



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INTEGRATED ANNUAL REPORT 2016/17



CONTENTS

Vision and mission of the City of Cape Town	2	CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	165
About this annual report	4	Approval of the consolidated annual financial statements	166
Message from the Executive Mayor	6	Report of the Auditor-General	167
Statement by the City Manager	7	Report of the Audit and Performance Audit Committee for the year ended 30 June 2017	176
OVERVIEW OF THE CITY OF CAPE TOWN	9	General information	180
About Cape Town	10	Financial statements and policies	184
An integrated approach to sustainable spatial development and service delivery	12	Annexures	269
Strategies for economic and social growth	16	APPENDICES	289
GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT	19	Appendix A: 2016/17 Annual performance management report – City of Cape Town	290
Management and governance structures and frameworks	20	Appendix B: Definitions for corporate scorecard	298
Good governance as a sustainable foundation	28	Appendix C: CTICC performance scorecard for the 2016/17 financial year	306
A culture of democratic public participation	33	Appendix D: Abbreviations used in this report	308
2016/17 PERFORMANCE REVIEW	35	Appendix E: List of figures and tables	311
Strategic focus area 1: Opportunity city	37	Appendix F: MFMA Circular 63 Appendices	312
Strategic focus area 2: Safe city	93	Appendix G: Annual report of the Municipal Public Accounts Committee to the Council of the City of Cape Town	313
Strategic focus area 3: Caring city	107		
Strategic focus area 4: Inclusive city	139		
Strategic focus area 5: Well-run city	149		
OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY FOR THE 2016/17 FINANCIAL YEAR AND THE PAST FIVE YEARS	159		
Operating results for revenue and expenditure	160		
Net surplus result	162		
Capital expenditure	162		
Consumer debtors	163		
Investments, cash and borrowings	163		
Credit rating	163		

VISION AND MISSION OF THE CITY OF CAPE TOWN

VISION

THE CITY OF CAPE TOWN'S **VISION** IS THREEFOLD

- TO BE AN OPPORTUNITY CITY THAT CREATES AN ENABLING ENVIRONMENT FOR ECONOMIC GROWTH AND JOB CREATION, AND TO PROVIDE HELP TO THOSE WHO NEED IT MOST
- TO DELIVER QUALITY SERVICES TO ALL RESIDENTS
- TO SERVE THE CITIZENS OF CAPE TOWN AS A WELL-GOVERNED AND CORRUPTION-FREE ADMINISTRATION

TO ACHIEVE ITS VISION, THE CITY OF CAPE TOWN IS BUILDING ON THE **STRATEGIC FOCUS AREAS** (SFA) IT HAS IDENTIFIED AS THE CORNERSTONES OF A SUCCESSFUL AND THRIVING CITY, WHICH ALSO FORM THE FOUNDATION OF ITS FIVE-YEAR INTEGRATED DEVELOPMENT PLAN.

THESE ARE AS FOLLOWS:



OPPORTUNITY CITY

SFA 1:

Create an environment in which investment can grow and jobs can be created.



SAFE CITY

SFA 2:

Create a safe living and business environment for its residents.



CARING CITY

SFA 3:

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



MISSION

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

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



INCLUSIVE CITY

SFA 4:

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



WELL-RUN CITY

SFA 5:

The SFA is underpinned by the principles of King III.

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.



ABOUT THIS ANNUAL REPORT

This 2016/17 annual report builds on the City's integrated reporting in previous years, and attempts to align with the recommendations of the King Report on Corporate Governance in South Africa (or King III) as well as internationally accepted standards for integrated reporting.

With King IV having been released in 2016, the City is currently adopting the updated King recommendations. Council is set to approve these in the course of 2017, so they will inform the content of the City's 2017/18 annual report.

This issue of the annual report again provides information about the administration's financial, operational, social and environmental performance for the 12 months under review. It also focuses on the City's progress against the Integrated Development Plan (IDP) objectives for the past five years.

The Integrated Report is informed by a number of other plans and documents produced by the various City directorates and business areas. These include, but are not limited to, the following:

- The City's 2016/17-2018/19 budget
- The Integrated Human Settlements Five-Year Strategic Plan, June 2012-June 2017
- The Integrated Public Transport Network (IPTN) 2032
- The Transit-Oriented Development Strategic Framework
- The Built Environment Performance Plan (BEPP)
- The Cape Town Spatial Development Framework
- The City of Cape Town Economic Growth Strategy
- The City of Cape Town Social Development Strategy

The content of this annual report is structured around the five strategic focus areas (pillars) and their underlying objectives, as contained in the City's five-year IDP. The objectives are supported by a forward-looking plan with clear performance targets. Each of the City's programmes have been initiated with the intention to contribute towards the objectives and the five strategic focus areas.

The content of this report is linked to various material issues in the City's IDP and other sector plans. These are issues that the City intends to address as part of delivering its service mandate within the context of the five strategic focus areas and the long-term vision.

VISION AND MISSION

STRATEGIC FOCUS AREAS

THESE FIVE FOCUS AREAS INFORM ALL OF THE CITY'S SHORT- AND LONG-TERM PLANS



PERFORMANCE TARGETS

THE CITY'S PROGRESS IS MONITORED AGAINST THE IDENTIFIED PERFORMANCE TARGETS

PROGRAMMES

THE OPERATIONAL PROGRAMMES AND PROJECTS THAT DRIVE THE CITY'S STRATEGIC DEVELOPMENTS

MATERIAL ISSUE

THESE ARE THE ISSUES THAT THE CITY MUST CONSISTENTLY KEEP IN MIND IN ORDER TO CARRY OUT OPERATIONS IN ALIGNMENT WITH THE FIVE STRATEGIC FOCUS AREAS. THESE ISSUES MUST BE INTEGRATED INTO ALL PLANNING IN A TRANSVERSAL MANNER

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



During the current Council's first term of office, we committed to maintaining a high level of service delivery and building a caring, inclusive, opportunity, safe and well-run city. This second term now gives us the opportunity to build on our achievements and successes.

MESSAGE FROM THE EXECUTIVE MAYOR

The past financial year has been an exciting one, with many new developments aimed at taking Cape Town to greater heights. These included the adoption of the future-oriented Organisational Development and Transformation Plan (ODTP) and the new term-of-office Integrated Development Plan (IDP) 2017 – 2022.

During the current Council's first term of office, we committed to maintaining a high level of service delivery and building a caring, inclusive, opportunity, safe and well-run city. This second term now gives us the opportunity to build on our achievements and successes.

Our new IDP gives full effect to the ODTP and sets out our development priorities for the next five years. We will continue to build an opportunity city that creates an enabling environment for economic growth and job creation, and to provide assistance to those who need it most. We will also continue to provide quality services to all residents, and to do so in a well-run, corruption-free administration.

To make this great city even greater, we will work even harder to position Cape Town as a forward-thinking, globally competitive business destination, in line with our ODTP commitments. We need to let the world know that we are open for business to attract investment and alleviate poverty through job creation.

Confirming Cape Town's appeal as an investment destination, fDi Intelligence – a division of the *Financial Times* – ranked our city 21st on the list of world cities with the best foreign direct investment strategies in December 2016. Cape Town was the only African city to appear on this prestigious ranking.

As a testament to our commitment to promote economic and social development, the City's Enterprise and Investment Department in the Directorate of the Mayor facilitated R2,67 billion investment during the year under review. As a result, 6 236 direct jobs were created and 2 052 people received training opportunities.

A core factor in enabling economic growth is investment in infrastructure. In this regard, the City has invested approximately R27 billion in infrastructure since 2012/13, of which R14 billion has been for new infrastructure and R13 billion has gone towards the refurbishment of existing infrastructure.

These are excellent results, and we have many successes to celebrate. Yet, as always, we need to remember that our work is ultimately about people. I therefore thank each and every City of Cape Town employee who worked to make these achievements happen. And I encourage all our staff members to remember that we have an obligation to our residents to ensure that we maintain an ethical culture, where good governance, accountability and integrity are key.

So, while this annual report allows us to reflect on the work we have done, may it also inspire all of us to work even harder. To maintain our status as a leading African city, we must constantly enhance our work in all areas, but especially when it comes to empowering and helping the vulnerable in our communities, who need our help the most.

P. de Lille

ALDERMAN PATRICIA DE LILLE
Executive Mayor: City of Cape Town



This 2016/17 annual report offers an overview of the extent of work and investment for the past financial year, and more importantly, of the positive outcomes that the City has delivered over the past five years.

STATEMENT BY THE CITY MANAGER

The first five-year term of office of the current City of Cape Town Council proved very busy and challenging, yet also highly rewarding. As this 2016/17 annual report shows, the City has made steady and consistent progress towards realising its vision to make Cape Town an opportunity city that enables economic growth and job creation, and to be a well-governed administration that delivers quality services to all residents.

Since 2012/13, we have consistently been guided on our journey towards achieving this vision by our five-year Integrated Development Plan as well as various other plans and strategies, all of which have the same purpose – making Cape Town a leading, globally competitive city.

Naturally, delivering our vision requires the focused application of a great many resources, ranging from the City's own financial inputs and ongoing investment by those who recognise Cape Town's growth potential, to the hard work of our talented and dedicated City employees, managers and executives.

This 2016/17 annual report offers an overview of the extent of that work and investment for the past financial year, and more importantly, of the positive outcomes that the City has delivered over the past five years.

Of course, while much has been achieved over the previous term of office, we know we still have a lot of work to do. To this end, we remain 100% committed to continuing to transform Cape Town into the opportunity city,

caring city, safe city, inclusive city and well-run city that all Capetonians deserve. In particular, we will continue to focus on steadily improving the city's infrastructure, fine-tuning our systems and processes, bettering our people's skills, and delivering the redress and services required to ensure that Cape Town is ready for maximum growth and development that benefits all.

It is further worth mentioning that the City and its people are succeeding in working together to make Cape Town greener. The City is committed to conserving and managing its unique biodiversity, and to using its scarce resources more sustainably. Our electricity retrofitting programme has seen thousands of traffic lights and streetlights made more energy-efficient.

As we enter our next five-year term of office, the City is as dedicated as ever to meeting and exceeding the expectations of all the people we are here to serve. We once again have big plans for taking our city to ever-higher levels of infrastructure and service excellence. And we remain absolutely committed to putting the people of Cape Town at the centre of everything we do.

ACHMAT EBRAHIM
City Manager: City of Cape Town



OVERVIEW OF THE CITY OF CAPE TOWN

About Cape Town	10
An integrated approach to sustainable spatial development and service delivery	12
Strategies for economic and social growth	16

OVERVIEW OF THE CITY OF CAPE TOWN

ABOUT CAPE TOWN

Cape Town has the second-largest population of all cities in the country (2016), and is one of the most-visited tourist destinations on the African continent. It is a significant economic, political and business hub for South Africa, and a key driver of South African and African growth and development.

The city's popularity as a preferred residential location and centre of economic opportunities has resulted in steady growth in its population

– a trend that is expected to continue for the foreseeable future, with the total population anticipated to reach approximately 4,4 million by 2030.

While all of these factors contribute to Cape Town's relevance as a global economic hub, they also create significant infrastructural and administrative challenges.

These challenges are summarised on page 5.

POPULATION

Source: 2016 Community Survey, StatsSA

4 004 793
ESTIMATED
CAPE TOWN
POPULATION IN
2016

10th
most
POPULOUS CITY
IN AFRICA

26,0%
PROPORTION
OF CHILDREN AGED
0 TO 14
(DOWN FROM 26,6%
IN 2001)

67,7%
PERCENTAGE OF
POPULATION IN
ECONOMICALLY
ACTIVE AGE BRACKET
(AGED 15 TO 64)

6,2%
POPULATION SHARE
ACCOUNTED FOR BY
SENIOR CITIZENS
(AGED 65 AND UP)
(UP FROM 5,0% IN 2001)



HOUSING



1 264 849
NUMBER OF
HOUSEHOLDS IN
CAPE TOWN

3,2
MEMBERS IN
THE AVERAGE
CAPE TOWN
HOUSEHOLD

HEALTH

Source: CCT Health



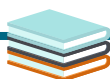
68 years
AVERAGE LIFE
EXPECTANCY IN
THE WESTERN CAPE
(HIGHEST IN SOUTH AFRICA)

RSA 2016. Annual Performance
Plan 2016/17 - 2018/19

16,4
INFANT MORTALITY
RATE IN 2012 PER
1 000 LIVE BIRTHS
(DOWN FROM 25,2 IN 2003)

CONSISTENT
decrease
IN NUMBER OF
TUBERCULOSIS CASES
SINCE 2010

EDUCATION



Source: 2016 Community Survey, StatsSA

WCG: Department of Education

8,5%
CAPE TOWN ADULT
ILLITERACY RATE
IN 2016
(DOWN FROM 16,0%
IN 2001)

2,0%
ESTIMATED PROPORTION
OF CAPE TOWN ADULT
POPULATION WITH NO
SCHOOLING IN 2016
(WELL DOWN FROM 4,2% IN 2001)

34,0%
ADULT CAPE TOWN
POPULATION WITH
MATRIC AS THEIR
HIGHEST LEVEL OF
EDUCATION

758
NUMBER OF
ORDINARY PUBLIC
SCHOOLS IN
CAPE TOWN

161
NUMBER OF
ORDINARY
INDEPENDENT
SCHOOLS IN
CAPE TOWN

HIV/AIDS

18,8%
HIV PREVALENCE
RATE IN SOUTH
AFRICA

17,1%
HIV PREVALENCE
RATE IN WESTERN
CAPE, 2013 (DOWN
FROM 17,3% IN 2010)

CRIME



Source: SAPS 2016

8 285
PER 100 000
POPULATION -
CAPE TOWN
CRIME RATE

SIGNIFICANT
PROPORTION OF
CRIME IN CAPE
TOWN IS DRUG-
RELATED

Source: 2016 Community
Survey, StatsSA

Source: South African National
Department of Health, 2015

POVERTY AND FOOD SECURITY

Source: City Finance

Source: 2017, IHS, Markit, Regional eXplorer

R3 500
IN HOUSEHOLD
INCOME
PER MONTH
- CAPE TOWN
POVERTY LINE
(2015)

301 690
NUMBER OF
HOUSEHOLDS BELOW
POVERTY LINE

Source: 2015 GHS,
StatsSA

213 424
NUMBER OF INDIGENT
HOUSEHOLDS IN
CAPE TOWN
(2017) (WELL DOWN FROM
250 000 IN 2003)

0,62
CAPE TOWN'S SCORE ON THE HUMAN
DEVELOPMENT INDEX (HDI), WHICH IS LOWER
THAN THE NATIONAL AVERAGE OF 0,63.
THE LOWER-THAN-AVERAGE HDI SCORE SHOWS THAT
CAPE TOWN IS MANAGING TO TURN ECONOMIC SUCCESSSES
INTO SOCIAL DEVELOPMENT FOR ITS RESIDENTS.

ECONOMIC PERFORMANCE

Source: QLFS 2017, StatsSA

2,5%
AVERAGE ECONOMIC GROWTH
RATE BETWEEN 2011 AND 2016
(COMPARED TO 1,9% NATIONALLY)

29,7%
TOTAL GROWTH OF
CAPE TOWN'S ECONOMY
BETWEEN 2006 AND 2016

2nd highest
CITY CONTRIBUTOR TO
TOTAL EMPLOYMENT
IN SOUTH AFRICA
IN 2016

38 658
MORE JOBS
CREATED BETWEEN
2011 AND 2016

Source: IHS Markit, Regional eXplorer

ENVIRONMENT

ENVIRONMENTAL CHALLENGES
INCLUDE:

- PROLONGED DROUGHT AND RELATED ENVIRONMENTAL CHANGES;
- CLIMATE CHANGE AND THE RISK OF RISING SEA LEVELS;

- CHANGING RAINFALL PATTERNS AND TEMPERATURE EXTREMES NEGATIVELY AFFECTING 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, AGRICULTURAL AREAS, CULTURAL LANDSCAPES AND SCENIC VIEWS BEING DEGRADED BY URBANISATION;
- LOSS OF GLOBALLY IMPORTANT AND CRITICALLY ENDANGERED BIODIVERSITY; AND
- INVASIVE BIOLOGICAL SPECIES.

ENERGY

165 132
million gigajoules
CAPE TOWN'S TOTAL
ANNUAL ENERGY USE IN 2015
(BASED ON INTERIM HIGH-LEVEL DATA UPDATE
OF THE 2015 PUBLISHED CAPE TOWN
STATE OF ENERGY REPORT)

5,1
tonnes of CO₂
(ENERGY ONLY, ALL FUELS)
CAPE TOWN'S EMISSIONS
PER CAPITA IN 2015
(LATEST AVAILABLE DATA)

CO₂
FOOTPRINT
LOWER THAN
THE NATIONAL
AVERAGE

Absolute decline
IN ELECTRICITY
CONSUMPTION SINCE 2007
- CONSISTENTLY 20% BELOW
THE BUSINESS-AS-USUAL
BASELINE

WATER

Over 99%
COMPLIANCE WITH
PRESCRIBED NATIONAL
WATER QUALITY STANDARDS,
EXCEEDING THE CITY'S VERY
HIGH OWN TARGETS

898,3
million kilolitres
TOTAL WATER
STORAGE CAPACITY
OF THE SIX MAIN
DAMS

Dramatic decrease
IN THE TOTAL STORED BETWEEN 2014 AND 2017
DUE TO CURRENT SEVERE DROUGHT

ACCESS TO SERVICES

(Households) Growth from 1996 to 2016

ACCESS TO
PIPED WATER UP
FROM 97,8% TO
99,8%

ACCESS TO ELECTRICITY
(FOR LIGHTING) UP
FROM 86,8% TO
97,3%

ACCESS TO REFUSE
REMOVAL UP
FROM 93,3% TO
98,4%

ACCESS TO ADEQUATE
SANITATION (FLUSH OR
CHEMICAL) UP FROM 89,3% TO
94,3%

ACCESS TO TELEPHONY
(LANDLINES AND/OR
CELLPHONES) UP FROM
61,24% TO
93,5%

Source: 1996 Census and 2016 Community Survey, StatsSA



AN INTEGRATED APPROACH TO SUSTAINABLE SPATIAL DEVELOPMENT AND SERVICE DELIVERY

The Organisational Development and Transformation Plan (ODTP)

**DURING ITS PREVIOUS TERM OF OFFICE,
THE CITY IMPLEMENTED A NUMBER
OF SIGNIFICANT CHANGES TO THE WAY
IT WORKS. THESE INCLUDED:**

- the adoption of a transversal management approach to break down silos and ensure greater collaboration between departments; and
- an enhanced methodology of planning and performance management.

These changes served as a precursor to the much bigger transformation that took place in the last quarter of 2016 with the approval and adoption of the Organisational Development and Transformation Plan (ODTP). The ODTP serves as the blueprint by which the City will become an even more sustainable and responsive organisation, and that will help take the City to the next level of effectiveness and efficiency in the years ahead.

The ODTP is aimed at fundamentally reversing the legacy of apartheid spatial planning, modernising local government, improving service delivery, and making the City even more customer-centric.



It includes 11 identified priorities for the City that span the five strategic focus areas (SFAs) of the IDP and will accelerate the achievement of the underpinning SFA objectives. The 11 priorities are as follows:

- 1 Excellence in basic service delivery
- 2 Mainstreaming basic service delivery to informal settlements and backyard dwellers
- 3 Creating safe communities
- 4 Creating dense, transit-oriented urban growth and development
- 5 Efficient and integrated transport system
- 6 Leveraging technology for progress across the City
- 7 Positioning Cape Town as a forward-thinking, globally competitive business city
- 8 Optimising resource efficiency and security
- 9 Building integrated communities
- 10 Ensuring economic inclusion
- 11 Delivering for future generations

Transforming the built environment through transit-oriented development (TOD)

To the City of Cape Town, spatial transformation is essential in reversing the impact of apartheid spatial planning by creating more jobs for people in highly connected areas. The City's Spatial Development Framework embraces this approach so as to avoid having low-income communities on the outskirts of Cape Town, far removed from job and other opportunities. Instead, the Spatial Development Framework is committed to building a more inclusive, integrated and vibrant city that addresses the legacies of apartheid in the built environment, rectifies existing imbalances in the distribution of different types of residential development, and avoids the creation of new structural imbalances in service delivery. Key to achieving this spatial transformation is transit-oriented development (TOD) and associated densification.

TOD underpins all development for the City of Cape Town, whether in response to growth or urbanisation. TOD is about changing, developing and stimulating the built form of the city so that people and goods can move around optimally to make Cape Town more efficient and enable social equality and economic development.

Densification further supports TOD by strategically locating new development around public transport access, and by having the right mix of intensity and land uses to make the public transport network and service provision as efficient as possible and have a positive impact on Cape Town's urban form.

Together, the Spatial Development Framework and the TOD Strategy outline the ways in which the City is working to transform Cape Town's spatial form. As such, they are important strategic planning instruments that determine the spatial form the City will pursue in the years ahead to create a liveable, equitable, sustainable, resilient and efficient Cape Town that supports economic opportunities and social inclusion.

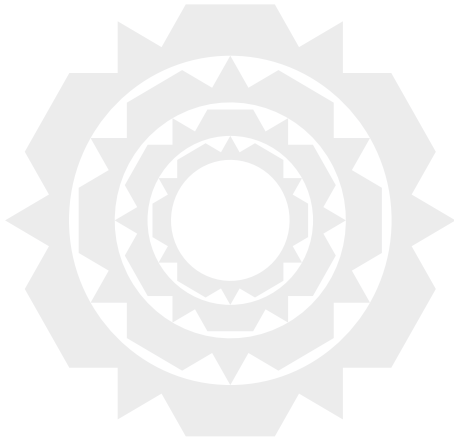
Municipal Planning Tribunal accelerating appropriate urban development

The City is the first municipality in South Africa to have introduced a Municipal Planning Tribunal. Its members consider the more complex land use applications within the context and guidelines of the City's strategies and policies in order to speed up appropriate urban development and spatial transformation. The tribunal's workload has increased notably over the past year, as it has been focused on finalising most of the land use applications made in terms of former planning legislation. All of these old-order applications were due to be finalised before the end of 2017.

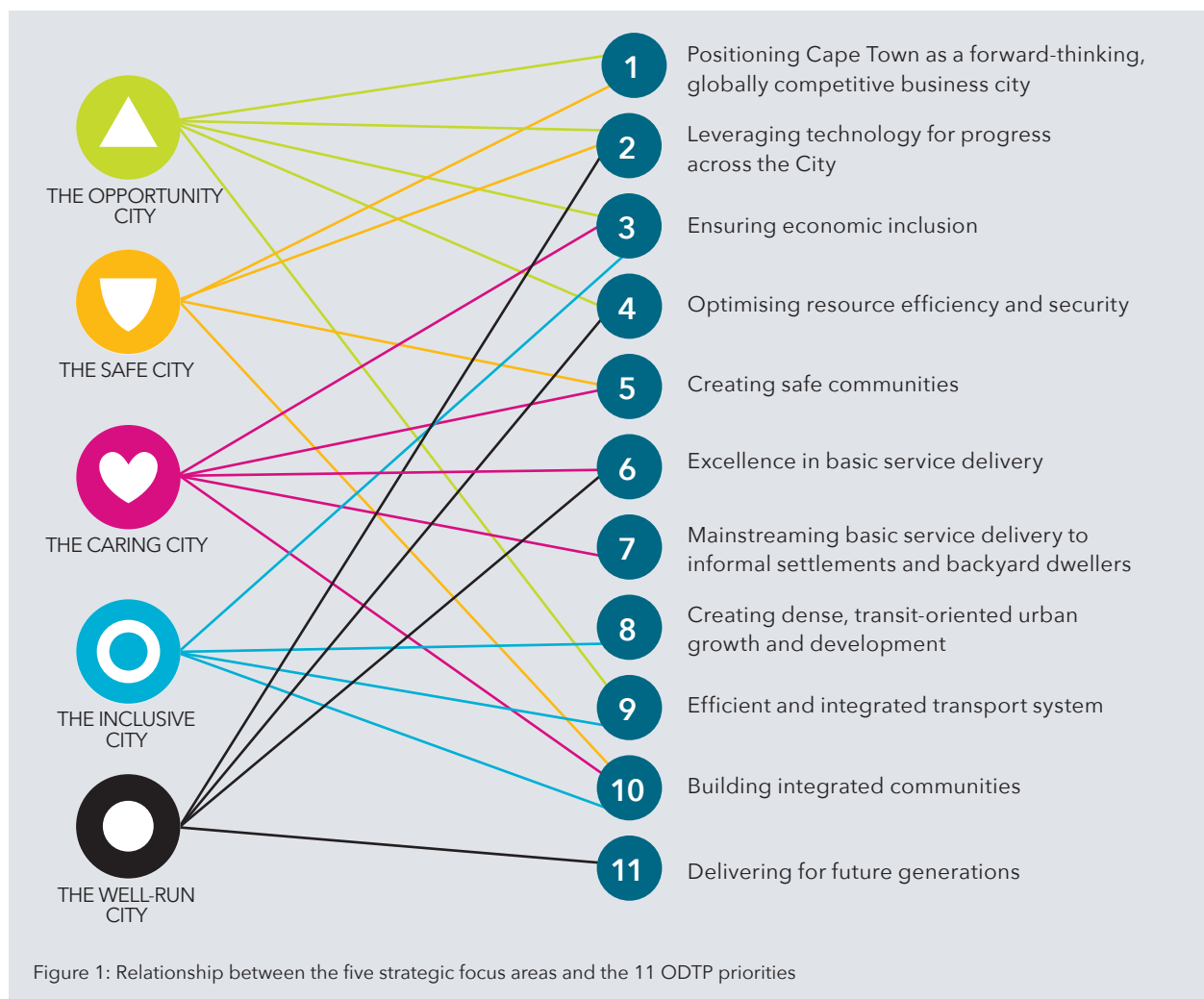
Maximising effective services through transversal management

During the previous term of office, the City implemented a transversal (or cross-cutting) management system as a tool to improve integration and coordination of service delivery and planning across the administration. This has helped improve strategic alignment between different City departments, systems and processes.

As the City establishes its new organisational structure during the current IDP term, this transversal approach will be its new way of working. As such, the 11 ODTP priorities listed above are all transversal, actively discouraging previously separate approaches to initiatives, projects and programmes. In addition to spanning the five strategic focus areas, the 11 priorities themselves are also significantly interdependent, which further ensures a more sustainable and transversal approach across the organisation.



The transversal alignment between the City's five strategic focus areas and its 11 ODTP priorities can be illustrated as follows:



Ensuring delivery through an area-based approach

The ODTP has created an even greater focus across the City on ensuring effective service delivery to all the people of Cape Town. To drive such equitable service delivery, the City has undertaken an area-based service delivery approach aimed at ensuring that all services across all ten City departments are fully operational, functional, effective and measurable.

The area-based approach is not just aimed at delivering basic services such as utilities and sanitation, but includes all City services provided through the following directorates:

- Transport and Urban Development
- Energy
- Informal Settlements, Water and Waste Services
- Safety and Security
- Social Services
- Assets and Facilities Management
- Finance
- Corporate Services

The approach includes allocating the City into four areas - North, South, East and Central - which fall under the direct care of four dedicated Mayoral Committee (Mayco) members responsible for the delivery, coordination and integration of services to Capetonians across the metropole.





A service-driven budget

In its 2017/18 budget, the City has set aside R709,5 million to give effect to the aims and outcomes of the ODTP, while another R2,7 billion has been earmarked to build on this foundation over the following three years.

“One of the priorities of the ODTP is excellence in basic service delivery. This is achieved when the City is fully accountable, and Cape Town’s residents believe that their needs are being met and that there is a visible improvement in their living conditions.” – Executive Mayor Patricia de Lille

STRATEGIES FOR ECONOMIC AND SOCIAL GROWTH

Economic Growth Strategy

The City’s Economic Growth Strategy (EGS) addresses unemployment and poverty through a targeted approach to encourage economic growth and investment. The EGS is structured around the following five strategic areas:

- Building a globally competitive city through institutional and regulatory changes
- Providing the right basic services, transport, as well as information and communications technology (ICT) infrastructure
- Utilising work and skills programmes to promote inclusive growth
- Using trade and sector development functions to maximise benefit
- Ensuring that growth is environmentally sustainable in the long term

Social Development Strategy

The City’s Social Development Strategy (SDS), in turn, outlines the administration’s role in promoting and maximising social development. At the core of this strategy is a focus on addressing poverty, inequality and social ills, while enabling people to participate in their own development. The SDS is structured around the following five broad objectives:

- Maximising income-generating opportunities for people who are excluded or at risk of exclusion
- Building and promoting safe households and communities
- Supporting the most vulnerable through enhancing access to infrastructure and services
- Promoting and fostering social integration
- Mobilising resources for social development



Figure 2: Four geographic areas for the City's area-based approach



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

Management and governance structures
and frameworks

20

Good governance as a sustainable foundation

28

A culture of democratic public participation

33



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

MANAGEMENT AND GOVERNANCE STRUCTURES AND FRAMEWORKS

THIS SECTION PROVIDES AN OVERVIEW OF THE FRAMEWORK OF INSTITUTIONAL MANAGEMENT AND GOVERNANCE STRUCTURES THROUGH WHICH THE CITY IMPLEMENTS ITS STRATEGIES, USING THE APPROPRIATE RESOURCES.



The governance structure

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

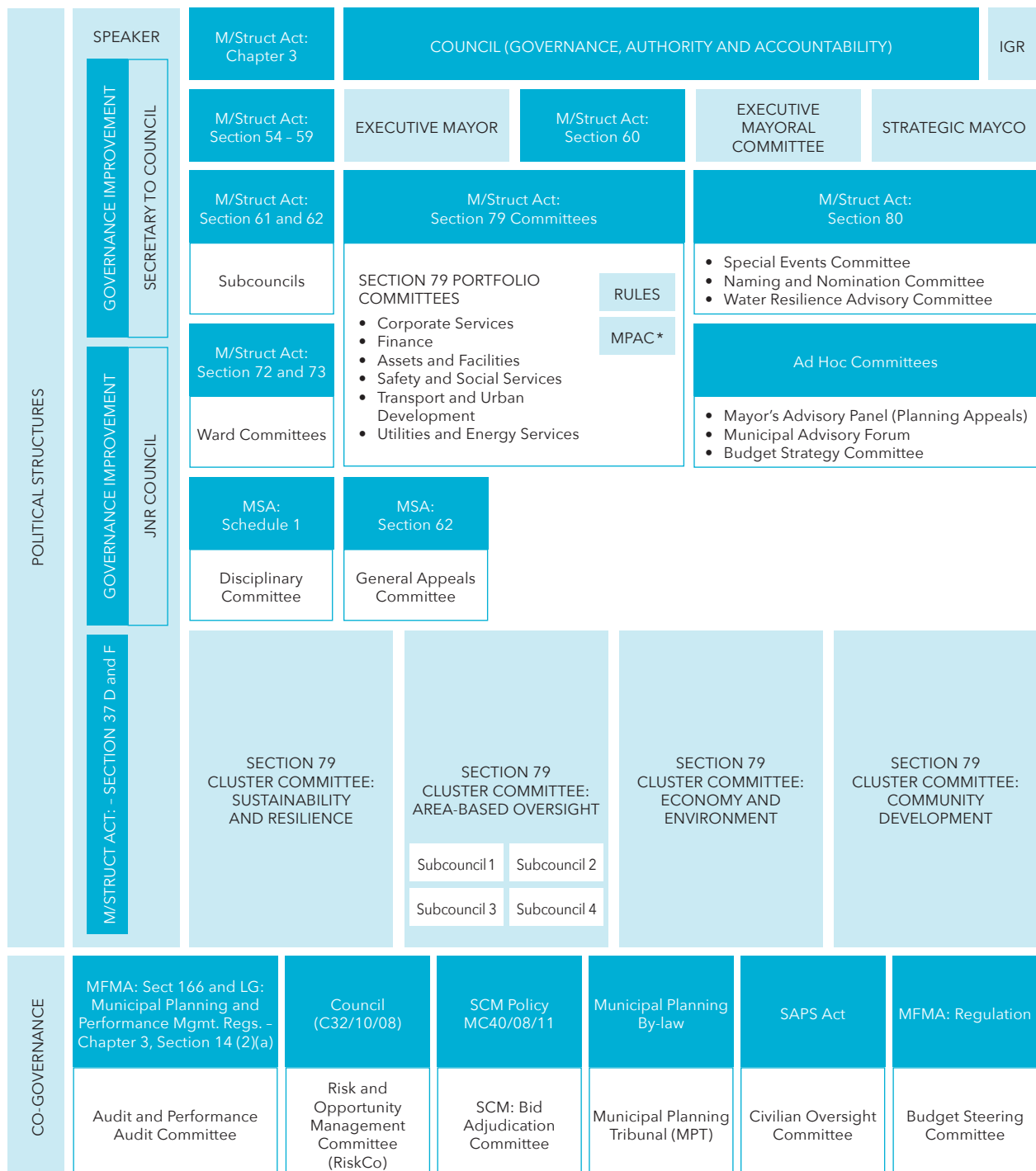
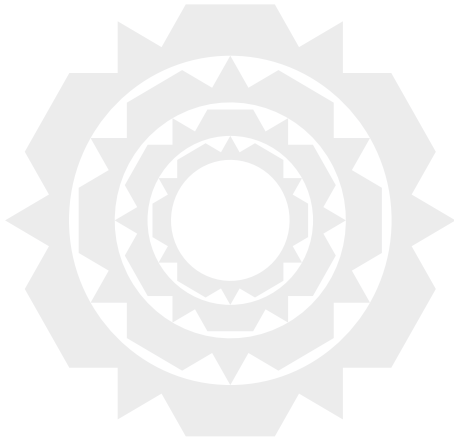


Figure 3: City of Cape Town governance structures

* Municipal Public Accounts Committee



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, Alderman Patricia de Lille, together with her Mayco members, who are as follows:

Ald I Neilson	Executive Deputy Mayor
Cllr S Little	Area-Based Oversight North
Cllr A Ntsodo	Area-Based Oversight East
Cllr S Mamkeli	Area-Based Oversight Central
Cllr E Andrews	Area-Based Oversight South
Ald JP Smith	Social Services; Safety and Security
Cllr B Herron	Transport and Urban Development
Cllr X Limberg	Informal Settlements, Water and Waste Services; Energy
Cllr J van der Merwe	Finance
Cllr S Diamond	Assets and Facilities
Cllr R Arendse	Corporate Services

Clusters and 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, and 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 (in)actions.

All section 79 portfolio committees' terms of reference stipulate the working arrangements and list vital information in their specific functional areas, such as the details of the respective committees' role, powers and duties, chair, membership and administrative support.

Portfolio committees are chaired by councillors appointed by full Council. Council established the following six section 79 portfolio committees, which are chaired by the councillors indicated:

Assets and Facilities Management	Cllr R Hoorn
Corporate Services	Cllr T Uys
Finance	Cllr S Mbandezi
Safety and Social Services	Cllr M Nqavashe
Transport and Urban Development	Cllr A Moses
Utilities and Energy Services	Cllr P Marman

Cluster committees

These committees exercise oversight over City initiatives that span across different departments and functions. These include the IDP, budgets, policies, service delivery, strategic objectives and priorities, and by-laws. Cluster committees also have delegated roles and functions relating to the activities of transversal work groups in the administration, in line with the respective committees' thematic areas.

Similar to section 79 portfolio committees, cluster committees are also chaired by councillors appointed by full Council. Council has established the following seven cluster committees. The chairpersons are indicated below:

Area-Based Oversight North	Cllr B van Reenen
Area-Based Oversight East	Cllr M Pietersen
Area-Based Oversight Central	Cllr B Jacobs
Area-Based Oversight South	Cllr P East
Communities Development	Cllr R Viljoen
Economy and Environment	Ald C Justus
Sustainability and Resilience	Cllr D Bryant

Other section 79 committees

Interim Planning Committee, chaired by Cllr J van der Merwe

Council established the Interim Planning Committee in terms of section 79 of the Municipal Structures Act to exercise all the delegated powers conferred on the previous Spatial Planning, Environment and Land Use Management Committee. The delegated powers of the committee relate to spatial planning, land use management, the environment and related matters.

Municipal Public Accounts Committee (MPAC), chaired by Cllr Y Adams

This is the mechanism through which Council oversees the expenditure of public money. The purpose of MPAC is to perform an oversight function 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 unauthorised, irregular, fruitless and wasteful expenditure in terms of sections 32(2) and 102 of the Local Government: Municipal Finance Management Act (MFMA) by both the City and the City's municipal entities. MPAC operates in a non-party-political manner to maximise its effectiveness. The committee ensures that all existing internal alternative dispute resolution processes of the City have been exhausted before proceeding with investigations. City processes allow for the City Manager (or nominee) to investigate a matter and present its outcome. Should the complainant dispute or object to the outcome, the matter may be escalated to Province's Treasury, National Treasury and, ultimately, a court of law.

Although MPAC has no executive powers, its findings and recommendations are escalated to the appropriate executive authority. MPAC considers the reports of task teams at the main MPAC meetings and submit reports containing their recommendations to Council for final decision making. MPAC reports directly to the Speaker of Council.

Rules Committee, chaired by Cllr B van Minnen

The Rules Committee is concerned with the rules of procedure of Council and its committees.



Section 80 committees

*Naming and Nomination Committee,
chaired by Cllr B Herron*

This committee advises the Executive Mayor with regard to the proposed naming and renaming of Council-owned streets, facilities and open spaces.

*Special Events Committee,
chaired by Ald I Neilson*

The Special Events Committee considers and makes recommendations to the Executive Mayor on applications to the City to host events, for onward recommendation to Council, where required.

Municipal Systems Act section 62 committee

*General Appeals Committee,
chaired by Ald JD Smit (Speaker)*

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

Schedule 1 committee

*Disciplinary Committee,
chaired by Cllr B van Minnen*

The Disciplinary Committee is tasked with investigating any alleged breach of the code of conduct for councillors, and making appropriate recommendations to Council. 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,
chaired by Guy Harris*

The City previously established an Audit Committee in terms of section 166 of the MFMA, as well as a Performance Audit Committee in terms of regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.

In October 2016, Council resolved that the functions of the two be merged. The combined committee is referred to as the Audit and Performance Audit Committee (APAC), and Council approved its terms of reference in June 2017.

The APAC advises Council, political office-bearers, the accounting officer and managerial staff on matters relating to:

- combined assurance;
- the Auditor-General and the City's external auditors;
- systems of internal control (including internal financial control) and audit reports;
- internal audit;
- risk management;
- information technology;
- investigations (including forensic investigation);
- accounting policies;
- adequacy, reliability and accuracy of financial reporting and information;
- performance management and evaluation;
- municipal entities;
- effective governance;
- compliance with the MFMA, the annual Division of Revenue Act (DORA) and any other applicable legislation; and
- any other issues referred to it by Council.

The committee reviews the annual financial statements (and the Auditor-General's audit report) to provide Council with an overview of the City's financial position, its efficiency and effectiveness, and its overall level of compliance with legislation. This review also enables the committee to respond to Council on any issues raised by the Auditor-General in the audit report.

The APAC does not have executive responsibilities, and primarily provides insight and advice. It does not perform any management functions or assume any management responsibilities either. It provides a forum for discussing governance, risk and control issues to develop relevant recommendations for the City Manager, Mayco and Council to consider. This annual report includes an independent report by the APAC, which is included under the annual financial statements. The APAC reports quarterly to Council in writing.

Council approves the committee's terms of reference, which stipulate aspects such as the composition, functions and operations required to perform effectively. The APAC is constituted and operates within the framework of sound corporate governance.

South African Police Service Act committee *Civilian Oversight Committee*

In terms of section 64J of the South African Police Service Act, Act 68 of 1995, Council has appointed the Civilian Oversight Committee to ensure civilian oversight of the municipal police service.

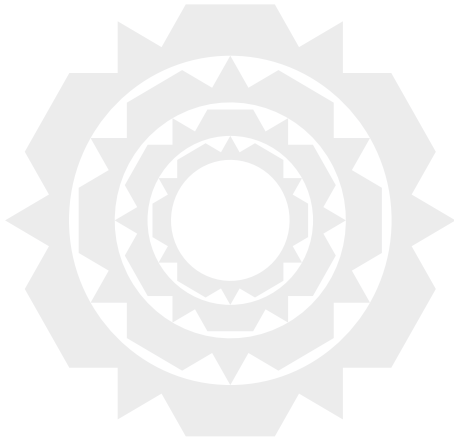
Municipal Planning Tribunal

In terms of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013, which took effect nationally on 1 July 2015, each municipality must establish a municipal planning tribunal to decide specific categories of planning applications. With councillors prohibited from serving on the tribunal, it consists of experienced public and private-sector planning professionals. The City again took the lead and became the first in the country to establish its Municipal Planning Tribunal (MPT). The MPT was set up in terms of section 115 of the City's Municipal Planning By-law, 2015, and national legislation. It is functioning effectively and is supported by a dedicated committee support office.

Speaker

The Office of the Speaker is responsible for coordinating 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 meetings of political structures, as well as the General Appeals Committee. The Speaker also has a political oversight function in respect of committees of Council.





Subcouncils

The duties, powers and functions of the City's subcouncils are delegated to them by Council in terms of section 59 of the Municipal Systems Act, or derive 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 should be delegated to them.

The City's subcouncils and subcouncil chairs are as follows:

Subcouncil 1	Cllr H Brenner
Subcouncil 2	Cllr G Twigg
Subcouncil 3	Cllr T Amira
Subcouncil 4	Ald C Justus (up to 4 February 2016); Cllr C Jordaan (as of 5 February 2016 to date)
Subcouncil 5	Cllr R Rau; Cllr van Wyk (as of 15 November 2016)
Subcouncil 6	Cllr W Jaftha (up to 18 June 2015); Cllr S Pienaar (as of 19 June 2015); Ald C Justus (as of 5 February 2016); Cllr Rose Rau (as of 15 November 2016)
Subcouncil 7	Cllr G Fourie
Subcouncil 8	Cllr S Pringle
Subcouncil 9	Cllr J Thuynsma
Subcouncil 10	Cllr P Mngxuneni
Subcouncil 11	Cllr M Nikelo; Cllr Antonio van der Rheede (as of 15 November 2016)
Subcouncil 12	Cllr E Andrews
Subcouncil 13	Cllr R Bazier
Subcouncil 14	Cllr N Landingwe; Cllr Noluthando Makasi (as of 15 November 2016)
Subcouncil 15	Ald B Watkyns
Subcouncil 16	Ald D Qually
Subcouncil 17	Cllr G March
Subcouncil 18	Cllr M Oliver
Subcouncil 19	Ald F Purchase
Subcouncil 20	Cllr I Iversen
Subcouncil 21	Cllr S Vuba
Subcouncil 22	Cllr J Heuvel (up to 14 December 2015); Cllr C Cerfontein (as of 5 February 2016)
Subcouncil 23	Cllr N Bent (up to 23 June 2016); Cllr M Petersen (as of 24 June 2016)
Subcouncil 24	Cllr X Sotashe

Executive Management Team (EMT)

The EMT is the City's senior administrative structure that leads the City's drive to achieve its strategic pillars, priorities and objectives outlined in the IDP each year. The EMT is aligned with the City's elected political structure and is as follows:

Mr Achmat Ebrahim	City Manager Completed his previous term of office and was reappointed with effect from 1 January 2017
Mr Richard Bosman	Executive Director (ED): Safety and Security Concluded his previous term of office after returning from secondment from Stellenbosch Municipality, and was reappointed with effect from 1 January 2017. Mr Wayne le Roux and Dr Gisela Kaiser respectively acted in the position in Mr Bosman's absence.
Dr Zandile Mahlangu-Mathibela	ED: City Health The ODTP made this post redundant, and Dr Mahlangu-Mathibela left the administration with effect from 31 December 2016.
Mr Kevin Jacoby	Chief Financial Officer Added interim responsibility for Cape Town Stadium, Green Point Park and Strategic Assets until 31 December 2016. Concluded his previous term of office and was reappointed with effect from 1 January 2017.
Dr Gisela Kaiser	ED: Utility Services/ ED: Informal Settlements, Water and Waste Services Concluded her previous term of office as ED: Utility Services and was reappointed with effect from 1 January 2017 as ED: Informal Settlements, Water and Waste Services. Also performed the role of the ED: Energy from 1 January to 30 June 2017.
Ms Lokiwe Mtwazi	ED: Community Services The ODTP made this post redundant, and Ms Mtwazi left the administration with effect from 31 December 2016.
Ms Melissa Whitehead	Commissioner: Transport for Cape Town/ Commissioner: Transport and Urban Development Authority Concluded her previous term of office as Commissioner: Transport for Cape Town and was reappointed with effect from 1 January 2017 as Commissioner: Transport and Urban Development Authority.
Dr Ivan Bromfield	ED: Human Settlements Left the administration with effect from 31 August 2016. Mrs Riana Pretorius performed this role from 1 September to 31 December 2016.
Mr Ernest Sass	Acting ED: Social Development and Early Childhood Development/ ED: Social Services Completed acting role from 1 July to 31 December 2016, including interim responsibility for Arts and Culture as well as Administrative Support. Was appointed ED: Social Services with effect from 1 January 2017.
Mr Japie Hugo	ED: Energy, Environmental and Spatial Planning Added interim responsibility for Economic Development and Tourism. The ODTP made this post redundant, and Mr Hugo left the administration with effect from 31 December 2016.
Mr Gerhard Ras	ED: Corporate Services and Compliance Left the administration with effect from 31 August 2016. Mr Lungelo Mbandazayo performed this role from 1 September to 31 December 2016.
Mrs Kelcy le Keur	ED: Assets and Facilities Management Appointed with effect from 1 January 2017.
Mr Lungelo Mbandazayo	ED: Corporate Services Appointed with effect from 1 January 2017.
Mr Craig Kesson	ED: Directorate of the Mayor Appointed with effect from 1 January 2017.
Mr Louis Scheepers	ED: Area-Based Management Appointed with effect from 1 January 2017.



GOOD GOVERNANCE AS A SUSTAINABLE FOUNDATION

Truly effective governance is about more than complying with the law. It embraces local and international best practice, and strives to strengthen the professional standards and ethics in the organisation. The City is one of the first municipalities to have taken several important measures to ensure such governance, including:

- the formation of the MPAC;
- the institution of an anti-corruption hotline;
- the formal adoption of the King Code of Governance Principles for South Africa, 2009 ('King III'); and
- the development of a combined assurance framework.

The King recommendations are considered among the best codes of governance worldwide. King III has broadened the scope of governance to include leadership, sustainability and ethical corporate citizenship as core elements. King IV was released in 2016, and the City is currently adopting its updated recommendations.

Probity Department a cornerstone in promoting sound governance

Stemming from the ODTP, the City established a Probity Department in the Directorate of the Mayor. This is to promote governance and operational sustainability, and to work towards clarifying the decision-making and legal compliance requirements for the City to achieve its objectives of progressive and sustainable service delivery. The Probity Department includes Internal Audit; Integrated Risk Management; Forensics, Ethics and Integrity, and the Ombudsman.

Probity provides independent, objective and reliable assurance and advisory services to add value and improve the City's operations. It assists the City to accomplish its objectives by bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, forensics, ethics, integrity and investigations.

In July 2017, the Ethics and Integrity function moved from Forensics, Ethics and Integrity to Integrated Risk Management to separate the proactive (ethics management) and reactive (forensic investigations) elements of establishing an ethical organisational culture. This resulted in a name change for both branches, which are now respectively known as Risk, Ethics and Governance, and Forensic Services.

One of Probity's major focuses in the 2016/17 financial year was to initiate the adoption of the governance principles of the King IV report, which was released on 1 November 2016. To this end, Probity hosted training and awareness sessions internally and in the Directorate of the Mayor, made a presentation to the Audit and Performance Audit Committee, and also hosted a King IV seminar. Participants in the well-attended seminar included both internal and external stakeholders. The keynote speaker at the event was Professor Mervyn King. Other speakers on the programme included governance experts from the Institute of Directors in Southern Africa, the South African Institute of Chartered Accountants, the Institute of Internal Auditors South Africa (IIA) and the Institute of Risk Management South Africa, who all shared their insights on King IV and how it applies to the City.

The Probity Department will continue rolling out the King IV recommendations across the City to make the principles of good governance a key part of the daily operations of all directorates in preparation for final adoption by Council.

Internal Audit

The Internal Audit unit reports administratively to the Portfolio Manager: Probity in the Directorate of the Mayor, and functionally to the City's independent APAC.

Internal Audit provides independent, objective assurance and advisory services regarding the effectiveness of the City's risk management, control and governance processes. Key outcomes and achievements by Internal Audit during the year under review included the following:

- **Execution of the annual, risk-based internal audit plan**, having completed 126% of its planned audit projects for the financial year
- **Annual assessment of the City's internal controls** in respect of business processes as well as in more specialised areas, such as information technology, governance, performance, sustainability, compliance and risk management
- **Monitoring of the resolution of audit findings by means of follow-up audits**, having resolved 84% of internal audit findings for 2016/17
- **Maintenance of the quality assurance and improvement programme**, which revealed that Internal Audit generally conformed to the IIA's international standards for the professional practice of internal auditing and its code of ethics
- **Contributions to corporate governance**, such as providing technical support to MPAC, drafting quality reports, and implementing an early-warning process for audit findings tracking and action implementation





Integrated Risk Management

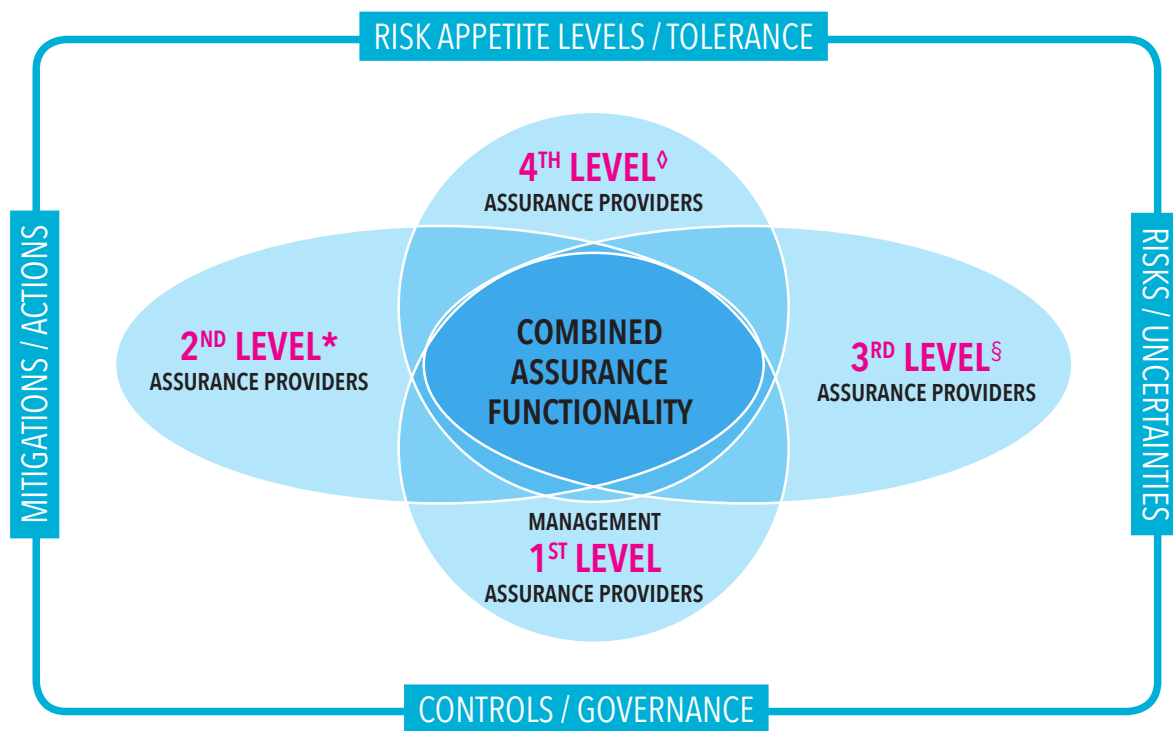
The overall purpose of the City's Integrated Risk Management (IRM) Branch is to deliver an effective and efficient integrated risk management, combined assurance, and robust business continuity management function to the City.

In terms of **risk management activities** in the 2016/17 financial year, IRM facilitated the management of risks both at a corporate level and in all directorates. Due to the ODTP process, risk registers were revamped to match the new structures and the 11 priority areas. IRM achieved all its targets set for the year under review, and also assisted municipalities elsewhere in the country with their risk management functions on request.

IRM's **business continuity management** (BCM) function, in turn, is about minimising business disruptions and

being resilient in the event of an incident that could bring business to a standstill. While BCM had previously been implemented in pockets throughout the City, a more strategic approach was established in 2016/17. This included the setting up of strategic BCM structures in each directorate, providing change management training to risk owners and BCM champions, and tasking directorates to assess their need for business impact analyses so as to develop a schedule for 2017/18.

IRM also continued with the roll-out of the approved **combined assurance** policy, framework and implementation plan. Progress included the submission of a combined assurance plan to Internal Audit for consideration, the completion of a second Internal Audit advisory engagement, and continuously updating the IRM process with the risks identified by internal and external assurance providers.



* Internal assurance providers

§ External assurance providers

0 Oversight bodies (Council and Portfolio Committees)

Figure 4: The City's combined assurance model

Forensics, Ethics and Integrity

The forensic responsibilities of the City's Forensics, Ethics and Integrity Branch 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 or service providers;
- the implementation of proactive anti-fraud and anti-corruption policies, initiatives and prevention measures across the City, and monitoring and reviewing them;
- appropriate awareness, information and education in relation to fraud and corruption.

In terms of ethics, the Department:

- provides ethics and integrity investigations on reported transgressions of the municipal code of conduct for staff and ethics-related policies and standards, including those on the protection of whistle blowers, declaration of interest, private work, gifts, sexual harassment and discriminatory behaviour;
- develops an ethics code for the City and facilitates its promotions;
- establishes processes for monitoring and reporting on ethics performance in the City;
- manages multidisciplinary investigations into unethical behaviour; and
- rolls out ethics communication, training, awareness and promotion drives.

In line with the City's stance of zero tolerance towards corruption, and its pursuit of a corruption-free City, a fraud hotline is managed by an independent service provider. The 24-hour line is available to internal and external City stakeholders to report any alleged irregularities.

Ombudsman

The Ombudsman's office at the City was the first of its kind for local authorities in South Africa. It investigates and helps resolve public complaints against the Council administration. The office renders an independent, impartial, unbiased, non-prejudicial and apolitical service, which includes alternative dispute resolution, advocacy, relationship management and communication.

In the year under review, the Ombudsman's contributions to corporate governance included the following:

- **Consistently achieving its targets in the annual customer satisfaction survey**, which measures customers' experience while handling their complaints, and the service improvements arising from the office's intervention
- **Achieving its targets for conducting community awareness campaigns**, which this year focused on educating the public and staff on when to lodge a complaint with the office
- **Expanding its professional network and serving as an information hub** for other municipalities wanting to establish similar offices



New five-year IDP serves as blueprint for City governance

In its first term in government, from 2012 to 2017, the current administration implemented 99% of the initiatives and programmes it had set out in its IDP. With its re-election for another term, the administration can now build on these achievements and successes.

The IDP for 2017 to 2022 reflects the political mandate the administration received from residents in the August 2016 local government elections, and is also in line with the National Development Plan. In addition, the IDP gives full effect to the ODTP and sets out the City's development priorities over the next five years. In short, it commits the City to:

- contributing actively to the development of our environmental, human and social capital;
- offering high-quality services to people and providing support to businesses; and
- continuing to be a leader in local government.

The IDP also establishes a solid foundation for good governance, guided by the six principles of:

- resilience;
- sustainability;
- transformation through TOD;
- governance reform;
- customer-centricity; and
- transversal management.

These six principles are the new framework for the plans and programmes the City will put in place to realise its 11 transformational priorities (see page 14).

National Treasury assessed the City's new IDP and approved it unconditionally, stating that it considered the plan the best in South African local government.



A CULTURE OF DEMOCRATIC PUBLIC PARTICIPATION

Meaningful public participation requires much more than minimum statutory compliance. The City must also continue to engage with the residents and businesses of Cape Town in its effort to achieve the five strategic pillars of the IDP.

For this to happen, the City's Public Participation Unit determines the level of participation and the methods to be applied in every instance where public participation is required. Such democratic participation may be either citywide or by subcouncil, depending on the requirements of the City's development plans, projects, by-laws and policies.

The City's approach is based on the principle that public participation is not a once-off event. It is a continuous, open and transparent dialogue with communities to ensure that they have a say in the planning, implementation and monitoring of projects or programmes that affect their lives.

Recognised for excellence in public participation

Province's Department of Cultural Affairs and Sport honoured the City's Public Participation Unit with the award 'Best contribution to the standardisation and/or public awareness of geographical names' for its work to efficiently facilitate renaming processes in Cape Town.

The unit also oversaw a very successful public engagement process on the budget and IDP for the administration's new term of office.

Annual Community Satisfaction Survey

An important vehicle for gathering feedback from the public is the annual Community Satisfaction Survey (CSS). This is an invaluable source of information that helps the City identify the needs and priorities of Cape Town's residents and businesses, and then put in place the necessary plans to work towards meeting those needs.

The tenth annual CSS (2016/17) was conducted by a contracted, independent service provider. The survey used statistically valid and reliable samples to ensure that participants represented all residents and businesses across Cape Town. The survey took place towards the end of 2016 and comprised 3 000 face-to-face interviews with residents and 700 telephonic interviews with formal businesses. It also included nine focus groups with residents and small businesses in early 2017 to explore certain issues in more detail.

The results of the survey reflect a consistently increasing level of satisfaction with the City's service delivery by both residents and businesses, both over the past five years and since the very first survey in 2007/8.

Maintaining high levels of satisfaction in the face of rapidly increasing demand for services as a result of growing urbanisation is a considerable achievement. In 2016/17, residents' average rating of the City's overall performance was 2,8 (on a five-point rating scale). This has not changed since 2014/15, but does represent an increase from the 2,4 recorded in 2007/8.

Overall, the 2016/17 business survey results indicate that the City continues to maintain good service delivery to Cape Town's businesses, and businesses on the whole are highly satisfied. Businesses' mean rating of the City's overall performance is 3,6 (on a five-point rating scale), up from 3,4 in 2012/13 and from 2,9 in 2007/8.

The City uses the survey results in a number of ways to inform, improve and refine municipal services and responsiveness across the metro in line with the IDP objectives and programmes.

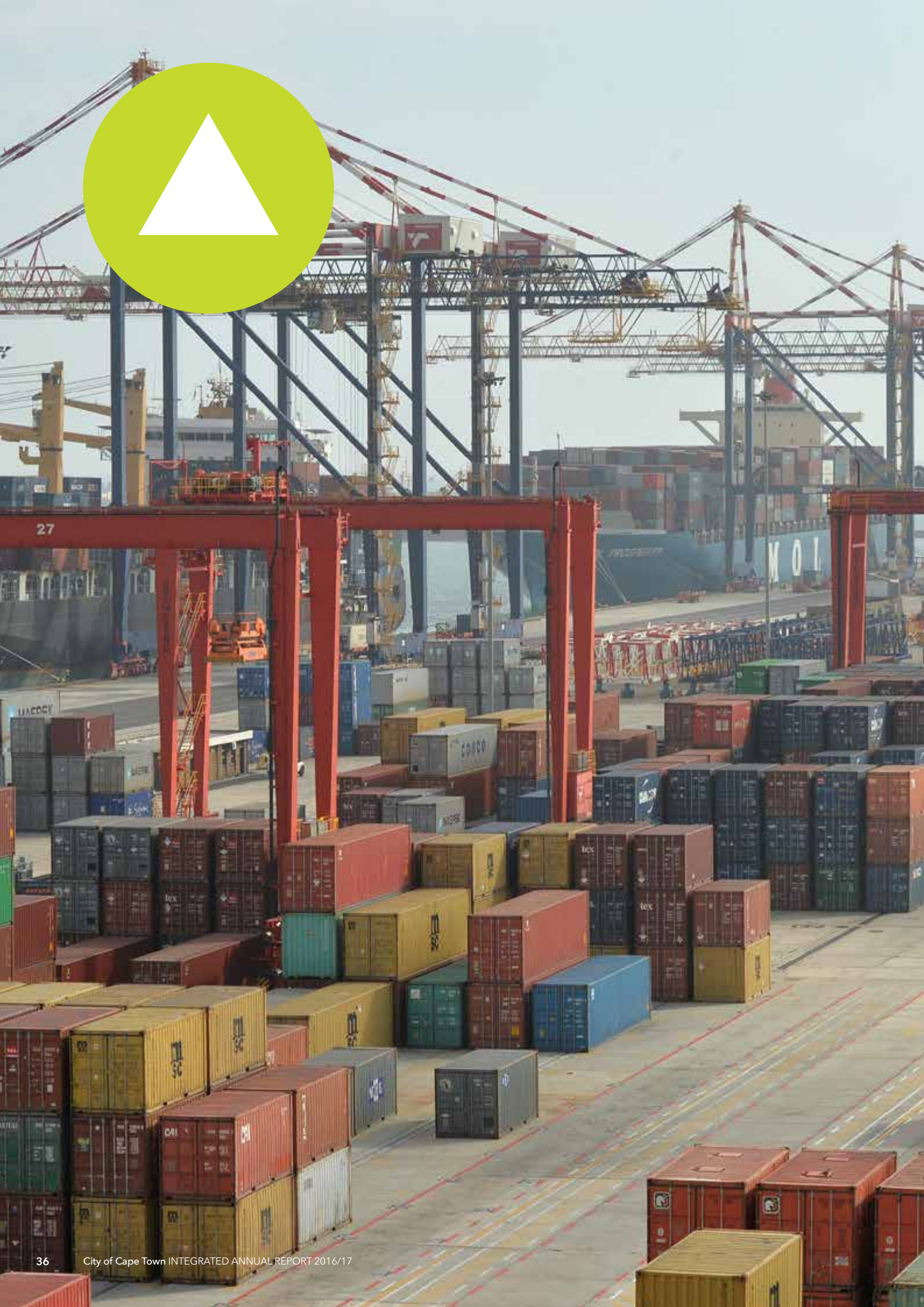
Protected-area advisory committees (PAACs)

Cape Town has 11 protected-area advisory committees (PAACs) under the National Environmental Management: Protected Areas Act, Act 57 of 2003. This best practice involves local community groups to ensure that the City's nature reserves are managed so as to serve the communities within which they are situated.



2016/17 PERFORMANCE REVIEW

Strategic focus area 1: Opportunity city	37
Strategic focus area 2: Safe city	93
Strategic focus area 3: Caring city	107
Strategic focus area 4: Inclusive city	139
Strategic focus area 5: Well-run city	149



STRATEGIC FOCUS AREA 1 – OPPORTUNITY CITY

OBJECTIVE 1.1: CREATE AN ENABLING ENVIRONMENT TO ATTRACT INVESTMENT THAT GENERATES ECONOMIC GROWTH AND JOB CREATION

OBJECTIVE 1.2: PROVIDE AND MAINTAIN ECONOMIC AND SOCIAL INFRASTRUCTURE TO ENSURE INFRASTRUCTURE-LED ECONOMIC GROWTH AND DEVELOPMENT

OBJECTIVE 1.3: PROMOTE A SUSTAINABLE ENVIRONMENT THROUGH THE EFFICIENT UTILISATION OF RESOURCES

OBJECTIVE 1.4: ENSURE MOBILITY THROUGH THE IMPLEMENTATION OF AN EFFECTIVE PUBLIC TRANSPORT SYSTEM

OBJECTIVE 1.5: LEVERAGE THE CITY'S ASSETS TO DRIVE ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT

OBJECTIVE 1.6: MAXIMISE THE USE OF AVAILABLE FUNDING AND PROGRAMMES FOR TRAINING AND SKILLS DEVELOPMENT











STRATEGIC FOCUS AREA 1 – OPPORTUNITY CITY

A KEY MISSION OF THE CITY IS TO CREATE AN ENVIRONMENT IN
WHICH INVESTMENT CAN GROW AND JOBS CAN BE CREATED.

THIS INVOLVES A MULTI-PRONGED STRATEGY THAT INCLUDES ATTRACTING INVESTMENT, ENCOURAGING ENTERPRISE DEVELOPMENT, RAISING CAPE TOWN'S APPEAL AS A CREATIVE AND EDUCATIONAL CENTRE, MAXIMISING THE VALUE OF ITS GEOGRAPHIC LOCATION, AND INVESTING SIGNIFICANTLY IN INFRASTRUCTURE, UTILITIES AND SERVICES.

The 2016/17 review of the IDP identified six key objectives to position Cape Town as an opportunity city. This section offers an overview of the progress made against each of these objectives and underpinning programmes in the past financial year.



Objectives	Programmes
<p>1.1 Create an enabling environment to attract investment that generates economic growth and job creation</p> <p> Refer to pg 38 of 2016/17 IDP review, and pg 40 of this report</p>	<p>Programme 1.1(a) Western Cape Economic Development Partnership (EDP) programme</p> <p>Programme 1.1(b) Events programme</p> <p>Programme 1.1(c) Identification and promotion of catalytic sectors, such as oil and gas</p> <p>Programme 1.1(d) Small-business assistance programme</p> <p>Programme 1.1(e) Planning and regulation programme</p> <p>Programme 1.1(f) Development of a 'green' economy</p> <p>Programme 1.1(g) City Development Strategy implementation</p> <p>Programme 1.1(h) Arts, culture and creative industries</p>
<p>1.2 Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development</p> <p> Refer pg 45 of 2016/17 IDP review, and pg 48 of this report</p>	<p>Programme 1.2(a) Fibre-optic network programme</p> <p>Programme 1.2(b) Maintenance of infrastructure</p> <p>Programme 1.2(c) Investment in infrastructure</p> <p>Programme 1.2(d) Expanded Public Works Programme (EPWP)</p>
<p>1.3 Promote a sustainable environment through the efficient utilisation of resources</p> <p> Refer pg 54 of 2016/17 IDP review, and pg 66 of this report</p>	<p>Programme 1.3(a) Sustainable utilisation of scarce resources, such as water and energy</p> <p>Programme 1.3(b) Water conservation and water demand management strategy</p>
<p>1.4 Ensure mobility through the implementation of an effective public transport system</p> <p> Refer pg 59 of 2016/17 IDP review, and pg 75 of this report</p>	<p>Programme 1.4 Transport and Urban Development Authority (TDA) long-term strategy</p>
<p>1.5 Leverage the City's assets to drive economic growth and sustainable development</p> <p> Refer pg 68 of 2016/17 IDP review, and pg 89 of this report</p>	<p>Programme 1.5(a) Investigate all the City's strategic assets</p> <p>Programme 1.5(b) Mayor's urban regeneration programme</p>
<p>1.6 Maximise the use of available funding and programmes for training and skills development</p> <p> Refer pg 71 of 2016/17 IDP review, and pg 90 of this report</p>	<p>Programme 1.6 Sectoral education and training authority (SETA) and EPWP funding used to train apprentices and create other external training opportunities</p>



KEY OPPORTUNITY CITY ACHIEVEMENTS IN 2016/17

- SPENT **92,85%** OF CAPITAL BUDGET
- FINALISED **97,30%** (2015/16: 94,10%) OF BUILDING PLANS WITHIN STATUTORY TIMEFRAMES
- BROUGHT TOTAL NUMBER OF BUILDING PLANS APPROVED SINCE 2012/13 TO **127 870**, WITH A TOTAL VALUE OF APPROXIMATELY **R104 BILLION**
- INVESTED **R3,7 BILLION** (2015/16: R3,3 BILLION) IN REPAIRS AND MAINTENANCE
- CREATED **45 370** EPWP JOB OPPORTUNITIES, BRINGING THE TOTAL TO **204 348** SINCE 2012/13
- BROUGHT TOTAL FIBRE-OPTIC CABLE INSTALLED ACROSS THE METRO TO NEARLY **848 KM**



OBJECTIVE 1.1: CREATE AN ENABLING ENVIRONMENT TO ATTRACT INVESTMENT THAT GENERATES ECONOMIC GROWTH AND JOB CREATION

Growing investor confidence in Cape Town

As part of its ODTP, the City is working tirelessly to position Cape Town as a forward-thinking, globally competitive business destination and opportunity city that is open for business and stands ready to attract investment and alleviate poverty through job creation.

The State of the Central City report released by the Central City Improvement District (CCID) in April 2017 revealed that investor confidence had grown over the past five years, and Cape Town is the second-biggest contributor to the national GDP. According to the report, over R16,2 billion in investment has flowed into Cape Town since 2012, and more than R4,48 billion in property investment has been completed.

Cape Town's attractiveness as an investment destination was further underlined when fDi Intelligence, a division of the *Financial Times*, ranked it 21st in the world on the list of cities with the best foreign direct investment strategies. Cape Town was the only African city on this prestigious ranking, which was released at the end of 2016.

Attracting investment to Cape Town

In the 2016/17 financial year, the City facilitated R2,67 billion worth of investment through its Enterprise and Investment Department. This boosted direct job creation by 6 236 work opportunities and empowered 2 052 people with training opportunities. With these achievements, the City significantly exceeded its own targets of R2,5 billion's investment, 5 000 direct jobs and 800 training opportunities for 2016/17.

The City managed to attract these investments and training opportunities through its partnership with special-purpose vehicles (SPVs) as well as Wesgro, the Western Cape's destination marketing, investment and trade promotion agency. SPVs were established to help pursue the investment facilitation, industry development, job creation and economic growth objectives of Province and the City. Wesgro, in turn, was established by Province in collaboration with the City to develop and grow priority sectors in Cape Town.

Cape Town joins 100 Resilient Cities and appoints chief resilience officer

In May 2017, the City appointed its first-ever chief resilience officer, Mr Craig Kesson. The chief resilience officer leads Citywide efforts to build Cape Town's strength and adaptability in the face of the increasing social, physical and economic challenges of the 21st century. The appointment also ties in with the City's involvement in the 100 Resilient Cities (100RC) initiative pioneered by the Rockefeller Foundation. The 100RC initiative is dedicated to building resilience in cities globally, and as a 100RC member, the City receives the following four types of support:

- **Financial and logistical guidance** to establish the innovative new position of chief resilience officer, who should lead the City's resilience efforts
- **Technical support** to develop a robust resilience strategy
- **Access to solutions, service providers and partners** from the private, public and non-governmental organisation sectors, who can help develop and implement the City's resilience strategy
- **Membership of a global network of member cities**, who can learn from and help one another





Innovative funding through the green bond

The City's very first green bond of R1 billion went on auction in a closed bidding process in June 2017. Within two hours, 29 investors made offers totalling R4,3 billion. The R1 billion cleared at 133 basis points above the R186 government bond.

The positive response from the market demonstrated investors' willingness to invest in sustainable projects. It also represented a resounding vote of confidence in the City's governance, strong financial standing, and ability to deliver on sustainable projects.

The bond, which is a first for Cape Town and South Africa, proves that there are many innovative ways to raise the finance required to address infrastructure needs and respond to climate change. The projects to be funded by the green bond are a mix of adaptation and mitigation initiatives, all of which are aligned with the City's climate change policy.

Programme 1.1(a) Western Cape Economic Development Partnership (EDP) programme

The City is a key partner in the Economic Development Partnership (EDP). The EDP drives economic growth, development and inclusion in Cape Town and the Western Cape.

Partnering with businesses to grow our city

As part of its trade and investment mandate, the City funds and supports special-purpose vehicles (SPVs) to bring about growth and job creation in strategic sectors of the economy. Six SPVs are currently supported, namely the Cape Information Technology Initiative (Citi), the Cape Town Fashion Council, Clotex, the Cape Craft and Design Institute, GreenCape, and Business Process Enabling South Africa. The City also supports Wesgro and the Western Cape EDP to further promote trade and investment as well as build and support partnerships.

Since 2011, the City has invested over R97,5 million in Wesgro and the SPVs. In return, they have brought over R14,2 billion's investments to Cape Town and created more than 28 200 direct jobs.

Building capacity in information technology

One of the most strategic sectors for Cape Town is information and communications technology (ICT). As part of its commitment to this sector, the City has since 2011 invested more than R10 million in support of the Cape Innovation and Technology Initiative (Citi), which is based at the Bandwidth Barn in Woodstock.

Citi drives various ICT initiatives to support economic growth and job creation in Cape Town, with a strong emphasis on industry transformation. The CapaCiti project, for example, is a job-readiness programme that provides the skills training required to enter industries such as insurance, asset management and retail. Since its inception, CapaCiti has skilled more than 900 underprivileged youth from low-income areas such as Delft, Khayelitsha, Gugulethu and Mitchells Plain. These young people receive training in scarce IT skills, work experience through post-training and internships, soft skills training, basic living support (stipends), as well as ongoing support through the CapaCiti intern support group.

Maintaining a strong financial position

Over the past five years, the City has invested R27 billion in infrastructure. Of this amount, R12 billion was grant funding from National Government and Province, R11 billion was external loans and other contributions, and the remaining R4 billion was funded from the City's own cash flow. The latter clearly indicates the strong financial position the City maintains.

The City also continues to adhere to the National Treasury guideline that requires approximately 40% of capital expenditure to be for the refurbishment of existing infrastructure. In addition, spending on repairs and maintenance currently averages well over R3 billion per year.

The key reason for this ongoing investment is to adequately provide for the needs of those who call Cape Town home, while at the same time making the city highly appealing to investors. Only such large-scale foreign and domestic business investment will raise job creation to the level required to make Cape Town a city of opportunity, success and growth.

Building on the Built Environment Performance Plan

National Government recognises basic service delivery through infrastructure investment as the cornerstone of economic and social upliftment. Municipal infrastructure for basic service delivery is provided through intergovernmental transfers or own revenue and borrowing.

The City's Built Environment Performance Plan (BEPP) directs the City's capital investment to projects that aim to transform Cape Town's spatial form by creating public transport corridors and delivering affordable housing on well-located land close to job opportunities. The BEPP also emphasises the capital investment required from Province, National Government and state-owned entities to reshape Cape Town's spatial form and address the dire need for housing and the high cost of public transport.

The latest BEPP revision commits the City to spending the bulk of its R6,8 billion capital budget on projects in three integration zones across Cape Town. The backbone of these integration zones is the major public transport corridors, as the City is utilising public transport to achieve a more compact, efficient and sustainable Cape Town. In particular, the City intends to:

- link Khayelitsha and Kuils River by rail;
- link the metro south-east and central Cape Town with improved road-based public transport; and
- link central Bellville, Maitland, Parow, Goodwood and Salt River with central Cape Town through the Voortrekker Road corridor.

By prioritising dense, transit-oriented growth and development in these zones, the City seeks to create more inclusive communities with access to improved services, job opportunities, and affordable housing and public transport.

To facilitate even further integration and access to opportunities, the City will also identify housing opportunities closer to MyCiTi stations and rail stations in these three zones.



Programme 1.1(b): Events programme

Promoting Cape Town as a filming destination

The film industry is a major component of the City's investment strategy, and face-to-face engagement with major film studios around the world continues to attract global investment to Cape Town. Since 2014, the City has approved more than 19 000 filming permits and over 30 000 film bookings.

Now, a joint programme established by Province, Wesgro and the City seeks to further strengthen Cape Town and the Western Cape's position as a film destination of note, and to convince more international studios to consider the town and province as a venue of choice for location-based film and television series production.

In the year under review, the joint programme focused particularly on the technology and film sectors, both of which are huge growth areas for Cape Town. In the years to come, the programme intends to considerably raise the current number of filming permits and bookings processed so as to attract significant film industry investment to Cape Town and grow the number of jobs it creates.

Programme 1.1(c): Identification and promotion of catalytic sectors, such as oil and gas

To stimulate the growth and development of the local economy, the City regards development in the following catalytic sectors as critical:

- Marine and oil-and-gas repair and boat-building
- Agro-processing and the location of head offices in the finance and retail sectors
- Health and medical technology
- The green economy, including energy from the sun, wind and waste
- Tourism and events

Promoting biodiversity while growing the green-economy hub

The City is busy with a process of proactive biodiversity land-banking with partners in the Dassenberg Coastal Catchment Partnership (part of the Atlantis industrial incentives scheme). At the end of the 2016/17 financial year, the land bank stood at over 930 ha.

The City uses its land bank to compensate for the loss of 906 ha of critically endangered natural vegetation in Atlantis as development takes place to turn the area into a green-economy hub – a special zone for companies involved in producing lower-carbon and more resource-efficient products and technologies. To date, the City has approved ten applications for 102 ha of development by so-called 'green-project manufacturers', and another five applications are under way.

By setting aside priority land for conservation, the City is securing biodiversity resources and the vital ecosystem services they deliver. At the same time, it is facilitating development that could establish Cape Town as the green-economy hub for manufacturers of wind turbine blades, batteries, biogas technology, smart electricity meters, and photovoltaic panels and glass.

Programme 1.1(d): Small-business assistance programme

A survey of informal traders in Cape Town has revealed that 42% of informal traders are involved in the sector because they cannot find other work. With its informal trading and markets programme, the City wishes to assist informal traders by increasing the potential returns and economic contribution of the sector.

Where possible, the City provides trading infrastructure, such as hard-surfaced areas and fixed trading stands or roof structures. In some instances, supporting services are also provided, including access to water and electricity supply.

The year under review has seen more advances in this area. The City hosted 12 roundtable sessions with 1 400 informal traders to discuss the challenges traders face, law enforcement issues, as well as policies and by-laws affecting informal trading. In collaboration with support agencies, the City held four micro-enterprise support workshops, which reached 200 enterprises. In addition, the informal trading plans approved by the City in 2016/17 created approximately 3 700 trading opportunities, while the City-supported annual Cape Town Summer Market at the Company Gardens created 180 opportunities.

Informal trading e-permitting system

The City's informal trading e-permitting system went live in the reporting year. The system offers online reservations, an automated process to submit trading plans, spatial tracking of permit allocation, and the easy identification of defaulting traders.

Business precinct management

The City has initiated business precinct management (BPM) in strategic pilot areas as a way to respond to any decline in service delivery standards and other circumstances that may compromise business development. The goal is to do so in proactive partnership with the private sector. The BPM initiative was introduced in collaboration with the Council for Scientific and Industrial Research, the CCID and a private-sector urban facilities management company.





Programme 1.1(e): Planning and regulation programme

Municipal Planning By-law an enabler of economic growth

The City is committed to the fast and efficient regulation of building development in Cape Town, being an enabler of economic growth and, therefore, opportunity.

The Municipal Planning By-law, 2015 has replaced the 30-year-old Land Use Planning Ordinance and various older statutes that had previously applied in the Cape Town jurisdictional area. This has consolidated the municipal planning regulatory function and role within full City control. The City's single zoning scheme has been incorporated into the new by-law and is now known as the Development Management Scheme.

In addition, the City's electronic development application management system allows for the electronic submission, circulation and processing of building plan and land use applications. It has enhanced the City's services considerably, reducing waiting times and removing the need to queue at a district planning office.

In the 2016/17 financial year, these measures have enabled the City to finalise 97,30% of building plans within the agreed timeframes. Against a year target of 90%, and compared to the 94,1% achieved in 2015/16, this is a sterling achievement. A total of 127 870 building plans with a total value of approximately R104 billion were submitted during the five-year IDP cycle up to 2016/17.

Programme 1.1(f): Development of a 'green' economy

The City's green-economy framework is aimed at moving Cape Town forward towards an economy that offers improved human well-being and social equity, as well as significantly reduced environmental risk and ecological scarcities. In short, the goal is to have a low-carbon, resource-efficient and socially inclusive economy.

Green jobs

The objective of the Invasive Species Unit in the City's Environmental Management Department is to facilitate job creation in the green economy. More specifically, it is aimed at keeping invasive exotic vegetation at bay.

Through its work, the unit in the last financial year created just under 120 000 person days of temporary employment and over 2 700 job opportunities (about 600 full time equivalent annually) in nature reserves and natural open spaces across Cape Town.

The plan is to expand this to other green jobs in future. The focus will be on creating employment throughout the urban sustainability sector, replicating the success of the invasive species job creation model.

Green procurement

In 2016/17, the City implemented further measures to improve its procurement of greener goods and services. It finalised its sustainable procurement action plan, and also completed an investigation into potentially greening the City's cleaning chemicals stock. Work in this area continues.

Integrated Coastal Management Policy and Programme

Climate change makes Cape Town's extensive coastline a source of risk to the city, given the potential for a sea-level rise as well as more frequent and more intense storm events. Based on its Integrated Coastal Management Policy (2014), the City adopted an Integrated Coastal Management Programme in 2015 to address these risks. Now, the City is completing several key projects focusing on coastal risk due to climate change, including a multidisciplinary study on property at risk.

A Coastal Spatial and Economic Development Framework has also been prepared, and was sent for consultation with stakeholders in 2016/17. The framework supports the management of the city's coastline and coastal processes, promotes the coast as a public and social asset, and encourages appropriate climate change adaptation and resilience planning along Cape Town's coastline.

Programme 1.1(g): City Development Strategy implementation

Transversal working groups in the social and economic clusters continue with long-term strategy and planning in line with the City Development Strategy.

Programme 1.1(h): Arts, culture and creative industries

Public art and busking guidelines brochure

As part of its commitment to supporting public art and ensuring transparency and accountability, the City launched its public art and busking guidelines in the reporting year. The brochure provides guidance for placing works of art in public spaces in Cape Town, as well as for busking and street performances. The guidelines are available in the three official languages of the province at all subcouncil offices.



**OBJECTIVE 1.2: PROVIDE
AND MAINTAIN ECONOMIC AND
SOCIAL INFRASTRUCTURE TO ENSURE
INFRASTRUCTURE-LED GROWTH
AND DEVELOPMENT**

Digital transparency for inclusive growth

The City generates a significant amount of data that may be useful to residents. Its Open Data Policy makes the data available to all, free of charge and in a usable format. As an administration that believes in transparency, making the data available also enhances City accountability. The municipality's open-data portal contains 37 datasets, with more sets being systematically added.

**Cape Town the e-commerce hub
of South Africa**

Cape Town is widely considered a tech and e-commerce hub in South Africa. This is not because the city boasts the largest number of online buyers, but because of Cape Town's well-established tech landscape, which makes it an appealing destination from which to run an e-commerce business. While Gauteng contributes a much larger proportion of the country's online buyers, Cape Town accounts for the lion's share of the headquarters of the best-known e-commerce companies in South Africa. The city is also the birthplace for most new tech start-ups operating in the e-commerce ecosystem: According to the Southern African Venture Capital and Private Equity Association, some 75% of all venture capital deals in 2015 were located in the Western Cape.



Programme 1.2(a): Fibre-optic network programme

Broadband connectivity is fundamental to creating an enabling environment for economic growth, development and inclusion. The City fully supports the vision outlined in the National Development Plan of providing seamless information infrastructure to sustain a dynamic and connected information society, as well as a more inclusive, equitable and prosperous knowledge economy.

City's fibre-optic network passes the 800 km mark

By the end of the 2016/17 financial year, the City had altogether installed 848 km of fibre-optic cables. These include fibre-optic cabling used to connect the City's buildings as well as bus stations, cameras and other infrastructure vital for service delivery.

By 2021, the City's broadband project hope to deliver a fully functional, municipal-owned fibre-optic network that will serve the entire metro area. This network will meet the City's own needs for telecommunications services, as well as provide infrastructure for commercial operators and other government entities, especially in areas that are not normally attractive to the private sector.

Currently, the City's fibre-optic network in the metro area extends from Atlantis in the north to Plumstead in the south and Brackenfell in the east. It will eventually extend to include Simon's Town, Hout Bay, Gordon's Bay and Kuils River.

The network has 31 exchanges or switching facilities. By 2021, this number will have grown to 66 facilities, which will be connected by over 1 800 km of cabling.





Cape Town's fibre-optic network at a glance (as at June 2017)

City buildings connected:	346
Fibre installed:	848 km
Network capacity:	920 Gbps
Throughput (switching) capacity:	30 Tbps
Typical network traffic:	140 Gbps
Computers connected to the network:	±23 000
Staff with internet access	11 854
Phones on the network:	15 300 (only 2 050 phones remain directly connected to Telkom)
Share of voice-over-internet-protocol phones:	13 400, in 290 City buildings
Other government buildings connected:	59 (all Province)
Private buildings connected:	70
Commercial operators using the network:	12
Costs avoided:	R418,6 million
Cash saved:	R307,2 million
Revenue generated:	R56,4 million
Total financial benefits to date	R832,8 million
Return on investment:	63%
MyCiTi stations connected:	30 (three depots, 27 stations)
Metro Police cameras connected:	35 (Athlone, Manenberg, Bellville, Francie van Zijl, Parow, Hans Strijdom, Robert Sobukwe, Silverton, Wynberg)
WiFi access points and zones:	715 access points at 225 locations
Public users (WiFi):	201 000 a month (1,31 million in total)

City expands WiFi hotspots to boost digital inclusivity

The digital age presents enormous development opportunities for improving individuals and communities' quality of life. For this reason, the City considers digital access a basic service rather than a privilege, and is committed to achieving universal internet access as part of its service delivery standard.

With this in mind, many of the City's buildings where residents queue for services now feature public WiFi zones. In total, 346 City buildings have been connected to date, including 22 libraries and 56 clinics. In addition, 70 privately owned office buildings have received connectivity.

Most of the WiFi zones installed so far are in suburbs and centres that have been neglected by commercial service providers, or where residents find commercial internet services too expensive. These include areas such as Nyanga, Kraaifontein, Seawinds, Philippi and Khayelitsha.

Over 200 000 unique users connect to the internet every month using these WiFi zones, with 1,31 million connections recorded to date. Each person can use up to 50 MB of data per day for free. Much of this public use takes place at the City's 103 libraries, which have provided fixed Smart Cape computers since 2002. Now, library members can also connect using their own phones or other personal mobile devices at the libraries. The Smart Cape WiFi service has also been extended to approximately 100 other City facilities.

The free WiFi is provided at a minimal cost to ratepayers by using the City's existing network infrastructure. All of this has been achieved with a capital budget of only R5 million for each of the past two years.

This investment in broadband infrastructure will create a lasting asset that will still benefit residents well into the future. The City's Telecommunications Department is committed to connecting 60 new WiFi zones per year up to 2021. That will bring the total number of zones to over 400, using more than 1 000 access points.

Programme 1.2(b): Maintenance of infrastructure

Prioritising repairs and maintenance to ensure optimum service delivery

The City continues to invest in repairs and maintenance that make a visible difference to Cape Town and its people, primarily relating to roads and utilities infrastructure. Considering all the cost drivers relating to operating repairs and maintenance, including remuneration, materials purchases and contracted services, the City's spend on repairs and maintenance since the 2012/13 financial year stands at around R16 billion.



Programme 1.2(c): Investment in infrastructure

Infrastructure investment for sustainable development

Since 2012/13, the City has invested some R27 billion in infrastructure, of which R14 billion has been for new infrastructure and R13 billion has gone towards the refurbishment of existing infrastructure.

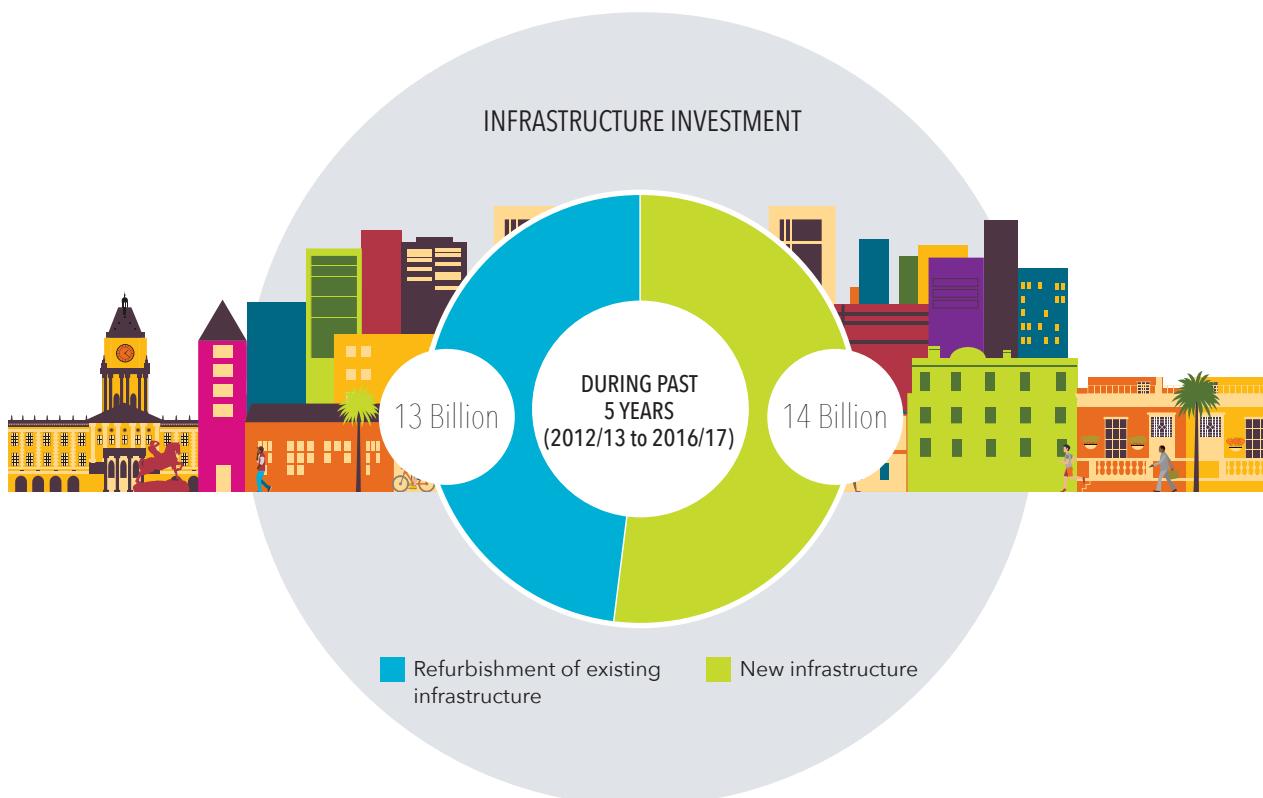


Figure 5: City's infrastructure investment, 2012/13 to 2016/17

The City continues to stimulate growth by investing in suitable economic and social infrastructure to support economic development. To this end, it allocates its resources according to a strategic infrastructure asset management plan and asset register for all municipal infrastructure, both above and below ground.

Investment in electricity infrastructure

The following graph illustrates the City's investment in electricity infrastructure over the past five years:

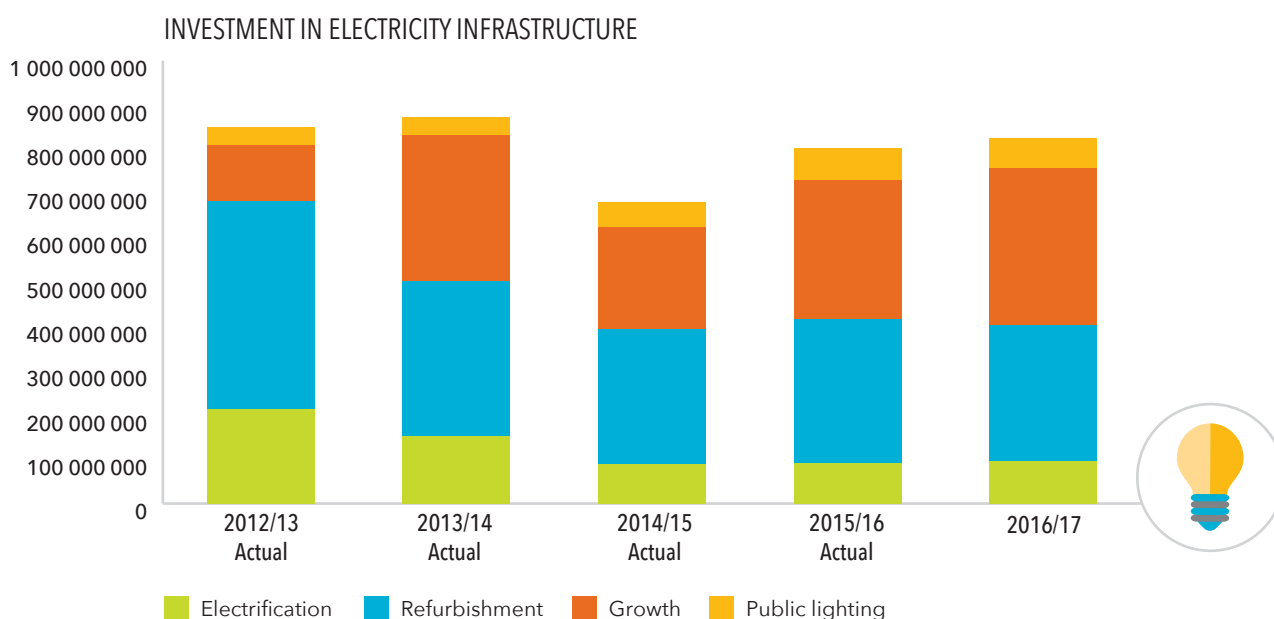


Figure 6: City's investment in electricity infrastructure, 2012/13 to 2016/17

Key electricity infrastructure projects include the new Oakdale switching station and the Atlantis industrial station. The 132 kV Oakdale switching station was energised on 12 June 2017 and, being gas-insulated, has a footprint hundred times smaller than its conventional air-insulated equivalent. It enables a network capacity increase of 250 MVA and will result in a tariff saving of R100 million per year. The 132 kV Atlantis industrial station is intended to support new development in the Atlantis area. Its buildings, outdoor switchyard and transformer installations were completed in 2016/17, with final completion scheduled for March 2018. It will enable a network capacity increase of 90 MVA and will result in a tariff saving of R30 million per year.



Investment in water and sanitation infrastructure

The figure below shows the City's total annual capital investment in water and sanitation infrastructure to provide reliable water and sanitation services to all City customers:

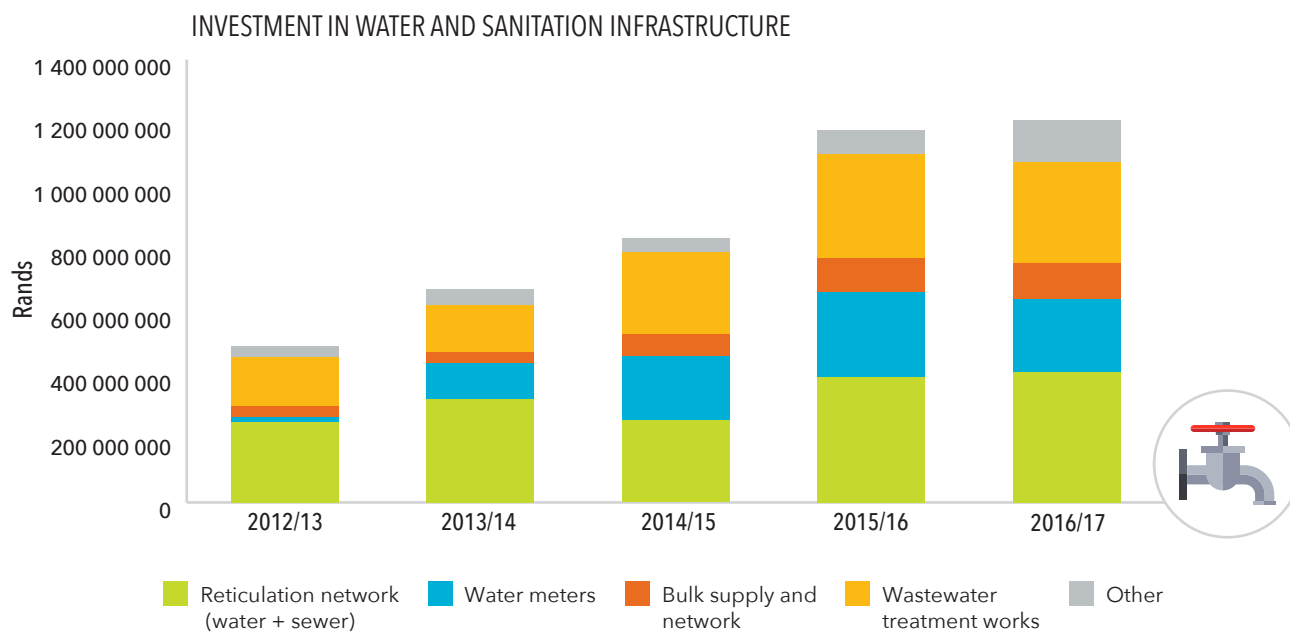
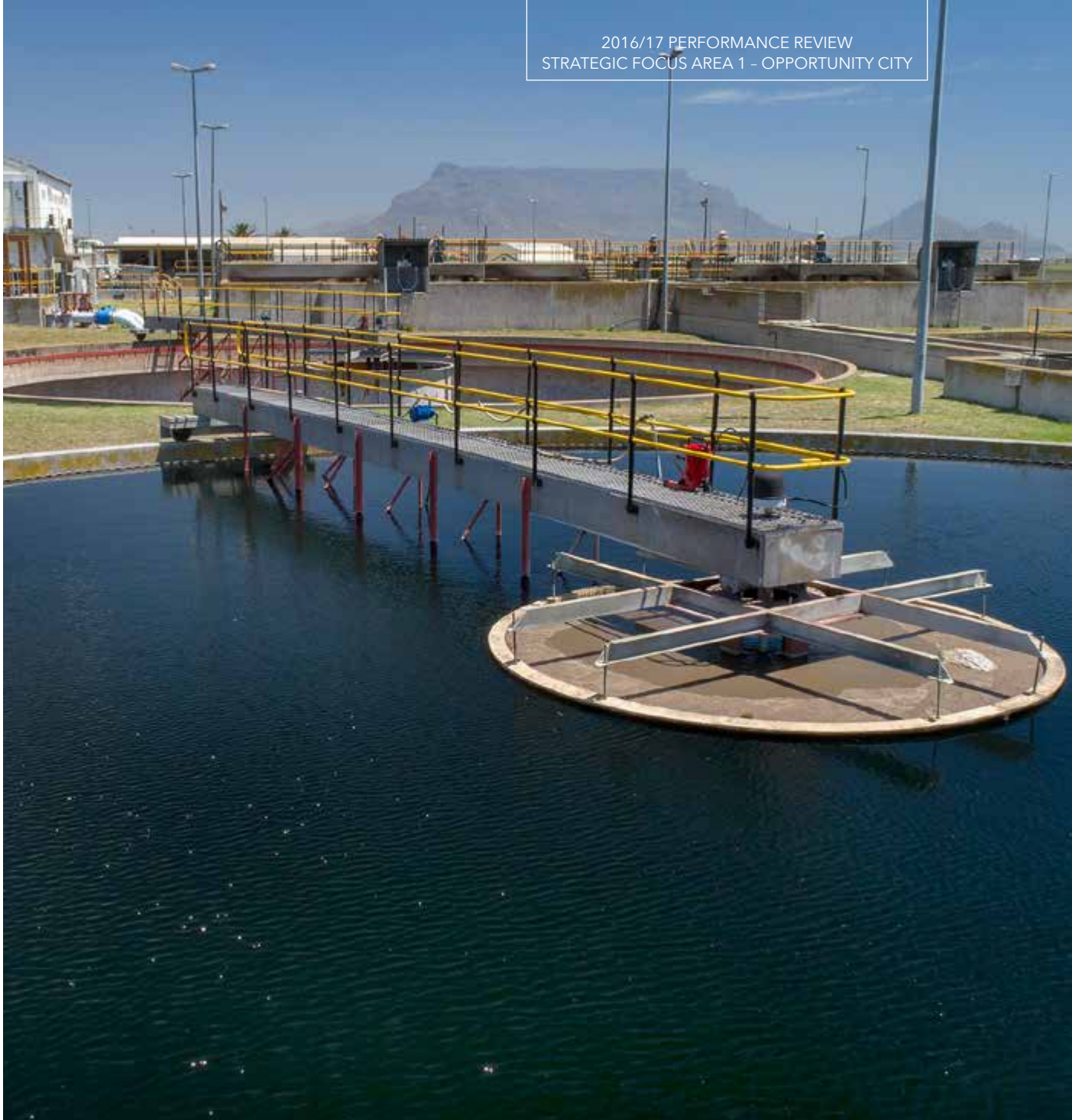


Figure 7: City's capital investment in water and sanitation infrastructure, 2012/13 to 2016/17



The sustained increase in infrastructure expenditure shows that the City remains committed to maintaining and expanding its infrastructure. Since 2012/13, more than R1,7 billion has been spent on the water and sewer reticulation network. In 2016/17 alone, the City spent R443 million replacing and installing new pipes, building new and maintaining existing reservoirs and pump stations, and providing services to customers in informal settlements.

As Cape Town continues to grow, large-scale investment in wastewater infrastructure is required to add capacity and keep up with the latest technology and treatment standards. The City has therefore invested close to R1,3 billion in wastewater treatment works since 2012/13, including approximately R350 million in both 2014/15 and 2016/17. Focus areas since 2012/13 have been Mitchells Plain and Borchers Quarry, where the City respectively invested R252 million and R171 million.

Attuned to its customers' needs, the City also invested close to R890 million in various water meter replacement programmes, primarily aimed at ensuring that customers receive accurate readings.

In terms of the bulk water supply network, about R385 million has been spent since 2012/13, including some R116 million and R119 million respectively over the past two years.

In total, therefore, the City has invested close to R4,7 billion rand in Cape Town's water and sanitation infrastructure since 2012/13.



CAPE FLATS 3 BULK SEWER PROJECT RECOGNISED FOR EXCELLENCE

The twin Cape Flats bulk sewers, which were constructed in the 1960s, serve approximately 350 000 residents in the Bonteheuwel, Heideveld, Manenberg, Gugulethu and Nyanga areas, and also provide a link between two bulk wastewater catchment areas. However, these pipes have severely deteriorated over time and can no longer adequately perform their function. The City's Cape Flats 3 bulk sewer project is aimed at rectifying this, and doing it well. In 2016, the project received an excellence award of the Southern African Society of Trenchless Technology.

The 5 km route for the new pipes traverses a densely populated area of Cape Town. Using the micro-tunnelling method, a total of 1 200 m of pipeline was successfully installed with a high degree of precision, ahead of programme, and within budget. The longest section of micro-tunnel extends over 200 m.

Once complete, the new sewer pipes will provide additional system capacity for at least the next 50 years, and will also allow for rehabilitation work on the old sewers.



Addressing the challenge of landfill airspace

Limited airspace remains a major challenge at the City's three landfills. In the reporting year, the use of additional airspace at the Vissershok landfill was formally licensed and approved. The search for a new regional landfill site also continues after a legal challenge to the environmental authorisation for the proposed site at Kalbaskraal suspended the process pending additional fieldwork.

Converting landfill gas into energy

The City is making good progress implementing landfill gas projects, which will be included among the projects the administration will register with the United Nations Framework Convention for Climate Change. These projects will help reduce the City's greenhouse gas carbon footprint so as to meet international emissions targets.

Landfill gas extraction processes are under way at both Coastal Park and Bellville South landfills, and flaring at both sites will commence in the 2017/18 financial year. The procurement process for the electricity generation equipment for Coastal Park has commenced, while a tender for the sale of landfill gas at Bellville South has been awarded and final contract negotiations will take place shortly. The gas will be sold for industrial heating purposes.



CREATING OPPORTUNITIES THROUGH CONSISTENT SERVICE DELIVERY

ELECTRICITY SERVICES

Cape Town's electricity infrastructure at a glance

832,5 KM

HIGH-VOLTAGE CABLES

174,5 KM

HIGH-VOLTAGE OVERHEAD LINES

7 244,4 KM

MEDIUM-VOLTAGE CABLES

345,1 KM

MEDIUM-VOLTAGE OVERHEAD LINES

22 206,9 KM

LOW-VOLTAGE CABLES

2 871,2 KM

LOW-VOLTAGE OVERHEAD LINES

83

MAJOR SUBSTATIONS

922

PROTECTED SUBSTATIONS

2 852

UNPROTECTED SUBSTATIONS

5 959

MINI-SUBSTATIONS

645

POLE-MOUNTED TRANSFORMERS

2

GAS-FIRED GENERATORS

658 542

ELECTRICITY METERS

2 505

EMPLOYEES

966

VEHICLES

R12 BILLION+

BUDGET

HIGHLIGHTS OF 2016/17

- **Ongoing provision of subsidised electricity connections** to informal settlements and subsidised housing developments. In the City supply area, approximately R30 million was spent on 1 747 new connections as well as smaller meter relocation and infill electrification projects. This has resulted in increased safety at night, a lower fire risk thanks to safe and legal connections, and improved quality of life for residents. In the Eskom supply area, approximately R5 million was spent.
- **Continued roll-out of electricity services for backyard dwellers** at Council rental units. This eliminates backyarders' reliance on the main dwelling for access to electricity, as well as the potential for exploitation, unsafe connections and fire that comes with such an arrangement. Approximately R65,6 million in Urban Settlements Development Grant (USDG) funding was invested in these roll-outs in 2016/17.



WATER AND SANITATION SERVICES

A TOTAL OF 99,6% OF CAPE TOWN'S WATER SUPPLY IS DERIVED FROM SIX DAMS. SOME OTHER MINOR DAMS OWNED AND OPERATED BY THE CITY MAKE UP THE OUTSTANDING 0,4% OF THE TOTAL SYSTEM CAPACITY.



DWS-owned and operated:

- Voëlvlei
- Theewaterskloof
- Berg River

City-owned and operated:

- Wemmershoek
- Steenbras Lower
- Steenbras Upper

MAIN SUPPLY OF POTABLE WATER

898 300

MILLION KILOLITRES
TOTAL CAPACITY

12

WATER TREATMENT PLANTS

10 699 km

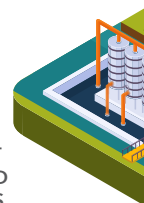
MAIN WATER RETICULATION NETWORK

86

WATER PUMP STATIONS

129

WATER RESERVOIRS

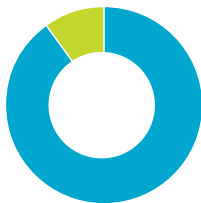


WATER
TREATMENT
PLANTS AND
RESERVOIRS

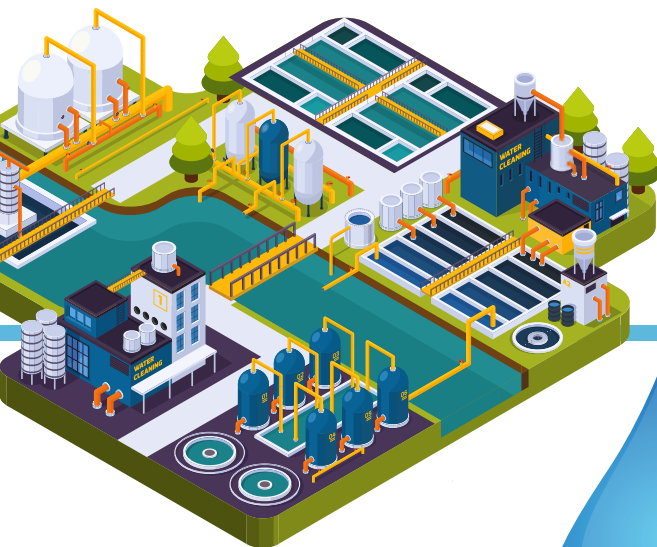
INITIATIVES

- 1 Department received the Award of Excellence by the Southern African Society of Trenchless Technology for using a **micro-tunnelling method** as part of Cape Flats 3 Bulk Sewer project.
- 2 The percentage of treated effluent the Department has been able to recycle for reuse (for irrigation and industrial purposes) **has outperformed the targeted 5% by reaching 8,34% by June 2017**. During summer months close to **60 Ml of treated effluent** was used per day, contributing to saving valuable drinking water.
- 3 The Department created **5 971 EPWP opportunities** against the target of 5 100.
- 4 The City of Cape Town and the international conservation organisation The Nature Conservancy (TNC) have formally agreed to a water fund for Cape Town, which aims to **safeguard water supplies and biodiversity** while supporting local livelihoods. **It will be a first for South Africa.**

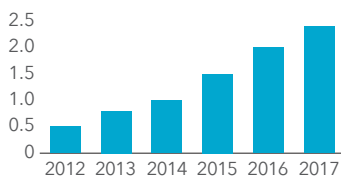
FISANTEKRAAL PLANT USES MODERN ULTRAVIOLET DISINFECTION TOOLS AND IS GEARED AS A 'ZERO DISCHARGE' PLANT, AS ITS TREATED EFFLUENT IS USED FOR IRRIGATION PURPOSES.



- Re-use of treated effluent 10%
- Disposal of treated effluent 90%



ONCE TREATED, POTABLE WATER IS PIPED TO A SYSTEM OF RESERVOIRS THAT FEEDS THE WATER DISTRIBUTION NETWORK.



Replacement of water reticulation network pipes since 2011/12.

TOTAL
7 324 km

MAIN WATER RETICULATION PIPES SUPPLY POTABLE WATER

RE-USE OF TREATED EFFLUENT

RESIDENTIAL
70%

BUSINESS
13%

MUNICIPAL
5%

INDUSTRY
4%

LOSS
2%

AGRICULTURE
4%

SCHOOLS,
SPORTS FIELDS/
GOLF COURSES
2%

SCHOOLS, SPORTS
FIELDS AND
INDUSTRY TOTAL
10%

WASTE WATER
TREATMENT PLANTS

THE CITY OPERATES 26 WASTEWATER TREATMENT FACILITIES, OF WHICH THREE ARE MARINE WASTEWATER DISPOSAL OUTFALLS. THE QUALITY OF TREATED EFFLUENT IS MONITORED ON A WEEKLY BASIS TO ENSURE COMPLIANCE WITH NATIONAL STANDARDS.

DISPOSAL OF TREATED EFFLUENT

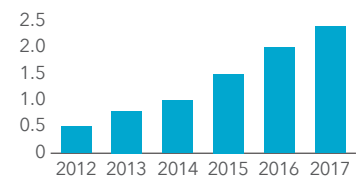
90%

385

SEWER
PUMP STATIONS

9 298 km

SEWER
RETICULATION
NETWORK



Replacement of sewer reticulation network pipes since 2011/12.

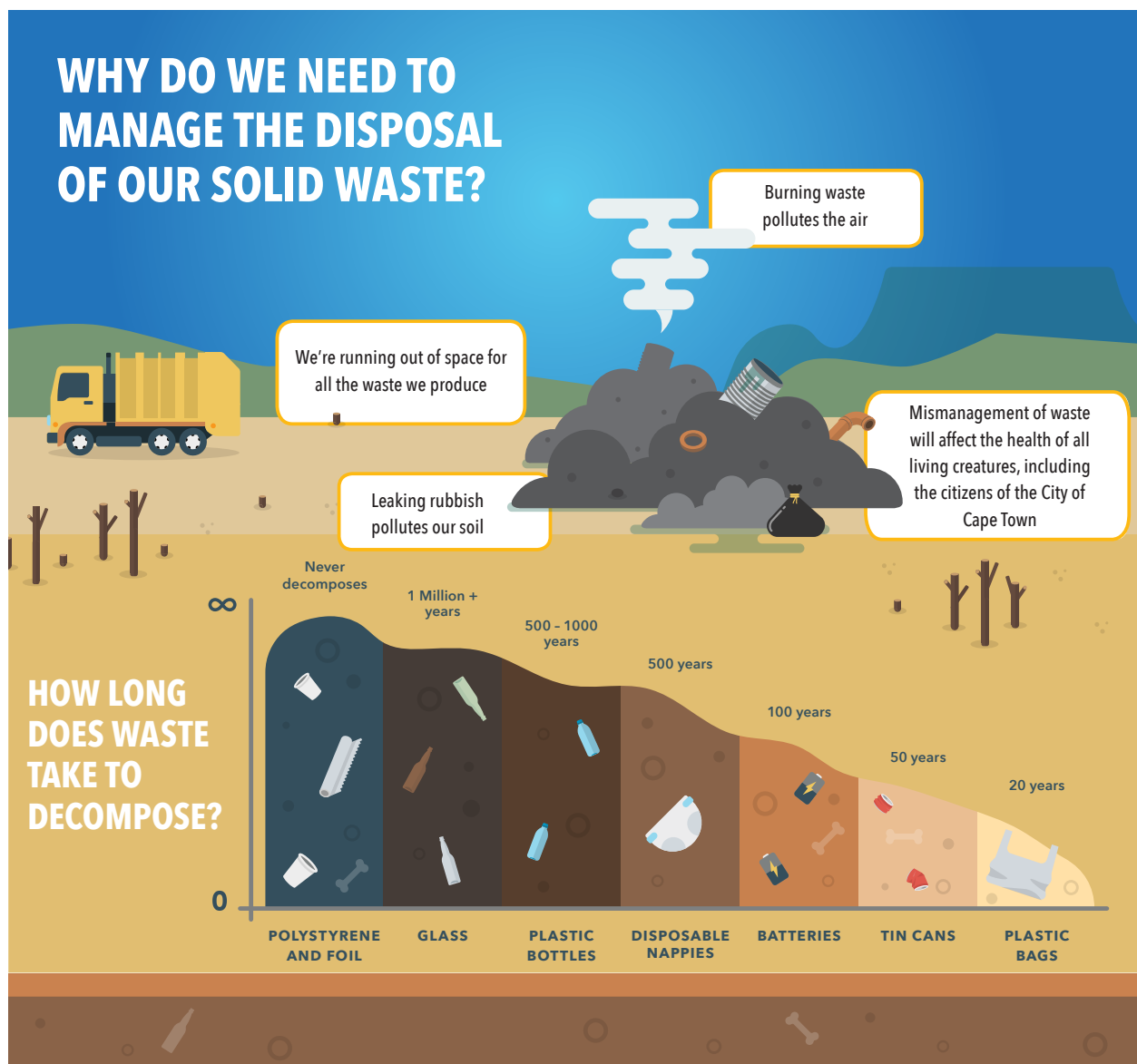
TOTAL
163,4 km



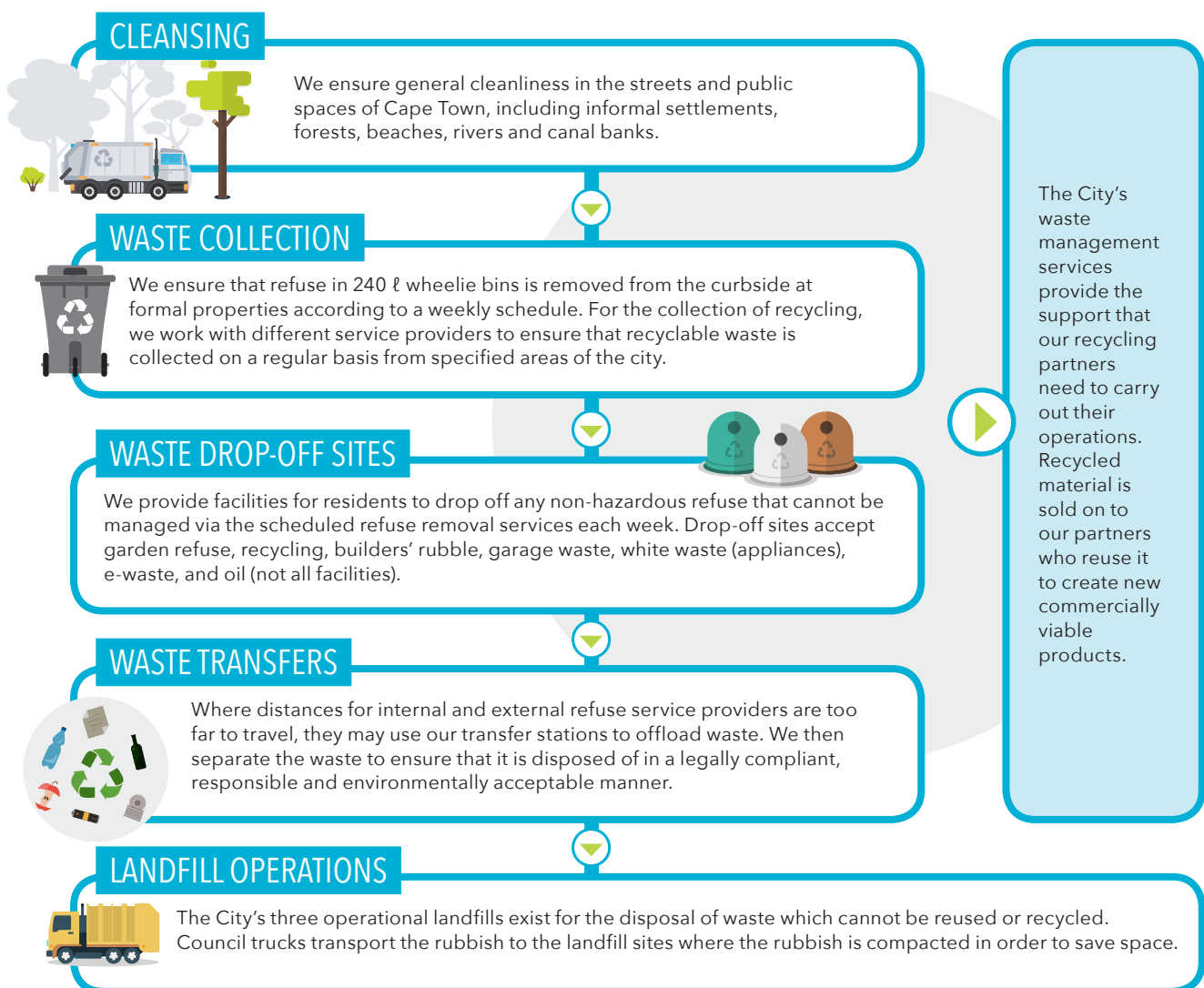
WASTE MANAGEMENT

THE CITY'S SOLID WASTE MANAGEMENT DEPARTMENT PROVIDES ALL FORMAL PROPERTIES AND 99,74% OF INFORMAL SETTLEMENTS WITH ACCESS TO BASIC REFUSE COLLECTION SERVICES. A SINGLE SETTLEMENT IS INACCESSIBLE DUE TO ITS LOCATION. WASTE MANAGEMENT SERVICES INCLUDE CLEANSING, WASTE COLLECTION, DISPOSAL, WASTE MINIMISATION, EDUCATION AND REGULATORY SERVICES.

The City works according to a long-term Integrated Waste Management Plan. The plan's predetermined objectives and targets are aligned with national and provincial legislation as well as the City's strategies, plans and policies. As its contribution to making Cape Town an opportunity city, Solid Waste Management aims to improve access to basic waste management services, and to significantly divert waste from landfills. Here's why:



Instead of throwing all our rubbish away, we need to think about what can be recycled and what can be reused in order to reduce the amount of waste that ends up in landfills. The City has three operational landfills. Here's what we do to divert waste from landfills whilst keeping our city clean of rubbish:



HIGHLIGHTS OF 2016/17

Procured and commissioned **SEVEN** mechanical street-sweeping vehicles

Extended our services, clearing wind-blown sand from suburbs **46 TO 148**

HELPED REMOVE FIRE DEBRIS from Imizamo Yethu in March 2017

HELPED CLEAN UP AFTER THE STORM in June 2017

PROVIDED DOOR-TO-DOOR REFUSE REMOVAL and area cleaning to 99,74% of known informal settlements



Programme 1.2(d): Expanded Public Works Programme (EPWP)

Change made over the period in review

In the five years up to 2016/17, the City successfully implemented the Expanded Public Works Programme (EPWP) across its various functions to improve operational efficiencies. At the same time, this has provided thousands of unemployed persons with valuable work experience and skills.

Table 1: Increase in EPWP job opportunities, 2012/13 to 2016/17

Total annual increase in EPWP job opportunities, 2012/13 to 2016/17	
2012/13 35 556	2016/17 45 370
29% increase since 2012	
DIRECTLY BENEFITTED 204 348 WORKERS	

Reducing poverty forms the backbone of the EPWP. Since 2011, local communities have received a direct cash injection of over R600 million through the City's rates-funded special job-creation programme.

Importantly, EPWP has also had a considerable positive impact on youth employment (18- to 35-year-olds), with more than 60% of EPWP employees coming from this age bracket.

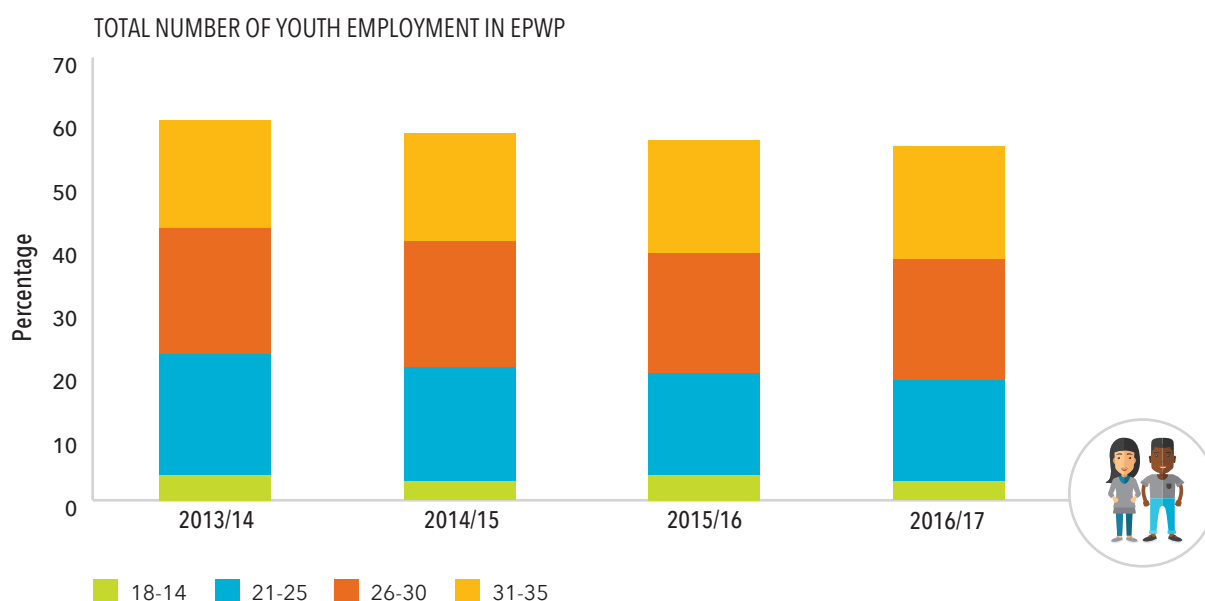


Figure 8: EPWP youth employment at the City, 2013/14 to 2016/17

A qualitative approach to job creation

It is commonly accepted that lengthier EPWP work engagements provide individuals with better future employment prospects. To this end, the City has signed a municipal implementation protocol that puts its EPWP initiative in National Government's EPWP phase 3, which provides for a more qualitative approach to the programme design.

The City's EMT has also approved the implementation of the full-time-equivalent approach to boost lengthier EPWP work opportunities, while at the same time meeting the job-creation target.

Some of the City's flagship EPWP projects include:

- **a collaboration with the Federated Hospitality Association of Southern Africa** to offer 20 youth the opportunity to gain experience and structured training in the hospitality industry;
- **an artisan support project**, in which the Engineering and Asset Management Branch trains 88 EPWP semi-skilled workers for a minimum of 18 months;
- **the interdepartmental Kader Asmal project**, which creates job opportunities in the form of invasive-plant control and litter collection in rivers, wetlands and vleis; and
- **janitorial services**, employing local informal-settlement residents to provide a continuous cleaning service at public ablution facilities so that hygiene standards are attained and maintained.

WOMEN AT WORK PROGRAMME

In 2016/17, the Transport and Urban Development Authority (TDA) established another four all-female road repair teams in Bellville, Kraaifontein, Ottery and Plumstead. The TDA now has eight women-only teams across Cape Town as part of its award-winning Women at Work programme. The programme empowers women in the workplace by providing them with skills for work that is generally associated with men.

The four new teams were appointed in March 2017, with each team consisting of six members. The women are between the ages of 18 and 45, and are local residents from Bellville, Scottsdene, Lotus River, Parkwood, Ottery, Tokai, Steenberg, Retreat and Delft.

What makes the programme even more rewarding is the fact that it provides the women with a real opportunity to find permanent employment. The 24 women who were selected for the first four all-female teams in 2015 have all been appointed to permanent positions in the City.





OBJECTIVE 1.3: PROMOTE A SUSTAINABLE ENVIRONMENT THROUGH THE EFFICIENT UTILISATION OF RESOURCES

Climate Change Policy

Since climate change can compound the existing challenges in urban environments, the City considers the possible impacts of climate change in all its decisions.

The City now also has a new draft Climate Change Policy, which is its first dedicated policy document in response to climate change and represents a new approach for the administration. Previously, climate change issues were considered as part of a more general environmental policy. However, the City has since recognised that climate change is such an important cross-cutting issue that it requires its own dedicated policy approach.

In addition to the environmental consequences of climate change, the policy also highlights the economic and social dimensions, and aims to work towards implementing climate change responses to all of these. As such, it focuses on both climate change mitigation and adaptation in an integrated and innovative way.

To dedicate proper attention to energy generation, the City has also established a new Directorate of Energy. This is in line with the ODTP priorities to position Cape Town as a forward-looking, innovative, globally competitive business city, and to enhance resource efficiency and security. The new Directorate is responsible for transforming the energy landscape in Cape Town, turning the City from an electricity distributor into a clean-energy generator.

Cape Town ranked as global leader in climate disclosure

Since 2000, the City has been a leader among the cities of the world in changing Cape Town's energy profile and reducing carbon emissions. Cape Town is a member of the C40 Climate Leadership Group (a network of more than 90 cities whose mayors work to reduce carbon emissions and climate risks), as well as a signatory to the Global Covenant of Mayors for Climate and Energy. As such, the City is committed to reporting its annual energy and climate data to the Carbon Disclosure Project (CDP) – a not-for-profit organisation that provides a global platform for cities and companies to manage, measure and disclose their energy and climate data.

In 2016, Cape Town was named one of the top five cities reporting to the CDP out of 533 participating cities globally. Having scored the highest in its region, Cape Town's efforts were showcased in an InFocus Report.



Programme 1.3(a): Sustainable utilisation of scarce resources, such as water and energy

Energy efficiency and renewable energy in municipal operations

The City is a major energy user in its own right. As such, it is committed to improving the management of energy use in all municipal operations, improving resource efficiency, reducing its carbon footprint, and saving money.

It has been implementing energy-efficiency retrofit programmes in municipal operations since 2009, covering traffic lights, streetlights, buildings and wastewater treatment plants. Rooftop solar photovoltaic systems are also installed where possible.

The programme includes energy management training for facilities staff, behaviour change programmes for building users, and smart driver training for the City's fleet drivers. An extensive data management system has also been developed that aligns location, metering and billing data from smart meters and administrative systems – the overall data are distributed to managers; the specific data go to ground-level staff to improve building management. Display screens are being set up at building entrances to communicate the programme and the data to all building users.

All of these activities fall under the internal resource management protocol, which sets out a comprehensive plan for improved resource management across all City departments. Savings and progress are reported annually to the City's Finance Department. From 2009 to June 2016, the programme saved over 102 000 MWh, which translates into savings of R180 million and 101 000 metric tonnes of carbon dioxide equivalent.

Some examples of the progress to date are as follows:

- **LED retrofitting of all traffic lights and more than 17% of streetlights** in Cape Town. This includes the recent retrofitting of 1 100 streetlights as part of a R3,8 million pilot in Burgundy Estate, Summer Greens, Eversdal, Bothasig and Aurora, and has already reduced electricity usage by 32%.
- **Retrofitting of 57% of the City's buildings**, including 40 large administrative buildings. These energy-efficiency improvements not only reduce costs, but also improve the quality of the working environment.
- **Installation of smart electricity meters**, which has improved the City's electricity use management. This ties in with energy management training of City staff on how to extract, read and interpret smart-meter data, ultimately turning them into more responsible energy consumers.
- **Installation of 247 kWp rooftop photovoltaic systems** on City buildings. The potential for larger-scale ground-mounted systems is now being explored.

As the City needs to lead by example, these initiatives are widely shared through extensive communication and networking to promote energy-efficiency and renewable-energy actions across all sectors in Cape Town.



Energy 2040 targets sustainable energy supply

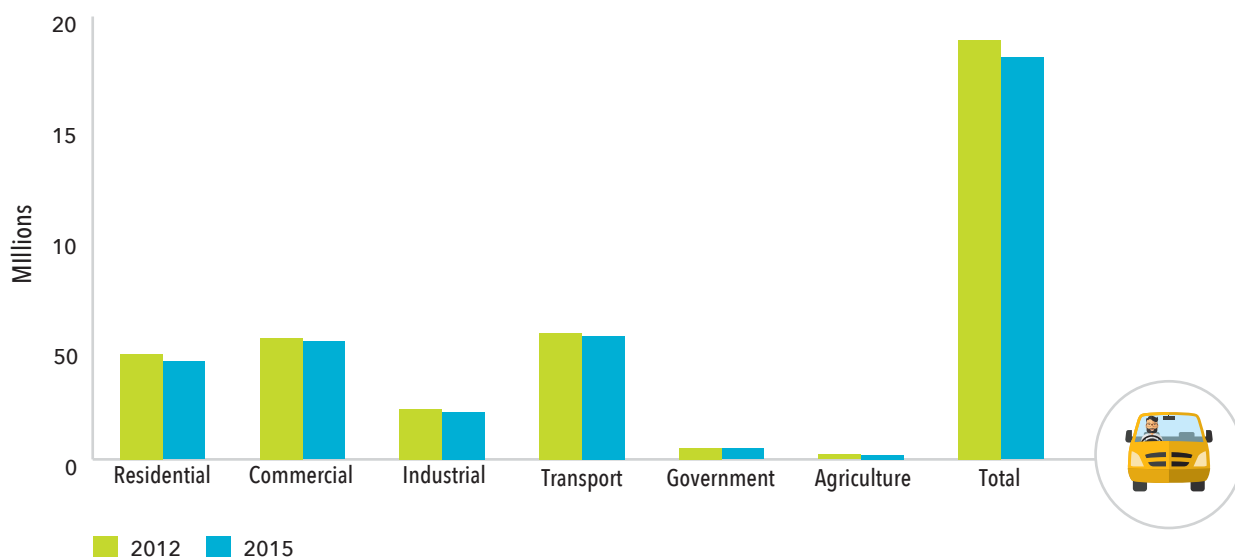
The City aims to reduce carbon emissions by 37% (off business-as-usual levels) by 2040, with 21% from energy-efficiency improvements alone.

Its Energy Game Changer initiative in partnership with Province is driving the City's immediate programme to ensure a more sustainable and secure electricity future for Cape Town. It is focused on diversifying supply, reducing electricity consumption, and transforming the electricity service delivery model to a more sustainable one, including meeting low-income households' energy service needs.

The City's Energy2040 goal, in turn, serves as a strategic decision-making tool for the future, and also informs the current review of the Energy and Climate Action Plan. The Energy2040 goals include:

- pursuing diverse, large-scale energy supply through solar photovoltaic installations, wind, storage and possibly also natural gas;
- supporting increased installation of solar water heaters and solar photovoltaic systems on commercial and residential rooftops; and
- installing 100 MW of large-scale renewables by 2020.

CARBON EMISSIONS BY SECTOR, CAPE TOWN, 2012 TO 2015*



Note: The figures in the graph above were published in the 2015 Cape Town State of Energy report. The next detailed energy and carbon profile updates will be published in 2020.

Figure 9: Carbon emissions by sector in Cape Town, 2012 to 2015



Solar water heater programme saves energy and money

The City's solar water heater accreditation and marketing programme encourages the installation of high-pressure residential solar water heaters, and improves the reliability, quality and standard of products and installations. The programme forms part of the City's electricity-savings campaign to reduce citywide electricity consumption, alleviate the burden of electricity costs to households and the economy, cut CO₂ emissions and improve energy security.

According to the last aerial count in 2015, over 46 000 solar water heaters had been installed in the Cape Town metro. These have contributed more than R900 million to the economy. These systems are reducing electricity consumption by more than 128 000 MWh per year, and are cutting carbon emissions by an annual 132 000 tonnes or more. Households are saving more than R270 million per year, which can then be circulated to the local economy.

Sharing knowledge on commercial energy efficiency

The Energy Efficiency Forum for the commercial sector in Cape Town is a public-private forum that the City, Eskom and the South African Property Owners' Association established in 2009. The forum shares practical knowledge with owners and managers of commercial buildings and operations, and currently has more than 1 200 members.

At the 2016 forum awards, three companies were recognised for energy-efficiency excellence and commitment, namely Old Mutual (large building retrofit), Clicks Group (small building retrofit) and Ackermans (certificate of merit).

In 2017, the forum will continue expanding its focus to include water and waste, after which it will be known as the Energy, Water and Waste Forum.

Other programmes and projects that support the Energy2040 vision and targets are:

- the City's **innovative electricity-savings campaign** for commercial and residential sectors;
- active **support for small-scale embedded generation** through the City's feed-in tariff;
- **energy-efficiency improvements and the introduction of renewables in municipal operations** through retrofits, rooftop photovoltaic systems and energy management training;
- the City's **strong focus on public transport, TOD**, maintenance of the urban edge, non-motorised transport and transport demand management; and
- the **Smart Living and Working programme**, which provides learners, teachers, office workers, households, municipal staff and councillors with resource-efficiency education.



Conserving biodiversity: Our natural capital

The City is committed to conserving and managing Cape Town's unique biodiversity. It further aims to promote natural areas as community spaces that deliver a vital ecosystem service, while also serving as recreational and social spaces. The social benefits of the Biodiversity Network (BioNet) include job creation and skills development opportunities, which are particularly beneficial to surrounding communities.

Some key City projects and initiatives in this regard include the following:

- **The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act.** This process was concluded in June 2016, and the reserves are now being formally gazetted.
- **Meeting the Integrated Metropolitan Environmental Policy (IMEP) target of conserving 60% of the Biodiversity Network (BioNet)** by increasing conservation land through partnerships, stewardship programmes as well as acquisition, where financially feasible. Having met this target in December 2014, the City's IDP now reflects a new target of conserving 65% by 2022. The conservation estate currently stands at 64% of the BioNet.
- **Meeting IMEP targets in respect of invasive alien species.** The targets in respect of aquatic systems and early detection were met by 2014, and new targets are now being approved. The population of invasive alien house crows has been reduced to fewer than 300, which is a significant achievement. The City's invasive species management programme is also a significant employment creator, providing about 600 full-time-equivalent job opportunities annually.
- **Maintaining the invasive-species clearing programme across the City's reserves and municipal area.** In the reporting year, 43 invasive-species control plans were submitted, as required by law. Some of these now need to be updated, and at least another 24 plans need to be completed. The plans cover all City land. The City is one of very few municipalities that have submitted such a large number of plans.

- **Continuous roll-out of environmental education and outreach programmes** to encourage the public to access nature reserves and promote environmental awareness. The reporting period saw over 38 000 learners from 1 054 schools attend environmental education programmes. Another 29 977 individuals were reached through events and exhibitions. This brings the grand total of individuals reached in 2016/17 to 84 133. Over 343 000 people also visited the City's nature reserves through paying gates and the attendance of large events. Most reserves are however open-access, so actual visitor numbers are much higher. In addition, the next phase of the skills development programme in partnership with Cape Town Environmental Education Trust was initiated with an intake of 59 students.
- **Ensuring continued management of existing conserved areas** to enhance the benefits to the community. In the year under review, protected-area advisory committees were established for 11 of the City's nature reserves. These committees work to ensure that local communities take part in the management of nature reserves.
- **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). The project is listed in the IDP, receives international funding from the Global Environment Facility's cycle 5, and will also host the envisaged new Cape Town Water Fund. Moreover, the City is building a multipurpose centre at the entrance to the Witzands dunes to facilitate recreational access.
- **Facilitating development as part of the Atlantis industrial incentive scheme**, which – as noted earlier – includes a land-banking component. This means that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity remnants lost to development in the urban edge and Atlantis industrial area.

- **Leading the development of the metro south-east Strandveld conservation implementation plan (CIP)** in collaboration with external conservation partners such as CapeNature, Province's Department of Environmental Affairs and Development Planning and SANBI. The metro southeast suffers acute shortages of housing development land, as well as losses of endemic and endangered natural vegetation. The CIP therefore intends to identify a key set of areas required to secure biodiversity resources on the one hand, and set aside other, less critical BioNet land for development. To date, the CIP has been used to identify biodiversity areas that will serve to offset development for City housing projects such as Busasa and Mfuleni. The operating and capital budgets needed for the proactive implementation of the CIP are being allocated.
- **Facilitating the WWF's acquisition of 100 ha of Joostenberg for conservation.** The property conserves many threatened species, as well as the only remaining population of *Protea odorata*. The City will manage the property once the acquisition has been finalised.
- **Trailblazing in the field of effective nature reserve management,** which is critical to long-term conservation success and climate change adaptation. The City's pioneering tools to monitor the effectiveness of reserve management are now being further adapted for use as a standard whereby all protected areas in South Africa are audited. The end of 2017 will also mark ten years of nature reserve data monitoring at the City, which will be a good opportunity to analyse trends so as to improve management, public access and benefits for the local communities in which reserves are located. Further critical measures implemented in the past year included four successful ecological burns at Tygerberg and Rondevlei, habitat condition mapping, and the prioritisation of habitat restoration.
- **Taking the baboon programme from strength to strength.** Baboon troops in the peninsula were kept out of the urban area for, on average, 99% of the time. This has reduced human/animal conflict and has ensured a safer environment for the public as well as a healthier baboon population.





Programme 1.3(b): Water conservation and water demand management strategy

Reducing water demand and wastage

A key priority for the City – especially in the current severe drought – is the funding of water demand management strategies to reduce water demand and wastage across Cape Town. The main programmes and projects in this regard include:

- the water leaks repair programme;
- the pressure management programme;
- the roll-out of water management devices;
- the treated-effluent reuse programme;
- replacement of broken meters and relocation of other water meters to the roadside so that meter readers can access the meters for walled properties;
- continued education and awareness; and
- the promotion of rainwater harvesting.

In the past financial year, these programmes continued to help preserve the current limited water supply. Through pressure management, combined with the throttling of the main bulk supply, various water restrictions and other demand management measures, the City managed to bring overall annual water consumption down from 342 442 million kilolitres in 2014/15 and 329 003 million kilolitres in 2015/16, to 287 030 million kilolitres by June 2017. About 55 000 million kilolitres less water was used in 2016/17 than in 2014/15, which roughly equates to the capacity of the Wemmershoek dam.

Pressure management projects seem to be working well to reduce system water losses, pipe bursts and internal leaks, and prolong the reticulation lifespan. In addition, the City continued to replace piping in water and sewerage networks during 2016/17 at an average cost of R1,37 million/km water piping (27,4 km replaced) and 1,49 million/km for sewer piping (24,9 km replaced).

Water ratings system to promote water savings

The City has introduced a new water ratings tool to encourage industry and companies to improve their water management practices. First assessments took place in the reporting year as part of a pilot.

Participating companies ranged from multinationals to small businesses in various sectors. The assessment covers different aspects of water management and considers usage of potable water, greywater (bath, shower, bathroom sink and washing machine water) and blackwater (water containing human waste from flush toilets). Companies were scored based on the following criteria:

- Implementation of measures to reduce their potable-water consumption
- Changes made to operating systems in order to reuse greywater
- Treatment of blackwater so that less contaminated water enters the sewer system

The data from the assessments are invaluable, highlighting where water usage needs to be further improved.





REPORT ON THE ACHIEVEMENTS OF THE TRANSPORT AND URBAN DEVELOPMENT AUTHORITY (TDA) IN THE 2016/17 FINANCIAL YEAR

IN THE YEAR UNDER REVIEW, THE CITY ESTABLISHED A NEW AUTHORITY UNDER ITS ODP TO ACCELERATE ITS EFFORTS TO CREATE A MORE EQUAL SOCIETY WITH INTEGRATED COMMUNITIES, AN INCLUSIVE ECONOMY, AND ACCESS TO OPPORTUNITIES.

The new Transport and Urban Development Authority (TDA) brings together the core functions that will ensure the long-term sustainability of Cape Town and those who live and work here, namely:

- transport;
- spatial planning and urban development;
- the management of environmental resources; and
- affordable housing.

This report covers the TDA's achievements against its Comprehensive Integrated Transport Plan (CITP) 2013 – 2018, which Council approved in December 2013 and revised in 2015, the Integrated Public Transport Network (IPTN) 2032, which was approved in June 2014, as well as the IPTN 2032 operations plan.

While the IPTN 2032 implementation and business plans, as well as the business plan for phase 2a (previously known as the Lansdowne-Wetton corridor), are still work in progress, an IPTN roll-out plan for the next ten years was submitted to the National Department of Transport in June 2016 for approval.

The by-law further sets out the scope of these core TDA functions, which are assigned at an operational, corporate, national and international level.



OBJECTIVE 1.4: ENSURE MOBILITY THROUGH THE IMPLEMENTATION OF AN EFFECTIVE PUBLIC TRANSPORT SYSTEM

Programme 1.4: TDA long-term strategy

The new TDA's integrated transport vision is: 'An efficient, integrated transport system for all - implemented sustainably'. This is dealt with in more detail in the draft CIP and is reflected in the TDA's transport objectives.

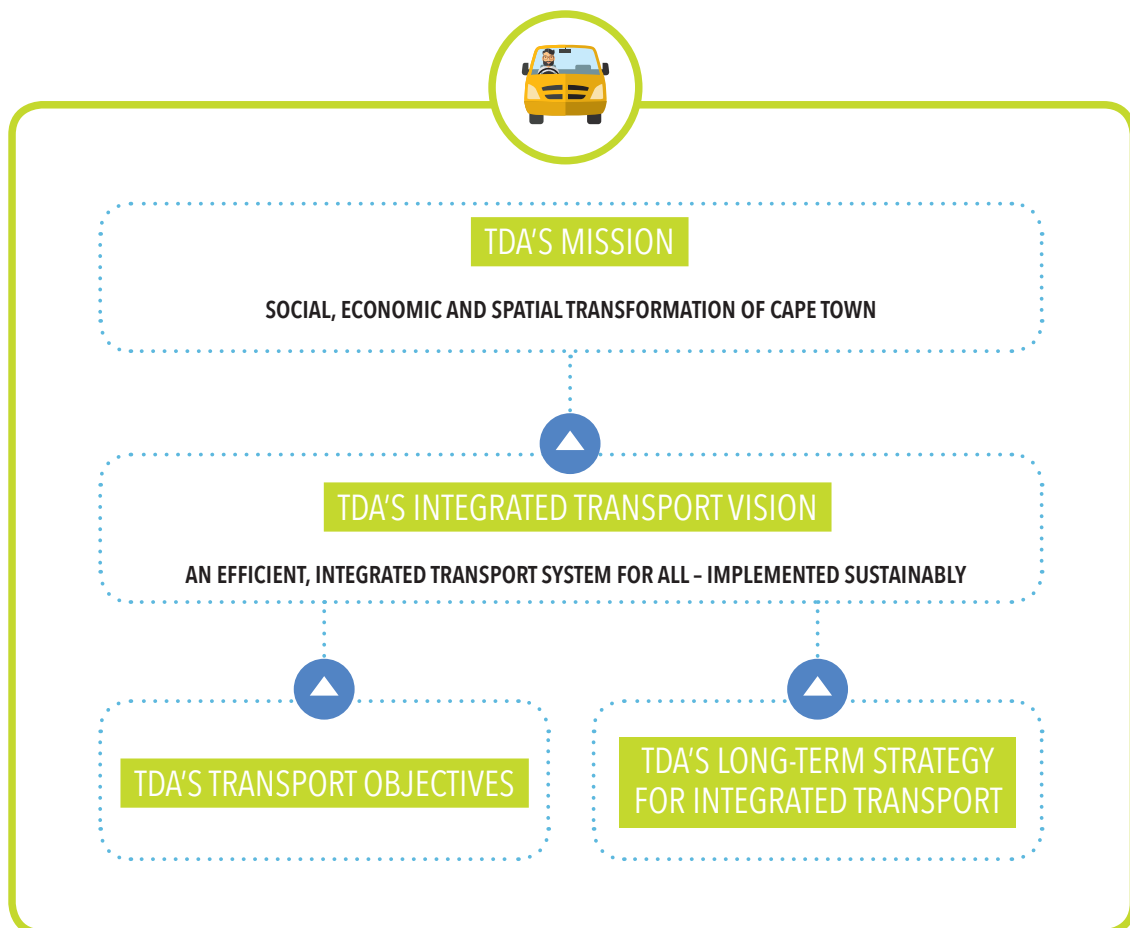


Figure 10: TDA mission and transport vision, objectives and strategy

The TDA long-term strategy builds on the former Transport Cape Town (TCT's) strategy, but adds a fifth element, namely the built environment to reflect the TDA's mandate to establish better alignment between land use and transport in Cape Town. The strategy still supports more performance-orientated service delivery and a focus on investment. Yet it places greater emphasis on the integration of transport functions and the building of integrated communities.



The five elements of the TDA strategy along with their proposed timelines are outlined below:

Element A - Governance:

3 years

TDA will build on its existing governance structure and develop other governance tools for urban development as they relate to integrated transport.

Element B - Finance:

13 years

TDA will continue with the Municipal Land Transport Fund and explore how to extend it to incorporate urban development funding and related financial mechanisms (such as those relating to TOD).

Element C - Integrated transport:

10 years

TDA will continue implementing integrated transport. Accordingly, element C remains, but only with a revised timeline of ten years from 2017.

Element D - Access priorities:

15 years

Element D remains, but now includes an added focus on fast-tracking the City's strategy to alleviate traffic congestion.

Element E - Built environment:

Ongoing

Following stakeholder consultation, the City has decided to add this fifth element to the TDA strategy, which will determine the mechanisms for the implementation of Transport Orientated Developments (TOD).

Figure 11: The TDA long-term strategy and timelines



THE TDA'S TRANSPORT OBJECTIVES ARE TO ESTABLISH:

- an efficient relationship between land use, supporting infrastructure and transport for the sustainable development of Cape Town;
- integrated, intermodal (involving two or more modes of transport), interoperable (allowing easy transfers between modes), responsive and car-competitive public transport for the benefit of the community;
- an economically viable transport system by balancing services with demand, and regulating transport in a transparent fashion;
- accountable, investment-oriented and performance-driven service delivery according to a unified set of high standards;
- a well-planned, viable and financially accountable transport management system and network, using all potential sources of funding;
- consolidated and improved enforcement functions in the City for better safety and security on the public transport network;
- sound TDA stakeholder communication and management to ensure responsible service delivery in partnership with all industry role-players;
- a fully integrated, responsive and well-maintained infrastructure network that is appropriately managed as the City's largest asset; and
- fully functional and user-friendly systems on the intermodal network.

To determine a baseline against which progress with these objectives can be measured, the transport development index was developed. As the index is currently transport-specific, the possibility of developing it into an urban development index – also including the built environment – is being explored.

Aligning with the City's Integrated Development Plan

As the TDA houses the City's dedicated transport authority, its work also aligns with the City's IDP objectives, specifically objective 1.4. As such, this report reflects both the progress TDA has made delivering on its transport mandate, and more specifically, its achievements with regard to the following programmes:

- Programme 1.4(a): Public transport programme
- Programme 1.4(b): Rail service improvement and upgrade programme
- Programme 1.4(c): Bus rapid transit (BRT) programme
- Programme 1.4(d): Travel demand management programme
- Programme 1.4(e): Intelligent transport systems programme
- Programme 1.4(f): Institutional reform programme

However, with the creation of the TDA and the launch of the ODTP in late 2016, these programmes now appear in a revised form in the new term-of-office IDP. TDA is aligned with the 11 ODTP priorities, particularly:

- priority 8, 'Dense and transit-oriented urban growth and development'; and
- priority 9, 'An efficient, integrated transport system'.

In the next annual review of the IDP, TDA will therefore be assessed against these priorities.



TDA PROGRESS AND KEY ACHIEVEMENTS IN 2016/17

TDA recognised for excellence by international peers

In May 2017, the City's TDA participated in the 62nd International Association of Public Transport (UITP) World Congress and Exhibition in Montreal, Canada. The theme was 'LEAD the TRANSITion', specifically chosen to reflect the evolution of the public transport sector. The proceedings culminated in the prestigious UITP awards ceremony, where the TDA was honoured with the prestigious UITP award for best public transport strategy, for the City's TOD Strategic Framework. TDA's entry was shortlisted with another four global cities' strategies. The various award categories attracted a total of 230 applications from all over the world.

UITP is a passionate champion of sustainable urban mobility, and the only global network to bring together all public transport modes. Its 1 400 members include public transport operators and authorities, policy decision-makers, research institutes and the public transport supply and service industry. The 2017 event was attended by 2 500 participants from 84 countries, and 330 companies from 30 countries used the platform to display their latest innovative products and solutions.

Setting the benchmark: The TDA transport development index (TDI)

The TDI is the baseline for understanding the state of transport in Cape Town, as determined by the people (public transport, private car, non-motorised transport) and goods (freight) user groups. The TDA uses it to evaluate the effectiveness of its transport service delivery interventions aimed at various users across different income brackets and areas of Cape Town.

The TDI identifies the access priorities of each of its user groups, and their related costs. The index has for example revealed that 95% of public-transport users are from the low and low-to-middle income brackets; 17% (over 500 000) of the population fall into the non-motorised transport (NMT) user group, without access to any transport mode other than walking or cycling, and low-income public-transport users spend an average of 43% of their income on transport fares, against an internationally acceptable norm of 5 to 10%.

In the 2016/17 financial year, the TDI was further refined into what is now the 'TDI Generation 2.0'. It is also being included in the transport authority management system, which consists of a central data repository and integrated information management systems that use transport data to enable informed policy development and service delivery.

In addition, due to the TDA's broader mandate than the former TCT's, the TDI is being expanded to become an urban development index, which will include added indices to measure the costs associated with living in Cape Town. It will also include indices to track the spatial, social and economic transformation achieved over time through TOD.

Strategy to manage freight transport on Cape Town's roads

Council adopted the Freight Management Strategy in August 2016. The strategy contains the following vision for freight management: 'Freight transport within Cape Town and the city's functional area is safe and efficient, serving the needs of the local and regional economy without compromising the access and mobility needs of fellow road users; freight operators understand and comply with regulations that deal with road safety, emissions, route and road asset preservation and the user-pays principle'.

Interventions to achieve this vision are structured around 11 key focus areas, namely dangerous goods, abnormal loads, overloading, road congestion, freight demand, road safety, incident management, freight emissions and air quality, rail freight, technology and innovation, and advocacy and intergovernmental structures. All interventions will be monitored as part of the CITP.

Investing to alleviate traffic congestion

Congestion is costly, not only in terms of time and money lost, but also pollution and its long-term effect on the environment. The morning peak-hour period on Cape Town's major roads has increased from two hours (07:00 – 09:00) to a frustrating four hours (06:00 – 10:00) in two years. More and more residents leave their homes at 05:00 already to avoid getting stuck in traffic on their way to work.

Recognising that this is untenable, the TDA proposed a R750 million investment in road infrastructure projects over five years to begin to alleviate the major pressure points, and the City has given its stamp of approval. Congestion alleviation projects will be undertaken in a range of areas, notably:

- Kuils River, around Bottelary, Amandel and Saxdown roads;
- Kommetjie, around Ou Kaapse Weg and Kommetjie Road;
- Blouberg, around Platteklouf, Blaauwberg and Sandown roads;
- the M3, M5, N1 and N2 freeways;
- the V&A Waterfront and foreshore;
- the R300/Bottelary interchange northern ramps; and
- the Jip de Jager extension.

Travel Demand Management (TDM) Strategy

Council in March 2017 approved the TDM strategy, which intends to encourage behavioural change as a means to relieve congestion on our roads. Since the IPTN programme, the NMT Strategy and other programmes will also bring about behavioural change, the TDM Strategy will be targeting more specific issues, such as flexible working hours, priority for high-occupancy vehicles, more park-and-ride facilities at rail and bus stations, City-managed parking bays, private parking levies, and a marketing and communications campaign.

The programme promoting flexible working hours is entering a pilot phase in the City itself, and a number of other major employers in the city centre are also pursuing this.

Sustainable mobility

TDA recognises the need to drive sustainable mobility. In early October 2016, it co-hosted the Mobility Indaba with #CocreateSA. There, the City committed to facilitate the creation of a Mobility Charter as well as a mechanism for ongoing engagement. Although these activities have been interrupted by the ODTP process, the City has shown its commitment to sustainable mobility by:

- exploring the base measurement of TDA's carbon footprint (originally it was for TCT only) and formulating a comprehensive approach to the carbon agenda;
- investigating alternative fuels for City transport services;
- greening TDA infrastructure;
- procuring electric buses;
- drafting the Mobility Charter; and
- drafting a position paper to guide further action.



Integrated Public Transport Network (IPTN) Plan 2032

Council approved the IPTN Plan 2032 in June 2014. The plan describes the proposed higher-order network that is required to achieve integrated, interoperable and intermodal public transport for the benefit of all in Cape Town.

In terms of road-based transport, the plan suggests 14 routes – four existing ones (T01, T02, T03, T04) that form part of phase 1 of the City's integrated rapid transit (IRT) system MyCiTi, and ten new bus rapid transit (BRT) routes. These routes are outlined below:

Table 2: Bus rapid transit routes in the IPTN 2032

Route	From	To	Brief Description
T01	Civic Centre	Dunoon	Waterfront – Civic Centre – Table View – Dunoon
T02	Atlantis	Civic Centre	Atlantis – Table View – Civic Centre
T03	Century City	Atlantis	Century City – Table View – Atlantis
T04	Dunoon	Century City	Dunoon – Montague Gardens – Century City
T10	Blue Route Mall – Tokai Road	Strand – Gordon's Bay	Retreat – Steenberg – Strandfontein – Mitchells Plain – Khayelitsha – Strand – Gordon's Bay
T11	Wynberg Station	Khayelitsha	Wynberg – Ottery – Hanover Park – Guguletu – Philippi – Khayelitsha
T12	Claremont Station	Mitchells Plain	Claremont – Lansdowne – Hanover Park – Philippi – Mitchells Plain
T13	Durbanville	Mitchells Plain Station	Durbanville – Bellville – Symphony Way – Philippi – Mitchells Plain
T14	Westlake	Bellville Station	Westlake – Retreat – Hanover Park – Epping – Parow – Bellville
T15	Strandfontein	Civic Centre	Strandfontein – Pelikan Park – Athlone – Pinelands – Maitland – Civic Centre
T16	Eersterivier Station	Big Bay	Mfuleni – Delft – Philippi – Elsies River – Parow – Monte Vista – Bothasig – Parklands – Big Bay
T17	Khayelitsha Station	Century City	Khayelitsha – Philippi – Borchers Quarry – Epping – Maitland – Century City
T19	Century City	Wallacedene	Century City – Parow – Bellville – Durbanville – Wallacedene
D12	Mitchells Plain	Civic Centre	Mitchells Plain – Philippi – Klipfontein Road – Victoria Road – Civic Centre

From a rail perspective, the IPTN 2032 identifies the construction and commissioning of the Blue Downs rail corridor, the doubling of the existing Strand line as well as the extension of the Chris Hani rail link to Somerset West (subject to planned development in Somerset West) as priorities.

Further to the IPTN 2032, the IPTN operations plan goes into the details of the operation of the services on the IPTN routes, and provides an indication of the optimum number of buses and train sets required. Council approved the operations plan in June 2015. The IPTN implementation plan, in turn, provides the sequence in which the planned IPTN corridors will be rolled out. This, Council approved in April 2017.

With regard to the so-called ‘phase 2A corridor’, which includes the T11 and T12 routes in the table on the previous page, Council approved the conceptual design, excluding the Wynberg leg, in March 2016.

Transit-oriented development strategy to address spatial planning and transport inefficiencies

By the year 2032, Cape Town may need an additional 500 000 new dwelling units, 1 000 000 m² retail space, 3 500 000 m² office space and 4 500 000 m² industrial development to support its growing population. The location and nature of these future developments will have a significant impact on the millions of people who will be living and working in the city.

In response, the City’s Mayco adopted a new and far-reaching policy document on integrated spatial and transport planning. Its main aims are to accelerate the eradication of the apartheid legacy of separation and to build a future Cape Town founded on equity, inclusivity and an efficient urban economy for all.

The policy document is called the TOD Strategic Framework. It prescribes how new developments across Cape Town should occur to deal with apartheid spatial inequality, the high cost of public transport as well as future urbanisation, while also stimulating economic growth. The focus is on densification, intensification of land use, and transit-led development, with an initial emphasis on rail and BRT stations.

The TOD policy proposes that all future developments in the city should be strategically located around public transport, providing residents with easy access to either rail or MyCiTi routes. Furthermore, it aims to ensure that future residential areas place all income groups within reasonable reach of economic and work opportunities.

At the end of the 2015/16 financial year, the Executive Mayor confirmed five priority TOD projects, namely the foreshore freeway precinct, Bellville, the Philippi East MyCiTi interchange, Paardevlei and the Athlone power station. These five projects will now be reoriented in line with the TOD Strategic Framework.

Transforming the minibus-taxi industry makes service and business sense

The City has adopted a new TDA-proposed investment model aimed at transforming the minibus-taxi industry in Cape Town. The model is designed to breathe new life into the industry by making available immediate business opportunities to shareholders in taxi operating companies (TOCs), while also improving services rendered to commuters in general. The new business model for the minibus-taxi industry will benefit the entire industry, and not only those operators affected by the roll-out of the MyCiTi bus service.

More than 107 minibus associations operate across Cape Town and are organised into six regional structures. Approximately 16 000 vehicle owners and drivers who hold some 10 000 operating licences between them compete for passengers – not only with one another, but also with illegal operators.

The intention of the City’s model is to move ownership of operating licences from individuals to association-based TOCs. The TOCs will operate as businesses, and in accordance with their business plans. The City will provide financial assistance to help the industry set up the TOCs, as well as for training and building management. This model will not only ensure more efficient and cost-effective on-demand public transport services, but will also create further economic opportunities for the TOCs. The City aims to pilot the transformation model in Khayelitsha and Mitchells Plain, as the capacitation and training project for the N2 Express, which connects these two areas with the city centre, is currently yielding candidates for possible employment by the TOCs.

Investment pipeline to deliver performance-oriented service

Remaining committed to providing performance-oriented service delivery, the City is developing a pipeline of investment opportunities across the lifecycle of integrated transport. Some of these opportunities the City will deliver itself, while others will be open to private-sector partners. The TDA investment pipeline draws on lessons learnt in transport service delivery in Cape Town over the years. It is divided into six categories, ranging from governance to logistics, and itemises potential investment initiatives, which could be internally or externally structured.



MYCITI SUCCESS STORY

The City's MyCiTi IRT service is aimed at transforming Cape Town's road-based public transport system. It seeks to do this through, among others, the provision of BRT services in dedicated right-of-way lanes, feeder bus services, automated fare systems, universal access, operating service contracts and institutional reform. Phase 1A, 1B and the N2 Express comprising 40 MyCiTi routes and 42 stations have already been implemented.

The service continues to exceed targets in terms of passenger journeys undertaken. By the end of the reporting year, MyCiTi had recorded 19,9 million passenger journeys, which is well in excess of the 19 million target.

In 2016/17, MyCiTi also helped transport 500 rail commuters stranded by a Metrorail strike. This was successfully undertaken at short notice. MyCiTi also introduced a 'free-ride day' in March 2017, which attracted immense interest as passengers flocked to stations to experience the MyCiTi buses.

In addition, MyCiTi implemented a special plan for the 2016/17 festive season to accommodate passengers travelling to beaches, shopping centres and tourist attractions. Also, as fewer commuters were travelling to work at that time of the year, services were adjusted accordingly. These actions resulted in a cost saving, as services were better matched to the demand.

CAPE TOWN'S TRANSPORT 2017

4 million
CITIZENS

2 528 000
PASSENGERS EVERY DAY

38%
OF THE TRIPS EVERY MORNING ARE MADE BY
PUBLIC TRANSPORT

95%
OF PUBLIC TRANSPORT USERS ARE IN THE LOW TO
LOW-MIDDLE INCOME BRACKETS

9% OF THE POPULATION'S
MAIN MODE OF TRANSPORT
IS WALKING OR CYCLING

440 km
OF CYCLE LANES

18% PASSENGER RAIL
1 014 KM OF RAIL NETWORK
23 ROUTES ON FOUR MAIN CORRIDORS
125 STATIONS
25% OF TRAINS ARE DELAYED
2,7% OF TRAINS ARE CANCELLED
72 OPERATING TRAIN SETS
454 000 PASSENGER TRIPS (METRORAIL, 2017)

12% MINIBUS-TAXIS
SANTACO WESTERN CAPE
6 REGIONAL BODIES
119 ASSOCIATIONS
12 000 LICENSED MINIBUS-TAXIS
MORE THAN 300 000 PASSENGERS
1 350 ROUTES

N2 Express service

All of the planned N2 Express routes have been implemented and currently operate between Khayelitsha, Mitchells Plain and central Cape Town. Passenger numbers on the N2 Express continue to grow and, by March 2017, had increased to 192 000 from 170 000 in July 2016.

The N2 Express MyCiTi service also exceeds projections in terms of passenger journeys recorded, showing good growth as passengers continue to make use of this service for their daily commute.

Towards implementing phase 2A (previously known as the Lansdowne-Wetton corridor)

In March 2016, Council approved the phase 2A concept design, excluding the Wynberg leg, which is on hold pending an independent review. Following public participation, the concept design is now being refined and prepared for the detailed design process to follow. Work on the phase 2A cost model and operations plan is currently under way, as is planning of the role of existing services in phase 2A.

BUSIEST PUBLIC TRANSPORT INTERCHANGES (PTI)

1. CAPE TOWN	150 368
2. BELLVILLE	108 676
3. KHAYELITSHA SITE C	57 661

TRANSPORT NETWORK

CITY	11 700 km of road
PROVINCE	194 km of road
SANRAL	146 km of road
FOOT BRIDGES	109
ROAD BRIDGES	339
RAIL BRIDGES	10
CULVERTS	94
STORM WATER NETWORK	8 700 km
TRAFFIC SIGNALS	1 500 signalised intersections

53% CAR OWNERSHIP
95% IN HIGH TO MIDDLE-INCOME COMMUNITIES

8% CONTRACTED BUS SERVICES
GABS, SIBANYE AND MyCiTi
MORE THAN 250 000 PASSENGERS A DAY
MORE THAN 1 400 BUS REGISTRATIONS

BUS RAPID TRANSIT LAUNCHED IN 2010
32 km OF DEDICATED RED ROADS

METERED TAXIS
1 585 SERVICES OPERATING
42% HAVE A VALID OPERATING LICENCE
TOP FIVE ACTIVITY NODES:
CBD; GARDENS; FORESHORE, SEA POINT; AND GREEN POINT



Progress with non-motorised transport

The reporting year saw the City's Non-Motorised Transport (NMT) Policy and Strategy being reviewed and updated. It is now known as the Draft NMT Strategy 2017-2021.

The citywide NMT Network Plan was also revised in 2016 in line with the IPTN. The plan proposes a number of NMT projects over the next five years. The following projects were under way in each district in 2016/17:

Table 3: NMT projects by district, 2016/17

Projects District	Phase 2: Under construction		Phase 3: Planning and design	
	Number of projects	Total length	Number of projects	Total length
Central	4	6,3 km newly built, rehabilitated and upgraded intersections	6	28 km (three projects)
North	3	32 km	6	51 km
South	2	31,7 km		54 km
East	2	11,7 km		73 km
Citywide			1	Signage on main cycle routes

Cycling Strategy

A draft Cycling Strategy was prepared in 2017 to increase cycling's share of transport in Cape Town from the current 1% to 8% by 2030. Cape Town is the first South African city to develop such a strategy. It is set to be approved in the next annual cycle once a broad range of cycling and other stakeholders has been consulted.

The strategy supports the growth in utility cycling (i.e. cycling done simply as a means of transport) as an important part of the transport system. Cycling is known to contribute to more lively and active cities, and can potentially free up congested road space. This, in turn, can reduce traffic delays on the road network, making cities and urban centres more productive. The Cycling Strategy has six key focus areas, namely to improve access to bicycles, improve safety and security, provide and maintain cycling infrastructure, improve monitoring and evaluation, facilitate stakeholder collaboration, and improve communication and education.

TDA infrastructure projects and maintenance

The TDA managed to spend 79% of its repairs and maintenance budget in the 2016/17 financial year. A total of R30 million was invested in a much-needed upgrade of maintenance vehicles and small plant to ensure a safe working environment for the City's workers. Significant purchases in this regard included 16 crew cab platform trucks and three graders for use on gravel roads, primarily in rural areas. All TDA staff who require personal protective equipment also received an additional set of overalls and boots.

Infrastructure

The following major road projects commenced or continued in 2016/17, in line with the IDP:

Upgrades

- Stock Road – R77 311 010
- Strandfontein Road – R183 542 122
- Main Road Muizenberg and Clovelly – R48 155 734
- Broadway Boulevard – R23 915 611
- Jip de Jager north and south – R37 963 016
- R300/Bottelary Road interchange – R28 201 744
- Strand Street concourse – R33 015 130

Dualling

- Kommetjie Road – R19 111 245
- Platteklouf Road – R21 808 305

Construction of NMT facilities

- Central Cape Town – R16 596 442
- Plantation and Montagues Gift roads – R488 837
- Blaauwberg district – R11 920 730
- Bishop Lavis – R4 044 061 26
- Kasselsvlei region – R23 241 390 18
- Albert Road and Strand Street – R5 985 400
- Spaanschemat River, Kendal, Ladies Mile and other roads – R36 570 871
- Francie van Zijl Drive and De la Rey Street – R25 363 318
- Major roads in Somerset West – R21 909 669
- Grassy Park – R4 701 905

Road rehabilitation

TDA's ongoing road rehabilitation programme is progressing well, with investments in the following projects:

- Manenberg phase 7 – R16 366 000
- Manenberg phase 8 – R1 469 623 (project completed; no further expenditure expected)
- Hanover Park area 4 – R3 840 917 (project completed; no further expenditure expected)
- Hanover Park area 5 – R11 808 026
- Hanover Park phase 2 and 3 – R500 000 (budget required for consultant fees only)
- Heideveld area 5 – R2 881 531 (contract terminated; no further expenditure expected)
- Heideveld area 3 – R10,7 million (practical completion)
- Bishop Lavis – R44 582 308
- Gugulethu – R13 524 849
- Ocean View – R2 million (project completed)
- Imizamo Yethu – R20,3 million

Maintenance

The following road resurfacing projects have been implemented along metro mobility routes, some with recycled vehicle tyre rubber as a component of the bitumen in the asphalt:

- Nelson Mandela Boulevard between Hospital Bend and Russel Street
- Portions of Japhta K Masemola Road between Swartklip Road and Mew Way
- Macassar Road between Baden Powell Drive and the last access to the sand mines
- Lower Church Street, Woodstock and Marine Drive, Paarden Eiland
- Liesbeek Parkway and Malta Road between Settlers Way and Lower Main Road
- Baden Powell Drive between Capricorn Circle and Strandfontein Road
- Faure Marine Drive between Rusthof and Beach roads, Strand
- Portwood Road, Somerset Road and a portion of Helen Suzman Boulevard, Green Point



The metro roads rehabilitation programme either fully funded or contributed to the following completed or ongoing projects:

Rehabilitation

- De la Rey Street between Robert Sobukwe Road and Francie van Zijl Drive, Parow
- Portion of Prince George Drive, from Hyde Road to 5th Avenue, Grassy Park
- Eastlake Island Way bridge

Dualling and rehabilitation

- Platteklouf Road, Platteklouf
- Broadlands Road, Somerset West
- Sir Lowry's Pass Road, Somerset West

Upgrade

- Victoria Road bridge-over-rail, Plumstead
- M3 viaducts, Wynberg, and De Waal bridge
- Main Road, Muizenberg

Repairs

- Marine Drive link bridge
- Duncan Road culverts
- Alma Road bridge

SOUTHERN SUBURBS MAIN ROAD

REFURBISHMENT PROGRESSING WELL

To date, the City has invested nearly R250 million in the rehabilitation of Main Road in the southern suburbs, including the replacement of vital services such as water mains, sewer pipes and electricity cables.

Once completed, the City will have spent approximately R304 million on the rehabilitation project, which covers a distance of 4,5 km from the intersection with Atlantic Road in Muizenberg, through St James, to the intersection with Clovelly Road just past Kalk Bay.

The significance of this project is obvious when considering that Main Road is one of only three access routes to the far south, and currently carries about 24 000 vehicles per day. The project is expected to be completed in October 2017.

TDA integrated information management system (IIMS)

The TDA embarked on the development and implementation of an integrated information management system (IIMS). The IIMS will provide the TDA with the business intelligence required to be the type of data-driven organisation that attracts investors and can serve its customers effectively and efficiently.

An overall IIMS blueprint was developed in 2016 for the information management needs of the organisation at the time, with a 15-year horizon. The blueprint will be updated in 2017 to include the business intelligence needs of the newly constituted TDA.

The first three products of the IIMS blueprint are currently being developed. These are an integrated data warehouse with real-time analytics and strategic reporting capabilities, an asset lifecycle management solution, and a public-transport operating-licence administration system. All three will go live in the second half of 2017.

The IIMS is fully integrated with the City's SAP environment.

Stormwater

Stormwater management

The rollout of the City's stormwater quality implementation plan continued during 2016/17. The City's successful efforts to manage pollution are still evident from the presence of flamingos and otters in the Salt River catchment areas. However, certain challenges are still being experienced in the provision, operation and maintenance of sanitation infrastructure in informal settlements.

Stormwater infrastructure

- **The winter-readiness programme** forms an integral part of the City's flood risk management strategy, primarily focusing on reducing risk by properly maintaining and cleaning stormwater infrastructure. Efficient and effective maintenance of the stormwater network is crucial to limit the impact of potential flooding on communities. In the reporting year, R121 million was budgeted for the procurement of goods and services for the cleaning and maintenance programme, while another R115 million was budgeted for maintenance work and responding to complaints and flooding incidents.
- **The EPWP drain- and verge-cleaning project** creates approximately 320 temporary work opportunities to the value of some R5 million per annum. Local labour is sourced through subcouncils and deployed to clean catch-pits and open stormwater channels throughout Cape Town to minimise flood risk and improve water quality.
- **The Kader Asmal river-cleaning project** is managed by the Environmental Management Department. It helps remove invasive aquatic and terrestrial plants along river corridors. Most of the rivers, ponds and wetlands in the catchments have been invaded by alien plants and are badly polluted. This not only affects ecosystem functioning, but also poses potential health risks. A combination of herbicide application, manual removal and mechanical removal using large machinery is employed.

- **Maintenance management plans (MMPs)** are required for all surface and underground stormwater infrastructure to ensure compliance with the Municipal Finance Management as well as the Municipal Systems acts. Province authorised the City's stormwater maintenance programme in May 2017, on the condition that the City develops MMPs for specific locations where maintenance is undertaken. The City has appointed Aurecon to help draft an estimated 113 MMPs for stormwater systems across Cape Town, including rivers, channels, canals, wetlands, ponds, dams and underground infrastructure. The MMPs will detail the specific maintenance interventions required in the different systems. A number of City departments and branches apart from TDA are involved in this project. The City will also be able to use the MMPs to guide its operational stormwater maintenance activities, as a record-keeping mechanism, and to maintain institutional memory.
- **A stormwater pipe condition and rehabilitation strategy** has been developed for roll-out in 2017/18. It identifies the strategic work required to gain a better understanding of pipe condition and risk, along with the subsequent rehabilitation projects, their costs and timeframes. Almost 17 km of pipe has been identified as requiring rehabilitation and will cost approximately R120 million.

Transport network management

Progress with transport network management in 2016/17 included R7,2 million spent on addressing the backlog in traffic-calming measures across Cape Town, as well as R12 million spent on upgrading the traffic signal system and improving remote monitoring capabilities.

In addition, the interdepartmental cooperative agreement between TDA and the City's Safety and Security Directorate to establish the Transport Enforcement Unit (TEU) was signed. TDA's transport enforcement manager was appointed, as was a TEU commander (assistant chief) in Safety and Security. To equip them for their tasks, these City staff undertook a study tour to Transport for London's Enforcement and On-Street Operations Directorate at the end of June 2017, gaining valuable knowledge on transport enforcement models.



Rail improvement and upgrades

The rail system constitutes the backbone of public transport in Cape Town. Although the Passenger Rail Agency of South Africa (PRASA) manages the rail commuter network and services, the City continues to engage with them regarding service improvements and upgrades.

In 2015, for example, PRASA and the City signed a memorandum of action to deliver a number of projects through an effective partnership. These include infrastructure, operational and customer-focused information projects such as the Blue Downs rail line (BDRL) extension, PRASA's modernisation programme, and rail-focused public transport interchanges.

The BDRL feasibility study has since been completed under the auspices of PRASA and the City, and implementation is set to commence by 2021. PRASA is in the detailed design phase of the BDRL, and the City is meanwhile aligning its bulk services, road network improvements and road-based public transport services in the wider BDRL corridor.

PRASA's modernisation programme has also commenced. This long-term programme includes rolling-stock recapitalisation, a re-signalling system and station improvements. The City continues to engage with PRASA to ensure integration and joint facilitation, where required. The programme has prioritised the central (rail) corridor. Still on the issue of modernisation, PRASA and the City have entered into a joint planning agreement to undertake the northern corridor modernisation study, which will include a development, operational and investment plan for this corridor.



OBJECTIVE 1.5: LEVERAGE THE CITY'S ASSETS TO DRIVE ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT

The City has a programme to harness the development potential of underutilised municipal land in previously disadvantaged communities, thereby promoting economic growth and job creation. The process includes:

- the identification of suitable, underutilised City properties in poorer communities;
- conducting feasibility studies;
- the development of the concept;
- obtaining land use and statutory approvals; and
- the tendering process as well as contracting with the private sector to lease/own, finance, construct and operate the developments.

As opportunities for the development of retail, commercial, residential, industrial and social facilities arise, they will be presented to the private sector for implementation. Market-ready properties will be released according to a structured programme and will include areas such as Khayelitsha and Mitchells Plain.

The aims are to improve the management of immovable property assets, and at the same time use these assets to boost entrepreneurship, physically transform Cape Town, and breathe new life into urban areas.

Programme 1.5(a): Investigate all the City's strategic assets

The City has made substantial progress with its immovable property asset management framework, which aligns the City's management of immovable property assets with international best practice. To date, the City has implemented business system solutions to deal with its immovable property asset inventory, as well as an asset management system, which deals with immovable property asset performance.





Programme 1.5(b): Mayor's urban regeneration programme

The Executive Mayor initiated the mayoral urban regeneration programme (MURP) to uplift neglected, dysfunctional and rapidly deteriorating areas to improve safety, quality of life and socio-economic conditions. The programme particularly focuses on the shared environment.

In short, the programme aims to introduce a sustainable system for the operation and maintenance of public infrastructure and facilities to stabilise declining areas and potentially attract public and private investment. These investments are then presented to and negotiated with local communities as a 'package of interventions', which are eventually included in community action plans according to communities' short-, medium- and longer-term needs.

MURP projects are currently under way in Bishop Lavis, Bonteheuwel, Valhalla Park, Gugulethu, Nyanga, Manenberg, Hanover Park and central Bellville, as well as central Parow, which forms part of the Voortrekker Road corridor development. All of these projects are making progress thanks to collaboration between City line departments and a range of external partners, including Province, law enforcement agencies, non-governmental organisations and civil society. Most importantly, however, these initiatives are undertaken in response to the specific needs that residents have expressed in their area's community action plan. This makes local communities key, and they are included in both project planning and implementation.

A central component of each MURP project is the implementation of a public investment framework (PIF), which explores how infrastructure may be used to improve area functionality, attractiveness and safety. This is achieved by identifying poorly structured or underutilised publicly owned land and facilities, and proposing how these can be put to good use in the interest of the broader public and local community. PIFs have been completed for Bishop Lavis, Gugulethu, Nyanga, Manenberg and Hanover Park, and initial work on a PIF for Bonteheuwel has commenced.

OBJECTIVE 1.6: MAXIMISE THE USE OF AVAILABLE FUNDING AND PROGRAMMES FOR TRAINING AND SKILLS DEVELOPMENT

Programme 1.6: Sectoral education and training authority (SETA) and EPWP funding used to train apprentices and create other external training opportunities Opportunities in urban sustainability and environmental management

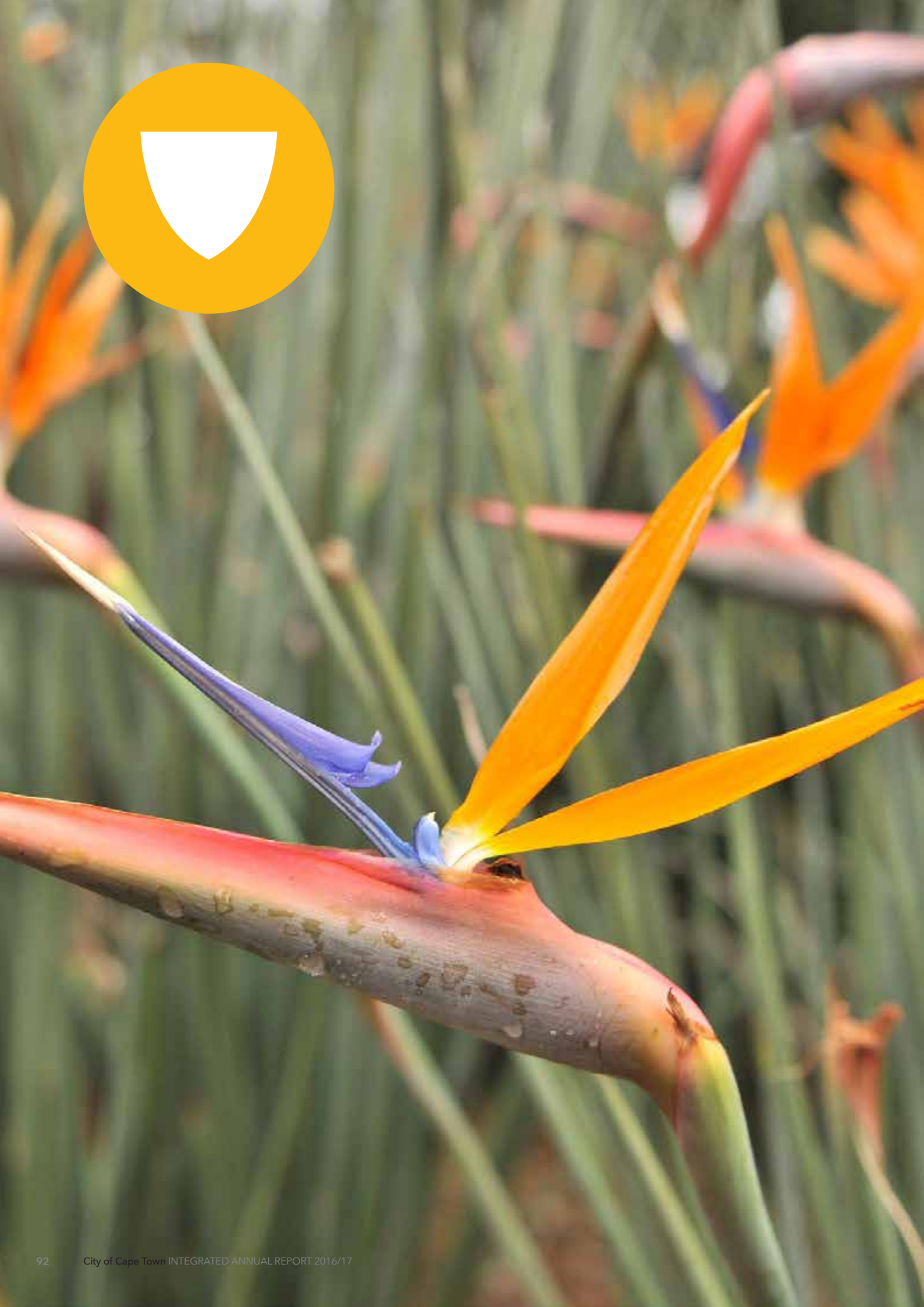
The City continues to offer its full-time, 12-month urban sustainability internship programme, which is managed by the Environmental Management Department (EMD) and funded by Human Resources. The internship provides an opportunity for new graduates to develop skills in key operational areas of the City. In 2017, 42 new graduates started on the programme. In the 12 years since programme inception, 375 interns have participated, 75 of whom now work for the City.

EMD has also been hosting an Environmental Management National Certificate level-5 skills programme for seven staff members (qualification category 18.1 for employed learners) in the Biodiversity Management Branch, and one external learner (qualification category 18.2 for unemployed learners). This is the final year of the programme, and the learners will complete their studies by July 2018.

The City also collaborates with the Cape Town Environmental Education Trust to run skills development programmes at levels 4 and 5 of the National Qualifications Framework. Several of these learners are based at City nature reserves to do their practical work.

Moreover, EMD each year hosts 15 nature conservation students for the entire year, as well as five Cape Peninsula University of Technology environmental management students for six months, to expose them to work-integrated learning.





STRATEGIC FOCUS AREA 2 – SAFE CITY

OBJECTIVE 2.1: EXPAND STAFF AND CAPITAL RESOURCES
IN POLICING DEPARTMENTS AND EMERGENCY SERVICES TO
PROVIDE IMPROVED SERVICES TO ALL, ESPECIALLY THE MOST
VULNERABLE COMMUNITIES

OBJECTIVE 2.2: RESOURCE DEPARTMENTS IN PURSUIT
OF OPTIMUM OPERATIONAL FUNCTIONALITY

OBJECTIVE 2.3: ENHANCE INFORMATION-DRIVEN POLICING
WITH IMPROVED INFORMATION-GATHERING CAPACITY
AND FUNCTIONAL SPECIALISATION

OBJECTIVE 2.4: IMPROVE EFFICIENCY OF POLICING
AND EMERGENCY STAFF THROUGH EFFECTIVE TRAINING

OBJECTIVE 2.5: IMPROVE SAFETY AND SECURITY
THROUGH PARTNERSHIPS





STRATEGIC FOCUS AREA 2 – SAFE CITY

THE CITY IS COMMITTED TO CREATING A SAFE LIVING
AND BUSINESS ENVIRONMENT FOR ITS RESIDENTS.

THE CITY'S SAFETY AND SECURITY DIRECTORATE IS THE MAIN IMPLEMENTER OF THE VARIOUS SAFE CITY OBJECTIVES.

To position Cape Town as a safe city, five key objectives have been identified as part of the City's 2016/17 IDP review. This section offers an overview of the progress made against each of these objectives and underpinning programmes in the past financial year.



Objectives	Programmes
<p>2.1 Expand staff and capital resources in policing departments and emergency services to provide improved services to all, especially the most vulnerable communities</p> <p> Refer to pg 75 of 2016/17 IDP review, and pg 96 of this report</p>	<p>Programme 2.1 Increase the operational staff complement</p>
<p>2.2 Resource departments in pursuit of optimum operational functionality</p> <p> Refer pg 76 of 2016/17 IDP review, and pg 98 of this report</p>	
<p>2.3 Enhance information-driven policing with improved information-gathering capacity and functional specialisation</p> <p> Refer pg 77 of 2016/17 IDP review, and pg 100 of this report</p>	<p>Programme 2.3(a) Improved efficiency through information- and technology-driven policing</p> <p>Programme 2.3(b) Intelligent crime prevention</p>
<p>2.4 Improve efficiency of policing and emergency staff through effective training</p> <p> Refer pg 79 of 2016/17 IDP review, and pg 103 of this report</p>	<p>Programme 2.4 Training and human resources development</p>
<p>2.5 Improve safety and security through partnerships</p> <p> Refer pg 80 of 2016/17 IDP review, and pg 104 of this report</p>	<p>Programme 2.5(a) Strengthen community capacity to prevent crime and disorder</p> <p>Programme 2.5(b) Strengthen community capacity to respond to emergency situations</p>



KEY SAFE CITY ACHIEVEMENTS IN 2016/17

- EFFECTIVE **COMBATING OF MAJOR FIRES** IN CAPE TOWN, AND PROVIDING VALUABLE ASSISTANCE TO SURROUNDING MUNICIPALITIES
- CITY'S **CLOSED-CIRCUIT TELEVISION (CCTV) NETWORK** THE LARGEST PUBLIC-AREA SURVEILLANCE AGENCY IN AFRICA, AND THE ONLY IN SOUTHERN AFRICA THAT COVERS RESIDENTIAL AREAS, INFORMAL SETTLEMENTS AND CITY CENTRES
- MAINTAINED **HIGH ARREST RATE** FOR DRUG-RELATED CRIME
- **77,79%** OF EMERGENCY INCIDENTS **RESPONDED TO WITHIN 14 MINUTES** FROM INITIAL CALL
- **SCORED 100%** IN NEIGHBOURHOOD WATCH SATISFACTION SURVEY
- THE CITY'S CCTV FOOTPRINT NOW STANDS AT **586 CAMERAS**

OBJECTIVE 2.1:

EXPAND STAFF AND CAPITAL RESOURCES

IN POLICING DEPARTMENTS AND

EMERGENCY SERVICES TO PROVIDE

IMPROVED SERVICES TO ALL, ESPECIALLY

THE MOST VULNERABLE COMMUNITIES

Programme 2.1: Increase the operational staff complement

Externally funded law enforcement programme

The City's externally funded law enforcement programme allows for the appointment of law enforcement and traffic officers who are funded by the private sector and other institutions outside the Safety and Security Directorate. The Law Enforcement Department continues to strengthen its capacity through this programme, and currently has 224 externally funded members deployed.

Externally funded traffic officers

Traffic Services has entered into a number of joint ventures in terms of the City's policy to allow for external role-players to pay for services by staff. External partners and funders now provide for seven traffic officers, ten traffic wardens and three part-time attendants.

Stabilisation Unit helps deliver safer communities

Law Enforcement's Stabilisation Unit comprises 90 EPWP workers who have received extensive training to perform saturation policing (where large numbers of officers are concentrated in small areas) in violence hotspots. The unit has been deployed in gang-ridden suburbs such as Manenberg, Bishop Lavis, Ottery and Hanover Park. The unit also forms part of a greater Manenberg upgrade strategy, for which 32 members are deployed to support ongoing enforcement operations by the South African Police Service (SAPS) as well as the City's Metro Police and Law Enforcement departments in Manenberg.

Training of fishery control officers

The training of law enforcement officers and City officials as fishery control officers (FCOs) continues. The City is currently enrolling officials in the National Department of Agriculture, Forests and Fisheries' FCO training course offered by Nelson Mandela University and funded by the Norwegian government. The course equips officials to serve as FCOs enforcing the Marine Living Resources Act.

During 2016/17, members of the City's Marine and Environmental Law Enforcement Unit continued their work in marine and coastal law enforcement. The unit responds regularly to marine and coastal transgressions reported along the coastline. They have also had success in following up on information received from members of the public regarding illegal harvesting and trade of marine resources.





OBJECTIVE 2.2:

RESOURCE DEPARTMENTS IN PURSUIT OF OPTIMUM OPERATIONAL FUNCTIONALITY

Strengthening the City's Public Emergency Communication Centre

The City's 107 Public Emergency Communication Centre (PECC) is staffed by 69 highly trained emergency communicators and is available to receive calls 24 hours a day, 365 days a year. Consultants can communicate in English, Afrikaans and Xhosa, and more than 80% of calls are answered within 10 seconds.

The staff members are also specifically trained to deal with callers who are often in a state of panic when dialling into the service. Most have level-3 first-aid training, and some are qualified basic ambulance assistants.

The PECC continued to expand over the past financial year, and now also takes calls relating to Table Mountain National Park and the Metal Theft Unit. In total, the centre serves 12 internal and external departments. Most calls relate to medical assistance, followed by assistance with law enforcement and fires.

EPIC provides integrated emergency call response

Project EPIC (emergency policing and incident command) is an integrated communication platform designed to ensure that all safety and security departments function optimally and are able to provide improved services to Cape Town's residents and visitors. While the PECC has used various technological platforms over the years, EPIC is the first to provide a single, integrated platform for call-taking and response across all of the City's emergency services.

This revolutionary system helps call-takers identify the location and status of available responders, and then dispatch those closest to the emergency along the best route. EPIC provides real-time feedback on the status of an emergency, helps the City improve service delivery, and assists with effective resource management. This is a first for South Africa and attests to the City's commitment to, through its ODTP, build a safer city for all.

Meeting firefighting challenges

The summer and festive season period is always challenging for the emergency response services, and the end of 2016 was no exception. The first two weeks of January 2017 were particularly challenging, as the City's firefighters faced a number of major fires simultaneously. These occurred in the Helderberg basin, Simon's Town and on Devil's Peak. The fires were enormous; yet there was no loss of life, and relatively little structural damage. EPIC proved highly successful in coordinating efforts and ensuring that the fires were brought under control much quicker than would otherwise have been the case.

The City's Fire and Rescue Service also sent a 55-person team to assist with the devastating fires in Knysna during June 2017, providing valuable assistance to their Knysna counterparts.

Training of seasonal and learner firefighters

A total of 120 seasonal firefighters were employed for six months from November 2016. These firefighters performed duties at all of the major fires in and around Cape Town. Moreover, November also marked the start of 36 learner firefighters' eight-month training period. These training initiatives significantly bolstered the Fire and Rescue Service's firefighting capacity, and its ability to address its operational challenges.

Strengthening the Fire and Rescue fleet

The Fire and Rescue Service acquired 29 new firefighting, rescue and auxiliary vehicles during the reporting period. These were procured to replace ageing vehicles in the fleet.

Workplace trauma and substance abuse management

Due to the nature of their work, Safety and Security employees have a higher risk of workplace trauma. This could result in impaired performance, a sense of being unsafe, and significant distress. This not only affects their personal well-being, but could be detrimental to service delivery also.

For this reason, the City has introduced a trauma response service specifically for staff who are exposed to traumatic incidents in the workplace. The workplace trauma and substance abuse management service prevents or reduces post-traumatic stress and helps staff steer clear of substance abuse. The service includes:

- 24-hour trauma response;
- access to 24-hour alcohol and drug testing;
- pre-employment drug testing;
- a prevention service designed to increase employees' resilience to extreme stressors and ensure an appropriate response to traumatic events;
- education and training on stress management and coping techniques; and
- relationship-building with line management and external service providers to ensure effective trauma and substance abuse interventions.





OBJECTIVE 2.3:

ENHANCE INFORMATION-DRIVEN POLICING WITH IMPROVED INFORMATION-GATHERING CAPACITY AND FUNCTIONAL SPECIALISATION

Programme 2.3(a): Improved efficiency through information- and technology-driven policing

Gunshot detection technology helps fight against gun violence and gangsterism

The City's first deployment of the Shotspotter gunfire detection system has resulted in a marked decrease in gunshots recorded in the areas monitored in Manenberg and Hanover Park.

The system has detected 2 205 incidents since installation in these areas. Gunshot incidents increased in August and October 2016, and again in March and April 2017, with a concomitant rise in gang violence. However, security services' efforts have recently resulted in an overall decline in the average number of incidents per month.

Table 4: Total gunshot incidents in Shotspotter areas

Suburb	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Total
Hanover Park	15	78	30	44	99	41	31	78	93	121	83	88	83	91	975
Manenberg		133	134	45	157	83	24	29	20	236	176	51	63	79	1 230
Grand total	15	211	164	89	256	124	55	107	113	357	259	139	146	170	2 205

The Shotspotter technology provides real-time gunshot detection, also specifying the exact location where the shot was fired. This is then conveyed to law enforcement agencies and emergency services for immediate response. It also reveals details such as the number of shooters and the number of shots fired, which can be used as evidence when prosecuting offenders.

Committed to quicker responses and better communication

The City's emergency response time target is set at no more than 14 minutes from call receipt to arrival on the scene in at least 80% of emergencies. In 2016/17, the Fire and Rescue Service responded to 77,79% of the 21 610 emergency incidents within 14 minutes or less. The main reasons for just missing the 80% target were the number and extent of the vegetation and mountain fires the City had to attend to, and the vast travel distances to reach emergency incidents with the six rescue/medical units available.

Programme 2.3(b): Intelligent crime prevention

Security camera network helps minimise crime

The City's closed-circuit television (CCTV) network is the largest public-area surveillance agency in Africa, and the only in Southern Africa that covers residential areas, informal settlements as well as city centres. The City continues to expand its CCTV network through funding from the Safety and Security Directorate's budget, but also through funds allocated from the budgets of ward councillors.

Network expansion occurs according to a pre-approved CCTV master plan. In the year under review, expansion efforts were mainly focused on the areas of Kewton, Gatesville, Goodwood and Parow, although various smaller installations were also undertaken with ward funding.

The City's CCTV footprint now stands at 586 cameras.

Smart SMS technology makes fine payment quick and easy

Operations at the City's Traffic Services Department have advanced even further with the roll-out of smart SMS technology that allows motorists to pay fines via their cellphones, tablets or personal computers. The SMS service sends a message to drivers who have committed traffic offences. The message contains a link to a secure webpage, where they can securely view the fine, download or e-mail the fine, or even pay it directly from the link.

Roadblock Unit

The City has established an integrated Roadblock Unit, which comprises 18 members from various departments, including Traffic Services, Metro Police and Law Enforcement. The Unit executes roadblocks across Cape Town, with a specific focus on screening drivers for drunk driving. The unit is also effective in retrieving stolen vehicles, illegal firearms and drugs.



The Metal Theft Unit

In 2016/17, the Metal Theft Unit (or Copperheads, as they are more commonly known) conducted 1 513 inspections at scrap-metal dealers and so-called 'bucket shops' (informal scrapyards run illegally from residential premises).

Combating drug and alcohol abuse

Drug use typically fuels gang violence and other serious crimes. It poses a significant challenge to the City's capacity to deliver policing, social and health services and continues to be a major focus for the Safety and Security Directorate. The City's Metro Police continued to clamp down on drug dealers in the 2016/17 financial year and made a total of 1 466 arrests for drug-related crimes – well in excess of its annual target. In addition, the Metro Police and Traffic Services made a total of 4 882 arrests for offences related to driving under the influence of alcohol.

Promoting road use compliance

Also in the reporting year, Traffic Services issued 2 767 011 traffic fines and other notices, such as for the impoundment of public transport vehicles, cellphones and warrant executions. A total of 91 245 arrests were made, including for warrants due to contempt of court, driving under the influence (2 744) and reckless or negligent driving (927). Further arrests related to the possession of illegal firearms, drugs, endangering the lives of minors, drag-racing, assault and murder.

The 370 officers in Traffic Services' Operations Section continue to undertake specialised and general enforcement activities, operate a communication centre, provide road safety education at schools, and manage traffic at all events affecting Cape Town's roads. In 2016/17, it also provided monitoring services at five main intersections in Cape Town that typically have the highest collision statistics.

Law Enforcement Department's facility protection initiative

Through the City's facility protection initiative, neighbourhood watch members are empowered by means of an EPWP project and teaming them up with auxiliary law enforcement officers. The ultimate aim is to prevent vandalism at City facilities and make communities generally safer.

A pilot with 50 EPWP neighbourhood watch members and eight auxiliary law enforcement officers at ten facilities in Nyanga and Gugulethu delivered good results. It managed to reduce the value of damage to property and vandalism from R778 000 in 2015/16 to just R73 800 over the same period in 2016/17. The group also ensured staff safety at facilities, were first responders to protest action incidents, escorted councillors, supported awareness programmes, and participated in numerous joint operations with SAPS and other agencies to make the community safer. They made 13 arrests, issued 304 written notices to appear in court, as well as another 175 section-341 spot-fines. They also seized and impounded 2 200 counterfeit DVDs and CDs, 825 bottles of liquor, six wheelie bins and one truck involved in dumping, conducted 1 553 inspections of premises, and searched 140 persons. The project will be expanded to other areas in Cape Town in the coming year.

Anti-dumping strategy

The promulgation of the amended Integrated Waste Management By-law allows for the impoundment of vehicles involved in illegal dumping. City Law Enforcement pioneered this initiative and has thus far issued 170 dumping fines to the value of R723 700 and impounded 79 wheelie bins and 99 vehicles involved in dumping. Offenders have to settle their cases and pay both a R5 000 admission-of-guilt fine and a R7 500 impounding fee to have their vehicles returned to them. These fees escalate to R10 000 for the second offence, and R15 000 for third and subsequent offences.

OBJECTIVE 2.4:

IMPROVE EFFICIENCY OF POLICING AND EMERGENCY STAFF THROUGH EFFECTIVE TRAINING

Programme 2.4: Training and human resources development

Training for sustainable excellence

The City values and continues to strengthen its partnerships with international law enforcement and emergency service agencies. This has resulted in various specialised training interventions for City policing and emergency service personnel. These included:

- three specialised crime scene investigation courses presented at the United States-administrated International Law Enforcement Academy in Botswana;
- a homeland defence course presented by the United States Naval Force Protection Detachment;
- training in international seaport interdiction (intercepting and stopping the movement of a prohibited item or person), presented by the United States Customs and Border Protection Agency;
- training in crime scene management relating to weapons of mass destruction, presented by United States government agencies; and
- crime analysis training sponsored by the United Kingdom government.





OBJECTIVE 2.5:

IMPROVE SAFETY AND SECURITY THROUGH PARTNERSHIPS

Programme 2.5(a): Strengthen community capacity to prevent crime and disorder

Neighbourhood watch support programme

The City's neighbourhood watch support programme strengthens neighbourhood watch organisations by providing community-based crime prevention training, issuing patrol equipment, and offering guidance to neighbourhood watches.

The administration also invested in the establishment of a radio communications network for neighbourhood watches. This included the installation of radio repeaters and base stations at certain neighbourhood watch control rooms, along with 450 hand-held radios. Staff members have been deployed at the Metro Police control room to maintain direct communication between the City and the neighbourhood watches. The network will be gradually expanded over the next five years so as to include all accredited neighbourhood watches in Cape Town.

Programme 2.5(b): Strengthen community capacity to respond to emergency situations

City leads with disaster volunteers

While the Disaster Risk Management Act requires the City to establish a minimum number of volunteer units, the administration has exceeded expectations by enlisting the highest number of registered volunteers of any metro in the country. The 450 volunteers, some with 15 to 30 years' service, provide additional human resources for the City's essential services, help with risk reduction education and awareness, and are present at most large-scale events, such as concerts or sporting events.

Cooperation helps reduce informal-settlement fire risk

The City has a range of engineering solutions to minimise the risk of extensive fire damage in informal settlements. One key initiative is the re-blocking of informal settlements. Re-blocking involves the grouping and reconfiguration of structures in informal settlements to optimise space, enhance security and improve access for fire prevention and service delivery. The City also continues to engage with suppliers of fire prevention solutions, from retardant paints and safer shack designs to less risky lighting units.





STRATEGIC FOCUS AREA 3 – CARING CITY

OBJECTIVE 3.1: PROVIDE ACCESS TO SOCIAL SERVICES
FOR THOSE WHO NEED IT

OBJECTIVE 3.2: ENSURE INCREASED ACCESS TO INNOVATIVE
HUMAN SETTLEMENTS FOR THOSE WHO NEED IT

OBJECTIVE 3.3: ASSESS THE POSSIBLE SALE OR TRANSFER
OF RENTAL STOCK TO IDENTIFIED BENEFICIARIES,
USING ESTABLISHED CRITERIA

OBJECTIVE 3.4: PROVIDE FOR THE NEEDS OF INFORMAL
SETTLEMENTS AND BACKYARD RESIDENCES THROUGH
IMPROVED SERVICES

OBJECTIVE 3.5: PROVIDE EFFECTIVE ENVIRONMENTAL
HEALTH SERVICES

OBJECTIVE 3.6: PROVIDE EFFECTIVE AIR QUALITY MANAGEMENT
AND POLLUTION (INCLUDING NOISE) CONTROL PROGRAMMES

OBJECTIVE 3.7: PROVIDE EFFECTIVE PRIMARY
HEALTHCARE SERVICES

OBJECTIVE 3.8: PROVIDE SUBSTANCE ABUSE OUTPATIENT
TREATMENT AND REHABILITATION SERVICES





STRATEGIC FOCUS AREA 3 – CARING CITY

THE CITY REMAINS DEDICATED TO BUILDING A METRO THAT OFFERS
A SUSTAINABLE ENVIRONMENT, A SENSE OF BELONGING, ACCESS TO SERVICES,
AND HELP TO THOSE WHO NEED IT.

BUILDING SUCH A CARING CITY REQUIRES INVESTMENT IN SOCIAL AND ENVIRONMENTAL RESOURCES, RANGING FROM HUMAN SETTLEMENTS – INCLUDING INFORMAL SETTLEMENTS – TO SOCIAL SERVICES, COMMUNITY FACILITIES AND OTHERS.

To position the City as a caring city, eight key objectives have been identified in the 2016/17 IDP review. This section offers an overview of the progress made against each of these objectives and their underpinning programmes in the past financial year.



Objectives	Programmes
<p>3.1 Provide access to social services for those who need it</p> <p> Refer pg 86 of 2016/17 IDP review, and pg 111 of this report.</p>	<p>Programme 3.1 Number of targeted development programmes</p>
<p>3.2 Ensure increased access to innovative human settlements for those who need it</p> <p> Refer pg 91 of 2016/17 IDP review, and pg 119 of this report.</p>	<p>Programme 3.2(a) Innovative housing programme</p> <p>Programme 3.2(b) Use property and land to leverage social issues</p> <p>Programme 3.2(c) Partner with Province in education and school sites</p> <p>Programme 3.2(d) Integrated human settlements programme</p> <p>Programme 3.2(e) Densification programme</p> <p>Programme 3.2(f) Rental stock upgrade programme</p>
<p>3.3 Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria</p> <p> Refer pg 96 of 2016/17 IDP review, and pg 128 of this report.</p>	<p>Programme 3.3 Rental stock disposal programme</p>
<p>3.4 Provide for the needs of informal settlements and backyard residences through improved services</p> <p> Refer pg 98 of 2016/17 IDP review, and pg 129 of this report.</p>	<p>Programme 3.4(a) Anti-poverty programme</p> <p>Programme 3.4(b) Service delivery programme in informal settlements</p> <p>Programme 3.4(c) Backyarder service programme</p> <p>Programme 3.4(d) Energy services programme</p>
<p>3.5 Provide effective environmental health services</p> <p> Refer pg 100 of 2016/17 IDP review, and pg 132 of this report.</p>	<p>Programme 3.5 Environmental healthcare programme</p>
<p>3.6 Provide effective air quality management and pollution (including noise) control programmes</p> <p> Refer pg 101 of 2016/17 IDP review, and pg 134 of this report.</p>	<p>Programme 3.6 Measuring the number of days when air pollution exceeds World Health Organisation guidelines</p>
<p>3.7 Provide effective primary healthcare services</p> <p> Refer pg 101 of 2016/17 IDP review, and pg 135 of this report.</p>	<p>Programme 3.7(a) Primary healthcare</p> <p>Programme 3.7(b) Perception survey score on the provision of primary healthcare services</p>
<p>3.8 Provide substance abuse outpatient treatment and rehabilitation services</p> <p> Refer pg 103 of 2016/17 IDP review, and pg 137 of this report.</p>	<p>Programme 3.8 Primary healthcare programme: Number of substance abuse outpatients provided with alternative constructive behaviour</p>



KEY CARING CITY ACHIEVEMENTS IN 2016/17

- PROVIDED 676 **NEW WATER SERVICE POINTS** (TAPS) TO INFORMAL SETTLEMENTS, BRINGING THE TOTAL TO 5 170 SINCE 2012/13
- PROVIDED 2 085 **NEW SANITATION SERVICE POINTS** (TOILETS) TO INFORMAL SETTLEMENTS, BRINGING THE TOTAL TO 19 193 SINCE 2012/13
- INSTALLED 1 747 **SUBSIDISED ELECTRICITY CONNECTIONS**, BRINGING THE TOTAL TO 15 095 SINCE 2012/13
- ASSISTED 828 **EARLY CHILDHOOD DEVELOPMENT FACILITIES** WITH MATERIALS TO GET REGISTERED AND COMPLIANT SINCE 2012/13
- ASSISTED 20 483 **STREET PEOPLE** SINCE 2012/13
- REACHED 17 484 **YOUTH IN YOUTH DEVELOPMENT** PROGRAMMES SINCE 2012/13
- BROUGHT NUMBER OF COMMUNITY PROJECTS THAT HELP COORDINATE THE **ARTS AND CULTURE** SECTOR TO 16
- INCREASE THE NUMBER OF **EPWP WORK OPPORTUNITIES CREATED** THROUGH THE SUBSTANCE ABUSE PROGRAMME TO 2 441
- PERMITTED 1 453 **EVENTS AT THE CITY'S PARKS**
- ESTABLISHED 55 **RECREATION HUBS**, WHICH HOST PROGRAMMES THAT ATTRACT AN AVERAGE OF 12 000 PEOPLE PER WEEK
- ATTRACTED MORE THAN 20 000 PARTICIPANTS WITH THE **ANNUAL CAPE TOWN GAMES**
- LIMITED THE NUMBER OF DAYS WHEN AIR POLLUTION EXCEEDED RSA AMBIENT **AIR QUALITY STANDARDS** TO 32 (AGAINST A TARGET OF <40 DAYS)
- ACHIEVED A RATE OF 93,4% OF HIV-POSITIVE TUBERCULOSIS PATIENTS ON **ANTIRETROVIRAL THERAPY** (AGAINST A TARGET OF 87%)
- SCREENED 1 739 NEW CLIENTS AT THE SUBSTANCE ABUSE **OUTPATIENT TREATMENT CENTRES**

OBJECTIVE 3.1:

PROVIDE ACCESS TO SOCIAL SERVICES FOR THOSE WHO NEED IT

Programme 3.1: Number of targeted development programmes

The City offers development programmes and services to meet communities' formal and informal educational, cultural, recreational, sports development, information and life skills needs. It also forms partnerships to empower local communities to help manage as well as make more use of their community facilities.

City parks

The City facilitates a successful community gardening programme and hosts various park activities, using local community facilities for recreation and social development. This year, more than 1 453 permitted events took place at the City's parks. These are typically sporting activities such as cross-country runs, awareness campaigns on special days such as Youth Day and Heritage Day, wedding photo shoots, arts and crafts, music concerts, poetry and drama events, kids' play activities, chess competitions, skateboarding, as well as family gatherings, birthday parties and picnics.

Sport, recreation and amenities

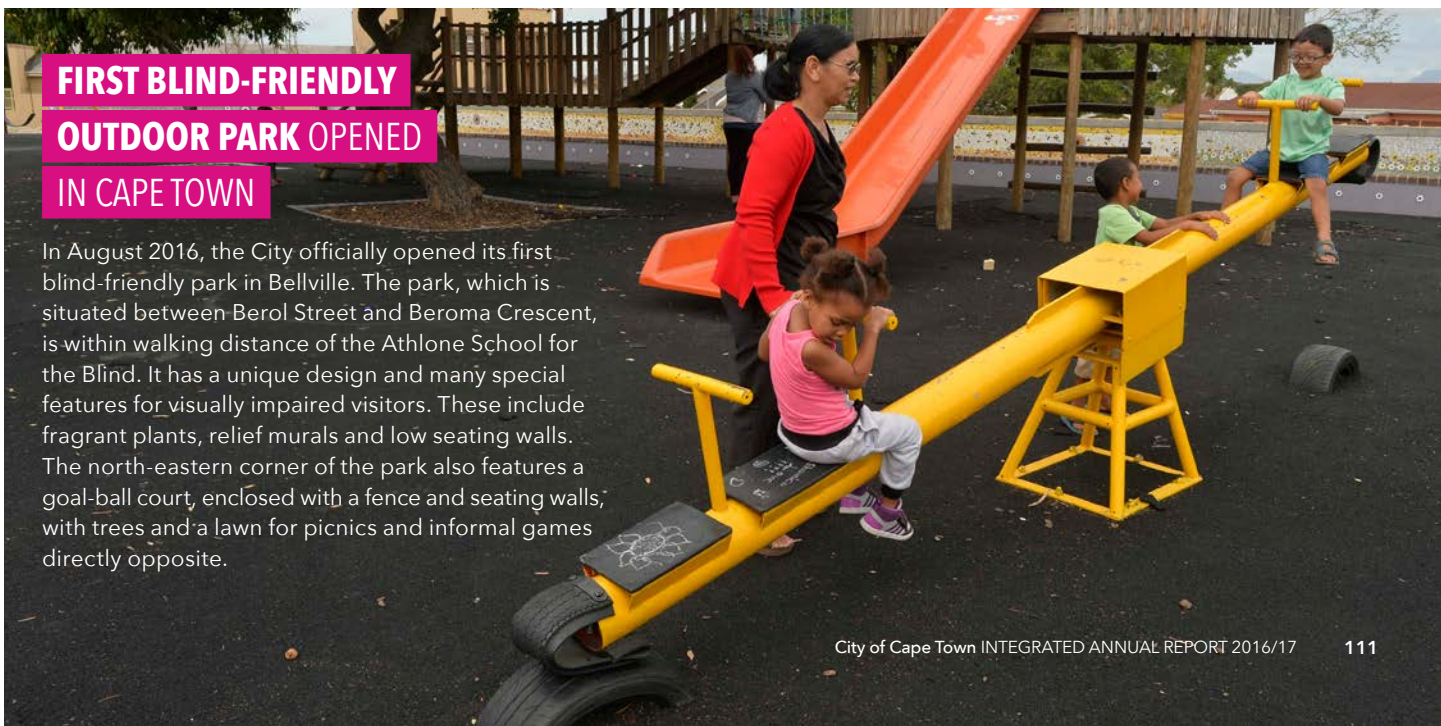
The City works closely with its communities to transform community centres into recreation hubs that can present activities and development programmes. To date, 55 such hubs have been established across Cape Town. Programmes hosted at these centres attract more than 12 000 people per week. Activities are, among others, aimed at aerobics and fitness, senior citizens, sports development, holiday entertainment, afterschool care, health promotion and family fun.

Partnering to deliver sustainable development

Through valuable partnerships, the City each year implements a range of sustainable development programmes. In 2016/17, the administration established 41 sport-and-recreation development partnerships, which resulted in a number of successful community programmes.

FIRST BLIND-FRIENDLY OUTDOOR PARK OPENED IN CAPE TOWN

In August 2016, the City officially opened its first blind-friendly park in Bellville. The park, which is situated between Berol Street and Beroma Crescent, is within walking distance of the Athlone School for the Blind. It has a unique design and many special features for visually impaired visitors. These include fragrant plants, relief murals and low seating walls. The north-eastern corner of the park also features a goal-ball court, enclosed with a fence and seating walls, with trees and a lawn for picnics and informal games directly opposite.





Library and information services

The City continues to give communities access to reading material as well as information technology resources through its libraries. The Library and Information Services Department also has partnerships with many Friends of the Library associations to help the City deliver appropriate programmes and services for the communities they serve. To date, 55 Friends of the Library partnerships have been established.

Numerous City library programmes have become firm favourites on the annual community calendar, such as holiday programmes, the annual reading competition, World Read Aloud Day, World Book Day and the popular story-telling sessions, of which a total of 5 487 were held in 2016/17.

Major events

During National Library Week in March 2017, City libraries hosted various special programmes for all ages, including story-telling, arts and crafts, membership drives and poetry sessions. Themed 'My library, your library', this year's activities were aimed at establishing libraries as the heart of the community and encouraging residents to make their libraries their own. Libraries in the south of Cape Town also hosted the Blown Away by Books festival, which showcased world-class local authors, paid tribute to the art of writing, and promoted reading.

E-resources putting information at everyone's fingertips

All City libraries feature Encyclopaedia Britannica and World Book Online, which are accessible to all valid library cardholders. Britannica Online and Press Reader provide users with full-time access, even beyond library opening hours. Press Reader is currently available at the Bellville and Central libraries, providing access to a wide range of newspapers and magazines on users' mobile devices. Additional e-resources are also available at Harare and Kuyasa libraries.



Community programmes a healthy investment

In 2016/17, the City undertook many key community development initiatives to promote youth leadership and social cohesion in communities. A few are listed below:

- The ultimate goal of **Camp Cape Town** is to encourage youth from all communities to take part in recreational and team-building activities, and interact with one another in a fun, non-competitive environment. Each year, 120 youth around the ages of 15 and 16 attend, and this was again the case at the fourth annual camp in December 2016.
- The fifth annual **Cape Town Games** was held in Kuils River in April 2017. The event encourages mass participation in physical activity, while also showcasing some of the activities taking place at the City's various community centres and recreation hubs.
- Every month, the City partners with a range of churches and mosques to host the **Family Games programme**. These games evenings bring families together in a positive environment and teach the youth discipline, respect for one another, as well as the skills of interacting in a non-violent, sociable manner.





Enhancing the City's social development offering

The Constitution of South Africa requires of local government to promote social and economic development. Social development is broadly understood as the overall improvement of all people's quality of life, especially the poor and the vulnerable.

The City's Social Development and Early Childhood Development Department fully accepts this responsibility, providing the targeted programmes described below.

Substance abuse

The Department collaborates with internal and external partners to promote awareness of substance abuse and support those affected by it.

Table 5: City's substance abuse programme achievements, 2012-2017

Initiative	Programmes implemented
Interpersonal/intrapersonal skills programme	494
Strengthening Families programme	36
Be Smart, Don't Start programme	79
Foetal alcohol syndrome (FAS) workshops	472
FAS simulator programme	40



Street people

The street people programme aims to reduce the number of people living, sleeping and surviving on the streets, and to ensure that they receive the necessary assistance to reintegrate with society and find accommodation and employment.

In 2016/17, for example, the **EPIC system** received and addressed a total of 14 632 street people complaints and requests. In addition, 12 PECC operators were trained as the first point of contact for such calls. The City also established a **social work internship programme** during the year, with 12 candidates successfully completing the internship. The **winter-readiness campaign**, in turn, provides emergency bed space and support to organisations that assist street people during winter. This collaboration with non-governmental organisations also provides street people with temporary accommodation while their reintegration with society is being explored. In June 2016, the City's Street People Committee hosted a **street people imbizo** with 300 people living on the street. This has helped develop a 'safe space' pilot programme to be established in 2017. Finally, 2017 also saw the establishment of an interdepartmental **Street People Coordinating Forum** to address Citywide street people matters.



Youth development

The City's youth development component has grown consistently over the past five years, reaching a number of youth across Cape Town with various programmes, including the ones listed below:

The objective of the **life skills project** was to encourage youth to get involved in projects that bring about a positive change in themselves and their communities.

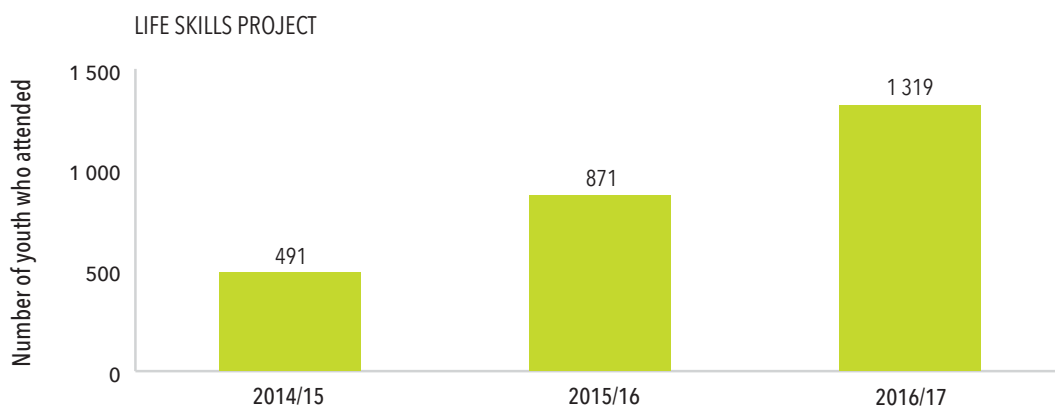


Figure 12: Performance of the City's life skills project for youth, 2014/15 to 2016/17

The **youth work skills project**, in turn, aims to develop Cape Town's young people by equipping them with work skills to make them more employable.

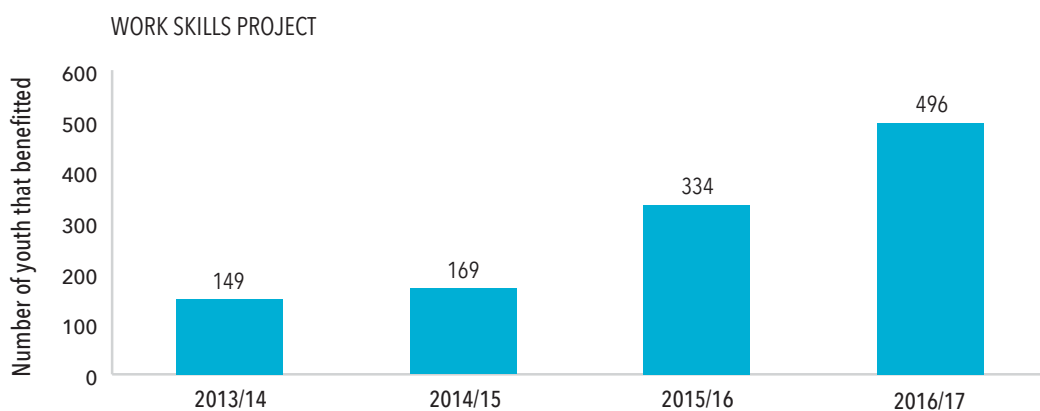


Figure 13: Performance of the City's work skills project for youth, 2013/14 to 2016/17

Through the **organisational capacity-building project**, the City seeks to give Cape Town’s youth a sense of relevance and make them fully functional participants in organisations and society at large. This was linked to an EPWP project that employed the youth following the five-day training.

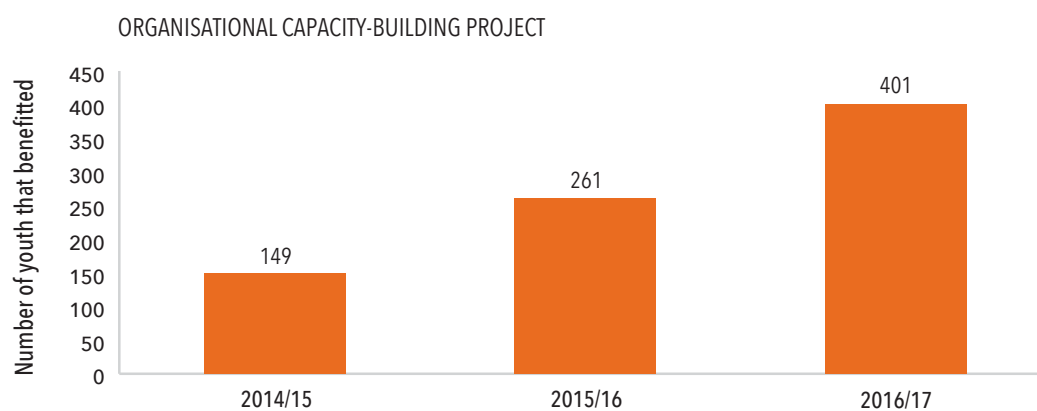


Figure 14: Performance of the City’s organisational capacity-building project for youth, 2014/15 to 2016/17

In addition, the City hosted nine career expos for school-going and out-of-school youth of the ages 14-35, which attracted 4 262 participants. Other initiatives included the annual **#YouthStartCT entrepreneurial challenge**, which serves as an accelerator programme for start-up entrepreneurs, and the annual **Youth Indaba** during Youth Month, where youth displayed their own posters about social ills in their communities.

Early childhood development (ECD)

In the reporting year, the City continued to support ECD facilities in a number of ways, as the table below illustrates:

Table 6: City’s early childhood development achievements, 2012-2017

Achievements	
Number of practitioners trained in the national norms and standards for managing ECD centres and facilities	826
Number of ECD centres assisted to get registered	828
Number of ECD forums supported	183
Number of initiatives implemented to support ECD awareness	33
Number of ECD centres constructed	12



Poverty alleviation and reduction

The City continues to make a concerted effort to care for the marginalised and vulnerable in Cape Town. Collaborating with various partners, those in need of assistance are supported towards independence. Established activities that continued in the reporting year included:

- the **vulnerable groups programme**, which raises awareness of persons with disabilities, those affected by gender-based violence, and senior citizens who fall victim to abuse;
- the **workplace skills and development programme for persons with disabilities**, which trains and places candidates at various organisations to do administrative tasks;
- the **livelihood development programme for persons with disabilities**, which equips candidates with the skills to start their own community-based businesses, including a 'Business in a Box' starter kit as well as mentoring for three months;
- the annual **International Day for Persons with Disabilities** event, which raises awareness of disability, showcases NGOs in the disability sector as well as the abilities of persons with disabilities;
- the annual **International Day for Older Persons** event, which promotes healthy living and active ageing, and has attracted some 16 000 seniors since 2014;
- the **home-based companionship care project**, which employs community-based carers and support workers to care for the elderly in the most impoverished and priority communities; and
- the **disability awareness play**, which was this year presented at 128 schools, reaching 47 000 learners.

Women's empowerment

In partnership with Artscape, the City hosted a Women's Day event in August 2016. The event, which 450 women attended, celebrated women and women's rights. Moreover, the 2016 launch of the City's **16 Days of Activism Against Gender-Based Violence** campaign was attended by 500 women and men. The intention was to raise awareness of women and gender issues, domestic and gender-based violence as well as fatherhood programmes. Through the EPWP, more than 800 women have also been granted **temporary work opportunities** across the City's MURP areas. Finally, the City appointed seven social workers to assist with **referrals regarding maintenance payments and social issues**.



OBJECTIVE 3.2:

ENSURE INCREASED ACCESS

TO INNOVATIVE HUMAN SETTLEMENTS

FOR THOSE WHO NEED IT

The City wants to facilitate redress through the development of sustainable, integrated human settlements, addressing the needs of communities in informal settlements, and improving the plight of backyard dwellers.

Programme 3.2(a): Innovative housing programme

In the 2016/17 financial year, the City spent 92,83% of its transferred Urban Settlements Development Grant (USDG) funding for all directorates to deliver 1 189 serviced-site housing opportunities, 4 839 top structures, and 849 other housing opportunities (including land restitution, services to backyarders, and re-blocking).

Programme 3.2(b): Use property and land to leverage social issues

The City has adopted a set of directives for the planning, design and implementation of human settlement projects in Cape Town to improve the quality of work performed.

Preparations for the Athlone power station, the Salt River market and the Kapteinsklip Station/ Mnandi precinct development projects are well advanced. The City has also made good progress with the finalisation of planning approvals in respect of underutilised public open spaces, and the development of infill housing in Atlantis.

These projects will help unlock the development potential of well-located City-owned land situated close to public transport. The City will encourage both the private sector and social housing institutions to utilise the land for mixed-use, mixed-income development.





Land acquisition to achieve housing plans

In 2016/17, several pieces of land were acquired to develop housing opportunities. Key among these are 71 ha in Annandale near Dunoon, which may resolve some of the long-standing challenges associated with urbanisation in this part of the city.

The devolution of land from Province to the City in terms of the Housing Act also continues. Around 200 pieces of land have been transferred, which have mostly been earmarked for municipal purposes.

Programme 3.2(c): Partner with Province in education and school sites

Land owned by another sphere of government or by a state enterprise, and for which that entity has no real use, is often suited for development. In such a case, the owner is approached to secure a transfer between the relevant organs of state. Several such transfers to the City are currently being pursued, specifically from Province's Education, and Transport and Public Works departments. In the course of 2016/17, four pieces of land were made available to the City.

Programme 3.2(d): Integrated human settlements programme

The following section offers a broad overview of the City's achievements across its various housing programmes in 2016/17.

Subsidy housing

The 2016/17 financial year saw an increase in the delivery of top structures through the People's Housing Process (PHP). Budget allocations were approved three months earlier than in previous years. This allowed support organisations ample time to attend to their administrative processes before construction started.



ABOUT THE PEOPLE'S HOUSING PROCESS (PHP)

This category of housing opportunity applies to beneficiaries who make the most of their housing subsidy by building or organising the building of their own homes. Beneficiaries can establish a housing support organisation to provide them with organisational, technical and administrative assistance, and are also given training on how to build houses. By getting involved in the PHP, beneficiaries are afforded an opportunity to take part in achieving their housing opportunities.

To qualify, the beneficiary must be the property owner (title deed holder) or must have a signed deed of sale from the City.

The City monitors a considerable number of PHP projects and is the leading metro in the country in this regard.

The Fisantekraal development, a partnership with Garden Cities, has demonstrated the value and benefit of working with the private sector to develop housing. This project illustrates the successful use of well-researched, alternative building materials to construct homes with impressive features and standards.

The City has also partnered with Airports Company South Africa (ACSA) to develop ACSA-owned land. This will see the establishment of residential and commercial precincts, and the City will be responsible for managing the project through the planning and design phases.

The homes being constructed in the Heideveld project have attracted a lot of interest due to their prime location and attractive designs. Construction is far advanced due to good community participation.

The Morning Star housing project, in turn, is an example of how well-located, City-owned land can be used to create high-density development that blends in with the surrounding environment and enjoys neighbouring communities' support. Construction of services and 161 houses started in the past year, and the project is expected to be completed ahead of schedule.

In respect of new serviced sites, the City has started with construction in areas such as Masiphumelele and Dido Valley, where new housing opportunities are urgently

needed to help relieve current informal living conditions. After long delays, construction has now started on three projects, namely Morkel's Cottage, Lourensia Park and Belhar Pentech, with completion scheduled for the next financial year.

Unfortunately, the Valhalla Park project has become the target of local criminal activities. This has resulted in numerous delays and, ultimately, the withdrawal of the contractor after his workforce had been threatened and assaulted.

Addressing the challenge of land availability

One of the City's main challenges is finding suitable land for its current and future housing projects.

In this regard, the City strives to densify existing infill developments and optimise vacant land. Following this principle, the administration managed to increase the Illitha Park infill development from 215 to 317 units, and to redesign the existing 1 000 vacant Delft residential erven to create 2 407 new opportunities for waitlisted families. To encourage urban densification, any top structures that the City provides must be at least double-storey or semi-detached.

Furthermore, one of the critical reasons for poor delivery identified by the City's Human Settlements Implementation Department is the lack of a consistent pipeline of upcoming projects for implementation. This is in most instances due to cumbersome legal planning and approval processes, which can take up to 24 months. To address this and develop a continuous pipeline of projects, the City plans to put in place complete teams of built environment professionals ahead of time for the planning, design and construction supervision of six major projects in Annandale, Delft Symphony Way, Blueberry Hill, Pelican Park phase 2, Vlakteplaas and Wolwerivier. Consultant teams will be appointed for the full duration of the projects, and the City will follow the process stipulated in section 33 of the MFMA to ensure that contracts remain valid up until project completion.

The six projects will deliver an estimated 20 600 new housing opportunities. This will help address the current housing backlog and relieve the pressure on existing informal settlements, where it will become considerably easier to deliver basic services.



Table 7: Pipeline of six major upcoming human settlement development projects

Project name	Estimated housing opportunities
Annandale	3 000
Delft Symphony Way (ACSA)	3 000
Blueberry Hill	3 500
Pelican Park phase 2	2 300
Vlakteplaas	4 300
Wolwerivier	4 500

Professional consultant teams have already been appointed for another three major projects, and planning is at an advanced stage. The projects will deliver an estimated 8 110 housing opportunities, as illustrated below:

Table 8: Three human settlement development projects in advanced planning stage

Project Name	Estimated housing opportunities
Darwin Road	3 657
Maroela	1 984
Macassar	2 469

Enhancements to the standard Breaking New Ground units

The budget available for each Breaking New Ground housing opportunity is fixed and known to tenderers. Yet tenderers receive enhancement schedules as part of the tender documents to encourage them to provide more than the standard 40 m² units prescribed by the National Housing Code. These enhancements could include boundary walls, solar water heaters or the like.

A focus on climate change and greening

While meeting Capetonians' housing needs, the City remains committed to its Climate Change Adaptation Plan of Action and has instituted a number of initiatives in response. These relate to utilising the benefits of solar energy to warm houses in winter and to heat water, as well as providing shading in summer.

As far as reasonably possible, the streets in new developments are configured so that as many houses as possible have north-facing aspects to facilitate natural cross-ventilation during the hot summer months when the southeaster blows. Windows on the north-facing facades should be shaded against midsummer sun, but also be larger than standard to let in maximum mid-winter sunshine. These initiatives, in turn, result in electricity cost savings for households.

Although not required by national standards, contractors are encouraged to include solar water heating systems in their tender offers. Many other green innovations and devices have also been presented to the City, but very few have proved affordable. The City looks forward to a radical review of the subsidy scheme so that innovative techniques such as the cavity wall, which provides thermal insulation, can be introduced.

Land restitution

The City's Land Restitution Unit negotiates and tracks progress in respect of restitution cases involving City-owned land. To date, the City has approved the restoration (return) of 11 parcels of land to 11 groups of claimants and many individual family erven, and is currently assisting these claimants to develop their land parcels.

Social housing

The City continues to make excellent progress implementing its social housing programme, and has developed numerous strategies to improve the delivery of affordable housing.

The precinct development approach

The City is systematically moving away from a project-to-project to a precinct development approach. The administration has identified some precincts where it plans to deliver several social housing projects simultaneously. Work has started on the first precinct (Woodstock and Salt River), which will soon see the delivery of housing through the Pickwick transitional housing, the Pine Road, Dillon Lane and Erf 1488 social housing and the Salt River mixed-use development schemes. Monthly meetings are held with stakeholders to obtain their input on projects before proposals are formally submitted for all the required planning approvals.

Refurbishment of existing buildings along the Voortrekker Road corridor

The City is currently planning the purchase of a number of buildings and land parcels for refurbishment in the precincts along the Voortrekker Road corridor.

Development next to train stations

One of the City's social housing partners, DCI Social Housing Company, has a lease agreement with PRASA for mixed-use development on the Goodwood, Heideveld and Steenberg train stations. Going forward, the plan is to release City- and Province-owned land to these stations to increase the size of the projects and produce more of these accessible housing opportunities.

Mixed-use projects

The City encourages its social housing institutions to densify as far as possible. It also promotes the development of more projects catering for a mix of housing clients and income categories.

City-funded projects

The City intends to develop a number of social housing projects with its own funds so as to be more innovative and less reliant on national grant funding, which comes with many conditions and limitations. The aim is to set up a bridge finance scheme for these types of projects.

More social housing partners

In addition, the City wishes to partner with more social housing institutions in the future. Social housing companies will also be encouraged to partner with established private companies on some projects.



Gap housing

Gap housing caters for households earning between R3 501 and R15 000 per month. These households earn too much to receive state-subsidised housing, yet too little to gain access to the private market, thereby creating a 'gap'. Although the demand in this market is high, blacklisting is also prevalent, which serves as a restricting factor.

Gap housing is important to the City, for a few reasons: Purchasing in the gap housing market enables occupants of Breaking New Ground (BNG) houses to progress to a higher level, which gives the BNG market a chance to stabilise. Gap housing also broadens the City's rates base.

Therefore, the City has made available well-located parcels of municipal land for development for gap housing, and ownership passes directly to the purchasers.

The City delivers gap housing through the following key strategies:

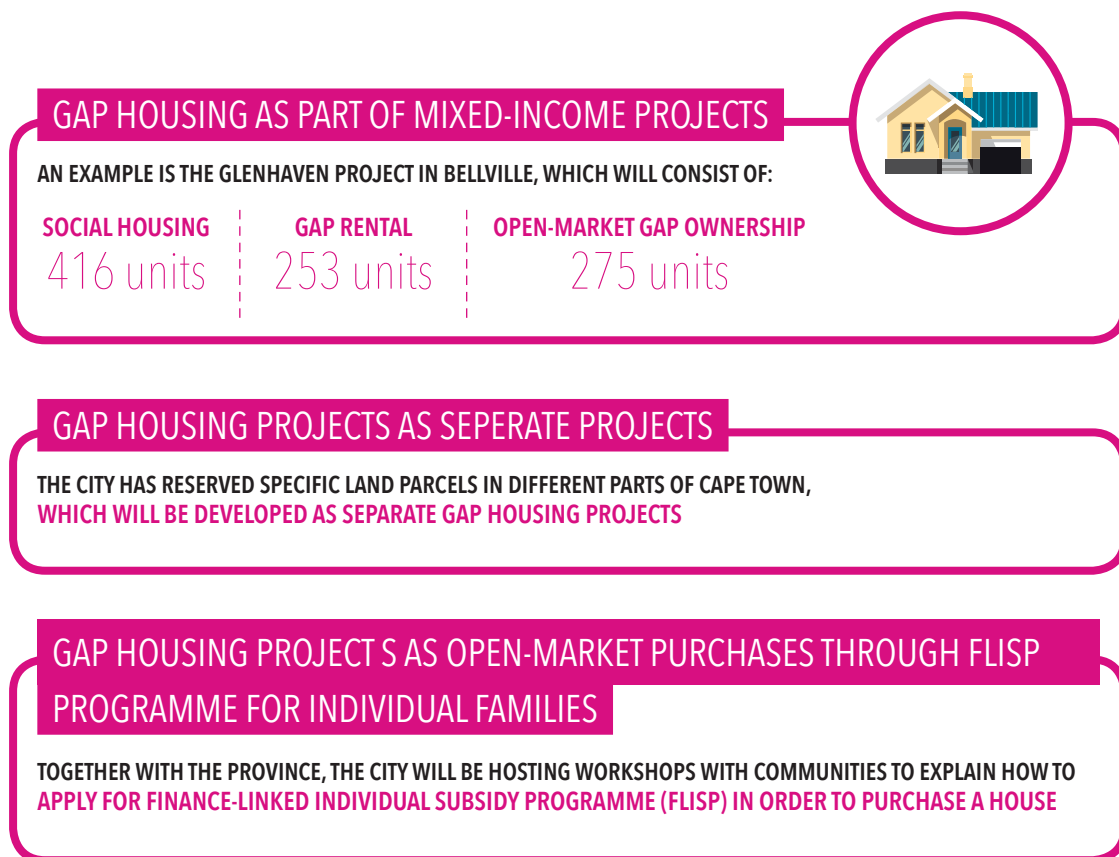


Figure 15: City's approach to gap housing delivery

Upgrading of informal settlements

In addition to the new housing opportunities the City creates, its Informal Settlements Department also provides opportunities through the upgrade of existing informal settlements. These projects include initiatives under the Upgrading of Informal Settlements Programme (UISP), in-situ upgrades, superblocking and re-blocking.

The following projects are currently under way:

- The **Sweet Homes integrated development area (IDA)/superblocking project** will create approximately 260 emergency housing opportunities, which will pave the way for the superblocking of the greater Sweet Home Farm settlement of approximately 2 500 households.
- The **False Bay IDA** will offer 287 formal opportunities.
- The **Tambo Square IDA** is being upgraded to a total of 144 serviced sites.
- The upgraded informal settlement **8ste Laan Valhalla Park** will provide 540 serviced sites.
- In **Ravensmead Park**, 59 opportunities are being created under the emergency housing programme for predominantly disabled residents.

Re-blocking

Re-blocking is a community-driven process to reconfigure and reposition shelters in an informal settlement according to a plan agreed to by the residents. It presents a number of benefits, including:

- better utilisation of space, often around a communal courtyard area;
- improved living environments;
- easier access for emergency and service vehicles and the community themselves; and
- safer, healthier settlements.





DEMONSTRATING

THE BENEFITS OF RE-BLOCKING

The City's re-blocking project in Flamingo Crescent, now known as Flamingo Heights, in Athlone serves as a prime example of the value that re-blocking delivers to communities in informal settlements. Approximately R2 million was spent on upgrading services and making other improvements, including the provision of full basic services to 102 households.

As a result, these households now have access to individual sanitation, water and electricity services. Paved pedestrian and vehicular access ways for emergency vehicles have also been constructed. With donor funding and contributions from the households, the City's non-governmental partner replaced all informal shelters with improved units, which are more weather-resistant and fireproof than the former dilapidated structures. Due to the re-blocked layout, the South African Post Office now also recognises Flamingo Heights as a formal area and provides a door-to-door postal service to the residents.

The City continues to work with various non-governmental partners and informal-settlement residents to reconfigure settlements and replace old structures. To date, Sheffield Road, Mtshini Wam, Kukutown, Flamingo Crescent and BBT South settlements have been re-blocked. In BBT South, a new concept of enhanced re-blocking was piloted. Four double-storey units, complete with internal individual services, were constructed, which now paves the way for the granting of individual titles or security of tenure to qualifying beneficiaries. The reporting year also saw post-fire re-blocking undertaken at Block 8 (Philippi) and Kosovo, while a partial re-blocking was achieved at Masiphumelele.

Improving systems to enhance delivery

The City's housing database has undergone a major upgrade in line with the recommendations from various audits as well as the requirements of the revised Allocations Policy: Housing Opportunities.

As at 30 June 2017, a total of 310 290 applicants were reflected as 'awaiting a housing opportunity'. A web registration facility allows applicants to register and update their details on the City's housing database via the internet. This has caused a significant increase in registrations month on month. By 30 June 2017, 22 895 applicants had registered and 4 991 had updated their personal details through the online housing portal. In addition, applicants can now also check the status of their housing application online.



Ensuring title

South Africa's National Housing Policy is based on freehold tenure. This means that subsidy housing beneficiaries receive not only a house, but also ownership of the land on which the house stands. As such, it should be registered in their name at the Registrar of Deeds. Since rapid housing delivery received top priority in the past, the less visible paperwork was neglected. As a result, many beneficiaries still have not received title to their land.

Now, the City has initiated a three-pronged process to remedy this. Firstly, historical housing projects that have been completed in terms of construction, but were not properly registered at the deeds office are being finalised. Secondly, the registration process for current housing projects is being streamlined to ensure that title is issued as part of the project roll-out. Thirdly, the City's Homeownership and Tenancy Management Department is driving a separate process in respect of City rental units that are being transferred to homebuyers. Achievements in terms of the City's title deed initiatives in 2016/17 are shown in the following table:

Table 9: City's progress in terms of title deed transfers in 2016/17

Title deed initiative	Description	2016/17 Cumulative actual output
Historical housing projects	This is an ongoing project to ensure that recipients of homes in historic housing projects are handed the title deed to their property. Progress is measured in terms of the number of erven registered in beneficiaries' name at the deeds office.	1 182
Council saleable rental stock	City-owned transferrable rental units are offered to qualifying tenants for sale. Progress is measured in terms of the number of sale agreements concluded between the City and the prospective owner.	760



Programme 3.2(e): **Densification programme**

The City's densification programme depends on the identification of public and private land suitable for intensified property development. An important component of this is growth management, which includes utilising the urban edge and paying special attention to densification along transport corridors and around economic nodes.

Programme 3.2(f): **Rental stock upgrade programme**

The ageing rental stock of the City has undergone major interior and exterior refurbishment as part of the community residential unit (CRU) refurbishment programme. At the same time, the City is developing additional rental units to meet the growing demand.

OBJECTIVE 3.3:

**ASSESS THE POSSIBLE SALE
OR TRANSFER OF RENTAL STOCK
TO IDENTIFIED BENEFICIARIES,
USING ESTABLISHED CRITERIA**

Programme 3.3: **Rental stock disposal programme**

Through this programme, the City gives current tenants of City-owned rental properties classified as saleable the opportunity to purchase their rental units and become homeowners. Efforts continue, and have been intensified to create more awareness. Where present tenants do not wish to purchase the units they are occupying, the revised housing allocation policy now also enables the City to sell such saleable units to other willing buyers.



OBJECTIVE 3.4:

PROVIDE FOR THE NEEDS OF
INFORMAL SETTLEMENTS AND
BACKYARD RESIDENCES THROUGH
IMPROVED SERVICES

Programme 3.4(a): Anti-poverty programme

Some of the major challenges with regard to service delivery to the poor in informal settlements and those living in backyards of City rental stock are:

- the location of some settlements in relation to bulk infrastructure;
- increasing capacity, especially electricity supply, where infrastructure does exist; and
- high densities and a lack of access to structures.

The City is addressing these as part of its informal-area upgrade strategy. Any project under the UISP also considers the economic and social development opportunities it may present. When any intervention is undertaken, the City first considers conducting the work via the EPWP wherever possible, before considering mechanised means.

City's food gardens take root

In 2016/17, the City's poverty alleviation programme supported 114 food gardens, of which 86 were community gardens and 28 were gardens run at City-owned ECD centres across the metro. With a total investment of over R3 million in the food gardens programme, the City helped establish new and support existing gardens with equipment, seedlings, training and even EPWP labour. The produce harvested by the individual gardens is distributed to individuals in need in the surrounding communities, or is sold as a means to generate an income.

Programme 3.4(b): Service delivery programme in informal settlements

Since 2006, the City has prioritised sanitation delivery in informal settlements and has increased the ratio of toilets to households from 1:9,6 to 1:4,8, despite the pressures brought on as a result of population increase. The proportion of full-flush toilets has also increased from 15,8% to 32% of total toilets provided.

Investing directly in informal settlements

As a caring city that ensures service delivery to its most vulnerable residents, the City's Water and Sanitation Department spent more than R1,3 billion directly on services to informal settlements from 2012/13 to 2016/17. For the 2016/17 financial year alone, the investment amounted to R336 million. The money has mainly been used to increase toilet and tap provision, maintain sanitation and water facilities, clean and empty alternative sanitation, and provide the janitorial programme.

These amounts do not include the free provision of water to informal settlements, or the removal of wastewater. Over the past five years, these free services had an estimated value of more than R775 million (R143 million in 2016/17 alone), which needs to be recovered through cross-subsidisation. The total figures also exclude new or existing bulk infrastructure used to service informal settlements, as well as wastewater treatment and the infrastructure required for treatment (for example Borchers Quarry, where upgrades and capacity increases since 2012/13 are valued at R171 million).

Thanks to a continued increase in the budget for water and sanitation in informal settlements, the City had provided over 54 000 toilets and more than 12 000 taps across Cape Town as at the end of June 2017.



Innovating with alternative sanitation solutions

Over the past few years, the City has received requests for the distribution of more than 20 000 portable flush toilets (PFTs) to informal communities.

As PFTs eliminate the need to leave home at night for sanitation purposes, many informal households regard them as a safer option. These toilets are also favoured by females, minors, the elderly and residents with special needs.

PFTs are a safe, fully flushable and hygienic alternative to traditional waterborne toilet technology. The toilet consists of an upper section comprising a seat and lid, and a lower section made up of a sealed collection tank, which is serviced and emptied three times a week. Two lower tanks are provided with each toilet.

Improving informal settlements

The City has developed an informal settlements development matrix, which lists and categorises all informal settlements in Cape Town. The matrix is used to enhance the planning process by identifying which settlements require alternative land for densification or relocation. In addition, the City has begun a process of granting incremental security of tenure. This is done through a systematic geographic information system (GIS) land management tool, which makes it possible to spatially depict and verify community registers.

Providing humanitarian assistance after disasters

The City is the only metro in South Africa that provides humanitarian assistance in the form of enhanced emergency kits to assist residents in informal settlements or backyard structures who lose their structures due to fires or floods. The enhanced emergency kits contain sufficient building material to construct a 3 m x 3 m informal dwelling, complete with a lockable door and window.

The City also issues relocation kits where residents have to relocate their informal dwelling to make way for service delivery interventions. Flood kits, in turn, are issued when residents in informal settlements or backyard structures have to battle with leaking roofs.

In the reporting year, the City issued 4 633 enhanced emergency kits, 717 relocation kits and 10 749 flood kits at a total value of approximately R31,3 million.

Programme 3.4(c): Backyarder service programme

Cape Town is also the only metro in the country with a dedicated programme to provide basic services to backyard residents on Council-owned properties. With this programme, the City continues to transform lives by providing vital services, such as water, sanitation and electricity, to residents while they wait for housing opportunities.

The backyarder services take the form of a tap with a washing trough attached to a precast structure containing a flush toilet, electricity connections for up to three structures, as well as a 240 ℓ refuse bin per backyard. Toilets are provided to a ratio of one toilet per five backyard structures on the same property.

Connecting more backyarders to the grid

The City's Electricity Services Department invested another R55 million in its backyarder electrification project in 2016/17. This brings the total spent on this project from inception up until the end of the reporting year to R295 077 653.

The backyarder project started in Factreton and Hanover Park following a Council resolution in 2011 to allow the roll-out of services to backyard residents on City property. Apart from electricity, the services include access to water, sanitation and waste collection, and are rolled out to areas identified by the Human Settlements Directorate in consultation with residents.

The electrification project installs electricity service connections directly to backyarders' dwellings. It also includes the replacement and/or upgrade of backbone electricity distribution infrastructure. The infrastructure is designed so as to eventually be able to serve backyard dwellings on private properties too, as well as other expected growth areas.

The most obvious benefit of the electrification project is that it eliminates backyarders' reliance on the main dwelling for access to electricity, as well as the potential for exploitation and unsafe electricity connections this may create.

Programme 3.4(d): Energy services programme

As part of its redress policy and continued efforts to make Cape Town a caring and opportunity city for all residents, the City currently contributes approximately R10 million to Eskom's electrification-related interventions (including new connections, meter relocations and environmental studies) in informal settlements and temporary relocation areas.





OBJECTIVE 3.5:

PROVIDE EFFECTIVE ENVIRONMENTAL HEALTH SERVICES

Programme 3.5: Environmental healthcare programme

Ensuring water quality

To ensure that all Cape Town residents have the safest possible tap water to drink, the City fully supports and complies with strict water quality checks, as prescribed by the National Department of Water and Sanitation (DWS). This means that water quality must be closely monitored, with many water samples constantly being analysed according to the stringent South African National Standard (SANS) 241 requirements. The following water quality graph reflects the percentage compliance, accounting for all chemical and microbiological components. The City continues to exceed its very high internal targets in respect of water quality.

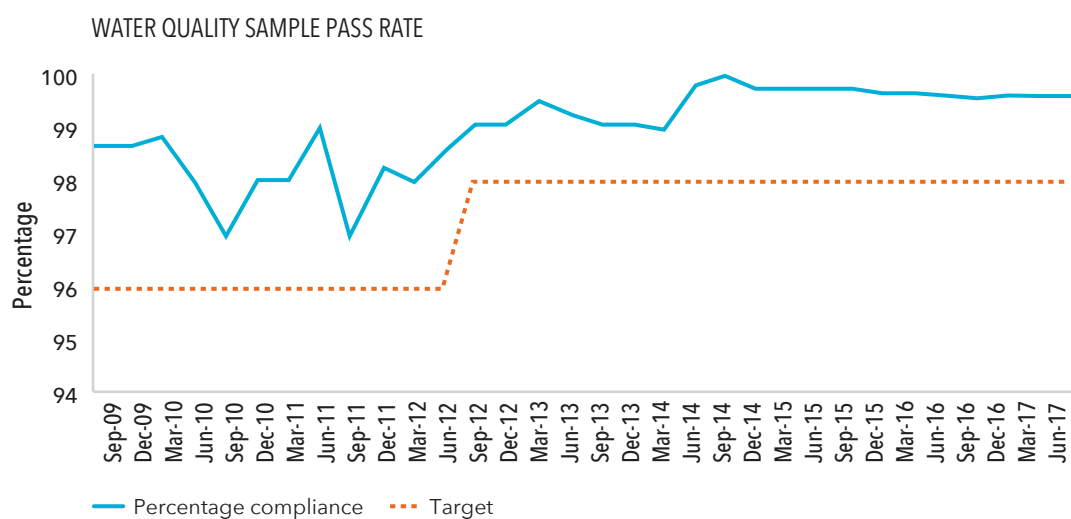


Figure 16: City's water quality compliance, 2009 to 2017

Blue Drop stamp of approval for the City's water supply

The City's entire water supply system (including City-owned catchments, dams, 12 water treatment plants, the bulk conveyance system and the whole distribution system) has undergone all Blue Drop audits since the DWS introduced this water assessment programme in 2009 - and the City consistently excels. In June 2017, the administration's most recent score was an impressive 95,86%, again securing Blue Drop status. Since the beginning of the Blue Drop programme, the City has always been among the top scorers in the country.

Focus on environmental health

The nearly 200 environmental health practitioners (EHPs) in the City's Environmental Health Department are tasked with ensuring the health of the environment and, thus, the health and well-being of residents. This includes air and noise pollution, food and water safety, physical health hazards such as overgrown erven, the inspection and surveillance of premises, as well as promoting health and hygiene in informal settlements.

Environmental Health has identified informal settlements as a particular area of concern for the development and spread of infectious diseases. Therefore, it has over the past five years steadily increased its number of monitoring visits to informal settlements to assess potential health hazards. In 2016/17, EHPs conducted 23 941 visits to more than 300 informal settlements and presented 1 082 health-and-hygiene projects across Cape Town with the assistance of EPWP workers.

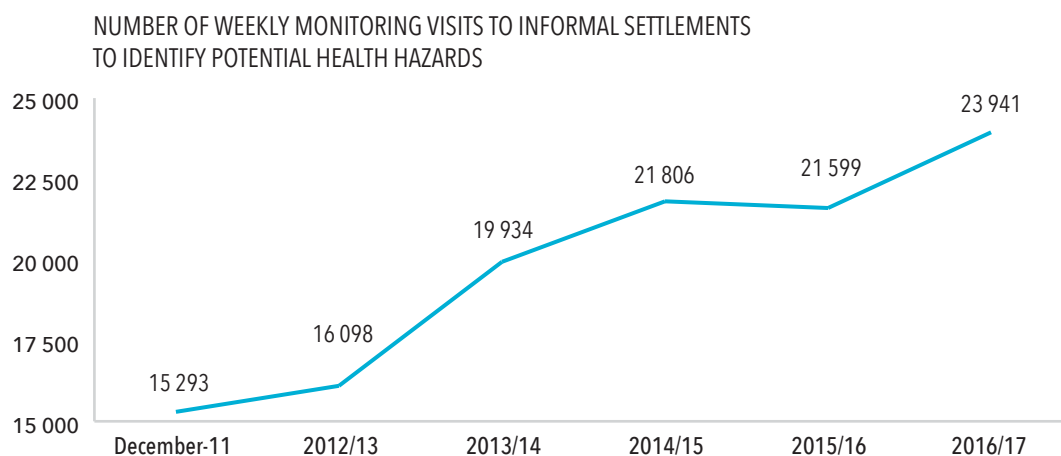


Figure 17: Weekly Environmental Health monitoring visits to informal settlements, December 2011 to 2016/17

In addition, the City's EHPs in 2016/17:

- visited 10 336 **approved preschools** to monitor compliance with health legislation;
- inspected 1 520 **medical waste generators** for compliance with standards;
- serviced 113 914 (2015/16: 94 697) block baiting stations for **rodent control**;
- collected 6 760 **food samples** to test for compliance with relevant microbiological and chemical composition standards;
- inspected 15 118 (2015/16: 12 447) premises for compliance with **tobacco legislation**; and
- checked 46 **funeral undertaker** premises for compliance with regulations.



OBJECTIVE 3.6:

PROVIDE EFFECTIVE AIR QUALITY MANAGEMENT AND POLLUTION (INCLUDING NOISE) CONTROL PROGRAMMES

Programme 3.6: Measuring the number of days when air pollution exceeds World Health Organisation guidelines

Improving air quality

The aim of the City's Air Quality Management Plan is to achieve and maintain clean air in Cape Town over the next ten to 20 years, and turn Cape Town into the African city with the cleanest air.

In 2016/17, air pollution exceeded RSA ambient air quality standards on 32 days, which is still well within the target of fewer than 40 days. This does however represent an increase in air pollution compared to 2015/16. This increase can be attributed to a number of factors, including the impact of the El Niño weather pattern, the particulate emissions from the peninsula fires, and dust emissions due to the drought during the summer months.

Over the past five years, annual averages for key air pollutants recorded at most monitoring stations have consistently improved. Although the results for PM10 – pollution particles less than 10 microns in diameter – have been variable, and these particles seem to have increased in 2016, the Khayelitsha ambient air quality monitoring station in 2016 recorded an acceptable annual average of 43 micrograms per cubic metre ($\mu\text{g}/\text{m}^3$). This shows that Capetonians' health is being protected from the effects of poor air quality.

The diesel vehicle emissions testing programme also continues to have a positive impact on ambient air quality. Whereas 17% of vehicles tested in 2000 failed emissions testing, less than 1% of the 7 798 diesel vehicles tested in the 2016/17 financial year failed the test.

In the reporting year, City Health spent R1,5 million on new ambient air quality analysers. This will further expand the City's monitoring capability and replace ageing equipment – all in the quest to protect the environment and Cape Town residents' health. The City's Scientific Services Department also installed a new camera monitoring system on the Tygerberg Hills radio antennae, which significantly bolsters the City's ability to visually monitor air pollution incidents and episodes.

OBJECTIVE 3.7:

PROVIDE EFFECTIVE PRIMARY HEALTHCARE SERVICES

Programme 3.7(a): Primary healthcare

Caring for Cape Town's youngest citizens

In 2016/17, a total of 834 744 patients below the age of 5, as well as more than 1,5 million children aged 5 and up were seen at the City's primary healthcare clinics that offer Well Baby services. These services include weight monitoring, feeding and nutritional advice, immunisations, and vitamin supplements.

Diarrhoeal disease season campaign

One of the major causes of illness and death in children below the age of 5 is diarrhoeal diseases. In 2012/13, the City and its partners from Province's Department of Health as well as civil society introduced the diarrhoeal season campaign to improve care for diarrhoea patients at primary healthcare facilities, and reduce the incidence of new cases.

The campaign has seen a significant reduction in children below 5 presenting at clinics with dehydration due to diarrhoea:

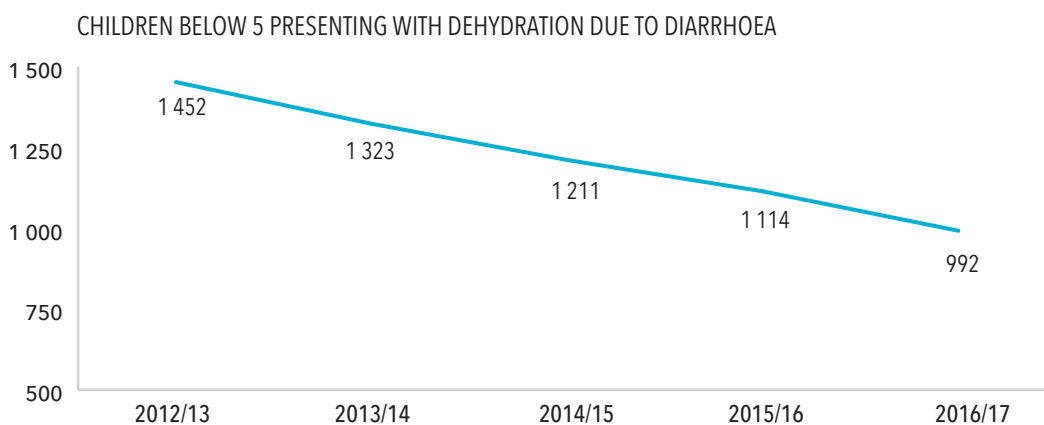


Figure 18: Results of diarrhoeal disease season campaign, 2012/13 to 2016/17



It has also contributed to a dramatic reduction in deaths brought on by diarrhoea with dehydration, as the following figure shows:

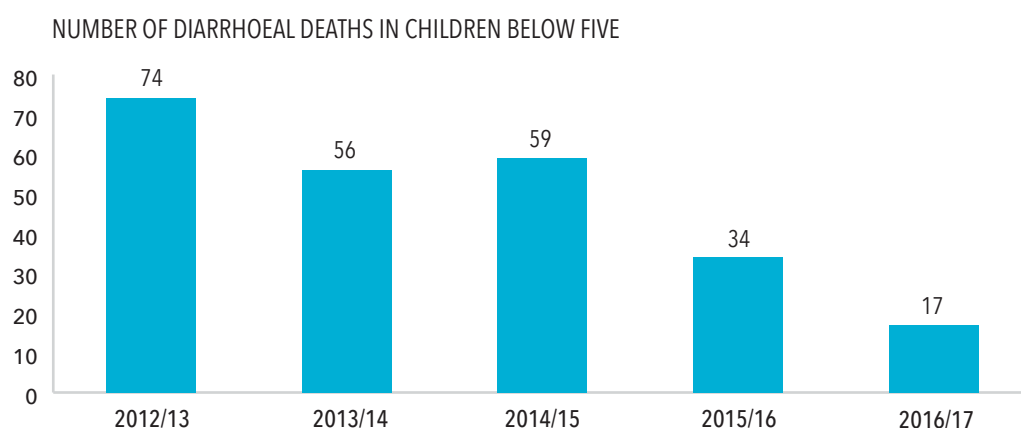


Figure 19: Reduction in diarrhoeal deaths, 2012/13 to 2016/17

These successes have seen the project being included in the Mayor's Portfolio of Urban Sustainability 2017.

Continuing the fight against HIV

Widespread HIV testing saw the number of tests done at clinics and community health centres, as well as by partner NGOs and at community outreaches in Cape Town, increase to over 810 000 in 2016/17.

The City's efforts to address, prevent and treat HIV are encapsulated in the District Health Plan, delivered in partnership with Province's Department of Health and non-governmental organisations.

By the end of June 2017, City Health was offering Anti-Retroviral Therapy (ART) at 42 of its sites throughout Cape Town, almost double the number that it had in 2013 (22). During 2016/17, 13 925 HIV-positive clients were started on ART at City clinics, up from 12 280 in 2015/16, with more than 55 000 people remaining in ART care.

Because of the increased number of HIV-positive clients requiring ART, the City had to think of new and innovative ways to continue getting more clients onto treatment, while retaining those already on ART – all within the context of strained human resources and overcrowded facilities. Along with its partners, City Health came up with the ART club system. Stable ART clients are placed in 'clubs' so as to receive two months worth of medication without having to see a clinician, except for an annual review.

For its achievements, the ART club system won an Impumelelo award in 2012 and was included in the Mayor's Portfolio of Urban Sustainability in 2017.

Managing tuberculosis

The total number of tuberculosis (TB) cases reduced from a recorded high of almost 30 000 cases in 2010 to just over 23 942 cases in 2016. This drop coincides with increasing antiretroviral coverage. The cure rate for new smear-positive TB – i.e. the most infectious TB cases, and most likely to transmit the disease in their surroundings – has been maintained at over 80%. In addition, the decentralised management of drug-resistant TB at clinic level gives patients with these hardy strains of the disease easier access to care, and starts them on treatment much sooner.

Programme 3.7(b): Perception survey score on the provision of primary healthcare services

The City has 100 health facilities, most of which are located in areas where the majority of residents do not have health insurance or transport. To many, the City's services are their only access to the medical advice and care required to maintain good health. This is reflected in how residents rate the City's overall performance in health service delivery. The overall health score, and the scores for all the health service features measured in the annual CSS, have improved significantly since 2009/10.

OBJECTIVE 3.8:

PROVIDE SUBSTANCE ABUSE

OUTPATIENT TREATMENT

AND REHABILITATION SERVICES

Programme 3.8: Primary healthcare programme: Number of substance abuse outpatients provided with alternative constructive behaviour Combating substance abuse

The abuse of alcohol and other drugs (AODs) in Cape Town has a severe impact on communities' health, economic welfare and social well-being. Through the targeted actions outlined in its 2014-2017 AOD strategy, the City aims to address this.

From 2012 to 2015, the City increased its sites that provide the proven Matrix® treatment model for AOD abuse from four to six. Apart from the established Matrix® sites at Albrow Gardens, Delft South, Khayelitsha and Tafelsig, the City now also has sites at Parkwood and Manenberg. In the reporting year, these six Matrix® sites assisted more than 1 700 new clients and conducted almost 5 000 substance abuse tests.

To cope with the overall increase in new patients seen at its Matrix® sites, the City has employed additional permanent staff to ensure that each of the six sites have a clerk, therapist and senior therapist.

To help substance abuse patients go from recovery to employment, the EPWP also offers job opportunities to those who have completed the treatment programme, along with continued access to counselling.



STRATEGIC FOCUS AREA 4 – INCLUSIVE CITY

OBJECTIVE 4.1: ENSURE

RESPONSIVENESS BY CREATING AN ENVIRONMENT

WHERE CITIZENS CAN BE COMMUNICATED WITH AND RESPONDED TO

OBJECTIVE 4.2: PROVIDE

FACILITIES THAT MAKE CITIZENS FEEL AT HOME





STRATEGIC FOCUS AREA 4 – INCLUSIVE CITY

AN INCLUSIVE CITY IS ONE WHERE EVERYONE HAS A STAKE IN THE FUTURE
AND ENJOYS A SENSE OF BELONGING.

TO POSITION CAPE TOWN AS SUCH AN INCLUSIVE CITY, TWO KEY OBJECTIVES HAVE BEEN IDENTIFIED IN THE 2016/17 IDP REVIEW. THIS SECTION OFFERS AN OVERVIEW OF THE PROGRESS MADE AGAINST EACH OF THESE OBJECTIVES AND THEIR UNDERPINNING PROGRAMMES IN THE PAST FINANCIAL YEAR.

KEY INCLUSIVE CITY ACHIEVEMENTS IN 2016/17

- **ANSWERED 1 303 198 CALLS** IN CORPORATE CALL CENTRE
- BROUGHT THE NUMBER OF **FREECALL LINES INSTALLED** SINCE 2012/13 TO 168
- STARTED **CONSTRUCTING DUNOON LIBRARY**
- ACHIEVED **BLUE FLAG STATUS** FOR TEN BEACHES
- LAUNCHED **SHARK SPOTTERS MOBILE APP**
- HOSTED 1 636 LEARNERS, 228 EDUCATORS AND 156 STAFF FROM 69 SCHOOLS AND ORGANISATIONS FOR THE ANNUAL **HERITAGE MONTH OUTREACH PROGRAMME**

Objective	Programme
<p>4.1 Ensure responsiveness by creating an environment where citizens can be communicated with and responded to</p> <p>Refer pg 107 of 2016/17 IDP review, and pg 141 of this report.</p>	<p>Programme 4.1(a) Managing service delivery through the service management programme (C3 notification responsiveness)</p> <p>Programme 4.1(b) Building strategic partnerships</p>
<p>4.2 Provide facilities that make citizens feel at home</p> <p>Refer pg 109 of 2016/17 IDP review, and pg 142 of this report.</p>	<p>Programme 4.2(a) Community amenities programme (provide and maintain)</p> <p>Programme 4.2(b) Heritage programme</p>



OBJECTIVE 4.1:

ENSURE RESPONSIVENESS BY CREATING
AN ENVIRONMENT WHERE CITIZENS
CAN BE COMMUNICATED WITH
AND RESPONDED TO

Programme 4.1(a): Managing service delivery through the service management programme (C3 notification responsiveness) Responding to all citizens' service needs

In 2016/17, the City's corporate call centre answered 1 303 198 calls. The calls were dealt with in callers' preferred language (English, Afrikaans or Xhosa). Most calls related to accounts, water technical enquiries, motor vehicle registrations, traffic fines and other services.



More FreeCall lines installed in identified areas

The City's Customer Relations Department continued to install FreeCall lines in municipal buildings, including clinics, housing offices, libraries and community centres in outlying areas. By 30 June 2017, a total of 168 FreeCall lines had been installed to improve access to service delivery through the City's call centre. Residents use the FreeCall lines to report faults, register complaints and make enquiries, entirely for free. In addition, Customer Relations focused on responding even quicker to these service requests to further increase customer satisfaction.

Working with an external service provider, the City also introduced a call centre learnership for unemployed job seekers. This has equipped ten learners with skills and practical experience of working in a municipal call centre.

Programme 4.1(b): Building strategic partnerships

The City continues to work closely with Province, National Government and other stakeholders to put Capetonians' needs first. This occurs in various formal and informal forums.

At a political level, the City formally engages with Province and other municipalities through the Premier's Coordinating Forum, while administrative interaction at provincial and national level takes place through the IDP indabas and the ministerial technical committee. The City's cooperation agreement with the Cape Higher Education Consortium, in turn, ensures that expertise, resources, research and best practice are shared for the benefit of all.

Council has adopted a policy to guide its collaboration with external stakeholders. The policy confirms the City's intent to partner with business and civil society to achieve the administration's goals, and also provides for a working group to help facilitate meaningful cooperation.

OBJECTIVE 4.2:

PROVIDE FACILITIES THAT MAKE CITIZENS FEEL AT HOME

Programme 4.2(a): Community amenities programme (provide and maintain)

Quality public space programme delivers community spaces and facilities

The Urban Integration Department's quality public space programme aims to create high-quality public spaces around community facilities, economic centres and key public transport interchanges. These projects also attempt to create economic development opportunities by linking public spaces with informal trading areas wherever possible.

In 2016/17, the City launched the upgraded public space and public parking facility at Langa Station southern precinct, while work on Pampoenkraal Heritage Square in central Durbanville, the gateway to Imizamo Yethu, Mfuleni Urban Park as well as the Strand Pavilion precinct is nearly done. The draft master plan for Kruskal Avenue in central Bellville has also been drawn up.

Progress with local-area planning initiatives included:

- the preparation of a final draft precinct plan for the **Bishop Lavis urban node** upgrade;
- the completion of **public investment frameworks** for Hanover Park and Manenberg, and progress with one for Bonteheuwel;
- the completion of **local spatial frameworks** for the Gordon's Bay development area and Table View beachfront; and
- ongoing work on a **coastal economic and spatial strategic framework**.

Library facility development and services

As the City moves with the digital era, it is transforming its libraries into innovative spaces where everyone can access endless sources of information, learn new skills and develop their ideas.

Enhanced library services bring benefits to communities

Construction on Dunoon Library started in the year under review. The library is being built close to the existing community centre, which will create an information hub in the area. Province and the City are co-funding the project, which will cost R39,3 million. The facility is expected to be completed by mid-2018.

Eikendal Library also received major upgrades at a total cost of R3,96 million, of which the Western Cape Library Service contributed R1,95 million. The extensions to this library virtually doubled the existing space, while upgraded Smart Cape facilities and additional air conditioning and fans now ensure a more pleasant library experience.

Committed to delivering library services to all

The City's Library and Information Services Department strives to continue meeting the minimum opening hours determined for the three categories of libraries in Cape Town. The City's 79 community libraries, which provide basic services and collections to the community, operate for a minimum of 35 hours per week. The 20 regional libraries, which offer more extensive collections and services, are open for a minimum of 45 hours per week, while the two citywide libraries, Bellville and Central, provide their broad collections and services for a minimum of 63 hours per week.

Moreover, the City has a fully functional satellite library and a mobile service comprising three buses.





Maintaining high standards for the City's parks

In the 2016/17 financial year, City Parks maintained 3 558 community parks and 13 district parks to its agreed maintenance standards. It also developed maintenance programmes to respond to the effects of climate change.

Some of the parks that received or started to receive upgrades over the past five years include:

- **Khayelitsha Wetlands Park**, which has been greened, landscaped and kitted out with play equipment, a boardwalk and outdoor gym equipment, with further upgrades such as synthetic turf, a kick-about area and lighting to follow in 2017/18;
- the **Company's Garden, the Durbanville rose garden and Nantes Park in Athlone**, which received gym and play equipment, synthetic turf and new trees;
- **Sea Point Promenade**, including Milton and Rocklands parks;
- the **Westridge gardens project**, which now boasts outdoor gym equipment and park benches;
- **Mandela Peace Park** in Delft;
- **E-Section, Khayelitsha**; and
- **Isikhova Park in Mfuleni**, which saw the installation of fencing, gym equipment, a synthetic turf and pathways.

Smartparks

The City's smartparks project creates inclusive public spaces that appeal to all community members. Being aimed at greater inclusivity, social interaction and community integration, the intention with the smartparks concept is to provide activities that accommodate both young and old.

Each of the parks includes custom-made play areas and large trees, paving, low-wall seating and picnic sites for residents to meet and relax. For those who enjoy spending their free time being active, sports facilities are on offer in the form of multipurpose courts and kick-about areas.

The City had created its first three smartparks in Khayelitsha, Blikkiesdorp and Gugulethu and, in the reporting year, added smartparks in Nomzamo, Atlantis and Seawinds.

Cemetery provision and maintenance

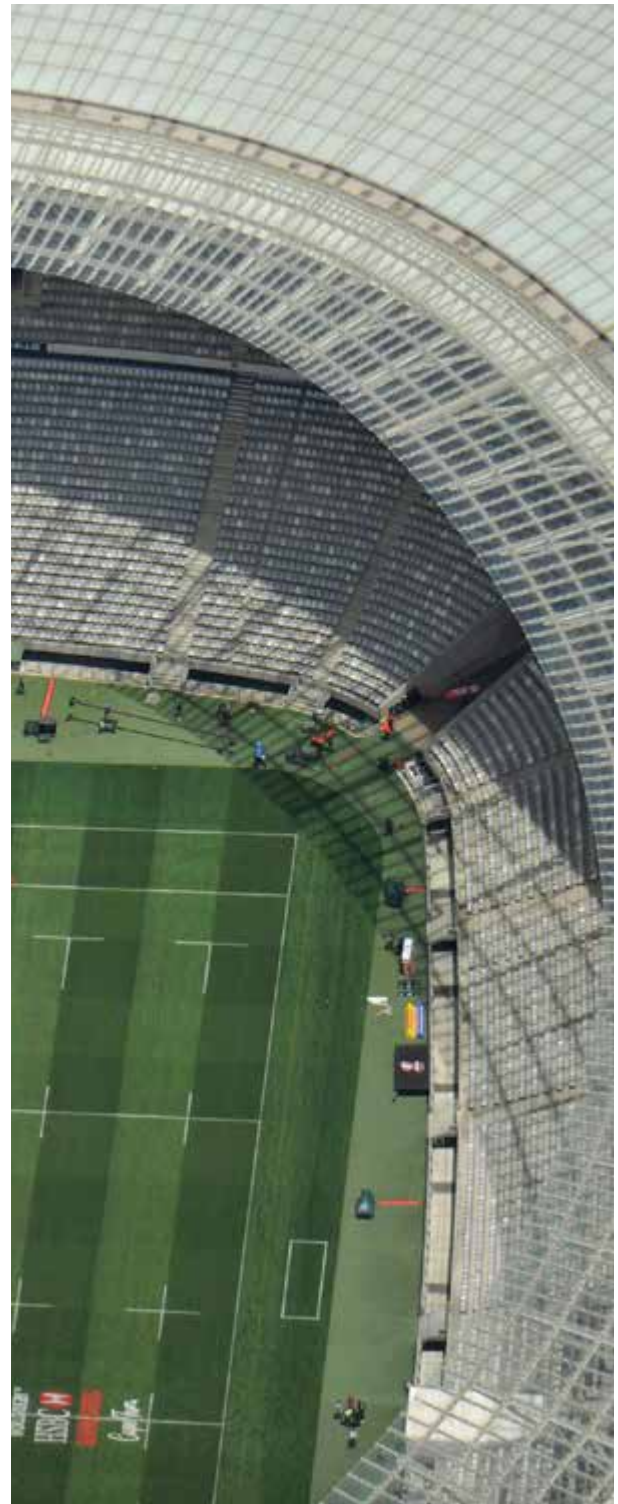
The City maintains 40 cemeteries. Over the past four years, upgrades and new developments have been undertaken at the Maitland cemetery, crematorium and chapel, as well as the cemeteries at Welmoed, Rusthof, Atlantis, Gugulethu, Klip Road, Wallacedene and Delft extensions. At some of these, further work is also being planned.

Sport, recreation and amenities provision and maintenance

In maintaining community amenities such as halls, beaches and sports grounds, the City's aim is to provide Capetonians with open, clean, safe and usable facilities. Both proactive and reactive maintenance continued to be carried out in 2016/17.

Some significant sport and recreation facility developments completed over the past five years include:

- 27 **synthetic pitches** installed across Cape Town, with another one scheduled for Hanover Park in the next financial year;
- the **Valhalla Park multifunctional recreation hub**, which includes a full-size synthetic soccer pitch, a clubhouse, a BMX track, play areas, outdoor gym areas, a spray park, change rooms, ablution facilities, outdoor reading rooms, two mini-soccer pitches, two multipurpose courts and a multitude of landscape architecture features;
- two new football-size fields, ablution facilities, change rooms and lighting in **Masiphumelele**;
- a new sports complex in **Imizamo Yethu**, offering two sports fields, a synthetic soccer pitch, ablution facilities, parking and fencing;
- the **Dunoon sports complex**, including a cricket pitch, netball and basketball courts and a clubhouse;
- the **Wallacedene complex**;
- the **Atlantis indoor multipurpose centre** (Witsands sports complex), boasting administrative offices, ablution facilities, change rooms with showers, an enclosed basketball/netball-size court, access road with parking, and a perimeter fence;
- **upgrades to sport facilities** at Lwandle, Seawinds and the J Nontulo, Nyanga, Lentegour and William Herbert sports fields;
- **resort upgrades** at Blue Waters, the Monwabisi coastal node, Kogel Bay, Silwerstroom and Soetwater;
- upgrades to **Masibambane and Solomon Mahlangu halls**; and
- **six spray parks** installed at Dunoon, Khayelitsha, Nyanga, Ocean View, Scottsville and Valhalla Park.





City flies the Blue Flag high once again

The City has successfully participated in the Blue Flag beach programme since its inception in South Africa in 2001 and has long been leading the country in achieving world-class standards for beaches. Ten beaches in the City's jurisdiction – Bikini, Mnandi, Strandfontein, Llandudno, Camps Bay, Clifton 4th, Silverstroomstrand, Fish Hoek, Melkbosstrand and Muizenberg – received Blue Flag status for the 2016/17 season. This was the highest number for any South African city. Seaforth was also included as a pilot Blue Flag beach.

ABOUT THE BLUE FLAG

The Blue Flag is an international accreditation awarded to beaches that meet 33 rigorous criteria. Among other things, Blue Flag status indicates that the beaches have their own environmental education programmes, have bathing water of the highest standard, are clean, have adequate ablution facilities and parking, are environmentally sound, are safe and secure to visit, and adhere to international safety and tourism standards.

Shark Spotters now mobile for enhanced beach safety

Towards the end of 2016, the City launched its innovative Shark Spotters mobile app to help swimmers and surfers at Cape Town beaches become more shark-smart.

The unique mobile application conveniently provides beachgoers with current and accurate shark safety information on their smartphones. This they can use to make informed decisions about shark risks, even before arriving at the beach. The real-time information provided through the app makes the by now well-established Shark Spotters services even more efficient and effective.

The Shark Spotters on duty update the app in real time, so users can be assured that they always have the most current information at their fingertips.

Programme 4.2(b): Heritage programme

The City continues to map and grade the heritage buildings and resources in Cape Town. Working with the Cape Town Heritage Trust and other heritage bodies, blue heritage plaques are installed to identify and interpret key heritage sites around town.

Some heritage highlights of the 2016/17 financial year included the following:

- The **refurbishment** of the Cape Town City Hall, Muizenberg Solid Waste depot, Mamre toll house, Oude Welgemoed homestead, Marine and Coastal Enforcement Unit facilities in Green Point, Hurling **swaaiomp** in Gardens, and Boshof Gates in Newlands
- The renovation of the **Old Granary**, which is under way, scheduled for completion in the second half of 2017, and will house the Desmond and Leah Tutu Legacy Foundation
- Having maintained the City's **competence to perform certain local authority heritage management functions** in terms of the National Heritage Resources Act, Act 25 of 1999, as assessed by Heritage Western Cape
- Completion of the **heritage audit** of properties in the City's heritage protection overlay zones, the results of which are captured on the City's GIS and made available to all staff and office-bearers
- Ongoing **digitisation of historical maps and drawings** relating to Cape Town to build the City's Environmental and Heritage Resources Information Centre
- Having hosted 1 636 learners, 228 educators and 156 staff from 69 schools and organisations for the **annual Heritage Month outreach programme** in September
- Further infrastructure investments to develop a **biodiversity garden in Westridge Park** as an outdoor classroom meant to celebrate the rich natural heritage of the Cape Floristic Kingdom in which Cape Town is located
- Installation of additional laterite pathways, gardens and timber fencing at **Green Point Park**
- Having completed public participation for a **project to memorialise the late President Nelson Mandela at the Cape Town City Hall**, where Madiba made his first public appearance after his release from the then Victor Verster Prison on 11 February 1990.





STRATEGIC FOCUS AREA 5 – WELL-RUN CITY

OBJECTIVE 5.1: ENSURE A TRANSPARENT GOVERNMENT,
AND WORK TOWARDS ERADICATING CORRUPTION

OBJECTIVE 5.2: ESTABLISH AN EFFICIENT AND
PRODUCTIVE ADMINISTRATION THAT PRIORITISES DELIVERY

OBJECTIVE 5.3: ENSURE FINANCIAL PRUDENCE,
WITH CLEAN AUDITS BY THE AUDITOR-GENERAL





STRATEGIC FOCUS AREA 5 – WELL-RUN CITY

THE WELL-RUN CITY SFA IS UNDERPINNED BY THE PRINCIPLES OF KING III.

IN ESSENCE, IT IS ABOUT THE CITY'S QUALITY OF GOVERNANCE, TRANSPARENCY, ACCOUNTABILITY AND EFFICIENCY.

To ensure that Cape Town is a well-run city, three key objectives have been identified in the 2016/17 IDP review. This section offers an overview of the progress made against each of these objectives and their underpinning programmes in the past financial year.

KEY WELL-RUN CITY ACHIEVEMENTS

IN 2016/17

- SCORED 2,8 IN THE ANNUAL CITYWIDE **COMMUNITY SATISFACTION SURVEY**
- RECEIVED **INVESTMENT RATING OF Aaa.za** FROM INDEPENDENT RATING AGENCY
- **SPENT 92,30%** OF WORKPLACE SKILLS PLAN **BUDGET**
- ACHIEVED **69,86% EMPLOYMENT RATE** OF PEOPLE FROM EMPLOYMENT EQUITY (EE) TARGET GROUPS AT THE **THREE HIGHEST LEVELS OF MANAGEMENT**
- UNQUALIFIED AUDIT OPINION WITH OTHER FINDINGS RECEIVED



Objective	Programme
<p>5.1 Ensure a transparent government, and work towards eradicating corruption</p> <p>Refer pg 115 of 2016/17 IDP review, and pg 152 of this report.</p>	<p>Programme 5.1 Transparent government (oversight) programme</p>
<p>5.2 Establish an efficient and productive administration that prioritises delivery</p> <p>Refer pg 116 of 2016/17 IDP review, and pg 153 of this report.</p>	<p>Programme 5.2(a) Human resources, talent management and skills development programme</p> <p>Programme 5.2(b) Human resources strategy</p> <p>Programme 5.2(c) Annual Community Satisfaction Survey (CSS)</p> <p>Programme 5.2(d) Information and knowledge management framework - Development Information Resource Centre (DIRC)</p>
<p>5.3 Ensure financial prudence, with clean audits by the Auditor-General</p> <p>Refer pg 119 of 2016/17 IDP review, and pg 156 of this report.</p>	<p>Programme 5.3(a) Financial management programme</p> <p>Programme 5.3(b) Internal management processes programme</p>



OBJECTIVE 5.1:

**ENSURE A TRANSPARENT GOVERNMENT,
AND WORK TOWARDS ERADICATING
CORRUPTION**

Programme 5.1: Transparent government (oversight) programme Independence of the Audit and Performance Audit Committee

The City's Internal Audit Department is an independent branch of the administration, as required by the MFMA and King III. Internal Audit provides independent, objective assurance and advisory services so as to add value to and improve the City's operations. More details on the role, functions and performance of Internal Audit in the reporting year appear on page 29 of this report.

Enabling easy reporting of fraud and corruption

The City has a 24/7 hotline for reporting fraud and corruption, which is managed by an independent, external service provider. Other reporting mechanisms for suspected fraud and corruption include letters, faxes, walk-in facilities, telephone calls, e-mails and other electronic communication media, such as Webmail, Facebook and Twitter.

Statutory Compliance Unit

In the year under review, the City received 711 requests for access to information. Of these, 408 were granted (358 in full and 50 partially), 146 requests were denied, 65 abandoned and 31 withdrawn. The remainder are at various stages of the process. Requesters may appeal to the Speaker against the refusal of their requests.



OBJECTIVE 5.2:

ESTABLISH AN EFFICIENT AND PRODUCTIVE ADMINISTRATION THAT PRIORITISES DELIVERY

Programme 5.2(a): Human resources, talent management and skills development programme

Overview of human resources

At the end of June 2017, the City had 26 856 employees (2015/16: 26 349). This represents an increase of 1,92% compared to the previous financial year. The vacancy rate for the City is 9,69%.

It is important to the City to develop its own staff, and to actively provide career opportunities for women and people with disabilities to speed up the transformation of its diversity profile, particularly at senior levels.

2016/17 CITY MANAGERIAL LEVEL 1 to 3 as at 30 June 2017

Occ category	FEMALE					MALE					Grand total	% COMPLIANCE WITH EE PLAN		
	African	Coloured	Indian	White	Female total	African	Coloured	Indian	White	Male total				
Benchmark target/%	16,20%	22,35%	0,46%	8,30%	47,31%	19,09%	23,85%	0,63%	9,12%	52,69%	100,00%			
Reporting Level 1	0	1	0	2	3	1	4	0	2	7	10	TOTAL	10	100,00%
	0,00%	10,00%	0,00%	20,00%	30,00%	10,00%	40,00%	0,00%	20,00%	70,00%	100,00%	WM/NON-DESIGNATED	2	20,00%
% short/(over) i.r.t. Benchmark %	16,20%	12,35%	0,46%	(11,70)%	17,31%	9,09%	(16,15)%	0,63%	(10,88)%	(17,31)%		DES/% COMPLIANCE	8	80,00%
Reporting Level 2	7	7	2	10	26	9	23	3	31	66	92	TOTAL	92	100,00%
	7,61%	7,61%	2,17%	10,87%	28,26%	9,78%	25,00%	3,26%	33,70%	71,74%	100,00%	WM/NON-DESIGNATED	31	33,70%
% short/(over) i.r.t. Benchmark %	8,59%	14,74%	(1,71)%	(2,57)%	19,05%	9,31%	(1,15)%	(2,63)%	(24,58)%	(19,05)%		DES/% COMPLIANCE	61	66,30%
Reporting Level 3	16	24	3	27	70	19	39	7	55	120	190	TOTAL	190	100,00%
	8,42%	12,63%	1,58%	14,21%	36,84%	10,00%	20,53%	3,68%	28,95%	63,16%	100,00%	WM/NON-DESIGNATED	55	28,95%
% short/(over) i.r.t. Benchmark %	7,78%	9,72%	(1,12)%	(5,91)%	10,47%	9,09%	3,32%	(3,05)%	(19,83)%	(10,47)%		DES/% COMPLIANCE	135	71,05%
Race/Gender Rep	7,88%	10,96%	1,71%	13,36%	33,90%	9,93%	22,60%	3,42%	30,14%	66,10%	100,00%	TOTAL	292	100,00%
Grand total	23	32	5	39	99	29	66	10	88	193	292	WM/NON-DESIGNATED	88	30,14%
												DES/% COMPLIANCE	204	69,86%
% short/(over) i.r.t. Benchmark %	8,32%	11,39%	(1,25)%	(5,06)%	13,41%	9,16%	1,25%	(2,79)%	(21,02)%	(13,41)%				
	SHORT	SHORT	OVER	OVER	SHORT	SHORT	SHORT	OVER	OVER	OVER				

Gender targets per Reporting Level	Female total	Short/ (Over)	All staff total	Male total	Short/ (Over)
Reporting Level 1	3	30,00%	17,31%	10	70,00%
Reporting Level 2	26	28,26%	19,05%	92	71,74%
Reporting Level 3	70	36,84%	10,47%	190	63,16%
Total all levels	99	33,90%	13,41%	292	66,10%
				193	(13,41)%

Table 10: City's workforce profile and targets as at 30 June 2017 in terms of employment equity, race, gender and disability



Employment equity

The City's five-year employment equity (EE) plan runs from 1 February 2015 to 30 June 2019. The plan is accompanied by an implementation strategy for the same period.

Gender and race equity

Achieving an appropriate gender balance in the City remains a challenge, as the workforce is still dominated by males. The City makes every effort through recruitment, selection and capacity-building to ensure that women are afforded equal opportunity. In most cases, females are underrepresented in all race categories and at all occupational levels.

Persons with disabilities

In the year under review, the City achieved its target of 2% employment of persons with disabilities. This was made possible by focused recruitment and selection, an intensive disability disclosure project, and reasonable accommodation initiatives throughout the City's directorates and departments.

Attracting and developing talent

The administration made 2 977 appointments (1 671 external and 1 306 internal) in the year under review, which secured its position as one of the top 50 employers of choice nationally among undergraduates and young professionals.

Overall employee turnover at the City remains low, standing at 6,17% in scarce-skills categories. The overall growth in employees in the same categories was 1,55% over the financial year, which points to an increase in the City's skilled workforce and, therefore, lower risk.

The adoption of the City's ODTP included a restructuring exercise and the appointment of the City Manager, ten executive directors as well as approximately 80 new senior managers to further fine-tune service delivery. All the positions in the second phase of the ODTP had been advertised by the end of June 2017 and are being filled.

Committed to skills development and learning

The City continues to invest in staff development and achieved a 92,3% spend on its training programmes in 2016/17. This provided more than 44 250 training opportunities to more than 17 370 staff members. In addition, 2 439 employees underwent training made possible by internal bursaries. Most of the training was aimed at staff at the lower employment levels in the City as a way for the administration to 'grow its own timber'.

Highlights and programmes for the reporting year included the following:

- A total of 461 lower-level employees completed the corporately funded **driver training programme**.
- Sixteen shop stewards from both unions attended corporately funded **shop steward training** on labour relations matters to capacitate them to perform their daily functions. Another ten shop stewards were granted bursaries.
- The City continued to expand its corporately funded **adult education and training programme** and has now also started with a matric programme. More than 184 employees enrolled.
- The City has set itself a target for creating a number of **external training opportunities** funded across all directorates. These include graduate interns, external bursars, in-service students, learnerships and apprenticeships. By the end of 2016/17, the administration had created 1 153 external trainee and bursary opportunities (against its target of 850), and 412 apprenticeships (against its target of 320).
- The three-year, corporately coordinated **finance management programme** is offered to lower-level employees to upskill staff in the finance environment. In 2016/17, 117 employees completed the first three-year programme, and 200 enrolled for the current one.

External bursary programme

The City further supports skills development through its external bursary programme. In March 2017, the City awarded 65 such bursaries to selected students in more than 40 fields of study. The City's total budget for bursaries for the 2016/17 financial year was R6,3 million, and each bursary varies between R15 000 and R40 000. Over the past 13 years, the City has assisted over 710 students in need.

MFMA competency training

Sections 83, 107 and 119 of the MFMA, along with the Municipal Regulations on Minimum Competency Levels of 2007, compel the accounting officer, chief financial officer (CFO), section-57 senior managers, directors reporting to the CFO, the director of Supply Chain Management (SCM), managers reporting to the SCM director, finance managers as well as directors in the line departments to successfully complete the MFMA minimum-competency training.

After appointment, new City employees in these positions have 18 months to complete the training. Four newly appointed section-57 executive directors are currently being trained, while all other employees referred to above have already achieved full compliance.

The City has also invested substantially in training other employees in the MFMA minimum competencies for individual career growth, succession planning, and to ensure that the administration has the financial competencies to be sustainable.

Employee recognition and engagement

The City's Recognition and Reward Policy is designed to provide positive recognition and feedback to employees who have made exceptional contributions. Many directorates and departments also have their own recognition and reward programmes in place.

Any employee can be nominated for the annual Mayoral Awards by a colleague, team leader, supervisor or line manager. The 2016/17 awards received 503 nominations, introduced five new categories in line with the organisation's values, and honoured 96 employees.

Programme 5.2(b): Human resources strategy

The City's single biggest asset is its staff, as is evidenced by the approximately R10,7 billion the administration spends every year on staff costs. Therefore, the human resources (HR) strategy is also aimed at ensuring optimal staff utilisation, motivation and development. In the year under review, the ongoing roll-out of smart electronic systems helped advance this strategy in the following ways:

- The **EPWP SAP payroll and personnel administration solution** was implemented across the organisation, replacing an external service provider system. The system supports good governance and auditability, and ensures sustainable payroll and personnel administration for EPWP workers.
- Use of the **HR Service Desk** increased by almost 26% from the previous year's 39 384 calls received to the 49 346 received in 2016/17. First-time resolution of calls was at 92,7%, while the remaining 3 602 calls were referred for more specialised responses.
- The system revealed that **absenteeism remains relatively low** at 4,58%.

Programme 5.2(c): Annual Community Satisfaction Survey (CSS) Listening to the community

The annual CSS measures residents' satisfaction with the City's delivery of a range of services. The latest research points to sustained satisfaction with the City's service delivery among residents.

The 2016/17 score of 2,8 on a five-point scale had remained unchanged since 2014/15, but had grown from the 2,4 recorded in 2007/8 (the start of the survey). A high-level overview of the results of the survey is included under "Governance, compliance and risk management" on page 33 of this report.



Programme 5.2(d): Information and knowledge management framework – Development Information Resource Centre (DIRC)

The City believes that knowledge-sharing makes its employees more efficient in the work they do. The Development Information Resource Centre (DIRC) is a knowledge hub on the City's intranet that does exactly that, allowing staff to extract and contribute data, information and knowledge.

DIRC includes a spatial information portal, a section on statistics and indicators for Cape Town, a research hub, a reports repository and a data directory. And in 2016/17, DIRC was further enhanced with additional functionalities.

Future plans for DIRC include the implementation of an enterprise content management framework, which will focus on sharing and retaining digital content to support business processes, planning and decision making.

OBJECTIVE 5.3:

**ENSURE FINANCIAL PRUDENCE,
WITH CLEAN AUDITS
BY THE AUDITOR-GENERAL**

Unqualified audit with other findings

The City's comprehensive governance and compliance controls saw it achieving an unqualified audit with other findings for the 2016/17 financial year.

Programme 5.3(a): Financial management programme Financial oversight of the CTICC

The City is the majority shareholder in Cape Town International Convention Centre (CTICC). That makes the City the parent municipality of the CTICC, rendering this state-owned company (as per the Companies Act) a municipal entity. In line with the responsibilities that come with being the parent entity, the City oversees CTICC governance. This includes ongoing monitoring of the finances of the CTICC, which is one of the few convention centres in the world that does not require an annual operating subsidy from any outside supporting organisation. The City's consolidated financial statements also include the financial statements of the CTICC.

Programme 5.3(b): Internal management processes programme

The Municipal Systems Act allows a municipality to enter into a service delivery agreement for the provision of a municipal service in its area. In all such instances, service delivery agreements are prepared, and serve as contracts between the municipality and the service provider. Section 81 of the Act defines the responsibilities of the municipality when providing a service through this mechanism. In this regard, the City's tender tracking system on the SharePoint platform allows project managers to electronically monitor how such service providers implement and carry out their contracts.

Ensuring the integrity of City supply chain management

For the 2016/17 financial year, the City received 2 704 tender submissions. Only 73 appeals were lodged against the award of tenders, and the Appeals Authority upheld ten.

The City also continues to encounter suppliers who abuse the City's SCM Policy through fraud, corruption, fronting or failure to deliver on contracts. In the reporting year, the City had 77 suppliers on its list of restricted suppliers, who could not do business with the City in accordance with National Treasury prescripts.

Compliance with SCM regulations is ensured through a rigorous tender evaluation and award process. The City's Bid Adjudication Committee meetings are open to the public and, therefore, highly transparent. The Appeals Authority and the Forensic, Ethics and Integrity Branch operate independently of the SCM Department as well as line departments, thereby maintaining a strict segregation of duties.

Committed to broad-based black economic empowerment (BBBEE) and transparent enterprise development

The City's SCM Department aims to ensure a sound and sustainable supply chain process that promotes black economic empowerment and local economic development, and encourages small businesses and joint ventures.

For the year ending June 2017, the City issued 216 865 purchase orders. More than 92,7% of these were placed with BBBEE-compliant vendors. This equates to more than R13,6 billion, which is a significant increase from the R10,77 billion (or 87% of total purchase orders) recorded in the 2013/14 financial year.

The number of BBBEE service providers who conducted business with the City over the period under review was 2 754, or 87,4% of the overall number of service providers used.







OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

FOR THE 2016/17 FINANCIAL YEAR AND THE PAST FIVE YEARS

Operating results for revenue and expenditure	160
Net surplus result	162
Capital expenditure	162
Consumer debtors	163
Investments, cash and borrowings	163
Credit rating	163



OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

FOR THE 2016/17 FINANCIAL YEAR AND THE PAST FIVE YEARS

THIS REVIEW SETS OUT HIGHLIGHTS OF THE ENTITY'S FINANCIAL PERFORMANCE FOR THE PAST FINANCIAL YEAR AS WELL AS THE PAST FIVE YEARS. FULL DETAILS APPEAR IN THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS.

OPERATING RESULTS FOR REVENUE AND EXPENDITURE

Over the past year, revenues increased by 9,04% to R38,40 billion. The escalation is mainly due to annual tariff increases.

Operating expenditure increased by 7,05% to R33,02 billion. The Entity does however attempt to keep the cost of operations as low as possible.

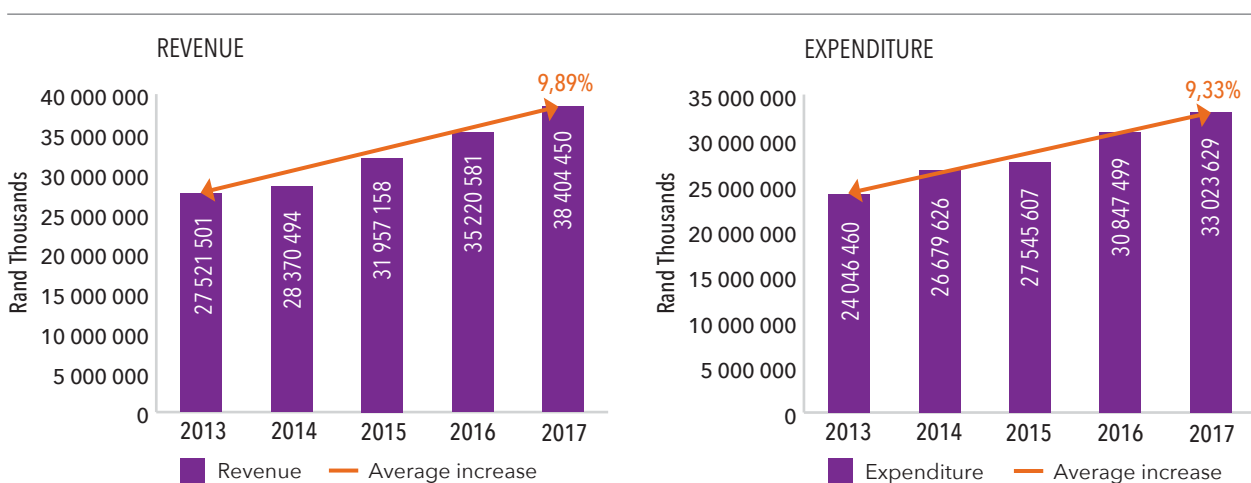
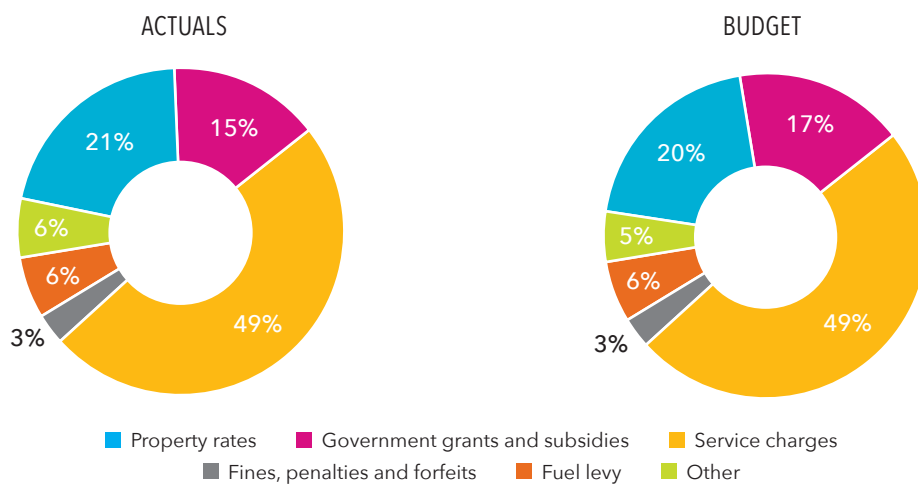


Figure 20: Entity's revenue and expenditure, 2013 to 2017

Operating revenue

For further details of service charges, turn to note 24 to the consolidated annual financial statements.



Operating expenditure

The Entity continues to proactively control and contain cost increases as one of its key priorities. For further details, turn to notes 31 to 38 to the consolidated annual financial statements.

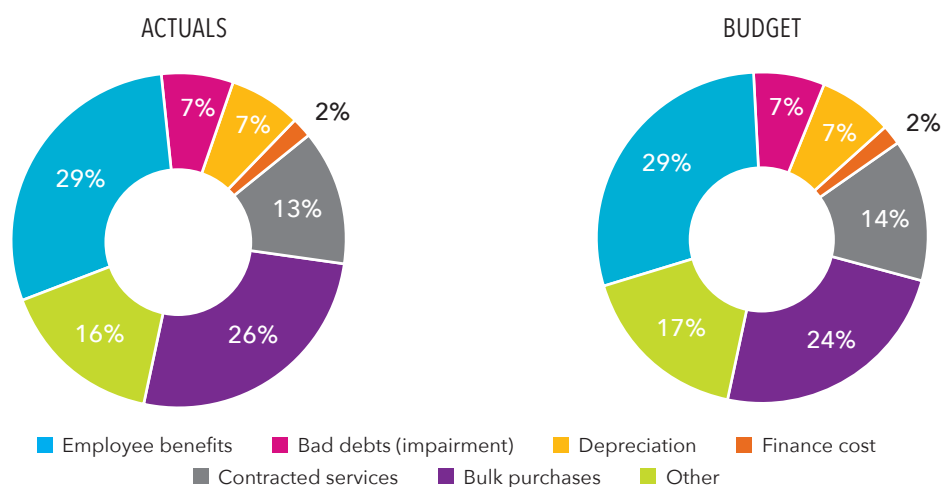


Figure 21: Categories of operating revenue and expenditure of the entity, 2016/17



NET SURPLUS RESULT

As at the end of June 2017, the entity reported a net surplus from operations of R5,38 billion (2016: R4,37 billion) against a budgeted surplus of R2,30 billion. This surplus includes 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 11: Make-up of the entity's net surplus result, 2017

	Actuals R'000	Budget R'000
Total revenue	38 404 450	38 018 111
Total expenditure	33 023 629	35 713 011
Surplus from operations	5 380 821	2 305 100
Capital grants and donations	(2 126 516)	(2 293 012)
Taxation	(14 178)	(3 385)
Net result from operations - see annexure D	3 240 127	8 703
Transfers to/from reserves and non-controlling interest	(774 613)	(12 842)
Surplus attributable to non-controlling interest	(12 500)	(2 547)
Surplus/(deficit) after appropriations	2 453 014	(6 686)

CAPITAL EXPENDITURE

The entity's property, plant and equipment expenditure for the financial year under review amounted to R6,27 billion, compared to R5,87 billion for the previous financial year. This represents a 92,62% (2016: 90,10%) consolidated 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 consolidated annual financial statements.

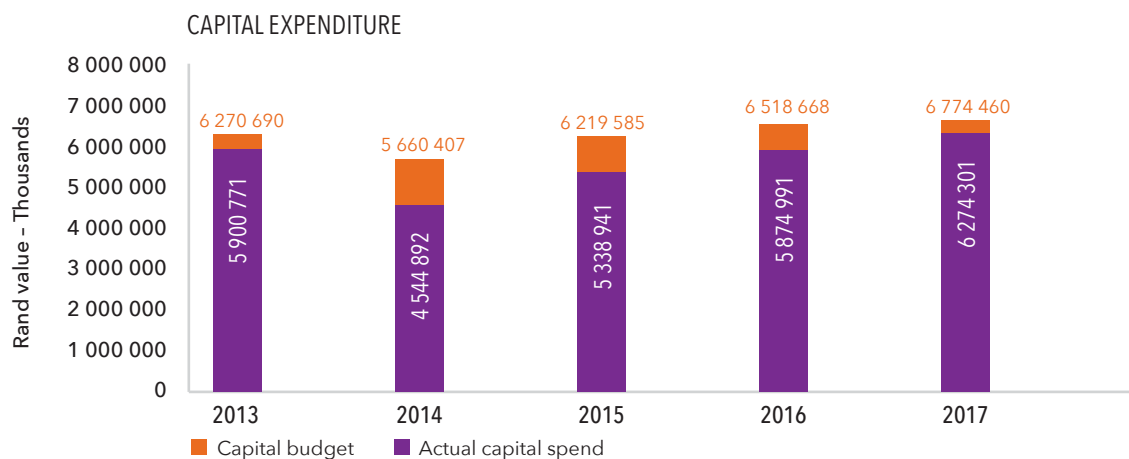


Figure 22: Entity's capital budget and capital spend, 2013 to 2017

CAPITAL EXPENDITURE BY FUNCTIONAL AREA

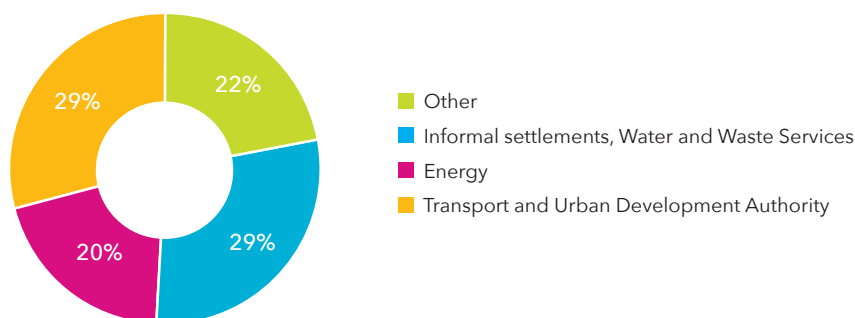


Figure 23: Entity's capital expenditure by functional area, 2016/17

CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2017 were R10,88 billion (2016: R9,81 billion). Arrear debt of R971,65 million was written off (2016: R690,71 million). Total provision for impairment increased from R4,70 billion in 2016 to R5,16 billion in 2017, which represents 47,23% of total outstanding consumer debtors.

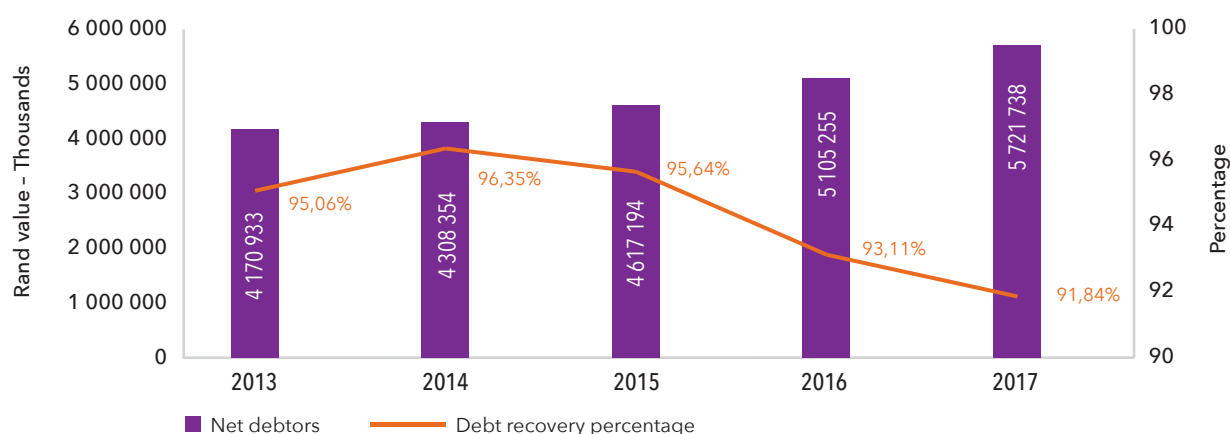


Figure 24: Entity's outstanding net consumer debtors and collection ratios, 2013 to 2017

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 11 to the consolidated annual financial statements.

BORROWINGS

Based on the norms below, the City can service its current debt repayments, and also has sufficient cash flow to service long-term obligations. In addition, the City can take up further borrowing for capital expenditure/programmes based on its positive debt-to-revenue ratio.

Table 12: City's debt and cost coverage, 2015/16 to 2016/17

Financial ratios	Target	2017	Target	2016
Capital cost	6% - 8%	3,47%	6% - 8%	3,36%
Debt coverage by own billed revenue	2:1	4,5:1	2:1	5,83:1
Cost coverage	2:1	2,28:1	2:1	2,02:1

CREDIT RATING

In the 2016/17 financial year, Moody's Investors Service downgraded the City of Cape Town's long- and short-term global-scale rating to Baa3 and Prime-3, from Baa2 and Prime-2 respectively. This came on the back of a downgrade in the credit rating for the country. Yet the City maintained its long- and short-term national-scale rating of Aaa.za and Prime-1. This means that the City has the highest possible credit quality rating in the national context.



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

REPORTING ENTITY'S MANDATE	166
APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	166
REPORT OF THE AUDITOR-GENERAL	167
GENERAL INFORMATION	180
FINANCIAL STATEMENTS AND POLICY	
Statement of financial position	184
Statement of financial performance	185
Statement of changes in net assets	186
Cash flow statement	187
Statement of comparison of budget and actual amounts – economic entity	188
Statement of comparison of budget and actual amounts – Municipality of Cape Town	190
Accounting policies	192
Notes to the consolidated annual financial statements for the year ended 30 June 2017	205
ANNEXURES	
A: Schedule of external borrowings	269
B: Analysis of property, plant and equipment and other assets	270
C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA	274
D: Segmental statement of financial performance	277
E: Disclosure of grants and subsidies in terms of section 123 of the MFMA	278
F: Appropriation statement (reconciliation: budget and in-year performance)	284
G: Bids awarded to family of employees in the service of the state – 2016	286



REPORTING ENTITY'S MANDATE

The reporting entity (hereinafter '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 Act, Act 108 of 1996.

The principal activities of the Entity 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 Entity's operations are governed by the Local Government: Municipal Systems Act, Act 32 of 2000, the Local Government: Municipal Structures Act, Act 117 of 1998, 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 2017, as set out on pages 184 to 287 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 32 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, 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.

Achmat Ebrahim
City Manager

29 September 2017

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL
OF CITY OF CAPE TOWN

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 and its subsidiary set out on pages 184 to 268, which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate 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.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Cape Town as at 30 June 2017, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (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 consolidated and separate financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA code) together with the 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.

Key audit matters

6. Key audit matters are those matters that in my professional judgement were of most significance in my audit of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming an opinion thereon and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	How the matter was addressed in the audit
<p>Provision for rehabilitation of landfill sites:</p> <p>The environmental rehabilitation provision is disclosed as R339 million in notes 15 and 17.</p> <p>Given the nature of its operations, the municipality has an obligation to close, restore and rehabilitate landfill sites. Closure and rehabilitation activities are governed by a combination of legislative requirements and entity policies. Significant estimates over the life of the landfill sites are made in determining the rehabilitation provision.</p> <p>The calculation of rehabilitation provisions requires significant judgement due to the inherent complexity in estimating the quantum and timing of future costs and determining an appropriate rate to discount these costs back to their present value.</p> <p>Accordingly, the valuation of the provision for rehabilitation of landfill sites is considered a key audit matter.</p>	<p>I performed the following key procedures:</p> <ul style="list-style-type: none"> • Evaluated the competence and objectivity of the specialists based on their experience and use of industry accepted methodology. • Evaluated the economic assumptions used in the calculation, including the discount rate applied to calculate the present value of the provision. • Evaluated the reasonability of inputs, including the measurement assumptions to determine future costs and the assumptions used to determine the inflation and discount rate. • Tested the appropriateness of the provision for rehabilitation of landfill sites in terms of the requirements of GRAP 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>. • Evaluated the accounting treatment applied to changes in the closure and rehabilitation provisions including whether the impact is expensed or capitalised. • Based on the above audit work performed, it can be concluded that the provision for rehabilitation costs are included at appropriate amounts and any resulting valuation or allocation adjustments are appropriately recorded.



REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF CITY OF CAPE TOWN (continued)

Key audit matter	How the matter was addressed in the audit
<p>Infrastructure assets:</p> <p>Infrastructure assets of R24,6 billion as disclosed in note 2, are accounted for on the cost model and consist of:</p> <ul style="list-style-type: none"> • Assets under construction • Telecommunications • Drains • Roads • Beach improvements • Sewerage mains and purification • Electricity peak load equipment and mains • Water mains and purification • Reservoirs – Water <p>Due to the nature of infrastructure assets the impairment assessment requires expertise and judgement in determining the nature, condition and operating effectiveness of assets in the infrastructure network as a result of the complexity involved in determining whether an indication of impairment exist relating to these infrastructure assets. As such this has been noted as a key audit matter.</p>	<p>I performed the following key procedures:</p> <ul style="list-style-type: none"> • I obtained an understanding of how the municipality's infrastructure network functions. • My approach in testing infrastructure assets involved me ascertaining the value-chain for the services mentioned above. With the assistance of experts, I verified that the services were provided from the infrastructure assets in the network by physical inspection. Water was provided from the taps in the households, electricity was supplied from the substation that fed from the main station within the electricity network and sewerage removal was functioning optimally within households in respect of the sewerage system for sanitation. I inspected all the roads in the service site for their functionality and condition and linked them to main roads within the road network. • For telecommunications infrastructure, I selected a sample to physically inspect the assets and utilised management's progress reports and invoices reports to determine the valuation thereof. • I also carried out audit procedures to confirm that management are professionally qualified, competent and have the relevant experience to conduct the impairment assessment. • I reviewed the detailed impairment reports in order to obtain an understanding of the assessment conducted by management. Based on this I am satisfied with management's assessment and consequently the valuation thereof. • I considered whether revenue streams from major infrastructure services were negatively affected as a result of infrastructure capacity failures. Based on the audit procedures performed above, it can be concluded that the assessment conducted by management is considered to be appropriate and therefore the valuation thereof is included at the appropriate amounts.

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material losses/impairments

- As disclosed in note 10 to the consolidated and separate financial statements, material losses to the amount of R971,6 million (9% of the gross balance of receivables) (2015/16: R690,7 million – 7% of gross balance of receivables) were incurred as a result of a write-off of irrecoverable receivables.
- As disclosed in note 10 to the consolidated and separate financial statements, receivables have been significantly impaired. The impairment allowance amounts to R5,1 billion (47% of the gross balance of receivables) of which R3,5 billion (33% of the gross balance of receivables) (2016: R3,2 billion – 32% of the gross balance of receivables) relates to service debtors.
- As disclosed in note 11 to the consolidated and separate financial statements, other receivables have also significantly been impaired. The impairment allowance amounts to R2,4 billion (69% of the gross balance of other receivables) (2016: R1,9 billion – 68% of the gross balance of other receivables).
- As disclosed in note 46.1.2.3 to the consolidated and separate financial statements, electricity losses to the amount of R353,5 million (10,89%) were incurred as a result of normal system operations, theft and vandalism.

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

13. The supplementary information set out on pages 269 to 287 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and accordingly I do not express an opinion thereon.

Responsibilities of accounting officer

15. 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 the 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.
16. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group'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 accounting officer either intends to liquidate the municipality 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

17. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
18. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.



REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL
OF CITY OF CAPE TOWN (continued)

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic focus areas and key performance indicators presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did 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.
21. 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 areas presented in the annual performance report of the municipality and its municipal entity for the year ended 30 June 2017:

Strategic focus area and key performance indicator	Pages in the annual performance report
Municipality	
Strategic Focus Area 1: The Opportunity City	290 - 291
Strategic Focus Area 3: The Caring City	292 - 295
Municipal entity	
Key Performance Indicator 1: Events	306 - 307
Key Performance Indicator 3: Customer centricity and service excellence	306 - 307
Key Performance Indicator 4: Supply chain procurement from B-BBEE supplier measured in terms of B-BBEE Act	306 - 307
Key Performance Indicator 8 : Budgets - Operating profit	306 - 307
Key Performance Indicator 8 : Budgets - Capital expenditure	306 - 307
Key Performance Indicator 10 : Financial ratios	306 - 307

22. I performed procedures to determine whether the reported performance information 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.

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic focus areas and key performance indicators:

Municipality

- Strategic Focus Area 1: The Opportunity City
- Strategic Focus Area 3: The Caring City

Municipal entity

- Key Performance Indicator 1: Events
- Key Performance Indicator 3: Customer centricity and service excellence
- Key Performance Indicator 4: Supply chain procurement from B-BBEE supplier measured in terms of B-BBEE Act
- Key Performance Indicator 8: Budgets - Operating profit
- Key Performance Indicator 8: Budgets - Capital expenditure
- Key Performance Indicator 10: Financial ratios

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

25. Refer to the annual performance report on pages 290 to 307 for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of targets.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the Municipality and its entities with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Revenue management

28. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA. This non-compliance was identified for the system of internal control over the management of revenue from the MyCiti bus services.

Consequence management

29. Allegations of financial misconduct against senior managers were not always tabled before Council, as required by section 120 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) in conjunction with Regulation 5(2) of the Disciplinary Regulations for Senior Managers, 2010.

Procurement and contract management

30. Bid specifications for a tender was drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of Regulation 27(2)(a) of the Municipal Supply Chain Management Regulations, 2005.



REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL
OF CITY OF CAPE TOWN (continued)

OTHER INFORMATION

31. The City of Cape Town and its entity 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 thereon and those selected strategic focus areas presented in the annual performance report that have been specifically reported on in the auditor's report.
32. My opinion on the consolidated and separate 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 thereon.
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 strategic focus areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.
35. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

36. 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 thereon.

Leadership

37. Leadership did not exercise adequate oversight responsibility regarding consequence management to ensure compliance with the provisions of disciplinary regulations for senior managers.
38. Leadership did not exercise oversight responsibility by ensuring the procurement process followed by the City was fair and equitable.

Financial and performance management

39. Management did not sufficiently monitor and review the processes implemented to ensure revenue transactions relating to the MyCiti bus services were effective to prevent losses as required by the MFMA.

OTHER REPORTS

40. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the group financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Agreed upon procedures

41. I performed an agreed upon procedures engagement on the issue of notes under the City of Cape Town's Domestic Medium-Term Note Programme. I was required to report on compliance with the commercial paper regulations as well as the regulations on debt disclosure as they related to the placing documents. The report was issued on 17 July 2017.

Investigations

42. A total of 15 (fifteen) investigations were ongoing at year-end on allegations relating to financial misconduct, fraud or improper conduct in SCM.
43. The Public Protector is performing an investigation based on the alleged failure by the Cape Town International Convention Centre Company Proprietary Limited and the City of Cape Town to implement the recommendations of the City's Forensic Services Department issued on 21 October 2014. The investigation is still ongoing and has not been finalised as yet.
44. An independent consulting firm performed an investigation at the request of the municipality's council. The investigation was initiated based on allegations of fraud and misconduct made by the Executive Director: Directorate of the Mayor, and all other matters served before council on 21 November 2017. The investigation concluded on 29 December 2017 and resulted in disciplinary proceedings.
45. An independent consulting firm performed a forensic investigation at the request of the City Manager, which covered the period 1 July 2013 to 31 August 2017. The investigation was initiated based on alleged unauthorised transactions relating to the cash management and payment component of the MyCiti station management contract. The investigation concluded on 10 January 2018 and recommendations were made relating to legal requirements, HR practitioners and control weaknesses.
46. The City initiated an investigation based on allegations of a contractor receiving preferential treatment as well as tender irregularities. The investigation is still ongoing and has not been finalised yet.

Auditor-General

Cape Town
26 January 2018





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 strategic focus areas 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 the 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's 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 related to events or conditions that may cast significant doubt on the City of Cape Town and its entities' ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going-concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

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 2017 in terms of section 121(4)(E) of the Municipal Finance Management Act, No. 56 of 2003.

The audit report is unqualified and has 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 management comments and corrective actions are also provided in accordance with the relevant findings per the paragraph references.

REVENUE MANAGEMENT

- 28 The management of the City has recognised the control and system weaknesses within the Directorate, TDA, as identified in the investigative report which had been commissioned by the City to address the weaknesses identified. A multi-disciplinary project team has accordingly been convened under the direct mandate of the Acting City Manager. Its work has commenced and has been prioritised at the highest levels of management. Furthermore, from a consequence management perspective, a legal opinion has been obtained. Both the investigative report and the legal opinion have been sent to the City's attorneys, which are considering disciplinary matters against senior officials. Furthermore, the implications of all reports is being scrutinised for consequence management for other officials in the organisation by the Probity department and in conjunction with the direction of the Acting City Manager.

CONSEQUENCE MANAGEMENT

- 29 The City has since reported to Council all cases required as such in terms of S120 of the Municipal Systems Act, in conjunction with the Disciplinary regulations for senior managers 5(2). Mechanisms are being developed to be used in future for the reporting of matters of this nature to Council which will ensure that the incidents as identified in the finding do not recur.

PROCUREMENT AND CONTRACT MANAGEMENT

- 30 The Acting City Manager has agreed to the immediate institution of a forensic investigation with short deadlines. The outcome of the investigation would determine the appropriate remedial action to be taken.



REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2017

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, obliges every municipality to establish an independent Audit Committee which must advise the Municipal Council, political office-bearers, accounting officer and management staff of the municipality and the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, 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 any other issues referred to it by the municipality or municipal entity.

In October 2016, Council resolved that the functions of the Performance Audit Committee be merged with that of the Audit Committee (item C16/10/16). The Audit and Performance Audit Committee (hereafter called "the committee or APAC") is governed by formal terms of reference which are regularly reviewed and approved by the Mayoral Committee (Mayco) and was last updated during June 2017 (item MC19/06/17).

The committee is pleased to present its report for the financial year ended 30 June 2017.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The committee's terms of reference require five independent members who have sufficient qualifications and experience to render the services associated with the committee's function. The committee did not function with five independent members for the entire period but notwithstanding, there was appropriate competence and skills to reasonably cover all functions.

During the year under review, five committee meetings and two special committee meetings were held. Internal Audit (IA) attends these meetings. The Deputy Mayor (when required), a representative of the City Manager's Office, most members of the Executive Management Team (EMT) and other officials also attend these meetings. A representative from National Treasury often attends meetings. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and attended all seven meetings. The meetings have substantial agendas which require extensive preparation which is done diligently by members. Committee members participate in meetings with commitment and objectivity.

The committee also held meetings with the City Manager (on 18 July 2016) and the Executive Mayor (on 11 November 2016).

Below is the summary of tenure, qualifications and meeting attendances:

Name	Qualifications	Number of meetings attended	Tenure period (1)	Tenure period (2)
Mr Guy Harris	B Comm. Hons/CA(SA)	6	1 Apr 2015 to 31 Mar 2018	
Ms Mariaan Roos	CA(SA)/HDip Co Law/Masters of Commerce in Auditing/Certified Sustainability Master Class	2	1 Feb 2011 to 31 Jan 2014	1 Feb 2014 to 31 Jan 2017
Ms Somesh Barnes	Diploma in Business Management/Higher Certificate in Management	7*	26 Sep 2014 to 25 Sep 2017	1 Oct 2017 to 30 Sep 2020 [§]
Dr Divya Singh	BA LLB (cum laude)/LLM/LLD/Masters in Tertiary Education Management (honours)/Advocate of the High Court of SA	3	1 Nov 2015 to 31 Oct 2018	
Mr Athol Rhoda	CA(SA)	7*	1 Nov 2015 to 31 Oct 2018	

[§] Subsequent to the year-end Ms Somesh Barnes was reappointed for her second term and Mr Rowan Graham Nicholls CA(SA) was appointed for his first term

* Includes Performance Audit Committee, when separate

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, including relevant legislative requirements.

On a quarterly basis the committee Chairperson succinctly reported the committee's activities to Mayco and Council, and detailed approved minutes being tabled at Council. This includes the requirements of Regulation 14 of the Municipal Planning and Performance Management Regulations.

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 being submitted for external audit.

Amidst an ever-changing and often challenging landscape, the City has exhibited growth and efficacy. The City's commitment to provide effective governance, increased accountability, transparency, and its leveraged tourism focus, provides stakeholders and residents with a robust platform for opportunity and growth.

The committee congratulates the City's management, especially those in the areas of financial, performance and governance services, on achieving an unqualified report which is a good indicator of a well-run City.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by IA on a quarterly basis and reviewed the IA Annual Report on Internal Controls for the year ended 30 June 2017.

The IA Annual Report on Internal Controls concluded that some improvement was needed and is based on, and limited to, the available IA results throughout the 2016/17 financial year which was assessed in terms of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Framework. The COSO framework, including financial control assessments, 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.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the annual integrated report on Governance, Risk Management and Internal Controls for the year ended 30 June 2017 and while they were not the general rule they did occur from time to time in certain areas:

- (a) The lack of policies and procedures and the inadequacy of existing policies and procedures in the control environment;
- (b) Lack of management review and supervisory checks;
- (c) Lack of supporting evidence/information/records management processes;
- (d) Resource/capacity constraints;
- (e) A lack of effective communication/collaboration;
- (f) A lack of reconciliation between various information sources as part of the verification process; and
- (g) A lack of monitoring activities.

It should be emphasised that while these areas require the necessary management attention, as the first line of defence in combined assurance, they were not serious enough for AGSA to negatively impact the City's audit opinion nor for the committee to raise specific concerns in these areas with the City Manager, Council, Mayco or the Executive Mayor.

The internal control dashboard of the AGSA was also reviewed and the two major areas for improvement relate to performance information and IT systems. The APAC has also consistently raised these issues and until resolved will remain on the radar of the committee and a priority area for improvement.



REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL
OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2017 (continued)

RESOLVING INTERNAL CONTROL FINDINGS

Internal audit findings on follow-up audits indicated that 84% of audit findings resolved previously reported were addressed, which exceeded the target of 70%.

There was a slight decrease in audit findings resolved, compared to the previous financial year, which is mainly due to an increase in Predetermined Objective audits with recurring findings. This item is a specific focus in the current financial year audit plan.

The committee noted the non-implementation of some of the IA recommendations where alternative methodologies are being investigated. Management is encouraged to focus on these areas for improvement.

Overall the committee is satisfied with the quality and timing of management responses which indicate a well-run City and an IA department that is respected and valued. This is a reflection of the quality of both management and IA. We are satisfied that management is appropriately balancing delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Risk and Ethics Governance function. Combined Assurance Framework improvements and advancements are underway. The committee regularly reviews developments in this area as part of its annual work plan.

INTERNAL AUDIT EFFECTIVENESS

The IA activities are carried out by an in-house department operating in terms of an IA 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.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Portfolio Manager: Probity in the Directorate of the Mayor. The committee will continue to monitor the independence of the IA function as it is key to the effectiveness of the APAC. Consideration should be given to having the CAE reporting administratively directly to the City Manager.

The committee congratulates the former CAE on being appointed the Portfolio Manager: Probity. The post of CAE was filled subsequent to the year-end and we look forward to working with the new CAE.

An annual internal quality assessment was completed for the year under review and it was found that the IA activity "Generally Conforms" to the International Standards for the Professional Practising of Internal Auditing of the Institute of Internal Auditors (IIA). From the assessment, recommendations were received for continuous improvement, which will be assessed and implemented as appropriate.

PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit on performance management. 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.

RISK MANAGEMENT

City-wide initiatives regarding risk management continue to embed risk management processes in the City. RiskCo assists in enabling and enhancing the understanding of management of risk through the strategic "tone from the top" and ongoing evaluation of risks and cost-effective mitigation steps. The committee is concerned that management and Mayco are not regularly reviewing the major corporate risks and effectively managing mitigation. The gaps between RiskCo meetings, as a result of the ODTP restructuring, and the slow pace of focusing on and integrating risk management in all activities was also reported to Council.

The committee appreciates the emerging focus on risk, especially the move towards integrated risk management. The committee Chairperson (or his nominee) regularly attends the RiskCo meetings. A key focus for all levels of management and oversight must be on the further mitigation of the corporate risks. This requires the focused attention of the EMT and Mayco.

Lessons can be learnt from the water crisis that was timeously identified and should have been addressed and partially mitigated earlier and more cost effectively. The lessons learnt need to be properly analysed and internalised.

GOVERNANCE AND ETHICS

The effectiveness and ease of the ODTP restructuring and the way in which the new five-year IDP were completed are also indicators of a well-run city. The Ethics unit was moved to the risk function as part of ODTP and resulted in the creation of Risk and Ethics Governance function.

Subsequent to the year-end the City adopted the corporate governance principles of the King IV Code of Governance. The Institute of Directors has publicly acknowledged the role of the City and its former CAE in the development of the new code and particularly the Municipal Supplement.

A high-level seminar addressed by the various professional bodies and Professor Mervyn King was held and attended by APAC, many Councillors and most senior management.

The committee continues to monitor key City-wide governance interventions required, such as the communication and monitoring of the ethics function and compliance reporting. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and further enhancements of awareness and understanding of ethics occurred.

The committee receives quarterly feedback on forensic and legal cases and these will need further focus by APAC to ensure they are concluded timeously and in the best interest of the City and its stakeholders.

On a quarterly basis the committee receives feedback on the Municipal Public Accounts Committee's (MPAC) activities. A committee report to MPAC will be submitted to MPAC as part of the annual report oversight process.

During November 2017, a post-balance sheet event surfaced and resulted in an independent investigation. The APAC appreciates the very transparent and determined way in which Council is dealing with the matters raised and the committee fulfilled the special mandate arising from the 21 November 2017 Council meeting timeously and decisively in the interest of good governance. At the Special Council meeting of 5 January 2018 the committee was given further responsibilities relating to the investigation which the committee is currently implementing. The committee will provide further report back in the next annual report.

The committee congratulates the City for taking action and it will be important that the City learns from this experience.

MUNICIPAL ENTITY

The Cape Town International Convention Centre (CTICC) was the City's sole municipal entity during the 2016/17 financial year. The committee plays an oversight and advisory role for the municipal entity, with the CTICC Audit Committee meeting minutes and annual report being reviewed at the City's committee meetings. Subsequent to the year-end a second municipal entity, The Stadium, has been established. Two members of the APAC and the Portfolio Manager: Probity have been appointed to the Audit Committees of these 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. The journey for sustainable service delivery in a vibrant, sustainable, globally competitive and caring City must be underpinned by good governance and clean administration.

The committee wishes to express their appreciation to the management of the City, the AGSA and IA who assists the committee in performing its functions effectively and efficiently.



Guy Harris CA(SA)

Chairperson: Audit and Performance Audit Committee

Date: 26 January 2018



GENERAL INFORMATION



EXECUTIVE MAYOR
Ald P de Lille



EXECUTIVE DEPUTY MAYOR
Ald ID Neilson



SPEAKER
Ald JD Smit



**MAYORAL COMMITTEE
MEMBER FOR FINANCE**
Cllr J van der Merwe



CITY MANAGER
A Ebrahim



CHIEF WHIP
Cllr S August



CHIEF FINANCIAL OFFICER
K Jacoby



OTHER INFORMATION

Auditors

The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442

Bankers

ABSA Bank Limited
Bridge Park East
Bridge Way
Century City
7446

PO Box 3264
Cape Town
8001

Registered office

12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000



GENERAL INFORMATION (continued)

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Cllr A Abrahams	Cllr DJ Christians	Cllr C Janse van Rensburg	Cllr SS Mfecane
Cllr FL Abrahams	Cllr CC Clayton	Cllr E Jansen	Cllr NE Mgolombane
Cllr MR Abrahams	Cllr DG Cottee	Cllr S John	Cllr JH Middleton
Cllr MF Achmat	Cllr SA Cottle	Cllr C Jordaan	Cllr PM Mngxunyeni
Cllr A Adams	Cllr AC Crous	Ald CR Justus	Cllr S Moodley
Cllr A Adams	Cllr J Cupido	Cllr ML Kempthorne	Cllr AC Moses
Cllr R Adams	Cllr T Dasa	Cllr DM Khatshwa	Cllr NA Moshani
Cllr Y Adams	Cllr HS Davids	Cllr MRH Kleinschmidt	Cllr T Mpengezi
Cllr M Adonis	Cllr MM Davids	Cllr ME Kleinsmith	Cllr NL Mquqwana
Cllr ZC Adonis	Ald P de Lille	Cllr AL Komeni	Cllr S Mzobe
Cllr FK Ah-Sing	Cllr SP Diamond	Cllr NF Kopman	Cllr PS Mzolisa
Cllr WJ Akim	Cllr NN Dilima	Cllr GPG Kriel	Cllr N Ndalen
Ald D Amira	Cllr WB Dlulane	Cllr AE Kuhl	Cllr XA Ndongeni
Cllr EP Andrews	Cllr WP Doman	Cllr MD Kumeke	Ald ID Neilson
Cllr E Anstey	Cllr DK Dudley	Ald NJ Landingwe	Cllr K Nethi
Cllr R Arendse	Cllr PA East	Cllr AN Leitch	Cllr BP Ngcani
Cllr SWP Arendse	Cllr CJ Esau	Cllr SP Liell-Cock	Cllr B Ngcombolo
Cllr A Arnolds	Cllr JP Fitz	Cllr A Lili	Cllr PM Ngqu
Cllr SN August	Cllr E Fortune	Cllr XT Limberg	Cllr D Ngubelanga
Cllr DE Badela	Cllr GD Fourie	Cllr SA Little	Cllr S Ngxumza
Cllr ZA Badroodien	Cllr P Francke	Cllr CO Mabona	Ald MJ Nieuwoudt
Cllr MK Bafo	Cllr A Gabuza	Cllr BC Madikane	Cllr M Nikelo
Cllr UM Barends	Cllr BC Golding	Cllr N Mahango	Cllr S Nkomiyahlaba
Cllr GG Barnardo	Cllr GE Gordon	Cllr N Mahlati	Cllr FM Nkunzana
Cllr AJG Basson	Cllr AJ Griesel	Cllr BM Majingo	Cllr X Nofemele
Cllr S Batala	Cllr CD Groenewoud	Cllr N Makamba-Botya	Cllr SM Noludwe
Cllr TM Batembu	Cllr NE Grose	Cllr N Makasi	Cllr S Nonkeyizana
Cllr R Beneke	Cllr LA Gungxe	Cllr LC Makeleni	Cllr SP Nqamnduku
Cllr CB Bew	Cllr B Hadebe	Cllr S Mamkeli	Cllr ML Nqavashe
Cllr N Bolitye	Cllr B Hansen	Cllr SK Manata	Cllr M Nqulwana
Cllr M Booi	Cllr W Harris	Ald GW March	Cllr A Ntsodo
Cllr G Bosman	Cllr GCR Haskin	Cllr RP Mare	Cllr P Nyakaza-Sandla
Cllr FR Botha-Rossouw	Cllr MGE Hendricks	Cllr PI Marman	Cllr SF Oerson
Cllr R Bresler	Cllr BN Herron	Cllr J Martlow	Ald MJ Oliver
Cllr EN Brunette	Cllr PC Heynes	Cllr V Matanzima	Cllr XB Pakela-Mapasa
Cllr DW Bryant	Cllr ND Hlangisa	Cllr JJ Maxheke	Cllr GC Peck
Ald CA Brynard	Cllr MW Hlazo	Cllr P Maxiti	Cllr XG Peter
Cllr KR Carls	Cllr TT Honono	Cllr S Mbandezi	Cllr MJ Petersen
Cllr H Carstens	Cllr RM Hoorn	Cllr LM Mbele	Cllr S Philander
Cllr MA Cassiem	Cllr VR Isaacs	Cllr JS Mbolompo	Cllr MP Pietersen
Cllr MF Cassim	Cllr IR Iversen	Cllr NV Mbombo	Ald SB Pringle
Ald GV Cavanagh	Cllr BM Jacobs	Cllr LVP McBride	Cllr CB Punt
Cllr CS Cerfontein	Cllr HW Jacobs	Cllr J McCarthy	Ald FA Purchase
Cllr PH Chapple	Cllr WD Jaftha	Cllr AP McKenzie	Cllr RM Quintas
Cllr MN Chitha	Cllr L Jali	Cllr MPJ Menisi	Cllr SA Ramsay

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Cllr B Rass	Ald JP Smith	Cllr B van der Merwe	Cllr CL Visser
Cllr R Rau	Cllr NP Sono	Cllr JFH van der Merwe	Cllr J Visser
Cllr FHL Raymond	Cllr X Sotashe	Cllr A van der Rheede	Cllr PP Vokwana
Cllr N Rheeder	Cllr KG Southgate	Cllr PE van der Ross	Cllr FC Walker
Cllr SJ Rossouw	Cllr T Stemele	Cllr ML van der Walt	Ald BRW Watkyns
Cllr T Sakathi	Cllr Z Sulelo	Cllr BM van Minnen	Cllr C Williams
Cllr R Saralina	Cllr PS Swart	Cllr B van Reenen	Cllr JJ Witbooi
Cllr N Silas	Cllr EAJ Theron	Cllr CHS van Wyk	Cllr J Woodman
Cllr RZ Simbeku	Cllr G Timm	Cllr A van Zyl	Cllr M Xego
Cllr F Simons	Cllr LE Tshwete	Cllr M Velem	Cllr SK Yozi
Cllr RS Simons	Ald GG Twigg	Cllr R Viljoen	Cllr LG Zondani
Ald JD Smit	Cllr TA Uys	Cllr DA Visagie	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr L Isaacs	05/07/2016	Cllr C Marais	11/01/2017
Cllr S Gympies	19/07/2016	Cllr C Claasen	03/03/2017
Cllr F Christians	08/08/2016	Cllr T Jafta	12/05/2017
Cllr A Fourie	10/08/2016	Cllr X Gwangxu	21/06/2017
Cllr R Bazier	16/08/2016	Cllr T Mgxekeni	21/06/2017
Ald E Sonnenberg	31/12/2016		

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2017 R'000	Restated ¹ 2016 R'000	2017 R'000	2016 R'000
ASSETS					
Non-current assets		46 956 442	42 343 852	46 570 423	42 136 829
Property, plant and equipment	2	41 348 729	37 522 615	40 377 585	36 892 544
Heritage assets	3	8 904	9 049	8 904	9 049
Investment property	4	586 427	588 191	586 427	588 191
Intangible assets	5	678 871	629 162	678 871	629 162
Investments	7	4 288 961	3 540 486	4 877 663	3 966 188
Long-term receivables	8	40 973	51 695	40 973	51 695
Deferred taxation	39	3 577	2 654	-	-
Current assets		12 587 638	12 216 492	12 250 660	11 726 952
Inventory	9	325 734	258 533	324 536	257 273
Receivables	10	5 721 738	5 105 255	5 724 863	5 106 634
Receivables from exchange transactions		3 497 731	3 247 000	3 497 731	3 247 000
Receivables from non-exchange transactions		2 224 007	1 858 255	2 227 132	1 859 634
Other receivables	11	1 089 975	876 510	1 077 455	858 306
Other receivables from exchange transactions		339 959	233 597	327 439	215 393
Other receivables from non-exchange transactions		750 016	642 913	750 016	642 913
Investments	7	1 654 114	2 155 177	1 654 114	2 155 177
Taxation		3 002	-	-	-
Current portion of long-term receivables	8	14 201	17 093	14 201	17 093
Cash and cash equivalents	12	3 778 874	3 803 924	3 455 491	3 332 469
TOTAL ASSETS		59 544 080	54 560 344	58 821 083	53 863 781
LIABILITIES					
Non-current liabilities		11 909 149	12 165 084	11 898 945	12 153 259
Borrowings	13	5 799 820	6 048 731	5 789 616	6 036 906
Provisions	15	6 109 329	6 116 353	6 109 329	6 116 353
Current liabilities		8 848 579	9 005 551	8 766 304	8 859 316
Deposits	16	371 397	371 253	351 710	324 633
Provisions	17	969 252	1 072 815	964 292	1 069 277
Payables from exchange transactions	18	6 019 191	5 813 983	5 963 079	5 720 744
Unspent conditional grants and receipts	19	1 054 374	1 199 955	1 054 374	1 199 955
Value-added tax	20	93 366	74 771	93 366	74 771
Taxation		-	1 447	-	-
Current portion of borrowings	13	335 701	471 327	334 185	469 936
Bank overdraft	12	5 298	-	5 298	-
TOTAL LIABILITIES		20 757 728	21 170 635	20 665 249	21 012 575
NET ASSETS					
Total net assets		38 786 352	33 389 709	38 155 834	32 851 206
Housing development fund	21	331 568	340 096	331 568	340 096
Reserves	22	3 441 617	2 664 339	3 441 617	2 664 339
Accumulated surplus		34 605 388	30 025 858	34 382 649	29 846 771
Non-controlling interest	23	407 779	359 416	-	-
TOTAL NET ASSETS AND LIABILITIES		59 544 080	54 560 344	58 821 083	53 863 781

¹ Comparative restated: See note 44 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2017

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2017 R'000	Restated ¹ 2016 R'000	2017 R'000	Restated ¹ 2016 R'000
REVENUE					
Exchange revenue		21 023 856	19 423 674	20 607 688	19 028 104
Service charges	24	18 815 940	17 552 069	18 619 105	17 363 596
Rental of letting stock and facilities	25	358 497	350 954	358 497	350 954
Finance income	26	997 390	830 188	965 283	792 666
Licences and permits		47 741	41 494	47 741	41 494
Agency services		188 238	183 259	188 238	183 259
Other income	27	429 116	339 164	242 040	169 634
Gains on disposal of property, plant and equipment		186 934	126 546	186 784	126 501
Non-exchange revenue		17 380 594	15 796 907	17 554 658	15 952 812
Finance income	26	81 005	71 571	81 005	71 571
City improvement districts (CIDs)	27	-	-	169 260	150 645
Property rates	28	8 100 322	6 739 787	8 105 126	6 745 047
Fuel levy		2 197 740	2 060 211	2 197 740	2 060 211
Fines, penalties and forfeits		1 241 128	1 112 956	1 241 128	1 112 956
Government grants and subsidies	29	5 648 752	5 721 128	5 648 752	5 721 128
Public contributions	30	111 647	91 254	111 647	91 254
Total revenue		38 404 450	35 220 581	38 162 346	34 980 916
EXPENDITURE					
Employee-related costs	31	9 728 886	9 415 890	9 659 300	9 357 740
Remuneration of councillors and board members	32	138 951	135 094	138 373	134 637
Impairment costs	33	2 423 344	1 907 719	2 423 157	1 907 301
Collection costs		198 278	187 417	198 278	187 417
Depreciation and amortisation expenses	34	2 241 142	2 136 991	2 213 796	2 108 510
Finance costs	35	732 912	748 479	731 823	747 256
Bulk purchases	36	8 438 102	8 073 336	8 438 102	8 073 336
Contracted services		4 300 046	3 886 305	4 171 123	3 766 255
Grants and subsidies paid	37	111 829	148 246	111 829	148 246
General expenses	38	4 701 576	4 199 719	4 764 561	4 252 445
Losses on disposal of property, plant and equipment		8 563	8 303	7 376	8 118
Total expenditure		33 023 629	30 847 499	32 857 718	30 691 261
Surplus from operations		5 380 821	4 373 082	5 304 628	4 289 655
Taxation	39	(14 178)	(20 007)	-	-
Surplus for the year		5 366 643	4 353 075	5 304 628	4 289 655
Attributable to owners of the controlling entity		5 354 143	4 338 448		
Attributable to non-controlling interest	23	12 500	14 627		
SURPLUS FOR THE YEAR		5 366 643	4 353 075		

¹ Comparative restated: See note 44 for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2017

ECONOMIC ENTITY						
	Housing develop- ment fund R'000	Capital replace- ment reserve R'000	Insurance reserves R'000	Accumu- lated surplus R'000	Non- controlling interest R'000	Total R'000
2016						
Balance as at 30 June 2015	396 385	1 865 119	528 760	25 897 704	298 666	28 986 634
Restated surplus	-	-	-	4 338 448	14 627	4 353 075
Surplus as previously reported	-	-	-	4 336 953	13 918	-
Correction of errors	-	-	-	1 495	709	-
Share purchases by non-controlling interest holders	-	-	-	-	50 000	50 000
Transfer to/(from) for share purchases	-	-	-	3 877	(3 877)	-
Transfer (from)/to	(36 612)	938 590	16 397	(918 375)	-	-
Property, plant and equipment purchased	(19 677)	(684 527)	-	704 204	-	-
Restated balance as at 30 June 2016¹	340 096	2 119 182	545 157	30 025 858	359 416	33 389 709
2017						
Surplus for the year	-	-	-	5 354 143	12 500	5 366 643
Share purchases by non-controlling interest holders	-	-	-	-	30 000	30 000
Transfer to/(from) for share purchases	-	-	-	(5 863)	5 863	-
Transfer to/(from)	9 522	1 586 966	16 139	(1 612 627)	-	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-	-
Balance as at 30 June 2017	331 568	2 880 321	561 296	34 605 388	407 779	38 786 352

¹ Comparative restated: see note 44 for more details.

MUNICIPALITY OF CAPE TOWN					
	Housing develop- ment fund R'000	Capital replace- ment reserve R'000	Insurance reserves R'000	Accumu- lated surplus R'000	Total R'000
2016					
Balance as at 30 June 2015	396 385	1 865 119	528 760	25 771 287	28 561 551
Surplus for the year	-	-	-	4 289 655	4 289 655
Transfer (from)/to	(36 612)	938 590	16 397	(918 375)	-
Property, plant and equipment purchased	(19 677)	(684 527)	-	704 204	-
Balance as at 30 June 2016	340 096	2 119 182	545 157	29 846 771	32 851 206
2017					
Surplus for the year	-	-	-	5 304 628	5 304 628
Transfer to/from	9 522	1 586 966	16 139	(1 612 627)	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-
Balance as at 30 June 2017	331 568	2 880 321	561 296	34 382 649	38 155 834

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2017 R'000	Restated ¹ 2016 R'000	2017 R'000	Restated ¹ 2016 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		33 207 927	30 834 458	32 990 837	30 648 884
Cash paid to suppliers and employees		(26 895 035)	(24 544 400)	(26 723 290)	(24 481 825)
Cash generated from operations	40	6 312 892	6 290 058	6 267 547	6 167 059
Finance income		1 031 929	878 939	999 822	841 417
Finance costs		(667 252)	(688 486)	(666 163)	(687 263)
Taxation		(19 550)	(22 269)	-	-
NET CASH FROM OPERATING ACTIVITIES		6 658 019	6 458 242	6 601 206	6 321 213
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(6 274 301)	(5 874 989)	(5 904 620)	(5 489 832)
Proceeds on disposal of assets		198 967	130 308	198 742	130 189
Decrease in long-term receivables		13 614	26 374	13 614	26 374
Increase in investments		(247 412)	(554 355)	(410 412)	(621 401)
NET CASH FROM INVESTING ACTIVITIES		(6 309 132)	(6 272 662)	(6 102 676)	(5 954 670)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of borrowings		(409 379)	(286 957)	(407 883)	(285 597)
Share purchases by minority interest holders		30 000	50 000	-	-
Increase in deposits		144	62 566	27 077	52 375
NET CASH FROM FINANCING ACTIVITIES		(379 235)	(174 391)	(380 806)	(233 222)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	41	(30 348)	11 189	117 724	133 321
Cash and cash equivalents at the beginning of the year		3 803 924	3 792 735	3 332 469	3 199 148
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3 773 576	3 803 924	3 450 193	3 332 469

¹ Comparative restated: See note 44 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – ECONOMIC ENTITY

FOR THE YEAR ENDED 30 JUNE 2017

ECONOMIC ENTITY								
	Note	Approved budget ¹ R'000	Final budget ¹ R'000	Actual per financial statements classification R'000	Classification differences ² R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION								
	45.2.1	46 831 959	46 831 959	47 535 750	-	47 535 750	(703 791)	(1,50)
		12 839 193	12 839 193	12 519 283	-	12 519 283	319 910	2,49
		59 671 152	59 671 152	60 055 033	-	60 055 033	(383 881)	(0,64)
	i	14 498 610	14 498 610	11 898 945	-	11 898 945	2 599 665	17,93
		8 901 981	8 901 981	8 847 350	-	8 847 350	54 631	0,61
		23 400 591	23 400 591	20 746 295	-	20 746 295	2 654 296	11,34
		36 270 561	36 270 561	39 308 738	-	39 308 738	(3 038 177)	(8,38)
		59 671 152	59 671 152	60 055 033	-	60 055 033	(383 881)	(0,64)
STATEMENT OF FINANCIAL PERFORMANCE								
	45.2.2	7 577 601	7 577 601	8 105 126	(4 804)	8 100 322	(522 721)	(6,90)
		18 783 991	18 783 991	18 619 105	196 834	18 815 939	(31 948)	(0,17)
	i	619 315	619 315	1 046 288	(245 957)	800 331	(181 016)	(29,23)
	ii	4 308 324	4 308 324	3 633 883	32 822	3 666 705	641 619	14,89
	iii	4 435 868	4 435 868	4 631 428	296 031	4 927 459	(491 591)	(11,08)
		35 725 099	35 725 099	36 035 830	274 926	36 310 756	(585 657)	(1,64)
		10 452 284	10 436 133	9 659 300	69 586	9 728 886	707 247	6,78
		146 941	146 941	138 373	578	138 951	7 990	5,44
		2 467 175	2 467 175	2 213 796	127 024	2 340 820	126 355	5,12
	iv	896 806	896 806	731 823	3 309	735 132	161 674	18,03
		9 034 388	9 017 306	8 438 102	476 049	8 914 151	103 155	1,14
		121 353	117 599	111 829	-	111 829	5 770	4,91
	v	12 594 064	12 631 051	11 564 495	(510 635)	11 053 860	1 577 191	12,49
		35 713 011	35 713 011	32 857 718	165 911	33 023 629	2 689 382	7,53
		12 088	12 088	3 178 112	109 015	3 287 127	(3 275 039)	
		2 205 071	2 205 071	2 014 869	(9 572)	2 005 297	199 774	9,06
		87 941	87 941	111 647	(23 250)	88 397	(456)	(0,52)
		2 305 100	2 305 100	5 304 628	76 193	5 380 821	(3 075 721)	(133,43)

¹ The difference between the approved budget and final budget are due to variances in terms of Council-approved policy.

² The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the budget phasing in the Municipal Standard Chart of Accounts (mSCOA) classification in preparation of the mSCOA that will take effect on 1 July 2017.

ECONOMIC ENTITY							
	Note	Approved budget R'000	Final budget R'000	Actual per financial statements classification R'000	Classification differences ³ R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000 Variance %
CASH FLOW STATEMENT							
Net cash from operating	45.2.3 i	4 265 068	4 265 068	6 631 085	-	6 631 085	(2 366 017) (55,47)
Net cash from investing		(6 181 639)	(6 181 639)	(6 472 132)	-	(6 472 132)	290 493 (4,70)
Net cash from financing	ii	2 281 854	2 281 854	(189 301)	-	(189 301)	2 471 155 108,30
Net increase in cash and cash equivalents		365 283	365 283	(30 348)	-	(30 348)	395 631 108,31
CAPITAL EXPENDITURE⁴							
Area-Based Service Delivery	45.3.1	12 375	12 375	12 195	-	12 195	180 1,45
Assets and Facilities Management	i	388 008	388 008	358 129	-	358 129	29 879 7,70
City Manager		322	322	321	-	321	1 0,31
Corporate Services		257 408	257 408	244 883	-	244 883	12 525 4,87
Directorate of the Mayor		22 341	22 341	22 022	-	22 022	319 1,43
Energy	ii	1 376 327	1 376 327	1 248 888	-	1 248 888	127 439 9,26
Finance		24 379	24 379	24 178	-	24 178	201 0,82
Informal Settlements, Water and Waste Services	iii	1 949 978	1 949 978	1 828 615	-	1 828 615	121 363 6,22
Safety and Security		119 749	119 749	115 122	(306)	114 816	4 933 4,12
Social Services	iv	264 684	264 684	260 125	(16 207)	243 918	20 766 7,85
Transport and Urban Development Authority	v	1 943 836	1 943 836	1 806 658	(3)	1 806 655	137 181 7,06
Subsidiaries	vi	415 053	415 053	369 681	-	369 681	45 372 10,93
Total		6 774 460	6 774 460	6 290 817	(16 516)	6 274 301	500 159 7,38

³ The classification differences relate to the contributed assets. See annexure B.

⁴ The City embarked on an ODTP during the 2016/17 financial year which resulted in the restructuring and realignment of the organisational structure.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - MUNICIPALITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2017

MUNICIPALITY OF CAPE TOWN								
	Note	Approved budget ¹ R'000	Final budget ¹ R'000	Actual per annual financial statements classification R'000	Classification differences ² R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION								
	43.2.1	45 831 675	45 831 675	46 570 423	-	46 570 423	(738 748)	(1,61)
		12 586 022	12 586 022	12 250 660	-	12 250 660	335 362	2,66
		58 417 697	58 417 697	58 821 083	-	58 821 083	(403 386)	(0,69)
	i	14 458 485	14 458 485	11 898 945	-	11 898 945	2 559 540	17,70
		8 814 994	8 814 994	8 766 304	-	8 766 304	48 690	0,55
		23 273 479	23 273 479	20 665 249	-	20 665 249	2 608 230	11,21
		35 144 218	35 144 218	38 155 834	-	38 155 834	(3 011 616)	(8,57)
		58 417 697	58 417 697	58 821 083	-	58 821 083	(403 386)	(0,69)
FINANCIAL PERFORMANCE								
	43.2.2	7 577 601	7 577 601	8 105 126	-	8 105 126	(527 525)	(6,96)
		18 593 298	18 593 298	18 619 105	-	18 619 105	(25 807)	(0,14)
	i	595 694	595 694	1 046 288	(278 064)	768 224	(172 530)	(28,96)
	ii	4 308 324	4 308 324	3 633 883	32 822	3 666 705	641 619	14,89
	iii	4 431 231	4 431 231	4 631 428	278 064	4 909 492	(478 261)	(10,79)
		35 506 148	35 506 148	36 035 830	32 822	36 068 652	(562 504)	(1,58)
		10 357 614	10 341 463	9 659 300	-	9 659 300	682 163	6,60
		146 004	146 004	138 373	-	138 373	7 631	5,23
		2 433 315	2 433 315	2 213 796	99 678	2 313 474	119 841	4,93
	iv	895 848	895 848	731 823	2 220	734 043	161 805	18,06
		9 034 388	9 017 306	8 438 102	476 049	8 914 151	103 155	1,14
		121 353	117 599	111 829	-	111 829	5 770	4,91
	v	12 517 626	12 554 613	11 564 495	(577 947)	10 986 548	1 568 065	12,49
		35 506 148	35 506 148	32 857 718	-	32 857 718	2 648 430	7,46
		-	-	3 178 112	32 822	3 210 934	(3 210 934)	
		2 205 071	2 205 071	2 014 869	(9 572)	2 005 297	199 774	9,06
		87 941	87 941	111 647	(23 250)	88 397	(456)	(0,52)
		2 293 012	2 293 012	5 304 628	-	5 304 628	(3 011 616)	(131,34)

¹ The difference between the approved budget and final budget are due to variments in terms of Council-approved policy.

² The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the budget phasing in the Municipal Standard Chart of Accounts (mSCOA) classification in preparation of the mSCOA that will take effect on 1 July 2017.

MUNICIPALITY OF CAPE TOWN								
	Note	Approved budget R'000	Final budget R'000	Actual per annual financial statements classification R'000	Classification differences ³ R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
CASH FLOW STATEMENT								
	43.2.3	4 276 786	4 276 786	6 601 206	-	6 601 206	(2 324 420)	(54,35)
	i	(5 769 691)	(5 769 691)	(6 102 676)	-	(6 102 676)	332 985	(5,77)
	ii	2 041 248	2 041 248	(380 806)	-	(380 806)	2 422 054	118,66
Net increase in cash and cash equivalents		548 343	548 343	117 724	-	117 724	430 619	78,53
CAPITAL EXPENDITURE ⁴								
	43.3.1	12 375	12 375	12 195	-	12 195	180	1,45
	i	388 008	388 008	358 129	-	358 129	29 879	7,70
		322	322	321	-	321	1	0,31
		257 408	257 408	244 883	-	244 883	12 525	4,87
		22 341	22 341	22 022	-	22 022	319	1,43
	ii	1 376 327	1 376 327	1 248 888	-	1 248 888	127 439	9,26
		24 379	24 379	24 178	-	24 178	201	0,82
	iii	1 949 978	1 949 978	1 828 615	-	1 828 615	121 363	6,22
		119 749	119 749	115 122	(306)	114 816	4 933	4,12
	iv	264 684	264 684	260 125	(16 207)	243 918	20 766	7,85
	v	1 943 836	1 943 836	1 806 658	(3)	1 806 655	137 181	7,06
Total		6 359 407	6 359 407	5 921 136	(16 516)	5 904 620	454 787	7,15

³ The classification differences relate to the contributed assets. See annexure B.

⁴ The City embarked on an ODTP during the 2016/17 financial year which resulted in the restructuring and realignment of the organisational structure.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

The address of the economic entity's registered office and principal place of business is disclosed under 'General information', while the Entity's principal activities are described under 'Reporting Entity's mandate' on page 166 of these consolidated annual financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 44, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

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.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

Use of 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:

- **Operating lease commitments – Entity as lessor**

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

- **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. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes that 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 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.

- **Significant delays in assets under construction**

The Entity regarded the disclosure of significant delays in assets under construction as delays of more than one year.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 15, 17 and 43 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.

- **Useful lives of property, plant and equipment**

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 or used to the end of their useful lives, and what their condition will be at that time.

- **Budget information**

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% in the statement of financial position, the statement of financial performance and the cash flow statement; and
- 5% in capital expenditure.

All material differences are explained in note 45 to the consolidated annual financial statements.

- **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.

As such, management has determined that the City does not control assets that meet the definition of cash-generating assets and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the City.

Adoption of new and revised standards

In the current year, the Entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective.

The following amendments to the standards of GRAP 21 'Impairment of non-cash-generating assets' and GRAP 26 'Impairment of cash-generating assets' are effective for annual periods beginning after 1 April 2018 and are to be applied prospectively:

- Amendments were made to the definition of cash-generating assets, and explanatory commentary was added to the standards.
- The Entity is assessing the potential impact of these amendments on its financial statements. So far, the Entity does not expect any significant impact. Where the application of the amendments results in the re-designation of existing assets from cash-generating asset to non-cash-generating assets, or from non-cash-generating assets to cash-generating assets, the Entity shall assess whether that re-designation triggers an impairment test or a reversal of an impairment loss.
- The Entity has not early adopted the amended standards in preparing these financial statements.

At the date of submission of these financial statements for the year ended 30 June 2017, the following approved standards of GRAP had been issued, although effective dates still had to be determined:

- GRAP 18 - Segment reporting
- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- 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 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- GRAP 110 - Living and non-living resources
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
- IGRAP 18 - Recognition and derecognition of land

The Entity has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17.

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries 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.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

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 subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries 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 terms of section 14(4)(d)(iii)(aa) of the Housing Act, read with, *inter alia*, section 16(2), it is required 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.

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 may not be used 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 Entity 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 Entity 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 Entity's continuing liability 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 are stated at cost less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment 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 property, plant and equipment 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 not insignificant, are reassessed annually with the effect of any changes in estimate 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
		Service concession	10 – 30

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

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.

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 not insignificant, are reassessed annually, with the effect of any changes in estimate 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

All City of Cape Town assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired.

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 units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by the profit-orientated CTICC, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's-length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value-in-use.

Useful life is either:

- a) the period of time over which an asset is expected to be used by the CTICC; or
- b) the number of production or similar units expected to be obtained from the assets by the CTICC.

Criteria developed by the CTICC to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The CTICC assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the CTICC estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the CTICC also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Value-in-use

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 and from its disposal at the end of its useful life.

When estimating the value-in-use of an asset, the CTICC estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, and applies the appropriate discount rate to those future cash flows.

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), which 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 CTICC 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 not been adjusted.

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 that it is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (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 (if any), on a systematic basis over its remaining useful life.

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 raw materials, work in progress, consumables and finished goods, and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. 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.

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.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period during which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

VALUE-ADDED TAX

The Entity is registered for value-added tax (VAT) on the payment basis.

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, or where management has decided that interest must be capitalised. Where interest applies, it is included in the opening and closing balances.

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.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure cost, 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 based 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these *ex-gratia* pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

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.

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.

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.

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.

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.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and the Western Cape Provincial Government ('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.

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 relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. 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 every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity provided on a prepayment basis is 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 'Unutilised conditional grants' if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, where the Entity acts as an agent, is recognised on a monthly basis 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.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity receives revenue from another entity without giving approximately equal value in exchange.

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.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses 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 Municipal Finance Management Act (MFMA), Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

Currently, the Entity has no finance lease agreements.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. The subsidiary CTICC accounts for rental received from such leases as a percentage of turnover, and recognises it as it accrues.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

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.

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.

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 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 (excluding provisions). 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 against 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 changes are generally recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value plus transaction costs, which approximates amortised cost less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

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 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. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end.

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (MFMA), Act 56 of 2003.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is in contravention of, or that is not in accordance with, a requirement of the Municipal Finance Management Act (MFMA), Act 56 of 2003, the Municipal Systems Act, Act 32 of 2000, the Remuneration of Public Office Bearers Act, Act 20 of 1998, or the municipality's supply chain management (SCM) policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

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.

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 adopted by Council for the preparation of these financial statements.

The approved budget covers the fiscal period from 1 July 2016 to 30 June 2017. The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget, that has been adjusted for changes made in terms of legislation and that may not have been formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of this disclosure.

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the notes to the consolidated annual financial statements.

These figures are those approved by Council both prior to and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required for and has therefore not been presented in the statement of comparison of budget and actual amounts.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

BORROWING COSTS

Borrowing costs that are incurred by the Entity are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

SERVICES IN KIND

The Entity does not recognise services in kind as revenue or assets, but has included in note 27 the nature and type of major classes of services in kind.

COMPARATIVE INFORMATION

When the presentation or classification of items in the consolidated annual financial statements is amended, prior-period comparative amounts are restated. The nature and reason for the reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly.

RELATED PARTIES

The Entity regards a related party as 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 aforesaid risks, its policies and processes for measuring and managing risk, as well as its management of capital. Further quantitative disclosures are provided throughout these financial statements.

The Entity's Risk Management Committee is responsible for overseeing the City's integrated risk management (IRM) policies and activities. The IRM policies were established to ensure a structured approach so as to identify and mitigate risks across the Entity to an acceptable level. The IRM policies and systems are reviewed regularly to ensure that they keep pace with best practices and regulatory requirements. To enable the Audit and Performance Audit Committee to comply with its role and responsibilities with regard to risk management, all documentation and reports of Risk Management Committee meetings are supplied to the Audit and Performance Audit Committee and the Speaker on a quarterly basis.

The accounting policy for financial instruments was applied to the following items in the statement of financial position:

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Fair value R'000
Financial assets				
2017				
Investments	2 136 131	3 812 263	5 948 394	5 963 787
Long-term receivables	55 174	-	55 174	55 174
Receivables	5 721 738	-	5 721 738	5 721 738
Other receivables	999 832	-	999 832	999 832
Cash and cash equivalents	2 869 606	898 651	3 768 257	3 768 257
TOTAL	11 782 481	4 710 914	16 493 395	16 508 788
Derivative financial assets				
Forward exchange contracts	190	-	190	190
2016				
Investments	2 042 944	3 652 719	5 695 663	5 697 793
Long-term receivables	68 788	-	68 788	68 788
Receivables	5 105 255	-	5 105 255	5 105 255
Other receivables	843 074	-	843 074	843 074
Cash and cash equivalents	2 975 682	828 242	3 803 924	3 803 924
TOTAL	11 035 743	4 480 961	15 516 704	15 518 834
Derivative financial assets				
Forward exchange contracts	-	-	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

1. FINANCIAL RISK MANAGEMENT (continued)

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
2017			
Non-derivative financial liabilities			
Borrowings	6 135 521	6 135 521	6 832 113
Payables	4 654 836	4 654 836	4 654 836
TOTAL	10 790 357	10 790 357	11 486 949
Derivative financial liabilities			
Forward exchange contracts	-	-	-
2016			
Non-derivative financial liabilities			
Borrowings	6 520 058	6 520 058	6 832 113
Payables	4 578 535	4 578 535	4 578 535
TOTAL	11 098 593	11 098 593	11 410 648
Derivative financial liabilities			
Forward exchange contracts	152	152	152

1.1 Fair values

The table below 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

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2017				
Financial assets				
Investments	2 059 987	1 752 276	-	3 812 263
Cash and cash equivalents	-	898 651	-	898 651
TOTAL	2 059 987	2 650 927	-	4 710 914
Derivative financial assets				
Forward exchange contracts	190	-	-	190
Derivative financial liabilities				
Forward exchange contracts	-	-	-	-
2016				
Financial assets				
Investments	2 179 591	1 473 128	-	3 652 719
Cash and cash equivalents	-	828 242	-	828 242
TOTAL	2 179 591	2 301 370	-	4 480 961
Derivative financial assets				
Forward exchange contracts	-	-	-	-
Derivative financial liabilities				
Forward exchange contracts	152	-	-	152

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 liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation.

The Entity ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1 - 5 years R'000	>5 years R'000	Total R'000
2017				
Non-derivative financial liabilities	5 664 855	3 098 567	6 443 659	15 207 081
Borrowings	1 010 019	3 098 567	6 443 659	10 552 245
Capital repayments	336 161	691 769	5 107 591	6 135 521
Interest	673 858	2 406 798	1 336 068	4 416 724
Payables	4 654 836	-	-	4 654 836
Trade payables	4 257 123	-	-	4 257 123
Sundry creditors	397 713	-	-	397 713
Derivative financial liabilities	-	-	-	-
Forward exchange contracts	-	-	-	-
	5 664 855	3 098 567	6 443 659	15 207 081

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

1. FINANCIAL RISK MANAGEMENT (continued)

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		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Investments	5 948 394	5 695 663	5 948 330	5 695 599
Long-term receivables – see note 8	55 174	68 788	55 174	68 788
Receivables and other receivables	6 721 570	5 948 329	6 713 897	5 932 436
Cash and cash equivalents	3 768 257	3 803 924	3 444 874	3 332 469
TOTAL	16 493 395	15 516 704	16 162 275	15 029 292

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 8. 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 the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy for managing its risk includes encouraging residents to install water 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, serving as a guarantee.

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 a large number of 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 ten largest debtors represent 0,89% (2016: 1,23%) of the total outstanding balance. 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. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days 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 10 and 11.

The payment of accounts of consumer debtors who are unable to pay is renegotiated in an ongoing customer relationship effort in response to adverse changes in customers' circumstances. Traffic fines can be contested in writing and can lead to a renegotiated fine.

1. FINANCIAL RISK MANAGEMENT (continued)

1.4 Capital management

The primary objective of managing the Entity's capital is to see to it that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, to ensure that the Entity remains financially sound.

The Entity monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital-intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included in net debt are interest-bearing loans and borrowings, payables, less investments.

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.

1.6 Market risk

Market risk is the risk of changes in market prices such as interest rates and foreign-exchange rates affecting 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 will 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 2017 were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES					
	Weighted average interest rate %	1 year or less R'000	1 - 5 years R'000	>5 years R'000	Total R'000
Financial assets					
Investments	8,48	2 552 829	2 164 945	2 129 271	6 847 045
Cash and cash equivalents	7,43	2 874 925	-	-	2 874 925
TOTAL		5 427 754	2 164 945	2 129 271	9 721 970
Financial liabilities					
Borrowings	9,95	336 161	691 769	5 107 591	6 135 521
TOTAL		336 161	691 769	5 107 591	6 135 521

Sensitivity analysis

Financial assets

As at 30 June 2017, 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 R100,14 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 one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2017 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 Market risk (continued)

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, in order to predetermine the rand value of the contracted goods or services.

Sensitivity analysis

As at 30 June 2017, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased by R208 575,95 due to the changes in the carrying value of the monetary liability at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

2. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY							
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2017							
Land and buildings	2 290 805	122 333	366 329	(7 060)	6 448	(98 495)	2 680 360
Infrastructure	21 590 520	27 875	4 054 039	(425)	(1 023 678)	-	24 648 331
Community	6 227 840	116 283	438 885	(114)	(348 997)	-	6 433 897
Other	4 346 021	(578 805)	1 289 500	(8 245)	(548 743)	(1 180)	4 498 548
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	37 522 615	(143 909)	6 211 349	(20 544)	(2 121 107)	(99 675)	41 348 729

(See annexure B for more details.)

As at 30 June 2016

Land and buildings	2 203 159	50 809	94 651	(75)	(52 561)	(5 178)	2 290 805
Infrastructure	19 003 078	(228 369)	3 703 860	-	(888 049)	-	21 590 520
Community	6 308 880	21 114	228 507	-	(330 661)	-	6 227 840
Other	3 270 801	(129 616)	1 772 181	(8 922)	(558 423)	-	4 346 021
Service concession	1 193 978	492	-	(112)	(117 250)	(3 647)	1 073 461
Housing rental stock	1 736 862	225 753	114 305	(2 951)	(80 001)	-	1 993 968
TOTAL	33 716 758	(59 817)	5 913 504	(12 060)	(2 026 945)	(8 825)	37 522 615

The 2016 comparative amount has been restated see note 44

	2017 R'000	2016 R'000
Assets under construction - carrying value		
Infrastructure	3 441 462	2 772 766
Community	123 887	64 318
Other	1 171 989	1 265 222

2. PROPERTY, PLANT AND EQUIPMENT (continued)

MUNICIPALITY OF CAPE TOWN							
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
As at 30 June 2017							
Land and buildings	2 154 183	122 598	350 711	(6 651)	22 909	(98 495)	2 545 255
Infrastructure	21 590 520	27 875	4 054 039	(425)	(1 023 678)	-	24 648 331
Community	6 227 840	116 283	438 885	(114)	(348 997)	-	6 433 897
Other	3 852 572	(579 070)	935 437	(7 392)	(537 858)	(1 180)	3 662 509
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	36 892 544	(143 909)	5 841 668	(19 282)	(2 093 761)	(99 675)	40 377 585
As at 30 June 2016							
Land and buildings	2 067 847	50 810	79 493	(75)	(38 714)	(5 178)	2 154 183
Infrastructure	19 003 078	(228 369)	3 703 860	-	(888 049)	-	21 590 520
Community	6 308 880	21 114	228 507	-	(330 661)	-	6 227 840
Other	3 132 459	(129 617)	1 402 182	(8 663)	(543 789)	-	3 852 572
Service concession	1 193 978	492	-	(112)	(117 250)	(3 647)	1 073 461
Housing rental stock	1 736 862	225 753	114 305	(2 951)	(80 001)	-	1 993 968
TOTAL	33 443 104	(59 817)	5 528 347	(11 801)	(1 998 464)	(8 825)	36 892 544
						2017 R'000	2016 R'000
Assets under construction - carrying value							
Infrastructure						3 441 462	2 772 766
Community						123 887	64 318
Other						375 499	803 072

PPE consisting of projects significantly delayed, amounting to R186,97 million, is included in the Asset under construction (infrastructure) carrying value. The significant delays are due to delays in the roll-out of certain sections of the IRT network (R104,18 million) and contractor problems in the completion of a new major substation (R82,79 million).

Included in the Asset under construction (infrastructure) carrying value is a halted project amounting to R19,20 million. This is a water project which has halted due to low dam levels.

The repairs and maintenance for the Entity amounts to R2,37 billion for the financial reporting year. In determining the repairs and maintenance amount, the Entity has exclusively disclosed amounts charged by service providers.

The Entity is required to measure the residual value of all items 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 lives would therefore be insignificant. During the financial year under review, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 44.3).

The recoverable amount of impaired assets is R65,82 million (2016: R0,15 million). Impairment losses arise mainly from land purchased that is earmarked for low-cost housing, where the cost of land will not be recovered. The value-in-use of impaired land is based on an estimate of the percentage of that land that will generate future cash flows or value-in-use.

Provision has been made for the estimated cost of rehabilitating waste landfill sites, included in other assets, as described in note 15.2.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

The City of Cape Town entered into long-term agreements with three operators to run a high-quality bus-based urban transit or IRT system known as MyCiTi. In terms of these agreements, the City has made available to the operators buses (and related depots) purchased by the City for the purposes of rendering the MyCiTi services. The agreements are for an initial period of 12 years, after which a new tender process will be followed. In terms of the agreements, the City has full control over the nature, timing and extent of the services that the operators have to perform, and the fees for the services rendered are determined as per the operator-specific schedules and annexes that form part of the signed agreements.

Impairment consideration for cash-generating assets - CTICC

In line with the Entity's accounting policy for property, plant and equipment and the GRAP standard for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment.

Management has confirmed the following:

	2017 R'000	2016 R'000
Cash-generating units		
Escalators	1 879	1 767
Elevators	1 264	1 679
Cold rooms	571	794
Air-conditioning system	8 966	10 857
Auditorium seating	1 400	148
Building	103 741	105 380
Kitchen and catering	4 772	5 897
TOTAL	122 593	126 522

- The main purpose of establishing the Convention Centre was to generate spin-off returns for the region.
- Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- Since inception, all initial targets for the region (spin-offs) and the operation of the Convention Centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
- Despite this, the value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- No 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.
- A discount rate of 14,2% (2016: 13,9%) was used, which was calculated using the risk-free rate of the R186 bond of 10,5%, adjusted by 3,7% for uncertainty regarding the timing and extent of certain of the cash flows.

Based on the calculation of value-in-use, the fair value of R134 million was determined. The current carrying value of R123 million was established for the building at date of calculation. This has resulted in a nil reversal of impairment.

3. HERITAGE ASSETS

	ECONOMIC ENTITY				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
As at 30 June 2017					
Paintings and museum items	9 049	(144)	-	(1)	8 904

(See annexure B for more details.)

As at 30 June 2016					
Paintings and museum items	9 062	(8)	-	(5)	9 049

	MUNICIPALITY OF CAPE TOWN				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
As at 30 June 2017					
Paintings and museum items	9 049	(144)	-	(1)	8 904

As at 30 June 2016					
Paintings and museum items	9 062	(8)	-	(5)	9 049

Heritage assets are held at cost, as it is impractical to determine their fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Disposals R'000	Carrying value R'000
As at 30 June 2017						
Land and buildings	588 191	-	-	(1 713)	(51)	586 427

(See annexure B for more details.)

As at 30 June 2016						
Land and buildings	589 382	-	1 044	(2 235)	-	588 191

	MUNICIPALITY OF CAPE TOWN					
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Disposals R'000	Carrying value R'000
As at 30 June 2017						
Land and buildings	588 191	-	-	(1 713)	(51)	586 427

As at 30 June 2016						
Land and buildings	589 382	-	1 044	(2 235)	-	588 191

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	629 162	88 563	79 468	(118 322)	678 871

(See annexure B for more details.)

As at 30 June 2016					
Acquisition of rights	552 185	(55 887)	-	(65 544)	430 754
Computer software	156 198	59 825	24 652	(42 267)	198 408
TOTAL	708 383	3 938	24 652	(107 811)	629 162

	MUNICIPALITY OF CAPE TOWN				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	629 162	88 563	79 468	(118 322)	678 871

As at 30 June 2016					
Acquisition of rights	552 185	(55 887)	-	(65 544)	430 754
Computer software	156 198	59 825	24 652	(42 267)	198 408
TOTAL	708 383	3 938	24 652	(107 811)	629 162

6. CAPITAL COMMITMENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Approved and contracted-for capital expenditure				
Infrastructure	2 485 029	3 054 751	2 485 029	3 054 751
Community	96 163	35 754	96 163	35 754
Other	324 531	673 383	211 731	300 984
TOTAL	2 905 723	3 763 888	2 792 923	3 391 489

Capital commitments represent future capital expenditure, exclusive of value-added tax (VAT).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

7. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Sinking-fund deposits - see note 13	2 051 869	-	-	2 051 869
Other fixed deposits	2 288 712	-	-	2 288 712
Other financial instruments	-	64	-	64
Deposits held with fund managers	-	4 710 850	-	4 710 850
	4 424 821	4 710 914	-	9 135 735
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	4 419 502	4 710 914	-	9 130 416
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents - see note 12	(2 288 690)	(903 949)	-	(3 192 639)
Transferred to bank overdraft - see note 12	-	5 298	-	5 298
TOTAL	2 130 812	2 158 149	-	4 288 961
As at 30 June 2016				
RSA Government stock	75 384	-	-	75 384
Sinking-fund deposits - see note 13	1 968 583	-	-	1 968 583
Other fixed deposits	2 824 345	-	-	2 824 345
Other financial instruments	-	64	-	64
Deposits held with fund managers	-	4 480 897	-	4 480 897
	4 868 312	4 480 961	-	9 349 273
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	4 862 993	4 480 961	-	9 343 954
Transferred to current investments	(106 420)	(2 048 757)	-	(2 155 177)
Transferred to cash and cash equivalents - see note 12	(2 820 049)	(828 242)	-	(3 648 291)
TOTAL	1 936 524	1 603 962	-	3 540 486

7. INVESTMENTS (continued)

MUNICIPALITY OF CAPE TOWN				
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Sinking-fund deposits - see note 13	2 051 869	-	-	2 051 869
Other fixed deposits	2 050 825	-	-	2 050 825
Deposits held with fund managers	-	4 710 850	-	4 710 850
Shares in CTICC	-	-	833 998	833 998
	4 186 934	4 710 850	833 998	9 731 782
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	4 181 615	4 710 850	588 766	9 481 231
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents - see note 12	(2 050 803)	(903 949)	-	(2 954 752)
Transferred to bank overdraft - see note 12	-	5 298	-	5 298
TOTAL	2 130 812	2 158 085	588 766	4 877 663
As at 30 June 2016				
RSA Government stock	75 384	-	-	75 384
Sinking-fund deposits - see note 13	1 968 583	-	-	1 968 583
Other fixed deposits	2 415 521	-	-	2 415 521
Deposits held with fund managers	-	4 480 897	-	4 480 897
Shares in CTICC	-	-	670 998	670 998
	4 459 488	4 480 897	670 998	9 611 383
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	4 454 169	4 480 897	425 766	9 360 832
Transferred to current investments	(106 420)	(2 048 757)	-	(2 155 177)
Transferred to cash and cash equivalents - see note 12	(2 411 225)	(828 242)	-	(3 239 467)
TOTAL	1 936 524	1 603 898	425 766	3 966 188

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2016: R0,04 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000, however, interest earned on certain deposits are still being capitalised. The Entity's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

Compensation for occupational injuries and diseases (COLD investments)

The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the COLD Act, Act 130 of 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

8. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Sporting bodies	473	609	473	609
Housing land sales	631	710	631	710
	1 422	2 355	1 422	2 355
Public organisations	4 526	5 023	4 526	5 023
Provision for impairment	(3 104)	(2 668)	(3 104)	(2 668)
	52 648	65 114	52 648	65 114
Housing selling developments	62 602	82 621	62 602	82 621
Provision for impairment	(9 954)	(17 507)	(9 954)	(17 507)
	55 174	68 788	55 174	68 788
Transferred to current receivables	(14 201)	(17 093)	(14 201)	(17 093)
TOTAL	40 973	51 695	40 973	51 695

	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Reconciliation of impairment provision				
Balance at beginning of the year	20 175	20 291	20 175	20 291
Contributions from provisions	(7 117)	(116)	(7 117)	(116)
Balance as at 30 June	13 058	20 175	13 058	20 175

8.1 Sporting bodies

To facilitate the development of sporting facilities, loans were historically granted 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 – 40 years.

8.2 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.

8.3 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 new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the final loan repayments are scheduled for 2032. Examples of public organisations that were granted loans are the Salvation Army and the Alta du Toit School.

8.4 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 10,50% (2016: 9,75%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

9. INVENTORY

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Consumable stock	248 505	202 451	247 307	201 191
Spare parts and meters	30 595	21 528	30 595	21 528
Water	21 849	17 264	21 849	17 264
Other goods held for use/resale	24 785	17 290	24 785	17 290
TOTAL	325 734	258 533	324 536	257 273

Inventory to the value of R0,91 million (2016: R0,56 million) was scrapped during the year.

10. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
From exchange transactions	7 933 258	(4 435 527)	3 497 731	7 263 260	(4 016 260)	3 247 000
Service debtors	6 887 079	(3 585 255)	3 301 824	6 263 870	(3 203 425)	3 060 445
Housing rental stock	702 237	(633 917)	68 320	658 361	(597 988)	60 373
Housing selling stock	195 470	(164 278)	31 192	189 320	(159 903)	29 417
Other exchange debtors	148 472	(52 077)	96 395	151 709	(54 944)	96 765
From non-exchange transactions	2 950 481	(726 474)	2 224 007	2 545 936	(687 681)	1 858 255
Rates debtors	2 907 830	(721 024)	2 186 806	2 506 283	(682 254)	1 824 029
Other non-exchange debtors	42 651	(5 450)	37 201	39 653	(5 427)	34 226
TOTAL	10 883 739	(5 162 001)	5 721 738	9 809 196	(4 703 941)	5 105 255

As at 30 June 2017, the City's receivables net balance included an amount of approximately R227,52 million (2016: R227,31 million), owed by National Government and Province.

	2017 R'000	2016 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	4 703 941	4 336 628
Contributions to provisions	1 434 760	1 062 848
Transfers from provisions	(5 051)	(4 823)
Bad debts written off	(971 649)	(690 712)
Balance as at 30 June	5 162 001	4 703 941

The write-off of irrecoverable debt is accompanied by the installation of water demand management devices as well as prepaid electricity meters, in order to reduce the Entity's credit risk in respect of these defaulting customers going forward.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

10. RECEIVABLES (continued)

	ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS					
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS	7 933 258	(4 435 527)	3 497 731	7 263 260	(4 016 260)	3 247 000
Service debtors	6 887 079	(3 585 255)	3 301 824	6 263 870	(3 203 425)	3 060 445
Not due	1 904 685	(216 259)	1 688 426	1 535 556	(124 058)	1 411 498
Past due						
1 – 90	626 411	(117 911)	508 500	851 025	(115 504)	735 521
91 – 365	1 403 910	(299 012)	1 104 898	1 084 876	(171 450)	913 426
365+	2 952 073	(2 952 073)	-	2 792 413	(2 792 413)	-
Electricity	1 569 272	(232 768)	1 336 504	1 522 554	(228 842)	1 293 712
Not due	971 132	(4 943)	966 189	945 595	(16 453)	929 142
Past due						
1 – 90	201 999	(1 028)	200 971	232 535	(4 046)	228 489
91 – 365	170 210	(866)	169 344	138 491	(2 410)	136 081
365+	225 931	(225 931)	-	205 933	(205 933)	-
Water	3 419 076	(2 208 466)	1 210 610	2 944 277	(1 883 538)	1 060 739
Not due	536 026	(161 053)	374 973	377 151	(81 012)	296 139
Past due						
1 – 90	369 167	(110 920)	258 247	390 447	(83 868)	306 579
91 – 365	825 384	(247 994)	577 390	583 317	(125 296)	458 021
365+	1 688 499	(1 688 499)	-	1 593 362	(1 593 362)	-
Waste management	555 420	(326 505)	228 915	509 293	(302 520)	206 773
Not due	94 255	(8 015)	86 240	46 951	(3 953)	42 998
Past due						
1 – 90	31 935	(2 716)	29 219	67 666	(5 698)	61 968
91 – 365	124 001	(10 545)	113 456	111 167	(9 360)	101 807
365+	305 229	(305 229)	-	283 509	(283 509)	-
Wastewater management	1 343 311	(817 516)	525 795	1 287 746	(788 525)	499 221
Not due	303 272	(42 248)	261 024	165 859	(22 640)	143 219
Past due						
1 – 90	23 310	(3 247)	20 063	160 377	(21 892)	138 485
91 – 365	284 315	(39 607)	244 708	251 901	(34 384)	217 517
365+	732 414	(732 414)	-	709 609	(709 609)	-

10. RECEIVABLES (continued)

ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	702 237	(633 917)	68 320	658 361	(597 988)	60 373
Not due	53 359	(34 358)	19 001	39 142	(25 372)	13 770
Past due						
1 - 90	52 146	(33 577)	18 569	50 135	(32 497)	17 638
91 - 365	86 352	(55 602)	30 750	82 334	(53 369)	28 965
365+	510 380	(510 380)	-	486 750	(486 750)	-
Housing selling stock	195 470	(164 278)	31 192	189 320	(159 903)	29 417
Not due	11 985	(2 019)	9 966	12 181	(2 556)	9 625
Past due						
1 - 90	10 049	(1 693)	8 356	11 142	(2 308)	8 834
91 - 365	15 479	(2 609)	12 870	13 878	(2 920)	10 958
365+	157 957	(157 957)	-	152 119	(152 119)	-
Other exchange debtors	148 472	(52 077)	96 395	151 709	(54 944)	96 765
Not due	72 082	-	72 082	75 489	(1 744)	73 745
Past due						
1 - 90	9 690	-	9 690	11 550	(267)	11 283
91 - 365	14 623	-	14 623	12 015	(278)	11 737
365+	52 077	(52 077)	-	52 655	(52 655)	-
FROM NON-EXCHANGE TRANSACTIONS	2 950 481	(726 474)	2 224 007	2 545 936	(687 681)	1 858 255
Rates debtors	2 907 830	(721 024)	2 186 806	2 506 283	(682 254)	1 824 029
Not due	1 971 408	(110 406)	1 861 002	1 638 399	(77 100)	1 561 299
Past due						
1 - 90	87 147	(4 873)	82 274	60 800	(2 834)	57 966
91 - 365	257 953	(14 423)	243 530	214 772	(10 008)	204 764
365+	591 322	(591 322)	-	592 312	(592 312)	-
Other non-exchange debtors	42 651	(5 450)	37 201	39 653	(5 427)	34 226
Not due	30 293	-	30 293	21 398	-	21 398
Past due						
1 - 90	6 637	(1 198)	5 439	7 425	-	7 425
91 - 365	1 793	(324)	1 469	5 403	-	5 403
365+	3 928	(3 928)	-	5 427	(5 427)	-
TOTAL	10 883 739	(5 162 001)	5 721 738	9 809 196	(4 703 941)	5 105 255

The 'Not due' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their invoices. It also includes debtors to the value of R142,01 million (2016: R743,08 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

10. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
From exchange transactions	7 933 258	(4 435 527)	3 497 731	7 263 260	(4 016 260)	3 247 000
Service debtors	6 887 079	(3 585 255)	3 301 824	6 263 870	(3 203 425)	3 060 445
Housing rental stock	702 237	(633 917)	68 320	658 361	(597 988)	60 373
Housing selling stock	195 470	(164 278)	31 192	189 320	(159 903)	29 417
Other exchange debtors	148 472	(52 077)	96 395	151 709	(54 944)	96 765
From non-exchange transactions	2 953 606	(726 474)	2 227 132	2 547 315	(687 681)	1 859 634
Rates debtors	2 910 955	(721 024)	2 189 931	2 507 662	(682 254)	1 825 408
Other non-exchange debtors	42 651	(5 450)	37 201	39 653	(5 427)	34 226
TOTAL	10 886 864	(5 162 001)	5 724 863	9 810 575	(4 703 941)	5 106 634

	2017 R'000	2016 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	4 703 941	4 336 628
Contributions to provisions	1 434 760	1 062 848
Transfers from provisions	(5 051)	(4 823)
Bad debts written off	(971 649)	(690 712)
Balance as at 30 June	5 162 001	4 703 941

10. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS	7 933 258	(4 435 527)	3 497 731	7 263 260	(4 016 260)	3 247 000
Service debtors	6 887 079	(3 585 255)	3 301 824	6 263 870	(3 203 425)	3 060 445
Not due	1 904 685	(216 259)	1 688 426	1 535 556	(124 058)	1 411 498
Past due						
1 – 90	626 411	(117 911)	508 500	851 025	(115 504)	735 521
91 – 365	1 403 910	(299 012)	1 104 898	1 084 876	(171 450)	913 426
365+	2 952 073	(2 952 073)	-	2 792 413	(2 792 413)	-
Electricity	1 569 272	(232 768)	1 336 504	1 522 554	(228 842)	1 293 712
Not due	971 132	(4 943)	966 189	945 595	(16 453)	929 142
Past due						
1 – 90	201 999	(1 028)	200 971	232 535	(4 046)	228 489
91 – 365	170 210	(866)	169 344	138 491	(2 410)	136 081
365+	225 931	(225 931)	-	205 933	(205 933)	-
Water	3 419 076	(2 208 466)	1 210 610	2 944 277	(1 883 538)	1 060 739
Not due	536 026	(161 053)	374 973	377 151	(81 012)	296 139
Past due						
1 – 90	369 167	(110 920)	258 247	390 447	(83 868)	306 579
91 – 365	825 384	(247 994)	577 390	583 317	(125 296)	458 021
365+	1 688 499	(1 688 499)	-	1 593 362	(1 593 362)	-
Waste management	555 420	(326 505)	228 915	509 293	(302 520)	206 773
Not due	94 255	(8 015)	86 240	46 951	(3 953)	42 998
Past due						
1 – 90	31 935	(2 716)	29 219	67 666	(5 698)	61 968
91 – 365	124 001	(10 545)	113 456	111 167	(9 360)	101 807
365+	305 229	(305 229)	-	283 509	(283 509)	-
Wastewater management	1 343 311	(817 516)	525 795	1 287 746	(788 525)	499 221
Not due	303 272	(42 248)	261 024	165 859	(22 640)	143 219
Past due						
1 – 90	23 310	(3 247)	20 063	160 377	(21 892)	138 485
91 – 365	284 315	(39 607)	244 708	251 901	(34 384)	217 517
365+	732 414	(732 414)	-	709 609	(709 609)	-
Housing rental stock	702 237	(633 917)	68 320	658 361	(597 988)	60 373
Not due	53 359	(34 358)	19 001	39 142	(25 372)	13 770
Past due						
1 – 90	52 146	(33 577)	18 569	50 135	(32 497)	17 638
91 – 365	86 352	(55 602)	30 750	82 334	(53 369)	28 965
365+	510 380	(510 380)	-	486 750	(486 750)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

10. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS (continued)						
Housing selling stock	195 470	(164 278)	31 192	189 320	(159 903)	29 417
Not due	11 985	(2 019)	9 966	12 181	(2 556)	9 625
Past due						
1 – 90	10 049	(1 693)	8 356	11 142	(2 308)	8 834
91 – 365	15 479	(2 609)	12 870	13 878	(2 920)	10 958
365+	157 957	(157 957)	–	152 119	(152 119)	–
Other exchange debtors	148 472	(52 077)	96 395	151 709	(54 944)	96 765
Not due	72 082	–	72 082	75 489	(1 744)	73 745
Past due						
1 – 90	9 690	–	9 690	11 550	(267)	11 283
91 – 365	14 623	–	14 623	12 015	(278)	11 737
365+	52 077	(52 077)	–	52 655	(52 655)	–
FROM NON-EXCHANGE TRANSACTIONS	2 953 606	(726 474)	2 227 132	2 547 315	(687 681)	1 859 634
Rates debtors	2 910 955	(721 024)	2 189 931	2 507 662	(682 254)	1 825 408
Not due	1 974 533	(110 406)	1 864 127	1 639 778	(77 100)	1 562 678
Past due						
1 – 90	87 147	(4 873)	82 274	60 800	(2 834)	57 966
91 – 365	257 953	(14 423)	243 530	214 772	(10 008)	204 764
365+	591 322	(591 322)	–	592 312	(592 312)	–
Other non-exchange debtors	42 651	(5 450)	37 201	39 653	(5 427)	34 226
Not due	30 293	–	30 293	21 398	–	21 398
Past due						
1 – 90	6 637	(1 198)	5 439	7 425	–	7 425
91 – 365	1 793	(324)	1 469	5 403	–	5 403
365+	3 928	(3 928)	–	5 427	(5 427)	–
TOTAL	10 886 864	(5 162 001)	5 724 863	9 810 575	(4 703 941)	5 106 634

11. OTHER RECEIVABLES

ECONOMIC ENTITY						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
From exchange transactions	395 389	(55 430)	339 959	289 656	(56 059)	233 597
Payments made in advance	90 143	-	90 143	33 436	-	33 436
Property rentals	59 966	(34 369)	25 597	58 234	(35 164)	23 070
Other exchange debtors	245 280	(21 061)	224 219	197 986	(20 895)	177 091
From non-exchange transactions	3 168 199	(2 418 183)	750 016	2 546 271	(1 903 358)	642 913
Government subsidies	33 294	-	33 294	37 251	-	37 251
Traffic fines	2 927 760	(2 418 183)	509 577	2 288 756	(1 903 358)	385 398
Other non-exchange debtors	207 145	-	207 145	220 264	-	220 264
TOTAL	3 563 588	(2 473 613)	1 089 975	2 835 927	(1 959 417)	876 510

The 'Other exchange debtor' net balance of R213,421 million includes a claim by the City of Cape Town from a service provider, which is currently under dispute.

	2017 R'000	2016 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	1 959 417	1 291 169
Contributions to provisions	830 197	757 626
Transfer from provisions	(314 220)	(14)
Bad debts written off	(1 999)	(89 364)
Balance as at 30 June	2 473 613	1 959 417

The impairment allowance consists mainly of outstanding traffic fines due to the Entity. The write-off of these irrecoverable traffic fines may span several years due to protracted administrative and court procedures not entirely within the Entity's control.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

11. OTHER RECEIVABLES (continued)

ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS	395 389	(55 430)	339 959	289 656	(56 059)	233 597
Payment made in advance	90 143	-	90 143	33 436	-	33 436
Not due	90 143	-	90 143	33 436	-	33 436
Property rentals	59 966	(34 369)	25 597	58 234	(35 164)	23 070
Not due	(2 251)	10	(2 241)	8 565	-	8 565
Past due						
1 - 90	21 169	(93)	21 076	10 788	-	10 788
91 - 365	6 792	(30)	6 762	3 717	-	3 717
365+	34 256	(34 256)	-	35 164	(35 164)	-
Other exchange debtors	245 280	(21 061)	224 219	197 986	(20 895)	177 091
Not due	174 515	(60)	174 455	131 117	(375)	130 742
Past due						
1 - 90	49 804	(15)	49 789	42 426	(293)	42 133
91 - 365	226	(251)	(25)	4 888	(672)	4 216
365+	20 735	(20 735)	-	19 555	(19 555)	-
FROM NON-EXCHANGE TRANSACTIONS	3 168 199	(2 418 183)	750 016	2 546 271	(1 903 358)	642 913
Government subsidies	33 294	-	33 294	37 251	-	37 251
Not due	33 294	-	33 294	37 251	-	37 251
Traffic fines	2 927 760	(2 418 183)	509 577	2 288 756	(1 903 358)	385 398
Past due						
1 - 90	300 571	(248 257)	52 314	250 675	(208 464)	42 211
91 - 365	924 675	(763 735)	160 940	659 654	(548 577)	111 077
365+	1 702 514	(1 406 191)	296 323	1 378 427	(1 146 317)	232 110
Other non-exchange debtors	207 145	-	207 145	220 264	-	220 264
Not due	207 145	-	207 145	220 264	-	220 264
TOTAL	3 563 588	(2 473 613)	1 089 975	2 835 927	(1 959 417)	876 510

11. OTHER RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
From exchange transactions	382 679	(55 240)	327 439	271 448	(56 055)	215 393
Payments made in advance	88 421	-	88 421	32 504	-	32 504
Property rentals	59 966	(34 369)	25 597	58 234	(35 164)	23 070
Other exchange debtors	234 292	(20 871)	213 421	180 710	(20 891)	159 819
From non-exchange transactions	3 168 199	(2 418 183)	750 016	2 546 271	(1 903 358)	642 913
Government subsidies	33 294	-	33 294	37 251	-	37 251
Traffic fines	2 927 760	(2 418 183)	509 577	2 288 756	(1 903 358)	385 398
Other non-exchange debtors	207 145	-	207 145	220 264	-	220 264
TOTAL	3 550 878	(2 473 423)	1 077 455	2 817 719	(1 959 413)	858 306

	2017 R'000	2016 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	1 959 413	1 291 155
Contributions to provisions	830 007	757 622
Transfers from provisions	(313 998)	-
Bad debt written off	(1 999)	(89 364)
Balance as at 30 June	2 473 423	1 959 413

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

11. OTHER RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
FROM EXCHANGE TRANSACTIONS	382 679	(55 240)	327 439	271 448	(56 055)	215 393
Payment made in advance	88 421	-	88 421	32 504	-	32 504
Not due	88 421	-	88 421	32 504	-	32 504
Property rentals	59 966	(34 369)	25 597	58 234	(35 164)	23 070
Not due	(2 251)	10	(2 241)	8 565	-	8 565
Past due						
1 - 90	21 169	(93)	21 076	10 788	-	10 788
91 - 365	6 792	(30)	6 762	3 717	-	3 717
365+	34 256	(34 256)	-	35 164	(35 164)	-
Other exchange debtors	234 292	(20 871)	213 421	180 710	(20 891)	159 819
Not due	174 515	(60)	174 455	131 117	(375)	130 742
Past due						
1 - 90	39 025	(15)	39 010	25 251	(289)	24 962
91 - 365	17	(61)	(44)	4 787	(672)	4 115
365+	20 735	(20 735)	-	19 555	(19 555)	-
FROM NON-EXCHANGE TRANSACTIONS	3 168 199	(2 418 183)	750 016	2 546 271	(1 903 358)	642 913
Government subsidies	33 294	-	33 294	37 251	-	37 251
Not due	33 294	-	33 294	37 251	-	37 251
Traffic fines	2 927 760	(2 418 183)	509 577	2 288 756	(1 903 358)	385 398
Past due						
1 - 90	300 571	(248 257)	52 314	250 675	(208 464)	42 211
91 - 365	924 675	(763 735)	160 940	659 654	(548 577)	111 077
365+	1 702 514	(1 406 191)	296 323	1 378 427	(1 146 317)	232 110
Other non-exchange debtors	207 145	-	207 145	220 264	-	220 264
Not due	207 145	-	207 145	220 264	-	220 264
TOTAL	3 550 878	(2 473 423)	1 077 455	2 817 719	(1 959 413)	858 306

12. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Amortised cost	2 874 925	2 975 682	2 551 542	2 504 227
Bank balance*	555 304	124 500	469 968	61 936
Year-end accruals	6	182	6	182
Interest accrual	831	607	831	607
Bank charges accrual	(825)	(425)	(825)	(425)
Cash on hand and in transit	30 925	30 951	30 765	30 884
Call and short-term deposits – see note 7	2 288 690	2 820 049	2 050 803	2 411 225
Fair value – see note 7	903 949	828 242	903 949	828 242
Call and short-term deposits	894 897	820 366	894 897	820 366
Bank accounts managed by fund managers*	9 052	7 876	9 052	7 876
	3 778 874	3 803 924	3 455 491	3 332 469
Bank overdraft*	(5 298)	-	(5 298)	-
TOTAL	3 773 576	3 803 924	3 450 193	3 332 469

* See annexure C for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

13. BORROWINGS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Marketable bonds	4 275 489	4 275 489	4 275 489	4 275 489
Concessionary loans	1 564 795	1 693 550	1 564 795	1 693 550
Other loans	295 237	551 019	283 517	537 803
Subtotal - see annexure A for more details	6 135 521	6 520 058	6 123 801	6 506 842
Transferred to current liabilities	(335 701)	(471 327)	(334 185)	(469 936)
TOTAL	5 799 820	6 048 731	5 789 616	6 036 906
A total of R2,05 billion (2016: R1,97 billion) has been ring-fenced for the repayment of long-term liabilities - see note 7 for more details.				
MARKETABLE BONDS	4 275 489	4 275 489	4 275 489	4 275 489
Marketable bonds	4 275 489	4 275 489	4 275 489	4 275 489
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% and 12,57% per annum. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). Guaranteed sinking funds 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).				
CONCESSIONARY LOANS	1 564 795	1 693 550	1 564 795	1 693 550
Agence Française de Développement (AFD)	1 553 579	1 678 888	1 553 579	1 678 888
An unsecured loan of R2,38 billion, bearing interest at an average fixed rate of 5,76% per annum. The sum is 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 2017 is R1,75 billion (2016: R1,91 billion).				
Nedcor Bank	35	29	35	29
An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019. Nominal value as at 30 June 2017 is R50 000 (2016: R50 000).				
Development Bank of Southern Africa (DBSA)	11 181	14 633	11 181	14 633
An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2017 is R12 million (2016: R16 million).				

13. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
OTHER LOANS	295 237	551 019	283 517	537 803
FirstRand Bank	-	135 005	-	135 005
<p>A structured 15-year loan to the value of R220 million, of which R200 million was repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million was payable in one instalment together with fixed interest on 30 June 2017. The loan bore interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest was made out of the guaranteed investment portfolio of two 15-year sinking-fund investment policies purchased from Momentum Group.</p> <p>As part of the loan structure, the Entity had purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity ceded and pledged the sinking-fund policies to FirstRand Bank as security for its obligations to FirstRand Bank under the policies and any other debt liability.</p>				
DBSA	208 582	278 499	208 582	278 499
<p>Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,59% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2018 to 31 December 2022.</p>				
ABSA Bank	20 000	40 000	20 000	40 000
<p>An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.</p>				
FirstRand Bank	54 935	84 299	54 935	84 299
<p>A structured 15-year loan to the value of R300 million, bearing interest at a fixed rate of 12,05% per annum, of which R74,30 million is repayable semi-annually in equal instalments of capital and fixed interest over 15 years, and the balance of R225,70 million is payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.</p>				

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

13. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
OTHER LOANS (continued)				
FirstRand Bank (continued)				
As part of the loan structure, the Entity purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which has been invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the Entity to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio have been sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for its obligations to FirstRand Bank under the put-option agreement and any other debt liability.				
ABSA - Brackenfell Business Improvement District NPC	28	102	-	-
This loan is secured by motor vehicles, bears interest at a rate of 12,25%, and is repayable in monthly instalments over 36 months, as agreed with ABSA Bank.				
DBSA - Claremont Road Bypass Company	11 692	13 114	-	-
Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum.				
Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009.				
Secured by an agreement of cession from Claremont City Improvement District (CID) Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement.				
The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.				
TOTAL - see annexure A for more details	6 135 521	6 520 058	6 123 801	6 506 842

The rates of interest payable on the abovementioned structured loans are based on certain underlying assumptions relating to the lenders' statutory costs, and the admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretations of, the Income Tax Act, Act 58 of 1962 or any other relevant legislation that affect the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

For more details about short-term debt facilities available to the Entity, see annexure C.

14. 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 R1,03 billion (2016: R952,54 million) to the DB and DC schemes are expensed as incurred during the year under review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

14.1 Defined-benefit schemes

LA Retirement Fund formerly known as Cape Joint Pension Fund (multi-employer fund)

The last actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. Since the previous valuation date, the valuation indicates a R116,9 million surplus with an overall funding level of 106,1% 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 is financially sound. It was 100% funded as at 1 July 2016, and had remained stable since the previous statutory valuation date.

14.2 Defined-contribution schemes

LA Retirement Fund, formerly known as Cape Joint Pension Fund (multi-employer fund)

The active members of the DB section have been transferred to the DC section. This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The last actuarial valuation of the fund was performed at 30 June 2016 at which stage the actuary certified the fund as being in a sound financial position. The valuation disclosed funding of 103%.

Cape Retirement Fund for Local Authorities (multi-employer fund)

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2015.

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is divided between the costs of risk benefits deriving from the administration of the fund, and members' retirement benefits.

The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified by the actuary as being financially sound, in that the assets of the fund were adequate to fully cover the accrued service liabilities, including the recommended contingency reserves, with a funding level of 100%.

National Fund for Municipal Workers (multi-employer fund)

The retirement and pension funds are both DC schemes. According to the actuary's certification, the assets of the fund are sufficient to cover its liabilities. As at 30 June 2015, the valuation disclosed a funding level fluctuating around 100% due to timing differences, a slight mismatch of assets and liabilities, and processing errors.

Municipal Workers' Retirement Fund, formerly known as the South African Municipal Workers Union (SAMWU)

National Provident Fund (multi-employer fund)

The Municipal Workers' Retirement Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified as being in a sound financial position.

Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

The provident fund operates as a DC scheme. The economic entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current or prior periods.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

14. RETIREMENT BENEFIT INFORMATION (continued)

14.3 Defined-benefit and defined-contribution schemes

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. An actuarial valuation of the fund was performed at 30 June 2016, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	224	9 649	9 873
Pensioners	3 081	1 850	4 931
Membership as at 30 June 2016	3 305	11 499	14 804

	2017 R'million	2016 R'million
Past-service position: DB section	9 996	9 165
DC section	4 475	4 402
Total liabilities	14 471	13 567
Assets valued at market value	14 484	13 575
Actuarial surplus	-	-

	2017 %	2016 %
Key financial assumptions		
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	0,50
Post-retirement	1,40	1,50
Normal retirement age	60 years	60 years

15. PROVISIONS (NON-CURRENT)

	ECONOMIC ENTITY				
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement healthcare benefits R'000	Post- retirement pension benefits R'000	Total R'000
As at 30 June 2017					
Balance at the beginning of the year	510 085	336 787	5 247 547	21 934	6 116 353
Interest costs	55 108	40 818	536 439	2 266	634 631
Service costs	43 571	-	96 600	571	140 742
Benefit/rehabilitation payments	(47 275)	(2 507)	(209 256)	(1 070)	(260 108)
Actuarial gains	(28 057)	-	(402 398)	(4 176)	(434 631)
Change in estimate	-	(40 466)	-	-	(40 466)
Transferred from current provisions (prior-year)	51 078	4 500	205 497	2 139	263 214
	584 510	339 132	5 474 429	21 664	6 419 735
Current portion of provision	(68 288)	(10 570)	(229 590)	(1 958)	(310 406)
TOTAL	516 222	328 562	5 244 839	19 706	6 109 329

15. PROVISIONS (NON-CURRENT) (continued)

MUNICIPALITY OF CAPE TOWN					
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post-retirement healthcare benefits R'000	Post-retirement pension benefits R'000	Total R'000
As at 30 June 2017					
Balance at the beginning of the year	510 085	336 787	5 247 547	21 934	6 116 353
Interest costs	55 108	40 818	536 439	2 266	634 631
Service costs	43 571	-	96 600	571	140 742
Benefit/rehabilitation payments	(47 275)	(2 507)	(209 256)	(1 070)	(260 108)
Actuarial gains	(28 057)	-	(402 398)	(4 176)	(434 631)
Change in estimate	-	(40 466)	-	-	(40 466)
Transferred from current provisions (prior-year)	51 078	4 500	205 497	2 139	263 214
	584 510	339 132	5 474 429	21 664	6 419 735
Current portion of provision	(68 288)	(10 570)	(229 590)	(1 958)	(310 406)
TOTAL	516 222	328 562	5 244 839	19 706	6 109 329

15.1 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 fund benefit liability as at 30 June 2017 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The nominal and zero curves as at 30 June 2017 supplied by the JSE were used to determine the discount rates and consumer price inflation (CPI) assumptions at each relevant time period.

	2017	2016
Key financial assumptions		
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and real yield curve	Difference between nominal and real yield curve
Salary increase	Equal to CPI + 1%	Equal to CPI + 1%

15.2 Environmental rehabilitation

Provision is made in terms of the Entity's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent valuation performed by a firm of consulting engineers.

The key cost parameters upon which the valuation is based for the present and previous financial years are briefly as follows:

- An annual inflation rate of 6,21% (2016: 5,70%).
- A discount rate at the average borrowing cost of 11,00% (2016: 11,01%).
- The scheduled dates of total closure and rehabilitation are anticipated to be between 2021 and 2034.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

15. PROVISIONS (NON-CURRENT) (continued)

15.3 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 2017 constituted 7 782 (2016: 8 312) in-service members and 6 813 (2016: 6 750) 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.

It is further assumed that the subsidy will continue until the last survivor's death, for eligible members and their spouses.

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 2017 has been discounted at a rate determined on the basis of the yield curve per annum on government bonds.

	2017	2016
Key financial assumptions		
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and yield curves	Difference between nominal and yield curves
Healthcare cost inflation rate	CPI + 1%	CPI + 1%
Net effective discount rate	Yield curve-based	Yield curve-based
	Change in assumption	Liability R'000
Sensitivity analysis		
Assumptions used		
Healthcare inflation	1% decrease	5 474 429
	1% increase	92 020
Post-retirement mortality	20% decrease	541 387
	20% increase	4 840 957
		6 306 812
		109 862
		601 539
		501 187

15. PROVISIONS (NON-CURRENT) (continued)

15.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension 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 employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2017 was 21 (2016: 22) in-service employees and 81 (2016: 89) pensioners.

Plan assets

Currently, no long-term assets are set aside off the balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2017 has been discounted at the yield curve per-annum rate determined on the basis of the market yields on government bonds.

	2017	2016
Key financial assumptions		
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and real yield curve	Difference between nominal and real yield curve
General salary inflation rate	CPI + 2%	CPI + 2%
Net effective discount rate	Curve-dependent	Curve-dependent

16. DEPOSITS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Electricity and water	336 264	313 996	336 264	313 996
Other deposits	35 133	57 257	15 446	10 637
TOTAL	371 397	371 253	351 710	324 633

Guarantees held in lieu of electricity and water deposits were R114,26 million (2016: R88,81 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

17. PROVISIONS (CURRENT)

ECONOMIC ENTITY					
	Opening balance 2017 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non- current R'000	Closing balance 2017 R'000
Long-service leave benefits	51 078	-	-	17 210	68 288
Environmental rehabilitation	4 500	-	(2 507)	8 577	10 570
Post-retirement benefits	207 636	-	(207 636)	231 548	231 548
Insurance and COID claims	11 265	8 224	(11 265)	-	8 224
Leave benefits	562 661	31 094	-	-	593 755
Other provisions	232 137	97 160	(277 390)	-	51 907
Performance bonuses	3 538	4 960	(3 538)	-	4 960
TOTAL	1 072 815	141 438	(502 336)	257 335	969 252

MUNICIPALITY OF CAPE TOWN					
	Opening balance 2017 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non- current R'000	Closing balance 2017 R'000
Long-service leave benefits	51 078	-	-	17 210	68 288
Environmental rehabilitation	4 500	-	(2 507)	8 577	10 570
Post-retirement benefits	207 636	-	(207 636)	231 548	231 548
Insurance and COID claims	11 265	8 224	(11 265)	-	8 224
Leave benefits	562 661	31 094	-	-	593 755
Other provisions	232 137	97 160	(277 390)	-	51 907
TOTAL	1 069 277	136 478	(498 798)	257 335	964 292

Leave benefits

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision 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.

18. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Trade and other creditors	4 639 695	4 557 800	4 583 583	4 464 561
Payments received in advance	1 364 355	1 235 448	1 364 355	1 235 448
Cape Metropolitan Transport Fund (CMTF) advances	15 141	20 735	15 141	20 735
TOTAL	6 019 191	5 813 983	5 963 079	5 720 744

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.

19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	974 631	1 119 324	974 631	1 119 324
National Government	446 587	650 929	446 587	650 929
Province	528 044	468 395	528 044	468 395
Other conditional receipts	79 743	80 631	79 743	80 631
Public contributions	79 743	80 631	79 743	80 631
TOTAL	1 054 374	1 199 955	1 054 374	1 199 955

See note 29, 30 and annexure E for more details of grants from National Government and Province as well as public contributions.

20. VALUE-ADDED TAX (VAT)

VAT payable	176 983	211 315	176 983	211 315
Impairment adjustment	277 030	211 196	277 030	211 196
Total VAT payable	454 013	422 511	454 013	422 511
VAT receivable	(360 647)	(347 740)	(360 647)	(347 740)
TOTAL	93 366	74 771	93 366	74 771

The VAT liability was impaired as a result of impairment against debtors.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

21. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Realised housing proceeds				
Balance at beginning of the year	272 628	302 771	272 628	302 771
Income	63 301	59 277	63 301	59 277
Land sales	21 253	3 618	21 253	3 618
Repayments	35 112	38 180	35 112	38 180
Long-term debtors	34 567	37 620	34 567	37 620
Public organisations	545	560	545	560
Service contributions	3 117	3 233	3 117	3 233
Recoveries from Province	-	10 051	-	10 051
Subsidy refunds and other	3 819	4 195	3 819	4 195
Interest	17 699	16 275	17 699	16 275
Expenditure	(70 286)	(102 423)	(70 286)	(102 423)
Funding capital projects	(18 050)	(19 677)	(18 050)	(19 677)
Funding operating projects	(52 236)	(82 746)	(52 236)	(82 746)
Non-cash transfer to provision for impairment	(5 844)	(3 272)	(5 844)	(3 272)
Balance at end of the year	277 498	272 628	277 498	272 628
Unrealised housing proceeds				
Balance at beginning of the year	67 468	93 614	67 468	93 614
Long-term loans realised	(20 516)	(26 261)	(20 516)	(26 261)
Housing	(20 020)	(25 753)	(20 020)	(25 753)
Public organisations	(496)	(508)	(496)	(508)
Transfer to impairment provision – selling schemes	7 553	352	7 553	352
Transfer from impairment provision – public organisations	(435)	(237)	(435)	(237)
Balance at end of the year	54 070	67 468	54 070	67 468
TOTAL	331 568	340 096	331 568	340 096
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
22. RESERVES				
Capital replacement reserve	2 880 321	2 119 182	2 880 321	2 119 182
Insurance reserves	561 296	545 157	561 296	545 157
Self-insurance reserve	484 203	474 870	484 203	474 870
COLD reserve	77 093	70 287	77 093	70 287
TOTAL	3 441 617	2 664 339	3 441 617	2 664 339

23. NON-CONTROLLING INTEREST

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Balance at beginning of the year	359 416	298 666		
Share purchases by non-controlling interest holders	30 000	50 000		
Transfer for share purchases	5 863	(3 877)		
Share of net surplus attributable to non-controlling interest	12 500	14 627		
TOTAL	407 779	359 416		

The 2016 comparative amount has been restated – see note 44.

24. SERVICE CHARGES

Electricity	11 744 571	11 187 275	11 755 862	11 198 441
Water and sanitation	5 052 389	4 518 751	5 053 641	4 519 840
Water	3 442 473	2 983 770	3 443 725	2 984 859
Wastewater	1 609 916	1 534 981	1 609 916	1 534 981
Solid waste	1 081 307	991 556	1 081 307	991 556
ICASA ECSN licence fee	28 768	15 187	28 768	15 187
Other	908 905	839 300	908 905	839 300
TOTAL	18 815 940	17 552 069	18 619 105	17 363 596

25. RENTAL OF LETTING STOCK AND FACILITIES

Rental agreements	384 440	374 052	384 440	374 052
Income forgone*	(25 943)	(23 098)	(25 943)	(23 098)
TOTAL	358 497	350 954	358 497	350 954

26. FINANCE INCOME

Exchange transactions	997 390	830 188	965 283	792 666
External investments	854 204	744 539	822 097	707 017
Outstanding debtors	197 058	150 038	197 058	150 038
Interest transferred	(53 872)	(64 389)	(53 872)	(64 389)
Non-exchange transactions				
Outstanding debtors	81 005	71 571	81 005	71 571
TOTAL	1 078 395	901 759	1 046 288	864 237

* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

27. OTHER INCOME

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Exchange transactions	429 116	339 164	242 040	169 634
Bulk infrastructure levies	146 522	91 730	146 522	91 730
Other income	108 384	66 231	90 568	47 346
Gains on foreign-exchange transactions	709	321	709	321
Fair-value adjustments	4 241	30 237	4 241	30 237
City improvement districts (CIDs)	169 260	150 645	-	-
Non-exchange transactions				
City improvement districts	-	-	169 260	150 645
TOTAL	429 116	339 164	411 300	320 279

The Entity received services in kind to an estimated value of R8,83 million (2016: R14,16 million) in the form of volunteers.

The 2016 comparative amount has been restated – see note 44.

28. PROPERTY RATES

Actual

Residential, commercial and other	9 259 940	7 838 728	9 264 744	7 843 988
Income forgone*	(1 159 618)	(1 098 941)	(1 159 618)	(1 098 941)
TOTAL	8 100 322	6 739 787	8 105 126	6 745 047

Valuations per category

Residential	763 170 944	613 539 222	763 170 944	613 539 222
Commercial	235 675 407	178 265 374	235 675 407	178 265 374
Agriculture	6 509 956	4 670 480	6 509 956	4 670 480
Public service infrastructure	4 997 347	5 611 750	4 997 347	5 611 750
Other	145 406 044	119 200 195	145 406 044	119 200 195
TOTAL valuation at commencement of financial year	1 155 759 698	921 287 021	1 155 759 698	921 287 021

The 2016 opening figures are derived from the previous general valuation roll (GV2012), which came into effect on 1 July 2013 and was based on market-related valuations as at 1 July 2012. The new general valuation roll, General Valuation 2015 (GV2015), came into effect on 1 July 2016, and thus provides the opening figures for the 2017 financial year. The values are based on market-related valuations as at 1 August 2015. GV2015 will remain valid until 30 June 2019. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied on a daily basis in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.

29. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Unconditional grants	2 288 187	2 054 664	2 288 187	2 054 664
Conditional grants	3 360 565	3 666 464	3 360 565	3 666 464
National Government	2 322 216	2 569 132	2 322 216	2 569 132
Province	1 038 349	1 097 332	1 038 349	1 097 332
TOTAL	5 648 752	5 721 128	5 648 752	5 721 128
Analysis of government grants and subsidies				
Operating	3 633 883	3 589 591	3 633 883	3 589 591
Capital	2 014 869	2 131 537	2 014 869	2 131 537
TOTAL	5 648 752	5 721 128	5 648 752	5 721 128

The Entity does not foresee a significant decrease in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Other than the amounts unspent, the conditions of the grants have been met.

The 2016 comparative amount has been restated – see note 44.

30. PUBLIC CONTRIBUTIONS

Unconditional	6 944	100	6 944	100
Conditional	104 703	91 154	104 703	91 154
Consumer connections	54 162	52 563	54 162	52 563
Other	50 541	38 591	50 541	38 591
TOTAL	111 647	91 254	111 647	91 254

The Entity receives grants from various private donors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

The 2016 comparative amount has been restated – see note 44.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

31. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Salaries and wages	6 771 097	6 245 812	6 709 762	6 194 483
Social contributions – UIF, pensions and medical aid	1 803 776	1 656 815	1 796 527	1 650 710
Travel, car, accommodation, subsistence and other allowances	363 602	350 802	363 602	350 802
Housing benefits and allowances	56 862	53 086	56 862	53 086
Overtime payments	547 812	463 841	546 810	463 125
Contribution and benefits paid: current provisions	(87 711)	(9 510)	(87 711)	(9 510)
Contribution: post-retirement and long-service benefits	299 924	688 356	299 924	688 356
Current service costs	140 742	132 317	140 742	132 317
Interest costs	593 813	507 853	593 813	507 853
Actuarial (gains)/losses	(434 631)	48 186	(434 631)	48 186
	9 755 362	9 449 202	9 685 776	9 391 052
Expenditure recharged to capital projects	(26 476)	(33 312)	(26 476)	(33 312)
TOTAL	9 728 886	9 415 890	9 659 300	9 357 740

32. REMUNERATION OF COUNCILLORS AND BOARD MEMBERS

Executive Mayor	1 280	1 284	1 280	1 284
Executive Deputy Mayor	929	936	929	936
Speaker	929	936	929	936
Chief Whip	952	859	952	859
Mayoral Committee members	9 358	9 226	9 358	9 226
Subcouncil chairpersons	16 079	21 172	16 079	21 172
Portfolio chairpersons	12 688	13 041	12 688	13 041
Councillors	85 819	74 823	85 819	74 823
Councillors' pension contributions	4 115	5 051	4 115	5 051
Board members (CTICC)	578	457	-	-
	132 727	127 785	132 149	127 328
Reimbursement of travel claims	6 224	7 309	6 224	7 309
TOTAL	138 951	135 094	138 373	134 637

33. IMPAIRMENT COSTS

Receivables and other receivables	2 323 669	1 898 894	2 323 482	1 898 476
Property, plant and equipment	99 675	8 825	99 675	8 825
TOTAL	2 423 344	1 907 719	2 423 157	1 907 301

34. DEPRECIATION AND AMORTISATION EXPENSES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Property, plant and equipment	2 121 107	2 026 945	2 093 761	1 998 464
Investment property	1 713	2 235	1 713	2 235
Intangible assets	118 322	107 811	118 322	107 811
TOTAL – see notes 2, 4, 5 and annexure B	2 241 142	2 136 991	2 213 796	2 108 510

The 2016 comparative amount has been restated – see note 44.

35. FINANCE COSTS

Borrowings	692 094	719 744	691 005	718 521
Unwinding of discount	40 818	28 735	40 818	28 735
TOTAL	732 912	748 479	731 823	747 256

36. BULK PURCHASES

Electricity	8 069 460	7 656 073	8 069 460	7 656 073
Water	368 642	417 263	368 642	417 263
TOTAL	8 438 102	8 073 336	8 438 102	8 073 336

37. GRANTS AND SUBSIDIES PAID

Events and charitable contributions	37 905	60 471	37 905	60 471
Community development and upliftment	16 064	16 088	16 064	16 088
Economic development and promotion of tourism	54 112	63 152	54 112	63 152
Education institutions	45	370	45	370
Health forum/health, HIV/Aids and tuberculosis programmes	1 015	3 931	1 015	3 931
Senior citizens – facilities for the aged	90	90	90	90
Social development and arts and culture	1 500	2 462	1 500	2 462
Sporting bodies	1 098	1 682	1 098	1 682
TOTAL	111 829	148 246	111 829	148 246

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

38. GENERAL EXPENSES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Auditor remuneration	14 966	15 247	13 183	13 554
CID levies	-	-	164 182	146 126
Consultants	202 794	174 801	199 871	169 724
Free basic electricity (FBE) – Eskom service areas	133 656	124 099	133 515	124 035
Realised fair-value adjustments	2 220	4 358	2 220	4 358
Indigent relief	662 165	542 740	662 165	542 740
Inventory: scrapping	911	557	911	557
Loss on foreign-exchange transactions	1 034	3 755	1 028	3 751
Materials general and consumables	499 840	326 087	476 050	300 405
Security services	467 362	404 751	460 855	398 579
Telecommunications	400 433	384 023	398 153	378 330
Other expenditure	2 366 591	2 256 125	2 302 824	2 207 110
	4 751 972	4 236 543	4 814 957	4 289 269
Contributions from provisions	(45 703)	(33 491)	(45 703)	(33 491)
	4 706 269	4 203 052	4 769 254	4 255 778
Expenditure recharged to capital projects	(4 693)	(3 333)	(4 693)	(3 333)
TOTAL	4 701 576	4 199 719	4 764 561	4 252 445

The 2016 comparative amount has been restated – see note 44.

39. TAXATION

39.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2016: 28%).

At beginning of the year	(2 654)	(4)
Temporary differences	(923)	(2 650)
At end of the year	(3 577)	(2 654)

The balance comprises

Capital allowance (non-deductible temporary differences)	(3 577)	(2 654)
Total	(3 577)	(2 654)

The 2016 comparative amount has been restated – see note 44.

39.2 TAXATION

Statement of financial performance charge

Current year: CTICC	13 983	20 007
CIDs	195	-
	14 178	20 007

The 2016 comparative amount has been restated – see note 44.

40. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Surplus for the year	5 380 821	4 370 797	5 304 628	4 289 655
Adjustment for:	3 339 172	3 843 221	3 340 199	3 857 015
Depreciation	2 241 142	2 139 276	2 213 796	2 108 510
Contributed assets	(16 516)	(64 211)	(16 516)	(64 211)
Impairment	99 675	8 825	99 675	8 825
Unrealised foreign-exchange loss	219	152	219	152
Indigent relief	662 165	542 740	662 165	542 740
Gains and losses on disposal of assets	(178 371)	(118 243)	(179 408)	(118 383)
Contribution to provisions	(95 915)	460 966	(97 337)	460 792
Contribution to impairment provision	972 256	1 026 996	972 070	1 035 571
Finance income	(1 078 395)	(901 759)	(1 046 288)	(864 237)
Cash transactions	(1 031 929)	(878 939)	(999 822)	(841 417)
Non-cash transactions	(46 466)	(22 820)	(46 466)	(22 820)
Finance costs	732 912	748 479	731 823	747 256
Cash transactions	667 252	688 486	666 163	687 263
Non-cash transactions	65 660	59 993	65 660	59 993
Operating surplus before working capital changes	8 719 993	8 214 018	8 644 827	8 146 670
(Increase)/decrease in inventories	(67 201)	23 549	(67 263)	23 043
Increase in receivables	(1 690 242)	(1 375 294)	(1 691 988)	(1 375 370)
Increase in other receivables	(727 661)	(719 077)	(733 159)	(711 470)
Decrease in unspent conditional grants and receipts	(145 581)	(327 490)	(145 581)	(327 490)
Increase in payables	204 989	485 388	242 116	422 712
Increase/(decrease) in net VAT	18 595	(11 036)	18 595	(11 036)
CASH GENERATED FROM OPERATIONS	6 312 892	6 290 058	6 267 547	6 167 059
The 2016 comparative amount has been restated – see note 44.				
41. CASH AND CASH EQUIVALENTS				
Balance at the end of the year	3 773 576	3 803 924	3 450 193	3 332 469
Balance at the beginning of the year	3 803 924	3 792 735	3 332 469	3 199 148
NET (DECREASE)/INCREASE	(30 348)	11 189	117 724	133 321

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

42. OPERATING LEASE COMMITMENTS

42.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Land and buildings	57 311	108 086	55 650	106 726
Payable within one year	55 713	54 628	55 119	54 262
Payable within two to five years	1 598	53 458	531	52 464
Radio masts	88	324	88	324
Payable within one year	88	324	88	324
TOTAL	57 399	108 410	55 738	107 050

Minimum lease payments recognised as an expense during the period amount to R55,39 million (2016: R50,18 million). The leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

42.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Buildings				
Receivable within one year	36 494	33 196	36 494	33 676
Receivable within two to five years	132 700	127 192	132 700	127 192
Receivable after five years	292 120	178 530	292 120	178 530
TOTAL	461 314	338 918	461 314	339 398

The Entity lets properties under operating leases. Property rental income earned during the year was R31,48 million (2016: R33,68 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 been a decrease of R7,04 million in current-year income.

43. CONTINGENT LIABILITIES

43.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff 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 based on management assessment is R165,70 million (2016: R141,00 million).

43.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R180,60 million (2016: R148,82 million). The estimated amount was 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.

44. PRIOR-YEAR ADJUSTMENTS

44.1 Correction of error

Indigent relief was identified as a non-cash item. The cash received from customers as well as the cash paid to suppliers has been adjusted accordingly in the cash flow statement.

The CTICC adjusted its financial statements subsequent to submission to the City of Cape Town. These adjustments were not incorporated into the consolidated annual financial statements. The Entity's comparative figures for property, plant and equipment, deferred taxation, non-controlling interest and taxation amounts have been restated.

44.2 Reclassification

The City of Cape Town has implemented and necessitated the restatement of the mSCOA classification framework on 1 July 2015, which entails the implementation of new general ledger accounts with mSCOA-specific definitions. GRAP 3 requires the City to retrospectively apply any classification changes in the prior-year comparative figures.

The City of Cape Town's 'Grants and subsidies: Other unconditional' amount was reclassified from 'Government grants and subsidies' to 'Public contributions', as indicated below.

The Entity's comparative figures presented for 'community' and 'other' assets as transfers/adjustments and additions were incorrectly classified and consequently corrected. These corrections had no effect on the carrying value of the statement of financial position.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

44. PRIOR-YEAR ADJUSTMENTS (continued)

44.2 Reclassification (continued)

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustment and reclassification.

ECONOMIC ENTITY					
	Note	As previously reported R'000	Correction of error R'000	Reclassifi- cation R'000	Restated R'000
2016					
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets		42 342 066	1 786	-	42 343 852
Property, plant and equipment	2	37 520 330	2 285	-	37 522 615
Land and buildings		2 289 396	1 409	-	2 290 805
Community		6 308 880	-	(111 670)	6 227 840
Other		3 270 801	876	111 670	4 346 021
Deferred taxation	39	3 153	(499)	-	2 654
TOTAL ASSETS		54 558 558	1 786	-	54 560 344
Liabilities					
Current liabilities		9 005 969	(418)	-	9 005 551
Taxation		1 865	(418)	-	1 447
Total net assets		33 387 505	2 204	-	33 389 709
Non-controlling interest	23	358 707	709	-	359 416
TOTAL NET ASSETS AND LIABILITIES		54 558 558	1 786	-	54 560 344
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Exchange revenue		19 449 291	-	(25 617)	19 423 674
Other income	27	364 781	-	(25 617)	339 164
Non-exchange revenue		15 771 290	-	25 617	15 796 907
Fines, penalties and forfeits		1 087 339	-	25 617	1 112 956
Government grants and subsidies	29	5 721 468	-	(340)	5 721 128
Public contributions	30	90 914	-	340	91 254
Total revenue		35 220 581	-	-	35 220 581
Expenditure					
Collection costs		187 398	-	19	187 417
Depreciation and amortisation expenses	34	2 139 276	(2 285)	-	2 136 991
Contracted services		3 838 766	-	47 539	3 886 305
General expenses	38	4 247 277	-	(47 558)	4 199 719
Total expenditure		30 849 784	(2 285)	-	30 847 499
Surplus from operations		4 370 797	2 285	-	4 373 082
Taxation	39	(19 926)	(81)	-	(20 007)
Surplus for the year		4 350 871	2 204	-	4 353 075
Attributable to owners of the controlling entity		4 336 953	1 495	-	4 338 448
Attributable to non-controlling interest	23	13 918	709	-	14 627
Surplus for the year		4 350 871	2 204	-	4 353 075

44. PRIOR-YEAR ADJUSTMENTS (continued)

44.2 Reclassification (continued)

		ECONOMIC ENTITY			
	Note	As previously reported R'000	Correction of error R'000	Reclassifi- cation R'000	Restated R'000
2016					
CASH FLOW STATEMENT					
<i>Cash flow from operating activities</i>					
Cash receipts from ratepayers, government and other		31 377 198	(542 740)	-	30 834 458
Cash paid to suppliers and employees		(25 087 140)	542 740	-	(24 544 400)
Cash generated from operations	40	6 290 058	-	-	6 290 058
NET CASH FROM OPERATING ACTIVITIES		6 458 242	-	-	6 458 242

		MUNICIPALITY OF CAPE TOWN			
	Note	As previously reported R'000	Correction of error R'000	Reclassifi- cation R'000	Restated R'000
2016					
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
<i>Exchange revenue</i>		19 053 721	-	(25 617)	19 028 104
Other income	27	195 251	-	(25 617)	169 634
<i>Non-exchange revenue</i>		15 927 195	-	25 617	15 952 812
Fines, penalties and forfeits		1 087 339	-	25 617	1 112 956
Government grants and subsidies	29	5 721 468	-	(340)	5 721 128
Public contributions	30	90 914	-	340	91 254
Total revenue		34 980 916	-	-	34 980 916
Expenditure					
Collection costs		187 398	-	19	187 417
Contracted services		3 718 716	-	47 539	3 766 255
General expenses	38	4 300 003	-	(47 558)	4 252 445
Total expenditure		30 691 261	-	-	30 691 261
Surplus for the year		4 289 655	-	-	4 289 655

CASH FLOW STATEMENT

Cash flow from operating activities

Cash receipts from ratepayers, government and other		31 191 624	(542 740)	-	30 648 884
Cash paid to suppliers and employees		(25 024 565)	542 740	-	(24 481 825)
Cash generated from operations		6 167 059	-	-	6 167 059
NET CASH FROM OPERATING ACTIVITIES	40	6 321 213	-	-	6 321 213

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

44. PRIOR-YEAR ADJUSTMENTS (continued)

44.3 Changes in accounting estimates

The annual review of the useful lives and residual values of assets resulted in a decrease of R111,86 million (2016: R0,57 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

45. BUDGET INFORMATION

45.1 Explanation of variances between approved budget and final budget amounts

The reasons for the variances between the approved budget and final budget are due to virements in terms of Council-approved policy.

45.2 Explanation of variances greater than 10%: final budget and actual amounts

45.2.1 Statement of financial position

Total liabilities

i) Non-current liabilities

The variance is due to the budgeted amount for external funding of R2,50 billion that never occurred.

45.2.2 Statement of financial performance

Revenue

i) Investment revenue

The variance is largely due to interest earned on investments being higher than planned for the year under review, due to more favourable investment and cash balances.

ii) Transfers recognised – operational

The variance is a combined result of several factors, the main one being a fall in revenue due to delays in income-generating projects because of cost containment measures. Other contributing factors include delays in awarding tenders, termination of contracts due to poor performance, slower-than-planned maintenance activities, community dynamics and influences, changes in contract scope, contract award objection processes, environmental issues, and delays in delivery of materials/goods. The funding of such underspending was rolled over for continuation of projects in the new financial year.

iii) Other own revenue

The variance is the combined result of several revenue types within the category, namely property developments in the City, increased vehicle licence tariffs and numbers of licences processed, higher-than-estimated fines issued and paid, and the sale of PPE being higher than estimated for the year.

Expenditure

iv) Finance charges

The variance is the result of savings realised due to the related loan not being taken up as originally planned, which is thanks to the City's cash-on-hand position.

v) Other expenditure

The variance is the combined result of several expenditure types within the category. The main contributors are cost containment measures, delays in awarding tenders, termination of contracts due to poor performance, slower-than-planned maintenance activities, community dynamics and influences, changes in contract scope, contract award objection processes, environmental issues, and delays in delivery of materials/goods. The funding of such underspending was rolled over for continuation of projects in the new financial year.

45.2.3 Cash flow statement

i) Net cash from operating

The variance is due to a combination of higher service charge income than originally budgeted for, as well as an underspending on operating costs.

ii) Net cash from financing

The variance is due to the budgeted amount for external funding of R2,50 billion that never occurred.

45. BUDGET INFORMATION (continued)

45.3 Explanation of variances greater than 5%: final budget and actual amounts

45.3.1 Capital expenditure

- i) Assets and Facilities Management
The variance in the implementation of the projects is a result of delays in the import of equipment and in building construction.
- ii) Energy
The variance in the implementation of the projects is a result of delays due to amendments in the SCM regulations regarding local content, which caused procedural changes, late delivery of materials, and unforeseen construction delays.
- iii) Informal Settlements, Water and Waste Services
The variance in the implementation of the projects is a result of delays due to appeals against the award of tenders, poor contractor performance, protracted tender processes, community dynamics, gang-related disruptions on site, the delay in delivery of imported equipment, environmental impact assessment processes, as well as resource challenges experienced by contractors.
- iv) Social Services
The variance in the implementation of the projects is a result of administrative delays, cost savings with the completion of projects, as well as the termination of tenders due to poor contractor performance.
- v) Transport and Urban Development Authority
The variance in the implementation of the projects is a result of delays due to administrative processes not being in place, community dynamics, poor performance, labour-related disruptions, and the ever-changing business environment.
- vi) Subsidiaries
The unspent capital expense variance relates to the timing of expenditure on the CTICC East expansion programme.

46. ADDITIONAL DISCLOSURES

46.1 Municipal finance management act

46.1.1 Section 124(1)(b)

46.1.1.1 *Disclosure concerning councillors' municipal accounts in arrears*

2017

As at **30 June 2017**, no councillor was more than 90 days in arrears for rates or services.

During the **reporting period**, the following councillors were more than 90 days in arrears for rates or services.

SWP Arendse	N Bolitye	GE Gordon	NE Mgolombane	P Nyakaza-Sandla
TM Batembu	KR Carls	MW Hlazo	T Mgxekeni	SF Oerson

2016

As at **30 June 2016**, the following councillor was more than 90 days in arrears for rates or services.
W Hassiem

During the **2016 reporting period**, the following councillor was more than 90 days in arrears for rates or services.
S August

- 46.1.1.2 Included in the debtors' arrears is an amount of R67 575,31 (2016: R13 022,62) outstanding for more than 120 days, owed by the representative political parties to the Entity.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

46. ADDITIONAL DISCLOSURES (continued)

46.1 Municipal finance management act (continued)

46.1.2 Section 125

46.1.2.1 Irregular expenditure

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance	2	956	2	956
Expenditure – as indicated below	47 037	2	47 037	2
Regularised and ratified	(2)	(956)	(2)	(956)
Closing balance	47 037	2	47 037	2
Incidents				
• Non-compliance with SCM regulations	31 990	2	31 990	2
• Non-compliance with MFMA, section 116(3)	14 907	-	14 907	-
• Non-compliance with Remuneration of Public Office Bearer Act	140	-	140	-
Incidents for the year	47 037	2	47 037	2
46.1.2.2 Fruitless and wasteful expenditure				
Opening balance	86	-	86	-
Adjustment of opening balance – prior-year expenditure	-	86	-	86
Expenditure – current year	-	-	-	-
Regularised and ratified	(86)	-	(86)	-
Closing balance	-	86	-	86
46.1.2.3 Material losses				
Water losses	112 898	135 431	112 898	135 431

In the current year, the material losses were 9,29% (2016: 11,65%). These are made up of 9,29% reticulation losses and 0% abnormal production losses (2016: 8,54% reticulation losses and 3,11% abnormal production losses). These losses are predominantly due to apparent losses, which include unauthorised usage and metering inaccuracies. The production losses amounted to R204,80 million (2016: R112,41 million).

46. ADDITIONAL DISCLOSURES (continued)

46.1 Municipal finance management act (continued)

46.1.2 Section 125 (continued)

46.1.2.3 Material losses (continued)

Water losses (continued)

The 2016 comparative amounts for both the Entity and Municipality of Cape Town have been restated due to an updated infrastructure leakage index, which has resulted in the following corrections:

	As previously reported R'000	Restated R'000
Water losses	148 981	135 431
Production losses	98 860	112 410
	%	%
Material losses	12,81	11,65
Reticulation losses	9,72	8,54
Abnormal production losses	3,09	3,11

These corrections had no effect on the statements of financial position and the statements of financial performance.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Electricity losses	353 550	370 578	353 550	370 578

In the current year, the energy losses were 10,89% (2016: 11,42%). These losses are the result of normal system operation, theft and vandalism. The production losses amounted to R524,05 million (2016: R496,20 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

46. ADDITIONAL DISCLOSURES (continued)

46.1 Municipal finance management act (continued)

46.1.2 Section 125 (continued)

46.1.2.4 Other compulsory disclosures

	South African Local Government Association (SALGA) contributions R'000	Audit fees R'000	Pay-as-you- earn (PAYE) and UIF R'000	Pension and medical aid R'000
As at 30 June 2017				
Opening balance	-	61	103 016	228 711
Subscriptions/fees	12 300	16 633	1 405 032	2 933 122
Amount paid: current year	(12 300)	(16 622)	(1 290 316)	(2 681 833)
previous years	-	(61)	(103 016)	(228 711)
Balance unpaid (included in payables)	-	11	114 716	251 289
As at 30 June 2016				
Opening balance	-	305	93 765	209 760
Subscriptions/fees	11 210	16 897	1 272 824	2 696 326
Amount paid: current year	(11 210)	(16 836)	(1 169 808)	(2 467 615)
previous years	-	(305)	(93 765)	(209 760)
Balance unpaid (included in payables)	-	61	103 016	228 711

46. ADDITIONAL DISCLOSURES (continued)

46.2 Supply chain management regulations

46.2.1 Deviations

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 and noted by Council.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Incidents				
Appointment of consultants	4 589	16 725	4 589	16 725
Information technology upgrade	69 660	92 924	69 660	92 924
Upgrade of electricity services	-	69 001	-	69 001
Extension of contract period/sum	144 433	96 282	144 433	96 282
Upgrade of road infrastructure	71 531	20 410	71 531	20 410
Supply and delivery of plant and equipment	38 126	33 317	38 126	33 317
Other	68 328	167 507	57 406	154 902
Deviations less than R200 000	403 689	345 124	403 689	345 124
TOTAL amount approved by the Accounting Officer and noted by Council	800 356	841 290	789 434	828 685
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.				
46.2.2 SCM breaches				
Ratification of minor breaches	6 579	8 489	-	-
TOTAL amount regularised and ratified	6 579	8 489	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

46. ADDITIONAL DISCLOSURES (continued)

46.2 Supply chain management regulations (continued)

46.2.3 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 in the declaration-of-interest form:

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2017 R'000	2017 R'000
N Abyocate	Department of Justice	63	63
L Arries; J Willemse	Teacher; Nurse	2 249	2 249
M Barnard	Deputy Director: Health Department	689	689
M Basson	Principal Facility Officer	244	244
M Brink	Doctor	839	-
J Bodma	Metro Paramedics	281	281
V Botto; K Botto	Chief: Forensics; Finance: Principal Professional Officer	1 118	1 118
RT Bowers	Social Worker	210	210
C Brown	SABC	34	34
C Brynard	Councillor	3 003	3 003
G Buitendag	Principal Professional Officer	6 608	6 608
D Burgess	Senior Clerk	234	234
C Carr	Administrative Officer	228	228
P Christopher	Manager: Operations	639	639
JP Cilliers	Special Advisor to the Premier	327	327
M Daniels	Project Administrator	119	119
F Davids	Clerk	1	1
J Davids	Department of Health	11	11
M Davids	Operational Supervisor: Driver	381	381
SFA Davids	Department of Education	2 109	2 109
W de Kock	Stellenbosch Municipality	254	254
N Dolf	Clerk	634	634
A Dolt	Senior Clerk	974	974
Y Ebrahim	Head: District 5	1 180	1 180
A Elloker	Senior Professional Officer	286	286
C Gordon	Clerk	42	42
A Harding	Administrative Officer	1	1
C Hector	National Health Research Board	2 323	2 323
C Henderson	Teacher	336	336
F Hendricks	Administrative Officer	988	988
E Hlongwane	Manager: Cleansing	26	26
E Ishmail	Manager: Valuation Data and Systems	683	683
E Jacobs	Senior Clerk	13 804	13 804
Y Jacobs; O Khan; Y Jacobs	Department of Health; Department of Defence	1 038	1 038
R Jacob; E Samaai	Foreman; Province	1 073	1 073

46. ADDITIONAL DISCLOSURES (continued)

46.2 Supply chain management regulations (continued)

46.2.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
		2017 R'000	2017 R'000
Connected person	Position held in the state		
Z Jawoodien	Prosecutor	99	99
M Johannes	Clerk	85	85
J Lategan	Clerk	75	75
T Lebesana	Transnet	81	81
E Lewis	Professional Officer	155	155
L Malcolm	Fire fighter	1	1
R Marais	Teacher	9 510	9 510
M Mazaza	Director: Transport Planning	605	605
S Mbolompo	Councillor	117	117
SS Merile	Operator: Small Plant	62	62
G Meyer; A Meyer; G Wyngaard	Manager: Support; Assistant Professional Officer; Assistant Buyer: SCM	984	984
T Meyer	Educator: Western Cape Education Department	238	-
A Mokupo	Administrative Officer	17	17
FJ Monk	Subcouncil Manager	948	948
MC Mshweshwe	Statutory Compliance Specialist	792	792
B Muller; D Muller	Department of Education; Correctional Services	26	26
I Olifant	Forensic Pathology Services	87	87
C Olivier	Senior Operational Supervisor	8	8
B Paul	Western Cape Department of Cultural Affairs and Sport	692	692
NG Payne	Principal Professional Officer	2	2
Y Phosa	Member of Parliament	355	58
C Rhoda	Head: Invasive Species Management	728	728
M Rhodes	Teacher	123	123
A Richards	Senior Professional Officer	156	156
L Ritter	Administrative Officer	1	1
D Rose	Call Centre Agent	898	898
T Salomons	Specialist Engineering	149	149
MN Sammy	Administrative Officer	4	4
C September	Administrative Officer	176	176
W Siebritz	Firefighter	38	38
Y Skunyana	Light Machine Operator	2 265	2 265
Y Spencer	National Health Laboratory Services	23	23
T Steyn	Senior Professional Officer	1 804	1 804
L Stolworthy	Principal Professional Officer	633	633
N Taylor	Administrative Officer	39	39

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

46. ADDITIONAL DISCLOSURES (continued)

46.2 Supply chain management regulations (continued)

46.2.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
		2017 R'000	2017 R'000
Connected person	Position held in the state		
F Trom	Senior Worker	201	201
V van der Heever	Teacher	3 469	3 469
C van der Vendt	Senior Worker	195	195
J van Zyl	Western Cape Education Department	21	21
J Villet	Assistant Buyer: SCM	24	24
N Vlotman	Department of Health Bishop	14	14
MF Votersen	Head: Finance Parks	2 287	2 287
B Wasserfall	Senior Forensics Officer	975	975
G Willemse	Station Commander	52	52
S Willemse; A Bell	Administrative Officer; Senior Clerk	1 842	1 842
B Williams	Prison Warden	141	141
R Wyngaard	Administrative Officer - Tenders: SCM	815	815
City and state awards	Members as per schedule below*	5 002	5 002
TOTAL		80 043	78 669

*Names of members (City and state awards)

HC Ahlschlager	Special Investigation Unit
CJ Barry	Head: Finance (City)
T Botha	Oudtshoorn Municipality
M Skead, Dr	Nelson Mandela Bay Metropolitan University
WZ Erasmus	Cape Nature
HG Esterhuysen	West Coast District Municipality
T Govender	Umngeni Water
SM Grobbelaar	Northern Cape Department of Cooperative Governance
E Herholdt	Limpopo Department of Economic Development
A Heyns	Stellenbosch Municipality
JH Higgs	South African Revenue Service
A Hougaard	Department of Correctional Services
J Jacobs	Eastern Cape Department of Education
B Kleynhans	Hessequa Municipality
BJ Kriegler	Cape Winelands District Municipality
M Marques	Department of Home Affairs
M Mayekiso	Department of Local Government and Traditional Affairs
AJ Moore	Department of Water Affairs
K Nadasen	National Department of Public Works
R Reddy-Maduray	Development Bank of Southern Africa
S Seegers	Head: Security Architecture (City)
M van Rensburg	Eskom

See annexure G for the 2016 list.

47. RELATED-PARTY DISCLOSURES

47.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town 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		MUNICIPALITY OF CAPE TOWN	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
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%	67,8%
Arm's-length transactions for the year				
Receivables			3 126	1 379
Payables			-	4 036
Service charges			20 680	20 864
CIDs				
These entities were established to enable projects at local communities' initiative, to provide services over and above the services provided by the City of Cape Town.				
Special rating areas				
Arm's-length transactions for the year				
Receivables			-	4
Service charges			2	41
Levies			164 182	146 126
Arm's-length transactions have been entered into with members of key management as well as related companies.				
Management contracts				
Epping CID - Just For You Business Support Services CC	1 179	1 104		
Woodstock CID - Lloyd's Project Management CC	581	530		
Rental contracts				
Voortrekker Road - Greater Tygerberg Partnership NPC	333	281		
CMTF				
The fund was established to pool funds for road networks and maintenance in the metropolitan area.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	15 141	20 735	15 141	20 735
Grants and transfers - conditions met	1 811	1 528	1 811	1 528
Interest paid	1 096	1 215	1 096	1 215
Revenue collected	2 989	2 752	2 989	2 752

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.

47.2.1 Mayoral Committee (Mayco) members/councillors/subsidiary board members

	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
2017				
Mayco members	11 508	60	366	11 934
Councillors	116 241	225	3 749	120 215
Subsidiaries: board members	578	-	-	578
TOTAL	128 327	285	4 115	132 727
2016				
Mayco members	11 386	60	497	11 943
Councillors	110 741	90	4 554	115 385
Subsidiaries: board members	457	-	-	457
TOTAL	122 584	150	5 051	127 785

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 of Cape Town. There are 231 councillor positions, whose aggregated remuneration amounted to R132,15 million for the period under review. The average remuneration per councillor is R0,572 million per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 182 and 183 under 'General information'.

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.2 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
2017				
Executive Mayor				
Ald P de Lille	1 238	42	-	1 280
1 JANUARY 2017 TO 30 JUNE 2017				
Executive Deputy Mayor				
Ald ID Neilson	467	-	57	524
Finance				
Cllr J van der Merwe	429	-	53	482
Safety and Security and Social Services				
Ald JP Smith	430	9	43	482
Informal Settlements, Water and Waste Services, Energy				
Cllr X Limberg	482	-	-	482
Corporate Services				
Cllr R Arendse	482	-	-	482
Assets and Facilities Management				
Cllr S Diamond	482	-	-	482
Transport and Development Authority				
Cllr BN Herron	482	-	-	482
Area-based: South				
Cllr E Andrews	482	-	-	482
Area-based: Central				
Cllr S Mamkeli	482	-	-	482
Area-based: North				
Cllr S Little	482	-	-	482
Area-based: East				
Cllr A Ntsodo	482	-	-	482
	6 420	51	153	6 624

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.2 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS (continued)			
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
2017				
1 JULY 2016 TO 31 DECEMBER 2016				
Executive Deputy Mayor/Finance				
Ald ID Neilson	463	–	56	519
Safety and Security Services				
Ald JP Smith	428	9	42	479
Corporate Services				
Cllr X Limberg	479	–	–	479
Economic, Environmental and Spatial Planning				
Cllr J van der Merwe	426	–	53	479
Social Development and Early Childhood Development				
Cllr S Little	479	–	–	479
City Health				
Cllr S Mamkeli	479	–	–	479
Community Services and Special Projects				
Ald B Walker	95	–	9	104
Community Services				
Cllr A Ntsodo	375	–	–	375
Transport for Cape Town				
Cllr BN Herron	479	–	–	479
Tourism, Events and Marketing				
Cllr G Bloor (up to 09/08/2016)	104	–	–	104
Tourism, Events and Economic Development				
Cllr E Andrews (as from 11/08/2016)	375	–	–	375
Utility Services				
Ald EJ Sonnenberg	427	–	53	480
Human Settlements				
Cllr B van Minnen	479	–	–	479
	5 088	9	213	5 310
TOTAL	11 508	60	366	11 934

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.2 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
2016				
Executive Mayor				
Ald P de Lille	1 242	42	-	1 284
Executive Deputy Mayor/Finance				
Ald ID Neilson	936	-	109	1 045
Safety and Security Services				
Ald JP Smith	862	18	82	962
Corporate Services				
Cllr X Limberg	961	-	-	961
Energy, Environmental and Spatial Planning				
Cllr J van der Merwe	859	-	102	961
Social Development and Early Childhood Development				
Cllr S Little	961	-	-	961
City Health				
Cllr S Mamkeli	961	-	-	961
Community Services and Special Projects				
Ald B Walker	859	-	102	961
Transport for Cape Town				
Cllr BN Herron	962	-	-	962
Tourism, Events and Economic Development				
Cllr G Bloor	962	-	-	962
Utility Services				
Ald EJ Sonnenberg	859	-	102	961
Human Settlements				
Cllr B van Minnen	962	-	-	962
TOTAL	11 386	60	497	11 943

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.3 Executive management

	ANALYSIS OF REMUNERATION BENEFITS (continued)					
	Annual salary R'000	Severance pay R'000	Relocation and car allowances R'000	Travel and subsistence R'000	Social contribution R'000	Total R'000
2017						
City Manager						
A Ebrahim	2 763	-	-	-	382	3 145
1 JANUARY 2017 TO 30 JUNE 2017						
Human Settlement Services						
R Pretorius (acted from 01/01/2017 to 28/02/2017)	184	-	-	-	34	218
Social Services						
E Sass (as from 01/01/2017)	1 294	-	-	-	164	1 458
Asset and Facilities Management						
K le Keur (as from 01/01/2017)	883	-	-	-	1	884
Area-Based Service Delivery						
L Scheepers (as from 01/01/2017)	794	-	40	1	90	925
Directorate of the Mayor						
C Kesson (as from 01/01/2017)	1 255	-	-	10	1	1 266
Corporate Services						
L Mbandazayo (as from 01/01/2017)	1 285	-	-	-	141	1 426
Financial Management						
K Jacoby (as from 01/01/2017)	1 260	-	41	4	154	1 459
Safety and Security						
R Bosman (as from 01/01/2017)	1 120	-	48	-	140	1 308
Informal Settlements, Water and Waste Water						
G Kaiser (as from 01/01/2017)	1 251	-	54	-	20	1 325
Transport and Urban Development						
M Whitehead (as from 01/01/2017)	1 413	-	-	19	1	1 433
	13 502	-	183	34	1 128	14 847

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.3 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS (continued)					
	Annual salary R'000	Severance pay R'000	Relocation and car allowances R'000	Travel and subsistence R'000	Social contribution R'000	Total R'000
2017						
1 JULY 2016 TO 31 DECEMBER 2016						
Corporate Services and Compliance						
D Ras (up to 24/08/2016)	438	3 533	-	-	-	3 991
L Mbandazayo (acted from 25/08/2016 to 31/12/2016)	587	-	-	-	65	652
Community Services						
L Mtwazi (up to 31/12/2016)	889	-	42	-	119	1 050
Human Settlement Services						
Dr IK Bromfield (up to 24/08/2016)	377	3 400	22	-	46	3 845
R Pretorius (acted from 25/08/2016 to 31/12/2016)	445	-	-	-	71	516
Social Development and Early Childhood Development						
E Sass (acted from 01/07/2016 to 31/12/2016)	806	-	-	-	101	907
Economic, Environment and Spatial Planning						
J Hugo (up to 31/12/2016)	1 343	-	-	1	24	1 368
City Health						
Dr W Mahlangu-Mathibela (up to 31/12/2016)	943	2 641	33	-	108	3 725
Finance						
K Jacoby (from 01/07/2016 to 31/12/2016)	849	-	40	-	125	1 014
Transport, Roads and Stormwater						
M Whitehead (from 01/07/2016 to 31/12/2016)	1 014	-	-	10	1	1 025
Utility Services						
G Kaiser (from 01/07/2016 to 31/12/2016)	984	-	54	-	15	1 053
Safety and Security						
W le Roux (acted from 01/07/2016 to 31/10/2016)	419	-	34	27	64	544
G Kaiser (acted from 01/11/2016 to 30/11/2016)*						
R Bosman (from 01/12/2016 to 31/12/2016)	150	-	8	-	20	178
	9 244	9 594	233	38	759	19 868
	22 746	9 594	416	72	1 887	34 715
CTICC						
J Ellingson	2 268	-	-	-	-	2 268
TOTAL	25 014	9 594	416	72	1 887	36 983

*G Kaiser acted without any compensation.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

47. RELATED-PARTY DISCLOSURES (continued)

47.2 Executive management (continued)

47.2.3 Executive management (continued)

ANALYSIS OF REMUNERATION BENEFITS (continued)					
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000	Total R'000
2016					
City Manager					
A Ebrahim	2 147	-	326	-	2 473
Community Services					
L Mtwazi	1 583	84	231	-	1 898
Corporate Services and Compliance*					
DG Ras (acted in the position until 08/07/2015, and served permanently thereafter)	1 992	-	2	1	1 995
Energy, Environmental and Spatial Planning					
J Hugo	1 865	-	48	-	1 913
Finance					
K Jacoby	1 596	81	236	1	1 914
City Health					
W Mahlangu-Mathibela	1 601	66	204	-	1 871
Human Settlements					
IK Bromfield (acted in the position until 08/07/2015, and served permanently thereafter)	1 474	133	263	-	1 870
Safety and Security					
R Bosman (until 31/01/2016)	967	56	128	-	1 151
W le Roux (acting since 01/02/2016)	531	43	73	3	650
Social Development and Early Childhood Development					
E Sass (acting)	1 499	-	188	-	1 687
Tourism, Events and Economic Development					
A Groenewald (until 30/09/2015)	485	-	1	-	486
Transport for Cape Town					
M Whitehead	1 911	-	2	31	1 944
Utility Services					
G Kaiser	1 761	-	138	-	1 899
CTICC					
J Ellingson	2 107	-	-	-	2 107
TOTAL	21 519	463	1 840	36	23 858

*There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.

48. EVENTS AFTER REPORTING DATE

On 12 July 2017, the City of Cape Town's inaugural green bond went on auction, and the City raised R1 billion. The R1 billion long-term debt is earmarked to fund environmental (green) projects.

The Cape Town Stadium (RF) SOC Limited was registered as a company with effect from 1 November 2017 with the City of Cape Town being 100% shareholder. The main objectives of the municipal entity will be to manage and operate the Cape Town Stadium to achieve optimal commercialisation.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2017

	Contractual interest rate (NAICS) %	Loan ID	Redeemable date	Balance as at 30 June 2016 R'000	Net interest accrual during the year R'000	Con- cessionary loan adjustment R'000	Redeemed/ written off during year R'000	Balance as at 30 June 2017 R'000
MARKETABLE BONDS								
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	2 065 505
Total marketable bonds¹				4 275 489	-	-	-	4 275 489
CONCESSIONARY LOANS								
Nedcor Bank	1,000	830000920	2019	29	-	6	-	35
DBSA	5,000	830012028	2020	14 633	-	548	(4 000)	11 181
AFD	5,763	830018500	2028	422 438	(676)	9 137	(40 000)	390 899
AFD	5,730	830018516	2028	421 733	(672)	9 229	(40 000)	390 290
AFD	5,755	830018530	2028	422 454	(675)	9 175	(40 000)	390 954
AFD	5,800	830018523	2028	412 263	(662)	8 796	(38 961)	381 436
Total concessionary loans				1 693 550	(2 685)	36 891	(162 961)	1 564 795
OTHER LOANS								
FirstRand Bank	12,631	830003504	2017	135 005	-	-	(135 005)	-
ABSA Bank	10,900	830007011	2018	40 000	-	-	(20 000)	20 000
DBSA	10,590	83001050	2018	67 832	-	-	(33 916)	33 916
FirstRand Bank	12,046	830009531	2018	84 299	(9 364)	-	(20 000)	54 935
DBSA	9,420	830012035	2020	37 333	-	-	(9 333)	28 000
DBSA	9,639	830013000	2022	86 667	-	-	(13 334)	73 333
DBSA	10,565	830013507	2022	86 667	-	-	(13 334)	73 333
Total other loans				537 803	(9 364)	-	(244 922)	283 517
TOTAL MUNICIPALITY OF CAPE TOWN				6 506 842	(12 049)	36 891	(407 883)	6 123 801
Controlled entities								
OTHER LOANS								
CID Brackenfell	-	-	2017	102	-	-	(74)	28
CID Claremont Road Co.: DBSA	-	-	2023	13 114	-	-	(1 422)	11 692
TOTAL CONTROLLED ENTITIES				13 216	-	-	(1 496)	11 720
TOTAL				6 520 058	(12 049)	36 891	(409 379)	6 135 521

¹ Guaranteed sinking funds 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

AS AT 30 JUNE 2017

	COST					
	Opening balance R'000	Transfers/ adjustments ¹ R'000	Additions ² R'000	Impairments R'000	Disposals R'000	Closing balance R'000
Land and buildings						
Vacant land	1 099 363	4 330	250 277	(98 495)	(54)	1 255 421
Land and buildings	2 529 921	117 837	116 052	-	(17 614)	2 746 196
	3 629 284	122 167	366 329	(98 495)	(17 668)	4 001 617
Infrastructure						
Assets under construction	2 772 766	(1 885 170)	2 553 866	-	-	3 441 462
Telecommunications	296 045	117 068	77 446	-	(26)	490 533
Drains	1 045 698	94 992	5 576	-	-	1 146 266
Roads	10 147 683	906 690	282 052	-	(133)	11 336 292
Beach improvements	43 211	126	4 871	-	-	48 208
Sewerage mains and purification	3 979 000	324 806	134 894	-	-	4 438 700
Electricity peak load equipment and mains	8 474 299	246 642	683 248	-	(790)	9 403 399
Water mains and purification	3 671 782	171 789	269 469	-	-	4 113 040
Reservoirs - water	539 772	50 932	42 617	-	-	633 321
	30 970 256	27 875	4 054 039	-	(949)	35 051 221
Community assets						
Assets under construction	64 318	(40 115)	99 684	-	-	123 887
Parks and gardens	293 602	15 686	39 714	-	-	349 002
Libraries	286 308	-	13 660	-	-	299 968
Recreation facilities	5 574 142	15 336	42 561	-	-	5 632 039
Civic buildings	2 728 970	125 376	243 266	-	(289)	3 097 323
	8 947 340	116 283	438 885	-	(289)	9 502 219
Other assets						
Assets under construction	1 279 313	(684 782)	593 549	-	-	1 188 080
Buildings and land	1 262	-	-	-	-	1 262
Landfill sites	1 087 234	17 197	4 922	-	-	1 109 353
Furniture, fittings and equipment	1 012 208	19 054	91 337	-	(16 789)	1 105 810
Bins and containers	65 351	514	1 997	-	-	67 862
Emergency equipment	44 776	6 165	5 551	-	(294)	56 198
Motor vehicles and watercraft	1 862 781	25 274	293 014	-	(29 493)	2 151 576
Specialised vehicles	1 407 721	-	133 874	-	(15 405)	1 526 190
Computer equipment	2 095 618	37 945	165 254	-	(32 756)	2 266 061
Animals	432	-	2	-	-	434
	8 856 696	(578 633)	1 289 500	-	(94 737)	9 472 826
Service concession assets						
Buses and depots	1 411 752	(1 085)	-	-	-	1 410 667
Housing rental stock	2 864 677	169 490	62 596	-	(23 010)	3 073 753
TOTAL PPE	56 680 005	(143 903)	6 211 349	(98 495)	(136 653)	62 512 303

ACCUMULATED DEPRECIATION						
Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Carrying value R'000
(325 488)	-	65 147	-	-	(260 341)	995 080
(1 012 991)	166	(58 699)	-	10 608	(1 060 916)	1 685 280
(1 338 479)	166	6 448	-	10 608	(1 321 257)	2 680 360
-	-	-	-	-	-	3 441 462
(14 737)	-	(24 277)	-	6	(39 008)	451 525
(372 633)	-	(39 281)	-	-	(411 914)	734 352
(2 990 490)	-	(384 754)	-	89	(3 375 155)	7 961 137
(23 810)	-	(966)	-	-	(24 776)	23 432
(1 349 020)	-	(213 476)	-	-	(1 562 496)	2 876 204
(2 703 865)	-	(180 140)	-	429	(2 883 576)	6 519 823
(1 557 359)	-	(163 716)	-	-	(1 721 075)	2 391 965
(367 822)	-	(17 068)	-	-	(384 890)	248 431
(9 379 736)	-	(1 023 678)	-	524	(10 402 890)	24 648 331
-	-	-	-	-	-	123 887
(47 124)	-	(10 123)	-	-	(57 247)	291 755
(74 875)	-	(5 092)	-	-	(79 967)	220 001
(1 620 228)	-	(218 465)	-	-	(1 838 693)	3 793 346
(977 273)	-	(115 317)	-	175	(1 092 415)	2 004 908
(2 719 500)	-	(348 997)	-	175	(3 068 322)	6 433 897
(16 091)	-	-	-	-	(16 091)	1 171 989
(906)	-	(120)	-	-	(1 026)	236
(531 619)	-	(51 034)	-	-	(582 653)	526 700
(641 252)	(89)	(100 398)	-	14 728	(727 011)	378 799
(50 398)	-	(4 589)	-	-	(54 987)	12 875
(38 046)	-	(1 997)	-	289	(39 754)	16 444
(1 197 079)	(77)	(85 511)	(1 180)	25 977	(1 257 870)	893 706
(563 473)	-	(74 321)	-	13 934	(623 860)	902 330
(1 471 552)	(6)	(230 715)	-	31 564	(1 670 709)	595 352
(259)	-	(58)	-	-	(317)	117
(4 510 675)	(172)	(548 743)	(1 180)	86 492	(4 974 278)	4 498 548
(338 291)	-	(116 835)	-	-	(455 126)	955 541
(870 709)	-	(89 302)	-	18 310	(941 701)	2 132 052
(19 157 390)	(6)	(2 121 107)	(1 180)	116 109	(21 163 574)	41 348 729

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2017 (continued)

	COST					
	Opening balance R'000	Transfers/ adjustments ¹ R'000	Additions ² R'000	Impairments R'000	Disposals R'000	Closing balance R'000
Heritage assets						
Paintings and museum items	9 049	(144)	-	-	(1)	8 904
	9 049	(144)	-	-	(1)	8 904
Investment property						
Vacant land	518 231	-	-	-	(51)	518 180
Land and buildings	124 501	-	-	-	-	124 501
	642 732	-	-	-	(51)	642 681
Intangible assets						
Assets under construction	19 099	(19 099)	-	-	-	-
Acquisition of rights	556 122	5 319	-	-	-	561 441
Computer software	629 828	102 343	79 468	-	-	811 639
	1 205 049	88 563	79 468	-	-	1 373 080
TOTAL OTHER	1 856 830	88 419	79 468	-	(52)	2 024 665
GRAND TOTAL PPE AND OTHER	58 536 835	(55 484)	6 290 817	(98 495)	(136 705)	64 536 968

¹ An adjustment of R55,49 million was passed on the acquisition cost of the property, plant and equipment and other assets.

² Includes the contributed assets amount of R64,21 million.

ACCUMULATED DEPRECIATION							
Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Carrying value R'000	
-	-	-	-	-	-	8 904	
-	-	-	-	-	-	8 904	
-	-	-	-	-	-	518 180	
(54 541)	-	(1 713)	-	-	(56 254)	68 247	
(54 541)	-	(1 713)	-	-	(56 254)	586 427	
-	-	-	-	-	-	-	
(144 467)	-	(69 925)	-	-	(214 392)	347 049	
(431 420)	-	(48 397)	-	-	(479 817)	331 822	
(575 887)	-	(118 322)	-	-	(694 209)	678 871	
(630 428)	-	(120 035)	-	-	(750 463)	1 274 202	
(19 787 818)	(6)	(2 241 142)	(1 180)	116 109	(21 914 037)	42 622 931	

ANNEXURE C: Disclosure of bank accounts in terms of sections 125(2)(a) and (b) of the MFMA FOR THE YEAR ENDED 30 JUNE 2017

ACCOUNT NUMBERS		2017	2016	2015
		R'000	R'000	R'000
MUNICIPALITY OF CAPE TOWN				
Bank accounts held with ABSA				
Main bank	40-5658-4470	469 968	61 936	108 447
Salary bank	40-5658-4496	-	-	-
Cashier's bank	40-5658-4527	-	-	-
General income bank (primary)	40-5658-4569	-	-	-
Traffic fines bank	40-7261-8663	-	-	-
IRT bank	40-8089-5180	-	-	-
Amortised cost - see note 12		469 968	61 936	108 447
SUBSIDIARIES				
CTICC				
Bank accounts				
Nedbank - current	1232043850	463	265	3 118
ABSA Bank - current	4072900553	8 639	6 106	4 384
ABSA Bank - CTICC East - current	4072900228	2 645	1 067	1
ABSA Bank - exh serv - current	4072900731	24	44	104
ABSA Bank Treasury	4073731246	68	65	62
ABSA Bank Treasury	4073733701	2 302	2 157	2 034
Amortised cost		14 141	9 704	9 703
City improvement districts		71 195	52 860	38 956
Total bank balances - see note 12		555 304	124 500	157 106
MUNICIPALITY OF CAPE TOWN				
Bank accounts managed by fund managers				
City of Cape Town	5500125800	-	502	380
City of Cape Town	5500125801	481	2 431	2 047
City of Cape Town	5500125802	306	237	399
City of Cape Town	5500125804	1 803	1 684	1 466
City of Cape Town	5500125805	4 015	857	260
City of Cape Town	5500125806	574	655	1 618
City of Cape Town	5500125807	598	588	546
City of Cape Town	5500125808	1 081	569	710
City of Cape Town	5500125809	194	258	129
City of Cape Town	5500125803	-	95	390
Fair value - see note 12		9 052	7 876	7 945
City of Cape Town - see note 12	5500125803	(5 298)	-	-
Fair value		3 754	7 876	7 945

ACCOUNT NUMBERS			2017	2016	2015
	2017	2016	R'000	R'000	R'000
SUBSIDIARIES					
CTICC					
Investment accounts					
Nedbank - call deposit	03/7881544007/000105	03/7881544007/46	18	17	-
Nedbank - investment account	03/7881544007/000104		-	15 429	14 366
Nedbank - investment account	03/7881544007/000101		-	-	10 066
Nedbank - money market fund	(1766000029) (03/7881111917/00006)		-	-	41 604
ABSA Bank - call deposit	4074708347		39 622	14 834	7 295
First National Bank - RMB investment	00 506 190 167 40		13 800	12 788	-
Stanlib - corporate money market fund	000-402-184 (1199539) 551436367		2 752	51 793	9 996
Stanlib - corporate money market fund	000-402-184 (1199539) 552166459		-	7	17 032
Standard Bank - investment account	(97212) 486008		-	-	12 473
Standard Bank - investment account	(97212) 500922		-	-	10 262
Standard Bank - investment account	(97212) 490390		-	-	12 744
ABSA Bank - investment new 2	(506009 4072900553) 48518474		-	-	21 962
ABSA Bank - investment new 1	(506009 4072900553) 44699506		-	-	10 308
ABSA Bank - investment new 1	(506009 4072900553) 47954355		-	-	9 453
Nedbank - three-month deposit	03/7881544007/000102		-	-	15 485
Investec - corporate money market fund	(462097) 1008645		35 164	19 489	10 113
Investec - corporate money market fund	(462097) 1037793		-	24	16 019
ABSA Bank - call deposit	4083941322		1	14 018	35 925
Nedgroup - money market fund	(1800167964) 8319631		48 356	58 687	35 370
Nedgroup - corporate money market fund C2	(800190652) 8330496		-	-	40 381
Nedgroup - money market fund C2	(800190652) 8330497		-	-	35 528
Nedgroup - money market fund C2	(1452-027-900) 8319631		17 255	-	-
ABSA Bank - fixed deposit	506009 4072900553 - 44893640		-	-	32 025
ABSA Bank - money market fund	9295637051		-	-	21 169
ABSA Bank - CTICC money market fund	09316676360		35 299	86 824	-
ABSA Bank - guarantee	506009 4072900553 - 43939765		45 620	134 913	125 287
Amortised cost			237 887	408 823	544 863

ANNEXURE C: Disclosure of bank accounts in terms of sections 125(2)(a) and (b) of the MFMA FOR THE YEAR ENDED 30 JUNE 2017 (continued)

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2017 R'000	2016 R'000
Performance guarantee	25 000	25 000
Letter of credit	10 500	10 500
Business travel card	2 000	2 000
Daylight limit	2 000 000	2 000 000

The short-term debt facilities are reviewed annually and can be explained as follows:

Performance guarantee

A bank-issued guarantee is an undertaking that should the City fail to fulfil its obligations in terms of a contract or an agreement; the bank will pay specific amounts as stated on the guarantee. The monies are due and payable on written demand from the beneficiary.

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

A card issued by the bank that enables the City to obtain goods and services on credit. It entails moneys lent and advanced.

Daylight limit

A daylight limit is a facility that enables the City to transact even if there are insufficient funds during that particular day. It entails moneys lent and advanced during that day, provided it is settled by the end of that business day.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2017

Business activities	Actual income R'000	Actual expenditure R'000	(Surplus)/ deficit R'000	Inter-departmental charges R'000	Net (surplus)/ deficit R'000	Grants and donations R'000	Actual net result from operations R'000	Budgeted net result from operations R'000
Municipal governance and administration	(17 078 367)	4 887 589	(12 190 778)	(4 344 110)	(7 846 668)	(16 868)	(7 829 800)	(5 339 650)
Executive and Council	(1 574)	43 567	41 993	(315 629)	357 622	(150)	357 772	419 836
Finance and administration	(17 076 791)	4 841 939	(12 234 852)	(3 993 326)	(8 241 526)	(16 718)	(8 224 808)	(5 800 245)
Internal audit	(2)	2 083	2 081	(35 155)	37 236	-	37 236	40 759
Community and public safety	(1 964 132)	6 858 824	4 894 692	1 836 295	3 058 397	(538 808)	3 597 205	3 859 093
Community and social services	(115 763)	1 507 633	1 391 870	524 590	867 280	(43 431)	910 711	893 100
Sport and recreation	(109 784)	1 646 347	1 536 563	565 435	971 128	(69 093)	1 040 221	1 064 368
Public safety	(32 818)	647 568	614 750	134 687	480 063	(8 347)	488 410	532 234
Housing	(1 388 767)	1 855 482	466 715	409 446	57 269	(413 789)	471 058	695 941
Health	(317 000)	1 201 794	884 794	202 137	682 657	(4 148)	686 805	673 450
Economic and environmental services	(3 070 849)	6 523 522	3 452 673	931 212	2 521 461	(1 027 587)	3 549 048	3 692 029
Planning and development	(154 238)	812 775	658 537	200 408	458 129	(15 094)	473 223	566 706
Road transport	(2 899 870)	5 552 002	2 652 132	685 481	1 966 651	(1 002 990)	2 969 641	3 011 911
Environmental protection	(16 741)	158 745	142 004	45 323	96 681	(9 503)	106 184	113 412
Trading services	(24 256 468)	22 795 253	(1 461 215)	1 720 103	(3 181 318)	(543 253)	(2 638 065)	(2 211 472)
Energy sources	(12 790 437)	11 867 215	(923 222)	1 626 686	(2 549 908)	(160 878)	(2 389 030)	(2 183 988)
Water management	(5 359 018)	4 872 497	(486 521)	2 741	(489 262)	(52 731)	(436 531)	(493 500)
Wastewater management	(3 149 753)	3 369 660	219 907	840 654	(620 747)	(329 644)	(291 103)	(62 118)
Waste management	(2 957 260)	2 685 881	(271 379)	(749 978)	478 599	-	478 599	528 134
Subsidiaries	(426 970)	350 777	(76 193)	(143 500)	67 307	(26 678)	93 985	(6 156)
Cape Town International Convention Centre	(244 474)	187 013	(57 461)	20 680	(78 141)	(26 483)	(51 658)	(6 156)
City improvement districts	(182 496)	163 764	(18 732)	(164 180)	145 448	(195)	145 643	-
TOTAL	(46 796 786)	41 415 965	(5 380 821)	-	(5 380 821)	(2 153 194)	(3 227 627)	(6 156)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2017

NATIONAL AND PROVINCIAL GRANT FUNDS 2016/17									
Description	Source	Balance unspent beginning of the year ¹ R'000	Current- year receipts R'000	Adjust- ments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	(742)
Budget Reform Funds	National Treasury	-	-	-	-	-	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(68)	(220)	-	201	-	-	-	(87)
DME - INEP	Energy	-	-	-	-	-	-	-	-
Energy Efficiency Electricity Demand Side Management	National Treasury	-	(15 000)	32	568	14 400	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(31 740)	-	31 340	400	-	-	-
Finance Management Grant	National Treasury	-	(1 050)	-	1 050	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Human Settlements Capacity Grant	State Housing	(26 009)	-	26 009	-	-	-	-	-
Infrastructure Skills Development	National Treasury	(34)	(9 416)	193	7 365	989	-	-	(903)
Integrated City Development Grant	National Treasury	-	(44 805)	2 760	6 289	35 756	-	-	-
LGSETA: Post-Graduate Internship Programme	Environmental Affairs	(63)	-	-	(3)	-	-	-	(66)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	(615)	-	615	-	-	-	-	-
Neighbourhood Development Programme	National Treasury	(6 130)	(25 180)	8 837	-	22 473	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(29)	(1 905)	-	1 905	-	-	-	(29)
Public Transport Network Grant	Transport	(128 961)	(950 063)	189 817	232 093	639 811	-	-	(17 303)
Restructuring Grant - Seed Funding	National Treasury	(3 377)	-	-	-	-	-	-	(3 377)
Special Projects	Environmental Affairs	(784)	(2 328)	-	3 112	-	-	-	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(22)	(705)	-	599	-	-	-	(128)
Tirelo Boshia Programme	Public Service and Administration	(253)	-	-	190	-	-	-	(63)
Urban Renewal	National Treasury	(2 194)	-	-	-	2 194	-	(678)	(678)
Urban Settlement Development Grant	National Treasury	(149 538)	(1 423 504)	166 281	41 560	1 252 464	-	-	(112 737)
Wolffgat Environmental Educational Centre: Contributed Asset	National Treasury	-	-	(9 500)	-	9 500	-	-	-
Total DoRA allocation		(318 832)	(2 505 916)	385 044	326 269	1 977 987	-	(678)	(136 126)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
LGSETA: Post-Graduate Internship Programme: Interest account		(102)	-	-	-	-	(13)	-	(115)
Natural Resource Management: Interest account		(8)	-	-	-	-	-	-	(9)
Neighbourhood Development Programme: Interest account		(1 432)	-	-	-	1 330	(688)	-	(790)
Peninsula Wetlands Rehabilitation Project: Interest account		(5)	-	-	-	-	(41)	-	(46)

NATIONAL AND PROVINCIAL GRANT FUNDS 2016/17

Description	Source	Balance unspent at beginning year ¹ R'000	Current- year receipts R'000	Adjust- ments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Public Transport Infrastructure Systems Grant: Interest account		(269 946)	-	4 064	32 413	22 681	(18 727)	-	(229 515)
Public Transport Infrastructure Grant: Interest account		(30 384)	-	33 255	-	(33 332)	(3 030)	-	(33 491)
Public Transport Network Grant: Interest account		(16 938)	-	-	-	-	(15 104)	-	(32 042)
Public Transport Network Operations Grant: Interest account		(12 872)	-	5 128	(5 183)	-	(1 070)	-	(13 997)
Smart Living Handbook: Interest account		(87)	-	-	-	-	(6)	-	(93)
Special Projects		(55)	-	-	51	-	(72)	-	(76)
Terrestrial Invasive Alien Plants: Interest account		(22)	-	-	-	-	(19)	-	(41)
Total interest earned		(332 097)	-	42 447	27 281	(9 321)	(38 771)	-	(310 461)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS									
		(650 929)	(2 505 916)	427 491	353 550	1 968 666	(38 771)	(678)	(446 587)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(1 264)	(10 000)	-	6 111	-	(330)	-	(5 483)
Atlantis - Wesfleur Ext 13	Human Settlements	(323)	-	323	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	(5 259)	-	5 259	-	-	-	-	-
Bokmakierie/Hazendal Infill 3	Human Settlements	(417)	-	-	3	-	-	-	(414)
Broadband	Department of the Premier	(1 621)	-	-	-	-	-	-	(1 621)
Browns Farm Phase 3, 4, 5, 6	Human Settlements	(11 656)	-	-	666	-	-	-	(10 990)
CBH Wallacedene Phase 1, 3, 4, 5, 6	Human Settlements	(5 291)	-	5 358	-	-	(67)	-	-
Chemical Toilets in Wallacedene	Human Settlements	(32)	-	-	-	-	(2)	-	(34)
Chris Hani Park Housing Project	Human Settlements	(274)	-	274	-	-	-	-	-
Clinics: HIV/AIDS and TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Community Residential Units	Human Settlements	(71 167)	-	3 725	21 380	233	-	-	(45 829)
Delft Sports field Development	Human Settlements	(20)	-	-	-	20	-	-	-
Delft Symphony Way TRA	Human Settlements	(2 687)	-	2 687	-	-	-	-	-
Delft The Hague/Roosendal Eindhoven	Human Settlements	(20 014)	-	(23 893)	19 000	-	-	-	(24 907)
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 266)	-	(44 662)	44 651	-	-	-	(6 277)
Du Noon Phase 1, 3 : Transfers	Human Settlements	(299)	-	299	-	-	-	-	-
ECG Machines: Contributed Assets	Health	-	-	(72)	-	72	-	-	-
Edward Road Energy Efficient Project	Human Settlements	(3 090)	-	-	-	-	(226)	-	(3 316)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 912)	-	(1 065)	1 530	-	-	-	(10 447)
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	(7 378)	-	-	-	-	(7 378)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2016/17										
Description	Source	Balance unspent at beginning of the year ¹ R'000	Current-year receipts R'000	Adjust-ments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000	
					Operating R'000	Capital R'000				
Eradication of Registration Backlog	Human Settlements	-	(11 558)	-	2 021	-	-	-	(9 537)	
Erf 160: Boys Town	Human Settlements	-	-	-	7 507	-	-	(7 507)	-	
Establishment Grants	Human Settlements	(1 337)	-	(1 004)	1 000	-	(104)	-	(1 445)	
Facilitation Grants	Human Settlements	(492)	-	(570)	298	-	(42)	-	(806)	
False Bay Ecology	Economic Development and Tourism	(49)	-	-	-	-	(4)	-	(53)	
Finance Management Support Grant	Treasury	(4)	-	-	4	-	-	-	-	
Financial Management Capacity Building Grant	Treasury	-	(120)	-	-	-	(2)	-	(122)	
Fire Detection Surveillance Cameras	Human Settlements	(4)	-	-	-	-	-	-	(5)	
Gabriel Square Restitution	Human Settlements	(37)	-	37	-	-	-	-	-	
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(57 031)	-	(8 915)	46 139	-	-	-	(19 807)	
Glenhaven Social Housing Project	Human Settlements	-	-	(9 000)	-	-	-	-	(9 000)	
Global Fund Anti-Retroviral	Health	-	(2 006)	2 006	-	-	-	-	-	
Global Fund Community Base Response Project	Health	-	(441)	349	-	-	-	-	(92)	
Global Fund Community Based Programme	Health	(3 169)	-	-	-	-	(232)	-	(3 401)	
Government Grant Community Development Workers	Human Settlements	(82)	(1 089)	-	469	150	(26)	-	(578)	
Green Point Phase 2 Housing	Human Settlements	(797)	-	-	-	-	-	-	(797)	
Greenland's Housing Project	Human Settlements	(971)	-	971	-	-	-	-	-	
Gugulethu Housing Infill Project	Human Settlements	-	-	(11 226)	-	-	-	-	(11 226)	
Happy Valley – Phase 2 Top Structures	Human Settlements	-	-	(442)	377	-	-	-	(65)	
Hazendal Infill – Top Structures	Human Settlements	(1 275)	-	(333)	1 527	-	-	-	(81)	
HCE Manuals (Housing Consumer Education)	Human Settlements	(127)	-	-	-	-	(9)	-	(136)	
Heideveld Housing Infill	Human Settlements	(19 164)	-	(34 253)	44 326	-	-	-	(9 091)	
HIV/AIDS Community Based Response Projects	Health	-	(203 902)	9 233	179 967	-	-	-	(14 702)	
Hostels Phase 2 Housing	Human Settlements	(996)	-	996	-	-	-	-	-	
Housing Settlements Development Grant	Human Settlements	(40 968)	(585 000)	517 474	-	-	-	-	(108 494)	
IHP Westgate Mall Phase C1 and C2	Human Settlements	(3 055)	-	-	980	-	-	-	(2 075)	
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	931	-	-	-	-	-	
Informal Settlements	Human Settlements	(240)	(1 500)	(324)	697	-	-	-	(1 367)	
Interactive Community Access Network	Economic Development and Tourism	(123)	-	-	-	127	(9)	-	(5)	
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)	
Kalkfontein Phase 2	Human Settlements	(395)	-	395	-	-	-	-	-	
Kanonkop Phase 1 Top Structures	Human Settlements	(11 563)	-	(1 343)	2 566	-	-	-	(10 340)	

NATIONAL AND PROVINCIAL GRANT FUNDS 2016/17

Description	Source	Balance unspent beginning of the year ¹ R'000	Current- year receipts R'000	Adjust- ments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Khayelitsha Khuyasa Phase 2	Human Settlements	(4 608)	-	4 608	-	-	-	-	-
Khayelitsha Site C Subsidies	Human Settlements	(4 210)	-	-	89	-	(303)	-	(4 424)
Kleinvllei Phase 2	Human Settlements	(893)	-	(523)	964	-	-	-	(452)
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	202	-	-	-	-	-
Law Enforcement Officers	Community Safety	(463)	(22 340)	-	22 340	-	-	-	(463)
Law Enforcement Officers	Human Settlements	(2)	(3 278)	-	3 279	-	(69)	-	(70)
Library Metro Grant	Cultural Affairs and Sport	(1 037)	(7 500)	-	-	8 512	(355)	-	(380)
Macassar Treatment Works	Human Settlements	(5 500)	-	-	-	5 500	-	-	-
Marconi Beam	Human Settlements	(9)	-	9	-	-	-	-	-
Masiphemelele Amakhaya Ngoku	Human Settlements	(16 219)	-	16 219	-	-	-	-	-
Metropolitan Land Transport Fund	Transport and Public Works	(10 092)	(28 000)	-	15 819	15 476	(853)	-	(7 650)
Metropolitan Transport Fund	Transport and Public Works	-	-	(1 811)	1 811	-	-	-	-
Mfuleni Ext 3	Human Settlements	(129)	-	-	-	-	-	-	(129)
Mfuleni Ext 4 Housing	Human Settlements	(332)	-	332	-	-	-	-	-
Mfuleni Flood Relief Project	Human Settlements	(3 005)	-	-	429	-	-	-	(2 576)
Mfuleni MLS Top structure	Human Settlements	(213)	-	213	-	-	-	-	-
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	-	-	-	-	(4 143)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morgan Vill3/Western Cape	Human Settlements	(1 244)	-	1 289	-	-	(45)	-	-
Morningstar Infill IRDP	Human Settlements	-	-	(8 361)	3 569	-	-	-	(4 792)
New Housing Development Projects	Human Settlements	-	-	5 817	703	-	-	(6 520)	-
NHBRC Enrollment Fees	Human Settlements	-	-	(3 629)	4 245	-	-	(616)	-
Nutrition Supplement Programme	Health	(345)	(4 143)	-	4 733	-	-	(245)	-
Pelican Park 2083 Top Structures	Human Settlements	(9 726)	-	-	777	-	-	-	(8 949)
Peoples Housing Project	Human Settlements	(76 959)	-	(241 211)	209 386	-	(7 429)	-	(116 213)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi East Phase 5	Human Settlements	(597)	-	-	-	-	-	-	(597)
Philippi Park Flooding	Human Settlements	(974)	-	974	-	-	-	-	-
Phumlani Transfers	Human Settlements	(22)	-	22	-	-	-	-	-

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2017 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2016/17									
Description	Source	Balance unspent at beginning of the year ¹ R'000	Current-year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year ¹ R'000
					Operating R'000	Capital R'000			
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(223)	-	-	-	-	(16)	-	(239)
Public Library Fund	Cultural Affairs and Sport	(4 276)	(49 665)	-	37 626	14 078	(1 578)	-	(3 815)
Redhill Informal Settlement	Human Settlements	(322)	-	324	-	-	(2)	-	-
Rondevlei Housing Project	Human Settlements	(33)	-	-	33	-	-	-	-
Scottsdene 350 Top Structures	Human Settlements	(7 527)	-	-	-	2 034	-	-	(5 493)
Scottsdene 550 Top Structures	Human Settlements	-	-	(4 991)	4 991	-	-	-	-
Sercor Park	Human Settlements	(704)	-	704	-	-	-	-	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Social Economic Facilities Programme	Human Settlements	(1 265)	-	1 265	-	-	-	-	-
Somerset West Housing Project	Human Settlements	(4 164)	-	-	2 316	-	-	-	(1 848)
Spandau Project 384 Houses	Human Settlements	(36)	-	36	-	-	-	-	-
Sweet Homes IDA TRA	Human Settlements	-	-	(21 320)	2 593	-	-	-	(18 727)
Tafelsig Area: Silver City	Human Settlements	(202)	-	202	-	-	-	-	-
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(118)	(27 148)	289	25 626	-	-	-	(1 351)
Temperance Town	Human Settlements	(55)	-	55	-	-	-	-	-
Vaccines	Health	-	(96 757)	27 807	80 874	-	-	(11 924)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(253)	-	253	-	-	-	-	-
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(12 462)	-	(997)	76	-	-	-	(13 383)
Witsand Housing Project Phase 1, 2	Human Settlements	-	-	-	-	-	-	-	-
TOTAL PROVINCE TRANSFERS AND GRANTS		(468 395)	(1 054 447)	183 614	803 498	46 202	(11 704)	(26 812)	(528 044)
Analysis of grants and subsidies									
Total National Government transfers and grants		(650 929)	(2 505 916)	427 491	353 550	1 968 666	(38 771)	(678)	(446 587)
Total Province transfers and grants		(468 395)	(1 054 447)	183 614	803 498	46 202	(11 704)	(26 812)	(528 044)
		(1 119 324)	(3 560 363)	611 105	1 157 048	2 014 868	(50 475)	(27 490)	(974 631)

¹ The balance unspent at beginning and end of the year excludes VAT.



ANNEXURE F: Appropriation statement

FOR THE YEAR ENDED 30 JUNE 2017

2016/17						
	Original budget R'000	Budget adjustments (i.t.o. s28 and s31 of the MFMA) R'000	Final adjustments budget R'000	Shifting of funds (i.t.o. s31 of the MFMA) R'000	Virement (i.t.o. Council-approved policy) R'000	Final budget R'000
Financial performance						
Property rates	6 959 000	618 601	7 577 601	-	-	7 577 601
Service charges	18 542 080	241 911	18 783 991	-	-	18 783 991
Investment revenue	610 778	8 537	619 315	-	-	619 315
Transfers recognised – operational	3 802 940	505 384	4 308 324	-	-	4 308 324
Other own revenue	4 494 073	(58 205)	4 435 868	-	-	4 435 868
Total revenue (excluding capital transfers and contributions)	34 408 871	1 316 228	35 725 099	-	-	35 725 099
Employee costs	10 694 236	(241 952)	10 452 284	-	(16 151)	10 436 133
Remuneration of councillors	152 117	(5 176)	146 941	-	-	146 941
Debt impairment	1 798 371	459 474	2 257 845	-	(459 346)	1 798 499
Depreciation and asset impairment	2 350 567	116 608	2 467 175	-	-	2 467 175
Finance charges	901 987	(5 181)	896 806	-	-	896 806
Materials and bulk purchases	8 853 353	181 035	9 034 388	-	(17 082)	9 017 306
Transfers and grants	174 833	(53 480)	121 353	-	(3 754)	117 599
Other expenditure	9 846 759	489 460	10 336 219	-	496 333	10 832 552
Total expenditure	34 772 223	940 788	35 713 011	-	-	35 713 011
Surplus/(Deficit)	(363 352)	375 440	12 088	-	-	12 088
Transfers recognised – capital	2 177 040	28 031	2 205 071	-	-	2 205 071
Contributions recognised – capital and contributed assets	87 800	141	87 941	-	-	87 941
Surplus/(Deficit) after capital transfers and contributions	1 901 488	403 612	2 305 100	-	-	2 305 100
Share of surplus/(deficit) of associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	1 901 488	403 612	2 305 100	-	-	2 305 100
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised – capital	2 177 040	28 031	2 205 071	-	-	2 205 071
Public contributions and donations	87 800	(6 459)	81 341	-	-	81 341
Borrowing	2 988 696	(31 546)	2 957 150	-	-	2 957 150
Internally generated funds	1 523 826	7 072	1 530 898	-	-	1 530 898
Total sources of capital funds¹	6 777 362	(2 902)	6 774 460	-	-	6 774 460
Cash flows						
Net cash from (used) operating	4 180 508	84 560	4 265 068	-	-	4 265 068
Net cash from (used) investing	(6 130 361)	(51 278)	(6 181 639)	-	-	(6 181 639)
Net cash from (used) financing	2 375 150	(93 296)	2 281 854	-	-	2 281 854
Cash/cash equivalents at the year end	425 297	(60 014)	365 283	-	-	365 283

¹ The actual capital outcome amount does not include the contributed assets amount of R64,21 million. See annexure B.

2016/17						2015/16			
Actual outcome R'000	Unauthorised expenditure R'000	Variance R'000	Actual outcome as % of final budget %	Actual outcome as % of original budget %		Reported unauthorised expenditure R'000	Expenditure authorised in terms of section 32 of MFMA R'000	Balance to be recovered R'000	Restated audited outcome R'000
8 100 322	-	-	107	116		-	-	-	-
18 815 939	-	-	100	101		-	-	-	-
800 331	-	-	129	131		-	-	-	-
3 666 705	-	-	85	96		-	-	-	-
4 927 459	-	-	111	110		-	-	-	-
36 310 756	-	-	102	106		-	-	-	-
9 728 886	-	-	93	91		-	-	-	-
138 951	-	-	95	91		-	-	-	-
1 898 663	-	-	106	106		-	-	-	-
2 340 820	-	-	95	100		-	-	-	-
735 132	-	-	82	82		-	-	-	-
8 914 151	-	-	99	101		-	-	-	-
111 829	-	-	95	64		-	-	-	-
9 155 197	-	-	85	93		-	-	-	-
33 023 629	-	-	92	95		-	-	-	-
3 287 127	-	-	-	(905)		-	-	-	-
2 005 297	-	-	91	92		-	-	-	-
88 397	-	-	101	101		-	-	-	-
5 380 821	-	-	233	283		-	-	-	-
-	-	-	-	-		-	-	-	-
5 380 821	-	-	233	283		-	-	-	-
2 055 505	-	-	93	94		-	-	-	-
71 882	-	-	88	82		-	-	-	-
2 739 196	-	-	93	92		-	-	-	-
1 407 718	-	-	92	92		-	-	-	-
6 274 301	-	-	93	93		-	-	-	-
6 631 085	-	-	155	159		-	-	-	-
(6 472 132)	-	-	105	106		-	-	-	-
(189 301)	-	-	(8)	(8)		-	-	-	-
(30 348)	-	-	(8)	(7)		-	-	-	-

ANNEXURE G: Bids awarded to family of employees in the service of the state – 2016

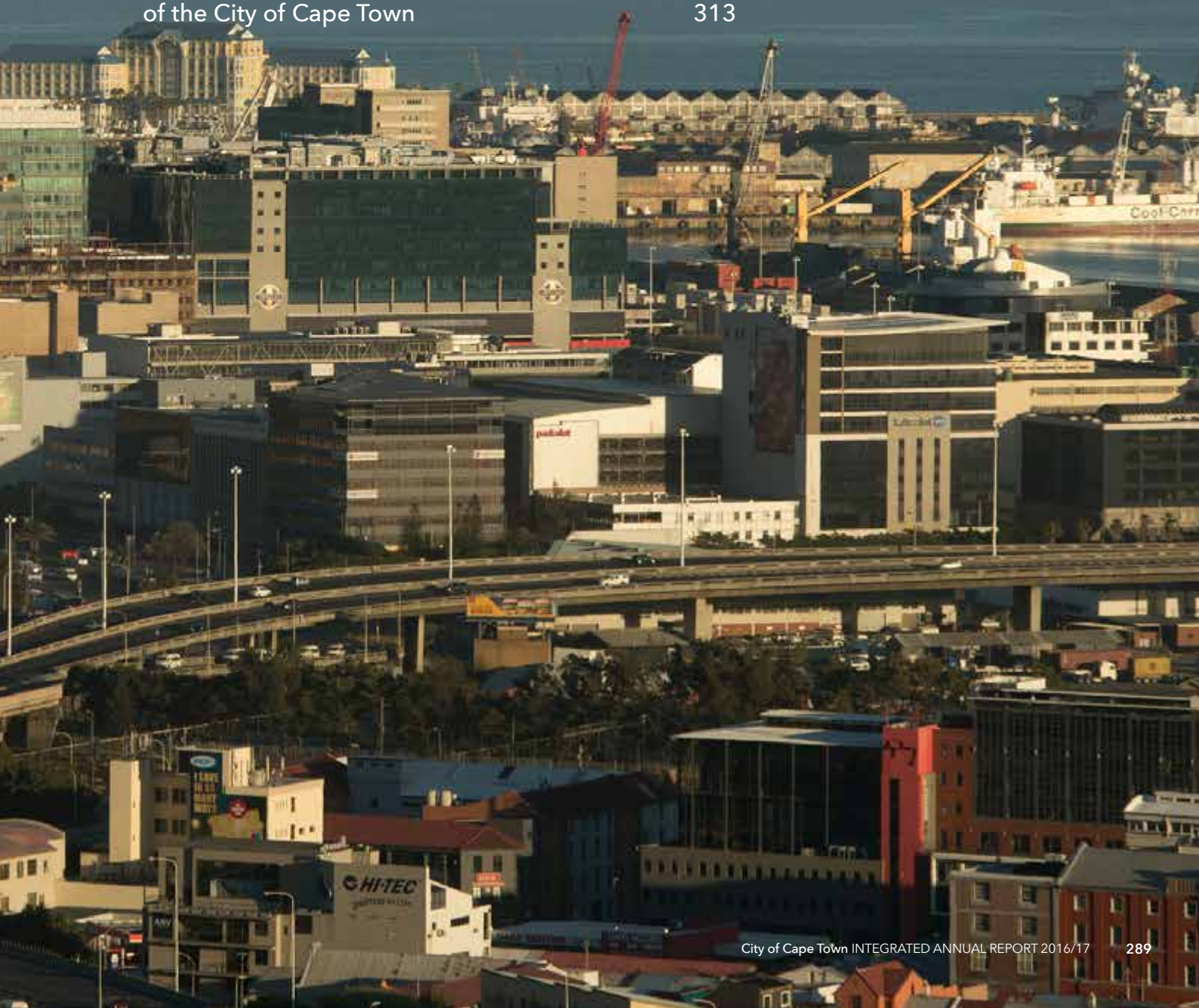
		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2016 R'000	2016 R'000
C Adams	Clerk	33	33
M Agulhas	Artisan	182	182
M Barnard	Deputy Director: Health Department	541	541
M Basson	Principal Facility Officer	465	465
M Brink	Doctor	492	-
D Burgess	Senior Clerk	910	910
C Carr	Administrative Officer	2	2
S Daniels	Project Administrator	56	56
F Davids	Clerk	138	138
G Davids; R Samuals	Clerk; Operator: Small Plant	233	233
J Davids	Administrative Officer	833	833
M Davids	Operational Supervisor: Driver	557	557
N Dolf	Clerk	791	791
A Dolf	Senior Clerk	637	637
J du Toit	Assistant Buyer: SCM	961	961
Y Ebrahim	Head: District 5	1 835	1 835
A Els	Warrant Officer	288	288
TN Gaxeni	Deducter Manager	252	252
S Fourie	HoD: Department of Economic Development and Tourism	23	-
C Gordon	Clerk	430	430
T Hassan	Senior Clerk	279	279
PM Hattingh	Administrative Officer: SCM	3	3
C Hector	Quality Assessor	1 995	1 995
C Henderson	Teacher	146	146
F Hendricks	Administrative Officer	756	756
E Ishmail	Manager: Valuation Data and Systems	6 719	6 719
J Jemane	Professional Officer	35	35
G Kuyk	Principal GIS Technical: Valuations	500	500
J Lategan	Clerk	438	438
S le Vack	Professional Nurse	117	117
T Lebesana	Security Officer	16	16
P Leukes	Spokesperson to the Executive Mayor	152	152
R Marais	Teacher	44	44
N Mbhalo	Clerk	179	179
SS Merile	Operator: Small Plant	1 114	1 114
T Meyer	Educator: Western Cape Education Department	1 564	-
FJ Monk	Subcouncil Manager	843	843
S Moolla	Clinical Psychologist	443	443
MC Mshweshwe	Statutory Compliance Specialist	845	845
P Naidoo	Functional Operational Manager: Tourism Events	626	626
GA Nel	Advisory Specialist	59	59

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
		2016 R'000	2016 R'000
Connected person	Position held in the state		
B Ntlati	Clerk	1 136	1 136
B Paul	Manager: Department of Cultural Affairs and Sport	256	256
G Peters	Manager: Housing	28	28
Y Phosa	Member of Parliament	11 144	10 989
N Poole	Senior Clerk	96	96
W Quantoi; K Quantoi	Artisan; Maintenance Assistant	23	23
C Rhoda	Professional Officer	834	834
T Ritter	Senior Clerk	42	42
K Roberts	Clerk	763	763
D Rose	Call Centre Agent	641	641
L Ryneveldt	Senior Project Administrator	239	239
T Salomons	Specialist Engineering	6 578	6 578
MN Sammy	Administrative Officer	7	7
F Trom	Senior Worker	121	121
V van der Heever	Teacher	3 011	3 011
C van der Vendt	Senior Worker	222	222
N Vlotman	Data Capturer	23	23
MF Votersen	Head: Finance Parks	2 604	2 604
B Wasserfall	Senior Forensics Officer	1 394	1 394
M Whare	Manager: SCM	593	593
P Wileman	Operations Manager: Corporate	706	706
S Willemse; A Bell	Administrative Officer; Senior Clerk	1 559	1 559
R Wyngaard	Administrative Officer – Tenders: SCM	1 309	1 309
TOTAL		59 861	57 627



APPENDICES

Appendix A: Annual performance management report - City of Cape Town	290
Appendix B: Definitions for corporate scorecard	298
Appendix C: CTICC performance scorecard for the 2016/17 financial year	306
Appendix D: Abbreviations used in this report	308
Appendix E: List of figures and tables	311
Appendix F: MFMA circular 63 appendices	312
Appendix G: Annual report of the Municipal Public Accounts Committee to the Council of the City of Cape Town	313





APPENDIX A 2016/17 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN

RATING KEY: ✓ Well above ◆ Above ● On target ▲ Below ✕ Well below										
Objectives		Indicators	2015/16 (previous financial year)		2016/17 (current financial year)					
			Target	Actual	Target	Actual	Status			
THE OPPORTUNITY CITY	1.1	Create an enabling environment to attract investment that generates economic growth and job creation	1.A	Percentage of building plans approved within statutory timeframes (30 – 60 days)	87%	94,1%	90%	97,3%	◆	
	1.2	Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development	1.B	Percentage spend of capital budget*	90%	89,57%	90%	92,85%	◆	
			1.C	Rand value of capital invested in engineering infrastructure*	R3,9 billion	R3,7 billion	R3,78 billion	R3,79 billion	◆	
			1.D	Percentage spend on repairs and maintenance*	95%	94,48%	95%	99,52%	◆	
			1.E	Number of outstanding valid applications for water services expressed as a percentage of total number of billings for the service*	<0,8%	0,29%	<0,7%	0,33%	✓	
			1.F	Number of outstanding valid applications for sewerage services expressed as a percentage of total number of billings for the service*	<0,8%	0,24%	<0,7%	0,37%	✓	
			1.G	Number of outstanding valid applications for electricity services expressed as a percentage of total number of billings for the service*	<0,8%	0,12%	<0,7%	0,08%	✓	
			1.H	Number of outstanding valid applications for refuse collection service expressed as a percentage of total billings for the service*	<0,8%	0,01%	<0,7%	0,01%	✓	
			1.I	Number of EPWP opportunities created*	42 500	44 942	45 000	45 370	◆	
	1.3	Promote a sustainable environment through the efficient utilisation of resources	1.J	Percentage of treated potable water not billed	19,2%	22,2%	18,7%	24,62%	✕	
1.4	Ensure mobility through the implementation of an effective public transport system	1.K	Number of passenger journeys on the MyCiTi public transport system*	15 million	18,5 million	19 million	19,9 million	◆		
1.5	Leverage the City's assets to drive economic growth and sustainable development	1.L	Percentage development of an immovable property asset management framework (AT)	85%	85%	95%	95%	●		
1.6	Maximise the use of available funding and programmes for training and skills development	1.M(a)	Number of external trainee and bursary opportunities (excluding apprentices)*	800	1 130	850	1 153	✓		
		1.M(b)	Number of apprentices*	300	383	320	412	✓		

LEGEND: AT – Annual target * Cumulative

	Reason for variance	Remedial action
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	Water is treated based on demand. Due to the City's water restrictions, residents used less water, which reduced demand, and consequently also the water available to be treated and fed back into the water system.	Future non-revenue water figures (water not billed) will be closely monitored. Responsible person: Peter Flower Due date: Ongoing
	Target achieved	Maintain the momentum
	On target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum

APPENDIX A 2016/17 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN (continued)

RATING KEY: ✓ Well above ◆ Above ● On target ▲ Below ✗ Well below								
Objectives	Indicators	2015/16 (previous financial year)		2016/17 (current financial year)			Status	
		Target	Actual	Target	Actual			
 THE SAFE CITY	2.1 Expand staff and capital resources in policing departments and emergency services to provide improved services to all, especially the most vulnerable communities	2.A Community Satisfaction Survey (score 1 – 5) – safety and security (AT)	2,8	2,9	2,9	2,9	●	
		2.B Reduce number of crashes at five highest crash frequency intersections*	161	131	153	181	✗	
		2.C Percentage response times for fire incidents within 14 minutes from call receipt up to arrival	80%	81,64%	80%	77,79%	▲	
	2.2 Resource departments in pursuit of optimum operational functionality	2.D Number of operational specialised units maintained	14	14	14	14	●	
	2.3 Enhance information-driven policing with improved information-gathering capacity and functional specialisation	2.E Percentage budget spent on integrated information management system (AT)	68%	99,94%	90%	95,93%	◆	
	2.4 Improve efficiency of policing and emergency staff through effective training	2.F Percentage staff successfully completing occupational-specific training interventions*	70%	96,19%	70%	99%	✓	
 THE CARING CITY	2.5 Improve safety and security through partnerships	2.G Percentage of neighbourhood watch satisfaction survey	90%	100%	90%	100%	✓	
	3.1 Provide access to social services for those who need it	3.A Number of social development programmes implemented (AT)	7	7	7	7	●	
		3.B Number of recreation hubs where activities are held on a minimum of five days a week*	55	55	55	55	●	
	3.2 Ensure increased access to innovative human settlements for those who need it	3.C Number of human settlements opportunities provided per year						
		Serviced sites*	5 556	2 297	5 556	1 189	✗	
		Top structures*	4 760	3 319	4 760	4 839	◆	
		Other (community residential unit (CRU) upgrades and shared services provision to re-blocked informal settlements and backyarders)*	2 000	1 364	2 000	849	✗	

LEGEND: AT – Annual target * Cumulative

	Reason for variance	Remedial action
	On target	Maintain the momentum
	The overall target has not been met due to challenges with minor crashes at some of the intersections. Since Traffic Services has little control over drivers' behaviour, the City is struggling to meet this target.	Maintain a visible presence at the intersections. Responsible person: André Nel Due date: Ongoing
	The continuous lack of staff over the busy summer period reduces the number of vehicles and crews available to attend to second and third fire incidents, which severely compromises response times, as stations have to travel further to emergency incidents on a regular basis. In addition, the period in question is the City's peak bushfire season, which typically sees an increase in incident volumes. In addition, the Fire and Rescue Service had to deal with several major fires, which imposed an additional burden on resources.	Ongoing request for additional funding to increase staffing complement, ongoing public awareness programmes to reduce risk, and the filling of vacancies. Monitor scenario on a continuous basis. Responsible person: Richard Bosman Due date: Ongoing
	On target	Maintain the momentum
	Target achieved	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	On target	Maintain the momentum
	On target	Maintain the momentum
	Informal Settlements, Water and Waste Services (ISWWS): Actual = 0 Anticipated sites to be created for 2016/17 financial year related to the completion of Mfuleni ext 2 project. This project was subject to community resistance, which was subsequently resolved in May 2017. In addition, new projects, namely Kalkfontein and 8ste Laan for partial delivery of sites in 2016/17, failed to initiate as planned due to tender appeals, and delays in relation to gang violence/gang threats, which compelled the contractor to vacate the site.	Mfuleni ext 2 to serve before bid adjudication committee for contractor award. Kalkfontein appeal resolved, and the contractor is in the process of mobilising on site. Engagements regarding 8ste Laan to be undertaken with Law Enforcement authorities in order for the contractor to return to site. Responsible persons: Herman Steyn, Johan Gerber and Stefan Grobler Due date: Ongoing
	TDA: Actual = 1 189 Belhar Pentech, Dido Valley, Morkel's Cottage, 10 ha site Somerset West and Valhalla Park were delayed due to termination of previous contracts, additional funding requests via Province, and security issues on site.	All issues have been resolved, but the accelerated programmes for the delivery of sites on these projects did unfortunately not meet the annual target. Responsible persons: Melissa Whitehead Due date: Ongoing
	Target achieved	Maintain the momentum
	Backyarders: Only two backyarder projects were planned for implementation in the 2016/17 financial year. The yield reflected was achieved by these two projects. Other planned backyarder projects, namely Retreat, Steenberg, Lavender Hills and Cafda, were reprogrammed for the next financial year, as a beneficiary survey was initiated yet halted due to ongoing gang violence in the area.	Backyarders: The subcouncil initiated a process to identify key role-players in the volatile areas to undertake the required beneficiary survey for projects to be implemented in the new financial year. In addition, a City-wide legacy data survey was undertaken in 2016/17 to determine future backyarder projects. Responsible persons: Herman Steyn, Johan Gerber and Stefan Grobler Due date: Ongoing

APPENDIX A 2016/17 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN (continued)

RATING KEY: ✓ Well above ♦ Above ● On target ▲ Below ✗ Well below

Objectives	Indicators	2015/16 (previous financial year)		2016/17 (current financial year)			
		Target	Actual	Target	Actual	Status	
3.3 Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria	3.D Number of deeds of sale agreements signed with identified beneficiaries on transferrable rental units	1 000	1 065	1 000	760	✗	
3.4 Provide for the needs of informal settlements and backyard residences through improved services	3.E Improve basic services						
	Number of water services points (taps) provided*	600	919	600	676	✓	
	Number of sanitation service points (toilets) provided*	2 800	3 058	2 800	2 085	✗	
	Percentage of informal settlements receiving a door-to-door refuse collection service*	99%	99,74%	99%	99,74%	♦	
	3.F Number of subsidised electricity connections installed	1 500	2 909	1 500	1 747	✓	
3.5 Provide effective environmental health services	3.G Percentage compliance with drinking water quality standards	98%	99,67%	98%	99,65%	♦	
3.6 Provide effective air quality management and pollution (including noise) control programmes	3.H Number of days when air pollution exceeds daily RSA ambient air quality standards*	<40	8	<40	32	✓	
3.7 Provide effective primary healthcare services	3.I Percentage HIV-positive TB patients on antiretroviral treatment (ART)	87%	90,2%	87%	93,4%	♦	
3.8 Provide substance abuse outpatient treatment and rehabilitation services	3.J Number of new clients screened at the substance abuse outpatient treatment centres*	1 628	1 741	1 687	1 739	♦	

THE CARING CITY



Reason for variance	Remedial action
<p>A. TENANCY ISSUES AND DISPUTE RESOLUTION</p> <ul style="list-style-type: none"> In terms of lease agreement, tenant is under no obligation to take ownership. The qualifying criteria for the indicator is a current lawful tenant with an existing lease agreement. Tenancy issues and disputes vary, for example unlawful tenants in occupation of saleable units, and people not qualifying for tenancy. These tenancy issues must be resolved first in order for a sales application to be made and processed. In cases of transfer of tenancy, the siblings of the tenant are required to provide consent for the sale of the rental unit, which can delay the sales process. The siblings are reluctant to give consent, as they fear eviction by the tenant as soon as (s)he has purchased the unit. The rightsizing clause, clause 8.16.16, of the existing allocation policy provides that where tenants do not want to take ownership of saleable rental dwellings, they be moved to non-saleable rental dwellings. The practical implementation is, however, burdensome due to the lengthy administrative and legal process that needs to be followed. <p>B. FINANCIAL CONTRIBUTIONS</p> <ul style="list-style-type: none"> Tenants are financially not in a position to purchase their rental units due to the high level of unemployment. In terms of Council's policy for the determination of selling prices for saleable rental units, they are required to pay a contribution towards transfer costs and/or part of the sales price (in cases where they do not qualify for full subsidy amount) as well as 50% of their rental and service arrears in certain cases. Refer Council resolutions C8012/12 and C85/0511. Tenants who do not qualify for the enhanced extended discount benefit scheme (EEDBS) due to previous property ownership are required in terms of the National Housing Code to purchase at market-related prices, which few tenants can afford. <p>C. MAINTENANCE</p> <ul style="list-style-type: none"> Tenants are not willing or financially able to attend to the repairs and maintenance of the property after ownership is transferred. Tenants insisting on maintenance to be done prior to sale and transfer. <p>D. SALES PROCESS</p> <ul style="list-style-type: none"> The sales process from sign-on to issuing of title deed is lengthy and labour intensive, and a cause for delay. Tenants refusing installation of water management devices. 	<p>A. TENANCY ISSUES AND DISPUTE RESOLUTION</p> <ul style="list-style-type: none"> Legal opinion to be sought on whether City can amend lease agreement to obligate tenant to purchase. Ongoing consumer education and facilitation to promote home ownership benefits through letters, posters and public meetings, and involving councillors and new area-based service delivery structures. <p>B. FINANCIAL CONTRIBUTIONS</p> <ul style="list-style-type: none"> Report(s) to Council making recommendations on increasing the take-up of ownership, i.e. the City to cover ALL costs with regard to transfer, insurance, admin, outstanding rental and service arrears, shortfall of purchase price not covered by the EEDBS. Make submission to National Human Settlements Department for review of National Housing Code with regard to provision for property owners having to purchase at market-related prices OR City to pay full costs. <p>C. MAINTENANCE</p> <ul style="list-style-type: none"> City to consider upgrade of rental properties within legislative and funding limits before transfer. <p>D. SALES PROCESS</p> <ul style="list-style-type: none"> Review of sales process, supporting documents and performance indicator measurement sheet. Review of Council policy/practice pertaining to the installation of water management devices in City-owned rental stock. <p>Responsible person: Grace Blouw Due date: Ongoing</p>
Well above target	Maintain the momentum
<p>Although the target was missed, it must be viewed within the framework of the IDP five-year term ending June 2017, during which over 22 500 toilets were provided against a targeted 16 500. Close to 730 toilets could not be installed during 2016/17 as planned, mainly because of community protests, challenges with labour recruitment, security and gang issues on site, theft and vandalism, as well as problematic infrastructure and ground conditions. If these projects had realised, the target would have been exceeded.</p>	<p>Address the various localised challenges for projects to proceed where possible during the new financial year, including dispute resolutions and community negotiations, stabilise land and conclude bulk infrastructure preparations.</p> <p>Responsible person: Diketso Kale Due date: 2017/18</p>
Target achieved	Maintain the momentum
Well above target	Maintain the momentum
Target achieved	Maintain the momentum
Well above target	Maintain the momentum
Target achieved	Maintain the momentum
Target achieved	Maintain the momentum

APPENDIX A 2016/17 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN (continued)

RATING KEY: ✓ Well above ◆ Above ● On target ▲ Below ✗ Well below								
Objectives	Indicators	2015/16 (previous financial year)		2016/17 (current financial year)			Status	
		Target	Actual	Target	Actual			
THE INCLUSIVE CITY	4.1 Ensure responsiveness by creating an environment where citizens can be communicated with and responded to	4.A Percentage adherence to City-wide service standard based on all external notifications	100%	102,19%	100%	105,06%	◆	
	4.2 Provide facilities that make citizens feel at home	4.B Customer satisfaction survey community facilities (1 - 5 Likert scale) (AT)	3,1	3,2	3,1	3,2	◆	
THE WELL-RUN CITY	5.1 Ensure a transparent government, and work towards eradicating corruption	5.A Number of municipal meetings open to the public*	174	183	174	127	✗	
	5.2 Establish an efficient and productive administration that prioritises delivery	5.B Employee engagement index as measured in a biennial staff engagement survey (biennial)	3,6	3,75	Biennial	-	N/A	
		5.C Community Satisfaction Survey (score 1 - 5) - City-wide (AT)	2,9	2,8	3	2,8	▲	
		5.D Percentage of people from employment equity (EE) target groups employed at the three highest levels of management in compliance with the City's approved employment equity plan*	80%	66,34%	85%	69,86%	✗	
		5.E Percentage budget spent on implementation of workplace skills plan for the City*	95%	104,85%	95%	92,3%	▲	
	5.3 Ensure financial prudence, with clean audits by the Auditor-General	5.F Opinion of the Auditor-General	Clean audit	Clean audit	Clean audit	Unqualified audit opinion with other findings	▲	
		5.G Opinion of independent rating agency	High investment rating (subject to sovereign rating)	High investment rating (A1.za)	High investment rating (subject to sovereign rating)	High investment rating (Aaa.za) confirmed on 14 June 2017	●	
		5.H Ratio of cost coverage maintained*	2:1	2,02:1	2:1	2,28:1	◆	
		5.I Net debtors to annual income [ratio of outstanding service debtors to revenue actually received for services]*	21,5%	20,39%	21,5%	21,15%	◆	
		5.J Debt coverage by own billed revenue*	2:1	5,83:1	2:1	4,5:1	✓	

LEGEND: AT - Annual target * Cumulative

	Reason for variance	Remedial action
	Target achieved (target based on 80% of notifications being achieved)	Maintain the momentum
	Target achieved	Maintain the momentum
	Due to the local government elections held on 3 August 2016, the re-establishment of new committees was delayed, and therefore, no meetings were held from July 2016 until January 2017.	The City will in future consider the impact of local government elections on meetings, and it is proposed that in such instances, the annual target be reduced. Responsible person: Gillian Kenhardt Due date: Ongoing
	Biennial target	
	In 2016/17, residents' overall rating was the same as in 2015/16, and slightly lower than the target. This continues to reflect the challenge of maintaining high levels of satisfaction in a context of continued demand for services (a result of increasing levels of population and urbanisation) and the current challenging economic environment, which may continue to influence residents' perceptions.	Survey results to be submitted to line directorates/departments to incorporate into their service delivery planning, with a specific focus on addressing the priority areas identified in the survey. Responsible person: Carol Wright Due date: Ongoing
	There is a steady increase in the City's performance against the target, even though there still is variance. ODTP restructuring phase 1 provided the organisation with an opportunity to attract scarce and critical skills from designated groups. This is an ongoing journey.	The EE Branch will continue facilitating integration and embedding of EE in human resources policies and practices, including recruitment and selection, succession planning and retention strategies, to ensure that the organisation continues to make progress towards achievement of the target. Responsible person: Zukiswa Mandlana Due date: Ongoing
	The ODTP process had an impact on the implementation of training across the City. As many people were relocated and new departments created, this delayed the implementation of training, which subsequently affected the training budget.	Line departments must ensure that all invoices are processed and goods-received notes issued by 4 August 2017. Responsible person: Amelia Sithole Due date: Ongoing
	For reasons and remedial action see page 175 of this report.	
	On target	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum

APPENDIX B

DEFINITIONS FOR CORPORATE SCORECARD

Indicator	IDP ref	Indicator definition
1.A Percentage of building plans approved within statutory timeframes (30 – 60 days)	1.1(e)	<p>Percentage of applications approved within statutory timeframes (30 – 60 days). The objective is to improve approval time of the applications. This improvement is in the trend over the course of the five-year term of the IDP, but is targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of < 500 m² (30 days) and >500 m² (60 days). See section A7 of the National Building Regulations Act, Act 103 of 1977.</p> <p>Date and time-stamped data: A cut-off date of three days of the next month is allowed to ensure the integrity of data of the previous month's production (i.e. 30th or 31st day of the month). Statistical report will be generated on the fourth day, with a date and time stamp record, and will be provided as a weighted average percentage for the 30- and 60-day building plans.</p>
1.B Percentage spend of capital budget	1.2(b)	<p>Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget.</p> <p>The total budget is the Council-approved adjusted budget at the time of the measurement.</p> <p>Contingent liabilities are only identified at year-end.</p>
1.C Rand value of capital invested in engineering infrastructure	1.2(b)	<p>Relates to growth, refurbishment and replacement of the road network, stormwater network, integrated public transport, water, sanitation, electricity, solid waste (removal and disposal) and broadband infrastructure.</p>
1.D Percentage spend on repairs and maintenance	1.2(b)	<p>Percentage reflecting year-to-date spend (including secondary cost)/ total repairs and maintenance budget.</p> <p>Note that in-year reporting during the financial year will be indicated as a trend (year-to-date spend).</p> <p>Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection and measures to prevent known failure modes, and can be time- or condition-based.</p> <p>Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operational expenditure.</p> <p>Primary repairs and maintenance cost refers to repairs and maintenance expenditure incurred for labour and materials paid to outside suppliers.</p> <p>Secondary repairs and maintenance cost refer to repairs and maintenance expenditure incurred for labour provided in-house/ internally.</p>
1.E Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service	1.2(b)	<p>Reflects the number of outstanding valid applications, expressed as a percentage of the total number of active billings for the service (where downpayment has been received) for water services (where valid applications translate into an active account) for domestic customers, as extracted from the City's SAP database.</p> <p>Proxy measure for national key performance indicator (NKPI).</p>
1.F Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service	1.2(c)	<p>Reflects the number of outstanding valid applications (where downpayment has been received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of the 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.</p> <p>Proxy measure for NKPI.</p>

Indicator	IDP ref	Indicator definition
1.G Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service	1.2(c)	Reflects the number of outstanding valid applications (where downpayment has been received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of the total number of active billings for the service. Proxy measure for NKPI.
1.H Number of outstanding valid applications for refuse collection service, expressed as a percentage of total number of billings for the service	1.2(c)	Reflects the number of outstanding valid applications (C3 notifications) for new refuse collection services at the end of a reporting period, expressed as a percentage of the 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 kerb-side refuse collection service) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
1.I Number of EPWP opportunities created	1.2(d)	Measures the number of work opportunities created through the EPWP. An EPWP work opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes.
1.J Percentage of treated potable water not billed	1.3(b)	Pertains to non-revenue water. This is the volume of potable water that is treated, but is either lost or not billed for, expressed as a percentage of total potable water treated. It is calculated on a 12-month rolling basis in order to smooth out short-term fluctuations. The aim is to reduce the percentage of treated potable water not billed over the planned period, and this is reflected in the targets.
1.K Number of passenger journeys on the MyCiTi public transport system	1.4(c)	The uptake of MyCiTi transport services will be determined by demand. Definition of 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, and includes any transfers between buses (single journey).
1.L Percentage development of an immovable property asset management framework	1.5(a)	Measures the percentage of the weighted average of the components below: <ol style="list-style-type: none"> 1. Development of a comprehensive immovable property asset register 2. Development of an immovable property asset management compliance framework 3. Development of a centralised custodial role for immovable property asset management (communication) 4. Identification of all strategic immovable property assets 5. Development of a medium-term (five- to ten-year) strategy for the release of immovable property 6. The strategic acquisition and holding (land-banking) of new immovable property assets
1.M Number of external trainee and bursary opportunities created	1.6(a)	Measures the number of learning opportunities created for unemployed youth as a contribution to the job-creation initiative and provision of real world-of-work exposure to graduates. This includes external bursaries awarded, in-service student training opportunities, graduate internships, learnerships and apprenticeships. There are two measures under this indicator. Measure (a) includes external bursars, in-service student trainees, graduate interns and learners (learnership beneficiaries). Measure (b) includes apprentices.

APPENDIX B

DEFINITIONS FOR CORPORATE SCORECARD (continued)

Indicator	IDP ref	Indicator definition
2.A Community Satisfaction Survey (score 1 – 5) – safety and security	2.4(a)	<p>Measures community perception of the prevailing levels of general disorder in the city. Antisocial behaviour and disorder are concepts frequently used in the law enforcement environment to describe the prevailing sense of lawlessness in a particular area, and refer to minor crimes, by-law offences, nuisances and traffic offences that have a direct impact on residents' quality of life. The City's CSS measures public perception of a number of these issues, including:</p> <ul style="list-style-type: none"> • visible presence of traffic enforcement; • action taken against illegal land invasions; • action taken against illegal dumping; • acting on complaints relating to noise and other disturbances; and • by-laws being enforced. <p>Total score in respect of the section in the survey that relates to anti-social behaviour and general disorder. Questionnaires completed by residents as part of the City's CSS, which <i>inter alia</i> measure public perception of:</p> <ul style="list-style-type: none"> • traffic enforcement; • illegal land invasion; • illegal dumping; • noise and disturbances; and • general enforcement of the City's by-laws;
2.B Reduce number of crashes at five highest crash-frequency intersections	2.1(a)	<p>Measures the decrease in vehicle crashes (accidents) in the five identified highest-frequency crash (accident) locations. These locations are:</p> <ul style="list-style-type: none"> • M7 x Voortrekker Road; • N7 x Bosmansdam Road; • Section Street x Koeberg Road; • Cannon Road x Voortrekker Road x Koeberg Road (Maitland); and • Victoria Road x N2-west (Somerset West).
2.C Percentage response times for fire incidents within 14 minutes from call receipt up to arrival	2.1(a)	Percentage response times for fire incidents within 14 minutes from call receipt up to arrival.
2.D Number of operational specialised units maintained	2.2	Measures the number of specialised units in the three policing departments, i.e. Metro Police, Traffic and Law Enforcement, which the Safety and Security Directorate managed to maintain as operationally active and fully capable of delivering on their specialised mandates.

Indicator	IDP ref	Indicator definition
2.E Percentage budget spent on integrated information management system	2.3(a)	Measures the percentage of the budget spent on the integrated information management system.
2.F Percentage staff successfully completing legislative, occupation-specific training interventions	2.4(a)	Measures the percentage of members of the Metro Police, Traffic and Law Enforcement departments who have undergone any legislative training intervention that is directly relevant to the performance of their operational duties, i.e. occupation-specific training interventions.
2.G Percentage of neighbourhood watch satisfaction survey	2.5(a)	Measures the percentage satisfaction with the City's assistance to neighbourhood watches.
3.A Number of social development programmes implemented	3.1(a)	Refers to the number of social developmental programmes implemented. Seven programmes have been identified, and each consists of a number of projects and interventions. The programmes are: <ul style="list-style-type: none"> – youth development; – ECD training; – social entrepreneurship; – vulnerable groups (senior citizens, gender and disability); – street people; – substance abuse; and – poverty alleviation and reduction.
3.B Number of recreation hubs where activities are held on a minimum of five days a week	3.1(a)	A recreation hub is a community facility that focuses on implementing a variety of sport and recreation activities for at least five days a week, at least three hours per day. Activities target all sectors of the community, namely children, youth and adults, and are implemented by staff, volunteers, non-governmental organisations, clubs and federations.

APPENDIX B

DEFINITIONS FOR CORPORATE SCORECARD (continued)

Indicator	IDP ref	Indicator definition
3.C Number of human settlements opportunities provided per year	3.2(d)	<p>A human settlements opportunity is defined under the following three categories:</p> <ul style="list-style-type: none"> (a) Serviced sites are any property providing a municipal service on an individual basis to a household, including the provision to households in multi-storey units, on 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) in terms of the Division of Revenue Act (DORA) for such purpose. (b) Top structures are 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 DORA for such purpose. (c) 'Other' is the number of existing rental stock units undergoing major upgrades, and any number of households provided with shared services and other services in the backyarder, re-blocking and informal settlements upgrade programmes. <p>Definition of a human settlements opportunity: A human settlements opportunity is incremental access to* and/or delivery of one of the following housing products: (A) Subsidy housing (BNG), which provides a minimum 40 m² house, a fully serviced residential site, and may also include high-density residential sites relating to integrated human settlements development, as well as other non-residential sites relating to integrated human settlements development. (B) Incremental housing, which provides a serviced site with or without tenure. (C) Rental housing, which is new community residential units, upgrading and redevelopment of existing rental units and hostels. (D) People's Housing Process is beneficiaries who maximise their housing subsidy by building or organising the building of their homes themselves. (E) Land restitution includes land approved by Council or court decisions to valid claimants. (F) Social housing is new rental units delivered by the City's social housing partners. (G) Gap housing is a serviced plot, a complete unit for sale, or affordable units for sale. (H) Re-blocking of informal settlements is the reconfiguration of the layout of the settlements to allow for improved access and service levels.</p> <p>*'Access to' is as contemplated in section 26(1) of the Constitution of the Republic of South Africa, 1996, namely: 'Everyone has the right to have access to adequate housing'.</p> <p>Note: An opportunity is specifically defined above, and is only counted at a point when specific evidence is available for auditing purposes. Only the delivery targets reflected on the corporate scorecard and the service delivery budget implementation plans (SDBIPs) reflect delivery by the City. In some instances, delivery of a serviced site and a top structure may be on the same property, but is viewed as two opportunities (serviced site and top structure) to align with reporting requirements on expenditure for grant funding as two separate milestones.</p> <p>A separate report (not for auditing purposes) for information to Council will reflect total delivery in the City, which includes delivery by Province (N2, PHP, gap, other projects) and social housing and restitution cases that the City facilitates.</p>

Indicator	IDP ref	Indicator definition
3.D Number of deed of sale agreements signed with identified beneficiaries in saleable rental units	3.3(a)	Refers to the number of deeds of sale agreements signed with identified beneficiaries based on identified qualifying criteria. Deeds of sale agreement: Legal document stating the terms and conditions regarding the sale of a rental unit to a beneficiary. Identified beneficiary: Lawful tenant with an existing lease agreement with the City. Qualifying criteria: Current lawful tenant with a lease agreement, and with no other property ownership.
3.E Improve basic services		
3.E(a) Number of water services points (taps) provided	3.4(b)	Reflects the number of taps provided in informal settlements during the period under review. Certain taps may however have been vandalised or removed after provision.
3.E(b) Number of sanitation service points (toilets) provided	3.4(b)	Reflects the number of toilets provided in informal settlements during the period under review. Certain toilets may however have been vandalised or removed after provision.
3.E(c) Percentage of informal settlements receiving door-to-door refuse collection service	3.4(b)	Reflects the percentage of informal settlements receiving a weekly door-to-door refuse removal collection service for the period under review. The collection of domestic refuse in informal settlements is done through contract services, employing local labour. Three-year contracts are awarded to a legitimate main contractor through the procurement tender process.
3.F Number of subsidised electricity connections installed	3.4(b)	Reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing.
3.G Percentage compliance with drinking water quality standards	3.5(a)	Measure of potable-water sample pass rate according to the SANS 241 standard.
3.H Number of days when air pollution exceeds daily RSA Ambient Air Quality Standards	3.6(a)	Any day when any one of the criteria pollutants at any one of up to a maximum of 13* air quality monitoring stations in the City exceeds daily RSA ambient air quality standards. In layman's terms, the number of days when one of the identified air pollution particles is above the levels set by the daily RSA ambient air quality standards.
3.I Percentage of HIV-positive TB patients on ART	3.7(a)	Measures the percentage of HIV-positive TB patients on ART at the time of TB treatment outcome. There will be a reporting time lag, e.g. the outcomes of patients who started TB treatment between 1 July 2016 and 30 September 2016 will only be reported by October 2017.
3.J Number of new clients screened at the substance abuse outpatient treatment centres	3.8(a)	Number of new clients seeking help for substance abuse, being screened in a first interview at the City's outpatient treatment sites.

APPENDIX B

DEFINITIONS FOR CORPORATE SCORECARD (continued)

Indicator	IDP ref	Indicator definition
4.A Percentage adherence to citywide service standard based on all external notifications	4.1(a)	Measures the percentage adherence to citywide service standards based on all external notifications.
4.B Customer Satisfaction Survey (score 1 – 5 Likert scale) – community facilities	4.2(a)	<p>A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the services provided at community facilities, measured by calculating the average of the responses to a number of survey questions relating to community facilities.</p> <p>The measure is given against the non-symmetrical Likert scale where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent.</p> <p>The annual improvement is calculated by determining the difference between the average customer satisfaction scores of the different financial years.</p>
5.A Number of municipal meetings open to the public	5.1(a)	Measures the number of municipal meetings open to the public to maintain transparency in the day-to-day governance of the municipality.
5.B Employee engagement index as measured in a biennial staff engagement survey	5.2(b)	Employee engagement index (EEI) as measured in the biennial staff engagement survey. The EEI is determined by a formula that is the proprietary copyright of the independent service provider IPSOS. The EEI is converted into a five-point Likert scale measure by the service providers.
5.C Community Satisfaction Survey (score 1 – 5) – citywide	5.2(c)	<p>A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the services provided by the City.</p> <p>The measure is given against the non-symmetrical Likert scale where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent.</p> <p>The improvement is calculated by measuring the difference between the different financial years.</p>
5.D 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	5.2(a)	Measures the 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. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal-setting.

Indicator	IDP ref	Indicator definition
5.E Percentage of budget spent on implementation of workplace skills plan for the City	5.2(a)	<p>A workplace skills plan is a document that outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions, which will address the needs arising out of the local government skills sector plan, the City's strategic requirements as contained in the IDP, and the individual departmental staffing strategies and individual employees' personal development plans. The workplace skills plan also takes into account the employment equity plan, ensuring the incorporation of relevant developmental equity interventions into the plan.</p> <p>Formula: Measured against training budget.</p>
5.F Opinion of the Auditor-General	5.3(a)	<p>Measures good governance and accounting practices that are evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to a position where the auditor, having completed his audit, has no reservation as to the fairness of the presentation of financial statements and their conformity with generally recognised accounting practices. This is referred to as a 'clean opinion'.</p> <p>Alternatively, in relation to a qualified audit opinion, the auditor would issue this opinion in whole, or in part, over the financial statements if these are not prepared in accordance with generally recognised accounting practices, or if one or more areas of the financial statements could not be audited. Future audit opinions will cover the audit of predetermined objectives.</p>
5.G Opinion of independent rating agency	5.3(a)	<p>A report that reflects the creditworthiness of an institution to repay long-term and short-term liabilities. The credit rating is an analysis of the City's key financial data that is performed by an independent agency to assess the City's ability to meet short- and long-term financial obligations.</p> <p>Indicator standard/norm/benchmark:</p> <p>The highest rating possible for local government, which is also subject to the country's sovereign rating.</p>
5.H Ratio of cost coverage maintained	5.3(a)	Total cash and investments (short-term), less restricted cash for monthly operating expenditure.
5.I Net debtors to annual revenue (ratio of outstanding service debtors to revenue actually received for services)	5.3(a)	Net current debtors divided by total operating revenue.
5.J Debt coverage by own billed revenue	5.3(a)	Total own billed revenue divided by total debt.

APPENDIX C CTICC PERFORMANCE SCORECARD FOR THE 2016/17 FINANCIAL YEAR

RATING KEY: ✓ Well above ◆ Above ● On target ▲ Below ✕ Well below				
No	Indicator	2015/16 (previous financial year)		
		Target	Actual	
Strategic focus area 5: Well-run city				
Corporate objective 5.1: Ensure a transparent and corruption-free government [Programme 5.1 Transparent government (oversight) programme]				
1	Operating profit/(loss) before tax - percentage achievement of annual budgeted operating profit	100%	269,9%	
2	Capital projects - percentage of the total number of capital projects for the year completed or committed	80%	100%	
3	Capital expenditure (CTICC East expansion programme) - percentage of the total capital expenditure spent	90%	99,2%	
4	Quality product offering - maintain five-star tourism grading through effective management of maintenance and quality of service delivery	5-star grading achieved	5-star grading achieved	
5	Events - number of events hosted	32	39	
6	Events - number of international events hosted	500	504	
7	External audit report - clean audit report	Unqualified audit report achieved	Unqualified audit report achieved	
8	Human capital development - percentage of annual total salary cost spent on training of permanent and temporary staff	5%	6,9%	
9	Minimum competency level - number of senior managers registered for MFMA competency course	7	12	
10	Customer-centricity and service excellence	75%	84%	
11	Procurement - supply chain procurement from BBBEE suppliers measured in terms of BBBEE Act	50%	92,8%	
12	Financial ratios - ratio of cost coverage (RCC) maintained	–	–	
	Net debtors (ND) to annual income	–	–	
	Debt coverage (DC) by own billed revenue	–	–	
13	Student programme - contribution to youth employment and skills development; number of student opportunities provided.	–	–	
14	Graduate programme - contribution to youth employment and skills development; number of graduate opportunities provided.	–	–	
15	Number of people from the employment equity target groups employed at the three highest levels of management in compliance with the municipal entity's approved employment equity plan - percentage of executive committee, management committee and leadership positions held by persons from designated groups	–	–	

* Clean audit is defined as an unqualified audit report with no material findings regarding compliance with laws, regulations and predetermined objectives.

	2016/17 (current financial year)		Rating	Reason for variance	Remedial action
	Target	Actual			
	100%	475,43%	✓	Significant savings on indirect costs as well as a favourable revenue variance due to a focus on selling additional services have resulted in a significant increase in operating profit	Maintain the momentum
	85%	100%	✓	Well above target	Maintain the momentum
	90%	90%	●	On target	Maintain the momentum
	Five-star Tourism Grading Council achieved	Achieved	●	On target	Maintain the momentum
	510	482	▲	Total event numbers were down due to space constraints affecting segments such as national conferences, banquets, film and photo shoots, and special events. The lack of availability is attributed to an increase in international conferences, which resulted in restrictions on available space to sell for smaller events. The total revenue target exceeded the budget by R5 million, even though event numbers were not achieved.	
	32	36	✓	Well above target	Maintain the momentum
	Clean audit report* (2nd quarter)	Achieved	●	On target	Maintain the momentum
	5%	6,35%	◆	Well above target	Maintain the momentum
	7	10	✓	Well above target	Maintain the momentum
	76%	84%	✓	Well above target	Maintain the momentum
	60%	92,84%	✓	Well above target	Maintain the momentum
	11,07 times	13,08 times	✓	Well above target	Maintain the momentum
	2%	0,89%	◆	Target achieved	Maintain the momentum
	25,9%	0%	✓	Well above target	Maintain the momentum
	6	9	✓	Well above target	Maintain the momentum
	6	14	✓	Well above target	Maintain the momentum
	80%	86,2%	◆	Target achieved	Maintain the momentum

APPENDIX D

ABBREVIATIONS USED IN THIS REPORT

100RC	100 Resilient Cities (initiative)
ACSA	Airports Company South Africa
AFD	Agence Française de Développement
AGSA	Auditor-General of South Africa
ART	antiretroviral therapy
ASB	Accounting Standards Board
BBBEE	broad-based black economic empowerment
BCM	business continuity management
BDRL	Blue Downs rail line (extension project)
BEPP	Built Environment Performance Plan
BioNet	Biodiversity Network
BNG	Breaking New Ground
BPM	business precinct management
BRT	bus rapid transit
CCID	Central City Improvement District
CCTV	closed-circuit television
CDP	Carbon Disclosure Project
CFO	chief financial officer
CID(s)	city improvement district(s)
CIP	conservation implementation plan
Citi	Cape Information Technology Initiative
CITP	Comprehensive Integrated Transport Plan
City	the City of Cape Town administration
city	the geographical urban area of Cape Town
CMTF	Cape Metropolitan Transport Fund
CO ₂	carbon dioxide
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CRU	community residential unit
CSS	Community Satisfaction Survey
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCCP	Dassenberg Coastal Catchment Partnership
DIRC	Development Information Resource Centre
DORA	Division of Revenue Act
DMTN	domestic medium-term note
DWS	Department of Water and Sanitation
ECD	early childhood development
ED	executive director
EDP	Economic Development Partnership
EE	employment equity
EEl	employee engagement index
EGS	Economic Growth Strategy
EHP	environmental health practitioner

EMD	Environmental Management Department
EMT	Executive Management Team
EPIC	emergency policing and incident command (communication platform)
EPWP	Expanded Public Works Programme
FAS	foetal alcohol syndrome
FBE	free basic electricity
FCO	fishery control officer
GDP	gross domestic product
GHS	General Household Survey
GIS	geographic information system
GRAP	Generally Recognised Accounting Practice
HDI	human development index
HIV/Aids	human immunodeficiency virus/acquired immune deficiency syndrome
HR	human resources
HSDG	Human Settlements Development Grant
ICT	information and communications technology
IDA	integrated development area
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IIA	Institute of Internal Auditors South Africa
IIMS	integrated information management system
IMEP	Integrated Metropolitan Environmental Policy
IPTN	Integrated Public Transport Network
IRM	Integrated Risk Management (Branch)
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Municipal Finance Management Act
MMP	maintenance management plan
MPAC	Municipal Public Accounts Committee
MPT	Municipal Planning Tribunal
mSCOA	Municipal Standard Chart of Accounts
MURP	mayoral urban regeneration programme
NACS	nominal annual compounded semi-annually
NHRB	National Health Research Board
NKPI	national key performance indicator
NMT	non-motorised transport
ODTP	Organisational Development and Transformation Plan
PAAC	protected-area advisory committee
PAYE	pay-as-you-earn
PECC	Public Emergency Communication Centre
PFT	portable flush toilet
PHP	People's Housing Process
PIF	public investment framework
PPE	property, plant and equipment
PRASA	Passenger Rail Agency of South Africa

APPENDIX D

ABBREVIATIONS USED IN THIS REPORT (continued)

Province	Western Cape Provincial Government
QLFS	Quarterly Labour Force Survey
RSA	Republic of South Africa
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SANBI	South African National Biodiversity Institute
SANS	South African National Standard
SAPS	South African Police Service
SCM	Supply Chain Management (Department)
SDS	Social Development Strategy
SETA	sectoral education and training authority
SFA	strategic focus area
SMEs	Small and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
SPV	special-purpose vehicle
STATSSA	Statistics South Africa
TB	tuberculosis
TCT	Transport for Cape Town
TDA	Transport and Urban Development Authority
TDI	transport development index
TDM	travel demand management
TEU	Transport Enforcement Unit
TOC	taxi operating company
TOD	transit-oriented development
UIF	Unemployment Insurance Fund
UISP	Upgrading of Informal Settlements Programme
UITP	International Association of Public Transport
VAT	value-added tax
Wesgro	Western Cape's destination marketing, investment and trade promotion agency
WWF	Worldwide Fund for Nature

APPENDIX E

LIST OF FIGURES AND TABLES

Figures

- Figure 1:** Relationship between strategic focus areas and 11 ODTP priorities
- Figure 2:** Four geographic areas for the City's area-based approach
- Figure 3:** City of Cape Town governance structures
- Figure 4:** The City's combined assurance model
- Figure 5:** City's infrastructure investment, 2012/13 to 2016/17
- Figure 6:** City's investment in electricity infrastructure, 2012/13 to 2016/17
- Figure 7:** City's capital investment in water and sanitation infrastructure, 2012/13 to 2016/17
- Figure 8:** EPWP youth employment at the City, 2013/14 to 2016/17
- Figure 9:** Carbon emissions by sector in Cape Town, 2012 to 2015
- Figure 10:** TDA mission and transport vision, objectives and strategy
- Figure 11:** The TDA long-term strategy and timelines
- Figure 12:** Performance of the City's life skills project for youth, 2014/15 to 2016/17
- Figure 13:** Performance of the City's work skills project for youth, 2013/14 to 2016/17
- Figure 14:** Performance of the City's organisational capacity-building project for youth, 2014/15 to 2016/17
- Figure 15:** City's approach to gap housing delivery
- Figure 16:** City's water quality compliance, 2009 to 2017
- Figure 17:** Weekly Environmental Health monitoring visits to informal settlements, December 2011 to 2016/17
- Figure 18:** Results of diarrhoeal disease season campaign, 2012/13 to 2016/17
- Figure 19:** Reduction in diarrhoeal deaths, 2012/13 to 2016/17
- Figure 20:** City's revenue and expenditure, 2013 to 2017
- Figure 21:** Categories of operating revenue and expenditure at the City, 2016/17
- Figure 22:** City's capital budget and capital spend, 2013 to 2017
- Figure 23:** City's capital expenditure by functional area, 2016/17
- Figure 24:** City's outstanding net consumer debtors and collection ratios, 2013 to 2017

Tables

- Table 1:** Increase in EPWP job opportunities, 2012/13 to 2016/17
- Table 2:** Bus rapid transit routes in the IPTN Plan 2032
- Table 3:** NMT projects by district, 2016/17
- Table 4:** Decline in total gunshot incidents in Shotspotter areas
- Table 5:** City's substance abuse programme achievements, 2012 to 2017
- Table 6:** City's early childhood development achievements, 2012 to 2017
- Table 7:** Pipeline of six major upcoming human settlement development projects
- Table 8:** Three human settlement development projects in advanced planning stage
- Table 9:** City's progress in terms of title deed transfers in 2016/17
- Table 10:** City's workforce profile and targets as at 30 June 2017 in terms of employment equity, race, gender and disability
- Table 11:** Make-up of the City's net surplus result, 2017
- Table 12:** City's debt and cost coverage, 2015/16 to 2016/17

APPENDIX F

MFMA CIRCULAR 63 APPENDICES

In line with MFMA Circular 63, the City of Cape Town 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 of 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 available at www.capetown.gov.za

Recommendations of the audit committee

The full recommendations of the audit committee can be found on page 176

Large projects, agreements and partnerships

Information related to the City's largest projects, agreements and contracts, as well as public private partnerships (PPPs) is available at: www.capetown.gov.za

Service connection backlogs at schools and clinics

Not applicable. The City of Cape Town is not aware of any backlogs at schools and clinics. For more detail, see the annual Performance Management Report on page 294 (indicator 3E)

Service backlogs where another sphere of government is responsible for providing the service

Not applicable. The City of Cape Town 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 278

APPENDIX G

ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2017

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. In terms of sections 32(2) and 102(1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA), MPAC is authorised to investigate unauthorised, irregular, fruitless and wasteful expenditure of the City and its municipal entity.

On 26 October 2016 (resolution C18/10/16), Council approved the appointment of the current MPAC, and adopted MPAC's terms of reference, which will be regularly updated and approved to provide appropriate additional authority. In addition, MPAC is governed by the City's system of delegations.

MPAC hereby presents its annual report for the financial year ended 30 June 2017.

MEMBERSHIP AND MEETING ATTENDANCE

2016/17 MPAC Members	Meeting attendance
Cllr Y Adams (chairperson) (Cape Muslim Congress)	6 out of 6 (100%)
Cllr P Chapple (deputy chairperson) (DA) [#]	6 out of 7 (86%)
Cllr R Beneke (DA) [#]	6 out of 7 (86%)
Cllr K Southgate (DA) [#]	7 out of 7 (100%)
Cllr D Khatshwa (ANC) [#]	7 out of 7 (100%)
Cllr E Anstey (DA)	6 out of 6 (100%)
Cllr A van Zyl (DA)	6 out of 6 (100%)
Cllr P Vokwana (DA)	5 out of 6 (83%)
Cllr B Majingo (ANC)	6 out of 6 (100%)
Cllr M Xego (EFF)	3 out of 6 (50%)
Cllr W Mxolose (former chairperson) ANC [§]	1 out of 1 (100%)
Cllr M Sophaqa (ANC) [§]	0 out of 1 (0%)
Cllr C Scheepers (ANC) [§]	1 out of 1 (100%)
Cllr V Isaacs (DA) [§]	1 out of 1 (100%)
Cllr B van Dalen (DA) [§]	1 out of 1 (100%)

[#] MPAC membership continued from 2015/16

[§] MPAC membership ended during 2016/17

Representatives from the Forensics, Ethics and Integrity and the Internal Audit branch as well as the Legal Services department, the Office of the Speaker, the Office of the City Manager and the Auditor-General of South Africa (AGSA) were present at the MPAC meetings. Five task teams met during the financial year to consider items referred to MPAC by Council in terms of MPAC's delegated authority or terms of reference.

APPENDIX G

ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2017 (continued)

MANDATE, METHOD OF WORK, AND REPORTING

MPAC efforts are directed by Council, and MPAC is authorised to investigate any matter referred. This includes instructing other councillors, management and other employees of Council to be present at meetings, and to have access to any information they require from any councillor or employee. MPAC ensures that all existing City internal alternative dispute resolution processes have been exhausted before proceeding with investigations.

Follow-up is performed via the outstanding-matters schedule to determine if action has been taken to implement recommendations. MPAC's annual work programme defines its activities for any given year.

Although MPAC has no executive powers, their findings and recommendations are escalated to the appropriate executive authority. The reports from the various task teams are considered at the MPAC meetings, after which a report containing recommendations is submitted to Council for final decision making. The immediate reporting line of MPAC is to the Speaker.

RESPONSIBILITY

MPAC is pleased to report that it has complied with its responsibilities arising from its mandate, delegations and terms of reference.

A quarterly report on MPAC's activities, as per the annual oversight work plan, was succinctly presented to Council for one of the four quarters. This report replaces the fourth quarter's report and is a cumulative activity statement for the year ended 30 June 2017.

REVIEW AND EVALUATION OF THE ANNUAL REPORT

MPAC considered the 2015/16 annual reports of the City of Cape Town and its municipal entity, and raised issues of concern with the executive management of the City of Cape Town and its municipal entity at the oversight meetings on 23 February 2017 (MPAC 05/02/17 and MPAC 06/02/17) and 7 March 2017 (MPAC 05/03/17 and MPAC 06/03/17). MPAC recommended that Council, having fully considered the 2015/16 annual reports of the City of Cape Town and its municipal entity, and representations thereon, adopt the oversight report and approve the annual report without reservations (MPAC 07/03/17). This was completed within the legislated timeframes and was approved by Council on 29 March 2017 (C 36/03/17).

PERFORMANCE ASSESSMENT

Due to the local government elections and appointment of a new MPAC in October 2016, no performance assessment was completed for 2015/16.

ACTIVITIES AND OUTPUTS FOR THE YEAR

Activities	Outputs
Meetings	<ul style="list-style-type: none"> One special MPAC meeting was convened on 15 July 2016 to consider 2014/15 irregular expenditure. Six ordinary meetings were held. Five task teams were established to investigate the following matters referred by Council: <ul style="list-style-type: none"> Irregular expenditure (note 46.1.2.1 to the 2015/16 integrated annual report) – one meeting Bids awarded to family of employees in the service of the state (note 46.2.3 to the 2015/16 integrated annual report) – one meeting Cape Town Cup – three meetings Unauthorised, irregular and fruitless and wasteful expenditure in respect of 8 Adam Tas Street, Belhar – two meetings Unauthorised lease of office accommodation at 5 Raciti Park, Montague Gardens – three meetings
Reporting	<ul style="list-style-type: none"> The following reports were tabled at Council: <ul style="list-style-type: none"> Annual report of the Municipal Accounts Committee for the year ended 30 June 2016 Five reports (CIC 07/01/17, CIC 04/03/17 and C 59A/08/16) relating to various investigations referred to MPAC by Council, or initiated via the oversight process The oversight report in terms of section 129 of the MFMA for the 2015/16 annual report, which Council supported and adopted at the meeting held on 29 March 2017 2017 annual oversight work plan Report for the quarter ended 31 March 2017 MPAC tracked and followed up on the implementation of corrective action by departments in terms of previous resolutions.
Training and capacity building	<ul style="list-style-type: none"> In January 2017, MPAC members received the following training and briefing/workshops: <ul style="list-style-type: none"> Induction training presented by Internal Audit Oversight training presented by Internal Audit A briefing workshop/session from a representative of the AGSA on the AGSA audit outcome for the City of Cape Town and Cape Town International Convention Centre In April 2017, the MPAC chairperson attended the Association of Public Accounts Committees council-of-delegates meeting at the AGSA Lefika House auditorium in Pretoria.

CONCLUSION

MPAC believes that the City is committed to good governance standards, through which Council exercises oversight over the expenditure of public money. Good governance by the City of Cape Town will contribute to making progress possible – together.


 CLLR YAGYAH ADAMS
 MPAC chairperson



