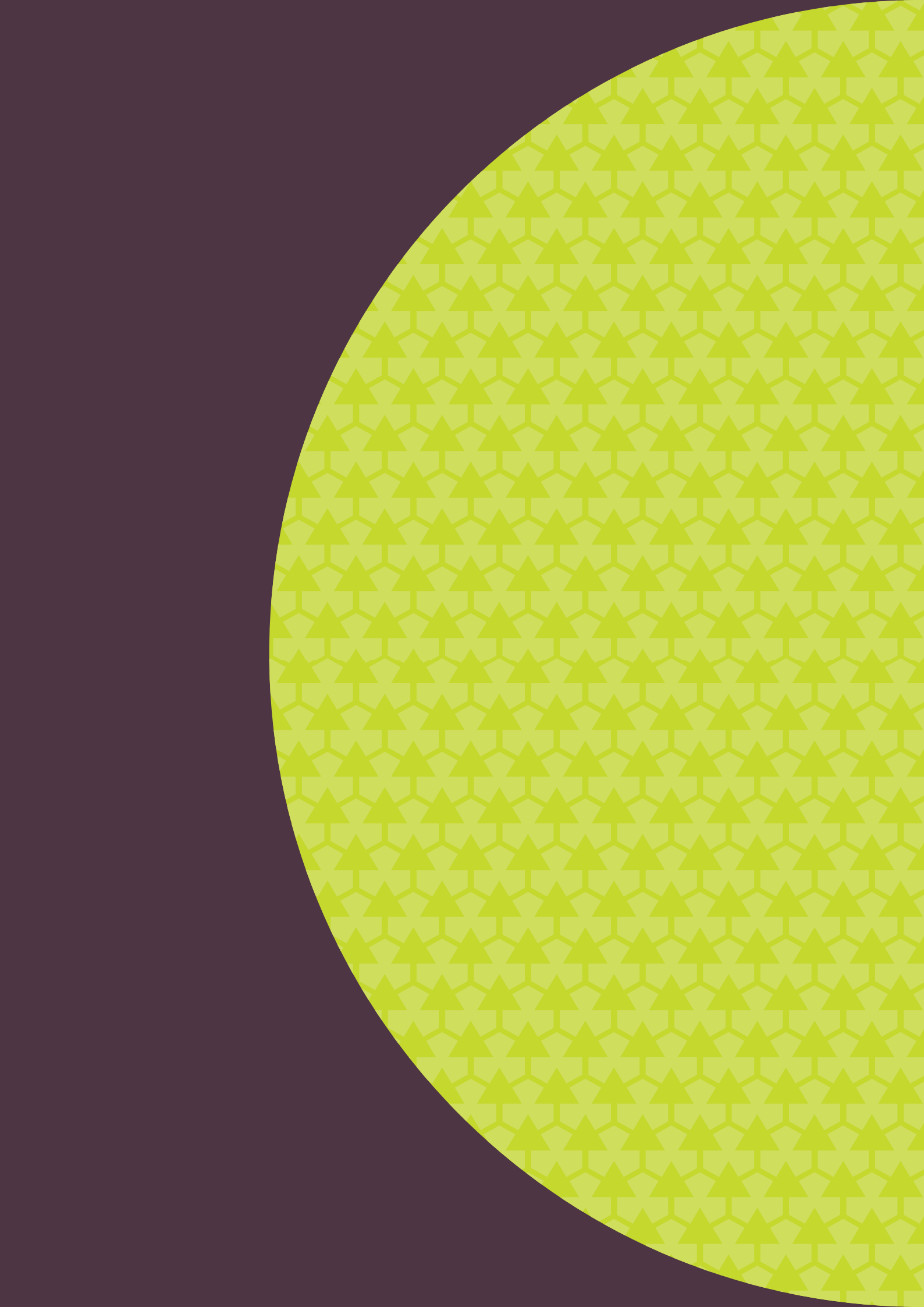




CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INTEGRATED
ANNUAL REPORT
2018/19



INTEGRATED ANNUAL REPORT

2018/19



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

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VISION AND MISSION OF THE CITY OF CAPE TOWN

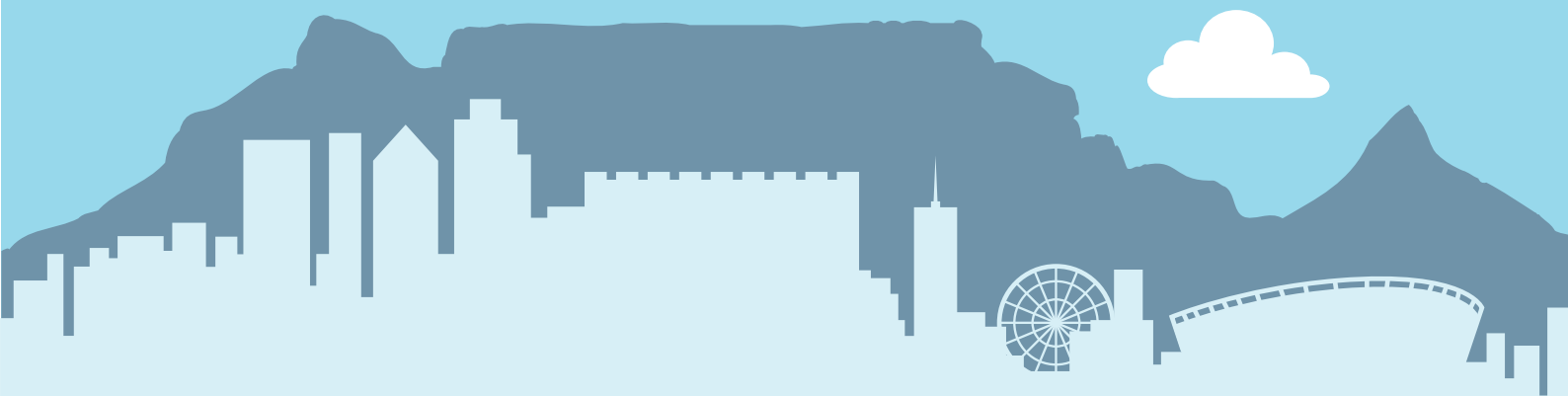
THE CITY OF CAPE TOWN'S VISION IS THREEFOLD:

- ✓ 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

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

- ✓ contribute actively to the development of its environmental, human and social capital;
- ✓ offer high-quality services to all who live in, do business in or visit Cape Town as tourists; and
- ✓ be known for its efficient, effective and caring government.

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



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

THESE ARE AS FOLLOWS:



VISION AND MISSION

STRATEGIC FOCUS AREAS

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



STRATEGIC OBJECTIVES

THE CITY'S STRATEGIC FOCUS AREAS ARE BROKEN DOWN INTO STRATEGIC OBJECTIVES TO ENSURE IMPROVED ALIGNMENT

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 ISSUES

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

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

ABOUT THIS ANNUAL REPORT

This 2018/19 integrated annual report builds on the City's integrated reporting in previous years, and aligns as far as possible with the recommendations of the 2016 King Report on Corporate Governance for South Africa (or King IV) as well as internationally accepted standards for integrated reporting.

This report provides information about the City of Cape Town administration's financial, operational, social and environmental performance for the 12 months in review, namely the period from 1 July 2018 to 30 June 2019. It also reflects the City's progress against the objectives of its Integrated Development Plan (IDP), a new version of which was produced for the five-year period from 2017 to 2022, with a specific focus on achievements against the IDP amendments for the 2018/19 period.

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

The City's 2018/19-2020/21 budget

The Integrated Public Transport Network (IPTN) 2032

The Transit-Oriented Development (TOD) 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 to the objectives and the five strategic focus areas.

Moreover, 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 in the context of its five strategic focus areas and long-term vision.

MESSAGE FROM THE EXECUTIVE MAYOR



The 2018/19 financial year was a challenging period for the City of Cape Town administration, with leadership changes requiring a particular focus on reconstituting many of its structures and committees. While this period of transformation understandably resulted in a measure of uncertainty for City employees, it attests to the professionalism and dedication of all staff that they remained fully focused on the task at hand. They did not allow the changes at leadership level to distract them from their responsibilities or diminish their determination to serve the people of Cape Town.

The drought that gripped Cape Town over the past two years further added to challenging operating conditions. Many directorates and departments were asked to expand their focus and budgets to help deal with the water crisis and limit its impact on Capetonians.

I believe the primary lesson to be learnt from this period of change and challenge is that the City of Cape Town is a team in the truest sense of the word. Service delivery to the people of Cape Town does not depend on any one leader or single person. This administration works as well as it does because it is a values-based, results-driven unit where every team member works towards the same vision – a Cape Town that is well run, safe, inclusive, caring, and creates opportunities for all its citizens.

Employment remains a key focus in building an opportunity city. In this regard, Cape Town and the Western Cape continue to lead the way, with recent quarterly labour force surveys revealing that the province's concerted focus on attracting investment is paying dividends in the form of job creation. In the past financial year, the City's collaborative efforts with its strategic business partners and various special-purpose vehicle (SPV) companies facilitated R2,7 billion's worth of investment in Cape Town. In addition to bolstering our local economy, this level of investment unlocks skills development and transfer, and creates thousands of jobs. As a direct result, the latest labour force survey revealed the Western Cape to be the only province to have seen a decline in unemployment. While this is a pleasing result, we acknowledge that there is still much work to be done,

particularly in the area of youth unemployment. We remain focused on creating more job opportunities and, equally important, ensuring easy and affordable access to those opportunities through our urban planning and transport infrastructure.

Another key focus area for the City is and remains using the resources at our disposal to achieve effective redress and assist the most vulnerable members of Cape Town society. To this end, we have committed a social package of nearly R3 billion to provide free basic services, rates rebates and indigent relief. We are in the process of expanding the qualifying criteria for this relief to ensure that we are helping as many people as possible during these difficult economic times. Housing is a core part of this commitment, and our ongoing efforts and investment to create and maintain integrated, well-functioning human settlements are a key way in which we are working to strengthen Cape Town's communities and rectify the legacy of apartheid spatial design.

In my capacity as Executive Mayor over the past financial year, I have been hugely impressed by the way in which not only the City's employees, but also the vast majority of Cape Town residents have embraced our motto of "Making Progress Possible. Together". Our city stands as a shining example to the rest of South Africa, and indeed the world, of what can be achieved when people work together towards a shared vision of a better future. Thank you to all the citizens of Cape Town as well as our investors and visitors for embracing that vision, and for supporting us in our efforts to achieve it.

Based on the achievements of the past financial year, in many instances in the face of significant challenges, I have every confidence that, together, we will continue to make steady progress towards a city where every person has the opportunity to thrive.

ALDERMAN DAN PLATO
Executive Mayor

STATEMENT BY THE CITY MANAGER



The vision of the City of Cape Town has three central components. The first is to consistently deliver quality services to all Cape Town residents. The second is to create an opportunity city that enables economic growth, social inclusion and job creation. And the third is to serve the citizens of Cape Town as a well-governed and corruption-free administration.

This is certainly no modest vision. But, as is evident from the progress recorded in this 2018/19 annual report, it is one that the City continues to achieve, thanks in no small part to the commitment and efforts of a talented and dedicated workforce.

To continuously excel at their work, people need an environment that is empowering, fair and excellently governed. To this end, over the past financial year, the City has focused on building on its firm foundations of good governance and legal compliance. Far from a tick-box exercise, good governance is the cornerstone of our capabilities. As a leading local authority in South Africa, the City has always been recognised for this commitment to good governance principles, and we continue to work tirelessly to ensure that we are a well-governed, fully compliant, ethical, values-based authority.

To bolster our governance practices, we have invested in reinforcing our own oversight mechanisms. All City directors were also required to demonstrate their commitment to the principles of sound, ethical and exemplary leadership by signing a section 78 certificate to create greater awareness of the financial administration responsibilities imposed by the Municipal Finance Management Act (MFMA).

As an administration that is expected to perform its duties in an increasingly dynamic and volatile global environment, the City must be agile and highly responsive to the fast-changing needs of the

people it serves. A solid governance foundation makes this possible and will allow us to keep going beyond what is expected of us – not only delivering essential services, but also developing Cape Town into a premier global city that is highly conducive to investment, and an effective creator of jobs and prosperity for all.

As a well-governed administration, the City also continues to maximise its investment in essential areas such as safety and security, transport, communications, public health, the environment and energy efficiency. These responsibilities are increasingly entrusted to the City, being the government closest to the people of Cape Town, and the financial information indicates that this administration can improve on its expenditure efforts in the financial years ahead, with a particular focus on infrastructure investment.

Finally, good governance and effective compliance are essential to gain and maintain the trust of the people we serve. The City of Cape Town is not in the business of merely making promises. Commitments are monitored and reported on, and where not fulfilled, action is taken. We are an outcomes-based organisation that is open to the scrutiny of Capetonians, embraces constructive criticism and welcomes being judged by our actions instead of our words.

Thank you to all City employees, management and executives for your commitment, passion and hard work over the past year. It is an honour to be part of an organisation that is so determined to make a positive difference in the lives and future of those it serves.

LUNGELO MBANDAZAYO
City Manager



OVERVIEW OF THE CITY OF CAPE TOWN

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ABOUT CAPE TOWN

Cape Town has the second-largest population of all cities in the country (2018), and is one of the most-visited tourist destinations in Africa. It is a vital economic, political and business hub for South Africa, and a key driver of growth and development in the country as well as the Southern African region as a whole.

The city has seen steady population growth over recent years, and this trend is expected to continue. Estimates put the total population of Cape Town at approximately 5,1 million by 2030.



HOUSING

1 350 635
households (2018)

3,2
members in average
household

Source: Estimated by
Policy and Strategy
Department using Stats
SA 2016 Community
Survey and 2018 mid-
year estimates.



HIV/AIDS

13,5%

HIV prevalence
rate in SA

17,1%

HIV prevalence rate in
Western Cape (down
from 17,3% in 2010)

Source:
Mid-year population
estimates, 2019.



POPULATION

4 322 031
estimated
population in 2018

25,5%
children aged 0 to 14

68,5%
of population
in economically
active age bracket
(aged 15 to 64)

6,0%
senior citizens
(aged 65 and up)

Source: 2018 mid-year
estimates, Stats
SA.



HEALTH

68

years average
life expectancy
in the Western
Cape (highest in
South Africa)

22,1

infant mortality rate
for 2019 per 1 000
live births (down
from 25,2 in 2003)

Source: Mid-year
population estimates
2019 (provincial level).

**Consistent
decrease**
in number of
tuberculosis cases
since 2010

Source: City of
Cape Town Health
Department.



EDUCATION

8,5%

adult illiteracy rate
in 2016 (down from
16,0% in 2001)

2,0%

of adult population
with no schooling
in 2016 (well down
from 4,2% in 2001)

34,0%

of adult population
with matric as highest
level of education

758

ordinary public
schools

161

ordinary independent
schools

Source: 2016
Community Survey,
Stats SA; Western
Cape Education
Department.



CRIME

Crime rates in
Cape Town 2016/17:

7 590

per 100 000
population
overall crime

2 996

per 100 000
property-related crime

1 975

per 100 000
drug-related crime

Source: SAPS
2018.



POVERTY AND FOOD SECURITY

R3 500

household income
per month - Cape
Town poverty
line (2018)

187 027

households below
poverty line

Source: 2018 General
Household Survey.

225 271

indigent households
in 2018

0,74

Human Development
Index (HDI) score.

This is higher than the
national average of
0,65. Cape Town's HDI
is classified as "high
human development",
and SA's as "medium
human development".

Source: IHS Markit
Regional eXplorer,
accessed 3
September 2019.



ECONOMIC PERFORMANCE

Cape Town's economic
output in 2018:

1,7%

average economic
growth rate
between 2013 and
2018 (compared to
1,4% nationally)

79,6%

in the tertiary sector

19,3%

in the secondary
sector

188 050

more jobs created
between 2013
and 2018

1,1%

in the primary sector

2nd-highest
contributor to total
employment in South
Africa in 2018

Source: 2019 Quarterly
Labour Force Survey,
Stats SA.



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

Invasive biological
species

Source: IHS Markit
Regional Explorer,
2018.



WATER

Over 99%
compliance with
prescribed national
water quality
standards

**Dramatic
increase**
in water use
efficiency

Source: City of Cape
Town Water and
Sanitation
Department.



ENERGY

165 132
million gigajoules
total annual energy
use in 2015*

5,1

tons CO₂ emissions
per capita in 2015
(energy only,
all fuels - latest
available data)

Smaller
CO₂ footprint than
the national average

**Absolute
decline**
in electricity
consumption since
2007 - consistently
20% below the
business-as-
usual baseline

*Based on interim
high-level data
update of the 2015
published Cape
Town State of
Energy report.

Source: City of Cape
Town Finance
Department.



ACCESS TO SERVICES

(Growth from 1996
to 2016, as reported
by all households)

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%

Sources: 1996 Census
and 2016 Community
Survey, Stats SA.



OVERVIEW OF BASIC SERVICES PROVIDED BY THE CITY OF CAPE TOWN

WATER AND SANITATION

The City provides access to water and sanitation services for all Cape Town residents in compliance with national norms and service standards. Formal properties receive services through a sewer connection and a metered water connection, while informal-settlement households receive free services via communal water points, shared toilets and serviced portable flush toilets. Services in informal settlements and backyards are continually being improved in line with the City's own, higher standards.

Water – Households in Cape Town are supplied with water in line with national policy, which requires that every household should be within 200 m of basic water supply facilities. Some settlements or dwellings temporarily fall outside the national service standard when located on private land, or land that is difficult to service.

Sanitation – Sanitation services are in line with the national guidelines for adequate sanitation. The City also continues to aim for its own, higher service standard, which specifies a maximum ratio of five households to one toilet. In addition, the City has pioneered the use of serviced portable flush toilets, which are particularly useful in areas where conventional sanitation is difficult to provide.

REFUSE REMOVAL

All formal households in Cape Town receive a basic service of weekly kerbside refuse removal using the wheelie bin system. A total of 99,74% of informal settlements have access to a door-to-door refuse collection service or ongoing area-cleaning services. The remaining 0,26% do not offer the access required to deliver the service.

ELECTRICITY

The City distributes electricity to residential and commercial/industrial customers in its supply area. Its Electricity Generation and Distribution Department is licensed with the National Energy Regulator of South Africa (NERSA) and meets all licence requirements. Some informal settlements, mainly in Eskom supply areas, remain under-connected or unconnected. Some households in this category have the added challenge of being located on private property, land below the 1:50-year flood line, land under power lines or in road or rail reserves and stormwater retention or detention ponds, unstable land, or land in close proximity to any other health or safety hazard. The City follows various mitigation strategies in this regard, including the registration of servitudes on privately owned properties, the relocation of structures to land more suitable for electricity services provision, and electrification in road or rail reserves with the permission of the relevant business authority.

MAPPING THE FUTURE OF CAPE TOWN - THE MSDF AND BEPP

The City's Municipal Spatial Development Framework (MSDF) and the supporting Built Environment Performance Plan (BEPP) are two strategic documents that map the future of Cape Town.



THE MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

“The City is intent on building - in partnership with the private and public sector - a more inclusive, integrated and vibrant city that addresses the legacies of apartheid, rectifies existing imbalances in the distribution of different types of residential development, and avoids the creation of new structural imbalances in the delivery of services. Key to achieving this spatial transformation is transit-oriented development (TOD) and the densification and diversification of land uses.”

Source: City of Cape Town Municipal Spatial Development Framework 2018.

Cape Town's Municipal Spatial Development Framework (MSDF) sets out the spatial vision and development priorities to achieve a reconfigured, inclusive spatial form for the city. As such, the document is the spatial interpretation of the City's Integrated Development Plan.

The MSDF is informed by the requirements of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA), the City of Cape Town Municipal Planning By-law, 2015, as well as a range of other national and provincial regulations and legal frameworks. Key national informants are South Africa's National Development Plan (NDP) and the national Integrated Urban Development Framework (IUDF). City policy is another primary informant, including the Transit-Oriented Development Strategic Framework, the Integrated Public Transport Network (IPTN), the Densification Policy and a range of social, economic and environmental policies.

New growth management tools and analyses have highlighted the unsustainable operational costs associated with servicing peripheral development. In response, the MSDF considers how and where the City should invest in infrastructure, given fiscal

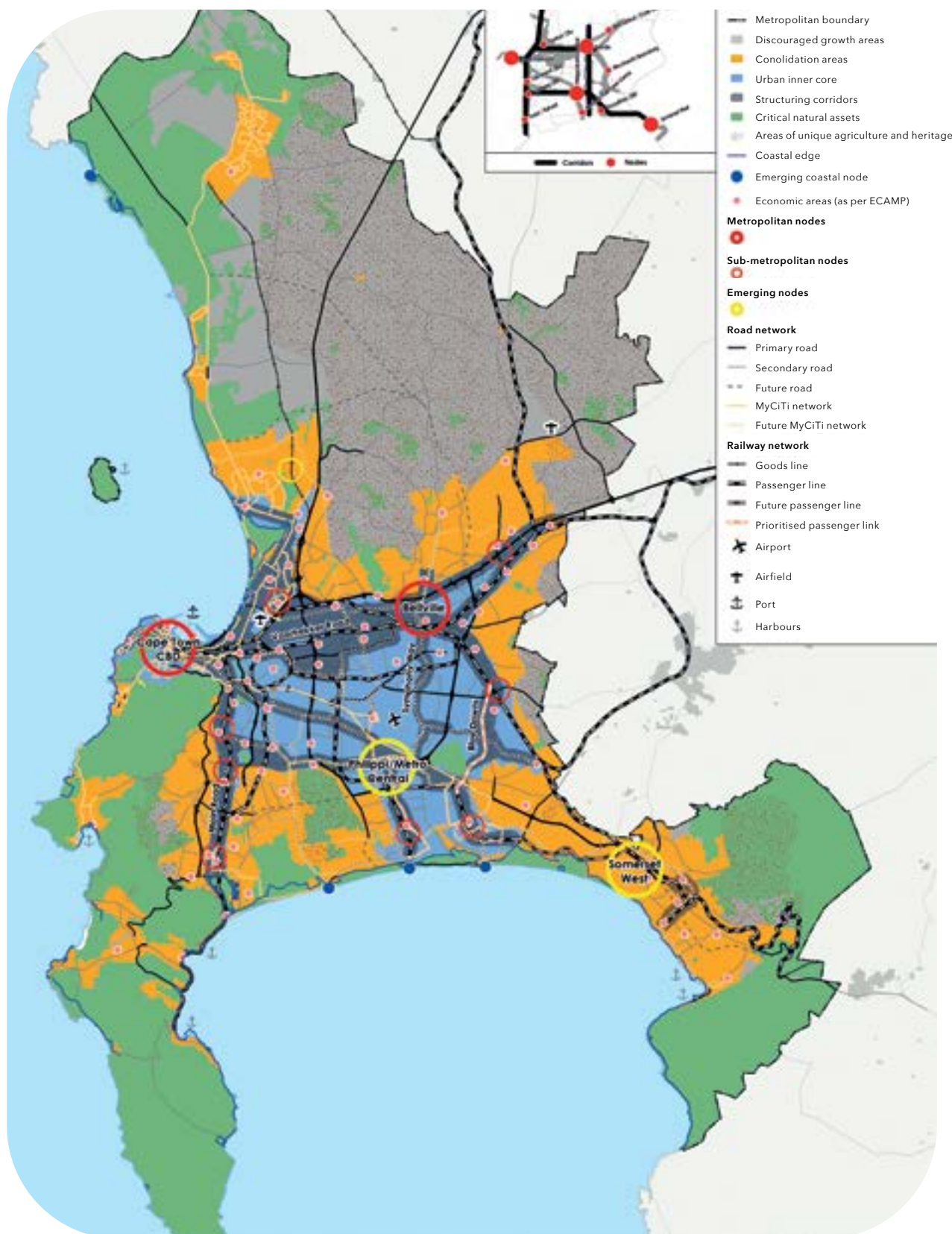


Figure 2: Cape Town spatial transformation areas

constraints. The MSDF promotes an inward growth rationale, directing and supporting public and private investment and maintenance programmes in the existing footprint of the city, and protecting its critical natural assets. Upscaled development and infrastructure provision in an urban inner core directly supports spatial transformation through dense, diverse land uses and transit-oriented growth and development, anchored by an efficient transport system (both public and private).

In addition, formal and informal urban growth will need to be configured in a manner that will not compromise the City's ability to respond to a range of shocks and stresses associated with climate change.

THE BUILT ENVIRONMENT PERFORMANCE PLAN

The Built Environment Performance Plan (BEPP) has become an integral part of the municipal package of strategic and corporate plans. The BEPP is adopted in terms of both the Division of Revenue Act (DoRA) and SPLUMA, which requires municipalities to include a capital expenditure framework in their MSDF.

Every year, it articulates the City's investment rationale and institutional arrangements to address spatial and sectoral integration, reflecting:

- ✓ strategic principles and priorities established in the IDP and MSDF;
- ✓ the strategic intention and desired impact of the capital and operating budgets in the immediate and outer medium-term expenditure framework years;
- ✓ the investment rationale of state departments and entities; and
- ✓ strategic themes emphasised in the guidelines issued annually by National Treasury.

In the year in review, the 2019/20 BEPP revision was developed and approved. It was significant that this took place in the financial year following the prolonged regional drought and water scarcity that elevated the City's global profile and tested the administration's resilience. The drought illustrated the harsh realities of managing extreme climatic events, which look set to become ever more frequent as carbon emissions exacerbate global warming. Moreover, the revision was developed in a period of political leadership transition, and a reimagination of some of the key development initiatives.

The 2019/20 BEPP review process sought to increase institutional buy-in and add value to the BEPP product and process in and beyond the City. The emphasis of the review was to:

- ✓ incorporate a stronger financial narrative and material alignment with the budget process;
- ✓ demonstrate a financial and resource plan, as well as a tangible/credible progression framework for the City's catalytic land development programme (CLDP);
- ✓ articulate a clear land assembly rationale to support a range of human settlement interventions and associated social amenities; and
- ✓ set out a clear and budgeted infrastructure investment programme that addresses urban inner core spatial priority and inventory of (physical and social) infrastructure backlogs.



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

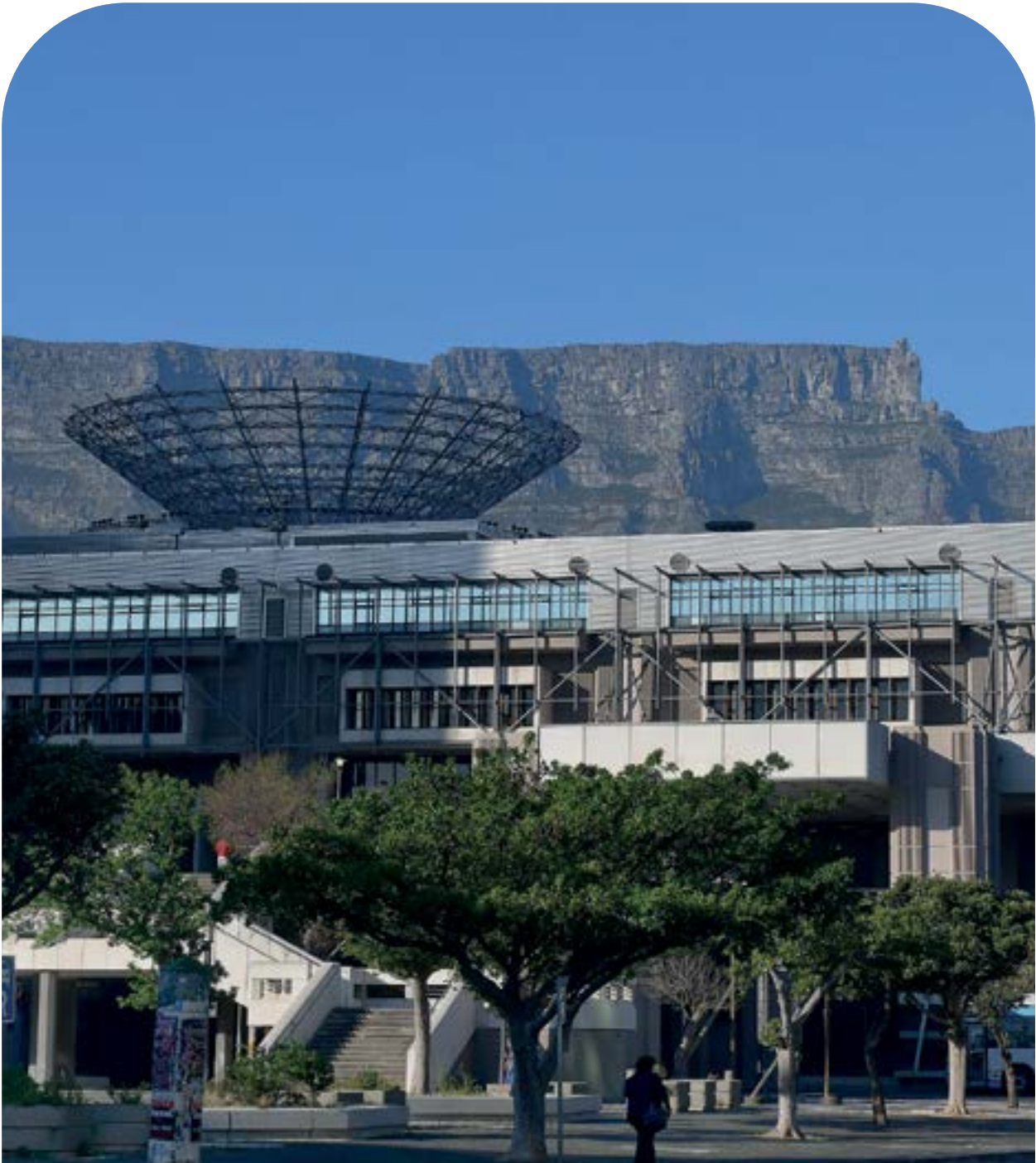
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GOVERNANCE STRUCTURES AND FRAMEWORKS

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.



GOVERNANCE STRUCTURE

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

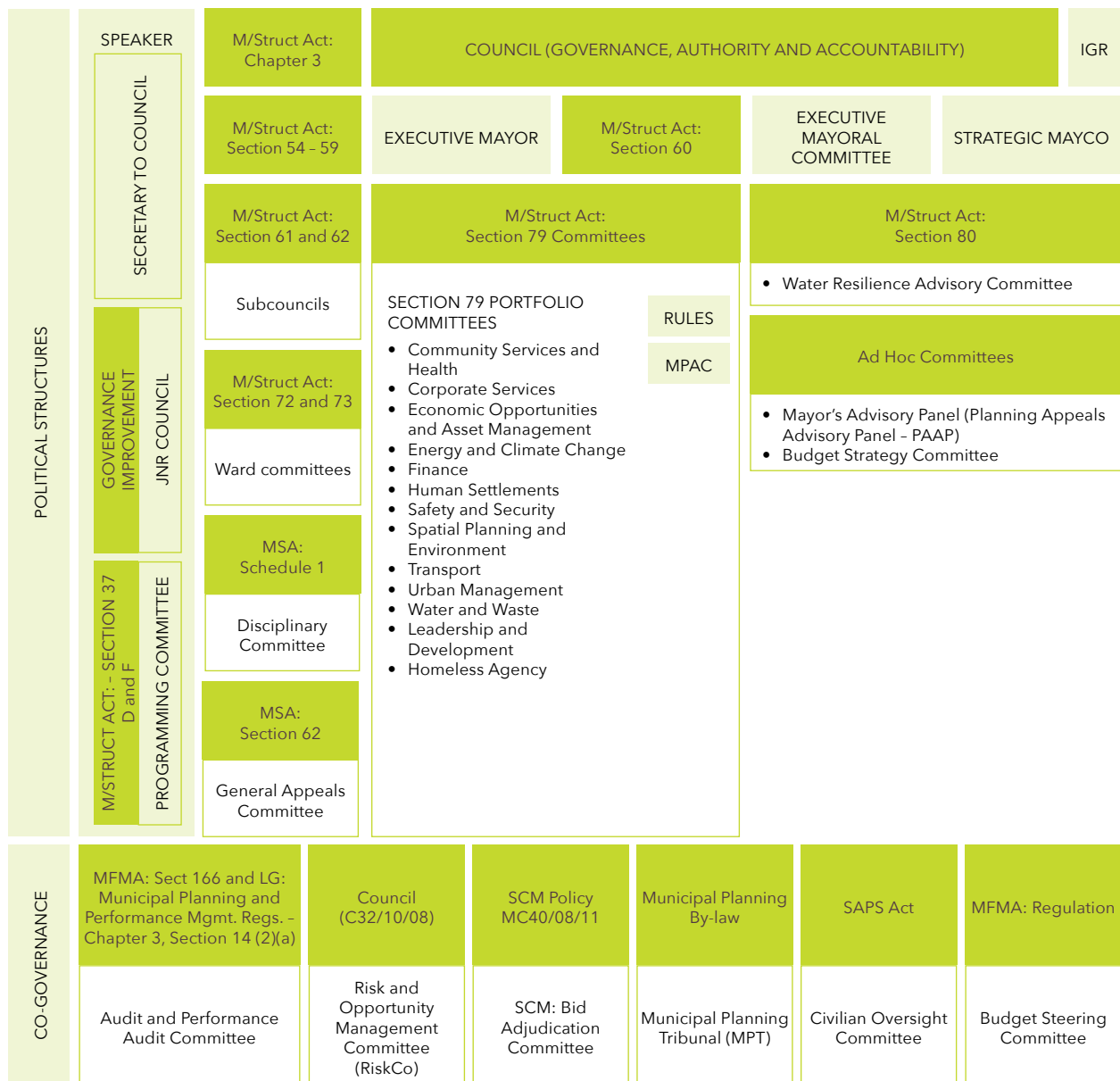


Figure 3: City of Cape Town governance structure



MAYORAL COMMITTEE

The Executive Mayor appoints the Mayoral Committee (Mayco). Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, together with the Mayco members.

Note that Mayco members changed in the course of the reporting year, following the resignation of Alderman P de Lille on 31 October 2018. An interim Mayco was appointed on 1 November 2018 by the Acting Executive Mayor, Alderman I Neilson. On 6 November 2018, Alderman D Plato was elected as the new Executive Mayor and proceeded to appoint his Mayco on 12 November 2018. These Mayco members were supplemented with a few new portfolios on 13 December 2018 as part of the approval of the new governance structure adopted by Council.

1 JULY-31 OCTOBER 2018

Ald P de Lille	Executive Mayor (resigned on 31 October 2018)
-----------------------	---

Ald Ian Neilson	Executive Deputy Mayor
------------------------	------------------------

Cllr Eddie Andrews	Area South
---------------------------	------------

Cllr Raelene Arendse	Corporate Services
-----------------------------	--------------------

Cllr Stuart Diamond	Assets and Facilities Management
----------------------------	----------------------------------

Cllr Brett Herron	Transport and Urban Development Authority (TDA)
--------------------------	---

Cllr Xanthea Limberg	Informal Settlements, Water and Waste Services
-----------------------------	--

Cllr Suzette Little	Area North (resigned on 25 October 2018)
----------------------------	--

Cllr Siya Mamkeli	Area Central (resigned on 25 October 2018)
--------------------------	--

Cllr Albert Ntsodo	Area East
---------------------------	-----------

Ald JP Smith	Safety, Security and Social Services
---------------------	--------------------------------------

Cllr Johan van der Merwe	Finance
---------------------------------	---------

1-5 NOVEMBER 2018

Ald I Neilson	Acting Executive Mayor, TDA, and Area-Based Services without Mayco members
----------------------	--

Cllr E Andrews	Area-Based Services South
-----------------------	---------------------------

Cllr R Arendse	Corporate Services
-----------------------	--------------------

Cllr S Diamond	Assets and Facilities Management
-----------------------	----------------------------------

Cllr X Limberg	Informal Settlements, Water and Waste Services; Energy
-----------------------	--

Cllr A Ntsodo	Area-Based Services East
----------------------	--------------------------

Ald JP Smith	Safety, Security and Social Services
---------------------	--------------------------------------

Cllr J van der Merwe	Finance
-----------------------------	---------

12 NOVEMBER-12 DECEMBER 2018

Ald D Plato	Executive Mayor
--------------------	-----------------

Ald Ian Neilson	Executive Deputy Mayor
------------------------	------------------------

Ald James Vos	Assets and Facilities
----------------------	-----------------------

Cllr Sharon Cottle	Corporate Services
---------------------------	--------------------

Ald Marian Nieuwoudt	Finance
-----------------------------	---------

Cllr Xanthea Limberg	Informal Settlements, Water and Waste Services, Energy
-----------------------------	--

Ald JP Smith	Safety, Security and Social Services
---------------------	--------------------------------------

Ald Felicity Purchase	TDA
------------------------------	-----

Cllr Phindile Maxiti	Area East
-----------------------------	-----------

Cllr Zahid Badroodien	Area South
------------------------------	------------

Cllr Malusi Boo	Area Central
------------------------	--------------

Ald Grant Twigg	Area North
------------------------	------------

SINCE 13 DECEMBER 2018

Ald D Plato	Executive Mayor
--------------------	-----------------

Ald Ian Neilson	Deputy Mayor and Finance
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Cllr Zahid Badroodien	Community Services and Health
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Cllr Sharon Cottle	Corporate Services
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Ald James Vos	Economic Opportunities and Asset Management
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Cllr Phindile Maxiti	Energy and Climate Change
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Cllr Malusi Boo	Human Settlements
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Ald JP Smith	Safety and Security
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Ald Marian Nieuwoudt	Spatial Planning and Environment
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Ald Felicity Purchase	Transport
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Ald Grant Twigg	Urban Management
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Cllr Xanthea Limberg	Water and Waste
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CLUSTERS AND COMMITTEES

SECTION 79 PORTFOLIO COMMITTEES

These committees had an important oversight role, especially with regard to the IDP, budgets, policies, service delivery, strategic objectives and priorities, as well as by-laws. Oversight entailed 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 included developing strategy for the monitoring and evaluation of the executive and administration's (in)actions.

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

In the earlier part of the reporting period, Council had the six section 79 portfolio committees below, which were chaired by the following councillors, who had been appointed by full Council:

Assets and Facilities Management	Cllr R Moses
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Corporate Services	Cllr T Uys
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Finance	Cllr S Mbandezi
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Safety, Security and Social Services	Cllr M Nqavashe
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Transport and Urban Development	Cllr A Moses
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Utilities and Energy Services	Cllr P Marmon (resigned on 31 October 2018)
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Note that the committees listed above were dissolved on 13 December 2018.



CLUSTER COMMITTEES

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

In the earlier part of the reporting period, Council had the seven cluster committees below, which were chaired by the following councillors who had been appointed by full Council:

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
Community Development	Cllr R Viljoen
Economy and Environment	Ald C Justus
Sustainability and Resilience	Cllr D Bryant

Note that the committees listed above were dissolved on 13 December 2018.

OTHER SECTION 79 COMMITTEES

INTERIM PLANNING COMMITTEE, CHAIRED BY CLLR J VAN DER MERWE

(Dissolved on 13 December 2018)

Council had established the Interim Planning Committee in terms of section 79 of the Local Government: Municipal Structures Act 117 of

1998 (MSA) to exercise all the delegated powers conferred on the previous Spatial Planning, Environment and Land Use Management Committee. The delegated powers of the committee related to spatial planning, land use management, the environment and related matters.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC), CHAIRED BY CLLR Y ADAMS

(Dissolved and re-established on 13 December 2018)

This is the mechanism through which Council oversees the expenditure of public money. The purpose of MPAC is to exercise oversight on behalf of Council in line with the practices prescribed in MPAC and National Treasury circulars and guidelines, as adopted by Council. The committee is mandated to investigate unauthorised, irregular, fruitless and wasteful expenditure in terms of sections 32(2) and 102 of the Local Government: Municipal Finance Management Act 56 of 2003 (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 Provincial 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

(Dissolved and re-established on 13 December 2018)

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

SECTION 80 COMMITTEES

SPECIAL EVENTS COMMITTEE, CHAIRED BY ALD I NEILSON

(Dissolved and re-established on 13 December 2018, and dissolved again on 28 March 2019)

The Special Events Committee considered and made recommendations to the Executive Mayor on applications to the City to host events, for onward recommendation to the Executive Mayor and Mayco members, where required.

WATER RESILIENCE ADVISORY COMMITTEE, CHAIRED BY CLLR X LIMBERG

(Dissolved and re-established on 13 December 2018)

The Water Resilience Advisory Committee considers matters pertaining to water resilience measures in the City, and makes recommendations to the Executive Mayor in this regard. The committee also includes external water resilience experts.

SMART CITY DIGITAL TRANSFORMATION AND ADVISORY COMMITTEE, CHAIRED BY CLLR R ARENDSE

(Dissolved on 13 December 2018)

The Smart City Digital Transformation and Advisory Committee considered matters relating to digital transformation in the City in line with the administration's Digital Strategy.

NAMING AND NOMINATION COMMITTEE

The Naming and Nomination Committee considers, and makes recommendations on, matters relating to naming and renaming in terms of the provisions of the Naming Policy, 2012.

UPDATED POLITICAL STRUCTURE SINCE 13 DECEMBER 2018

Council approved an updated political structure on 13 December 2018. It consists of the following committees of Council established under section 79 of the MSA, which are chaired by the councillors indicated below:

Urban Management	Cllr W Jaftha
Energy and Climate Change	Cllr Z Sulelo
Water and Waste	Ald C Justus
Safety and Security	Cllr M Nqavashe
Community Services and Health	Cllr R Viljoen
Human Settlements	Cllr B van Reenen
Transport	Cllr A McKenzie
Spatial Planning and Environment	Cllr E Andrews
Corporate Services	Cllr T Uys
Finance	Cllr S Mbandezi
Economic Opportunities and Asset Management	Cllr A Ntsodo
Leadership and Development	Cllr R Rau
Homeless Agency	Cllr N Mahangu
MPAC	Cllr Y Adams



In addition, the following committees were established in terms of section 80 of the MSA, which were chaired by the councillors indicated below:

Special Events Ald I Neilson
(dissolved on 28 March 2019)

Water Resilience Advisory Committee Cllr X Limberg

MUNICIPAL SYSTEMS ACT SECTION 62 COMMITTEE

GENERAL APPEALS COMMITTEE, CHAIRER BY ALD JD SMIT (SPEAKER)

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

SCHEDULE 1 COMMITTEE

DISCIPLINARY COMMITTEE, CHAIRER BY CLLR B VAN MINNEN (REPLACED BY CLLR P SWART ON 31 JANUARY 2019).

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, CHAIRER BY MR GUY HARRIS (UNTIL 31 MARCH 2019)

The Audit and Performance Audit Committee (APAC) does not have executive responsibilities, and primarily provides insight and advice. It does not perform any management functions or assume any management responsibilities. It 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, 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.

Council approves the committee's terms of reference, which stipulate aspects such as the composition, functions and operations required to perform effectively. 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 68 of 1995, Council appointed the Civilian Oversight Committee to ensure civilian oversight of the municipal police service.

MUNICIPAL PLANNING TRIBUNAL (MPT)

In terms of SPLUMA, each municipality must establish a municipal planning tribunal to decide specific categories of planning applications. The tribunal comprises experienced public and private-sector planning professionals. Councillors are prohibited from serving on the tribunal. The City's MPT continues to function effectively and is supported by a dedicated committee support office.

SPEAKER, CURRENTLY ALD JD SMIT

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 order for 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 Local Government: Municipal Systems Act 32 of 2000, or are derived from the City's Subcouncil By-law.

Subcouncils may make recommendations to Council on any matter affecting their areas of responsibility. They may also advise Council on the duties and powers that should be delegated to them. In the 2018/19 financial year, the City's subcouncils and subcouncil chairs were as follows:

Subcouncil 1	Cllr C Clayton
Subcouncil 2	Cllr G Twigg
Subcouncil 3	Cllr H Carstens
Subcouncil 4	Cllr C Jordaan
Subcouncil 5	Cllr C van Wyk
Subcouncil 6	Cllr Rose Rau
Subcouncil 7	Cllr G Fourie
Subcouncil 8	Cllr M Nikelo
Subcouncil 9	Cllr X Sotashe
Subcouncil 10	Cllr P Mngxunyeni
Subcouncil 11	Cllr A van der Rheede
Subcouncil 12	Cllr S Arendse
Subcouncil 13	Cllr R Bazier
Subcouncil 14	Cllr N Makasi
Subcouncil 15	Ald B Watkyns
Subcouncil 16	Cllr ML Kempthorne
Subcouncil 17	Cllr G March
Subcouncil 18	Cllr M Oliver
Subcouncil 19	Ald F Purchase
Subcouncil 20	Cllr I Iversen
Subcouncil 21	Cllr M Booï



Subcouncil 22

Cllr C Cerfontein

Subcouncil 23

Cllr EE Jansen

Subcouncil 24

Cllr S Pringle

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. For a list of EMT members, see page 277 of this report.

INTERNAL AUDIT

Internal Audit is an independent function that reports administratively to the probity portfolio manager in the Office of the City Manager, and functionally to the City's independent APAC.

Internal Audit provides independent, objective assurance and advisory services. It helps the City accomplish its objectives by evaluating and improving the effectiveness of its risk management, control and governance processes. In addition, Internal Audit puts safeguards in place to ensure that its independence and objectivity are maintained in executing its mandate and responsibilities.

GOVERNANCE, RISK AND ETHICS

INTEGRATED GOVERNANCE REPORT

On 30 May 2019, Council adopted the 2018 integrated governance report and resolved that it be made available to the public as a supplement to the City's integrated annual report in future. This is in line with the adoption of the King IV Report on Corporate Governance for South Africa.

The integrated governance report (see appendix J), compiled by the City's probity portfolio, provides an overview of the role and functions of the City's oversight bodies in good corporate and

ethical governance, and reflects the outcomes of work done by the City's independent internal assurance providers. These include Risk, Ethics and Governance; Internal Audit; Forensic Services, and the Office of the City Ombudsman.

All the independent internal assurance providers met or exceeded the targets set for engagements during the 2018/19 financial year. Key achievements included:

- ✓ the completion of 339 risk registers across the City, and updating and signing off the corporate risk register;
- ✓ the completion of 20 ethics investigations;
- ✓ the completion of 80 audit engagements, 47 of which were assurance engagements;
- ✓ the completion of 154 forensic investigations; and
- ✓ the completion of 440 complex investigations and the resolution of 1 642 non-complex complaints by the Office of the Ombudsman.

The integrated governance report outlines the corrective measures taken and the governance initiatives implemented by the administration as a result of the assurance providers' work. These include the implementation of improved controls, disciplinary and legal action, the reporting of matters to the South African Police Service (SAPS) and MPAC for further investigation, and alternative dispute resolution.

Some of the key proactive governance initiatives are as follows:

- ✓ A monthly City Manager dashboard monitors performance relating to good governance, among others.
- ✓ The key performance indicator on executive directors' personal scorecards that monitors and measures the implementation of remedial action to address the issues identified by internal assurance providers was expanded. While limited to the monitoring of

recommendations by Internal Audit, Forensic Services and Ethics in 2017/18, it was extended in 2018/19 to include remedial action agreed to by Integrated Risk Management and the Ombudsman.

- ✓ In two directives issued during the year, the City Manager highlighted to top management their accountability and responsibility to ensure effective financial management and systems of internal control.
- ✓ On 13 December 2018, Council decided that the City would become a corporate member of the Institute of Directors in South Africa (IoDSA) to support the administration's continuous efforts to embed King IV good governance principles in its operations.
- ✓ A leadership conference themed "Governance as a key enabler of service delivery" was hosted at the Cape Town International Convention Centre (CTICC).

More detail on the outcomes and corrective actions stemming from the engagements completed by the independent internal assurance providers is included in 2018/19 Integrated Governance Report (appendix J). It is also available on the City's webpage, in local libraries and at subcouncil offices.

COMBINED ASSURANCE

Combined assurance is the integration and alignment of assurance processes in the City to maximise risk and governance oversight, and control efficiencies. This, in turn, optimises overall assurance to Council, APAC, RiskCo and the EMT. Coordinating and driving the combined assurance programme in the City is the responsibility of the probity portfolio manager, who reports directly to the City Manager. Such responsibility includes mobilising, monitoring and reporting on the outcomes of the programme.

CONSEQUENCE MANAGEMENT

The City is committed to implementing and institutionalising good corporate governance, as it underpins everything the municipality does to deliver excellent services and achieve its strategic objective of being a well-run city. On 30 May 2019, Council adopted the Consequence Management Policy. The policy formalises and consolidates the principles of consequence management, accountability and responsibility for non-compliance, financial misconduct as well as other misconduct and code-of-conduct/ethical dilemmas, including remedial measures and recourse. To operationalise the policy, a standard operating procedure and consequence management register are being developed.

INTEGRATED RISK MANAGEMENT

The City's Integrated Risk Management (IRM) Branch delivers integrated risk management, combined assurance and business continuity management to the City.

OFFICE OF THE CITY OMBUDSMAN

The Ombudsman investigates and helps resolve public complaints against the administration. The office renders an independent, impartial, unbiased, non-prejudicial and apolitical service, which includes alternative dispute resolution, advocacy, relationship management and communication.

During the 2018/19 financial year, the Ombudsman received 2 568 complaints, of which 249 did not fall within the Ombudsman's mandate. A total of 1 392 complaints were redirected or escalated to Council departments, and 446 were allocated for formal Ombudsman investigation. The remaining 481 complaints still need to be assessed.

ETHICS

The City's ethics function works to institutionalise ethics by protecting, nurturing and enhancing the ethical culture of the City. To this end, it:



- ✓ facilitates the implementation of the City's ethics programme;
- ✓ responds to transgressions of the City's codes of conduct and policies;
- ✓ monitors ethics recommendations; and
- ✓ conducts ethics awareness communication, training and promotion initiatives.

The City has a zero-tolerance approach to corruption. An independent service provider manages a fulltime fraud hotline, which is available to internal and external City stakeholders to report any alleged irregularities and unethical behaviour.

FORENSIC SERVICES

The responsibilities of the City's Forensics 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 and service providers;
- ✓ implementing proactive anti-fraud and anticorruption policies, initiatives and prevention measures; and
- ✓ raising awareness and providing information and education in relation to fraud and corruption.

PROTECTED-AREA ADVISORY COMMITTEES (PAACs)

Cape Town has 11 protected-area advisory committees (PAACs) under the National Environmental Management: Protected Areas Act 57 of 2003. Local community groups are involved as far as possible to help ensure that the City's nature reserves serve the communities in which they are situated.



STRATEGIC FOCUS AREA 1: OPPORTUNITY CITY

SFA 1 FOCUSES ON:

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





OBJECTIVES	PROGRAMMES
Objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city	<ul style="list-style-type: none"> ✓ Ease-of-business programme ✓ Cape Town business brand programme ✓ Infrastructure investment programme ✓ Road infrastructure investment programme ✓ Economic development and growth programme ✓ Partnership development programme ✓ Leveraging the City's assets
Objective 1.2: Leveraging technology for progress	<ul style="list-style-type: none"> ✓ Digital city programme
Objective 1.3: Economic inclusion	<ul style="list-style-type: none"> ✓ Skills investment programme ✓ Mayor's job creation programme
Objective 1.4: Resource efficiency and security	<ul style="list-style-type: none"> ✓ Energy-efficiency and supply programme ✓ Climate change programme ✓ City resilience programme

KEY OPPORTUNITY CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2018/19



Energy use improvements in municipal operations saved over 193 GWh of electricity, which translates to **avoided emissions of 167 810 tCO₂e.**



Finalised **92,8%** (2017/18: 97,5%) of **building plans** within statutory timeframes.



Brought **total number of building plans approved** since 2012/13 to **192 097**, with a total building work value of approximately **R152 billion.**



Created **36 910 Expanded Public Works Programme (EPWP) employment opportunities**, bringing the total to **321 806** since 2012/13.



Installed nearly
1 095 km
of fibre-optic
cable across
the metro,
including cabling
to connect the
City's buildings
as well as bus
stations, cameras
and other
infrastructure
vital for service
delivery.



Invested
over
R169 million
in Wesgro
and the SPVs
since 2011,
while they have
facilitated over
R19,5 billion
worth of
investment in
Cape Town
and created
more than
32 000 direct
jobs in return.



**Most
compre-
hensive
diesel vehicle
emissions
testing
programme**
in the
country.



The City's Think
Twice kerbside
recycling
programme
is now
offered to over
170 000
households
across
Cape Town -
diverts over
±20 000 t of
recyclables
from landfill
every year.



Equipped 12
additional City
buildings with
**broadband
connectivity**,
bringing the
total to
411
to date.



Cape Town Air
Access has
helped secure
15
new routes and
21
route
expansions,
which have
doubled the
international
seat capacity
of Cape Town
International
Airport.



Retrofitted
all traffic
lights and
more than
20%
of streetlights
with light-
emitting diode
(LED) lamps.



13 garden
waste chipping
facilities **diverted**
105 000
tons of
organic waste
from landfill in
2018/19.



Installed
**17 new public
Wi-Fi locations**,
bringing the
total to
286
to date.



Diverted
over
150 000
tons of organic
waste from
landfill through
the garden
waste chipping
programme.



Installed **64**
**new public
Wi-Fi access
points**,
bringing the
total to
1 051
to date.



**Most
compre-
hensive
ambient
air quality
monitoring
network**
of all local
authorities.



City
distributed
4 406
**free composting
containers** to
Cape Town
residents.



Cape Town is
the first city in
South Africa and
only the third
city in Africa to
have an approved
**Resilience
Strategy.**



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

EASE-OF-BUSINESS PROGRAMME

BUSINESS SUPPORT PROJECT

The City has committed to facilitate business support for approximately 500 small and medium enterprises (SMEs) per year up until 2022. This includes ongoing advice and skills development, guidance on regulation compliance, and the removal of business-related bottlenecks. The assistance is delivered directly and in partnership with support organisations and various business incubators.

PLANNING DELEGATIONS PROJECT

The City's efforts to expedite land development in support of its transit-oriented development (TOD) strategy continue. The aim is to be more responsive to fast-changing urban dynamics and help establish integrated communities. Key to this approach is reviewing and simplifying the City of Cape Town Municipal Planning By-law, 2015 (MPBL), and entrenching the City's Development Application Management System (DAMS) to ensure that both these instruments enable economic growth.

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

The Development Management Scheme (DMS) is a key component of the MPBL. This single zoning

CITY INVESTMENT HELPS SMALL BUSINESSES ACHIEVE BIG SUCCESS

The City's programmes aimed at formalising informal businesses in partnership with the private sector are showing significant results. This is evidenced by the success stories of just two of the micro-enterprises that have benefited from these programmes.

Since receiving a free three-phase electrical connection from the City and taking delivery of new retail equipment provided by Pick n Pay, Market Ndwamba in Nyanga is reporting impressive revenue growth. The enterprise has also been able to grow its staff complement from six to 33.

The same assistance was provided to Nozinga Market in Gugulethu, with equally impressive results. This business has employed nine additional people, and the owner says there is significant potential for continued growth thanks to the support from the City and its partners.

scheme has been designed to control land use and regulate land use rights through effective zoning.

The City's Development Application Management System (DAMS), in turn, allows for the electronic submission, circulation and processing of building plans and land use applications. As a result of DAMS and the City's e-Services portal, 78% of all building plans and 77% of all land use applications were received electronically in the year in review.

In 2018/19, these combined measures allowed the City to finalise 92,8% of building plans within the statutory timeframes, against

a target of 92%. A total of 192 097 building plans, with a combined building work value of approximately R152 billion, have been submitted for City approval since 2012/13.

The City has committed to continue investing in the enhancement and development of DAMS in the coming years.

CITY-PRIVATE-SECTOR GROWTH PARTNERSHIP PROJECT

The City partners with property developers and other stakeholders to share information and assess opportunities to help achieve its infrastructure investment vision. This also gives the City a clear view of any planned public and private-sector development initiatives or concerns that it needs to be aware of. The partnerships help ensure full transparency between stakeholders, and a shared development vision based on effective information flow.

CAPE TOWN BUSINESS BRAND PROGRAMME BUSINESS BRAND PROJECT

In 2018/19, the City further cemented its business brand, Invest Cape Town, through stronger partnerships and several digital campaigns and direct stakeholder relations. The Invest Cape Town brand is stimulating and enabling investment by ensuring that all economic role-players in the region speak with one voice, campaigning for Cape Town as Africa's hub for business ideas and innovation.

Online platforms, including the Invest Cape Town website (www.investcapetown.com), reached 72 000 users in the year in review, while the Twitter account (@investcapetown) doubled its following. Invest Cape Town also established a LinkedIn page, which reaches professionals and generates leads by linking the City's facilitation team with possible investors.

In partnership with Wesgro, the City ran a digital investor campaign, reaching an audience of 4,8 million users in investor markets such as the United States, China and several other countries. The campaign provided sector-specific information to future investors and created awareness of the business brand. Going forward, the City plans to develop and expand this business brand initiative, and further build on its investor awareness campaign.

ECONOMIC SECTOR DEVELOPMENT PROJECT

As part of its trade and investment mandate, the City funds and supports various special-purpose vehicles (SPVs) to drive growth and job creation in strategic sectors of the economy. The SPVs currently supported are the Cape Information Technology Initiative (Citi), the Cape Town Fashion Council, Clotex, the Cape Craft and Design Institute, GreenCape, the Cape Clothing and Textile Cluster, and Business Process Enabling South Africa Western Cape.

The City also supports Wesgro - the Western Cape's destination marketing, investment and trade promotion agency - to further promote trade and investment, and the Western Cape Economic Development Partnership to build and strengthen partnerships.

Since 2011, the City has invested more than R169 million in Wesgro and the SPVs. In return, they have facilitated over R19,5 billion worth of investment in Cape Town and created more than 32 000 direct jobs.

In the 2018/19 financial year, the SPVs facilitated investment worth R2,7 billion, 4 764 jobs and 2 109 skills opportunities. In addition, since the start of 2018, 614 graduates have been placed in internships with host companies in the information and communications technology (ICT) space.



The industries where Cape Town has the most pronounced job creation advantages are fishing, real estate, textiles and clothing, hotels and restaurants, and food and beverage manufacturing. These remain key focus areas for attracting investment.

INVESTMENT DESTINATION IN IDENTIFIED MARKETS PROJECT

The City recognises that identifying opportunities in high-growth, high-impact sectors is key to growing the local economy. Once identified, these opportunities are communicated to the market to attract investment to the region and maximise job creation and economic development.

The City engages with various Cape Town-based companies to generate business and sector intelligence and gain economic insights that can inform its approach to sector support in the identified high-potential sectors. Project Camissa is the City's primary research initiative aimed at gathering these insights. The findings are applied to better understand which industries in Cape Town's economy hold potential for both output and employment growth, and to identify strategic interventions that will best support this growth potential.

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

Since its launch in 2015, Cape Town Air Access has helped secure 15 new routes and 21 route expansions. This has doubled Cape Town International Airport's international seat capacity by more than 1,5 million seats, which saw the airport reach the 10,8 million passenger mark in 2018. International-terminal passengers grew by 8,5% in 2018, reaching a total of 3,1 million. The

BPO GENERATES R4,7 BILLION IN INVESTMENT FOR CAPE TOWN

The business process outsourcing (BPO) sector is identified as a priority sector for the City due to its job-creating potential, especially for young, unemployed people in Cape Town.

The City's involvement with the BPO sector through its strategic business partner Business Process Enabling South Africa Western Cape (BPESA WC) has generated investment of over R4,7 billion in Cape Town over the past five years. The sector currently employs 59 000 people in the Western Cape. The City's efforts, in partnership with BPESA WC, have yielded a number of successes and enabled Cape Town to maintain the lowest unemployment rate of all the metros in the country for a number of quarters. Over the past five years, the partnership has secured 19 604 jobs for residents. And in the past financial year alone, over 4 022 employment opportunities were secured through this sector.

The BPO sector has also shown steady year-on-year growth of 22% over the past four years.

The City will keep on supporting this sector to ensure that it continues unlocking opportunities and helps position Cape Town as a globally competitive city.

United Kingdom is Cape Town's top international tourist market, with Germany and the United States second and third respectively. Cargo figures have also improved significantly, with more freight being transported in the belly of the aircraft. Cargo freight grew by 52% to 57 000 tons in 2017.

Cape Town's export value increased from a value of R76,1 billion in 2014 to R84,2 billion in 2018; a growth of 10,63% over this 5-year period. The total number of containers handled at the Port of Cape Town grew by 5,2% between 2012 and 2018. Over a five-year period, total cargo handled at the Port of Cape Town increased by 8,6%.

The Port of Cape Town received global recognition by being nominated at the 26th World Travel Awards in the Africa's Leading Cruise Port category for 2019. Through the V&A Waterfront, the Port of Cape Town is developing a "world-class" passenger terminal which is expected to increase attention from leading cruise line companies and attract tourists to Cape Town.

INTERGOVERNMENTAL LEGISLATION PROJECT

The City has numerous Council-approved policies. In line with the City's commitment to create a business-friendly regulatory environment, all of these are regularly evaluated to assess whether they need to be amended, replaced or scrapped.

EVENTS PROJECT

Cape Town has the potential and infrastructure to position itself as Africa's events capital. The City is working hard to entrench this position, primarily through hosting and promoting iconic and strategic events. It also focuses on prioritising specific events segments, such as sports, business, culture and music.

These types of events play a key role in increasing destination awareness and encouraging potential tourists to visit Cape Town. As such, the City





invests heavily in event partnerships, support and marketing, and actively promotes the signature events it hosts in both national and international markets.

In 2018/19, the efforts of the City's Events Department, in collaboration with its many partners, were rewarded when Cape Town was recognised as the world's leading festival and event destination for 2018 at the World Travel Awards. As a premier events destination, Cape Town has also already been voted Africa's leading festival and event destination for 2019, and is a finalist for the global award again later in the year.

These accolades highlight the City's commitment to providing an enabling environment for successful events, event packaging and promotion for the tourism industry, as envisaged in its Integrated Events Strategy. They are also important milestones in terms of the City's goal to align Cape Town with international trends and position it as a truly global city.

EVENT SUPPORT

In the 2018/19 financial year, the City supported a broad spectrum of external events. The Special Events Committee received 222 event support applications, of which 143 received financial or other support from the City. These included the Red Bull Cape Town Circuit with the Formula 1 team,



Table 1: Annual film permit applications and issuance

	2016/17	2017/18	2018/19
Film permit applications received	1 855	1 646	1 890
Percentage successful applications	78%	77%	65%

Table 2: Annual film bookings and permit issuance

	2016/17	2017/18	2018/19
Film bookings	12 033	11 350	13 211
Percentage successful applications	60%	62%	61%

as well as the grand finale of Mr Gay World. Some of the other key City-supported events that helped position Cape Town globally were the:

- ✓ Cape Town Carnival;
- ✓ Cape Town International Jazz Festival;
- ✓ Africa Travel Week;
- ✓ Cape Town Cycle Tour;
- ✓ Design Indaba Festival;
- ✓ Absa Cape Epic;
- ✓ Cape Town Open (golf);
- ✓ ITU Triathlon World Cup; and
- ✓ Suidoosterfees.

The Events Department also provided event services and/or branding for 873 corporate events in the year in review.

BIDDING FOR EVENTS

The Events Department proactively looks for opportunities to promote Cape Town by bidding

to host major events that could potentially raise the city's profile and stimulate economic growth.

In November 2018, City representatives formed part of a delegation including provincial and national government as well as Netball South Africa to present a bid to host the 2023 Netball World Cup. Thanks to the combined efforts of this delegation, Cape Town has won the bid and will be hosting this prestigious event.

In June 2019, the City also announced its intention to host the Formula E race, pending the results of a feasibility study. Formula E, sanctioned by the International Automobile Federation, is a class of motorsport that uses only electric-powered cars and has been operational since 2014.

EVENT PERMITTING

During the 2018/19 financial year, 1 890 event permit applications were received and 1 229 permits issued.

The year-on-year decline in the percentage of permits issued is due to a combination of factors, including the downturn in the economy, a decline in public-sector-funded events linked to celebratory and public holidays, and the water crisis.

FILM PERMITTING

A total of 13 211 film bookings were received during the reporting year, and 8 048 permits were issued.

E-PERMIT SYSTEM

The City's e-permit system has been completed and the online portal went live in June 2019. The system allows event organisers to submit their permit applications without the need for extensive paperwork. This forms part of the City's commitment to cut down on paper and make it easier to do business.





PLACE MARKETING

The City has a dedicated Place Marketing team, who are mandated to profile Cape Town as an international destination with unlimited opportunities. The team consists of the three dedicated units of Destination Marketing, Investment Promotion, and Tourism.

In the year in review, the team delivered the following key highlights and achievements:

DESTINATION MARKETING

- ✓ Embedded the pillars "Visit", "Live", "Work", "Study", "Play" and "Invest" in all messaging
- ✓ Focused on producing content and collateral for these pillars aimed at various target audiences
- ✓ Provided a holistic perspective of an authentic Cape Town that connects with people
- ✓ Managed market concerns over water and safety in partnership with Cape Town Tourism

INVESTMENT PROMOTION

- ✓ Cemented the City's business brand, Invest Cape Town, through stronger partnerships, digital campaigns and stakeholder relations
- ✓ Reached 72 000 users via online platforms such as investcapetown.com and Twitter
- ✓ Established a LinkedIn page to link the City's facilitation team with potential investors
- ✓ Ran a digital investor campaign, which reached an audience of 4,8 million users in international investor markets

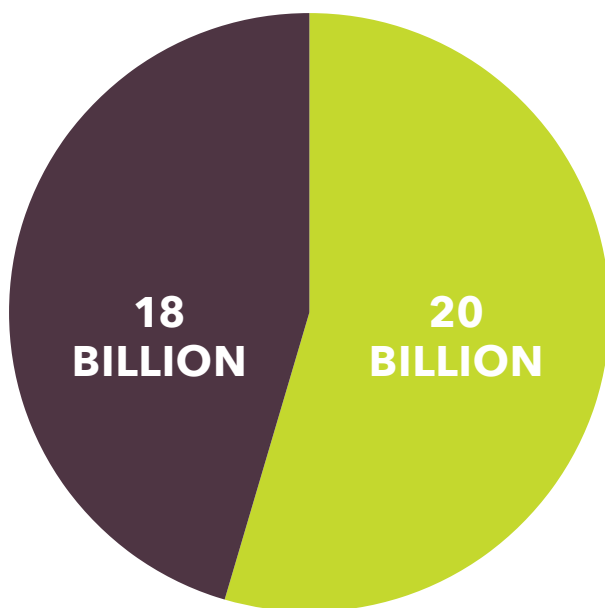
TOURISM

- ✓ Provided strategic advice and direction to Cape Town Tourism
- ✓ Secured approval for a new three-year agreement with Cape Town Tourism for in-destination and visitor services, tourism marketing and special City projects
- ✓ Secured 14 new direct international flights to Cape Town over the past three years along with Air Access partners
- ✓ New direct flight between Cape Town and New York, which is set to increase visitor numbers
- ✓ Embarked on a neighbourhood video project, "eKasi Sessions", aimed at showcasing local culture-rich communities across Cape Town. The videos shared the communities' stories with industry members to encourage their inclusion in Cape Town's tourism offering. The areas profiled included Langa, Khayelitsha, Simon's Town and Mitchells Plain
- ✓ Marked Tourism Month (September) by hosting school sessions across town to foster an understanding of the three pillars of responsible tourism, namely economic inclusion, environmental integrity and social upliftment

INFRASTRUCTURE INVESTMENT PROGRAMME

Investment in infrastructure is a vital enabler of economic growth and effective poverty reduction. Since 2012/13, the City has invested around R38 billion in infrastructure development. Of this, R20 billion has been for new infrastructure, and R18 billion for the refurbishment of existing infrastructure.

Figure 4: Infrastructure investment by the City of Cape Town since 2012/13



- New infrastructure
- Refurbishment of existing infrastructure

The City stimulates growth by investing in suitable economic and social infrastructure to support economic development. Resources are allocated according to a strategic infrastructure asset management plan and asset register. Approximately R23 billion is being invested in infrastructure in the three years from 2018/19 to 2020/21.

INFRASTRUCTURE ASSET MANAGEMENT PROJECT

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

- ✓ help cities optimise performance across the urban infrastructure value chain by offering best-practice processes, techniques and tools;
- ✓ achieve strategic objectives and desired outcomes;
- ✓ serve as an integrated system that incorporates the requirements of national policy and strategy, legislation, relevant standards as well as best practice in multiple disciplines; and
- ✓ support good governance and transparency, including making and communicating informed decisions.

National Treasury also developed a bespoke CIDMS implementation strategy for the City, the implementation of which is well underway by the Energy and Climate Change Directorate. The potential advantage, for the City, of adopting the CIDMS implementation strategy is enormous, and gives the assurance to the ratepayers that new assets installed will be well looked after. It also allows the City to benchmark itself against other cities across the world and ensure it has a world-class approach to asset management.



This is achieved thanks to the CIDMS strategy allowing the City to:

- ✓ access useful statistical data to make informed decisions
- ✓ better plan for the replacement of assets and capital spend
- ✓ optimise the deployment of human capital
- ✓ extend the useful life of assets
- ✓ leverage accurate data and positions of all assets
- ✓ maintain complete records of maintenance done and costs per asset

BULK WATER SUPPLY SYSTEM AUGMENTATION AND MAINTENANCE PROJECT

The ongoing drought in the Western Cape has led to a number of initiatives focused on averting a water crisis in the short term, but also incrementally diversifying water sources to reduce the city's reliance on surface water.

CAPE TOWN WATER STRATEGY

A key component of this response, and of the City's commitment to ensuring greater resilience, was the development of a new Cape Town Water Strategy. Approved in April 2019, the strategy sets out a refocused approach for at least the next ten years. It aims to secure Cape Town's water future by increasing the available water supply by more than 300 million litres per day over the following decade, at an approximate cost of R5,7 billion.

The aim is to reduce the likelihood of severe water restrictions in the future by increasing the reliability standard of supply from 98% to 99,5%. The strategy explores investment in alternative water sources, including groundwater, wastewater reuse as well as desalination, to supplement water supply. It also addresses the effectiveness of network

BERG RIVER TO VOËLVLEI AUGMENTATION SCHEME (BRVAS)

The national Department of Water and Sanitation is currently implementing the Berg River to Voëlvlei Dam augmentation scheme. The proposed scheme involves the pumped abstraction of winter water from the Berg River to the Voëlvlei Dam as well as the release of water from the Voëlvlei Dam to Berg River during the summer months. The BRVAS requires the following additional infrastructure:

- A weir and raw water pump station on the Berg River at Lorelei to minimize the entrainment of sand and silt by the pumps.
- A rising main pipeline that is 6 300 metres long and has a diameter of diameter up to 1,9 metres. The pumps would be programmed to operate in accordance with the developed operating rules for the eventual scheme.
- This pipeline would need to be cross connected to the existing outlet infrastructure so that water can be released to the Berg River during the summer months under gravity, thus eliminating the need to utilise the existing canal from which water losses occur.

Once completed, the scheme will significantly expand the capacity of the Western Cape Water Supply System and help to ensure the water resilience of the city.

Table 3: Large bulk water infrastructure projects as at 30 June 2019

PROJECT	PROGRESS
500 Mℓ/day water treatment works and a 300 Mℓ reservoir at Muldersvlei	Environmental authorisation is in place for the reservoir, and the last of four land acquisitions is being finalised. A professional services contract is in place. Design is now progressing after initial delays due to the landowner denying the City access to the site until full transfer had been concluded. The geotechnical survey of the site is complete, and detailed design has recommenced.
300 Mℓ Spes Bona reservoir (increasing storage capacity in the Durbanville and Kraaifontein areas)	This project has been deferred due to resource limitations and reassignment to higher-priority projects.
100 Mℓ Contermanskloof reservoir (for increased storage capacity in the Table View and Parklands areas)	Environmental authorisation was obtained and the land acquisition process completed. A professional services contract was awarded, as was the contract for reservoir construction, which commenced in 2017. Construction was progressing well until two of the contractor's three joint-venture partners were liquidated. The third partner has now also filed for voluntary liquidation in the new financial year. The City is engaging with the liquidators and a guarantor to explore whether the latter could possibly complete the project.
100 Mℓ Steenbras reservoir (increasing storage capacity in the Gordon's Bay and Strand areas)	A geotechnical investigation was done and a system analysis is currently being conducted. The City awaits the detailed geotechnical report. However, the project has been deferred due to resource limitations and reassignment to higher-priority projects.

management, expanding and managing bulk water and wastewater infrastructure, maximising benefits, supporting the transition to a water-sensitive city, and reducing the risk associated with having to share regional resources.

The Cape Town Water Strategy is based on five commitments:

- ✓ *Safe access to water and sanitation* – Focuses on improving access to water and sanitation in informal settlements
- ✓ *Wise use* – Promotes water conservation through pricing incentives, regulatory incentives, active citizenship and network management



- ✓ *Sufficient, reliable water from diverse sources* - Focuses on surface and groundwater, water reuse and desalinated water, as well as building new capacity of approximately 300 million litres per day over the next ten years
- ✓ *Shared benefits from regional water resources* - Looks at optimising the economic, social and ecological benefits of regional water resources, and reducing the risks through collaboration
- ✓ *A water-sensitive city* - Ensures optimal use of stormwater and urban waterways for the purposes of flood control, aquifer recharge, water reuse and recreation, based on sound ecological principles - both through new incentives and regulatory mechanisms, as well as through the way in which the City invests in new infrastructure

The Cape Town Water Strategy is underpinned by ten key principles:

- ✓ Value water
- ✓ Grow inclusivity and trust
- ✓ Build capacity (of staff and stakeholders)
- ✓ Work together and across boundaries
- ✓ Design for adaptation
- ✓ Live with water (multiple uses of waterways)
- ✓ Work with nature
- ✓ When it rains, slow, store and repurpose
- ✓ Get ready for shocks
- ✓ Stimulate the green economy

To ensure the successful implementation of this strategy, the City's Water and Sanitation Department is fast becoming a modern, professional water services provider that operates in line with international best practice. A new Customer Service Branch will be developed and implemented in 2019 to ensure customer-centric service delivery.

A FOCUS ON BULK WATER SYSTEM RESILIENCE

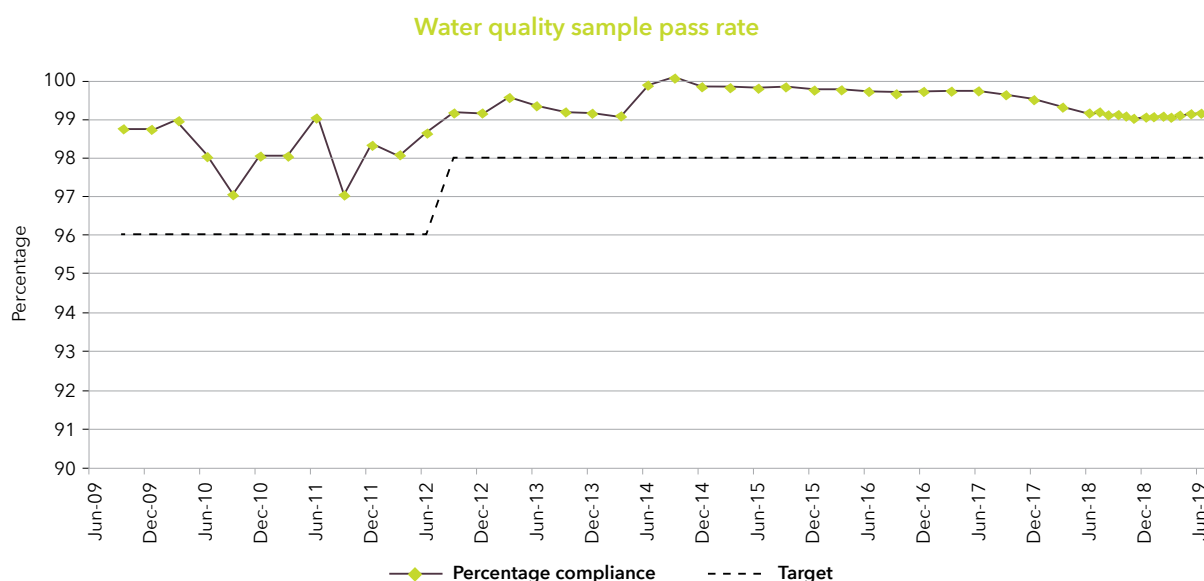
Another key water focus for the City going forward is strengthening, refurbishing and maintaining Cape Town's bulk water supply system. A number of strategic interventions are already in place to achieve this. These include the following:

- ✓ A drought management planning and operations support contract, initiated in January 2018, will see the development of a computer-based decision support and operating system for different scenarios.
- ✓ The City continues to engage with the national Department of Water and Sanitation (DWS) around reviewing and finalising water allocations and water use licensing from the Western Cape Water Supply System (WCWSS).
- ✓ The City is working more closely with neighbouring municipalities to utilise regional water supplies more effectively.
- ✓ Through its Bulk Water Branch, the City continues to play a key role in the WCWSS Strategy Steering Committee, and Administrative and Technical Support Group. These provide a platform for direct collaboration between municipalities to ensure that the WCWSS's potential is maximised.
- ✓ The City continues to work with DWS, as the custodian of water resources, to ensure that the WCWSS keeps up with growing water demand due to population and economic growth.

Other schemes are also under way as follows:

- ✓ Four contracts (two drilling, one mechanical and electrical, and one civil works) have been awarded for groundwater development in the Table Mountain group aquifer. A tendering process for a supplementary contract for deep and horizontal drilling is also in progress. Development of the Steenbras wellfield is under way and will include the drilling of 16 boreholes for exploration and production. Six production boreholes have already been completed. Conceptual

Figure 5: City of Cape Town water quality sample pass rate, June 2009 to June 2019



infrastructure layouts for the Groenlandberg and Nuweberg wellfields have been developed and presented to the City's Bulk Water Branch.

- ✓ For the Lourens River scheme, a professional services provider has been appointed to undertake a feasibility study on developing the Lourens River diversion scheme into a water supply resource.
- ✓ At the Cape Flats aquifer, three contracts have been awarded for groundwater development, including contracts for drilling and for linking infrastructure between boreholes, reservoirs, treatment facilities and reticulation injection points. Already, 62 monitoring and exploratory boreholes and 35 production boreholes have been drilled.

INFRASTRUCTURE MAINTENANCE SERVICE PROJECT

Maintenance and refurbishment of existing bulk water infrastructure are ongoing, including upgrades to major pump stations, the repair of concrete structures such as reservoirs and dam intakes, and the verification

and replacement of large-diameter meters. In the year in review, 86% of the R26,36 million capital budget for the refurbishment and replacement of bulk water infrastructure was spent.

The City has a detailed process flow to ensure that its water and sanitation data are accurate and its management systems are effective. It continues to invest in repairs and maintenance of its water and sanitation infrastructure, which makes a noticeable difference to Cape Town and its people. The City's total investment in water and sanitation repairs and maintenance since the 2012/13 financial year stands at around R16 billion. During the period in review, R1,03 billion was spent (2017/18: R2,45 billion).

SUPPORT SERVICES PROJECT

EXCELLING AT WATER QUALITY

To ensure that all Cape Town residents have access to the safest possible tap water, the City supports and complies with the strict water quality checks prescribed by DWS. Water quality is closely monitored by the City's Scientific Services laboratory, with water samples analysed against the latest SANS 241 requirements.



The data confirm that the City continues to exceed its own, very high water quality targets.

The City's entire water supply system is assessed as part of the DWS Blue Drop audits. The City consistently excels in these assessments and achieved a score of 95,86% in the last audit, the results of which were released by the DWS in 2015.

Not only does the City receive high scores for its drinking water, but it also excels in terms of wastewater management. In the last Green Drop awards, which assess the quality of wastewater treatment systems, the City received 12 Green Drops and an overall score of 89,7% for its 27 wastewater treatment systems.

DWS has not undertaken the Green Drop assessment since 2013. However, the City continues to monitor its own compliance with regulation 991 for its wastewater works. To this end, it uses general authorisation standards for works treating less than 2 Mℓ/d, and annually updates the Green Drop System (Integrated Regulatory Information System or IRIS) with compliance values, which are available to the public.

ENSURING EXCELLENT AIR QUALITY

The City's Air Quality Management Unit regulates air polluters in terms of the National Environmental Management: Air Quality Act 39 of 2004 and the City's Air Quality Management By-law. A network of 13 community-based monitoring stations measure the pollutants prescribed in the National Ambient Air Quality Standards. Data from the monitoring network show that Cape Town's ambient air quality generally complies with the national standards. A total of just 32 air pollution episode days were recorded in the past financial year. The City's ambient air quality monitoring network is the most comprehensive of all South African local authorities. The City also boasts the most comprehensive diesel vehicle emissions testing programme in the country. Three dedicated teams conduct daily roadside testing of vehicles in partnership with Traffic Services. Of the 7 798 vehicles tested in the past year, only 223 failed the emissions test (2,8%).

CITY'S SCIENTIFIC SERVICES BRANCH RECOGNISED AS A CENTRE OF EXCELLENCE

The South African Local Government Association (SALGA) recognised the Scientific Services Branch as the centre of excellence in South Africa for water science. This is in part due to it being the only municipal laboratory of its kind in the country to perform each aspect of the diverse operations in coastal testing, air quality, testing of drinking water, wastewater and groundwater, all under one roof. The work of the branch includes the testing of water samples daily, as well as raw and treated wastewater samples from wastewater treatment plants, samples from coastal water, dams, rivers, springs, vleis and municipal swimming pools, among others. Outputs include the following:

- Over 472 300 chemical and biological tests performed each year on the raw water entering the water treatment plants and on the treated water leaving the plants
- Over 220 potable water samples taken weekly at sampling points situated across the entire distribution network
- Samples from 26 wastewater treatment plants analysed on a weekly basis for chemical, microbiological and physical determinants.
- 10 springs monitored for water quality on a monthly basis
- 42 of the City's public swimming pools tested on a daily basis during peak season
- 100+ water samples from dams, rivers and vleis tested monthly
- Air pollutants analysed and recorded every 10 seconds via 14 Air Quality Monitoring Stations

ROAD INFRASTRUCTURE INVESTMENT PROGRAMME

CONCRETE ROADS UPGRADE PROGRAMME

In the year in review, the City continued its work to rehabilitate and upgrade minor roads throughout Cape Town, with a particular focus on existing concrete roads in low-income areas. Labour-intensive methods are prioritised with these projects in order to generate employment for members of surrounding communities. In the 2018/19 financial year, a further R35 million was spent on this roads rehabilitation programme. A total investment of R197 million has been set aside to continue the work in the coming years (2020 to 2022).

Aside from upgrading the concrete roads themselves, the programme also focuses on formalising stormwater infrastructure, which will prevent roads and adjacent properties from flooding, and also the construction of surfaced footways providing universal access for those with special needs. This programme thus provides a boundary-to-boundary upgrade of the roads in question.

ROAD CONGESTION RELIEF PROJECT

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

To enable the City's Transport Directorate to effectively address the congestion problem, the

City allocated R240 million to congestion relief work for the 2018/19 financial year. The initial focus of the congestion relief project was on the Blaauwberg, Kommetjie and Kuils River areas. In the Blaauwberg area, Platteklouf, Bosmansdam and Sandown roads and Malibongwe Drive (M12) are being upgraded to dual carriageways. Similar work is being carried out in Kommetjie on portions of Kommetjie Road and Ou Kaapse Weg. In the Kuils River area, Erica Drive, Belhar Main Road and Saxdown Road have been earmarked for extension to complete missing links in the road network. Langverwacht and Amandel roads are also being upgraded with additional carriageways.

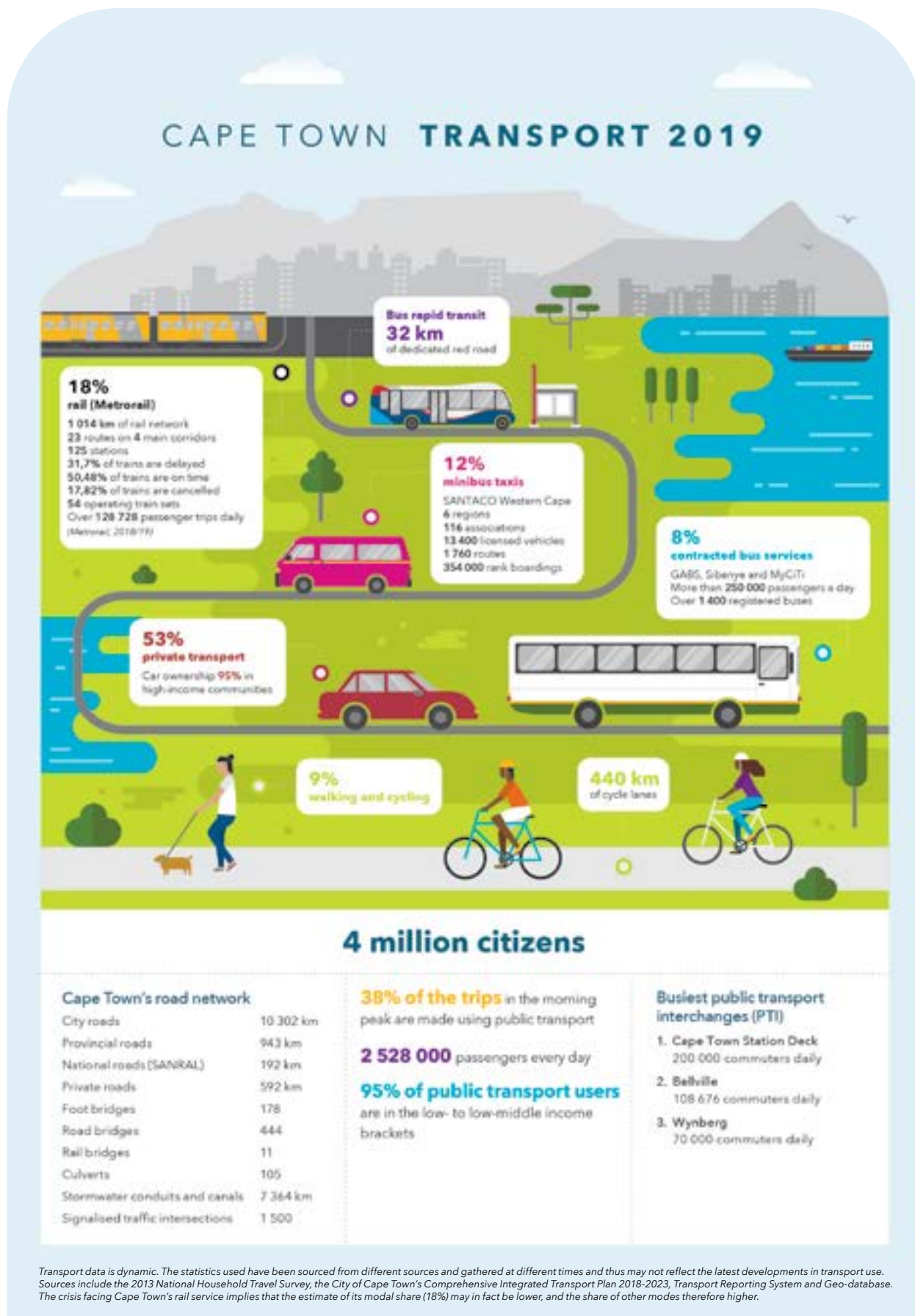
Moreover, in Somerset West, Broadway Boulevard (R44), Onverwacht Road (new link) and Sir Lowry's Pass Village Road are being upgraded. Planning has also commenced for upgrades to the M3 corridor (N2 to Travato Link Road), the Voortrekker Road corridor as well as Berkley Road in Maitland.

The total programme budget is unlikely to be sufficient to fund all identified and required congestion alleviation projects. As such, any additional funding that becomes available will be directed towards projects that will be of greatest benefit to Capetonians and the local economy. Where possible, additional, special funding will also be secured.

E-TOLLS

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







ECONOMIC DEVELOPMENT AND GROWTH PROGRAMME

BUSINESS INCENTIVE PROJECT

The City's Investment Facilitation Unit administers the City's investment incentive programme. The programme saw 158 non-financial incentives taken up in the first three quarters of 2018/19, along with 19 financial incentives to the value of R21,78 million. The incentive scheme is currently confined to the Atlantis industrial area, but will be rolled out to five additional areas in 2019/20.

Since 2013, the Atlantis incentive scheme has seen a total of 132 financial incentives to the value of R73,7 million be taken up, and 1 658 non-financial incentives used. These incentives have helped secure the growth and sustainability of the beneficiary companies, enabling them to continue providing thousands of job opportunities.

TARGETED URBAN UPGRADE AND IMPROVEMENT PRECINCTS PROJECT

The City uses a number of mechanisms, including the Mayoral Urban Regeneration Programme (MURP), to promote improved precinct management and investment in priority areas. The historic MURP implementation platform includes the following:

- ✓ *Area coordinating teams* – Technical teams of officials at a district level, established in identified focus areas/neighbourhoods of Cape Town. These teams generally meet once per month.
- ✓ *Project steering committees* – Community structures made up of community leaders who represent relevant sectors in the community.
- ✓ *Mayoral Urban Regeneration Committee* – A high-level committee of the Executive Mayor and the Mayco members.

- ✓ *Negotiated community action plans/area strategies/safety plans/public investment frameworks* – Negotiated solutions for stabilisation, sustainability and development on a geographic-area basis.
- ✓ *Participatory approaches and transversal integration* – Consultation, baseline analysis, planning, operations and maintenance, budgeting, implementation and precinct management.
- ✓ *The safety plan*, which has been focusing on the communities of:
 - Manenberg;
 - Hanover Park;
 - Atlantis;
 - Bishop Lavis;
 - Bonteheuwel;
 - Ocean View;
 - Mitchells Plain;
 - Nyanga and Gugulethu; and
 - Kensington, Factreton and a portion of Maitland.

The MURP areas were identified based on the following criteria:

- ✓ *Council for Scientific and Industrial Research (CSIR) study areas in greatest need of public/social facilities and infrastructure* – These are areas of Cape Town that require an investment focus to redress inequality.
- ✓ *Socio-economic index* – This indicates the areas of Cape Town that require special attention, and where upliftment depends on a catalytic approach.
- ✓ *Density* – Areas where improved sustainability will have a positive impact on the quality of life of a larger number of residents due to a denser population.

- ✓ *Areas of rapid urbanisation* – Areas with the lowest levels of sustainability due to poor urban management and a lack of investment in public facilities and infrastructure have generally become urbanised through in-migration in the past 20 years. Residential growth has typically outstripped operational and capital investment in the public domain.
- ✓ *Redress of apartheid planning* – A large proportion of the urbanised areas mentioned above were originally created through apartheid planning, and the associated inequalities exist to this day. Should the City merely continue developing new areas, it runs the risk of achieving similar outcomes.
- ✓ *Achievability* – Areas where the objectives are achievable in the short to medium term, where progress has already been made, or where there are existing resources available within the urban fabric.
- ✓ *Current investment focus/programme* – Areas with a current investment focus enable a more integrated approach to people investment and participatory planning, which means a better quality of life, sustainability and improved community safety are achievable. The identified areas need to correspond with the spatial investment priorities contained in the BEPP for the outcomes of integration and sustainability to be realised.
- ✓ *Focus on central business districts (CBDs), town centres and community nodes* – Areas where effective urban management ensures safety and sustainability, being the preconditions for economic development and a reduced operational burden on the City.

MOVING FORWARD WITH MURP

The historic MURP focus areas since 2012 include:

- ✓ Atlantis Wesfleur CBD;
- ✓ Kuyasa station precinct;
- ✓ Harare safe node area;

- ✓ Macassar;
- ✓ Nyanga and Gugulethu;
- ✓ Hanover Park;
- ✓ Manenberg;
- ✓ Bishop Lavis, Bonteheuwel and Valhalla Park;
- ✓ Athlone CBD/Gatesville;
- ✓ Bellville public transport interchange and Voortrekker corridor;
- ✓ Mitchells Plain; and
- ✓ Ocean View.

Going forward, the City will continue its focus on the work being done in the historic MURP areas, as well as in new areas identified by subcouncils. Ultimately, elements of the MURP toolkit will be applied across Cape Town through:

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

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



Moreover, the intention is to target strategic precincts in Cape Town with a view to clustering investment. The aim is to achieve maximum impact in partnership with line and provincial departments. These precincts include:

- ✓ Philippi East;
- ✓ Site C/Nolungile station precinct and Site B/Nonqubela station precinct;
- ✓ Manenberg/Hanover Park;
- ✓ Nyanga/Gugulethu; and
- ✓ Bonteheuwel/Bishop Lavis.

GREEN ECONOMY PROJECT

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

The primary instrument for catalysing investment and creating jobs in the green economy has been the City's partnership with Province. This partnership has been working to establish a green technology special economic zone (SEZ) in the Atlantis industrial area. The designation of the SEZ was gazetted in October 2018. Since then, investor interest in the SEZ has steadily increased. Discussions with firms in the waste recycling, green building, renewable energy, energy-efficiency and water subsectors have secured approximately R700 million in investment, which has helped create more than 300 jobs across six companies. With approximately 93 ha of development-ready SEZ land available, this remains a significant opportunity for investors.

The Atlantis SEZ seems set to optimally tap into global green technology market opportunities and, in the process, help address poverty and unemployment in the area.

INFORMAL ECONOMY SUPPORT PROJECT

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

Among others, informal-economy stakeholders expressed frustration and suspicion regarding the inconsistent manner in which informal trading sites and permits were being processed and allocated. In response, the City embarked on a project to automate the processing and allocation of informal trading bay permits, thereby eliminating human interference. Trader associations were trained to use the system so that they, in turn, could train their members and give them greater control over the permit-issuing process. The Leadership Development Programme, focused on building capacity of the association's leadership, took place in Khayelitsha Lookout Hill.

The City also initiated the development of an informal economy strategy. After much consideration, this component will be part of the Inclusive Economic Growth Strategy Review to encourage strong linkages between the formal and informal economy. The aim is to promote formalisation of enterprises and to link them to growth sectors of the local economy. The annual Informal Economy summit held in June 2019 was used as a basis to consult with the informal sector for input into the process. Micro enterprise development programmes were rolled out throughout the City to encourage entrepreneurship and provide support and guidance to new and existing businesses.





Figure 6: Facilities management strategy



The following table reflects the progress and plans with regard to a number of the City's key strategic assets:

Table 4: Upgrade of key City assets – progress and plans

FACILITY	2018/19	2019/20
City Hall	Additional auditorium works and upgrade of two event spaces completed	Construction of new staircase to the Mandela exhibition Upgrade and refurbishment of ground floor Upgrade of Mandela exhibition bathrooms Fencing of City Hall carpark Verimented funding: To upgrade and refurbish first and third floor for staff offices
Good Hope Centre	No budget allocated	Budget to be verimented to the City Hall to increase scope of works No capital remaining
Grand Parade	Kiosks upgraded and completed	Installation of closed-circuit television (CCTV) phase 2 Installation of automated bollards for access control to the Grand Parade
Athlone Stadium	New media facility for media briefings and meetings completed Upgraded staff mess room	Construction and upgrade of the video operating centre on fourth and fifth floors Monitoring station for security Installation of new lifts in the west stand Installation of next phase of professional audio and evacuation system Additional CCTV and floodlighting
The Granary	Old Granary upgrades completed	Verimented funds from Good Hope Centre for the installation of local area network and Voice over Internet Protocol services
Green Point Athletic Stadium	PA system upgraded New industrial fridges installed Additional office space created Stadium ventilation upgraded	No approved capital budget
Green Point Urban Park	Water reticulation upgraded Playground surface upgraded New fencing installed Additional shade structures installed Off-leash dog park provided Bulk water filters installed	No approved capital budget



UNLOCKING THE NIGHT-TIME ECONOMY RESEARCH PROJECT

The development of the night-time economy (NTE) is now recognised as a key economic pillar by many of the world's most prominent cities. The City has been investigating potential opportunities associated with the NTE in Cape Town central and surrounds. A study is planned to determine the potential direct and indirect economic outputs and job creation opportunities that the NTE offers. Depending on the results, and with due regard to affordability, an action plan will then be developed and implemented. Budget has been assigned for the study to be conducted in the 2019/20 financial year.

In 2018/19, the City, the University of Cape Town (UCT) and the Central City Improvement District (CCID) formed an NTE working group. The group has been developing and sharing knowledge, and also conducted an NTE tour. UCT honours and master's students also performed research in the NTE space and have presented ideas on possible NTE initiatives in local media.

PARTNERSHIP DEVELOPMENT PROGRAMME

TRADE AND DEVELOPMENT PROJECT

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

BUSINESS ENGAGEMENT PROJECT

The City had planned to implement a series of quarterly business meetings in the course of the reporting year to engage with leaders and CEOs of various medium and large firms in key Cape Town sectors. Also, the City had hoped to have four focus groups with business as part of the annual customer satisfaction survey. These would have been aimed at testing policy and programme ideas, assessing the state of the business-enabling environment, and also as platforms for public participation on the impact of new business-related City strategies, policies and programmes.

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

The opportunities, challenges and strategic interventions identified by businesses are used to inform how the City supports the development of these industries. Further engagements with key businesses in Cape Town took place as part of the development of a sector performance monitoring tool. Businesses were approached directly to provide input on the development of the tool, and also participated in a focus group session on the topic.

LEVERAGING THE CITY'S ASSETS

PRIVATE SPONSORS PROJECT

The aim of the corporate social investment (CSI) and collaboration work group is to facilitate cooperation with the private and philanthropic sector as a way of building on the City's strategic priorities and mobilising resources for priority projects.

In 2018/19, the work group updated its terms of reference, which were subsequently submitted to the EMT for approval. The terms of reference define the group's scope of work, namely to assist City departments in:

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

The work group also developed a standard operating procedure to assist City departments with the acceptance and solicitation of CSI contributions. This was approved by the City Manager for implementation, and all departments are now required to follow the prescribed procedures. Details of the CSI donations process are available on the City's website.

Furthermore, the group developed a 2017/18 activity plan. One of the key themes of the plan was communication and ensuring that all officials are familiar with the procedures to facilitate contributions on behalf of the City. As part of its oversight, the work group reported back to the Finance Portfolio Committee.

ASSET LEVERAGE PROJECT

This project is intended to rationalise and optimise City assets to stimulate economic benefit for Cape Town and its people. Its key responsibilities are facilities management, fleet management and property management (including priority assets).

During the year in review, the emphasis was on continuing with the roll-out of the approved facilities management and fleet management strategies by means of an implementation plan that spans a period of five years and beyond. The facilities management strategy may be depicted as follows:

The focus areas of the facilities implementation plan are to:

- ✓ ensure that City buildings are efficiently maintained;
- ✓ ensure that buildings comply with relevant legislation;
- ✓ provide suitable and compliant corporate accommodation for the City;
- ✓ embed the work of Facilities Management in the organisation;
- ✓ develop a well-capacitated staff complement;
- ✓ support facility optimisation and rationalisation plans;
- ✓ develop facility management standards, and maintain those standards in line with best practice;
- ✓ remain focused on resilience, resource efficiency and water-wise practices; and
- ✓ ensure that buildings offer universal access for all users.



The fleet management strategy, in turn, envisages the provision of a sustainable and competitive internal fleet service to the City. To this end, it aims to:

- ✓ shape the City's future fleet so that it achieves optimum service delivery for the benefit of all residents, at the lowest cost of ownership;
- ✓ meet the strategic operational requirements of the City with regard to cost efficiency, fleet sustainability, average age of fleet, and best business practice;
- ✓ roll out an optimised in-house model for ownership and management, and a hybrid approach to maintenance, with small repairs and maintenance done internally, and major repairs being outsourced;
- ✓ strengthen the position of fleet assets as a critical component of the service delivery value chain; and
- ✓ optimise the total cost of ownership for the City and endeavour to become competitive with external and/or other fleet service providers.

Primary areas of improvement in the fleet implementation plan are:

- ✓ customer-centric service management;
- ✓ effective and efficient asset life-cycle management;
- ✓ transversal cost management proficiency;
- ✓ competent and productive workforce;
- ✓ informative fleet management data; and
- ✓ best-practice fleet performance and management.

In relation to property management, a framework was adopted to optimise and rationalise City-owned immovable property assets. This includes selling and leasing property no longer required for municipal purposes, as well as reducing the lease-in portfolio to promote repurposing and reservation of City assets for office accommodation. The intent behind the framework is twofold, namely:

- ✓ to set the tone, create order, set principles and parameters, and create governance and oversight; and
- ✓ to articulate a defined process that can be applied to successive optimisation and rationalisation exercises.

In a review of the Organisational Development and Transformation Plan (ODTP) during the second quarter of 2018/19, a new directorate, Economic Opportunities and Asset Management, was established, which consists of the departments of:

- ✓ Enterprise and Investment (transferred from the Corporate Services Directorate);
- ✓ Facilities Management;
- ✓ Fleet Management;
- ✓ Property Management; and
- ✓ Strategic Assets (to be operational from 1 July 2019).

This approach will allow for the focused management of assets regarded as strategic, and presents an opportunity to:

- ✓ provide the City with a strategic competitive advantage;
- ✓ profile and position the Cape Town brand on a global platform;
- ✓ act as an enabler to leverage the City's tourism, travel, events and investment strategies; and
- ✓ achieve commercial benefit or gain, thereby optimising income.

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

Table 5: Performance of Wesgro's Film and Media Unit, funded by the City of Cape Town's Enterprise and Investment Department

STRATEGIC OBJECTIVE PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET	COMMENTS
Rand value of media and film productions brought into Cape Town and the Western Cape	R1,56 bn	R1,92 bn	R1,5 bn-R2,5 bn	R2,38 bn	+R880 m	Due to the development of a robust project pipeline and the success of the industry, the Unit exceeded its target

asset management. This strategically aligned portfolio will also continue with its current efforts to promote specific economic sectors, including the Atlantis SEZ.

The new directorate could potentially ensure that Cape Town remains well positioned for business, trade and tourism on the African continent and beyond.

FILM AND MEDIA PROMOTION

The film and media industry has grown rapidly over the past few years, and Cape Town has developed a strong global positioning as a filming destination of choice. Over the next five years, the City will actively promote this positioning with the aim of attracting various film and media productions, in particular feature films, television series, documentaries, commercials, still photography, animation and interactive computer games. See table 5.

OBJECTIVE 1.2: LEVERAGING TECHNOLOGY FOR PROGRESS

DIGITAL CITY PROGRAMME BROADBAND PROJECT

The City's broadband infrastructure project is aimed at creating a municipally owned telecommunications network to serve the Cape Town metropolitan area. The high-speed Cape Town metro area network is a strategic asset that is central to the fulfilment of the City's vision of becoming a truly digital city. More specifically, the objectives of the project are to:

- ✓ support expansion in the availability, speed and reliability of telecommunications services available to City departments, which will help improve service delivery;
- ✓ contain the direct costs of telecommunications services used by the City;
- ✓ create a telecommunications backbone to enable the City's future SmartCity strategies and safety and security requirements; and
- ✓ contribute to the economic development of the metro by providing telecommunications infrastructure services to commercial operators.



CITYMAP VIEWER GIVES A CLEAR VIEW OF THE CITY

CityMap Viewer, one of the many tools accessible through the City's spatial information portal, provides access to the enterprise geographic information system (eGIS), which is used to display, manage and edit spatial information. Spatial information is data with a geographic aspect to it, including precise location information such as coordinates, an address or an erf number, aerial imagery, and other physical aspects such as boundaries and wayleaves. Spatial information also comes with a host of other data, from deeds information or municipal valuations to vegetation and soil types. The spatial information available through CityMap Viewer comprises more than 220 datasets provided by more than 30 departments. It is grouped by themes, such as health or transportation, and is fully searchable. Users can search for a property, address, facility or point of interest, view suburb, ward or subcouncil boundaries, and search for information within a specified area. The aerial imagery views (some dating back to 1926) also show how different parts of Cape Town have changed over time.

The executive director of Corporate Services initiated a review of the broadband project at the beginning of the financial year, employing a service provider to optimise the strategic direction and implementation of the metro area network. As a result, the project was paused pending the outcomes of certain parts of the review, which caused a reduction in the planned rate of broadband deployment. In October 2018, Council approved a change in project scope, shifting the focus to the deployment of network infrastructure only. The broadband review is still ongoing and is defining the roadmap for broadband infrastructure deployment for the next 18 months.

Nevertheless, by the end of the reporting year, the City had installed a total of 1 095 km of fibre-optic cables. These include fibre-optic cabling used to connect the City's buildings, including libraries and clinics, as well as bus stations, cameras and other infrastructure vital for service delivery. A further 12 City buildings also received broadband connectivity, bringing the total to 411. In addition, the City installed 17 new public Wi-Fi locations and 64 new public Wi-Fi access points, bringing the total to 286 and 1 051 respectively.

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

TECHNOLOGY INNOVATION PROJECT

During the year in review, the City's initiative to modernise community services and health information technology (IT) recorded the following key achievements:

CITY HEALTH - INTEGRATED PATIENT MANAGEMENT SYSTEM

The clinic appointment system was deployed at 20 clinics, with roll-out to another 50 clinics scheduled for 2019/20.

The business analysis phase of the e-records, integrated pharmacy and environmental health management systems was concluded. Development of these systems will commence in 2019/20.

RECREATION AND PARKS - FACILITY BOOKING SYSTEM

Phase 1 development of the facility booking system is complete, and the online web portal will be launched in September 2019. Functionality includes filtered searches as well as being able to check the availability of community halls and resorts. Online booking, online payment and mobile field services form part of the phase 2 development, which will commence in 2019/20.

The design of the SAP booking systems for the City's swimming pools and sports grounds is complete, and development and implementation of these systems will commence in 2019/20.

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

The design of the ECD registration support system is complete, and development and implementation will start in 2019/20.

SPATIAL DATA MANAGEMENT PROJECT

The new spatial data management project is aimed at enabling the City to collate, analyse and interpret development data to create spatial development frameworks, inform development decisions, understand the impacts and consequences of planning decisions, and monitor spatial transformation. This will enable better decision making as well as trends analysis, and allow the City to better manage urbanisation and spatial planning interventions.

OBJECTIVE 1.3: ECONOMIC INCLUSION

SKILLS INVESTMENT PROGRAMME

SPECIAL-PURPOSE VEHICLE (SPV) SKILLS DEVELOPMENT AND APPRENTICESHIP INVESTMENT AND GRADUATE INTERNSHIP PROJECT

SKILLS DEVELOPMENT

The City partners with various SPVs to deliver skills training in sectors showing clear potential

for growth. The focus is on skilling, re-skilling and upskilling target groups, addressing critical skills shortages, and attracting high-growth companies that could create more jobs.

The SPV collaborations continue to make a tangible contribution to industry development in identified sectors, particularly through training initiatives and industry events. Between 2014 and June 2019, these training initiatives collectively enhanced the skills of nearly 11 500 people, mainly from disadvantaged areas. In 2018/19 specifically, skills training was facilitated in the call centre, craft and design, ICT, clothing and textiles as well as the green economy industries.

The Catalytic Sectors Unit also implemented two skills projects in the BPO and ICT industries in conjunction with the Expanded Public Works Programme (EPWP) office. A total of 108 beneficiaries were trained in ICT-related skills programmes, while 132 beneficiaries were trained in BPO-related skills training and placed with host companies in the BPO industry. Budget had been allocated for another two EPWP skills training projects in 2018/19, but these will be implemented in the next financial year. The training is intended as an upskilling intervention in the BPO industry and will provide skills to 515 beneficiaries.

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

In addition, the City will continue rolling out its own team leader and manager skills programme following the successful roll-out of the pilot in 2018/19. The programme improves team performance by equipping participants with an understanding of the management of operational metrics as well as the management of different personality types. Over 40 people will be trained



in 2019/20 compared to the 25 trained in the 2018/19 pilot.

The City has also allocated R3 million to non-profit GreenCape to further develop the Atlantis SEZ support ecosystem in the coming financial year. Through this funding, GreenCape will use their industrial symbiosis programme to:

- ✓ create investment and enhance SME development opportunities;
- ✓ promote and attract further investment in the SEZ;
- ✓ identify best practice in community engagement in Atlantis; and
- ✓ facilitate an ECD intervention to work towards a whole-of-society approach.

WORKFORCE DEVELOPMENT

The City's workforce development project, which connects unemployed residents with job opportunities, has delivered work-readiness training for 5 837 residents. Through collaboration with 31 corporate and SMME employers and various City programmes, 2 676 residents have been employed. In 2019/20, the project will focus on delivering its targets for year 3, and increasing collaboration across the City on workforce development interventions.

ENTERPRISE DEVELOPMENT AND SUPPORT

The Enterprise and Supplier Development Unit continues to assist SMEs by improving the business climate and ease of doing business with the City. The Unit has also continued its work in providing expert knowledge, support and development opportunities to these businesses.

In the year in review, the Business Hub helpdesk actioned 97% of the 1 049 service requests it had received from SMMEs and entrepreneurs within two working days. The enterprise and supplier development programme facilitated support for 514 SMMEs and City vendors across all 24 subcouncils. The Business Hub walk-in centre

at the Strand Street concourse will be launched during the 2019/20 financial year, along with further improvements to the business query tracking system to enhance performance monitoring and reporting.

MAYOR'S JOB CREATION PROGRAMME

MJCP AND EPWP MAINSTREAMING PROJECT

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

The City approved a Public Employment and Skills Development (PE&SD) Framework, which guides the organisation on how to design, plan, develop and implement related programmes and projects. A range of programmes and projects were subsequently implemented. These have a funding value of over R60 million and have provided jobs to over 500 participants in all three EPWP sectors (social, infrastructure and environment). The projects run for 12 to 36 months, and the intention is to have between 1 000 and 3 000 such opportunities in place before the end of 2019/20. All of these skilling interventions take cognisance of the Fourth Industrial Revolution, meaning that they are designed and implemented with a deliberate intention of introducing participants to relevant technological skills. The Fourth Industrial Revolution is one of the biggest disrupters of the 21st century and will fundamentally alter the way we live, work and interact.

In the reporting period, the City also approved an amount of R13,78 million to continue with its programme of upskilling EPWP participants.



The funds will be disbursed to BPESA WC to implement two EPWP skills development and job creation projects. The first project will benefit 170 participants, who will receive South African Qualifications Authority-accredited training and skills development in the BPO sector. An amount of R3,78 million has been approved for this intervention, which has been tailor-made for school leavers or unemployed individuals who wish to enter the world of work. The minimum requirement is a Grade 11 or 12 certificate, or having been unemployed for more than two years. All 170 participants are guaranteed placement in a permanent call centre job at the end of the training.

The second project will be aimed at addressing the critical technology skills shortage associated with the Fourth Industrial Revolution. With a budget of R10 million, this project has a two-pronged approach, focusing on the skills shortage to support technology outsourcing as well as supporting voice-based skills development. The goal is to provide the local economy with those critical skills that were previously outsourced, which has resulted in a cost increase for local firms due to a skills shortage.

EPWP INFORMAL SETTLEMENTS PROJECT

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

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

Through these and other initiatives, the City created 36 910 EPWP employment opportunities in 2018/19.

OBJECTIVE 1.4: RESOURCE EFFICIENCY AND SECURITY

ENERGY-EFFICIENCY AND SUPPLY PROGRAMME

Disruptions in the electricity sector, ranging from Eskom's financial crisis to new technologies, as well as the need to respond to climate change, required a reconsideration of the City's position in the changing energy and urban landscape. This led to the creation of a dedicated Energy and Climate Change Directorate as part of the City's restructuring process at the end of 2018.

The City is committed to rapidly expanding its sustainable energy programmes and ramping up its climate action commitments by extending its Energy2040 goal to carbon neutrality by 2050 (see "Climate change mitigation project" below). Existing programmes and projects in support of this include:

- ✓ an electricity-savings campaign for commercial and residential sectors;
- ✓ enabling small-scale embedded generation (SSEG);
- ✓ energy-efficiency improvements and the introduction of renewables in municipal operations;
- ✓ exploring the purchase of renewable energy directly from independent power producers;
- ✓ facilitating third-party access to the municipal grid;
- ✓ investigating new, enabling technologies and fuel options for the future, including utility-scale storage and electric vehicles;
- ✓ a net zero-carbon new-build programme as part of the City's participation in the C40 Cities South Africa Buildings Programme;

- ✓ a strong focus on public transport, TOD, non-motorised transport and transport demand management; and
- ✓ waste-to-energy processes as well as waste minimisation initiatives.

PURSuing CLEANER ELECTRICITy SUPPLY

The City recognises that the future of energy lies in greater decentralisation and diversification of generation, with complementary technologies such as gas and renewables providing lower-cost and cleaner solutions. If methane from waste can be harnessed economically, this presents further opportunities.

INDEPENDENT POWER PRODUCERS PROJECT

The City is challenging National Government in court for the right to purchase renewable energy directly from independent power producers (IPPs), which government policy currently prohibits. The court proceedings are anticipated to commence in October 2019. If successful, the City will solicit proposals from IPPs via public tender.

The City is also exploring the feasibility of building a number of small, City-owned renewable-energy generation plants and developing a “wheeling” framework that will allow independent generators to sell electricity directly to consumers embedded in the City’s electricity grid.

NATURAL GAS STUDY

The City has signed a grant agreement worth more than R12,7 million with the United States Trade and Development Agency to conduct a feasibility study on a natural gas distribution network for Cape Town. This is a significant step towards achieving a greater mix of energy sources to offset the use of fossil fuels. The final reports are expected by the end of 2019.

FLARING AND WASTE-TO-ENERGY INVESTIGATION

Waste-to-energy projects are being investigated as part of the City’s Integrated Waste Management Strategy. The biogas in landfills is combustible and can be captured and used as a fuel for heating, generating electricity or running vehicles. The City intends using it largely as an electricity-generating fuel. In the medium to long term, small-scale generation projects would result in additional operating cost savings by reducing bulk electricity purchases.

Landfill gas-to-energy projects depend on the volumes of gas available. The two current projects are being designed to each generate approximately 1 MW of energy. This could be used to lower the energy purchases by City operations, such as its wastewater treatment facilities. In preparation for electricity generation, systems for gas extraction and flaring have been established at the Coastal Park and Bellville South landfills, and a similar system is being developed at Vissershok South.

The destruction of landfill gas, which is a major contributor to global warming, not only assists the City with electricity generation, but also contributes to national climate change mitigation goals and the country’s global commitments.

EMBEDDED GENERATION PROJECT

In recent years, Cape Town has seen an increase in the number of rooftop photovoltaic (PV) installations. In the absence of national legislation regarding SSEG, the City has developed a set of standards and regulations for the connection of small renewable-energy systems, particularly rooftop solar PV, to the municipal grid.

By the end of June 2019, 333 residential and 142 commercial and industrial PV systems approved by the City had been commissioned. This represents an embedded generation capacity of 21,8 MVA. The total capacity of approved, grid-tied, embedded-generation installations commissioned during the whole of the 2018/19 financial year was 6,4 MVA.



A major challenge in this environment is that many customers are illegally connecting to the network without prior approval from the City. A City by-law requires SSEG systems to be registered, and grid-tied installations to comply with the criteria for registration. Non-compliant systems create safety risks and legal challenges for network operators, infrastructure, homeowners and the City itself. An awareness campaign was therefore launched in July 2018 to educate customers about the need to register their systems, and the implications of unauthorised systems on the network. The registration process was communicated to citizens through social media, rates bill inserts and an online video. The City also extended its original registration deadline and created an online pre-registration portal to make it easy for residents to start the process of registering their PV systems. The registration campaign proved very successful, as the number of registration applications received grew from around 400 before the campaign to over 1 400 thereafter. This represents a tripling in applications received to date.

ENERGY-EFFICIENCY PROJECT

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

LEADING BY EXAMPLE: ENERGY EFFICIENCY IN MUNICIPAL OPERATIONS

The City consumes 4% of all electricity used in Cape Town. As such, it is committed to improving the management of energy use in all its municipal operations with the aim of improving resource efficiency, reducing its carbon footprint and saving money. From 2009/10 to 2018/19, this initiative saved over 193 GWh of electricity, which translates to avoided emissions of 167 810 tCO₂e (metric tons of carbon dioxide equivalent).

The initial traffic and streetlighting retrofit projects were already generating net savings by the 2013/14 financial year, and the programme as a whole, including building retrofits with embedded generation, is expected to produce cumulative net savings in the region of R200 million by 2026/27.

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

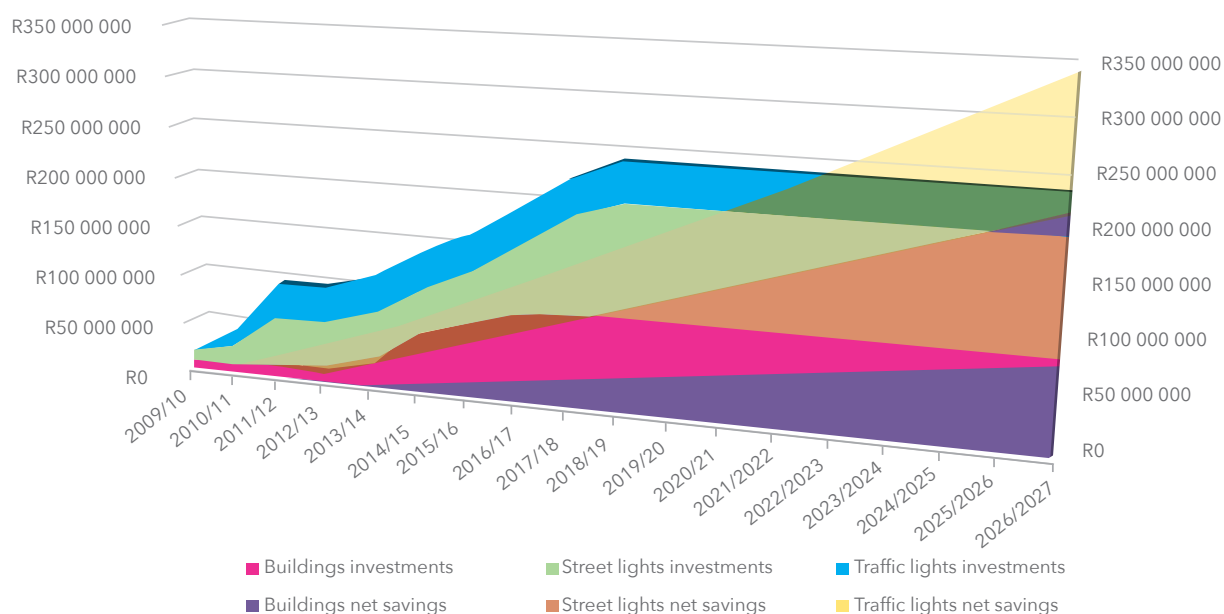
- ✓ A total of 44 municipal facilities have been retrofitted with energy-efficient lighting.
- ✓ A total of 623 kWp of rooftop PV systems have been installed on City buildings, with a further 762 kWp to be installed in 2019/2020.
- ✓ All traffic lights have been retrofitted with light-emitting diode (LED) lamps.
- ✓ More than 20% of all streetlights in Cape Town have been retrofitted with energy-efficient lamps.
- ✓ Over 700 smart electricity meters have been installed in 567 City facilities (41% of the 1 300 facilities listed for metering).
- ✓ SmartFacility, an integrated and automated resource data management system for City facilities, was launched in November 2018.

SOLAR WATER HEATER PROGRAMME

The City's solar water heater programme forms part of the City's electricity savings campaign and was designed to promote the installation of high-pressure residential solar water heaters and improve the quality standards of these products and installations. According to the last sample aerial count, almost 61 000 solar water heaters had been installed in the Cape Town metro.

These systems have contributed more than R1,2 billion to the local economy, are reducing electricity consumption by more than 170 GWh per year, and cutting carbon emissions by at least 177 000 tons per year. Based on these approximate per-annum energy savings figures, households are

Figure 7: Cumulative energy-efficiency programme investments vs cumulative savings



saving more than R370 million per year, which can then be circulated back into the local economy. A full aerial count is currently under way. The solar water heater programme is currently under review to align it with new technologies and market drivers.

SHARING KNOWLEDGE ON COMMERCIAL ENERGY EFFICIENCY

The Cape Town Energy, Water and Waste Forum promotes resource efficiency in commercial buildings and operations. Forum members are owners and managers of commercial buildings, energy-efficiency-related service providers, policymakers and other stakeholders who share practical knowledge and support. The forum played a key role in promoting and enabling knowledge sharing on water efficiency for businesses during the drought in 2017. Lately, it has been focusing on disruptive technologies in the energy sector, while its most recent work pertained to the challenges and opportunities in the waste sector and finding innovative solutions to waste stream challenges.

CLIMATE CHANGE PROGRAMME

The City recognises that climate change poses a significant threat to Cape Town, its environment, communities and economy. This requires proactive steps to protect the future of the city and those who live in it. In 2017, the City adopted its first Climate Change Policy, which recognises that climate change is no longer a “green” or environmental issue, but a pressing social and economic challenge.

Cape Town has adopted a two-pronged approach in responding to climate change. Like other cities and towns in South Africa, Cape Town too needs to fulfil its commitment to drastically reduce carbon emissions in terms of the Paris Agreement, and at the same time implement large-scale adaptation measures to ensure the future resilience of the city. Therefore, the Climate Change Policy, together with the City’s ambitious global commitment under the C40 Deadline 2020 programme, aims to address



both climate change mitigation and adaptation. This is supported by a research programme and underpinned by both existing and new action plans aimed at implementing the policy's key directives.

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

CLIMATE CHANGE MITIGATION PROJECT

AIMING FOR CARBON NEUTRALITY

In its Energy2040 Goal adopted in October 2015, the City committed to significantly diversify Cape Town's energy supply and reduce carbon emissions. This included the stated aim of reducing carbon emissions by 37% by 2040 (off a business-as-usual trajectory). This vision of a more resilient, resource-efficient and equitable future for Cape Town has lately been further extended when the City joined 83 global cities, including Johannesburg, Tshwane and eThekweni, in signing up for the C40 Deadline 2020 Initiative. This initiative commits the City to develop and implement climate action plans aligned with the Paris Agreement (i.e. achieving carbon neutrality by 2050).

A carbon-neutral commitment, however, is distinct from previous, self-determined targets such as Energy2040, and has a number of implications. Among others, such an internationally public commitment requires meticulous planning, starting from a relatively high base due to the City's current reliance on highly carbon-intensive coal-fired grid power and fossil-fuel-intensive transport systems. So, while the Energy2040 targets are currently the official benchmarks against which the City is reporting, data are being collected and modelled to develop a new emissions trajectory that will aim for carbon neutrality by 2050, with interim targets in 2025 and 2035.

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

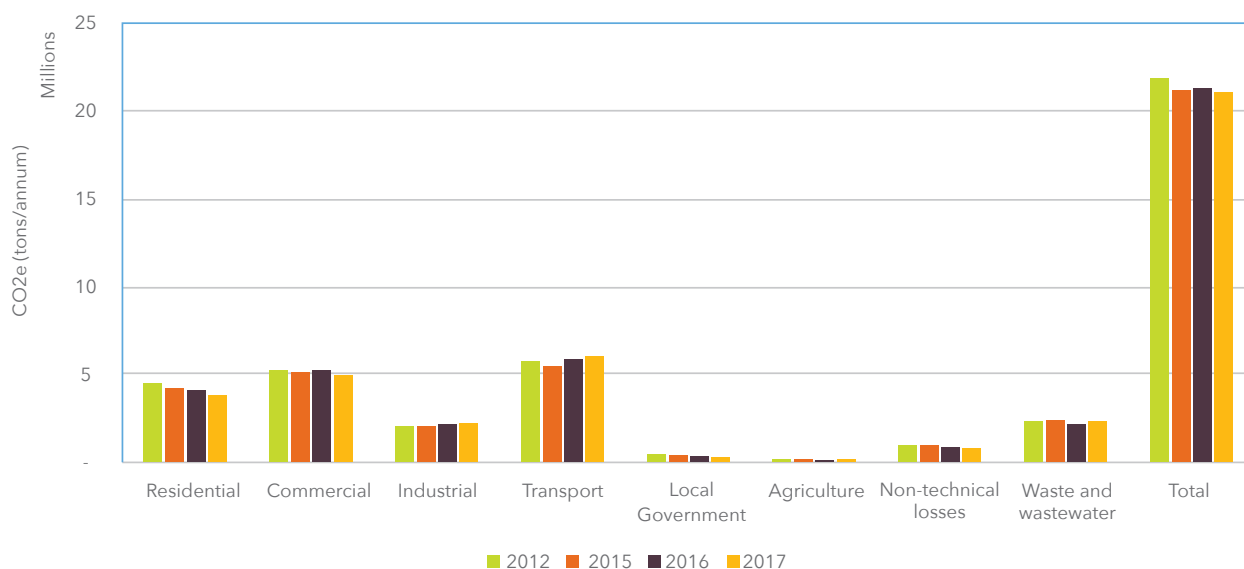
TRACKING CAPE TOWN'S GREENHOUSE GAS EMISSIONS

The City's Energy and Climate Change Directorate maintains and annually updates a detailed greenhouse gas inventory (carbon footprint), not only for local government activities, but for the entire Cape Town. Emissions are reported according to the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC) to ensure that the City's methodology is consistent with global best practice. As key data sourced from National Government only become available some 18 months after the calendar year reported on, there is an approximate two-year lag. The international Carbon Disclosure Project (CDP) platform reviews the quality of the City's annual greenhouse gas inventory. In 2018, it awarded the City an A-rating for its overall data and actions submission.

The City's greenhouse gas emissions were relatively stable between 2012 and 2017, dropping slightly by around 3,5% from 21 914 762 tons to 21 145 125 tons over this period. This was mostly due to reduced demand for electricity, which offset increases in transport energy demand.

** Scope 1 and 2 emissions are those released, and arising from electricity use, within the boundaries of Cape Town only. While there has been a small drop between 2012 and 2017, uncertainties inherent in the very large amount of data collected mean that emissions should be considered "stable" until clearer trends emerge.*

Figure 8: Carbon emissions by sector in Cape Town, 2012-2017 (scope 1 and 2)



Citywide electricity consumption levels have consistently declined in recent years and have remained below 2007 levels. However, it is not currently possible to assess the extent to which actual energy-efficiency targets and measures have driven this reduction, or whether the drop has largely been due to a sluggish national economy. Therefore, continued monitoring and response are critical.

THE C40 CITIES SOUTH AFRICA BUILDINGS PROGRAMME

The City, together with the metros of Johannesburg, eThekweni and Tshwane, is part of the C40 Cities South Africa Buildings Programme. Through this programme, the City has committed to accelerate transformative climate action by delivering carbon neutrality for all new buildings by 2030. In addition, the Executive Mayor signed the Net Zero Carbon (NZC) buildings declaration at the Global Climate Action Summit in September 2018, committing to net zero carbon by 2030 for all new buildings, and by 2050 for all existing buildings.

To meet these ambitious commitments, the City is developing regulations that will improve energy-efficiency performance and resource efficiency. The aim is to ensure that all new buildings are designed and built to be carbon-neutral, and that retrofits of existing buildings are as energy-efficient as possible.

Other approaches and interventions being pursued and explored include:

- ✓ existing building retrofit incentives;
- ✓ incentive packages for new builds;
- ✓ accelerated transition to cleaner energy supply (small-scale and large-scale);
- ✓ financing systems to assist homeowners to make upgrade investments; and
- ✓ extensive awareness campaigns and stakeholder engagement.



ADAPTING TO CLIMATE CHANGE PROJECT

Climate change poses considerable risks, particularly to vulnerable people and communities. This is why the City is proactively strengthening Cape Town's resilience to the economic, social, physical and environmental impacts of climate change.

Guided by its Climate Change Policy, the City is ensuring that climate change adaptation is integrated with all relevant decision-making processes for all its line functions. Based on the findings of the research project "Climate change hazard, vulnerability and risk assessment for the City", the City will draft an integrated City Climate Change Adaptation Action Plan and embark on the implementation of adaptation actions.

The following projects are some of the key actions under this workstream:

CITY'S GREEN BOND

In an innovative step to fund its environmental sustainability initiatives, the City issued a green bond in July 2017. The bond was listed on the Johannesburg Stock Exchange's green bond segment and accredited by the Climate Bonds Initiative. In addition, international ratings agency Moody's awarded it a GB 1 rating. This means that the ratings agency was sufficiently impressed with the green credentials and controls of the bond to label it as "excellent". It was subsequently named as *Environmental Finance's* green bond of the year for a local authority. The facility quickly raised R1 billion to partially fund the following projects on the City's capital programme.

Table 6: Climate projects partially funded by the City's green bond

PROJECT NAME	PROCEEDS ALLOCATED
Upgrade to reservoirs citywide	R4 630 825
Pressure management: Zone metering and valves	R14 694 307
Treated effluent: Reuse and infrastructure upgrades	R44 350 768
Water meter replacement and conservation programme	R830 816 752
Replacement and upgrade of sewage pump station	R4 431 377
Sir Lowry's Pass River upgrade scheme	R22 114 284
Coastal structures rehabilitation	R19 001 782
Replace and upgrade sewer and water supply network citywide	R59 959 905
TOTAL	R1 000 000 000

These projects have remained viable over the reporting period and continue to deliver their climate benefit to the City through either adaptation or mitigation effects. The bond is amortised over ten years and had a remaining principal balance of R850 million at the end of 2018/19.

For a copy of the post-issuance assurance report and details of the funded projects, see <http://www.capetown.gov.za/Work%20and%20business/Invest-in-cape-town/The-citys-investor-relations/External-finance>.

MITIGATING FLOOD RISKS

As part of its commitment to proactively protect its people against the effects of climate change, the City is paying particular attention to the Sir Lowry's Pass and Lourens river initiatives.

In both instances, the purpose is to alleviate the risk of flooding in the nearby built areas (respectively Gordon's Bay, central Somerset West, and from Vergelegen farm down to the False Bay coast in Strand) by increasing the capacity of the rivers to accommodate flood events. This is done through flood defence structures and river modifications. Work on Sir Lowry's Pass river is also aimed at freeing up land for affordable housing and other developments. These projects are under way, with large dedicated budgets set aside to achieve the targeted outcomes.

INTEGRATED COASTAL MANAGEMENT PROJECTS

To manage Cape Town's coastline and optimise the economic and livelihood opportunities it presents, the City is working on a coastal management by-law. A coastal spatial and economic development framework was also prepared, which 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 the coast. The by-law and framework are in addition to the City's existing Integrated Coastal Management Programme, aimed at addressing the risk of a potential sea level rise as well as more frequent, more intense storm events.

BIODIVERSITY MANAGEMENT PROJECT

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

INVASIVE SPECIES MANAGEMENT PROJECT

The City's invasive species management project involves the identification, control and management of invasive species. Workload assessments have been concluded on all City-owned land, and a three-year contract is in place for the control of invasive aliens. Funds for the three-year programme were secured from National Government's natural resource management programme.

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 an important employment creator. In the past year, 3 318 job opportunities and 461 full-time job equivalents were created. This exceeds the annual target of 1 000. The Kader Asmal three-year skills development programme saw the appointment of 30 individuals.

Moreover, in terms of maintaining the invasive-species clearing programme, the City has submitted all 16 control plans for the proclaimed protected areas.

GREEN INFRASTRUCTURE PROJECT

The City is preparing a green infrastructure plan for Cape Town. This will serve as a planning and management tool for natural open spaces and natural systems in Cape Town, including nature reserves and the BioNet, parks, public open space, rivers, wetlands and the coast. The plan will include a methodology to map the potential supply-and-



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

The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act	Of the 16 City nature reserves, 14 have been notarised. Twelve of these have been published in the Provincial Gazette, and the publishing of the remaining two is imminent. The last two, Durbanville and Harmony Flats, already have adequate status.
Meeting the Integrated Metropolitan Environmental Policy (IMEP) target of conserving 60% of the Biodiversity Network (BioNet)	Having met this target in December 2014, the City's IDP now reflects a new target of conserving 65% by 2022. To date, 64,97% (55 222 ha) of the BioNet is protected. The number of City-protected areas has also been increased from 16 to 20. New protected areas include Symphony Way, Vesuvius, Joostenbergkloof and Woodlands.
Ongoing roll-out of environmental education and outreach programmes	This is aimed at promoting environmental awareness and encouraging the public to access nature reserves. More than 31 138 learners from 354 schools attended environmental education programmes in the reporting period. With adults included, over 47 000 person days of education were conducted. In addition, more than 23 375 residents were reached through events and exhibitions. This brings the grand total of individuals reached in 2018/19 to over 67 000. Altogether 378 000 people also visited the City's nature reserves through paying gates and the attendance of large events. However, since most reserves offer open access, actual visitor numbers are much higher.
Ensuring continued management of existing conserved areas to enhance benefits to the community	In the year in review, a call for nominations for the City's 11 protected-area advisory committees (PAACs) was issued to elect representatives for a new three-year period. The PAACs were subsequently re-established, and have continued their work to ensure that local communities take part in the management of the City's nature reserves. On 18 December 2018, the recently constructed Witzands multipurpose centre in Atlantis was officially opened, where the public can now purchase their activity permits on site. This is a milestone and facilitates recreational access to the dunes.
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 receives international funding from the Global Environment Facility's cycle 5, and will also host the envisaged new Cape Town Water Fund.

<p>Facilitating development as part of the Atlantis industrial incentive scheme</p>	<p>This includes a land-banking component, which means that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity to development in the urban edge and Atlantis industrial area. The conservation land bank has been completed, with enough land secured to facilitate the development of all the vegetation remnants in the Atlantis industrial and residential areas. Additional land is however required to make the conservation area more viable and ensure effective climate change mitigation and adaptation.</p>
<p>Leading the development of the metro southeast Strandveld conservation implementation plan (CIP)</p>	<p>This development is being undertaken in collaboration with external conservation partners such as CapeNature, Province's Department of Environmental Affairs and Development Planning and SANBI. To date, the CIP has identified 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 implementation of the CIP are being allocated, resources have been approved, and staff are being appointed. The CIP was also updated in 2018/19.</p>
<p>Effective nature reserve management for long-term conservation success and climate change adaptation</p>	<p>The METT-Sa03 (management effectiveness tracking tool) was applied to all the protected areas in line with national requirements. All areas achieved a score that pointed to "sound management". Moreover, the Biodiversity Management Branch achieved a milestone when they turned a wildfire into an ecological burn in the Silberboomkloof section of the Helderberg nature reserve (3,5 ha burnt). This success could possibly be replicated in the City's other nature reserves in areas with a high fire risk.</p>
<p>Strengthening the baboon programme</p>	<p>Baboon troops in the peninsula are successfully kept away from urban areas. This has reduced conflict between the animals and residents, and has ensured a safer environment for the public, as well as a healthier baboon population.</p>
<p>Recognition for Biodiversity Management</p>	<p>In the past year, the Biodiversity Management Branch had various successes: Green Coast status was awarded to Blaauwberg nature reserve, the Branch received a gold award in the biodiversity category at the Eco-logic awards, and the City won the "Most observations and most species in the city" nature challenge (an international competition).</p>



demand areas for ecosystem services provided by natural assets and green open spaces. At the same time, work is under way to develop tools and guidelines that will help the City protect and enhance Cape Town's green infrastructure.

WASTE MINIMISATION AND RECYCLING PROJECT

The City is currently planning and designing two materials recovery facilities to increase its capacity to implement waste separation at source. The Coastal Park facility is in the detailed design phase, while planning of the Athlone facility is far advanced. The reporting year also saw the opening of two additional drop-off sites to the public in Hanover Park and Kensington. A further drop-off site on Prince George Drive is in the planning phase.

The City's Think Twice kerbside recycling programme is now offered to over 170 000 households across Cape Town and diverts over 20 000 tons of recyclables from landfill every year. The City plans to expand this programme in the years ahead and is currently finalising the first phase of expansion for the tender that supplies the Kraaifontein materials recovery facility. Diversion of recyclables from landfills also takes place at 20 of the City's drop-off sites across Cape Town.

To complement the above separation-at-source recycling initiatives, the City continues to trial various alternatives following extensive surveys in low-income communities. For instance, the City has partnered with the not-for-profit industry body Polyco to pilot a mobile buy-back centre concept named PACKA-CHING in lower-income areas. The initiative is testing the viability of paying residents advertised prices per recyclable material type. Payments were initially received on a Kilorands™ gift card, but the system is currently migrating to an e-wallet linked to users' cellphones. PACKA-CHING has been successfully running in Langa since August 2017, and discussions about further expansion are under way. In addition, the City plans to trial a swap-shop trailer, where residents can swap their recyclables for tokens, which may be redeemed for

groceries and similar items in the trailer. Construction of the trailer took place in the reporting year.

Thirteen drop-off or landfill facilities across Cape Town currently deliver a garden waste-chipping service. The chipped waste is then used for the production of compost, or as mulch for agriculture. Through this programme, over 105 000 tons of organic waste were diverted from landfill in 2018/19. To complement this, the City distributed 4 406 free composting containers to residents in the reporting period to enable them to compost their organic food waste at home.

In terms of builder's rubble, the City has entered into a contract for the crushing of construction and demolition waste at selected landfill sites. The contractor initiated crushing at the Coastal Park landfill site, and a portion of the crushed material is being sold back to the construction industry.

CITY RESILIENCE PROGRAMME

INTEGRATED RESILIENCE PROJECT

Urban resilience is the capacity of individuals, communities, institutions, businesses and systems in a city to survive, adapt and grow, no matter what chronic stresses and acute shocks they experience. It is a guiding principle of the City's IDP.

CAPE TOWN RESILIENCE STRATEGY

In 2018/19, the City's Resilience Department developed the draft Cape Town Resilience Strategy. The strategy offers a 21st-century roadmap for Cape Town to strengthen its defences against sudden potential shocks, ranging from storms and heat waves, to cyber-attacks, global financial crises and other unforeseen challenges. It focuses on the need to create partnerships across government, business, community organisations, academia and households to build Cape Town's collective resilience.

The development of the Resilience Strategy follows a two-year partnership with 100 Resilient Cities (100RC), pioneered by the Rockefeller Foundation.

WASTE MINIMISATION AND RECYCLING





CAPE TOWN RENEWS “PARTNERSHIP FOR HEALTHY CITIES”

The City has renewed its involvement in, and commitment to, the Partnership for Healthy Cities programme, which is led by former New York mayor Michael Bloomberg. Since the launch of the programme in 2017, 54 mayors across the world have committed to act to prevent non-communicable diseases (NCDs) and injuries, which cause 80% of deaths worldwide. The City recognises the critical importance of allocating resources to proven solutions to these challenges. The partnership will continue through 2020, supported by Bloomberg Philanthropies, in conjunction with the World Health Organisation and Vital Strategies. It will also empower more local leaders to strengthen their NCD and injury prevention policies.

The process involved extensive public engagement to gain a deep understanding of Cape Town’s resilience challenges and opportunities. This included large-scale surveys across households in Cape Town, and engagement with stakeholders from business, academia and civil society.

The strategy, which is fully aligned with the targets of the United Nations sustainable development goals, contains 75 actions, ranging from initiatives to improve urban regeneration, developing a neighbourhood resilience assessment, rolling out adaptive management training for City officials, and using data for resilient decision making. It is based on the following five pillars:

Building a compassionate, holistically healthy city

- This pillar focuses on a collaborative and holistic approach to building a healthier city by improving access to mental health services and nutritious food, strengthening social cohesion, and preventing the intergenerational transfer of trauma.

Building a connected, climate-adaptive city

- This pillar relates to overcoming spatial legacies through partnerships across communities, the city and the region. These partnerships will enable climate-adaptive measures to build urban resilience, including improved mobility, placemaking and social cohesion.

Building a capable, job-creating city

- This pillar pertains to ensuring that Cape Town can sustain and grow new opportunities despite, and in the midst of, constant change. A resilient Cape Town can overcome risks and turn these into new market advantages, making the city more attractive for growth and investment.

Building a collectively, shock-ready city

- This pillar focuses on building the capacity of individuals, households and communities to respond to shocks, with a particular focus on vulnerable households and communities.

Building a collaborative, forward-thinking City administration

- This pillar is about ways in which local government can work with other spheres of government, data providers, technology partners, modellers and researchers to improve key City systems and mainstream resilience as part of our planning and decision-making processes.

The Resilience Strategy presents responses to a list of prioritised shocks, namely drought, fire, financial and economic crises, heat waves, infrastructure failures, power outages, flooding and civil unrest. It also responds to a range of prioritised stresses, namely climate change, crime and violence, food insecurity, insecure municipal finances, informal settlements, a lack of social cohesion, rapid urbanisation, substance abuse, traffic congestion, trauma and unemployment.

In addition, the strategy contains a city resilience index, which provides a baseline understanding of resilience in Cape Town at present. It also indicates where attention should be focused in improving future resilience, namely livelihoods and employment, empowered stakeholders, security and the rule of law, and the lack of a collective identity and community support.

Once approved, Cape Town will be the first city in South Africa, and only the third in Africa, to have an approved Resilience Strategy through the 100RC process. The Council report containing the Resilience Strategy can be accessed at http://resource.capetown.gov.za/documentcentre/Documents/City%20strategies,%20plans%20and%20frameworks/Resilience_Strategy.pdf.



STRATEGIC FOCUS AREA 2: SAFE CITY

SFA 2 FOCUSES ON:

- ✓ helping citizens feel safe;
- ✓ law enforcement;
- ✓ addressing social factors that cause disorder and crime;
- ✓ managing and preventing disasters; and
- ✓ firefighting and rescue services.



OBJECTIVES	PROGRAMMES
Objective 2.1: Safe communities	<ul style="list-style-type: none"> ✓ Safety technology programme ✓ Holistic crime prevention programme ✓ Policing service programme ✓ Neighbourhood safety programme ✓ Safety volunteer programme ✓ Disaster risk assessment programme

KEY **SAFE CITY** ACHIEVEMENTS AND HIGHLIGHTS IN **2018/19**



Expanded CCTV footprint to **1 602** cameras, representing the largest public-area surveillance agency in Africa, and the only in Southern Africa that covers residential areas, informal settlements and city centres



Project EPIC (emergency policing and incident command) a **first for South Africa**



Expanded the radio communications network for neighbourhood watches, bringing the number of radios, radio repeaters and base stations provided to date to **1 700**



The City deployed an additional **198 law enforcement officers and 17 traffic officers** in terms of the externally funded policing programme



Expanded the safe schools project to **136** school resource officers deployed at various schools



The City established a **dedicated Rail Enforcement Unit (REU)**



Average CCTV network **uptime of 85% to 90%**

OBJECTIVE 2.1: SAFE COMMUNITIES

SAFETY TECHNOLOGY PROGRAMME

INTELLIGENT POLICING PROJECT

The City's closed-circuit television (CCTV) network is an important resource in crime prevention and detection and traffic management. Cameras managed and monitored by the Metro Police's Strategic Surveillance Unit now number 650, with an additional 239 included in the freeway management system and 713 in the integrated rapid transit system. This brings the City's total CCTV footprint to 1 602 cameras, making it the largest public-area surveillance agency in Africa, and the only one in Southern Africa that covers residential areas, informal settlements as well as city centres. With an average network uptime of 85% to 90%, the camera functionality standards are in line with international benchmarks.

CCTV acts as a crime deterrent, but also provides valuable data for SAPS investigations. All of the City's footage is therefore available to SAPS if and when required.

The City continues to expand its CCTV network with funding from the Safety and Security Directorate, as well as allocations from the budgets of ward councillors and development grants. Expansion takes place according to a preapproved master plan. The City's Transport Directorate is currently installing 159 high-tech CCTV cameras at various public transport interchanges (PTIs) and MyCiTi stations across Cape Town.

REMOTELY PILOTED AIRCRAFT SYSTEMS PROJECT

The City's Metro Police as well as Fire and Rescue Departments have acquired remotely piloted aircraft system (RPAS) devices. Selected staff members are currently completing their training towards RPAS pilot licences. With RPAS

technology, the Safety and Security Directorate will be able to gather strategic information and provide operational support to all its policing and emergency service departments, including surveillance in support of firefighting, disaster risk management and policing operations.

HOLISTIC CRIME PREVENTION PROGRAMME DEVELOPMENT OF SAFETY PLANS PROJECT

In 2017/18, safety plans were completed for the high-risk areas of Manenberg, Hanover Park, Bishop Lavis and Bonteheuwel. Plans are also being prepared for Kensington, Nyanga/ Gugulethu, Atlantis, Mitchells Plain town centre and Ocean View.

EARLY CHILDHOOD DEVELOPMENT (ECD) INFORMAL SETTLEMENT SAFETY PROJECT

In 2018/19, the Social Development and ECD Directorate's area-based offices visited and assessed 219 ECD centres in informal settlements across town. The assessments were aimed at establishing what support the ECD centres required to ensure full regulatory compliance. The findings pointed to land use, infrastructure improvements, resources as well as learning and safety equipment as the key areas where City support is needed. In response:

- ✓ detailed plans with clear accountabilities were put in place to deliver the support the ECD centres need;
- ✓ the support requirements were communicated to the City's land use experts, where needed;
- ✓ training was designed and implemented to improve the ECD learning programmes;
- ✓ training was also offered on creating and recycling learning items;



- ✓ learning and educational resources, such as crayons, paper, games, puzzles, storybooks and other items, were supplied to various centres;
- ✓ safety resources, such as first-aid kits and fire extinguishers, were provided, along with training on the use of this safety equipment; and
- ✓ the Directorate also attended ECD registration drives, which brought together role-players responsible for ECD compliance and registration.

Moreover, the Directorate team offers continued support to ECD forums, which bring together a wealth of experience and knowledge to help ECDs become compliant. The support includes hosting quarterly meetings, capacity building on governance-related matters, technical learning such as computer literacy and office administration, conflict resolution, information sessions regarding legislation that pertains to the Children's Act, and more. In 2018/19, 40 ECD forums across town received this support.

YOUTH CADET PROJECT

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

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

CREATING A SAFE WORKPLACE FOR CITY STAFF PROJECT

Staff safety is a growing concern, which is underscored by the latest crime statistics released in September 2018. Violent attacks on emergency workers and policing staff, as well as threats and crimes perpetrated against clinic, library and other staff members, are of grave concern to the City. Various departments have already made considerable efforts to safeguard their facilities, assets and staff. However, given the escalating risk, the City is committed to ongoing efforts to create a safe and secure workplace for its staff.

POLICING SERVICE PROGRAMME

24-HOUR LAW ENFORCEMENT PROJECT

This programme involves the implementation of an integrated policing model that ensures quality service delivery from the City's three policing departments, namely Metro Police, Law Enforcement and Traffic Services. Some of the initiatives implemented in the year in review include the following:

ENHANCED POWERS OF LAW ENFORCEMENT

Since 2016, the Safety and Security Directorate has been lobbying National Government to increase the powers of municipal law enforcement officers. At the end of 2018, the Minister of Justice and Correctional Services issued the new Peace Officers Declaration, which allows the City to enhance the powers of its law enforcement officers to better deal with threats ranging from land invasions and traffic offences to other serious crimes.

EVIDENTIARY BREATH TESTING

The implementation of evidentiary breath testing has enabled a partnership between Province and the City, involving a dedicated unit that conducts random drinking-and-driving screening. This has

led to the arrest of many drivers who were over the legal alcohol limit for driving. The unit has also delivered safety presentations on the effects and dangers of drinking and driving at various high schools and tertiary institutions. In addition, members of the unit are being introduced to the National Institute for Crime Prevention and the Reintegration of Offenders (NICRO) as part of a diversion programme for drivers arrested for driving under the influence.

PUBLIC TRANSPORT COMMUTER SAFETY

The safe transport of commuters is an essential component of overall community safety. Commuters who use public transport are exposed to the elements, criminals and any poor attitudes or driving behaviours of public transport providers. The Transport Enforcement Unit focuses on addressing these risks and improving the safety of commuters using the City's public transport offerings. The Unit attends to hundreds of complaints about poor driving and various safety concerns, and provides much-needed safety and enforcement services, which have elicited high praise from Cape Town commuters.

HOLISTIC ROAD TRAFFIC ENFORCEMENT

The City's Traffic Services provide road traffic enforcement by means of specialised teams and general patrol officers. In addition to regular traffic patrols, special operations target offences such as illegal street racing, reckless driving and other serious driving violations. There is a direct link between these patrols and enforcement operations, and a general reduction in crime and traffic offences in the areas where these patrols and operations take place.

RAIL ENFORCEMENT

In the year in review, the City established a dedicated Rail Enforcement Unit. The Unit is jointly funded by the City, Province and the Passenger Rail Agency of South Africa (PRASA). It adds another 100 law enforcement officers to the existing Metrorail security personnel. The Unit's impact in terms of

improving the safety of Metrorail commuters and the security of rail infrastructure is already evident. Since its establishment in October 2018, numerous arrests have been made and a large amount of stolen rail infrastructure has been recovered.

STAFF CAPACITY PROJECT

In the reporting year, the City's Safety and Security Directorate deployed an additional 198 law enforcement officers and 17 traffic officers in terms of the externally funded policing programme. This programme was implemented a decade ago and has contributed significantly to the funding of additional policing resources in the City. The policy governing the programme was recently refined to improve process efficiency in contracting these additional resources. This has also made the programme more client-centred and, therefore, more attractive to potential sponsors.

Of particular value was the City's decision in the past year to allocate significant budget to the appointment of additional safety and security staff. These funds will be used to recruit and deploy at least another 200 staff members across the three policing departments (Metro Police, Law Enforcement and Traffic Services) as well as Fire and Rescue. This will enable these departments to increase their visibility in Cape Town's most vulnerable communities, and across the metro in general.

Two additional fire stations were also completed in the year in review. These are situated in Masiphumelele and Sir Lowry's Pass, and are expected to have a significant positive impact on the safety of communities in these areas. The Fire and Rescue Service also took possession of eight new fire engines, which will help deliver efficient firefighting services to all the people of Cape Town.

STAFF TRAINING PROJECT

The Metro Police Training College is registered with the Quality Council for Trades and Occupations as well as the Safety and Security Sector Education and Training Authority. It was the first municipal



traffic college to receive accreditation from the Professional Firearm Trainers Council. In 2018, it also secured accreditation for the new three-year Basic Traffic Officer qualification. The college is currently home to several hundred recruits, who are undergoing various training modules that will allow them to be placed in the City's Metro Police, Law Enforcement and Traffic departments.

The City continuously seeks out new specialised training opportunities for its safety and security staff to improve service delivery capacity in an increasingly challenging environment. To this end, members of the City's Marine Unit attended a seaward tactical training session with the British Royal Marines in August 2018, and the United Nations Office on Drugs and Crime presented a course to 29 staff members of Safety and Security, the National Prosecuting Authority and SAPS in March 2019. City staff also benefited from a United States Naval Criminal Investigative Service workshop on countering transnational organised crime.

MUNICIPAL COURTS PROJECT

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

The relocation of the Wynberg and Blue Downs municipal courts is currently in the planning phase, having been postponed due to funding reallocation to water crisis projects. Since the easing of the water crisis, funds have again been made available to continue with their relocation. These two courts are growing steadily, and the current office space is too small to operate effectively. The moves are expected to be completed by early 2021/22. The new locations of the courts will make them more accessible and improve their ability to deliver efficient services to the public.

NEIGHBOURHOOD SAFETY PROGRAMME

NEIGHBOURHOOD POLICING PROJECT

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

NEIGHBOURHOOD SAFETY OFFICERS

Neighbourhood safety officers (NSOs) are specially trained to identify problems that may lead to crime and disorder, work closely with communities, and develop and implement solutions to such problems. In the year in review, a decision was taken to significantly expand this project. This will result in the appointment of more than 100 new NSOs in the next financial year, effectively allowing at least one NSO to be deployed in each of the 116 City wards.

NEIGHBOURHOOD SAFETY TEAMS

The City's neighbourhood safety team (NST) initiative is an integrated intervention that is aligned with the City's goal of ensuring safe communities. The initiative consists of two main elements. The first is a collaborative focus group, where community problems are identified and solved, synergistic connections and partnerships are established, and community relations are built. The second is the deployment of additional policing resources from Metro Police, Traffic Services and Law Enforcement.

The NST concept looks beyond pure policing and enforcement to also address other societal issues that, if left unchecked, can fuel crime or anti-social behaviour. This means staff are expected to help address service-related matters ranging from broken streetlights to missing drain covers, work with schools and other stakeholders to address truancy and other youth challenges, tackle by-law infringements, and proactively suppress any other threats to the safety and wellbeing of the community members.



The City's first NST was deployed in Delft in December 2017 and has achieved consistently positive results in terms of combating crime. Based on this success, a second NST is being established for deployment to Bonteheuwel towards the end of 2019.

NEIGHBOURHOOD WATCH SUPPORT PROJECT

The City's neighbourhood watch support project continued to expand in response to the growing need for this community-based security presence. The project strengthens neighbourhood watch organisations that have been accredited in terms of the Western Cape Community Safety Act, 2013 by providing crime prevention training and patrol equipment, as well as ongoing guidance and assistance. In delivering these functions, the Safety and Security Directorate works closely with Province's Department of Community Safety. Ward councillors also contribute significantly to this project by providing ward funding for the purchase of equipment.

In 2018/19, the radio communications network for neighbourhood watches was further expanded, bringing the number of radios, radio repeaters and base stations provided to these organisations to date to 1 700. The communication network will continue to be expanded and refined going forward. High-quality patrol equipment worth R3,5 million has also been provided to neighbourhood watches. This includes dash cams, body cams, reflective jackets, rechargeable flashlights, headlamps, spotlights, floodlights, first-aid kits, fire extinguishers, first-aid backpacks, hand radios and accessories. In collaboration with the Cape Peninsula University of Technology (CPUT), Safety and Security is also designing a high-quality operational vest that will enhance the security of neighbourhood watch members.

To make the City's vital services more accessible to neighbourhood watches across town, three additional community safety liaison officers were appointed in the year in review, with a fourth



appointment scheduled for the new financial year. These crime prevention experts are working closely with local stakeholders in all communities to provide neighbourhood watches with vital resources, training and other support. The training initiatives will also be expanded in the near future to include first-aid training and basic disaster risk management.

Moreover, the City has created opportunities for some unemployed neighbourhood watch members to be appointed as facility protection officers through the EPWP. The neighbourhood watch network also provides excellent recruitment opportunities for the City's Law Enforcement auxiliary service, which now stands at nearly 500 members.

SAFE SCHOOLS PROJECT

SCHOOL RESOURCE OFFICERS

The safe schools project involves the deployment of school resource officers (SROs) and the delivery of various safety awareness programmes at schools. These specially trained SROs are mandated to reduce and prevent violence, disorder and crime in the schools at which they are placed. To date, the City has deployed 136 SROs, 40 of whom are permanently appointed learner law enforcement officers, while 96 are employed as part of the EPWP. Currently, these SROs are stationed at 53 schools across Cape Town. A school resource officer response team was also established to provide additional support to schools, as well as security escort services to emergency medical services teams in the Lavender Hill and Steenberg areas.

ROAD SAFETY EDUCATION

The Road Safety Education Unit in the City's Traffic Services educates particularly junior learners on the safe use of roads and the basics of keeping safe when crossing roads. These important lectures are supplemented with visits to the junior traffic training centre at Hillstar in Wetton, where the learners are taken around a small road layout with roadway markings and traffic signals. This practical

interaction allows the children to use steering wheels to "drive" and experience the rules of the road at an early age. Road fatalities are among the top causes of death, and are avoidable if drivers obey the rules. By educating junior learners, the seed is planted for when they start driving later on.

K9 UNIT DELIVERS LEARNER DRUG AWARENESS

The Metro Police Department's K9 Unit is another valuable contributor to safer school environments. The Unit consists of 25 canines, 20 of whom are on active duty specialising in the detection of narcotics, explosives and copper. The canine officers and their handlers put on drug awareness shows at schools across the city. Thanks to the entertaining demonstrations by the dogs, the drug awareness message is well received by learners, and the shows play an important part in building relationships between the Metro Police and the communities they serve.

CREATING CLIMATE CHANGE RESILIENCE AMONG THE YOUTH

The City's Disaster Risk Management Centre undertakes a variety of education and awareness initiatives aimed at school learners. During the year in review, one such programme was a climate change awareness drive. The aim was to raise awareness of climate change, its impact on the weather and the environment, and what primary-school learners can do to help mitigate the risks. Over 200 primary-school learners from across town participated in the programme, which this year moved from the classroom to several of the City's nature reserves.

EMPOWERING WOMEN AND GIRLS TO BUILD RESILIENT COMMUNITIES

Managing the risks associated with disasters is all about being informed, prepared and equipped to assist if disaster strikes. In this regard, the United Nations International Strategy for Disaster Reduction underlines the importance of enabling women and girls to help make their communities more resilient to disasters and climate risks. In line with this, the City's Disaster Risk Management

Centre hosted a nine-day resilience training programme for 16 teenagers from Ocean View and Masiphumelele in June 2019. The programme equipped the learners with the knowledge and skills needed to assist their communities in times of disaster.

In another initiative aimed at improving child safety, Disaster Risk Management trained staff from 100 ECD centres during emergency planning workshops in July 2018. The purpose of the workshops was to explore the priority risks and hazards that ECDs face on a daily basis, and to develop individual emergency plans.

BY-LAW EDUCATION AND AWARENESS PROJECT

This project aims to increase awareness of City By-laws among residents of Cape Town. The intention is to reduce instances of by-law contravention, which will free up law enforcement staff to focus on more serious offences. To this end, City staff continued to conduct various awareness programmes, including five school holiday programmes, six campaigns to bring services to the community, youth celebrations, and animal by-law awareness sessions. The SROs play an important part in these efforts by helping to educate learners and serving as role models on matters such as law enforcement career opportunities, involvement in neighbourhood watches, and other City security initiatives.

ENSURING ADEQUATE LIGHTING IN HIGH-CRIME AREAS

The City continues to work towards increasing the effectiveness of lighting along major access corridors in identified high-crime areas where existing lighting is inadequate. An in-situ assessment of the viability of high-mast LED installations has been completed and a high-mast installation has been undertaken at an identified test site. If the City is satisfied with the assessment, the new LED technology will be rolled out as standard on high-mast installations. All conventional lighting will then be replaced with LED technology over time.

SAFETY VOLUNTEER PROGRAMME

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

The Law Enforcement auxiliary volunteer initiative was launched five years ago. It was the first project of its kind in the country aimed at assisting permanent law enforcement staff with the enforcement of by-law contraventions and delivering visible policing in the metro. The initiative allows for members of the public to register as volunteers to perform certain law enforcement duties. In November 2013, the first batch of 16 volunteers were deployed after undergoing training at the Metro Police College. Since then, the Auxiliary Law Enforcement Unit has grown to 452 members. The Safety and Security Directorate will continue to grow this valuable service and aims to recruit and deploy a further 200 auxiliary members every year.

Until recently, the volunteers worked under the supervision of permanent law enforcement staff members, but 17 inspectors from the volunteers' own ranks have now been appointed to perform this supervisory role. These members have completed extensive training and have been part of the programme for more than two years.

DISASTER RISK ASSESSMENT PROGRAMME

A comprehensive disaster risk assessment was undertaken in 2009 to identify all possible hazards that could affect the City. However, as the City's risk profile had changed over time, the assessment was in need of review. The Western Cape Disaster Management Centre (WCDMC) has subsequently been approached to assist with this review, as well as to assist other municipalities in this regard.



STRATEGIC FOCUS AREA 3: CARING CITY

SFA 3 FOCUSES ON:

- ✓ looking after the people of Cape Town, especially the vulnerable;
- ✓ ensuring that the city is welcoming to all people; and
- ✓ making residents feel at home.



OBJECTIVES	PROGRAMMES
Objective 3.1: Excellence in basic service delivery	✓ Excellence in service delivery ✓ Social services facility provision ✓ Human settlements programme
Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	

KEY CARING CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2018/19



Created
54 265
housing
opportunities
since 2012/13



Provided
3 687
new sanitation
service
points (toilets)
to informal
settlements,
bringing the
total to
27 001
since 2012/13



Installed
164
new water
and sanitation
service points
(toilet and tap
with hand basin)
for backyarders,
bringing the
total to
2 624
since 2014



Replaced
15 964 m
of water mains



Provided
716
new water
service points
(taps) to informal
settlements,
bringing the
total to
6 252
since
2012/13



Installed
2 440
subsidised
electricity
connections,
bringing the
total to
21 056
since
2012/13



Water pressure
management
achieved savings
in excess of
60 Mℓ/day,
various leak
repair
programmes
at an estimated
4,75 Mℓ/day



Reused
20 219 288 kℓ
of treated
effluent,
which is close
to an average of
55 Mℓ
of water per day
for the year



Replaced
10 069 m
of sewer mains



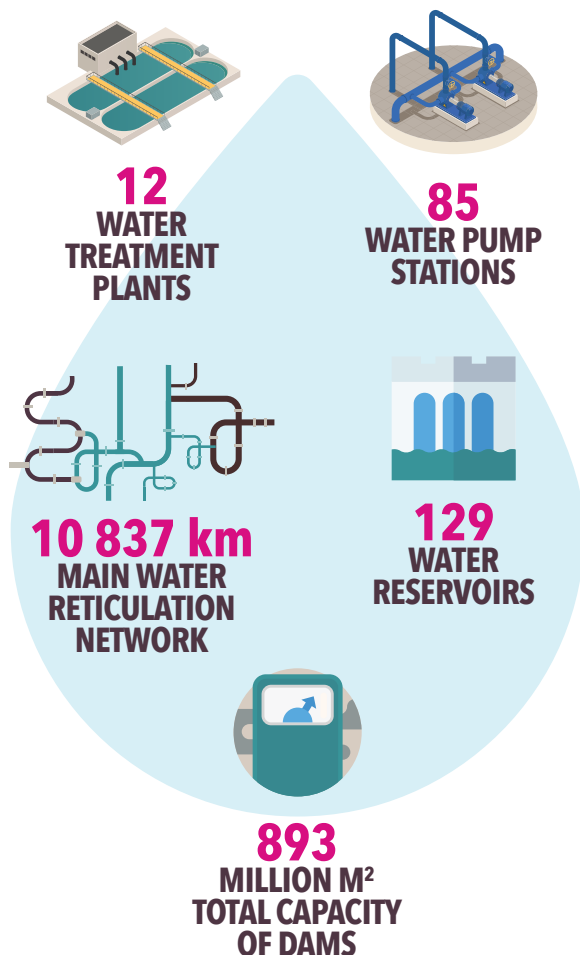
The City has
transferred
more than
13 000
title deeds

OBJECTIVE 3.1: EXCELLENCE IN BASIC SERVICE DELIVERY

EXCELLENCE IN SERVICE DELIVERY

THE CITY'S WATER AND SANITATION NETWORK AT A GLANCE

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 total system capacity.



MAIN DAMS

DWS-OWNED AND OPERATED:

- ✓ Voëlvlei
- ✓ Theewaterskloof
- ✓ Berg River

CITY-OWNED AND OPERATED:

- ✓ Wemmershoek
- ✓ Steenbras Lower
- ✓ Steenbras Upper

WATER PROJECT

WATER DEMAND MANAGEMENT

Located in an increasingly water-scarce region, the City needs to achieve an overall reduction in water demand across Cape Town, including in its own operations. To achieve this, various water demand management interventions are under way.

In response to the drought, the second half of 2017/18 has seen an aggressive approach to the implementation of pressure management, leak repairs and demand management. These contributed to the City's unprecedented, internationally-recognised water demand reduction initiatives. Pressure management achieved savings in excess of 60 Ml/day, various leak repair programmes an estimated 4,75 Ml/day, while additional large demand reductions were achieved by logging and focusing on the top 200 users. The City intends maintaining the momentum on elements of the programme to deliver further savings, irrespective of the relief brought by recent good rains. Although the implementation rate of pressure management has now been reduced, more than 20 additional zones will be coming online.

A growing portion of used water treated at wastewater treatment works is reticulated via a separate pipeline network to be reused for sports fields and agricultural irrigation, as well



as in industries (in other words, not for drinking purposes). In the past year, 17 767 620 kℓ of treated effluent were used in this way. This is approximately 80 Mℓ of water per day for the year, which has contributed substantially towards bringing overall potable water demand closer to water restriction targets. By the end of 2018/19, the total treated-effluent network spanned 263 km with 250 connected users. The network is constantly being extended to new areas and users. In 2019/20, the treated-effluent network from the Athlone scheme will be extended into Epping 1 and 2, and will result in the connection of 17 new treated-effluent users through a 12 km pipeline.

Treated effluent has also been made more accessible via standpipes at various locations. A total of 32 draw-off points have been constructed. These allow customers without direct network access to collect this discounted water. Moreover, 52 unique standpipes have been issued to improve access to treated effluent for large users such as construction companies, as well as for the City's own stormwater and sewer depots for flushing and cleaning pipelines. This has resulted in major savings, as the depots used potable water in the past.

In addition, the City is working to make use of the significant excess flow that some of the streams and springs in Cape Town offer. Certain high-yielding springs can be used for irrigation of sports fields, parks and larger-scale gardens. Spring water is currently used for irrigation at Cape Town Stadium and surrounds, as well as sections of the Company's Garden. Using this water for irrigation or industrial processes helps alleviate some of the pressure on the City's potable water reserves.

Pressure management projects are working well to reduce system water losses, pipe bursts and internal leaks, as well as to prolong the reticulation lifespan. In addition, the City replaced nearly 16 km of water mains and 10 km of sewer mains. By replacing old pipes, water losses are prevented, as older pipes are prone to bursts or leaks.

WATER AUGMENTATION SCHEME

The City has moved away from its overreliance on surface water. Instead, it increasingly embraces more non-surface water options and improved design and innovation in public infrastructure, private households and businesses. This offers an opportunity to build resilience throughout Cape Town and develop a new relationship with risk. It will enable the City to do more with less, and will leave Cape Town better prepared should the level of water scarcity increase in future. Key projects include temporary desalination and water reuse plants, as well as the Cape Flats, Atlantis and Table Mountain group aquifer projects.

BULK SEWERS

Ongoing densification and the roll-out of TOD will place the City's bulk sewers under increasing pressure. These will need to be rehabilitated and/or replaced systematically in the years ahead. The following two key projects are currently under way:

- ✓ *The Cape Flats bulk sewer 1 and 2 rehabilitation.* The City has budgeted R251 million for this project from 2017/18 to 2020/21. The design for the Cape Flats bulk sewers commenced in 2018, and the tender documents for construction were finalised in August of the same year. The construction tender closed on 11 February 2019 and is currently being evaluated. The aim of the project is to increase the system capacity by means of better hydraulics in the pipelines, and to ensure reliability for at least the next 50 years.
- ✓ *The Philippi collector sewer upgrade.* The City has budgeted R165 million for this project, which commenced in 2017/18 and is scheduled for completion in 2020/21. Investigations into the condition of the existing pipeline are under way. An assessment of the capacity requirements and rehabilitation options will then be completed. The construction phase is scheduled to begin in the second half of 2019.



SEWER NETWORK

Various initiatives are ongoing to reduce the potential overload of the sewer system, extend the useful life of the City's infrastructure, and protect the environment.

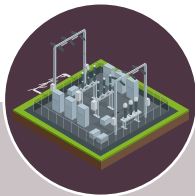
Sewer blockage programmes to raise public awareness on preventing and reporting blockages and overflows were conducted in Khayelitsha, Strand, Fisantekraal, Langa, Mitchells Plain, Philippi and Kuils River.

As part of the stormwater ingress programme, door-to-door inspections were also conducted and smoke detection was used in Mowbray, Observatory, Salt River, Goodwood, Platteklouf, Panorama, Newlands, Bishop's Court, Platteklouf Glen, Claremont and Rondebosch. These inspections covered a total of 279 km of sewer lines. Moreover, 31 km of sewer lines were inspected with CCTV technology, including areas of Mowbray, Observatory, Salt River, Platteklouf and Rondebosch.

Altogether 22 998 m of sewer mains were replaced, and 22,86 km of new sewer mains installed.

THE CITY'S ELECTRICITY NETWORK AT A GLANCE

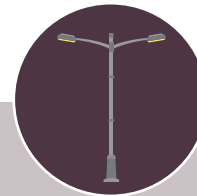
There are **666 532 meters** that are connected to the City's electricity network.



86
HIGH-VOLTAGE SUBSTATIONS



6 209 km
OF MEDIUM-VOLTAGE LINES
AND CABLES



641
HIGH-MASTS LIGHTS IN CITY
AND ESKOM-SUPPLY AREAS



1 367 km
OF HIGH-VOLTAGE LINES AND
CABLES



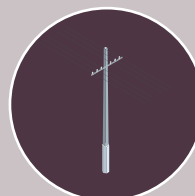
60 179
LOW-VOLTAGE KIOSKS



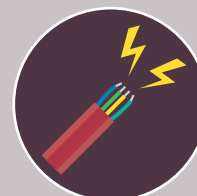
171 km
HIGH-VOLTAGE OVERHEAD
LINES



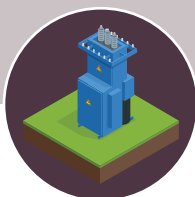
3 806
MEDIUM-VOLTAGE
PRIMARY AND SECONDARY
SUBSTATIONS



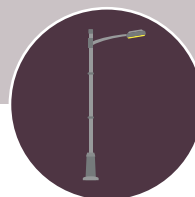
6 867 km
OF LOW-VOLTAGE LINES
AND CABLES



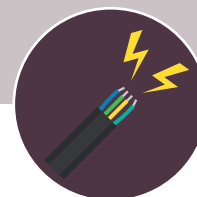
6 014 km
MEDIUM-VOLTAGE
CABLES



6 184
MEDIUM-VOLTAGE MINI
SUBSTATIONS



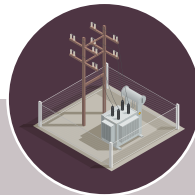
232 077
STREET LIGHTS IN CITY AND
ESKOM-SUPPLY AREAS



345,1 km
OF MEDIUM-VOLTAGE
OVERHEAD LINES



22 206,9
LOW-VOLTAGE CABLES



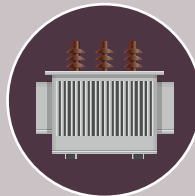
2 852
UNPROTECTED
SUBSTATIONS



658 542
ELECTRICITY METERS



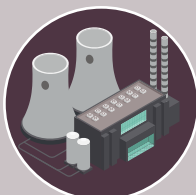
2 871,2 km
OF LOW-VOLTAGE
OVERHEAD LINES



5 959
MINI-SUBSTATIONS



2 505
EMPLOYEES



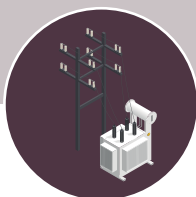
83
MAJOR SUBSTATIONS



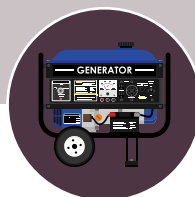
645
POLE-MOUNTED
TRANSFORMERS



966
VEHICLES



922
PROTECTED
SUBSTATIONS



2
GAS-FIRED
GENERATORS



R12 BILLION +
BUDGET



ELECTRICITY PROJECT

ELECTRICITY PROJECT HIGHLIGHTS OF 2018/19 INCLUDED:

- ✓ the ongoing provision of subsidised electricity connections to informal settlements and subsidised housing developments;

CITY CONNECTS WITH THE PUBLIC VIA ITS WORLD-CLASS TECHNICAL OPERATIONAL CENTRE (TOC)

The City's Electricity Services Technical Operational Centre (TOC) connects directly with members of the public. Thousands of electricity-related phone calls, emails and SMSes are received and attended to by this centre every month as part of the City's desire to put the customer first. The TOC is an essential part of the City's commitment to bringing its customer-centric services to members of the public and to assist the public to resolve their electricity-related service requests. These include not having power, faulty prepayment meters, sparks on poles, malfunctioning street lights and electricity account enquiries.

The average response time of officials on the ground attending to these requests is approximately three hours, subject to the nature and complexity of the fault. More complex faults can take up to eight hours or longer to attend to and are often dependent on external factors, such as traffic congestion or unrest. On average, 95% of all service requests are resolved within these timelines. The majority of service enquiries relate to the reporting of electricity faults.

- ✓ R30 million spent on 2 440 new connections, smaller meter relocation and infill electrification projects;
- ✓ the continued roll-out of electricity services to backyard dwellers at Council rental units; and
- ✓ an investment of approximately R65,6 million in Urban Settlements Development Grant (USDG) funding.

When constructed 30 years ago, the 180 MW Steenbras pumped storage scheme was the first hydroelectric scheme of its kind in Africa. For the past three decades, it has been a key source of stable electricity supply to residents of Cape Town and, in recent years, has helped avoid or minimise the impact of load-shedding on Capetonians. Each of the station's four 45 000 kW generator units acts as a pump-motor in one mode and a turbine-generator in the other. During the year in review, the City undertook extensive maintenance work on the pumped storage scheme, including internal inspection of the 132 kV switchgear and overhead line repairs. The peak performance of the scheme allows the City to work towards having spare generation capacity, which can help prevent load-shedding or reduce the load-shedding level for some Cape Town residents.

Similar maintenance to switchgear is ongoing across Cape Town, and progress in this regard is detailed in table 8 on page 99.

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

In 2018/19, the City installed 2 440 subsidised electricity connections, bringing the total to 18 616 since 2012/13.

Table 8: Progress with managing legacy medium-voltage switchgear as at 30 June 2019

PROJECT	DESCRIPTION	PROGRESS
30-year programme to improve security of supply and reduce maintenance requirements	Replacement of all ageing medium-voltage switchgear with equipment complying with modern best-practice specifications.	This project is on track, and the highest-risk switchgear is being targeted first. An amount of R81 million was invested.
Investing in and developing distribution networks	Distribution networks continue to be developed in response to new developments and load densification.	Approximately R104 million was invested.
15-year network development programme	<p>Upgrade and refurbishment of substations, underground cables and overhead power lines across the metro, including:</p> <ul style="list-style-type: none"> ✓ new main substations for Oakland City, Melkbosstrand and Atlantis Industrial; ✓ main substation upgrades for Bofors, Bellville South, Observatory, Oakdale (phase 2), Eastridge and Grassy Park; ✓ phase 3 of Oakdale switching station upgrade; ✓ rearrangement of Grassy Park high-voltage network; ✓ Platteklouf - N1 reinforcement; ✓ Koeberg Road switching station, Maitland; ✓ undergrounding Athlone - Philippi overhead lines; and ✓ integrating Erica with Mitchells Plain intake. 	<p>With an investment of R659 million:</p> <ul style="list-style-type: none"> ✓ Atlantis Industrial, Richmond Estate and Oakdale switching stations were commissioned; ✓ Bofors and Observatory upgrades and undergrounding were completed; ✓ Athlone-Philippi overhead lines were completed; and ✓ Grassy Park and Koeberg Road upgrades commenced. <p>The Oakland City, Melkbosstrand, Bellville South and Oakdale phase 3 upgrades were postponed due to the envisaged load not materialising.</p> <p>The Eastridge upgrade was postponed due to the condition of transformers.</p> <p>The integration of Erica with Mitchells Plain intake and work on the Grassy Park high-voltage networks were delayed due to hold-ups with Eskom's Erica project.</p>



THE CITY'S WASTE MANAGEMENT INFRASTRUCTURE AT A GLANCE

The City's Solid Waste Management Department provides all formal properties and **99,74% of recognised informal settlements** with access to a basic refuse collection service.

Waste management services include:

- ✓ cleansing;
- ✓ waste collection and disposal;
- ✓ waste minimisation;
- ✓ education and awareness; and
- ✓ regulatory services.



SOLID WASTE PROJECT

More than 850 000 wheelie bins are currently being used across Cape Town. In the year in review, the City continued to fit identification tags to all 240 l wheelie bins to ensure more efficient service provision and revenue accuracy. The tags help the City monitor the servicing of the bins, and identify and track any that are lost, stolen or illegally serviced. The valuable data collected through the tag system allows the City to analyse and improve solid waste management.

In terms of other solid waste projects, the City made the following progress in the reporting year:

Table 9: Cape Town solid waste statistics, 2018/19

NUMBER OF WHEELIE BINS IN CAPE TOWN	±850 000
WASTE GENERATED PER DAY	±4 000 tons
NUMBER OF WHEELIE BINS PICKED UP PER DAY	±170 000
WASTE GENERATED PER YEAR	±1,6 million tons (2018/19)
WASTE RECYCLED PER YEAR	±400 000 tons (2018/19)

INFRASTRUCTURE MAINTENANCE PROJECT

The City has extended its local-area master plan to include master planning for all water and sanitation infrastructure across all directorates. This includes bulk water, all additional water sources schemes, water reticulation, sewer reticulation and wastewater treatment, including treated effluent. This integration enables the City to plan for infrastructure developments and upgrades to secure sufficient capacity for the next 20 years and beyond.

Table 10: Progress with solid waste projects as at 30 June 2019

PROJECT	STATUS	PROGRESS
Rehabilitation of Atlantis, Vissershok, Waterkloof, Witsand and Radnor landfill sites	Ongoing	<p>Atlantis Defects liability period has expired. The site is monitored and audited in line with the authorisation.</p> <p>Vissershok Remediation work will be ongoing for the life of the site.</p> <p>Waterkloof Construction work has been completed and the defects liability period expires on 8 August 2019. Monitoring and auditing are being executed in line with the authorisation.</p> <p>Witsand Efforts to maintain the sand layer over the Witsand landfill site continue. These include wind netting installation and repositioning. An investigation into the feasibility of re-vegetating the dune system is planned, and the results will inform the long-term approach.</p> <p>Radnor Rehabilitation is currently under way. The construction design tender was awarded, but there has been appeal.</p>
Landfill gas infrastructure for flaring at Coastal Park landfill	Ongoing	The City has launched its landfill gas flaring project at Coastal Park. The system is currently in the operations and maintenance phase. The electrification tender for Coastal Park is currently being evaluated.
Landfill gas infrastructure for flaring at Bellville landfill	Ongoing	Gas extraction and flaring system at Bellville South landfill is operating at reduced capacity due to vandalism and theft, although the situation has stabilised somewhat. For Vissershok, the infrastructure installation tender is currently being awarded.
Landfill gas infrastructure for flaring at Vissershok landfill	Commencing in 2020	
Design and development of materials recovery facility: Helderberg	Ongoing	Detailed design of the drop-off site with recycling facility has been completed. The procurement process to appoint a contractor has commenced and construction is scheduled to start in January 2020.
Design and development of integrated waste management facility: Helderberg	2018 to 2020	The project currently has to undergo additional environmental impact assessments due to changes in legislative requirements.

CREATING A WASTE-WISE

Landfills are expensive and take up space



Simply landfilling waste is not the answer

DOMESTIC

Home composting

- 38 ton of household organic waste to earthworms over nine months away from landfill sites

Drop-off sites

- Various drop-off facilities for garden waste and items that can potentially be reused or recycled
- A source of jobs for people in the recycling industry
- Garden waste is chipped and sold to make compost

Waste to art

- Entrepreneurs showcase and sell unique art and craft products created from recycled waste materials

'Think twice' household recycling programme

- Residents 'think twice' before disposing waste

Waste minimisation
reduce waste generated

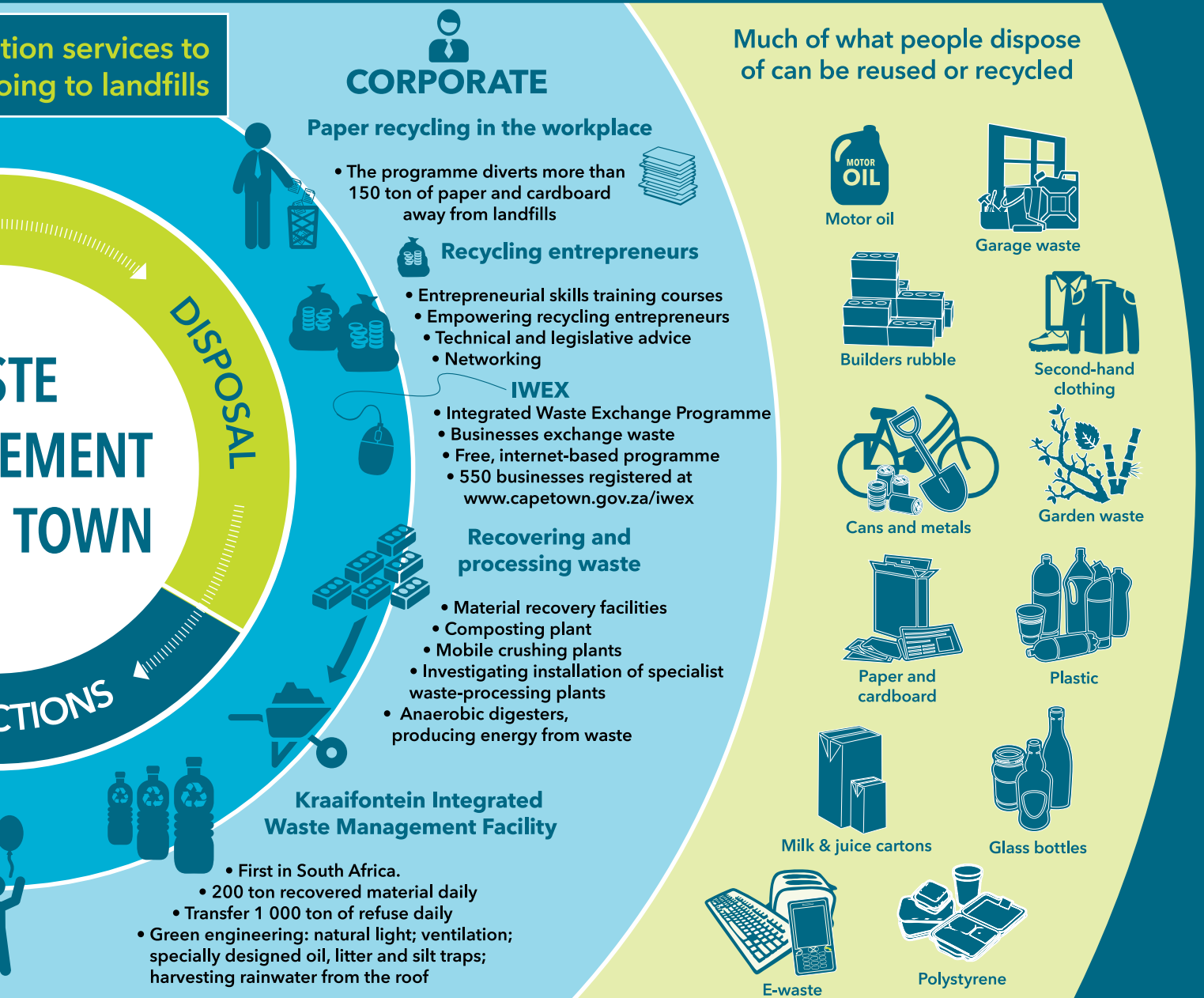
CLEANING

WASTE
MANAGEMENT
IN CAPE TOWN

COLLECTION



USE CULTURE TOGETHER





PROJECT	STATUS	PROGRESS
Construction of Kensington, Netreg and Prince George Drive drop-offs	Completed or ongoing	<p>Kensington Construction work has been completed. The defects liability period has expired. The project is complete.</p> <p>Netreg The tender was cancelled due to significant security risks.</p> <p>Prince George Drive Detail design has been completed and contractor appointment process has commenced. Construction is scheduled to start in January 2020.</p> <p>Beaconvale De Grendel drop off as an alternative site for development. Professional service provider was briefed to compile a site development plan, which is anticipated to be completed by March 2020. No further work/planning will be conducted on the Beaconvale site.</p>
Roll-out and replacement of waste management fleet	2017 to 2019	<p>The 2018/19 Fleet capital budget was R159 376 467. R159 373 490.39 was spent.</p> <p>Expenditure for 2018/19 was therefore 99,99% of budget .</p>

To further guide future infrastructure investment, a Medium-Term Integrated Infrastructure Investment Framework (MTIIF) was finalised. With the MTIIF, the City can easily assess the availability and costing of infrastructure required to support growth and development based on future land use. It also establishes a cross-sector view of existing infrastructure maintenance, upgrade programmes and operating expenditure, identifies risks in existing capacities and programmes, and points to the infrastructure requirements to sustainably accommodate existing needs and growth.

At a more practical level, the City is investing in a service infrastructure maintenance response system for water meters. This includes replacing ageing water meters across Cape Town to ensure accurate water metering and billing, which in turn results in a more accurate estimate of the City's water balance used to monitor water network efficiency against international best practices and norms.

Now the City is also set to roll out two applications that combine intelligent water infrastructure with data analytics to provide actionable information and enable proactive water management. Both apps will be rolled out to approximately 500 terminals in a first step towards moving from automatic meter reading to advanced metering infrastructure. The apps are utiliPro and utiliRead. The former allows technicians to manage and configure water management devices in the field, while the latter facilitates walk or drive-by meter reading and the capturing and navigation of meter-reading routes.

This technology allows for the remote management, control and reading of all meters under the City's management. As such, it represents an important shift from historical, reactive water management (where data was limited to monthly readings, and problems could take months to be resolved) to proactive water management (of which the water meter is but a small part). It will benefit both the City and water consumers: The City will have better control over its water assets and be able to

Table 11: Wastewater treatment plant projects under way

PLANT	UPGRADE DESCRIPTION	BUDGET
Potsdam	50 Ml/d capacity expansion. Membrane bioreactor.	R900 million for 2019/20-2024/25
Athlone	50 Ml/d capacity expansion. Upgrade to existing infrastructure.	R800 million for 2019/20-2024/25
Macassar	34 Ml/d capacity expansion.	R650 million for 2019/20-2024/25
Zandvliet	Infrastructure upgrade for existing infrastructure. 18 Ml/d capacity upgrade.	Over R1 billion for 2019/20-2024/25
Bellville	Process upgrade to oldest treatment module.	R180 million for 2019/20-2024/25
Cape Flats	Southern regional biosolids beneficiation facility. Various upgrades to existing liquid treatment process.	R1 billion for 2019/20-2024/25

strategically plan water management by means of a smart metering device. End users, in turn, will enjoy more accurate billing, better water management during droughts, faster diagnoses of faults, and speedier resolution of issues.

In addition, the City continues to develop, upgrade and replace its reticulation infrastructure. In terms of its sewer network, major projects include the West Beach pump station (completed in June 2018), Gordon's Bay beachfront sewer upgrade (in progress), Sir Lowry's Pass outfall (assessment in progress, with construction in 2020/21) and the replacement of the main sewer line and installation of additional lines in Athlone (completed).

Wastewater treatment capacity is being enhanced to ensure sufficient treatment capacity for future growth, as well as a healthy physical environment, particularly in downstream rivers around Cape Town. Various wastewater treatment works are scheduled to receive additional capacity up until 2025. Major projects already under way include extensions and upgrades at the plants above in table 11.

SOCIAL SERVICES FACILITY PROVISION

SOCIAL FACILITIES PROJECT

The City's IDP articulates a vision for social service provision that is underpinned by equitable distribution of a suite of community services in an integrated fashion. These key community services are health, libraries and information services, recreation and parks, and social development and ECD.

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

DRAFT COMMUNITY SERVICES AND HEALTH SECTOR PLAN

The Community Services and Health Sector Plan was drafted. This is a directorate infrastructure and investment plan that sets out a direct, equitable and sustainable response to the community and social services needs of the City's residents. It is a guide for high-level decision making



POTSDAM TREATMENT PLANT'S CAPACITY TO MORE THAN DOUBLE

The City has approved a multiyear project to more than double the current capacity of the Potsdam wastewater treatment plant to cater for a growing population. It is envisaged that this plant's wastewater treatment capacity of 47 million litres per day will be expanded by 53 million litres to a total of 100 million litres per day over the next six years. The project will expand the plant's capacity to treat wastewater as well as disinfect and treat sludge, among others. This treatment plant is important, as it borders on the Diep River in the west, into which treated effluent is discharged. The site is also situated in the vicinity of the ecologically sensitive Rietvlei nature reserve and Milnerton lagoon. Therefore, it is important to ensure that there is sufficient capacity to deal with urban expansion in an environmentally sustainable manner. Treated water is also becoming increasingly important as the City moves toward becoming a more water-resilient city. Environmental authorisation has been granted for the capacity upgrade. The authorisation sets strict parameters and requires that membrane treatment technology be used to ensure that the highest quality of effluent is discharged into the environment and/or reused.

regarding infrastructure, including multiyear budgeting, and aims to identify and address short- and medium-term priorities, while taking a long-term view.

COMMUNITY SERVICES AND HEALTH PROGRAMMES

Key departmental strategies and programmes were developed to guide integrated planning and facility

provision in line with the City's spatial priorities. These programmes include:

- ✓ community services and health hubs in informal settlements (Social Development and ECD);
- ✓ regional recreation hubs (Recreation and Parks);
- ✓ development guidelines for library optimisation (Library and Information Services);
- ✓ an integrated facilities programme (Recreation and Parks); and
- ✓ youth hubs (Social Development and ECD).

Development and implementation of these programmes will commence in 2019/20.

The 2018/19 financial year also saw the completion of the upgrade to Elizabeth Park, Bellville. The integrated facilities programme under which it was implemented focuses on enhancing and optimising facility clusters.

COMMUNITY SERVICES AND HEALTH HUBS (CSH HUBS) IN INFORMAL SETTLEMENTS

The City has identified informal settlements where the provision of community service facilities needs to be prioritised. In the year in review, the design and implementation of the Bosasa CSH hub was completed. This programme will be further expanded in 2019/20 to include the provision of CSH hubs in another two of the identified priority informal settlements.

CEMETERY AND CREMATORIUM PROVISION

As part of its commitment to proactively respond to many communities' identified need for cemeteries and crematoriums, the City continued with the required environmental assessments for a number of new cemetery development sites. At the same time, it continued to work to extend many of the existing cemeteries. Given that 40% of Cape Town's citizens opt for cremation of the deceased, the City subsidises these services to ensure that cremation

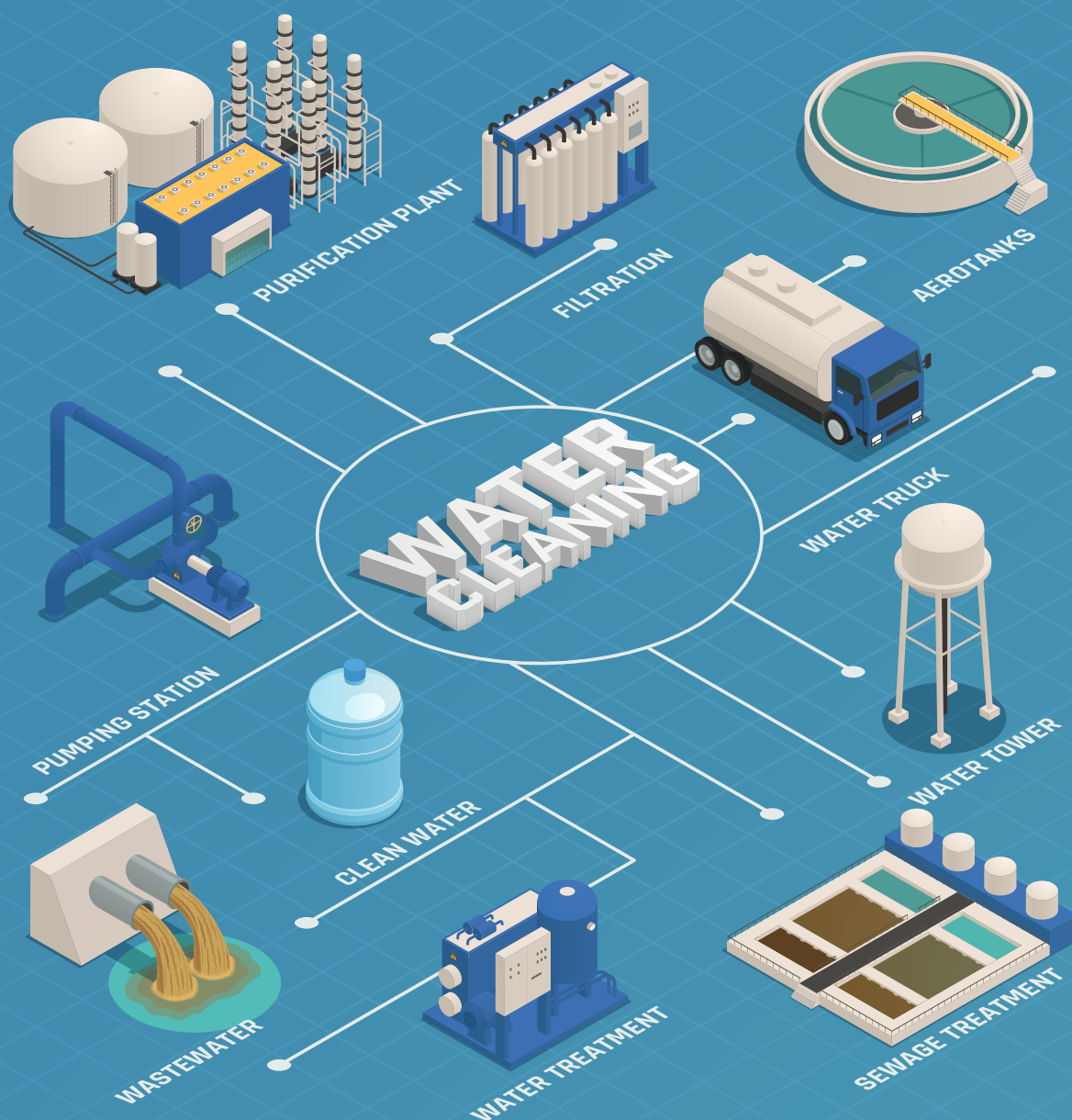




Table 12: Progress with cemeteries and cremation facilities in 2018/19

VAALFONTEIN CEMETERY	Subject to environmental authorisation and exemption from the National Health Act 61 of 2003. The natural and financial viability of the identified land is currently being reassessed.
METRO SOUTHEAST CEMETERY	Phase 1 construction was completed and handover concluded. The start of phase 2 construction (ablution, office facilities and boundary fencing) has experienced some delays. The cemetery is expected to be open for burials in 2020/21. Further extensions are planned, subject to acquisition of national Public Works land and an amendment of the record of decision.
WELMOED AND ATLANTIS CEMETERY EXTENSIONS	<p>These are ongoing cemetery extension projects.</p> <p>Atlantis Phase 3 extension is complete. Some 50% of the total cemetery site is yet to be developed into burial blocks.</p> <p>Welmoed Phase 5 has commenced, which includes new ablution facilities and additional burial blocks.</p>
MAITLAND CREMATORIUM UPGRADE	The facility is operating at a lower capacity due to non-compliance of old equipment. Two newer cremators are working 24 hours per day to keep up with the demand. A new tender is in place to install two more cremators and extend the refrigeration capacity.

remains an affordable option. It also invests to ensure that the Maitland crematorium always complies with all air emissions regulations.

The following progress was made in terms of cemeteries and cremation facilities in the year in review as shown in table 12 above.

HUMAN SETTLEMENTS PROGRAMME

The City's human settlements programme works towards reversing the legacy of apartheid spatial planning by promoting transport-oriented development. At the same time, working to create affordable housing on well-located land close to public transport and job opportunities is a cornerstone of the City's efforts to bring redress and greater parity of services and opportunities to all residents in Cape Town.

To this end, the City continues to:

- ✓ explore the location of housing opportunities closer to urban centres, such as central Cape Town and other urban nodes;
- ✓ increase supply of new housing opportunities through rental units and subdivisions;
- ✓ open up new areas for housing development in and adjacent to existing developed areas of Cape Town;
- ✓ provide greater support for higher-density, affordable apartment-unit investment through social housing partners around transport corridors and priority nodes; and
- ✓ undertake a focused programme to improve homeownership-related creditworthiness levels among Capetonians. The latter will require greater partnerships with micro- and macro-financing institutions.

Table 13: Housing initiatives forming part of the City's human settlements programme

PROJECT	DESCRIPTION
Densification focus of all new human settlements projects	<ul style="list-style-type: none"> ✓ Strategic densification in targeted areas, especially in and around transit-accessible precincts (TAPs) and local nodes ✓ Specifically relates to transport corridors and priority nodes with supportive infrastructure, and through incremental densification by means of second dwelling units ✓ Aimed at encouraging urban densification ✓ All units designed to be adaptable, extendable and able to densify over time ✓ More efficient use of well-located vacant land through: <ul style="list-style-type: none"> - infill initiatives; - the release of unused land owned by other state departments; and - mixed-use retail and residential development along key development nodes and transport corridors.
Public-private partnership initiative	<ul style="list-style-type: none"> ✓ Focuses on finding ways to effectively partner with the private sector to help meet housing demand ✓ Identification of new areas for housing development
Safety project	<ul style="list-style-type: none"> ✓ Development of a safety model for City-owned rental housing ✓ Aimed at reducing crime and disorder at City-owned rental housing complexes ✓ Considers different perspectives, such as crime prevention, law enforcement and social-based prevention by a range of stakeholders
Housing function assignment project	<ul style="list-style-type: none"> ✓ Assignment of human settlements function optimises the City's capabilities in the built environment

Therefore, the City's human settlements commitment extends far beyond the mere provision of housing. It also encompasses excellence in basic service delivery, and a human settlements programme built on, among others, the housing initiatives shown in table 13 above.

To further support the human settlements programme and underpin the initiatives outlined in the table above, the City has set itself a target of delivering 19 000 top structures by the end of the 2021/22 financial year. This target is aligned with the national housing programmes stipulated by the National Housing Code, the City's IDP and the Municipal Spatial Development Framework. Each project undertaken to help reach this target is fully assessed and an appropriate mix of typologies are determined, as outlined in table 14.

In some of its human settlements highlights in 2018/19, the City:

- ✓ brought the total number of housing opportunities created since 2012/13 to **54 265**;
- ✓ allocated R2,1 billion over the medium term to formal housing opportunities on well-located land, close to public transport, jobs, government services and public amenities;
- ✓ allocated more than R4 billion to formalising informal accommodation, such as informal settlements and backyard dwellings;
- ✓ successfully enabled more than 5 000 tenants to become homeowners through its rental sales programme;



Table 14: Human settlements programme typologies

TYPOLOGY	DESCRIPTION
Breaking New Ground (BNG)	<ul style="list-style-type: none"> ✓ Provides a minimum 40 m² house developed in accordance with the national Integrated Residential Development Programme ✓ Available to qualifying households registered on the City's housing needs register earning a combined income of R0-R3 500 per month ✓ Grant funding for development of this housing product provided by the national Human Settlements Department ✓ Ownership tenure of serviced site and top structure provided to qualifying beneficiaries earning below R3 500 per month ✓ For maximum densification, any top structures that the City provides must be at least double-storey or semi-detached constructions
People's Housing Process (PHP)	<ul style="list-style-type: none"> ✓ For households who wish to maximise their housing subsidy by building, or organising the building of, their homes themselves ✓ Available to qualifying households registered on the City's housing needs register earning a combined income of R0-R3 500 per month
Gap/finance-linked individual subsidy programme (FLISP)	<ul style="list-style-type: none"> ✓ Administered by Province's Department of Human Settlements ✓ Serviced site or bonded house available to households earning R3 501-R22 000 per month ✓ Implemented by private developers and bought by homeowners
Social housing	<ul style="list-style-type: none"> ✓ Higher-density, subsidised housing ✓ Implemented, managed and owned by independent, accredited social housing institutions in designated restructuring zones (for rental purposes) ✓ Critical to support City's TOD aspirations ✓ Available to households earning R1 500-R15 000 per month ✓ Utilises institutional and capital subsidies provided by the national Department of Human Settlements ✓ Delivery through social housing institutions that have entered into partnership agreements with the City
Community residential units (CRUs)	<ul style="list-style-type: none"> ✓ Include new built rental housing (including hostels redevelopment) and the upgrade of existing rental housing (high-rise units) ✓ Cater for households registered on the City's housing needs register who prefer rental housing and earn a joint income of R0-R10 000 per month ✓ The City remains the owner of the rental units
Open-market sites	<ul style="list-style-type: none"> ✓ Sites provided in larger developments where there is a need to integrate the new development with an established community across income categories
Upgrading of Informal Settlements Programme (UISP)	<ul style="list-style-type: none"> ✓ A national housing programme focused on informal settlements upgrades by means of in-situ upgrading, or relocation where necessary ✓ As part of the upgrade process, existing informal settlements are provided with access to basic municipal services, such as water, sanitation, electricity and refuse removal

ALMOST R2,7 BILLION ALLOCATED FOR CITY HUMAN SETTLEMENT PROJECTS

The City of Cape Town's Human Settlements Directorate is expected to deliver projects to the value of almost R2,7 billion over the next three years as part of its continued efforts to improve the lives of Cape Town's more vulnerable residents. Projects are located across the metro and include informal settlement upgrades in Khayelitsha and Philippi, among others, and formal subsidy housing programmes valued at more than R1,6 billion. Projects will take place in areas ranging from Atlantis, Nyanga, Manenberg, Grassy Park, Retreat, Vrygrond, Mitchells Plain to Gugulethu, Mfuleni, Khayelitsha; and Somerset West to Durbanville. More than R330 million is also allocated for public housing over the next three years.

- ✓ made available approximately 9 100 Council-owned rental properties to be sold and transferred to qualifying legal tenants at a reduced price; and
- ✓ transferred more than 13 000 title deeds (of the original 25 000 linked to historic housing projects) to vulnerable and senior residents. Title deeds linked to current projects continue to be transferred.

SPECIFIC HUMAN SETTLEMENTS PROJECT HIGHLIGHTS

INFORMAL SETTLEMENT UPGRADES

- ✓ Mfuleni extension 2 – This upgrade is nearing completion. It comprises more than 1 000 serviced sites at a cost of approximately R54,1 million.

- ✓ Kalkfontein – Work is under way and will provide 527 serviced sites at a cost of approximately R76 million.

FORMAL BNG HOUSING

- ✓ Masiphumelele – The City in conjunction with the PHP Support Organisation has started construction on Masiphumelele phase 4. It comprises 227 BNG state-subsidised houses at a cost of R85 million.
- ✓ Delft – The City has handed over 488 houses to date, with more to follow in the coming months.

TRANSITIONAL HOUSING

- ✓ Pickwick – The City's first transitional housing project is complete. It will provide short-term accommodation to residents currently living on the Pine Road Woodstock site, which will be developed for social housing (affordable rental opportunities).

SOCIAL HOUSING

- ✓ Salt River market site – This will deliver more than 700 housing opportunities to families in various income brackets, including social housing units, gap units and capped monthly rental units.
- ✓ Goodwood – The project is expected to deliver 1 050 rental housing units.

PUBLIC HOUSING

- ✓ The Public Housing Department has launched its My Estate mobile office, which visits different suburbs of Cape Town on a daily basis. The services offered include assistance with general tenancy matters, applications for indigent relief, and logging of C3 notifications for maintenance work. This is a first for rental tenancy management, and only one vehicle is currently in operation. Yet the plan is to extend the mobile operation over the next five years.



CITY REAFFIRMS COMMITMENT TO ENHANCED SERVICE DELIVERY

The City used the occasion of World Toilet Day, 19 November 2018, to recommit to sanitation provision to informal settlement residents and work even harder to overcome the challenges that still constrain extensive sanitation roll-outs. The City has been recognised by National Government for providing the highest percentage of full-flush toilets and weekly refuse removal in the country, with around 93,8% of households in Cape Town now having access to a flush toilet.

Despite this, the City acknowledges that there is still much work to be done. For this reason, it has committed to leverage technology and think outside the box to continue meeting all citizens' sanitation needs. It has also prioritised the creation of stronger partnerships with communities, private-sector-led programmes and projects for the wiser use of resources, particularly given rising sanitation demands on the back of rapid urbanisation.

New approaches to urban water and wastewater management are non-negotiable, and the City is currently embarking on a new chapter of large-scale investment in water and wastewater facilities across Cape Town.

- ✓ In addition to the maintenance depots, an Area-Based Rapid Response Maintenance Team will be established. This will consist of artisans from different trades who will move around the city, responding specifically to repair needs that could pose a health and safety risk to tenants.

OBJECTIVE 3.2: MAINSTREAMING BASIC SERVICE DELIVERY TO INFORMAL SETTLEMENTS AND BACKYARD DWELLERS

BASIC SERVICE DELIVERY PROGRAMME

ENCOURAGING AND SUPPORTING BACKYARD DWELLING PROJECTS

The mainstreaming of basic service delivery to informal settlements and backyard dwellers remains a key transformational priority for the City. This commitment is reflected in the City's budget, which has earmarked more than R850 million in the medium term for upgrades to informal settlements and backyarder services. Of this, R713 million has been allocated to backyarder service provision and the informal settlement upgrade programme. A total of R150 million is assigned for the delivery of electricity services to backyard dwellers.

Since 2014, the Informal Settlements Department has installed 2 624 water and sanitation points (2018/19: 164) in the homes of backyard dwellers on city rental property. The aim is to continue this water and sanitation provision project and rolling out a further 2 000 such services to backyard dwellers over the next three years.

Water is connected to the backyard dwelling via a dispensing device. This provides residents of these dwellings with their own allocation of 200 litres of free water per day, which is in no way controlled by the owner of the property on which they live. The roll-out of these water, sanitation and electricity services eliminates backyarders' reliance on the main dwelling, as well as the potential for exploitation and unsafe power connections. The City was the first metro to offer such services



Table 15: Progress with water and sanitation services provision as at 30 June 2019

INITIATIVE	DESCRIPTION	PROGRESS
Sanitation technology solutions	A range of solutions based on the conditions of specific settlements.	Various sanitation solutions in the form of full-flush toilets, 100 ℓ container toilets and portable flush toilets were provided in 2018/19.
Waterless technology solutions	Other technologies will be explored up until 2022 through partnerships with tertiary institutions and the Water Research Commission.	Discussions have been held with various service providers with a view to piloting new sanitation technologies in informal settlements. The roll-out of metered push-button standpipes has commenced to boost water-saving measures in informal settlements.
Repairs and maintenance	Addressing ongoing complications due to overcrowding, vandalism, foreign objects in sewers, unstable political environment and annual flooding.	A total of R31 472 108 was spent on repairs and maintenance in 2018/19.
Water and sanitation installations	Commitment to installation of water standpipes and sanitation facilities until 2022.	A target of 2 600 toilets and 700 taps was set for 2018/19. By the end of June 2019, a total of 3 687 sanitation installations and 716 taps had been installed. This brought the total to 6 252 taps and 27 001 sanitation service points (toilets) installed since 2012/13.
Full-flush toilets	Delivery of 12 900 sanitation options, of which full-flush toilets are the preferred option, where circumstances allow.	Seven full-flush toilets were installed in 2018/19.
Capacity enhancement	Using the EPWP to improve service delivery, while creating jobs and alleviating poverty.	A total of 1 850 EPWP job opportunities were created through the informal settlement services project in the past year.

SMOKE ALARMS HELP REDUCE FIRE RISK IN INFORMAL SETTLEMENTS

The City's Disaster Risk Management Centre, in partnership with the Old Mutual Foundation, installed 200 smoke alarms in the Egoli informal settlement in Philippi in April 2019. The photo-electric devices, which have minimum battery lives of ten years, were fitted inside the homes of residents who had previously been affected by fires. The smoke alarms act as an early-warning system and can reduce the risk of injury or death, while also allowing residents to react to instances of fire quickly, thereby preventing their rapid spread across informal settlements.

to backyard dwellers residing on Council-owned properties, such as rental units.

The City continues to offer property owners planning support and assistance to encourage them to formalise their backyard dwellings or build new, better units. Regulations are also being developed that will set out backyard dwelling standards, including the number of dwellings allowed per stand in each area, and the size and safety specifications for dwellings. The City will continue to regularly inspect backyard units to ensure compliance with these regulations.

INFORMAL SETTLEMENT SERVICES PROJECT

The City remains committed to the progressive upgrade of informal settlements, and the ongoing improvement of services, public spaces and tenure for informal settlement households as they formalise their top structures.

In the 2018/19 financial year, the City committed to spend more than R4 billion over the medium term

to upgrade informal settlements and provide water and waste services to these residents. Electrification of informal settlements and backyard dwellings also continued.

The City's IDP commitment in terms of water and sanitation delivery to all informal settlements, as well as progress in this regard, is summarised in table 15.

ELECTRIFICATION OF INFORMAL SETTLEMENTS

The City continues to supply informal settlements with electricity, and to provide the infrastructure needed to enable the electrification of qualifying sites. Currently, the bulk of the electrical connection backlog in Cape Town's informal settlements falls within Eskom's jurisdiction. Despite this, the City has set itself a target of installing 1 500 subsidised electrical connections per year until 2022. In the year in review, a total of 2 440 new electricity connections were installed, which brings total installations since 2012/13 to 21 056.

INFORMAL SETTLEMENT FORMALISATION PROJECT

Due to Cape Town's growing appeal as a place to live and work, informal settlements continue to grow. In response, the City is formalising and expediting the administrative incorporation of informal settlements. This includes the creation of a comprehensive investment and upgrade framework to guide the provision of services and, ultimately, security of tenure to informal settlement residents.

SETTLEMENT MIX PROJECT: INTEGRATED SETTLEMENT PROJECT

This project encourages a mix of formal and semi-formal approaches to settlements, supports the building of safe households and inclusive communities, and ensures that the most vulnerable are cared for through access to services and infrastructure.



Key to this vision is having integrated, sustainable human settlements that include various housing types. To this end, all the City's greenfield housing projects consist of a mix of serviced sites and top structures. Serviced sites are generally allocated to those who do not qualify for housing units. The number of serviced sites is determined by the dynamics of the beneficiary group or the area, as well as the type of project and its location in the city. This is an ongoing process.

REDUCING CITY OWNERSHIP OF RENTAL STOCK (CRU) PROJECT

The City seeks to transfer ownership of all City-owned rental properties that are deemed saleable, thereby promoting homeownership for eligible tenants. For this to happen, the property must be on an individual plot and have one-on-one service connections.

Over the past 35 years, the City has transferred ownership of more than 60 000 units of rental stock to tenants. This transfer campaign has been intensified since 2013 to invite even more long-standing tenants to take ownership of the rental dwellings they occupy. Approximately 8 100 units still remain available for sale and transfer to willing and eligible tenants. The City has identified the transfer-of-ownership programme as one of its key communication campaigns, and continues to raise awareness by inviting tenants to visit their local housing estate offices to establish whether they qualify for this great opportunity. The transfer programme also provides for subsidy benefits, arrear write-offs, and assistance with transfer costs to qualifying tenants. Tenants living in freestanding, semi-detached, terraced or row houses and maisonettes may qualify.

HUMAN SETTLEMENTS STRATEGY

The City is in the process of reviewing its Human Settlements Strategy as part of its efforts to meet the changing demands of an increasingly urbanised future. An appropriate response will require metros such as Cape Town to integrate progressive innovation, intensive funding and widespread support. Renewed community and private-sector partnerships are also required, and developing these will be a key focus going forward. As part of this renewed strategic focus, the City is investing massively in the delivery of housing opportunities.

To date, this strategy development has been a 13-month process overseen by the City Manager. The draft strategy involves the input of numerous internal stakeholders in the organisation, each adding to the complexity and depth of the proposed approach in the document.

The draft Human Settlements Strategy is widely transversal, outlining all City directorates' contributions in supporting sustainable human settlements. It acknowledges that human settlements are complex systems that require iterative learning and adaptive responses by government to ensure that all residents are able to access safe, valued, well-located and affordable housing opportunities. It further recognises that no single role-player is able to achieve this desired outcome on their own. Therefore, the strategy seeks to leverage the input of all social and economic actors to create an inclusive housing market.

It is supported by a draft implementation plan, which details the transition from strategy discussion to line action, thereby serving as a roadmap for the City's ongoing learning and delivery in the housing sector.





STRATEGIC FOCUS AREA 4: INCLUSIVE CITY

SFA 4 FOCUSES ON:

- ✓ achieving true inclusivity for all the people of Cape Town;
- ✓ creating access to economic opportunities;
- ✓ ensuring that citizens feel cared for; and
- ✓ facilitating fully integrated communities.





OBJECTIVES	PROGRAMMES
Objective 4.1: Dense and transit-oriented growth and development	<ul style="list-style-type: none"> ✓ Spatial integration and transformation programme ✓ TOD catalytic projects programme
Objective 4.2: An efficient, integrated transport system	<ul style="list-style-type: none"> ✓ Integrated public transport network 2032 programme ✓ Travel demand management programme ✓ Non-motorised transport programme ✓ Intelligent transport systems programme ✓ Land development programme ✓ Efficient, integrated public transport programme ✓ Traffic calming programme
Objective 4.3: Building integrated communities	<ul style="list-style-type: none"> ✓ Built environment integration programme ✓ Citizen value programme ✓ Public participation programme ✓ Substance abuse programme ✓ Non-government substance abuse partnership programme ✓ Primary healthcare programme ✓ Homeless people programme ✓ Cross-subsidisation programme

KEY INCLUSIVE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2018/19



Answered approximately
2,1 million
calls in corporate
call centre,
assisting
customers in
their preferred
language



97,3%
of routine
domestic
water samples
complied with
the SANS 241
quality standards
for potable water



The
City's diesel
vehicle testing
teams **tested**
8 402
vehicles
- helping to curb
transport-related
emissions



Safe Spaces
initiative
provided shelter
to a total of
616
people



Raised the
number of
FreeCall
lines installed
since 2012/13 to
187



Air pollution
exceeded
South African
ambient air
quality
standards for
only six
days
- significantly
less than the
accepted
maximum
of 40 days



85,4%
of food samples
(against a
target of 75%)
complied
with all relevant
standards



Increased total
package of rates
assistance by
R203 million to
approximately
R1,4 billion



OBJECTIVE 4.1: DENSE AND TRANSIT-ORIENTED GROWTH AND DEVELOPMENT

SPATIAL INTEGRATION AND TRANSFORMATION PROGRAMME

SPATIAL TRANSFORMATION

As part of its commitment to spatial transformation, the City is employing a range of new-generation urban growth management tools and processes, and considering the designation of priority TOD zones, managed growth areas and protection areas with associated development parameters and procedural guidelines.

Spatial transformation is about redressing and restructuring the city to mitigate the impact of historic spatial planning. Apartheid-era city planning entrenched a fragmented and distorted spatial pattern along racial lines. Households from the poorest communities were located far away from economic opportunities – a legacy that persists to this day. It has also resulted in those communities having to spend a disproportionate amount of their income on (typically public) transportation. This can be countered in a number of ways, including by creating more opportunities for more people in highly connected areas, such as the urban inner core and other growth areas, while avoiding low-cost housing projects on the periphery of the city.

In support of the City's spatial vision, the MSDP contains spatial transformation areas (STAs). The STAs reflect an investment rationale and associated land use guidelines in support of:

- ✓ an urban inner core, estimated to be 17% of the geographic area of Cape Town;
- ✓ incremental-growth and consolidation areas (20%);
- ✓ discouraged-growth areas (28%); and
- ✓ critical natural areas (34%).

The first two of these STAs comprise the existing urban footprint of the city. Land use intensification proposals in the discouraged-growth areas and critical natural areas are not typically supported.

The STAs form the basis for:

- ✓ considering a range of growth management tools and processes, and differentiated priority areas;
- ✓ prioritising public and incentivising private investment in the urban inner core;
- ✓ drawing up more detailed and locally informed district and local plans;
- ✓ determining in-principle support for development proposals;
- ✓ supporting short-, medium- and longer-term infrastructure provision, particularly where infrastructure deficits inhibit development in the urban inner core;
- ✓ supporting land use intensification, amongst others through the City's CLDP in TAPs;
- ✓ prioritising and aligning capital budgets and grant funding;
- ✓ the City's land acquisition and disposal strategies;
- ✓ a spatial rating system to assess human settlement programmes and land acquisitions against the Integrated Human Settlements Framework; and
- ✓ spatial monitoring and reporting in support of MSDP implementation.

INNER-CITY HOUSING STRATEGY AND IMPLEMENTATION PLAN

In 2017, the City adopted a precinct development approach to improve the delivery of affordable housing projects in inner-city areas. Key elements of precinct development are the creation of more economically integrated neighbourhoods, leveraging government investment, helping to stabilise areas and encouraging greater private investment in regeneration.

In October 2017, the City advertised several sites in the Woodstock/Salt River area for social housing and mixed developments. The tender for the development of these sites closed on 6 March 2018. Once all land disposal processes have been completed, the tender submissions will be evaluated and a developer appointed for each site.

Additional land has also been identified in other areas. Parow is considered a potentially appropriate area for another precinct initiative.

The Human Settlements Directorate is in the process of reserving and testing the feasibility of all identified sites in the Parow precinct, with the feasibility studies of sites around sub-precinct 1, Parow station, furthest advanced. A request-for-proposal document has been produced, and will be circulated in the next financial year. Other areas where opportunities are currently being investigated include central Bellville and the Philippi node area as catalytic precincts, as well as some secondary-level inner-city nodes.

HOSTELS REFURBISHMENT AND UPGRADE PLAN

The City has established a hostel redevelopment programme that aims to redevelop identified hostels into CRUs. Existing hostel buildings are located in established urban areas, where land availability is limited. This presents a significant challenge to site redevelopment, as the current hostel dwellers need to be temporarily relocated during redevelopment, and then moved back into the refurbished units.

Implementation is expected to take nine to 12 years. As the project exceeds three financial years, approval has to be obtained in terms of section 33 of the MFMA. A hostel forum was also established and is chaired by the erstwhile Mayco member for TDA, and various stakeholders have been invited to provide input on the programme and implementation plan.

RESEARCH ON ALTERNATIVE BUILDING MATERIALS AND HOUSING TYPES

The City's relationship with the national Department of Environmental Affairs (DEA) is guided by a memorandum of agreement to provide human settlements that are as environmentally sensitive as possible. A pilot project was agreed on that will utilise invasive plant biomass, which will be cleared using labour-intensive methods as part of DEA's value-added industries programme. The biomass will be included in a woodchip-cement material and used to build walls, floors, roofs and other appropriate components of houses and other structures.

PRINCIPLES AND CONCEPTS TO GIVE EFFECT TO TOD OBJECTIVES AND SPATIAL TRANSFORMATION

A number of key principles are adhered to in developing and reviewing all new and existing spatial strategies, tools and policies. These include the following:

- ✓ Infrastructure provision and investment are prioritised in the urban inner core, as defined by the MSDF. Annually, the City's investment programme is determined from the capital budget, and is then spatially represented in the BEPP.
- ✓ The MSDF implementation plan also requires that master utilities planning be revised and adapted to take account of MSDF requirements, support the activation of the urban inner core, and maintain the City's built footprint.
- ✓ High-density, high-intensity mixed-use development is prioritised along the bus rapid transit (BRT) main routes and in rail station precincts. This means that the existing rail and MyCiTi stations and PTIs serve as catalysts for development and redevelopment.



As part of planning the roll-out and implementation of TOD in the abovementioned urban inner-core nodes and corridors, and specifically at TAPs such as rail and BRT stations, the City's CLDP is currently being formulated in more detail to set out how this programme will be implemented over the medium to longer term.

A) LAND USE MANAGEMENT PARAMETERS, SYSTEMS AND MECHANISMS

The City pursues integrated and streamlined land development processes, where proposals and applications in support of TOD are fast-tracked, and development and investment are valued within the parameters of the City's stated transformation objectives. The administration is also committed to facilitative development charge policies and frameworks to enhance TOD and expanded public transport development.

In this regard, the City is in the process of compiling precinct plans for the TOD station and catalytic precincts along the MyCiTi phase 2A corridor as well as elsewhere in the identified integration zones, with a view to approving these as policy and implementation plans. These plans will facilitate and enable TOD as envisaged in the 2016 TOD Strategic Framework. The delineation of precincts will be guided by the specific context of each, given the disparate levels of urban maturity throughout the corridor and integration zones. Forming part of the phase 2A corridor, the Philippi East area has also been designated a prioritised catalytic precinct as part of the CLDP, and is receiving specific focused attention in terms of both planning and implementation.

The more detailed planning mentioned above also draws on the draft report on the MyCiTi phase 2A TOD parameters in order to:

- ✓ articulate the nature and form of development that would be desirable to live, work and play in;
- ✓ influence decisions on land use change towards achieving mixed-use development, higher densities and vibrant urban environments;
- ✓ articulate infrastructure shortfalls and guide budgetary decisions for the provision and upgrade of public utility infrastructure, public institutions and public space;
- ✓ promote crime prevention through environmental design;
- ✓ identify programmatic situational crime prevention strategies for roll-out;
- ✓ identify property development opportunities, and the requirements for land acquisition, disposal, consolidation, land banking and calls for development proposals;
- ✓ create the preconditions and undertake de-risking activities to promote a critical mass of market confidence and stimulate reciprocal economic investment by the private sector;
- ✓ prepare business plans for leasing space in TOD station precincts and at large PTIs;
- ✓ establish institutional arrangements for the commercialisation and management of space for informal trade;
- ✓ develop an implementation strategy that explores the potential for partnerships; and
- ✓ enable private-sector reciprocal investment and development in the surrounding precincts.

B) SPATIAL TRANSFORMATION FOR SOCIO-ECONOMIC GAIN

The City recognises that Cape Town's spatial form and function will either support or inhibit its immediate and longer-term economic prospects. The extent to which the City achieves its spatial

development goals is directly linked to its ability to sustain job-creating economic growth in the medium term, and reduce job accessibility costs for the poor. As such, the City is committed to facilitating employment-intensive land uses by focusing on:

- ✓ creating and attracting “job-rich” investment that ensures integrated, sustainable communities by providing new, and maintaining existing, infrastructure;
- ✓ providing services aimed at promoting social cohesion and enhancing social mobility in identified areas with the greatest need;
- ✓ responding appropriately to the spatial needs of the economic sectors that operate in Cape Town;
- ✓ prioritising investment in improved public transport systems and linkages to provide more convenient, affordable access to jobs, natural resources and social amenities; and
- ✓ augmenting existing infrastructure and implementing de-risking mechanisms and initiatives to provide an enabling environment for private-sector reciprocal investment.

URBANISATION MANAGEMENT

The City’s transport development index (TDI) allows for the assessment of the City’s transport service interventions. The index identifies four user groups, with access priority information per transport analysis zone. It also links up with a global mobility index so that the City can compare mobility in Cape Town with that in more than 80 other leading cities worldwide. The City is currently expanding the TDI into an urban development index (UDI), which will serve as a barometer of progress in terms of achieving TOD objectives and unlocking Cape Town’s social, economic and spatial transformation potential.

The UDI is not a composite index. It consists of a range of indices that give a detailed indication of the state of transport and urban development in

Cape Town on an annual basis. The key indices developed as part of the UDI relate to transport, land use and housing. With the UDI concept and methodology designed and the data specification finalised, the groundwork has been done to run the index calculation.

TOD MECHANISMS FOR DEVELOPMENT PROJECTS

The City’s Spatial Planning and Environment Directorate is developing and implementing a range of institutional realignment mechanisms in support of TOD as a long-term spatial transformation approach. These mechanisms are designed to stimulate more dense and diverse development in public transport corridors and catalytic precincts, and to realign internal development control processes and policies to support this.

One such mechanism is the TOD base zone that is being developed as part of the City’s DMS. This zone will apply to spatially targeted areas that will likely be subject to a series of new conditions and incentives. These conditions and incentives are designed to stimulate the right types of development in the urban inner-core areas where the City wants to see TOD. They would include proactive zoning, revisions to parking requirements, bulk development thresholds, building height and a range of related incentives. Whilst the technical detail of this TOD base zone has been developed to an advanced stage, it will likely undergo public consultation as part of another round of amendments to the DMS in the next reporting period.

Moreover, in April 2019, a final draft of the TOD manual for development management was signed off by the executive directors of Spatial Planning and Environment as well as Transport, with the approval of both their associated portfolio committees. The manual is an operational guide to empower case officers and other stakeholders to holistically assess development proposals and applications. This helps ensure that consistent and informed recommendations are made, and guides



CITY SECURES R300 MILLION DUTCH FUNDING FOR PUBLIC TRANSPORT IN KHAYELITSHA

Thanks to an agreement with the Dutch Government, the City of Cape Town's Transport Directorate will receive R300 million of grant funding over the next five to 10 years to improve public transport for commuters from Khayelitsha and Nyanga. The funding agreement is known as the Orio Project and it will result in the roll-out of the MyCiTi bus service between Khayelitsha and Wynberg and Claremont. The R300 million grant funding will be spent on the construction of new trunk routes and feeder routes for the MyCiTi buses, as well as bus stops and stations, and a bus depot in Khayelitsha. Given that the MyCiTi service will be connecting commuters with other modes of transport, such as minibus-taxis and trains, the funding will also assist in improving a number of public transport interchanges (PTIs) that will be upgraded and developed to integrate with the surrounding precincts and community.

decisions from the pre-application consultation period to the final assessment. The manual integrates TOD design principles embedded in various existing urban development and integrated transport policies. As such, it demonstrates how development principles in current policies can be applied at the precinct level to achieve the City's key spatial transformational objectives in the IDP, MSDP and TOD Strategic Framework. The document has been circulated to the relevant district offices for implementation.

TOD DEVELOPMENT MANAGEMENT FAST-LANE

The TOD base zone and enabling mechanisms include elements that will allow TOD-supportive development proposals to be fast-tracked and implementation barriers to be removed. This approach is being incorporated into the land use management system and regulatory processes. Among others, this would entail amending the Municipal Planning By-law and DMS.

GENERAL BUILT ENVIRONMENT

An inner-city housing strategy is being developed and rolled out, covering the entire Cape Town centre. The City also continues to roll out the IPTN, as determined in the IPTN business plan. To achieve an integrated and sustainable transport system, the City is investigating the potential for an urban rail system assigned to its own management.

TOD CATALYTIC PROJECTS PROGRAMME

Framed around National Treasury's Guidelines for Catalytic Development Programmes in Metros (issued in 2018), the City's CLDP consists of the major, prioritised, flagship catalytic TOD projects listed in table 16, TOD precincts and initiatives in smaller, secondary urban nodes (the so-called "level-2 TOD initiatives"), as well as significant public landholdings around a number of strategic rail and BRT stations in spatially targeted precincts (the so-called "stations typology initiative") in partnership with PRASA and other public stakeholders. With more detailed implementation plans currently being developed, this programme will represent an intergovernmental pipeline of priority catalytic projects and infrastructure investments over the medium to longer term.

During the reporting period, the City's Urban Catalytic Investment Department finalised a project portfolio, which was adopted by Council and is now being further refined and implemented. The

portfolio is centred around higher-order points of access to the public transport system, primarily rail stations and transport interchanges, which offer significant opportunity to achieve the City's objectives of TOD and spatial transformation by unlocking high-density mixed-use development. Opportunities in these TOD precincts arise from their location at points where people access (or could access) integrated rail, bus and minibuss taxi services via the IPTN. The project presents complex, long-term, strategic investment opportunities, which need to be assessed in collaboration with others.

To this end, the City needs to enter into partnerships with multiple public stakeholders and entities, such as government departments (national and provincial) and state-owned enterprises, especially where these often have large landholdings across town, as well as development mandates of their own (such as PRASA, which has significant landholdings around various rail stations). In 2018/19, significant progress was made with developing such a partnership agreement with the national Department of Public Works, as a start. The strategic objective of Public Works is to establish "government precincts" in various of the City's earmarked catalytic precincts. Working with them will help the City achieve its own spatial transformation vision and objectives around dense, mixed-use and transit-oriented development in and around TAPs, as per the CLDP. The partnership is expected to be formalised in the year ahead, paving the way for implementation. Similarly, other public-sector partnerships are being investigated to help implement key parts or aspects of the CLDP.

The Urban Catalytic Investment Department will continue to pursue similar strategic partnerships with public entities such as PRASA, Transnet and Airports Company South Africa (ACSA). Securing these strategic partnerships is critical in planning and implementing the CLDP, and is meant to result in an intergovernmental pipeline of infrastructure investments and development projects, supported by aligned budgets, as contemplated in the City's BEPP.

The reporting period saw the finalisation of a review of the identified major catalytic TOD projects. See table 16 on page 128 for progress on each of the projects.

OBJECTIVE 4.2: AN EFFICIENT, INTEGRATED TRANSPORT SYSTEM

INTEGRATED PUBLIC TRANSPORT NETWORK 2032 PROGRAMME

The IPTN describes the system of public transport routes that are to be in place in Cape Town by 2032. The following projects are being implemented within this planning framework:

PHASE 2A PROJECT

Following the successful roll-out of phase 1 of the MyCiTi system as well as the N2 Express, phase 2A consists of two main routes from the metro southeast, namely Khayelitsha and Mitchells Plain, to Claremont and Wynberg. The City budgeted R2 billion up until 2022 to provide infrastructure for the roll-out of this phase. This will be spent on the completion of the Stock Road upgrade in Philippi, Jan Smuts Drive (M17) in Plumstead, as well as enabling works for new bus depots in Mitchells Plain and Khayelitsha.

Once fully rolled out, phase 2A will serve more than 1,4 million commuters from the metro southeast. This will bring them closer to job opportunities and help the City deliver on its commitment to continuously improve transport options for all residents.

PHASE 2A FAST-TRACK CONSTRUCTION CONTRACTS

Practical completion of the Strandfontein Road dual carriageway, which included the construction of 1,8 km of dedicated bus lanes, was achieved in December 2017. On 30 May 2019, the Stock Road dual carriageway was completed, which included the construction of 0,6 km of dedicated bus lanes.



Table 16: Progress with prioritised TOD catalytic projects as at 30 June 2019

CATALYTIC PROJECT	PROGRESS
<p>Foreshore precinct (including inner-city sites such as Ebenezer, Gallows Hill and Prestwich)</p> <p>This project is aimed at finding the best way of dealing with the unfinished freeways on the Cape Town Foreshore and its surrounding precinct so as to unlock the economic potential of this significant segment of the central city. It includes the Ebenezer Road maintenance depot, the MyCiTi Prestwich depot, the Gallows Hill traffic centre and the CTICC parking garage. In addition, it will explore linkages and integration with abutting public-sector initiatives and opportunities (such as Transnet's "People's Port" initiative, Public Works' Customs House redevelopment, and Province's Founder's Garden precinct) as part of the re-conceptualisation.</p>	<p>Appeals against the appointment of one of the bidders for the proposed development led to the previous tender being cancelled. The concerns raised during the appeals process are being investigated and addressed, and a new request for proposals will be issued in due course.</p> <p>In the meantime, as a first phase of the broader precinct conceptualisation, the City is pursuing the de-proclamation of the obsolete 1969 Lower Buitengracht road scheme that forms part of this precinct. This land will in any event be required for the precinct to be developed in the longer term and will unlock significant, currently sterilised land along the lower end of Buitengracht (100 000 m²). It is hoped that this process will make substantial progress over the next year.</p>
<p>Bellville CBD precinct</p> <p>This project is aimed at catalysing development in the core Bellville area around the transport interchange and beyond, and raising additional private-sector and PRASA investment for land and public transport development. It is a long-term project that will span multiple financial years and involve numerous initiatives and subprojects.</p>	<p>By the end of the reporting year, a review of all previous road-based transportation planning associated with the Bellville CBD precinct was close to completion. The review will deliver a consolidated view of, and implementation recommendations on, all previous road-based planning proposals that have been considered to date.</p> <p>Moreover, a draft Bellville master transportation framework plan is in its final stages of development and will be circulated to relevant stakeholders for input and comment in 2019/20. It will then follow due process for final approval by the City's decision-making bodies. The document will provide a base for future planning, development and investment decisions in the area.</p> <p>Further aspects of work that are still ongoing include planned public-sector investment in the form of a multi-modal PTI, including the upgrade and modernisation of the PRASA station. This will serve as a further catalyst to the development of the adjacent City-owned land (the "Paint City" site) and air rights above the public transport infrastructure. Other elements would include significant housing infill densification, social facility/green network upgrades, and clustering of public facilities in public service precincts.</p>

CATALYTIC PROJECT	PROGRESS
<p>Paardevelei</p> <p>The project aims to combine housing and market-related residential opportunities with a mixture of economic opportunities, thereby creating integrated communities that embrace TOD. The nature of the development will be determined by market feasibility and the ability of the private sector, in conjunction with the City, to provide affordable housing within the development project. The intention is for the project to be largely self-funded and implemented by the private sector, with City contributions for the social components.</p>	<p>Various investigations have taken place in relation to potential anchor developments, including the 40 000 m² provincial regional hospital that Province wishes to establish in this area.</p> <p>A 100 ha portion of the site is currently being rezoned to subdivisional area and was subjected to an environmental impact assessment. Part of the rezoning requires a new phase 1 interchange onto the N2, as well as a second stormwater outfall, in respect of which detailed design is under way.</p> <p>Furthermore, a consultant has been commissioned to prepare a contamination report summarising the status of contamination, and proposing a costed rehabilitation plan for the contaminated parts of the site.</p> <p>Other progress and activities include:</p> <ul style="list-style-type: none"> ✓ ongoing due diligence resulting from the sales and framework agreements attached to the purchase; ✓ completing the rezoning application for precinct 2 submitted by the former owner (AECI); and ✓ preparing a local spatial development framework and associated infrastructure requirements for the site; and ✓ drawing up a more detailed layout plan for precinct 2 and the foundry precinct.
<p>Philippi East</p> <p>The IPTN 2032 envisages that six of the ten main transport routes will interchange in Philippi. This presents a major opportunity to develop the transfer interchange according to TOD principles, and also facilitate and catalyse surrounding development in the wider Philippi precinct area.</p>	<p>The baseline report and project plan have been approved. A draft business case and development mandate report have also been completed. Although the site is integral to the City's IPTN and needs to be turned into a PTI as part of the phase 2A development, further investigations have revealed that it is not the best location for a successful catalytic investment project.</p> <p>The surrounding areas of Nolongile, Swartklip and Stock Road are being assessed in terms of their TOD and catalytic investment potential, and may present greater opportunity to achieve TOD objectives.</p> <p>The City's investment will include MyCiTi stations and other infrastructure as part of the phase 2A main route. Infrastructure will be developed around Philippi, Stock Road (where the City owns significant abutting land) and Nolongile stations (where ACSA owns significant land in the form of Swartklip), and is intended to catalyse private investment in adjacent properties.</p>



CATALYTIC PROJECT	PROGRESS
<p>Athlone power station</p> <p>The City aims to repurpose this installation by reassessing optimal alternative uses, accessibility and environmental impact.</p>	<p>A strategic review continues to explore options for the potential repurposing of the site for future renewable-energy generation and/or storage. This will help the City secure more sustainable energy supply and reduce Cape Town's carbon footprint.</p> <p>Considering that the City needs to take action to diversify its energy mix and reduce its dependence on Eskom, this site may be of much greater strategic value in supporting the City's longer-term infrastructure needs than previously thought.</p> <p>Thus far, the recommendation is to use the site (or part thereof) for continued utility purposes predicated on renewable technology. At the same time, the potential of integrating the surrounding utility and other multi-generational infrastructure (e.g. rail, transmission and distribution) is being explored to improve the affordability of renewable-energy solutions at scale. The Energy and Climate Change Directorate's investigation into this option is ongoing.</p>

Figure 9: The Stock Road dual carriageway completed in the reporting year as part of phase 2A



PHASE 2A PLANNING, DESIGN, CONSTRUCTION AND FUTURE IMPLEMENTATION PLAN

The Jan Smuts Drive contract (W3) includes construction of a dual carriageway, dedicated BRT lanes, an integrated rapid transit station substructure, median bus stops, intersection upgrades and non-motorised transport facilities to the value of R169 912 280. The contract was awarded in June 2018, and the two-year construction period started in July 2018.

Following Council approval of the concept planning, the design of infrastructure packages W5 and W6 (Ottery Road and Wynberg Couplet) can now commence.

PHASE 2A DEPOT ENABLING WORKS

Work on the phase 2 Spine Road bus depot commenced in March 2018 and is due for completion in October 2019. These works consist of earthworks, perimeter fencing and bulk services to the site, including road upgrades and traffic circle improvements required for access to the two planned depots. All bulk services falling outside the





Figure 10: Planned work packages for phase 2A implementation

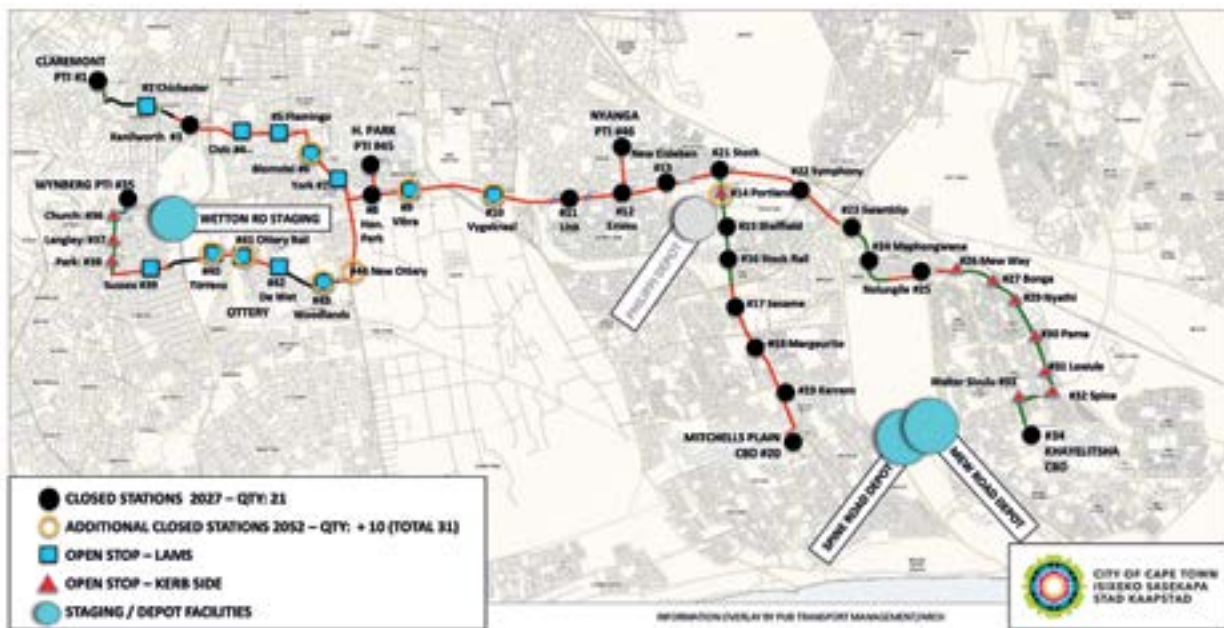
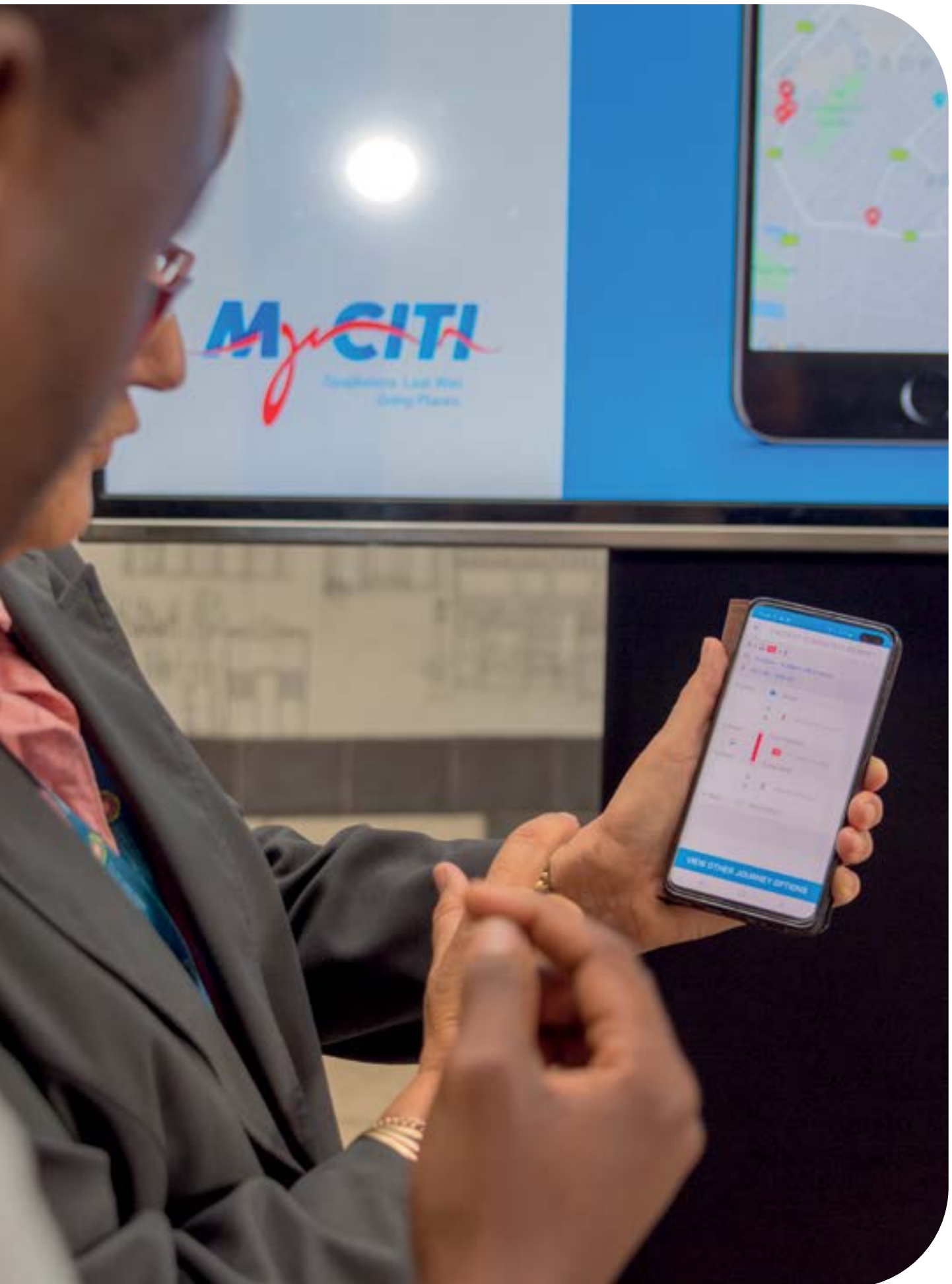


Figure 11: Phase 2A closed station prototype design







CITY'S TRANSPORT BUDGET PRIORITISES CONGESTION, PUBLIC TRANSPORT AND FACILITIES

The City's Transport Directorate has as its main priority the improvement of transport across Cape Town so that all Capetonians can spend less time and money on commuting. Traffic and peak-hour congestion is a major factor that has a direct impact on the quality of life of users of all transport modes. It also has a significant impact on the finances of low-income individuals, most of who live far from work opportunities. It is estimated that these commuters have to spend up to 43% of their monthly income on transport costs. To address this, the City has committed to invest about R2,9 billion, over the next three years, on extending the footprint of MyCiTi bus service in the metro southeast. This money is budgeted for the new roads and other infrastructure that are needed to establish MyCiTi routes between Mitchells Plain and Khayelitsha and Claremont and Wynberg.

perimeter fence – located either in the pavement or below the road itself – have been included in this civils contract. The main building contract will be limited to the area falling inside the perimeter fence.

The tender for the building contract is being compiled and will be advertised in November 2019. A phased approach has been adopted for the depot build: Each of the two depots will be sized to house 145 buses in the initial phase, increasing to approximately 250 buses in the end state. The depot is expected to be operational by June 2023.

The phase 2A station prototype has received sign-off, and concept designs at specific locations are

now being developed. Where stations are located at PTIs, more in-depth precinct plans are being drawn up to incorporate input from all relevant stakeholders. Vandalism of station infrastructure has triggered a review of the detail design of station facades. Alternate materials and detailing are being explored to ensure that station buildings are robust.

BLUE DOWNS RAIL CORRIDOR PROJECT

The Blue Downs rail corridor has been re-initiated by PRASA, who is also the key investor. The City is providing a supporting role in the design and implementation of the rail link, and in the broader corridor development. The rail project includes the construction of approximately 11 km of new rail link, including three stations, as well as planning for the development of the station environs and wider surrounds. In June 2018, the City completed a concept study for the station environs, which will be used to inform the detailed station designs. Planning for the feeder bus network along the Blue Downs corridor and environs is expected to start towards the latter half of 2019.

As part of the broader corridor development, the City is also focused on land development interventions/projects between Symphony Way and the Blue Downs rail corridor to enable a more compact, integrated city. (For more on this, turn to the section on the Blue Downs integration zone.)

KLIPFONTEIN CORRIDOR PROJECT

The Klipfontein corridor has been identified as a fourth rail priority after the metro southeast-Wynberg and Claremont (phase 2A) corridor, the Blue Downs rail corridor and the Khayelitsha-Century City corridor. Once planning for the Blue Downs and Khayelitsha-Century City corridors has been completed, conceptual planning will start on the Klipfontein corridor.

INTEGRATED TICKETING SYSTEMS AND INFRASTRUCTURE PROJECT

Integrated ticketing is recognised as a vital component of a truly integrated transport system. It allows commuters to use one payment mechanism or system across various transport modes, without having to purchase a ticket for every mode used. Implementing such a system is a long-term project that requires careful planning to minimise costs and maximise commuter benefit. In 2018/19, research, planning and stakeholder engagements continued with a view to developing a comprehensive design and roll-out plan.

TRAVEL DEMAND MANAGEMENT PROGRAMME

The City's travel demand management (TDM) strategy aims to change individual travel behaviour in favour of more sustainable options. Some of the measures to achieve this include a flexible working project, high-occupancy vehicle priority strategies, and park-and-ride facilities.

ROLL-OUT OF FLEXIBLE WORKING PROJECT

In the year in review, the City continued to develop and implement its organisation-wide flexible working programme (FWP) as part of its efforts to ease peak-time traffic congestion, reduce vehicle kilometres travelled, and support a better work-life balance for employees. Flexible working guidelines have been developed across the options of flexitime, compressed work weeks and remote working (either at a City satellite office or from home), although not all options are applicable to all job functions.

Once the City's organisation-wide roll-out is complete, an FWP work group will coordinate the initiative and report on the results. Active engagement with other large organisations in

Cape Town will also take place with the aim of encouraging a citywide roll-out of the flexible work-hours model.

NON-MOTORISED TRANSPORT (NMT) PROGRAMME

In the year in review, the roll-out of the City's non-motorised transport (NMT) programme continued. The aim of the project is to provide a safe, universally accessible NMT network that improves access and mobility for pedestrians and cyclists. Individual projects in the programme include the construction of footways, cycle ways, intersection improvements, and the installation of traffic signals and signage. NMT projects implemented in 2018/19 included initiatives in Eerste River, Edgemoed and Bothasig, and the rehabilitation of the wooden bridge in Milnerton, which, when completed, will be a functional NMT link between Woodbridge Island and the existing NMT facilities along Marine Drive.

Work on the Blaauwberg North NMT project has commenced, and a contract for the construction of NMT facilities in Durbanville has recently been awarded. In addition, further projects will be rolled out in the inner city and Grassy Park, and a contribution will be made to the NMT component of the R44 upgrade in Somerset West.

INTELLIGENT TRANSPORT SYSTEMS PROGRAMME

The intelligent transport systems programme aims to maximise the operational capacity of both the private and public components of Cape Town's transport system.

TRAFFIC SIGNAL SYSTEM UPGRADE PROJECT

The City is working to refurbish or replace the various components of Cape Town's traffic signal system to ensure that it is fit for purpose. In 2018/19,



the City commenced with the development of software to enhance the detection and management of traffic signal faults. It also started on the design of new system architecture to accommodate additional functionality for the remote management system in the future. Electric cabling was replaced at 19 intersections, and 147 traffic signal controllers were replaced or upgraded. Ten traffic counting stations were also incorporated into the traffic signal system.

FREEWAY MANAGEMENT SYSTEM PROJECT

The freeway management system continued to operate at a high standard throughout the past year. CCTV camera coverage on the M3 in the Newlands area was expanded to further improve traffic management capability.

BUS LANE AND AVERAGE-SPEED-OVER-DISTANCE ENFORCEMENT PROJECT

Bus lane enforcement by camera has proven effective in preventing public transport lanes from being taken up by private vehicles. Average-speed-over-distance technology works to manage vehicle speeds on the freeways to improve safety and reduce incidents.

The existing bus lane enforcement system on the N2 continues to operate effectively. In the year in review, the City began preparations for the implementation of additional average-speed-over-distance technology on the N2 and R300. These will be implemented as part of the new freeway management system contract, which will commence in December 2019.

FREE WI-FI ACCESS ON MYCITI BUSES PROJECT

Due to the expiry of the Wi-Fi tender, along with prohibitive costs of providing the service, the City was forced to discontinue its free Wi-Fi offering on MyCiTi buses in the reporting year.

TRANSPORT AUTHORITY MANAGEMENT SYSTEM (TAMS) PROJECT

The TAMS programme was originally constituted in Transport for Cape Town (TCT) to create a suitable environment for the establishment of a full-fledged transport authority. TAMS dealt with the people, process, technology and information management aspects of this newly created ecosystem. As part of this programme, an overall blueprint and roll-out roadmap were developed, which included more than 50 initiatives to be implemented over a ten-year period. With the change from TCT to the Transport and Urban Development Authority (TDA), the programme was expanded to include the needs of the new, larger authority. However, with the dismantling of TDA and repeal of the by-law, this programme is under review.

LAND DEVELOPMENT PROGRAMME

EXISTING RAIL STATIONS AND BRT STATION PARTNERSHIP PROJECT

Forming part of the CLDP, this project focuses on the development of public landholdings around the existing rail and BRT stations in Cape Town to give effect to the City's TOD and spatial transformation objectives. It includes the previous station typology work by the City's Metropolitan Spatial Planning Section as well as PRASA plans and guideline documents for the development of railway stations and identified projects.

As a pilot, the Kuils River station precinct project has commenced with PRASA's appointment of a team of consultants. The proposed upgrades include retail facilities and related commercial components. The extent of the integrated station development will however depend on the findings of a retail study of the precinct.

Table 17: The City's public transport interchange (PTI) categories

PTI CATEGORY	DESCRIPTION
Category A	Large, regional, multi-modal interchanges <ul style="list-style-type: none"> ✓ Process in excess of 20 000 passengers per day ✓ Require multi-stakeholder engagement ✓ Delivery timeframes exceed three years ✓ Longer lead time required ✓ TOD-aligned
Category B	Medium to large local interchanges <ul style="list-style-type: none"> ✓ 3 000 - 20 000 passengers per day ✓ Require feasibility studies, assessment and sizing before prioritisation and inclusion in the budget for implementation ✓ Shorter delivery timeframe of less than three years
Category C	Includes large turnkey projects that have multiple partnerships and investment profiles
Category D	Small-scale public transport facilities that require minor upgrades <ul style="list-style-type: none"> ✓ 1 000 - 3 000 passengers per day ✓ Relate to day-to-day maintenance and operations requirements ✓ Bus stops, embayments, holding facilities, fencing

EFFICIENT, INTEGRATED PUBLIC TRANSPORT PROGRAMME

MYCITI ROLL-OUT PROJECT

The project involves the development of a large-scale MyCiTi BRT station in Philippi to serve as a catalyst for additional private-sector investment in the wider Philippi East node. The station will be located on Govan Mbeki Road (M9), just east of New Eisleben Road. Transportation and traffic planning has revealed that the M9/New Eisleben Road junction would need to be grade-separated, with BRT buses exclusively using the grade-elevated section to operate with minimal private-vehicle disruption and delays.

Work continues on conceptual designs for a five-platform station, although initially, only a two-pod station will be required for interim phase 2 operations. This work pack will be presented for formal comment prior to finalising the conceptual design and moving towards the detailed design stage.

INFRASTRUCTURE INVESTMENT PROJECT

The City is upgrading and expanding Cape Town's public transport interchanges and facilities to accommodate the increasing demand for access and mobility. A programme has been developed with an emphasis on a new methodology and approach to the delivery of PTIs up until 2022. This enables comprehensive yet integrated planning, and gives the City the flexibility to manoeuvre between project categories (see table



17 on page 137) to ensure continued service delivery and timeous implementation of various interventions. The review of PTI designs will also help ensure that operations at these interchanges are managed more effectively, risk is reduced, and monitoring and control of the various transport operators enhanced.

Table 18: Progress with public transport interchange projects as at 30 June 2019

CATEGORY	PROJECT	STATUS
A	Retreat PTI	Procurement phase
B	Masiphumelele PTI	Construction completed; in operation
	Dunoon PTI	Construction commenced; anticipated completion in June 2021
	Makhaza PTI	Awaiting performance guarantee from contractor
	Somerset West PTI	Procurement phase
D	Public transport embayments	Construction ongoing

Table 19: Projects for the next five years, to commence in 2019/20

A	Wynberg PTI	Precinct planning commenced; to be implemented as part of MyCiTi phase 2A
B	Macassar, Durbanville, Parow, Vrygrond, Nonqubela, Manenberg and Macassar	Feasibility studies in progress
C	Nolungile, Nyanga, Nonqubela and Vuyani PTIs	ORIO-funded projects

The City is also replacing all bus shelters with uniform structures across Cape Town over the five-year term up until 2022, starting with priority areas. Prospective service providers will be engaged to supply or replace as well as erect and maintain approximately 2 500 of these shelters on the City's behalf. Instead of paying the provider from its operating budget, the City expects it to sell advertising space on the shelters (augmented by advertising at MyCiTi stations) to generate the revenue necessary to provide the service.

The intention is to contract the service provider that would not only perform the service at the required standard, but who offers the City the most advantageous roll-out programme.

The overall project proposal was adopted by senior officials. A draft tender document has subsequently been completed, and will be presented to City senior management before being advertised. A competitive bidding process will then follow to ultimately appoint a suitable service provider.

DIAL-A-RIDE PROJECT

Dial-a-Ride is the City's public transport service for persons with disabilities who are unable to access mainstream public transport. It requires additional funding for expansion. The budget for 2017/18 was approximately R25 million, which is set to remain unchanged going forward. The City is therefore engaging with its funding partners, namely Province and the national Department of Transport, regarding increasing this amount to allow for the service to be expanded.

TRAFFIC CALMING PROGRAMME

Traffic calming measures, especially in residential areas and near schools, form a vital part of the City's overall traffic safety approach. As such, the backlog in the provision of traffic calming measures is being addressed as a matter of urgency. The City is working to implement a minimum of 50 traffic calming projects at schools per year. In the reporting year, the Transport Directorate spent R6,25 million on delivering traffic calming measures.

OBJECTIVE 4.3: BUILDING INTEGRATED COMMUNITIES

BUILT ENVIRONMENT INTEGRATION PROGRAMME

The City has designated three integration zones in support of its spatial targeting objectives. These are the Blue Downs, metro southeast and Voortrekker Road corridor integration zones. All are located in the designated urban inner core, as per the MSDF. In addition, the phase 2A MyCiTi route expansion (linking Mitchells Plain, Khayelitsha and Philippi with Wynberg) is also included in the urban inner core.

The integration zones are premised on:

- ✓ opportunities afforded by public transport to restructure existing urban form and shape future land use using TOD principles;
- ✓ establishing effective links between economic opportunities and residential areas;
- ✓ utilising Integrated City Development Grant (ICDG) funding;
- ✓ opportunities to diversify and intensify land uses to enhance the efficiency of urban form and reduce carbon emissions;
- ✓ securing development that supports low-carbon, energy-efficient technology, both in transportation and utility service delivery;
- ✓ securing better-located accommodation options; and
- ✓ infrastructure improvements and related catalytic urban development projects.

Local area planning in the metro southeast and Voortrekker Road corridor integration zones has been ongoing since 2014/15, while planning for the Blue Downs integration zone began in 2017. To date, planning efforts have focused on prioritising local areas in each corridor, determining investment strategies, and engaging with the key internal and external stakeholders.

VOORTREKKER ROAD CORRIDOR INTEGRATION ZONE

The vision for the Voortrekker Road corridor integration zone is to capitalise on the employment densities, high-quality public transport connectivity, extensive social facilities and services as well as the diverse residential typologies along the corridor to create opportunities for residents, visitors and businesses seeking a vibrant and affordable urban experience. This vision aligns with the City's objectives of promoting compact, inclusive and productive cities, while leveraging return on targeted investments.



To achieve this, the City coordinates and directs a programme of targeted public investment in prioritised areas forming part of the CLDP. The intention is to leverage private investment in response to the public investments made as per the investment strategy concluded for the integration zone. By integrating various urban development work streams into a coherent, spatially targeted investment narrative, this programme determines the way in which other elements, such as infrastructure, social facilities and economic opportunities, are planned and implemented over time.

Rail stations along the Voortrekker Road corridor integration zone, being potential TOD sites, have been assessed in terms of urban management quality, public environment, transport infrastructure and property development potential. At present, the Bellville and Salt River stations have been identified for detailed planning with a view to capital upgrade, while Parow and Tygerberg stations are in the project scoping phase.

The Salt River Market mixed-use, mixed-income social housing project has been declared feasible and is now entering a land use approval process. The project will serve as the prototype on which the development of the inner-city social housing site portfolio will be based. The Parow prioritised local area has been identified as the next social housing precinct. Several identified sites are being packaged for circulation to the City's social housing partners for development.

METRO SOUTHEAST INTEGRATION ZONE

The primary objective of this integration zone is to link Mitchells Plain and Khayelitsha with central Cape Town.

The metro southeast integration zone is home to approximately 40% of Cape Town's population, an estimated 31% of the city's formal dwellings, 51% of its backyard units and 70% of its informal dwellings (not in backyards). The highest unit densities in the

city (above 100 units/ha) are found here, specifically in Langa, Philippi/Crossroads, Site B, C and TR Section, and the rest of Khayelitsha. The area is home to the largest concentration of households rated "worst off" in terms of the socio-economic status index and the household services index.

The southeast, where most of the city's poor people and communities are found, is not achieving the same growth or diversity of land use as the high-income suburbs and business centres to the north and west of the city. The lack of formal industrial and commercial development in the Cape Flats is striking, considering its sizeable resident population.

In this integration zone, the City and its partners are working on the following restructuring projects:

- ✓ Implementing the phase 2A main routes T11 and T12 between the metro southeast, Claremont and Wynberg, with the Philippi East transit project being one of the TOD catalytic projects.
- ✓ Alternative TOD housing developments in central Khayelitsha, Mitchells Plain, Wynberg, Claremont and Nolungile, exploring alternative building materials, tenures and a mix of income groups.
- ✓ Upgrading identified informal settlements along T11, T12 and the rail corridors.
- ✓ Upgrading hostels in accordance with collective, unified standards, which will be fast-tracked.

The primary catalytic TOD node in this integration zone is the Philippi East precinct and wider area. This catalytic precinct consists of a number of sub-focus areas, including the Philippi-East BRT station precinct at Govan Mbeki/New Eisleben Roads, the precinct surrounding Stock Road station, and the area around Nolungile station/Site C and the northern parts of Swartklip. In the period in review, more detailed planning was done for the Stock Road station precinct, which indicated suitability for higher-density mixed-use residential and

Table 20: Functional and structural assessment criteria for Blue Downs integration zone

CATEGORY	CRITERIA	LOCATIONS
Structural anchors	<ul style="list-style-type: none"> ✓ Proximity to existing and future public transport services ✓ Proximity to high-mobility routes and intersections ✓ Proximity to social services and economic development 	<ul style="list-style-type: none"> ✓ Kuils River PTI (rail, taxi, bus) ✓ Wimbledon station ✓ Blue Downs PTI (rail, BRT) ✓ Mfuleni station ✓ Wesbank PTI (bus and taxi) ✓ Delft PTI (bus and taxi) intersections ✓ Hindle Road and Symphony Way ✓ Stellenbosch Arterial and Symphony Way
Need	<ul style="list-style-type: none"> ✓ Significant density of existing residential development, with no access to social/ economic opportunity 	<ul style="list-style-type: none"> ✓ Social services precincts: Belhar, Delft, Mfuleni
Future public investment	<ul style="list-style-type: none"> ✓ Planned public investment opportunities 	<ul style="list-style-type: none"> ✓ Rotterdam, human settlements ✓ ACSA - Symphony Way mixed-use development
Consolidation/ optimisation of existing activity	<ul style="list-style-type: none"> ✓ Agglomeration of existing social and/or economic opportunity 	<ul style="list-style-type: none"> ✓ Delft CBD ✓ Belhar CBD ✓ Mfuleni CBD ✓ Kuils River CBD
Market potential	<ul style="list-style-type: none"> ✓ Precincts with significant property market potential for residential and/or non-residential development 	<ul style="list-style-type: none"> ✓ Mfuleni CBD ✓ Wesbank PTI and surrounds ✓ Belhar/Calgro ✓ Kuils River CBD ✓ Blue Downs CBD

commercial/industrial development, along with intensification and expansion of existing public infrastructure and social facilities, as well as the agricultural processing hub facilities around the existing Philippi fresh produce market area. This work will be expanded to the wider Philippi East area in the year ahead with the ultimate aim of developing a project and infrastructure investment pipeline for this catalytic node.

The City has also been working with ACSA (the landowner of the Swartklip area) to see how this area can be planned to transform Nolungile station

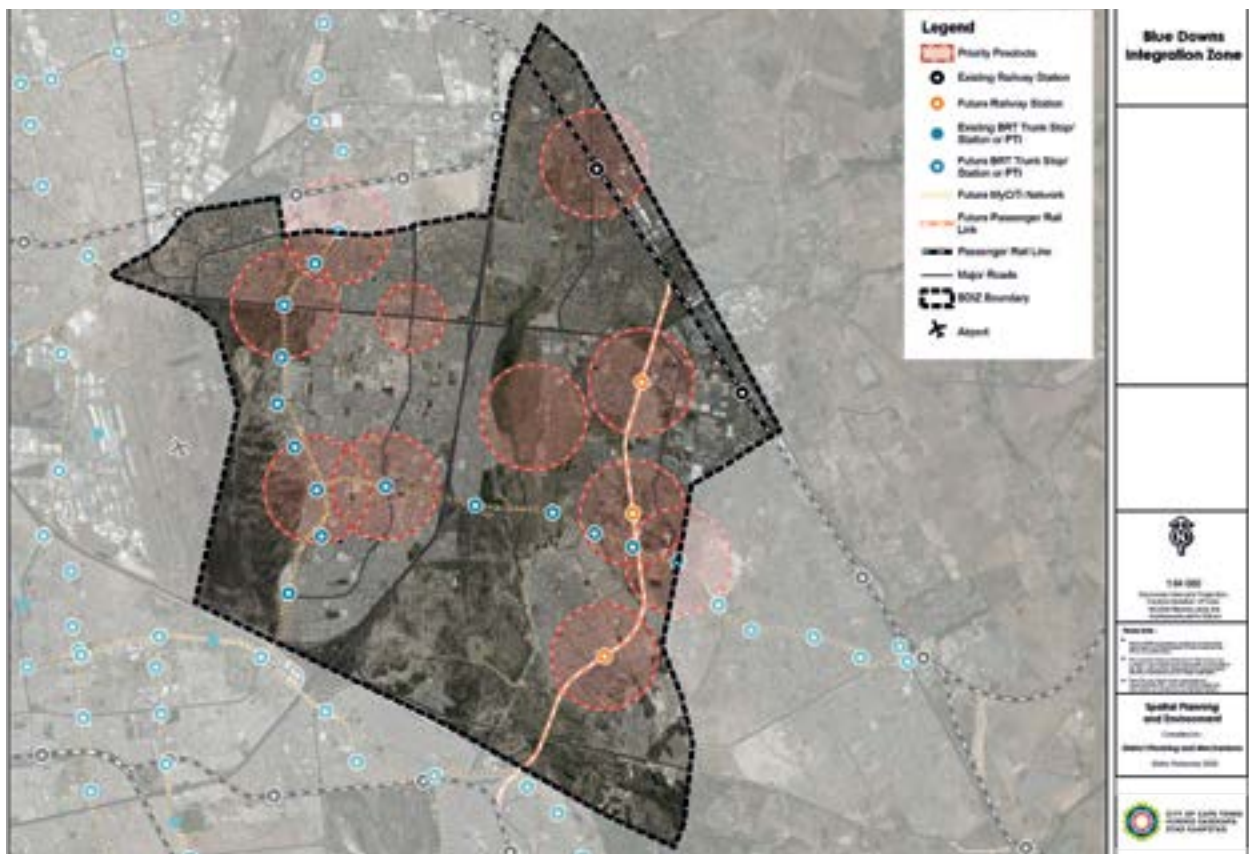
and surrounds into a dense, transit-oriented development hub. This work is ongoing.

BLUE DOWNS INTEGRATION ZONE

The Blue Downs rail link remains critical to the development of Cape Town. The current lack of access along this corridor is having a detrimental long-term effect on the city. To support the planning and infrastructure programme in this rail corridor, the City has now designated it as a third integration zone. PRASA is the lead investor in the Blue Downs integration zone, which has an estimated project value of R5 billion.



Figure 12: Proposed priority precincts for Blue Downs integration zone



It is envisaged that the three new stations on the Blue Downs rail line will become major opportunities for the development of multifunctional, integrated hubs offering mobility benefits, commercial opportunities and residential living spaces. With this in mind, the City and PRASA, being the key investors, need to determine the best possible land use development and management opportunities in and around the proposed new stations.

To this end, the City has concluded a detailed baseline analysis of the area, including demographics, socio-economic status, bio-physical character, economy, land use and a detailed property market analysis. The end result was a Blue Downs integration zone profile, which clearly highlights the key constraints and opportunities in

the study area. This information will be used in the next steps to inform the vision for the integration zone and formulate contextually appropriate land use density and diversification targets.

The City is still busy developing land targets for the Blue Downs integration zone. However, in the year in review, priority precincts with the highest development potential and greatest need for community investment were identified to enhance the process of targeted land use intensification. These were identified based on the criteria in table 20 on page 141.

Based on these criteria, the initial eight precincts depicted in the figure above have been identified for further detailed planning and investigation.

CITIZEN VALUE PROGRAMME

NAMING AND RENAMING PROJECT

As part of its commitment to inclusivity, the City has undertaken a comprehensive, inclusive naming and renaming process. This is aimed at ensuring that the names of Council-owned buildings, facilities, roads and artefacts, places and memorials represent the heritage, shared past and experiences of all residents. In the year in review, the City continued to focus on inclusivity in the naming and renaming of various Cape Town roads, buildings and sites, with a particular focus on celebrating and commemorating the city's rich heritage.

HERITAGE PROJECT

The City reviews development applications involving heritage resources on a daily basis and advises architects, developers, local communities and researchers on heritage-related issues. The local heritage buildings and resources in Cape Town have been mapped and graded, and this heritage inventory is available to citizens online. The quality and quantity of information in this inventory continues to improve. A number of blue heritage badges and plaques have also been installed to identify and interpret key heritage resources under the City's custodianship.

Some heritage highlights for 2018/19 included the following:

- ✓ The completion of the historic wooden bridge in Milnerton, which provides an NMT link to Woodbridge Island and serves as a good example of useful conservation.
- ✓ Improvements to the historic City Hall, including the Nelson Mandela memorial exhibition and education space.
- ✓ Various restoration projects with other City departments, for example Rondebosch library renovations.

- ✓ Ongoing outreach programmes, including the hosting of various school visits and events during Heritage Month
- ✓ Ongoing inventorying and verification of heritage objects under the City's custodianship

ANTI-RACISM PROJECT

To help eradicate racism, the City is creating an inclusive City helpdesk to serve as a central reporting and helpline for incidents of racism and discrimination. Callers will be assisted with referrals to appropriate authorities for investigation, remedial action and redress.

The City also continues to deliver public education, training and awareness programmes to create a culture of anti-discrimination and zero tolerance for racism. Councillors and officials of the City are trained in dealing with issues of racism and discrimination. In the past year, the Employment Equity Branch also conducted eight anti-racism dialogues and 21 anti-discrimination sessions focusing on racism, sexual harassment and workplace bullying. In addition, the City works to actively foster and strengthen partnerships with the South African Human Rights Commission, industry bodies and other interested stakeholders to jointly fight racism.

Moreover, creating a tolerant workplace culture entails a focus on gender and diversity issues. In this regard, the Employment Equity Branch hosted 41 diversity management workshops, four unconscious-bias seminars for staff at various levels of management, 12 sexual harassment information sessions, five workplace bullying sessions, seven personal development training sessions with young female employees, and nine engagements with men as part of gender transformation education for staff across the City.

Events that celebrate citizens' rights and promote socio-economic transformation are also enthusiastically commemorated across the administration. These include South African



and International Human Rights Day, Freedom Day, Heritage Day, Mandela Day, the 16 Days of Activism for No Violence Against Women and Children, International Day of the World's Indigenous People, International Disability Day, Movember and World Aids Day. The Employment Equity Branch continued with the Young Girls with Dignity sanitary drive in support of Mandela Day. This initiative, which collects sanitary towels from City staff for distribution to girls attending high schools in disadvantaged areas, will continue until 30 June 2020.

PUBLIC PARTICIPATION PROGRAMME

PUBLIC ENGAGEMENT PROJECT: CAPACITATED, INFORMED AND CONTINUOUSLY ENGAGED COMMUNITIES

The City has a good track record in terms of meeting the legal, ethical and constitutional requirements of public participation. Nevertheless, it continues with efforts to further improve on its open and transparent dialogue with residents in planning, implementing and monitoring projects and programmes.

The Public Participation Unit gives effect to the IDP SFAs of an inclusive city and a well-run city by ensuring meaningful, customised public participation processes to better serve communities. The City's continuous engagement with communities is aimed at improving service delivery and providing relevant information. This ongoing interaction also provides early warning signs to City departments regarding any decline in service performance that could lead to protests or damage to City's infrastructure.

In the year in review, each of the City's 24 subcouncils hosted two Basket of Services roadshows, which were aimed at raising

community awareness of the City's service offering. Approximately 4 600 Capetonians attended these events, and representatives from the various City directorates were present to answer questions and respond to issues.

Other highlights in terms of meaningful engagement with the public included:

- ✓ the creation of a tracking tool that ensures that City directorates and departments register their intended public participation processes, allowing for comprehensive planning and successful execution;
- ✓ the establishment of a community of practice for public participation, which is a first for the City;
- ✓ the capacitation of all ward committee members and community-based organisations to fully participate in the 2019/20 budget process;
- ✓ the successful completion of the 2019/20 budget process, with 27 engagements held across the City, incorporating representatives from community organisations, ward committee members and members of the public, eventually recording a total attendance figure of 1 817; and
- ✓ successful engagement with the Bo-Kaap community on establishing the area as a heritage protection overlay zone.

CUSTOMER ENGAGEMENT PROJECT

The City has developed a strategic framework to enhance interaction with its customers and ensure that it meets their evolving, diverse needs in various ways.

In the year in review, the corporate call centre responded to approximately 2,1 million incoming non-emergency contacts. Most of these related to accounts and water. Customers used various channels of communication to contact the call centre, including phone calls, e-mails, SMS, and face-to-face interaction. Customers were assisted

in their language of choice. The City's Customer Relations Department also introduced WhatsApp as an additional channel of communication for customers to register and follow up on water-related service faults. Approximately 485 000 WhatsApp messages were received in this period.

The City continued to install FreeCall lines in municipal buildings in outlying areas. Being automatically connected to the corporate call centre when picking up the phone, residents use these lines to report faults, register complaints and make enquiries, entirely for free. By 30 June 2019, the City had managed to raise the number of FreeCall lines installed since 2012/13 to 187.

Since March 2018, the City has been using mobile offices to facilitate face-to-face communication with the public. Communities of Kensington, Hout Bay, Albion Gardens, Bellville, Lotus River, Schotcheskloof, Langa, Khayelitsha, Mamre and Morningstar (Durbanville), among others, have been able to log their queries and service requests relating to water, electricity and general accounts through these interventions. The aim of the mobile office concept is to make services more accessible to targeted communities based on their particular needs. These communities are typically in poor or remote areas without easy access to City cash offices, housing offices, subcouncil offices or FreeCall lines.

Finally, customers have the option of completing an electronic after-call survey to rate their overall experience of the contact centre's service. The survey is now operational in all service queues. A customer rating of 4,7 out of 5 was achieved in the year in review.

SUBSTANCE ABUSE PROGRAMME

SUBSTANCE ABUSE TREATMENT PROJECT

The City has made available seven community-based Matrix® sites for alcohol and drug treatment, in four areas of Cape Town. An eighth site is planned for the near future. In the past year, the Matrix® programme assisted more than 2 258 clients at the various centres and achieved a rate of 83% clean drug tests for those in the programme. Moreover, the substance abuse programme of the City's Health Department provided EPWP job opportunities to some of the clients who had completed the programme.

SUBSTANCE AWARENESS AND PREVENTION PROJECTS

Awareness of substance abuse remains a high priority for the City. To further drive this in 2018/19, the City delivered:

- ✓ 20 Strengthening Families programmes, which are structured, evidence-based life skills programmes that improve family relationships and reduce vulnerability to substance use;
- ✓ nine citywide foetal alcohol syndrome (FAS) simulator programmes, with each programme reaching an average of 270 learners, encouraging responsible lifestyle choices, while raising awareness of FAS and the effect of alcohol on unborn babies; and
- ✓ 44 Essentially Me development projects, which equipped approximately 1 320 learners between the ages of 9 and 11 to steer clear of substance abuse.

These programmes also marked International FAS Day and International Day against Drug Abuse and Illicit Trafficking.



POLICING INTERVENTIONS PROJECT

The City takes a holistic, transversal approach to substance abuse, which includes social-based prevention and harm reduction. Law enforcement is only one element of this approach. In the year in review, the City continued to build on its significant drug policing successes by:

- ✓ further resourcing and upskilling specialised units involved in the policing of drug-related crime, including the presentation of a sea port interdiction training course to the City's Marine Unit by the US Customs and Border Protection Agency;
- ✓ acquiring the Metro Police's first remotely piloted aircraft systems (drones), which are believed to be a valuable addition to the City's drug-combating capacity, and laying the groundwork for drone pilot training; and
- ✓ carefully monitoring the progress of the first NST established in Delft in early 2018 with a view to promoting collaboration between City role-players and community stakeholders, and increasing the policing capacity in the area.

SUBSTANCE ABUSE PREVENTION, TREATMENT, SUPPRESSION AND COORDINATION PROJECT

In response to the multifaceted nature of substance use and abuse, this project divides its activities into the following four broad themes:

- ✓ *Prevention interventions.* These seek to ensure that those at risk of succumbing to alcohol and other substance use, particularly the youth, are equipped to avoid illegal or harmful substances, including a particular focus on parenting and families. Interventions include education, information sharing, awareness campaigns and providing alternative activities that promote skills and capacity building.
- ✓ *Treatment interventions.* These are aimed at those already caught up in alcohol and other substance abuse. They start with screening, and are then

followed by treatment through referrals, outpatient care, family support and evidence-based treatment centres. The aim is for these treatment interventions to end in aftercare, ongoing support and job opportunities through the EPWP.

- ✓ *Suppression interventions.* These are aimed at reducing alcohol and drug supply and related criminal activity through regulation and by-law enforcement, visible policing and intelligence-led task forces, such as the gang and drug task team.
- ✓ *Coordination interventions.* These bring all the approaches together to avoid duplication of effort and maximise results. Such coordination takes place across internal and external City stakeholders.

INTERGOVERNMENTAL SUBSTANCE ABUSE PROJECT

The City continues its coordination of the Cape Town Alcohol and Drug Action Committee (CTADAC) to holistically address the issue of substance abuse, while expanding interventions and enhancing effectiveness by applying lessons from previous years. In 2018/19, the committee not only kept the relevant provincial and national departments informed of the City's efforts, but also invited external stakeholders to share information and provide a fresh angle to some of the projects.

NON-GOVERNMENT SUBSTANCE ABUSE PARTNERSHIP PROGRAMME

NGO AND NPO SUBCOUNCIL FUNDING PROJECT

Through its grant-in-aid process, the City continued to provide funding to non-governmental and non-profit organisations (NGOs and NPOs) that offer substance abuse programmes.

PRIMARY HEALTHCARE PROGRAMME

INTERGOVERNMENTAL COLLABORATION PROJECT

The health departments of Province and the City continue to collaborate in providing personal primary healthcare (PPHC). This partnership is governed by a detailed service-level agreement, which describes the responsibilities of both authorities, with the ultimate goal of providing the best possible health service to all communities in the Cape metro. This is achieved through 50 provincial and 106 City health facilities, which deliver services to the metro's most vulnerable residents, in close proximity to their homes.

An example of this partnership includes the recently established District Health Plan Forum, which serves as a platform where Province and the City's health staff discuss and analyse key PPHC indicators. The forum also allows the City and Province to share achievements and best practice. Managers from both authorities are brought into the same room for frank discussions on strategies for service provision and improvement.

The City's Health Department will continue to work with Province to ensure seamless healthcare, particularly to the most vulnerable.

COMPLYING WITH NATIONAL CORE STANDARDS AND IMPROVING ACCESS TO SERVICES

The Office of Health Standards Compliance, a body that regulates quality healthcare in South Africa, has introduced national core service standards for all health facilities. In addition, the national Department of Health has introduced the Ideal Clinic concept, which is aimed at ensuring the provision of quality, customer-centric health services. The City makes every effort to comply with

all these standards, and, in the past year, 11 of its healthcare facilities achieved platinum Ideal Clinic status, 29 received gold and 25 silver. The City's Health Department aims to have 85% of its facilities attain Ideal Clinic status in 2019/20.

The City continues to implement plans to ensure ever more comprehensive health service delivery closer to residents' homes. In this regard, the number of City sites providing antiretroviral (ARV) treatment was increased to 65 in 2018/19 (2017/18: 60). The plan is to increase this even further to 71 in the year ahead. In the past year, almost all (94%) patients co-infected with the human immunodeficiency virus (HIV) and tuberculosis (TB) were started on ARVs, and close to 14 000 new HIV-positive clients enrolled for ARVs.

Previous work to improve standards and access to care is delivering positive outcomes: In 2018/19, the City achieved a booking rate of 67% of expectant mothers before 20 weeks of pregnancy. The metro also continues to have a low teenage birth rate (mothers below 18 years of age) of less than 4%, which would suggest that the City's advocacy for responsible sexual conduct and the use of contraceptives is having the desired effect.

In line with the City's focus on non-communicable diseases, it has also started rolling out adult chronic disease services in many of its clinics. Basic antenatal and postnatal care services are now available at all City health facilities, and an increasing number also render mental health services.

ENVIRONMENTAL HEALTH SERVICES

The City's Health Department is a key role-player in ensuring that the water, air and food available to Capetonians are as safe as possible and comply with legislated requirements.

The Department continues to assist in sampling and monitoring drinking water quality. To this end, it engages weekly with the City's Scientific



Services laboratory. According to the most current data, 97,3% of routine domestic water samples complied with the SANS 241 quality standards for potable water. This is just short of the target of 99%, mainly due to the aesthetics (iron content and colour of water) and turbidity of the samples. These were affected by low water pressure, which formed part of the City's efforts to deal with water shortages. Yet, while having affected the overall water quality scores, aesthetics and turbidity pose no public health risk.

The City's air quality monitoring network consists of 13 monitoring stations that measure the concentration levels of six criteria pollutants in the ambient air. Data is evaluated daily against the South African ambient air quality standards. The ambient air quality data for 2018/19 showed that air pollution exceeded South African ambient air quality standards for six days, which is significantly less than the accepted maximum of 40 days. The City's three diesel vehicle testing teams also tested 8 402 vehicles in the reporting year, thereby helping to curb transport-related emissions. In addition, a strict atmospheric emissions licensing regime is imposed on industry to regulate atmospheric emissions from listed activities. Administrative fines in excess of R1 million were issued.

Food safety is another important function of the City's Health Department. Foodstuffs are sampled and analysed for microbiological and compositional compliance with the standards set in food legislation. In the year in review, 85,4% of food samples (against a target of 75%) complied with all relevant standards. A key contributing factor to this success is the City's follow-up on sample results, as well as the health education provided to business owners and persons in charge of food premises.

The City continues to reassess its approach to safeguarding residents in the face of a changing environment and the challenges this poses, particularly to informal settlements. To this end, the City's Environmental Health staff in the past year conducted 22 147 (target: 19 708) monitoring visits to informal settlements to identify potential

health hazards. They also conducted 1 214 (target: 900) health and hygiene projects relating to informal settlements.

HOMELESS PEOPLE PROGRAMME

HOMELESSNESS REHABILITATION AND SUPPORT PROJECT

The City proactively helps the poor and most vulnerable in society – including the homeless – by providing access to services and support, regardless of the individual's circumstances. This is done through a comprehensive package of evidence-based initiatives aimed at addressing the root causes of homelessness instead of the symptoms only.

In 2018/19, the Safe Spaces initiative provided shelter to a total of 616 homeless residents in central Cape Town, and also introduced development programmes to help residents relocate, reintegrate with society and reunite with their loved ones. At any given time, this transitional shelter facility situated underneath the Culemborg bridge on the Foreshore offers up to 230 homeless people access to beds, ablution facilities, water and storage space for their belongings.

RESEARCH ON REASONS FOR HOMELESSNESS PROJECT

The City continues to research why people migrate to the streets. The findings inform a compassionate and effective response to homelessness.

Following the head count of homeless people undertaken in 2015, and research into reasons for homelessness in 2017, the City conducted an enumeration study in the year in review. This provided an updated indication of the key locations of homeless people across town. The study revealed that there were 6 175 homeless people, of whom 3 999 lived on the streets, 2 084 utilised shelters, and an estimated 92 frequented areas classified as

crime hotspots. The three suburbs with the highest numbers counted were central Cape Town (871), Mitchells Plain (368) and Bellville (333). Another study finding was that the majority of street people were coloured male adults.

PREVENTATIVE PROJECTS TO ADDRESS SOCIAL CHALLENGES THAT COULD RESULT IN PEOPLE MIGRATING TO THE STREETS

The factors that result in homelessness ultimately determine the preventative measures the City implements. In 2018/19, the City:

- ✓ implemented 35 Give Responsibly campaigns;
- ✓ offered social care interventions to 5 114 persons, successfully reintegrated 202 with their families and/or communities of origin, and placed 616 at shelters;
- ✓ implemented programmes to assist the youth with work and job-readiness skills, and prepare them for the open labour market;
- ✓ hosted four area-based youth career expos;
- ✓ held another successful edition of the youth entrepreneurial challenge #YouthStartCT in partnership with a number of donors;
- ✓ contributed to the After School Game Changer initiative, which won the award for best public service innovator at the 2018 Western Cape premier's service excellence awards, involving learners in after-school programmes in a bid to improve learner outcomes, reduce school dropout rates and reduce risk-taking behaviour; and
- ✓ signed ten-year facility management agreements for 27 City-owned ECD facilities.

CROSS-SUBSIDISATION PROGRAMME REBATES AND INDIGENT PROJECT

As part of its commitment to supporting the most vulnerable in society, alleviating poverty and enabling a more integrated and equal society, the City provides rates rebates to citizens most in need. This initiative enhances cross-subsidisation of the poor and ensures the sustainability of the City's rebates and indigent projects. As part of the City's annual budgeting process, a modelling exercise based on current tariffs and rebates determines the impact of proposed tariff increases, especially on poor and vulnerable residential clients.

The City's total package for rates assistance increased to approximately R2,97 billion for the 2019/20 financial year. The budget makes some R1,2 billion available for rates rebates and approximately R1,7 billion for indigent relief.

Property owners who are dependent on pensions or social grants for their livelihood, including those with disabilities, who earn up to R17 500 household income may qualify for rates discounts. This is a R2 500 increase in the monthly household income threshold for rates assistance. The rebates for all income bands between R4 500 and R17 500 per month have also been adjusted upwards.



Table 21: Rates rebates for pensioners and social grant beneficiaries as of 1 July 2019

INCOME BRACKET PER MONTH (R)		RATES REBATE (%)
0	4 500	100
4 501	6 000	95
6 001	7 500	90
7 501	9 000	80
9 001	10 500	70
10 501	12 000	60
12 001	13 500	50
13 501	14 500	40
14 501	15 500	30
15 501	16 500	20
16 501	17 500	10

Figure 13: Indigent social package

INDIGENT SOCIAL PACKAGE	
	Water: 10,5 kℓ of water per month per indigent household, free of charge.
	Sanitation: 7,35 kℓ of sanitation per month per indigent household, free of charge.
	Electricity: Each household with a municipal property value of less than and equal to R400 000 and a prepaid meter receives a monthly 60 kWh free electricity if they normally buy less than 250 kWh per month on average over a 12-month period; or 25 kWh free electricity if they normally buy between 250 and 450 kWh per month on average over a 12-month period.
	Waste removal: Consumers whose properties are valued below R500 000 receive rebates between 0% and 100% on the first 240 ℓ container. Consumers who earn below R6 000 and who are registered on the indigent register will qualify for a rebate between 0% and 100% on the first 240 ℓ container. Customers living in Council-owned housing rental and selling schemes earning R4 500 and below will receive 100% rebate.
	The total cost of the social package amounts to approximately R2,97 billion for the 2019/20 financial year: <ul style="list-style-type: none"> Indigent relief: R1,691 billion Rates rebates: R1,278 billion





STRATEGIC FOCUS AREA 5: WELL-RUN CITY

SFA 5 FOCUSES ON:

- ✓ ensuring the City's financial and operational sustainability;
- ✓ human resources development; and
- ✓ organisational restructuring.



OBJECTIVES	PROGRAMMES
Objective 5.1: Operational sustainability	<ul style="list-style-type: none"> ✓ Efficient, responsible and sustainable City services programme ✓ Value awareness programme ✓ Compliant service delivery programme ✓ Evidence-led decision-making programme ✓ Service delivery skills programme ✓ Service delivery improvement programme

KEY WELL-RUN CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2018/19



Maintained long- and short-term national-scale rating of **Aaa.za** and **Prime-1**, meaning that the City has the **highest possible credit quality rating** in the national context



Recorded **capital expenditure** of **R5,39 billion** (2017/18: R5,73 billion), which amounts to an **80,11%** capital spend (2017/18: 72,8%)

OBJECTIVE 5.1: OPERATIONAL SUSTAINABILITY

EFFICIENT, RESPONSIBLE AND SUSTAINABLE CITY SERVICES PROGRAMME

EFFICIENT SERVICES PROJECT

The City continues to assess its service delivery efficiency at all levels, and is creating a unit in the Directorate of the Mayor to help develop and implement operational efficiency plans.

CREDIT RATING

In 2018/19, Moody's Investor Service's global-scale ratings for the City were Baa3 for the long term and Prime-3 with a negative outlook for the short term. The latter was due to the challenges associated with the water crisis. In terms of national-scale ratings, the City received Aaa.za for the long term, and Prime-1 for the short term. This means that the City has the highest possible credit quality rating in the national context.

CAPITAL EXPENDITURE

The City's capital expenditure for the year in review amounted to R5,39 billion (2017/18: R5,73 billion), which represents an 80,11% capital spend (2017/18: 72,8%). A full analysis of budgeted and actual capital expenditure per functional area is included in the statement of comparison in the City's financial statements. Details on external loans used to finance fixed assets are contained in annexure A to the statements, while annexure B contains details by asset class.

VALUATION ROLL

The Municipal Property Rates Act (Act 6 of 2004 as amended) prescribes that metropolitan municipalities are required to produce a General Valuation Roll at least every four years. To mitigate hefty fluctuations between valuations, the City of Cape Town opted for three-year cycles. Property valuations are performed by registered valuers in the City's Valuation Department in accordance with international standards and prescribed methodologies. Legislation provides for property valuations to determine the rates income for the City to deliver on the services as included in the Integrated Development Plan (IDP). Municipal rates are calculated by applying a fair and equitable rate-in-the-land as approved by Council. To ensure compliance and best practice, the City's valuation processes for each valuation cycle are subjected to independent audits.

The general Valuation Roll 2015 (GV2015) was implemented from 1 July 2016 until 30 June 2019. The valuation of approximately 845 764 properties on the GV2015 Roll amounted to R1,221 tn with an income from municipal rates during the 2018/19 financial year of R9,3 bn which was 25,6% of the City's operating expenditure. During 2018/19, municipal rates were not charged on the first R200 000 of all residential properties comprising a R15 000 impermissible amount as determined by National Government and a further R185 000 as approved by Council.

The General Valuation Roll 2018 (GV2018) was certified by the Municipal Valuer on 31 January 2019 and contains approximately 859 548 registered properties at a total value of R1,623 trillion. GV2018 was implemented into the municipal account with effect 1 July 2019. The date of valuation for GV2018 was 2 July 2018. In May 2019, Council approved the new Rates Policy that came into effect on 1 July 2019, including a 22% reduction of the rate-in-the-land as well as the introduction of a range of new property categories as required by legislation. From 1 July 2019 rates will not be raised on the first R300 000 of the value for all residential properties. This amount is made up of R15 000 which is deemed



as impermissible by National Government and the City also provides for a further reduction of R285 000 of property values for all residential properties. The budgeted amount for rates income for 2019/20 is R9,917 billion, which equates to 24,2% of the City's Operating Budget.

ENERGY REVENUE MODEL DEVELOPMENT

The City is implementing a revenue model that reduces its reliance on electricity sales to sustain its operations. This includes changing the historical electricity distribution business model to keep the City's rates account affordable and financially sustainable. New technologies and renewable energy are also being explored, and the City is developing programmes and tariffs to ensure that poor households can afford sufficient electricity to meet their energy needs. In addition, an off-grid policy for un-electrifiable households is being developed, and a coordinated approach to low-income energy education and awareness has been initiated across all City departments.

CORPORATE FLEET, FACILITIES AND PROPERTY MANAGEMENT

The City is developing and rolling out strategies to effectively manage and optimise its corporate fleet, facilities and immovable property.

In the year in review, Facilities Management continued with a number of maintenance and upgrade projects on City-owned corporate facilities to ensure that the City provides suitable accommodation from which its employees can deliver services to the community. Facilities Management also continued its focus on lease reduction, cancelling external leased office accommodation wherever possible and switching over to City-owned facilities instead. The implementation of a space management optimisation strategy led to the cancellation of a number of external leases in the past year, unlocking substantial savings for the City.

Moreover, the City Manager approved the Assets and Facilities Management Department's fleet management strategy in June 2018. The Department subsequently started drafting a strategy implementation plan, to be rolled out over the next three to five years. A strategy for the optimisation and rationalisation of immovable property is also being formulated, which takes into account the need to align with the MSDF.

VALUE AWARENESS PROGRAMME

CHANGE MANAGEMENT PROJECT

The City's change management project is its organisational roadmap aimed at ensuring service delivery that consistently meets the needs of all Cape Town's citizens, and providing resilient, adaptable and sustainable services. Its key focus areas include:

- ✓ building a values-based organisational culture to drive excellence in service delivery;
- ✓ an absolute commitment to customer-centricity;
- ✓ effective employee engagement through appropriate recognition and reward;
- ✓ raising the City's reputation as an employer of choice with a compelling employee value proposition; and
- ✓ entrenching the City as a "best of breed" local government by attracting, training and retaining top talent.

RECOGNITION AND REWARDS PROJECT

The City is committed to creating an organisational culture in which employees are encouraged, enabled and equipped to consistently excel. A strategy is being developed to drive the creation and implementation of such a culture in order to ensure employee attitudes and behaviours that align with the City's values and customer-centric culture.



COMPLIANT SERVICE DELIVERY PROGRAMME

LEGAL COMPLIANCE PROJECT

The City is establishing a probity and governance unit in the Directorate of the Mayor to ensure compliance with all legal requirements in its pursuit of progressive and sustainable service delivery.

B-BBEE COMPLIANCE PERFORMANCE

Information on compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Act 46 of 2013 is included in the annual report under appendix K.

EVIDENCE-LED DECISION-MAKING PROGRAMME

DIGITAL TOOLS PROJECT

This project uses digital and IT tools to automate and improve the management of City business processes in line with international best practice and the prescripts of laws such as the Spatial Data Infrastructure Act 54 of 2003 and the Provincial Archives and Records Service of the Western Cape Act, 2005.

Enterprise content management (ECM) is a key component of the project. ECM refers to the ways in which data, information and documents are managed across the organisation in terms of knowledge and records management requirements. The ECM framework is applied in assessing two content types, namely policies and contracts. The assessments look at how policies and contracts are managed and where related documents are stored in the City. Recommendations are then made for improving the management, storage and sharing of these content types.

To further entrench sound enterprise content management principles, the past year saw the development of a document classification scheme (or document taxonomy project) with a specific

focus on documents found on the intranet. The scheme specifically aims to increase the speed of document retrieval and promote consistency in the management of documents as assets.

- ✓ The City's open data portal provides public access to a wide variety of documents, including training guides, spatial data, static maps, all business-specific viewers, and geographic information systems policies and standards. The portal continues to grow in popularity, and now sees an average of 1 500 downloads per month. It remains highly effective in promoting the use of the City's data for broader social and economic benefit. In 2018/19, the following new features were added:
- ✓ Grouping of information by theme so that people can easily find and download data in a variety of open formats.
- ✓ The ability to filter data based on specific attributes, view spatial data on a map, and preview data in a tabular format before downloading.
- ✓ Aggregating geospatial data using charts and graphs.
- ✓ An option for users to mark certain datasets as favourites for easy access, and for related datasets to be listed with all search results.

DATA ANALYSIS METHODOLOGY PROJECT

An internal portal was developed on the City's intranet to help implement the evidence-based decision-making framework prepared last year. The aim is to build a common vocabulary and understanding of the City's decision-making processes, guide assessments of the type of evidence needed to make certain decisions, and put in place mechanisms to drive evidence-based decision making. A number of supporting guidelines and case studies have also been developed to explaining exactly what evidence is, and how data and research can be used as evidence in policy and strategy processes.

INNOVATION PROJECT

The City is developing a new platform to promote innovative, design-led approaches to service delivery and enable effective engagement with customers on matters that affect them.

The City's new Innovation and Operational Effectiveness Branch heads up the development and implementation of innovative strategies and projects to drive customer-centric service performance across the organisation and with external stakeholders. Its core functions are to:

- ✓ enable the creation of an innovation-led organisation;
- ✓ solve operational challenges;
- ✓ increase operational excellence; and
- ✓ promote a culture of customer-centricity.

In addition, an Innovation Forum (iForum) comprising representatives from all City directorates works to:

- ✓ provide a Citywide platform for transversal approaches to innovation;
- ✓ set the overall innovation scope, strategic goals and deliverables for the organisation;
- ✓ promote an innovation ethos and culture in the City;
- ✓ create a space for collaboration on design-led thinking and innovation across City line departments; and
- ✓ facilitate Citywide initiatives to support design thinking and innovation.

SERVICE DELIVERY SKILLS PROGRAMME

THE CITY'S HUMAN RESOURCES AT A GLANCE

At the end of June 2019, the City had 27 343 employees (2017/18: 26 852). This represents an increase of 1,83% in the City's staff corps year on year. The vacancy rate for the City is 11,71% (2017/18: 8,89%).

SKILLS GAP AND EVALUATION PROJECT

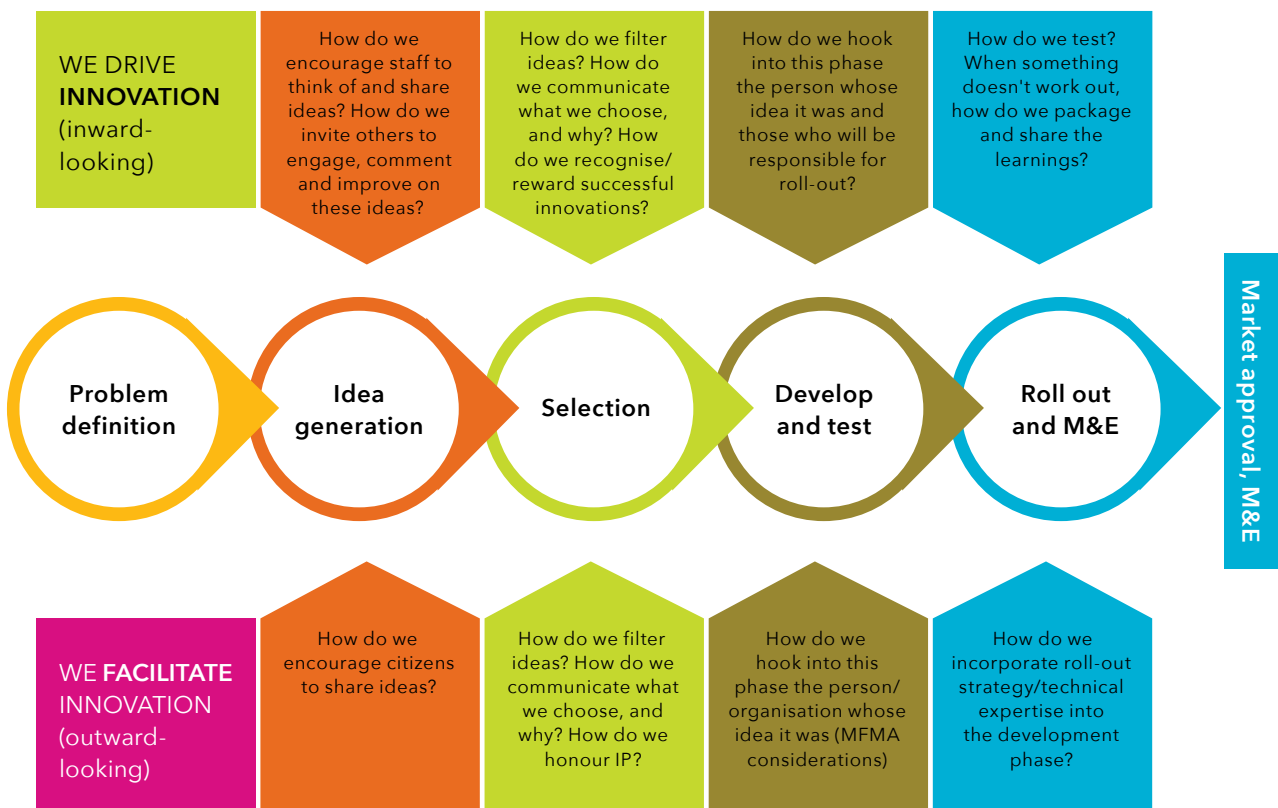
The City's comprehensive staffing strategy incorporates skills audits, individual performance management, workplace skills plans and the development of organisational competencies, and is aimed at optimising the efficiencies and effectiveness of all City staff.

In 2018/19, the Organisational Development Branch continued to focus on developing systems and procedures for investing in staffing strategies and related processes, such as succession planning, personal development planning and the coaching, mentoring and leadership development of staff.

Also, by 30 June 2018, the newly integrated SAP process for individual performance management and personal development planning had been implemented. The process, which was made available in the 2018/19 cycle, enables the effective management of key competencies required for personal, career and performance-based development of City staff.



Figure 14: The City's innovation framework



SKILLS INTERVENTION PROJECT

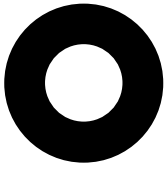
The City undertakes numerous projects and interventions aimed at addressing identified skills gaps and ensuring that the administration and its employees keep pace with technological developments. In the 2018/19 financial year, these included the following:

Table 22: City skills interventions and projects, 2018/19

INTERVENTION	DESCRIPTION	CITY STAFF TRAINED
Driver training (corporately funded)	Supports relevant employees in the acquisition of their driver's licences for various codes.	53
Shop steward training (corporately funded)	Capacitates shop stewards to perform their daily functions.	59 shop stewards from both unions
Smart driver training programme	Trains the City's fleet drivers in responsible driving habits to protect the wellbeing of the drivers, help prevent accidents, minimise the risk of liability and accident claims, adhere to industry norms, and comply with government regulations and laws.	2 441
Adult education and training (corporately funded)	Various adult education and training programmes. Gap initiative aimed at bridging the gap between Grades 10/11 and matric.	177 employees enrolled; 13 completed their General Education and Training Certificate 68 participants
External opportunities (funded across City directorates)	External learning opportunities for graduate interns, external bursars, in-service students as well as learnerships and apprenticeships. The City's budget for external bursaries for the year in review was R6,3 million.	1 087 external trainee and bursary opportunities 327 apprenticeships 113 students secured permanent employment with the City 138 external bursaries awarded to date
Finance management programme	Three-year course consisting of 15 unit standards. Offered to employees in the City's finance environment as part of their ongoing professional development.	218 employees enrolled

RECOGNISING THE LEARNING ACHIEVEMENTS OF CITY STAFF

The City acknowledges and celebrates the further education efforts of its staff. In 2018/19, a total of 136 employees (2017/18: 266) were awarded certificates of recognition for attaining further qualifications. In addition, one employee received a top achiever certificate in recognition of outstanding learning achievements.



INDIVIDUAL PERFORMANCE MANAGEMENT

The City conducts a comprehensive performance management and measurement system in compliance with the Local Government: Municipal Systems Act 32 of 2000. Individual performance management is governed by the City's Individual Performance Management and Development Policy, which is accompanied by detailed guidelines. Training ensures that employees fully understand the policy, know how to use the system, and align individual and corporate values. In 2018/19, the training was provided to 2 134 employees.

SERVICE DELIVERY IMPROVEMENT PROGRAMME

Through its customer-centred service delivery improvement programme, the City is working to improve local service delivery and enhance area-based coordination and management of services. This is to ensure that all City services are fully operational, functional and measurable against its SFAs and priorities. In the year in review, the following progress shown in table 23 was made.

Table 23: Progress with refining the City's service delivery model as at 30 June 2019

ACTION	PROGRESS
Drafting baseline reports on customer satisfaction	Monitoring reports submitted to oversight committee every quarter
Developing service level agreements between the Area-Based Service Delivery Directorate and line directorates	Completed
Establishing monitoring and evaluation protocols	Meetings convened on a bi-weekly and monthly basis
Developing proactive tools that will enhance service delivery for the benefit of the City's clients	Ongoing
Ensuring alignment between the Tourism Development Framework and the City's five SFAs and 11 priorities	Local-area tourism plans developed for each of the four areas. The projects and activities are aligned with, and relate to: <ul style="list-style-type: none">✓ SFAs 1 and 4 of the IDP;✓ the Economic Growth Strategy; and✓ the City's strategic priorities.





OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

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CONSOLIDATED FIGURES

THIS OVERVIEW PRESENTS HIGHLIGHTS FROM THE ENTITY'S FINANCIAL PERFORMANCE FOR THE YEAR IN REVIEW, AS WELL AS THE PAST FIVE YEARS.

OPERATING RESULTS FOR REVENUE AND EXPENDITURE

Over the past year, revenue increased by **9,11%** to **R42,95 billion**. This escalation is mainly due to annual tariff increases.

Operating expenditure increased by **6,39%** to **R36,51 billion**. The City does however attempt to keep the cost of operations as low as possible.

The following graphs detail revenue and expenditure for the past five years:

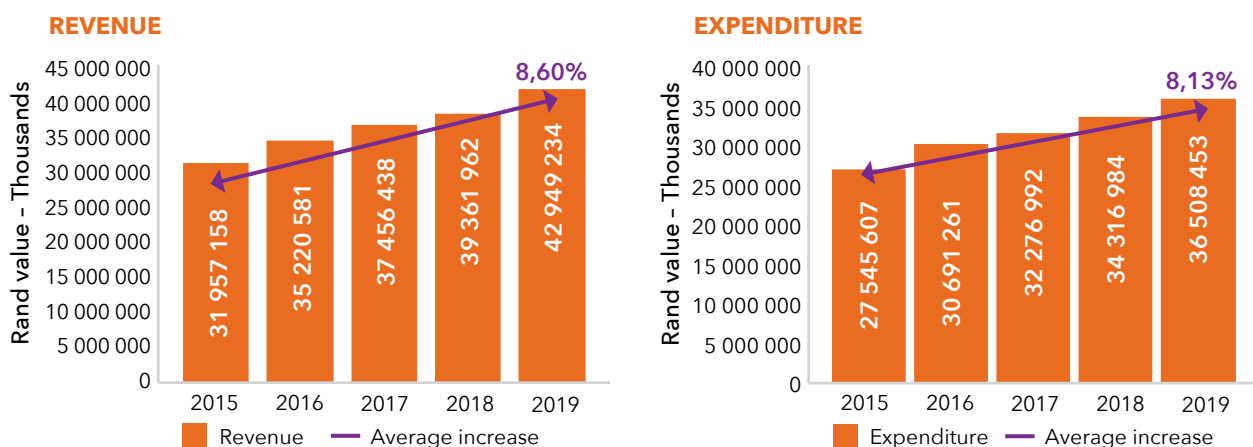


Figure 15: Entity's revenue and expenditure, 2015-2019

NET SURPLUS RESULT

As at the end of June 2019, the Entity reported a net surplus from operations of R6,44 billion (2018: R5,04 billion - restated) against a budgeted surplus of R1,67 billion. This surplus included grants revenue that had already been utilised to fund capital expenditure. A portion of the surplus was also committed to fund future expenditure, such as the replacement of capital assets.

Table 24: Actual and budgeted net surplus result, 2018/19

	Actuals R'000	Budget R'000
Total revenue	42 949 234	42 819 451
Total expenditure	36 508 453	37 888 245
Surplus from operations	6 440 781	4 931 206
Capital grants and donations	(2 152 893)	(2 188 715)
Taxation	(5 861)	(8 209)
Loss attributable to non-controlling interest	(5 216)	191 505
Net result from operations - see annexure D	4 276 811	2 925 787
Transfers to/from reserves and non-controlling interest	(1 333 839)	-
Surplus after appropriations	2 942 972	2 925 787

CAPITAL EXPENDITURE

The Entity's property, plant and equipment expenditure for the year in review amounted to R5,39 billion (2018: R5,73 billion). This represents a 80,11% capital spend (2018: 72,80%).

A complete analysis of capital expenditure (budgeted and actual) per functional area is included in the statement of comparison of budget and actual amounts, while annexure B to the consolidated annual financial statements contains details by asset class. More details on external loans used to finance fixed assets are contained in annexure A to the statements.

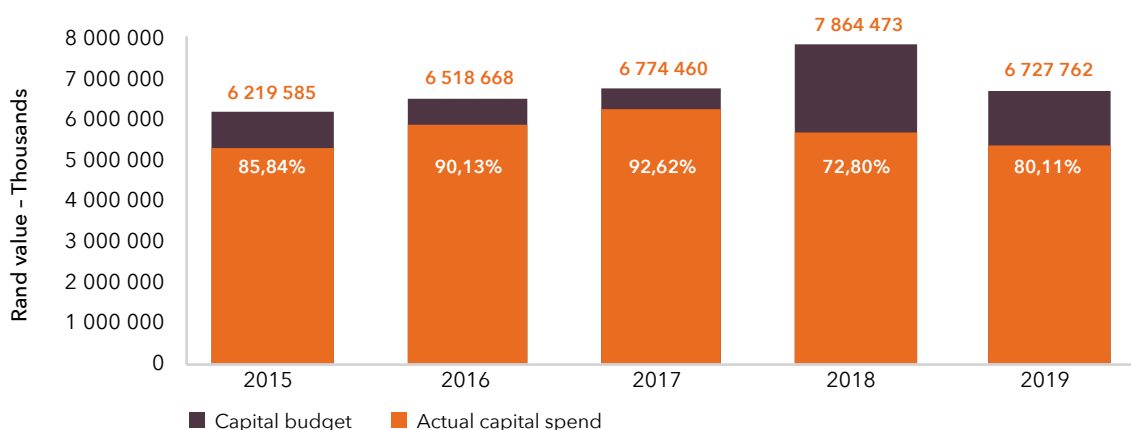


Figure 16: Entity's capital budget and capital spend, 2015-2019



CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2019 were R10,98 billion (2018: R9,94 billion - restated). Debt arrears of R492,67 million were written off (2018: R207,10 million). Total provision for impairment increased from R4,32 billion in 2018 to R4,77 billion in 2019, which represents 43,41% of total outstanding consumer debtors.

The outstanding net consumer debtors and collection ratios for the past five years are depicted below:

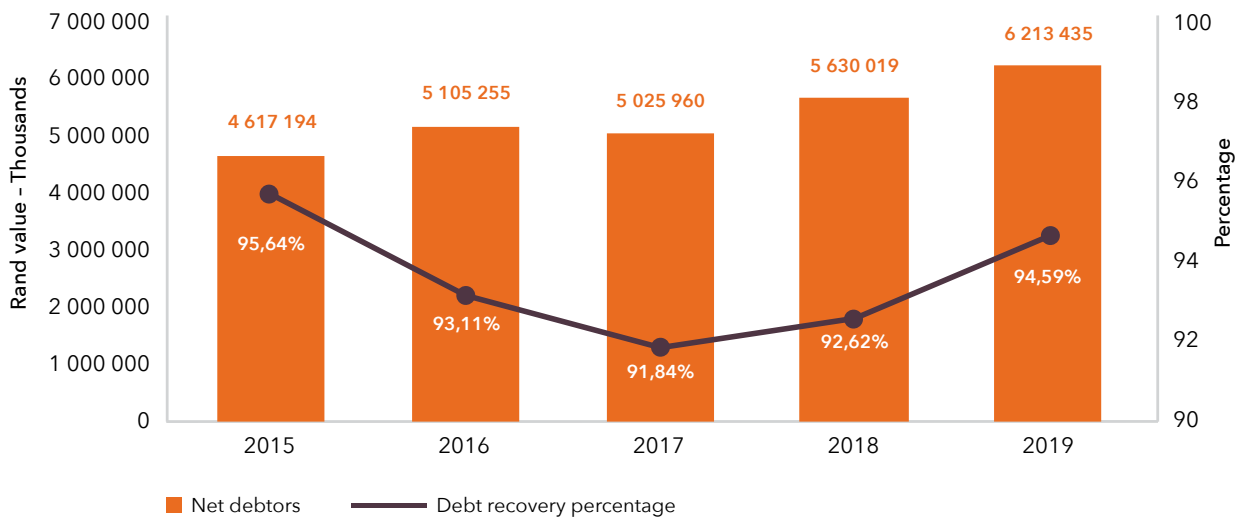


Figure 17: Entity's outstanding net consumer debtors and collection ratios, 2015 - 2019

INVESTMENTS AND CASH

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 annual consolidated financial statements.

Investments as at 30 June 2019 amounted to R7,51 billion (2018: R6,57 billion), of which guaranteed investment instruments of R2,50 billion (2018: R2,26 billion) were set aside for the repayment of loans.

BORROWINGS

Based on the figures below, the City can service its current debt repayments, and also has sufficient cash flow to fulfil its long-term obligations. In addition, the City can take up further borrowings for capital expenditure/programmes based on its positive debt-to-revenue ratio.

Table 25: Financial ratios, 2018 – 2019

Financial ratios	Target	2019	Target	2018
Capital cost (interest and redemptions paid) to operating expenditure	6% - 8%	3,17%	6% - 8%	3,43%
Debt coverage by own billed revenue	45%	22,85%	45%	24,51%

CREDIT RATING

In 2018/19, Moody's Investors Service affirmed the City of Cape Town's long-term and short-term global-scale rating of Baa3 and Prime-3 and updated its outlook to stable from negative due to the expectation that the City will maintain its strong operating performance and liquidity and stable cash flow. The outlook change further reflects Moody's view that the City's new water strategy will more effectively adapt the City's water sector to the continued environmental risk posed by climate change. The City also maintained its long-term and short-term national-scale rating of Aaa.za and Prime-1.



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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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 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 Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management 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 2019, as set out on pages 188 to 301 in terms of section 126(1) of the Local Government: Municipal Finance Management 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 42.2.1 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with the act.



Lungelo Mbandazayo
City Manager

30 September 2019

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES

Opinion

1. I have audited the consolidated and separate financial statements of the City of Cape Town and its subsidiaries (the group) set out on pages 188 to 279, which comprise the consolidated and separate statement of financial position as at 30 June 2019, 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 2019, and its 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, 2018 (Act No. 1 of 2018) (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 this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.
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 consolidated and separate financial statements 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 my opinion, and I do not provide a separate opinion or conclusion on these matters.

Key audit matter

How the matter was addressed in the audit

Significant difficulties in obtaining information requested for audit purposes

The terms of engagement set out the agreed turnaround times for information to be provided for audit purposes. In certain cases, the municipality was not able to provide the information within the agreed time. This resulted in delays and difficulties in obtaining the required information. I therefore consider this matter to be a key audit matter.

- Weekly audit steering committee meetings between myself and the municipality were held where I communicated and monitored all requests for information.
- All instances where information was not provided on time were escalated to the appropriate level of management. The impact of these delays was continuously assessed and communicated.
- At the date of this report, all requested information had been provided.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 39 to the consolidated financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the consolidated financial statements of the municipality at, and for the year ended, 30 June 2019.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN (continued)

Material losses / impairments

9. As disclosed in note 9 to the consolidated financial statements, receivables were significantly impaired. The impairment allowance amounted to R4,8 billion, which was 43% of the gross balance of receivables (2018: R4,3 billion – 43% of the gross balance of receivables).
10. As disclosed in note 10 to the consolidated financial statements, other receivables were significantly impaired. The impairment allowance amounted to R1,7 billion, which was 68% of the gross balance of receivables (2018: R1,6 billion – 70% of the gross balance of receivables).

Underspending of the budget

11. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the operating budget to the amount of R2,4 billion and the capital budget to the amount of R1,3 billion. The explanations for the underspending are contained in note 40 to the financial statements.

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement in note 41.3.3 did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

14. The supplementary information set out on pages 280 to 301 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated and separate financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of 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 municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

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 objectives 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 / measures 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 objectives presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objectives	Pages in the annual performance report
Objective 3 - Caring City	306 - 309
Objective 4 - Inclusive City	310 -311

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. I did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on pages 304 to 313 for information on the achievement of planned targets for the year.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN (continued)

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

25. 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 with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R950 370 000, as disclosed in note 41.3.3.1 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations 17(1)(a) and (c), 19(a), and 36(1).

Procurement and contract management

28. Some of the goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
29. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27(2)(a). Similar non-compliance was also reported in the prior year.
30. Some of the contracts and quotations were awarded to bidders based on functionality criteria that were not stipulated in the original invitation for bidding and quotations, in contravention of the Preferential Procurement Regulations.
31. Some of the bid documentation for the procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by preferential procurement regulation 8(2) of 2017.
32. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
33. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.
34. Some of the goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).
35. Persons in the service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000).

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
37. 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.
38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

39. I have nothing to report in this regard.

Internal control deficiencies

40. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
41. Management did not ensure that appropriate contract management and regular contract performance management processes and procedures were in place to monitor the expiry dates of contracts and performance obligations by all parties. This resulted in expenditure being incurred after the expiry date of contracts without following an appropriate procurement process.
42. The financial system utilised by the municipality was not configured to prevent payments from being made after the expiry date of contracts or in excess of the contract amounts, which resulted in expenditure being incurred in contravention of the SCM Regulations and consequently irregular expenditure.
43. Approval to procure legal services was granted to the legal department by means of a council system of delegations that was not in line with the SCM Regulations.
44. Adequate compliance monitoring processes were not implemented to identify all instances where employees of the municipality had close family members with a private or business interest in contracts awarded by the municipality.

Other reports

45. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

46. In the prior year, a Public Protector investigation was in progress based on the alleged failure by the Cape Town International Convention Centre Company (Pty) Ltd and the City of Cape Town to implement the recommendations of the municipality's forensic services department issued on 21 October 2014. On 3 December 2018, the investigation was closed by the Public Protector on the basis that there was no such failure to implement these recommendations.

Auditor-General

Cape Town
28 January 2020



ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate 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 ability of the municipality and its subsidiaries 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 consolidated and separate 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 this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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, where 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 2019 in terms of section 121(4)(E) of the Municipal Finance Management Act, No. 56 of 2003.

The audit report is unqualified with findings for which management comments and corrective actions are required. The findings are categorised under the heading 'Report on audit of compliance with legislation' and for which management comments and related corrective actions are provided as below.

EXPENDITURE MANAGEMENT (paragraph 27)

The City management has acknowledged the shortcomings in its current processes for the prevention of non-compliance with the MFMA in the instances referred to and is in the process of implementing corrective actions to mitigate any further non-compliance. The City Manager has also instructed senior management to:

- Ensure that the procurement of goods and services are supported by valid contracts, by 29 February 2020.
- Sign-off a section 78 certificate and complete an annual compliance return.

In addition, the reduction of deviations has been placed on the scorecards of all directorates which will result in the directorates following the relevant formal procurement processes.

PROCUREMENT AND CONTRACT MANAGEMENT (paragraph 28 to 35)

The City implemented the deviation guideline in the procurement processes in November 2019 and is currently reviewing the delegations for procurement. The City also amended the SCM policy, which is also reviewed on an annual basis, and the lessons learnt from the audit process will also be incorporated therein. Work instructions for procurement and tender procedures are currently being reviewed to incorporate the audit recommendations. Training in the areas of non-compliance identified will be enhanced, for instance biased specifications, local content and other preferential procurement requirements. The City is also engaging senior counsel on the cost benefit and the correct application of local content requirements. The outcome will be discussed with the Department of Trade and Industry and also National Treasury to define the City's application of such requirements henceforth.

The City's contract management unit will be reassessed with regard to its effectiveness to the AGSA's past and current findings to develop an appropriate strategy moving forward. This strategy will inform the refinement of processes, systems, training interventions and the development of competencies within the organisation. Synergies between contract management, project management and financial management will be enforced. In addition, the contract management guideline will be reviewed annually.

As part of contract and project management, supplier performance verifications will be enhanced to ensure value for money is received on every contract and the specified supplier obligations are met by all suppliers.

Lastly, with regard to staff declarations the City has implemented processes and controls for reporting and detecting conflict of interests. The six instances where there was inadequate disclosure will be further investigated and resolved. Where it has been found that an employee or supplier failed to declare an interest, consequence management actions will be taken.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2019

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 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent Audit Committee which must advise the Municipal Council, political office-bearers, accounting officer and management staff of the municipal entity on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the City. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation, performance evaluation, major forensic investigations and/or other issues referred to it by the municipality or municipal entity.

The Audit and Performance Audit Committee (hereafter called "the committee" or "APAC") is governed by formal Terms of Reference which are regularly reviewed and approved by the Mayoral Committee (MayCo). For the year under review, the Terms of Reference was updated in November 2018 (item MC 76/11/18).

The committee is pleased to present its report for the financial year ended 30 June 2019.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

During the year under review four committee meetings and three special committee meetings were held. The three special meetings were for the purposes of approving the 2018/19 adjusted audit plan, approving the 2019/20 audit plan and considering the AGSA's report for the year ended 30 June 2018. Internal Audit attends all meetings. The Deputy Mayor (when required), the City Manager or a representative of the City Manager's Office, most members of the Executive Management Team (EMT), and other officials (as required) also attend all formal meetings. A representative from National Treasury has a standing invitation to the meeting and often attends meetings. The Office of the Auditor-General South Africa (AGSA) also has a standing invitation to all committee meetings and attended all meetings. The meeting agendas are substantial and require diligent preparation by members. Committee members all participate in meetings with the highest levels of commitment and objectivity.

In addition to the planned meetings, the committee also met with the City Manager and the Executive Mayor and attended one information-sharing workshop on matters relevant to the APAC functions.

Below is the summary of tenure, qualifications and meeting attendances of the members:

Name	Qualifications	Number of meetings attended	Tenure period (1)	Tenure period (2)
Dr Divya Singh	BA (Law) / LL.B / LLM / LLD / Masters in Tertiary Education Management / Advocate of the High Court of SA	6	1 Nov 2015 to 31 Oct 2018	1 Nov 2018 to 31 Oct 2021
Ms Somesh Barnes	Higher Certificate in Management / Diploma in Business Management / MBA	7	26 Sep 2014 to 25 Sep 2017	1 Oct 2017 to 30 Sep 2020
Mr Rowan Nicholls	B Com / CA(SA) / CAS (Computer Audit Specialist) (US) / MICS (Certificate of Chartered Shipbrokers) (UK)	7	1 Oct 2017 to 30 Sep 2020	
Mr Mervyn Burton	B Compt (Hons)/CA/(SA) / Executive Management Programme	7	1 Apr 2018 to 31 Mar 2021	
Mr Athol Rhoda	CA(SA)	1	1 Nov 2015 to 31 Oct 2018	
Mr Linda Nene	Post Graduate Diploma in Management (Corporate Governance) / CCSA / General Internal Auditor / Fellow of the IIA SA / CRMA / Risk Management Strategies in the Public Sector / Masters in International Business	5	1 Nov 2018 to 31 Oct 2021	

AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements and the requirements of Regulation 14 of the Municipal Planning and Performance Management Regulations.

The committee Chairperson succinctly, openly and honestly reported the committee's activities to Mayco and Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements prior to submission to the AGSA, the City's external auditors, and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit.

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability, and transparency. Whilst congratulating the City's management on achieving an unqualified audit report on the Annual Financial Statements and Performance Management, the committee notes a number of findings reported by the AG(SA) on the City's compliance with legislation. Management is committed to implementing the necessary controls to prevent and reduce the re-occurrence of these events, especially in the areas of supply chain management.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed the Internal Audit Annual Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the year ended 30 June 2019.

The Internal Audit Annual Statement concluded that Some Improvement is needed in the City. The committee is, however, satisfied that while a few specific control weaknesses were identified, in general the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. Where appropriate, Management has accepted the recommendations.

The conclusion is, however, based on and limited to the available Internal Audit results throughout the 2018/19 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. It should be noted that audits conducted differ from year to year as it is dependent on the City's risk profile identified during the compilation of the annual risk-based audit plan. The impact of this is that the basis of comparatives used may differ as the City's risk profile may change from year to year.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the Annual Statement on Governance, Risk Management and Internal Control Processes and, while they were not the general rule, they did occur from time to time in certain areas:

- a. the absence of policies and procedures, and the inadequacy of existing policies and procedures in the control environment;
- b. the lack of effective management oversight, review and/or supervisory checks;
- c. the failure to ensure supporting evidence/information/records management processes;
- d. the continuing resource and capacity constraints resulting in skills and performance limitations;
- e. the want of effective communication/collaboration resulting in a siloed approach to activities;
- f. deficiencies in the reconciliation between various information sources as part of the verification processes; and
- g. inadequate monitoring of activities.

Whilst all of these areas require the necessary management attention, as the first line of defence in combined assurance, it is emphasised that none is serious enough to negatively impact the Audit Opinion, nor for the committee to raise a specific concern in this report with the City Manager, Council, Mayco or the Executive Mayor.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2019 (continued)

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit findings on follow-up audits shows a 72% reduction in recurring findings resolved, which is below the target of 75%. Follow up audits are only done once management confirms that the recommendations have been implemented. APAC is however concerned that a number of findings status remains as not implemented by management. Internal Audit are following up on these as well with the objective of expediently clearing these matters.

Overall the committee is satisfied with the quality and timing of management responses to the Internal Audit findings and agreed recommendations, which indicates a well-run City and an Internal Audit Department that is respected and valued. This is a positive reflection on the quality of work produced by Internal Audit and on the management's commitment to quality and good governance. APAC is satisfied that management is appropriately balancing its commitment to delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance moved from the Risk, Ethics and Governance function to the Probity Department. Combined Assurance Framework improvements and advancements are underway. The implementation and integration of combined assurance remains work in progress and the committee regularly reviews developments in this area as part of its annual work plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Portfolio Manager: Probity in the Office of the City Manager. The committee will continue to monitor the independence of the Internal Audit function as it is key to the committee's effectiveness. The question of whether the CAE should report administratively directly to the City Manager has been a matter for discussion by the committee. The committee notes the open door between the CAE and the City Manager notwithstanding the formal reporting line.

An annual external quality assessment of Internal Audit was completed for the year under review. The result is that the Internal Audit activity "Generally Conforms" to the International Standards for the Professional Practicing of Internal Auditing of the Institute of Internal Auditors (IIA). Although this is the highest standard of achievement offered, recommendations for continuous improvement were received in the course of the assessment and will be assessed and implemented as appropriate. The APAC monitors progress against the implementation plan at the quarterly meetings.

PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit 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, as well as the risk to the City if targets are not attained.

RISK MANAGEMENT

The committee appreciates the focus on emerging risks especially the City-wide initiatives that continue to embed risk management processes in the City. RiskCo assists in promoting the understanding of the value of risk management through the strategic "tone from the top" ethos, ongoing risk evaluation, and efforts to ensure cost-effective mitigation activities. The committee is concerned that management and Mayco do not regularly review the major corporate risks, or effectively manage their mitigation. A key focus for all levels of management and oversight must be on the identification of emerging risks and further mitigation of the corporate risks with a transversal focus.

The committee Chairperson (or her nominee) regularly attends the RiskCo meetings.

Important lessons may be learned from the water crisis which, whilst being timeously identified, should have been better addressed and partially mitigated earlier, more proactively, and more cost effectively. The lessons learnt need to be properly analysed and internalised as a factor of the City's risk management strategy.

GOVERNANCE AND ETHICS

The committee continues to monitor key City-wide governance interventions required, such as the communication and monitoring of the Ethics Unit, Office of the Ombudsman, and compliance reporting. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and growing awareness and understanding of ethics message was evident in the year under review.

The committee receives quarterly feedback on forensic and legal cases, but these will receive increased attention from APAC in the following year to ensure that investigations are concluded efficiently, 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 will be submitted to MPAC as part of the annual report oversight process.

MUNICIPAL ENTITIES

The committee plays an oversight and advisory role for the municipal entities, with the minutes of the respective Audit Committees and the annual report of the CTICC and Cape Town Stadium being reviewed at the APAC meetings. Two members of the APAC and the Portfolio Manager: Probity have been appointed to the Audit Committees of both entities.

CONCLUSION

The committee is pleased with the continuing progress made by the City in improving and progressing in the areas outlined in this report.

The committee fully supports the City in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents. APAC is cognisant that sustainable service delivery in a vibrant, globally competitive and caring City must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to the management of the City, the AGSA and Internal Audit who assist the committee in performing its functions effectively and efficiently.



Dr Divya Singh

Chairperson: Audit and Performance Audit Committee

Date: 27 January 2019

GENERAL INFORMATION

Auditors

The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442

Bankers

Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000

Registered office

City of Cape Town
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 PH Chapple	Cllr MW Hlazo	Cllr J Martlow
Cllr FL Abrahams	Cllr MN Chitha	Cllr TT Honono	Cllr V Matanzima
Cllr MR Abrahams	Cllr DJ Christians	Cllr VR Isaacs	Cllr JJ Maxheke
Cllr MF Achmat	Cllr BR Clarke	Cllr IR Iversen	Cllr P Maxiti
Cllr A Adams	Cllr CC Clayton	Cllr BM Jacobs	Cllr S Mbandezi
Cllr A Adams	Cllr DG Cottee	Cllr HW Jacobs	Cllr JS Mbolompo
Cllr R Adams	Cllr SA Cottle	Cllr WD Jaftha	Cllr NV Mbombo
Cllr Y Adams	Cllr AC Crous	Cllr L Jali	Cllr LVP McBride
Cllr M Adonis	Cllr M Dambuza	Cllr C Janse van Rensburg	Cllr J McCarthy
Cllr ZC Adonis	Cllr T Dasa	Cllr EE Jansen	Cllr AP McKenzie
Cllr FK Ah-Sing	Cllr MM Davids	Cllr S John	Cllr CN Mdleleni
Cllr WJ Akim	Cllr NN Dilima	Cllr C Jordaan	Cllr SS Mfecane
Cllr EP Andrews	Cllr WB Dlulane	Cllr N Jowell	Cllr NE Mgolombane
Cllr E Anstey	Cllr WP Doman	Ald CR Justus	Cllr JH Middleton
Cllr R Arendse	Cllr DK Dudley	Cllr ML Kempthorne	Cllr PM Mngxunyeni
Cllr SWP Arendse	Cllr SS Duka	Cllr DM Khatshwa	Cllr S Moodley
Cllr DE Badela	Cllr PA East	Cllr MRH Kleinschmidt	Cllr AC Moses
Cllr ZA Badroodien	Cllr CJ Esau	Cllr ME Kleinsmith	Cllr NA Moshani
Cllr MK Bafo	Cllr JP Fitz	Cllr C Kobeni	Cllr T Mpengezi
Cllr UM Barends	Cllr E Fortune	Cllr AL Komeni	Cllr S Mzobe
Cllr AJG Basson	Cllr GD Fourie	Cllr NF Kopman	Cllr PS Mzolisa
Cllr S Batala	Cllr P Francke	Cllr GPG Kriel	Cllr N Ndaleneni
Cllr TM Batembu	Cllr CM Fry	Cllr AE Kuhl	Cllr AX Ndongeni
Cllr R Bazier	Cllr A Gabuza	Cllr MD Kumeke	Ald ID Neilson
Cllr R Beneke	Cllr F Gaffoor	Ald NJ Landingwe	Cllr K Nethi
Cllr CB Bew	Cllr BC Golding	Cllr SP Liell-Cock	Cllr BP Ngcani
Cllr N Bolitye	Cllr GE Gordon	Cllr AG Lightburn	Cllr B Ngcombolo
Cllr M Booi	Cllr AJ Griesel	Cllr XT Limberg	Cllr MWN Ngeyi
Cllr FR Botha-Rossouw	Cllr CDW Groenewoud	Cllr CO Mabona	Cllr PM Ngqu
Cllr R Bresler	Cllr NE Grose	Cllr BC Madikane	Cllr D Ngubelanga
Cllr EN Brunette	Cllr LA Gungxe	Cllr N Mahangu	Cllr S Ngxumza
Cllr DW Bryant	Cllr B Hansen	Cllr N Mahlati	Ald MJ Nieuwoudt
Cllr KR Carls	Cllr W Harris	Cllr BM Majingo	Cllr M Nikelo
Cllr H Carstens	Cllr GCR Haskin	Cllr N Makasi	Cllr S Nkomiyahlaba
Cllr MA Cassiem	Cllr PG Helfrich	Cllr LC Makeleni	Cllr FM Nkuzana
Cllr MF Cassim	Cllr A Hendricks	Cllr SK Manata	Cllr X Nofemele
Ald GV Cavanagh	Cllr PC Heynes	Ald GW March	Cllr SM Noludwe
Cllr CS Cerfontein	Cllr ND Hlangisa	Cllr RPJ Mare	Cllr S Nonkeyizana

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Cllr SP Nqamnduku	Ald FA Purchase	Cllr NP Sono	Cllr CHS van Wyk
Cllr ML Nqavashe	Cllr ZL Qoba	Cllr X Sotashe	Cllr A van Zyl
Cllr M Nqulwana	Cllr RM Quintas	Cllr KG Southgate	Cllr M Velem
Cllr A Ntsodo	Cllr X Qweshu	Cllr Z Sulelo	Cllr R Viljoen
Cllr P Nyakaza-Sandla	Cllr MH Raise	Cllr PS Swart	Cllr DA Visagie
Cllr L Nyingwa	Cllr B Rass	Cllr S Taliep	Cllr CL Visser
Cllr SF Oerson	Cllr R Rau	Cllr HP Terblanche	Cllr J Visser
Ald MJ Oliver	Cllr FHL Raymond	Cllr EAJ Theron	Cllr PP Vokwana
Cllr GC Peck	Cllr N Rheeder	Ald TB Thompson	Ald J Vos
Cllr XG Peter	Cllr SJ Rossouw	Cllr G Timm	Cllr ST Vuba
Cllr MJ Petersen	Cllr T Sakathi	Cllr BEF Truter	Cllr FC Walker
Cllr S Philander	Cllr R Saralina	Ald GG Twigg	Ald BRW Watkyns
Cllr MP Pietersen	Cllr E Sawant	Cllr TA Uys	Cllr C Williams
Cllr TI Pimpi	Cllr RZ Simbuku	Cllr B van der Merwe	Cllr JJ Witbooi
Cllr YM Plaatje	Cllr RS Simons	Cllr JFH van der Merwe	Cllr J Woodman
Ald D Plato	Cllr AJ Skippers	Cllr A van der Rhee	Cllr N Xamle
Cllr CJ Pophaim	Ald JD Smit	Cllr PE van der Ross	Cllr SK Yosi
Ald SB Pringle	Ald JP Smith	Cllr ML van der Walt	Cllr LG Zondani
Cllr CB Punt	Cllr OK Solomons	Cllr B van Reenen	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Ald D Amira	20/03/2019	Cllr B Hadebe	21/05/2019	Cllr RM Moses	30/05/2019
Cllr A Arnolds	21/05/2019	Cllr MGE Hendricks	27/05/2019	Cllr XB Pakela	13/05/2019
Cllr SN August	25/10/2018	Cllr BN Herron	08/11/2018	Cllr SA Ramsay	27/11/2018
Cllr GG Barnado	25/10/2018	Cllr A Lili	22/05/2019	Cllr N Silas	04/07/2018
Cllr G Bosman	21/05/2019	Cllr SA Little	25/10/2018	Cllr T Stemele	25/10/2018
Cllr X Cekiso	31/01/2019	Cllr N Makamba-Botya	21/05/2019	Cllr LE Tshwete	07/03/2019
Cllr J Cupido	31/10/2018	Cllr S Mamkeli	25/10/2018	Cllr BM van Minnen	21/05/2019
Ald P de Lille	31/10/2018	Cllr RPJ Marmon	12/11/2018	Cllr M Xego	21/05/2019
Cllr SP Diamond	17/02/2019	Cllr LM Mbele	21/10/2018		

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 39, are set out below. These consolidated annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, 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.

GOING-CONCERN ASSUMPTION

These consolidated annual financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

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 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

Going-concern

Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province"), to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

Materiality

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with the GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

Budget information

Variances between budget and actual amounts are regarded as material when the variance is:

- 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- 5% or greater in capital expenditure.

All material differences are explained in note 40 to these consolidated annual financial statements.

Qualitative thresholds

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- if they constitute related-party transactions;
- depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- if they are likely to result in a change in accounting policy;
- if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- depending on the degree of estimation or judgement required to determine their value, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument; and
- if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

Quantitative thresholds

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The City of Cape Town uses 0,5% to determine materiality, considering the following factors:

- Nature of the City's business
- Statutory requirements
- The control and inherent risks associated with the City
- Prudence

The level of materiality per transaction class for 2018/19 is as follows:

Class of transaction	Level of materiality (R'000)
Revenue	213 902
Expenditure	192 494
Non-current assets	248 005
Current assets	74 842
Non-current liabilities	63 589
Current liabilities	44 380

The transaction classes in the statement of financial performance are based on the 2018/19 adjustments budget approved by Council in January 2019.

The transaction classes in the statement of financial position are based on the balances of the 2017/18 audited financial statements.

Based on professional judgement, the overall quantitative value of materiality for the 2018/19 financial year is set at R120 million.

Pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable category across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

As part of the impairment calculation of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) building and asset under construction, management has estimated the recoverable amount by calculating the value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding future cash flows and discount rates, which are disclosed in note 2.

Significant delays in assets under construction

The Entity regards delays in assets under construction of more than one year as significant.

Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Useful lives of property, plant and equipment, investment property and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely, or used to the end of their useful lives, and what their condition will be at that time.

Material losses

Material losses are losses that occur due to factors other than normal production, and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 14, 16 and 38 respectively. Provisions are discounted where the effect of discounting is material.

Cash and non-cash-generating assets

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges. As such, management has determined that only the City's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other assets of the City.

The CTICC considers cash-generating assets to be those assets used to host events, being the company's core revenue stream.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

The ASB has issued amendments to the following GRAP standards that are applicable and effective in the current year:

- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 26 - Impairment of cash-generating assets

These amendments have led to changes in the Entity's accounting policy for the determination of cash-generating assets. The City has determined that its Energy Directorate generates net positive cash flows and, as such is, considered as cash-generating unit. As at the reporting date, there was no indication that such assets were impaired.

Standards and interpretations early-adopted

The Entity has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108 and 109, IGRAP 17, 18 and 19, as well as the Guideline on Accounting for Landfill Sites and Guideline on the Application of Materiality in Financial Statements.

Standards and interpretations issued, but not yet effective

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

Annual periods commencing on or after 1 April 2019:

- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
- IGRAP 18 - Recognition and derecognition of land
- IGRAP 19 - Liabilities to pay levies
- Guideline - Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
- IFRIC 22 - Foreign-currency transactions and advance consideration

The Entity has based its accounting policies on these standards, and the application of the standards will therefore have no impact on the financial statements.

Annual periods commencing on or after 1 April 2020:

- GRAP 18 - Segment reporting
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 110 - Living and non-living resources
- IGRAP 20 - Accounting for adjustments to revenue to pay levies

These standards will be complied with in the financial statements once they take effect. Preliminary investigations indicated that GRAP18 would require additional presentation and disclosure in the financial statements, while the impact of GRAP 34, 35, 36, 37 38, 110 and IGRAP 20 would be immaterial.

- Guideline on Accounting for Landfill Sites
- Guideline on the Application of Materiality in Financial Statements

The Entity has based its accounting policies on these guidelines, and the application of the guidelines will therefore have no impact on the financial statements.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, the City of Cape Town, and all its subsidiaries 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 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

Insurance reserves

• Self-insurance reserve

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

• Compensation for occupational injuries and diseases (COID) reserve

The 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 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 of the Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		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.

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 amortisation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

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.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the City estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.

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 flow exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have 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 required by the standards 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, 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.

TAXATION

Taxation on the profit or loss for the year consist of current and deferred taxation. Taxation is recognised in profit or loss.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

EMPLOYEE BENEFITS

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

Post-retirement 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.

Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

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 Province, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor '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 monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

Revenue 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 Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

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.

The Entity recognises non-exchange Receivables and Other Receivables that arises out of the operation of law rather than contractual rights as disclosed in notes 9 and 10. Standard of GRAP 23 on Revenue from Non-Exchange Transactions (Taxes and Transfers) is applied to these transactions on initial recognition of the revenue and receivables from non-exchange transactions. However, there is no Standard of GRAP dealing with the subsequent measurement, derecognition, presentation and disclosure requirements relating to risk for these transactions.

In the absence of such a Standard the City has based its accounting policy for receivables and other receivables from non-exchange transactions on the Standard of GRAP 104 on Financial Instruments. The financial risk for these transactions are disclosed under a separate category "Non-financial assets arising out of the operation of law" in note 1 to these financial statements.

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Non-derivative financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

Derivative financial instruments

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and any changes are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value plus transactional cost, 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 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, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

This is accounted for in the financial statements, and classified in accordance with the nature of the expense. Where recovered, it 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 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 may not have been formally approved again by Council.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the annual financial statements.

The budget amounts 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.

OFFSETTING

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SERVICES IN KIND

The Entity does not recognise services in kind as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 23.

COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as practicable, and the 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, accounting officers and executive directors.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2019	Restated ¹ 2018	2019	Restated ¹ 2018
ASSETS					
Non-current assets		52 902 375	49 991 448	52 547 899	49 792 902
Property, plant and equipment	2	46 292 153	43 736 668	45 703 232	43 153 766
Heritage assets	3	10 280	8 891	10 280	8 891
Investment property	4	582 961	584 713	582 961	584 713
Intangible assets	5	701 217	716 040	693 178	716 009
Investments	6	4 976 372	4 590 943	5 342 559	5 111 773
Long-term receivables	7	215 689	217 750	215 689	217 750
Deferred taxation	33.1	123 703	136 443	-	-
Current assets		18 765 903	14 590 339	18 405 664	14 250 005
Inventory	8	438 058	473 318	435 991	471 727
Receivables	9	6 213 435	5 623 092	6 215 922	5 626 400
Other receivables	10	857 370	691 239	793 308	669 394
Investments	6	2 532 330	1 981 576	2 532 330	1 981 576
Taxation		3 002	-	-	-
Current portion of long-term receivables	7	8 838	14 290	8 838	14 290
Cash and cash equivalents	11	8 712 870	5 806 824	8 419 275	5 486 618
TOTAL ASSETS		71 668 278	64 581 787	70 953 563	64 042 907
LIABILITIES					
Non-current liabilities		13 154 744	12 726 404	13 148 024	12 717 715
Borrowings	12	6 277 657	6 501 227	6 270 937	6 492 538
Provisions	14	6 877 087	6 225 177	6 877 087	6 225 177
Current liabilities		9 217 308	8 994 077	9 114 290	8 876 006
Deposits	15	452 347	409 823	410 962	381 660
Provisions	16	1 153 552	1 019 878	1 147 975	1 015 155
Payables from exchange transactions	17	5 753 442	5 977 127	5 699 317	5 901 661
Unspent conditional grants and receipts	18	1 298 170	1 067 745	1 298 170	1 067 745
Value-added tax	19	130 270	132 982	130 270	132 982
Taxation		-	7 914	-	-
Current portion of borrowings	12	429 527	378 608	427 596	376 803
TOTAL LIABILITIES		22 372 052	21 720 481	22 262 314	21 593 721
NET ASSETS					
Total net assets		49 296 226	42 861 306	48 691 249	42 449 186
Housing development fund	20	409 351	359 289	409 351	359 289
Reserves		4 389 568	3 105 791	4 389 568	3 105 791
Accumulated surplus		44 174 137	39 078 272	43 892 330	38 984 106
Non-controlling interest		323 170	317 954	-	-
TOTAL NET ASSETS AND LIABILITIES		71 668 278	64 581 787	70 953 563	64 042 907

¹ Comparative restated: See note 39 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2019	Restated ¹ 2018	2019	Restated ¹ 2018
REVENUE					
Exchange revenue		22 876 933	21 009 742	22 372 280	20 539 542
Service charges	21	19 754 555	18 164 117	19 765 158	18 160 336
Rental of letting stock and facilities		610 564	615 891	460 383	494 500
Finance income	22	1 411 195	1 131 401	1 391 166	1 109 015
Licences and permits		58 078	46 788	58 078	46 788
Agency services		230 144	213 550	230 144	213 550
Other income	23	688 962	757 428	344 089	434 876
Gains on disposal of property, plant and equipment		123 435	80 567	123 262	80 477
Non-exchange revenue		20 072 301	18 352 220	20 293 156	18 553 280
Finance income	22	92 302	76 885	92 302	76 885
Other income	23	25 533	-	242 162	198 921
Property rates	24	9 312 393	8 468 248	9 319 556	8 470 387
Fuel levy		2 558 136	2 417 635	2 558 136	2 417 635
Fines, penalties and forfeits		1 459 194	1 545 312	1 459 194	1 545 312
Government grants and subsidies	25	6 548 361	5 744 790	6 548 361	5 744 790
Public contributions	26	76 382	99 350	73 445	99 350
Total revenue		42 949 234	39 361 962	42 665 436	39 092 822
EXPENDITURE					
Employee-related costs	27	12 429 037	10 948 648	12 335 769	10 866 949
Remuneration of councillors and board members	42.2.1	153 100	147 949	152 357	147 293
Impairment costs	28	1 615 557	2 039 929	1 767 257	1 636 416
Collection costs		220 220	207 853	216 234	207 853
Depreciation and amortisation expenses	2,4,5	2 857 735	2 606 357	2 802 364	2 566 995
Finance costs	29	754 000	782 902	753 155	781 925
Bulk purchases	30	8 644 621	8 127 378	8 644 621	8 127 378
Contracted services	31	2 066 606	1 961 902	2 009 736	1 809 505
Grants and subsidies paid		171 505	141 855	226 657	164 022
General expenses	32	7 586 422	7 346 543	7 505 576	7 396 952
Losses on disposal of property, plant and equipment		9 650	5 668	9 647	5 610
Total expenditure		36 508 453	34 316 984	36 423 373	33 710 898
NET SURPLUS FROM OPERATIONS		6 440 781	5 044 978	6 242 063	5 381 924
Deficit from discontinued operation	33	-	-	-	(27 479)
Surplus from continued operations before taxation		6 440 781	5 044 978	6 242 063	5 409 403
Taxation	34.2	(5 861)	118 548	-	-
NET SURPLUS FROM CONTINUED OPERATIONS		6 434 920	5 163 526	6 242 063	5 381 924
Attributable to owners of the controlling entity		6 429 704	5 253 351		
Attributable to non-controlling interest		5 216	(89 825)		
SURPLUS FOR THE YEAR		6 434 920	5 163 526		

¹ Comparative restated: See note 39 for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

ECONOMIC ENTITY						
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	Total
2017						
Balance as at 30 June 2017	331 568	2 880 321	561 296	33 728 516	407 779	37 909 480
Correction of errors	-	-	-	(211 700)	-	(211 700)
2018						
Restated balance as at 30 June 2017¹	331 568	2 880 321	561 296	33 516 816	407 779	37 697 780
Restated surplus ¹	-	-	-	5 253 351	-	5 163 526
Surplus for the year	-	-	-	5 568 194	(89 825)	5 478 369
Correction of error	-	-	-	(314 843)	-	(314 843)
Share purchases by non-controlling interest holders	35 075	784 791	17 032	(836 898)	-	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-	-
Balance as at 30 June 2018¹	359 289	2 527 463	578 328	39 078 272	317 954	42 861 306
2019						
Surplus for the year	-	-	-	6 429 704	5 216	6 434 920
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226

MUNICIPALITY OF CAPE TOWN						
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total	
2017						
Balance as at 30 June 2017	331 568	2 880 321	561 296	33 505 777	37 278 962	
Correction of error	-	-	-	(211 700)	(211 700)	
2018						
Restated balance as at 1 July 2017 ¹	331 568	2 880 321	561 296	33 294 077	37 067 262	
Restated surplus ¹	-	-	-	5 381 924	5 381 924	
Surplus for the year	-	-	-	5 696 767	5 696 767	
Correction of error	-	-	-	(314 843)	(314 843)	
Transfer to/(from)	35 075	784 791	17 032	(836 898)	-	
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-	
Restated balance as at 30 June 2018 ¹	359 289	2 527 463	578 328	38 984 106	42 449 186	
2019						
Surplus for the year	-	-	-	6 242 063	6 242 063	
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-	
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-	
Balance as at 30 June 2019	409 351	3 800 793	588 775	43 892 330	48 691 249	

¹ Comparative restated: See note 39 for more details.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2019	Restated ¹ 2018	2019	Restated ¹ 2018
CASH FLOW FROM OPERATING ACTIVITIES					
CONTINUED OPERATION					
Cash receipts from ratepayers, government and other		38 790 956	35 152 027	38 596 345	34 909 543
Cash paid to suppliers and employees		(30 286 978)	(28 102 472)	(30 085 454)	(27 925 502)
Cash generated from operations	35	8 529 511	7 049 555	8 510 891	6 984 041
Finance income		1 447 788	1 173 010	1 427 759	1 150 625
Finance costs		(693 161)	(690 644)	(692 316)	(689 667)
Taxation		(4 037)	(3 402)	-	-
Net cash from continued operations		9 280 101	7 528 519	9 246 334	7 444 999
DISCONTINUED OPERATION					
Cash receipts from ratepayers, government and other					6 039
Cash paid to suppliers and employees					(33 518)
Net cash from discontinued operation	33				(27 479)
NET CASH FROM OPERATING ACTIVITIES		9 280 101	7 528 519	9 246 334	7 417 520
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(5 466 264)	(5 710 806)	(5 392 818)	(5 588 905)
Proceeds on disposal of assets		152 679	98 669	151 009	98 239
Decrease in long-term receivables		7 513	15 030	7 513	15 030
Increase in investments		(936 183)	(629 444)	(936 202)	(629 489)
NET CASH FROM INVESTING ACTIVITIES		(6 242 255)	(6 226 551)	(6 170 498)	(6 105 125)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		196 420	1 000 473	196 420	1 000 000
Repayment of borrowings		(370 744)	(307 619)	(368 901)	(305 920)
Increase in deposits		42 524	38 426	29 302	29 950
NET CASH FROM FINANCING ACTIVITIES		(131 800)	731 280	(143 179)	724 030
NET INCREASE IN CASH AND CASH EQUIVALENTS	36	2 906 046	2 033 248	2 932 657	2 036 425
Cash and cash equivalents at the beginning of the year		5 806 824	3 773 576	5 486 618	3 450 193
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8 712 870	5 806 824	8 419 275	5 486 618

¹ Comparative restated: See note 39 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - economic entity

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

ECONOMIC ENTITY						
	Note	Approved budget ¹	Final budget ¹	Actual per financial statements classification	Classification differences ²	Variance: Actual per budget classification and actual amounts
STATEMENT OF FINANCIAL POSITION						
Total non-current assets	40.2.1	52 845 678	52 845 678	52 902 375	-	(55 697)
Total current assets		20 472 426	20 472 426	18 766 122	-	1 706 304
Total assets		73 318 104	73 318 104	71 668 497	-	1 649 607
Total non-current liabilities		14 289 354	14 289 354	13 154 745	-	1 134 609
Total current liabilities	i	11 669 266	11 669 266	9 217 527	-	2 451 739
Total liabilities		25 958 620	25 958 620	22 372 272	-	3 586 348
Total net assets		47 359 484	47 359 484	49 296 225	-	(1 936 741)
Total net assets and liabilities		73 318 104	73 318 104	71 668 497	-	1 649 607
STATEMENT OF FINANCIAL PERFORMANCE						
Property rates	40.2.2	9 362 895	9 362 895	9 312 393	216 628	(166 126)
Service charges		19 444 420	19 444 420	19 754 555	(857 330)	547 195
Investment revenue	i	952 550	952 550	1 503 497	(361 404)	(189 543)
Transfers recognised - operational		7 441 863	7 441 863	4 468 913	2 580 305	392 645
Other own revenue	ii	3 311 885	3 311 885	5 754 046	(1 900 375)	(541 786)
Total revenue (excluding capital transfers and contributions)		40 513 613	40 513 613	40 793 404	(322 176)	42 385
Employee costs		12 641 536	12 620 261	12 429 037	29 786	161 438
Remuneration of councillors		169 990	169 990	153 100	8 940	7 950
Debt impairment	iii	2 401 678	2 401 678	1 770 219	(184 309)	815 768
Depreciation and asset impairment		2 896 718	2 896 718	2 703 073	29 648	163 997
Finance charges		910 258	908 139	754 000	80 056	74 083
Materials and bulk purchases		10 308 408	10 350 649	8 644 621	1 292 508	413 520
Transfers and grants	iv	489 401	487 839	171 505	165 311	151 023
Other expenditure		9 024 144	9 006 859	9 882 898	(1 766 285)	890 246
Total expenditure		38 842 133	38 842 133	36 508 453	(344 345)	2 678 025
Surplus		1 671 480	1 671 480	4 284 951	22 169	(2 635 640)
Transfers recognised - capital	v	2 543 596	2 543 596	2 079 448	1 472	462 676
Contributions recognised - capital and contributed assets		54 525	54 525	76 382	(23 641)	1 784
Surplus after capital transfers and contributions		4 269 601	4 269 601	6 440 781	-	(2 171 180)

^{1/2} See note 40 for more details.

ECONOMIC ENTITY						
	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ³	Variance: Final budget and actual amounts
						Variance %
CASH FLOW STATEMENT						
Net cash from operating	40.2.3 i	7 783 578	7 783 578	9 280 101	-	(1 496 523) (19,23)
Net cash from investing		(6 089 668)	(6 089 668)	(6 242 255)	-	152 587 (2,51)
Net cash from financing	ii	212 247	212 247	(131 800)	-	344 047 162,10
Net increase in cash and cash equivalents		1 906 157	1 906 157	2 906 046	-	(999 889) (52,46)
CAPITAL EXPENDITURE						
Community Services and Health	40.3.1 i	313 947	313 947	295 246	(1 015)	19 716 6,28
Corporate Services	ii	269 714	269 714	252 050	-	17 664 6,55
Economic Opportunities and Asset Management		283 893	283 893	274 402	(1 688)	11 179 3,94
Energy and Climate Change	iii	863 238	863 238	740 525	8 931	113 782 13,18
Finance		26 851	26 851	26 224	-	627 2,34
Human Settlements	iv	732 986	732 986	671 564	14 444	46 978 6,41
Office of the City Manager	v	2 696	2 696	2 500	-	196 7,27
Safety and Security		212 649	212 649	207 023	(157)	5 783 2,72
Spatial Planning and Environment	vi	62 253	62 253	43 314	-	18 939 30,42
Transport	vii	1 169 139	1 169 139	987 340	-	181 799 15,55
Urban Management		23 477	23 477	22 429	-	1 048 4,46
Water and Waste Services	viii	2 675 289	2 675 289	1 873 061	(99 903)	902 131 33,72
Subsidiaries	ix	91 630	91 630	73 446	-	18 184 19,85
Total		6 727 762	6 727 762	5 469 124	(79 388)	1 338 026 19,89

^{1/3} See note 40 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

MUNICIPALITY OF CAPE TOWN						
	Note	Approved budget ¹	Final budget ¹	Actual per financial statements classification	Classification differences ²	Variance: Actual per budget classification and actual amounts
STATEMENT OF FINANCIAL POSITION						
Total non-current assets	40.2.1	52 845 678	52 845 678	52 547 899	-	297 779
Total current assets	i	20 472 426	20 472 426	18 405 664	-	2 066 762
Total assets		73 318 104	73 318 104	70 953 563	-	2 364 541
Total non-current liabilities	ii	14 289 354	14 289 354	13 148 024	-	1 141 330
Total current liabilities		11 669 266	11 669 266	9 114 290	-	2 554 976
Total liabilities		25 958 620	25 958 620	22 262 314	-	3 696 306
Total net assets		47 359 484	47 359 484	48 691 249	-	(1 331 765)
Total net assets and liabilities		73 318 104	73 318 104	70 953 563	-	2 364 541
FINANCIAL PERFORMANCE						
Property rates	40.2.2	9 362 895	9 362 895	9 319 556	216 628	(173 289)
Service charges		19 476 569	19 476 569	19 765 158	(857 330)	568 741
Investment revenue	i	940 288	940 288	1 483 468	(361 404)	(181 776)
Transfers recognised - operational		7 369 203	7 369 203	4 468 913	2 580 305	319 985
Other own revenue	ii	3 033 368	3 033 368	5 475 448	(1 900 375)	(541 705)
Total revenue (excluding capital transfers and contributions)		40 182 323	40 182 323	40 512 543	(322 176)	(8 044)
Employee costs		12 522 677	12 501 402	12 335 769	29 786	135 847
Remuneration of councillors		169 640	169 640	152 357	8 940	8 343
Debt impairment	iii	2 401 378	2 401 378	1 767 257	(184 309)	818 430
Depreciation and asset impairment		2 850 051	2 850 051	2 802 364	29 648	18 039
Finance charges		906 679	904 560	753 155	80 056	71 349
Materials and bulk purchases		10 308 408	10 350 649	8 644 621	1 292 508	413 520
Transfers and grants	iv	489 401	487 839	226 657	165 311	95 871
Other expenditure		8 850 515	8 833 230	9 741 193	(1 766 285)	858 322
Total expenditure		38 498 749	38 498 749	36 423 373	(344 345)	2 419 721
Surplus		1 683 574	1 683 574	4 089 170	22 169	(2 427 765)
Transfers recognised - capital	v	2 543 596	2 543 596	2 079 448	1 472	462 676
Contributions recognised - capital and contributed assets		54 525	54 525	73 445	(23 641)	4 721
Surplus after capital transfers and contributions		4 281 695	4 281 695	6 242 063	-	(1 960 368)

^{1/2} See note 40 for more details.

MUNICIPALITY OF CAPE TOWN						
	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ³	Variance: Final budget and actual amounts
						Variance %
CASH FLOW STATEMENT						
	40.2.3					
Net cash from operating	i	7 783 578	7 783 578	9 246 334	-	(1 462 756)
Net cash from investing		(6 089 668)	(6 089 668)	(6 170 498)	-	80 830
Net cash from financing	ii	212 247	212 247	(143 179)	-	355 426
Net increase in cash and cash equivalents		1 906 157	1 906 157	2 932 657	-	(1 026 500)
CAPITAL EXPENDITURE						
	40.3.1					
Community Services and Health	i	313 947	313 947	295 246	(1 015)	19 716
Corporate Services	ii	269 714	269 714	252 050	-	17 664
Economic Opportunities and Asset Management		283 893	283 893	274 402	(1 688)	11 179
Energy and Climate Change	iii	863 238	863 238	740 525	8 931	113 782
Finance		26 851	26 851	26 224	-	627
Human Settlements	iv	732 986	732 986	671 564	14 444	46 978
Office of the City Manager	v	2 696	2 696	2 500	-	196
Safety and Security		212 649	212 649	207 023	(157)	5 783
Spatial Planning and Environment	vi	62 253	62 253	43 314	-	18 939
Transport	vii	1 169 139	1 169 139	987 340	-	181 799
Urban Management		23 477	23 477	22 429	-	1 048
Water and Waste Services	viii	2 675 289	2 675 289	1 873 061	(99 903)	902 131
Total		6 636 132	6 636 132	5 395 678	(79 388)	1 319 842
						19,89

^{1/3} See note 40 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, the policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised cost	Fair value	Total carrying amount	Fair value
2019				
Financial assets				
Investments	2 649 360	4 864 661	7 514 021	7 598 769
Long-term receivables	32 631	-	32 631	32 631
Receivables	6 213 435	-	6 213 435	6 213 435
Other receivables	272 685	-	272 685	272 685
Cash and cash equivalents	8 025 825	681 726	8 707 551	8 707 551
TOTAL	17 193 936	5 546 387	22 740 323	22 825 071
Non-financial assets arising out of the operation of law				
Receivables	2 301 108	-	2 301 108	2 301 108
Other receivables	468 289	-	468 289	468 289
TOTAL	2 769 397	-	2 769 397	2 769 397
Derivative financial assets				
Forward exchange contracts	-	-	-	-
2018				
Financial assets				
Investments	2 411 026	4 166 812	6 577 838	6 599 770
Long-term receivables	40 144	-	40 144	40 144
Receivables	3 462 386	-	3 462 386	3 462 386
Other receivables	274 034	-	274 034	274 034
Cash and cash equivalents	4 855 819	945 686	5 801 505	5 801 505
TOTAL	11 043 409	5 112 498	16 155 907	16 177 839
Non-financial assets arising out of the operation of law				
Receivables	2 160 706	-	2 160 706	2 160 706
Other receivables	368 221	-	368 221	368 221
TOTAL	2 528 927	-	2 528 927	2 528 927
Derivative financial assets				
Forward exchange contracts	11	-	11	11

The 2018 comparative amount has been restated - see note 39.

	Amortised cost	Total carrying amount	Fair value
2019			
Non-derivative financial liabilities			
Borrowings	6 707 184	6 707 184	7 218 312
Payables	4 839 444	4 839 444	4 839 444
TOTAL	11 546 628	11 546 628	12 057 756
Derivative financial liabilities			
Forward exchange contracts	56	56	56
2018			
Non-derivative financial liabilities			
Borrowings	6 879 835	6 879 835	6 044 235
Payables	4 867 062	4 867 062	4 867 062
TOTAL	11 746 897	11 746 897	10 911 297

1. FINANCIAL RISK MANAGEMENT (continued)

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.

	Level 1	Level 2	Level 3	Total
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Derivative financial assets				
Forward exchange contracts	-	-	-	-
2018				
Financial assets				
Investments	1 097 090	3 069 722	-	4 166 812
Cash and cash equivalents	-	945 686	-	945 686
TOTAL	1 097 090	4 015 408	-	5 112 498
Derivative financial assets				
Forward exchange contracts	11	-	-	11
2019				
Financial liabilities				
Long-term borrowings	6 698 533	-	-	6 698 533
Derivative financial liabilities				
Forward exchange contracts	56	-	-	56
2018				
Financial liabilities				
Long-term borrowings	6 869 341	-	-	6 869 341

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1 - 5 years	>5 years	Total
2019				
Non-derivative financial liabilities	5 910 442	5 720 035	3 543 797	15 174 274
Borrowings	1 070 998	5 720 035	3 543 797	10 334 830
Capital repayments	359 393	3 272 436	3 075 355	6 707 184
Interest	711 605	2 447 599	468 442	3 627 646
Payables	4 839 444	-	-	4 839 444
Trade payables	4 462 559	-	-	4 462 559
Sundry creditors	376 885	-	-	376 885
Derivative liabilities	56	-	-	56
Forward exchange contracts	56	-	-	56
	5 910 498	5 720 035	3 543 797	15 174 330

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	
	2019	2018	2019	2018
Investments	7 514 021	6 577 838	7 514 021	6 577 819
Long-term receivables - see note 7	32 631	40 144	32 631	40 144
Receivables and other receivables	6 486 120	3 736 420	6 892 834	6 250 387
Cash and cash equivalents	8 707 551	5 801 505	8 419 275	5 486 618
TOTAL	22 740 323	16 155 907	22 858 761	18 354 968

The 2018 comparative amount has been restated - see note 39.

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk (continued)

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,59% (2018: 1,56%) 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 9 and 10.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be contested in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 Price risk

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates may affect the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2019 were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES					
	Weighted average interest rate %	1 year or less	1 - 5 years	>5 years	Total
Financial assets					
Investments	8,21	3 214 057	3 054 621	1 927 068	8 195 746
Cash and cash equivalents	7,28	8 025 825	-	-	8 025 825
TOTAL		11 239 882	3 054 621	1 927 068	16 221 571
Financial liabilities					
Borrowings	10,05	359 393	3 272 436	3 075 355	6 707 184

Sensitivity analysis

Financial assets

As at 30 June 2019, 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 R161,46 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 2019 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

Sensitivity analysis

As at 30 June 2019, 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 R77 711,93 due to the changes in the carrying value of the foreign-exchange asset at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

2. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 551 734	(1 898 592)	3 653 142	5 295 131	(1 870 692)	3 424 439
Infrastructure	42 645 904	(13 397 550)	29 248 354	39 017 783	(12 001 275)	27 016 508
Community	9 483 241	(3 238 814)	6 244 427	9 224 175	(2 952 476)	6 271 699
Other	10 354 849	(5 926 826)	4 428 023	9 400 823	(5 305 930)	4 094 893
Service concession	1 382 175	(675 334)	706 841	1 411 417	(576 910)	834 507
Housing rental stock	3 102 806	(1 091 440)	2 011 366	3 115 668	(1 021 046)	2 094 622
TOTAL	72 520 709	(26 228 556)	46 292 153	67 464 997	(23 728 329)	43 736 668

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2019							
Land and buildings	3 424 439	213 062	101 935	(260)	(79 557)	(6 477)	3 653 142
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 094 893	(147 880)	1 253 498	(19 829)	(749 792)	(2 867)	4 428 023
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 736 668	(27 084)	5 357 605	(38 074)	(2 704 766)	(32 196)	46 292 153

(See annexure B for more details.)

As at 30 June 2018

Land and buildings	3 476 850	235 171	245 848	(361)	(62 122)	(470 947)	3 424 439
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 702 058	(103 634)	1 185 003	(19 949)	(667 507)	(1 078)	4 094 893
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	41 167 635	(64 398)	5 588 591	(23 770)	(2 449 472)	(481 918)	43 736 668

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 159 361	(984 941)	3 174 420	3 828 532	(924 880)	2 903 652
Infrastructure	42 645 904	(13 397 550)	29 248 354	39 017 783	(12 001 275)	27 016 508
Community	9 483 241	(3 238 814)	6 244 427	9 224 175	(2 952 476)	6 271 699
Other	10 106 002	(5 788 178)	4 317 824	9 267 974	(5 235 196)	4 032 778
Service concession	1 382 175	(675 334)	706 841	1 411 417	(576 910)	834 507
Housing rental stock	3 102 806	(1 091 440)	2 011 366	3 115 668	(1 021 046)	2 094 622
TOTAL	70 879 489	(25 176 257)	45 703 232	65 865 549	(22 711 783)	43 153 766

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2019							
Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 153 766	(17 719)	5 286 847	(37 369)	(2 652 645)	(29 648)	45 703 232

As at 30 June 2018

Land and buildings	2 545 255	235 171	169 485	(361)	(45 303)	(595)	2 903 652
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 662 509	(103 634)	1 139 502	(19 551)	(644 970)	(1 078)	4 032 778
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	40 196 491	(64 398)	5 466 727	(23 372)	(2 410 116)	(11 566)	43 153 766

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Assets under construction - carrying value				
Land and buildings	62 982	199 201	-	-
Infrastructure	2 525 750	2 600 717	2 525 750	2 600 717
Community	168 214	217 903	168 214	217 903
Other	218 124	368 406	218 124	368 406
	2 975 070	3 386 227	2 912 088	3 187 026
PPE projects				
• <i>Significantly delayed</i>				
Land and buildings	62 982	199 201	-	-
Infrastructure	13 517	227 170	13 517	227 170
Community	568	27 695	568	27 695
TOTAL	77 067	454 066	14 085	254 865
<p>The significant delays are mainly due to delays in the construction of a new electricity depot worth R9,60 million (2018: R8,63 million) and the roll-out of certain sections of the integrated rapid transit (IRT) network worth R2,00 million (2018: R150,55 million).</p> <p>The comparative amount of land and buildings has been restated from R393,42 million to R199,20 million, and relates to the expansion of the Convention Centre (CTICC2).</p>				
• <i>Halted</i>				
Infrastructure	133 996	-	133 996	-
Community	17 366	27 748	17 366	27 748
TOTAL	151 362	27 748	151 362	27 748
<p>These halted projects are mainly due to outstanding supply chain management (SCM) processes in the construction of a waste-water treatment plant worth R125,10 million (2018: R0), and safety concerns in an integrated Manenberg project worth R16,99 million (2018: R0).</p>				

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Capital commitments - approved and contracted for capital expenditure				
Infrastructure	3 294 374	1 651 658	3 294 374	1 651 658
Community	3 864	63 446	3 864	63 446
Other	74 607	325 253	56 299	312 963
TOTAL	3 372 845	3 467 040	3 354 537	2 028 067

Capital commitments represent future capital expenditure, exclusive of VAT. The City is obligated to spend these amounts due to signed contracts with suppliers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Repairs and maintenance

The Entity's amount is R2,73 billion (2018: R2,46 billion) for the financial reporting year. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 39).

Service concession assets

The City of Cape Town has made service concession arrangements with three operators on the MyCiTi IRT system. Included are IRT buses and related depots. The City does however retain full control over the nature, timing and extent of the services that the operators must perform.

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R12,77 million (2018: R53,79 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets

A value-in-use amount of R512,9 million (2018: R491 million) was determined for the CTICC 1 and CTICC 2 buildings combined. The current carrying value of R515,4 million (2018: R961 million) was established for the relevant assets in that cash-generating unit. This has resulted in the recognition of an impairment loss of R2,5 million (2018: R470 million).

The considerations, methods and significant assumptions applied in arriving at the value-in-use are as follows:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) The two buildings of the business are considered a single cash-generating unit and are evaluated accordingly when testing for impairment.
- (e) The value-in-use was estimated using a discounted cash flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional four years, assuming inflationary revenue growth of 6,5% for both CTICC 1 and CTICC 2.
- (f) A discount rate of 13,41% (2018: 14,04%) was used. This was calculated using the risk-free rate of 8,10% associated with the R186 bond, adjusted by 5,31 percentage points to take into account the company's long-term borrowing cost of 9,30%, a beta coefficient of 0,90, as well as a market risk premium of 6,10% for uncertainty regarding the timing and extent of future cash flows.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

3. HERITAGE ASSETS

ECONOMIC ENTITY						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 280	-	10 280	8 891	-	8 891

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280

(See annexure B for more details.)

As at 30 June 2018

Paintings and museum items	8 904	(13)	-	-	8 891
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Heritage assets are held at cost, as it is impractical to determine their fair value.

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 280	-	10 280	8 891	-	8 891

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280

As at 30 June 2018

Paintings and museum items	8 904	(13)	-	-	8 891
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4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(59 682)	582 961	642 681	(57 968)	584 713

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2019						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961

(See annexure B for more details.)

As at 30 June 2018

Land and buildings	586 427	-	-	(1 714)	-	584 713
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	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(59 682)	582 961	642 681	(57 968)	584 713

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2019						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961

As at 30 June 2018

Land and buildings	586 427	-	-	(1 714)	-	584 713
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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(354 637)	206 804	561 441	(284 457)	276 984
Computer software	1 140 773	(646 360)	494 413	1 003 979	(564 924)	439 055
TOTAL	1 702 214	(1 000 997)	701 217	1 565 420	(849 380)	716 040

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2019					
Acquisition of rights	276 984	-	-	(70 180)	206 804
Computer software	439 056	26 302	110 130	(81 075)	494 413
TOTAL	716 040	26 302	110 130	(151 255)	701 217

(See annexure B for more details.)

As at 30 June 2018

Acquisition of rights	347 049	116	-	(70 180)	276 985
Computer software	331 822	64 293	127 931	(84 991)	439 055
TOTAL	678 871	64 409	127 931	(155 171)	716 040

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(354 637)	206 804	561 441	(284 457)	276 984
Computer software	1 129 306	(642 932)	486 374	1 003 942	(564 917)	439 025
TOTAL	1 690 747	(997 569)	693 178	1 565 383	(849 374)	716 009

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2019					
Acquisition of rights	276 984	-	-	(70 180)	206 804
Computer software	439 025	17 732	107 442	(77 825)	486 374
TOTAL	716 009	17 732	107 442	(148 005)	693 178

As at 30 June 2018

Acquisition of rights	347 048	116	-	(70 180)	276 984
Computer software	331 823	64 293	127 894	(84 985)	439 025
TOTAL	678 871	64 409	127 894	(155 165)	716 009

6. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 669 483	-	-	7 669 483
Other financial instruments	-	-	-	-
Deposits held with fund managers	-	5 546 387	-	5 546 387
	10 255 496	5 546 387	-	15 801 883
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 250 177	5 546 387	-	15 796 564
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 11	(7 606 136)	(681 726)	-	(8 287 862)
TOTAL	2 570 708	2 405 664	-	4 976 372
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments	2 264 754	-	-	2 264 754
Other fixed deposits	4 573 223	-	-	4 573 223
Other financial instruments	-	19	-	19
Deposits held with fund managers	-	5 112 479	-	5 112 479
	6 920 815	5 112 498	-	12 033 313
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	6 915 496	5 112 498	-	12 027 994
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 509 789)	(945 686)	-	(5 455 475)
TOTAL	2 342 295	2 248 648	-	4 590 943

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

6. INVESTMENTS (continued)

MUNICIPALITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
Net investments	10 079 117	5 546 387	366 187	15 991 691
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents - see note 11	(7 435 076)	(681 726)	-	(8 116 802)
TOTAL	2 570 708	2 405 664	366 187	5 342 559
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments	2 264 754	-	-	2 264 754
Other fixed deposits	4 354 545	-	-	4 354 545
Deposits held with fund managers	-	5 112 479	-	5 112 479
Shares in CTICC	-	-	833 998	833 998
	6 702 137	5 112 479	833 998	12 648 614
Provision for impairment	(5 319)	-	(313 149)	(318 468)
Net investments	6 696 818	5 112 479	520 849	12 330 146
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents - see note 11	(4 291 111)	(945 686)	-	(5 236 797)
TOTAL	2 342 295	2 248 629	520 849	5 111 773

Guaranteed investment instruments

A total of R2,50 billion (2018: R2,26 billion) has been ring-fenced for repayment of the long-term liabilities - see note 12 for more details.

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R20 thousand (2018: R40 thousand), 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 (COID investments)

Pledged RSA Government stock (bonds) of R82,57 million (2018: R82,84 million) and fixed deposits of R63,34 million (2018: R0) were purchased at the request of the Department of Labour in terms of the COID Act 130 of 1993, as the Compensation Commissioner is required to hold the physical scrip and guarantees as security for the City's liabilities under the act.

7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Exchange transactions				
Other	897	4 498	897	4 498
Provision for impairment	(273)	(3 592)	(273)	(3 592)
	624	906	624	906
Housing selling developments	33 888	47 648	33 888	47 648
Provision for impairment	(1 881)	(8 410)	(1 881)	(8 410)
	32 007	39 238	32 007	39 238
Payments made in advance	191 896	191 896	191 896	191 896
	224 527	232 040	224 527	232 040
Transferred to current receivables	(8 838)	(14 290)	(8 838)	(14 290)
TOTAL	215 689	217 750	215 689	217 750
	2019	2018	2019	2018
Reconciliation of impairment provision				
Balance at beginning of the year	12 002	13 058	12 002	13 058
Contribution from provisions	(9 848)	(1 056)	(9 848)	(1 056)
Balance as at 30 June	2 154	12 002	2 154	12 002

7.1 Other

Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,25% (2018: 10%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties, resulting in an increase in the level of payments received, and has therefore seen a significant decrease in the provision for impairment.

7.3 Payments made in advance

A payment relating to the Urban Settlement Development Grant (USDG) was paid in advance to Province - Department of Human Settlements for the construction of certain housing development infrastructure. Upon completion of these projects the infrastructure will be transferred to the City of Cape Town. During the current financial year none of the projects were completed, therefore the advance payment balance remained unchanged.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

8. INVENTORY

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Consumable stock	331 558	357 270	329 491	355 679
Water	48 631	42 049	48 631	42 049
Other goods held for use/resale	57 869	73 999	57 869	73 999
TOTAL	438 058	473 318	435 991	471 727

Inventory to the value of R0,52 million (2018: R0,33 million) was scrapped during the year. Inventory to the value of R579,57 million (2018: R566,78 million) was expensed during the year.

9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
From non-exchange transactions	3 295 821	(994 713)	2 301 108	2 945 905	(785 199)	2 160 706
Rates debtors	3 234 505	(989 747)	2 244 758	2 902 567	(780 645)	2 121 922
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
TOTAL	10 978 982	(4 765 547)	6 213 435	9 943 200	(4 320 108)	5 623 092

As at 30 June 2019, the City's receivables balance included an amount of R241,28 million (2018: R199,34 million), owed by National Government and Province.

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	4 320 108	3 844 285
Contributions to provisions	945 320	689 796
Transfers from provisions	(7 215)	(6 864)
Bad debt written off	(492 666)	(207 109)
Balance as at 30 June	4 765 547	4 320 108

The 2018 comparative amount has been restated – see note 39.

9. RECEIVABLES (continued)

ECONOMIC ENTITY - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Not past due date	1 779 621	(123 106)	1 656 515	1 798 327	(89 428)	1 708 899
Past due						
0 - 90	813 083	(61 424)	751 659	886 699	(58 406)	828 293
91 - 365	1 425 282	(155 178)	1 270 104	818 735	(64 025)	754 710
365+	2 626 749	(2 626 749)	-	2 559 616	(2 559 616)	-
• Electricity	1 831 809	(359 865)	1 471 944	1 663 192	(328 438)	1 334 754
Not past due date	921 748	(20 239)	901 509	889 685	(11 740)	877 945
Past due						
0 - 90	383 621	(8 423)	375 198	346 894	(4 577)	342 317
91 - 365	199 621	(4 384)	195 237	116 023	(1 531)	114 492
365+	326 819	(326 819)	-	310 590	(310 590)	-
• Water	3 024 398	(1 623 589)	1 400 809	2 841 804	(1 653 828)	1 187 976
Not past due date	465 228	(60 092)	405 136	538 149	(69 242)	468 907
Past due						
0 - 90	280 770	(36 266)	244 504	399 463	(51 390)	348 073
91 - 365	862 587	(111 418)	751 169	425 768	(54 772)	370 996
365+	1 415 813	(1 415 813)	-	1 478 424	(1 478 424)	-
• Waste management	687 999	(398 871)	289 128	565 488	(335 654)	229 834
Not past due date	131 139	(15 500)	115 639	109 543	(6 694)	102 849
Past due						
0 - 90	88 237	(10 429)	77 808	27 428	(1 676)	25 752
91 - 365	108 506	(12 825)	95 681	107 821	(6 588)	101 233
365+	360 117	(360 117)	-	320 696	(320 696)	-
• Wastewater management	1 100 529	(584 132)	516 397	992 893	(453 555)	539 338
Not past due date	261 506	(27 275)	234 231	260 950	(1 752)	259 198
Past due						
0 - 90	60 455	(6 306)	54 149	112 914	(763)	112 151
91 - 365	254 568	(26 551)	228 017	169 123	(1 134)	167 989
365+	524 000	(524 000)	-	449 906	(449 906)	-

The 2018 comparative amount has been restated - see note 39.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

ECONOMIC ENTITY - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Not past due date	78 082	(21 364)	56 718	72 611	(46 558)	26 053
Past due						
0 - 90	34 788	(9 518)	25 270	54 072	(34 671)	19 401
91 - 365	72 376	(19 802)	52 574	65 496	(41 996)	23 500
365+	529 038	(529 038)	-	421 363	(421 363)	-
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Not past due date	2 091	(151)	1 940	343	(62)	281
Past due						
0 - 90	14 287	(1 580)	12 707	19 149	(3 488)	15 661
91 - 365	10 642	(528)	10 114	15 778	(2 874)	12 904
365+	171 497	(171 497)	-	166 509	(166 509)	-
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
Not past due date	39 962	(1 304)	38 658	40 587	-	40 587
Past due						
0 - 90	18 979	(619)	18 360	16 141	-	16 141
91 - 365	18 305	(597)	17 708	15 956	-	15 956
365+	48 379	(48 379)	-	45 913	(45 913)	-
FROM NON-EXCHANGE TRANSACTIONS	3 295 821	(994 713)	2 301 108	2 945 905	(785 199)	2 160 706
Rates debtors	3 234 505	(989 747)	2 244 758	2 902 567	(780 645)	2 121 922
Not past due date	1 783 211	(75 870)	1 707 341	1 908 577	(25 699)	1 882 878
Past due						
0 - 90	160 524	(6 820)	153 704	46 271	(622)	45 649
91 - 365	400 740	(17 027)	383 713	196 030	(2 635)	193 395
365+	890 030	(890 030)	-	751 689	(751 689)	-
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
Not past due date	27 493	(1 912)	25 581	29 486	-	29 486
Past due						
0 - 90	9 035	(628)	8 407	6 567	(793)	5 774
91 - 365	24 034	(1 672)	22 362	4 007	(483)	3 524
365+	754	(754)	-	3 278	(3 278)	-
TOTAL	10 978 982	(4 765 547)	6 213 435	9 943 200	(4 320 108)	5 623 092

The "Not past due date" 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 R836,57 million (2018: R818,72 million) who have arranged to repay their outstanding arrear debt over a renegotiated period.

The 2018 comparative amount has been restated - see note 39.

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
From non-exchange transactions	3 298 308	(994 713)	2 303 595	2 949 213	(785 199)	2 164 014
Rates debtors	3 236 992	(989 747)	2 247 245	2 905 875	(780 645)	2 125 230
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
TOTAL	10 981 469	(4 765 547)	6 215 922	9 946 508	(4 320 108)	5 626 400

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	4 320 108	3 844 285
Contributions to provisions	945 320	689 796
Transfers from provisions	(7 215)	(6 864)
Bad debts written off	(492 666)	(207 109)
Balance as at 30 June	4 765 547	4 320 108

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

	MUNICIPALITY OF CAPE TOWN - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	7 683 161	(3 770 834)	3 912 327	6 997 295	(3 534 909)	3 462 386
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Not past due date	1 779 621	(123 106)	1 656 515	1 798 327	(89 428)	1 708 899
Past due						
0 - 90	813 083	(61 424)	751 659	886 699	(58 406)	828 293
91 - 365	1 425 282	(155 178)	1 270 104	818 735	(64 025)	754 710
365+	2 626 749	(2 626 749)	-	2 559 616	(2 559 616)	-
• Electricity	1 831 809	(359 865)	1 471 944	1 663 192	(328 438)	1 334 754
Not past due date	921 748	(20 239)	901 509	889 685	(11 740)	877 945
Past due						
0 - 90	383 621	(8 423)	375 198	346 894	(4 577)	342 317
91 - 365	199 621	(4 384)	195 237	116 023	(1 531)	114 492
365+	326 819	(326 819)	-	310 590	(310 590)	-
• Water	3 024 398	(1 623 589)	1 400 809	2 841 804	(1 653 828)	1 187 976
Not past due date	465 228	(60 092)	405 136	538 149	(69 242)	468 907
Past due						
0 - 90	280 770	(36 266)	244 504	399 463	(51 390)	348 073
91 - 365	862 587	(111 418)	751 169	425 768	(54 772)	370 996
365+	1 415 813	(1 415 813)	-	1 478 424	(1 478 424)	-
• Waste management	687 999	(398 871)	289 128	565 488	(335 654)	229 834
Not past due date	131 139	(15 500)	115 639	109 543	(6 694)	102 849
Past due						
0 - 90	88 237	(10 429)	77 808	27 428	(1 676)	25 752
91 - 365	108 506	(12 825)	95 681	107 821	(6 588)	101 233
365+	360 117	(360 117)	-	320 696	(320 696)	-
• Wastewater management	1 100 529	(584 132)	516 397	992 893	(453 555)	539 338
Not past due date	261 506	(27 275)	234 231	260 950	(1 752)	259 198
Past due						
0 - 90	60 455	(6 306)	54 149	112 914	(763)	112 151
91 - 365	254 568	(26 551)	228 017	169 123	(1 134)	167 989
365+	524 000	(524 000)	-	449 906	(449 906)	-

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Not past due date	78 082	(21 364)	56 718	72 611	(46 558)	26 053
Past due						
0 – 90	34 788	(9 518)	25 270	54 072	(34 671)	19 401
91 – 365	72 376	(19 802)	52 574	65 496	(41 996)	23 500
365+	529 038	(529 038)	-	421 363	(421 363)	-
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Not past due date	2 091	(151)	1 940	343	(62)	281
Past due						
0 – 90	14 287	(1 580)	12 707	19 149	(3 488)	15 661
91 – 365	10 642	(528)	10 114	15 778	(2 874)	12 904
365+	171 497	(171 497)	-	166 509	(166 509)	-
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
Not past due date	39 962	(1 304)	38 658	40 587	-	40 587
Past due						
0 – 90	18 979	(619)	18 360	16 141	-	16 141
91 – 365	18 305	(597)	17 708	15 956	-	15 956
365+	48 379	(48 379)	-	45 913	(45 913)	-
FROM NON-EXCHANGE TRANSACTIONS	3 298 308	(994 713)	2 303 595	2 949 213	(785 199)	2 164 014
Rates debtors	3 236 992	(989 747)	2 247 245	2 905 875	(780 645)	2 125 230
Not past due date	1 785 698	(75 870)	1 709 828	1 911 885	(25 699)	1 886 186
Past due						
0 – 90	160 524	(6 820)	153 704	46 271	(622)	45 649
91 – 365	400 740	(17 027)	383 713	196 030	(2 635)	193 395
365+	890 030	(890 030)	-	751 689	(751 689)	-
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
Not past due date	27 493	(1 912)	25 581	29 486	-	29 486
Past due						
0 – 90	9 035	(628)	8 407	6 567	(793)	5 774
91 – 365	24 034	(1 672)	22 362	4 007	(483)	3 524
365+	754	(754)	-	3 278	(3 278)	-
TOTAL	10 981 469	(4 765 547)	6 215 922	9 946 508	(4 320 108)	5 626 400

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

10. OTHER RECEIVABLES

ECONOMIC ENTITY						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	498 573	(109 492)	389 081	429 321	(106 303)	323 018
Payments made in advance	116 396	-	116 396	48 984	-	48 984
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Other exchange debtors	298 784	(48 150)	250 634	311 616	(45 428)	266 188
From non-exchange transactions	2 020 881	(1 552 592)	468 289	1 858 245	(1 490 024)	368 221
Government subsidies	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Other non-exchange debtors	32 122	-	32 122	15 238	-	15 238
TOTAL	2 519 454	(1 662 084)	857 370	2 287 566	(1 596 327)	691 239

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	1 596 327	1 415 798
Contributions to provisions	999 364	1 000 785
Bad debt written off	(933 607)	(820 256)
Balance as at 30 June	(1 662 084)	1 596 327

The 2018 comparative amount has been restated - see note 39.

10. OTHER RECEIVABLES (continued)

ECONOMIC ENTITY - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	498 573	(109 492)	389 081	429 321	(106 303)	323 018
Payment made in advance	116 396	-	116 396	48 984	-	48 984
Not past due date	116 396	-	116 396	48 984	-	48 984
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Not past due date	12 503	(626)	11 877	(3 744)	284	(3 460)
Past due						
0 – 90	6 669	(335)	6 334	(8 385)	636	(7 749)
91 – 365	4 042	(202)	3 840	20 620	(1 565)	19 055
365+	60 179	(60 179)	-	60 230	(60 230)	-
Other exchange debtors	298 784	(48 150)	250 634	311 616	(45 428)	266 188
Not past due date	182 346	(120)	182 226	242 136	(34)	242 102
Past due						
0 – 90	64 698	(1 731)	62 967	17 668	(1 107)	16 561
91 – 365	5 622	(181)	5 441	7 562	(37)	7 525
365+	46 118	(46 118)	-	44 250	(44 250)	-
FROM NON-EXCHANGE TRANSACTIONS	2 020 881	(1 552 592)	468 289	1 858 245	(1 490 024)	368 221
Government subsidies	99 856	-	99 856	23 058	-	23 058
Not past due date	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Past due						
0 – 90	298 727	(244 531)	54 196	221 577	(180 786)	40 791
91 – 365	776 810	(635 880)	140 930	326 753	(266 599)	60 154
365+	813 366	(672 181)	141 185	1 271 619	(1 042 639)	228 980
Other non-exchange debtors	32 122	-	32 122	15 238	-	15 238
Not past due date	32 122	-	32 122	15 238	-	15 238
TOTAL	2 519 454	(1 662 084)	857 370	2 287 566	(1 596 327)	691 239

The 2018 comparative amount has been restated - see note 39.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	432 828	(107 809)	325 019	406 398	(105 225)	301 173
Payments made in advance	116 396	-	116 396	45 407	-	45 407
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Other exchange debtors	233 039	(46 467)	186 572	292 270	(44 350)	247 920
From non-exchange transactions	2 020 881	(1 552 592)	468 289	1 858 245	(1 490 024)	368 221
Government subsidies	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Other non-exchange debtors	32 122	-	32 122	15 238	-	15 238
TOTAL	2 453 709	(1 660 401)	793 308	2 264 643	(1 595 249)	669 394

	2019	2018
Reconciliation of impairment provision		
Balance at beginning of the year	1 595 249	1 415 609
Contributions to provisions	998 759	999 897
Bad debt written off	(933 607)	(820 257)
Balance as at 30 June	(1 660 401)	1 595 249

10. OTHER RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN - CONTINUED ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	432 828	(107 809)	325 019	406 398	(105 225)	301 173
Payment made in advance	116 396	-	116 396	45 407	-	45 407
Not past due date	116 396	-	116 396	45 407	-	45 407
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Not past due date	12 503	(626)	11 877	(3 744)	284	(3 460)
Past due						
0 - 90	6 669	(335)	6 334	(8 385)	636	(7 749)
91 - 365	4 042	(202)	3 840	20 620	(1 565)	19 055
365+	60 179	(60 179)	-	60 230	(60 230)	-
Other exchange debtors	233 039	(46 467)	186 572	292 270	(44 350)	247 920
Not past due date	182 346	(120)	182 226	242 136	(34)	242 102
Past due						
0 - 90	311	(48)	263	4 962	(29)	4 933
91 - 365	4 264	(181)	4 083	922	(37)	885
365+	46 118	(46 118)	-	44 250	(44 250)	-
FROM NON-EXCHANGE TRANSACTIONS	2 020 881	(1 552 592)	468 289	1 858 245	(1 490 024)	368 221
Government subsidies	99 856	-	99 856	23 058	-	23 058
Not past due date	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Past due						
0 - 90	298 727	(244 531)	54 196	221 577	(180 786)	40 791
91 - 365	776 810	(635 880)	140 930	326 753	(266 599)	60 154
365+	813 366	(672 181)	141 185	1 271 619	(1 042 639)	228 980
Other non-exchange debtors	32 122	-	32 122	15 238	-	15 238
Not past due date	32 122	-	32 122	15 238	-	15 238
TOTAL	2 453 709	(1 660 401)	793 308	2 264 643	(1 595 249)	669 394

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

11. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Amortised cost	8 031 144	4 861 138	7 737 549	4 540 932
Bank balance*	368 324	311 119	245 953	209 735
Year-end accruals	473	466	473	466
Cash on hand and in transit	56 211	39 764	56 047	39 620
Call and short-term deposits – see note 6	7 606 136	4 509 789	7 435 076	4 291 111
Fair value – see note 6	681 726	945 686	681 726	945 686
Call and short-term deposits	668 840	934 710	668 840	934 710
Bank accounts managed by fund managers*	12 886	10 976	12 886	10 976
TOTAL	8 712 870	5 806 824	8 419 275	5 486 618

* See annexure C for more details.

12. BORROWINGS

Marketable bonds	5 163 986	5 268 213	5 163 986	5 268 213
Concessionary loans	1 431 797	1 433 991	1 431 797	1 433 991
Other loans	111 401	177 631	102 750	167 137
Subtotal – see annexure A for more details	6 707 184	6 879 835	6 698 533	6 869 341
Transferred to current liabilities	(429 527)	(378 608)	(427 596)	(376 803)
TOTAL	6 277 657	6 501 227	6 270 937	6 492 538

A total of R2,50 billion (2018: R2,26 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6 for more details.

MARKETABLE BONDS

Marketable bonds	5 163 986	5 268 213	5 163 986	5 268 213
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In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R5,05 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04 – green bond). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

12. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
CONCESSIONARY LOANS	1 431 797	1 433 991	1 431 797	1 433 991
Agence Française de Développement (AFD) An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2019 was R1,43 billion (2018: R1,59 billion).	1 297 027	1 426 349	1 297 027	1 426 349
Nedcor Bank An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually. The loan capital was fully repaid on 31 May 2019.	-	41	-	41
Development Bank of Southern Africa (DBSA) 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 2019 was R4 million (2018: R8 million).	3 878	7 601	3 878	7 601
KfW Development Bank An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be received in three tranches: the first two during the 2019 financial year, and the third to be received in the following financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2019 was R153 million.	130 892	-	130 892	-
OTHER LOANS	111 401	177 631	102 750	167 137
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,56% 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 2020 to 31 December 2022.	102 750	156 602	102 750	156 602
ABSA Bank 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 took place on 2 July 2018.	-	10 535	-	10 535

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

12. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
OTHER LOANS - continued				
ABSA - Brackenfell Business Improvement District NPC	30	101	-	-
<p>This loan is secured by motor vehicles, bears interest at a prime-related interest rate, and is repayable in monthly instalments as agreed with ABSA.</p> <p>An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be received in three tranches: the first two during the 2019 financial year, and the third to be received in the following financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2019 was R153 million.</p>				
DBSA - Claremont Road Bypass Company	8 452	10 143	-	-
<p>Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum.</p> <p>Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009.</p> <p>Secured by an agreement of cession from Claremont Improvement District 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 Improvement District ratepayers in terms of the cooperation agreement.</p> <p>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 Improvement District.</p>				
Nedbank - Montague Gardens	169	250	-	-
<p>This liability is secured by a motor vehicle, attracts interest at a rate of between 12,25% and 12,5% per annum, and is repayable over a remaining period of 21 months.</p>				
TOTAL - see annexure A for more details	6 707 184	6 879 835	6 698 533	6 869 341

For more details about short-term debt facilities available to the Entity, see annexure C.

13. 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 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,21 billion (2018: R1,11 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

13.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The last statutory 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. The valuation indicated 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. An interim valuation was performed at 30 June 2018, which indicated a R63,4 million surplus with an overall funding level of 103,7% for the DB section and pensioners account respectively at year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and, in the opinion of the actuary, the fund investment policy and the nature of the fund's assets are adequate to match the nature of the fund's liabilities. It was 96% funded as at 1 July 2018, and had deteriorated slightly since the previous statutory valuation date.

13.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

13.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2018, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	196	9 436	9 632
Pensioners	2 725	1 882	4 607
Membership as at 30 June 2018	2 921	11 318	14 239

	2018 R'million	2017 R'million
Past-service position: DC section	11 489	10 418
DB section	3 952	4 255
Total liabilities	15 441	14 673
Assets valued at market value	15 548	14 728
Actuarial surplus	-	-

	%	%
Key financial assumptions		
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,64	1,03
Post-retirement	2,64	3,03
Normal retirement age	65 years	65 years

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT)

ECONOMIC ENTITY						
	Long-service leave benefits	Environ- mental rehabilitation	Post- retirement healthcare benefits	Post- retirement pension benefits	Taxi compen- sation	Total
As at 30 June 2019						
Balance as at 1 July 2018	599 277	319 035	5 280 300	14 503	12 062	6 225 177
Interest costs	61 063	33 629	560 299	1 671	-	656 662
Service costs	52 140	-	89 535	488	-	142 163
Benefit/rehabilitation payments	(62 372)	(1 976)	(243 188)	(580)	(787)	(308 903)
Actuarial (losses)/gains	(24 501)	-	214 865	(2 659)	-	187 705
Change in estimate	-	48 504	-	-	-	48 504
Transferred from current provisions	79 206	1 546	245 333	2 260	-	328 345
	704 813	400 738	6 147 144	15 683	11 275	7 279 653
Current portion of provision	(86 529)	(54 850)	(259 038)	(2 149)	-	(402 566)
TOTAL	618 284	345 888	5 888 106	13 534	11 275	6 877 087

MUNICIPALITY OF CAPE TOWN						
	Long-service leave benefits	Environ- mental rehabilitation	Post- retirement healthcare benefits	Post- retirement pension benefits	Taxi compen- sation	Total
As at 30 June 2019						
Balance as at 1 July 2018	599 277	319 035	5 280 300	14 503	12 062	6 225 177
Interest costs	61 063	33 629	560 299	1 671	-	656 662
Service costs	52 140	-	89 535	488	-	142 163
Benefit/rehabilitation payments	(62 372)	(1 976)	(243 188)	(580)	(787)	(308 903)
Actuarial (losses)/gains	(24 501)	-	214 865	(2 659)	-	187 705
Change in estimate	-	48 504	-	-	-	48 504
Transferred from current provisions	79 206	1 546	245 333	2 260	-	328 345
	704 813	400 738	6 147 144	15 683	11 275	7 279 653
Current portion of provision	(86 529)	(54 850)	(259 038)	(2 149)	-	(402 566)
TOTAL	618 284	345 888	5 888 106	13 534	11 275	6 877 087

14. PROVISIONS (NON-CURRENT) (continued)

14.1 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 2019 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2019 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2019	2018
	%	%
Discount rate	8,38	9,00
Consumer price inflation	5,28	6,22
Salary increase	6,28	7,22

14.2 Environmental rehabilitation

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2019. The provision estimate was changed as described in note 39.3.

Key cost parameters	2019	2018
Estimated dates of reaching full capacity	Between 2018 and 2032	Between 2019 and 2032
Estimated post-closure rehabilitation time	4 years	3 years
Period for monitoring post-closure	30 years	-
Average estimated annual inflation rate	4,65%	4,57%
Discount rate at the average borrowing rate	11,23%	10,27%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT) (continued)

14.3 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 2019 constituted 6 708 (2018: 7 287) in-service members and 6 898 (2018: 6 857) 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 for eligible members and their spouses until the last survivor's death.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off-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 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	10,13	10,14
Consumer price index	6,70	7,16
Healthcare cost inflation rate	8,70	8,16

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		6 147 145	97 246	622 706
Healthcare inflation	1% decrease	5 411 901	81 055	548 226
	1% increase	7 034 556	117 434	712 601
Post-retirement mortality	20% decrease	6 719 965	105 610	680 732
	20% increase	5 696 443	90 624	577 050

14. PROVISIONS (NON-CURRENT) (continued)

14.4 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 2019 was 17 (2018: 19) in-service employees and 60 (2018: 69) pensioners.

Plan assets

Currently, no long-term assets are set aside off-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 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	9,75	9,97
Consumer price inflation	6,40	7,04
General salary inflation rate	8,40	9,04

15. DEPOSITS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Electricity and water	395 723	365 890	395 723	365 890
Other deposits	56 624	43 933	15 239	15 770
TOTAL	452 347	409 823	410 962	381 660

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

16. PROVISIONS (CURRENT)

ECONOMIC ENTITY							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COVID claims	Leave benefits	Other provisions	Total
As at 30 June 2019							
Balance as at 1 July 2018	79 206	1 546	247 593	7 859	639 096	44 578	1 019 878
Utilised	(79 206)	(1 546)	(247 593)	-	(923 893)	(23 865)	(1 276 103)
Raised	-	-	-	8 781	914 171	37 446	960 398
Reversed	-	-	-	(364)	(9 613)	(13 911)	(23 888)
Change in estimate	-	-	-	-	70 701	-	70 701
Transfers from non-current	86 529	54 850	261 187	-	-	-	402 566
TOTAL	86 529	54 850	261 187	16 276	690 462	44 248	1 153 552

MUNICIPALITY OF CAPE TOWN							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COVID claims	Leave benefits	Other provisions	Total
As at 30 June 2019							
Balance as at 1 July 2018	79 206	1 546	247 593	7 859	639 096	39 855	1 015 155
Utilised	(79 206)	(1 546)	(247 593)	-	(923 893)	(19 142)	(1 271 380)
Raised	-	-	-	8 781	914 171	31 869	954 821
Reversed	-	-	-	(364)	(9 613)	(13 911)	(23 888)
Change in estimate	-	-	-	-	70 701	-	70 701
Transfers from non-current	86 529	54 850	261 187	-	-	-	402 566
TOTAL	86 529	54 850	261 187	16 276	690 462	38 671	1 147 975

Leave benefits

Annual leave accrues to employees monthly, 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.

17. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Trade and other creditors	4 820 391	4 850 592	4 766 266	4 775 126
Payments received in advance	913 998	1 110 065	913 998	1 110 065
Funds administrated on behalf of third parties	19 053	16 470	19 053	16 470
TOTAL	5 753 442	5 977 127	5 699 317	5 901 661

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.

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	1 155 398	963 071	1 155 398	963 071
National Government	856 209	577 867	856 209	577 867
Province	299 189	385 204	299 189	385 204
Other conditional receipts	142 772	104 674	142 772	104 674
Public contributions	142 772	104 674	142 772	104 674
TOTAL	1 298 170	1 067 745	1 298 170	1 067 745

See notes 25, 26 and annexure E for more details of grants from National Government and Province as well as public contributions.

19. VALUE-ADDED TAX (VAT)

VAT payable	608 386	390 215	608 386	390 215
Impairment adjustment	(62 810)	145 326	(62 810)	145 326
Total VAT payable	545 576	535 541	545 576	535 541
VAT receivable	(415 306)	(402 559)	(415 306)	(402 559)
TOTAL	130 270	132 982	130 270	132 982

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 2019 (continued)

All amounts indicated in Rand thousands (R'000)

20. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Realised housing proceeds				
Balance at beginning of the year	320 018	277 498	320 018	277 498
Income	48 872	44 099	48 872	44 099
Interest	20 579	18 705	20 579	18 705
Expenditure	(11 091)	(13 073)	(11 091)	(13 073)
Non-cash transfer to provision for impairment	-	(7 211)	-	(7 211)
Sponsored loans write-off	(1 034)	-	(1 034)	-
Balance at end of the year	377 344	320 018	377 344	320 018
Unrealised housing proceeds				
Balance at beginning of the year	39 271	54 070	39 271	54 070
Long-term loans realised	(17 112)	(15 855)	(17 112)	(15 855)
Transfer to impairment provision – selling schemes	9 848	1 544	9 848	1 544
Transfer from impairment provision – public organisations	-	(488)	-	(488)
Balance at end of the year	32 007	39 271	32 007	39 271
TOTAL	409 351	359 289	409 351	359 289
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
21. SERVICE CHARGES				
Electricity	13 012 536	11 788 874	13 036 876	11 803 987
Water and wastewater	4 685 831	4 409 914	4 692 171	4 411 232
Solid waste	1 265 070	1 179 179	1 265 381	1 179 302
ICASA ECSN licence fees	26 206	23 656	26 206	23 656
Other	764 912	762 494	744 524	742 159
TOTAL	19 754 555	18 164 117	19 765 158	18 160 336

22. FINANCE INCOME

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Exchange transactions	1 411 195	1 131 401	1 391 166	1 109 015
External investments	1 193 654	957 465	1 173 625	935 079
Outstanding debtors	269 101	225 986	269 101	225 986
Transferred interest to conditional grants	(51 560)	(52 050)	(51 560)	(52 050)
Non-exchange transactions				
Outstanding debtors	92 302	76 885	92 302	76 885
TOTAL	1 503 497	1 208 286	1 483 468	1 185 900

23. OTHER INCOME

Exchange transactions	688 962	757 428	344 089	434 876
Bulk infrastructure levies	192 384	188 127	192 384	188 127
Other income	274 008	247 806	145 849	124 676
Discount received	1 453	120 067	1 368	119 566
Gains on foreign-exchange transactions	2	55	2	55
Fair-value adjustments	4 486	2 452	4 486	2 452
City improvement districts (CIDs)	216 629	198 921	-	-
Non-exchange transactions	25 533	-	242 162	198 921
CIDs	-	-	216 629	198 921
Fair-value adjustments	25 533	-	25 533	-
TOTAL	714 495	757 428	586 251	633 797

The City received services in kind to an estimated value of R16,55 million (2018: R12,24 million) in the form of volunteers.

24. PROPERTY RATES

Actual				
Residential, commercial and other	10 762 609	9 826 181	10 769 772	9 828 320
Income forgone*	(1 450 216)	(1 357 933)	(1 450 216)	(1 357 933)
TOTAL	9 312 393	8 468 248	9 319 556	8 470 387
Valuations per category				
Residential	843 683 505	780 211 424	843 683 505	780 211 424
Commercial	265 792 562	242 767 984	265 792 562	242 767 984
Agriculture	5 179 551	6 184 089	5 179 551	6 184 089
Public service infrastructure	5 053 282	5 170 313	5 053 282	5 170 313
Other	101 735 052	139 188 262	101 735 052	139 188 262
TOTAL valuation at commencement of financial year	1 221 443 952	1 173 522 072	1 221 443 952	1 173 522 072

The current general valuation (GV2015) took effect on 1 July 2016 and applies until 30 June 2019. It is based on market-related values. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

*Income forgone can be defined as any income that the City of Cape Town is entitled to 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 2019 (continued)

All amounts indicated in Rand thousands (R'000)

25. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Unconditional grants	3 016 366	2 658 727	3 016 366	2 658 727
Conditional grants	3 531 995	3 086 063	3 531 995	3 086 063
National Government	2 589 476	2 201 927	2 589 476	2 201 927
Province	942 519	884 136	942 519	884 136
TOTAL	6 548 361	5 744 790	6 548 361	5 744 790
Analysis of government grants and subsidies				
Operating	4 468 913	4 011 324	4 468 913	4 011 324
Capital	2 079 448	1 733 466	2 079 448	1 733 466
TOTAL	6 548 361	5 744 790	6 548 361	5 744 790

26. PUBLIC CONTRIBUTIONS

Conditional				
Consumer connections	46 817	66 894	46 817	66 894
Contributed assets	1 472	5 131	1 472	5 131
Other	28 093	27 325	25 156	27 325
TOTAL	76 382	99 350	73 445	99 350

27. EMPLOYEE-RELATED COSTS

Salaries, wages and allowances	11 502 110	10 550 906	11 408 842	10 469 207
Contributions and benefits paid: current provisions	5 292	4 396	5 292	4 396
Contributions: post-retirement and long-service benefits	952 901	422 637	952 901	422 637
Current service costs	142 163	137 759	142 163	137 759
Interest costs	623 033	601 551	623 033	601 551
Actuarial losses/(gains)	187 705	(316 673)	187 705	(316 673)
	12 460 303	10 977 939	12 367 035	10 896 240
Expenditure recharged to capital projects	(31 266)	(29 291)	(31 266)	(29 291)
TOTAL	12 429 037	10 948 648	12 335 769	10 866 949

28. IMPAIRMENT COSTS

Receivables and other	1 583 361	1 558 011	1 582 947	1 556 933
Investment	-	-	154 662	67 917
Property, plant and equipment	32 196	481 918	29 648	11 566
TOTAL	1 615 557	2 039 929	1 767 257	1 636 416

The 2018 comparative amount has been restated - see note 39.

29. FINANCE COSTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Borrowings	720 371	742 104	719 526	741 127
Unwinding of discount	33 629	40 798	33 629	40 798
TOTAL	754 000	782 902	753 155	781 925

The 2018 comparative amount has been restated - see note 39.

30. BULK PURCHASES

Electricity	8 281 772	7 870 527	8 281 772	7 870 527
Water	362 849	256 851	362 849	256 851
TOTAL	8 644 621	8 127 378	8 644 621	8 127 378

31. CONTRACTED SERVICES

Transportation services	555 857	515 617	554 622	515 608
Refuse removal services	402 394	345 149	377 420	320 374
Sewerage services	350 117	313 367	350 117	313 367
Electrical services	208 785	231 590	200 725	227 292
Haulage of waste services	211 767	175 155	211 767	175 155
Other services	337 687	381 025	315 085	257 709
TOTAL	2 066 607	1 961 903	2 009 736	1 809 505

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

32. GENERAL EXPENSES

Auditor remuneration	20 571	18 477	18 187	16 708
CID levies	-	-	210 130	192 953
Consultants	746 948	765 109	735 821	758 973
Free basic electricity (FBE) - Eskom service areas	140 677	120 225	141 472	119 996
Fair-value adjustments	763	6 857	763	6 857
Indigent relief	422 402	684 433	422 402	684 433
Inventory: scrapping	516	327	516	327
Loss on foreign-exchange transactions	7 006	145	7 043	137
Telecommunications	234 255	306 200	221 912	297 736
Building contractors	1 729 605	1 362 461	1 719 641	1 354 353
Fuel	314 016	272 450	313 649	272 059
Minor tools and equipment	548 898	513 625	513 126	479 569
Security services	782 251	576 350	646 765	562 878
Servicing of vehicles and equipment	501 344	536 202	489 474	527 719
Other expenditure	2 182 963	2 229 923	2 110 468	2 168 495
	7 632 215	7 392 784	7 551 369	7 443 193
Contributions from provisions	(42 982)	(42 644)	(42 982)	(42 644)
	7 589 233	7 350 140	7 508 387	7 400 549
Expenditure recharged to capital projects	(2 811)	(3 597)	(2 811)	(3 597)
TOTAL	7 586 422	7 346 543	7 505 576	7 396 952

The 2018 comparative amount has been restated - see note 39.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

33. ANALYSIS OF DISCONTINUED OPERATION

Cape Town Stadium is a multi-purpose stadium situated in Fritz Sonnenberg Road, Green Point, Cape Town. The City of Cape Town and Cape Town Stadium (RF) SOC Limited entered into an interim service delivery agreement to transfer the operations and management of the stadium to Cape Town Stadium (RF) SOC Limited, which is a 100%-owned subsidiary of the City of Cape Town. The agreement took effect on 1 February 2018, subject to the interim service delivery agreement. No assets or liabilities of the stadium were transferred to the Cape Town Stadium (RF) SOC Limited and the relevant staff who had originally had worked for that department were seconded to the Cape Town Stadium (RF) SOC Limited following due consultation.

		MUNICIPALITY OF CAPE TOWN
		2018
Revenue	Note	
Service charges	21	120
Rental of letting stock and facilities		5 894
Other income	23	25
Total revenue		6 039
Expenditure		
Employee-related costs	27	11 637
Contracted services	31	6 353
General expenses	32	15 528
Total expenditure		33 518
Deficit of discontinued operation		(27 479)

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES

Discontinued operation

Cash receipts from ratepayers, government and other	6 039
Cash paid to suppliers and employees	(33 518)
Net cash from discontinued operation	(27 479)

DISCONTINUED OPERATION

A municipal entity was established in 2017 to manage and operate Cape Town Stadium to achieve optimal commercialisation. The stadium operation is classified as a discontinued operation for the year ended 30 June 2018. An analysis of the results of the Cape Town Stadium operation is provided above.

34. TAXATION

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
34.1 DEFERRED TAXATION				
CTICC				
Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2018: 28%).				
At beginning of the year	(136 443)	(3 577)		
Temporary differences	12 740	(132 866)		
At end of the year	(123 703)	(136 443)		
The balance comprises				
Capital allowance (non-deductible temporary differences)	(123 703)	(136 443)		
Total	(123 703)	(136 443)		
34.2 TAXATION				
Statement of financial performance charge	5 861	(118 548)		
Current year: CTICC	5 861	(118 548)		
35. CASH GENERATED FROM CONTINUED OPERATIONS				
Surplus for the year	6 440 781	5 044 978	6 242 063	5 409 403
Adjustment for:	3 261 459	3 364 294	3 376 097	2 943 287
Depreciation	2 857 735	2 606 357	2 802 364	2 566 995
Contributed assets	(2 860)	(5 716)	(2 860)	(5 716)
Impairment	32 196	481 918	29 648	11 566
Unrealised foreign-exchange losses/(gains)	56	(11)	56	(11)
Fair-value adjustment - borrowings	(25 537)	-	(25 537)	-
Gains and losses on disposal of assets	(113 785)	(74 899)	(113 615)	(74 867)
Contribution to provisions	751 955	125 678	751 101	125 915
Contribution to impairment provision - investments	-	-	154 662	67 917
Contribution to impairment provision - receivables and other	511 196	656 351	510 591	655 463
Finance income	(1 503 497)	(1 208 286)	(1 483 468)	(1 185 900)
Cash transactions	(1 447 788)	(1 173 010)	(1 427 759)	(1 150 625)
Non-cash transactions	(55 709)	(35 276)	(55 709)	(35 275)
Finance costs	754 000	782 902	753 155	781 925
Cash transactions	718 698	690 644	692 316	689 667
Non-cash transactions	35 302	92 258	60 839	92 258
Operating surplus before working capital changes	9 702 240	8 409 272	9 618 160	8 352 690
Decrease/(increase) in inventories	35 260	(147 584)	35 736	(147 191)
Increase in receivables	(980 073)	(1 043 171)	(979 252)	(1 043 355)
Increase in other receivables	(231 888)	(179 896)	(189 066)	(169 683)
Increase in unspent conditional grants and receipts	230 425	13 371	230 425	13 371
Decrease in payables	(223 741)	(42 053)	(202 400)	(61 407)
(Decrease)/increase in net VAT	(2 712)	39 616	(2 712)	39 616
CASH GENERATED FROM OPERATIONS	8 529 511	7 049 555	8 510 891	6 984 041

The 2018 comparative amount has been restated - see note 39.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

36. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Balance at the end of the year	8 712 870	5 806 824	8 419 275	5 486 618
Balance at the beginning of the year	(5 806 824)	(3 773 576)	(5 486 618)	(3 450 193)
NET INCREASE	2 906 046	2 033 248	2 932 657	2 036 425

37. OPERATING LEASE COMMITMENTS

37.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Buildings	99 447	23 853	98 748	22 435
Payable within one year	53 211	11 202	52 569	10 489
Payable within two to five years	46 236	12 651	46 179	11 946
Radio masts	1 484	890	1 484	890
Payable within one year	587	378	587	378
Payable within two to five years	897	406	897	406
Payable after five years	-	106	-	106
TOTAL	100 931	24 743	100 232	23 325

Minimum lease payments recognised as an expense during the period amounted to R50,74 million (2018: R62,73 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

37.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Buildings				
Receivable within one year	61 677	60 224	61 677	60 224
Receivable within two to five years	195 492	183 991	195 492	183 991
Receivable after five years	454 253	485 205	454 253	485 205
TOTAL	711 422	729 420	711 422	729 420

The Entity lets properties under operating leases. Property rental income earned during the year was R58,37 million (2018: R54,03 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 R12,21 million in current-year income.

38. CONTINGENT LIABILITIES

38.1 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 for the Entity based on management assessment is R282,17 million (2018: R257,10 million).

The CTICC is subject to various claims that have arisen in connection with the principal building contractor and other professional services consultants in the course of the expansion project. The company is also expecting to incur legal fees in the process of responding to these claims.

38.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R228,72 million (2018: R220,73 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES

39.1 Correction of error

Rental billing in contravention with the Allocation Policy: Housing Opportunity has been corrected.

A shortcoming in the GRAP traffic management report has been identified, where fine statuses in the traffic contravention system were not correctly reflected as withdrawn and, therefore, erroneously remained in the receivables balance. This has had an impact on prior-year figures, where fines were still reflected as outstanding on the traffic management report, although they should have been recorded as withdrawn.

39.2 Reclassification

The Entity performed a revision on the classification of expenditure accounts in terms of GRAP 1. This resulted in the reclassification of certain line items.

During the audit it was identified that non-exchange receivables and other receivables arising out of the operation of law were incorrectly classified as financial instruments in note 1. These receivables and other receivables were reclassified as non-financial assets arising out of the operation of law.

During the audit it was identified that a payment made in advance was incorrectly classified as current instead of non-current. Subsequently it was reclassified from other receivable to long-term receivable: payments made in advance. See note 7 for more details.

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 adjustments.

ECONOMIC ENTITY					
	Note	As previously reported	Correction of error	Reclassification	Restated
1 JULY 2017					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets	7				
Long-term receivables		40 973	-	191 896	232 869
Current assets					
Receivables	9	5 025 960	(5 492)	-	5 020 468
Other receivables	10	1 089 975	(206 208)	(191 896)	691 871
TOTAL ASSETS		58 667 208	(211 700)	-	58 455 508

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

ECONOMIC ENTITY - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
NET ASSETS					
Total net assets		37 909 480	(211 700)	-	37 697 780
Accumulated surplus		33 728 516	(211 700)	-	33 516 816
TOTAL NET ASSETS AND LIABILITIES		58 667 208	(211 700)	-	58 455 508
FINANCIAL RISK MANAGEMENT					
Financial assets	1				
Receivables		5 025 960	(5 492)	-	5 020 468
Other receivables		999 832	(206 208)	-	793 624
TOTAL CARRYING AMOUNT		15 797 617	(211 700)	-	15 585 917
LONG-TERM RECEIVABLES					
	7				
Gross		55 174	-	191 896	247 070
Payments made in advance		-	-	191 896	191 896
Net		40 973	-	191 896	232 869
RECEIVABLES					
	9				
Gross		8 987 439	(122 686)	-	8 864 753
Impairment		(3 961 479)	117 194	-	(3 844 285)
Net		5 025 960	(5 492)	-	5 020 468
OTHER RECEIVABLES					
	10				
Gross		3 563 588	(1 264 022)	(191 896)	2 107 670
Impairment		(2 473 613)	1 057 814	-	(1 415 799)
Net		1 089 975	(206 208)	(191 896)	691 871
30 JUNE 2018					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Long-term receivables	7	40 144	-	191 896	232 040
Current assets					
Receivables	9	5 630 019	(6 927)	-	5 623 092
Other receivables	10	1 402 751	(519 616)	(191 896)	691 239
TOTAL ASSETS		65 108 330	(526 543)	-	64 581 787
NET ASSETS					
Total net assets		43 387 849	(526 543)	-	42 861 306
Accumulated surplus		39 604 815	(526 543)	-	39 078 272
TOTAL NET ASSETS AND LIABILITIES		65 108 330	(526 543)	-	64 581 787

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

ECONOMIC ENTITY - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
<i>Exchange revenue</i>					
Rental of letting stock and facilities		635 196	(19 305)	-	615 891
<i>Non-exchange revenue</i>					
Fines, penalties and forfeits		1 644 474	(99 162)	-	1 545 312
Total revenue		39 480 429	(118 467)	-	39 361 962
Expenditure					
Remuneration of councillors	42.2.1	155 579	-	(7 630)	147 949
Impairment costs	28	1 843 553	196 376	-	2 039 929
Finance costs	29	782 905	-	(3)	782 902
Contracted services	31	4 492 982	-	(2 531 080)	1 961 902
General expenses	32	4 807 830	-	2 538 713	7 346 543
Total expenditure		34 120 608	196 376	-	34 316 984
Surplus from operations		5 359 821	(314 843)	-	5 044 978
CASH FLOW STATEMENT					
Cash flow from operating activities					
<i>Continued operation</i>					
Cash paid to suppliers and employees		(28 102 469)	-	(3)	(28 102 472)
Cash generated from operations	35	7 049 558	-	(3)	7 049 555
Finance costs		(690 647)	-	3	(690 644)
FINANCIAL RISK MANAGEMENT					
Financial assets					
Receivables		5 630 019	(6 927)	-	5 623 092
Other receivables		1 353 767	(519 616)	-	834 151
TOTAL CARRYING AMOUNT		19 403 273	(526 543)	-	18 876 730
LONG-TERM RECEIVABLES					
7					
Gross		40 144	-	191 896	232 040
Payments made in advance		-	-	191 896	191 896
Net		25 854	-	191 896	217 750
RECEIVABLES					
9					
Gross		10 085 191	(141 991)	-	9 943 200
Impairment		(4 455 172)	135 064	-	(4 320 108)
Net		5 630 019	(6 927)	-	5 623 092
OTHER RECEIVABLES					
10					
Gross		4 444 159	(1 964 697)	(191 896)	2 287 566
Impairment		(3 041 408)	1 445 081	-	(1 596 327)
Net		1 402 751	(519 616)	(191 896)	691 239

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

ECONOMIC ENTITY - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
CASH GENERATED FROM CONTINUED OPERATIONS	35				
<i>Surplus for the year</i>		5 359 821	(314 843)	-	5 044 978
Adjustment for:		3 769 434	(405 137)	(3)	3 364 294
Finance costs					
Cash transactions		782 905	-	(3)	782 902
Operating surplus before working capital changes					
Increase in trade receivables		(1 062 476)	19 305	-	(1 043 171)
Increase in other receivables		(880 571)	700 675	-	(179 896)
Cash generated from continued operations		7 049 558	-	(3)	7 049 555

MUNICIPALITY OF CAPE TOWN					
	Note	As previously reported	Correction of error	Reclassification	Restated
1 JULY 2017					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Long-term receivables	7	40 973		191 896	232 869
Current assets					
Receivables	9	5 029 085	(5 492)	-	5 023 593
Other receivables	10	1 077 455	(206 208)	(191 896)	679 351
TOTAL ASSETS		57 944 211	(211 700)	-	57 732 511
NET ASSETS					
Total net assets		37 278 962	(211 700)	-	37 067 262
Accumulated surplus		33 505 777	(211 700)	-	33 294 077
TOTAL NET ASSETS AND LIABILITIES		57 944 211	(211 700)	-	57 732 511
FINANCIAL RISK MANAGEMENT	1				
Financial assets					
Receivables		5 029 085	(5 492)	-	5 023 593
Other receivables		989 034	(206 208)	-	782 826
TOTAL CARRYING AMOUNT		16 055 263	(211 700)	-	15 843 563
LONG-TERM RECEIVABLES	7				
Gross		55 174	-	191 896	247 070
Payments made in advance		-		191 896	191 896
Net		40 973	-	191 896	232 869
RECEIVABLES	9				
Gross		8 990 564	(122 686)	-	8 867 878
Impairment		(3 961 479)	117 194	-	(3 844 285)
Net		5 029 085	(5 492)	-	5 023 593

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

MUNICIPALITY OF CAPE TOWN - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
OTHER RECEIVABLES	10				
Gross		3 550 878	(1 264 022)	(191 896)	2 094 960
Impairment		(2 473 423)	1 057 814	-	(1 415 609)
Net		1 077 455	(206 208)	(191 896)	679 351
30 JUNE 2018					
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Long-term receivables	7	25 854	-	191 896	217 750
Current assets					
Receivables	9	5 633 327	(6 927)	-	5 626 400
Other receivables	10	1 380 906	(519 616)	(191 896)	669 394
TOTAL ASSETS		64 569 450	(526 543)	-	64 042 907
NET ASSETS					
Total net assets		42 975 729	(526 543)	-	42 449 186
Accumulated surplus		39 510 649	(526 543)	-	38 984 106
TOTAL NET ASSETS AND LIABILITIES		64 569 450	(526 543)	-	64 042 907
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
<i>Exchange revenue</i>					
Rental of letting stock and facilities		513 805	(19 305)	-	494 500
<i>Non-exchange revenue</i>					
Fines, penalties and forfeits		1 644 474	(99 162)	-	1 545 312
Total revenue		39 211 289	(118 467)	-	39 092 822
Expenditure					
Remuneration of councillors	42.2.1	154 923	-	(7 630)	147 293
Impairment costs	28	1 440 040	196 376	-	1 636 416
Finance costs	29	781 928	-	(3)	781 925
Contracted services	31	4 322 605	-	(2 513 100)	1 809 505
General expenses	32	4 876 219	-	2 520 733	7 396 952
Total expenditure		33 514 522	196 376	-	33 710 898
Surplus from operations		5 696 767	(314 843)	-	5 381 924

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

MUNICIPALITY OF CAPE TOWN - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
CASH FLOW STATEMENT					
Cash flow from Operating activities					
<i>Continued operation</i>					
Cash receipts from ratepayers, government and other		34 841 626	-	67 917	34 909 543
Cash paid to suppliers and employees		(27 925 499)	-	(3)	(27 925 502)
Cash generated from operations	35	6 916 127	-	67 914	6 984 041
Finance costs		(689 670)	-	3	(689 667)
Net cash from continued operations		7 377 082	-	67 917	7 444 999
Cash flow from investing activities					
Increase in investments		(561 572)	-	(67 917)	(629 489)
NET CASH FROM INVESTING ACTIVITIES		(6 037 208)	-	(67 917)	(6 105 125)
FINANCIAL RISK MANAGEMENT					
Financial assets					
Receivables	1	5 633 327	(6 927)	(2 164 014)	3 462 386
Other receivables		1 335 499	(519 616)	(560 117)	255 766
TOTAL CARRYING AMOUNT		19 588 937	(526 543)	(2 724 131)	16 338 263
Non-financial assets arising out of the operation of law					
Receivables		-	-	2 164 014	2 164 014
Other receivables		-	-	368 221	368 221
TOTAL CARRYING AMOUNT		-	-	2 532 235	2 532 235
LONG-TERM RECEIVABLES					
Gross	7	40 144	191 896	-	232 040
Payments made in advance		-	191 896	-	191 896
Net		25 854	191 896	-	217 750
RECEIVABLES					
Gross	9	10 088 499	(141 991)	-	9 946 508
Impairment		(4 455 172)	135 064	-	(4 320 108)
Net		5 633 327	(6 927)	-	5 626 400
OTHER RECEIVABLES					
Gross	10	4 421 236	(1 964 697)	(191 896)	2 264 643
Impairment		(3 040 330)	1 445 081	-	(1 595 249)
Net		1 380 906	(519 616)	(191 896)	669 394

39. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

MUNICIPALITY OF CAPE TOWN - CONTINUED					
	Note	As previously reported	Correction of error	Reclassification	Restated
CASH GENERATED FROM CONTINUED OPERATIONS	35				
<i>Surplus for the year</i>		5 724 246	(314 843)	-	5 409 403
Adjustment for:		3 280 510	(405 137)	67 914	2 943 287
Contribution to impairment provision - investment		-	-	67 917	67 917
Finance costs					
Cash transactions		689 670	-	(3)	689 667
Operating surplus before working capital changes					
Increase in trade receivables		(1 062 660)	19 305	-	(1 043 355)
Increase in other receivables		(870 358)	700 675	-	(169 683)
Cash generated from continued operations		6 916 127	-	67 914	6 984 041

39.3 Changes in accounting estimates

Annual review of assets useful lives

The City's annual review of the useful lives and residual values of assets resulted in a decrease of R2,62 million (2018: R2,27 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

During the year, the CTICC also revised the estimated useful lives of certain PPE items. The change in estimate was necessary, as these items were approaching the end of their originally assessed useful lives, but management had determined that, due to the good condition and maintenance of the assets, they would remain in use for an extended period beyond the reporting date. The net effect of the changes in the current year was a R1,28 million reduction in the depreciation charge (2018: R7,20 million). The future effect will be an overall increase of the same amount over the subsequent financial years.

Environmental rehabilitation provision

During the year, the City of Cape Town revised its estimated total environmental rehabilitation provision to include post-closure monitoring and inspection costs, as required by the licence conditions. The net effect of the change in estimate in the current year was an increase in provision to the amount of R48,50 million. The change will result in an equivalent reduction in operating costs in future periods, as the post-closure monitoring and inspection costs will be funded from the provision.

40. BUDGET INFORMATION

40.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
3. The differences in capital spend recognition are set out in the table below:

Annual financial statements	5 469 124
Landfill site provision estimate	(99 903)
Contributed assets	(2 860)
Prior-year capital project discontinued and written off	23 375
Budget	5 389 736

40. BUDGET INFORMATION (continued)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

40.2 Explanation of variances greater than 10%: final budget and actual amounts

40.2.1 Statement of financial position

Total assets

i) Current assets

The variance in total current assets is due to the incorrect classification of an amount paid in advance. During the audit it was identified that an amount of R191,90 million relating to the Urban Settlement Development Grant (USDG) was incorrectly classified as current instead of non-current. Subsequently it was corrected, however the budget remained under the current assets line item.

Total liabilities

ii) Current liabilities

The variance in total current liabilities is due to a capital and operating underspend against the budget, which resulted in a lower-than-expected balance for payables from exchange transactions at year-end.

40.2.2 Statement of financial performance

Revenue

i) Investment revenue

The variance is largely due to interest earned on investments being higher-than-planned as a result of more favourable investment and cash balances.

ii) Other own revenue

The variance is due to higher-than-planned development levies received as a result of unforeseen development agreements in the period, higher-than-anticipated traffic fines issued, and revenue recognised for unclaimed credits older than two years on final debtors' accounts.

Expenditure

iii) Debt impairment

The variance is largely due to a slightly higher budget provision for impairment on electricity (2,2%) and property rates debtors (0,35%) than the final movement. Another contributor to the variance was reversals of indigent billing in Water and Sanitation Services.

iv) Transfers and grants

The variance is mainly due to delays with the implementation of housing top structures in the Human Settlements Directorate as a result of community unrest and gang-related violence.

Surplus

v) Transfers recognised - capital

The variance is a direct result of the underspend on capital projects due to community dynamics and influences, the cancellation of tenders as a result of non-responsive bids received and the liquidation of contractors.

40.2.3 Cash flow statement

i) Net cash from operating

The variance is the result of an underspend on operating expenditure.

ii) Net cash from financing

The variance is the result of not having taken up the anticipated loans to fund the capital budget.

40. BUDGET INFORMATION (continued)

40.3 Explanation of variances greater than 5%: final budget and actual amounts

40.3.1 Capital expenditure

- i) Community Services and Health
The variance in the implementation of projects is a result of delays with the appointment of service providers, poor contractor performance, unforeseen lengthy community engagements, and cost savings materialised with the completion of projects.
- ii) Corporate Services
The variance in the implementation of projects is a result of delays with the appointment of service providers, projects and tenders put on hold, and delays in obtaining approval to make use of a transversal tender.
- iii) Energy and Climate Change
The variance in the implementation of projects is a result of community dynamics and influences, gang-related disruptions, vandalism, late award of tenders, construction delays, and changes to equipment specifications.
- iv) Human Settlements
The variance in the implementation of projects is a result of community dynamics and influences, the expiry, termination and suspension of contracts, land invasions that prevented projects from going ahead as planned, and underperformance by contractors.
- v) Office of the City Manager
The variance in the implementation of projects is a result of delays experienced in delivery of furniture and equipment by contractors.
- vi) Spatial Planning and Environment
The variance in the implementation of projects is a result of administrative uncertainty regarding a number of unclear projects mandates, particularly in the Urban Catalytic Investment Department; contractual disputes, resource and material challenges experienced by contractors, and outstanding Built Environment and Landscapes Committee (BELCOM) heritage approvals.
- vii) Transport
The variance in the implementation of projects is a result of community dynamics and influences, gang-related disruptions, the cancellation of tenders due to non-responsiveness, and the liquidation of contractors.
- viii) Water and Waste Services
The variance in the implementation of projects is mainly due to a significant underspend on projects linked to the new water programme, as measures in pursuit of optimal water security are reprioritised and reassessed subject to various regulatory approvals; incomplete land use management requirements, capacity constraints and poor performance by contractors, appeals against the award of tenders, non-responsive tenders, delays in delivery of materials by specific suppliers, and community dynamics and influences.
- ix) Subsidiaries
The variance relates to the timing of expenditure on the CTICC 2 expansion programme, which has experienced unexpected delays.

41. ADDITIONAL DISCLOSURES

All amounts indicated in Rand thousands (R'000)

41. ADDITIONAL DISCLOSURES (continued)

41.3 Municipal Finance Management Act (continued)

41.3.3 Section 125 (continued)

41.3.3.2 Fruitless and wasteful expenditure

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Opening balance	309	-	309	-
Expenditure incidents identified in the current year, relating to	19 802	309	19 802	309
Current year	13 555		13 555	309
Prior year	6 247		6 247	-
Closing balance	20 111	309	20 111	309
<i>Events after reporting date</i>				
Resolved to recover - during July and August 2019	(1 238)	-	(1 238)	-
TOTAL	18 873	309	18 873	309
Incidents				
Interest paid on late payments	7 655	309	7 655	309
Litigation costs	400	-	400	-
Travel costs	26	-	26	-
Duplication payment	5	-	5	-
Tender project management	9 794	-	9 794	-
Fines	51	-	51	-
Compensation payments	1 871	-	1 871	-
TOTAL	19 802	309	19 802	309

41.3.3.3 Material losses

Water losses	303 487	159 543	303 487	159 543
<p>In the current year, the material losses were 16,57% (2018: 14,82%). These are made up of 10,84% reticulation losses and 5,73% abnormal production losses (2018: 10,78% reticulation losses and 4,04% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R313,2 million (2018: R140,3 million).</p>				
Electricity losses	345 465	332 155	345 465	332 155
<p>In the current year, the energy losses were 10,67% (2018: 10,72%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R538,49 million (2018: R511,76 million).</p>				

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

41. ADDITIONAL DISCLOSURES (continued)

41.3 Municipal Finance Management Act (continued)

41.3.3 Section 125 (continued)

41.3.3.4 Other compulsory disclosures

	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you- earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 101)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 188	289 938
As at 30 June 2018				
Opening balance	-	11	114 716	251 289
Subscriptions/fees	12 635	20 667	1 585 714	3 080 114
Amount paid: current year	(12 635)	(20 738)	(1 456 614)	(2 812 893)
previous years	-	(11)	(114 716)	(251 289)
Balance unpaid (included in payables)	-	(71)	129 100	267 221

41.4 Supply Chain Management regulations

41.4.1 Deviations

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
Incidents				
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below have been approved by the Accounting Officer or his delegate (Director: SCM) and noted by Council.				
Greater than R200 000	772 204	829 031	755 771	818 780
Less than R200 000	343 079	461 567	342 883	461 567
TOTAL amount approved by the Accounting Officer/delegate (Director: SCM) and noted by Council	1 115 283	1 290 598	1 098 654	1 280 347
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.				
41.4.2 SCM breaches				
Ratification of minor breaches	4 188	3 437	-	-
TOTAL amount regularised and ratified	4 188	3 437	-	-

41. ADDITIONAL DISCLOSURES (continued)

41.4 Supply Chain Management regulations (continued)

41.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
AURECON		156 417	156 417
H Ahlschlager	Legal Representative		
C Barry	Head		
T Botha	Technical Manager		
W Erasmus	Program Manager		
H Esterhysen	Senior Manager		
T Govender	Maintenance Administrator		
S Grobbelaar	Town Planner		
E Herholdt	Manager		
A Heyns	Engineer		
J Higgs	Regional Manager		
J Jacobs	PA		
B Kleynhans	Accountant		
B Kriegler	Councillor: Breede Valley Municipality		
M Marques	Deputy Director		
D Mayekiso	Assistant Director		
A Moore	Chief Engineer		
K Nadasen	Director		
S Seegers	Head		
M Skead	Senior Manager		
BOWMAN GILFILLAN INC (LEGAL)		879	879
H Ben - David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Project and Process Manager		
C Dyer	Deputy Director		
S February	Teacher		
C Franklyn	Specialist Scientist		
Q Green	Director Finance		
C la Marque	Regional Magistrate		
M Majola	Manager		
C Maree	Senior Family Advocate		
G Mellem	Teacher		
M Nyali	Teacher		
N Nyali	Chief Education Specialist		
R Ordelheide	Intern		
Z Pali	Assistant Director		
S Pillay	Educator		
T Sass	Head		
B Sepuba	Special Recruitment		
E van den Berg	School Psychologist		
J van den Heuvel	Magistrate		
A Visser	Maintenance Manager		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

41. ADDITIONAL DISCLOSURES (continued)

41.4 Supply chain management regulations (continued)

41.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
DESIGNTEC PRINTING CC		386	386
M Mshweshwe	Manager Legal Services		
H Rauch	Program Manager		
GIBB		39 785	39 785
R Beharie	Senior Engineer		
I Brink	Teacher		
S Cilliers	Teacher		
J Gooch	Head		
D Kiewiet	Area Manager		
U Lekonyana	Deputy Director: National Treasury		
N Mkhize	Accounting Clerk		
A Moon	Head		
N Mzayiya	Correctional Officer		
K Naidoo	Head		
JAKEPRO BUILDING PROJECTS AND SERVICE		164	164
Y Jacobs	Department of Health		
O Khan	Department of Defence		
PURPLE ROSE DISTRIBUTORS CC		1 043	1 043
C Hector	Quality Assessor		
M Hector	Medical Doctor		
SMEC SOUTH AFRICA (PTY) LTD		53 384	53 384
A Meyer	Professional Officer		
P Phosa	Parliament		
C Wyngaard	Senior Clerk		
SPOTLESS BY SAM		23	23
E Neethling	Attendant		
I Olfant	Forensic Pathology		
TURNER AND TOWNSEND (PTY) LTD		9 758	9 758
E Barnard	Risk manager		
T Bulmer	Chief Therapist		
D Dauncey	Facilities Manager Krugersdorp		
G Harmse	Senior Manager		
N Satar	Chris Hani Hospital		
J Ziki	Medical Officer		
WHILE ITS DAY		2 221	2 221
C Hector	Quality Assessor		
M Hector	Medical Doctor		
ZAPTRON PEST SOLUTIONS		80	80
F Fortune	SANDF		
F Fortune	Western Cape Health Department		

41. ADDITIONAL DISCLOSURES (continued)

41.4 Supply chain management regulations (continued)

41.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
INDIVIDUALS			
N Andhee	Department of Education	1 794	1 794
T Arendse	Senior Foreman	150	150
L Arries	Educator	21 177	21 177
R Badenhorst	Councillor: Stellenbosch Municipality	910	910
T Barends	SAP Developer	49	49
P Bell	DCAS	5 415	5 415
J Beukes	Department of Health	30 273	30 273
J Bodmer	Metro Paramedic	76	76
E Bowers	Social Worker	238	238
M Brink	Doctor	1 263	-
G Buitendag	Head Payroll Benefits	11	11
R Conrad	Professional Officer	119	119
A Damons	Clerk	2 143	2 143
SF Davids	Department of Education	35 261	35 261
C de Wee	Administrative Officer	164	164
J du Toit	Traffic Inspector	1 357	1 357
Y Ebrahim	Manager Waste Water	1 879	1 879
H Eksteen	Parliamentary Liaison Officer	3	3
S Fumba	Specialist Clerk	10 818	10 818
S Gxilishe	Educator	117	117
C Henderson	Educator	66	66
F Hendricks	Administrative Officer	39	39
M Hendricks	Artisan	21	21
E Jacobs	Senior Clerk	256 895	256 895
NE Jacobs	Administrative Clerk	111	111
S Jacobs	Director: Cape Agulhus Municipality	14	14
T Jacobs	Deputy Director: Department of Premier	239	239
A Kelland	Administrative Officer	407	407
R Maharaji	Umngeni Water	41 983	41 983
M Maroof	Professional Officer	42	42
S Melane	Senior Clerk	101	101
S Merile	Small Plant Operator	840	840
K Modack	Senior Professional Officer	1 379	1 379
F Monk	Subcouncil Manager	1 477	1 477
N Moodley	Director: Department of Health	4 672	4 672
M Mvalo	Professional Officer	1 846	1 846
P Naidoo	Project Manager: City of Cape Town	2 265	-
R Naidoo	IT Contractor	99	99
B Ntlati	Clerk	1 288	1 288

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

41. ADDITIONAL DISCLOSURES (continued)

41.4 Supply chain management regulations (continued)

41.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
INDIVIDUALS (continued)			
N Orrie	Senior Superintendent	2 744	2 744
R Parker	Department of Education	1 096	1 096
N Pedro	Specialist Clerk	259	259
L Pieters	Educator	443	443
L Pietersen	Educator	32	32
M Rhodes	Educator	7 383	7 383
A Sangster	Support Assistant	25 838	25 838
M Selepe	Deputy Director: City of Tswane	472	-
F Shariff	Director Property Management	934	934
Y Skunyana	Light Machine Operator	592	592
Z Smith	Department of Labour	365	365
D Timotheus	Operator	65	65
V van der Heever	Educator	3 744	3 744
C van der Vent	Senior Worker	9	9
M Votersen	Manager	2 298	2 298
S Willemse	Administrative Officer	1 454	1 454
E Williams	Stores Clerk	6 249	6 249
X Zantsi	Bookkeeper	20	20
TOTAL		746 426	742 246

See annexure H for the 2018 list.

42. RELATED-PARTY DISCLOSURES

42.1 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	
	2019	2018	2019	2018
CTICC				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
Percentage owned			71,4%	71,4%
Arm's-length transactions for the year				
Receivables			2 487	3 308
Deposits			1 234	1 233
Service charges			24 295	19 504
Rental of letting stock and facilities			2 524	2 524
Included in note 38.1 is an amount of R6,40 million that relates to a contractual dispute with the CTICC. The final amount payable, if any, will be determined once the investigation is finalised.				
CAPE TOWN STADIUM (RF) SOC LTD				
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.				
Percentage owned			100%	100%
Arm's-length transactions for the year				
Receivables			1 170	-
Payables			3 165	-
Services charges			10 035	360
Other income			17 094	5 468
Grants and subsidies paid			55 152	22 167
CAPE METROPOLITAN TRANSPORT FUND (CMTF)				
The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City of Cape Town. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	18 124	15 598	18 124	15 598
Grants and transfers – conditions met	2 323	4 414	2 323	4 414
Interest paid	1 135	986	1 135	986
Revenue collected	3 773	4 026	3 773	4 026

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

42. RELATED-PARTY DISCLOSURES (continued)

42.1 Municipal entities and special areas (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2019	2018	2019	2018
CIDs				
These entities were established to enable projects at the initiative of local communities, 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				
Levies			210 130	192 953
Arm's-length transactions have been concluded with members of key management as well as related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 426	1 327		
Woodstock CID: Lloyd's Project Management CC	675	627		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC – rental				
Paid	-	381		
Received	291	164		
Other: Directors				
Northpine: ML Schereka	-	38		
Penzance: AJ Schwegmann	-	1		

42. RELATED-PARTY DISCLOSURES (continued)

42.2 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.

42.2.1 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
2019				
Mayco members	12 458	32	499	12 989
Councillors	134 462	421	4 485	139 368
Subsidiaries: board members	743	-	-	743
TOTAL	147 663	453	4 984	153 100
2018				
Mayco members	12 347	60	309	12 716
Councillors	129 765	378	4 434	134 577
Subsidiaries: board members	656	-	-	656
TOTAL	142 768	438	4 743	147 949

Councillors are remunerated according to the Remuneration of Public Office Bearers 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 aggregate remuneration amounted to R152,36 million for the period in review. The average remuneration per councillor is R0,659 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 186 and 187 under "General information".

The 2018 comparative amount has been restated - see note 39.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.2 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2019				
Executive Mayor				
Ald D Plato	908	-	-	908
Ald P de Lille	450	14	-	464
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 011	-	120	1 131
Executive Finance				
Cllr J van der Merwe	335	-	39	374
Ald M Nieuwoudt	136	-	13	149
Economic Opportunities and Asset Management				
Ald J Vos	534	-	-	534
Assets and Facilities Management				
Ald J Vos	142	-	-	142
Cllr S Diamond	374	-	-	374
Corporate Services				
Cllr SA Cottle	682	-	-	682
Cllr R Arendse	374	-	-	374
Community Services and Health				
Cllr ZA Badroodien	534	-	-	534
Area-Based: South				
Cllr ZA Badroodien	148	-	-	148
Cllr E Andrews	374	-	-	374

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.2 Mayco members (continued)

ANALYSIS OF REMUNERATION BENEFITS - CONTINUED				
	Annual salary	Car allowance	Social contribution	Total
2019 (continued)				
Energy and Climate change				
Cllr P Maxiti	534	-	-	534
Area-Based: East				
Cllr P Maxiti	148	-	-	148
Cllr A Ntsodo	374	-	-	374
Human Settlements				
Cllr M Booi	498	-	35	533
Area-Based: Central				
Cllr M Booi	139	-	10	149
Cllr S Mamkeli	339	-	-	339
Safety and Security				
Ald JP Smith	948	18	90	1 056
Spatial Planning and Environment				
Ald M Niewoudt	488	-	46	534
Transport				
Ald F Purchase	476	-	58	534
Transport and Urban Development Authority				
Ald F Purchase	133	-	16	149
Cllr BN Herron	374	-	-	374
Urban Management				
Cllr G Twigg	477	-	57	534
Area-Based: North				
Cllr G Twigg	133	-	15	148
Cllr S Little	339	-	-	339
Water and Waste				
Cllr X Limberg	534	-	-	534
Informal Settlements, Water and Waste Services; Energy				
Cllr X Limberg	522	-	-	522
TOTAL	12 458	32	499	12 989

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.2 Mayco members (continued)

ANALYSIS OF REMUNERATION BENEFITS - CONTINUED				
	Annual salary	Car allowance	Social contribution	Total
2018				
Executive Mayor				
Ald P de Lille	1 297	42	-	1 339
Executive Deputy Mayor				
Ald ID Neilson	974	-	115	1 089
Executive Finance				
Cllr JFH van der Merwe	920	-	108	1 028
Safety and Security Services				
Ald JP Smith	924	18	86	1 028
Informal Settlements, Water and Waste Services; Energy				
Cllr XT Limberg	1 029	-	-	1 029
Corporate Services				
Cllr R Arendse	1 029	-	-	1 029
Assets and Facilities Management				
Cllr SP Diamond	1 029	-	-	1 029
Transport and Urban Development Authority				
Cllr BN Herron	1 029	-	-	1 029
Area-Based: South				
Cllr EP Andrews	1 029	-	-	1 029
Area-Based: Central				
Cllr S Mamkeli	1 029	-	-	1 029
Area-Based: North				
Cllr SA Little	1 029	-	-	1 029
Area-Based: East				
Cllr A Ntsodo	1 029	-	-	1 029
TOTAL	12 347	60	309	12 716

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.3 Executive management

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019						
City Manager						
L Mbandazayo	2 836	-	-	17	361	3 214
Corporate Services						
C Kesson*	206	-	-	-	26	232
Corporate Services: Directorate of the Mayor						
C Kesson	2 881	-	-	16	289	3 186
Community Services and Health						
E Sass	1 266	-	-	-	187	1 453
Social Services						
E Sass	1 282	-	-	-	182	1 464
Economic Opportunities and Asset Management						
K le Keur	819	-	64	-	114	997
Assets and Facilities Management						
K le Keur	931	-	64	-	114	1 109
Energy and Climate Change						
KM Nassiep	1 008	-	-	-	1	1 009
Energy						
KM Nassiep	1 108	-	-	-	1	1 109
Environmental Management						
A Osman	810	-	72	-	125	1 007
Finance						
K Jacoby	2 586	-	81	1	261	2 929
Human Settlements						
R Rughubar	854	-	-	-	125	979
Safety and Security Services						
R Bosman	2 444	-	96	-	303	2 843
Transport						
E Sass **	-	-	-	-	-	-
GL Fortune	737	-	-	3	107	847
M Whitehead	1 452	-	-	-	1	1 453
Transport and Urban Development Authority						
GL Fortune	839	-	-	10	127	976
M Whitehead	1 452	-	-	-	1	1 453

* Included in the annual salary amount is an arbitration award of R48,4 thousand.

** Acted without compensation for period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.3 Executive management (continued)

ANALYSIS OF REMUNERATION BENEFITS - CONTINUED						
	Annual salary	Bonus	Relocation and car allowances	Travel and subsistence	Social contribution	Total
2019 (continued)						
Urban Management						
B van Schoor	815	-	60	-	97	972
Area-Based Service Delivery						
B van Schoor	658	-	51	-	78	787
L Scheepers	696	-	-	-	74	770
Water and Waste						
M Webster **	-	-	-	-	-	-
G Kaiser	1 196	-	45	1	30	1 272
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	1 434	-	54	26	33	1 547
CTICC						
Chief Executive Officer: J Ellingson	2 308	311	-	-	-	2 619
Key management: four staff members	611	6 046	-	-	-	6 657
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 403	44	160	-	247	1 854
Acting Chief Financial Officer: K Theron	25	-	-	-	-	25
TOTAL	38 092	966	747	74	2 884	42 763

** Acted without compensation for period.

42. RELATED-PARTY DISCLOSURES (continued)

42.2 Executive management (continued)

42.2.3 Executive management (continued)

ANALYSIS OF REMUNERATION BENEFITS - CONTINUED						
	Annual salary	Bonus	Relocation and car allowances	Travel and subsistence	Social contribution	Total
2018						
City Manager						
L Mbandazayo	1 467	-	-	-	149	1 616
A Ebrahim	1 795	-	-	-	243	2 038
Assets and Facilities Management						
K le Keur	1 757	-	128	-	91	1 976
Area-Based Service Delivery						
L Scheepers	1 747	-	-	-	229	1 976
Corporate Services						
C Kesson	196	-	-	-	25	221
G Kenhardt	819	-	-	-	96	915
L Mbandazayo	1 264	-	-	-	162	1 426
Directorate of the Mayor						
C Kesson	2 055	-	-	39	249	2 343
Energy						
K Nassiep	1 928	-	99	5	2	2 034
Finance						
K Jacoby	2 479	-	81	2	250	2 812
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	2 614	-	108	10	60	2 792
Social Services						
E Sass	2 468	-	-	-	351	2 819
Strategic Governance						
C Kesson	225	-	-	-	29	254
Safety and Security Services						
R Bosman	2 401	-	95	-	304	2 800
Transport and Urban Development Authority						
G Fortune	1 430	-	-	3	226	1 659
M Whitehead	2 800	-	-	-	2	2 802
CTICC						
Chief Executive Officer: J Ellingson	2 137	288	-	-	-	2 425
Key management: four staff members	5 336	684	-	-	-	6 020
Cape Town Stadium						
Chief Executive Officer: L de Reuck	545	-	71	-	90	706
TOTAL	35 463	972	582	59	2 558	39 634

The 2018 comparative amounts for CTICC have been specified in more detail.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2018	Received during the year	Capitalised during the year	Net interest accrual during the year	Con-cessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2019
MARKETABLE BONDS										
Municipal Bond CCT01	12,570	830014004	2023	1 002 061	-	-	343	-	-	1 002 404
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
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	993 411	-	-	(4 570)	-	(100 000)	888 841
Total marketable bonds ¹				5 268 213	-	-	(4 227)	-	(100 000)	5 163 986
CONCESSIONARY LOANS										
Nedcor Bank	1,000	830000920	2019	41	-	-	-	7	(48)	-
DBSA	5,000	830012028	2020	7 601	-	-	-	277	(4 000)	3 878
AFD	5,763	830018500	2028	358 877	-	-	(674)	8 126	(40 000)	326 329
AFD	5,730	830018516	2028	358 358	-	-	(670)	8 208	(40 000)	325 896
AFD	5,755	830018530	2028	358 970	-	-	(674)	8 164	(40 000)	326 460
AFD	5,800	830018523	2028	350 144	-	-	(665)	7 824	(38 961)	318 342
KfW	8,107	830020016	2033	-	196 420	-	1 567	(24 162)	(42 933)	130 892
Total concessionary loans				1 433 991	196 420	-	(1 116)	8 444	(205 942)	1 431 797
OTHER LOANS										
ABSA Bank	10,900	830007011	2018	10 535	-	-	(535)	-	(10 000)	-
DBSA	10,590	83001050	2018	17 860	-	-	(902)	-	(16 958)	-
DBSA	9,420	830012035	2020	18 677	-	-	(3)	-	(9 333)	9 341
DBSA	9,639	830013000	2022	60 031	-	-	6	-	(13 334)	46 703
DBSA	10,565	830013507	2022	60 034	-	-	6	-	(13 334)	46 706
Total other loans				167 137	-	-	(1 428)	-	(62 959)	102 750
TOTAL MUNICIPALITY OF CAPE TOWN				6 869 341	196 420	-	(6 771)	8 444	(368 901)	6 698 533
Controlled entities										
OTHER LOANS										
CID Brackenfell: ABSA	13,000	-	2019	101	-	-	-	-	(71)	30
CID Montague Gardens: Nedbank	12,251	-	2021	250	-	-	-	-	(81)	169
CID Claremont Road Co.: DBSA	-	-	2023	10 143	-	-	-	-	(1 691)	8 452
TOTAL CONTROLLED ENTITIES				10 494	-	-	-	-	(1 843)	8 651
TOTAL				6 879 835	196 420	-	(6 771)	8 444	(370 744)	6 707 184

¹ Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).



ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance
Land and buildings						
Assets under construction	879 864	(800 791)	-	-	-	79 073
Vacant land	1 282 814	10 216	9 510	-	-	1 302 540
Land and buildings	3 132 453	949 412	92 425	-	(4 169)	4 170 121
	5 295 131	158 837	101 935	-	(4 169)	5 551 734
Infrastructure						
Assets under construction	2 600 717	(1 759 651)	1 684 684	-	-	2 525 750
Telecommunications	616 070	148 078	131 188	-	(52)	895 284
Drains	1 220 204	103 213	68 305	-	-	1 391 722
Roads	12 813 448	471 813	439 036	-	-	13 724 297
Beach improvements	147 393	22 806	12 674	-	-	182 873
Sewerage mains and purification	5 064 785	285 913	126 467	-	(12)	5 477 153
Security	1 159 958	34 802	118 055	-	-	1 312 815
Electricity peak load equipment and mains	10 128 452	53 055	513 976	-	-	10 695 483
Water mains and purification	4 604 215	311 127	440 075	-	-	5 355 417
Reservoirs - water	662 541	188 156	234 413	-	-	1 085 110
	39 017 783	(140 688)	3 768 873	-	(64)	42 645 904
Community assets						
Assets under construction	217 903	(153 451)	103 762	-	-	168 214
Parks and gardens	391 772	6 275	6 953	-	-	405 000
Libraries	301 606	22 841	11 398	-	-	335 845
Recreation facilities	5 679 754	18 329	32 700	-	(40)	5 730 743
Civic buildings	2 633 140	138 531	71 768	-	-	2 843 439
	9 224 175	32 525	226 581	-	(40)	9 483 241
Other assets						
Assets under construction	368 405	(310 857)	160 576	-	-	218 124
Buildings and land	1 262	-	-	-	(13)	1 249
Landfill sites	1 099 290	6 122	100 642	-	-	1 206 054
Furniture, fittings and equipment	1 184 515	7 308	108 310	-	(26 722)	1 273 411
Bins and containers	69 495	1 748	1 770	-	(568)	72 445
Emergency equipment	63 279	(3 302)	4 252	-	(3 256)	60 973
Motor vehicles and watercraft	1 428 350	62 817	354 485	-	(69 636)	1 776 016
Plant and equipment	1 143 272	68 222	75 260	-	(16 063)	1 270 691
Specialised vehicles	1 675 690	4 058	238 961	-	(22 931)	1 895 778
Computer equipment	2 365 695	65 891	209 242	-	(62 019)	2 578 809
Animals	1 570	-	-	-	(271)	1 299
	9 400 823	(97 993)	1 253 498	-	(201 479)	10 354 849
Service concession assets						
Buses and depots	1 411 417	-	121	-	(29 363)	1 382 175
Housing rental stock	3 115 668	15 729	6 597	-	(35 188)	3 102 806
TOTAL PPE	67 464 997	(31 590)	5 357 605	-	(270 303)	72 520 709

ACCUMULATED DEPRECIATION						
Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value
(486 443)	470 352	-	-	-	(16 091)	62 982
(260 341)	-	-	-	-	(260 341)	1 042 199
(1 123 908)	(416 127)	(79 557)	(6 477)	3 909	(1 622 160)	2 547 961
(1 870 692)	54 225	(79 557)	(6 477)	3 909	(1 898 592)	3 653 142
-	-	-	-	-	-	2 525 750
(72 643)	-	(51 429)	(1 109)	21	(125 160)	770 124
(455 036)	-	(46 512)	-	-	(501 548)	890 174
(3 774 911)	43	(450 935)	-	-	(4 225 803)	9 498 494
(29 409)	-	(4 487)	-	-	(33 896)	148 977
(1 805 071)	-	(265 981)	-	5	(2 071 047)	3 406 106
(493 605)	-	(117 480)	-	-	(611 085)	701 730
(3 051 968)	-	(220 121)	(1 462)	-	(3 273 551)	7 421 932
(1 912 531)	-	(214 935)	-	-	(2 127 466)	3 227 951
(406 101)	-	(21 893)	-	-	(427 994)	657 116
(12 001 275)	43	(1 393 773)	(2 571)	26	(13 397 550)	29 248 354
-	-	-	-	-	-	168 214
(69 826)	-	(13 317)	-	-	(83 143)	321 857
(85 209)	-	(5 269)	-	-	(90 478)	245 367
(2 058 683)	78	(221 584)	-	40	(2 280 149)	3 450 594
(738 758)	47	(46 333)	-	-	(785 044)	2 058 395
(2 952 476)	125	(286 503)	-	40	(3 238 814)	6 244 427
-	-	-	-	-	-	218 124
(1 086)	-	(176)	-	13	(1 249)	-
(633 259)	-	(38 660)	-	-	(671 919)	534 135
(798 720)	(199)	(125 446)	-	24 338	(900 027)	373 384
(59 252)	-	(5 089)	-	530	(63 811)	8 634
(39 998)	1 015	(6 217)	-	3 205	(41 995)	18 978
(663 492)	(31 990)	(121 756)	(2 859)	59 156	(760 941)	1 015 075
(636 093)	(23)	(104 687)	(8)	14 365	(726 446)	544 245
(714 188)	(1 015)	(110 479)	-	19 819	(805 863)	1 089 915
(1 759 493)	(17 675)	(237 073)	-	60 004	(1 954 237)	624 572
(349)	-	(209)	-	220	(338)	961
(5 305 930)	(49 887)	(749 792)	(2 867)	181 650	(5 926 826)	4 428 023
(576 910)	-	(95 846)	(20 031)	17 453	(675 334)	706 841
(1 021 046)	-	(99 295)	(250)	29 151	(1 091 440)	2 011 366
(23 728 329)	4 506	(2 704 766)	(32 196)	232 229	(26 228 556)	46 292 153

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

	COST					Closing balance
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	
Heritage assets						
Paintings and museum items	8 891	-	1 389	-	-	10 280
	8 891	-	1 389	-	-	10 280
Investment property						
Vacant land	518 180	(13)	-	-	(25)	518 142
Land and buildings	124 501	-	-	-	-	124 501
	642 681	(13)	-	-	(25)	642 643
Intangible assets						
Assets under construction	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441
Computer software	1 003 979	26 664	110 130	-	-	1 140 773
	1 565 420	26 664	110 130	-	-	1 702 214
TOTAL OTHER	2 216 992	26 651	111 519	-	(25)	2 355 137
GRAND TOTAL PPE AND OTHER	69 681 989	(4 939)	5 469 124	-	(270 328)	74 875 846

¹ Includes the contributed assets amount of R2,86 million.

ACCUMULATED DEPRECIATION						
Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value
-	-	-	-	-	-	10 280
-	-	-	-	-	-	10 280
-	-	-	-	-	-	518 142
(57 968)	-	(1 714)	-	-	(59 682)	64 819
(57 968)	-	(1 714)	-	-	(59 682)	582 961
-	-	-	-	-	-	-
(284 457)	-	(70 180)	-	-	(354 637)	206 804
(564 923)	(362)	(81 075)	-	-	(646 360)	494 413
(849 380)	(362)	(151 255)	-	-	(1 000 997)	701 217
(907 348)	(362)	(152 969)	-	-	(1 060 679)	1 294 458
(24 635 677)	4 144	(2 857 735)	(32 196)	232 229	(27 289 235)	47 586 611

ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

	2019	2018	2017
MUNICIPALITY OF CAPE TOWN			
Bank accounts held with			
Nedbank			
Main bank	214 486	181 975	
Salary bank	-	-	
Cashier's bank	-	-	
General income bank (primary)	-	-	
Traffic fines bank	-	-	
IRT bank	-	-	
Amortised cost	214 486	181 975	
ABSA			
Main bank	-	19 598	469 968
IRT bank	31 467	8 162	-
Amortised cost	31 467	27 760	469 968
Amortised cost - see note 11	245 953	209 735	469 968
SUBSIDIARIES			
CTICC			
Bank accounts			
Nedbank - current	-	753	463
ABSA Bank - current	8 309	1 254	8 639
ABSA Bank - CTICC east - current	207	967	2 645
ABSA Bank - exh serv - current	660	642	24
ABSA Bank Treasury	75	71	68
ABSA Bank Treasury	2 607	2 451	2 302
Amortised cost	11 858	6 138	14 141
City improvement districts	110 502	95 246	71 195
Cape Town Stadium (RF) SOC LTD	11		
Total bank balances - see note 11	368 324	311 119	555 304
MUNICIPALITY OF CAPE TOWN			
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	730	226	
City of Cape Town	65	5 196	
City of Cape Town	1 416	138	
City of Cape Town	3 341	996	
City of Cape Town	4 992	2 569	
City of Cape Town	736	945	
City of Cape Town	534	592	
City of Cape Town	872	111	
City of Cape Town	200	182	
City of Cape Town	-		
	12 886	10 955	

	2019	2018	2017
Bank accounts managed by fund managers (continued)			
ABSA			
City of Cape Town		-	481
City of Cape Town		13	306
City of Cape Town		-	1 803
City of Cape Town		-	4 015
City of Cape Town		-	574
City of Cape Town		-	598
City of Cape Town		8	1 081
City of Cape Town		-	194
		21	9 052
Fair value - see note 11	12 886	10 976	9 052
City of Cape Town	-	-	(5 298)
Fair value	12 886	10 976	3 754
SUBSIDIARIES			
CTICC			
Investment accounts			
Nedbank - call deposit	20	19	18
ABSA Bank - call deposit	386	14 424	39 622
First National Bank - RMB investment	-	14 834	13 800
Stanlib - corporate money market fund	24 501	27 909	2 752
Investec - corporate money market fund	14 263	37 946	35 164
ABSA Bank - call deposit	3	3	1
Nedgroup - money market fund	30 729	28 663	48 356
Nedgroup - money market fund C2	36 759	35 298	17 255
ABSA Bank - money market fund	48 938	711	-
ABSA Bank - CTICC money market fund	14 623	13 646	35 299
ABSA Bank - guarantee	-	45 225	45 620
Amortised cost	170 222	218 678	237 887

ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2019	2018
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	100 000	100 000
Guarantee facility (non-cash-covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	4 000	2 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

Guarantee facility (non-cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

Business activities	Actual income	Actual expenditure	(Surplus)/deficit	Inter-departmental charges	Net (surplus)/deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration								
Executive and Council	(18 650 351)	9 913 190	(8 737 161)	(1 222 917)	(7 514 244)	(9 697)	(7 504 547)	(6 523 862)
Finance and Administration	(1 383)	428 929	427 546	2 919	424 627	(117)	424 744	453 799
Internal Audit	(18 648 960)	9 441 171	(9 207 789)	(1 226 062)	(7 981 727)	(9 580)	(7 972 147)	(7 023 629)
	(8)	43 090	43 082	226	42 856	-	42 856	45 968
Community and Public Safety	(2 192 292)	6 029 995	3 837 703	788 312	3 049 391	(620 339)	3 669 730	3 868 261
Community and Social Services	(145 643)	1 047 125	901 482	47 842	853 640	(57 087)	910 727	919 115
Sport and Recreation	(89 497)	1 403 541	1 314 044	268 846	1 045 198	(40 802)	1 086 000	1 062 493
Public Safety	(54 685)	588 720	534 035	5 096	528 939	(26 654)	555 593	576 555
Housing	(1 504 397)	1 814 157	309 760	447 247	(137 487)	(475 459)	337 972	515 941
Health	(398 070)	1 176 452	778 382	19 281	759 101	(20 337)	779 438	794 157
Economic and Environmental Services	(3 173 030)	7 129 843	3 956 813	256 349	3 700 464	(630 360)	4 330 824	4 299 754
Planning and Development	(361 944)	1 056 836	694 892	33 982	660 910	(14 032)	674 942	722 508
Road Transport	(2 787 329)	5 919 371	3 132 042	214 186	2 917 856	(615 170)	3 533 026	3 454 473
Environmental Protection	(23 757)	153 636	129 879	8 181	121 698	(1 158)	122 856	122 773
Trading Services	(29 235 562)	23 781 482	(5 454 080)	190 191	(5 644 271)	(892 497)	(4 751 774)	(3 235 002)
Energy Sources	(14 250 966)	12 245 477	(2 005 489)	1 519 501	(3 524 990)	(136 152)	(3 388 838)	(2 864 734)
Water Management	(6 942 100)	5 773 745	(1 168 355)	584 914	(1 753 269)	(399 402)	(1 353 867)	(603 114)
Waste water management	(4 215 209)	2 731 708	(1 483 501)	(675 838)	(807 663)	(356 943)	(450 720)	(124 063)
Waste management	(3 827 287)	3 030 552	(796 735)	(1 238 386)	441 651	-	441 651	356 909
Subsidiaries	(611 772)	567 716	(44 056)	(11 935)	(32 121)	-	(32 121)	13 706
Cape Town International Convention Centre	(292 264)	268 184	(24 080)	33 182	(57 262)	-	(57 262)	22 425
Cape Town Stadium	(83 848)	83 848	-	(45 117)	45 117	-	45 117	1 612
City improvement districts	(235 660)	215 684	(19 976)	-	(19 976)	-	(19 976)	(10 331)
TOTAL	(53 863 007)	47 422 226	(6 440 781)	-	(6 440 781)	(2 152 893)	(4 287 888)	(1 577 143)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met – transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	200	198	-	-	(344)
Department of Environmental Affairs and Tourism	Environmental Affairs	(307)	(220)	-	38	-	-	-	(489)
DME - INEP	Energy	(2 234)	(10 000)	-	-	12 234	-	-	-
Energy Efficiency Electricity Demand Side Management	Energy	(1 342)	(10 000)	1 342	700	9 300	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(24 266)	-	23 266	1 000	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	11	-	-	-	-
Infrastructure Skills Development	National Treasury	(547)	(13 605)	699	9 600	582	-	-	(3 271)
Integrated City Development Grant	National Treasury	(9 622)	(64 362)	8 011	1 083	54 560	-	-	(10 330)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(66)	-	66	-	-	-	-	-
Municipal Disaster Grant	Department of Corporate Governance	(37 133)	-	4 683	-	31 219	-	-	(1 231)
Municipal Disaster Recovery Grant	Department of Corporate Governance	-	(553 500)	46 311	-	307 600	-	-	(199 589)
Neighbourhood Development Programme	National Treasury	-	(7 300)	134	-	7 166	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	-	(653)	-	-	-	-	-	(653)
Public Transport Network Grant	Transport	(37 264)	(1 045 522)	51 419	440 780	468 073	-	-	(122 514)
Public Transport Network Grant - BFI	Transport	-	(33 000)	-	-	33 000	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(3 232)	-	-	-	1 156	-	-	(2 076)
Special Projects	Environmental Affairs	-	(2 564)	-	-	531	-	-	(2 033)
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(766)	-	-	636	-	-	(130)
Tirelo Bosha Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(166 149)	(1 484 790)	313 016	32 326	1 127 450	-	-	(178 147)
Total DoRA allocation		(258 724)	(3 251 548)	425 681	509 004	2 054 705	-	-	(520 882)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		-	-	(320)	-	-	-	-	(320)
LGSETA: Post Graduate Internship Programme: Interest account		(128)	-	128	-	-	-	-	-
Natural Resource Management: Interest account		(10)	-	-	-	-	-	-	(10)
Neighbourhood Development Programme: Interest account		(983)	-	-	-	-	(207)	-	(1 190)
Peninsula Wetlands Rehabilitation Project: Interest account		(18)	-	18	-	-	(2)	-	(2)

NATIONAL AND PROVINCE GRANT FUNDS 2018/19

Description	Source	Balance unspent at beginning of the year ¹	Current- year receipts	Adjust- ments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Public Transport Infrastructure Systems Grant: Interest account		(214 545)	-	-	24 842	925	(14 988)	-	(203 766)
Public Transport Infrastructure Grant: Interest account		(36 701)	-	-	-	-	(2 665)	-	(39 366)
Public Transport Network Grant: Interest account		(51 350)	-	-	-	-	(22 669)	-	(74 019)
Public Transport Network Grant - BFI: Interest account		-	-	-	-	-	(185)	-	(185)
Public Transport Network Operations Grant: Interest account		(14 990)	-	-	-	-	(1 089)	-	(16 079)
Smart Living Handbook: Interest account		(100)	-	-	-	-	(7)	-	(107)
Special Projects		(41)	-	41	-	-	(4)	-	(4)
Terrestrial Invasive Alien Plants: Interest account		(31)	-	-	-	-	(2)	-	(33)
Total interest earned		(319 143)	-	(133)	24 842	925	(41 818)	-	(335 327)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS									
		(577 867)	(3 251 548)	425 548	533 846	2 055 630	(41 818)	-	(856 209)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(4 730)	(5 000)	4 730	5 000	-	(94)	-	(94)
Belhar Pentech 340 Top Structures	Human Settlements	(545)	-	(20 997)	15 730	-	-	-	(5 812)
Bokmakierie/Hazendal Infill 3	Human Settlements	(414)	-	-	-	-	-	-	(414)
Browns Farm Phase 3,4,5,6	Human Settlements	(10 975)	-	-	-	-	-	-	(10 975)
Clinics : HIV/Aids and TB Programmes	Health	(13)	-	13	-	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(7 224)	-	8 050	-	(826)	(3 007)
Delft - The Hague Phase 2 (89%)	Human Settlements	(55 258)	-	-	94 335	-	-	(39 077)	-
Delft The Hague/Roosendal Eindhoven	Human Settlements	(8 466)	-	-	6 203	-	-	-	(2 263)
Disaster Fund - Fire/Flood Kits	Human Settlements	(5 677)	-	(30 041)	29 279	-	-	-	(6 439)
Edward Road Energy Efficient Project	Human Settlements	(3 552)	-	-	-	-	(258)	-	(3 810)
EHP Nyanga, Dunoon and Atlantis	Human Settlements	(10 447)	-	(146)	127	-	-	-	(10 466)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Operating	Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
Emergency Funds (PGWC)	Human Settlements	(2 500)	-	-	2 500	-	-	-	-
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	21 122	-	-	-	(21 122)	-
Eradication of Registration Backlog	Human Settlements	(5 354)	-	-	3 133	-	-	-	(2 221)
Erf 160: Boys Town	Human Settlements	-	-	(767)	375	-	-	-	(392)
Establishment Grants	Human Settlements	(874)	-	(270)	260	-	(64)	-	(948)
Facilitation Grants	Human Settlements	(1 291)	-	(609)	581	-	(87)	-	(1 406)
Finance Management Support Grant	Treasury	(3)	(230)	3	230	-	(2)	-	(2)
Financial Management Capacity Building Grant	Treasury	(375)	(360)	122	280	-	(32)	-	(365)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	(5 197)	-	(27 384)	33 493	-	-	(912)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(6 508)	-	(926)	7 282	-	-	-	(152)
Glenhaven Social Housing Project	Human Settlements	(30 000)	-	-	25 648	-	-	-	(4 352)
Global Fund Community Base Response Project	Health	(92)	-	92	-	-	-	-	-
Global Fund Community Based Programme	Health	(3 642)	-	20	3 622	-	-	-	-
Government Grant Community Development Workers	Human Settlements	(1 179)	-	-	701	63	(60)	-	(475)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(40 261)	-	-	9 079	-	-	-	(31 182)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(44)	-	(2 090)	2 068	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(111)	-	-	108	-	(5)	-	(8)
Heideveld Housing Infill	Human Settlements	(313)	-	(14 022)	12 775	-	-	-	(1 560)
HIV/Aids Community Based Response Projects	Health	(4 678)	(251 120)	-	230 558	-	-	-	(25 240)
Housing Settlements Development Grant	Human Settlements	-	(350 755)	350 755	-	-	-	-	-
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects Urban Engineering	Human Settlements	-	-	-	1 541	-	-	(1 541)	-
Informal Settlements	Human Settlements	(1 874)	(1 500)	1 964	843	-	-	-	(567)

NATIONAL AND PROVINCE GRANT FUNDS 2018/19

Description	Source	Balance unspent at beginning of the year ¹	Current- year receipts	Adjust- ments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	-	(3 000)	-	365	-	-	-	(2 635)
Kanonkop Phase 1 Top Structures	Human Settlements	(2 746)	-	(9 953)	13 759	-	-	(1 060)	-
Khayelitsha Site C Subsidies	Human Settlements	(4 738)	-	-	-	-	(344)	-	(5 082)
Kleinvllei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Human Settlements	(2 655)	(3 938)	46	5 692	762	(124)	-	(217)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(184)	(4 770)	-	4 944	-	(183)	-	(193)
Library Metro Grant	Cultural Affairs and Sport	(1 034)	(10 000)	(670)	-	11 000	(540)	-	(1 244)
Metropolitan Land Transport Fund	Transport and Public Works	(17 748)	(13 666)	1 724	18 395	-	(89)	-	(11 384)
Mitchells Plain Infill Phase 1	Human Settlements	(3 945)	-	-	-	-	-	-	(3 945)
Mitchells Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkels Cottage Strand Housing Project	Human Settlements	(9 922)	-	(21 000)	28 793	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	-	(5 000)	-	5 000	-	(41)	-	(41)
Nelson Mandela Statue - Contributed Asset	Economic Development and Tourism	-	-	(1 389)	-	1 389	-	-	-
New Housing Development Projects	Human Settlements	(4 855)	-	-	7 401	-	-	(2 546)	-
NHBRC Enrollment Fees	Human Settlements	(1 715)	-	-	(142)	-	-	-	(1 857)
Nutrition Supplement Programme	Health	-	(4 790)	16	5 470	-	-	(696)	-
Occupancy Survey	Human Settlements	(12 423)	-	-	1 992	-	-	-	(10 431)
Pelican Park 2083 Top Structures	Human Settlements	(758)	-	-	437	-	-	-	(321)
Peoples Housing Project	Human Settlements	(71 539)	-	(153 319)	164 476	-	(4 444)	-	(64 826)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2018/19									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met – transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Prov Docs Mod Centre Deployment	Community Safety	-	(345)	(44)	224	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(5 910)	(48 947)	669	45 550	2 242	(1 214)	-	(7 610)
Rou Emoh Housing Development	Human Settlements	(181)	-	-	-	-	(13)	-	(194)
Salt River Transitional Housing - Madulammmoho Housing Association	Human Settlements	(4)	-	-	-	313	-	(309)	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(2 046)	-	(10 347)	-	-	-	-	(12 393)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	-	-	-	-	-	(7 117)
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(540)	(29 233)	-	29 095	-	-	-	(678)
Title Deeds Restoration	Human Settlements	-	(26 757)	-	-	-	-	-	(26 757)
Vaccines	Health	-	(93 766)	17 959	101 499	-	-	(25 692)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 990)	-	11	(1)	-	-	-	(10 980)
TOTAL PROVINCE TRANSFERS AND GRANTS		(385 204)	(853 177)	98 048	918 700	23 819	(7 594)	(93 781)	(299 189)
Analysis of grants and subsidies									
Total National Government transfers and grants		(577 867)	(3 251 548)	425 548	533 846	2 055 630	(41 818)	-	(856 209)
Total Province transfers and grants		(385 204)	(853 177)	98 048	918 700	23 819	(7 594)	(93 781)	(299 189)
		(963 071)	(4 104 725)	523 596	1 452 546	2 079 449	(49 412)	(93 781)	(1 155 398)

¹ The balance unspent at beginning and end of the year excludes VAT.

ANNEXURE F: Disclosure of grants in terms of section 14(4)(a) of the DoRA 2018

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS		
	Budget	Expenditure
METRO SOUTHEAST CORRIDOR		
Integrated City Development Grant (ICDG)	24 139	24 026
Public Transport Network Grant (PTNG)	82 495	74 381
Urban Settlements Development Grant (USDG)	138 836	125 507
	245 470	223 914
VOORTREKKER ROAD CORRIDOR		
Integrated City Development Grant (ICDG)	16 832	16 678
Urban Settlements Development Grant (USDG)	73 034	70 798
	89 866	87 476
BLUE DOWNS SYMPHONY WAY		
Urban Settlements Development Grant (USDG)	51 284	48 493
GRAND TOTAL	386 620	359 883

ANNEXURE G: Appropriation statement (reconciliation: budget and in-year performance)

FOR THE YEAR ENDED 30 JUNE 2019

All amounts indicated in Rand thousands (R'000)

2018/19						
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget
Financial performance						
Property rates	9 361 952	943	9 362 895	-	-	9 362 895
Service charges	19 142 815	301 605	19 444 420	-	-	19 444 420
Investment revenue	941 028	11 522	952 550	-	-	952 550
Transfers recognised – operational	6 876 267	565 596	7 441 863	-	-	7 441 863
Other own revenue	3 372 863	(60 978)	3 311 885	-	-	3 311 885
Total revenue (excluding capital transfers and contributions)	39 694 925	818 688	40 513 613	-	-	40 513 613
Employee costs	13 048 918	(407 382)	12 641 536	-	(21 275)	12 620 261
Remuneration of councillors	169 990	-	169 990	-	-	169 990
Debt impairment	2 989 251	(587 573)	2 401 678	-	-	2 401 678
Depreciation and asset impairment	2 861 003	35 715	2 896 718	-	-	2 896 718
Finance charges	1 092 864	(182 606)	910 258	-	(2 119)	908 139
Materials and bulk purchases	10 742 417	(434 009)	10 308 408	-	42 241	10 350 649
Transfers and grants	333 807	155 594	489 401	-	(1 562)	487 839
Other expenditure	8 391 177	632 967	9 024 144	-	(17 285)	9 006 859
Total expenditure	39 629 427	(787 294)	38 842 133	-	-	38 842 133
Surplus/(deficit)	65 498	1 605 982	1 671 480	-	-	1 671 480
Transfers recognised – capital	2 067 896	475 700	2 543 596	-	-	2 543 596
Contributions recognised – capital and contributed assets	76 200	(21 675)	54 525	-	-	54 525
Surplus/(deficit) after capital transfers and contributions	2 209 594	2 060 007	4 269 601	-	-	4 269 601
Share of surplus/(deficit) of associate	-	-	-	-	-	-
Surplus/(deficit) for the year	2 209 594	2 060 007	4 269 601	-	-	4 269 601
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised – capital	2 067 896	468 400	2 536 296	-	-	2 536 296
Public contributions and donations	76 200	(21 674)	54 526	-	-	54 526
Borrowing	4 000 000	(3 500 000)	500 000	-	-	500 000
Internally generated funds	2 322 984	1 313 956	3 636 940	-	-	3 636 940
Total sources of capital funds¹	8 467 080	(1 739 318)	6 727 762	-	-	6 727 762
Cash flows						
Net cash from (used) operating	4 809 613	2 973 965	7 783 578	-	-	7 783 578
Net cash from (used) investing	(7 683 492)	1 593 824	(6 089 668)	-	-	(6 089 668)
Net cash from (used) financing	3 556 102	(3 343 855)	212 247	-	-	212 247
Cash/cash equivalents at the year end	682 223	1 223 934	1 906 157	-	-	1 906 157

¹ The actual capital outcome amount does not include the contributed assets amount of R2,86 million. See annexure B.

2018/19					2017/18			
Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
9 529 021	-	-	102	102	-	-	-	-
18 897 225	-	-	97	99	-	-	-	-
1 142 093	-	-	120	121	-	-	-	-
7 049 218	-	-	95	103	-	-	-	-
3 853 671	-	-	116	114	-	-	-	-
40 471 228	-	-	100	102	-	-	-	-
12 458 823	-	-	99	95	-	-	-	-
162 040	-	-	95	95	-	-	-	-
1 585 910	-	-	66	53	-	-	-	-
2 732 721	-	-	94	96	-	-	-	-
834 056	-	-	92	76	-	-	-	-
9 937 129	-	-	96	93	-	-	-	-
336 816	-	-	69	101	-	-	-	-
8 116 613	-	-	90	97	-	-	-	-
36 164 108	-	-	93	91	-	-	-	-
4 307 120	-	-	-	6 576	-	-	-	-
2 080 920	-	-	82	101	-	-	-	-
52 741	-	-	97	69	-	-	-	-
6 440 781	-	-	151	291	-	-	-	-
-	-	-	-	-	-	-	-	-
6 440 781	-	-	151	291	-	-	-	-
2 069 566	-	-	82	100	-	-	-	-
49 804	-	-	91	65	-	-	-	-
388 445	-	-	78	10	-	-	-	-
2 881 921	-	-	79	124	-	-	-	-
5 389 736	-	-	80	64	-	-	-	-
9 280 101	-	-	119	193	-	-	-	-
(6 242 255)	-	-	103	81	-	-	-	-
(131 800)	-	-	(62)	(4)	-	-	-	-
2 906 046	-	-	152	426	-	-	-	-

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2018

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2018	2018
AURECON		51 591	51 591
H Ahlschlager	Legal Representative		
C Barry	Head		
T Botha	Technical Manager		
W Erasmus	Program Manager		
H Esterhysen	Senior Manager		
T Govender	Maintenance Administrator		
S Grobbelaar	Town Planner		
E Herholdt	Manager		
A Heyns	Engineer		
J Higgs	Regional Manager		
J Jacobs	PA		
B Kleynhans	Accountant		
B Kriegler	Councillor: Breede Valley Municipality		
M Marques	Deputy Director		
D Mayekiso	Assistant Director		
A Moore	Chief Engineer		
K Nadasen	Director		
S Seegers	Head		
M Skead	Senior Manager		
BOWMAN GILFILLAN INC (LEGAL)		9 948	9 948
H Ben - David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Project and Process Manager		
C Dyer	Deputy Director		
S February	Teacher		
C Franklyn	Specialist Scientist		
Q Green	Director Finance		
C la Marque	Regional Magistrate		
M Majola	Manager		
C Maree	Senior Family Advocate		
G Mellem	Teacher		
M Nyali	Teacher		
N Nyali	Chief Education Specialist		
R Ordelheide	Intern		
Z Pali	Assistant Director		
S Pillay	Educator		
T Sass	Head		
B Sepuba	Special Recruitment		
E van den Berg	School Psychologist		
J van den Heuvel	Magistrate		
A Visser	Maintenance Manager		

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2018	2018
GIBB		33 633	33 633
R Beharie	Senior Engineer		
I Brink	Teacher		
S Cilliers	Teacher		
J Gooch	Head		
D Kiewiet	Area Manager		
U Lekonyana	Deputy Director: National Treasury		
N Mkhize	Accounting Clerk		
A Moon	Head		
N Mzayiya	Correctional Officer		
K Naidoo	Head		
JAKEPRO BUILDING PROJECTS AND SERVICE		346	346
Y Jacobs	Department of Health		
O Khan	Department of Defense		
PURPLE ROSE DISTRIBUTORS CC		482	482
C Hector	Quality Assessor		
M Hector	Medical Doctor		
SPOTLESS BY SAM		51	51
E Neethling	Attendant		
I Olifant	Forensic Pathology		
TURNER AND TOWNSEND (PTY) LTD		8 313	8 313
E Barnard	Risk manager		
T Bulmer	Chief Therapist		
R Conrad	Professional Officer		
D Dauncey	Facilities Manager Krugersdorp		
G Harmse	Senior Manager		
N Satar	Chris Hani Hospital		
J Ziki	Medical Officer		
WHILE ITS DAY		2 348	2 348
C Hector	NHBRC		
M Hector	Medical Doctor		
ZAPTRON PEST SOLUTIONS		225	225
F Fortune	SANDF		
F Fortune	Western Cape Health Department		

ANNEXURE H: Bids awarded to family of employees in the service of the state – 2018

(continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2018	2018
INDIVIDUALS			
N Andhee	Department of Education	1 848	1 848
T Arendse	Senior Foreman	138	138
L Arries	Educator	20 525	20 525
R Badenhorst	Councillor	1 444	1 444
T Barends	SAP Developer	170	170
P Bell	DCAS	1 620	1 620
J Bogma	Metro Paramedic	136	136
ER Bowers	Social Worker	651	651
C Brown	SABC	151	151
G Buitendag	Principal Professional Officer	62	62
C Carr	Administrative Officer	99	99
JP Cilliers	Specialist Advisor	463	463
M Daniels	Project Administrator	150	150
M Davids	Operational Supervisor Driver	192	192
S Davids	Department of Education	31 179	31 179
W de Kock	Stellenbosch Municipality	1 144	1 144
Y Ebrahim	District Head	1 631	1 631
C Elliot	Office of the Premier	3	3
S Fourie	HoD: Department of Economic Development and Tourism	10	-
TN Gaxeni	Eskom	5 468	5 468
S Gxilishe	Teacher	129	129
EL Hamman	CTICC Board Member	25 195	25 195
A Harding	Administrative Officer	32	32
T Henderson	Teacher	399	399
F Hendricks	Administrative Officer	1 264	1 264
R Hendricks	HR-Department of Justice	104	104
E Jacobs	Senior Clerk	161 721	161 721
LA Kenny	Professional Officer	373	373
L Lightburn	Clerk	242	242
V Machimana	Gauteng Health	3 295	3 295
K Modack	Senior Professional Officer	1 150	1 150
N Makeleni	Department of Health	60	60
M Maroof	Professional Officer	34	34
S Melane	Senior Clerk	279	279
SS Merile	Small Plant Operator	18 861	18 861
FJ Monk	Subcouncil Manager	948	948
E Moses	Senior Operational Supervisor Driver	175	175
F Mostert	Engineering and Asset Management	1 253	1 253
MC Mshweshwe	Statutory Compliance Specialist	898	898

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2018	2018
INDIVIDUALS (continued)			
V Mtini	Worker	11 888	11 888
M Mvalo	Professional Officer	761	761
P Naidoo	Operational Manager: Tourism and Events	8 061	8 061
P Phosa	Parliament	18 934	18 934
C Rhoda	Head	396	396
M Rhodes	Teacher	6 003	6 003
A Richards	Senior Professional Officer	87	87
D Rose	Call Centre Agent	3 726	3 726
MN Sammy	Administrative Officer	20	20
A Sangster	Support Assistant	38 558	38 558
F Shariff	Manager: Transversal Real Estate	199	199
Y Skunyana	Light Machine Operator	708	708
L Sneli	SANRAL	5	5
C Stone	Manager: Traffic Services	6	6
V van der Heever	Teacher	7 207	7 207
C van der Vent	Senior Worker	442	442
N Vlotman	Department of Health	9	9
MF Voersen	Head	2 518	2 518
S Willemse	Administrative Officer	1 762	1 762
R Williams	Prison Warden	54	54
V Williams	Clerk	3 071	3 071
TOTAL		494 848	494 838

The comparative amount has been restated from R145,56 million to R494,85 million.





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APPENDIX A

2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY:

Well above target ✓

Above target ■

On target ▲

Below target ●

Well below target ✗

Objectives	Indicators	2017/18 (previous financial year)		2018/19 (current financial year)		Status	
		Target	Actual	Target	Actual		
1.1. Positioning Cape Town as a forward-looking, globally competitive city	1.A Percentage of building plans approved within statutory timeframes (30-60 days)	90%	97,5%	92%	92,8%	■	
	1.B Percentage of rates clearance certificates issued within ten working days	95%	93,84%	92%	94,61%	■	
	1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	0,2%	0,59%	0,60%	0,66%	●	
1.2. Leveraging technology for progress	1.D Number of public Wi-Fi locations	60	60	10	17	✓	
	1.E Number of public Wi-Fi access points	150	251	20	64	✓	
1.3. Economic inclusion	1.F Number of Mayor's job creation programme (MJCP) opportunities created (national key performance indicator/NKPI)	34 500	35 145	35 500	36 910	■	
	1.G Percentage of budget spent on implementation of Workplace Skills Plan (WSP) (NKPI)	95%	95,42%	95%	95,58%	■	
1.4. Resource efficiency and security	1.H Percentage compliance with drinking water quality standards	98%	99,11%	98%	99,09%	■	
	1.I Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	3,2	5,24	3,5	6,4	✓	

THE OPPORTUNITY CITY



	Reason for variance	Remedial action
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	The target was not achieved. Being complex, the supplies took longer than anticipated.	Propose an amendment to the target. Responsible person: Nassiep Kadri Due date: Ongoing
	In the absence of a formal budget for public Wi-Fi, the service is provided as a second service set identifier (SSID) (Smart Cape) on corporate Wi-Fi access points, which are deployed on an ongoing basis throughout the year.	Maintain the momentum
	Well above target. In the absence of a formal budget for public Wi-Fi, the service is provided as a second SSID (Smart Cape) on corporate Wi-Fi access points, which are deployed on an ongoing basis throughout the year.	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	The reason for this overperformance is twofold. Firstly, this indicator is customer-driven and, therefore, reliant on applications received. However, in the year in review, the City also ran a programme to legalise unregistered systems, which had some success, thus increasing the numbers.	Maintain the momentum

APPENDIX A 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY:

Well above target ✓

Above target ■

On target ▲

Below target ●

Well below target ✗

Objectives	Indicators	2017/18 (previous financial year)		2018/19 (current financial year)			Status	
		Target	Actual	Target	Actual			
2.1 Safe communities	2.A Number of new areas with closed-circuit television (CCTV) surveillance cameras	3	11	5	9	✓		
	2.B Community satisfaction survey (score 1-5) – safety and security	2,9	2,8	2,9	2,3	✗		
3.1 Excellence in basic service delivery	3.A Community satisfaction survey (score 1-5) – citywide	2,9	2,8	2,9	2,3	✗		
	3.B Number of outstanding valid applications for water services, expressed as percentage of total billings for the service (NKPI)	<0,7%	0,44%	<0,7 %	0,27%	✓		
	3.C Number of outstanding applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	<0,7%	0,49%	<0,7 %	0,24%	✓		
	3.D Number of outstanding valid applications for electricity services, expressed as percentage of total number of billings for the service (NKPI)	<0,6%	0,11%	<0,5 %	0,11%	✓		
	3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	<0,6%	0,01%	<0,5 %	0,01%	✓		
	3.F Percentage adherence to Citywide service requests	90%	83,06%	90%	87,28%	●		

	Reason for variance	Remedial action
	Well above target, due to an increase in requests for cameras funded by ward allocations.	Maintain the momentum
	Appointment of a new service provider on a three-year tender has established a new benchmark with a different sampling framework. Other factors, such as protests and elections, may have negatively affected the community satisfaction results.	Revise the target in line with the new baseline. Responsible person: Richard Bosman Due date: Ongoing
	Appointment of a new service provider on a three-year tender has established a new benchmark with a different sampling framework. Other factors, such as protests and elections, may have negatively affected the community satisfaction results.	Revise the target in line with the new baseline. Responsible person: Craig Kesson Due date: Ongoing
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	The same target was determined corporately for all services so that performance can be measured uniformly across all services. Due to the relatively simple nature of the standard residential connection, meeting the allocated timeframes is feasible.	Maintain the momentum
	The achievement is based on demand, so the variance is discrete and not continuous. The indicator target is scheduled for review during the December 2019 review process.	Maintain the momentum
	The target has been narrowly missed. A number of notifications were not closed within the corporate target days set. Those notifications required more time to be resolved.	The service request project is currently under way. It is specifically aimed at accommodating all directorates in order to establish a better target-setting process, which will provide a clearer reflection of the notification status for the City. Responsible person: Adv Brent Gerber Due date: Ongoing

APPENDIX A 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕

Objectives	Indicators	2017/18 (previous financial year)		2018/19 (current financial year)			Status
		Target	Actual	Target	Actual	Status	
3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.G Number of water service points (taps) provided to informal settlements (NKPI)	600	912	700	716	■	
	3.H Number of sanitation service points (toilets) provided to informal settlements (NKPI)	2 800	4 275	2 600	3 687	✓	
	3.I Percentage of informal settlements receiving a door-to-door refuse collection service (NKPI)	99%	99,74%	99%	99,74%	■	
	3.J Number of service points (toilet and tap with hand basin) provided to backyarders	1 000	408	780	164	✕	
3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.K Number of subsidised electricity connections installed (NKPI)	1 500	1 774	1 500	2 440	✓	
	3.L Percentage of allocated housing opportunity budget spent	90%	65,98%	90%	84%	●	
	3.M Number of deeds-of-sale agreements signed with identified beneficiaries per annum	1 000	600	600	683	✓	
	3.N Number of sites serviced in informal settlements	2 000	1 052	1 480	1 448	●	
	3.O Number of community services facilities in informal settlements	N/A	N/A	N/A	N/A	N/A	



THE CARING CITY

	Reason for variance	Remedial action
	Target achieved	Maintain the momentum
	The overachievement on sanitation service points provided is linked to the replacement of the City's portable flush toilets (PFTs), as required by the upgrade of the new faecal sludge management (FSM) facility at Borchards Quarry wastewater treatment works (WWTW). The new facility was designed for a specific type of PFT, and the older typologies on site therefore had to be condemned and replaced with the new specification to ensure service continuity. This is in addition to new requests for these toilets in the 2018/19 financial year.	Maintain the momentum
	Target achieved	Maintain the momentum
	New projects that were identified to start and yield in the 2018/19 financial year could not commence due to the delays with the appointment of the new basic services plumbing term tender.	The delays relating to the appointment of the new basic services plumbing term tender were resolved in June 2019. A contractor has been appointed. Responsible persons: Rayan Rughubar, Waleed Adams Due date: Ongoing
	The overachievement directly relates to the creation of sufficient housing opportunities for the City to electrify.	Maintain the momentum
	The top structure projects were delayed due to: - community unrest; - delays with the approval of building plans; - process to appoint contractors; - poor contractor performance; and - the outstanding transfer of historic title deeds.	The Urban Settlements Development Grant (USDG) and Human Settlements Development Grant (HSDG) unspent budget was rolled over to the 2019/20 financial year (with Council approval), as the projects are ongoing and contractually committed. Responsible persons: Nolwandle Gqiba, Rayan Rughubar Due date: Ongoing
	The overachievement is mainly due to a favourable response from tenants thanks to improvements in the City's sales process.	Maintain the momentum
	Land was acquired for the Kalkfontein Upgrading of Informal Settlements Programme (UISP) project, but the illegal occupation of this land resulted in sites not being serviced, and, thus, the target was not achieved.	Legal Services has issued notices to the illegal occupiers to vacate the premises, and will be lodging a process to legally evict the occupants. Responsible persons: Rayan Rughubar, Waleed Adams Due date: Ongoing
	Reporting to commence in the 2019/20 financial year.	

APPENDIX A 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕

Objectives	Indicators	2017/18 (previous financial year)		2018/19 (current financial year)			Status	
		Target	Actual	Target	Actual	Status		
4.2. An efficient, integrated transport system	4.A Number of passenger journeys per kilometre operated (MyCiti)	1,07	1,11	1	1,06	■		
	4.B Percentage of identified priority projects moved from pre-project to inception phase	10%	14%	N/A	N/A	Biennial target		
	4.C Percentage of identified priority projects moved from inception to implementation phase	N/A	N/A	N/A	N/A	N/A		
	4.D Total number of passenger journeys on MyCiti	19,1 million	18 million	16,8 million	17,5 million	■		
4.3. Building integrated communities	4.E Percentage of people from employment equity target groups employed at three highest levels of management, in compliance with the City's approved employment equity (EE) plan (NKPI)	75%	71,1%	73%	73,05%	■		
	4.F Number of Strengthening Families programmes implemented	18	20	18	19	■		



THE INCLUSIVE CITY

	Reason for variance	Remedial action
	Target achieved	Maintain the momentum
	Biennial target, for reporting in the 2019/20 financial year.	
	Reporting to commence in the 2021/22 financial year.	
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum

APPENDIX A 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕

Objectives	Indicators	2017/18 (previous financial year)		2018/19 (current financial year)		Status	
		Target	Actual	Target	Actual		
5.1. Operational sustainability	5.A Opinion of independent rating agency	High investment rating	High investment rating	High investment rating	High investment rating	▲	
	5.B Opinion of the Auditor-General	Clean audit	Unqualified opinion	Clean audit	Unqualified opinion	●	
	5.C Percentage spend of capital budget (NKPI)	90%	73%	90%	80,11%	✕	
	5.D Percentage spend on repairs and maintenance	95%	99,54%	95%	95,60%	■	
	5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	2,1:1	3,02:1	2:1	3,85:1	✓	
	5.F Net debtors to annual income (NKPI)	21,5%	21,11%	21,50%	19,94%	✓	
	5.G Debt (total borrowings) to total operating revenue (NKPI)	27%	24,30%	25%	22,85%	✓	



WELL RUN CITY

Reason for variance	Remedial action
Confirmed rating with a negative outlook	Maintain the momentum
For reasons for variance and remedial action see page 179 of this report.	
<p>All the City's directorates (votes) have a negative variance for capital expenditure. The two most significant variances are as follows:</p> <p>Water and Solid Waste Services: With regard to water, the underspend is primarily due to the new water programme (NWP), which was created during the drought/emergency period to deliver additional supply of water, resulting in projects being prepared from a "business unusual" perspective. Among others, delays experienced with regard to access to properties have resulted in slower-than-anticipated progress for groundwater explorations in the Cape Flats, Table Mountain Group (TMG) and Atlantis aquifers.</p> <p>Other reasons for the underspend include successful appeals on the Baden Powell water supply project, unresolved land acquisitions associated with the Fisantekraal WWTW expansion project, and poor supplier performance on the provision of large water meters.</p> <p>For more information regarding Solid Waste projects, consult the City's annual financial statements.</p> <p>Transport: The Directorate has a net negative variance, which is an accumulation of slower-than-anticipated expenditure on a number of projects. (For information regarding these projects, view the City's annual financial statements.)</p>	<p>Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of projects are within the prescribed timeframes, and that corrective action is processed timeously to ensure maximum spend.</p> <p>Unspent committed funds for 2018/19 will be rolled over to 2019/20 in the August 2019 adjustment budget.</p> <p>Responsible person: All applicable departments Due date: Ongoing (Note: Finance monitoring is performed on a monthly basis along with the MFMA section 71 reporting.)</p> <p>Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's capital expenditure and corporate contracts.</p>
Target achieved	Maintain the momentum
Well above target	Maintain the momentum
Well above target	Maintain the momentum
Well above target	Maintain the momentum

APPENDIX B

DEFINITIONS FOR 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

Indicator	IDP ref	Indicator definition
1.A Percentage of building plans approved within 30-60 days	1.1	Percentage of applications approved within statutory timeframes (30-60 days). The objective is to improve the approval time trend in the course of the five-year term of the Integrated Development Plan, although it will be targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of 30 days for structures of <500 m ² and 60 days for structures of >500 m ² . See section A7 of the National Building Regulations Act 103 of 1977.
1.B Percentage of rates clearance certificates issued within ten working days	1.1	This indicator measures the percentage of rates clearance certificates issued within 10 working days, although only once the correct payments and required documentation have been received and verified as correct.
1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	1.1	This indicator reflects the number of outstanding, valid commercial applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active commercial billings for the service.
1.D Number of public Wi-Fi locations	1.2	A public Wi-Fi access point location (zone) is a physical location where one or more public Wi-Fi access points are installed. This location can be inside a building (e.g. a library), at a complex (e.g. a sport stadium), on the outside of a municipal building, or in a public open space (e.g. a park).
1.E Number of public Wi-Fi access points	1.2	A public Wi-Fi access point is an active Wi-Fi transmission device installed and owned by the City, which broadcasts one or more network names (service set identifiers). This can be used by any member of the public in possession of a suitable Wi-Fi-enabled reception device, and permits internet access free of charge.
1.F Number of Mayoral job creation programme (MJCP) opportunities created - NKPI	1.3	<p>This indicator measures the number of work opportunities created through the MJCP.</p> <p>A work opportunity is paid work of a temporary nature, created for an individual for any period of time, in line with the employment conditions of the Code of Good Practice for Special Public Works Programmes.</p> <p>Proxy measure for NKPI.</p>
1.G Percentage of budget spent on implementation of Workplace Skills Plan (WSP) (NKPI)	1.3	<p>The Workplace Skills Plan outlines the planned education, training and development interventions for the organisation.</p> <p>Its purpose is to formally plan and allocate budget for appropriate training interventions, which will address the needs arising from local government's skills sector plan, the Integrated Development Plan, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan.</p> <p>Proxy measure for NKPI.</p>
1.H Percentage compliance with drinking water quality standards	1.4	Measures the potable-water sample pass rate according to the SANS 241 standard.
1.I Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	1.4	This indicator measures the total amount of power that can be generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) connected to the electrical grid on the consumer's side of the electricity meter.

Indicator	IDP ref	Indicator definition
2.A Number of new areas with CCTV surveillance cameras	2.1	This indicator measures the number of new areas identified where the City's CCTV surveillance cameras have been installed. The camera network is part of the City's crime prevention initiatives and will assist with safety in public and private spaces.
2.B Community satisfaction survey (score 1 - 5) – safety and security	3.1	<p>A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's safety and security services.</p> <p>The measure used is the non-symmetrical Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means excellent.</p> <p>The objective is to improve the current customer satisfaction level.</p>
3.A Community satisfaction survey (score 1 - 5) – citywide	3.1	<p>A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's services.</p> <p>The measure used is the non-symmetrical Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means excellent.</p> <p>The objective is to improve the current customer satisfaction level.</p>
3.B Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	<p>This indicator reflects the number of outstanding valid applications (down payments received) for water 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 (water services) for domestic customers, as extracted from the City's SAP database.</p> <p>Proxy measure for NKPI.</p>
3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	<p>This indicator reflects the number of outstanding valid applications (downpayments received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of 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>
3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	<p>This indicator reflects the number of outstanding valid applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of the total number of active billings for the service.</p> <p>Proxy measure for NKPI.</p>
3.E Number of outstanding valid applications for a refuse collection service, expressed as a percentage of total number of billings for the service (NKPI)	3.1	<p>This indicator reflects the number of outstanding valid applications (external service requests) for new refuse collection services at the end of a reporting period, expressed as a percentage of 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.</p> <p>Proxy measure for NKPI.</p>
3.F Percentage adherence to Citywide service requests	3.1	This indicator measures the percentage adherence to Citywide service standards based on external notifications. The service request must be completed within the approved timeframes. External notifications are requests for services from the public.
3.G Number of water service points (taps) provided to informal settlements (NKPI)	3.2	<p>The indicator reflects the number of taps provided in informal settlements in the period in review. Some taps may however have been vandalised or removed after provision.</p> <p>Proxy measure for NKPI.</p>

APPENDIX B

DEFINITIONS FOR 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

Indicator	IDP ref	Indicator definition
3.H Number of sanitation service points (toilets) provided to informal settlements (NKPI)	3.2	This indicator reflects the number of toilets provided in informal settlements in the period in review. Some toilets may however have been vandalised or removed after provision. Proxy measure for NKPI.
3.I Percentage of informal settlements receiving a door-to-door refuse collection service (NKPI)	3.2	This indicator reflects the percentage of informal settlements receiving a weekly door-to-door refuse removal collection service for the period in review. Domestic refuse collection in informal settlements occurs through contract services, employing local labour. Three-year contracts are awarded to a legitimate main contractor through the procurement tender process. Proxy measure for NKPI.
3.J Number of service points (toilet and tap with hand basin) provided to backyarders	3.2	This indicator reflects the number of service points (complete unit comprising a toilet and tap with hand basin) provided to backyarders in the period in review. Certain service points (toilet and tap with hand basin) may however have been vandalised or removed after provision.
3.K Number of subsidised electricity connections installed (NKPI)	3.2	This indicator reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing. Proxy measure for NKPI.
3.L Percentage of allocated housing opportunity budget spent	3.2	This indicator measures the percentage allocated housing budget that has been spent (capital and operating).
3.M Number of deeds-of-sale agreements signed with identified beneficiaries per annum	3.2	The indicator 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 of 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 who has a lease agreement and owns no other property.
3.N Number of sites serviced in informal settlements	3.2	The indicator measures incremental access to the following housing products: <ul style="list-style-type: none"> • Incremental housing, which provides a serviced site with or without tenure • Re-blocking of informal settlements, i.e. the reconfiguration of settlement layout to improve access and service levels A "serviced site" is a site provided with road, water and sewerage services.
3.O Number of community services facilities in informal settlements	3.2	This indicator measures the number of temporary multipurpose, flexible community spaces provided in informal settlements.

Indicator	IDP ref	Indicator definition
4.A Number of passenger journeys per kilometre operated (MyCiTi)	4.2	The aim is to have more passengers travelling per kilometre scheduled on the MyCiTi transport system. The purpose of the indicator is to measure the usage efficiency of MyCiTi buses.
4.B Percentage of identified priority projects moved from pre-project to inception phase	4.2	This indicator measures the percentage of progress with identified priority projects moved from pre-project to inception phase. The identified priority projects are the Foreshore freeway precinct, Bellville, Paardevlei, the Philippi East MyCiTi interchange and precinct, Athlone power station, Two Rivers urban park (TRUP) and the Conradie project.
4.C Percentage of identified priority projects moved from inception to implementation phase	4.2	This indicator measures the percentage of progress with identified priority projects moved from inception to implementation phase. The identified priority projects are the Foreshore freeway precinct, Bellville, Paardevlei, the Philippi East MyCiTi interchange and precinct, Athlone power station, Two Rivers urban park (TRUP) and the Conradie project.
4.D Total number of passenger journeys on MyCiTi	4.2	An efficient, integrated transport system is measured in part through the increase in passenger journeys undertaken. A passenger journey is calculated from the first boarding of a bus at a feeder stop or main station, to the last exit from a bus at a feeder stop or main station, and includes any transfers between buses (single journey).
4.E 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 (EE) plan (NKPI)	4.3	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management (executive directors, portfolio managers and directors, and managers), 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. Proxy measure for NKPI.

APPENDIX B

DEFINITIONS FOR 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

Indicator	IDP ref	Indicator definition
4.F Number of Strengthening Families programmes implemented	4.3	The Strengthening Families programme is a structured, evidence-based life skills programme that improves relationships within families and reduces their vulnerability to substance abuse. It takes the form of an eight-week prevention programme of facilitated sessions with parents, youth and, finally, the family as a unit. The programme can accommodate up to 15 families per eight weeks, covering ten sessions.
5.A Opinion of independent rating agency	5.1	The City's credit rating is an analysis of the administration's key financial data performed by an independent agency to assess its creditworthiness to repay its long- and short-term liabilities. The indicator standard/norm/benchmark the City pursues is the highest rating possible for local government, which is also subject to the country's sovereign rating.
5.B Opinion of the Auditor-General	5.1	<p>The indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion refers to the 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 practice (GRAP). This is referred to as a "clean audit".</p> <p>Alternatively, in relation to a qualified audit opinion, the Auditor-General would issue this opinion in whole or in part if the financial statements have not been prepared in accordance with GRAP, or if one or more areas of the statements could not be audited. Future audit opinions will cover the audit of predetermined objectives.</p>
5.C Percentage spend of capital budget (NKPI)	5.1	<p>Percentage reflecting year-to-date spend/total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at year-end.</p> <p>Proxy measure for NKPI.</p>
5.D Percentage spend on repairs and maintenance	5.1	<p>Percentage reflecting year-to-date spend (including second costs)/total repairs and maintenance budget.</p> <p>Note that the "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 assets inspection as well as 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 repairs and maintenance are considered operational expenditure.</p> <p>Primary repairs and maintenance costs refer to repairs and maintenance expenditure incurred for labour and materials paid to outside suppliers. Second repairs and maintenance costs refer to repairs and maintenance incurred for labour provided in-house/internally.</p>
5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	<p>The ratio indicates the City's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that month.</p> <p>Proxy measure for NKPI.</p>
5.F Net debtors to annual income (NKPI)	5.1	<p>"Net current debtors" is a measurement of the net amounts due to the City that are realistically expected to be recovered.</p> <p>Proxy measure for NKPI.</p>
5.G Debt (total borrowings) to total operating revenue (NKPI)	5.1	<p>The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities.</p> <p>Proxy measure for NKPI.</p>



APPENDIX C 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕				
No	Indicator	2017/18 (current Q4)		
		Target	Actual	
Strategic focus area 1: Opportunity city				
1	International events	32	32	
2	Total events hosted	535	525	
3	Human capital development	5%	6%	
4	Customer centricity and service excellence	78%	85%	
5	Supply chain procurement from B-BBEE suppliers measured in terms of the B-BBEE Act	60%	81%	
6	Student programme: Contribution to youth employment and skills development	6	12	
7	Graduate programme: Contribution to youth employment and skills development	6	13	
8	Quality offering	Achieve five-star tourism grading	Achieved	
9	Operating profit	100%	235%	
10	Capital projects	85%	89%	
11	Capital expenditure (CTICC 2 expansion programme)	90%	91%	
12	Ratio of cost coverage (RCC) maintained	10,9 times	14,2 times	
13	Net debtors (ND) to annual income	7,7%	4%	
14	Debt coverage (DC) by own billed revenue	0%	0%	
Strategic focus area 4: Inclusive city				
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	80%	83%	
Strategic focus area 5: Well-run city				
16	External audit report	*Clean audit	Unqualified audit opinion	
17	Minimum competency level	7	7	

* Clean audit is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.

	2018/19 (current Q4)		Rating	Reason for variance	Remedial action
	Target	Actual			
	32	34	■	Above target	Maintain the momentum
	535	560	■	Above target	Maintain the momentum
	5%	6,4%	■	Above target	Maintain the momentum
	80%	84%	■	Above target	Maintain the momentum
	60%	86%	✓	Well above target	Maintain the momentum
	6	14	✓	Well above target	Maintain the momentum
	6	11	✓	Well above target	Maintain the momentum
	Achieve five-star tourism grading	Achieved	▲	On target	Maintain the momentum
	100%	722%	✓	The CTICC achieved higher revenues during the year and managed its costs very well, without affecting customer services. Good savings were achieved in utilities as a result of energy and water initiatives, as well as in employee and computer costs.	Maintain the momentum
	90%	97%	■	Above target	Maintain the momentum
	100%	100	▲	On target	Maintain the momentum
	5 times	10 times	✓	Well above target	Maintain the momentum
	7,0%	1,3%	✓	Well above target	Maintain the momentum
	0%	0%	▲	On target	Maintain the momentum
	80%	80%	●	The target was narrowly missed as a result of a single resignation. Two candidates from designated groups have been appointed with effect from July 2019. With the appointment of these candidates, the score should rise to 80,6%.	None required
	Clean audit	Clean audit	▲	On target	Maintain the momentum
	7	12	✓	Well above target	Maintain the momentum

APPENDIX C DEFINITIONS

FOR THE 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

Indicator	IDP ref	Indicator definition
International events	Opportunity city	The indicator measures the total number of international events hosted at the CTICC. An international event is defined as an event attended by at least 40 delegates, the majority of whom are from outside South Africa, and that lasts at least two days (one night).
Total events hosted	Opportunity city	The indicator measures the total number of events hosted at the CTICC.
Human Capital Development	Opportunity city	The indicator measures the annual total salary cost spent on the training of permanent and temporary staff.
Customer Centricity and Service Excellence	Opportunity city	Customer centricity and service excellence are measured independently with regard to the services offered by the CTICC to its external clients, and are recorded as a percentage.
"Supply Chain Procurement from B-BBEE Suppliers measured into the B-BBEE Act"	Opportunity city	The indicator measures money spent with B-BBEE suppliers, measured in terms of the B-BBEE Act. B-BBEE suppliers are those suppliers who have a valid B-BBEE rating certificate or, in the case of exempt micro-enterprise (EME) and qualifying small enterprise (QSE) suppliers, an affidavit.
"Student Programme: Contribution to Youth Employment and Skills Development"	Opportunity city	The indicator measures the number of students employed at the CTICC in the financial year in review.
"Graduate Programme: Contribution to Youth Employment and Skills Development"	Opportunity city	The indicator measures the number of graduates employed at the CTICC in the financial year in review.
Quality Offering	Opportunity city	The indicator measures the standard of the CTICC as a world-class venue, and the benchmark pursued is a five-star grading by the South African Tourism Grading Council.
Operating Profit (1)	Opportunity city	This indicator measures the operating profit achieved. Operating profit is defined as earnings before interest, taxation, depreciation and amortisation.
Capital Projects	Opportunity city	The indicator measures the percentage of the total number of capital projects completed or committed for the financial year in review.
"Capital Expenditure (CTICC 2 Expansion Programme)"	Opportunity city	The indicator measures total capital expenditure relating to CTICC 2, as a percentage.
Ratio of Cost Coverage maintained (RCC)	Opportunity city	The ratio indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month.
Net Debtors to Annual Income (ND) (3)	Opportunity city	"Net current debtors" is a measurement of the net amounts due to the municipal entity that are realistically expected to be recovered. Net debtors are gross debtors, less provision for impairment.
Debt Coverage by Own Billed Revenue (DC)	Opportunity city	The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities.

Indicator	IDP ref	Indicator definition
"Number of people from the employment equity target groups employed in the three highest levels of management in compliance with the municipal entity's approved employment equity plan."	Inclusive city	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management (executive directors, senior managers and managers), in compliance with the municipal entity's approved EE plan.
External Audit Report	Well-run city	The indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservation as to the fairness of presentation of the financial statements and their conformity with generally recognised accounting practice (GRAP), and, thus, no material findings on compliance with laws, regulations and predetermined objectives. This is referred to as a "clean audit". Alternatively, the auditor would issue a qualified audit opinion, either in whole or in part, if the statements have not been prepared in accordance with GRAP, or one or more areas of the statements could not be audited.
Minimum Competency Level	Well-run city	The indicator measures the total number of senior managers registered for an MFMA competency course.

APPENDIX D 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕				
No	Indicator	2017/18 (current Q4)		
		Target	Actual	
Strategic focus area 1: Opportunity city				
1	Financial sustainability - Percentage reduction in the grant allocation from the City	New to scorecard	New to scorecard	
2	Financial sustainability - Percentage achievement of projected revenue	New to scorecard	New to scorecard	
3	Positioning Cape Town as a forward-looking, globally competitive city - Percentage compliance with approved repairs and maintenance programme	New to scorecard	New to scorecard	
4	Positioning Cape Town as a forward-looking, globally competitive city - Percentage spend of repairs and maintenance budget	100%	150%	
5	Positioning Cape Town as a forward-looking, globally competitive city - Percentage compliance with Occupational Health and Safety Act 85 of 1993 (OHSA) and its regulations	≤ 5	N/A	
6	Positioning Cape Town as a forward-looking, globally competitive city - Number of marketing interventions implemented as per the approved marketing plan	New to scorecard	New to scorecard	
7	Positioning Cape Town as a forward-looking, globally competitive city - Number of bowl events hosted	New to scorecard	New to scorecard	
8	Positioning Cape Town as a forward-looking, globally competitive city - Number of non-bowl events hosted	New to scorecard	New to scorecard	
9	Positioning Cape Town as a forward-looking, globally competitive city - Number of film and still shoots hosted	New to scorecard	New to scorecard	
10	Positioning Cape Town as a forward-looking, globally competitive city - Percentage of approved commercialisation programmes implemented as per approved plan	New to scorecard	New to scorecard	
11	Economic inclusion - Percentage of budget spent on implementation of Workplace Skills Plan (WSP)	95%	137%	
Strategic focus area 4: Inclusive city				
12	Building integrated communities - Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the entity's approved employment equity (EE) plan (NKPI)	85%	N/A	
Strategic focus area 5: Well-run city				
13	Operational sustainability - Percentage absenteeism	≤5%	5,96%	
14	Operational sustainability - Percentage of declarations of interest completed	100%	100%	
15	Operational sustainability - Opinion of the Auditor-General	Unqualified audit	Unqualified audit	

* "Clean audit" is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.

2018/19 (current Q4)		Rating	Reason for variance	Remedial action
Target	Actual			
5%	24,10%	■	Above target	Maintain the momentum
90%	118,23%	✓	The stadium hosted more than the anticipated number of bowl events, such as Rugby Marvel Day, an additional Ed Sheeran concert and the Monster Jam event, which increased income. In addition, the marketing drive to increase the use of non-bowl areas of the stadium also contributed to higher usage.	Maintain the momentum
100%	100%	▲	On target	Maintain the momentum
95%	98,85%	■	Above target	Maintain the momentum
100%	100%	▲	On target	Maintain the momentum
12	12	▲	On target	Maintain the momentum
33	37	✓	The stadium hosted more bowl events than anticipated, being a preferred potential venue of many promoters. Examples were the Rugby Marvel Day, an additional Ed Sheeran concert, a church event and the Monster Jam event, which the CEO secured during his visit to Manchester for the Stadium Business Summit in 2018.	Maintain the momentum
40	52	✓	Non-bowl events include all events in the stadium as well as stadium precinct (forecourts and parking areas). The marketing drive to increase the use of non-bowl areas contributed to increased utilisation. Examples of non-bowl events in the precinct include the Cape Town CycleTour, the Gun Run and various film shoots.	Maintain the momentum
10	16	✓	The stadium embarked on a dedicated effort to attract more film shoots by presenting the entity as a venue of choice through, inter alia, a presentation to the film industry by the manager of Marketing Brands and Events Management.	Maintain the momentum
100%	90%	✗	The target was not met, as the naming rights process proved to be more onerous than expected. Each individual naming-rights sponsor requires specific attention with regard to branding and return on investment. Sufficient time must be allocated to each individual sponsor to ensure the best possible outcome for the stadium.	A number of on-site meetings with potential sponsors have been scheduled. The appointed service provider is currently communicating with various potential naming-rights sponsors. Further clarification was requested from these sponsors, and all required information packs were submitted. An offer is expected within the foreseeable future. Responsible person: Werner Kuhn Due date: Ongoing
95%	91,76%	✗	The budget allocated for WSP training in relation to the small staff complement of 19 was too high. The cost of the training interventions is very low, thus contributing to the underspend. In addition, staff could not attend planned training sessions due to a high number of events hosted in high season (October to April). Staff coaching to prepare them for the entity's shift in focus was envisaged to be completed towards the end of the year in review. However, due to problems experienced with this human resources tender, the intervention could not take place.	The intention is to realign the budget allocated with the staff complement. The coaching intervention will occur in the new financial year, which will help the entity reach its expenditure target. Responsible person: Werner Kuhn Due date: Ongoing
80%	17%	✗	Cape Town Stadium is a newly established entity and is in the process of appointing managers from the targeted EE groups at levels 1 to 3.	Employment from targeted equity groups will be considered once appointments are done. Responsible person: Werner Kuhn Due date: Ongoing
≤5%	4,28%	✓	Well above target	Maintain the momentum
100%	100%	▲	On target	Maintain the momentum
*Clean audit	Clean audit	▲	On target	Maintain the momentum

APPENDIX D

DEFINITIONS FOR 2018/19 ANNUAL PERFORMANCE MANAGEMENT REPORT – CAPE TOWN STADIUM

Indicator	IDP ref	Indicator definition
IDP Strategic focus area 1: Opportunity city		
Percentage reduction in the grant allocation from the City	1.1	Cape Town Stadium is a 100% municipal-owned entity and receives a significant grant allocation from the City for its first year of establishment. This indicator will measure the percentage reduction in the grant allocation as Cape Town Stadium starts increasing its own generated revenue.
Percentage achievement of projected revenue	1.1	This indicator measures achievement, where possible, of the annual projected revenue as per the latest approved budget.
Percentage compliance with approved repairs and maintenance programme	1.1	Repairs and maintenance relate to all facilities and equipment at Cape Town Stadium. It is defined as preventive, corrective, reactive and emergency maintenance, as well as post-event damage repairs. All repairs and maintenance are funded from the operating budget. The indicator can be measured against the approved repairs and maintenance programme as per the service delivery agreement between Cape Town Stadium (RF) SOC and the City. Monthly reports on the implementation of the repairs and maintenance programme are presented.
Percentage spend of repairs and maintenance budget	1.1	The percentage reflecting the year-to-date spend in relation to the total approved repairs and maintenance budget. Note that "in-year reporting" during the financial year is indicated as a trend (year-to-date spend). Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes assets inspection and measures to prevent known failure modes, and can be time- or condition-based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on repairs and maintenance are considered operational expenditure. Primary repairs and maintenance costs refer to repairs and maintenance expenditure incurred for labour and materials paid to outside suppliers. Second repairs and maintenance costs refer to repairs and maintenance incurred for labour provided in-house/internally.
Percentage compliance with Occupational Health and Safety Act 85 of 1993 (OHSA) and its regulations	1.1	Indicator can be measured against the OHSA compliance of events, non-event days as well as contractors at Cape Town Stadium. Quarterly compliance reports are provided.
Number of marketing interventions implemented as per the approved marketing plan	1.1	The marketing plan outlines the methodology to be used to market Cape Town Stadium. This will be measured by the number of marketing activations and interventions achieved per quarter through the various marketing channels, i.e. printed ads (events magazines, brochures, posters, etc.), digital content (for stadium big screens and digital boards aired during events), social media, online presence, etc.
Number of bowl events hosted	1.1	Events at Cape Town Stadium can be classified as bowl events, non-bowl events, and film and still shoots. Bowl events utilise the pitch and/or seating areas around the pitch.
Number of non-bowl events hosted	1.1	Events at Cape Town Stadium can be classified as bowl events, non-bowl events, and film and still shoots. Non-bowl events utilise all other spaces in the stadium and include conferences, product launches, exhibitions, weddings, etc.
Number of film/still shoots hosted	1.1	Events at Cape Town Stadium can be classified as bowl events, non-bowl events, and film and still shoots. Still and film shoots use specific areas in the stadium for commercial and sometimes non-commercial purposes.

Indicator	IDP ref	Indicator definition
Percentage of approved commercialisation programmes implemented as per approved plan	1.1	The commercialisation programmes/projects flow from the commercial strategy, which the board approved in June 2018. These programmes/projects include (i) appointing a naming-rights service provider; (ii) appointing a commercial arm to assist with the sale of internal advertising space, outdoor marketing spaces, pouring rights, food-and-beverage rights, etc.; (iii) a commercial office space rental agency, who will be responsible for sourcing and placing suitable tenants in office spaces in Cape Town Stadium; and (iv) the appointment of a parking management company, who will be responsible for the management of the available parking spaces. These programmes/projects will be monitored according to the approved roll-out plan per quarter.
Percentage of budget spent on implementation of Workplace Skills Plan (WSP) (NKPI)	1.3	The WSP outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising from local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans and the employment equity plan. Proxy measure for NKPI.
IDP Strategic focus area 4: Inclusive city		
Percentage people from employment equity target groups employed at the three highest levels of management, in compliance with the City's approved employment equity (EE) plan (NKPI)	4.3	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management (director, managers and heads), in compliance with Cape Town Stadium's approved EE plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. Proxy measure for NKPI.
IDP Strategic focus area 5: Well-run city		
Percentage absenteeism	5.1	The indicator measures the actual number of days absent due to sick or unpaid/unauthorised leave in the department or directorate, expressed as a percentage of the number of working days in relation to the number of staff employed. Sick and unpaid/unauthorised leave include four categories, namely normal sick leave, unpaid unauthorised leave, leave in lieu of sick leave, and unpaid in lieu of sick leave.
Percentage of declarations of interest completed	5.1	The total number of completed declarations of interest as a percentage of the total number of staff. The target is cumulative over the year. Each employee needs to complete the declaration of interest at least once per year (or when circumstances change), as prescribed by the applicable legislation and Cape Town Stadium (RF) board decisions aligned with City policies/decisions.
Opinion of the Auditor-General	5.1	The indicator measures good governance and accounting practices and will be evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of the financial statements, and their conformity with generally recognised accounting practice (GRAP). This is referred to as a "clean audit". Alternatively, the auditor would issue a qualified audit opinion, either in whole or in part, if the financial statements have not been prepared in accordance with GRAP, or one or more areas of the statements could not be audited. Future audit opinions will cover the audit of predetermined objectives.

APPENDIX E

A LIST OF ABBREVIATIONS USED IN THIS REPORT

100RC	100 Resilient Cities	LED	light-emitting diode
ACSA	Airports Company South Africa	Mayco	Mayoral Committee
APAC	Audit and Performance Audit Committee	MFMA	Municipal Finance Management Act
ARV	antiretroviral (treatment)	MJCP	Mayor's job creation programme
B-BBEE	broad-based black economic empowerment	MPAC	Municipal Public Accounts Committee
BEPP	Built Environment Performance Plan	MPBL	Municipal Planning By-law
BioNet	Biodiversity Network	MPT	Municipal Planning Tribunal
BNG	Breaking New Ground	MSA	Municipal Structures Act
BPESA WC	Business Process Enabling South Africa Western Cape	MSDF	Municipal Spatial Development Framework
BPO	business process outsourcing	MURP	Mayoral Urban Regeneration Programme
BRT	bus rapid transit	NCD	non-communicable disease
CBD	central business district	NDP	National Development Plan
CCID	Central City Improvement District	NERSA	National Energy Regulator of South Africa
CCTV	closed-circuit television	NICRO	National Institute for Crime Prevention and the Reintegration of Offenders
CDP	Carbon Disclosure Project	NMT	non-motorised transport
CIDMS	Cities Infrastructure Delivery and Management System	NSO	neighbourhood safety officer
CIP	conservation implementation plan	NST	neighbourhood safety team
CIPC	Companies and Intellectual Property Commission	NTE	night-time economy
Citi	Cape Information Technology Initiative	NZC	Net Zero Carbon (declaration)
CITP	Comprehensive Integrated Transport Plan	ODTP	Organisational Development and Transformation Plan
City	City of Cape Town (as opposed to "city")	PAAC	protected-area advisory committee
CLDP	catalytic land development programme	PECC	Public Emergency Communication Centre
CPI	consumer price index	PHP	People's Housing Process
CPUT	Cape Peninsula University of Technology	PPHC	personal primary healthcare
CRU	community residential unit	PRASA	Passenger Rail Agency of South Africa
CSH hub	community services and health hub	Province	Western Cape provincial government
CSI	corporate social investment	PTI	public transport interchange
CSIR	Council for Scientific and Industrial Research	PV	photovoltaic
CTADAC	Cape Town Alcohol and Drug Action Committee	REIPPP	renewable-energy independent power producers programme
DAMS	Development Application Management System	RPAS	remotely piloted aircraft system
DCCP	Dassenberg Coastal Catchment Partnership	SANBI	South African National Biodiversity Institute
DEA	Department of Environmental Affairs	SANS	South African National Standard
DMS	Development Management Scheme	SAPS	South African Police Service
DoRA	Division of Revenue Act	SARS	South African Revenue Service
DTF	distance to frontier	SEZ	special economic zone
DWS	Department of Water and Sanitation	SFA	strategic focus area
ECD	early childhood development	SME	small and medium enterprise
ECM	enterprise content management	SMME	small, medium and micro-sized enterprise
EMT	executive management team	SPLUMA	Spatial Planning and Land Use Management Act
EODB	Ease of Doing Business (index)	SPV	special-purpose vehicle
EPIC	emergency policing and incident command	SRO	school resource officer
EPWP	Expanded Public Works Programme	SSEG	small-scale embedded generation
FAS	foetal alcohol syndrome	STA	spatial transformation area
FLISP	finance-linked individual subsidy programme	TAMS	transport authority management system
FWP	flexible working programme	TAP	transit-accessible precinct
GPC	Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories	TB	tuberculosis
GVA	gross value add	tCO ₂ e	tons of carbon dioxide equivalent
HIV	human immunodeficiency virus	TCT	Transport for Cape Town
ICDG	Integrated City Development Grant	TDA	Transport and Urban Development Authority
ICT	information and communications technology	TDM	travel demand management
IDP	Integrated Development Plan	TOD	transit-oriented development
IMEP	Integrated Metropolitan Environmental Policy	UCT	University of Cape Town
IPP	independent power producer	UISP	Upgrading of Informal Settlements Programme
IPTN	Integrated Public Transport Network	USDG	Urban Settlements Development Grant
IT	information technology	WCWSS	Western Cape water supply system
IUDF	Integrated Urban Development Framework	WWF	Worldwide Fund for Nature
King IV 2016	King Report on Corporate Governance for South Africa		

APPENDIX F

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APPENDIX G

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 xxx.

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 xxx (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 xxx.



APPENDIX H

ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2019

AUTHORITY, ACCOUNTABILITY AND REPORTING

The Municipal Public Accounts Committee (MPAC) was established as an oversight committee in terms of section 79 of the Municipal Structures Act, Act No. 117 of 1998 and in terms of section 32(2) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) is authorised to investigate unauthorised, irregular, fruitless and wasteful expenditure of the City and its Municipal Entities as instructed by Council.

MPAC is directed by Council and is authorised to investigate any matter referred. This includes instructing other councillors, management and other employees of Council to be present at meetings and have access to any information they require from any councillor or employee. MPAC ensures that all existing City internal alternative dispute resolution processes have been exhausted before proceeding with investigations.

On 13 December 2018 Council approved the appointment of the current MPAC, and adopted MPAC's Terms of Reference on 31 January 2019. Council makes amendments to the membership as deemed necessary. The Terms of Reference are currently being updated by MPAC for approval by Council to provide appropriate authority. In addition, MPAC is governed by the City's System of Delegations.

MPAC has no executive powers but their findings and recommendations are reported to Council. Reports from the various Task Teams are considered at the MPAC meetings and a report, containing recommendations, is submitted to Council for final decision making. The immediate reporting line of MPAC is to Council via the Speaker. Where necessary, follow-up is performed via the outstanding matters schedule to determine if action has been taken to implement recommendations.

Quarterly reporting on MPAC's activities, as per the Annual Oversight Work Plan, was succinctly presented to Council for three of the four quarters. MPAC hereby presents its annual report for the financial year ended 30 June 2019, which replaces the fourth quarter's report, and is a cumulative activity statement for the year ended 30 June 2019.

MEMBERSHIP AND MEETING ATTENDANCE

2018/19 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE*
Cllr Adams (Chairperson) (CMC)	1 July 2018 to 30 June 2019 **	10 (100%)
Cllr Southgate (Deputy Chairperson) (DA)	1 July 2018 to 30 June 2019 **	10 (100%)
Cllr Anstey (DA)	1 July 2018 to 30 June 2019 **	8 (80%)
Cllr Beneke (DA)	1 July 2018 to 30 June 2019 **	8 (80%)
Cllr Kuhl (DA)	28 Mar 2019 to 30 June 2019 **	3 (100%)
Ald Moodley (DA)	28 Mar 2019 to 30 June 2019 **	3 (100%)
Cllr van Zyl (DA)	1 July 2018 to 30 June 2019 **	10 (100%)
Cllr Witbooi (DA)	13 Dec 2018 to 30 June 2019 **	7 (70%)
Cllr Khatshwa (ANC)	1 July 2018 to 30 June 2019 **	9 (90%)
Cllr Majingo (ANC)	1 July 2018 to 30 June 2019 **	10 (100%)
Cllr Ngcani (ANC)	31 Jan 2019 to 30 June 2019 **	6 (100%)
Cllr Botha-Rossouw (FF+)	31 Jan 2019 to 30 June 2019 **	5 (83%)
Cllr Chapple (Deputy Chairperson) (DA)	1 Jul 2018 to 12 Dec 2018	2 (100%)



APPENDIX H

ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2018/19 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE*
Cllr Diamond (DA)	13 Dec 2018 to 18 Feb 2019	2 (100%)
Cllr Madikane (DA)	13 Dec 2018 to 30 May 2019	3 (50%)
Cllr Vokwana (DA)	1 Jul 2018 to 12 Dec 2018	3 (100%)
Cllr Simons (EFF)	1 Jul 2018 to 28 Mar 2019	4 (57%)
Cllr Dambuza (EFF)	30 May 2019 to 30 June 2019	0 (0%)

* The meetings of 18 July 2018 and 11 Sep 2018 were cancelled:

** Membership is ongoing

Representatives from Forensic Services, Internal Audit, Legal Services, the Office of the Speaker, the Office of the City Manager and the Auditor-General of South Africa (AGSA) were present at MPAC meetings. In addition various task team meetings were held during the year to consider items referred to MPAC by Council.

RESPONSIBILITY

MPAC's Annual Oversight Work Plan defines its activities for the year to ensure that it complies with its responsibilities arising from its mandate, delegations and Terms of Reference. The 2018 Annual Oversight Work Plan was adopted by MPAC and the following activities were completed in the execution of its assigned functions and responsibilities:

Activities	Outputs
Meetings	<p>(a) One special meeting was convened on 1 February 2019 to discuss the 2017/18 Integrated Annual Reports of the City of Cape Town, the Cape Town International Convention Centre and the Cape Town Stadium.</p> <p>(b) Nine ordinary meetings were held.</p> <p>(c) In order to facilitate cross-cutting reviews sixty-two (62) Task Team meetings were held during the year (refer to Task Teams below).</p>
Oversight process	MPAC considered the 2017/18 Annual Reports of the City of Cape Town and its municipal entities and raised issues of concern to be addressed by the Executive Management of the City of Cape Town and the municipal entities at the oversight meetings on 1 February 2019 and 27 February 2018. After considering responses to the questions on 12 March 2019 MPAC recommended that Council, having fully considered the 2017/18 Annual Reports of the City of Cape Town and its municipal entities and representations thereon, adopt the oversight report and approve the annual report without reservations. This was completed within the legislated timeframes and was approved by Council on 28 March 2019.

Activities	Outputs
Reporting	<p>The following reports were tabled at Council:</p> <ol style="list-style-type: none"> (1) Annual Report of the MPAC for the year ended 30 June 2018 (2) Quarterly Report for the period ended 30 September 2018 (3) Quarterly Report for the period ended 31 December 2018 (4) Quarterly Report for the period ended 31 March 2019 (5) Oversight Report in respect of the 2017/18 Annual Reports for the City and its Municipal entities (6) Report to Council on matters referred by Council: Cape Town Cup
Task teams	<p>The following items were referred by Council for investigation in terms of section 32 of the MFMA and are in progress or being finalised:</p> <ol style="list-style-type: none"> (1) Provision of services and statutory approval: Macassar housing development (tender 96C/2010/11) (2) Non-compliance with MFMA S116(3): Variation orders for phase 1A and phase 1B MyCiti (3) Replacement of asbestos roofing at various pools in Mitchells Plain (4) Alleged fraudulent payment to a service provider: Driving school (5) Facility upgrade in Pella Katzenberg (6) Bowman's report: Concerns raised regarding the cancellation of tender 205C/2011/12 (7) Payment of interest (tenders 178Q/2014/15 and 218Q/2014/15) (8) Condonation of a duplicate sundry payment incurred due to SAP error: R5 000 (9) Irregular expenditure for the 2016/17 financial year: Non-compliance with supply chain regulations (procurement of battery powered electric busses) (10) Bowman's report: Tender awarded for the supply of electric busses (11) Construction of integrated rapid transport and non-motorised transport infrastructure tender 218Q/2014/15 (12) Procurement of plumbing materials for water resilience projects (tender 135G/2015-16) (13) Non-compliance with SCM regulations (14) Alleged tender irregularities (tenders 207S/2009/10 and 420S/2011/12) (15) False declarations (16) Fruitless and wasteful expenditure (Happy Valley housing project) (17) Irregular expenditure: Non-compliance with S116(3) of the MFMA (tenders 003Q/2016/17, 027Q/2015/16, 040C/2012/13, 168C/2015/16, 114Q/2015/16, 291S/2011/12 and 60s/2015/16 and CM 09/07/17 and SCMB 76/07/17) (18) Investigation into irregular expenditure in respect of security upgrades to the former Executive Mayor's residence

APPENDIX H

ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

Activities	Outputs
Task teams	<p>(19) Rendering of professional services on the construction of prioritised non-motorised transport projects (tender 29C/2012/13)</p> <p>(20) Supply and delivery of calcium hypochlorite tablets</p> <p>(21) Irregularities in recruitment and selection in the Valuations department (tender 213S/2011/12)</p> <p>(22) Repairs of City assets</p> <p>(23) Repairs and maintenance of floor coverings in Community Services facilities (tender 056Q/2015/16)</p> <p>(24) Alleged unauthorised transactions relating to the cash management and payment component of the station management contract</p> <p>(25) Panel of ICT professional services (tender 314S/2014/2015:)</p> <p>(26) Construction at Du Noon sports field (tender 169Q/2012/13)</p> <p>(27) Alleged contract irregularities (tender 447Q/2010/2011)</p> <p>(28) Provision of professional services in respect of monitoring of Du Noon public transport facility (tender 168C/2011/12)</p> <p>(29) Provision of professional services in respect of monitoring of Makhaza transport facility (tender 134C/2012/13)</p> <p>(30) Grants-in-aid Subcouncil 14, ward 39: 2016/17</p> <p>(31) Alleged fraud: 4 Lavelle street, Shirley Park, Bellville</p> <p>(32) Removal of refuse from storage areas in informal settlements (tender 224S/2008/09)</p> <p>(33) Alleged irregularities in Safety and Security regarding the appointment of ICT professionals</p>
Training and capacity building	<p>(1) In September 2018 an MPAC workshop was held covering the following topics:</p> <ul style="list-style-type: none"> • Consequence management • MFMA circular 92 • MPAC performance assessments <p>(2) In October 2018 the MPAC Chairperson attended a workshop on MFMA circular 92 presented by the South African Local Government Association (SALGA)</p> <p>(3) In November 2018 MPAC facilitated a benchmarking and knowledge sharing workshop with the Rustenberg and Ethekwini municipalities.</p> <p>(4) In January 2019:</p> <ul style="list-style-type: none"> • the AGSA provided an overview of the audit outcomes in preparation for our oversight process. • National Treasury briefed MPAC on MFMA circular 92 and National Treasury's expectations from MPAC regarding their oversight role in terms of sections 32 and 129 of the MFMA. <p>(5) In February 2019 Internal Audit presented oversight refresher training.</p>

Activities	Outputs
Performance assessment	The 2017/18 annual Self- and Stakeholder Performance Assessment was completed during October 2018 and reported to Council. The overall assessment outcome from all respondents was Excellent, based on an average calculation.

CONCLUSION

MPAC has contributed in no small measure to increasing accountability in the City of Cape Town. During the year under review many investigations have resulted in the recovery of funds from those responsible for the abuse of public funds. It is the intention of MPAC to ensure that good and honest governance is the hallmark of the City of Cape Town.



CLLR YAGYAH ADAMS
MPAC Chairperson

APPENDIX I

CITY OF CAPE TOWN TREND WATCHLIST

INTRODUCTION

The list of trend watch indicators is intended as a reference for determining the impact of the City's strategic approach, as enshrined in the IDP 2017-2022. The 12 indicators on the list are linked to the 11 priorities of the IDP, and are the issues the City wishes to influence in the long term. The 2018/19 year is the second year for which trend watch indicators are reported following the establishment of a baseline in 2017/18.

OVERVIEW

Proxy indicators were used for three indicators on the list, in the absence of a directly matching indicator that speaks to the trend watch assessment. Attempts to refine the proxy indicators were not successful due to the unavailability of the requisite data. This endeavour will be repeated until a better suited (proxy) indicator is identified and the relevant data becomes available. Some of the proxy indicators presented may require further refinement, as outlined in the respective data comments.

INDICATOR AND DATA NOTES

Most of the indicators in the table below are composite indicators, comprised of a number of data components. To assist the reader, a status overview and data comments provide further detail.

Of the list of 12 indicators, there is only one indicator ("Number of small and medium enterprises") that the City remains unable to report on, as neither the data nor a proxy is available. Multiple attempts to engage a potentially relevant external data custodian went unanswered. Further consideration will be given to this indicator in the year ahead.

The majority of the indicators use and reflect data for the 2018/19 financial year, or were reported during the 2018 calendar year. Where older data is used, indicator data custodians have noted the complexity of the indicator or index, and the challenge of undertaking an annual update of the trend watch indicator. In this regard, three of the trend watch indicators previously reported have remained unchanged and have been noted as such, where relevant.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.1: Positioning Cape Town as forward-looking, globally competitive city	Ease of Doing Business (EODB) index	The index measures the competitiveness of the regulatory environment for business operations. In other words, it measures how conducive the regulatory environment is to business. It is considered to reflect how Cape Town is positioning itself as a forward-looking, competitive city in the longer term.	<ul style="list-style-type: none"> - Getting electricity: DTF (distance to frontier) score of 79,81 - Enforcing contracts: DTF score of 54,71 - Dealing with construction permits: DTF score of 75,48 - Registering a property: DTF score of 54,69 (Source: World Bank, 2018)	<p>For "Getting electricity" and "Dealing with construction permits", the City retained high DTF scores. That said, Cape Town's scores dropped in the three areas previously reported. "Enforcing contracts" was not included in the World Bank Ease of Doing Business 2015 report, which was the basis for the EODB index report for the 2017/18 financial year.</p> <p>Of the nine South African metros, Cape Town ranked first for "Getting electricity" and "Dealing with construction permits".</p> <p>For both "Enforcing contracts" and "Registering a property", Cape Town ranked seventh out of nine metros.</p>	<p>There is no single, overall score for this trend indicator. The EODB index is based on the DTF, which is calculated using inputs from nine metros in South Africa. A score of 100 is the highest possible score, and 1 is a top ranking. The figures are from the 2018 index, which is the latest publication with subnational-level data for South African metros.</p> <p>The DTF helps assess the absolute level of regulatory performance over time. It measures the distance of each economy to the "frontier", which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier.</p> <p>South Africa's latest EODB score is 66,03, which has increased by 1,37 since the previous report. South Africa ranks 82nd among 192 economies - a ranking that has stayed unchanged for the past three years.</p>

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.2: Leveraging technology for progress	Digital readiness	This indicates the level of preparedness to embrace technology. The City's strategy is to utilise technology to achieve progress. It tracks the user's access to the internet and is indicative of households' preparedness to access opportunities using digital technology. The desired long-term impact is for Cape Town to be recognised as the most digital city in Africa.	<ul style="list-style-type: none"> - City fibre roll-out by end 2018/19 spanned 1 094,8 km (2009/10 to June 2019), with an additional 125,9 km rolled out in 2018/19 (Source: City IS&T, Telecommunications, 2019) - 286 public Wi-Fi hotspots made available across Cape Town by June 2019 (since 2014/15), with an additional seven hotspots installed in 2018/19 (Source: City, IS&T, Telecommunications, 2018) - Internet use by Cape Town households: 79,71% (Source: GHS 2018 data, Stats SA, supplied by CCT Strategy & Policy Department (Research Branch: Decision Support Unit)) 	<p>All City buildings as well as bus stations, cameras and other infrastructure vital for service delivery are connected to the fibre-optic cable network. Many City buildings frequented by residents have Wi-Fi zones.</p> <p>Over 200 000 unique users connect to the internet every month using one of these Wi-Fi zones. Most of these users were at the City's libraries (City, 2019).</p> <p>Internet access by Cape Town households improved by 3,58% from 2017/18 to 2018/19.</p>	<p>These are proxy indicators. The Western Cape digital readiness methodology was reviewed and adapted for the metro level where data was available.</p> <p>It should be noted that the "connectivity data" (i.e. broadband and Wi-Fi hotspots) represents only the City's supplied infrastructure, and excludes all private-sector infrastructure networks.</p>
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Unemployment rate	This tracks the unemployment rate in Cape Town using the expanded definition of unemployment. The expanded definition includes everyone who wants employment, irrespective of whether or not they have actively tried to obtain employment. The aim is economic inclusion, which is to improve Cape Town residents' quality of life and levels of self-determination in the long term.	<p>Broad unemployment rate: 23% (2018)</p> <p>(Source: Stats SA Quarterly Labour Force Survey, 2018/19, supplied by Strategy & Policy Department: Analysis Branch)</p>	<p>The annual broad unemployment rate dropped by 1,45% points from 2018 to 2019, reflecting the slight improvement in the economic context over this period.</p>	<p>The broad unemployment rate (also referred to as expanded unemployment) measures the number of unemployed people in the labour force who are either actively looking for a job, or not seeking employment (i.e. non-searching work seekers, which include discouraged and other non-searching work seekers), as a percentage of the entire labour force.</p>

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Number of small and medium enterprises (SMEs)	SMEs can drive job creation and economic growth, and are recognised as a key component of economic inclusion strategies and of realising the long-term impact of creating a conducive environment for economic growth.	Not available	N/A	The City does not currently have access to Companies and Intellectual Property Commission (CIPC) or South African Revenue Service (SARS) data, which could identify the total number of existing businesses registered as operating from Cape Town. The available City data reflects only certain subsets of SME business activities in Cape Town, such as the City's informal trading permit information.
SFA 1: Opportunity city	Objective 1.4: Resource efficiency and security	Resource use per gross value added (GVA)	This tracks the use of natural key resources (including energy and water) in relation to the contribution of the Cape Town economy. The City has prioritised resource efficiency and security. The measure should give some indication of the long-term impact of maintaining an appropriate balance between economic development and the preservation of the natural environment.	<ul style="list-style-type: none"> - Petrol: 167 (2013) - GVA: 134 (2014) - Water: 104.95 (2014); 112.25 (2015) - Electricity: 101 (2013) - Population: 117 (2014 & 2015) (Source: City of Cape Town State of Cape Town report 2016)	<p>This indicator and analysis has remained unchanged for this report.</p> <p>The data (as per the existing analysis) indicates that the economy (GVA) has grown faster than the population, which – all things being equal – suggests that the average Capetonian's productivity has risen over the past decade.</p> <p>During the same period, both the economy and the city's population consumed water and electricity more efficiently. However, the steep increase in transport fuel consumption is driven by growth in private passenger transport and road congestion. The amount spent annually on fuel, and the immeasurable loss of productivity and wellbeing as a result of time spent commuting, result in a dead-weight loss to the economy.</p>	<p>This is a proxy indicator. All indicators were normalised to 100 using 2005 figures. This enables monitoring of subsequent years from the normalised 100 to determine which resource indicators increased most against economic growth (GVA). The data are presented in a graph to illustrate resource efficiency against economic growth. This analysis was developed for the State of Cape Town 2016 report, using various data inputs. This indicator will provide a baseline for a medium-term review.</p>

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments
SFA 2: Safe city	Objective 2.1: Safe communities	Residents' perception of safety (community satisfaction)	This indicator tracks residents' perceptions about general safety and security in Cape Town. The City has prioritised community safety and strives to create a heightened sense of personal safety in public and private spaces.	<ul style="list-style-type: none"> - 16,5% of residents feel safe walking alone when it is dark (2017/18) - 58,6% of residents feel safe walking alone during the day (2017/18) (Source: Stats SA, Victims of Crime Survey 2017/18 data, released in November 2018)	Compared with the Stats SA 2016 Community Survey results, it appears as if the percentage of Cape Town residents feeling safe walking alone has dropped significantly, both during the day (from 63,1% in 2016) and night (from 25,16% in 2016). If this trend continues, it will have negative consequences for other urban development efforts in the city, including for service delivery and the ability to build a more cohesive, resilient Cape Town.	Feelings of safety are grouped into two categories: very safe and fairly safe. These are combined to present a total percentage of those who "feel safe". Feelings of a lack of safety are grouped into two categories: a bit unsafe and very unsafe. These are combined to present a total percentage of those who "feel unsafe".
SFA 2: Safe city	Objective 2.1: Safe communities	Overall crime rate	This looks at whether the relevant government, within a global context, is fulfilling its obligation to protect its citizens and guarantee their right to public security. The desired long-term impact is to change the perception of Cape Town as a dangerous, violent space.	Overall crime rate in Cape Town for 2017/18: 8 117 per 100 000 (Source: SAPS, supplied by Strategy & Policy Department, Research Branch: (Data Analytics Unit))	Cape Town's overall crime rate is more than double the national overall crime rate. The 2017/18 overall crime rate has increased from 2016/17, when it was 7 930 per 100 000 people. However, Cape Town's overall crime rate is still lower than the 8 589 per 100 000 recorded in 2012/13.	SAPS crime statistics for 2017/8 were used. The data is for the 2018 mid-year report.
SFA 3: Caring city	Objective 3.1: Excellence in basic service delivery	Residents' satisfaction with overall services	This focuses on residents' perceptions of the general quality of services provided. In the longer term, residents must believe that their needs are being met.	Average score in the annual survey of residents' satisfaction with the City's overall services: 2,8 (Source: City community satisfaction survey 2017/18, supplied by Research Branch: Data Analytics)	Overall performance of the City has remained stable at "good" for the past four years.	Residents' average satisfaction is measured against a Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means excellent. The survey is based on a sample of 3 000 residents who are representative of the city, at a 95% confidence level.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments
SFA 3: Caring city	Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Access to basic services	This tracks the levels of access to basic services to assess whether basic service delivery initiatives are reaching all those in need. The City has prioritised mainstreaming basic service delivery to informal settlements and people living in backyards, which should in the long term improve living conditions and care for the vulnerable and poor.	<ul style="list-style-type: none"> - Number of water service points (taps) provided to informal settlements: 716 - Number of sanitation service points (toilets) provided to informal settlements: 3 687 - Percentage of informal settlements receiving a door-to-door refuse collection service: 99,74 - Numbers of service points (toilets and taps with hand basins) provided to backyarders: 572 (including 2017/18 and 2018/19) - Number of subsidised electricity connections installed (informal settlements and backyarders): 1 865 (2018/19) (Sources: City departments of Informal Settlements and Backyarders, Water and Sanitation, Solid Waste Management, Electricity)	<p>Number of water service points remains significantly above the target of 600.</p> <p>Number of sanitation service points remains significantly above the target of 2 800.</p> <p>Percentage of door-to-door refuse removal remains on target (99).</p> <p>Number of service points provided to backyarders is still below the target of 1 000.</p> <p>Number of subsidised electricity connections is above the target of 1 500.</p> <p>It is worth noting that the number of service points delivered to informal settlements – including delivery of taps and toilets – has dropped from the 2017/18 financial year.</p>	Data is based on actual services supplied by the City in the financial year 2018/19.
SFA 4: Inclusive city	Objective 4.1: Dense and transit-oriented growth and development Objective 4.2: An efficient, integrated transport system	Transport costs as a percentage of income	The City's aim is to prioritise dense and transit-oriented growth and development to achieve a fiscally sustainable public transport system, thereby overcoming apartheid spatial planning. A further priority is efficient, integrated public transport.	<ul style="list-style-type: none"> - Public transport: 18% (2016) - Private transport: 21,8% (2016) (Source: City TDA transport development index)	<p>This indicator remains unchanged from the 2017/18 report.</p> <p>The impact of private transport on monthly household income is slightly higher than the impact of public transport on monthly individual income. This trend will only show a change in the long term, as the progressive implementation of transit-oriented growth and development is a long-term and ongoing process to reshape the spatial fabric of Cape Town.</p>	<p>This indicator measures the direct cost of transport as a ratio (percentage) of total monthly individual income. The trend is measured citywide, using a weighted average of direct transport costs as a ratio to individual income across all income groups, for both private and public transport. Individual income from Census 2011 was used. This was escalated based on CPI (consumer price index) for one year (2012). This indicator is complicated to calculate, and will be updated intermittently instead of annually.</p>

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2019	Status overview	Data comments									
SFA 4: Inclusive city	Objective 4.3: Building integrated communities	Integrated communities	This indicator tracks the levels of integration in residential communities. The City has prioritised building integrated communities, and aims for a long-term impact of more socially diverse communities.	About 2,58% of Cape Town's small areas have more than 20% of all three population groups living there (Census 2011). (Source: Janet Gie, 2015, Changes in population group composition in Cape Town - a proxy for social integration by 2011 Census small area, 2015)	This indicator remains unchanged from the previous report. Using a basic indicator of integration, only a small percentage of areas in Cape Town are integrated. However, compared to the 1996 and 2001 Census data, there appears to be a slight increase in cross population group integration in 2011.	This is a proxy indicator. The percentage mixture of population groups is used as a basic indicator of integration. Census 2011 is used, at a small-area spatial level. A small area is the lowest geographical level at which the 2011 Census data was made available. The three population groups are black African, coloured and white. The coloured population group includes Asians. It is not possible to use more recent Stats SA data, as the data are not available at the required spatial level.									
SFA 5: Well-run city	Objective 5.1: Operational sustainability	Credit ratings by the rating agencies	Independent credit ratings reflect an independent opinion on an institution's creditworthiness to repay its liabilities. This will indicate the City's operational sustainability, with the ultimate aim of financial sustainability in the long term.	<table><tr><th>City of Cape Town, March 2018</th><th>Long-term</th><th>Short-term</th></tr><tr><td>Global-scale rating</td><td>Baa3</td><td>Prime-3</td></tr><tr><td>National-scale rating</td><td>Aaa.za</td><td>Prime-1.za</td></tr></table> (Source: Moody's Investor Service, March 2018, supplied by City of Cape Town Finance Department)	City of Cape Town, March 2018	Long-term	Short-term	Global-scale rating	Baa3	Prime-3	National-scale rating	Aaa.za	Prime-1.za	The City of Cape Town's rating changed from negative to stable, and affirmed the issuer and senior unsecured debt ratings of Baa3 (global scale) and Aaa.za (national scale). The outlook change reflects the view that the City successfully managed to avert "Day Zero" in the short term – the day when the City would have had to turn off its municipal water supply. It further points to the view that the City's new water strategy will more effectively adapt the Cape Town water sector to the continued environmental risk posed by climate change. There is also an expectation that the City will maintain its strong liquidity, despite its plan to increase borrowing over the next three years. (Moody's Investor Service, March 2019)	This indicator is based on the ratings methodology used by Moody's Investor Service.
City of Cape Town, March 2018	Long-term	Short-term													
Global-scale rating	Baa3	Prime-3													
National-scale rating	Aaa.za	Prime-1.za													

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APPENDIX J

2018/19 INTEGRATED GOVERNANCE REPORT

COMBINED ASSURANCE

Combined Assurance (CA) is the integration and alignment of assurance processes in the City to maximise risk and governance oversight and control efficiencies, thereby optimising overall assurance to Council, the APAC, RiskCo and EMT. The Portfolio Manager: Probity (PMP), reporting directly to the City Manager (CM), is responsible for co-ordinating and driving the CA programme in the City. Such responsibility includes mobilising, monitoring and reporting on the outcomes of the programme.

CONSEQUENCE MANAGEMENT

The City is committed to implementing and institutionalising corporate governance, as it underpins everything the municipality does to deliver excellent services and achieve its strategic objective of being a well-run city. The Consequence Management Policy, which formalises and consolidates the principles of consequence management, accountability and responsibility for, *inter alia*, non-compliance; financial misconduct; misconduct and code-of-conduct/ethical dilemmas; including remedial and recourse measures was developed and adopted by Council on 30 May 2019. The City continues to embed consequence management through the development of a standard operating procedure and consequence management register to operationalise the policy.

INTEGRATED GOVERNANCE REPORT

On 30 May 2019, Council adopted the Integrated Governance Report 2018, and resolved that it be made available to the public as a supplement to the City's Integrated Annual Report. This is in line with the adoption of the King IV Report on Corporate Governance. This year, a synopsis of the 2019 integrated governance report has been included in this report.

The Integrated Governance Report, compiled by the City's Probity Portfolio, provides an overview of the role and functions of the City's oversight bodies in good corporate and ethical governance and reflects the outcomes of work done by the City's independent internal assurance providers. These include: Risk, Ethics and Governance (REG); Internal Audit (IA); Forensic Services (FS) and the Office of the City Ombudsman (OCO).

- ✓ **REG** provides the City with an efficient, integrated risk management, ethics and integrity service, as well as a robust business continuity management function. REG plays a particularly important part in protecting, nurturing and enhancing a culture of ethics at the City. It has overall responsibility for facilitating the implementation of the City's Ethics Action Plan and associated programmes and practices to institutionalise ethical behaviour across the City.
- ✓ The mandate of **IA** is to provide an independent, objective assurance and advisory services designed to add value and improve City operations. Their services help 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.
- ✓ **FS** plays an important role in ensuring that the City contributes to the culture of good governance by combatting fraud and corruption. They deliver real-time reactive investigations and proactive programmes in an effective manner and actively promote forensic awareness and education programmes within the City.
- ✓ The **OCO** investigates and helps to resolve public complaints against the City. They render an independent, impartial, unbiased, non-prejudicial and apolitical ombud service, which entails alternative dispute resolution, alongside advocacy, relationship management and communication.

All the independent internal assurance providers met or exceeded the targets set for engagements during the 2018/19 financial year. Key achievements for this period include:

- ✓ 339 risk registers were completed across the City, and the Corporate Risk Register was updated and signed off.
- ✓ 20 ethics investigations were completed.
- ✓ 80 audit engagements were completed, of which 47 were assurance engagements.
- ✓ 154 forensic investigations were completed.
- ✓ 440 complex investigations were completed and 1 642 non-complex complaints were resolved by the Ombudsman's Office.

The Integrated Governance Report outlines the corrective measures taken by the administration, and also the governance initiatives implemented as a result of the work undertaken by these assurance providers. This includes the implementation of improved controls, disciplinary and legal actions taken, the reporting of matters to the South African Police Service (SAPS) and the Municipal Public Accounts Committee (MPAC) for further investigation, and alternative dispute resolutions. Some of the key pro-active governance initiatives include:

- ✓ The monthly City Manager Dashboard that monitors performance related to, amongst others, good governance.
- ✓ The key performance indicator on the Executive Directors' personal scorecards that monitors and measures the implementation of remedial actions taken to address the issues identified by internal assurance providers was expanded upon. Last year it was limited monitoring recommendations made by Internal Audit, Forensic Services and Ethics. This year it also includes Integrated Risk Management and Ombudsman agreed-to remedial actions.

- ✓ The City Manager issued two directives during the year highlighting to top management their accountability and responsibility towards ensuring effective financial management and systems of internal control.
- ✓ On 13 December 2018 Council resolved that the City become a corporate member of the Institute of Directors (South Africa) to assist with the continuous efforts to embed King IV good governance principles in the City.
- ✓ A leadership conference held at the CTICC with the theme "Governance as a key enabler to service delivery".

More detail on the outcomes and corrective actions stemming from the engagements completed by the independent internal assurance providers is included in 2018/2019 Integrated Governance Report, a supplement to this report, and will be available on the City's webpage, and at local libraries and sub-council offices. The intention of the supplement is to affirm to the public the City's commitment to good corporate and ethical governance.


APPENDIX K

B-BBEE COMPLIANCE PERFORMANCE REPORT

Broad - Based Black Economic Empowerment Commission		Annexure A
Compliance Report by Sphere of Government/Public Entities/Organ of State		
Name of Entity	City of Cape Town	
Registration Number	N/A	
Physical Address	12 Hertzog Boulevard, Cape Town, 8000	
Telephone Number	214 001 330	
Email Address	mogamat.abass@capetown.gov.za	
Type of Entity	Metropolitan Municipality	
Industry/Sector	Local Government	
Relevant Code of Good Practice	Amended Codes Specialised Generic Scorecard	
Name of Verification Agency	Mazars Consulting Services	
Name of Technical Signatory	Mohammed Khan	

B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points	n/a	n/a
Management control	e.g. 19 points	0	16,23
Skills Development	e.g. 20 points	0	13,92
Enterprise and Supplier Development	e.g. 40 points	0	29,48
Socio-Economic Development	e.g. 5 points	0	0,04
Total Score	e.g. 109 points	0	59,67
Priority Elements Achieved	YES/NO and specify them	No-Socio-Economic Development nin. 40% not achieved	
Empower Supplier Status	YES/NO and specify them	Yes	
Final B-BBEE Status Level	8		

8

1. BASIC ACCOUNTING DETAILS:			
a. Accounting Officer's Name:	Mr. Lungelo Mbandazayo		
b. Address:	12 Hertzog Boulevard, Cape Town 8000		
c. Accounting Policy: (Your accounts are done?)	Weekly	Monthly	Other (specify)
			Annually
d. Has the attached Annual Financial Statements (AFS) and Integrated Annual Report (IAR) been approved by the entity?	Yes. The AFS and IAR are tabled in Council by end of January 2020 and approved by Council by end of March 2020 as required by legislation		
2. DOCUMENTS ATTACHED			
a. AFS including Balance Sheet and Income and Expenditure Report are part of this document			
i) IAR is part of this document			
b. Entity Annual Turnover	R39 bn		
c. Sign-off and Date			
Signature 	Date 16 September 2019		

APPENDIX K

B-BBEE COMPLIANCE PERFORMANCE INFORMATION ON COMPLIANCE WITH THE B-BBEE ACT IS INCLUDED IN THE ANNUAL REPORT UNDER APPENDIX K - ANNEXURE A AND B.

Broad - Based Black Economic Empowerment Commission							Annexure B
Compliance Report by Sphere of Government/Public Entities/Organ of State							
Number of directors/managers for each category. The information is broken down into race classification, gender and disability indication.							
The information provided for management control, is the same information submitted to the Department of Labour for employment equity reporting.							
Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)	
Board	n/a	n/a	n/a	n/a	n/a	n/a	
Exec Directors	9 5 Black 4 Non-Black	A - 1 C - 4 I - 0	M - 4 F - 1	n/a	Western Cape	n/a	
Non-Exec Directors	0	n/a	n/a	n/a	n/a	n/a	
Senior Management	95 54 Black 41 Non-Black	A - 15 C - 32 I - 7	M - 37 F - 17	n/a	Western Cape	n/a	
Middle Management	2 196 Black 1 393 Non-Black 803	A - 388 C - 934 I - 71	M - 881 F - 512	n/a	Western Cape	n/a	
Junior Management	8 170 Black - 7 014 Non-Black - 1 156	A - 2 356 C - 4 587 I - 71	M - 4 095 F - 2 919	n/a	Western Cape	n/a	

Dividends declared	n/a								
(A- Africans, C-Coloureds and I-Indians)									
Value of the 6% or 3% of leviable amount identified for skills development of black people. This amount excludes the skills levy contributed to the Sectoral Education Training Authority through the South African Revenue Services.									
Number of black persons trained per race classification, gender, disability and value thereof against person trained.									
Total leviable amount and number of black persons trained:									
Total leviable amount: R8 931 574 059,00									
Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide nr in chronological order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)	Total amount spend		
Black employees	24 972	A - 9 357 C - 15 381 I - 234	M - 15 511 F - 9 461	n/a	Western Cape	M - 355 F - 189	R114 570 749,00		
Black non-employees	2 737	non-black = 2 737	M + F = 2 737	n/a	Western Cape	M + F = 137	0		
Black People on internships, apprenticeship, learnership	1 094	A - 675 C - 410 I - 9	M - 397 F - 697	n/a	Western Cape	n/a	R71 036 572,00		
Unemployed black people on any programme under the learning programme matrix	356	A - 138 C - 215 I - 3	M - 152 F - 204	n/a	Western Cape	n/a	R14 490 394,00		

APPENDIX K

B-BBEE COMPLIANCE PERFORMANCE

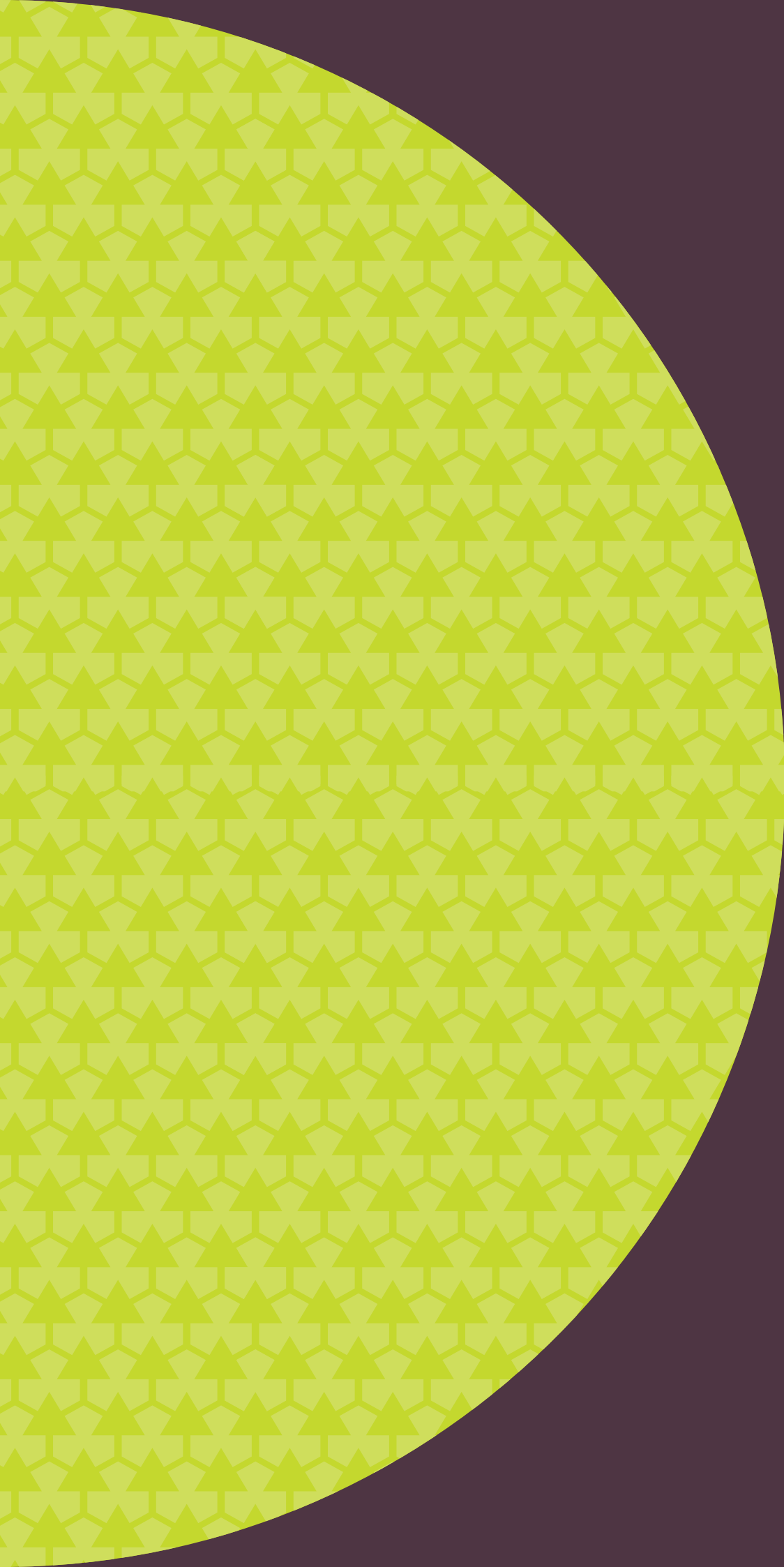
INFORMATION ON COMPLIANCE WITH THE B-BBEE ACT IS INCLUDED IN THE ANNUAL REPORT UNDER APPENDIX K - ANNEXURE A AND B.

Black people absorbed at end of learnership, internship and apprenticeship	31	31	31	n/a	Western Cape	n/a	n/a
3. ENTERPRISE AND SUPPLIER DEVELOPMENT							
Total procurement spend/budget for all suppliers, indicating whether the supplier is an exempted micro-enterprise (EME), qualifying small enterprise (QSE) or large enterprise as per the Codes, as well as value spend per supplier, and the level of black ownership and black women ownership of each supplier entity.							
Value of the 2% of Net Profit After Tax (NPAT) or 0,2% of allocated budget for supplier development, as well as 1% NPAT of 0,1% of allocated budget for enterprise development.							
Number of all black-owned or black-women-owned EMEs or QSEs the sphere of government, organ of state or public entity supported under enterprise and supplier development and value thereof against each entity. The information must further be broken down in terms of geographical location, sector and level of black ownership.							
Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value thereof indicated below:							
Total procurement spend: R16 777 199 077,00							
Total number of suppliers n/a	Total value spend: R17 313 164 847,00						
Total number of EME suppliers n/a	Total value spend: 1011670342	% Black ownership n/a	% Black women ownership n/a				
Total number of QSE suppliers n/a	Total value spend: 2708478948	% Black ownership n/a	% Black women ownership n/a				
Total number of large suppliers n/a	Total value spend: 13593015557	% Black ownership n/a	% Black women ownership n/a				
Total value of 2% NPAT or 0.2% of allocated budget: R57 242 460,00							
Total number of EMEs n/a	Total value spend: R 1 011 670 342,00	% Black ownership n/a	% Black women ownership n/a	Location n/a	Sector n/a		

Total number of QSEs	Total value spend: R2 708 478 948,00	% Black ownership n/a	% Black women ownership n/a	Location n/a	Sector n/a
4. SOCIO-ECONOMIC DEVELOPMENT					
Value of the 1% NPAT of 0,1% of allocated budget the sphere of government, organ of state or public entity spent on socio-economic development.					
Number of black participants supported in terms of race classification, gender, geographical location and value thereof.					
Total spend and number of black participants, race classification, gender, geographical indication and value thereof indicated below:					
Total Value of 1% NPAT or 0.1% of allocated budget: R57 242 460,00					

ACKNOWLEDGEMENTS

Craig Kesson	Executive Director: Corporate Services
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Monique Fillies	Manager: IDP Performance Management – OPM
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Yolande Zeelie	Finance



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