

City of Cape Town

Annual Report

Executive Summary

2006/07



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU





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Foreword by the Executive Mayor

This report covers the first full year that the Multi-Party Government of Cape Town has been in office.

Our priority during this year has been to establish an organisation that is capable of delivering on our service delivery objectives.

Our key objective, as set out in our Five-Year Integrated Development Plan (IDP), is to promote economic growth in Cape Town by investing in infrastructure and a cleaner, safer city. By making Cape Town more attractive to investors, and by providing services that facilitate rapid economic growth, we aim to create more opportunities for all of our citizens, especially job opportunities.

However, to drive development in this manner requires an efficient and financially stable administration. Our new government came into existence at a time of major organisational change. At the beginning of 2006, the amalgamation of seven municipalities into one Unicity, which started in 2000, had not yet resulted in a unified organisational structure for the municipality's 21 297 staff.

Staff reporting lines were not properly established, the performance management system was dysfunctional and unequal conditions of service and salaries from the old administrations remained in place.

A number of critical service delivery areas were also hampered by staff vacancies. In terms of finances, the City had accrued substantial debts that needed to be addressed, including R4 billion in unpaid rates and service charges.

To address these issues, a realignment process was initiated and a unified organisational structure for the City administration is now in place, with clear reporting lines and a single pay scale. In addition, 1 800 new staff appointments have been made, with a further 1200 to follow within the year ahead.

A sustained debt management campaign was also instituted, and the City's finances have improved significantly as a result. Outstanding debt owed to the City has been reduced by R417 million.

The general stability in the City's finances has enabled us to write off R1.5 bn in debt mostly owed by the poor residents of Cape Town. The work of the past year, together with the development of the new

IDP focus on infrastructure-led economic growth, has helped to gear the City up for delivery, and enable it to address the unique development challenges of Cape Town.

The positive results are already evident in this report. This year's capital expenditure, at 77%, has been the highest so far in the Unicity. The rate of housing delivery has also increased by more than 100% in the past two years. The time the City takes to procure contractors to deliver services and projects has been reduced from 12 weeks to seven weeks.

We have also seen the rapid rollout of major infrastructure projects like the new Green Point Stadium in preparation for 2010, which is currently ahead of schedule, and new sewerage works and electricity distribution infrastructure. In terms of law enforcement, we have cracked down on cable thieves and have developed a strategy to combat drug and alcohol related crime.

We have introduced the City's first comprehensive Informal Settlement Upgrade Master Plan, which will see the introduction of essential services to all of Cape Town's 226 informal settlements over the next two years.

In spite of the progress, there remain a number of key developmental challenges in Cape Town that the municipality is not yet able to tackle adequately. Our housing backlog remains around 350 000 units, and the unemployment rate is around 15%. Crime levels are also on the increase, largely fuelled by substance abuse. In addition, Cape Town has the highest nett migration rate in the country, and many of the people coming to the city do not have jobs or houses. Over the next three years the City will continue to improve its organisational capacity and its operations in an effort to strengthen its ability to address these and other challenges.

Helen Zille

Executive Mayor of Cape Town



Introduction by the City Manager

The 2006/07 financial year was characterised by:

- A process of organisational realignment. This involved placing of staff, producing an Organisational Design, and the finalisation of the Executive Management team
- The drafting of a new five-year Integrated Development Plan (IDP), which will be implemented from 1 July 2007 to ensure continued and sustainable growth
- Realignment of the budget toward economic growth, while maintaining a focus on social spending and our core business of effective and efficient service delivery
- The work of the past year, together with the development of the new IDP focus on infrastructure-led economic growth, has helped to gear the City up for delivery, and enable it to address the unique development challenges of Cape Town

Many challenges remain, and tackling these requires an integrated, aligned and strategic approach that involves continuous dialogue and co-operation between all stakeholders in the city.

Some of the challenges are:

- to focus on core business and to clear backlogs
- to strive to create the right conditions for economic growth, and to ensure that the benefits are shared as broadly as possible
- to establish a strategy/output driven organisation and train employees in core output skills/competencies

Achmat Ebrahim

A handwritten signature in black ink, appearing to read 'Achmat Ebrahim', written in a cursive style.

City Manager





Vision

The vision of the City of Cape Town is to establish:

- A sustainable city that offers a future to our children and their children
- A dignified city that is tolerant, non-racist and non-sexist
- An accessible city that extends the benefits of urban society to all and builds the capacity of its people
- A credible city that is well governed and trusted by its people
- A competent city with skills, capabilities and a competitive edge
- A safe and caring city that cares for its citizens and values the safety and security of all who live, work and play in it
- A prosperous city known for its ability to compete globally in the 21st century and its commitment to tackling the challenges facing South Africa, the Southern African Development Community and the African continent
- A city known for its leadership in Africa and the developing world

Mandate and Core Functions of the City of Cape Town

Local municipalities are *inter alia* required to provide the following services in terms of the Constitution of South Africa, section 155(6)(a) and (7):

- Electricity and gas reticulation
- Local tourism
- Municipal health services
- Stormwater management systems in built-up area
- Air pollution
- Child-care facilities
- Municipal airports
- Municipal public transport
- Trading regulations
- Fire-fighting services
- Building regulations
- Municipal planning
- Municipal public works
- Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems
- Solid waste management and landfill sites

The following local government matters to the extent set out for provinces in section 155(6) (a) and (7) are also provided:

- Licensing and control of undertakings that sell food to the public
- Municipal abattoirs
- Fencing and fences
- Licensing of dogs
- Municipal roads
- Noise pollution
- Refuse removal, refuse dumps and solid waste disposal
- Control of public nuisances
- Street trading
- Local sport facilities
- Municipal parks and recreation
- Facilities for the accommodation, care and burial of animals
- Pounds
- Public places
- Street lighting
- Traffic and parking
- Local amenities
- Markets
- Cemeteries, funeral parlours and crematoria
- Cleansing
- Control of undertakings that sell liquor to the public
- Billboards and the display of advertisements in public places
- Beaches and amusement facilities





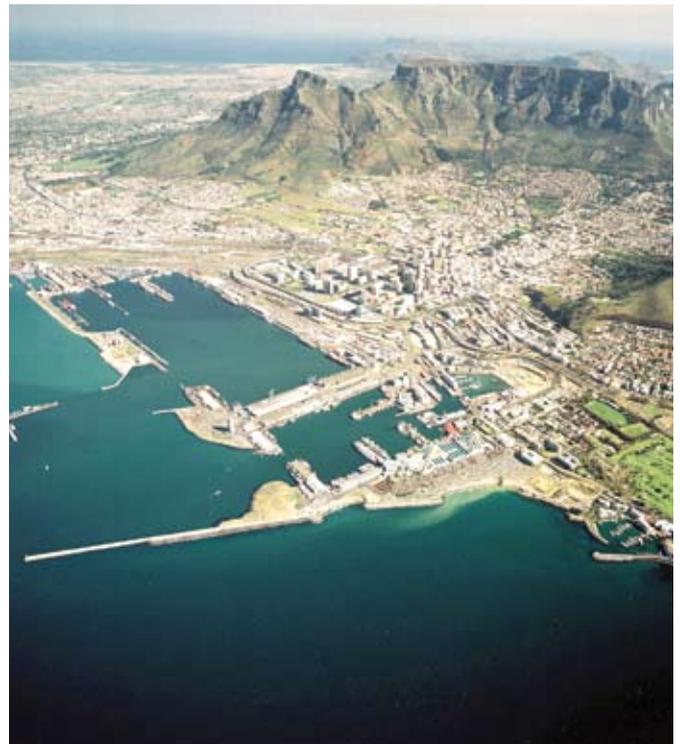
Overview of the Cape Town Metropolitan Area

The City of Cape Town is one of South Africa's six metropolitan municipalities. Situated on the southern peninsula of the Western Cape Province, the municipality spans 2 461 km² and is home to 3,2 million people.

Cape Town generates approximately 78% of the Gross Geographic Product (GDP) of the Western Cape, and in 2006 contributed 11.1% of South Africa's GDP (Gross Domestic Product).

Cape Town has a relatively diverse economy, with 93% of businesses classified as small, contributing 50% of total output and 40% of total formal employment. However, in line with international trends the city is shifting towards the services sector, with the largest areas of growth in finance, business services, trade, catering, accommodation, tourism, transport and communication. Finance and business services are by far the dominant sector in the city, accounting for 32,3% of total economic activity.

The city's natural environment – one of the strongest assets that drives tourism and attracts skilled workers to Cape Town – is situated within the Cape floristic kingdom (the smallest and most diverse of the world's six floral kingdoms). The area is also a biodiversity hot spot of international importance.



City of Cape Town	1996	2001	July 2006
Demography			
Number of households	653 173	777 393	909 391
Population	2 565 018	2 893 251	3 500 000
Refuse removal			
% of households without weekly refuse removal	11.4%	5.9%	0%
Number of households without weekly refuse removal	74 467	45 217	0
Water supply			
% of households without piped water on site	10.5%	15.96%	6.6%
Number of households without piped water on site	68 530	121 177	59 625
Toilet facilities			
% of households without flush toilets	10.7%	12.74%	6.2%
Number of households without flush toilets	70 080	96 961	56 599
Electricity supply			
% of households without electricity supply	13.2%	11.45%	4.3%
Number of electrifiable households without electricity supply	86 226	87 294	38 791

Source: Strategic Development Information & GIS using STATSSA Census and General Household Survey data



Achievements and challenges per IDP themes

Theme 1 – Economic Development and Job Creation

Achievements

- Approval of Economic and Human Development Strategy and Implementation Plan (this strategy is aligned with the Provincial Growth and Development Strategy and ASGISA)
- Initiation of a Skills Development Strategy, which will assist with addressing the large-scale job-creation challenge, as well as the current skills mismatch in the local economy
- Awarding contracts to the value of R 1,778,534,495 to small and medium (BEE) contractors, in terms of the City's procurement process
- Gearing the City's R21-billion budget toward infrastructure-led economic growth, where service infrastructure and transport are key priorities
- Increasing the City's capital budget from R2.5 billion in 2006/07 to R4 billion in 2007/08
- Expansion of the Cape Town International Convention Centre (CTICC) by CONVENCO, one of the City's municipal entities.

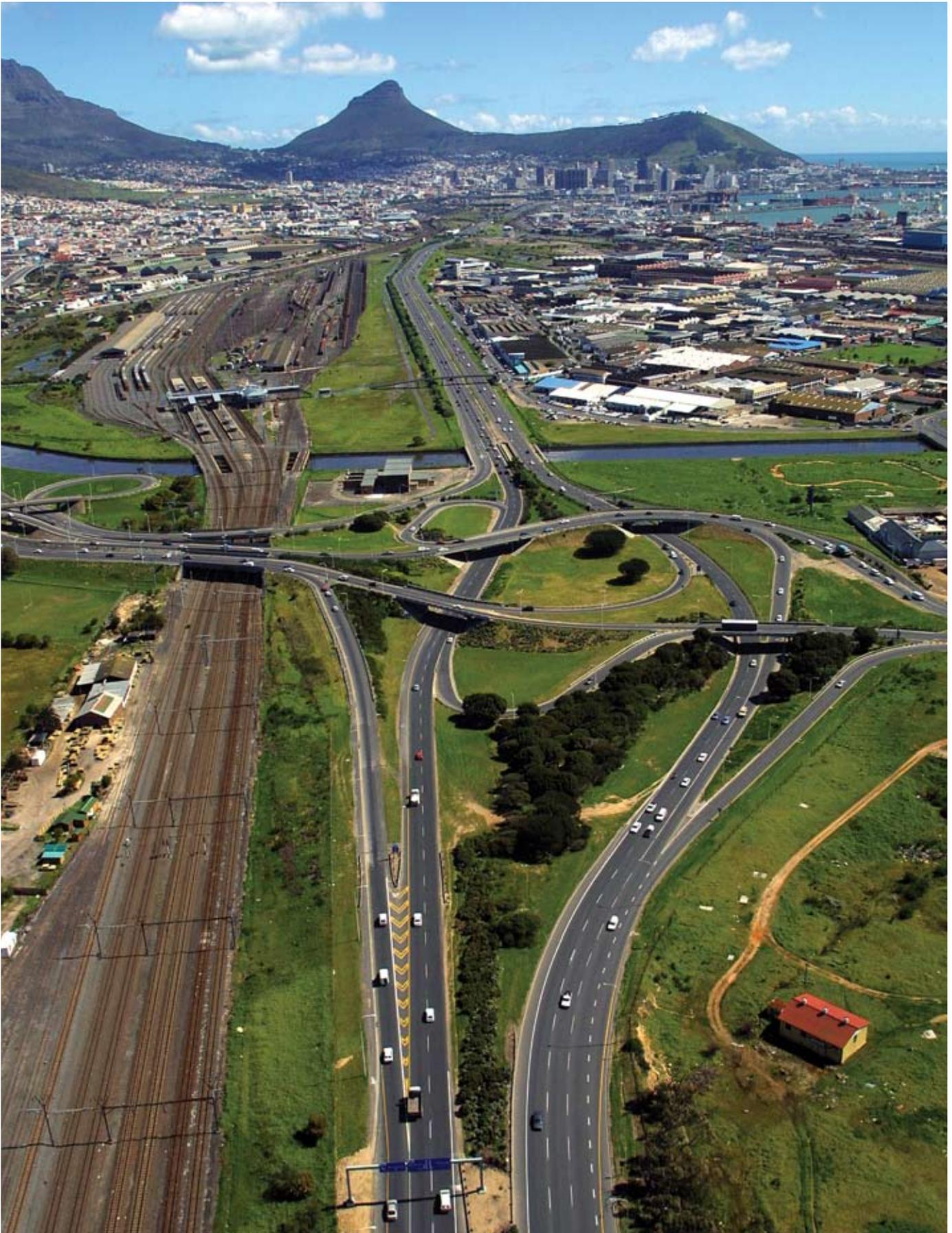
- Investigating the establishment of a Broadband Municipal Network for the City to be in place by 2010
- Strategic release of City-owned land for industrial and commercial development

Challenges

The local economy has shown growth and has contributed positively to the country's GDP. Despite this, the challenges of unemployment and a mismatch between available and required skills remain. The City must therefore work hard to provide an environment conducive to economic growth. Driving Cape Town to become a globally competitive economy will become a key focus area.

Summary: economic development and job creation

Percentage of total procurement value dedicated to BEEs and SMMEs	
Annual target:	40%
Actual performance:	49%
Direct investment in Cape Town	
Annual target:	> or = R2 billion
Actual performance:	R1.172 billion
Number of direct sustainable jobs created through Local Economic Development initiatives	
Annual target:	> 7 000
Actual performance:	13 229



Some of the worst traffic congestion in Cape Town is experienced at the Koeberg Interchange, where the N1 and M5 highways intersect. The intersection was designed and built long before the increase in traffic experienced today, and also before the many business, shopping and residential developments in the area added to the already busy traffic flow. The interchange is scheduled for upgrading in mid-2008.



Theme 2 – Integrated Access and Mobility

Achievements

- Two statutory plans, the Public Transport Plan (PTP) 2006 -2011 and the Integrated Transport Plan (ITP) 2006 -2011, have been approved by Council
- A Cape Town Public Transport Implementation Action Plan was developed in terms of the requirements of the National Public Transport Strategy and the City's IDP
- The National Department of Transport has allocated R766 million from the Public Transport Infrastructure and Systems Fund (PTISF) to the City for the next three years, to invest in improvements in public transport, non-motorised transport, and transport supporting infrastructure, systems and services ahead of the 2010 World Cup
- A Transport Capital Investment Management System has been developed to co-ordinate and manage all transport projects

Challenges

The current fragmentation of roles and functions between the different spheres of government and other agencies, aggravates the City's transport problems. Traffic congestion is increasing, public transport is inefficient and not available to all parts of the city and it is difficult to change between modes of transport. The location of the urban poor on marginal land far from places of economic opportunity and facilities (e.g. clinics and hospitals) reinforces the cost of transport for the indigent sector of the population.

Improving public transport for the FIFA 2010 World Cup™ is one of the City's priorities, and the ultimate goal is to create a transport legacy that will serve Cape Town well into the future.

To improve and promote public transport, the City plans large-scale investment in public transport infrastructure and an implementation action plan is in the final production stages. To reduce congestion, existing public transport priority lanes will be enforced and new ones introduced.



A single transport operational entity established	
Annual target:	Completion of service delivery agreement for the Public Transport Operating Entity
Actual performance:	Agreement drafted, not yet approved, legal opinion obtained
Km of roads rehabilitated and resealed	
Annual target:	70km resealed; 8km rehabilitated
Actual performance:	24.8km resealed; 9.2km rehabilitated (delays in awarding of tender and dealing with appeals; lack of staff capacity, and early rainfall – new staff to be appointed)



WYNBERG STATION: The Public Transport Plan (PTP) 2006 -2011 and the Integrated Transport Plan (ITP) 2006 -2011 both propose an increased reliance on public transport (by rail and road) and non-motorised transport.



Theme 3 – Integrated Human Settlements

Achievements

- 7 519 housing opportunities completed
- Ownership of 196 rental units transferred to tenants
- 337 land restitution claimants assisted
- An Informal Settlements Master Plan has been finalised
- The City has entered into agreements with banks and developers to deliver 'gap/affordable housing' to low-income families (households with income between R3 500,00 to R7 000,00 per month). Social housing delivery partnerships have also been formed with three social housing institutions
- Construction of the top structures for the Manenberg Tornado Backyarders Housing Project (Phoenix) began in July 2007

*NOTE: Although the delivery of housing is not a core function/mandate of local government, the City of Cape Town is the housing agent for the Western Cape Provincial Government. The City has applied for housing accreditation, that will formally recognise its role in housing delivery and facilitate direct access to national housing funding.

Challenges

The number of people living in informal settlements has grown (23 000 families in 1993 to 115 000 families in 2005), overcrowding has increased and household size has declined. These factors have contributed to an increasing housing backlog (from 150 000 in 1998 to approximately 300 000 in 2006). The housing backlog in mid 2007 was estimated at 350,000 households.

To deal with this backlog, an estimated 8 750 hectares of land is needed. The only way in which local government can meet this demand for affordable housing is to involve banks and developers.

The City's greatest constraint has been access to well-located land suitable for incremental housing development, as well as the high cost of land. It is therefore essential that large tracts of well-situated state-owned land are made available for affordable housing, such as Culemborg, Youngsfield and Ysterplaat.

The City has been further limited by government subsidies, the legislative requirements relating to Environmental Impact Assessments (EIAs), planning approvals (in Nonkqubela) and political interference and community unrest (in Silverton).

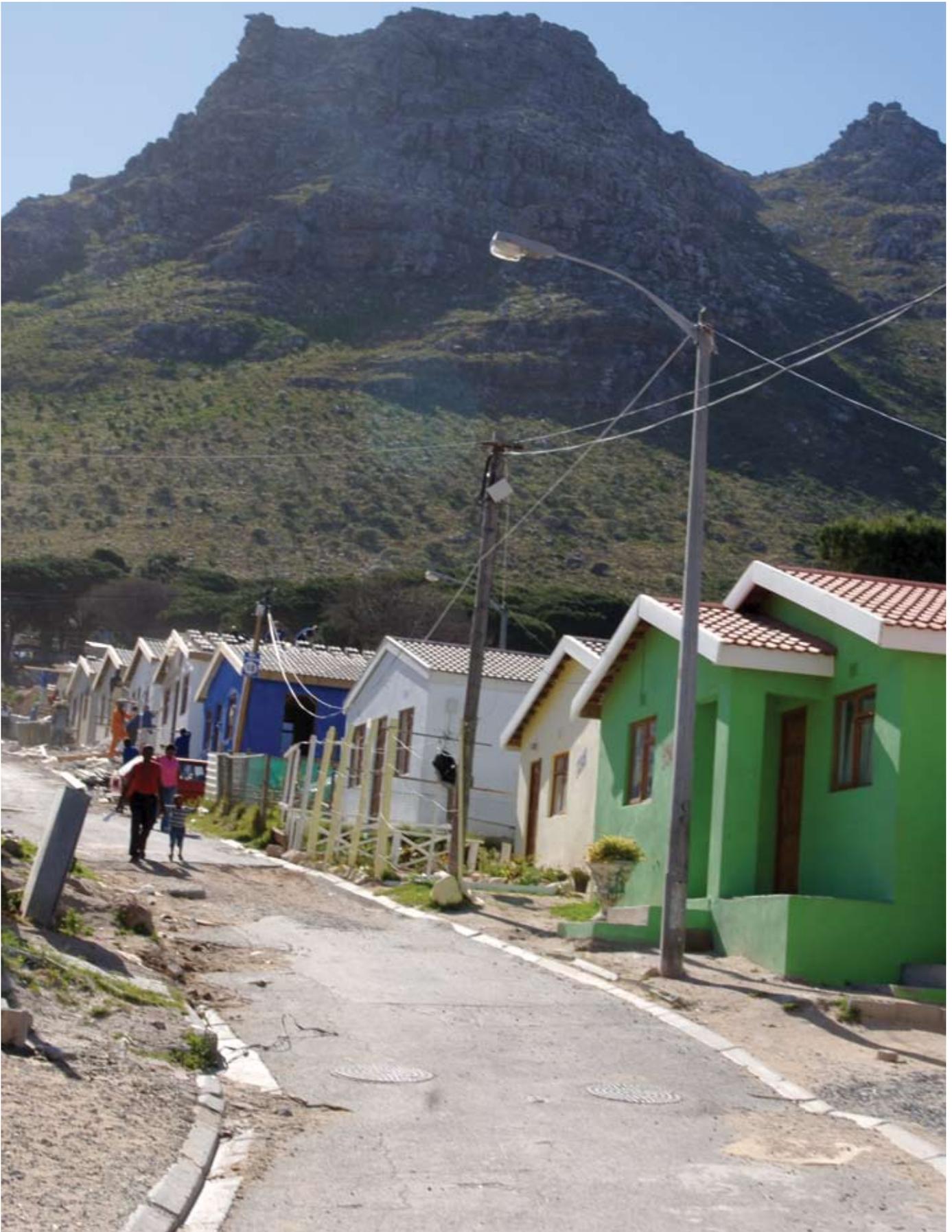


Number of houses delivered based on government subsidy

Annual target:	4 225
Actual performance:	4 290

Number of serviced sites provided

Annual target:	4 110
Actual performance:	2 892



Since 2005, 450 houses have been built in Imizamo Yethu, Hout Bay, by the Niall Mellon Township Trust, in partnership with the City of Cape Town.



Theme 4 – Building Strong Communities

Health

Achievements

- Over 10% of the City's adult population has been tested for HIV through the City's GET TESTED campaign
- Distribution of 58 million condoms
- TB cure rate for new smear-positive TB cases improved to 75% in the last quarter – the best ever rate in the city
- Immunisation coverage of 99% achieved
- Good progress with implementation of Air Quality Management Plan
- Development of the City's Operational Alcohol and Drug Strategy

Challenges

Due to the poor socio-economic and physical environment, large parts of Cape Town unfortunately still face chronic social problems, ranging from drug abuse and gangsterism to a high incidence of HIV and AIDS, sexually transmitted diseases (STDs) and tuberculosis (TB).

Percentage cure rate of new smear positive TB cases:	
Annual target:	>71%
Actual performance:	75%
TB incidence (rate per 100 000 population):	
Annual target:	Reduce incidence to 980
Actual performance:	Incidence reduced to 831
Percentage of pregnant women HIV positive:	
Annual target:	Reduce percentage to <18.5%
Actual performance:	Percentage reduced to 15.2%
Monitoring and developing plans for reducing infant mortality rate over the next five years:	
Annual target:	Reduce to 21.28
Actual performance:	Reduced to 21.40 deaths per 1 000 live births

Safety and Security

Achievements

- Increase in the number of drivers' licence tests conducted, to 66 474 compared to 51 024 the previous year
- Waiting periods for drivers' test appointments reduced significantly at most of the City's testing centres
- Two new drivers' testing facilities opened, in Philippi and in Khayelitsha
- Increased enforcement of the City's by-laws
- Continued delivery of social crime prevention programmes
- Improved prosecution of drunken drivers
- CCTV network expanded by 27 to 232 cameras
- Establishment of Non-Ferrous Metal Theft Task Team to combat the increasing incidence of copper cable theft
- 15 new fire-fighting and rescue vehicles procured
- Establishment of a Municipal Disaster Risk Management Forum for strategic oversight of all disaster risk management activities
- Approval of a Disaster Risk Management Volunteer Policy
- A Macro Disaster Risk Assessment of the city has been undertaken
- The percentage of emergency calls responded to within 14 minutes from receipt of call to arrival at scene was 75.3%

Challenges

Crime threatens the well-being of residents and the city's ability to attract and retain investment. The City aims to improve its performance in traffic policing, by-law and general law enforcement, as well as to expand its closed-circuit television (CCTV) network and improve its emergency responses to disasters such as floods and fires. There remains a need to re-establish ground-level linkages between the Metro Police and the South African Police Services, although a major concern is the possibility that the former's crime prevention arm may be incorporated with the latter.



The City's emergency services, especially its fire-fighters, play a critical role in protecting lives and conserving the natural environment; the City therefore aims to continue strengthening their capacity.



Environment

- Adoption of the Biodiversity Network (a network of sites that, if protected, will conserve a representative sample of the city's unique biodiversity and promote sustainable development)
- Initiation of a detailed mapping and classification system of the city's wetlands
- A partnership between the Table Mountain Fund, the Friends of Rietvlei and the City of Cape Town resulted in the appointment of a manager for the Diep River Floodplain and the Parklands Fynbos Corridor. This is a flagship project as it is the first implemented and managed ecological corridor within the city
- Integration of an Environmental Impact Assessment process into the Green Point stadium design, financial analysis and technical feasibility studies
- Detailed business plan for the Khayelitsha Air Pollution Strategy (KAPS) completed, and funding secured
- Completion of a review of Cape Town's Integrated Metropolitan Environmental Policy (IMEP)
- Proclamation of 953 hectares of the Blaauwberg Conservation Area (BCA) as a formal Nature Reserve by the Provincial Government of the Western Cape

- Official opening of the False Bay Ecology Park (FBEP)
- Finalisation of five-year support plan for the City's shark spotting programme, and establishment of a Shark Unit
- Expansion of the Youth Environmental School (YES) ad-hoc programme into a year-long programme
- Establishment of Green Goal 2010, to ensure that the planning and implementation of the 2010 FIFA World Cup™ is based on an environmentally sustainable footing
- The awarding of the Regional Secretariat of ICLEI Africa (Local Governments for Sustainability) to Cape Town
- Adoption of the City's Energy and Climate Change Strategy

Challenges

Urbanisation, social and economic needs driving expansion and growth are increasing the pressure on Cape Town's unique natural assets. For the well-being of both current and future generations and to ensure that the city does not erode the very assets on which it is dependent, an environmentally sustainable future must be assured.

Ensure that the minimum area-based targets as per the City's Biodiversity Network are protected	
Annual target:	58% of total
Actual performance:	26% (target not realistic and will be reviewed)
Percentage reduction in CO₂ emissions	
Annual target:	2.5% (target to achieve 10% reduction in levels by 2010)
Actual performance:	No data yet available
Percentage reduction in unconstrained water demand	
Annual target:	29%
Actual performance:	25.5% (population and economic growth have impacted on the achievement of this indicator; new water demand programmes will now be implemented)
Percentage of air space saved in relation to volume of waste disposed of	
Annual target:	14%
Actual performance:	14.7%



The Khayelitsha Wetlands Park, above, is an important node in the City's Biodiversity Network. The network is made up of the minimum sites and links needed to conserve Cape Town's biodiversity. This network was identified as part of the Biodiversity Strategy for the implementation as part of the Integrated Metropolitan Environmental Policy.



Theme 5 – Equitable and Effective Service Delivery

Water and Sanitation

Achievements

- The elimination of the backlog in water provision, by achieving a density of less than 25 households per tap in informal settlements
- The completion and commissioning of the Berg River Water System
- The implementation and monitoring of a Water Demand Management and Conservation Strategy
- Delivery of 98 697 new water connections (compared to 43 539 the previous financial year)
- Delivery of 26 700 new sanitation connections (compared to 2 350 the previous financial year)
- All formal households are now serviced
- Achieved a service ratio for taps in informal settlements of 12.6 households per tap (12.6:1), which is better than the minimum standard of 25:1
- Eradication of the bucket system in formal households
- The conversion of bucket systems in informal households into modern sanitation systems: dry sanitation, anaerobic toilets and Enviro-loos
- All formal dwellings receive a door-to-door refuse collection service. Informal dwellings receive an integrated refuse collection service

Solid Waste

Achievements

- Delivery of 2 662 new solid waste collection points (to achieve a total of 83 042 new service points)
- Recycling of 780 904 m³ general waste

Percentage of households earning less than R1 100 per month with access to basic levels of water	
Annual target:	100%
Actual performance:	100%
Percentage of households earning less than R1 100 per month with access to basic levels of sanitation	
Annual target:	86%
Actual performance:	93.3%
Percentage of households earning less than R1 100 per month with access to basic levels of solid waste removal	
Annual target:	99%
Actual performance:	99%
Percentage of households earning less than R1 100 per month with access to basic levels of electricity	
Annual target:	63%
Actual performance:	66.64%
Ratio of informal households per tap	
Annual target:	17.4:1
Actual performance:	12.6:1
Ratio of informal households per toilet	
Annual target:	7.5:1
Actual performance:	7.9:1



Electricity

Achievements

- 13 568 new electricity connections

Equitable and effective services

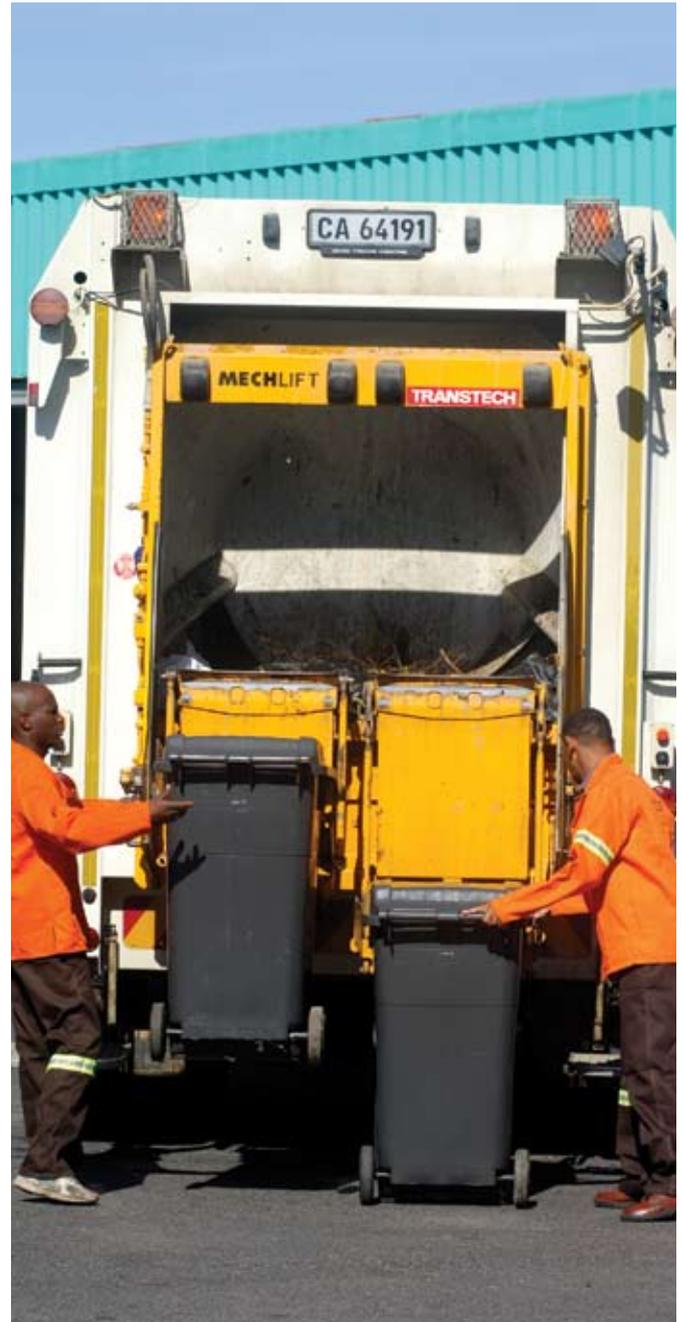
Challenges

It is the City's constitutional responsibility to provide services to residents, including water, sewerage, waste disposal and electricity. But while the city has almost doubled in geographic size over the past 20 years, the provision of new infrastructure has not kept up. Much of the city's older infrastructure is also in need of urgent replacement. Increased emphasis on maintenance is regarded as a priority.

During this financial year the City put in place an institutional framework that will ensure effective investment in infrastructure maintenance, reduction of backlogs and new investment that is required to facilitate further economic growth. A campaign to attract technical skills, especially engineers and project managers to the City, was initiated.

Infrastructure and backlog elimination plans were developed that would see a budget increase of more than R4 billion for the 2007/08 financial year.

The City's infrastructure plans indicate that significant funding will be required to address bulk infrastructure needs. Approximately R7.6 billion will be required over the 2005/06 to 2014/15 period to address water, sanitation and solid waste backlogs.



During this financial year, 2 662 new solid waste collection points were delivered, and 780 904 m³ general waste was recycled. However, residents of Cape Town need to reduce waste as a matter of urgency, as landfill sites are not only full, but the methane they emit contributes significantly to climate change.



Enabling Institutional Framework

Overview of Governance in the City

After the election of a new Council in March 2006, the City opted for an Executive Mayoral system with Section 79 Portfolio Committees and an 11-person Mayoral Committee (MAYCO). Provision was also made for subcouncils (23) and Ward Participatory Mechanisms. The City's IDP was structured into strategic themes, each with identified objectives, interventions to action the themes and output targets. (For more information, see the 2006/07 IDP document – www.capetown.gov.za.) These themes were used as a framework to direct budget, human and other resources. They are:

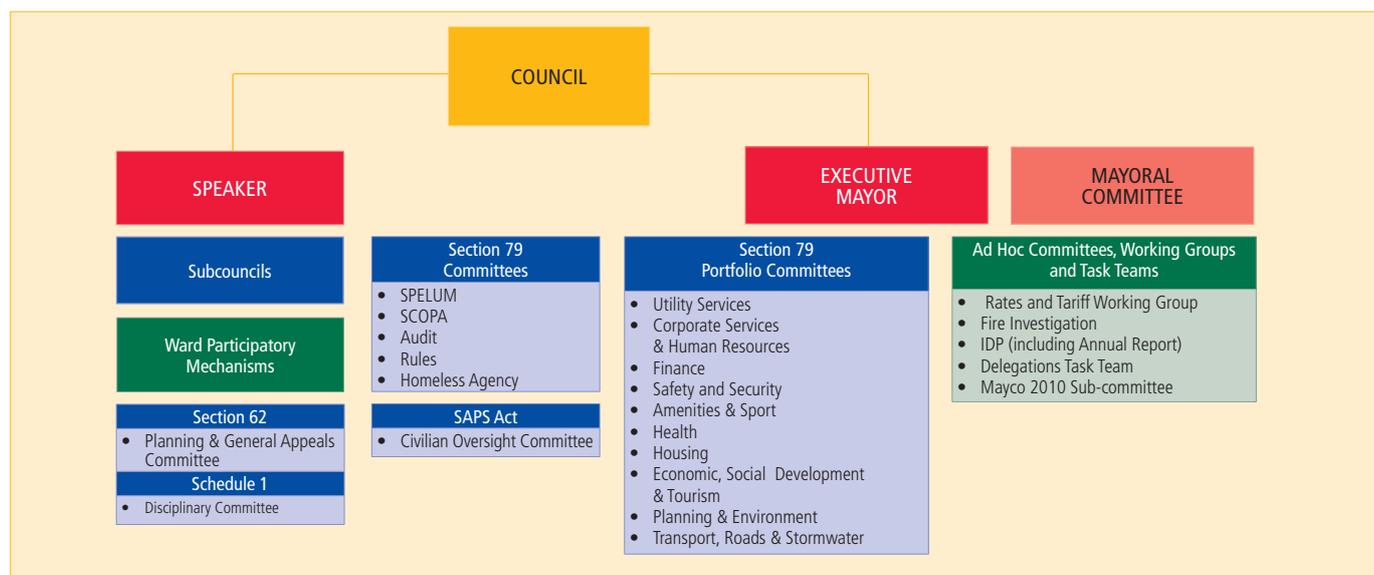
1. Economic development and job creation
2. Integrated access and mobility
3. Integrated human settlements
4. Building strong communities
5. Equitable and effective service delivery

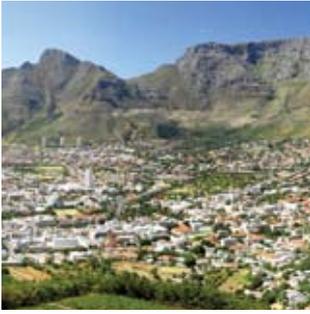
Mayoral Committee (MAYCO)

Councillor/Alderman	Portfolios
Ald H Zille	Executive Mayor
Cllr C Williams	Executive Deputy Mayor
Cllr G Haskin	Amenities and Sport
Cllr S Grindrod	Economic, Social Development and Tourism
Cllr D Ximbi	Safety & Security
Cllr M Fienies	Health
Cllr E Thompson	Transport, Roads & Stormwater
Cllr M Niewoudt	Planning & Environment
Cllr D Plato	Housing
Cllr B Walker	Corporate Services & Human Resources
Cllr L Roelf	Utility Services
Cllr I Neilson	Finance

Section 79 Portfolio Committees and Chairpersons

Committee	Chair
Utility Services	Cllr C Justus
Corporate Services & Human Resources	Cllr S Pringle
Finance	Cllr I Iversen
Safety & Security	Cllr JP Smith
Amenities & Sport	Cllr G Cavanagh
Health	Cllr J Vos
Housing	Cllr N Ross
Economic, Social Development and Tourism	Cllr P Hill
Planning & Environment	Cllr B Watkyns
Transport, Roads & Stormwater	Cllr E Berry





Human Resources restructuring and transformation

The aim of the restructuring and transformation programme has been to improve the efficiency of the City's administration in order to ensure delivery. This meant getting the right people – particularly engineers and project managers – to the right place in the organisation and improving the service culture and work ethic.

This process delivered:

- A City Manager and Executive Management Team aligned with the Mayoral Committee (MAYCO) portfolio structure
- Placement of 21 297 employees into the organisational structure with generic, comparable designations and job descriptions
- Foundation and framework for implementation of TASK job evaluation and full parity over the two years that follow
- Stabilisation of the City's skills base through:
 - Setting in motion a process for the filling of more than 200 critical vacancies in the fields of engineering, project management and technical services
 - Employment into permanent positions of more than 2 000 previously fixed-term contract employees
 - Conversion of labour-broker staff to permanent positions
 - Filling of acting positions
 - Basic parity based on common benchmark grades, salary scale and conditions of service

During this financial year, the City also achieved:

- Closer alignment of staff and skills to business strategies through increasing skills and resources required to deliver on capital expenditure projects and geographic relocation of employees to high priority areas
- Initiation of business improvement projects in key areas of the City, including Supply Chain Management and Fleet Management

Performance Management

Performance reporting in the City is in line with the required performance legislation, e.g. The Municipal Finance Management Act (MFMA) and the Municipal Systems Act (MSA).

Achievements

- Adoption of the City's IDP
- Review of the Performance Management System (PMS)
- Development and implementation of Key Performance Indicators (KPI)
- Setting of targets for KPIs
- Internal monitoring of performance
- Internal control of the Performance Management System
- Performance measurement and reporting
- Revision of City's performance
- Cascading of KPIs to operational level



Financial health of the City

Achievements

- CA-ratings upgraded the City's rating from A+long term/A1 short term to AA-long term/A1+ short term, which indicates a strong capacity to repay long-term liabilities and fulfil short-term obligations
- 96.83% of debt collected
- The spending of all national Municipal Infrastructure Grant (MIG) allocations
- The amendment of Supply Chain Management Policy to speed up delivery
- Opening up of tender processes to the public and the media
- Filling of critical posts
- Improved capital expenditure (77.31% compared to 71.4% the previous financial year, and 63.2% the financial year before). Capital expenditure incurred during the year amounted to R1,983 billion
- Specialised sections set up to deal with the top 1 000 debtors
- Publication of Credit Control and Debt Collection By-law in the Provincial Gazette on 15 June 2006, which empowers the City to carry out debt management actions in terms of its policies
- 4 300 residents registered on the City's Indigent Register to assist poor households
- R1,5 billion of the R4 billion debt (owed by residents for rates, services and housing rentals) has been written off
- Increased proportion of contracts held by BEE concerns (from 42% to 52% in less than a year)
- The operating results for the year were very positive, yielding an operating surplus of R907 million and a net surplus of R431 million after amounts appropriated in the statement of changes in net assets. The accumulated surplus increased from R927 million to R1 358 million. Actual revenue in 2007 was approximately 10% higher and expenditure approximately 2 % lower than in 2006

Completion of realignment project	
Annual target:	Completion of phase 1 by March 2007
Actual performance:	Substantially completed
Number of community/ward participatory mechanisms	
Annual target:	100%
Actual performance:	0 (ward forums only to be elected in October 2007)
Percentage implementation of the Performance Management System for Section 57 employees	
Annual target:	100%
Actual performance:	100%
Maintain City's credit rating	
Annual target:	A.1/A+
Actual performance:	A1+ / AA-
Percentage of City's Capital budget spent	
Annual target:	95%
Actual performance:	76.66% (generally because of implementation capacities and tender award delays)
Percentage of City's operating budget spent	
Annual target:	95%
Actual performance:	92% (lower than planned bulk purchases, etc)



- The value of property, plant and equipment increased from R8,644 billion to R9,929 billion. The current year purchases were funded mostly from internal funds, grants and donations
- Reserves increased from R994 million to R1,357 billion
- The 2006/07 financial year is the fourth consecutive year in which the City received an unqualified audit report from the Auditor-General

Challenges

Cape Town’s development challenges cut across the responsibilities of all spheres of government and civil society. The City is committed to work (within its constitutional mandate) with other spheres of government to address these challenges.

The City also aims to improve governance by putting in place effective citizen participatory mechanisms.

However, roles and responsibilities between the different spheres of government with regard to certain functions (e.g. transport and crime prevention) are not always clear.

The City has raised the issue of unfunded mandates with the Provincial Government, but this issue remains unresolved. Between 2000 and 2004, the City spent over R2 billion (approximately R500 million per year) on unfunded services and initiatives, which do not fall under its responsibilities.

Governance

Achievements

- Extensive public participation campaign for IDP process, drawing on the full range of stakeholders including the public, business and state-owned enterprises
- The City of Cape Town and the Provincial Government held various meetings to share information on the needs, projects and plans of the different spheres of government

- Several meetings were held between the City of Cape Town, the Transnet Group, ACSA and Eskom as part of the City’s spatial planning and infrastructure development process
- To facilitate the ongoing participation of local communities in civic matters, the City has established ward forums, which may consist of either sector-based representation or geographic-based representation or a combination of the two types in one ward.

Challenges

Specific areas where the City is experiencing constraints and where the intergovernmental process could achieve improved delivery include:

Facilitating the delivery of housing by:

- Increasing the supply of land for housing through the transfer of land from Province to the City as allowed for under the Housing Act of 1997
- Making available state-owned land for affordable housing, e.g. Culemborg, Youngsfield and Ysterplaat
- Provision of funding by the Department of Land Affairs to the City for the acquisition of land for housing
- Speeding up the processing and approval of subsidy applications
- Approving the City’s Business Plan for Housing accreditation
- Obtaining in full EIA approvals
- Timeous annual subsidy confirmations.

Facilitating speedy development and investment in the City by:

- Reducing ‘red tape’ with respect to planning approvals and Environmental Impact Assessment applications, through, for example, improved alignment of the planning and budgeting processes and speedier transfer of funding
- Review of supply chain management regulations to facilitate implementation



Key Programmes and Projects

2010 FIFA World Cup™

The 2010 FIFA World Cup™ will leave a positive legacy in both the city and the rest of the country with investment in transport, infrastructure, and a boost to socio-economic growth.

For the City of Cape Town, hosting the event will boost the city's status as a major international tourist destination.

The 2010 FIFA World Cup™ preparations were identified as one of the Mayor's key flagship projects in 2006/07 with a focus on transport and the identification and preparation of Cape Town's new stadium venue.

The stadium will play host to a semi-final and nine other World Cup matches. An estimated R2.857 billion will be spent on building and preparing it.

Achievements

Submission of initial business plan to National Treasury, including the objectives, initiatives and budgets of 20 work streams associated with the event. These include safety and security, fan parks, health, economic development and tourism.

Green Point 68 000-seater stadium

- Timeous delivery of the City's obligations in respect of bulk and link infrastructure services in support of the stadium
- Timeous securing of the land required for the stadium and related facilities
- In full EIA completed and Record of Decision (ROD) by the Provincial Minister for Environment, Planning and Economic Development, rezoning process and approval of the building plans for the stadium. The ROD prescribes the height of the stadium, the size of the roof (to mitigate noise pollution), parking and the number of seats after the event

- The approval of the stadium budget in March 2007; all governmental spheres contributed to the stadium budget of R2.857 billion
- Commencement of construction
- Public participation to discuss the long-term use of the stadium and the urban park after 2010

Transport

- Identification of transport initiatives and infrastructure in support of the 2010 event
- Collective submissions by the City and the Province approved for funding by the National Department of Transport
- Widening of the N2 freeway and the introduction of dedicated public transport lanes
- Public participation in the development of the 2010 High Level Transport Operations Plan





The approval of the Green Point stadium budget was given in March 2007, and work is on track for completion by December 2009.



Expanded Public Works Programme (EPWP)

- 10 817 local, unemployed people have benefited from the programme since its inception
- 120 City officials received training in labour-intensive construction methods to strengthen the design, planning and implementation of the programme
- 26 Contractor Development (Vu'kuphile) Learnerships were implemented at the City during this financial year
- Partnerships with National and Provincial Government and other key stakeholders and role players were established to facilitate the rollout of the EPWP

The Presidential Urban Renewal Programme (URP)

- The Urban Renewal Programme in Khayelitsha anchor projects (CBD, rail extension, housing programme and HIV and AIDS programme) were rolled out during this financial year

Project Consolidate

The City of Cape Town has aligned Project Consolidate with the Presidential URP. The URP Unit was tasked to drive Project Consolidate through the line departments in partnership with other spheres of government and the beneficiary communities.

The City actively participates in monthly Project Consolidate meetings co-ordinated by Province. The Provincial Department of Local Government and Housing has played an effective supporting role with regard to Project Consolidate.

Achievements

- Planning and designs completed for Remembrance Square
- 70% of households relocated in the Enkanini Relocation Project
- Planning and designs completed for the Ntlazane and Spine Roads Traffic Calming Project
- Completion of the Swartklip Sports Complex
- The construction of 1 845 housing units as part of the Eastridge and Tafelsig Housing Programme and the completion of the Lentegeur Public Interchange and Station Forecourt Upgrade

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