (2020: R61,93 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has seen an increase of R4,22 million in current-year income.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

34. CONTINGENT LIABILITIES

34.1 CONTRACTUAL DISPUTES

Various contractual claims by contractors and suppliers are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R292,84 million (2020: R284,36 million).

34.2 OUTSTANDING INSURANCE CLAIMS

The estimated liability for insurance claims amounts to R281,50 million (2020: R262,43 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

35. PRINCIPAL-AGENT ARRANGEMENTS

35.1 PRINCIPAL ARRANGEMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
COLLECTION AGENTS				
PREPAID ELECTRICITY				
Cigicell, Ontec, Flash and Sandulela are service providers who serve as agents for the City in the third-party sale of prepaid electricity. All payments are made directly to the City, and the service provider invoices the City for commission payable.				
Commission paid to agents	77 390	72 105	77 390	72 105
MUNICIPAL ACCOUNTS AND FINES				
The City also has a service provider who serves as a third-party agent for the payment of the City's municipal accounts and traffic fines. All payments are paid into the third-party agent's bank account, and are then transferred to the City the next day. The agent invoices the City for commission payable and the reimbursement of bank costs.				
Commission paid to agents	53 402	56 378	53 402	56 378
FREE BASIC ELECTRICITY				
ESKOM AREAS				
Eskom, on behalf of the City, provides free basic electricity to eligible customers within the municipal boundaries of the City. Electricity provision occurs through prepaid and conventional meters. Eligible customers are identified according to the municipal rates policy. Eskom provides this service in advance and is reimbursed by the City in an amount equal to the free service provided. Eskom receives no further compensation in terms of the agreement.				

35. PRINCIPAL-AGENT ARRANGEMENTS (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
35.2 AGENT ARRANGEMENT				
AGENT FOR PROVINCE'S DEPARTMENT OF TRANSPORT AND PUBLIC WORKS				
The City serves as an agent for Province's Department of Transport and Public Works, providing motor vehicle registration and licensing services on its behalf.				
Reconciliation of amounts payable to the department				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 433 521	1 024 959	1 433 521	1 024 959
Revenue recognised by City as agency fee (includes VAT)	(297 249)	(218 925)	(297 249)	(218 925)
Revenue paid over to the principal	(1 136 272)	(806 034)	(1 136 272)	(806 034)
Balance owing at the end of year	-	-	-	-

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES**36.1 CHANGES IN ACCOUNTING POLICIES**

The implementation of GRAP 35 have resulted in the City improvement District entities not meeting the definition of controlled entities and therefore no longer being consolidated.

The implementation of GRAP 110 Living and Non-living Resources introduced the new asset class Living Resources. These assets were previously classified as Other assets.

36.2 RECLASSIFICATION

Cash from deposits have been reclassified from financing activities to operating activities in line with the latest guidance issued by the Accounting Standards Board.

Presented below are those items contained in the statement of financial position, statement of financial performance, cash flow statement and notes that have been affected by the changes in accounting policies and reclassifications.

ECONOMIC ENTITY					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2019					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets		52 710 479	(15 483)	-	52 694 996
Property, plant and equipment		46 292 153	(15 459)	-	46 276 694
Intangible assets		701 217	(24)	-	701 193
Current assets		18 957 799	(112 421)	-	18 845 378
Receivables		7 262 701	(1 919)	-	7 260 782
Cash and cash equivalents		8 712 870	(110 502)	-	8 602 368
TOTAL ASSETS		71 668 278	(127 904)	-	71 540 374
LIABILITIES					
Non-current liabilities		13 154 744	(6 721)	-	13 148 023
Borrowings		6 277 657	(6 721)	-	6 270 936
Current liabilities		9 217 308	(7 399)	-	9 209 909
Payables from exchange transactions		5 753 442	(5 469)	-	5 747 973
Current portion of borrowings		429 527	(1 930)	-	427 597
TOTAL LIABILITIES		22 372 052	(14 120)	-	22 357 932
NET ASSETS					
Total net assets		49 296 226	(113 784)	-	49 182 442
Accumulated surplus		44 174 137	(113 784)	-	44 060 353
TOTAL NET ASSETS AND LIABILITIES		71 668 278	(127 904)	-	71 540 374

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY (continued)					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets		56 923 338	(18 293)	-	56 905 045
Property, plant and equipment		49 595 908	(18 277)	-	49 577 631
Intangible assets		605 366	(16)	-	605 350
Current assets		19 967 772	(128 291)	-	19 839 481
Receivables		7 425 519	(3 366)	-	7 422 153
Cash and cash equivalents		9 662 543	(124 925)	-	9 537 618
TOTAL ASSETS		76 891 110	(146 584)	-	76 744 526
LIABILITIES					
Non-current liabilities		13 303 872	(4 780)	-	13 299 092
Borrowings		6 876 669	(4 780)	-	6 871 889
Current liabilities		9 943 152	(9 124)	-	9 934 028
Payables from exchange transactions		6 006 772	(7 032)	-	5 999 740
Current portion of borrowings		448 446	(2 092)	-	446 354
TOTAL LIABILITIES		23 247 024	(13 904)	-	23 233 120
NET ASSETS					
Total net assets		53 644 086	(132 680)	-	53 511 406
Accumulated surplus		47 710 727	(132 680)	-	47 578 047
TOTAL NET ASSETS AND LIABILITIES		76 891 110	(146 584)	-	76 744 526
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue		23 979 358	(263 487)	-	23 715 871
Service charges		20 866 331	(3 423)	-	20 862 908
Finance income		1 713 174	(5 901)	-	1 707 273
Other income		131 010	239 394	-	370 404
Gains on disposal of PPE		52 482	(31)	-	52 451
Non-exchange revenue		20 867 250	239 394	-	21 106 644
Other income		131 010	239 394	-	370 404
Total revenue		44 846 608	(24 093)	-	44 822 515

ECONOMIC ENTITY (continued)				
Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020 (continued)				
STATEMENT OF FINANCIAL PERFORMANCE				
(continued)				
Expenditure				
Employee-related costs	12 882 057	(28 450)	-	12 853 607
Depreciation and amortisation expense	2 961 174	(4 542)	-	2 956 632
Finance costs	808 599	(701)	-	807 898
Contracted services	2 294 109	(159 553)	-	2 134 556
General expenses	8 193 641	188 061	-	8 381 702
Loss on disposal of PPE	6 042	(12)	-	6 030
Total expenditure	40 533 144	(5 197)	-	40 527 947
NET SURPLUS FROM OPERATIONS	4 313 464	(18 896)	-	4 294 568
NET SURPLUS FROM OPERATIONS AFTER TAXATION	4 347 860	(18 896)	-	4 328 964
Attributable to owners of the controlling entity	4 376 866	(18 896)	-	4 357 970
SURPLUS FOR THE YEAR	4 347 860	(18 896)	-	4 328 964
CASH FLOW STATEMENT				
Cash flow from operating activities				
Cash receipts from ratepayers, government and other	39 501 355	(16 714)	80 103	39 564 744
Cash paid to suppliers and employees	(33 445 347)	(1 621)	-	(33 446 968)
<i>Cash generated from operations</i>	6 056 008	(18 335)	80 103	6 117 776
Finance income	1 663 503	(5 901)	-	1 657 602
Finance costs	(719 628)	701	-	(718 927)
NET CASH FROM OPERATING ACTIVITIES	7 001 755	(23 535)	80 103	7 058 323
Cash flow from investing activities				
Additions to property, plant and equipment, and other	(6 034 689)	7 499	-	(6 027 190)
Proceeds on disposal of assets	73 524	(166)	-	73 358
NET CASH FROM INVESTING ACTIVITIES	(6 837 158)	7 333	-	(6 829 825)
Cash flow from financing activities				
Proceeds from borrowings	1 091 765	1 779	-	1 093 544
(Decrease)/increase in deposits	80 103	-	(80 103)	-
NET CASH FROM FINANCING ACTIVITIES	785 076	1 779	(80 103)	706 752
NET INCREASE IN CASH AND CASH EQUIVALENTS	949 673	(14 423)	-	935 250
Cash and cash equivalents at the beginning of the year	8 712 870	(110 502)	-	8 602 368
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9 662 543	(124 925)	-	9 537 618
FINANCIAL RISK MANAGEMENT				
Financial assets				
Amortised cost	15 568 104	(128 291)	-	15 439 813
Contractual receivables	4 238 595	(3 366)	-	4 235 229
Cash and cash equivalents	9 662 543	(124 925)	-	9 537 618
TOTAL CARRYING AMOUNT	22 317 695	(128 291)	-	22 189 404
Non-derivative financial liabilities				
Amortised cost	12 341 180	(13 904)	-	12 327 276
Borrowings	7 325 115	(6 872)	-	7 318 243
Payables	5 016 065	(7 032)	-	5 009 033
TOTAL CARRYING AMOUNT	12 341 180	(13 904)	-	12 327 276
Borrowings	8 012 381	(6 872)	-	8 005 509
Payables	5 016 065	(7 032)	-	5 009 033
FAIR VALUE	13 028 446	(13 904)	-	13 014 542

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY (continued)					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020 (continued)					
FINANCIAL RISK MANAGEMENT (continued)					
Fair value					
Financial liabilities 1.1					
Borrowings		7 325 115	(6 872)	-	7 318 243
TOTAL		7 325 115	(6 872)	-	7 318 243
Credit risk 1.3					
Financial assets					
Contractual receivables		4 238 595	(3 366)	-	4 235 229
Cash and cash equivalents		9 662 543	(124 925)	-	9 537 618
TOTAL		25 451 087	(128 291)	-	25 322 796
PROPERTY, PLANT AND EQUIPMENT 2					
Cost price					
Land and buildings		5 933 547	(1 512)	-	5 932 035
Other		11 383 112	(41 846)	-	11 341 266
Living resources		-	1 281	-	1 281
Accumulated depreciation					
Land and buildings		(2 064 171)	693	-	(2 063 478)
Other		(6 399 128)	23 620	-	(6 375 508)
Living resources		-	(513)	-	(513)
Carrying value					
Land and buildings		3 869 376	(819)	-	3 868 557
Other		4 983 984	(18 226)	-	4 965 758
Living resources		-	768	-	768
INTANGIBLE ASSETS 5					
Cost price					
Computer software		1 201 811	(37)	-	1 201 774
Accumulated amortisation					
Computer software		(733 071)	21	-	(733 050)
Carrying value					
Computer software		468 740	(16)	-	468 724

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY (continued)					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020 (continued)					
RECEIVABLES	9				
Gross balance		15 206 154	(3 366)	-	15 202 788
Contractual		9 226 860	(3 366)	-	9 223 494
From exchange transactions		9 209 285	(3 366)	-	9 205 919
Other receivables		734 789	(3 366)	-	731 423
Net balance		7 425 519	(3 366)	-	7 422 153
Contractual		4 297 446	(3 366)	-	4 294 080
From exchange transactions		4 279 871	(3 366)	-	4 276 505
Other receivables		534 564	(3 366)	-	531 198
CASH AND CASH EQUIVALENTS	10				
Amortised cost		8 392 977	(124 925)	-	8 268 052
Bank balance		377 146	(124 925)	-	252 221
TOTAL		9 662 543	(124 925)	-	9 537 618
BORROWINGS	11				
Other loans		73 538	(6 872)	-	66 666
Transferred to current liabilities		(448 446)	2 092	-	(446 354)
TOTAL		6 876 669	(4 780)	-	6 871 889
PAYABLES FROM EXCHANGE TRANSACTIONS	15				
Trade and other creditors		4 992 391	(7 032)	-	4 985 359
TOTAL		6 006 772	(7 032)	-	5 999 740
SERVICE CHARGES	19				
Other		733 502	(3 423)	-	730 079
TOTAL		20 866 331	(3 423)	-	20 862 908
FINANCE INCOME	20				
Exchange transactions		1 603 709	(5 901)	-	1 597 808
External investments		1 363 808	(5 901)	-	1 357 907
TOTAL		1 713 174	(5 901)	-	1 707 273
OTHER INCOME	21				
Exchange transactions		670 902	(254 132)	-	416 770
Other income		223 716	(14 738)	-	208 978
CIDs		239 394	(239 394)	-	-
Non-exchange transactions		131 010	239 394	-	370 404
CIDs		-	239 394	-	239 394
TOTAL		801 912	(14 738)	-	787 174
EMPLOYEE-RELATED COSTS	25				
Salaries, wages and allowances		12 802 584	(31 450)	-	12 774 134
TOTAL		12 882 057	(31 450)	-	12 853 607
FINANCE COSTS	27				
Borrowings		763 596	(701)	-	762 895
TOTAL		808 599	(701)	-	807 898

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

ECONOMIC ENTITY (continued)					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020 (continued)					
CONTRACTED SERVICES					
	29				
Other services		470 794	(159 553)	-	311 241
TOTAL		2 294 109	(159 553)	-	2 134 556
GENERAL EXPENSES					
	30				
Auditor remuneration		22 737	(797)	-	21 940
CID levies		-	232 212	-	232 212
Consultants		928 520	(1 311)	-	927 209
Telecommunications		249 088	(1 639)	-	247 449
Fuel		288 909	(1 004)	-	287 905
Pharmaceutical supplies		-	200 333	-	200 333
Minor tools and equipment		505 777	(14)	-	505 763
Other expenditure		2 377 407	(239 719)	-	2 137 688
TOTAL		8 193 641	188 061	-	8 381 702
CASH GENERATED FROM OPERATIONS					
	32				
Surplus for the year		4 313 464	(18 896)	-	4 294 568
Adjustment for:		4 514 676	677	-	4 515 353
Depreciation		2 961 174	(4 542)	-	2 956 632
Gains and losses on disposal of assets		(46 440)	19	-	(46 421)
Finance income		(1 713 174)	5 901	-	(1 707 273)
Cash transactions		(1 663 503)	5 901	-	(1 657 602)
Finance costs		808 599	(701)	-	807 898
Cash transactions		719 628	(701)	-	718 927
Operating surplus before working capital changes:		8 828 140	(18 219)	-	8 809 921
Increase in receivables		(3 079 051)	1 447	-	(3 077 604)
(Decrease)/increase in deposits		-	-	80 103	80 103
Increase in payables		251 949	(1 563)	-	250 386
Cash generated from operations		6 056 008	(18 335)	80 103	6 117 777
OPERATING LEASE COMMITMENTS					
	33				
The Entity as lessee					
	33.1				
Buildings		55 203	(13)	-	55 190
Payable within one year		50 266	(13)	-	50 253
TOTAL		56 123	(13)	-	56 110

36. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATIONS AND ESTIMATES (continued)

CITY OF CAPE TOWN					
	Note	As previously reported	Change in accounting policies	Reclassification	Restated
2020					
CASH FLOW STATEMENT					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		39 347 730	-	8 459	39 356 189
Cash generated from operations		6 082 171	-	8 459	6 090 630
NET CASH FROM OPERATING ACTIVITIES		7 005 549	-	8 459	7 014 008
Cash flow from financing activities					
Increase in deposits		8 459	-	(8 459)	-
NET CASH FROM FINANCING ACTIVITIES		715 211	-	(8 459)	706 752
CASH GENERATED BY OPERATIONS					
	32				
Operating surplus before working capital changes:		8 823 795	-	-	8 823 795
Increase in deposits		-	-	8 459	8 459
Cash generated by operations		6 082 171	-	8 459	6 090 630

36.3 CHANGE IN ACCOUNTING ESTIMATE**Annual review of assets' useful lives**

The City's annual review of the useful lives resulted in a decrease of R283,38 million (2020: R105,60 million) in the depreciation charge to the statement of financial performance. The effect of the change is an estimated decrease in depreciation of R267,27 million for 2022 and R261,03 million for 2023.

37. BUDGET INFORMATION**37.1 EXPLANATION OF VARIANCES ON THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.

- ✓ The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
- ✓ The differences in capital spend recognition are set out in the table below:

	ECONOMIC ENTITY	CITY OF CAPE TOWN
Annual financial statements	6 687 636	6 666 861
Landfill site provision estimate	34 726	34 726
Contributed assets	(173 114)	(173 114)
Budget	6 549 248	6 528 473

37.2 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS**37.2.1 Statement of financial performance****Revenue**

i) Other own revenue

The variance is largely due to a higher-than-anticipated number of traffic fines issued, the eradication of traffic fine backlogs as a result of the implementation of the contravention system, as well as a higher-than-anticipated amount of actual fine income collected/paid thanks to increased collection efforts. In addition, agency income realised was higher than anticipated, as registrations of new/unlicensed vehicles and vehicle licence renewals exceeded expectations.

Expenditure

ii) Remuneration of councillors

The variance is largely due to no proclamation on annual salary increases for councillors by the Minister of Cooperative Governance and Traditional Affairs, and fewer-than-anticipated travel claims submitted by councillors as a result of the Covid-19 restrictions and lockdown.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

37. BUDGET INFORMATION (continued)

37.2 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS (continued)

37.2.1 Statement of financial performance (continued)

Expenditure (continued)

iii) Debt impairment

The variance is due to lower-than-budgeted provision for debt impairment realised on electricity debtors (45%), water and solid waste debtors (11%) and property rates debtors (60%). In addition, the higher-than-budgeted provision realised on traffic fines (47%) contributed to the final variance, as indicated. The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and of their ability to make payment. Budget calculations also included assumptions on the possible negative impact of Covid-19 on debtors' ability to make payment during the year.

iv) Transfers and grants

The variance is largely due to delays with the construction of top structures relating to People's Housing Process (PHP) projects. In addition, fewer-than-anticipated grant-in-aid applications were received from non-profit and public benefit organisations. These organisations had to apply for a grant-in-aid instead of receiving a rates rebate, as stipulated in the revised criteria of the City's rates policy. Further underspending can be contributed to approved sponsorships of events that could not be held due to the pandemic.

37.2.2 Cash flow statement

i) Net cash from operating

The variance is mainly the result of an increase in operating revenue, as well as an underspend in operating expenditure.

37.3 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS

37.3.1 Capital expenditure

i) Community Services and Health

The variance is due to the delay in the award of the building maintenance tender, and the impact of the unforeseen stopping of the professional services tender. Added to this was the impact of longer-than-expected community engagements in impoverished communities.

ii) Corporate Services

The variance in the implementation of projects is due to the non-accessibility of construction sites, the reprioritisation of systems development, and suppliers' inability to supply IT equipment due to the global impact of Covid-19.

iii) Economic Opportunities and Asset Management

The variance is the result of some fleet items that could not be delivered by 30 June 2021 due to Covid-19-related delays in the production and shipping of vehicles from Germany.

iv) Energy and Climate Change

The variance in the implementation and completion of projects is the result of community interference, supplier constraints, delays in the award of tenders, inclement weather, land invasions, contractor disputes requiring adjudication, and material shortages.

37. BUDGET INFORMATION (continued)

37.3 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS (continued)

37.3.1 Capital expenditure (continued)

- v) Finance
The variance in the implementation of projects is due to savings realised in the construction of Cape Town Stadium suites, for which the actual tender price was lower than initially budgeted for. Other factors were Covid-19 implications, as well as inclement weather and air traffic control restrictions, both of which prohibited flying for aerial photography.
- vi) Human Settlements
The variance in the implementation of projects is the result of delays due to the Covid-19 lockdown, community dynamics and influences, gang violence, land invasions, procurement delays, and planning approval delays.
- vii) Office of the City Manager
The variance in the implementation of projects is mainly the result of delays experienced in the delivery of computers and IT equipment, as well as the impact of Covid-19 on vendors' ability to supply computers and IT equipment. In addition, actual expenditure was less than anticipated on certain items procured, which resulted in savings.
- viii) Spatial Planning and Environment
The variance in the implementation of projects is the result of capacity constraints on tenders, stop-works instruction on tenders, a national shortage of steel, capacity constraints from ERP to assist with e-system projects, and an unreasonable condition inserted by a land seller, which compromised the acquisition of land.
- ix) Transport
The variance in the implementation of projects is the result of the delay in the appointment of contractors and professional service providers, the unavailability of term tenders, cost savings materialised with the completion of projects, and inclement weather.
- x) Urban Management
The variance in the implementation of projects is the result of tenders no longer being available for utilisation, and the delay in the delivery of IT equipment due to supplier constraints.
- xi) Management: Water and Waste
The variance is due to savings realised after the procurement of a printing machine. The initially recommended machine went out of production, and the alternative came at a lower price.
- xii) Solid Waste Management
The variance is largely attributable to a delay in the delivery of fleet due to halted ships in overseas harbours, as well as unspent contingencies.
- xiii) Water and Sanitation
The variance is the result of delays flowing from appeals lodged on tenders, community resistance, items not delivered on time due to supplier constraints and the unavailability of stock, and unspent contingencies.
- xiv) CTICC
The variance is due to the company finalising phases 1 and 2 of the CTICC 2 construction project, and obtaining the final certificates.

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION

38.1 POLITICAL PARTIES' ARREARS

Included in the debtors' arrears is an amount of R2 710,11 (2020: R383 584,39) outstanding for more than 90 days, owed by the representative political parties to the Entity.

38.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) ACT

Information on compliance with the B-BBEE Act is included in the annual report as "Appendix M: B-BBEE compliance performance report".

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT

38.3.1 Section 124(1)(b)

38.3.1.1 Disclosure concerning councillors' municipal accounts in arrears

2021

During the **reporting period**, no councillors were more than 90 days in arrears for rates or services.

2020

During the **financial year**, the following councillors were more than 90 days in arrears for rates or services, but have since paid their accounts in full:

- G Classen
- MM Bele
- PN Sandla

38.3.2 Section 125

38.3.2.1 Irregular expenditure

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Opening balance	885 952	950 370	885 952	950 370
Expenditure incidents identified in the current year, relating to	762 186	669 164	762 186	669 164
Current year	385 866	506 072	385 866	506 072
Prior year	376 320	163 092	376 320	163 092
	1 648 138	1 619 534	1 648 138	1 619 534
Resolved by Council	(1 060 872)	(733 582)	(1 060 872)	(733 582)
Closing balance	587 266	885 952	587 266	885 952
Incidents				
Legal services procurement not in terms of SCM regulations	34 379	44 488	34 379	44 488
Restrictive/biased bids	-	76 718	-	76 718
Expenditure incurred after contract expiry	124 742	435 113	124 742	435 113
Non-compliance with SCM regulations and sections 33 and 116(3) of the MFMA	603 065	112 845	603 065	112 845
TOTAL	762 186	669 164	762 186	669 164

The irregular expenditure is disclosed exclusive of VAT.

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

38.3.2 Section 125 (continued)

38.3.2.2 Unauthorised expenditure

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Opening balance	6 567	-	6 567	-
Expenditure incidents identified in the current year	-	6 567	-	6 567
	6 567	6 567	6 567	6 567
Resolved by Council	(6 567)	-	(6 567)	-
Closing balance	-	6 567	-	6 567
Incident	Proceedings			
Procurement without budget authority	Awaiting condonement from Council			
	-	6 567	-	6 567

38.3.2.3 Fruitless and wasteful expenditure

Opening balance	16 591	19 802	16 591	19 802
Expenditure incidents identified in the current year, relating to	12 328	28	12 328	28
Current year	11 372	-	11 372	-
Prior year	956	28	956	28
	28 919	19 830	28 919	19 830
Resolved by Council	(17 097)	(3 239)	(17 097)	(3 239)
Closing balance	11 822	16 591	11 822	16 591
Incidents				
Fraudulent payment	-	7	-	7
Theft of City's assets	-	21	-	21
Interest paid on late payments	1 335	-	1 335	-
Extension of time claims	7 916	-	7 916	-
Other	3 077	-	3 077	-
TOTAL	12 328	28	12 328	28

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

38.3.2 Section 125 (continued)

38.3.2.4 Material losses

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
Water losses	286 581	191 347	286 581	191 347
In the current year, the material losses were 15,91% (2020: 10,54%). These are made up of 9,87% reticulation losses (2020: 10,08%) and 6,04% abnormal production losses (2020: 0,46%). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R413,7 million (2020: R413,9 million).				
Electricity losses	528 795	300 337	528 795	300 337
In the current year, the energy losses were 11,95% (2020: 9,73%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R630,51 million (2020: R605,10 million).				

38.3.2.5 Other compulsory disclosures

	ECONOMIC ENTITY			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2021				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	22 602	2 279 217	4 078 453
Amount paid: current year	-	(22 625)	(2 094 609)	(3 733 538)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
Balance unpaid (included in payables)	(15 517)	217	184 608	344 915
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	25 540	2 049 213	3 751 867
Amount paid: current year	-	(25 155)	(1 878 665)	(3 429 135)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)**38.3 MUNICIPAL FINANCE MANAGEMENT ACT** (continued)**38.3.2 Section 125** (continued)**38.3.2.5 Other compulsory disclosures** (continued)

	CITY OF CAPE TOWN			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2021				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	20 640	2 278 870	4 069 513
Amount paid: current year	-	(20 663)	(2 094 262)	(3 724 598)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
Balance unpaid (included in payables)	(15 517)	217	184 608	344 915
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	23 044	2 049 213	3 742 916
Amount paid: current year	-	(22 659)	(1 878 665)	(3 420 184)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS**38.4.1 Deviations**

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below have been approved by the Accounting Officer or their delegate (Director: SCM) and noted by Council.				
Incidents				
Greater than R200 000	860 447	804 537	840 933	788 071
Less than R200 000	236 261	255 826	236 261	255 826
TOTAL amount approved by the Accounting Officer or their delegated authority, noted by Council and board members	1 096 708	1 060 363	1 077 194	1 043 897
All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.				
Rates based deviation awards are disclosed in the annual financial statements based on the total expenditure incurred during the reporting period. Expenditure relating to rates based deviation awards are reported in each of the subsequent reporting periods up until the expiry of the contract.				
The amounts for deviations below R200 000 thousand are VAT inclusive. All other figures are VAT exclusive.				
38.4.2 SCM breaches				
Ratification of minor breaches	2 543	1 664	-	-
TOTAL amount regularised and ratified	2 543	1 664	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded on the declaration-of-interest form:

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
AAE CATERING		239	239
Y Ebrahim	Regional operations manager		
ADVOCC CC		19	19
I Zimri	Department of Health		
AGL BUILDING REPAIRS AND MAINTENANCE SUP		76	76
G Elloker	Clerk		
ALFALACH ENGINEERING CC		680	680
L Martin	Department of Transport		
ANLO PRINT & MAIL CC		328	328
N Taylor	Administrative officer		
ASEP ELECTRICAL		9 192	9 192
Z September	Teacher		
ATHLONE AUTO TRANSMISSIONS		503	503
N Joseph	Province: Director		
BAREND S F		127	127
T Barends	SAP developer		
BATTERY CENTRE MITCHELLS PLAIN		110	110
F Badernhost	Stellenbosch Municipality: Councillor		
BERGSTAN SOUTH AFRICA CONSULTING & DEVELOPMENT ENGINEERS		6 599	6 599
J Beukes	Department of Social Development		
BOB C IMPORT/EXPORT AGENCIES CC		200	200
C Padiachy	Clerk		
BOKAMOSO ENTERPRISE SOLUTIONS		325	325
M Thobejane	Department of Land Affairs		
BOL CONSULTING		51	51
K Loff	Project manager		
BOWMAN GILFILLAN INC (LEGAL AND LAND)		3 671	3 671
E Barnard	Telkom		
H Ben-David	Captain		
O Bhayat	Mayco member		
M de Villers	Project and process manager		
Mr Deokiram	Logistics manager		
C Dyer	NDE: Deputy director		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
S February	Educator		
CB Franklyn	Specialist scientist		
Q Green	Johannesburg City Power: Finance Director		
M Low	Head		
G Mellem	Teacher		
T Mtshali	Deputy principal		
S Naicker	Head		
P Naidoo	Doctor		
M Nyali	Teacher		
S Pillay	Educator		
RR Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		
M van Aardt	Medical doctor		
E van den Berg	School psychologist		
J van den Heuvel	Magistrate		
A Visser	Integration (default position)		
S Zondo	Operations manager		
BRAINPLAY		798	798
Mr Pieterse	Teacher		
C & A FRIEDLANDER INC		4 091	4 091
AW Bell	Higher education		
CHARMLU BUILDERS		356	356
C Absolom	Administrative clerk		
CLIFFE DEKKER HOFMEYR INCORPORATED		729	729
B Rapuleng	Communications officer		
P van Wyk	Registrar of the Deputy Judge President of the Gauteng High Court		
COEUR INVESTMENTS		5 352	5 352
P Bell	Sports facilitator		
COMPUTER SPECIALISTS (PTY) LTD		4 057	4 057
N Orrie	Senior superintendent: Wastewater		
CONLOG		5 021	5 021
N Moodley	Department of Health: Director		
CPR TRUCK REPAIRS		4	4
B Manuel	Urban Management Support Services		
CSV CONSTRUCTION (PTY) LTD		18 009	18 009
Mrs Davids	Province: Training post		
DELTA REWINDS		196	196
L van Wyk	Teacher		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
DEMOCRATIC PACKAGING CC		652	652
V van der Heever	Teacher		
DEO FAVENTE PTY LTD		138	138
C Snell	EPWP supervisor		
DESIGNTEC PRINTING CC		804	804
M Mshweshwe	Manager		
DS GXILISHE		46	46
B Gxilishe	Senior administrator		
S Gxilishe	Teacher		
EAS INFRASTRUCTURE ENGINEERS		3 559	3 559
J Brown	Coordinator		
ELEMENT CONSULTING ENGINEERS		9 966	9 966
R Rossouw	Teacher		
EPI USE AFRICA (PTY) LTD		11 955	11 955
J Alberts	Deputy principal		
E Janse van Rensburg	Senior manager		
ERNST AND YOUNG ADVISORY SERVICES		37 552	37 552
M Makhakhe	Medical doctor		
Deepa-Bhana Nathoo	Gauteng Department of Health		
ESO INDUSTRIES		18	18
S Johnathan	South African Police Service		
EVERY FLUSH TOILET HIRE		101	101
N Stimela	Warrant officer		
FAYDIES CORPORATE GIFTS		3 803	3 803
MF Votersen	Manager: Finance		
FG JACOBS TRANSPORT CC		16 103	16 103
HC Poole	Teacher		
FIKELELA LABOUR SERVICES		2 664	2 664
D Joseph	Member of Parliament		
FLEET TECH		406	406
S Willemse	Administrative officer: Finance		
FRIDGECOR		2 510	2 510
M Samsodien	Assistant professional officer		
G NKOMO INCORPORATED		28	28
M Nkomo	State prosecutor		
GAVA KASSIEM		4	4
A Kassiem	Media coordinator		
GIBB		48 482	48 482
D Allderman	Educator		
R Beharie	Senior engineer		
I Brink	Educator		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
S Cilliers	Educator		
L Cloete	Lecturer		
J Gooch	Head		
T Gqobo	Technician		
C Hering	Electrical engineer		
S Jafta	Assistant manager		
D Kiewiet	Manager		
U Lekonyana	Department of NT: Deputy director		
N Mkhize	Accounting clerk		
L Mkhumuzi	Senior rates clerk		
A Moon	Head		
K Naidoo	Head		
D O'Reilly	Warrant officer		
V Sicwebu	Manager		
S Singh	Human resource officer		
GLOBREACH (PTY) LTD		168	168
M Manci	Major-general		
GREENRO SOLUTIONS (PTY) LTD		3 518	3 518
N Thabeng	Forensic analyst		
HATCH AFRICA		403	403
V Goba	Department of Health: Director		
HAYES INCORPORATED		3 345	3 345
F Akherwaray	Support assistant		
HEROLD GIE		5 453	5 453
K Meyer	Senior clerk		
HRK CAPE (PTY) LTD		260	260
T Saban	EPWP		
HYGIENE SERVICE		14 662	14 662
S Zini	Safety and Security		
IKAMVA YOUTH ENTREPRENEURSHIP DEVELOPMENT		24	24
T Mouton	Health inspector		
IKAPA RETICULATION		18 069	18 069
S Davids	Teacher		
IKAPA RETICULATION AND FLOW CC		2 223	2 223
Unknown - retired	Teacher		
INTUITIVE DATA (PTY) LTD		200	200
T Nharaunda	Senior accountant		
ISIDIMA CIVILS PTY LTD		18 423	18 423
S Manuel	Administrative officer		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
ISUZU TRUCK CENTRE		169 782	169 782
E Jacobs	Senior clerk		
ITHALOMSO		48 300	48 300
S Fumba	GIS admin		
Y Ndevu	Clerk		
JC ACTIVE ELECTRICAL		50	50
C van der Vendt	Clerk		
JG AFRIKA (PTY) LTD		25 102	25 102
R Maharaj	Planner		
JVZ CONSTRUCTION (PTY) LTD		18 230	18 230
R Matthee	Correctional Services		
KEMANZI (PTY) LTD		4 053	4 053
J du Toit	Traffic inspector		
KEMP EN GENOTE		3 257	3 257
M Williams	Legal advisor		
KEPTRA TRADING		2 317	2 317
R Marais	Province's Education Department		
LIKHONA LETHU SERVICES		24 031	24 031
Z Rafu	Sergeant		
LILIAN4ZONKE		9 694	9 694
F Monk	Subcouncil manager		
N Monk	EPWP		
LINDOL HYGIENE SERVICES (PTY) LTD		2 086	2 086
NS Jantjies	Educator		
LJA CONSTRUCTION CC		13 800	13 800
L Arries	Teacher		
MAGUGA ATTORNEYS		1 683	1 683
T Mgegwana	Police officer		
MALHERBE TUBB FAURE INC T/A MHI ATTORNEY		2 597	2 597
J Rossouw	Administrative officer		
MARISWE (PTY) LTD		297	297
Aletta Fongoqa	Professional nurse		
Gerhard Munnik	Project manager		
J Sindane	Chief of staff		
Nelmarie van Wyk	Teacher		
MARKET TOYOTA CULEMBORG		3	3
E Jacobs	Senior clerk		
MASIBAMBANE RECRUITMENT (PTY) LTD		360	360
V Williams	Stores clerk		
MASSIVE QUANTUM (PTY) LTD		134	134
F Hendricks	Administrative officer		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
MGWEVHA PROJECTS AND SERVICES (PTY) LTD N Ntabena	Integrated (default position)	278	278
MICHLO ENGINEERING G Neves	Teacher	79	79
MISS FACILITIES MANAGEMENT L Muller	Administrative officer	6	6
MITCHELL PROJECTS T Mitchell	Artisan	54	54
NAEEM'S TRUCK & COACH Z Smith	Employee	298	298
NCC ENVIRONMENTAL SERVICES (PTY) LTD C Rhoda	Transport	685	685
NEOTERIC TRADING SERVICES S Jacobs	Cape Agulhas Municipality: Director	109	109
NIYALWA M Sakwe	Quantity surveyor	154	154
NORTON ROSE FULBRIGHT SOUTH AFRICA G Adams S Clay E Maubane F Nonhlanhla C Sunpath H Sunpath	Deputy principal Educator HR administrator Telecommunications operator Medical doctor Chief technical advisor	1 828	1 828
PARKERS BUS SERVICE R Parker	Teacher	18	18
PATHCARE C Maas Loftus	Doctor	99	99
PEGASYS P Grey D Quin E Warambwa B Weston	Professional officer Senior crime analyst Professional engineer Scientific manager	64 294	64 294
PERAGON CLEANING SOLUTIONS M Manci	General	4	4
PISTON POWER CHEMICALS (PTY) LTD N Andhee	Educator	10 222	10 222
PROFESSIONAL EMERGENCY CARE CC J Bodmer	Metro paramedics	95	95
PSA AFRICA (PTY) LTD T Frost	Department of Justice	1 255	1 255
PURPLE ROSE DISTRIBUTORS CC C Hector M Hector	Quality assessor Medical doctor	36	36
RED ANT SECURITY N Lesiela	Design and development practitioner	63 546	63 546
REEDS BELLVILLE E Jacobs	Senior clerk	424	424
REEDS CLAREMONT E Jacobs	Senior clerk	477	477

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
REEDS N1 CITY		287	287
E Jacobs	Senior clerk		
ROAD SMART ASPHALTING		62 722	62 722
AC Pamplin	Colonel		
RONI ENGINEERS		41 344	41 344
J Kotze	Education		
ROYAL HASKONINGDHV (PTY) LTD		1 581	1 581
L Dladla	Department of Health: Deputy director		
T Sithole	City of Johannesburg		
SAN BUILDING		32 618	32 618
B Ascott	Principal professional officer		
SANCCOB		360	360
P Cilliers	SAP ERP analyst		
L Roberts	State veterinarian		
SITSOL TRADING		228	228
C Sitzer	Administrative clerk		
SOL PARTNERS		7	7
N Mazaza	Department of Education		
SOLAR DISTRIBUTORS AFRICA		29 664	29 664
A Martin	Law Enforcement operational coordination		
SPILL TECH		357	357
S Goosen	Transnet		
STEDONE DEVELOPMENTS		36 865	36 865
L Dube	Department of Transport		
STELMED		9 223	9 223
C Combrinck	Educator		
SUCCIDO ENTERPRISES		22	22
L Kramm	Administrator		
TEMPUS DYNAMICS		2 475	2 475
M Mvalo	Professional officer		
THE OIL CENTRE		441	441
LB Mdyogolo	Teacher		
TJEKA TRAINING MATTERS (PTY) LTD		1 111	1 111
B Ntlanti	Clerk		
TOXSOLUTIONS KITS AND SERVICES CC		256	256
G Pearson	Employee		
TRAFFIC MANAGEMENT TECHNOLOGIES		32 010	32 010
G Aspelung	Principal mechanical engineer		
TRANSPORT TELEMATICS AFRICA		23 608	23 608
J Groenewald	Finance officer		

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)**38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS** (continued)**38.4.3 Bids awarded to family of employees in the service of the state** (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
TREE CUTTING PEOPLE		46	46
T Hlwatika	Clinical nurse		
TREND CORE SUPPLIES		152	152
S Mepomie	Colonel		
TURNER AND TOWNSEND (PTY) LTD		10 225	10 225
E Barnard	Risk manager		
T Bulmer	Chief physiotherapist		
M Low	Head		
P Naidoo	Doctor		
S Naicker	Head		
UNAKO HOLDINGS (PTY) LTD		115	115
T Vapi	Correctional officer		
VAN DER SPUY & PARTNERS (CAPE)		783	783
M van Zyl	Educator		
VINZEIGH LEUKES TRADING		218	218
J Fortuin	Department of Rural Development		
VONDO TRADING		6 475	6 475
N Nevondo	Department of Human Settlements		
WEBBER WENTZEL		14 719	14 719
J Abraham	Lorraine Primary School: Secretary		
J Botha	Teacher		
N Dias	Senior legal advisor		
B Mahlangu	School principal		
E Meyer	Government Employees Pension Fund		
K Nonyane	Senior planning technician		
H Prinsloo	Principal risk analyst		
S Qolohle	National Treasury: Director		
L Seftel	City of Johannesburg		
Dr D Singh	Department of Education		
P Singh	Department of Education		
JCL Smit	Beaufort West Municipality: Director		
A Smith	Senior cabin crew member		
I Thekiso	South African Social Security Agency		
A Truter	Chief education specialist		
C Truter	School principal		
E Watson	Board of directors: Member		
WHILE ITS DAY		11	11
C Hector	Building assessor		
M Hector	Medical doctor		
WILSTAN BOOK SUPPLIES		1 117	1 117
V Beukes	Senior professional officer		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2021	2021
WRP CONSULTING ENGINEERS (PTY) LTD		299	299
Katlego Mamphitha	SABC		
Zelmane van Rooyen	Department of Public Works		
YIZA APHA TRADING		275	275
A Kelland	Senior clerk		
ZELUNGA INVESTMENTS		330	330
N Biyase	Assistant technical officer		
T Biyase	Cleaner		
N Zakhe	Administrative officer		
ZUTARI (PTY) LTD		177 008	177 008
HC Ahlschlager	Legal representative		
T Mncube	Specialist category manager: Supply chain		
K Nadasen	National Department of Public Works: Director		
INDIVIDUALS			
M Brink	Doctor	111	
P Naidoo	Project manager: City of Cape Town	1 353	
Y Phosa	Parliamentary committee chairperson	30	
M Selepe	Deputy director: City of Tshwane	-	
TOTAL		1 224 455	1 222 961

See annexure F for the 2020 list.

39. RELATED-PARTY DISCLOSURES

39.1 MUNICIPAL ENTITIES AND SPECIAL AREAS

During the year, in the ordinary course of business, transactions between the City and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
CTICC				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
Percentage owned			71,4%	71,4%
Arm's-length transactions for the year				
Receivables			1 493	2 245
Payables			316	8 684
Deposits			1 236	1 244
Service charges			18 604	27 126
Contracted services			365	-
Rental of letting stock and facilities			1 505	2 882
The City is leasing to the CTICC the land on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built, on the following terms:				
- Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum - Erf 270 for a period of 30 years, commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum				
CAPE TOWN STADIUM (RF) SOC LTD				
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.				
Percentage owned			100%	100%
Arm's-length transactions for the year				
Receivables			133	496
Payables			4 384	2 566
Service charges			8 278	8 744
Other income			22 198	18 955
Grants and subsidies paid			65 237	59 454
The City is leasing to the Cape Town Stadium municipal entity erf 2188, Green Point, being the Cape Town Stadium precinct, for an initial period of 50 years commencing on 13 November 2019, with the option of renewal for an additional 49 years, at a nominal rental amount of R100 per annum.				

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.1 MUNICIPAL ENTITIES AND SPECIAL AREAS (continued)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2021	2020	2021	2020
CAPE METROPOLITAN TRANSPORT FUND (CMTF)				
The CMTF was created in terms of section 18 of the Urban Transport Act, Act 78 of 1977. The administration of the CMTF vests with the City. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	26 928	22 697	26 928	22 697
Grants and transfers – conditions met	1 428	1 059	1 428	1 059
Interest paid	853	1 218	853	1 218
Revenue collected	4 820	4 232	4 820	4 232

39.2 EXECUTIVE MANAGEMENT

39.2.1 Executive management members and councillors

No members of City management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

39.2.1.1 Executive director

The following reported transaction occurred on an arm's-length basis between the City and a close family member of a key management staff member.

As at 30 June 2021

Name	Nature of relation	Key management
Empire	Sister-in-law	V Botto
Arm's-length transactions for the year		
Rendering of service		78
Amount owing		12

As at 30 June 2020

During the **financial year**, there were no executive directors with related party transactions.

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.1 Executive management members and councillors (continued)

39.2.1.2 Councillor

As at 30 June 2021

During the **financial year**, there were no councillors with related party transactions.

As at 30 June 2020

Name	Nature of relation	Key management
Mbolompo Property Specialist (Pty) Ltd	Spouse	Cllr J Mbolompo
Arm's-length transactions for the year		
Rendering of service		24

39.2.2 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
2021				
Mayco members	12 946	19	621	13 586
Councillors	139 497	452	4 554	144 503
Controlled entities: board members	1 183	-	-	1 183
TOTAL	153 626	471	5 175	159 272
2020				
Mayco members	13 081	18	612	13 711
Councillors	140 256	457	4 488	145 201
Controlled entities: board members	900	-	-	900
TOTAL	154 237	475	5 100	159 812

Councillors are remunerated according to the Remuneration of Public Office Bearers Act, Act 20 of 1998, and are not disclosed individually, but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City. There are 231 councillor positions, whose aggregate remuneration amounted to R152,36 million for the period in review. The average remuneration per councillor is R0,684 million (2020: R0,687 million) per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table on the following page. A full list of councillors is disclosed on pages 202 and 203 under 'General information'.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.3 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2021				
Executive Mayor				
Ald D Plato	1 445	-	-	1 445
Deputy Mayor/Finance				
Ald ID Neilson	1 047	-	128	1 175
Economic Opportunities and Asset Management				
Ald J Vos	1 109	-	-	1 109
Corporate Services				
Cllr SA Cottle	1 109	-	-	1 109
Community Services and Health				
Cllr ZA Badroodien	1 109	-	-	1 109
Energy and Climate Change				
Cllr P Maxiti	1 110	-	-	1 110
Human Settlements				
Cllr M Booï	1 034	-	75	1 109
Safety and Security				
Ald JP Smith	994	19	96	1 109
Spatial Planning and Environment				
Ald M Niewoudt	1 013	-	96	1 109
Transport				
Ald F Purchase	878	-	106	984
Urban Management				
Ald G Twigg	989	-	120	1 109
Water and Waste				
Ald X Limberg	1 109	-	-	1 109
TOTAL	12 946	19	621	13 586

39. RELATED-PARTY DISCLOSURES (continued)**39.2 EXECUTIVE MANAGEMENT** (continued)**39.2.3 Mayco members** (continued)

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2020				
Executive Mayor				
Ald D Plato	1 445	-	-	1 445
Deputy Mayor/Finance				
Ald ID Neilson	1 052	-	123	1 175
Economic Opportunities and Asset Management				
Ald J Vos	1 109	-	-	1 109
Corporate Services				
Cllr SA Cottle	1 109	-	-	1 109
Community Services and Health				
Cllr ZA Badroodien	1 109	-	-	1 109
Energy and Climate Change				
Cllr P Maxiti	1 109	-	-	1 109
Human Settlements				
Cllr M Booï	1 037	-	71	1 108
Safety and Security				
Ald JP Smith	999	18	93	1 110
Spatial Planning and Environment				
Ald M Niewoudt	1 017	-	93	1 110
Transport				
Ald F Purchase	993	-	116	1 109
Urban Management				
Ald G Twigg	993	-	116	1 109
Water and Waste				
Ald X Limberg	1 109	-	-	1 109
TOTAL	13 081	18	612	13 711

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.4 Executive management

	ANALYSIS OF REMUNERATION BENEFITS				
	Annual salary	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2021					
City Manager					
L Mbandazayo	3 153	-	-	386	3 539
Corporate Services					
C Kesson	2 739	-	-	337	3 076
Community Services and Health					
V Botto	472	-	-	73	545
E Sass	2 244	-	-	334	2 578
Economic Opportunities and Asset Management					
K le Keur	2 026	49	-	224	2 299
R Gelderbloem	931	-	-	115	1 046
Energy and Climate Change					
KM Nassiep	2 549	221	-	2	2 772
Finance					
K Jacoby	2 733	81	-	278	3 092
Human Settlements					
NZ Gqiba	2 770	-	-	2	2 772
Safety and Security Services					
R Bosman	1 877	56	-	200	2 133
V Botto	737	-	-	120	857
Spatial Planning and Environment					
O Asmal	2 116	40	-	261	2 417
E Naude	469	50	-	67	586
Transport					
E Sass	449	-	-	67	516
D Campbell	1 993	61	-	198	2 252
Urban Management					
P Mashoko	3 027	(89)	-	224	3 162
B Gerber	1 043	-	-	1	1 044
Water and Waste					
M Webster	2 235	88	-	313	2 636
	33 563	557	-	3 202	37 322
CTICC					
Chief Executive Officer: TM Motlhabane	2 082	-	-	-	2 082
Key management: four staff members	7 859	-	-	-	7 859
Cape Town Stadium					
Chief Executive Officer: L de Reuck	1 773	-	-	269	2 042
Key management: one staff member	1 390	-	-	13	1 403
TOTAL	46 667	557	-	3 484	50 708

39. RELATED-PARTY DISCLOSURES (continued)**39.2 EXECUTIVE MANAGEMENT** (continued)**39.2.4 Executive management** (continued)

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2020						
City Manager						
L Mbandazayo	2 978	-	-	1	381	3 360
Corporate Services						
C Kesson	2 750	-	-	45	333	3 128
Community Services and Health						
V Botto	890	-	-	-	129	1 019
Economic Opportunities and Asset Management						
K le Keur	2 361	-	65	-	298	2 724
Energy and Climate Change						
KM Nassiep	2 450	-	295	33	2	2 780
Finance						
K Jacoby	2 731	-	81	-	275	3 087
Human Settlements						
NZ Gqiba	2 536	-	130	17	2	2 685
R Rughubar	151	-	-	-	22	173
Safety and Security Services						
R Bosman	2 654	-	95	-	333	3 082
Spatial Planning and Environment						
A Osman	2 351	-	53	-	345	2 749
Transport						
E Sass	2 820	-	-	-	395	3 215
M Whitehead	762	-	-	-	-	762
Urban Management						
P Mashoko	2 185	-	153	-	29	2 367
B Gerber*	-	-	-	-	-	-
Water and Waste						
M Webster**	2 386	-	88	19	185	2 678
	30 005	-	960	115	2 729	33 809
CTICC						
Chief Executive Officer: TM Motlhabane	918	335	-	-	-	1 253
Chief Executive Officer: J Ellingson	1 866	-	-	-	-	1 866
Key management: four staff members	6 735	901	-	-	-	7 636
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 714	-	-	-	255	1 969
Key management: two staff members	799	-	-	-	6	805
TOTAL	42 037	1 236	960	115	2 990	47 338

*Acted without compensation for period.

**Included in the annual salary amount is a director's individual performance management (IPM) bonus of R17 098 for the period up until November 2019.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

40. EVENTS AFTER REPORTING DATE

The National State of Disaster regulations promulgated to combat the Covid-19 pandemic, particularly the nationwide restrictions on spectator attendance at large events and gatherings, have had a negative impact on the normal business operations of the two controlled entities. As both entities are events-driven, the regulations continue to have a significant impact on their cash-generating capabilities. It is uncertain as to when these two entities will be able to resume normal business operations.

Management is not aware of any events after the reporting date that would materially alter the amounts or disclosures in these financial statements.



ANNEXURE A: Schedule of external loans

AS AT 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2020 ¹	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during the year	Balance as at 30 June 2021
CITY OF CAPE TOWN									
MARKETABLE BONDS									
Municipal Bond CCT01	12,570	830014004	2023	1 002 747	-	-	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	(762)	-	-	1 206 474
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	784 480	-	(4 778)	-	(100 000)	679 702
Total marketable bonds²				5 059 968	-	(5 540)	-	(100 000)	4 954 428
CONCESSIONARY LOANS									
AFD	5,763	830018500	2028	293 224	-	(676)	6 922	(40 000)	259 470
AFD	5,730	830018516	2028	292 871	-	(672)	6 992	(40 000)	259 191
AFD	5,755	830018530	2028	293 143	-	(675)	6 938	(40 000)	259 406
AFD	5,800	830018523	2028	286 008	-	(662)	6 665	(38 961)	253 050
KfW	8,107	830020016	2033	1 026 363	-	(877)	22 898	(85 867)	962 517
Total concessionary loans				2 191 609	-	(3 562)	50 415	(244 828)	1 993 634
OTHER LOANS									
DBSA	9,639	830013000	2022	33 333	-	-	-	(13 333)	20 000
DBSA	10,565	830013507	2022	33 333	-	-	-	(13 333)	20 000
Total other loans				66 666	-	-	-	(26 666)	40 000
TOTAL				7 318 243	-	(9 102)	50 415	(371 494)	6 988 062

¹ Comparative restated - see note 36 for more details.

² Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

ANNEXURE B: Analysis of property, plant and equipment, and other assets – economic entity

AS AT 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance ¹	Transfers/ adjustments	Additions ²	Impairments	Disposals	Closing balance
Land and buildings						
Assets under construction	96 305	(86 392)	8 063	-	-	17 976
Vacant land	1 380 331	1 864	16 915	-	(45)	1 399 065
Land and buildings	4 455 399	189 035	69 458	-	(3 760)	4 710 132
	5 932 035	104 507	94 436	-	(3 805)	6 127 173
Infrastructure						
Assets under construction	3 096 336	(1 458 673)	2 069 507	-	-	3 707 170
Telecommunications	1 088 183	184 227	132 276	-	-	1 404 686
Drains	1 535 748	69 018	63 822	-	-	1 668 588
Roads	14 538 066	666 545	522 670	-	(6 392)	15 720 889
Beach improvements	183 355	2 949	3 675	-	-	189 979
Sewerage mains and purification	5 888 804	647 188	310 519	-	-	6 846 511
Security	1 501 058	23 989	262 905	-	(100)	1 787 852
Electricity peak-load equipment and mains	11 283 027	83 914	486 081	-	-	11 853 022
Water mains and purification	6 049 034	(176 546)	582 278	-	-	6 454 766
Reservoirs – water	1 442 758	31 226	194 454	-	-	1 668 438
	46 606 369	73 837	4 628 187	-	(6 492)	51 301 901
Community assets						
Assets under construction	98 487	(81 196)	84 890	-	-	102 181
Parks and gardens	344 215	4 758	5 160	-	(23)	354 110
Libraries	351 194	444	3 193	-	-	354 831
Recreational facilities	1 375 485	3 410	54 760	-	-	1 433 655
Civic buildings	2 952 127	15 135	91 305	-	(30)	3 058 537
	5 121 508	(57 449)	239 308	-	(53)	5 303 314
Other assets						
Assets under construction	279 911	(127 838)	235 545	-	-	387 618
Buildings and land	1 249	-	-	-	-	1 249
Landfill sites	1 237 507	48 278	(29 908)	-	-	1 255 877
Furniture, fittings and equipment	1 309 737	14 614	119 122	-	(15 017)	1 428 456
Bins and containers	80 429	6	11 451	-	(18 911)	72 975
Emergency equipment	76 399	528	12 927	-	(2 021)	87 833
Motor vehicles and watercraft	2 273 370	(102)	290 195	-	(89 001)	2 474 462
Plant and equipment	1 335 935	(4 548)	54 229	-	(11 491)	1 374 125
Specialised vehicles	2 125 103	78	359 801	-	(16 518)	2 468 464
Computer equipment	2 621 626	(148 220)	258 879	-	(62 703)	2 669 582
	11 341 266	(217 204)	1 312 241	-	(215 662)	12 220 641
Living resources						
Animals	1 281	-	-	-	(56)	1 225
	1 281	-	-	-	(56)	1 225
Service concession assets						
Assets under construction	39 276	(39 276)	-	-	-	-
Cape Town Stadium	4 605 778	39 171	220 079	-	(37)	4 864 991
Buses and depots	1 478 416	-	-	-	-	1 478 416
	6 123 470	(105)	220 079	-	(37)	6 343 407
Housing rental stock	3 237 642	38 145	63 318	-	(10 047)	3 329 058
TOTAL PPE	78 363 571	(58 269)	6 557 569	-	(236 152)	84 626 719

ACCUMULATED DEPRECIATION						Carrying value
Opening balance ¹	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
(16 091)	-	-	-	-	(16 091)	1 885
(260 343)	-	-	(20 483)	-	(280 826)	1 118 239
(1 787 044)	(20 343)	(88 205)	(110 150)	3 610	(2 002 132)	2 708 000
(2 063 478)	(20 343)	(88 205)	(130 633)	3 610	(2 299 049)	3 828 124
-	-	-	-	-	-	3 707 170
(202 358)	(163 030)	(82 741)	-	-	(448 129)	956 557
(551 146)	-	(57 298)	-	-	(608 444)	1 060 144
(4 650 778)	111	(475 833)	-	5 376	(5 121 124)	10 599 765
(39 573)	(432)	(5 845)	-	-	(45 850)	144 129
(2 350 189)	(128 269)	(161 551)	-	-	(2 640 009)	4 206 502
(721 416)	19	(137 985)	-	28	(859 354)	928 498
(3 509 326)	-	(251 859)	-	-	(3 761 185)	8 091 837
(2 382 510)	128 248	(146 137)	(6 945)	-	(2 407 344)	4 047 422
(470 261)	-	(20 899)	-	-	(491 160)	1 177 278
(14 877 557)	(163 353)	(1 340 148)	(6 945)	5 404	(16 382 599)	34 919 302
-	-	-	-	-	-	102 181
(78 196)	-	(11 598)	-	7	(89 787)	264 323
(96 528)	-	(6 315)	(144)	-	(102 987)	251 844
(634 731)	294	(46 653)	-	-	(681 090)	752 565
(833 386)	11	(50 295)	-	2	(883 668)	2 174 869
(1 642 841)	305	(114 861)	(144)	9	(1 757 532)	3 545 782
-	-	-	-	-	-	387 618
(1 249)	-	-	-	-	(1 249)	-
(715 784)	-	(37 134)	-	-	(752 918)	502 959
(922 007)	(3 938)	(115 101)	(42)	13 246	(1 027 842)	400 614
(66 085)	-	(4 600)	-	18 882	(51 803)	21 172
(45 879)	-	(9 506)	-	1 999	(53 386)	34 447
(880 838)	43	(206 606)	(2 285)	75 908	(1 013 778)	1 460 684
(801 583)	4 431	(107 431)	-	11 054	(893 529)	480 596
(919 986)	(38)	(141 279)	-	13 180	(1 048 123)	1 420 341
(2 022 097)	162 434	(223 840)	(17)	60 992	(2 022 528)	647 054
(6 375 508)	162 932	(845 497)	(2 344)	195 261	(6 865 156)	5 355 485
(513)	-	(192)	-	56	(649)	576
(513)	-	(192)	-	56	(649)	576
-	-	-	-	-	-	-
(1 944 524)	141	(173 969)	-	37	(2 118 315)	2 746 676
(715 726)	-	(44 743)	-	-	(760 469)	717 947
(2 660 250)	141	(218 712)	-	37	(2 878 784)	3 464 623
(1 165 793)	-	(104 963)	-	8 547	(1 262 209)	2 066 849
(28 785 940)	(20 318)	(2 712 578)	(140 066)	212 924	(31 445 978)	53 180 741

ANNEXURE B: Analysis of property, plant and equipment, and other assets – economic entity

AS AT 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance ¹	Transfers/adjustments	Additions ²	Impairments	Disposals	Closing balance
Heritage assets						
Paintings and museum items	10 269	-	-	-	(1)	10 268
	10 269	-	-	-	(1)	10 268
Investment property						
Vacant land	518 142	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501
	642 643	-	-	-	-	642 643
Intangible assets						
Assets under construction	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441
Computer software	1 201 774	65 336	130 067	-	(2)	1 397 175
	1 763 215	65 336	130 067	-	(2)	1 958 616
TOTAL OTHER	2 416 127	65 336	130 067	-	(3)	2 611 527
GRAND TOTAL PPE AND OTHER	80 779 698	7 067	6 687 636	-	(236 155)	87 238 246

¹ Comparative restated – see note 36 for more details.

² See note 37 for more details.



ACCUMULATED DEPRECIATION							
Opening balance ¹	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value	
-	-	-	-	-	-	10 268	
-	-	-	-	-	-	10 268	
-	-	-	-	-	-	518 142	
(61 396)	-	(1 713)	-	-	(63 109)	61 392	
(61 396)	-	(1 713)	-	-	(63 109)	579 534	
-	-	-	-	-	-	-	
(424 815)	-	(70 181)	-	-	(494 996)	66 445	
(733 050)	1 875	(103 162)	-	2	(834 335)	562 840	
(1 157 865)	1 875	(173 343)	-	2	(1 329 331)	629 285	
(1 219 261)	1 875	(175 056)	-	2	(1 392 440)	1 219 087	
(30 005 201)	(18 443)	(2 887 634)	(140 066)	212 926	(32 838 418)	54 399 828	

ANNEXURE B: Analysis of property, plant and equipment, and other assets - City of Cape Town

AS AT 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance
Land and buildings						
Vacant land	1 380 331	1 864	16 915	-	(45)	1 399 065
Land and buildings	3 121 543	102 347	63 214	-	-	3 287 104
	4 501 874	104 211	80 129	-	(45)	4 686 169
Infrastructure						
Assets under construction	3 096 336	(1 458 673)	2 069 507	-	-	3 707 170
Telecommunications	1 088 183	184 227	132 276	-	-	1 404 686
Drains	1 535 748	69 018	63 822	-	-	1 668 588
Roads	14 538 066	666 545	522 670	-	(6 392)	15 720 889
Beach improvements	183 355	2 949	3 675	-	-	189 979
Sewerage mains and purification	5 888 804	647 188	310 519	-	-	6 846 511
Security	1 501 058	23 989	262 905	-	(100)	1 787 852
Electricity peak-load equipment and mains	11 283 027	83 914	486 081	-	-	11 853 022
Water mains and purification	6 049 034	(176 546)	582 278	-	-	6 454 766
Reservoirs - water	1 442 758	31 226	194 454	-	-	1 668 438
	46 606 369	73 837	4 628 187	-	(6 492)	51 301 901
Community assets						
Assets under construction	98 487	(81 196)	84 890	-	-	102 181
Parks and gardens	344 215	4 758	5 160	-	(23)	354 110
Libraries	351 194	444	3 193	-	-	354 831
Recreational facilities	1 375 485	3 410	54 760	-	-	1 433 655
Civic buildings	2 952 127	15 135	91 305	-	(30)	3 058 537
	5 121 508	(57 449)	239 308	-	(53)	5 303 314
Other assets						
Assets under construction	279 911	(127 838)	235 545	-	-	387 618
Buildings and land	1 249	-	-	-	-	1 249
Landfill sites	1 237 507	48 278	(29 908)	-	-	1 255 877
Furniture, fittings and equipment	1 253 955	14 614	118 805	-	(13 209)	1 374 165
Bins and containers	80 429	6	11 451	-	(18 911)	72 975
Emergency equipment	76 399	528	12 927	-	(2 021)	87 833
Motor vehicles and watercraft	2 188 695	(102)	289 082	-	(88 939)	2 388 736
Plant and equipment	1 335 935	(4 548)	54 229	-	(11 491)	1 374 125
Specialised vehicles	2 125 103	78	359 801	-	(16 518)	2 468 464
Computer equipment	2 544 097	(148 220)	255 825	-	(60 079)	2 591 623
	11 123 280	(217 204)	1 307 757	-	(211 168)	12 002 665
Living resources						
Animals	1 281	-	-	-	(56)	1 225
	1 281	-	-	-	(56)	1 225
Service concession assets						
Assets under construction	39 276	(39 276)	-	-	-	-
Cape Town Stadium	4 605 778	39 171	220 079	-	(37)	4 864 991
Buses and depots	1 478 416	-	-	-	-	1 478 416
	6 123 470	(105)	220 079	-	(37)	6 343 407
Housing rental stock	3 237 642	38 145	63 318	-	(10 047)	3 329 058
TOTAL PPE	76 715 424	(58 565)	6 538 778	-	(227 898)	82 967 739

ACCUMULATED DEPRECIATION						
Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value
(260 343)	-	-	(20 483)	-	(280 826)	1 118 239
(783 761)	(25)	(63 677)	(311)	-	(847 774)	2 439 330
(1 044 104)	(25)	(63 677)	(20 794)	-	(1 128 600)	3 557 569
-	-	-	-	-	-	3 707 170
(202 358)	(163 030)	(82 741)	-	-	(448 129)	956 557
(551 146)	-	(57 298)	-	-	(608 444)	1 060 144
(4 650 778)	111	(475 833)	-	5 376	(5 121 124)	10 599 765
(39 573)	(432)	(5 845)	-	-	(45 850)	144 129
(2 350 189)	(128 269)	(161 551)	-	-	(2 640 009)	4 206 502
(721 416)	19	(137 985)	-	28	(859 354)	928 498
(3 509 326)	-	(251 859)	-	-	(3 761 185)	8 091 837
(2 382 510)	128 248	(146 137)	(6 945)	-	(2 407 344)	4 047 422
(470 261)	-	(20 899)	-	-	(491 160)	1 177 278
(14 877 557)	(163 353)	(1 340 148)	(6 945)	5 404	(16 382 599)	34 919 302
-	-	-	-	-	-	102 181
(78 196)	-	(11 598)	-	7	(89 787)	264 323
(96 528)	-	(6 315)	(144)	-	(102 987)	251 844
(634 731)	294	(46 653)	-	-	(681 090)	752 565
(833 386)	11	(50 295)	-	2	(883 668)	2 174 869
(1 642 841)	305	(114 861)	(144)	9	(1 757 532)	3 545 782
-	-	-	-	-	-	387 618
(1 249)	-	-	-	-	(1 249)	-
(715 784)	-	(37 134)	-	-	(752 918)	502 959
(889 935)	(3 938)	(106 400)	(42)	11 442	(988 873)	385 292
(66 085)	-	(4 600)	-	18 882	(51 803)	21 172
(45 879)	-	(9 506)	-	1 999	(53 386)	34 447
(834 884)	43	(201 791)	(2 285)	75 696	(963 221)	1 425 515
(801 583)	4 431	(107 431)	-	11 054	(893 529)	480 596
(919 986)	(38)	(141 279)	-	13 180	(1 048 123)	1 420 341
(1 966 806)	162 434	(211 862)	(17)	58 539	(1 957 712)	633 911
(6 242 191)	162 932	(820 003)	(2 344)	190 792	(6 710 814)	5 291 851
(513)	-	(192)	-	56	(649)	576
(513)	-	(192)	-	56	(649)	576
-	-	-	-	-	-	-
(1 944 524)	141	(173 969)	-	37	(2 118 315)	2 746 676
(715 726)	-	(44 743)	-	-	(760 469)	717 947
(2 660 250)	141	(218 712)	-	37	(2 878 784)	3 464 623
(1 165 793)	-	(104 963)	-	8 547	(1 262 209)	2 066 849
(27 633 249)	-	(2 662 556)	(30 227)	204 845	(30 121 187)	52 846 552

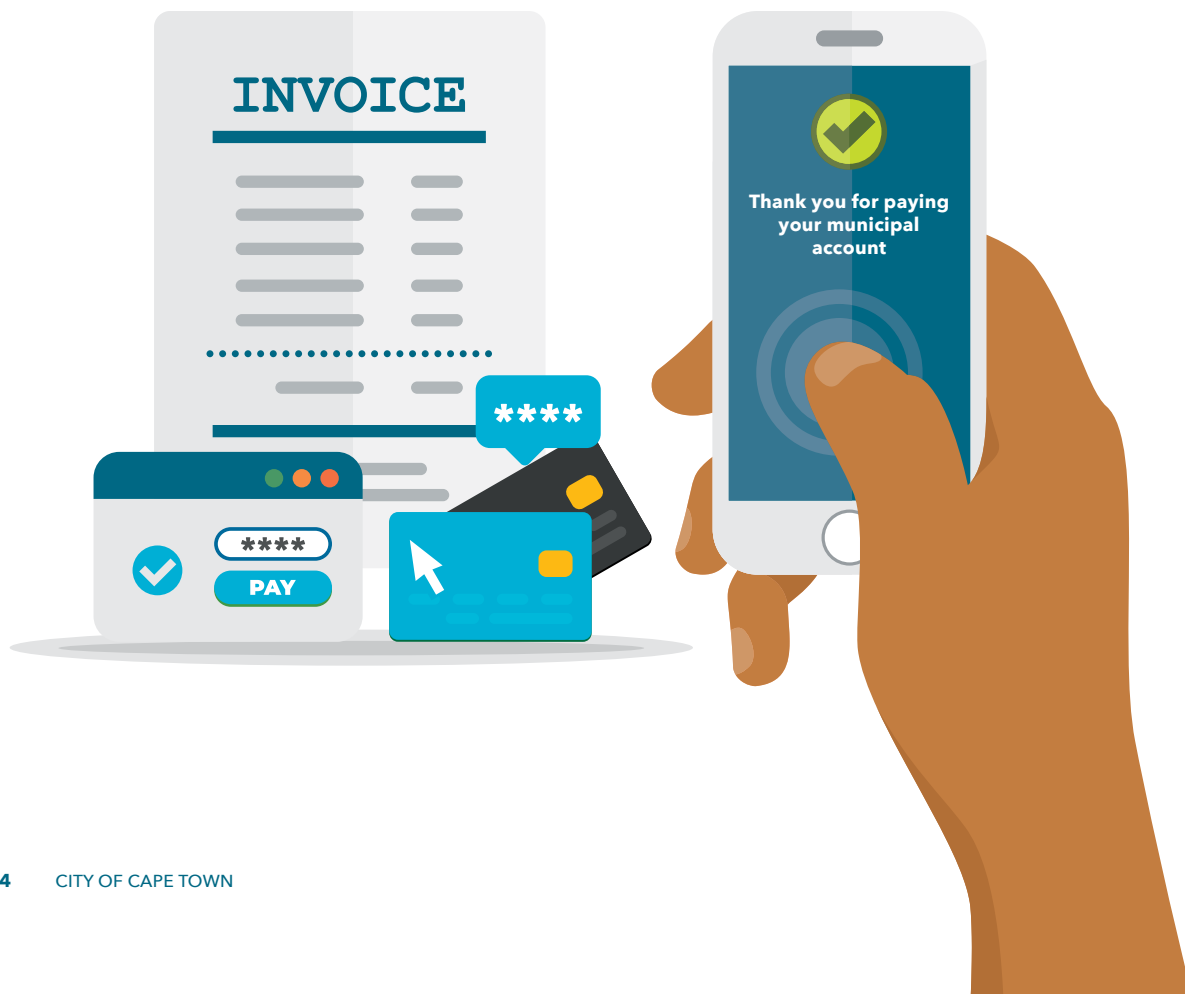
ANNEXURE B: Analysis of property, plant and equipment, and other assets - City of Cape Town

AS AT 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance
Heritage assets						
Paintings and museum items	10 269	-	-	-	(1)	10 268
	10 269	-	-	-	(1)	10 268
Investment property						
Vacant land	518 142	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501
	642 643	-	-	-	-	642 643
Intangible assets						
Assets under construction	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441
Computer software	1 188 862	65 632	128 083	-	(2)	1 382 575
	1 750 303	65 632	128 083	-	(2)	1 944 016
TOTAL OTHER	2 403 215	65 632	128 083	-	(3)	2 596 927
GRAND TOTAL PPE AND OTHER	79 118 639	7 067	6 666 861	-	(227 901)	85 564 666

¹ See note 37 for more details.



ACCUMULATED DEPRECIATION							
Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance		Carrying value
-	-	-	-	-	-		10 268
-	-	-	-	-	-		10 268
-	-	-	-	-	-		518 142
(61 396)	-	(1 713)	-	-	(63 109)		61 392
(61 396)	-	(1 713)	-	-	(63 109)		579 534
-	-	-	-	-	-		-
(424 815)	-	(70 181)	-	-	(494 996)		66 445
(725 810)	-	(98 577)	-	2	(824 385)		558 190
(1 150 625)	-	(168 758)	-	2	(1 319 381)		624 635
(1 212 021)	-	(170 471)	-	2	(1 382 490)		1 214 437
(28 845 270)	-	(2 833 027)	(30 227)	204 847	(31 503 677)		54 060 989



ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

	2021	2020 ¹	2019
CITY OF CAPE TOWN			
Bank accounts held with			
Nedbank			
Main bank	189 554	242 494	181 975
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
Amortised cost	189 554	242 494	181 975
ABSA			
IRT bank	5 581	7 882	31 467
Amortised cost	5 581	7 882	31 467
Amortised cost - see note 10	195 135	250 376	213 442
CONTROLLED ENTITIES			
CTICC			
Bank accounts			
ABSA Bank - current	25	31	8 309
ABSA Bank - CTICC east - current	-	1	207
ABSA Bank - exh serv - current	7	21	660
ABSA Bank Treasury	-	1	75
ABSA Bank - Convenco	-	1	2 607
Nedbank - CTICC main current	1 297	1 613	
Nedbank - CTICC payroll	37	129	
Nedbank - CTICC east	2	35	
Nedbank - CTICC merchant services	32	12	
Nedbank - CTICC e-commerce	1	1	
Amortised cost	1 401	1 845	11 858
Cape Town Stadium (RF) SOC LTD	-	-	11
Total bank balances	196 536	252 221	225 311

	2021	2020 ¹	2019
CITY OF CAPE TOWN			
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	702	883	730
City of Cape Town	139	63	65
City of Cape Town	1 206	1 394	1 416
City of Cape Town	1 823	1 463	3 341
City of Cape Town	4 102	5 301	4 992
City of Cape Town	601	679	736
City of Cape Town	277	229	534
City of Cape Town	617	647	872
City of Cape Town	94	460	200
City of Cape Town	426	286	
Fair value - see note 10	9 987	11 405	12 886
CONTROLLED ENTITIES			
CTICC			
Investment accounts			
Nedbank - call deposit	-	-	20
ABSA Bank - call deposit	-	-	386
First National Bank - RMB investment	-	-	-
Stanlib - bank	3 623	30 462	24 501
Investec - bank	3 493	37 012	14 263
ABSA Bank - call deposit	-	-	3
Nedgroup - money market fund	3 174	34 915	30 729
Nedgroup - corporate money market	3 099	32 274	36 759
ABSA Bank - call account	168	162	48 938
ABSA Bank - CTICC money market fund	3 744	33 915	14 623
ABSA Bank - guarantee	-	-	-
Nedbank - CTICC daily call deposit	3 280	229	
Amortised cost	20 581	168 969	170 222

¹ Comparative restated - see note 36 for more details.

ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

SHORT-TERM DEBT FACILITIES

The City had the following short-term debt facilities with its main banker:

	2021	2020
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	150 000	100 000
Guarantee facility (non-cash-covered)	30 000	12 000
Letter of credit	16 000	16 000
Business travel card	2 000	2 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

Guarantee facility (non-cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.



ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2020/21									
Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(293)	-	-	-	-	-	-	(293)
Department of Environmental Affairs and Tourism	Environmental Affairs	(324)	(220)	-	395	-	-	-	(149)
DME - INEP	Energy	-	-	-	-	(5)	-	-	(5)
Energy Efficiency Electricity Demand Side Management	Energy	-	(9 000)	6	819	8 175	-	-	-
Expanded Public Works Incentive Grant	National Treasury	(7 778)	(44 772)	223	51 156	1 171	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	-	(275 364)	10 113	265 251	-	-	-
Infrastructure Skills Development	National Treasury	-	(10 869)	183	8 289	863	-	-	(1 534)
Integrated City Development Grant	National Treasury	(14 184)	(65 160)	11 874	21 014	40 410	-	-	(6 046)
Municipal Disaster Recovery Grant	Department of Corporate Governance	-	-	-	-	(30)	-	-	(30)
National Skills Fund	Department of Higher Education and Training	-	(18 470)	-	16 061	-	-	-	(2 409)
Neighbourhood Development Programme	National Treasury	(26 147)	(22 534)	28 049	1 394	11 288	-	-	(7 950)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(1 243)	-	285	958	-	-	-	-
Philippi Agri-Hub	General Budget Support Allocation	-	(12 504)	-	12 517	-	-	(13)	-
Public Transport Network Grant	Transport	(322 002)	(750 771)	368 782	451 467	237 139	-	-	(15 385)
Public Transport Network Grant - BFI	Transport	(46 519)	-	(258 432)	-	290 583	-	-	(14 368)
Restructuring Grant - Seed Funding	National Treasury	(1 735)	-	-	-	276	-	-	(1 459)
Special Projects	Environmental Affairs	-	-	47	-	-	-	(47)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	-	-	20	-	-	-	(20)	-
Tirelo Boshia Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(159 534)	(1 337 145)	435 349	202 546	747 706	-	-	(111 078)
Total DoRA allocation		(579 834)	(2 272 445)	311 022	777 729	1 602 827	-	(80)	(160 781)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		(320)	-	-	-	-	-	-	(320)
National Skills Fund: Interest account		-	-	-	-	-	(44)	-	(44)
Natural Resource Management: Interest account		(11)	-	-	-	-	(1)	-	(12)

NATIONAL AND PROVINCE GRANT FUNDS 2020/21									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Neighbourhood Development Programme: Interest account		(2 509)	-	-	-	-	(1 002)	-	(3 511)
Peninsula Wetlands Rehabilitation Project: Interest account		(27)	-	-	36	-	(26)	-	(17)
Philippi Agri-Hub: Interest account		-	-	-	34	-	(34)	-	-
Public Transport Infrastructure Systems Grant: Interest account		(207 179)	-	387	25 679	-	(7 384)	-	(188 497)
Public Transport Infrastructure Grant: Interest account		(41 972)	-	-	-	-	(1 582)	-	(43 554)
Public Transport Network Grant: Interest account		(104 710)	-	-	-	-	(22 541)	-	(127 251)
Public Transport Network Grant - BFI: Interest account		(630)	-	-	-	-	(911)	-	(1 541)
Public Transport Network Operations Grant: Interest account		(17 144)	-	-	-	-	(646)	-	(17 790)
Smart Living Handbook: Interest account		(114)	-	-	-	-	(4)	-	(118)
Total interest earned		(374 862)	-	387	25 749	-	(34 175)	-	(382 901)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS									
		(954 696)	(2 272 445)	311 409	803 478	1 602 827	(34 175)	(80)	(543 682)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	-	-	-	-	-	(5 812)
Contributed Asset: VW Amarok	Community Safety	-	-	(680)	-	680	-	-	-
Community Residential Units	Human Settlements	(712)	-	-	-	478	-	-	(234)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	38 639	-	-	-	(38 639)	-
Delft The Hague/Roosendal Eindhoven	Human Settlements	-	-	(10 498)	25 235	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	6 732	-	-	-	(6 732)	-
Edward Road Energy Efficient Project	Human Settlements	(4 062)	-	-	-	-	(153)	-	(4 215)
EHP Nyanga, Dunoon and Atlantis	Human Settlements	(3 584)	-	-	-	-	-	-	(3 584)
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	62 745	19 001	-	-	(81 746)	-
Eradication of Registration Backlog	Human Settlements	(1 800)	-	-	1 792	-	-	-	(8)
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)
Establishment Grants	Human Settlements	(1)	-	1	-	-	-	-	-
Facilitation Grants	Human Settlements	(32)	-	2	-	-	(2)	-	(32)
Financial Management Capacity Building Grant	Treasury	(21)	(300)	21	300	-	(7)	-	(7)
Fisantekraal, Garden Cities (RDP 4672 Units)	Human Settlements	-	-	428	3 586	-	-	(4 014)	-
Fisantekraal, Greenville, Phase 3	Human Settlements	-	-	1 576	48 990	-	-	(50 566)	-

ANNEXURE D: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2021 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2020/21									
Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Adjustments	Conditions met – transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Garden Cities/Greenville/Fisantekraal 1868	Human Settlements	(152)	-	-	148	-	-	-	(4)
Glenhaven Social Housing Project	Human Settlements	-	-	125	-	-	-	(125)	-
Government Grant Community Development Workers WCG Local Government	Human Settlements	(1 585)	(1 034)	-	972	-	-	-	(1 647)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(23 821)	-	(19 436)	19 996	-	-	-	(23 261)
Happy Valley – Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Harare Infill Housing	Human Settlements	-	-	(1 991)	4 002	-	-	(2 011)	-
Hazendal Infill – Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)
Heideveld Housing Infill	Human Settlements	(1 542)	-	-	51	-	-	-	(1 491)
HIV/AIDS Community-based Response Projects	Health	(31 436)	(266 025)	4 000	278 156	-	-	-	(15 305)
Housing Settlements Development Grant	Human Settlements	(46 395)	(196 080)	182 630	-	-	-	-	(59 845)
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects: Urban Engineering	Human Settlements	-	-	(22 904)	22 619	-	-	-	(285)
Informal Settlements	Human Settlements	(1 102)	-	83	1 019	-	-	-	-
Jakkalsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	(677)	(2 530)	-	1 968	-	-	-	(1 239)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	(1 439)	2 500	-	-	(1 061)	-
Khayelitsha Site C Subsidies	Human Settlements	(5 418)	-	-	-	-	(204)	-	(5 622)
KleinVlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Community Safety	(184)	(4 388)	-	3 474	-	(37)	-	(1 135)
Law Enforcement Officers – LEAP	Community Safety	(32 701)	(417 000)	18 671	256 668	-	(2 303)	-	(176 665)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(262)	(5 338)	262	1 073	-	(145)	-	(4 410)
Library Metro Grant	Cultural Affairs and Sport	(1 024)	(10 550)	-	-	11 404	(246)	-	(416)
Marconi Beam	Human Settlements	(1 763)	-	1 763	-	-	-	-	-
Masiphumelele Disaster Fund	Human Settlements	-	-	(32 000)	32 000	-	-	-	-
Metropolitan Land Transport Fund	Transport and Public Works	(1 120)	(10 000)	968	10 102	-	(21)	-	(71)
Mitchells Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	-	-	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	(3)	-	3	-	-	-	-	-

NATIONAL AND PROVINCE GRANT FUNDS 2020/21									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
NHRC Enrollment Fees	Human Settlements	-	-	1 731	2 465	-	-	(4 196)	-
Nutrition Supplement Programme	Health	-	(5 691)	603	5 551	-	-	(463)	-
Occupancy Survey	Human Settlements	(9 108)	-	-	8 830	-	-	-	(278)
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	-	-	-	-	(321)
Peoples Housing Project	Human Settlements	(72 788)	-	(70 629)	80 238	-	(2 490)	-	(65 669)
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)
Prov Docs Mod Centre Deployment	Community Safety	(165)	-	165	-	-	-	-	-
Public Library Fund	Cultural Affairs and Sport	(1 419)	(49 192)	-	50 635	-	(424)	-	(400)
Rou Emoh Housing Development	Human Settlements	(207)	-	-	-	-	(7)	-	(214)
Somerset West Housing Project	Human Settlements	(4 582)	-	-	5 944	-	-	(1 362)	-
Sport and Recreation	Cultural Affairs and Sport	(14)	-	14	-	-	-	-	-
TB Crisis Plan	Health	-	(27 380)	(5 456)	32 138	-	-	-	(698)
Title Deeds Restoration	Human Settlements	(45)	-	45	-	-	-	-	-
Tourism Safety Law Enforcement Unit	Community Safety	-	(4 920)	-	3 521	1 313	-	-	(86)
Vaccines	Health	-	(132 426)	4 396	112 114	-	-	-	(15 916)
Valhalla Park Integrated Housing Project	Human Settlements	-	-	(5 000)	5 000	-	-	-	-
Vrygrond	Human Settlements	(18)	-	-	-	-	-	-	(18)
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	(2 824)	(7 500)	-	8 954	-	-	-	(1 370)
TOTAL PROVINCE TRANSFERS AND GRANTS		(274 352)	(1 140 354)	155 570	1 049 042	13 875	(6 039)	(205 652)	(407 910)
Analysis of grants and subsidies									
Total National Government transfers and grants		(954 696)	(2 272 445)	311 409	803 478	1 602 827	(34 175)	(80)	(543 682)
Total Province transfers and grants		(274 352)	(1 140 354)	155 570	1 049 042	13 875	(6 039)	(205 652)	(407 910)
		(1 229 048)	(3 412 799)	466 979	1 852 520	1 616 702	(40 214)	(205 732)	(951 592)

¹ The balance unspent at beginning and end of the year excludes VAT.

ANNEXURE E: Appropriation statement (reconciliation: budget and in-year performance)

FOR THE YEAR ENDED 30 JUNE 2021

All amounts indicated in Rand thousands (R'000)

2020/21						
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget
Financial performance						
Property rates	10 511 519	13 602	10 525 121	-	-	10 525 121
Service charges	19 885 709	(12 910)	19 872 799	-	-	19 872 799
Investment revenue	855 610	124 158	979 768	-	-	979 768
Transfers recognised – operational	5 674 442	529 367	6 203 809	-	-	6 203 809
Other own revenue	5 606 970	(224 883)	5 382 087	-	-	5 382 087
Total revenue (excluding capital transfers and contributions)	42 534 250	429 334	42 963 584	-	-	42 963 584
Employee costs	15 295 099	(341 791)	14 953 308	-	275	14 953 582
Remuneration of councillors	190 680	70	190 750	-	-	190 750
Debt impairment	3 640 803	(429 507)	3 211 296	-	-	3 211 296
Depreciation and asset impairment	3 354 566	(266 482)	3 088 084	-	-	3 088 084
Finance charges	828 460	22 990	851 450	-	(3 101)	848 349
Materials and bulk purchases	11 618 742	(52 534)	11 566 208	-	(25 120)	11 541 024
Transfers and grants	500 678	60 525	561 203	-	(9 703)	591 500
Other expenditure	9 806 623	567 426	10 374 049	-	37 649	10 411 698
Total expenditure	45 235 651	(439 303)	44 796 348	-	-	44 836 283
Surplus/(deficit)	(2 701 401)	868 637	(1 832 764)	-	-	(1 872 699)
Transfers recognised – capital	3 005 054	(1 065 578)	1 939 476	-	-	1 939 476
Contributions recognised – capital and contributed assets	-	-	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	303 653	(196 941)	106 712	-	-	66 777
Share of surplus/(deficit) of associate	-	-	-	-	-	-
Surplus/(deficit) for the year	303 653	(196 941)	106 712	-	-	66 777
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised – capital	2 815 828	(1 071 921)	1 743 907	-	-	1 743 907
Public contributions and donations	67 986	(2 500)	65 486	-	-	65 486
Borrowings	2 500 000	(2 500 000)	-	-	-	-
Internally generated funds	4 297 543	1 292 492	5 590 035	-	-	5 590 035
Total sources of capital funds¹	9 681 357	(2 281 929)	7 399 428	-	-	7 399 428
Cash flows						
Net cash from (used) operating	3 761 901	(301 339)	3 460 562	-	-	3 460 562
Net cash from (used) investing	(8 897 869)	2 094 004	(6 803 865)	-	-	(6 803 865)
Net cash from (used) financing	2 173 711	(2 558 550)	(384 839)	-	-	(384 839)
Cash/cash equivalents at the year-end	4 660 933	(765 885)	5 795 344	-	-	5 795 344
Net increase in cash and cash equivalents	(2 962 257)	(765 885)	(3 728 142)	-	-	(3 728 142)

¹ See note 36 for more details.

2020/21						2019/20			
Actual outcome	Unauthorised expenditure ¹	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %		Reported unauthorised expenditure	Expenditure authorised in terms of s32 of the MFMA	Balance to be recovered	Restated audited outcome
10 269 449	-	-	98	98		-	-	-	-
20 265 458	-	-	102	102		-	-	-	-
900 467	-	-	92	105		-	-	-	-
5 793 196	-	-	93	102		-	-	-	-
5 935 518	-	-	110	106		-	-	-	-
43 164 088	-	-	100	101		-	-	-	-
15 178 402	-	-	102	99		-	-	-	-
167 600	-	-	88	88		-	-	-	-
2 854 651	-	-	89	78		-	-	-	-
2 940 105	-	-	95	88		-	-	-	-
831 478	-	-	98	100		-	-	-	-
11 463 610	-	-	99	99		-	-	-	-
336 317	-	-	57	67		-	-	-	-
9 569 925	-	-	92	98		-	-	-	-
43 342 088	-	-	97	96		-	-	-	-
(178 000)	-	-	-	7		-	-	-	-
1 931 091	-	-	100	64		-	-	-	-
125 211	-	-	-	-		-	-	-	-
1 878 302	-	-	2 813	619		-	-	-	-
-	-	-	-	-		-	-	-	-
1 878 302	-	-	2 813	619		-	-	-	-
1 616 022	-	-	93	57		-	-	-	-
59 979	-	-	92	88		-	-	-	-
(1 281)	-	-	-	-		-	-	-	-
4 874 528	-	-	87	113	6 567	-	-	-	-
6 549 248	-	-	89	68		-	-	-	-
6 319 997	-	-	178	171		-	-	-	-
(7 337 802)	-	-	107	83		-	-	-	-
(371 494)	-	-	97	(17)		-	-	-	-
(1 389 299)	-	-	35	43		-	-	-	-
8 148 319	-	-	-	-		-	-	-	-

ANNEXURE F: Bids awarded to family of employees in the service of the state - 2020

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
AAE CATERING		1 205	1 205
Y Ebrahim	Wastewater: Regional operations manager		
ADVOCC CC		32	32
I Zimri	Department of Health		
ANLO PRINT AND MAIL CC		143	143
N Taylor	Administrative officer		
ATHLONE AUTO TRANSMISSIONS		612	612
N Joseph	Director		
AURECON SOUTH AFRICA (PTY) LTD		178 758	178 758
HC Ahlschlager	Legal representative		
T Botha	Technical manager		
WZ Erasmus	Manager		
HG Esterhuysen	Manager		
T Govender	Administrator		
SM Grobbelaar	Town and regional planner		
A Heyns	Assistant superintendent		
JH Higgs	Regional manager		
A Hougaard	Principal network controller		
J Jacobs	Personal assistant to chief director		
BJ Cr Kriegler	Councillor		
AJ Moore	Chief engineer		
K Nadasen	Director		
D Ntsebeza	Sanitation engineering manager		
NH Ntsebeza	Nurse		
SM O'Connell	Librarian		
PW Pansegrouw	Senior manager		
PS Pretorius	Chief officer		
JH Riekert	Manager		
R Reddy-Maduray	Project preparation specialist		
JM Robertson	Roads engineer		
Dr M Skead	Manager		
R Tebane	Executive manager		
J Tredoux	Deputy director		
ZC Venter	Deputy director		
J Wilkins	Vice-director		
BAREND S F		166	166
T Barends	Senior SAP developer		
BATTERY CENTRE MITCHELLS PLAIN		118	118
F Badernhost	Councillor		
BERGSTAN SOUTH AFRICA CONSULTING		18 244	18 244
J Beukes	Department of Social Development		

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
BETHEL BUZZ		125	125
S Jacobs	Soldier		
N Williams	Senior clerk		
BOKAMOSO ENTERPRISE SOLUTIONS		785	785
MA Thobejane	Department of Land Affairs and Rural Development		
BOWMAN GILFILLAN INC (LAND)		115	115
H Ben-David	Captain		
M de Villiers	Project and process manager		
Mr Deokiram	Logistics manager		
C Dyer	Deputy director		
C Franklyn	Specialist scientist		
Q Green	Director: Finance		
G Mellem	Teacher		
T Mtshali	Deputy principal		
M Nyali	Teacher		
S Pillay	Educator		
R Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		
M van Aardt	Medical doctor		
J van den Heuvel	Magistrate		
S Zondo	Operations manager		
BOWMAN GILFILLAN INC (LEGAL)		1 781	1 781
H Ben-David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Manager		
C Dyer	Deputy director		
S February	Educator		
C Franklyn	Specialist scientist		
Q Green	Director		
G Mellem	Teacher		
T Mtshali	Deputy principal		
M Nyali	Teacher		
S Pillay	Educator		
R Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		
EJ van den Berg	School psychologist		
J van den Heuvel	Magistrate		
S Zondo	Operations manager		

ANNEXURE F: Bids awarded to family of employees in the service of the state - 2020 (continued)

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
BRAINPLAY		903	903
Mr Pieters	Teacher		
CAPE TOWN SKILLS FACILITATORS 786 CC		71	71
T Jacobs	Deputy director		
CHARMLU BUILDERS		21	21
C Absolom	Administrative clerk		
CJ SUPPLIES (PTY) LTD		24	24
P Thomas	Superintendent		
COEUR INVESTMENTS		2 716	2 716
P Bell	Sports facilitator		
COMPUTER SPECIALISTS (PTY) LTD		2 184	2 184
N Orrie	Senior superintendent		
CONLOG		3 407	3 407
N Moodley	Director		
DEMOCRATIC PACKAGING CC		1 723	1 723
V van der Heever	Educator		
DEO FAVENTE PTY LTD		136	136
CC Snell (left service of the state 27/06/2020)	Expanded Public Works Programme		
DESIGNTEC PRINTING CC		740	740
M Mshweshwe	Manager: Access to Information		
DS GXILISHE		108	108
B Gxilishe	Senior administrator		
S Gxilishe	Educator		
EAS INFRASTRUCTURE ENGINEERS		1 184	1 184
J Brown	Housing rental stock coordinator		
EPI-USE AFRICA (PTY) LTD		15 853	15 853
J Alberts	Deputy principal		
E Janse van Rensburg	Senior manager		
FAYDIES CORPORATE GIFTS		2 630	2 630
MF Votersen	Manager: Finance (Economic Opportunities and Asset Management)		
FIKELELA LABOUR SERVICES		2 164	2 164
D Joseph	Member of Parliament		
FLEET TECH		1 113	1 113
S Willemse	Administrative officer		
FOCAL MEDICAL POINT SA		1 011	1 011
D Henkel	Learner firefighter		
GAVA KASSIEM		4	4
A Kassiem	Media coordinator		

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
GIBB		27 314	27 314
D Allderman	Educator		
R Beharie	Senior engineer		
I Brink	Educator		
S Cilliers	Educator		
L Cloete	Lecturer		
J Gooch	Head		
T Gqobo	Technician		
C Hering	Electrical engineer		
S Jafta	Assistant manager		
D Kiewiet	Manager		
N Mkhize	Accounting clerk		
L Mkhumuzi	Senior rates clerk		
A Moon	Head: Business Continuity		
K Naidoo	Head		
D O'Reilly	Warrant officer		
V Sicwebu	Manager		
S Singh	Human resources officer		
GLOBREACH (PTY) LTD		385	385
MM Manci	Major-general		
GREENRO SOLUTIONS (PTY) LTD		24	24
N Thabeng	Forensic analyst		
HRK CAPE (PTY) LTD		917	917
T Sambo	Professional officer		
HYGIENE SERVICE		1 758	1 758
S Zini (left service of the state 30/11/2019)	Expanded Public Works Programme auxiliary law enforcement		
IKAPA RETICULATION AND FLOW		35 672	35 672
S Davids	Educator		
ISUZU TRUCK CENTRE		198 107	198 107
E Jacobs	Senior clerk		
ITHALOMSO (PTY) LTD		21 595	21 595
SN Fumba	Specialist clerk		
JAKEPRO BUILDING PROJECTS AND SERVICES		34	34
Y Jacobs	Accountant		
JC ACTIVE ELECTRICAL		4	4
C van der Vendt	Clerk		
JG AFRIKA (PTY) LTD		34 792	34 792
R Maharaj	Planner		
KEMANZI (PTY) LTD		932	932
J du Toit	Traffic inspector		

ANNEXURE F: Bids awarded to family of employees in the service of the state - 2020 (continued)

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
LEIBRANDT TRAINING ACADEMY CC		45	45
H Benjamin	Psychologist		
LIKHONA LETHU SERVICES		5 973	5 973
Z Rafu	Police officer		
LILIAN4ZONKE (PTY) LTD		2 586	2 586
F Monk	Subcouncil manager		
LJA CONSTRUCTION CC		8 406	8 406
L Arries	Educator		
MAINSTRUCT PROJECTS CC		36	36
E Benjamin	Clinical psychologist		
MALHERBE TUBB FAURE INC T/A MHI ATTORNEY		2 227	2 227
J Rossouw	Administrative officer		
MASIBAMBANE RECRUITMENT (PTY) LTD		23 319	23 319
V Williams	Stores clerk		
MBOLOMPO PROPERTY SPECIALIST PTY LTD		33	33
JS Mbolompo	Councillor		
MGWEVHA PROJECTS AND SERVICES (PTY) LTD		50	50
N Nwabena	Clerk		
MPUMAMANZI GROUP CC		53	53
ER Bowers	Social worker		
MTJEKUBE (PTY) LTD		5	5
S Maizeme	Administrative clerk		
NAEEM'S TRUCK & COACH		624	624
Z Smith	Department of Labour		
NCC ENVIRONMENTAL SERVICES (PTY) LTD		45 541	45 541
C Rhoda	Invasive species programme manager		
NEOTERIC TRADING SERVICES		186	186
S Jacobs	Director		
NIYALWA		156	156
M Sakwe	Quantity surveyor		
NORTON ROSE FULBRIGHT SOUTH AFRICA		2 785	2 785
G Adams	Deputy principal		
S Clay	Educator		
E Maubane	Human resources: Administrator		
F Nonhlanhla	Telecommunications operator		
C Sunpath	Medical doctor		
H Sunpath	Chief technical advisor		

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
PARKERS BUS SERVICE		131	131
RM Parker	Western Cape Education Department		
PATHCARE		62	62
C Maas (left service of the state 01/06/2020)	Senior medical officer		
PHUMELELA CLEARING (PTY) LTD		445	445
S Ngame	Invasive species controller		
PISTON POWER CHEMICALS		1 822	1 822
N Andhee	Educator		
N Andhee	Educator		
PROFESSIONAL EMERGENCY CARE CC		189	189
JM Bodmer	Metro paramedics		
PURPLE ROSE DISTRIBUTORS CC		319	319
C Hector	Quality assessor		
M Hector	Medical doctor		
RADIAN		1 722	1 722
P Naidoo	Programme manager		
REEDS BELLVILLE		600	600
E Jacobs	Senior clerk		
REEDS CLAREMONT		884	884
E Jacobs	Senior clerk		
REEDS N1 CITY		569	569
E Jacobs	Senior clerk		
ROYAL HASKONINGDHV (PTY) LTD		3 971	3 971
L Dladla	Deputy director		
T Sithole	Associate director		
SANCCOB		411	411
P Cilliers	Principal SAP-ERP analyst		
LC Roberts	State veterinarian: Epidemiologist		
SITSOL TRADING		169	169
C Sitzer	Senior clerk		
SKUNYANAS TRADING		395	395
Y Skunyana	Senior foreman		
SUCCIDO ENTERPRISES		249	249
L Kramm	Passenger Rail Agency of South Africa		
SUNSHINE HELLO DESIGN		70	70
MS Maroof	Professional officer		
TEMPUS DYNAMICS		2 937	2 937
M Mvalo	Professional officer		
THE ENVIRONMENTAL PARTNERSHIP		235	235
F Shariff	Director: Strategic Assets		

ANNEXURE F: Bids awarded to family of employees in the service of the state - 2020 (continued)

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
TJEKA TRAINING MATTERS (PTY) LTD		693	693
B Ntlanti	Clerk		
TOXSOLUTIONS KITS AND SERVICES CC		404	404
G Pearson	Rand Water		
TRANSPORT TELEMATICS AFRICA		12 528	12 528
JJE Groenewald	Financial officer		
TSCH INTERNATIONAL HOLDINGS		131	131
RE Hlongwana	Manager: Cleansing		
TSOGA O BUNE BUILDING ENTERPRISES CC		6 470	6 470
K Kekana	Engineering artisan		
TREE CUTTING PEOPLE		581	581
T Hlwatika	Clinical nurse practitioner		
TREND CORE SUPPLIES		45	45
S Mepomie	Colonel		
TURNER AND TOWNSEND (PTY) LTD		13 421	13 421
E Barnard	Risk manager		
T Bulmer	Chief physiotherapist		
S Naicker	Head of department		
P Naidoo	Doctor		
M Low	Departmental head		
SM O'Connell	Librarian		
UNAKO HOLDINGS (PTY) LTD		23	23
TJ Vapi	Department of Correctional Services		
VINZEIGH LEUKES TRADING		106	106
J Fortuin	Department of Rural Development		
VW CIVIL ENGINEERING SUPPLIES CC		1 441	1 441
N Pedro	Specialist clerk		
WDW MAINTENANCE LANDSCAPING DELIVERY		15	15
C de Wee	Administrative officer		

		ECONOMIC ENTITY	CITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
WEBBER WENTZEL		9 206	9 206
N Dias	Senior legal advisor: Litigation		
Dr D Singh	Department of Education		
P Singh	Department of Education		
JCL Smit	Beaufort West Municipality		
AM Truter	Education: West Coast District		
C Truter	Department of Education		
E Watson	Department of Public Service		
WHILE ITS DAY		580	580
C Hector	Building assessor		
M Hector	Medical doctor		
WRP CONSULTING ENGINEERS (PTY) LTD		4 330	4 330
K Mamphitha	South African Broadcasting Corporation		
Z van Rooyen	Department of Public Works		
YIZA APHA TRADING		245	245
AV Kelland	Administrative officer		
ZAPTRON PEST SOLUTIONS		116	116
F Fortune	Psychologist		
F Fortune	Oral hygienist		
ZELUNGA INVESTMENT		9	9
TC Biyase	KwaZulu-Natal Department of Education		
NP Biyase	Department of Water and Sanitation		
INDIVIDUALS			
M Brink	Doctor	1 214	
P Naidoo	Project manager: City of Cape Town	1 662	
Y Phosa	Parliament	52	
M Selepe	Deputy director: City of Tshwane	139	
TOTAL		720 226	717 159



APPENDICES

335

Appendix A: 2020/21 annual performance management report – City of Cape Town	336
Appendix B: Definitions for 2020/21 annual performance management report – City of Cape Town	342
Appendix C: 2020/21 annual performance management report – CTICC	346
Appendix D: Definitions for 2020/21 annual performance management report – CTICC	348
Appendix E: 2020/21 annual performance management report – Cape Town Stadium	350
Appendix F: Definitions for 2020/21 annual performance management report – Cape Town Stadium	352
Appendix G: Abbreviations used in this report	354
Appendix H: Figures and tables in this report	356
Appendix I: MFMA Circular 63 appendices	358
Appendix J: 2020/21 annual report of the Municipal Public Accounts Committee to the Council of the City of Cape Town	359
Appendix K: City of Cape Town trend watchlist	369
Appendix L: 2020/21 integrated governance report	379
Appendix M: B-BBEE compliance performance report	403
Appendix N: City of Cape Town cost containment information	408
Appendix O: 2020/21 Risk Management Committee annual report	410

APPENDIX A: 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕								
Objectives	KEY PERFORMANCE INDICATOR	2019/20 (previous financial year)			2020/21 (current financial year)			Status
		Target	Actual	Status	Target	Actual	Status	
THE OPPORTUNITY CITY	1.1 Positioning Cape Town as a forward-looking, globally competitive business city	1.A Percentage of building plans approved within 30-60 days	90%	93,0%	■	95%	98%	■
		1.B Percentage of rates clearance certificates issued within ten working days	90,00%	90,74%	■	90%	92,63%	■
		1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	0,70%	0,54%	✓	0,70%	0,23%	✓
	1.2 Leveraging technology for progress	1.D Broadband infrastructure project (BIP)	Business plan at the end of concept design, to be approved by Council	Business plan at the end of concept design, to be approved by Council	▲	Approved detailed design of BIP	Approved detailed design of BIP	▲
	1.3 Economic inclusion	1.E Number of Mayor's Job Creation Programme (MJCP) opportunities created (NKPI)	30 000	31 871	■	28 000	34 306	✓
		1.F Percentage budget spent on implementation of Workplace Skills Plan (WSP) (NKPI)	75,00%	89,82%	✓	90,00%	88,44%	●
THE SAFE CITY	1.4 Natural resources and environmental sustainability	1.G Percentage compliance with drinking-water quality standards	98,00%	99,19%	■	98,00%	99,11%	■
		1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	4,00%	18,09%	✓	4,5	18,49	✓
	2.1 Safe communities	2.A Number of areas in which additional closed-circuit television (CCTV) surveillance cameras have been installed	5	5	▲	5	5	▲
		2.B Community satisfaction survey (score 1-5) – safety and security	2,5	2,5	▲	2,8	2,5	✕

Reason for variance	Remedial action
Above target	Maintain the momentum
Above target	Maintain the momentum
Well above target. This indicator is customer-driven and, therefore, reliant on applications received. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
On target	Maintain the momentum
Well above target. The target was reduced during the 2019/20 quarter 4 amendment period. Despite the Covid-19 lockdown, however, the City invested in training for critical and scarce skills, internships, learnerships and apprenticeships, being strategic interventions for talent management and employment equity strategies.	Maintain the momentum
As a result of the Covid-19 pandemic and the hard lockdown, directorates were unable to continue with the traditional classroom training and have shifted to virtual/online platforms, which were accessible only for employees with computer access. This has affected the implementation of the WSP. The directive from the City Manager to support financial sustainability led to the moratorium on bursaries/financial support (internal and external), student programmes as well as learnerships and apprenticeships.	The Human Resources as well as Information Systems and Technology departments investigated an alternative collaborative platform that would meet the requirements to roll out online/virtual training. This will enable hosting a larger number of participants (300), tracking attendance, video functionality, recording training, as well as building training session libraries. Skype for Business, which is currently used as a virtual training tool, is very limiting. The approval process for the alternative collaborative tool is under way.
Above target	Maintain the momentum
Well above target. This indicator is customer-driven and, therefore, reliant on applications received. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
On target	Maintain the momentum
The survey is a perception survey, and the outcome is informed by a number of factors, including citizens' personal sentiments towards the City.	City is considering other data sources and will work closely with line departments to identify reform actions that could inform interventions for improvement.

APPENDIX A: 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✗							
Objectives	KEY PERFORMANCE INDICATOR	2019/20 (previous financial year)			2020/21 (current financial year)		
		Target	Actual	Status	Target	Actual	Status
3.1 Excellence in basic service delivery	3.A Community satisfaction survey (score 1-5) – Citywide	2,5	2,7	■	2,8	2,5	✗
	3.B Number of outstanding valid applications for water services, expressed as a percentage of total billings for the service (NKPI)	<0,7%	0,23%	✓	<0,7%	0,16%	✓
	3.C Number of outstanding applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	<0,7%	0,29%	✓	<0,7%	0,21%	✓
	3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	<0,4%	0,07%	✓	<0,3%	0,04%	✓
	3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	<0,4%	0%	✓	<0,2%	0,003%	✓
	3.F Percentage adherence to Citywide service requests	90,00%	87,40%	●	90,00%	85,46%	●
3.2 Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.G Number of human settlements opportunities (top structures)	2 565	2 738	■	2 050	2 587	✓
	3.H Number of human settlements opportunities (formal sites serviced)	785	785	▲	2 800	2 363	✗
	3.I Number of water service points (taps) provided to informal settlements (NKPI)	700	1 520	✓	700	799	✓
	3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	2 500	2 999	✓	2 500	3 422	✓
	3.K Percentage of areas of informality receiving waste removal and area cleaning services (NKPI)	99,00%	99,74%	■	99,00%	99,79%	■
	3.L Number of service points (toilet and tap with hand basin) provided to backyarders	300	428	✓	350	357	■
	3.M Number of subsidised electricity connections installed (NKPI)	1 500	1 996	✓	1 500	1 721	✓
	3.N Number of serviced sites in informal settlements	854	924	■	1 350	1 274	●
	3.O Number of community services facilities within informal settlements	0	0	▲	0	0	▲

Reason for variance	Remedial action
The survey is a perception survey, and the outcome is informed by a number of factors, including citizens' personal sentiments towards the City.	City is considering other data sources and will work closely with line departments to identify reform actions that could inform interventions for improvement.
Well above target. This indicator is customer-driven and, therefore, reliant on applications received.	Maintain the momentum
Well above target. This indicator is customer-driven and, therefore, reliant on applications received.	Maintain the momentum
Well above target. This indicator is customer-driven and, therefore, reliant on applications received.	Maintain the momentum
Well above target. This indicator is customer-driven and, therefore, reliant on applications received.	Maintain the momentum
Delays in service delivery were due to a combination of factors. These include gang and taxi violence in areas where the depot teams require security escorts to enter; ongoing vandalism of City infrastructure, e.g. pump stations, resulting in additional service delivery failures, e.g. damaged pump stations, cable theft, etc.; fleet management issues, where hundreds of City vehicles stand idle for months while awaiting repairs and maintenance; supply chain issues with delays in finalising tenders, e.g. bitumen tender, as well as the Covid pandemic, which has resulted in depots closing sporadically, fewer staff allowed on site due to social distancing, and staff with comorbidities, in quarantine or isolation staying at home.	Strongly encourage all City staff to be vaccinated against the virus. Security staff to be seen enforcing the rule of law. Prosecute scrap metal dealers and thieves found to be in possession of stolen City property. Outsource repairs and maintenance for vehicles. Review the supply chain management process to address challenges and delays.
Well above target. The Greenville phase 2 housing project (BNG), Bothasig phase 2 social housing project and Regent Villas social housing project delivery exceeded the planned delivery programme.	Maintain the momentum
Phase 1 of the Upgrading of Informal Settlements Programme (UISP) Backstage 1 project in Khayelitsha was implemented, with 83 sites concluded. Due to ongoing community resistance relating to illegal land invasions on the site, the contract was cancelled, and the second phase of the development could therefore not start in the 2020/21 financial year.	Ongoing engagements with stakeholders to agree on an alternative implementation plan to complete the project.
Well above target. The completion of various capital projects at the end of the financial year, as well as the availability of material stock, contributed to the target being exceeded.	Maintain the momentum
Well above target. Significant increase in demand for the portable flush toilets during the Covid-19 pandemic, which formed part of the Covid-19 response plan to provide additional emergency services. This increase in demand, together with replacement of damaged assets, has resulted in the target being exceeded.	Maintain the momentum
Above target	Maintain the momentum
Above target	Maintain the momentum
The easing of lockdown restrictions continues to enable projects to be executed as planned.	Maintain the momentum
Phase 1 of the Upgrading of Informal Settlements Programme (UISP) Backstage 1 project in Khayelitsha was implemented, with 83 sites concluded. Due to ongoing community resistance relating to illegal land invasions on the site, the contract was cancelled, and the second phase of the development could therefore not start in the 2020/21 financial year.	Ongoing engagements with stakeholders to agree on an alternative implementation plan to complete the project.
Grant allocation was reduced, so the budget has been cut.	Maintain the momentum

APPENDIX A: 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕								
Objectives		KEY PERFORMANCE INDICATOR	2019/20 (previous financial year)			2020/21 (current financial year)		
			Target	Actual	Status	Target	Actual	Status
THE INCLUSIVE CITY	4.1 Dense and transit-oriented growth and development	4.A Catalytic land development programme	The CLDP sets out prioritised projects and subprojects and their implementation actions.		▲	Biennial target	Biennial target	Biennial target
	4.2 An efficient, integrated transport system	4.B Number of passenger journeys per kilometre operated (MyCiTi)	1	1	▲	0,73	0,8	■
		4.C Total number of passenger journeys on MyCiTi	12 800 000	13 276 698	■	10 200 000	10 901 143	■
	4.3 Building integrated communities	4.D Percentage of employees from employment equity target (designated) groups employed at the three highest levels of management	74,00%	72,99%	●	75,00%	74,20%	●
		4.E Number of Strengthening Families programmes implemented	10	10	▲	12	16	✓
THE WELL-RUN CITY	5.1 Operational sustainability	5.A Opinion of independent rating agency	High investment rating	High investment rating	▲	High investment rating	High investment rating	▲
		5.B Opinion of the Auditor-General	Clean audit	Unqualified opinion	●	Clean audit	Unqualified opinion	●
		5.C Percentage spend of capital budget (NKPI)	90,00%	89,00%	●	90,00%	88,51%	●
		5.D Percentage spent on repairs and maintenance	95,00%	93,31%	●	95,00%	90,33%	●
		5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	1,90	1,91	■	1,81	1,82	■
		5.F Net debtors to annual income (NKPI)	22,80%	19,44%	✓	22,97%	17,15%	✓
		5.G Debt (total borrowings) to total operating revenue (NKPI)	26,11%	24,60%	■	25,02%	23,00%	■

Reason for variance	Remedial action
Biennial target	Biennial target
Above target	Maintain the momentum
Above target	Maintain the momentum
At levels 1-3, a total of 233 designated-group employees are employed out of a total of 314 staff (233/314 = 74,2%). Another three employees are required at this level (236/314) to make the 75% target. Resignations/retirements of four executive directors over the past six months, in addition to other resignations at levels 1-3, contributed to the current performance levels.	Two retirements at level 3 are scheduled over the next six months. One of these will be replaced with a member from the designated group. In addition, all level 2-3 positions filled over the next six months will be targeted at the designated groups.
Well above target. This target was reduced in the previous financial year due to Covid-19 restrictions, which resulted in some planned programmes being cancelled. When the opportunity presented itself this year, Social Development and Early Childhood Development (SDECD) managed to implement programmes to areas where they had been cancelled, over and above programmes that were already planned for this financial year.	SDECD will monitor implementation and could review the target during the mid-year adjustment process to ensure that it meets actual needs at that time.
On target	Maintain the momentum
For reason for variance and remedial action, see page 193 of this report.	
See financial note 36.3 in the City's annual financial statements for details of the reason for variance per directorate (vote).	Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of projects occur within the prescribed timeframes, and that corrective actions are processed timeously to ensure maximum spend. Unspent committed funds for 2020/21 will be rolled over to 2021/22 in the August 2021 adjustments budget. Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's capital expenditure and corporate contracts.
1. Electrical – Covid-19 lockdown restrictions resulted in a reduction in maintenance work at facilities and on networks. 2. Maintenance equipment – Less-than-planned maintenance work on fleet, buses and other equipment. 3. Building contractors – Covid-19 lockdown restrictions resulted in maintenance programmes not being implemented as planned. 4. Material general – Due to reduced maintenance as a result of the Covid-19 lockdown restrictions; building maintenance tender still to be approved; delay in the renewal of the public lighting maintenance contract; road and traffic signal maintenance less than anticipated due to Covid-19.	Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of spending are within the prescribed timeframes, and that corrective action is processed timeously to ensure maximum spend. Responsible person: All applicable departments. Due date: Ongoing (Note: Finance monitoring is performed on a monthly basis along with the MFMA section 71 reporting.) Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's spending.
Above target	Maintain the momentum
The debtors performed much better than anticipated from a budget perspective. Indicators 5E and 5F are interrelated and, therefore, both reflected a positive outcome.	Maintain the momentum
Above target	Maintain the momentum

APPENDIX B: DEFINITIONS FOR 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

Indicator	IDP ref	Indicator definition
1.A Percentage of building plans approved within 30–60 days	1.1	Measures the percentage of applications approved within statutory timeframes (30–60 days). The objective is to improve approval times. This improvement will be the trend in the course of the five-year term of the IDP, but will be targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of 30 days for structures of <500 m ² and 60 days for structures of >500 m ² . See section A7 of the National Building Regulations Act, Act 103 of 1977.
1.B Percentage of rates clearance certificates issued within ten working days	1.1	Measures the percentage of rates clearance certificates issued within ten working days, only once the correct payments and required documentation have been received and verified as correct.
1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	1.1	Reflects the number of outstanding valid applications (downpayments received) for commercial electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of the number of commercial customers for the service.
1.D Broadband infrastructure project (BIP)	1.2	Measures the business and management review of the BIP that will be approved by the delegated authority. The BIP will follow the City's adopted project management processes.
1.E Number of Mayor's Job Creation Programme (MJCP) opportunities created (NKPI)	1.3	Measures the number of work opportunities created through the MJCP. A work opportunity is paid work of a temporary nature, created for an individual for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes. Proxy measure for NKPI.
1.F Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	1.3	The Workplace Skills Plan outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan. Proxy measure for NKPI.
1.G Percentage compliance with drinking-water quality standards	1.4	Measures the potable water sample pass rate according to the SANS 241 standard.
1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	1.4	This indicator measures the total amount of power that can be generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) connected to the electricity grid on the consumer's side of the electricity meter.
2.A Number of new areas with closed-circuit television (CCTV) surveillance cameras installed	2.1	Measures the total amount of power that can be generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) installations connected to the electricity grid on the consumer's side of the electricity meter.
2.B Community satisfaction survey (score 1–5) – safety and security	2.1	A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's safety and security services. Scoring takes place on a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.
3.A Community satisfaction survey (score 1–5) – Citywide	3.1	A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's services. Scoring takes place on a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.

Indicator	IDP ref	Indicator definition
3.B Number of outstanding valid applications for water services, expressed as a percentage of total billings for the service (NKPI)	3.1	Reflects the number of outstanding valid applications (downpayments received) for water services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (water services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Reflects the number of outstanding valid applications (downpayments received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (sewerage services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Reflects the number of outstanding valid applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Proxy measure for NKPI.
3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Reflects the number of outstanding valid applications (external service requests) for new refuse collection services at the end of a reporting period, expressed as a percentage of total number of active billings for formal residential refuse collection services as at the end of the same reporting period. Billing equates to active contract accounts (formal kerbside refuse collection services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.F Percentage adherence to Citywide service requests	3.1	Measures the percentage adherence to Citywide service standards based on external notifications. External notifications are requests for services from the public, which must be adhered to within the approved timeframes.
3.G Number of human settlements opportunities (top structures)	3.2	Top structures are defined as any built structure providing shelter to a household in a human settlements development by means of any national housing programme, where the main source of funding is the Human Settlements Development Grant (HSDG) in terms of the Division of Revenue Act. A human settlements opportunity is defined as incremental access to and/or delivery of one of the following housing products: (A) Subsidy housing (Breaking New Ground), which provides a minimum 40 m ² house (B) People's Housing Process (PHP), where beneficiaries maximise their housing subsidy by building or organising the building of their homes themselves (C) Social housing, which is new rental units delivered by the City's social housing partners (D) Rental housing, which is community residential units (CRUs), upgrading and redevelopment of existing rental units and hostels (E) Gap housing, being a serviced site or affordable units for sale
3.H Number of human settlements opportunities (formal sites serviced)	3.2	A serviced site is defined as any property providing municipal services (road, water and sewerage) on an individual basis to a household, including high-density residential sites as well as other non-residential sites related to integrated human settlements development, where the main source of funding is the Urban Settlements Development Grant (USDG) and the Informal Settlement Upgrading Partnership Grant (ISUPG) in terms of the Division of Revenue Act.
3.I Number of water service points (taps) provided to informal settlements (NKPI)	3.2	Reflects the number of taps provided in informal settlements during the period in review. However, some taps may have been vandalised or removed after provision. Proxy measure for NKPI.
3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	3.2	Reflects the number of toilets provided in informal settlements during the period in review. However, some toilets may have been vandalised or removed after provision. Proxy measure for NKPI.

APPENDIX B: DEFINITIONS FOR 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

Indicator	IDP ref	Indicator definition
3.K Percentage of areas of informality receiving waste removal and area cleaning services (NKPI)	3.2	Reflects the percentage of areas of informality receiving waste removal and area cleaning services during the period in review. Areas of informality include informal settlements, backyarder settlements, rental stock settlements, small farmer settlements, incremental development areas (IDAs), temporary relocation areas (TRAs) and re-blocked settlements. The above services are rendered through contracted services, employing local labour. Waste removal is defined as the activities and actions required to manage waste, from inception to its final disposal. This includes the collection, transport, treatment and disposal of waste, together with monitoring and regulation of the waste management process. Area cleaning is defined as a 'boundary-to-boundary' cleaning service on public property and terrain that Council is responsible for. Roads, conservation areas and property that have been legislated as other government departments' responsibility may receive a service on a contract with a service provider or, in the event of a government department, a service level agreement (SLA). Proxy measure for NKPI.
3.L Number of service points (toilet and tap with hand basin) provided to backyarders	3.2	Reflects the number of service points (complete unit comprising a toilet and tap with a hand basin) provided to backyarders during the period in review. However, certain service points may have been vandalised or removed after provision. Proxy measure for NKPI.
3.M Number of subsidised electricity connections installed (NKPI)	3.2	Reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing. Proxy measure for NKPI.
3.N Number of serviced sites in informal settlements	3.2	Measures incremental access to the systematic upgrade of informal areas, which provides a serviced site with or without tenure in accordance with the Upgrading of Informal Settlements Programme as part of the National Housing Code. A serviced site is defined as a site to which road, water and sewerage services have been provided.
3.O Number of community services facilities in informal settlements	3.2	Reports on community services facilities, whether of a permanent or temporary nature, that have been newly developed in informal settlements. Community services facilities include sport, recreational, park, library, early childhood development and clinic facilities.
4.A Catalytic land development programme (CLDP)	4.1	Measures the progress made in formulating and implementing the City's CLDP. The CLDP sets out a dynamic programme of projects and subprojects with associated implementation actions over the medium to longer term. These projects and actions respond to changing market conditions to unlock urban development opportunities and give effect to the City's objective of dense and transit-oriented development in prioritised precincts. The first target (2019/20) is to deliver a clearly articulated programme setting out the various prioritised projects and subprojects, and defining the baselines, objectives, scope of work, work plans, deliverables, milestones, targets and timeframes for each project and its components, along with the related resourcing and budgetary requirements and implications. The second target (2021/22) is to undertake the abovementioned planning and enablement actions on many of the identified projects.
4.B Number of passenger journeys per kilometre operated (MyCiTi)	4.2	The aim is to have more passengers travelling per kilometre scheduled on the MyCiTi transport system. The purpose of the indicator is to measure efficiency improvements in the utilisation of MyCiTi buses.
4.C Total number of passenger journeys on MyCiTi	4.2	An efficient, integrated transport system is measured in part through an increase in passenger journeys undertaken. A passenger journey is calculated from the first boarding of a bus at a feeder stop or main station to the last exit from a bus at a feeder stop or main station, including any transfers between buses (single journey).

Indicator	IDP ref	Indicator definition
4.D Percentage of employees from employment equity target (designated) groups employed at the three highest levels of management	4.3	Measures the percentage of employees from employment equity target (designated) groups employed at the three highest levels of management, in compliance with the City's approved employment equity plan and the Employment Equity Act. Management level 1 - City Manager and executive directors Management level 2 - portfolio managers and directors Management level 3 - managers Proxy measure for NKPI.
4.E Number of Strengthening Families programmes implemented	4.3	Strengthening Families is a structured, evidence-based life skills programme that improves family relationships and reduces vulnerability to substance abuse. The programme is presented in the form of facilitated sessions with parents, youth and, finally, the family as a unit.
5.A Opinion of independent rating agency	5.1	Reflects the creditworthiness of an institution to repay long-term and short-term liabilities. Credit ratings provide an analysis of the City's key financial data and are performed by an independent agency. The indicator benchmark is the highest rating possible for local government, which is also subject to the country's sovereign rating.
5.B Opinion of the Auditor-General	5.1	Measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with general recognised accounting practice. This is referred to as a 'clean audit'. Alternatively, the auditor would issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practice, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
5.C Percentage spend of capital budget (NKPI)	5.1	Percentage reflecting year-to-date spend in relation to the total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at year-end. Proxy measure for NKPI.
5.D Percentage spent on repairs and maintenance	5.1	Percentage reflecting year-to-date spend (including second costs) in relation to the total repairs and maintenance budget. Note that 'in-year reporting' during the financial year will be indicated as a trend (year-to-date spend). Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection as well as measures to prevent known failure modes, and can be time or condition based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on repairs and maintenance are considered operational expenditure. Primary repairs and maintenance costs refer to repairs and maintenance expenditure incurred for labour and materials paid to external suppliers. Secondary repairs and maintenance costs refer to repairs and maintenance incurred for labour provided in-house/internally.
5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	Indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month. Proxy measure for NKPI.
5.F Net debtors to annual income (NKPI)	5.1	Measures the net amounts due to the City that are realistically expected to be recovered. Proxy measure for NKPI.
5.G Debt (total borrowings) to total operating revenue (NKPI)	5.1	Provides assurance that sufficient revenue will be generated to repay liabilities. Proxy measure for NKPI.

APPENDIX C: 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✖								
No	KEY PERFORMANCE INDICATOR	2019/20 (previous financial year)		Status	2020/21 (current financial year)		Status	
		Target	Actual		Target	Actual		
Strategic focus area 1: Opportunity city								
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city								
1	Number of international events hosted	34	34	▲	0	0	▲	
2	Number of events hosted	394	397	■	28	53	✓	
3	Percentage B-BBEE spend	60%	86%	✓	60%	88%	✓	
Corporate objective 1.3: Economic inclusion								
4	Percentage of annual total salary cost spent on training permanent and temporary staff	5%	6%	✓	3%	3%	▲	
5	Number of student opportunities provided	6	11	✓	4	5	✓	
6	Number of graduate opportunities provided	6	13	✓	5	5	▲	
Strategic focus area 4: Inclusive city								
Corporate objective 4.3: Building integrated communities								
7	Percentage of executive committee, management committee and leadership positions held by persons from designated groups	79%	79%	▲	75%	80%	■	
Strategic focus area 5: Well-run city								
Corporate objective 5.1: Operational sustainability								
8	Percentage of minimum aggregate score for all CTICC internal departments and external suppliers	80%	85%	■	75%	91%	✓	
9	Maintain five-star tourism grading through effective management of maintenance and quality service delivery.	Achieved five-star rating from SA Tourism	Achieved five-star rating from SA Tourism	▲	Achieved five-star rating from SA Tourism	Achieved five-star rating from SA Tourism	▲	
10	Percentage achievement of annual budgeted operating profit/loss	100%	153%	✓	100%	68%	✓	
11	Percentage of the total number of capital projects for the year completed or committed	90%	97%	■	95%	96%	■	
12	Percentage of total capital expenditure spend	75%	100%	✓	100%	100%	▲	
13	Unqualified audit report	Clean audit*	Clean audit	▲	Clean audit	Clean audit	▲	
14	Number of senior managers registered for Municipal Finance Management Act competency course	7	11	✓	7	15	✓	
15	Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	6 times	9 times	✓	0 times	2 times	✓	
16	Net debtors to annual income (NKPI)	2%	0%	✓	9%	0%	✓	
17	Debt (total borrowings) to total operating revenue (NKPI)	0%	0%	▲	0%	0%	▲	
* Clean audit is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.								

	Reason for variance	Remedial action
	As per the target, no international events were hosted this year to date (YTD) due to the Covid-19 regulations.	Target will be adjusted as Covid-19 circumstances change
	Well above target. Small events booked at short notice, including film and photoshoots, led to an increase in events hosted.	Maintain the momentum
	Well above target. The company closely manages the database and tender process to ensure that all suppliers have provided current and valid B-BBEE certificates.	Maintain the momentum
	On target	Maintain the momentum
		Maintain the momentum
	On target	Maintain the momentum
	Above target	Maintain the momentum
	Well above target. Staff have been delivering good service to clients.	Maintain the momentum
	On target	Maintain the momentum
	Well above target. The earnings before interest, tax, depreciations and amortisation loss were 32% less than the budgeted loss due to, among others, additional revenue earned for short lead events, reversal of 2020 bonus provision, and the reduction in operating costs across the board.	Maintain the momentum
	Above target	Maintain the momentum
	On target	Maintain the momentum
	On target	Maintain the momentum
	Well above target. Courses were booked after the awarding of the training contract, utilising the slowdown in events business to catch up on training.	Maintain the momentum
	Well above target. Cost savings, as well as insurance claims of R10 million paid out.	Maintain the momentum
	Well above target. Net debtors balances at year-end were below R300 000.	Maintain the momentum
	On target	Maintain the momentum

APPENDIX D: DEFINITIONS FOR 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

Indicator	IDP ref	Indicator definition
Number of international events hosted	1.1	Measures the total number of international events hosted at the CTICC. An international event is defined as an event where the majority of delegates are from outside South Africa, the minimum number of delegates attending is no less than 40, and that lasts at least two days (one night) in the city.
Number of events hosted	1.1	Measures the total number of events hosted at the CTICC.
Percentage B-BBEE spend	1.1	Measures the expenditure with B-BBEE suppliers in terms of the B-BBEE Act. B-BBEE suppliers are defined as those suppliers who have a valid B-BBEE rating certificate or, in the case of exempt microenterprise (EME) and qualifying small enterprise (QSE) suppliers, an affidavit.
Percentage of annual total salary cost spent on training permanent and temporary staff	1.3	Measures the annual total salary cost spent on training permanent and temporary staff.
Number of student opportunities provided	1.3	Measures the number of students employed at the CTICC in the financial year.
Number of graduate opportunities provided	1.3	Measures the number of graduates employed at the CTICC in the financial year.
Percentage of executive committee, management committee and leadership positions held by persons from designated groups	4.3	Measures the percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the municipal entity's approved employment equity plan. Level 1 – executive directors Level 2 – senior managers Level 3 – managers
Percentage of minimum aggregate score for all CTICC internal departments and external suppliers	5.1	Customer centricity and service excellence are measured independently by the level of service the CTICC offers its external clients, and are recorded as a percentage.
Maintain five-star tourism grading through effective management of maintenance and quality service delivery	5.1	Measures the standard of the CTICC as a world-class venue. Defined as a five-star grading by South African Tourism.
Percentage achievement of annual budgeted operating profit/loss	5.1	Measures the operating profit achieved. Operating profit is defined as earnings before interest, taxation, depreciation and amortisation.
Percentage of the total number of capital projects for the year completed or committed	5.1	Measures the percentage of the total number of capital projects completed or committed for the financial year.
Percentage of total capital expenditure spent	5.1	Measures the total capital expenditure relating to the CTICC 2 expansion programme, as a percentage.
Unqualified audit report	5.1	Measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining their opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservation as to the fairness of presentation of financial statements and their conformity with generally recognised accounting practice. This is referred to as a 'clean audit', i.e. an audit report with no material findings on compliance with laws and regulations and predetermined objectives. Alternatively, the auditor would issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practice, or the auditor could not audit one or more areas of the financial statements.

Indicator	IDP ref	Indicator definition
Number of senior managers registered for Municipal Finance Management Act competency course	5.1	Measures the total number of senior managers registered for the Municipal Finance Management Act competency course.
Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	Indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month.
Net debtors to annual income (NKPI)	5.1	Measures the net amounts due to the municipal entity that are realistically expected to be recovered. Net debtors is defined as gross debtors less refunds.
Debt (total borrowings) to total operating revenue (NKPI)	5.1	Provides assurance that sufficient revenue will be generated to repay liabilities.



APPENDIX E: 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕								
No	KEY PERFORMANCE INDICATOR	2019/20 (previous financial year)		Status	2020/21 (current financial year)		Status	
		Target	Actual		Target	Actual		
Strategic focus area 1: Opportunity city								
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city								
1	Percentage compliance with approved repairs and maintenance programme	100%	100%	▲	100%	100%	▲	
2	Percentage compliance with Occupational Health and Safety Act (OHSA), Act 85 of 1993 and its regulations	100%	100%	▲	100%	100%	▲	
3	Number of marketing interventions implemented as per the approved marketing plan	13	16	✓	12	12	▲	
4	Number of bowl events hosted	31	31	▲	11	37	✓	
5	Number of non-bowl events hosted	40	41	■	15	21	✓	
6	Number of film and still shoots hosted	15	18	✓	9	26	✓	
Corporate objective 1.3: Economic inclusion								
7	Percentage budget spent on implementation of Workplace Skills Plan (WSP)	65%	61%	●	40%	52%	✓	
Strategic focus area 4: Inclusive city								
Corporate objective 4.3: Building integrated communities								
8	Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the entity's approved employment equity (EE) plan (NKPI)	80%	50%	✕	80%	50%	✕	
Strategic focus area 5: Well-run city								
Corporate objective 5.1: Operational sustainability								
9	Percentage absenteeism	≤5%	1%	✓	≤5%	4%	✓	
10	Percentage declarations of interest completed	100%	100%	▲	100%	100%	▲	
11	Opinion of the Auditor-General	Clean audit*	Clean audit	▲	–	–	–	
12	Percentage reduction in grant allocation from the City	6%	17%	✓	7%	0,73%	✕	
13	Percentage achievement of projected revenue	90%	103%	✓	70%	67%	●	
* Clean audit is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.								

	Reason for variance	Remedial action
	On target	Maintain the momentum
	On target	Maintain the momentum
	On target	Maintain the momentum
	Well above target. The initial targets projected were based on the prohibition and limitation on events and gatherings. Subsequently, the adjustment to lockdown regulations has permitted sporting events to proceed without spectators. The sporting fixtures and back-to-back play increased the output of bowl events. Furthermore, the continued client-centric relationship has contributed significantly to the securing of additional bowl events in the challenging landscape created by the Covid-19 pandemic. Although the bowl events far exceeded the target, the income generated from these events was much less than the perceived budgeted income, as the stadium had to charge low rental rates to event organisers due to the Covid-19 restrictions and the ban on spectators.	Maintain the momentum
	Well above target. The positive variance is attributed to the continued client engagement across national, provincial and local government departments. Stadium operations and events have secured a new revenue stream and client, namely high-end auctions. The continued client-centric relationship has contributed significantly to the securing of additional non-bowl events in the challenging landscape created by the Covid-19 pandemic.	Maintain the momentum
	Well above target. Cape Town Stadium has secured local and international film shoots. The easing of Covid-19 regulations has allowed the film industry to increase output. The continued client-centric relationship has contributed significantly to the securing of additional film/still shoot delivery in the challenging landscape created by the Covid-19 pandemic.	Maintain the momentum
	Well above target. A large cut in the training budget was made to help mitigate the stadium losses as a result of no events. Parallel to this, a significant number of training interventions were concluded by staff, which contributed to expenditure on the reduced budget.	Maintain the momentum
	Currently, the top three levels of management are not fully representative as per the set target. This is due to historical appointments still occupying positions in the current structure at the applicable levels.	As vacancies at the top three levels of management occur, the employment strategy will focus on reaching the set target of 80%.
	Well above target. The positive variance is mainly due to ongoing focus on this important matter.	Maintain the momentum
	On target	Maintain the momentum
	Due to the underperformance on the revenue target, more of the allocated grant had to be utilised than anticipated. Therefore, the grant saving (0,73%) is below the target of 7%.	The entity will continue to try and meet and exceed its revenue targets to achieve the targeted grant savings. This is achievable should government lift the Covid-19 restrictions and allow spectators to attend events.
	The underperformance was primarily due to the non-realisation of advertising income, as the naming rights contract will be approved in the 2021/22 financial year only. Income earned for the financial year was primarily obtained from the hosting of football and rugby matches without spectators, as well as non-bowl events that consisted of, inter alia, a vehicle launch, City-sponsored events, the hosting of the taxi driver facilitator training in partnership with Province, and film shoots. Further income was received from rebates and rights fees paid by operational service providers, as per tender specifications.	The entity will continue to try and meet and exceed its revenue targets to achieve the targeted grant savings. This is achievable should government lift the Covid-19 restrictions and allow spectators to attend events.

APPENDIX F: DEFINITIONS FOR 2020/21 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

INDICATOR	IDP REF	INDICATOR DEFINITION
Percentage compliance with approved repairs and maintenance programme	1.1	Measures the approved repairs and maintenance programme as per the service delivery agreement between Cape Town Stadium (RF) SOC and the City, and whether the outputs were achieved as planned. Repairs and maintenance relate to all facilities and equipment at Cape Town Stadium. It is defined as preventive maintenance, corrective maintenance, reactive maintenance, emergency maintenance as well as damage repair after events. All repairs and maintenance are recovered from the operating budget.
Percentage compliance with Occupational Health and Safety Act (OHSA), Act 85 of 1993 and its regulations	1.1	Measures compliance with the Occupational Health and Safety Act's regulations on event and non-event days, as well as by contractors at Cape Town Stadium.
Number of marketing interventions implemented as per the approved marketing plan	1.1	Measures the number of marketing activations and interventions achieved per quarter through the various marketing channels outlined in the marketing plan for Cape Town Stadium. These include print ads (events magazines, brochures, posters, etc.), online ads, digital content (aired during events on stadium big screens and digital boards), social media, online presence, etc. Advertisements, Instagram posts, presentations, digital asset, etc. are considered 'activations', while business-to-business marketing, workshops, meetings, digital interventions or conferences are considered 'interventions'.
Number of bowl events hosted	1.1	Measures the number of bowl events hosted. Bowl events utilise the pitch and/or the seating areas around the pitch.
Number of non-bowl events hosted	1.1	Measures the number of non-bowl events hosted. Non-bowl events utilise all other spaces in the stadium, such as conferences, product launches, exhibitions, weddings, etc.
Number of film/still shoot events hosted	1.1	Measures the number of film/still shoot events hosted. Still and film shoots use specific areas in the stadium for commercial and non-commercial purposes.
Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	1.3	The Workplace Skills Plan outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan. Proxy measure for NKPI.
Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the City's approved employment equity plan (NKPI)	4.3	Measures the percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the approved Cape Town Stadium (RF) employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting.
Percentage absenteeism	5.1	Measures the actual number of days absent due to sick, unpaid/unauthorised leave in the department or directorate, expressed as a percentage over the number of working days in relation to the number of staff employed. Sick, unpaid/unauthorised leave will include the categories of normal sick leave, unpaid unauthorised leave, leave in lieu of sick leave, and unpaid leave in lieu of sick leave.
Percentage declarations of interest completed	5.1	Measures the total number of completed declarations of interest as a percentage of the total number of staff. The target is cumulative over the year. Each employee needs to complete the declaration of interest at least once per year (or when circumstances change), as prescribed by the applicable legislation and Cape Town Stadium (RF) board decisions in line with City policies/decisions.

INDICATOR	IDP REF	INDICATOR DEFINITION
Opinion of the Auditor-General	5.1	Measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining their opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with general recognised accounting practice. This is referred to as a 'clean audit'. Alternatively, the auditor could issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practices, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
Percentage reduction in grant allocation from the City	5.1	Measures the percentage reduction in the grant allocation received from the City. To this end, the grant allocation planned is compared to the actual allocation transferred to Cape Town Stadium for the current year.
Percentage achievement of projected revenue	5.1	Measures the achievement of annual projected revenue as per the latest approved budget.



APPENDIX G: ABBREVIATIONS USED IN THIS REPORT

ACSA	Airports Company South Africa	EPHP	Enhanced People's Housing Process
ACT	area coordinating team	EPIC	emergency police incident control
APAC	Audit and Performance Audit Committee	EPWP	Expanded Public Works Programme
ARV	antiretroviral (treatment)	ESMS	Events Support Management System
B-BBEE	broad-based black economic empowerment	EV	electric vehicle
BCP	business continuity plan	FAS	foetal alcohol syndrome
BioNet	Biodiversity Network	FCT	Film Cape Town
BIP	broadband infrastructure project	FLISP	finance-linked individual subsidy programme
BNG	Breaking New Ground	FMIC	Facilities Management Interaction Centre
BPO	business process outsourcing	FWP	flexible working programme
BRT	bus rapid transit	GIS	geographic information system
CapeBPO	previously Business Process Enabling South Africa Western Cape (BPESA)	GPC	Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories
CBD	central business district	HDI	Human Development Index
CCTV	closed-circuit television	HIV	human immunodeficiency virus
CHEC	Cape Higher Education Consortium	HR	human resources
CIDMS	Cities Infrastructure Delivery and Management System	IAP	internal assurance provider
CIP	conservation implementation plan	ICT	information and communications technology
CiTi	Cape Information Technology Initiative	IDP	Integrated Development Plan
CITP	Comprehensive Integrated Transport Plan	IPDF	Infrastructure Planning and Delivery Framework
City	City of Cape Town (as opposed to 'city')	IPP	independent power producer
CLDP	catalytic land development programme	IPTN	Integrated Public Transport Network
CMR	consequence management register	IRM	integrated risk management
CPPHC	Comprehensive Personal Primary Healthcare	ISDG	Infrastructure Skills Development Grant
CRU	community residential unit	ISUPG	Informal Settlements Upgrading Partnership Grant
CSI	corporate social investment	IT	information technology
DAMS	Development Application Management System	JOC	joint operating committee
DCCP	Dassenberg Coastal Catchment Partnership	King IV	2016 King Report on Corporate Governance for South Africa
DMRE	Department of Mineral Resources and Energy	LED	light-emitting diode
DMS	Development Management Scheme	LUMS	Land Use Management System
DoRA	Division of Revenue Act	LUW	liveable urban waterways
DRMC	Disaster Risk Management Centre	Mayco	Mayoral Committee
DSDF	district spatial development framework	MFMA	Municipal Finance Management Act
DWS	Department of Water and Sanitation	MJCP	Mayor's Job Creation Programme
ECD	early childhood development	MPAC	Municipal Public Accounts Committee
ECM	enterprise content management	MPBL	Municipal Planning By-law
EMT	Executive Management Team	MPT	Municipal Planning Tribunal
EODB	Ease of Doing Business (index)	MSDF	Municipal Spatial Development Framework

MURP	Mayoral Urban Regeneration Programme	SAPS	South African Police Service
MVSA	Mayoral Visible Service Acceleration (initiative)	SDBIP	Service Delivery and Budget Implementation Plan
NDP	National Development Plan	SEZ	special economic zone
NERSA	National Energy Regulator of South Africa	SFA	strategic focus area
NGO	non-governmental organisation	SHRA	Social Housing Regulatory Authority
NMT	non-motorised transport	SME	small and medium enterprise
NST	neighbourhood safety team	SMME	small, medium and micro-sized enterprise
NTE	night-time economy	SOP	standard operating procedure
NZC	net-zero carbon	SPLUMA	Spatial Planning and Land Use Management Act
OCO	Office of the City Ombudsman	SPV	special purpose vehicle
PAAC	protected-area advisory committee	SRO	school resource officer
PECC	Public Emergency Communication Centre	SSEG	small-scale embedded generation
PE&SD	Public Employment and Skills Development (Framework)	STA	spatial transformation area
POPIA	Protection of Personal Information Act	TAP	transit-accessible precinct
PPE	personal protective equipment	TB	tuberculosis
PPHC	personal primary healthcare	tCO₂e	tonnes of carbon dioxide equivalent
PRASA	Passenger Rail Agency of South Africa	TDM	travel demand management
Province	Western Cape provincial government	TOD	transit-oriented development
PROW	Public Right of Way (road network plan)	UCT	University of Cape Town
PTI	public transport interchange	UDZ	urban development zone
PV	photovoltaic	UISP	Upgrading of Informal Settlements Programme
QCTO	Quality Council for Trades and Occupations	UPS	uninterruptible power supply
REG	Risk, Ethics and Governance	USDG	Urban Settlements Development Grant
REIPPP	renewable-energy independent power producers programme	WCWSS	Western Cape water supply system
RiskCo	Risk Management Committee	WISP	Western Cape Industrial Symbiosis Programme
SANBI	South African National Biodiversity Institute	WWF	Worldwide Fund for Nature
SANS	South African National Standard		

APPENDIX H: FIGURES AND TABLES IN THIS REPORT

FIGURES

FIGURE 1: Elements feeding into the City of Cape Town's vision and mission

FIGURE 2: Cape Town's spatial transformation areas

FIGURE 3: City of Cape Town governance structure

FIGURE 4: King IV outcomes, principles and practices

FIGURE 5: Infrastructure investment by the City of Cape Town since 2012/13

FIGURE 6: Cape Town's transport network

FIGURE 7: Mayoral Urban Regeneration Programme focus areas

FIGURE 8: The transition from a water supply city to a water-sensitive city

FIGURE 9: How Cape Town's water supply system will change

FIGURE 10: Water planning scenarios

FIGURE 11: Percentage of samples meeting water quality standard compared to 98% target

FIGURE 12: Water mains bursts per month, June 2006 to September 2021

FIGURE 13: Scaling and timing of the new water programme (million kilolitres per year)

FIGURE 14: The City's electricity network

FIGURE 15: City's facilities management strategy

FIGURE 16: City of Cape Town Probity function

FIGURE 17: The City's innovation framework

FIGURE 18: Entity's revenue and expenditure, 2017-2021

FIGURE 19: Entity's capital budget and spend, 2017-2021

FIGURE 20: Entity's outstanding net debtors, 2017-2021

FIGURE 21: Entity's net debtors' collection ratios, 2017-2021

TABLES

TABLE 1: Business support project achievements until the end of June 2021

TABLE 2: Water and sewerage reticulation pipeline replaced

TABLE 3: Initial budget projection for congestion relief programme

TABLE 4: Approved annual congestion relief budget for the next three years

TABLE 5: Progress made with upgrades to strategic assets

TABLE 6: Climate projects partially funded by the City's green bond

TABLE 7: Key City projects and initiatives to conserve Cape Town's biodiversity

TABLE 8: Clusters making up the City's Water and Sanitation Department

TABLE 9: New water programme interventions for the next ten years

TABLE 10: Progress with solid waste projects as at 30 June 2021

TABLE 11: Progress with cemeteries and cremation facilities in 2020/21

TABLE 12: Housing initiatives forming part of the City's human settlements programme

TABLE 13: Human settlements programme typologies

TABLE 14: Possible responses to spatial transformation challenges and opportunities

TABLE 15: Progress with prioritised TOD catalytic projects as at 30 June 2021

TABLE 16: The City's public transport interchange (PTI) categories

TABLE 17: Progress with public transport interchange projects as at 30 June 2021

TABLE 18: Public transport interchange projects for the next five years to commence in 2021/22

TABLE 19: Functional and structural assessment criteria for Blue Downs integration zone

TABLE 20: City's Transversal Youth Development Strategy categories

TABLE 21: Facilities management strategy performance against objectives

TABLE 22: Staff complement of the City of Cape Town

TABLE 23: City skills interventions and projects in 2020/21

TABLE 24: Progress with refining the City's service delivery model as at 30 June 2021

TABLE 25: Actual and budgeted net surplus result, 2020/21

TABLE 26: Financial ratios, 2020-2021



APPENDIX I: MFMA CIRCULAR 63 APPENDICES

In line with MFMA Circular 63, the City is required to make the following appendices available as part of its annual reporting:

FUNCTIONS OF MUNICIPALITY

The functions of local government and the relationships between the local government sphere and the national or provincial spheres of government are defined in the Constitution. Specific functions, and the way responsibilities for these functions are allocated to spheres, are dealt with in schedules 4 and 5 to the Constitution.

The allocation of powers and functions to local government is covered by sections 9 and 10 of the Municipal Systems Act. Allocations occur through assignment or delegation. Assignment entails the transfer of authority, while delegation entails the transfer of provider responsibility.

WARD REPORTING

Information about all City wards is available at www.capetown.gov.za.

WARD INFORMATION

Information is available at www.capetown.gov.za.

RECOMMENDATIONS OF THE AUDIT COMMITTEE

The full recommendations of the Audit Committee can be found on page 195.

LARGE PROJECTS, AGREEMENTS AND PARTNERSHIPS

Information relating to the City's largest projects, agreements and contracts as well as public-private partnerships is available at www.capetown.gov.za.

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable. The City is not aware of any backlogs at schools and clinics. For more information, see the annual performance management report on page 336.

SERVICE BACKLOGS WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR PROVIDING THE SERVICE

Not applicable. The City is not aware of any service backlogs experienced by the community where another sphere of government is responsible for providing the service.

RECIPIENTS OF LOANS AND GRANTS

Details of all recipients of City loans and grants are available on page 320.

APPENDIX J: 2020/21 ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2021

1. AUTHORITY, ACCOUNTABILITY AND REPORTING

The Municipal Public Accounts Committee (MPAC) was established as an oversight committee in terms of section 79 of the Municipal Structures Act, Act 117 of 1998, and in terms of section 32(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003, is authorised to investigate the recoverability of unauthorised, irregular, fruitless and wasteful expenditure of the City as instructed by Council or the City Manager.

The MPAC is directed by Council or the City Manager and is authorised to investigate any matter referred. This includes instructing other councillors, management and other employees of Council to be present at meetings and have access to any information they require from any councillor or employee. The MPAC ensures that all existing City internal alternative dispute resolution processes have been exhausted before proceeding with investigations.

On 13 December 2018, Council approved the appointment of the current MPAC, and the current

terms of reference were approved by Council on 22 August 2019. The MPAC is also governed by the City's System of Delegations. Council makes amendments to the membership as deemed necessary.

The MPAC has no executive powers but their findings and recommendations are reported to Council. Reports from the various task teams are considered at MPAC meetings and a report, containing recommendations, is submitted to Council for final decision making. The immediate reporting line of the MPAC is to Council, via the Speaker. Where necessary, follow-up is performed via the outstanding matters schedule to determine if action has been taken to implement recommendations.

Quarterly reporting on the MPAC's activities, as per the annual oversight work plan, was succinctly presented to Council for three of the four quarters. The MPAC hereby presents its annual report for the financial year ended 30 June 2021, which replaces the fourth quarter's report, and is a cumulative activity statement for the year ended 30 June 2021.

2. MEMBERSHIP AND MEETING ATTENDANCE

2020/21 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE*
Cllr Adams (Chairperson) (CMC)	1 July 2020 to 30 June 2021	100%
Cllr Southgate (Deputy Chairperson) (DA)	1 July 2020 to 30 June 2021	100%
Cllr Anstey (DA)	1 July 2020 to 30 June 2021	100%
Cllr Beneke (DA)	1 July 2020 to 31 March 2021	100%
Cllr Fry (DA)	31 March 2021 to 30 June 2021	88%
Ald Moodley (DA)	1 July 2020 to 30 June 2021	100%
Cllr van Zyl (DA)	1 July 2020 to 30 June 2021	100%
Cllr Witbooi (DA)	1 July 2020 to 30 June 2021	100%
Cllr Rheeder (DA)	1 July 2020 to 31 March 2021	100%
Cllr Mbolombo	31 March 2021 to 30 June 2021	100%
Cllr Khatshwa (ANC)	1 July 2020 to 30 June 2021	87%
Cllr Majingo (ANC)	1 July 2020 to 30 June 2021	93%
Cllr Ngcani (ANC)	1 July 2020 to 30 June 2021	93%
Cllr Botha-Rossouw (FF+)	1 July 2020 to 30 June 2021	100%
Cllr Mazwi (EFF)	1 July 2020 to 30 June 2021	80%

* Application for leave of absence from a meeting of a Council committee must be addressed to the Chief Whip in terms of Part 4 Delegation 1(1) of the Council's System of Delegations.

Representatives from Forensic Services, Internal Audit, Legal Services, the Office of the Speaker and the Office of the City Manager were present at MPAC meetings. A representative from the Auditor-General of South Africa (AGSA) attends when required. In addition, various task team meetings were held during the year to consider items referred to the MPAC by Council and the City Manager.

3. RESPONSIBILITY

The MPAC's annual oversight work plan defines its activities for the year to ensure that it complies with its responsibilities arising from its mandate, delegations and terms of reference. The following activities were completed in the execution of its assigned functions and responsibilities:

(A) MEETINGS

Ten ordinary and five special meetings were held during the 2020/21 financial year.

1. 14 July 2020
2. 11 August 2020
3. 8 September 2020
4. 13 October 2020
5. 10 November 2020
6. 29 January 2021
7. 23 February 2021
8. 9 April 2021 (Special meeting)
9. 13 April 2021
10. 16 April 2021 (Special meeting)
11. 30 April 2021 (Special meeting)
12. 11 May 2021
13. 18 May 2021 (Special meeting)
14. 8 June 2021
15. 22 June 2021 (Special meeting)

In order to facilitate cross-cutting reviews, 106 task team meetings were held during the year (refer to task teams below).

(B) OVERSIGHT PROCESS

The MPAC considered the 2019/20 annual reports of the City of Cape Town and its municipal entities, and raised issues of concern to be addressed by the executive management of the City of Cape Town and the municipal entities at the oversight meeting on 9 April 2021. After considering responses to the questions, on 30 April 2021 the MPAC recommended that Council, having fully considered the 2019/20 annual reports of the City of Cape Town and its municipal entities and representations thereon, adopt the oversight report and approve the annual report without reservations. This was completed within the legislated timeframes and was approved by Council on 27 May 2021 (C 47B/05/21).

(C) REPORTING

The following reports as per the annual oversight work plan were tabled at Council:

1. The 2019/20 Annual Oversight Report
2. Annual Report of the Municipal Public Accounts Committee for the year ended 30 June 2020
3. Quarterly Report of the Municipal Public Accounts Committee as at 30 September 2020
4. Quarterly Report of the Municipal Public Accounts Committee as at 31 December 2020
5. Quarterly Report of the Municipal Public Accounts Committee as at 30 March 2021
6. Outcome of the performance assessment conducted for the MPAC for the 2019/20 financial year

The following MPAC investigations were completed during the 2020/21 financial year and reported to Council in terms of section 32 of the MFMA:

NO.	COUNCIL RESOLUTION	ITEM DESCRIPTION	IRREGULAR EXPENDITURE
1.	CIC 04/08/20	2018/19 Annual Report: Restrictive/biased bids: COMAF 29, 45, 57 and 81	R214 250,00 R214 250,00 R59 810 795,00
2.	CIC 05/08/20	Breaches in respect of section 116(3) of the MFMA	R6 417 995,00
3.	CIC 06/08/20	Provision of related commodity hardware devices: Tender	R66 746 743,00
4.	CIC 04/12/20	Deviation for the Data Link Line with Bank supplied	R32 207,00
5.	CIC 05/12/20	Payment of fines for traffic violations in respect of overloading of trucks	R39 380,00 (F&W)
6.	CIC 06/12/20	Unauthorised transactions relating to the cash management and payment component of the station management contract (2016/17)	R36 106 412,65

NO.	COUNCIL RESOLUTION	ITEM DESCRIPTION	IRREGULAR EXPENDITURE
7.	CIC 07/12/20	Table Mountain Group Aquifer feasibility study and pilot project	R4 659 358,00
8.	CIC 04/03/21	Athlone power station re-development	R204 126,00
9.	CIC 05/03/21	Multidisciplinary professional services for the Water and Sanitation Department	R7 694 727,00
10.	CIC 06/03/21	Irregular expenditure: Deviation: Procuring of 1 000 food hampers for vulnerable areas due to Covid-19 crisis	R615 000,00
11.	CIC 06/03/21	Irregular expenditure: Deviation: Procuring of 1 500 food hampers for vulnerable areas due to Covid-19 crisis	R922 500,00
12.	CIC 07/03/21	Irregularities within Economic Opportunities and Asset Management Directorate involving traffic violations	R11 560,00
13.	CIC 08/03/21	2018/19 Annual Report: Functionality: COMAF 30, 38 and 51	R191 254,00
14.	CIC 04/04/21	Irregular expenditure incurred in relation to the appointment of attorneys in a High Court matter	R327 194,00
15.	CIC 05/04/21	COMAF 33: 2018/19 Annual Report: Fruitless and wasteful expenditure: Inadequate planning: Bloemhof tender	R2 466 853,68
16.	CIC 06/04/21	Fruitless and wasteful expenditure: RFP No.: Request for proposal for the development of affordable housing, Woodstock and Salt River precinct	R53 748,00
17.	CIC 07/04/21	COMAF 17: Value for money payments made without receiving notifications of overruns and wasteful expenditure: Tender-extension of Giel Basson Drive (M12) from the national route (N7) to Sienna Drive – report from the Transport Directorate	R254 080 033,00
18.	CIC 08/04/21	Irregular expenditure: Professional services rendered by for the Lourens River flood alleviation project in Somerset West due to the professional services contract being invalid	R14 651 267,70
19.	CIC 09/04/21	COMAF 23: 2018/19 Annual Report: Fruitless and wasteful expenditure: Vandalism costs due to poor management: Morkel's Cottage housing development	R86 970 600,00
20.	CIC 10/04/21	Irregular expenditure: Tender: Supply, delivery and installation of printers and MFPs	R365 570,00
21.	CIC 11/04/21	Tender: Removal of refuse from storage areas in informal settlements	R6 721 049,63
22.	CIC 12/04/21	Tender: Construction at Dunoon sports field:	R1 416 484,00
23.	CIC 13/04/21	Expenditure without a valid contract relating to	R1 698 301,35
24.	CIC 14/04/21	Expenditure incurred on	R291 391,00
25.	CIC 15/04/21	Contract: Provision of professional services for the design and construction in respect of the restoration of a historic wooden pedestrian bridge at Woodbridge Island, Milnerton	R4 319 272,00
26.	CIC 04/05/21	SCMB: Heideveld-Duinefontein housing project: Professional services, electrical engineering, design and supervision	R372 125,00
27.		SCMB: Heideveld-Duinefontein road housing development	R15 413 341,00
28.		SCMB : Heideveld-Duinefontein housing project	R1 080 455,00
29.		COMAF 32: 2018/19 Annual Report: Fruitless and wasteful expenditure: Heideveld infill housing project: 738 units (EOT claims)	R3 398 203,31
30.	CIC 05/05/21	Tender: Landfill gas extraction and flaring systems at Coastal Park and Viessershok	R1 698 301,35

NO.	COUNCIL RESOLUTION	ITEM DESCRIPTION	IRREGULAR EXPENDITURE
31.	CIC 06/05/21	Tender: Provision of professional services in respect of monitoring of Makhaza transport facility	R1 018 874,00
32.	CIC 07/05/21	COMAF 61: Supply and deliver prefabricated structures in communities across the City of Cape Town	R9 688 393,00
33.	CIC 08/05/21	2018/19 Annual Report: Tenders	R254 080 033,00
34.	CIC 09/05/21	CM59043 unauthorised expenditure: WBS-CPX.0016064-F1: Specialised vehicles	R6 567 348,00
35.	CIC 10/05/21	Irregular expenditure: Expenditure without a valid contract: Tender: Supply, installation and maintenance of telecommunications network equipment	R38 825 847,81
36.	CIC 11/05/21	Tender construction of civil and electrical infrastructure for the establishment of an incremental development area and insitu upgrhones farm, Philippi	R25 517 151,00
37.	CIC 12/05/21	Alleged irregularities within Safety and Security regarding the appointment of ICT professionals	R191 151,00 (F&W) R2 457 892,00
38.	CIC 13/05/21	Contract: Provision of professional services in respect of a Citywide NMT implementation programme: Preliminary design, detail design, tender documentation and construction supervision of prioritised projects	R4 990 337,00

(D) TASK TEAMS

In addition to the finalised matters above, the following matters, referred for investigation in terms of section 32 of the MFMA, are in progress or being finalised, or were finalised after year-end:

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
1.	MPACIC 03/05/18	Irregularities in tender: Panel of ICT professional services
2.	MPACIC 10/01/19	Tender for the repairs and maintenance of floor coverings in community services facilities (Swartklip sports centre)
3.	MPACIC 04/05/19	Tender: Provision of professional services in respect of monitoring of Dunoon public transport facility
4.	MPACIC 07/07/19	Tender: Provision of professional services: Period tender for community services projects
5.	MPACIC 05/08/19	Payment of interest in respect of tender: Dido Valley housing project: Civil engineering
6.	MPACIC 04/09/19	Tender: Refurbishing of sludge dewatering equipment at Mitchells Plain and Borchers Quarry WWTW
7.	MPACIC 08/02/20	COMAF 34: 2018/19 Annual Report: Payments not in accordance with contract Provision and operation, maintenance and management services of the Zandvlei and Fisantekraal WWTW
8.	MPACIC 08/02/20	COMAF 7, 8 and 35: 2018/19 Annual Report: Non-competitive bidding/quotes not obtained
9.	MPACIC 08/02/20	COMAF 78 and 79: 2018/19 Annual Report: Reasons to deviate not valid
10.	MPACIC 08/02/20	COMAF 42: 2018/19 Annual Report: Expenditure incurred after contract expired
11.	MPACIC 08/02/20	COMAF 46: 2018/19 Annual Report: Expenditure incurred after contract expired

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
12.	MPACIC 08/02/20	COMAF 48: 2018/19 Annual Report: Expenditure incurred after contract expired
13.	MPACIC 08/02/20	COMAF 73: 2018/19 Annual Report: Expenditure incurred after contract expired
14.	MPACIC 08/02/20	COMAF 14: 2018/19 Annual Report: Fruitless and wasteful expenditure: Extension of time (EOT) claims: Civil works at the DA plant at Bellville WWTW (tender: Construction of the Cape Flats 3 bulk sewer (tender)
15.	MPAIC 08/02/20	COMAF 16: 2018/19 Annual Report: Fruitless and wasteful expenditure: Extension of time (EOT) claims: Civil works at the DA plant at Bellville WWTW (tender): Construction of the Cape Flats 3 bulk sewer (tender)
16.	MPACIC 08/02/20	2018/19 Annual Report: Fruitless and wasteful expenditure: Interest paid: construction (455 housing units)
17.	MPACIC 08/02/20	2018/19 Annual Report: Fruitless and wasteful expenditure: Interest paid
18.	MPACIC 08/02/20	2018/19 Annual Report: Expenditure incurred after contract expired: COMAF 47
19.	MPACIC 08/02/20	2018/19 Annual Report: Expenditure incurred after contract expired: COMAF 59
20.	MPACIC 06/07/20	Irregular expenditure: Alleged irregularities pertaining to the lease of mast space at the Hansekop high-site
21.	MPACIC 07/07/20	Alleged irregularities in the award of tender and tender
22.	MPACIC 08/07/20	Irregular expenditure: Provision of professional engineering services for the design and construction of remediation measures for the Waterkloof historic landfill site for a period exceeding three financial years
23.	MPACIC 11/07/20	Contract: Period tender for the provision of professional services: Transportation engineering and planning
24.	MPACIC 06/08/20	Unauthorised contract: Security expenditure within Economic Opportunities and Asset Management Directorate: Tender
25.	MPACIC 07/08/20	Irregular expenditure: Provision of professional services for proposed upgrades at Scottsdale WWTW
26.	MPACIC 09/08/20	Tender: Rehabilitation of Irene Avenue from Parel Valley Road to Dummer Street, Somerset West
27.	MPACIC 04/10/20	Investigation of irregular expenditure incurred in the appointment of legal services providers
28.	MPACIC 06/10/20	Irregular expenditure incurred after expiration of the contract: Provision of professional services: Stormwater master plan and river corridor plan for the Elsieskraal River catchment
29.	MPACIC 08/10/20	Expenditure without a valid contract for contract: Re-lining of the steel pipe penstock and the draft tubes at Steenbras power station
30.	MPACIC 10/01/21	Investigation in terms of section 32(1) of the MFMA: Irregular expenditure affirmative portfolio recruitment
31.	MPACIC 11/01/21	Unauthorised, irregular, fruitless and wasteful expenditure (UIFW): Browns Farm library gardening service
32.	MPACIC 05/09/21	Potential irregular expenditure involving tender hire of vehicles and transport (MPACIC 05/09/20)
33.	MPACIC 08/09/20	Contract: Upgrading of portions of Kommetjie Main Road and Ou Kaapse Weg
34.	MPACIC 10/09/20	Expenditure incurred outside the scope of the contract for services rendered by for the delivery of potable water to informal settlement communities to mitigate the spread of Covid-19

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
35.	MPACIC 07/10/20	Irregular expenditure: Contract provision of professional services for the construction of a main water supply pipeline along Baden Powell Drive in Khayelitsha
36.	MPACIC 09/11/20	Late payment for the construction of a new fire station in the vicinity of Masiphumelele, Kommetjie
37.	MPACIC 08/01/21	Reporting of irregular expenditure (expenditure without a valid contract) for deviation – DP5823_2019/20 appointment of for software support and maintenance
38.	MPACIC 09/01/21	Reporting of irregular expenditure (expenditure without a valid contract) for: Payment of software licenses: Annual maintenance fees for 2020
39.	MPACIC 12/01/21	Section 32 of the MFMA: Unauthorised and irregular expenditure: Appointment of a contractor to provide Covid-19 decontamination services for the Contract Management depot, Mitchells Plain and six vehicles (second positive Covid-19 case) without an official SCM vendor pre-approval
40.	MPACIC 13/01/21	Section 32 of the MFMA: Irregular expenditure: Investigate irregular expenditure incurred for development of Farm 238 portions 12 and 13 Kuils River: Upgrading of a section of the sewer main in First Avenue, Kuils River
41.	MPACIC 05/02/21	Reporting of contract irregularities (and the issuing of goods received note for payment before work was finalised) relating to
42.	MPACIC 06/02/21	Reporting of irregular expenditure (expenditure without a valid agreement) for RFQ – post-paid maps or equivalent API services
43.	MPACIC 07/02/21	Investigate irregular expenditure incurred for services rendered by for design and build of electrical and mechanical works for the replacement of process equipment at the Wemmershoek water treatment plant
44.	MPACIC 08/02/21	Irregular expenditure term tender for the repair and plumbing installation of water management devices at domestic properties occupied by indigent households
45.	MPACIC 09/02/21	Investigate expenditure incurred on an expired tender for services rendered by for the design of the cured-in-place pipe rehabilitation of sewers in Imhoff Gift
46.	MPACIC 04/04/21	Reporting of irregular expenditure for: Payment of software licenses: Annual maintenance fees for 2021
47.	MPACIC 05/04/21	Investigation of irregular expenditure incurred in the appointment of legal services providers
48.	MPACIC 06/04/21	Unauthorised, irregular, fruitless and wasteful expenditure (UIFW): Irregular expenditure incurred (expenditure without valid purchase order being issued)
49.	MPACIC 07/04/21	Reporting of the irregular expenditure incurred via contract : Provision of training by an accredited service provider(s) or technical and vocational education and training (TVET): Provide apprentice programmes for engineering and construction trades
50.	MPACIC 08/04/21	Investigation in terms of section 32(2) of the MFMA: Tender number: Panel of ICT professional services
51.	MPACIC 09/04/21	Section 32 of the MFMA: Irregular expenditure: Referral to the MPAC for irregular expenditure incurred as a result of the appointment of a contractor to provide Covid-19 decontamination services for the Solid Waste Management, Muizenberg cleansing depot and 13 vehicles, pre-approved by SCM, utilising a SCM deviation where the limit was reached before payment could be processed
52.	MPACIC 10/04/21	Section 32 of the MFMA: Irregular expenditure: Investigate irregular expenditure incurred in terms of emergency deviations approvals

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
53.	MPACIC 11/04/21	Section 32 of the MFMA: Irregular expenditure: Investigate irregular expenditure incurred for services rendered by for general cleaning and gardening services within the boundaries of the City of Cape town
54.	MPACIC 12/04/21	Section 32 of the MFMA: Irregular expenditure: Investigate irregular expenditure incurred for professional services rendered by for design and construction supervision of a sewer link for properties in Digtebij Avenue, Kuils River
55.	MPACIC 14/05/21	CM59463 reporting irregular expenditure on procurement of weekly flower arrangements
56.	MPACIC 15/05/21	Fruitless and wasteful expenditure in respect of alleged unfair suspension: SAMWU OBO
57.	MPACIC 16/05/21	Payment of interest in respect of an adjudicator's decision - contract reconstruction of concrete roads in Hanover Park area 2
58.	MPACIC 17/05/21	CM04/12/19: Request for Deviation and/or Condonation: Provision of professional services for the construction of concrete roads in Manenberg, Hanover Park and Heideveld
59.	MPACIC 18/05/21	Reporting of irregular expenditure in respect of - banking services agreement for contactless low value payments in public transport
60.	MPACIC 19/05/21	Irregular expenditure: Supply and installation of sand filter water-level sensors at Blackheath water treatment plant
61.	MPACIC 20/05/21	Irregular expenditure incurred relating to cleansing services rendered utilising contract no. deviation for provision of area cleaning services in formal disadvantaged sandy areas
62.	MPACIC 21/05/21	Appointment of contractors to provide various refuse compactors with high level bin-lifting attachments to the Solid Waste Management Collections Branch, while department vehicles are in for repair and maintenance at various service providers
63.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 23 (Quotation not approved by delegated authority)
64.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 26 (local content)
65.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 38 (Contract: IRT Phase 2A electric bus charging facility)
66.	MPACIC 22/05/21	2019/20 AGSA findings: Human Settlements Directorate: COMAF 28 (Contract: Provision of professional services Gugulethu/Lansdowne housing project)
67.	MPACIC 22/05/21	2019/20 AGSA findings: Human Settlements Directorate: COMAF 63 (Contract: Deft integrated housing project)
68.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 24 (splitting of goods and services)
69.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 51 (contract: reconstruction of concrete roads Hanover Park area 3)
70.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 42 (orders placed with suppliers without an approved deviation)
71.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 43 (reasons for deviations not justifiable)
72.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 45 (no reasons for not obtaining three quotes)

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
73.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 50 (local content compliance)
74.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 54 (prohibition on awards to persons whose tax matters are not in order)
75.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 62 (preferential procurement regulations)
76.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 66 (contract: functionality criteria)
77.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 67 (reasons for deviations not justifiable)
78.	MPACIC 22/05/21	2019/20 AGSA findings: Finance Directorate: COMAF 69 (contract: restrictive/ biasness of bid specifications and responsiveness)
79.	MPACIC 22/05/21	2019/20 AGSA findings: Safety and Security Directorate: COMAF 48 (Covid-19 municipal relief funding: Strandfontein – temporary provision of food and shelter to the homeless)
80.	MPACIC 22/05/21	2019/20 AGSA findings: Safety and Security Directorate: COMAF 49 (Covid-19 municipal relief funding: Wingfield – temporary provision of food and shelter to the homeless)
81.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 25 (contract: expenditure incurred after contract expiry)
82.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 28 (professional services – upgrading of Stock Road)
83.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 29 (maintenance of the)
84.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 31 (reason to deviate not valid)
85.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 36 (contract: expenditure incurred after contract expiry)
86.	MPACIC 22/05/21	2019/20 AGSA findings: Transport Directorate: COMAF 65 (reason to deviate not valid)
87.	MPACIC 22/05/21	2019/20 AGSA findings: Human Settlements Directorate: COMAF 28 (construction of civil and electrical infrastructure: Upgrade of Sweet Home Farm, Philippi)
88.	MPACIC 22/05/21	2019/20 AGSA findings: Human Settlements Directorate: COMAF 68 (civil engineering services to Imizamo Yethu informal settlement)
89.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 9 (contract: CIDB grading not included in the tender)
90.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 10 (tender construction of primary treatment and sludge handling facilities at Zandvliet WWTW)
91.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 28 (provision of professional services – Table Mountain Aquifer)

NO.	MPAC RESOLUTION	ITEM DESCRIPTION
92.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 28 (professional services – upgrades at Scottsdale WWTW)
93.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 33 (linked to COMAF 9)
94.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 37 (expenditure incurred after contract expiry)
95.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 40 (expenditure incurred after contract expiry Lourens River flood alleviation)
96.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 52 (expenditure incurred after contract expiry)
97.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: COMAF 60 (expenditure incurred after contract expiry)
98.	MPACIC 22/05/21	2019/20 AGSA findings: Water and Waste Directorate: Procurement and contract management – Covid-19
99.	MPACIC 22/05/21	2019/20 AGSA findings: Economic Opportunities and Asset Management Directorate: COMAF 28 (term tender for mechanical and electrical maintenance – air conditioning at the Cape Town Civic Centre)
100.	MPACIC 22/05/21	2019/20 AGSA findings: Economic Opportunities and Asset Management Directorate: COMAF 53 (expenditure incurred after contract expiry)
101.	MPACIC 22/05/21	2019/20 AGSA findings: Corporate Services Directorate: COMAF 71 (procurement of legal services)
102.	MPACIC 13/06/21	Investigation in terms of section 32(2) of the MFMA: Contract number: Restoration of historic wooden bridge, Milnerton
103.	MPACIC 14/06/21	Reporting of irregular expenditure – tender: Provision of professional consultant services for construction projects for the City of Cape Town
104.	MPACIC 15/06/21	Reporting of irregular expenditure (expenditure without a valid contract) relating to the procurement of the software license and professional services

(E) TRAINING AND CAPACITY BUILDING

EVENT DATE	EVENT DESCRIPTION
13 October 2020	Workshop on contracts and contract changes presented by the City's Contract Management Unit
27 November 2020	AGSA's report on municipal spending
	Treatment of unauthorised, irregular, fruitless and wasteful expenditure
	Reiteration of MPAC's role in the investigative cycle
	Lessons learnt by the City
	SALGA held a virtual workshop on unauthorised, irregular, fruitless and wasteful expenditure
23 February 2021	Workshop on Supply Chain Management processes
	Reiteration of MPAC administrative guidelines

4.CONCLUSION

The MPAC is constantly contributing to the increasing accountability in the City of Cape Town.

During the year under review, many investigations have resulted in the recovery of funds from those responsible for the abuse of public funds. It is the intention of the MPAC to ensure that good and honest governance remains the hallmark of the City of Cape Town.

The MPAC has witnessed the rapid increase in unauthorised, irregular, fruitless and wasteful cases for investigation and wants to raise its concern of oversight at what is happening or not happening at portfolio committee level. The MPAC wants to suggest that members interrogate reports at portfolio committees more thoroughly to avoid the increase in cases at the MPAC.

As at the end of 30 June 2021, the MPAC had 104 investigations outstanding and 38 completed. Task teams require an average minimum of two meetings which results in several hours per year. By any standard this requires enormous energy and focus from MPAC members. The need for continuous training is critical for MPAC members to enable them to be aware and knowledgeable of the changing environment, legislation and new challenges. Members have an enormous workload with the number of irregularities reported by the

AGSA, Council-referred matters and self-reporting of unauthorised, irregular, fruitless and wasteful matters.

The MPAC has worked hard over the past five years, and has resolved many difficulties and long-standing problems. The multiparty committee works well under the current leadership.

Although the workload was onerous, the commitment from those serving on the MPAC was admirable. It is important to note that the administrative support given to MPAC must be extended considerably, bearing in mind the heavy workload.

Also, councillors who are eager to serve on the MPAC in the new term of office must be fully prepared and made aware of the time and energy obligation required. The MPAC requires experience and a knowledgeable set of skills; it is not suited for everyone. Therefore, it is imperative that only those who have the necessary commitment be assigned to the MPAC. Councillors with difficult or large wards, or other responsibilities, must measure if the commitment to the MPAC may hinder their other responsibilities.



COUNCILLOR YAGYAH ADAMS
MPAC Chairperson

APPENDIX K: CITY OF CAPE TOWN TREND WATCHLIST

INTRODUCTION

The list of trend watch indicators is intended as a reference for determining the impact of the City's strategic approach, as enshrined in the IDP 2017-2022. The 12 indicators on the list are linked to the 11 priorities of the IDP, and are the issues the City wishes to influence in the long term. The 2020/21 year is the fourth year for which trend watch indicators are reported following the establishment of a baseline in 2017/18.

OVERVIEW

Proxy indicators were used for three indicators on the list, in the absence of a directly matching indicator that speaks to the trend watch assessment. Further attempts to refine the proxy indicators were not successful due to the unavailability of the requisite data. This endeavour will be repeated until a better-suited (proxy) indicator is identified and the relevant data become available. Some of the proxy indicators may also require further refinement, as outlined in the respective data comments. Towards the end of the 2020/21 financial year, research was undertaken on alternative indicators, which may see the City introduce other indicators in the future.

INDICATOR AND DATA NOTES

Most of the indicators in the following table are composite indicators, comprised of a number of data components. To assist the reader, a status report as at June 2021, status overview notes as well as data comments provide further detail.

Of the list of 12 trends, there is only one indicator ('Number of small and medium enterprises') that the City remains unable to report on, as neither data nor a proxy are available. Engagements with potential data custodians and the search for possible data sources will continue in the year ahead.

Three of the remaining 11 trends reported on for 2020/21 have remained unchanged, as all three depend on external data custodians and, due to the Covid-19 pandemic, the data collection processes could not be finalised. One multi-indicator trend has had one indicator updated and another partly updated. However, due to a lack of detail regarding the other indicators associated with this trend (e.g. unit of measurement, what needs to be measured, etc.), it is difficult to provide data for those. The remaining seven trends have been fully updated. In addition, some data updates follow a cyclical approach and are only updated every three to five years.

The majority of the indicators use and reflect data for the 2020/21 financial year, or were reported on during the 2020 calendar year. Where older data are used, indicator data custodians have noted the complexity of the indicator or index, and the challenge of undertaking an annual update of the trend watch indicator. At the time of writing, the World Bank's subnational Doing Business 2020 report was not yet available, and other sources, such as Stats SA's Victims of Crime Survey, only measures an indicator once every three years. Thus, these indicators have remained unchanged.

DATA NOTES

1. COVID-19 DATA IMPACTS

The Covid-19 pandemic continued to make its impact felt throughout 2020/21. Therefore, the City's line departments had to carry on focusing and prioritising Covid-19 strategic and operational planning and implementation, as it had been doing since March 2020.¹ This affected the provision of data by the City's internal data custodians, resulting in limited data being available for the update. The lockdown of all sectors brought into effect the City's Social Recovery Plan, which the administration has been implementing in an effort to stabilise conditions in Cape Town communities.

2. DATA AVAILABILITY

Data collection by external data custodians, such as Stats SA, who is responsible for the General Household Survey and the City's internal Household Travel Survey, was severely affected by the Covid-19 protocols. As a result, surveys and statistical reports could not be finalised as anticipated. Furthermore, some data collection only occur either every three or five years, which also affects data updates. At the time of compiling this annual report, the City's Household Travel Survey was still on hold, thus preventing updates to some indicators.

In summary, therefore, six² indicators have been updated for this reporting year, three³ have not been updated due to recent data not being available, two⁴ have been partially updated, and one⁵ could not be updated due to a lack of data.

3. DATA TRENDS

It is important to note that, in some instances, when data are updated for a particular year, this causes a retrospective revision of data for previous years as well. Therefore, data for previous years may be different from what were previously reported.

1 In March 2020, South Africa went into a nationwide lockdown. The risk-adjusted alert levels have since been amended depending on infection rates, including into 2021.

2 Trends 3, 6, 7, 8, 9 and 12.

3 Trends 1, 10 and 11.

4 Trends 2 and 5.

5 Trend 4.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2021 ¹	Status overview	Data comments	2020/21 data update
SFA 1: Opportunity city	Objective 1.1: Positioning Cape Town as a forward-looking, globally competitive business city	Ease of Doing Business (EODB) index	The index measures the competitiveness of the regulatory environment for business operations. In other words, it measures how conducive the regulatory environment is to business. It is considered to reflect how Cape Town is positioning itself as a forward-looking, competitive city in the longer term.	June 2021: No updated data available for these indicators. Data provided below reflect figures previously submitted for trend watch 2018/19. - Getting electricity: DTF (distance to frontier) score of 79,81 - Enforcing contracts: DTF score of 54,71 - Dealing with construction permits: DTF score of 75,48 - Registering a property: DTF score of 54,69 (Source: World Bank, Doing Business 2018 report)	June 2021: Only national EODB data available. Even though there has been a slight improvement in the overall score, South Africa has dropped two places. Data discussion below applies to 2018 World Bank report data. For "Getting electricity" and "Dealing with construction permits", the City retained high DTF scores. That said, Cape Town's scores dropped in the three areas previously reported. "Enforcing contracts" was not included in the World Bank Doing Business 2015 report, which was the basis for the EODB index report for the 2017/18 financial year. Of the nine South African metros, Cape Town ranked first for "Getting electricity" and "Dealing with construction permits". For both "Enforcing contracts" and "Registering a property", Cape Town ranked seventh out of nine metros.² (Source: World Bank, Doing Business 2018 report)	The indicators for this trend could not be updated. The World Bank's latest sub-Saharan African regional reports for Cape Town have been published since 2018. With reference to Cape Town data, at the time of writing, no updated data were available. The latest data available are the published report used in the previous trend watch update. Therefore, the national EODB score is unchanged. There is no single, overall score for this trend indicator. The EODB index is based on the DTF (distance to frontier), which is calculated using inputs from nine metros in South Africa. A score of 100 is the highest possible score, and 1 is a top ranking. The figures are from the 2018 index, which is the latest publication with subnational-level data for South African metros. The DTF helps assess the absolute level of regulatory performance over time. It measures the distance of each economy to the 'frontier', which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. At the time of going to print, the World Bank Doing Business 2021 report was not yet available, and South Africa's EODB score for 2021 remains the same as in 2020, at 67,0. As previously reported, however, this score did increase by 0,97 from 2019 to 2020. Due to the report not being available yet, South Africa's ranking remained at 84th out of 190 economies, having dropped two places.³ The rankings are benchmarked to 1 May 2019. The World Bank Ease of Doing Business Report 2021 was scheduled to be published by March 2021, as work on the report was temporarily suspended in August 2020. At the time of writing, the report was still not available to the public. (Source: World Bank, Doing Business 2020)	Data at subnational level updated at medium-term intervals (not annually).

¹ No updated data available, see data comments.

² <https://openknowledge.worldbank.org/discover?query=annual%20report>

³ World Bank 2020, page 4.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2021 ¹	Status overview	Data comments	2020/21 data update
SFA 1: Opportunity city	Objective 1.2: Leveraging technology for progress	Digital readiness	This indicator reflects the level of preparedness to embrace technology. The City's strategy is to utilise technology to achieve progress. It tracks the user's access to the internet and is indicative of households' preparedness to access opportunities using digital technology. The desired long-term impact is for Cape Town to be recognised as the most digital city in Africa.	- City fibre roll-out by end 2019/20 spanned 1 140 km (2009/10 to June 2020) and 407 City buildings have now been connected to fibre-optic infrastructure. (Source: Integrated Annual Report 2019/20) - 286 public Wi-Fi hotspots made available across Cape Town by June 2020 (since 2014/15). (Source: City IS&T, Telecommunications, 2020) - Internet use by Cape Town households: 79,95% (Source: GHS 2019 data, Stats SA, supplied by CCT Policy and Strategy Department (Research Branch, 2021))	June 2021: Fibre roll-out was partly updated and only one indicator, "Internet use", was fully updated. Overall positive progress by the City in terms of its own infrastructure, i.e. fibre and public Wi-Fi hotspots. The City's fibre roll-out has increased by 45,2 km since the 2018/19 update. All City buildings as well as bus stations, cameras and other infrastructure vital for service delivery are to be connected to the fibre-optic cable network. Many City buildings frequented by residents have public Wi-Fi zones. Over 250 000 unique users connect to the internet every week using these Wi-Fi zones, most of them at the City's libraries. (Source: Service provider report supplied by Telecommunications Branch)	These are proxy indicators. The Western Cape digital readiness methodology was reviewed and adapted for the metro level where data were available. It should be noted that the 'connectivity data' (i.e. broadband and Wi-Fi hotspots) represent only the City's supplied infrastructure, and excludes all private-sector infrastructure networks. Covid-19 lockdown protocols had a major impact on the implementation of community-facing projects, as limited service delivery projects were under way during the reporting period. As the latest General Household Survey (GHS) 2020 had not been published by the end of the reporting year, data provided are as at 30 June 2020.	2020 data comments, as updated, remain relevant for 2021. Review status source: At the time of writing, the 2020 GHS data were not yet available. Data for 2019 were the latest that could be provided. "Internet use" has been updated. (Source: Policy and Strategy Department, Research Branch, Research Analytics, 2021)

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Number of small and medium enterprises (SMEs) ⁴	SMEs can drive job creation and economic growth, and are recognised as a key component of economic inclusion strategies and of realising the long-term impact of creating a conducive environment for economic growth.	Not available (Source: Policy and Strategy Department, Economic Research, 2021)	June 2021: No data available to report on this trend. The indicator report remains unchanged.	While National Treasury's City Support Programme managed to access South African Revenue Service data at a metro level, and a report on the insights gathered from this data were published, the raw data had not yet been made available to the City at the time of reporting. The City's Economic Analysis Branch continues to follow up. The available City data reflect only certain subsets of SME business activities in Cape Town, such as the City's informal trading permit information. Therefore, this indicator remains unchanged, but engagements to find potential data sources for the future are ongoing. ⁵
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Unemployment rate	This tracks the unemployment rate in Cape Town using the expanded (broad) definition of unemployment. The expanded (broad) definition includes everyone who wants employment, irrespective of whether or not they have actively tried to obtain employment. The aim is economic inclusion, which is to improve Cape Town residents' quality of life and levels of self-determination in the long term.	- Broad unemployment rate: 28% (2020) ⁶ (Source: Stats SA Quarterly Labour Force Survey, 2020/21, supplied by Policy and Strategy Department, Economic Analysis Branch, 2021)	June 2021: The annual average broad unemployment rate increased by 3,9 percentage points from 2019 to 2020, reflecting a deterioration in the economic context over this period. In 2020, the Cape Town labour market was severely affected by Covid-19 and lockdown restrictions. Employment levels decreased significantly due to businesses closing, employment contracts ending, and retrenchments. During the hard lockdown, no job searching activities could occur, leading to an increased sense of discouragement. Altogether, this led to the large increase recorded in the broad unemployment rate compared to 2019.	The broad unemployment rate (also referred to as expanded unemployment) measures the number of unemployed people in the labour force who are actively looking for a job, and the non-searching work seekers (which includes discouraged work seekers and those not economically active), as a percentage of the entire broad labour force.

⁴ Indicator unchanged due to lack of data.

⁵ Policy and Strategy Department. Economic Analysis Branch, 2021.

⁶ Average annual percentage for 2020.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.4: Natural resources and environmental sustainability	Resource use per gross value added (GVA)	This tracks the use of natural key resources (including energy and water) in relation to the contribution of the Cape Town economy. The City has prioritised resource efficiency and security. The measure should give some indication of the long-term impact of maintaining an appropriate balance between economic development and the preservation of the natural environment.	- Total GVA (constant 2010 prices): R268,9 billion (2020) - Petrol: 167 (2013) - Water: 104,95 (2014); 112,25 (2015) - Electricity: 101 (2013) - Population: 117 (2014 and 2015) (Source: IHS Markit, Regional eXplorer, 2020, Policy and Strategy Department, Economic Analysis Branch, 2021)	June 2020: Updated data available for only one subindicator, "Total GVA". The status as at 2016 remains the latest available.	Data for total GVA provided. All other indicators have remained the same. This is a proxy indicator. This indicator will provide a baseline for a medium-term review. Most indicators, except GVA and analysis, have remained unchanged for this report, as updated data could not be obtained. While GVA was reported in previous reports, this edition reports on total GVA. Data on total petrol sales for Cape Town (but more likely for the Western Cape) are difficult to obtain. The data source does not report usage/consumption data; therefore, the City cannot provide data updates on the petrol/water/electricity indicators. Uncertainty exists relating to the methodology used, which is complicated further by the lack of any reference to a unit of measurement.
SFA 2: Safe city	Objective 2.1: Safe communities	Residents' perception of safety (community satisfaction)	This indicator tracks residents' perceptions about general safety and security in Cape Town. The City has prioritised community safety and strives to create a heightened sense of personal safety in public and private spaces.	- 29,0% of residents feel safe walking alone when it is dark (2019/20 – up from 21,8% in 2018/19) - 64,1% of residents feel safe walking alone during the day (2019/20 – up from 60,1% in 2018/19) (Source: Stats SA Governance, Public Safety and Justice Survey, 2019/20 data, released on 1 December 2020, provided by Policy and Strategy Department, Research Branch, Research Analytics Unit, 2021)	June 2021: The percentage of Cape Town residents who feel safe walking alone at night increased from 16,5% in 2017/18 to 29,0% in 2019/20. The percentage of Cape Town residents who feel safe walking alone during the day also increased from 58,6% in 2017/18 to 64,1% in 2019/20.	Analysis of the available data reflects a positive change.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 2: Safe city	Objective 2.1: Safe communities	Overall crime rate	This looks at whether the relevant government, within a global context, is fulfilling its obligation to protect its citizens and guarantee their right to public security. The desired long-term impact is to change the perception of Cape Town as a dangerous, violent space.	Overall crime rate in Cape Town for 2019/20: 5 864 per 100 000 population. (Source: SAPS 2020, supplied (Source: Policy and Strategy Department, Research Branch, Research Analytics, 2021)	The available data suggest a positive trend, with a decrease in the crime rate and the number of reported crimes. Cape Town's overall crime rate per 100 000 population decreased from 6 601 in 2018/19 to 5 864 in 2019/20 (a decrease of 11,2%). Although Cape Town's overall crime rate per 100 000 population is decreasing, it is still significantly higher than that of South Africa.	SAPS crime statistics for 2019/20 were used. Stats SA's 2019 mid-year population estimates were used as a denominator.
SFA 3: Caring city	Objective 3.1: Excellence in basic service delivery	Residents' satisfaction with overall services	This focuses on residents' perceptions of the general quality of services provided. In the longer term, residents must believe that their needs are being met.	Average score in the annual survey of residents' satisfaction with the City's overall services: 2,7 (Source: City community satisfaction survey 2019/20)	June 2021: Residents' overall satisfaction in 2019/20 increased to 2,7. The City has faced strain on service delivery because of Covid-19, as well as repeated protests around housing and services. The administration has also taken active steps to address the issues highlighted in the 2018/19 report.	Residents' average satisfaction is measured against a Likert scale, where 1 means poor, 2 means fair (and is the mid-point), 3 means good, 4 means very good, and 5 means excellent. The survey is based on a sample of 3 000 residents who are representative of the city, at a 95% confidence level.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 3: Caring city	Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Access to basic services	This tracks the levels of access to basic services to assess whether basic service delivery initiatives are reaching all those in need. The City has prioritised mainstreaming basic service delivery to informal settlements and people living in backyards, which should in the long term improve living conditions and care for the vulnerable and poor.	For the reporting period 1 July 2020 to 30 June 2021: - Number of water service points (taps) provided to informal settlements: 799 (Source: Water and Sanitation Department, 2020/21) - Number of sanitation service points (toilets) provided to informal settlements: 3 428 (Source: Water and Sanitation Department, 2020/21) - Percentage of informal settlements receiving a door-to-door refuse collection service: 99,79% (Source: Solid Waste Management Department, 2020/21) - Number of service points (toilets and taps with hand basins) provided to backyards: 357 (2020/21) (Source: Informal Settlements Department, 2021) - Number of subsidised electricity connections installed (informal settlements and backyards): 1 722 (2020/21) (Source: Electricity Generation and Distribution Department, 2020/21)	June 2021: The data show a decline in the level of services delivered. This decrease can be ascribed to the Covid-19 containment measures, the reallocation of the City's fiscal support to pandemic recovery efforts, as well as crisis priority management of health-related services. However, the City maintained service delivery levels above the set annual targets. Number of water service points remains above the target of 700. Number of sanitation service points remains significantly above the target of 2 500. Door-to-door refuse removal remains on target (just above 99%). Number of service points provided to backyards has decreased, but remains above the target of 350. Number of subsidised electricity connections is above the target of 1 500. This indicator shows a decrease from the previous year, with fewer new installations; however, service delivery remained above target.	Data are based on actual services supplied by the City in 2020/21. All five indicators have been updated.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 4: Inclusive city	Objective 4.1: Dense and transit-oriented growth and development Objective 4.2: An efficient, integrated transport system	Transport costs as a percentage of income	The City's aim is to prioritise dense and transit-oriented growth and development to achieve a fiscally sustainable public transport system, thereby overcoming apartheid spatial planning. A further priority is efficient, integrated public transport.	Public transport: 18% (2016) Private transport: 21,8% (2016) (Source: City Transport and Urban Development Authority transport development index, 2017)	June 2021: The City allocated R218,9 million (after top-up, rollovers and budget adjustments) to congestion relief work in the 2019/20 financial year. There is currently a backlog in road infrastructure projects in the Cape Town metro, and the total programme budget is insufficient to fund all identified and required congestion alleviation projects. This indicator measures the direct cost of transport as a ratio (percentage) of total monthly individual income. The trend is measured citywide, using a weighted average of direct transport costs as a ratio to individual income across all income groups, for both private and public transport. Individual income from Census 2011 was used. This was escalated based on CPI (consumer price index) for one year (2012). This indicator is complicated to calculate, and will be updated intermittently – possibly every three years – instead of annually.	The Household Travel Survey, through which the City's Transport Department gathers this type of information, was put on hold due to the pandemic. The survey will proceed once it is safe to do so, as the data collection methodology requires one-on-one engagement. Therefore, the data provided for the last trend watchlist are the latest information on record. (Source: Transport Planning Department, 2020)
SFA 4: Inclusive city	Objective 4.3: Building integrated communities	Integrated communities	This indicator tracks the levels of integration in residential communities. The City has prioritised building integrated communities, and aims for a long-term impact of more socially diverse communities.	About 2,58% of Cape Town's small areas have more than 20% of all three population groups living there (Census 2011). (Source: Policy and Strategy Department, Research Branch, 2015, Changes in population group composition in Cape Town – a proxy for social integration by 2011 Census small area, 2015, Research Analytics, 2021)	June 2021: Data not available, so status below remains the latest as at 2011. Using a basic indicator of integration, only a small percentage of areas in Cape Town are integrated. However, compared to the 1996 and 2001 Census data, there appears to be a slight increase in cross population group integration in 2011.	This is a proxy indicator. The percentage mixture of population groups is used as a basic indicator of integration. Census 2011 is used at a small-area spatial level. A small area is the lowest geographical level at which the 2011 Census data were made available. The three population groups are black African, coloured and white. The coloured population group includes Asians. It is not possible to use more recent Stats SA data, as the data are not available at the required spatial level. This indicator will be updated with 2021 Census data.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹			Status overview	Data comments
SFA 5: Well-run city	Objective 5.1: Operational sustainability	Credit ratings by the rating agencies	Independent credit ratings reflect an independent opinion on an institution's creditworthiness to repay its liabilities. This will indicate the City's operational sustainability, with the ultimate aim of financial sustainability in the long term.	City of Cape Town, April 2020	Long term	Short term	The credit profile of the City (Ba2/NP negative) reflects its strong financial performance, supported by prudent financial management; a large and diversified economic base; and predictable revenue sources from property taxes and service charges. The City has consistently reported a robust operating surplus, stronger liquidity than its rated South African peers (Ba2 negative), and low debt. Although the City's debt is expected to rise gradually over the next three years, it will remain lower than that of its peers in the country.	This indicator is based on the ratings methodology used by Moody's Investor Service.
				Global-scale rating	Ba1	NP		
				National-scale rating	Aaa.za	Prime-1.za	The City's credit profile is constrained by the capital spending pressure arising from infrastructure backlogs and population growth. It is also constrained by the impact of the coronavirus pandemic, which has weakened the City's operating performance. However, the City's overall financial performance remains stronger than that of rated peers in South Africa. (Moody's Investor Service, 10 June 2021)	

REFERENCES:

1. City of Cape Town. 2019. *City of Cape Town 2018/19 Annual Performance Report – 1 July 2018 to 30 June 2019*.
2. City of Cape Town. 2019. *Customer Satisfaction Survey 2018/19*. Internal document.
3. City of Cape Town. 2019. *Customer Satisfaction Survey 2019/20*. Internal document.
4. City of Cape Town. 2020. *Email titled: RE: Assistance with trend watch data. IS&T: Telecommunications*. Email dated 14 July 2020.
5. City of Cape Town. 2021. *Email titled: RE: Trend watch update 21. Research Analytics, Research Branch*. Email dated 15 July 2021.
6. City of Cape Town. 2021. *Email titled: RE: Trend watch update 21. Research Analytics, Research Branch*. Email dated 16 July 2021.
7. City of Cape Town. 2021. *Email titled: RE: Trend Watch List data update - assistance needed please. Electricity Generation and Distribution*. Email dated 19 July 2021.
8. City of Cape Town. 2021. *Email titled: RE: Trend Watch list update - "Number of small and medium enterprises" indicator. Economic Research, Policy and Strategy*. Email dated 19 July 2021.
9. City of Cape Town. 2021. *Email titled: RE: Trend Watch List data update - assistance needed please. Informal Settlements*. Email dated 27 July 2021.
10. City of Cape Town. 2021. *Email titled: RE: Trend Watch List data update*. Email dated 29 July 2021.
11. City of Cape Town. 2021. *Internal Communications. Solid Waste Management Department*. Email dated 19 July 2021.
12. City of Cape Town. 2021. *Internal Communications. Water and Waste Directorate: Technical Services*. Email dated 19 July 2021.
13. City of Cape Town. 2021. *The City's credit rating*. Available online at <https://www.capetown.gov.za/work%20and%20business/invest-in-cape-town/the-citys-investor-relations/the-citys-credit-rating>
14. Gie, J. 2015. *Changes in population group composition in Cape Town – a proxy for social integration by 2011 Census small area. City of Cape Town, Development Information and GIS Department*. Confirmed on email, Updating the City's trend watch indicator. 16 July 2021.
15. IHS Markit, 2020 Regional eXplorer.
16. South African Police Service. 2019. *Overall Crime Rate Survey 2019*.
17. South African Police Service. 2020. *Crime Statistics Report, 2020*.
18. Stats SA. 2019. *General Household Survey 2018/19*. Available online at http://www.statssa.gov.za/?p=12180&gclid=CjwKCAjw9aiIBhA1EiwAJ_GTSqOLeU0-1cl6Jyj80EbThYmcdxVmAelQNAk1YlcnrVUSXg5EERbr3RoCxzMQAvD_BwE
19. Stats SA. 2019. *Governance, Public Safety and Justice Survey 2018/19*.
20. Stats SA. 2019. *Governance, Public Safety and Justice Survey 2019/20*. Available online at <http://www.statssa.gov.za/publications/P0340/P03402020.pdf>
21. Stats SA. 2019. *Quarterly Labour Force Survey 2019/20*. Available online at http://www.statssa.gov.za/?s=Quarterly+labour+force+survey&gclid=CjwKCAjw9aiIBhA1EiwAJ_GTSpuZclUuUXYSztNbuR1XL2Cj2noxaXXg46iM08WFWIAIQvRTHfvV0xoCGhgQAvD_BwE
22. Stats SA. 2021. *Quarterly Labour Force Survey 2020/21*. Available online at <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2021.pdf>
23. World Bank. 2018. *Doing Business in South Africa 2018. Comparing Business Regulation for Domestic Firms in 9 Urban Areas and 4 Maritime Ports with 189 Other Economies Report*.
24. World Bank. 2020. *Doing Business 2020. Comparing Business Regulation in 190 Economies report*.

INTRODUCTION

The King IV Report on Corporate Governance for South Africa, 2016 (King IV) highlights the importance of integrated thinking and integrated reporting in the execution of good corporate governance. Integrated thinking actively considers the relationships between an organisation's various operational and business units, and the capital/resources (financial, manufactured, intellectual, human, social and relational, and natural) it uses or affects. Integrated reporting, a process founded on integrated thinking, relates to a report about value creation issued periodically. In the spirit of King IV, and to enhance the City of Cape Town's ('City') integrated reporting processes, an integrated governance report is compiled each year as a supplement to the integrated annual report. The supplementary report focuses specifically on governance and combined assurance-related matters and connects the detailed information from other reports, and addresses the governance, risk management and control-related matters that could significantly affect the organisation's ability to create value.

The City is committed to implementing and institutionalising good corporate and ethical governance, as it underpins all the municipality's efforts to deliver excellent services and achieve its strategic objective of being a well-run city. One of the ways to achieve this is by embedding combined assurance through the implementation of the combined assurance model, which aims to minimise assurance fatigue and provide both management and governance/oversight structures with a single, holistic view of the adequacy of the assurance coverage and the effectiveness of the control environment across the City. This means all the levels of assurance providers (i.e. line management, specialised functions, independent internal assurance providers (IAPs) and external assurance providers) must collaborate and coordinate their work to avoid duplication of assurance efforts and lessen the assurance burden placed on line management.

To enhance good governance, the City has made strides in fostering collaboration between the different levels of assurance providers through its combined assurance processes, such as the Integrated Combined Assurance Plan (ICAP), Integrated Combined Assurance Report (ICAR) and the Combined Assurance Forum. More detail on the embedding of combined assurance is provided further on in the report.

The City has maintained its good governance practices during the Covid-19 pandemic by embracing combined assurance principles, as is clear from the collaboration between assurance providers. At the start of the pandemic, the City had established the Pandemic Business Continuity Coordinating Committee (PBCCC), chaired by the director of the Resilience Department. This committee continued to meet throughout 2020/21 and brought together various departments including, Human Resources, Legal Services, Fleet Management, Facilities Management, Integrated Risk Management, Business Continuity Management, Communications, Customer Relations, Supply Chain Management, Information Systems and Technology, and Organisational Effectiveness and Innovation. On a weekly basis, the committee continues to interpret the trajectory of the pandemic and the impact of associated regulations on the City. The committee guided the development and release of pandemic directives and advisories and made recommendations on campaigns and communications to keep staff informed. The first half of the 2020/21 financial year was devoted to developing the City's internal approach to vaccine uptake among staff.

Even during the pandemic, the City continued to show zero tolerance for fraud, corruption and other criminal activities, maladministration and/or negligence. Opportunities for these continued to be minimised through proactive anti-fraud and corruption initiatives. Staff and members of the public can report suspected fraudulent activities via email to hotline@kpmg.co.za or fraud.hotline@capetown.gov.za, via the fraud hotline (0800 32 31 30), or visit Forensic Services' offices on the third floor, 44 Wale Street. The Office of the City Ombudsman, in turn, serves as the office of last resort to resolve public complaints about the City in an independent, impartial, unbiased, non-prejudicial and apolitical manner. The City Ombudsman can be contacted on ombudsdirect@capetown.gov.za, via SMS to 44781, or visited in person on the third floor of the Cape Town Civic Centre.

This is the fourth year the City is issuing an integrated governance report as a supplement to the integrated annual report. The report provides the City's stakeholders with a holistic view of the governance, risk and control-related matters identified, and of management's progress in addressing these to make governance a key enabler of service delivery excellence.

KING IV

The King IV Report was adopted by Council on 5 December 2017 (item C 03/12/17). This re-affirmed the City's commitment to continued good corporate governance, ethical leadership, its values, and fair and transparent procedures and reporting.

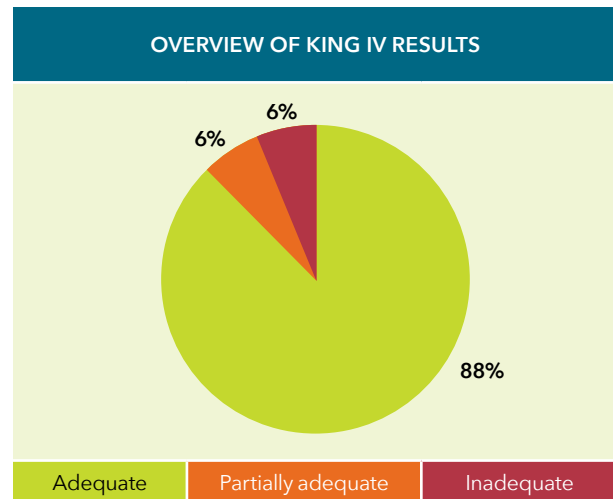
King IV follows a principle-and-outcome-based approach to good governance. This means that each outcome is linked to specific principles, which are underwritten by a set of practices. King IV introduced a municipal supplement to provide high-level guidance and direction on how the King IV Code should be interpreted and applied by municipalities. In keeping with the balance of the King IV Report, the supplement is primarily aimed at the governing body; it being the focal point of corporate governance within the organisation. Good governance is essential to ensure the success of the municipality and to protect and advance interests of those whom it serves. In addition, it enhances the functioning of leadership structures by providing arrangements that enable the Council to govern the municipality to meet its objectives.

During 2020/21, the Governance and Combined Assurance (GCA) function within Probity performed a King IV Maturity Assessment (adequacy review) on the City as tasked by the Executive Management Team (EMT). The objective of the adequacy review was to measure the City's processes and procedures against the King IV principles with specific emphasis on the criteria specified in the King IV Supplement for Municipalities. This exercise provided the City's administrative leadership with an overview on the adequacy of the application, incorporation and embedding of the fundamental concepts of King IV, such as ethical leadership, organisation as an integral part of society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting.

In total, 17 principles are listed in the King IV Report but only 16 principles are applicable in the City, as principle 17 relates to institutional investors only. The City (from an adequacy review perspective) was found to be generally compliant with King IV principles. Of the 16 principles assessed, 14 were deemed adequately applied. The following graph represents the results of the review where the application of:

- ✓ 14 principles (88%) were deemed to be adequate;

- ✓ 1 principle (6%) was deemed to be partially adequate (principle 9); and
- ✓ 1 principle (6%) was deemed inadequate (principle 13).



For the two principles where areas of improvement were identified, recommendations were made to City management to address these. The recommendations were accepted and are in the process of being addressed. See below:

- ✓ Principle 9 was categorised as partially adequate (amber) which related to Council's evaluation of its own performance and that of its committees, its chair and its individual members. Even though the paragraph on performance evaluation is documented in all the portfolio committees' terms of reference, no documentation was provided to confirm the compliance to the recommended practice underpinning this principle.
- ✓ Principle 13 was categorised as inadequate (red) which related to compliance with required policies and regulations. This outcome is based on the external audit opinion by the Auditor-General of South Africa (AGSA), which highlighted compliance to laws and regulations, and policies and procedures as an area of concern for management.

The overall results from the adequacy review reflects that the City is committed to good corporate governance, ethical leadership, and fair and transparent procedures and reporting. Furthermore, it shows that the City is implementing the King IV principles.

MAKING GOVERNANCE AN ENABLER TO SERVICE DELIVERY

Per King IV, governance is defined as “effective and ethical leadership aimed towards achieving ethical culture, good performance, effective control and legitimacy”. One of the ways the City aims to achieve good governance is through the implementation of the organisational Assurance Governance Framework (‘framework’) and the combined assurance model depicted therein. The framework defines the principles reflecting the City’s governance arrangements by means of the delegation and assignment of appropriate levels of authority and responsibility to the various role players in the assurance value chain. It clarifies the roles within the City from a governance perspective and aims to, among other outcomes, promote effective assurance coverage of the significant organisational risks and material matters. The combined assurance model supports the framework and aims to incorporate, enhance and optimise the integration, coordination and alignment of governance and assurance processes across the City, as well as providing comfort to stakeholders that an effective control environment is in place to mitigate the City’s strategic risks.

GOVERNANCE STRUCTURES

The role of the City’s different oversight/governance committees regarding combined assurance is described below:

- ✓ **Council and Council committees.** As elected public representatives, members and committees of Council are accountable to the public. Therefore, Council takes an interest in combined assurance to the extent necessary to obtain reasonable assurance that risk governance is properly integrated with the City’s business activities and culture. This enables risk and opportunities to be considered during strategic planning and implementation to achieve the organisational objectives as detailed in the IDP, and to promote effective service delivery.
- ✓ **Independent oversight advisory committees.** These provide the City’s political leadership (Council, the Executive Mayor, etc.) and administrative management (City Manager,

management and officials) with assurance and advice on the organisation’s internal controls, risk management and governance matters.

- ✓ **Internal advisory committees.** These committees provide the administrative management (City Manager, management and officials) with assurance and advice on the City’s controls, risk management and governance matters.

In line with legislative requirements, the City has established key governance committees such as the Audit and Performance Audit Committee (APAC), the Risk Management Committee (RiskCo) and the Municipal Public Accounts Committee (MPAC), all of which are mandated with oversight functions relating to ensuring good corporate and ethical governance. Further details on the establishment and functioning of these committees are provided in the integrated annual report under “City governance structures and frameworks”.

ETHICAL GOVERNANCE

The first two principles of King IV deal with ethical governance, which includes ethical leadership and ethical culture. The City has an Ethics Code aligned to the Municipal Systems Act (Municipal Staff Members Code of Conduct) and the provisions of regulations 46 and 47 of the Municipal Supply Chain Regulations, City values, as well as the King IV principles. It defines the City’s objectives and corresponding principles of good conduct. Regular awareness campaigns and training sessions are conducted regarding this Ethics Code. The City also has an in-house Ethics function mandated to drive the process of protecting, nurturing and enhancing the ethical culture of the organisation.

COMBATING FRAUD AND CORRUPTION

In line with principle 3 of King IV to be a responsible corporate citizen, the City remains steadfast in its commitment to help combat fraud and corruption in South Africa and to promote a culture of ethics in local government. The City has a zero-tolerance approach to corruption. The Forensic Services function and the Ethics function, as part of the Probity Portfolio in the Office of the City Manager, support and contribute to combating fraud, corruption, unethical behaviour and related activities, and, in so doing, enhance good corporate

and ethical governance. An independent service provider manages a full-time fraud hotline, which is available 24 hours a day, seven days a week, in English, Afrikaans or isiXhosa, to internal and external City stakeholders to report any irregularities and suspicious or unethical behaviour.

The authority to institute forensic and ethics investigations in the City's administration vests with the City Manager. The Forensic Services function and Ethics function report all findings and recommendations to the City Manager in terms of the administrative reporting lines, and reports functionally to the APAC. This dual reporting line ensures the independent and objective operation of both functions.

CONSEQUENCE MANAGEMENT

Consequence management relates to the processes implemented to identify, address, monitor and report on deliberate in-action(s) or actions(s) by City officials that may result in non-compliance, financial misconduct, unethical, malicious or other improper conduct, illegal acts or negligence. These processes and their outcomes are monitored and reported on to the relevant oversight and governance structures.

To help give effect to ethical leadership as highlighted in King IV, a Citywide consequence management standard operating procedure (SOP), including guidelines to operationalise the principles per the Consequence Management Policy (C55/05/19), was approved by the City Manager on 23 December 2020. A consequence management register (CMR) and an accompanying guideline were compiled and shared with the organisation. The CMR reflects the consequence management actions and processes to be implemented by line management. The roll-out of the CMR has commenced during the last quarter of the 2020/21 financial year and the completion of the CMR by line management becomes effective from 1 July 2021, with periodic reporting thereon to the relevant stakeholders to commence during 2021/22.

RISK GOVERNANCE

Principle 11 of King IV specifies that risk be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV municipal supplement also highlights that Council must assume responsibility for the governance of risk by setting the direction for

how risk should be approached and addressed in the organisation. The City follows an integrated approach to risk management, as encapsulated in the Assurance Governance Framework. Integrated risk management is the Citywide application of risk management, which includes risk identification, assessment, management, monitoring and reporting thereon. Effective risk management assists in the achievement of the City's objectives per the Integrated Development Plan (IDP).

Per section 62 of the Municipal Financial Management Act (MFMA), the City Manager is responsible for risk management, which includes accountability at an administrative level. The RiskCo has been constituted by the City Manager to provide the appropriate forum and governance structure to assist the City Manager and management in discharging their risk management responsibilities. The chairperson of the RiskCo, has commenced issuing an annual report, which is included in the City's integrated annual report as appendix O. The report highlights the purpose of the RiskCo, its activities undertaken during the year, and the key strategic risks, controls and actions identified and reported on.

The City has an Integrated Risk Management (IRM) Unit within Risk, Ethics and Governance (REG) that facilitates the embedding of risk management in the organisation.

COMBINED ASSURANCE

Practices of principle 15 of King IV require that a combined assurance model be applied to provide a coordinated approach to all assurance activities. The Probity Portfolio Manager (PMP) in the Office of the City Manager coordinates and drives the Combined Assurance Programme, which includes mobilising, monitoring and reporting on the outcomes of the programme. Combined assurance is a coordinated approach to receiving assurance that the City's strategic risks are being managed appropriately. This is achieved through a robust model that makes optimal use of all assurance resources, both internally and externally. Combined assurance also allows for integrated reporting on the work performed by the different assurance levels (levels 1-4), the nature of the assurance provided (control self-assessment, advisory, assurance) and the extent of assurance services and functions provided at the City. This provides both management and oversight/

governance structures such as Council, the APAC and the RiskCo with a single, holistic view of the adequacy of assurance coverage across the City. The City's combined assurance model comprises the

following four levels of assurance providers, each with unique roles in ensuring good corporate and ethical governance practices:

LEVEL 1	MANAGEMENT AND LINE FUNCTIONS
✓ City Manager ✓ Management ✓ City officials	
LEVEL 2	SPECIALIST FUNCTIONS
✓ Supply Chain Management (SCM), Occupational Health and Safety (OH&S), Disaster Risk Management (DRM), Information Systems and Technology (IS&T), Environmental Risk Management (ERM), Organisational Performance Management (OPM), Human Resources (HR), Legal Services (LS) and Risk, Ethics and Governance (REG).	
LEVEL 3	INDEPENDENT INTERNAL ASSURANCE PROVIDERS
✓ Ethics investigations ✓ Forensic Services (FS) ✓ Internal Audit (IA) ✓ Ombudsman (OCO)	
LEVEL 4	EXTERNAL ASSURANCE PROVIDERS AND REGULATORS
✓ Auditor-General of South Africa (AGSA) ✓ National Treasury (NT)	

✓ **Role of level-1 assurance providers:** The City's administrative leadership consists of the City Manager and the EMT, who are appointed in terms of section 57 of the Municipal Systems Act, with EMT reporting directly to the City Manager. In terms of section 62 of the MFMA, the City Manager is ultimately accountable for risk management, governance and internal controls, and for the institutionalisation of good corporate governance and ethics at the City. Section 78, in turn, states that each senior manager of a municipality, and each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of financial management and internal control established for the municipality are carried out diligently. In setting the tone from the top, the City Manager promotes accountability, integrity and other ethical values to create a positive control environment and instil a culture of ethics. By understanding their responsibilities and performing their duties ethically and with due care, all City officials have a role to play as the first level of assurance.

✓ **Role of level-2 assurance providers:** These are the corporate specialist functions in the City that assist management and line functions with risk assessment, mitigation and compliance in their respective areas of expertise. They also advise oversight bodies on the control environment and how it may be improved. During the Covid-19 pandemic and national lockdown, key level-2 assurance providers, such as the PBCCC, have worked to ensure that risks relating to business continuity are adequately identified and appropriately managed.

✓ **Role of level-3 assurance providers:** These are independent IAP, each with their unique role and mandate to ensure and promote good and ethical corporate governance in the City by providing independent and objective assurance services in line with legislation, professional standards and leading practices. As part of the City's assurance provision at level 3, the Ethics Unit conducts investigations approved by the City Manager. These assurance providers have also continued performing their duties during the pandemic and national lockdown, yet with a shift in focus to Covid-19-related risks and controls.

- ✓ **Role of level-4 assurance providers:** External assurance providers, such as the AGSA and regulatory inspectors, are required to provide assurance in accordance with their industry and sector codes, guidelines and applicable legislation. The AGSA conducts a Covid-19 audit to ensure that the City complies with regulations issued by National Government and Province, as well as internally generated policies, procedures and directives. Refer to the City's integrated annual report for the report of the AGSA, which includes an audit opinion on the 2020/21 financial statements.

EMBEDDING OF COMBINED ASSURANCE

Combined assurance effectively coordinates the efforts of management and other internal and external assurance providers, increases their collaboration, and develops a shared and holistic view of the organisational risk profile. In embedding combined assurance, the following activities were completed in the past year:

1. COMBINED ASSURANCE FORUM

Since the establishment of the Combined Assurance Forum in July 2019, the forum continues to contribute to the overall governance within the City by setting the direction for the implementation of the combined assurance model. Through the forum, collaboration between assurance providers has been enhanced and professional relationships have been strengthened. At each meeting, different assurance providers presented on pertinent issues relevant to the City's function at both operational and strategic levels. Furthermore, there has been an increase in dialogue among members outside the forum. This was noted during meetings and from communications via the Office of the Probity Portfolio Manager (O-PMP) requesting content from the presentations and contact information of presenters. Four meetings were held during the 2020/21 financial year with various speakers (both internal and external) invited to present on current governance matters affecting the City. The following topics were discussed:

TOPIC	ASSURANCE PROVIDER
Combined Assurance Plan and Combined Assurance Dashboard	Governance and Combined Assurance (level 2)
SMF strategy brief 2020/21	Policy and Strategy (level 2)
Using risk tools to manage the pandemic response and scenarios for the recovery	Resilience (level 2)
Consequence management SOP	Governance and Combined Assurance (level 2)
Supply Chain Management: Deviations, fruitless and wasteful expenditure	Supply Chain Management (level 2)
Contract management	Corporate Project Programme (level 2)
Financial misconduct	Legal Services (level 2)
Combined assurance	Governance and Combined Assurance (level 2)
Data science and management of effective decision making	Organisational Performance Management (level 2)
Environmental matters impacting service delivery	Environmental Management (level 2)
Cyber security and other IT-related matters	Information System and Technology (level 2)
Consequence management register	Governance and Combined Assurance (level 2)
Internal Control Framework	Governance and Combined Assurance (level 2)
Auditor-General of South Africa: External Audit Outcomes 2019/20	Auditor-General of South Africa (level 4)
Auditor-General of South Africa: Management Audit Action Plan	Treasury (level 2)
Project management	Corporate Project Programme (level 2)
Unauthorised, irregular, fruitless and wasteful (UIFW) expenditure register and MPAC	Office of the City Manager (level 2)

2. COMBINED ASSURANCE SOP

The approved combined assurance SOP specifies the process followed in implementing and executing combined assurance in the City. As the City continues to collaborate with assurance providers to enhance the combined assurance processes, the procedures will be updated as and when required. The two key outputs from the combined assurance processes are the Integrated Combined Assurance Plan and the Integrated Combined Assurance Report, which are both discussed in more detail under the sections titled "Governance and Combined Assurance Function" and "Monitoring of the City's Control Environment for 2020/21".

3. COMMON LANGUAGE FOR THE INDEPENDENT IAPS

In line with the principles of combined assurance, the IAPs regularly collaborate, interact and share information with each other and the organisation.

Thus to further embed combined assurance, the consistent use of language by the IAPs across the organisation will enable improved communication, and enhance the standardisation of terminology and reporting by all the IAPs. A review was conducted on the various rating tables (matrices) and definitions assigned to the risks, controls and reporting categories being utilised by the IAPs. The objective of the review was to determine whether the rating scales and terminology are uniformly defined and consistently applied by IAPs. The review was limited to the IA, IRM and Business Continuity Management (BCM) functions. Reportable matters were discussed with the relevant officials heading the IAP functions (chiefs) on 30 September 2021, with recommendations made to enhance standardisation within the Probity functions.

INTERNAL ASSURANCE PROVIDERS

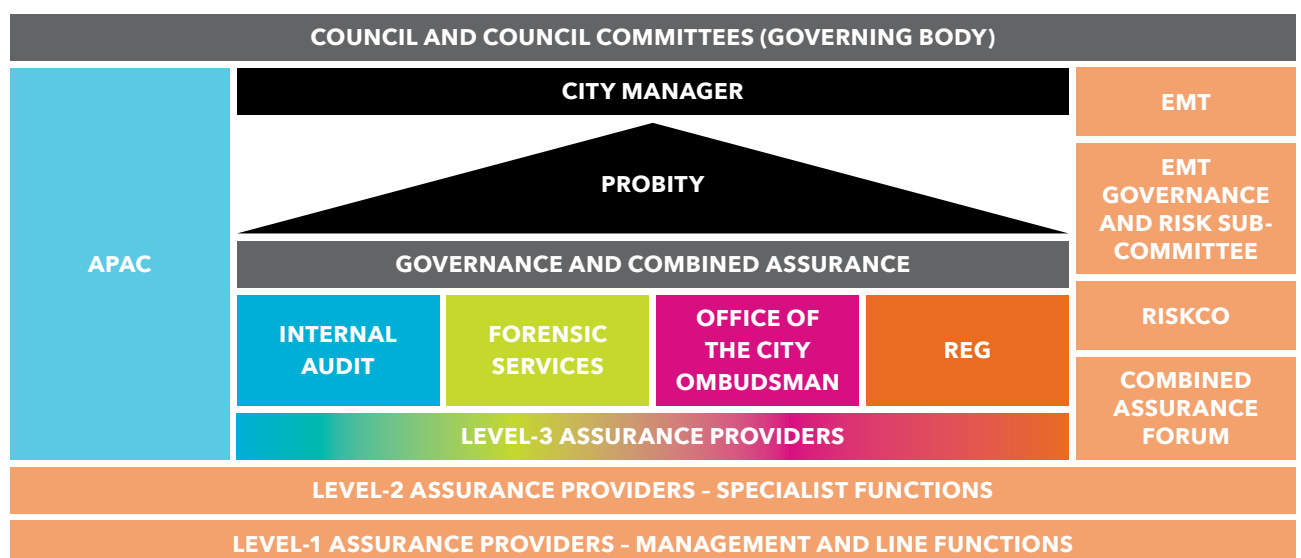
Principle 15 of King IV states that the governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and external reporting.

PROBITY OVERVIEW

Probity is a portfolio of selected levels of assurance providers located in the Office of the City Manager. It consists of the O-PMP, Governance and Combined Assurance (GCA), Risk, Ethics and Governance (REG), Internal Audit (IA), Forensic Services (FS) and the Office of the City Ombudsman (OCO). In pursuit of its vision of being a leading trusted governance and assurance advisor and partner, Probity provides insight and foresight, advises the City Manager on governance-related matters, and helps the City make governance a key enabler of effective, equitable and sustainable service delivery.

These independent IAPs report administratively to the PMP, and have unrestricted access to the City Manager. The Governance and Combined Assurance function within the O-PMP reports functionally to the PMP and is responsible for assisting the PMP in the execution of combined assurance responsibilities per the City Manager's functional sub-delegations. This includes encouraging and facilitating collaborations among assurance providers, consolidating and reporting relevant information in order to provide a holistic and concise view of governance and combined assurance matters to key stakeholders.

The diagram below illustrates the relationship between the key role players in the combined assurance model.



Level-1 and level-2 assurance providers play a critical role in the effective functioning of the combined assurance model. As the foundation, they serve as the first and second line of defence and are responsible for implementing control activities, including, inter alia, policies, procedures, techniques and mechanisms to manage risks identified in their respective functional areas. The Probity span of control does not include the level-1 and level-2 assurance providers, as the respective executive directors and directors are responsible and accountable in their operational areas.

The chiefs in charge of the independent level-3 assurance providers are responsible and accountable for their respective operations and functional responsibilities. IA, FS, OCO and the Ethics function (within REG) have a functional reporting line to the APAC, who is accountable for the independent oversight of governance, risk and internal controls at the City. This direct reporting line to the APAC is required to safeguard the independence and objectivity of these functions and manage undue influence from line management when reporting on key governance issues.

The IRM and BCM functions within REG report functionally to the RiskCo on risk and related matters. The RiskCo information packs are submitted to the APAC as part of their risk governance oversight role. The RiskCo, chaired by the PMP and with executive directors as members, discusses and takes decisions regarding the City's key risks, and advises the City Manager accordingly.

The PMP also serves as chairperson of the Combined Assurance Forum, which serves as a platform to help build, maintain and enhance the relationship between all the levels of City assurance providers. It aims to enhance collaboration and coordination between assurance providers by discussing key risks, controls, governance and assurance matters to help achieve a holistic and integrated assurance approach. Members include directors from line management functions as level-1 assurance providers, representatives from the level-2 corporate specialist functions, and chiefs of the level-3 assurance providers.

During 2020/21 the EMT Governance and Risk Subcommittee advised the EMT on oversight and governance processes, as well as the effectiveness of risk management in specific areas. It considered and discussed key governance and risk issues identified and reported, and determined whether there are any significant issues that require the EMT's special attention or further deliberation. Members include the chief finance officer, the specialist advisor of the Office of the City Manager and the executive director of Corporate Services,

and the PMP also serves as the EMT Subcommittee chairperson.

As discussed earlier under "Governance structures", Council takes an interest in combined assurance services to the extent necessary to obtain reasonable assurance that risk governance is properly integrated with the City's business activities and culture. Independent oversight advisory committees, such as the APAC, provide the political leadership in the City (Council, the Executive Mayor, etc.) and administrative management (City Manager, management and officials) with assurance and advice on the organisational internal controls, risk management and governance matters.

REPORTING BY PROBITY

King IV defines corporate governance as the application of ethical and effective leadership by a governing body, which, in the municipal setting, is the Municipal Council. Good governance outcomes include an ethical culture, good performance, effective control and legitimacy. More specifically, principle 5 of King IV states that Council should ensure that its reports are underpinned by integrated thinking and present information about the resources and relationships on which the municipality relies, its activities, outputs, and outcomes in an integrated manner. Such reports, King IV states, are an effective way of informing the community and stakeholders about the municipality's performance.

The recommendations in reports issued by the level-3 assurance providers are aimed at mitigating identified risks, addressing control weaknesses, eliminating fraud and corruption, and exploring alternative dispute resolution mechanisms. The reports are issued to appropriate stakeholders, including the Mayoral Committee, the Executive Mayor, Executive Deputy Mayor, City Manager, executive directors and line management. Where deemed necessary, reports were submitted to the EMT Governance and Risk Subcommittee, but may have been subjected to broader EMT scrutiny as well. When required, the City Manager also issues memorandums to staff members responsible for the implementation of corrective action to address Probity recommendations in an appropriate and timely manner.

Based on the results of audits, investigations and other engagements, the independent IAPs submit quarterly reports to the APAC, highlighting key governance and control issues, as well as risks identified. These reports describe functional and administrative performance against key operating indicators and targets. The PMP, in turn, submits a

biannual report to the APAC relating to the City's combined assurance activities. In addition, IA drafts an annual statement on governance, risk and internal controls, which is issued to various stakeholders, including the EMT and the APAC.

Moreover, the O-PMP issued quarterly integrated governance reports to the Executive Mayor, Executive Deputy Mayor, City Manager, EMT and EMT Governance and Risk Subcommittee. The report provides a summary of the work performed by the independent internal assurance providers in the preceding period, including key governance issues identified and management's progress in addressing these.

Based on these quarterly reports, the annual integrated governance report is compiled to provide an overview of the City's leadership and oversight bodies' role in good corporate and ethical governance. The report includes key reporting items as identified and reported on by the City's level-3 assurance providers, and the corrective measures and governance initiatives undertaken in the City to address these. Where information is available, key governance and combined assurance efforts of level 1 and level 2 are also included.

OUTCOMES FROM INTERNAL ASSURANCE PROVIDER ENGAGEMENTS

Per the Assurance Governance Framework and the combined assurance model depicted therein, governance and assurance efforts are undertaken during the year by the various levels of assurance providers. Below is a summary of some of the key assurance efforts undertaken during 2020/21 and the related outcomes (where applicable).

LEVEL 1: LINE MANAGEMENT

Line management, as level-1 assurance providers, play a critical role in the effective functioning of the combined assurance model. As a collective, the administrative leadership of the City, which includes the City Manager and senior management, are responsible and accountable for risk mitigation and maintaining an effective system of internal control. In keeping with their daily operational responsibilities and to improve the control environment, line management has applied the following measures to provide assurance towards mitigating the City's strategic risks and improving internal control processes:

STRATEGIC, EXECUTIVE AND DEPARTMENTAL RISK REGISTERS

In line with the City's integrated risk management approach, significant risks, opportunities and controls are identified and reported on by line management. The top strategic risks facing the City are recorded on the City of Cape Town's Corporate Risk Register (CCTCRR), which is signed off by the City Manager as the owner of the City's strategic risk register. Relevant executive director(s) are assigned accountability for the implementation of action plans to improve the effectiveness of controls mitigating these risks. The CCTCRR is prepared annually and periodically reviewed and updated during the year due to the changing risk landscape. Executive risks, that could impact a directorate achieving its operational objectives, are recorded on executive risk registers and are signed off by the respective executive director as the officials responsible for risk mitigation within their respective operational areas. Departmental risk registers are also completed, with risk mitigation focused on the risks at a departmental level that can impact a department achieving its objectives. The completion of City risk registers is facilitated by the IRM function.

TRANSVERSAL RISK REGISTERS (TRR)

Transversal risk registers consider risks that affect the ability of the City and line departments to meet its respective objectives, having an impact across the City (transversal), but mostly impacts a specific category. The City has five transversal risk registers which include the categories: staff safety, financial, environmental, information technology and fraud. These risk registers require oversight by specialist internal assurance providers (level 2). For the action plans recorded in transversal risk registers, an executive director is identified as the lead action owner to provide feedback on the action plans agreed upon. Transversal risk registers are updated at least twice per financial year with additional reviews of the implementation of action plans.

ANNUAL ACCOUNTABILITY AND RESPONSIBILITY RETURNS

Section 78 of the MFMA states that each senior manager of a municipality, and each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of financial management and internal control established for the municipality is carried out diligently. To promote accountability and integrity, and to create a positive control environment, line management responsible for the maintenance of an effective system of internal controls are required to complete an annual accountability and responsibility return, declaring compliance with requirements of section 78 of the MFMA for the financial year. These were duly completed during the financial year.

LEVEL 2: CORPORATE SPECIALIST FUNCTIONS

Corporate specialist functions in the City assist management and line functions with risk assessment, mitigation and compliance in their respective areas of expertise. They also assist management who are responsible for implementing control activities by, inter alia, developing policies, procedures, techniques and mechanisms to manage risks identified relating to their respective functional areas. The relationship between these corporate specialist functions and the Governance and Combined Assurance (GCA) function within Probity is key to enabling the embedding of combined assurance in the City. Strengthened relationships lead to improved coordination of assurance efforts, thus avoiding duplication of assurance efforts and optimising assurance coverages across the City. One of the key contributions by the corporate specialist functions is the completion of level-2 combined assurance certificates, which are used in the compilation of the ICAP and ICAR. The combined assurance certificates for 2020/21 were signed off by the level-2 assurance providers, confirming the control effectiveness ratings of controls on the CCTCRR for which they are reflected as assurance providers.

During the year, there have been numerous initiatives undertaken by the City's various corporate specialist functions to foster and embed combined assurance within the City. Given the continued challenges facing the City during the pandemic and the various levels of national lockdown, the collaboration efforts among level-2 assurance providers led by the Resilience Department, was pivotal to ensuring the City remained resilient and able to continue with service delivery.

HOW THE CITY REMAINED RESILIENT DURING THE PANDEMIC

Management and employees have worked, and continue to work, tirelessly to provide essential services to City residents during the various levels of the national lockdown. Following the drought shock and during the pandemic shock, dedicated projects were established to conduct reflective learning among staff involved in decision making in the respective events. In partnership with other departments, the Resilience Department developed a series of guides on "The Capabilities of a Resilient Organisation". These guides describe what reflective learning is, what its benefits are and how one can go about developing a reflective learning practice in your business unit or as part of a specific project or programme. Furthermore, the guide highlights the following lessons learnt from the pandemic:

- ✓ Pay attention to weak, early signals – do not ignore the first signs that something may be wrong. Be curious about what it could mean for you or your organisation. See if there are ways to gather more information.
- ✓ Re-set your strategic priorities and free yourself from the constraints of the organogram. If a large crisis is on its way, it cannot be business as usual. Adjust your thinking and managerial approach.
- ✓ Be prepared to lead from a position of not knowing. While you must do your utmost to know what is going on and why, there are some things you will not know. Proceed anyway, and change direction as new information emerges.
- ✓ Lift your head and collaborate, collaborate, collaborate – avoid competition. Ordinary people become intolerant of such behaviour from prominent institutions when life-or-death decisions must be made. There may never be better conditions for collaboration than in large crises.
- ✓ The power of good data-use products to inform decision making. If such products don't exist, create them. Being data literate is essential for making sound, defensible decisions in an organisation.

GOVERNANCE AND COMBINED ASSURANCE (GCA) FUNCTION

The GCA function is responsible for the execution of combined assurance responsibilities. This includes consolidating and reporting relevant information in order to provide a holistic and concise view of governance and combined assurance matters to key stakeholders.

Annual accountability and responsibility returns

An analysis of the annual accountability and responsibility returns completed by line management during the financial year was performed by the GCA function to determine the level of compliance with the requirements of the legislation. The results were communicated to the respective EDs for action, where required. A final report was compiled and submitted to the City Manager.

Integrated Combined Assurance Plan (ICAP)

This is the first year that an ICAP was undertaken in the City and is part of maturing the combined assurance processes. The ICAP is forward-looking and assesses the adequacy of the assurance coverage for the 2021/22 financial year. The CCTCRR was used as the primary source document for the ICAP. The ICAP reflects the control effectiveness

based on the interactions between the IRM and the EMT (level 1), and the confirmed control effectiveness as indicated in the signed-off ICAP combined assurance certificates completed by the corporate specialised functions (level 2). Furthermore, it reflects the planned assurance to be provided by the various independent IAPs (level 3). The results of the final ICAP were reported to the EMT and the APAC respectively.

Integrated Combined Assurance Report (ICAR)

While the ICAP is forward-looking and assesses the planned assurance coverage for 2021/22, the ICAR is backward-looking. It provides management and the governance oversight structures such as Council, the APAC and the RiskCo with a single, holistic view of the adequacy of assurance coverage provided across the City and the effectiveness of the control environment for 2020/21. Turn to the section called “Monitoring the City’s Control Environment for 2020/21” for the outcomes of the ICAR.

**INTEGRATED RISK MANAGEMENT (IRM)
(WITHIN REG)**

IRM’s core mandate is to help the City identify risks that should be mitigated so as to achieve the organisational objectives.

In 2020/21:

- ✓ 398 risk registers were completed and signed off across the City
- ✓ the corporate risk register was updated and signed off

During workshops facilitated by IRM staff, risks identified by line management were linked to the objectives in the City’s 11 priority areas.

The majority of the identified risks are linked to the well-run city SFA, which is aimed at service delivery and value creation for customers in an operationally sustainable manner. The table on the next page lists

The graph below depicts the 824 identified risks linked to the City’s strategic focus areas (SFAs), as percentages:



the 12 strategic and departmental risk categories (top), as well as the 18 related categories of contributing factors (left).

Risks are categorised and consolidated so that overarching areas are highlighted. These highlighted areas may not have an impact individually, but could collectively have an adverse effect on the achievement of the organisational objectives of the City’s SFAs. A large number of identified risks or contributing factors do not necessarily point to a problem, but is a sign of proactive identification and appropriate management of risks. The top five risk categories based on the number of contributing factors are operations, service delivery, financial, compliance, and safety and security. The top five contributing factors are resources, processes and procedures, external stakeholders, City dependency, and compliance.

Covid-19 brought a number of uncertainties, which necessitated a review of the City’s risk registers. This will continue as additional risks, controls and action plans are identified. The following actions were taken to ensure that Covid-19-related risks were identified and addressed:

- ✓ Prompts were included in risk workshop discussions, and the various ways in which Covid-19 affected the City’s different departments were incorporated into risk registers during the 2020/21 financial year.
- ✓ With the assistance of the Covid-19 crisis coordinator, the CCTCRR was also significantly extended to include mitigation of the impact of Covid-19 on the City’s top 10 risks, elaborating on newly established strategic controls and action plans.

For more information related to risk management efforts of the organisation, refer to appendix O.

		RISK CATEGORY												
		Assets	Compliance	Environmental	Ethics and corruption	Financial	Human capital	Knowledge and information	Operations	Reputation	Safety and security	Service delivery	Social/ socio-economic	Grand total
Categories of contributing factors	Authority/structure/mandate	5	20	2	1	3	8	3	32	8	6	34	17	139
	City dependency	9	24	3	1	24	4	24	56	9	9	42	11	216
	Compliance	30	90	4	3	16	6	7	38	11	12	19	-	236
	Economy	-	-	-	4	18	-	-	-	1	5	4	2	34
	Environment	2	4	40	-	4	-	-	3	1	6	9	4	73
	External stakeholders	11	15	9	2	25	3	6	30	22	37	88	9	257
	Health, safety and security	14	11	1	1	11	8	-	22	7	141	35	5	256
	Infrastructure	40	7	1	-	10	2	3	8	2	12	20	2	107
	IT systems	-	1	-	-	6	-	35	21	8	3	20	2	96
	Leadership	-	4	2	3	5	1	2	8	3	4	7	-	39
	Maintenance	20	2	1	-	1	-	-	5	1	-	1	-	31
	Monitor, review and reporting	-	3	1	-	-	1	3	3	-	2	3	-	16
	Planning	7	11	1	-	18	5	-	32	12	4	51	39	180
	Processes and procedures	22	63	6	7	39	20	24	112	40	9	88	8	438
	Resources	60	47	3	1	83	74	12	77	15	30	95	5	502
	Social	2	4	-	2	-	-	-	5	-	3	10	5	31
	Unethical behaviour and criminal activities	4	5	-	50	5	1	1	4	21	26	5	1	123
	Urbanisation	5	1	2	-	5	-	-	-	-	3	12	4	32
GRAND TOTAL		231	312	76	75	273	133	120	456	161	312	543	114	2 806

BUSINESS CONTINUITY MANAGEMENT (BCM)

Business continuity management (BCM) is a holistic process that identifies potential threats to an organisation, and the impact on business operations if those threats are realised. The process provides a framework for building organisational resilience and an effective response that safeguards the interests of the organisation's key stakeholders, reputation, brand and value-creating processes.

The BCM Unit continuously engages with line management regarding the implementation of business continuity through a seven-step model comprising:

- ✓ business impact analysis (BIA);
- ✓ a threat profile;
- ✓ a BCM response plan;
- ✓ a business continuity plan (BCP);
- ✓ testing of plans;
- ✓ monitoring and review; and
- ✓ reporting.

Throughout the financial year, the BCM Unit completed BIAs and BCPs across the City, which were signed off by the respective directorate representatives. During the various stages of national lockdown, BCM continued to play a critical part in navigating the national disaster regulations and the City's adjustment to changes in the regulations. The EMT Governance and Risk Management Subcommittee requested IRM and BCM, in collaboration with the PBCCC (established

in March 2020), to identify key level-2 assurance providers and to ensure that Covid-19 BCPs for these providers were also in place. Importantly, Covid-19 BCPs were completed for all services and departments that continued to operate during the hard lockdown, which was essential for continued service delivery.

LEVEL 3: INDEPENDENT INTERNAL ASSURANCE PROVIDERS

Engagements performed by the independent internal assurance providers are approved and based on the City's priorities and risk profile. Performance is monitored via the Service Delivery and Budget Implementation Plan (SDBIP), which includes key performance indicators (KPIs), as required by the Municipal Systems Act. The outcomes of these engagements are reported to the appropriate stakeholders to ensure that the required corrective actions are implemented in a timely fashion. A summary of the outcomes of engagements completed in 2020/21 follows below:

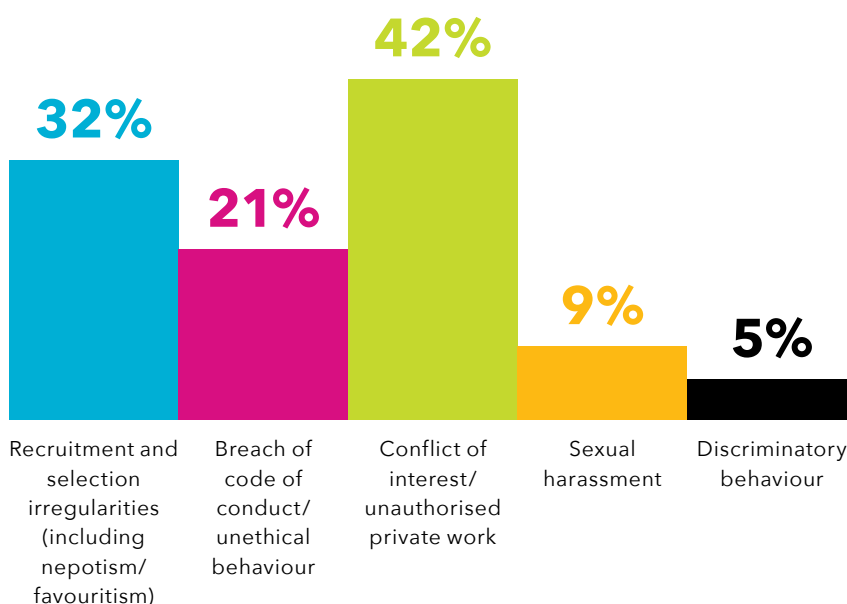
ETHICS INVESTIGATIONS (WITHIN REG)

The core mandate of Ethics is to drive processes that protect, nurture, enhance and institutionalise a culture of ethics at the City, including investigating allegations of unethical behaviour and facilitating the implementation of the City's ethics action plan and associated programmes and practices.

In 2020/21:

- ✓ 20 ethics investigations were completed

The following chart shows both a summary and categorised breakdown of ethics matters addressed in the reporting period:



OUTCOMES

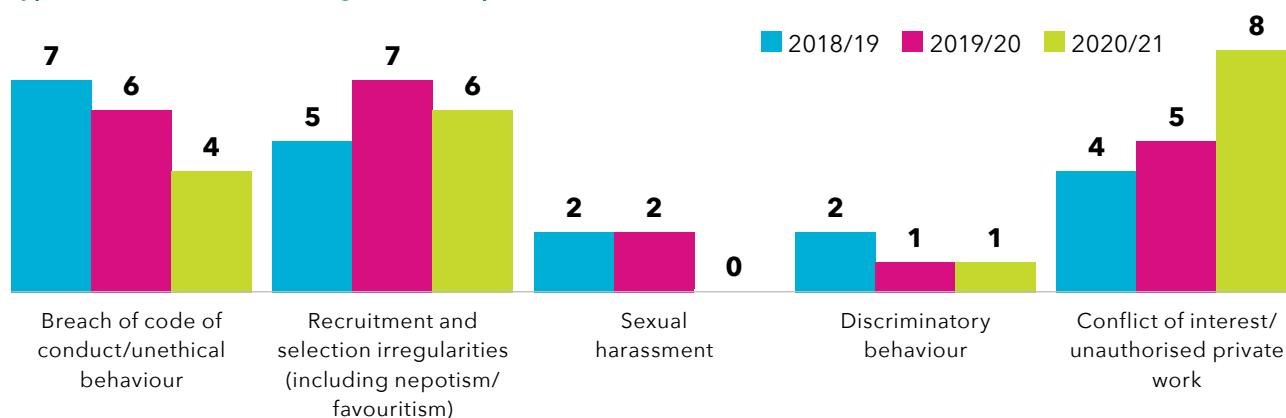
Number of recommendations from the 20 reports issued:

- ✓ 10 for closure (i.e. no action required, paucity of information, etc.)
- ✓ 17 for corrective action (i.e. disciplinary, counselling)
- ✓ 1 for a legal opinion/advice
- ✓ 17 for control/business improvements/error corrections
- ✓ 1 for SAPS or Competition Commission

Ethics investigations are specific instances/allegations connected to an individual(s) in order to determine, by means of interviews and/or physical evidence collection, whether the allegations are supported or not, after which recommended

corrective action or closure of the matter is made. A three-year analysis on the nature of ethics investigations and types of recommendations was completed.

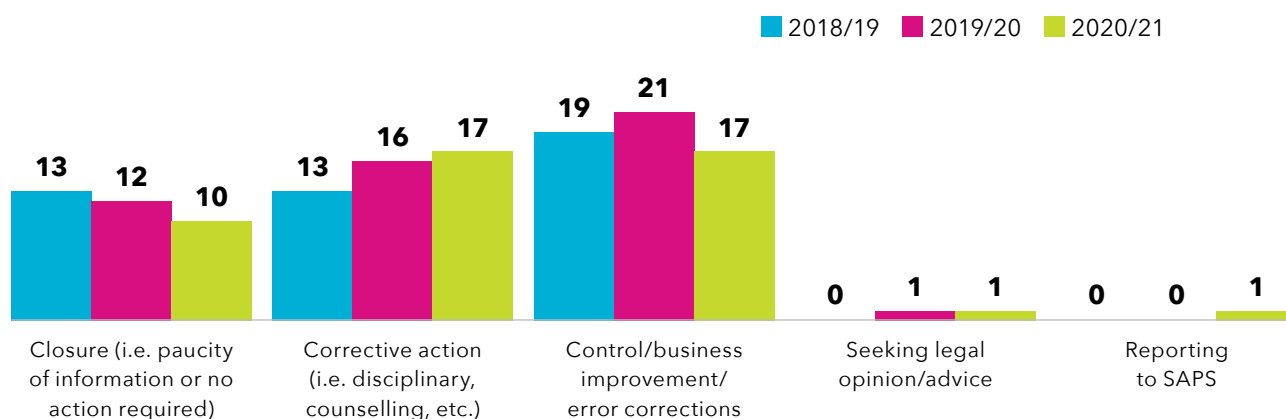
The graph below reflects a year-on-year comparison for 2018/19, 2019/20 and 2020/21, categorising the type/nature of ethics investigations completed:



Over the three financial years, the "recruitment and selection irregularities" category of matters had the most cases finalised with a total of 18, with the "conflict of interest/private work" and the "breach of code of conduct/unethical behaviour" categories both with 17 finalised matters. While there would be an increase or decrease over time regarding the types of matters reported for investigation, it is evident that employees are becoming increasingly aware of the policy/SOP implications of non-compliances around declarations of interest (DOI) and private work policy prescripts, and the reporting requirements on such matters.

This trend in behaviour can also be attributed to the proactive work the Ethics Unit drives regarding training/awareness, as well as the reporting and monitoring of all City employees' DOI completion status via monthly and quarterly reports to executive directors (EDs) and DOI directorate and departmental nodal. Furthermore, mechanisms such as a DOI key operating indicator (KOI) on directorate and departmental SDBIPs holds line management accountable for completion of DOIs, as well as additional vetting applied by the SCM Department to verify the declaration of interest information.

The graph below reflects a year-on-year comparison for 2018/19, 2019/20 and 2020/21, categorising the type of recommendations made for completed ethics investigations:



Based on the graph above, the collated numbers for the five categories of recommendations made over the three financial years show that the recommendations made for "controls/business improvements" were highest, with "corrective action" second highest. This is indicative that if it is identified during the course of an investigation that

a control or business process needs addressing/improving in the area or unit that the investigation took place in, a recommendation would be made in this regard. Emphasis in closing the gaps, being proactive and ensuring that the staff behaviour and ultimately the ethical culture of the City are preserved and improved.

INTERNAL AUDIT (IA)

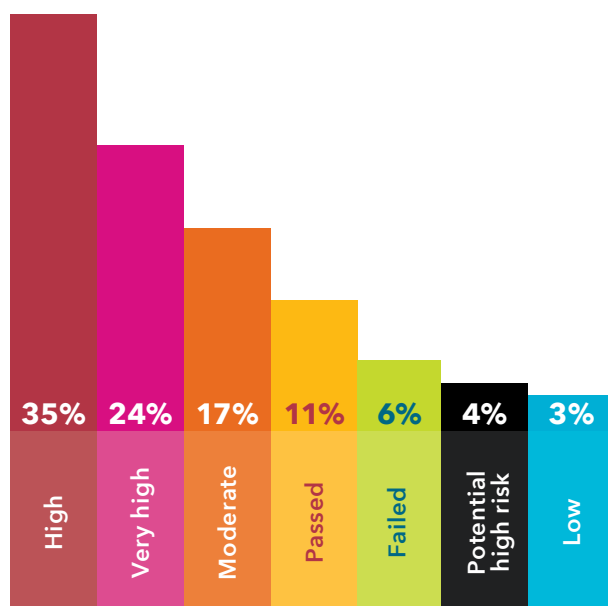
The Internal Audit function is a requirement of section 165 of the MFMA. The core mandate of IA is to provide assurance and advisory services with regard to the effective and efficient functioning of risk management, governance and internal controls. In the reporting period, IA executed the risk-based IA operating plan, which the Mayoral Committee had approved, and also completed all planned audit projects (assurance and advisory) for the financial year.

In 2020/21:

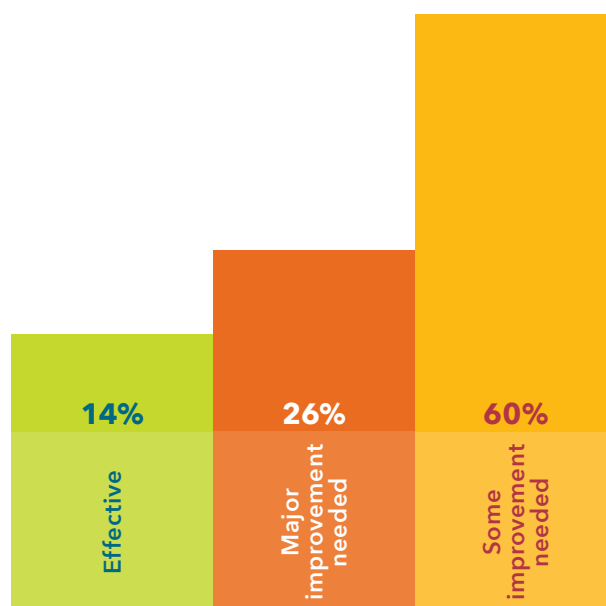
- ✓ 86 audit deliverables were completed, of which 43* were assurance engagements, 16 were follow-up engagements, and 14 were advisory engagements. The remaining 13 deliverables related to auxiliary governance services provided by IA.

Below is a graphic representation of the outcomes of the 43 assurance engagements completed:

INDIVIDUAL FINDING RATINGS



OVERALL AUDIT RATINGS



Below are the key areas where a need for major improvement to controls was identified:

- ✓ Pollution into the city's stormwater, river and sewage system, with remedial action required from Water and Waste;
- ✓ Firewall review, with remedial action required from Corporate Services;
- ✓ Recruitment and selection with remedial action required from Corporate Services;
- ✓ Community residential units (rental allocation, leases and income), with remedial action required from Human Settlements;
- ✓ Supply Chain Management contract amendments, expansions and variations, with remedial action required from Corporate Services, Transport and Finance;
- ✓ SAP revenue management, with remedial action required from Water and Waste;
- ✓ SAP Human Resources Extended Public Works Programme (EPWP) payroll, with remedial action required from Urban Management;
- ✓ SAP Human Resources leave, with remedial action required from Corporate Services;
- ✓ Disaster Risk Management Advisory Forum, with remedial action required from Safety and Security; and
- ✓ Management of facilities, housing projects and contract (tender irregularities), with remedial action required from Economic Opportunities and Asset Management, Community Services and Health, Human Settlements, Transport, Finance and Corporate Services.

* Limited to deliverables where components and principles of COSO (the Committee of Sponsoring Organisations of the Treadway Commission Internal Control Framework) are linked to audit opinions. Audit opinions are generally provided for assurance projects only, so the deliverables considered here exclude advisory results. Other exclusions relate to engagements such as follow-ups and performance audit engagements, which are accounted for under the assurance deliverables. However, due to their nature and methodology, no audit opinion is given and related conclusions are reported to the APAC as required in terms of the relevant methodologies.

A year-on-year comparison was done in respect of the number of times the root causes (listed in the table below) were cited in an IA assurance review. The outcomes of the comparison are as follows:

ROOT CAUSES	2019/20 INSTANCES CITED IN THE 41 REPORTS ISSUED	2020/21 INSTANCES CITED IN THE 43 REPORTS ISSUED	YEAR-ON-YEAR MOVEMENT
Lack of policies and procedures and the inadequacy of existing policies and procedures	18 (44%)	19 (44%)	↔
Lack of management review and supervisory checks	23 (56%)	20 (47%)	↓
Lack of supporting evidence/information/records management processes	18 (44%)	22 (51%)	↑
Resource/capacity constraints and lack of skills	9 (17%)	7 (16%)	↔
Lack of communication/collaboration	12 (29%)	6 (14%)	↓
Lack of monitoring activities	21 (51%)	25 (58%)	↑

Legend: ↔ Constant ↓ Decreased ↑ Increased

FORENSIC SERVICES (FS)

The City has zero tolerance for fraud, corruption and other criminal activity, maladministration and/or negligence. FS investigates all such complaints and, where appropriate, refers matters to the South African Police Service (SAPS).

In 2020/21:

- ✓ 79 FS investigations were completed, of which 56 were full forensic investigations

A categorised breakdown of the types of allegations investigated and reported on, relating to the 79 cases, follows below:

CATEGORY	NO. OF CASES
Tender irregularities	22
Misconduct	15
Fraud/corruption	13
Conflict of interest	10
Non-compliance	7
Recruitment and selection irregularities	3
Theft/illegal connection	3
Abuse/misuse/misappropriation of City resources	2
Scam	2
Financial irregularities	1

The outcomes of these investigations are summarised below:

OUTCOMES OF FULL INVESTIGATIONS	NUMBER
Recommendations for counselling/disciplinary/corrective action	36
Recommendations for control/business improvements	33
Recommendations referred to Legal Services	20
Recommendations for closure (i.e. no action required, paucity of information, etc.)	19
Recommendation for further investigation, either by line management or through converting a preliminary into a full investigation	17
Recommendations reported to SAPS/Commissioner: Compensation Fund/Competition Commission/B-BBEE Commission/SARS/SA Council for the Architectural Profession/PSIRA (criminal investigation)	14
Recommendations referred to the MPAC/Financial Misconduct Board	6
Recommendations relating to policymaking/standard operating procedures	5
Recommendations relating to employee resigning with no further action	5
Recommendations referred to Speaker	3
Recommendations relating to recovery of money/fines	2

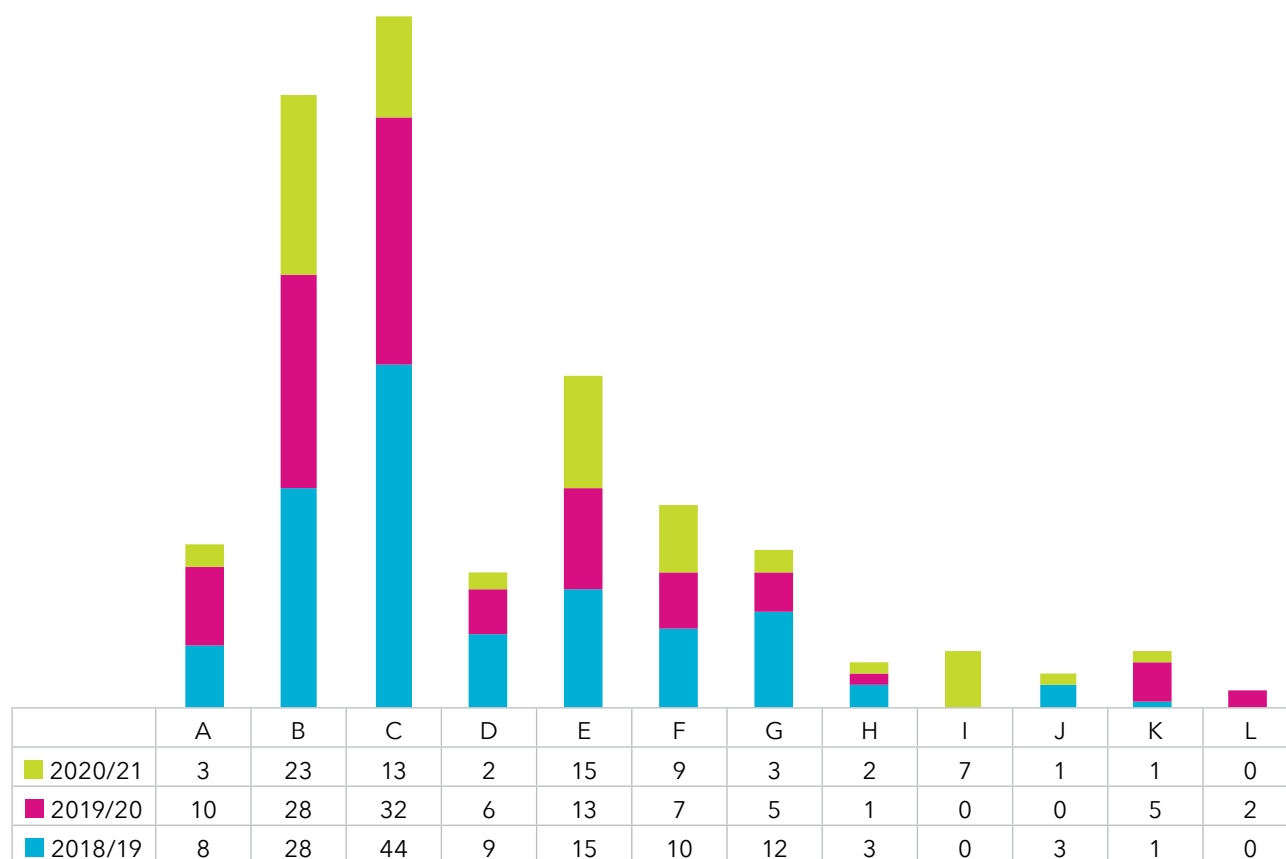
A three-year comparison of types/nature of FS investigations and the types of recommendations was conducted. The purpose of the comparison is to identify whether there is a trend in the nature of allegations being investigated and whether the

recommendations made assist in reducing such. The comparison on the nature of completed matters should be read taking into account the number of forensic reports/preliminary enquiries completed/ issued in a particular financial year.

A three-year cumulative comparison for 2018/19, 2019/20 and 2020/21 is reflected per the table and graph below:

LEGEND KEY	CATEGORY OF REPORT ISSUED	2018/19	2019/20	2020/21	TOTAL
A	Recruitment and selection irregularities/nepotism/victimisation	8	10	3	21
B	Tender irregularities/fronting/asset replacement programme/procurement irregularities	28	28	23	79
C	Fraud/corruption	44	32	13	89
D	Abuse/misuse/misappropriation of City resources	9	6	2	17
E	Misconduct/unethical behaviour/leaking of information	15	13	15	43
F	Conflict of interest/false declaration/forgery	10	7	9	26
G	Theft/illegal connection	12	5	3	20
H	Scam/loan shark scheme	3	1	2	6
I	Non-compliance/maladministration	22	-	7	29
J	Financial irregularities/irregular expenditure	3	-	1	4
K	Irregular lease/sale of City land/property irregularities	1	5	1	7
L	Not applicable	-	2	-	2
Total number of reports issued for the year		155	109	79	343

Below is a graphical representation of the table on the previous page, categorising the type/nature of investigations completed and the categories most impacted:



An analysis of the categories for FS investigations completed year-on-year are as follows:

- ✓ Categories for "fraud/corruption" (legend key: C) and "tender irregularities" (legend key: B) are the highest over the period evaluated. "Fraud/corruption" decreased in the 2019/20 and 2020/21 financial years commensurate with the decrease in the reports issued.
- ✓ Nature of investigations relating to, inter alia, "misconduct/unethical behaviour/leaking of information" (legend key: E) and "conflict of interest/false declarations" (legend key: F), have remained more or less the same with no significant increase or decrease.
- ✓ "Scam/loan shark scheme" (legend key: H), "financial irregularities/irregular expenditure" (legend key: J), "irregular lease/sale of City land/property irregularities" (legend key: K) and "not applicable" (legend key: L) formed a low percentage of the total matters completed.
- ✓ The "misconduct/unethical behaviour/leaking of information" (legend key: E), is higher compared to other types of investigations conducted and reported on.

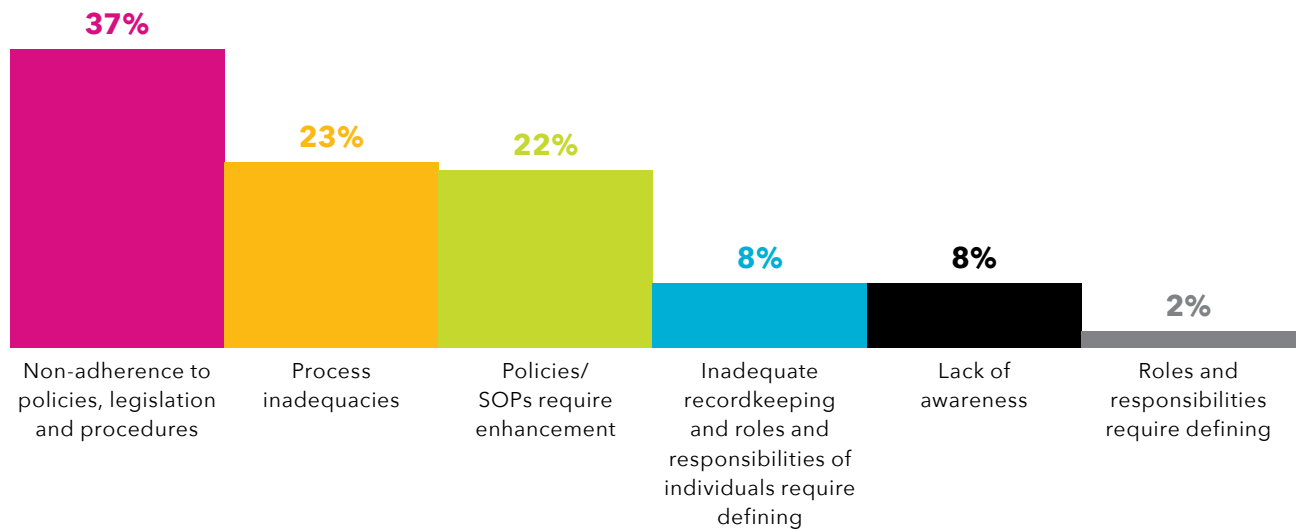
- ✓ The completion of investigations into "theft and illegal connections" (legend key: G) decreased and this could also be attributed to allegations with such a nature being referred to the line departments for investigation.

In addition, the City is committed to ensuring that opportunities for fraud, corruption and other criminal activity, maladministration and/or negligence are minimised as far as possible. In this regard, FS also raises awareness among City officials and external stakeholders (including ratepayers) of what constitutes fraud, theft, corruption, negligence and misconduct. This is done through training interventions, workshops and the promotion of the fraud hotline. Increased awareness results in a decrease in unlawful activities and an increase in the reporting of any such incidents. FS further assists by identifying and reporting on prevalent control issues identified in the course of investigations.

In 2020/21:

- ✓ control issues were identified in 34 of the 56 full FS investigations completed

The control issues identified for the financial year are categorised and broken down by percentage below:



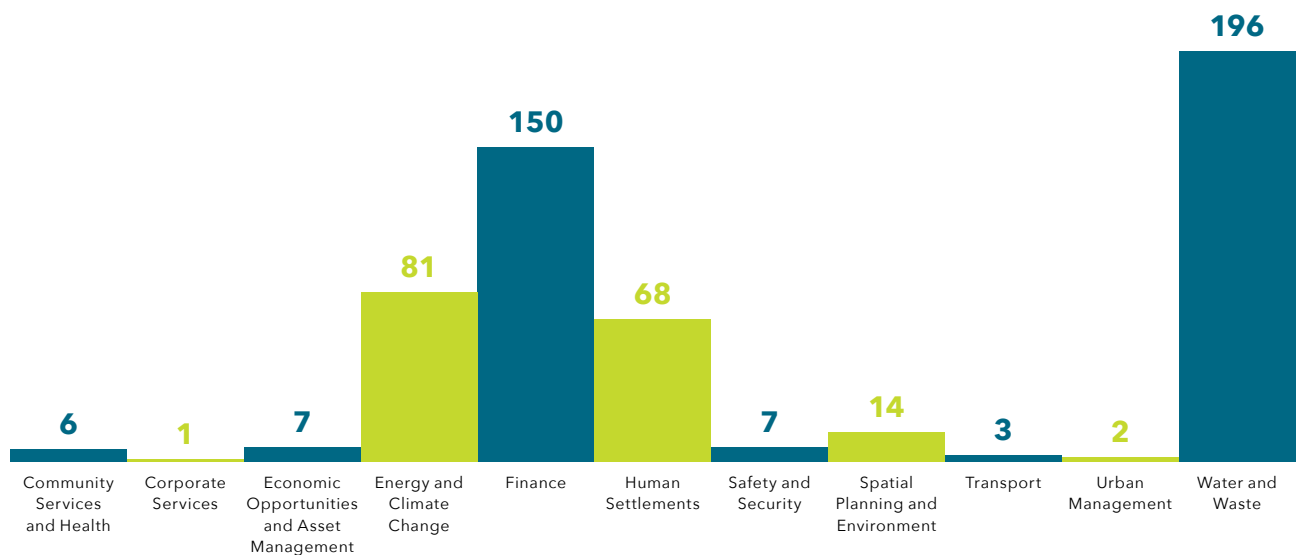
In 34 of the 56 full investigations completed by FS in 2020/21, root causes for control issues were identified as follows:

- ✓ Majority of the investigations involved a failure to adhere to policies, legislation, and procedures, as 37% of the cases resulted from such failure. There is a year-on-year decline from 45% in the previous financial year;
- ✓ Process inadequacies identified at 23% of the cases were the second-highest trend;
- ✓ Policies/SOPs that required enhancement were identified in 22% of the cases;
- ✓ Inadequate recordkeeping and lack of awareness were identified in 8% of the cases for each category; and
- ✓ Roles and responsibilities that require defining were identified in 2% of the matters.

OFFICE OF THE CITY OMBUDSMAN (OCO)

The core responsibility of the OCO is to serve as a mechanism to investigate complaints about alleged acts of maladministration. Of the 1 251 complaints lodged against the City during the 2020/21 financial year, 153 matters were determined to be within the mandate of the OCO and were referred for formal investigation. The remainder of these complaints were either determined to be outside the jurisdiction of the City, outside the mandate of the OCO, assessed as not being matters of last resort, or the jurisdiction is yet to be determined. All the aforementioned matters, except the latter, i.e. jurisdiction is yet to be determined, were referred to the appropriate regulatory body (e.g. Office of the Public Protector, Eskom, Ombudsman for Banking Services South Africa), the relevant appeal authority or the responsible line department for resolution.

As at 30 June 2021, there were 535 formal investigations in progress and the graph below reflects a breakdown per directorate:



During the 2020/21 financial year, 412 formal investigations were completed which had financial implications for either the City or the complainants. The financial impact of findings in favour of the City

and recommendations accepted and implemented in favour of the complainants is reflected in the table below:

	NUMBER	RAND VALUE
Findings (in favour of the City)	261	R4 267 666,04
Recommendations (in favour of complainants)	171	R6 109 974,06

The majority of completed investigations related to the following:

- ✓ The suspension in the installation of water management devices (WMDs), primarily due to complaints about problematic and unreliable meters in terms of measuring consumption. The findings from the OCO related to the malfunctioning of the device. Furthermore, upon recommencing the installation of WMDs, it was found that line departments failed to inform property owners that the WMDs have been set to free flow (no longer restricted consumption due to water restrictions being lifted) and that the property owners will be held liable for future leaks.
- ✓ Complainants in need of financial assistance were requested to apply for the Covid-19 financial relief/support, which was implemented by the City. Where financial relief/support complaints were allocated for investigation, the outcome was submitted to the relevant line department for action where applicable.
- ✓ Electricity meter tampering fines deducted from prepaid electricity purchases.
- ✓ Negotiating sustainable payment arrangements with the City as a result of financial difficulties experienced by consumers. Consequently, a lower and more affordable collection arrangement plan would be recommended.

LEVEL 4: AUDITOR GENERAL SOUTH AFRICA

The Auditor-General South Africa (AGSA) compiles an annual management report to the accounting officer on audit findings and other key audits observed. For the 2020/21 financial year, the City's audit outcome has received a financially unqualified audit opinion with findings on compliance with laws and regulations.

MONITORING OF THE CITY'S CONTROL ENVIRONMENT FOR 2020/21

Improvements to the City's internal control environment are monitored through various mechanisms, including formal reporting on the status of the control environment by independent internal assurance providers, and the inclusion of key performance indicators (KPIs) on the personal scorecards of executive directors and key operational indicators (KOIs) on directorate SDBIPs. Key activities to monitor control improvements for 2020/21 are set out in the paragraphs that follow.

INTEGRATED COMBINED ASSURANCE REPORT (ICAR)

The GCA function within Probity compiled an ICAR that provides management and the governance oversight structures such as Council, the APAC and the RiskCo with a single, holistic view of the adequacy of assurance coverage across the City and the effectiveness of the control environment. The objectives of the ICAR were to assess and report on how adequately the assurance processes in the City were executed by the relevant assurance providers and how adequately the City mitigated the risks reflected on the 2020/21 CCTCRR. It provides the organisation with a holistic view of the outcome of these processes. The approved CCTCRR dated 4 November 2020 (revised 26 February 2021), which comprised 11 strategic risks with 96 related controls, was used as the primary source document for the compilation of the ICAR. The ICAR includes the outcomes from all assurance activities (provided by all four levels of assurance). Based on the results reported in the ICAR, integrated assurance has been provided on the controls, across all levels of assurance, in mitigating the strategic risks of the City for the 2020/21 financial year. Where assurance was obtained, the mitigation of the risks for the City is deemed adequate and a satisfactory outcome was obtained. For more detail on the outcomes reported in the ICAR, refer to appendix O.

ANNUAL STATEMENT ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

In line with the requirements of King IV, Internal Audit issues an annual statement on the effectiveness of the City's governance, risk management and controls processes to stakeholders such as the EMT and the APAC. Based on the results of the work performed by Internal Audit during the 2020/21 financial year, the annual statement provided the City leadership with an overall opinion of the control environment, indicating some improvements needed and control areas that needed to be enhanced.

RISKO REPORT

For the first time this year the RiskCo has compiled and submitted a report on its activities for the financial year to the APAC. The report covers key responsibilities as stipulated in its approved terms of reference, and advises the City Manager on matters relating, but not limited to, risk management and combined assurance. The RiskCo report is included in the City's integrated annual report as appendix O.

APAC REPORT

The APAC submits a report on its activities to the Executive Mayor, Mayoral Committee and Council at the end of each financial year. The report covers key responsibilities as stipulated in its approved terms of reference, and advises Council on matters relating, but not limited to, governance, risk management and internal controls. The APAC report is included in the City's integrated annual report.

PERCENTAGE INTERNAL AUDIT RECOMMENDATIONS RESOLVED

Internal Audit verifies the implementation status of its recommendations through a formalised follow-up process, checking whether corrective actions stemming from previous audits and agreed to by line management have been adequately and effectively implemented. The results of follow-up audits are used every quarter to measure the KOI "Percentage Internal Audit recommendations (findings) resolved" for the various directorates. As at 30 June 2021, directorates had achieved an average of 76% on this indicator, against a target of 75%.

DIRECTORATE	NO. OF RECOMMENDATIONS			CUMULATIVE % INTERNAL AU- DIT FINDINGS RESOLVED PER DIRECTORATE
	ORIGINAL AUDIT	RECUR- RING	RESOLVED	
Corporate Services	91	27	64	70%
Economic Opportunities and Asset Management	29	6	23	79%
Energy and Climate Change	49	4	45	92%
Finance	66	10	56	85%
Human Settlements	5	1	4	80%
Office of the City Manager	19	3	16	84%
Safety and Security	5	4	1	20%
Spatial Planning and Environment	8	8	0	0%
Transport	12	2	10	83%
Urban Management	19	10	9	47%
Water and Waste	67	12	55	82%
TOTAL	370	87	283	76%

CORRECTIVE ACTIONS TAKEN STEMMING FROM PROBITY ASSURANCE PROVIDERS ENGAGEMENTS

The KPI “Percentage independent internal assurance providers’ recommendations implemented” measures

the progress made by responsible line managers in implementing recommendations made by the independent internal assurance providers.

The results in respect of this KPI are reported to the relevant oversight bodies to ensure that the responsible officials are held accountable, that timely and appropriate actions are taken, and that inaction is dealt with.

Performance for 2020/21 is illustrated in the following table:

DIRECTORATE NAME	TOTAL NO. OF RECOMMEN- DATIONS	NO. OF RECOMMEN- DATIONS IMPLEMENTED	% RECOMMEN- DATIONS IMPLEMENTED	TARGET
Community Services and Health	26	26	100%	85%
Corporate Services	155	128	83%	
Economic Opportunities and Asset Management	51	45	88%	
Energy and Climate Change	98	93	95%	
Finance	165	154	93%	
Human Settlements	22	21	95%	
Office of the City Manager	38	35	92%	
Safety and Security	32	28	88%	
Spatial Planning and Environment	21	13	62%	
Transport	49	45	92%	
Urban Management	33	22	67%	
Water and Waste	286	274	96%	
TOTAL	976	884	91%	

PERCENTAGE DECLARATIONS OF INTEREST COMPLETED

The updated standard operating procedure for private work and declarations of interest requires all staff graded at post level T14 and above, Supply Chain Management-conflicted employees, as well as all employees (irrespective of T-grade) involved in certain key business processes to

submit a declaration at least once per financial year. Employees graded at T13 and below are required to declare at least once every three years and/or when their circumstances change. The 2020/21 financial year is year two of the three-year cycle. The Ethics function monitors and reports throughout the year on the overall statistics in respect of declarations of interest completed. The results as at 30 June 2021 are reflected below:

AS AT 30 JUNE 2021	
Staff at level T14 and above	100% (target 100% per year)
Staff at level T13 and below	88% (target 100% by end of 2021/22)
SCM-conflicted employees on the City’s database	0 (target of zero per year)

The breakdown by directorate is as follows:

DIRECTORATE	% COMPLETION FOR LEVEL T14 AND ABOVE	% COMPLETION FOR LEVEL T13 AND BELOW	SCM- CONFLICTED STAFF ON CITY'S DATABASE
Community Services and Health	100%	96%	-
Corporate Services	100%	99%	-
Economic Opportunities and Asset Management	100%	99%	-
Energy and Climate Change	100%	63%	-
Finance	100%	100%	-
Human Settlements	100%	95%	-
Office of the City Manager	100%	99%	-
Safety and Security	100%	99%	-
Spatial Planning and Environment	100%	93%	-
Transport	100%	81%	-
Urban Management	100%	97%	-
Water and Waste Services	100%	78%	-
OVERALL CITY COMPLIANCE	100%	88%	0

ASSESSMENT OF INDEPENDENT INTERNAL ASSURANCE PROVIDERS

Independent internal assurance providers must execute their respective mandate in an independent and objective manner, and provide assurance and/or advisory services that add value to the City and improve organisational processes. This is governed by certain legislative requirements and relevant external professional bodies' standards and best practices. Against this backdrop, each independent internal assurance provider is responsible for implementing a quality assurance and improvement programme that enables the monitoring and evaluation of:

- ✓ the adequacy, effectiveness and efficiency of their respective methodologies;
- ✓ compliance with legislation, policies and procedures;
- ✓ conformance to leading practices; and

- ✓ value-add of services.

An internal quality assurance review of Internal Audit was completed by its Quality Assurance Unit during 2020/21. A rating of "Generally conformed" was achieved, which is regarded as the highest rating according to the standards of the Institute of Internal Auditor. The conclusion of an external independent maturity assessment conducted on IRM, indicated that the IRM function is sound in terms of the fundamental risk procedures and the operational focus applied. Recommendations were, however, made that could move IRM to an improved level of maturity, and during the year IRM commenced implementing action plans to enhance risk management processes.

THE CITY'S KEY GOVERNANCE INTERVENTIONS AND ENHANCEMENTS

Key governance interventions embarked on by the City, and driven by Probity and other internal assurance providers, are as follows:

- ✓ A **King IV maturity adequacy** review to assess the City's processes and procedures against the King IV principles, with specific emphasis on the criteria specified in the King IV Supplement for Municipalities, was completed during the year and the results reported to the relevant stakeholders.
- ✓ To enhance the internal control environment, the City has commenced a project to develop an **internal control model and related frameworks**. The City Manager appointed the chief financial officer (CFO) in collaboration with PMP as the project sponsor to champion the adoption of an internal control model, developing related framework(s), monitoring the application thereof, as well as reporting thereon.
- ✓ The **standard operating procedure for consequence management** was approved by the City Manager on 23 December 2020. The document defines the procedures that management must develop, implement, maintain and follow to address accountability and responsibility for employees' actions.
- ✓ In line with the approved consequence management standard operating procedures, **a consequence management register and guidelines** were compiled in consultation with key stakeholders and approved by the City Manager on 11 May 2021. The completion of the register becomes effective from 1 July 2021.
- ✓ An **Integrated Combined Assurance Plan** (forward-looking for 2021/22) and an **Integrated Combined Assurance Report** (backward-looking for 2020/21) were compiled. These reports provided a holistic view of the consolidated and integrated assurance provided across the difference assurance levels in mitigating the strategic risk reflected in the corporate risk register. The results of the ICAP and ICAR were reported to the City Manager, the RiskCo and the APAC.
- ✓ On 15 March 2021, OCO successfully launched **a new mode of contact via SMS line** for lodging complaints.
- ✓ OCO launched the **e-Ombud web application**. This method of lodging a complaint is a customer self-service portal that will serve as an alternative method to assist residents in the submission, monitoring and tracking of last-resort complaints.
- ✓ A **transversal information technology (IT) risk register** aims to enhance the identification and appropriate management of cybersecurity and related, cross-cutting information systems and technology (IS&T) risks. The City's transversal IT register was approved by the chief data officer in November 2020 and handed over to IRM in February 2021. IRM will facilitate maintaining and updating of the register.
- ✓ A **transversal fraud risk register** aims to help identify fraud-related risks and enable proactive measures to be implemented to reduce the likelihood of such incidents. The City's transversal fraud register was approved by the City Manager on 14 December 2020 and handed over to IRM in February 2021 to facilitate the future updating thereof.
- ✓ Reporting on **integrated governance interventions/projects** and their outcomes to City leadership.
- ✓ **Governance awareness campaigns and training sessions** hosted by Probity and the independent internal assurance providers across the City.
- ✓ An **urban resilience course** has been developed and integrated into the City's LEAD programme. The course is available for booking by staff via internal training processes.
- ✓ In March 2021, members of top management were invited to participate in a survey for the purpose of updating the **prioritised shocks and stresses in the Resilience Strategy**. One hundred seventy-three respondents participated in the survey. The results of the survey, which was a joint project between the Resilience Department, the Disaster Risk Management Centre and the Risk, Ethics and Governance function, are available for use as risk prompts and for strategic planning.
- ✓ The **Pandemic Business Continuity Coordinating Committee** established in mid-March 2020 continues to navigate the national disaster regulations, and how the City should adjust to changes in regulations. It comprises senior officials from Human Resources (including Service Standards, Occupational Health and Safety, EAP and Wellness), Resilience, IS&T, Facilities Management, Fleet Management, Risk and Ethics (including Business Continuity Management), Communications, Customer Relations, and Legal Services.

Probity and the independent internal assurance providers will continue to exercise their role as trusted assurance partners and advisors to help embed good governance in City processes and enable effective, equitable and sustainable service delivery.

APPENDIX M: B-BBEE COMPLIANCE PERFORMANCE REPORT

Broad-Based Black Economic Empowerment Commission			
Compliance Report by Sphere of Government/Public Entities/Organ of State			
SECTION A: DETAILS OF ENTITY			
Name of Entity	City of Cape Town		
Registration Number	N/A		
Physical Address	12 Hertzog Boulevard, Cape Town, 8000		
Telephone Number	(021) 400 1330		
Email Address	mogamat.abass@capetown.gov.za		
Type of Entity	Metropolitan Municipality		
Industry/Sector	Local Government		
Relevant Code of Good Practice	Amended Codes Specialised Generic Scorecard		
Name of Verification Agency	Mazars Consulting Services		
Name of Technical Signatory	Mohammed Khan		
SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS			
B-BBEE Elements	Target Score Including (weighting)	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points	n/a	n/a
Management control	e.g. 19 points	n/a	17,10
Skills Development	e.g. 20 points	3,83	14,33
Enterprise and Supplier Development	e.g. 40 points	1	30,21
Socio-Economic Development	e.g. 5 points	n/a	0,99
Total Score	e.g. 109 points	n/a	62,63
Priority Elements Achieved	YES/NO and specify them	Yes – Skills development and enterprise and supplier development – Preferential procurement No – ESD – Enterprise and supplier development	
Empower Supplier Status	YES/NO and specify them	Yes	
Final B-BBEE Status Level	8		

SECTION C: FINANCIAL REPORT**1. BASIC ACCOUNTING DETAILS:**

a. Accounting Officer's Name:	Mr. Lungelo Mbandazayo		
b. Address:	12 Hertzog Boulevard, Cape Town, 8000		
c. Accounting Policy: (Your accounts are done?)	Weekly	Monthly	Other (specify)
			Annually
d. Has the attached Annual Financial Statements (AFS) and Integrated Annual Report (IAR) been approved by the entity?	Yes		

2. DOCUMENTS ATTACHED

a. AFS including Balance Sheet and Income and Expenditure Report are part of this document	
i) IAR is part of this document	
b. Entity Annual Turnover	R43 bn
c. Sign-off and Date	11 February 2022
Signature 	Date 11 February 2022

APPENDIX M: B-BBEE COMPLIANCE PERFORMANCE REPORT - SCORECARD ELEMENTS

Broad-Based Black Economic Empowerment Commission							
Compliance Report by Sphere of Government/Public Entities/Organ of State							
MANAGEMENT CONTROL							
Number of directors/managers for each category. The information is broken down into race classification, gender and disability indication. The information provided for management control is the same information submitted to the Department of Labour for employment equity reporting.							
Board	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of female & male (F & M))	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)	
Exec directors	237	A = 96 C = 83 I = 4	M = 148 F = 89	n/a	Western Cape	n/a	
Non-exec directors	12	A = 3 C = 4 I = 1	M = 6 F = 2	n/a	Western Cape	n/a	
Senior management	225	A = 93 C = 79 I = 3	M = 139 F = 86	n/a	Western Cape	n/a	
Middle management	89	A = 16 C = 27 I = 8	M = 33 F = 18	n/a	Western Cape	M = 3 F = 1	
Junior management	2 368	A = 428 C = 1 028 I = 84	M = 936 F = 604	n/a	Western Cape	M = 25 F = 11	
Dividends declared	8 545	A = 2 644 C = 4 717 I = 82	M = 4 264 F = 3 179	n/a	Western Cape	M = 98 F = 74	
Dividends declared	n/a						
(A-Africans, C-Coloureds and I-Indians)							

SKILLS DEVELOPMENT

Total leviable amount and number of black persons trained:

Total leviable amount: R9 733 212 036

Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)	Total amount spend
Black employees	A2 = 5 D = 61 E = 618 F = 25 G = 1 380	A = 869 C = 1 018 I = 141	M = 1 104 F = 924	n/a	Western Cape	M = 85 F = 58	R77 662 611
Black non-employees	A = 14	A = 5 C = 6 I = 3	M = 7 F = 7	n/a	Western Cape	M = 3 F = 1	R11 608 244
Black people on internships, apprenticeship, learnership	D = 61	A = 28 C = 29 I = 4	M = 32 F = 29	n/a	Western Cape	M = 0 F = 0	R59 105 910
Unemployed black people on any programme under the learning programme matrix	207	A = 107 C = 91 I = 9	M = 101 F = 106	n/a	Western Cape	M = 0 F = 0	R83 023 585
Black people absorbed at end of learnership, internship and apprenticeship	20	A = 14 C = 5 I = 1	M = 5 F = 15	n/a	Western Cape	M = 0 F = 0	R3 050 971

3. ENTERPRISE AND SUPPLIER DEVELOPMENT						
Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value: Value of the 2% of net profit after tax (NPAT) or 0,2% of allocated budget for supplier development, as well as 1% NPAT of 0,1% of allocated budget for enterprise development.						
Total procurement spend: R24 662 084 733						
Total value spend: R23 346 277 249 (excl. VAT)						
Total number of suppliers: 3 036						
Total number of EME suppliers: 1 606	Total value spend: R1 910 581 050	% Black ownership n/a	1 163	% Black-women ownership n/a		580
Total number of QSE suppliers: 532	Total value spend: R3 267 223 748	% Black ownership n/a	181	% Black-women ownership n/a		117
Total number of large suppliers: 501	Total value spend: R15 411 562 780	% Black ownership n/a	401	% Black-women ownership n/a		220
4. SOCIOECONOMIC DEVELOPMENT						
Total value of 1% NPAT or 0,1% of allocated budget: R62 420 630						
Number of participants	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Geographical indication (indicate number in each province) Geographical indication (indicate number in each province)			
n/a	n/a	n/a	GP			n/a
n/a	n/a	n/a	MP			n/a
n/a	n/a	n/a	FS			n/a
n/a	n/a	n/a	LP			n/a
27	n/a	n/a	WC			n/a
n/a	n/a	n/a	EC			n/a
n/a	n/a	n/a	NC			n/a
n/a	n/a	n/a	KZN			n/a
n/a	n/a	n/a	NW			n/a
Total value spend: R12 359 285						

APPENDIX N: CITY OF CAPE TOWN COST CONTAINMENT INFORMATION

The following key strategic risks were in the risk register as at 30 June 2021:

MEASURES	2020/21 BUDGET	TOTAL EXPENDITURE	SAVINGS	COMMENT
	R'000	R'000	R'000	
Use of consultants	8 628 833	7 760 289	868 544	This category includes EPWP/Mayor's Job Creation Programme (MJCP) staff, all non-permanent staff, i.e. temporary contract staff, including library staff, health workers, seasonal workers, apprenticeships and learnerships, as well as contracted services, i.e. professional services, advisory services and contractors. The use of consultants include expenditure relating to various repairs and maintenance programmes, outsourced administrative support and medical staff, as well as the use of professional and advisory services. Requests for the use of consultants must be supported by the relevant executive director or senior manager.
Vehicles used for political office bearers	-	-	-	No provision against this category for 2020/21.
Travel and subsistence	23 993	11 418	12 574	The City's travel management policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.
Domestic accommodation	1 668	25	1 643	The City's travel management policy sets out the applicable cost containment measures, which are strictly adhered to within the City. Expenditure on domestic accommodation is low for the year under review as a result of the prevailing pandemic and related travel restrictions.
Sponsorships, events and catering	299 732	232 028	67 704	Sponsorships (consists of grants-in-aid and sponsorships): All grant-in-aid applications are subject to a screening process to ensure that recommended grants comply with the City's grant-in-aid and other relevant policies. Sponsorships are allocations made to organisations that support the City's strategic objectives and memorandum of agreement (MOA), indicating clear deliverables are signed with all organisations. Payments are made in tranches based on outcomes of agreed deliverables. Events: An ad hoc committee facilitates the selection of events and recommends to the Executive Mayor which events the City may support in terms of the IDP and the City's events policy. Catering: The City's catering and beverage provision policy sets out the applicable cost containment measures, which are strictly adhered to by the administration. The expenditure largely relates to payments for certain annual and ad hoc allocations to support specific programmes or events, which are aligned to the City's IDP and strategic objectives.

MEASURES	2020/21 BUDGET	TOTAL EXPENDITURE	SAVINGS	COMMENT
	R'000	R'000	R'000	
Communication	86 564	65 636	20 928	The City, as far as possible, uses newspapers whose readership are predominantly within the City's geographical area, and also focuses on community newspapers. The function is centralised within the corporate services directorate and managed by the Communication Department in order to ensure stricter controls.
Other related expenditure items - conferences and seminars	2 815	102	2 713	The City's standing operating procedure for attendance of seminars, external meetings/ workshops and conferences sets out the cost containment measures, which are strictly adhered to by the administration. Low expenditure is largely due to the Covid-19 lockdown restrictions with staff attending online events only.
Other related expenditure items - overtime	843 280	942 174	-98 894	The overtime policy sets out the applicable cost containment measures, which are strictly adhered to by the administration. These cost containment measures include: - guidelines for administration of overtime work on Sundays and public holidays; - approval of overtime work and payment by officials with delegated authority; - strict implementation of administrative measures for managing and controlling overtime including an application and approval process; and - responsibility and accountability by every director to monitor and review provisions and to ensure that spending of overtime is justified. The bulk of the overtime was spent within the Safety and Security Directorate as a result of increased land invasions and other public unrest activities. The directorate has implemented strict measures to manage overtime and closely monitor the amount of overtime operational staff may claim per month.
Other related expenditure items - office furniture	14 082	11 913	2 168	The City's corporate office furniture and associated equipment policy seeks to exercise frugality by utilising existing redundant office furniture before new office furniture may be procured. The policy stipulates that the relevant delegated official must scrutinise the City's 'used furniture inventory' before any new furniture may be procured, and must sign a declaration form confirming that this process has been followed.
Total	9 900 968 138	9 023 587 283	877 380 855	

APPENDIX O: 2020/21 RISK MANAGEMENT COMMITTEE ANNUAL REPORT

RISK GOVERNANCE

The King IV Report on Corporate Governance for South Africa, 2016 (King IV) was adopted by Council on 5 December 2017 (item C 03/12/17). Principle 11 of King IV specifies that risk be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV municipal supplement indicates that, in the local government sector, Council, as the governing body, assumes responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. In line with practice 50 (principle 8) of King IV, this annual report reflects on the activities of the Risk Management Committee (RiskCo) for the financial year ending 30 June 2021.

The City follows an integrated approach to risk management in accordance with the principles of the Assurance Governance Framework. Integrated risk management (IRM) is defined as the Citywide application of risk management and includes risk identification, assessment, management, monitoring and reporting. Effective risk management assists in the achievement of the City's objectives as per its Integrated Development Plan.

Section 62 of the MFMA assigns the responsibility for risk management to the City Manager, which includes accountability for risk management at an administrative level. In line with practice 62 (principle 8) of King IV, the City Manager has established the RiskCo as the appropriate forum and governance structure. An established IRM function in Risk, Ethics and Governance (REG) facilitates risk management in the organisation.

ROLES AND RESPONSIBILITIES

RiskCo has been operational since December 2008 and functions in accordance with terms of reference as approved by the City Manager. The RiskCo terms of reference are aligned with the King IV principles of sound corporate governance practices, and the committee operates accordingly. The RiskCo assists the City Manager and the Executive Management Team (EMT) in discharging their organisational risk management responsibilities. RiskCo advises on matters relating to risk governance, and reports to the Audit and Performance-Audit Committee (APAC). RiskCo is not a decision making committee and is not responsible for the municipal entities of the City.

Several internal functions report to RiskCo and provide information to assist in the effective

execution of the RiskCo mandate. These functions include, but are not limited to, IRM, business continuity management and combined assurance. The latter three functions all report administratively to the Portfolio Manager: Probity.

MEMBERSHIP AND MEETINGS HELD

RiskCo members are appointed by the City Manager in accordance with the approved RiskCo terms of reference. In line with practice 63 of principle 8 of King IV, the APAC chairperson, or an alternative member of APAC, is included as a member to provide feedback to the APAC. The APAC is to report to Council on risk governance as per the APAC terms of reference.

RiskCo meets on a quarterly basis. However, in 2020/21, five meetings were held due to changes in the Council calendar. These took place on 13 July 2020, 20 October 2020, 7 December 2020, 15 February 2021 and 19 April 2021.

Guided by the RiskCo terms of reference, the Chief Audit Executive, the Chief: Forensic Services, the Chief: REG, the City Ombudsman, Probity Manager: Governance and Combined Assurance, as well as the strategic advisor to the City Manager attend RiskCo meetings.

KEY FOCUSES OF RISKCO DURING THE FINANCIAL YEAR

The RiskCo agenda is informed by an approved annual RiskCo workplan. Meetings are appropriately minuted and the information packs/content are shared with RiskCo members and standing attendees in a timely manner. The key focuses of the RiskCo during the year included:

KEY STRATEGIC RISKS

RiskCo regularly reviews the City's corporate risk register, which focuses on the City's strategic risks, the key controls in place, as well as the action plans to effectively manage such risks.

COMBINED ASSURANCE

As indicated in the integrated governance report (appendix L), combined assurance is a coordinated approach aimed at providing stakeholders with the peace of mind that an effective control environment is in place to mitigate the City's strategic risks. This is achieved through a robust model that

A list of RiskCo members, as well as their attendance at the meetings for 2020/21, follows below:

MEMBER	NUMBER OF MEETINGS ATTENDED	MEMBER	NUMBER OF MEETINGS ATTENDED
Portfolio Manager: Probity (chair)	4	Executive Director: Human Settlements	5
APAC chair or an alternative member of APAC	5	Executive Director: Safety and Security	4
Executive Director: Community Services and Health	5	Executive Director: Spatial Planning and Environment	5
Executive Director: Corporate Services	5	Executive Director: Transport	5
Executive Director: Economic Opportunities and Asset Management	4	Executive Director: Urban Management	4
Executive Director: Energy and Climate Change	4	Executive Director: Water and Waste	4
Executive Director: Finance	5		

Note: Attendance includes executive directors, acting executive directors appointed by the City Manager in the interest of continuity of operational demands, as well as representation by a nominated person from the respective directorate other than the appointed member.

makes optimal use of all assurance resources, both internally and externally. An annual integrated combined assurance report is compiled to offer City management and governance oversight structures such as Council, APAC and the RiskCo a single, holistic view of the adequacy of assurance coverage across the administration, and of the effectiveness of the control environment.

With a view to the reporting year, the City's approved corporate risk register dated 4 November 2020 (and revised on 26 February 2021), which comprised 11 strategic risks and 96 related controls, served as the primary source for the compilation of the integrated combined assurance report. The report includes the outcomes from all assurance activities (provided by all four levels of assurance), as well as a year-on-year analysis of overall combined assurance in respect of the City's key strategic risks.

The assurance outcomes for the risk "Governance and legal compliance" have regressed due to the non-compliance identified by the Auditor-General, who highlighted compliance and material irregularities as an area of concern for management. With regard to the risk "Intergovernmental collaboration", in turn, outcomes have improved, as level-two assurance was received for the current financial year.

Based on the outcomes reflected in the integrated combined assurance report, integrated assurance across all levels has been provided for the controls employed to mitigate the City's strategic risks in the 2020/21 financial year. Where assurance was obtained, risk mitigation for the City is deemed adequate, and the outcome satisfactory. For the identified areas where improvement is required, recommendations have been made to management to enhance assurance for all the risks throughout the organisation.

The following key strategic risks were in the risk register as at 30 June 2021:

STRATEGIC RISK	KEY CONTROL(S)	ACTION PLANS
Governance and legal compliance	Monitoring, reviewing and obtaining assurance on the risk and control environment in accordance with the transversal Assurance Governance Framework.	Executive directors established directorate operational plans regarding non-compliance identified by assurance providers. Developed and implemented an Unauthorised, Irregular and Fruitless and Wasteful Expenditure Strategy.
Crime and safety incidents	Monitoring and reviewing of crime, health and safety incidents and responses by the Disaster Risk Management Advisory Forum. Coordinate programmes, the Covid-19 response strategy and decision making by the Covid-19 Coordination Committee.	Develop the Law Enforcement Advancement Programme (Safety Plan). Activate Land Invasion Joint Operations Committee. Develop a Renewal and Regeneration Strategy.
Infrastructure and property	Alignment of sector plans with community needs and affordability in order to allocate repairs and maintenance and capital budgets. Monitoring and reviewing of project implementation and expenditure by Corporate Project, Programme and Portfolio Management.	Enhancing the Growth Management Working Group functionality; overseeing the development and implementation of sector plans; indicating priority projects to be implemented in alignment with the MSDF.
Health risks to staff, citizens and tourists	Coordinate programmes, the roll-out of the C-19 Dynamic Operational Framework and decision making by the Covid-19 Coordination Committee. Monitoring and reviewing the Transversal Social Development Strategy roll-out.	Establishment of an approach for ongoing coordination of activities, which includes delivery of water and sanitation, communications, de-densification and community support (including informal settlements). Implementation of mechanisms to manage and assist homeless people.
Metropole, urbanisation/ migration	Forward planning via the Human Settlements Strategy, with monitoring and reviewing via the Human Settlement Sector Plan. Forward planning, monitoring and reviewing of City's economic performance in relation to the Economic Growth Strategy via the related implementation plan.	Implement the Service Delivery Turnaround Strategy. Develop an Inclusive Economic Growth Strategy (IEGS). Develop a Human Settlements Implementation Plan (incl. an informality plan). Develop district plans, including identification of strategic land.
Intergovernmental collaboration	Monitoring and reviewing of compliance with section 41 of the Constitution and other relevant sections, section 44 of the MFMA and the South African Intergovernmental Relations Framework Act, Act 13 of 2005. Interface between the Covid-19 Coordination Committee and Province's Covid-19 structures.	Finalise the service-level agreements, implementing the required protocols and memoranda of understanding with the different spheres of government, municipal entities and the public.

STRATEGIC RISK	KEY CONTROL(S)	ACTION PLANS
Skills/ competencies	Monitoring the implementation of the various directorates' staffing strategies and succession planning. Monitoring and reviewing the development and implementation of the annual workplace skills plan. Monitoring the implementation of the Transversal Attraction, Development and Retention Strategy.	Evaluation of staff availability and needs by the Human Resources Strategic Intervention Committee and the Pandemic Business Continuity Committee.
Financial resilience and economic stability	Monitoring and reviewing financial performance versus targets on the corporate scorecard (incl. debt to income, consumer debtors to income, cost coverage indicators and collection ratio). Implementing the Covid-19 action plan, including the adjustment budget and main budget.	Development of Inclusive Economic Growth Strategy (IEGS). Completion of the economic risk matrix and scenario planning. Development of a Covid-19 model (scenario modelling) and Covid-19 recovery plan, including ongoing monitoring and updating thereof.
Effects of climate change and pollution on resources and services	Monitoring and reviewing the implementation of the Resilience Strategy.	Developing and monitoring the roll-out of the City's Climate Adaptation Action Plan. Drafting of a Climate Change Strategy.
Energy security	City-supply Area Electricity Network Black Start Plan and Procedures (business continuity plan for energy and climate change).	Investigate energy purchases from IPPs.
Technology and cybersecurity	Monitoring and reviewing the corporate IS&T security and architecture roadmap action plan through the Information Security Steering Committee.	Conceptual design for the implementation of the core application review outcomes. Establishment of a Technology Sector Plan.

TRANSVERSAL RISK REGISTERS

RiskCo had oversight over the development, embedding and maturing of the transversal risk management processes by advising on the drafting and finalisation of the related transversal risk registers.

Currently, the following five transversal risk registers are maintained:

- ✓ Environment
- ✓ Information Systems and Technology (IS&T)
- ✓ Finance
- ✓ Fraud
- ✓ Staff safety

EXECUTIVE RISKS

Executive directors manage risks that could affect the operations of the respective directorates. These risks can be long or short term in nature, and could potentially have an impact on the City's goals and/or the directorates' key performance indicators. The executive risk registers are submitted to RiskCo three times per annum in terms of the approved workplan. These registers are viewed from a collective oversight perspective, with a focus on the risks rated 70% to 100% in terms of residual risk rating.

The table below reflects the year-on-year analysis and should be read using the following legends:

Assurance coverage has progressed from the previous financial year	↑
Assurance coverage remained stable/consistent/unchanged between the financial periods	↔
Assurance coverage has regressed from the previous financial year	↓

OVERALL COMBINED ASSURANCE OUTCOME		
Descriptor	Control ratings	Rating
Very good	81%-100%	5
Good	61%-80%	4
Satisfactory	41%-60%	3
Weak	21%-40%	2
Unsatisfactory	0%-20%	1

STRATEGIC RISK	YEAR-ON-YEAR ANALYSIS			RECOMMENDATIONS ON THE CURRENT-YEAR OUTCOMES			
	2020 outcome	2021 outcome	Comparatives results	Maintain current status	Opportunity to refocus effort	Low assurance	Assurance gap
Governance and legal compliance	4	3	↓		✓		
Crime and safety incidents	2	3	↑		✓	✓	✓
Infrastructure and property	3	3	↔		✓	✓	✓
Health risks to staff, citizens and tourists		3	↑		✓		
Metropole, urbanisation/migration	3	3	↔		✓		
Intergovernmental collaboration		3	↑	✓			
Skills/competencies	4	4	↔	✓			
Financial resilience and economic stability	3	3	↔		✓		
Effects of climate change on resources and services	2	3	↑		✓		
Energy security	3	3	↔		✓	✓	✓
Technology and cybersecurity	3	3	↔		✓		

ASSESSING THE MATURITY OF INTEGRATED RISK MANAGEMENT

In the year in review, PricewaterhouseCoopers (PwC) conducted an independent maturity assessment on the City's IRM function. The objective was to identify additional value-adding areas for implementation, and also to position IRM as a strategic advisor in the City.

The PwC conclusion was that the IRM function is sound in terms of the fundamental risk procedures and the operational focus applied. The PwC report indicated that 75% of the key elements of risk management (six of eight) were assessed at 'managed' level, which indicates that these are under control. However, actioning the recommendations made could improve the assessed level to 'embedded' or 'integrated' risk management.

In conjunction with the EMT, the Chief: REG drafted a detailed action plan based on the high-level recommendations made by PwC. Various action plans were developed in collaboration with the EMT and RiskCo. Implementation is scheduled to run up to June 2022. RiskCo monitors the implementation of the actions on a quarterly basis.

ASSESSING THE EFFECTIVENESS OF RISCO

In line with the approved terms of reference, RiskCo members assess the committee's performance every second year. An assessment was completed in the year in review. Results in terms of responsibilities and membership exceeded 70%.

Actions were drafted to address the identified areas for improvement, and are monitored and reported on regularly, including the following:

- ✓ Improved dashboard reporting to RiskCo
- ✓ Focusing on the strategic nature of RiskCo
- ✓ Emerging risk reporting to RiskCo for deliberation
- ✓ Assessing the effectiveness of transversal risk registers

CONCLUSION

RiskCo is satisfied that the City responsibly discharges its risk management responsibilities, and that the RiskCo activities carried out in 2020/21 assisted in the effective fulfilment of the committee's roles and responsibilities as per its approved terms of reference.

Lindiwe Ndaba
Chairperson: Risk Management Committee

ACKNOWLEDGEMENTS

CRAIG KESSON	Executive Director: Corporate Services
CAROL JANUARY	Director: Organisational Performance Management
MONIQUE FILLIES	Manager: IDP Performance Management – OPM
WILLEM CLAASSENS	Project Manager of the Integrated Annual Report
ALETTA KRUGER	Corporate Publications
BRUCE SUTHERLAND	Photography
DAVID VALENTINE	Director: Treasury, Treasury Services
YOLANDE ZEELIE	Finance





CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.