



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD



# ANNUAL REPORT

## 2013/14

Making progress possible. Together.



## About this annual report

This 2013/14 annual report offers stakeholders and interested parties a comprehensive overview of the operations, activities and performance of the City of Cape Town for the 2013/14 financial year.

The content of this annual report is aligned with the strategic focus areas (SFAs) and underlying objectives of the City's five-year Integrated Development Plan (2013/14 review), and is also informed by a number of other plans and documents produced by the various City directorates and business areas, including:

-  The integrated Annual Report 2012/13 (Backward looking)
-  The Integrated Human Settlements Five-Year Strategic Plan, July 2012 - June 2017 (2014/15 review)
-  The five-year Integrated Development Plan (2013/14 review)
-  The 2014/15 - 2016/17 budget

Each of these publications offers comprehensive information and data covering the components of the City's five strategic pillars that are relevant to its readers or to the stakeholders of the directorate that produced it.

While this means that each publication can be read independently of the others, to gain a comprehensive understanding of the City's planning, performance and budgeting structures, the suite of books should preferably be considered in its entirety.

# THE CITY OF CAPE TOWN'S VISION AND MISSION

The vision and mission of the City of Cape Town 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.

To achieve its vision, the City of Cape Town is building on the strategic focus areas it has identified as the cornerstones of a successful and thriving city, and which form the foundation of its five-year Integrated Development Plan. These are as follows:



## THE OPPORTUNITY CITY

**Pillar 1:** Ensure that Cape Town continues to grow as an opportunity city.



## THE SAFE CITY

**Pillar 2:** Make Cape Town an increasingly safe city.



## THE CARING CITY

**Pillar 3:** Make Cape Town even more of a caring city.



## THE INCLUSIVE CITY

**Pillar 4:** Ensure that Cape Town is an inclusive city.



## THE WELL-RUN CITY

**Pillar 5:** Make sure Cape Town continues to be a well-run city.

These five focus areas inform all the City of Cape Town's plans and policies.

# INTRODUCTION

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The City of Cape Town continues to work concertedly towards aligning all of its reporting with its integrated operational and strategic approach as well as the internationally accepted principles and best practices of integrated reporting.

This 2013/14 annual report continues this commitment, and is the City's third attempt at moving its annual report towards meeting integrated reporting standards and requirements. This report provides City of Cape Town stakeholders and interested parties with comprehensive information about the City's financial, operational, social and environmental performance for the 12 months under review, and offers a view of the challenges and opportunities that the City faces in its ongoing efforts to deliver opportunities and services to all its citizens.

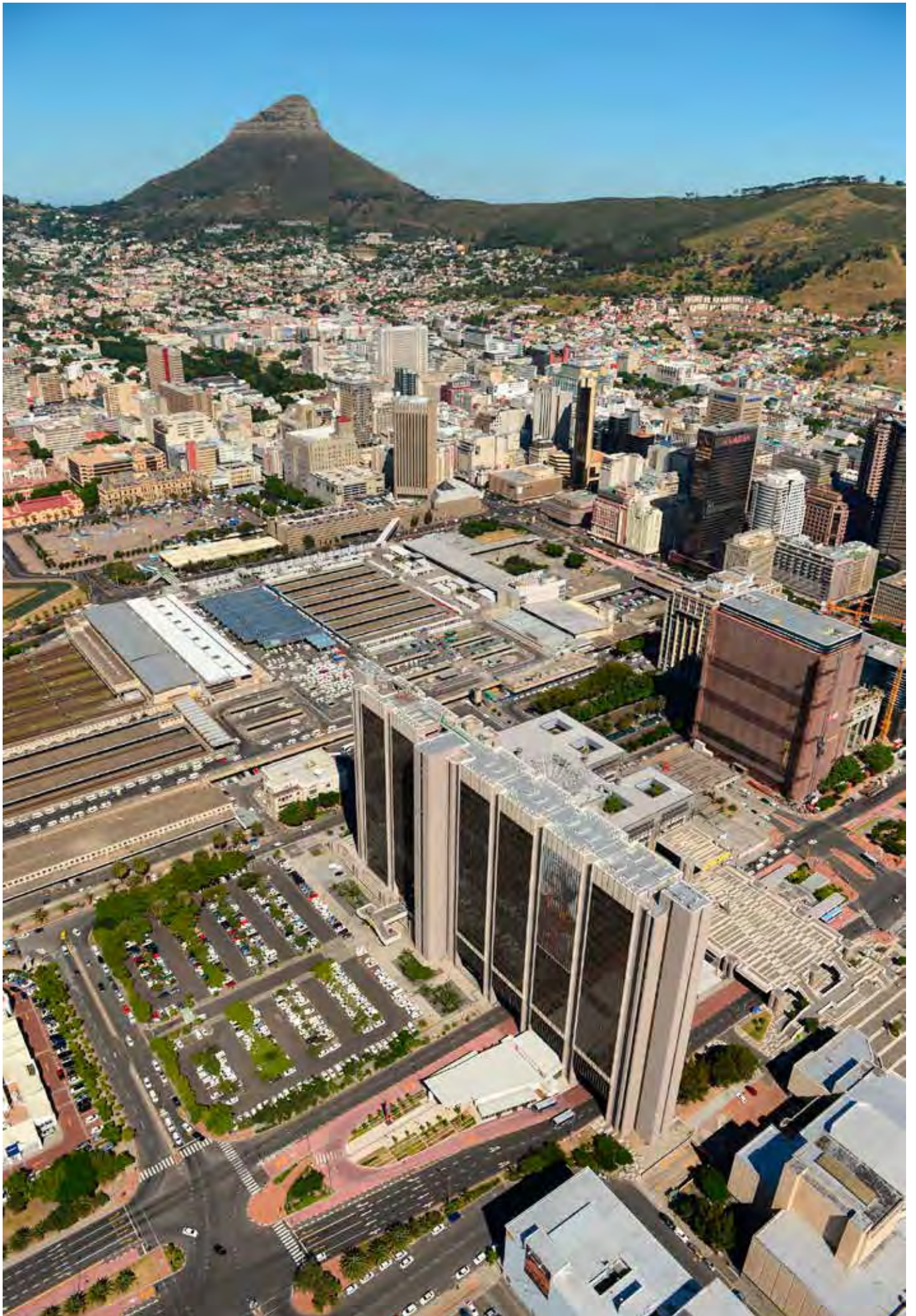
The City's integrated reporting approach is in keeping with its commitment to the requirements and recommendations of the King III Report, which sets out international best practices for the governance of private and public organisations. That said, the City acknowledges that there is still work to be done to achieve full alignment with these and other integrated reporting principles and, while it is confident that it is moving steadily forward in its efforts to achieve such alignment, this is likely to be a gradual journey.

# MATERIALITY

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In order to continue the journey towards full compliance with all the principles of integrated reporting, the content of this annual report aligns with various material issues as reflected in the City's Integrated Development Plan and other sector plans. As such, these material matters are identified by the City to be addressed as part of the delivery of its service mandate and through the achievement of its long-term vision. Some of the City's key material issues include the following:

- Mitigating carbon emissions and helping to address climate change
- Efficient water supply, use and management
- Efficient energy supply, use and management
- Effective waste management
- Economic sustainability through financial prudence
- Effective and transparent governance and risk management
- Achievement of environmental sustainability and biodiversity objectives
- Sustainable land use and development
- Customer communication and satisfaction measurement
- Sustainable procurement
- Infrastructure maintenance and development
- Transformation, diversity and talent management



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## DENOTES:



National Development Plan



Objectives delivered



More online

# HIGHLIGHTS

OF THE 2013/14 FINANCIAL YEAR

The City of Cape Town received an unqualified audit opinion, as well as a clean audit status, from the Auditor General of South Africa for the 11th and 2nd consecutive years respectively.



**70%**  of residents rated the City's performance as good, very good or excellent (up from 69% in 2012/13, 63% in 2011/12 and 57% in 2009/10)

**77**  World Design Capital projects completed

Received high investment rating of Aa3 from independent rating agency 




Record spend of **R2,9 billion** on repairs and maintenance

**38 305**  Expanded Public Works Programme job opportunities created



**7,7 million** passenger journeys undertaken on MyCiTi public transport

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**5 916**  
sanitation service  
points (toilets)  
provided

**2 028**  
water service  
points (taps) provided




**4 391**  
subsidised electricity  
connections installed

**5 718**  
serviced site housing  
opportunities provided



**City call  
centre scored  
4+ out of 5**  
(on the Likert scale)

**83%**  
of emergencies  
responded  
to within 14 minutes



**40**  
recreation hubs  
established



**96,85%**  
of workplace skills plan  
budget spent



We have managed our resources in such a way that we ensure our continuing success and proudly obtained a clean audit from the Auditor-General.

# MESSAGE FROM

## THE EXECUTIVE MAYOR

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The City performed well in the 2013/14 financial year. Cape Town is maintaining its excellent record of high-quality service delivery and being responsive to the needs of its citizens. Through it all, we have managed our resources in such a way that we ensure our continuing success and proudly obtained a clean audit from the Auditor-General.

There are still areas where there is room for improvement – there always are for an organisation committed to exceeding its own performance. We will continue to address those areas and others to ensure that we build the best possible city for our citizens.

We have undertaken a particular programme of governance to turn the five pillars into a development programme until 2016. Those pillars are the opportunity city, the safe city, the caring city, the inclusive city and the well-run city.

We have achieved a great deal. We took an electoral manifesto and turned it into a development plan. The Integrated Development Plan maps out our goals, plans and ambitions for the remainder of this term, which is already well under way. It has been complemented by our medium-term Economic Growth Strategy and Social Development Strategy.

I believe that we have achieved something quite unique in local government in South Africa and, in fact, what national

legislation actually intended: the complete alignment of democratic will with a programme of government.

But having put in place this great plan, we need to know that it is working, which is the function of the annual report. We need to see the outcomes that we are delivering to the people, for their own benefit and for our own progress reports.

Any government must be willing to address problems, not simply seeing them as requiring solutions but also presenting opportunities. In so doing, we commit ourselves to the principle of innovation and dynamic leadership – qualities that will help take us forward into the future.

With the five pillars as our guide, we will help take Cape Town to the next level of government in South Africa and make progress possible, together.

*P. de Lille*

**ALDERMAN PATRICIA DE LILLE**  
Executive Mayor of Cape Town



The true measure of the City's effectiveness is the extent to which it is able to assist in transforming the lives of the people of Cape Town.

# STATEMENT

## BY THE CITY MANAGER

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The City of Cape Town is an organisation unlike any corporate institution. Its success is not measured by financial turnover or profitability. Rather, the true measure of its effectiveness is the extent to which it is able to assist in transforming the lives of the people of Cape Town. While financial prudence and an ability to attract investment are key to this outcome, we at the City of Cape Town only consider ourselves truly successful if we are making a tangible and lasting contribution towards helping individuals, communities and businesses in Cape Town realise the futures they desire for themselves.

This means that we do not see our function and responsibility as a destination to be reached, but rather as an ongoing journey. Our entire administration is on this immensely challenging, yet rewarding journey of commitment to service provision and transformation – together.

The promise of the new City of Cape Town's corporate identity is "Making progress possible. Together". It's a promise that speaks to the City's commitment to work with its citizens and stakeholders. It also reflects the City's commitment to assist in empowering all Cape Town citizens to capitalise on opportunities and take control of their lives and destinies.

Over the past year, our progress has particularly been bolstered through the finalisation of the City's Social Development Strategy and Economic Development Strategy, as well as the ongoing refinement of an effective transversal management approach. This has certainly enabled us to better position the

City of Cape Town as the best-run metro in South Africa, and the only one to have earned a clean audit this year, together with 10 previous unqualified audits. This clearly provides a sound basis for taking the City to the next level.

Like any city, Cape Town still faces many challenges. But despite these, it is a city characterised by effective delivery of valuable services, a reliable supply of electricity and water, growing public transport infrastructure, a commitment to economic upliftment, and a highly enabling and attractive environment for investment.

The City of Cape Town remains 100% committed to building and reinforcing this enabling environment, because that is the only way we can ensure continued economic growth that creates more jobs, provides a better life for all, and makes real progress possible – together.

**ACHMAT EBRAHIM**  
City Manager





*"We are grateful for the World Design Capital bidding process and title. It has helped to bring different initiatives together and has made us realise that design in all its forms, when added together, creates human and city development."*

**Patricia de Lille, Executive Mayor, City of Cape Town**

The vision of the World Design Capital project is to promote and encourage the use of design to further the social, economic and cultural development of the world's cities. The uniqueness of the designation is its focus on the broader essence of the impact of design on urban spaces, economies and citizens and, as such, it presents a distinctive opportunity for cities to showcase their accomplishments in attracting and promoting innovative design, as well as to highlight successes in urban revitalisation strategies.

As World Design Capital for 2014, Cape Town has leveraged the designation to maximise the use of excellence in design to change and transform the city. While the 460-odd projects on the official World Design Capital 2014 programme touch on various aspects of the city, its citizens and its administration, all are tied together by a common thread of harnessing design-led thinking to drive the social and economic change needed across Cape Town.

Cape Town's World Design Capital 2014 focus was therefore on projects that bridge historic divides, reconnect our city in structure and in spirit, rebuild social and economic inclusion, and reposition Cape Town for a sustainable future. To this end, projects centred on the following four broad themes:

- African Innovation. Global Conversation – African ideas that speak to the world
- Bridging the Divide – Design that reconnects our city and reconciles our communities
- Today for Tomorrow – Sustainable solutions for people and planet
- Beautiful Spaces. Beautiful Things – Inspiring architecture, interiors, food, fashion, jewellery, craft, art and creativity

The City of Cape Town administration has itself also leveraged the World Design Capital designation and seen it as a unique opportunity to create an internal awareness of the value that design-led thinking and innovation can bring to the administration. The team tasked with achieving this is located within the Tourism, Events and Marketing Directorate.

The administration has a number of projects that were part of the official programme. For one, the City has instituted an 18-month-long series of co-creation workshops at which City officials, designers and local citizens and businesses work together to find solutions to various ward-based challenges. This programme is aimed at involving all 111 wards of the metropole.

Another significant initiative was a collection of 77 design-led projects that the City put forward as fine examples of the transformative power of design-led thinking in the public sector.

Just some of these projects are outlined on these pages. Together, they demonstrate the positive impact that design-led thinking prompted by World Design Capital 2014 is having on the lives of thousands of Cape Town residents. The full set can be viewed on the City's website.



# ONE CITY – 77 PROJECTS

The City of Cape Town undertakes thousands of initiatives in its striving to deliver the best possible services to its citizens and visitors. The projects listed here are a sample of these which serve to demonstrate how design-led thinking is being enabled and delivered throughout the administration, and is improving quality of life for the people it serves.

Though the identified projects are not a comprehensive picture of innovation in the City, they provide a powerful overview. The projects have been divided into eight broad categories: Economic development; environment; health; housing; management process; social support and development; staff development; and utilities and transport.



## PROJECT CATEGORY: ENVIRONMENT

### Award-winning solid waste transfer and materials recovery plant

Transforming waste into a useful resource was the key focus in the design of the ultramodern, award-winning Kraaifontein waste management facility. This is the first integrated recycling facility in South Africa. It sorts 100 tonnes of dry recyclables a day and includes a public drop-off site and facilities to sort dry waste and chip green waste. The aim is to divert as much waste as possible from landfill sites and to make recycling economically viable.



## PROJECT CATEGORY: ECONOMIC DEVELOPMENT

### Langa cultural precinct

Langa, one of the city's oldest settlements, is a tourist destination and a cultural node. The Langa cultural precinct comprises the Guga S'thebe Arts and Culture Centre, the Old Pass Office Museum, the Old Post Office building and Mendi Park. Guga S'thebe now also has a 200-seat theatre, designed by an international design team comprising Cape Town architect Carin Smuts as well as architecture students from the Peter Behrens School of Architecture in Düsseldorf, RWTH Aachen University in Germany, and the University of Cape Town Architecture School.



## PROJECT CATEGORY: HEALTH

### Antiretroviral (ARV) clubs

City Health's partnered ARV clubs remove eligible (stable and responding) HIV patients from overcrowded clinics. Patients now spend only 30 minutes at clinics every few months. Over 15% of all patients receiving ARVs at primary-care facilities currently do so through the club system.



## PROJECT CATEGORY: HOUSING

### Enabling and supporting owner-built subsidised housing

The Umzimhlope People's Housing Process project, for which the City provides project management, training and support, has provided 300 subsidised owner-built housing units in Khayelitsha. Beneficiaries are required to seek assistance from friends, or employ others to help them build their homes at their own cost. They can access a housing subsidy to plan and manage the work. A support organisation is appointed to manage the project.

## PROJECT CATEGORY: MANAGEMENT PROCESS

### Integrated system for policing and emergency response

A highly sophisticated integrated emergency contact centre, which is plugged into the City's policing, crime prevention and emergency services, ensures an effective and appropriate emergency response. The spatially enabled operating platform also provides the intelligence that allows for proactive visible policing where it is needed. Once it is functioning according to final objectives, this system will be a world first.



## PROJECT CATEGORY: SOCIAL SUPPORT AND DEVELOPMENT

### Community-driven gardening initiative that beautifies the city

The City Parks urban gardening project supports and encourages communities to create gardens (or food gardens) on parks or unoccupied public land. Community gardening offers myriad positive benefits, ranging from community-building to the creation of green lungs, and beautifies open spaces in Cape Town. The project provides practical guidance and hands-on help to interested communities who seek support.



## PROJECT CATEGORY: STAFF DEVELOPMENT

### Forum for changing attitudes towards gender stereotypes

Gender stereotyping can severely limit opportunities for growth, development and enhancement in an organisation. City Men for Change, a sub-forum of the Gender Equity Programme, aims to improve education and awareness through a support group of male staff designed to help men examine their attitudes and behaviour around gender stereotypes.



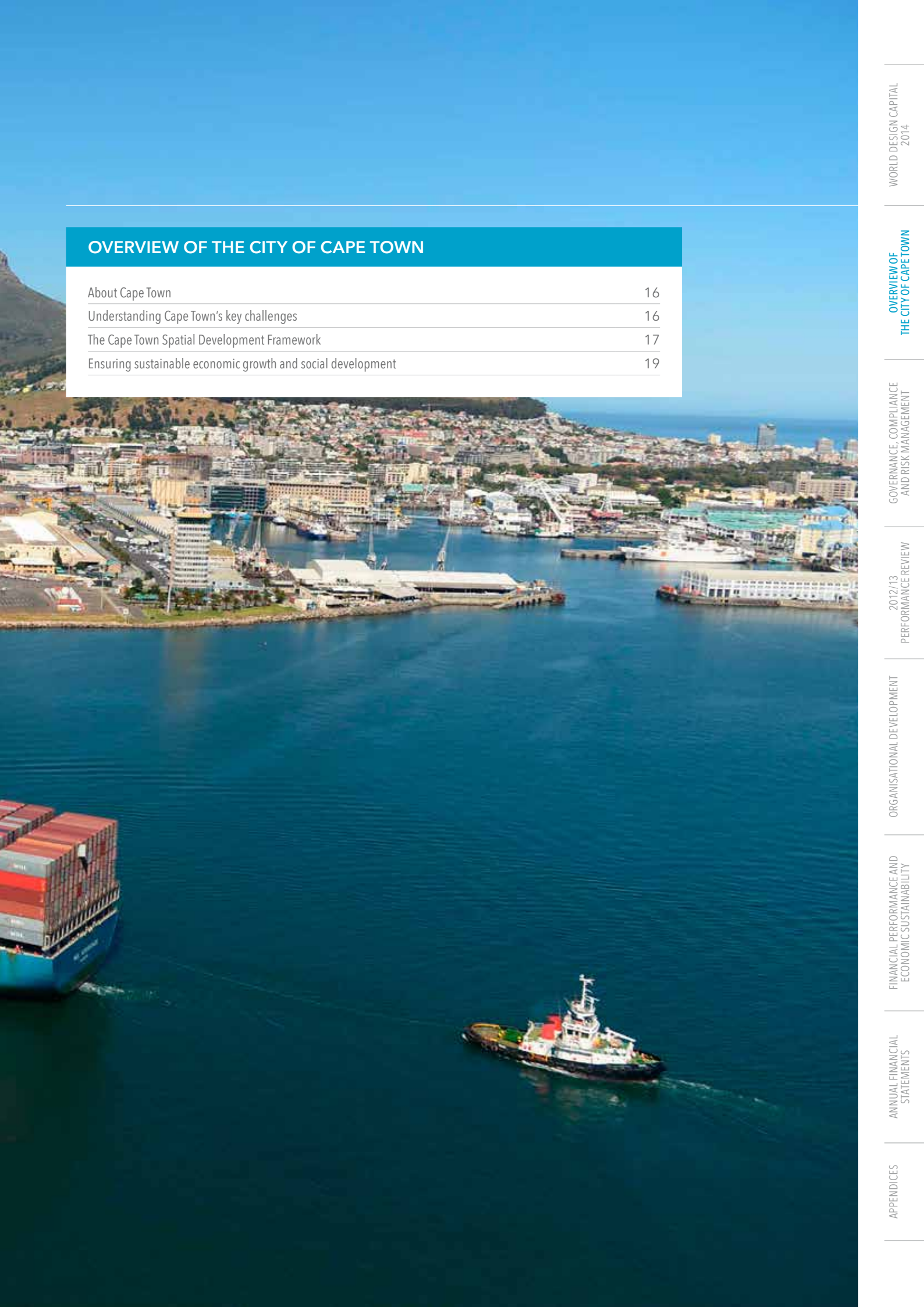
## PROJECT CATEGORY: UTILITIES AND TRANSPORT

### Unitary transport authority

The City's new transport authority, Transport for Cape Town (TCT), is responsible for the municipality's traditional functions of transport planning and roads and stormwater management, but its remit now extends to the management and integration of every form of public transport. The MyCiTi integrated transit system is setting the template for bus services, and TCT's increasing responsibility for commuter rail will improve all aspects of public transport.







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Cape Town is a significant economic, political and business hub.

## About Cape Town

As both the oldest city in South Africa and the country's legislative capital, Cape Town is a significant economic, political and business hub, not to mention a key driver of South African and African growth and development.

The city has the second-largest population of all cities in the country, and is one of the most-visited tourist destinations on the entire African continent.

Added to this, Cape Town's popularity as a preferred residential location has meant steady growth in the city's population. This growth trend is expected to continue for the foreseeable future, with the city's total population anticipated to reach approximately 4,4 million by 2030.

All of these factors create significant challenges for the city's infrastructure and administrative processes. The City of Cape Town's response to these challenges is encapsulated in its vision to create a highly inclusive society by working towards greater economic freedom for all.

This, in turn, requires an increase in opportunities through the creation of an economically enabling environment in which investment can be optimised and jobs can be created.

To achieve this vision, the City is committed to building on the five pillars it has identified as the cornerstones of a successful and thriving city. These are:

- an opportunity city;
- a safe city;
- a caring city;
- an inclusive city; and
- a well-run city.

The City takes a highly integrated approach to delivering on these five pillars and realising its vision. This approach is clearly set out in its five-year Integrated Development Plan (IDP), which represents the City's strategic guide and informs all planning, management, development and service delivery actions.

The IDP is structured according to the same five pillars or strategic focus areas as outlined above, and each of these is cascaded into measureable objectives, programmes and deliverables.

This 2013/14 annual report is closely aligned with these IDP focus areas, objectives and programmes, and offers an overview of the City's achievements and challenges in terms of meeting these.

## Understanding Cape Town's key challenges

Produced every two years, the State of Cape Town report offers detailed information on, and analysis of, the opportunities and challenges facing Cape Town, while also highlighting issues that need to be kept track of and attended to as the City moves forward, into the future. The 2012 report covers five themes: people, the natural environment, the economy, urban growth and form, as well as urban governance. A summary of this report is provided below. For more detail on the State of Cape Town report, visit [www.capetown.gov.za/en/EnvironmentalResourceManagement/publications/Documents/State\\_of\\_Environment\\_Report\\_2012.pdf](http://www.capetown.gov.za/en/EnvironmentalResourceManagement/publications/Documents/State_of_Environment_Report_2012.pdf)

### Demographics

At the time of Census 2011, the population of Cape Town comprised 3,7 million people, made up of 1,07 million household units. Cape Town's total population grew by almost 30% between 2001 and 2011, and 46% from 1996 to 2011. A substantial proportion of new households in the city take the form of informal shelter, either in informal settlements or backyard dwellings. There has been a substantial increase in Cape Town households living in backyards over the past 20 years, confirming a dire need for more low-income housing across the city.

### Health

HIV/Aids and tuberculosis (TB) remain the key health challenges facing Cape Town residents. While HIV prevalence in Cape Town is stabilising, it is still at a high level. The 2010 antenatal survey showed an HIV prevalence of 19,1% in Cape Town. TB incidence often coincides with HIV/Aids prevalence.



*The City is committed to increase opportunities through the creation of an economically enabling environment in which investments can be optimised and jobs created.*



The Cape Town Spatial Development Framework offers guidelines on urban growth in a sustainable, integrated and equitable manner.

## Education

According to the Statistics South Africa General Household Survey (GHS) 2011, approximately 50% of the total population in Cape Town aged 20 years and older have had less than 12 years of schooling. Around 7% had received less than Grade 7 education, therefore being considered functionally illiterate, and a further 1,2% had never attended an educational institution.

## Poverty

As in the rest of South Africa, poor households and residents in Cape Town predominantly struggle with unemployment and lack of income. In 2011, indigent households in Cape Town comprised 21% of the total number of households in the city. According to the GHS 2011, 35,7% of Cape Town households reported a monthly income of up to R3 500 (the poverty line used by the City of Cape Town).

## Crime

Crime constitutes one of the City's key strategic challenges. Cape Town's overall crime levels in 2011/12 were around twice the national average. Drug crimes and murder are among the most frequently occurring serious crimes in Cape Town, and have a higher incidence in Cape Town than in the other major metros.

For a detailed overview of these and other challenges facing the City of Cape Town, please refer to pages 13 to 17 of the 2014/15 review of the City of Cape Town's Integrated Development Plan (2012 – 2017) available for download at <https://www.capetown.gov.za/en/IDP/Pages/Planning.aspx>.

## The Cape Town Spatial Development Framework (CTSDF)

The Cape Town Spatial Development Framework and associated district plans offer guidelines on how and where Cape Town should grow in the future. These spatial plans guide new investment, give effect to the principles and priorities of the City's development strategies, and identify priority areas for strategic intervention.

Approved by Council in terms of section 34 of the Municipal Systems Act (Act 32 of 2000), the CTSDF (together with the Provincial Spatial Development Framework) is the spatial planning document with the highest legal status applicable to the municipal area of Cape Town. It focuses on a number of key areas of the city's development, particularly managing growth and land use changes in the city, and ensuring that urban growth happens in a sustainable, integrated and equitable manner. As such, the CTSDF:

- aligns the City's spatial development goals, strategies and policies with those of the national and provincial spheres of government;
- indicates those areas best suited to urban development, the areas that should be protected, and the areas where development may occur if it is sensitively managed;
- indicates the desired phasing of urban development;
- guides changes in land use rights; and
- helps spatially guide, coordinate, prioritise and align public investment infrastructure and social facilities in the City's five-year IDP.



The City's economic development is structured around providing the right basic services, transport and information and communication technology infrastructure.

The CTSDF is fundamental to the City's achievement of its sustainability objectives, and is underpinned by a clearly defined set of strategies and substrategies, as outlined in the table below:

Table 1.1: Cape Town Spatial Development Framework strategies and substrategies

CTSDF strategy	Substrategies
Plan for employment, and improve access to economic opportunities	<ul style="list-style-type: none"> <li>Promote inclusive, shared economic growth and development</li> <li>Address spatial economic imbalances</li> <li>Establish an integrated, citywide public transport system that supports the accessibility grid</li> <li>Integrate land use, economic and transport planning</li> <li>Support the rationalisation, upgrade and/or development of economic gateways, and appropriately manage land use around them</li> </ul>
Manage sustainable urban growth, and create a balance between urban development and environmental protection	<ul style="list-style-type: none"> <li>Facilitate urban development</li> <li>Support incremental development processes</li> <li>Encourage a more compact form of urban development</li> <li>Appropriately protect the citizens of Cape Town from hazardous areas/activities</li> <li>Appropriately manage urban development impacts on natural resources, critical biodiversity areas and natural corridors</li> <li>Make efficient use of non-renewable resources</li> <li>Protect and enhance the city's rural environment</li> </ul>
Build an inclusive, integrated, vibrant city	<ul style="list-style-type: none"> <li>Transform the apartheid city</li> <li>Proactively support publicly led land reform and new housing delivery</li> <li>Encourage integrated settlement patterns</li> <li>Enhance the unique sense of space and the quality of the built form of Cape Town</li> <li>Enhance the value of heritage resources and scenic routes</li> <li>Promote accessible, citywide destinations and places</li> </ul>

For more details on the CTSDF, visit [www.capetown.gov.za/en/SDF](http://www.capetown.gov.za/en/SDF).



The City's Economic Growth Strategy positions Cape Town within a broader global, national and regional economic trend.

## Ensuring sustainable economic growth and social development

### Economic Growth Strategy

Local government is mandated by the Constitution of the Republic of South Africa to promote social and economic development. The City of Cape Town's response to this mandate is set out in its Economic Growth Strategy (EGS).

The principal objective of the EGS is to grow the economy and create jobs – the overarching objective of the opportunity city. It presents the City of Cape Town's response to the most fundamental challenges facing Cape Town in the years ahead. Too many people are unemployed, too many people are poor, and the city's lacklustre current and projected growth rates mean that this situation is unlikely to change if the organisation follows a 'business as usual' approach.

The EGS marks a departure from the City's previous approaches to the economy in that it adopts a 'whole organisation' approach. It also positions Cape Town within broader global, national and regional economic trends. Two of these stand out: the rapid shift in investment and commercial activity towards the urban centres of the East and South (which is resulting in high rates of economic growth, particularly in mid-sized cities), and structural changes in the domestic economy, particularly in the Western Cape, towards the tertiary sector. The EGS outlines how the City aims to respond to the challenges and opportunities these bring and, crucially, identifies what the City needs to do in order to maximise benefits for the people of Cape Town. Based on the latest research on globally competitive cities, the EGS is structured around five strategic areas.

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

### Social Development Strategy

The City of Cape Town's Social Development Strategy (SDS) articulates the administration's role in promoting and maximising social development. Social development is understood broadly as the overall improvement and enhancement of the quality of life of all people, especially people who are poor or marginalised. At the core of this strategy is a focus on addressing poverty, inequality and social ills, while providing for the participation of people in their own development. The SDS sets out what the City is doing and plans to do, and articulates where external stakeholders, such as contracted service providers and organisations receiving City grants, will contribute to creating an opportunity, safe, caring, inclusive and well-run city that allows people to reach their potential.

It is also closely connected to the EGS, as social development interventions promote people's ability to engage in economic activity, while economic growth is also central to social development.

The SDS is structured around five high-level objectives. These are as follows:

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

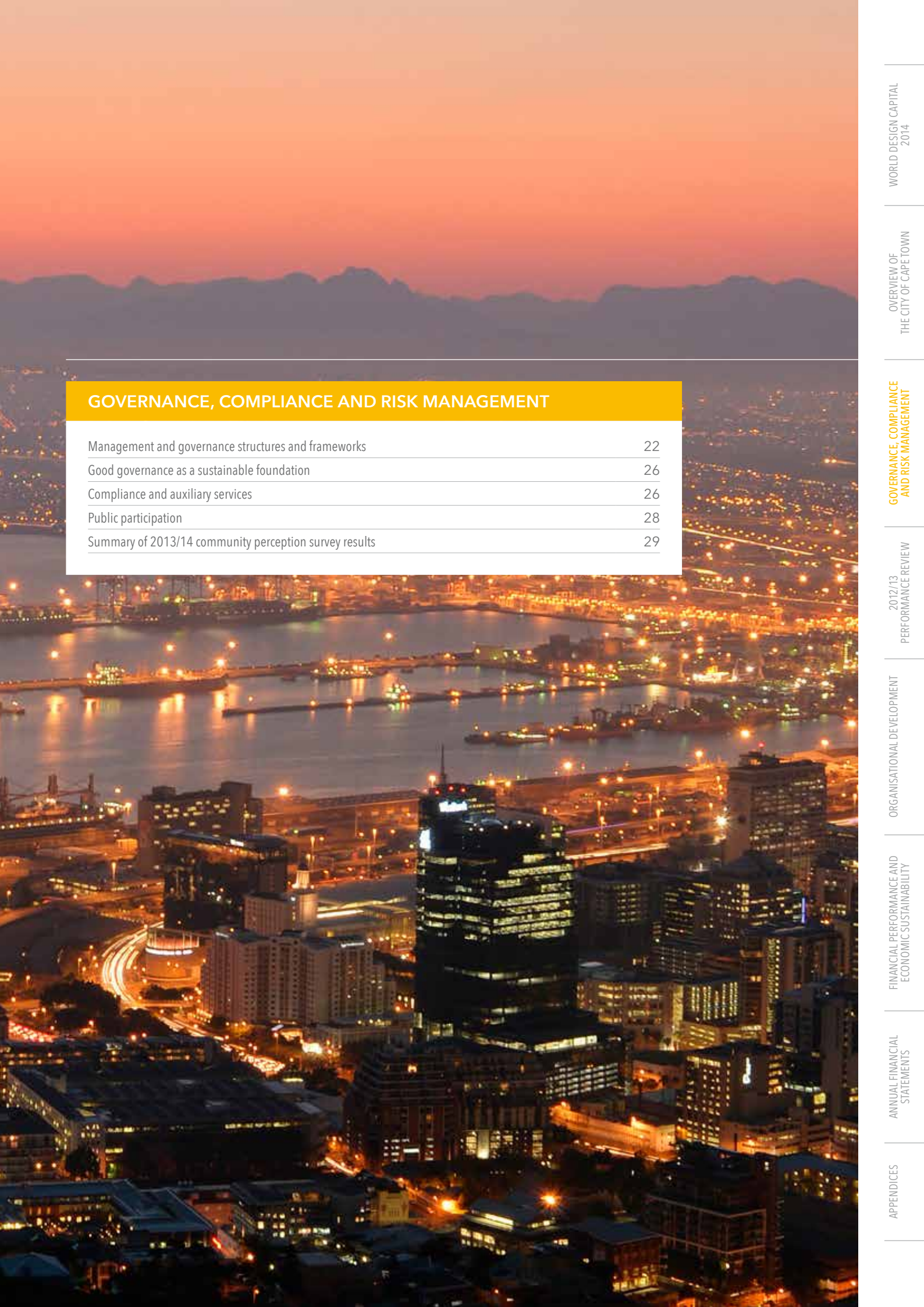
The SDS adopts a transversal approach to social development, viewing the organisation as an integrated whole where each directorate has a role in facilitating social development. Hence, the way that all the departments provide services, plan, regulate, employ people or directly intervene in communities is designed to ultimately promote the social development of communities.



*The City's Social Development Strategy provides for the participation of people in their own development.*







## GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

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The Mayoral Committee of the City of Cape Town as at 3 December 2014.

**Seated, from left:** Ald Anthea Serritslev (Chief Whip), Ald Ian Neilson (Executive Deputy Mayor and Mayco member for Finance), Executive Mayor, Ald Patricia de Lille, and Ald Dirk Smit (Speaker).

**Standing, from left:** Ald Belinda Walker (Mayco member for Community Services and Special Projects), Cllr Benedicta van Minnen (Mayco member for Health), Cllr Siyabulela Mamkeli (Mayco member for Human Settlements), Cllr Brett Herron (Mayco member for Transport for Cape Town), Ald Jean-Pierre (JP) Smith (Mayco member for Safety and Security), Cllr Johan van der Merwe (Mayco member for Economic, Environmental and Spatial Planning), Cllr Garreth Bloor (Mayco member for Tourism, Events and Economic Development), Cllr Suzette Little (Mayco member for Social Development and Early Childhood Development), and Cllr Xanthea Limberg (Mayco member for Corporate Services).

**Absent:** Cllr Ernest Sonnenberg (Mayco member for Utility Services).

## MANAGEMENT AND GOVERNANCE STRUCTURES AND FRAMEWORKS

This chapter provides an overview of the framework of the institutional management and governance structures through which the City implements its strategies, using the appropriate resources.

### The governance structure

The model below depicts the political governance arrangements of the City of Cape Town:

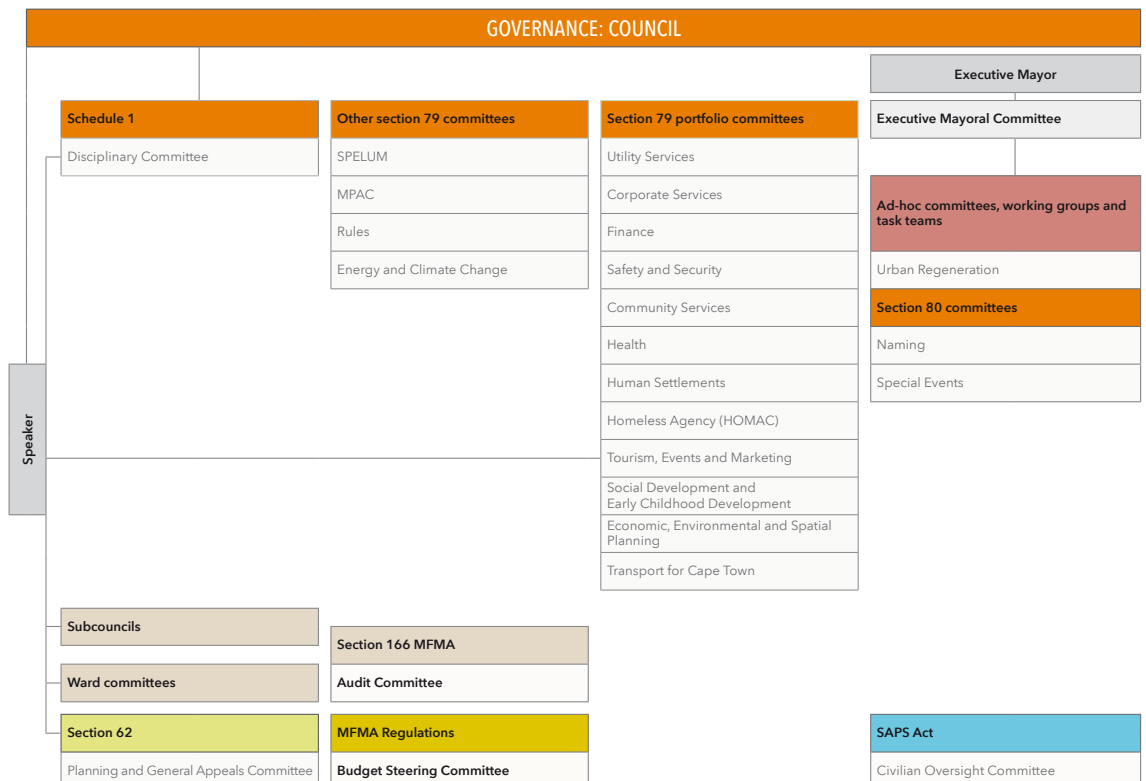


Figure 2.1: City of Cape Town's governance structure

## Mayoral Committee

The Mayoral Committee (Mayco) is appointed by the Executive Mayor. Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, Alderman Patricia de Lille, together with her Mayco members, who are as follows:

- Ald I Neilson – Executive Deputy Mayor, and Finance
- Ald B Walker – Community Services and Special Projects
- Cllr G Bloor – Economic, Environmental and Spatial Planning (replaced by Cllr J van der Merwe with effect from 19 May 2014)
- Cllr G Pascoe – Tourism, Events and Marketing (vacated this position on 22 April 2014; replaced by Cllr G Bloor with effect from 19 May 2014)
- Cllr S Little – Social Development and Early Childhood Development
- Cllr T Gqada – Human Settlements (replaced by Cllr S Mamkeli with effect from 19 May 2014)
- Cllr E Sonnenberg – Utility Services
- Ald JP Smith – Safety and Security
- Cllr B Herron – Transport for Cape Town
- Ald D Qually – Corporate Services (replaced by Cllr X Limberg with effect from 26 May 2014)
- Cllr L Gazi-James – Health (replaced by Cllr B van Minnen with effect from 19 May 2014)

## Clusters and committees

### Section 79 portfolio committees

The terms of reference of all section 79 portfolio committees include the formulation of policy and the monitoring of its implementation within their specific functional areas. Portfolio committees are chaired by councillors, who are appointed by full Council. Council established 12 section 79 portfolio committees which function within the City's management clusters, namely the economic and social clusters:

#### Economic cluster

- Transport for Cape Town
- Utility Services
- Economic, Environmental and Spatial Planning
- Tourism, Events and Marketing
- Finance
- Corporate Services

#### Social cluster

- Human Settlements
- Health
- Social Development and Early Childhood Development
- Community Services
- Safety and Security
- Homeless Agency

The portfolio committee chairpersons are as follows:

- Cllr R Hoorn – Tourism, Events and Marketing
- Cllr T Thompson – Transport for Cape Town

- Cllr D America – Corporate Services (replaced by Cllr T Uys with effect from 29 May 2014)
- Cllr J Slabbert – Human Settlements
- Cllr C Brynard – Safety and Security
- Cllr S August – Utility Services
- Cllr A van der Rheede – Community Services
- Cllr C Clayton – Health
- Cllr J van der Merwe – Finance (replaced by Cllr S Diamond with effect from 29 May 2014)
- Cllr X Limberg – Economic, Environmental and Spatial Planning (replaced by Cllr D Bryant with effect from 29 May 2014)
- Cllr R Arendse – Social Development and Early Childhood Development
- Cllr T Uys – Homeless Agency (replaced by Cllr P Maxiti with effect from 29 May 2014)

## Other section 79 committees

### Spatial Planning, Environment and Land Use Management Committee

#### Chairperson: Cllr C Kannenberg

The terms of reference of this committee relate to spatial planning, town planning, the environment and other related matters.

### Municipal Public Accounts Committee (MPAC)

#### Chairperson: Cllr S Mxolose

This is the mechanism through which Council oversees the expenditure of public money. As far as financial management is concerned, MPAC enables Council to fulfil its constitutional obligation to scrutinise and oversee executive actions. It does this by holding the Accounting Officer and councillors accountable for their spending of ratepayers' money and their stewardship of public assets, to ensure regular, economical, efficient and effective local government spending.

MPAC conducts its affairs in a non-party-political manner so as to maximise the effectiveness of its work. The committee ensures that the City's oversight report, as envisaged in section 129 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA), is prepared for adoption by Council. It also investigates and advises Council in respect of unauthorised, irregular or fruitless and wasteful expenditure in terms of section 32(2) of the Act.

### Rules Committee

#### Chairperson: Ald D Smit (Speaker)

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

### Homeless Agency Committee

#### Chairperson: Cllr T Uys (replaced by Cllr P Maxiti with effect from 29 May 2014)

The Homeless Agency Committee is the political oversight body that ensures that issues dealing with homeless people (children, adults and youth living on the streets) are adequately addressed, and that previous and future programmes undertaken by the City in this regard are properly implemented and stay on track.

### Energy and Climate Change Committee

#### Chairperson: Cllr M Kempthorne

The Energy and Climate Change Committee is tasked with the integration and delivery of all energy matters in the City.



The City of Cape Town's senior administrative structure is aligned with its elected political structure.

## Section 80 committees

### Naming Committee

**Chairperson: Cllr B Herron**

This committee considers and makes recommendations to the Executive Mayor on matters pertaining to the naming of streets, buildings and the like, for onward recommendation to Council, where required.

### Special Events Committee

**Chairperson: Cllr G Pascoe**

*(replaced by Cllr G Bloor with effect from 4 June 2014)*

This committee considers and makes recommendations to the Executive Mayor on applications to the City to host events, for onward recommendation to Council, where required.

## Municipal Systems Act section 62 committee

### Planning and General Appeals Committee

**Chairperson: Ald D Smit (Speaker)**

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

## Schedule 1 committee

### Disciplinary Committee

**Chairperson: Ald A Serritslev (Chief Whip)**

This 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 Committee

Every municipality is obligated to establish an independent audit committee in terms of section 166 of the MFMA, as amended.

The Audit Committee advises the municipal council, political office bearers, accounting officer and managerial staff on matters relating to:

- the Auditor-General and other external auditors;
- systems of internal control (including internal financial control) and audit reports;

- internal audit;
- risk management;
- information technology;
- investigations;
- accounting policies;
- adequacy, reliability and accuracy of financial reporting and information;
- performance management;
- entities;
- effective governance;
- compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation;
- performance evaluation; and
- any other issues referred to it by the municipality.

The committee is further required to review the annual financial statements (and the Auditor-General's audit report) in order to provide Council with an authoritative and credible view of the municipality's financial position, its efficiency and effectiveness, and its overall level of compliance with applicable legislation. Such review also enables the committee to respond to Council on any issues raised by the Auditor-General in the audit report.

The Audit Committee does not have executive responsibility, and acts primarily in an oversight capacity. The Audit Committee does not perform any management functions or assume any management responsibilities. It provides a forum for discussing business risk and control issues, in order to develop relevant recommendations for consideration by the City Manager, Mayco and Council for their approval or final decision.

The membership, resources, responsibilities and authorities (composition, functions and operations) required by the Audit Committee to perform its role effectively are stipulated in the Audit Committee terms of reference, which are approved by Council. The committee is constituted in terms of the requirements of sound corporate governance practices, and operates within that framework.

## South African Police Service Act (Act 68 of 1995) committee

### Civilian Oversight Committee

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

## Speaker

### Office of the Speaker

The Office of the Speaker's responsibilities include coordination of all processes flowing from subcouncil delegations, disciplinary investigations in terms of the code of conduct for councillors and municipal employees, rules of meetings of political structures, as well as the Planning and General Appeals Committee. The Speaker also has an oversight function in respect of Council, its committees, subcouncils and ward committees.



## Subcouncils

A metropolitan subcouncil has such duties and powers as the metro council may delegate to it in terms of section 32 of the Municipal Structures Act. It may make recommendations to the metro council on any matter affecting its area of responsibility. A metropolitan subcouncil may advise the metro council on the duties and powers that should be delegated to it. Subcouncils' terms of reference are as follows:

- To make recommendations to Council on any matter affecting their areas of jurisdiction
- To exercise any power, duty or function delegated by Council
- To exercise any power, duty or function conferred upon them in terms of the Subcouncil By-law

### Subcouncils and chairpersons

- Subcouncil 1 Cllr H Brenner
- Subcouncil 2 Cllr G Twigg
- Subcouncil 3 Ald J Vos (moved after elections)
- Subcouncil 4 Ald C Justus
- Subcouncil 5 Cllr R Rau
- Subcouncil 6 Cllr W Jaftha
- Subcouncil 7 Cllr G Fourie
- Subcouncil 8 Cllr S Pringle
- Subcouncil 9 Cllr J Thuynsma
- Subcouncil 10 Cllr P Mngxunyeni
- Subcouncil 11 Cllr M Nikelo
- Subcouncil 12 Cllr E Andrews
- Subcouncil 13 Cllr R Bazier
- Subcouncil 14 Cllr N Landingwe
- Subcouncil 15 Ald B Watkyns
- Subcouncil 16 Cllr T Amira (replaced by Qually)
- Subcouncil 17 Cllr G March
- Subcouncil 18 Cllr M Oliver
- Subcouncil 19 Ald F Purchase
- Subcouncil 20 Cllr I Iversen
- Subcouncil 21 Cllr S Vuba
- Subcouncil 22 Cllr J Heuvel
- Subcouncil 23 Cllr N Bent
- Subcouncil 24 Cllr X Sotashe

### Executive Management Team (EMT)

The EMT leads the City's drive to achieve its strategic objectives, as outlined in the IDP each year.

*Macro-organisational design: City Manager and executive directors*

The City of Cape Town's senior administrative structure is aligned with its elected political structure. The structure is set out below:

#### Executive Management Team

Achmat Ebrahim	City Manager
Mike Marsden	Deputy City Manager (retired end of November 2013)
Adv Tshidi Mayimele-Hashatse	Executive Director (ED): Corporate Services
Seth Maquetuka	ED: Human Settlements
Richard Bosman	ED: Safety and Security
Dr Zandile Mahlangu-Mathibela	ED: City Health
Kevin Jacoby	ED: Finance
Dr Gisela Kaiser	ED: Utility Services
Lokiwe Mtwazi	ED: Community Services
Melissa Whitehead	Commissioner: Transport for Cape Town
Anton Groenewald	ED: Tourism, Events and Marketing
Dr Ivan Bromfield	ED: Social Development and Early Childhood Development
Japie Hugo	ED: Economic, Environmental and Spatial Planning
Gerhard Ras	ED: Compliance and Auxiliary Services



Figure 2.2: City of Cape Town's Executive Management Team structure



The City is one of the first municipal entities to have taken several important measures to ensure such governance.

## GOOD GOVERNANCE AS A SUSTAINABLE FOUNDATION

Truly effective governance goes beyond legislative compliance. It embraces local and international best practice, and strives to strengthen the professional standards and ethics within the organisation. The City is one of the first municipal entities to have taken several important measures to ensure such governance, including:

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

The King recommendations are considered to be among the best codes of governance worldwide, and King III has broadened the scope of governance into one where the core philosophy revolves around leadership, sustainability and ethical corporate citizenship.

## COMPLIANCE AND AUXILIARY SERVICES (CAS)

### Internal Audit

The Internal Audit charter indicates that this is an independent department reporting administratively to the Executive Director: Compliance and Auxiliary Services, and functionally to the City's independent Audit Committee, as delegated by Council. The Department's function is a requirement of the MFMA and is largely directed by the international standards for the professional practice of internal auditing of the Institute of Internal Auditors (IIA). The Department significantly contributes to governance within the organisation, thus promoting the City's commitment to being a well-run city.

Through its charter, Internal Audit is mandated to provide independent, objective assurance and advisory services, geared towards adding value and improving the City's operations. It helps the organisation to accomplish its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit communicates audit results to the various levels of management, including executive directors and the City Manager, as well as to other assurance providers and the Audit Committee.

Key outcomes and achievements by Internal Audit during the period under review included:

- **Execution of the annual internal audit plan** – In terms of the MFMA and IIA standards, the Department developed and executed its risk-based internal audit plans. Internal Audit reconsiders its audit plans on a quarterly basis to ensure that audit projects undertaken are aligned with the most pertinent risks. Internal Audit completed 90% of its planned audit projects.
- **Annual assessment of the City's internal controls** – Internal Audit provided assurance regarding the adequacy and effectiveness of controls in business processes, as well as in specialised areas such as information technology, governance, performance, sustainability, compliance and risk management.
- **Quality assurance and improvement programme** – The Department maintained its quality assurance and improvement programme to ensure the quality of audit

products and services. The programme is designed to enable an evaluation of the Department's conformance with the IIA's international standards and code of ethics, as well as Internal Audit's approved charter and methodology. The internal annual quality review indicated that the Department generally conformed to the IIA's definition of internal auditing, the IIA's international standards for the professional practice of internal auditing, as well as its code of ethics. The review further indicated that the Department effectively carried out its roles and responsibilities as set out in its charter. An external quality review will be performed during the 2014/15 financial year, in line with the requirements of the IIA.

- **Contributions to corporate governance** – The Department contributed to strengthening other governance mechanisms within the City by providing technical support to the MPAC. This included the preparation of reports to Council, governance documents and reports, presentations for the chairperson to deliver at external forums, as well as talk-sheets for the committee to share with visitors to the City, given that the City has a leading MPAC process. Internal Audit also ensured the provision of quality reports, which the Audit Committee used to exercise its oversight responsibility effectively in terms of its charter.
- **Promotion and achievement of *ad-hoc* audit engagement advisory reviews** – In the period under review, Internal Audit also proposed an expanded service offering, which was supported by the City's EMT, provided that the Department achieves the service within existing resources. Two significant audit requests were accommodated within the existing audit plan, and other auxiliary requests were accommodated and reported to the City's Audit Committee.

## Key initiatives and projects

During the year under review, the Internal Audit team implemented various audit techniques to enhance the value added to the organisation. These included the following:

- **Client account management** – The use of internal audit client account managers is intended to build and maintain relationships between the Internal Audit Department and its clients, with a specific focus on client expectations, support, satisfaction and perceptions. Internal Audit developed terms of reference for its client account managers, which include key roles and responsibilities, as well as the type, level and frequency of interaction required to build and maintain client relations. The internal audit client account manager process was implemented, with one-on-one sessions held with individual executive directors, as well as sessions with their senior management teams.
- **Control self-assessment** – Control self-assessment is a process whereby an organisation's management and staff evaluate their own risks and controls. It can be applied to projects, processes, business units and functions, or basically any area of an organisation. Internal Audit facilitates assessments through a series of meetings, questionnaires and/or workshops. In the year under review, the Department continued to roll out control self-assessment projects to empower line management to participate in a structured manner in identifying risk exposures of selected activities, assessing the control processes that mitigate or manage those risks, as well as identifying and developing action plans to reduce risks to acceptable levels.

- **Continuous auditing** – Continuous auditing is defined as the frequent or continuous collection of audit evidence and indicators by an auditor, on IT systems, processes, transactions and controls. Organisations that deploy continuous auditing can leverage technology to more efficiently analyse risk data on a frequent basis. This approach assists in detecting anomalies, outliers, inconsistencies and other factors to more efficiently focus audit resources.
- The ERP-SAP system is widely used in the City of Cape Town, with many automated controls in place. The Department of Internal Audit regards continuous auditing as an ideal audit methodology to continuously review/monitor such controls within SAP. In addition to control monitoring, data analysis reviews can also be scheduled through the continuous auditing tools. These reviews allow a regular examination of processed data in order to identify data anomalies that may point to manual-based control breakdowns.
- In 2013/14, this initiative was rolled out to numerous SAP processes, including leave, procure-to-pay, manual journals, inventory, revenue master data, real estate, plant maintenance, fleet and basis. Implementation has yielded some initial benefits, including improved turnaround times on audits, 100% sampling of records, and an improved control environment for areas under review.
- **Advisory services** – Internal Audit developed an advisory services framework, strategy and methodology, aimed at increasing the range of value-added services that Internal Audit provides to its stakeholders, while maintaining its independence in relation to assurance services. Advisory services comprise a wide range of activities based on management's needs. These services can be tailored to resolve specific issues that senior management has identified as requiring attention, and can be advisory, educational and/or facilitative in nature.

## Risk Management

The Integrated Risk Management (IRM) Department ensures consistent alignment and management of key risks relating to the City's core strategic objectives. It strives to provide reasonable assurance that the key risks and their contributing factors are mapped to current controls as well as to advise on actions to be taken to mitigate risks in a cost-effective manner.

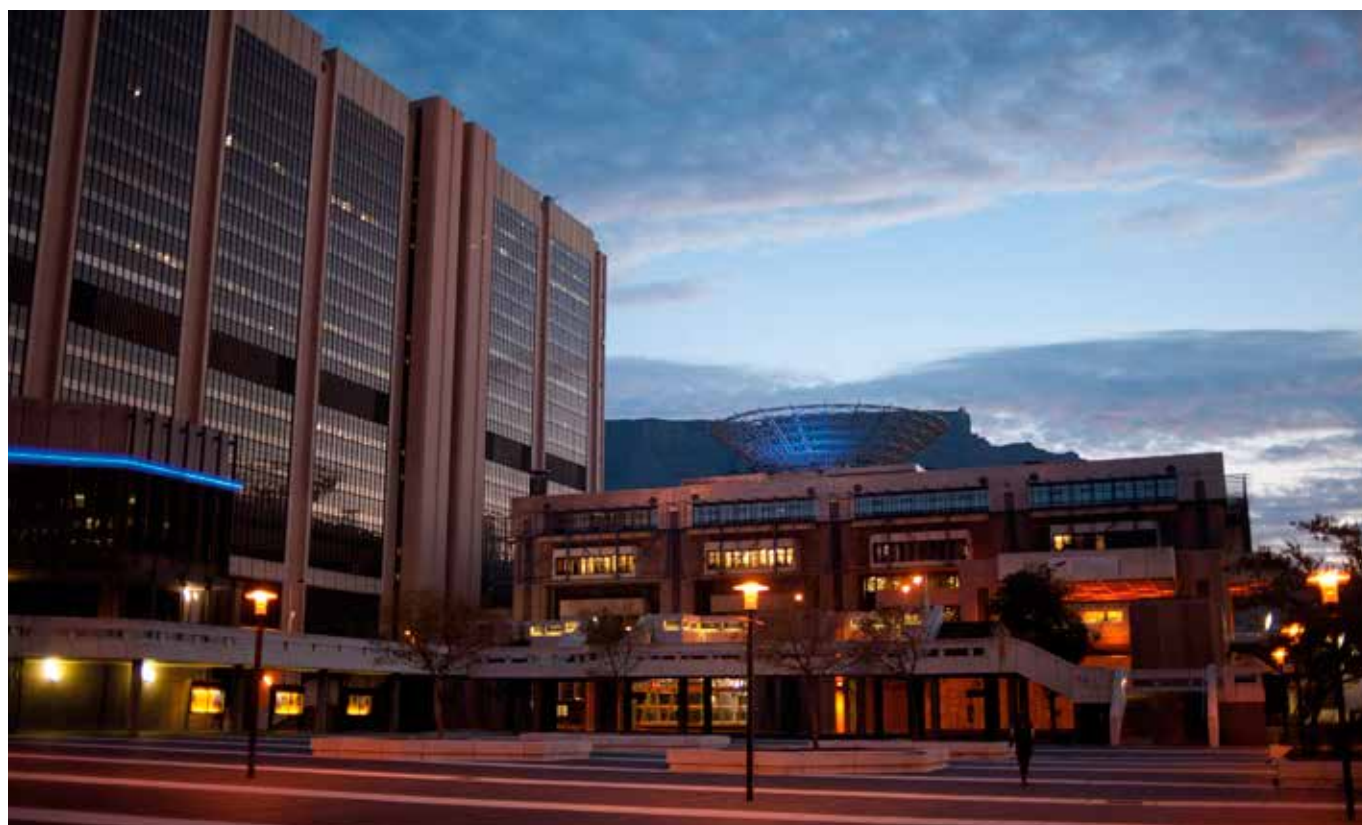
In the 2013/14 financial year, the City had 104 risk registers, including the EMT risk register, which is submitted to the Risk Committee, the Audit Committee and the Executive Mayor for oversight purposes. Initiatives are continually researched and implemented to further embed risk management in the City's processes. These include improving training, enhancing performance measurements, and monitoring compliance with the IRM policy and framework. In addition, IRM continues to assist in enhancing service delivery through the optimal utilisation of scarce resources. All targets set for the IRM Department were achieved in the year under review.

## Forensic Services

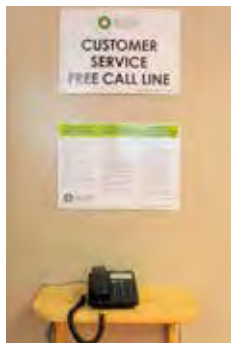
The City's Forensic Services Department is charged with:

- providing a reactive forensic service in respect of issues relating to significant fraud, corruption, maladministration and negligence on the part of any City employee (excluding managers directly accountable to the City Manager) or any agent, contractor, supplier or service provider to the City of Cape Town; and
- driving, developing and/or ensuring the implementation of proactive anti-fraud/corruption policies and prevention measures on a Citywide basis.

Forensic Services also undertakes additional proactive awareness initiatives by reporting statistical information relating to forensic investigations to internal governance structures such as the Executive Mayor, Audit Committee, Risk Committee (when requested), EMT as well as the EMT Governance Subcommittee.



Cape Town Civic Centre, home to the political and administrative leadership of the City of Cape Town.



## PUBLIC PARTICIPATION

The City of Cape Town does not plan *for* people; it plans *with* them. And this collaborative approach to ensuring a better future for all is epitomised in its commitment to constantly engage with all the people of the city.

The City facilitates this feedback and input by providing the people of Cape Town with comprehensive information on its plans and proposed actions, and then affording them numerous opportunities to have their say.

### Public engagement on planning

The public participation processes comprise mayoral meetings, subcouncil meetings, meetings with strategic partners, as well as meetings with City internal staff. Members of the public are also engaged in public places such as shopping malls, clinics, libraries, schools and cash offices, and are invited to attend all public meetings. City resources such as the *CityNews* publication and the City database are also used to reach residents and invite them to provide input.

### Annual community satisfaction survey

A primary vehicle used for gathering City community feedback is the annual community satisfaction survey, which is an invaluable source of insight and helps the City identify the specific needs and priorities of Cape Town's residents and businesses, and then put in place the necessary plans to work towards meeting those needs.

The seventh annual perception survey (2013/14) was conducted by a contracted independent service provider, and made use of statistically valid and reliable samples to ensure a representative sample of residents and businesses across the city. The survey took place in October and November 2013 and comprised 3 000 face-to-face interviews with residents of Cape

Town and 700 telephonic interviews with businesses in the city. It also included six focus groups with residents and small businesses to probe and investigate issues in more detail.

The results of the survey for the last five consecutive years reflect a consistent increase in the level of satisfaction with the City's service delivery efforts. The 2013/14 survey results show that both residents and businesses rate the City's services and performance highly and that the performance continues to improve.

The average resident rating of the City's overall performance (on a five-point Likert scale) has increased from 2,6 in 2009/10 to 2,9 in 2013/14. This is above the target of 2,8 set by the City for the year under review. This is the same as the score achieved in the 2012/13 period, and higher than the 2,7 scored in 2010/11 and 2011/12.

The business perception survey results for the 2013/14 financial year also indicate that businesses in the city experience an improvement in the services they receive. The average business rating of the City's overall performance has increased from 3,1 (on a five-point Likert scale) in 2009/10 to 3,5 in 2013/14. Previous ratings were 3,2 in 2010/11, 3,3 in 2011/12 and 3,4 in 2012/13.

The business score is relatively high compared with international best-practice benchmarks. To the City, this level of confidence is essential for the creation of an enabling environment in which the private sector can flourish and jobs can be created through the continued attraction of investment.

The City will use these latest survey results to inform and refine its planning and implementation of municipal services across the metro in line with the objectives and programmes of the IDP. The survey results will also be used to ensure constant enhancement of service delivery standards.



Members of the public are engaged in public places such as shopping malls, clinics, libraries, schools and cash offices, and are invited to attend all public meetings.

## Summary of 2013/14 community satisfaction survey results

### Residents survey

#### Overall perceptions of City performance

70% of residents said that, overall, the City of Cape Town's performance was good, very good or excellent (up from 69% in 2012/13, 63% in 2011/12, 62% in 2010/11 and 57% in 2009/10). From 2012/13 to 2013/14, the number of 'very good' responses increased from 16% to 20%, while 'good' decreased from 47% to 45%.

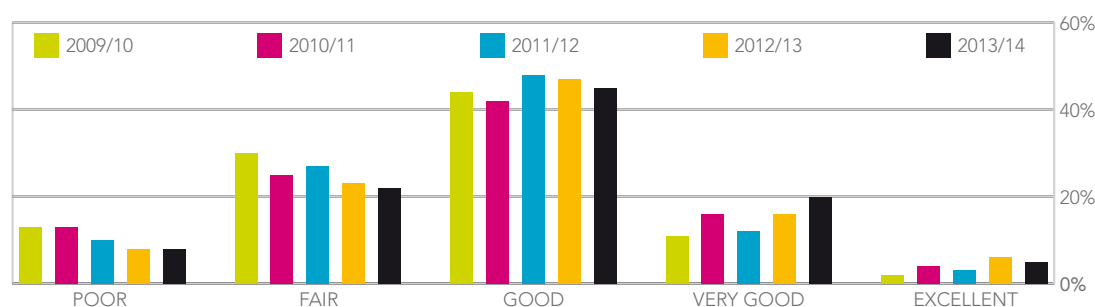


Figure 2.3: Comparison of residents' overall perceptions of the City

#### The City as a service provider

69% of residents rated the City of Cape Town as good, very good or excellent in fulfilling its role as a public service provider (the same as 2012/13 and up from 62% in 2011/12 and 2010/11, and 58% in 2009/10). Since the previous survey, the number of 'excellent' responses increased from 4% to 5%; 'very good' increased from 18% to 21%, while 'good' decreased from 47% to 43%.

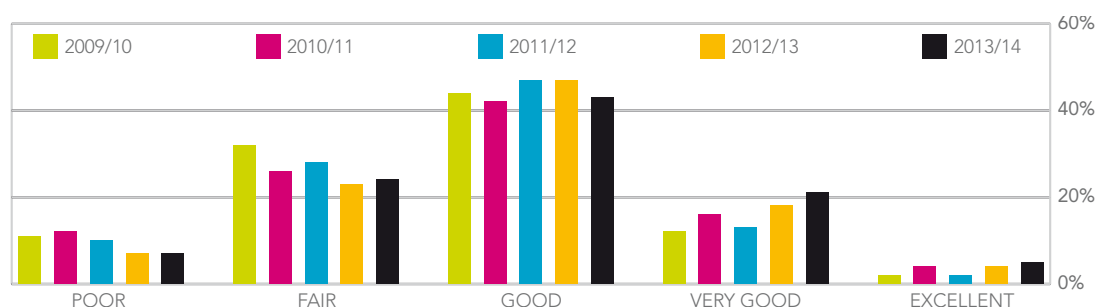


Figure 2.4: Comparison of residents' perceptions of the City as a service provider

#### Trust in the City

75% of residents rated their level of trust in the City as fairly strong, very strong or extremely strong (up from 74% in 2012/13, 69% in 2011/12, and 66% in both 2010/11 and 2009/10). From 2012/13 to 2013/14, the number of 'very strong' responses increased from 19% to 20%, while 'fairly strong' and 'extremely strong' remained unchanged at 51% and 4% respectively.

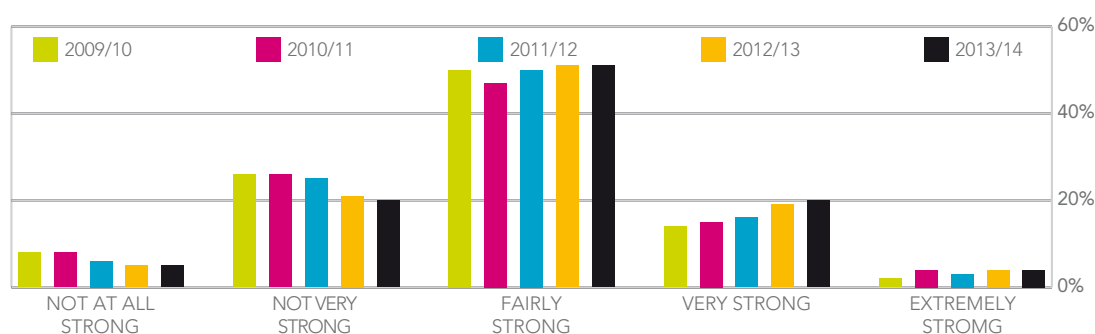


Figure 2.5: Comparison of residents' levels of trust in the City

## Areas of strength identified from the 2013/14 residents survey

- Essential services have shown a significant improvement in the last year, and continue to remain a relative area of strength for the City overall, particularly refuse collection, water provision, and sewerage and sanitation.
- All areas in community facilities have shown a significant improvement in the last year. Library services continue to be one of the highest-rated services by residents.
- All aspects of law enforcement have improved significantly in the last year.
- Environment and conservation scores have shown significant improvements since 2009/10. Overall cleanliness of the urban environment has improved from 2,6 in 2009/10 to 3,2 in 2013/14.
- Overall fire and emergency services scores have improved significantly since 2009/10. Residents consider fire and emergency services to be important.
- The overall health score by residents has improved significantly since 2009/10, with all the attributes having increased significantly in 2013/14. Clinics providing preventative care, child health care, and treatment for TB and sexually transmitted diseases are now scoring above the average of three.
- Residents' public transport scores have shown a significant improvement from 2012/13, and steady improvement since 2009/10. In 2013/14, the fixing of traffic lights and easy access to public transport both scored above the average of three.

## Priority areas

Residents' main priorities remain job creation and crime prevention. Fighting corruption is still seen as a priority and, in 2013/14, was rated as the third-highest priority, followed by the provision of housing.

## Business survey

### Overall perceptions of City performance

88% of businesses said that, overall, the City of Cape Town's performance was good, very good or excellent (up from 87% in 2012/13, 84% in 2011/12, 80% in 2010/11 and 77% in 2009/10). Between 2012/13 and 2013/14, the number of 'excellent' responses increased from 7% to 9% and 'very good' from 40% to 45%, while 'good' decreased from 40% to 34%.

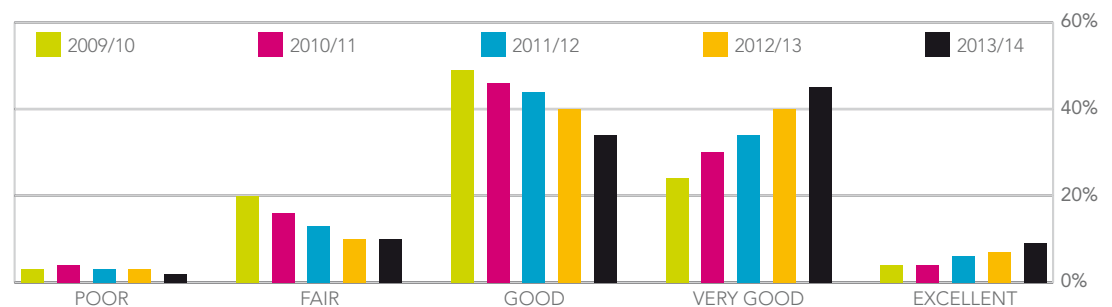


Figure 2.6: Comparison of businesses' overall perceptions of the City

## The City as a service provider

91% of businesses rated the City's performance in fulfilling its role as a provider of municipal services as good, very good or excellent (up from 89% in 2012/13, 83% in 2011/12, 81% in 2010/11 and 77% in 2009/10). From 2012/13 to 2013/14, the number of 'excellent' responses increased from 11% to 13% and 'very good' from 43% to 45%, while 'good' decreased from 35% to 33%.

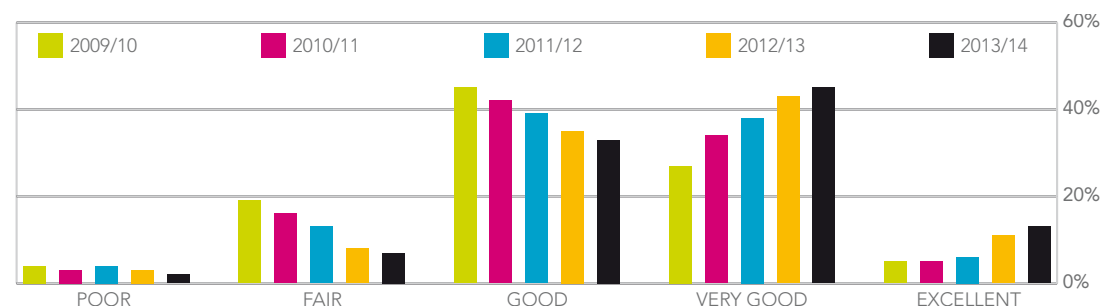


Figure 2.7: Comparison of businesses' perceptions of the City as a service provider

## Trust in the City

87% of businesses rated their level of trust in the City as fairly strong, very strong or extremely strong (the same as in 2012/13 and up from 84% in 2011/12, 81% in 2010/11 and 80% in 2009/10). Since the previous survey, the number of 'very strong' responses increased from 35% to 38% while 'fairly strong' decreased from 41% to 38%.

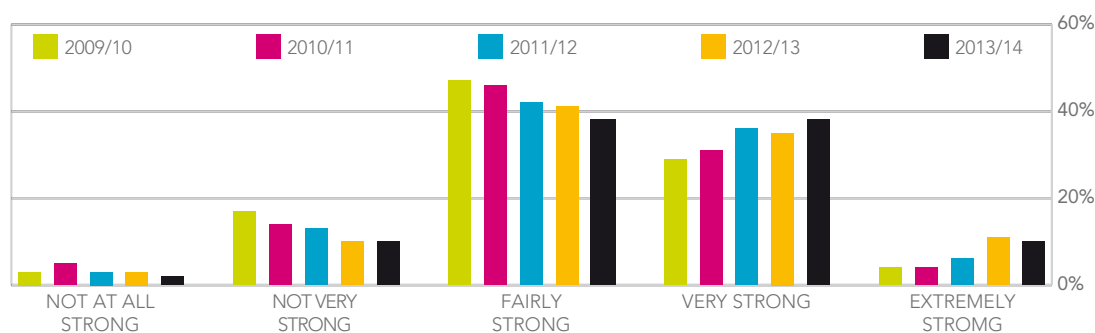


Figure 2.8: Comparison of businesses' levels of trust in the City

## Areas of strength identified from the 2013/14 business survey

- Businesses in Cape Town perceive the City as doing particularly well in terms of providing essential services (water, refuse collection, sanitation, roads and lighting), with scores having increased significantly year-on-year.
- Emergency and fire and rescue services continue to be one of the highest-rated services by businesses. Scores have increased in the last year.
- Scores for road maintenance and the fixing of potholes around businesses have improved significantly since 2012/13; this, however, is a medium-priority area for improvement.
- Businesses continue to rate the City highly with regard to billings and payments. Scores for most of the attributes have shown a significant improvement in 2013/14, and all have improved significantly since 2009/10.
- Law enforcement has improved significantly since 2009/10, and a considerable perceived improvement was again experienced in terms of the safety of the environment in which businesses operate and adequate measures being in place to address corruption in the city in the last year.
- Businesses have also experienced a significant improvement since 2012/13 in the visible presence of traffic enforcement on roads and the City's response to complaints about noise and other disturbances.
- Enabling and providing safe and affordable public transport has shown an equally significant improvement in the last year.
- All of the scores of businesses in interacting with the City have shown a marked improvement since 2009/10. In the last year in particular, there have also been improvements, with the Executive Mayor's efficiency in dealing with issues facing Cape Town now being the highest-scoring attribute in businesses' interaction with the City.

### Priority areas

For businesses, having adequate measures in place to address corruption within the City is a high priority. Businesses identified infrastructure as well as safety and security as areas on which the City should focus in order to improve the business environment or climate in Cape Town. Improved transport was identified as the area that would have the biggest impact on people working in commercial and business areas.



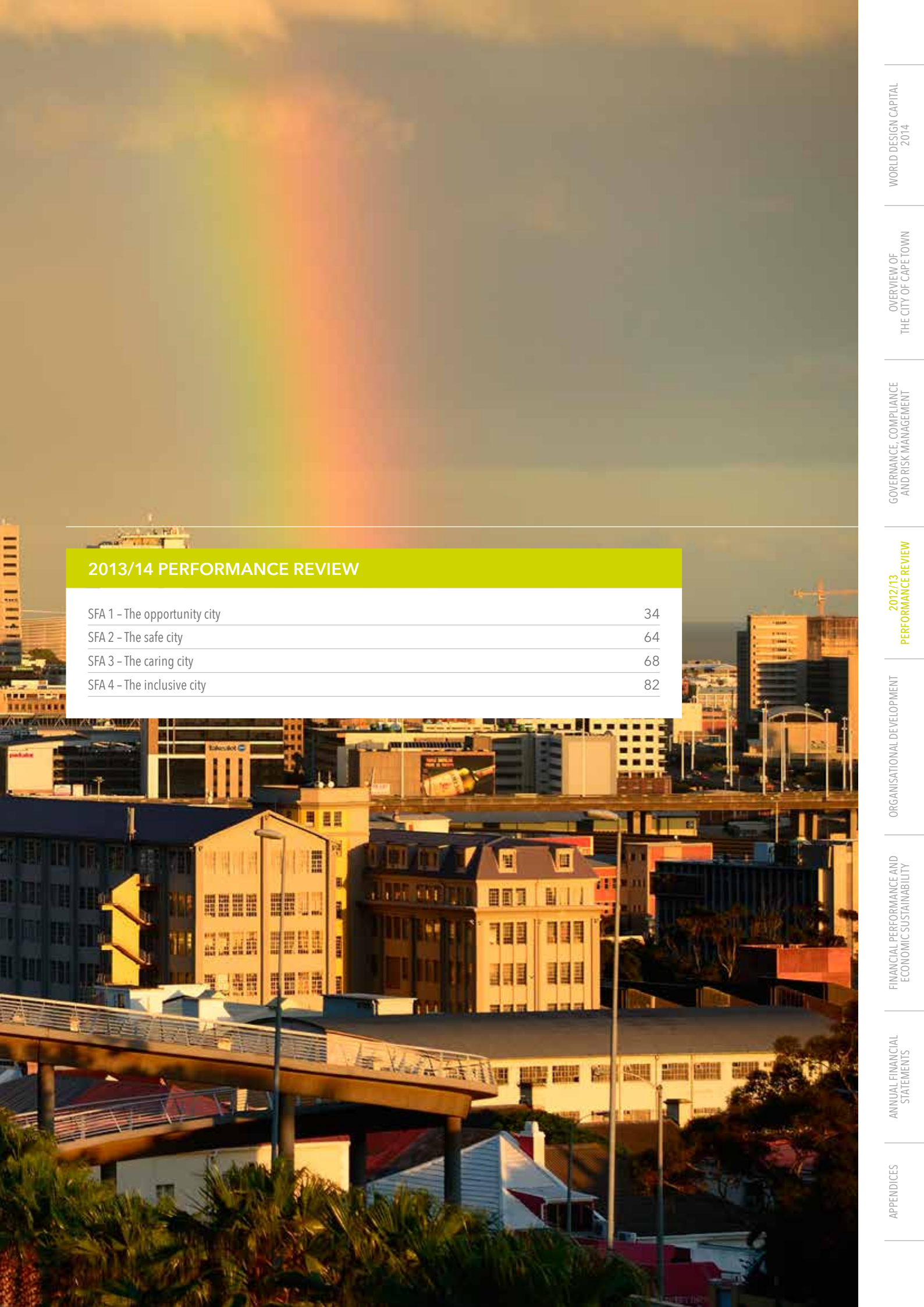
Resident's public transport scores have shown a significant improvement from 2012/13.



WOODSTOCK  
Mourne Road  
mer Estate

N2  
Cape Town





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## STRATEGIC FOCUS AREA 1

Creating an environment in which investment can grow and jobs can be created, is a key mission of the City of Cape Town.

### THE OPPORTUNITY CITY

A key mission of the City of Cape Town is to create an environment in which investment can grow and jobs can be created. This involves a multi-pronged strategy that includes attracting investment, encouraging enterprise development, raising the city's appeal as a creative and educational centre, maximising the value of its geographic location, and investing significantly in infrastructure, utilities and services.

The 2013/14 review of the IDP has identified six key objectives to position Cape Town as an opportunity city:

This section of the 2013/14 annual report offers a performance review of the progress made against each of the objectives and underpinning programmes below in the past financial year.



Table 3.1: IDP objectives and programmes for SFA 1

Objective	PROGRAMME	PAGE IN 2013/14 IDP REVIEW	PAGE IN THIS REPORT
1.1: Create an enabling environment to attract investment that generates economic growth and job creation	1.1(a): Western Cape Economic Development Partnership (EDP) programme	30	35
	1.1(b): Events programme	30	36
	1.1(c): Identification and promotion of catalytic sectors, such as oil and gas	31	38
	1.1(d): Small-business centre programme (Activa)	32	40
	1.1(e): Planning and regulation programme	33	41
	1.1(f): Development of a 'green' economy	33	42
	1.1(g): City Development Strategy implementation	33	42
1.2: Provide and maintain economic and social infrastructure to ensure infrastructure-led growth and development	1.2(a): Fibre-optic network programme	35	43
	1.2(b): Maintenance of infrastructure	35	43
	1.2(c): Investment in infrastructure	38	43
	1.2(d): Expanded Public Works programme (EPWP)	43	53
1.3: Promote a sustainable environment through the efficient utilisation of resources	1.3(a): Sustainable utilisation of scarce resources, such as water and energy	44	54
	1.3(b): Water conservation and water demand management strategy	46	55
1.4: Ensure mobility through the implementation of an effective public transport system	1.4(a): Public transport programme	49	57
	1.4(b): Rail service improvement and upgrade programme	50	59
	1.4(c): Bus rapid transit (BRT) programme	50	59
	1.4(d): Travel demand management programme	51	60
	1.4(e): Intelligent transport systems programme	51	61
	1.4(f): Institutional reform programme	51	61
1.5: Leverage the City's assets to drive economic growth and sustainable development	1.5(a): City strategic assets investigation	53	62
1.6: Maximise the use of available funding and programmes for training and skills development	1.6(a): Sectoral education and training authority (SETA) and EPWP funding used to train apprentices and create other external training opportunities. Training of apprentices for vacant posts in the administration and the city.	53	63

## Key opportunity City achievements in 2013/14

- Named top municipality in the 2014 African Utility Week awards
- Spent 80,23% of its capital budget
- Finalised 83,64% (2012/13: 80,7%) of building plans within statutory timeframes
- R2,9 billion (2012/13: R2,6 billion) invested in repairs and maintenance
- Created 38 305 EPWP job opportunities
- Launched the solar water heater accreditation programme
- Smart Cape project expanded to provide WiFi to poor communities
- Phase 1 of the City's broadband network completed – total of 350 km
- Green Drop score of 89,23% – good increase from 86,80% in 2011 and 82% in 2009
- Achieved 98,14% for Blue Drop water quality awards
- Won Recycling Municipality of the Year award
- 7,7 million passenger trips taken on the MyCiTi public transport system
- Three-year funding agreement and deliverables for Western Cape Economic Development Partnership (EDP) approved by Council
- Ultra-modern award-winning waste management facility transforms waste into useful resources
- The City's new cutting-edge valve-exercising machines a first for Africa



The City invested R2,9 billion in repairs and maintenance.



## OPPORTUNITY CITY OBJECTIVE 1.1

### CREATE AN ENABLING ENVIRONMENT TO ATTRACT INVESTMENT THAT GENERATES ECONOMIC GROWTH AND JOB CREATION

The City of Cape Town again received a rating of Aa3.za from Moody's South Africa. This confirmed that the City has maintained its strong financial position, that its prudent financial policies are working, and that it can pay its accounts.

A strong rating allows for a lower interest rate on loans from banks and other financial institutions, which means that the cost of servicing the debt is lower. This places the City in a stronger financial position, and enables it to continue delivering on its mandate to its citizens. Ultimately, a stronger financial position allows for more resources to be allocated to residents, particularly to those most in need of assistance.

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

The City of Cape Town is a key partner in the Economic Development Partnership (EDP), the purpose of which is to lead, coordinate and drive the economic growth, development and inclusion agenda for Cape Town and the Western Cape. In December 2013, Council approved a three-year funding agreement along with a clear set of deliverables that will see the City and the EDP working together to ensure:

- quality access to decision-makers;
- support for strategic initiatives;
- economic performance information and intelligence; and
- delivery on the Western Cape investment framework.

To give effect to this commitment, the City and the EDP have been working on a number of initiatives during the 2014 calendar year, including the development of a gas energy partnership and the further development of various partnerships required to deliver the developmental outcomes arising from the roll-out of broadband by the City and the Western Cape Provincial Government ('Province'). The EDP has also been part of the team tasked with developing an economic performance indicator for the Western Cape.

#### Attracting investment

For the 2013/14 financial year, the City spent a record R4,54 billion, or 80,30%, of its R5,660 billion capital budget. This capital expenditure makes a real and fundamental difference to people's lives by delivering houses, roads, clinics, and basic infrastructure to ensure that the lights are on and the water is running for all the city's residents.

Highlights of the City's capital spend include a range of substantive investments in critical areas, most specifically relating to building an opportunity city and improving the lived reality of all citizens. These investments include R300 million for integrated rapid transit (IRT) operations (including bus acquisitions and fare management systems) and R1,23 billion for electricity provision as well as significant investments in broadband infrastructure and the provision of housing. Major capital projects include the following:



Cape Town has developed a strong track record as an events destination, and continues to host major global events.

Table 3.2: City of Cape Town's major capital projects for the 2013/14 financial year

Directorate	Project	Spend in Rands
CITY HEALTH	Seawinds Clinic – phase 1 – extensions and upgrade for TB and antiretroviral (ARV) services	2 058 251
COMMUNITY SERVICES	Imizamo Yethu sports complex	1 810 528
	Masibambane Hall additions and alterations	3 195 377
CORPORATE SERVICES	Broadband project	99 145 300
HUMAN SETTLEMENTS	Hanover Park community residential unit (CRU) project	63 431 081
	Bardale/Fairdale project	21 082 118
	Delft – The Hague housing project	29 492 835
	Heideveld CRU project	15 498 615
	Manenberg CRU project	117 958 760
	Pelican Park Phase 1 housing project	40 719 240
	Scottsdene new CRU project	16 081 830
SAFETY AND SECURITY	New Melkbosstrand Fire Station	4 776 803
	New and replacement emergency response vehicles	208 294 098
TRANSPORT FOR CAPE TOWN	IRT Phase 1 infrastructure	403 000 000
	IRT N2 express – city to Khayelitsha and Mitchells Plain	24 000 000
	IRT buses and fare management	300 000 000
	Roads and stormwater rehabilitation/upgrades in low-income areas	142 000 000
	Pedestrian and non-motorised transport facilities	56 000 000
	Scottsdene taxi rank	24 000 000
	Broadway Boulevard Extension, Somerset West/Strand	28 000 000
UTILITY SERVICES	Electrification for backyard residences, informal settlements and low-cost housing	152 780 119
	Koeberg Road switching station (multi-year project with anticipated completion in 2014/15)	90 327 838
	Gugulethu main substation upgrade (multi-year project with anticipated completion in 2014/15)	33 384 745
	Athlone-Philippi: Overhead line undergrounding (multi-year project with anticipated completion in 2015/16)	50 253 104
	Northern area: Thornton to Langa via Epping Industria – new sewer line to increase capacity (multi-year project with total cost of R150 million)	63 961 897
	Sewer network – citywide replacement and upgrade	53 176 396
	Water network – citywide replacement and upgrade	63 983 059
	Wastewater treatment infrastructure – citywide replacement and refurbishment to increase capacity	160 085 465
	Development of disposal facilities	60 572 589
	Waste management plant and vehicle replacement	64 003 571



### Programme 1.1(b): Events programme

Cape Town has developed a strong track record as an events destination, and continues to host major global events. The City of Cape Town's success in hosting events of various sizes and types throughout the year and throughout various parts of Cape Town has earned the city an enviable reputation as a premier events destination. This reputation and branding, in turn, is critical for business perceptions about the city as an investment destination.

Events also play a pivotal role in generating visitor expenditure and dispersal across the city, and are catalysts for new ways of working and thinking about providing outstanding visitor experiences in a unique and incredibly beautiful setting.

The 2013/14 financial year was the first in which the City's investment in events was guided by the newly approved Events Policy and the newly established Special Events Committee. The annual events calendar was presented to Council as part of the budgeting process.

Some of the key performance indicators included the following:

- The Special Events Committee considered 228 events proposals, which were submitted through the events support application system.

- The events calendar for City-supported events for 2013/14 consisted of 70 approved events.
- A total of 357 events were supported.

Overall, the 2013/14 year was very successful from an events perspective. The highlight was undoubtedly the organisation of the Nelson Mandela commemoration events from 5 to 15 December 2013. This was followed by the hosting of the African Nations Championship from 11 January to 1 February 2014.

Other highlights included the hosting of the New Year's Eve of Design to celebrate Cape Town's status as the World Design Capital for 2014. Some globally relevant events, such as the ITU World Triathlon Series and Africa Travel Week, were also added to the events calendar. All of the recurring annual events reported growth during 2013/14.

The City collected post-event reports from event organisers, as required by the Events Policy. The table opposite presents statistics that demonstrate the impact of major annual events held in the city, as supplied by event organisers.

Table 3.3: Events statistics – impact on Cape Town

	Programme
1. Cape Town International Jazz Festival	<ul style="list-style-type: none"> <li>– R553,3 million to the economy</li> <li>– 34 000 festivalgoers</li> <li>– 350 local and international media</li> <li>– 22 countries represented</li> <li>– 2 723 jobs created</li> <li>– Media value = R199,8 million</li> <li>– 40 acts, five stages</li> <li>– City contribution = R2,75 million</li> </ul>
2. Cape Argus Pick n Pay Momentum Cycle Tour	<ul style="list-style-type: none"> <li>– R450 million to the economy</li> <li>– Traditional media value = R30,3 million</li> <li>– Social and new media value = R20,1 million</li> <li>– Total events exposure = R55 million</li> <li>– 42 684 entries</li> <li>– 34 395 starters</li> <li>– 3 032 international entries</li> <li>– 39% participants from outside the Western Cape</li> <li>– 97 countries represented</li> <li>– +72 000 expo attendees</li> <li>– City contribution = R865 000</li> </ul>
3. Old Mutual Two Oceans Marathon	<ul style="list-style-type: none"> <li>– R266 million to the economy</li> <li>– 30 000 entries</li> <li>– 27 000 runners in total</li> <li>– 11 000 runners in the ultra-marathon</li> <li>– 14 610 estimated runners from outside the Western Cape</li> <li>– 83 countries represented</li> <li>– 50 000 visitors attended the expo</li> <li>– 5,5 live hours of TV coverage</li> <li>– Media value = R10 million</li> <li>– City contribution = R461 835,99</li> </ul>
4. Absa Cape Epic	<ul style="list-style-type: none"> <li>– R300 million to the economy</li> <li>– 1,1 million YouTube views</li> <li>– 45 000 spectators along the route</li> <li>– 25 000 hours of global TV coverage</li> <li>– 600 team entries</li> <li>– 175 countries watching on TV</li> <li>– 80 nations represented</li> <li>– First and only mountain-bike stage race broadcast live on TV</li> <li>– City contribution = R1,35 million</li> </ul>
5. Mining Indaba	<ul style="list-style-type: none"> <li>– R500 million to the economy</li> <li>– 7 800 delegates</li> <li>– 1 500 international companies</li> <li>– 100 countries represented</li> <li>– City contribution = R50 000</li> </ul>
6. Design Indaba	<ul style="list-style-type: none"> <li>– R326 million to the economy</li> <li>– 2 500 delegates from around the world</li> <li>– 367 exhibitors</li> <li>– 416 buyers</li> <li>– 40 000 visitors attended the Indaba</li> <li>– City contribution = R2,2 million</li> </ul>
7. Lion of Africa Cape Town Open	<ul style="list-style-type: none"> <li>– 156 professional golfers</li> <li>– 41,5 hours of broadcast coverage</li> <li>– Gross media value = R7 468 207</li> <li>– Online value = R2 million</li> <li>– City contribution = R2 million</li> </ul>
8. ITU World Triathlon Series	<ul style="list-style-type: none"> <li>– Cumulative audience = 4,38 million over 35 networks</li> <li>– 24 countries represented</li> <li>– 109 elite triathletes</li> <li>– 1 913 triathletes in total</li> <li>– 32 schools participated</li> <li>– City contribution = R1,5 million</li> </ul>



The City recognises that it must do everything it can to ensure that the benefits of tourism are felt by communities around the city.

### Film and event permits

The Events Permit Office received a total of 1 505 event permit applications during the year under review, and a total of 1 147 permits were issued. The Film Permit Office issued 9 371 film permits during the same period.

### Promoting economic development through tourism in local communities

Tourism is a key component of the broader economic development of Cape Town. As such, the City recognises that it must do everything it can to ensure that the benefits of tourism are felt by communities around the city.

As part of this process, the City has developed a new draft Tourism Development Framework (TDF), building on the previous framework of 2005. The previous TDF implementation process involved institutional capacity-building, marketing and the development of various support functions.

The new draft TDF outlines guiding principles, strategic focus areas, key actions and programmes for targeted future tourism development in Cape Town. It further describes how the City plans to work with partners in the public and private sectors as well as communities to implement the framework.

The final TDF will form an integral part of the City's IDP and broader processes, such as the growth and development strategy.

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

In order to stimulate the growth and development of the local economy, the City has identified development in the following catalytic sectors as critical:

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

The City works to strengthen the competitiveness and attractiveness of these priority sectors through programmes that promote inclusive growth, investment and trade. These programmes are undertaken in partnership with Wesgro and several sector bodies, including the following:

- **Business Process Enabling South Africa (BPESA)** – In the year under review, there was a steady increase in direct jobs created in the business process outsourcing (BPO) sector. BPESA facilitated investment valued at R797 500 000, which created 3 190 direct jobs. The BPESA Western Cape skills portal was launched at the end of 2013. Since the launch of the skills portal, a lot of effort has gone into improving some of the minor functionality aspects in order to make the platform more user-friendly. To date, 29 providers have registered 52 courses.

BPESA Western Cape also embarked on several outward missions, including the Outsourcing and Customer Services Summit in London on 28 March 2014, the Rockefeller Foundation event in Italy, and the Customer Contact Conference Convention in the United Kingdom, which provided BPESA with networking opportunities with a number of Britain's leading customer service organisations.

As a result of the engagement with the Rockefeller Foundation and Microsoft, BPESA Western Cape received a grant of US\$350 000 in support of the development of a virtual workplace platform to enable poor and underprivileged youth to train and access jobs in the business process outsourcing space.

In addition, BPESA has partnered with the City to research the viability of conducting an in-depth study to identify the local stakeholders in the industry's value chain, assess the space in which they trade, and look at growth opportunities for each specific link in the value chain. The research is expected to result in significant job creation over the next three years.

- **Cape Craft and Design Institute (CCDI)** – The City has identified craft and design as priority sectors. In October 2013, Council approved funding of R840 000 for the CCDI as part of its commitment to facilitate redress through skills development and to enable the growth of crafts as an economic sector in Cape Town. The CCDI, a non-profit organisation, currently has 3 800



The local film industry contributes approximately R5 million to the Western Cape economy and has over the past three years created more than 35 000 jobs.



*The City has identified craft and design as priority sectors.*

enterprises on its database, which represent approximately 15 000 craft producers. Approximately 40% of these producers are based in some of the City's priority areas, including Mitchells Plain, Gugulethu and Khayelitsha.

During the period under review, CCDI – as part of its commitment to contribute to the development of the craft industry in Cape Town – facilitated training of 1 058 people, hosted 15 industry events and assisted 1 949 small, medium and micro-enterprises (SMMEs), 758 of which were black-owned. CCDI also assisted 157 enterprises with export support, and facilitated the attendance of 15 trade exhibitions by Western Cape-based enterprises.

- **Cape Information Technology Initiative (CITI)** – The City, in collaboration with other stakeholders, has continued supporting training interventions through CITI. CITI facilitated training of 115 people through CITI-supported programmes – 57 in postgraduate programmes and 58 in information technology (IT) certification programmes. Of these 115 people trained, 95 are employed in internships. CITI also facilitated training of eight participants in the My Business Group programme and 11 women in the Women in Business programme, which aims to provide support and capacity-building to women-owned IT businesses.

- **Cape Town Fashion Council (CTFC)** – The CTFC's main focus is on trade development through the Design Indaba. In 2014, participating designers generated sales revenue of R1 million over the four-day period of the expo. Other supported interventions included assistance to 197 SMMEs, skills training of 433 people, and 29 industry events attended by 1 693 people.

- **Clotex** – A total of 36 people have completed training through the development of an incubator in Hangberg. All the attendees who completed the intervention received certificates, and it is envisaged that these learners will receive further training on industrial machines as part of the plan for the next financial year. Eight SMMEs were assisted through capacity-building programmes in order to grow their operations. These companies collectively employ a total of 70 employees.

- **South African Oil and Gas Alliance (SAOGA)** – SAOGA has developed industry placement capacity and has placed 172 further education and training (FET) trainees for workplace learning as a result. City funding paid for more than 50 trainees in lifting-machinery inspections to improve their employability, and most of these trainees are now in sustainable employment. The City will continue to support the development of a pool of skills in order to maximise the benefits of this industry.

SAOGA's extensive consultation with industry as well as private and public training institutions led to the establishment of the SAOGA Oil and Gas Academy, which will nurture an enabling environment for human capital development in the oil and gas industry in South Africa and beyond. The academy provides a coherent training and skills development solution to the oil and gas sector, in collaboration with local and international academic institutions and public and private training providers.

A long-time initiative with Armscor to develop artisans is also bearing fruit. Currently, 28 trainees are placed at the Simon's Town dockyard to gain workplace experience. The City-funded placement initiative commenced in April 2014, and the next group of beneficiaries (artisans) have already been recruited and have begun with their training.

- **Supporting urban agriculture** – During the year under review, the City was involved in the implementation of an urban agriculture support programme that provides strategic assistance to 85 community groups and projects. The support takes the form of operational inputs, infrastructure, mentoring, training and advice as well as access to land, and is offered in collaboration with internal and external stakeholders.

### **Supporting and enabling investment**

As part of its strategy to create an enabling environment for economic growth, the City has taken steps to improve the legislative and micro-economic environment required to encourage investment. To this end, the City is participating in initiatives such as the National Treasury-sponsored programme "Reducing the Cost of Business", which is aimed at creating a business environment conducive to investment and growth.

The City acknowledges that a poor legislative environment is potentially one of the most inhibitive factors in the promotion of private-sector investment. For this reason, it is reviewing the following areas where legislation may affect business performance:

- Business registration procedures
- Obtaining electricity
- Property
- Contract enforcement
- Construction permits
- Starting a business

The City invested almost R12,3 million in the promotion and development of Cape Town's entrepreneurs and in support of existing small to medium enterprises.

### **Encouraging business through investment incentives**

The City approved an Investment Incentives Policy as a key tool to stimulate and attract investment in additional economic nodes in the metro area. This initiative was introduced as a pilot in Atlantis, being one of the areas targeted for the attraction of investment to boost job creation.

Since the adoption of the Atlantis investment incentives pilot scheme in May 2013, the programme has already had a positive impact on the economic landscape of this impoverished area. The strong uptake of the electricity tariff subsidy incentive in particular has contributed to the retention of more than 2 000 jobs. Apart from the electricity tariff subsidy, potential investors who consider relocating to, or expanding their business in the Atlantis industrial area now enjoy an array of incentives, including:

- exemption from a development application fee;
- development application fast-tracking;
- development contribution deferrals or debt write-offs (capped at a maximum of R1 million per investment, and provided that the investor creates at least 50 new permanent full-time jobs within two years); and
- rapid access to Council-owned land in the Atlantis Green Technology Park.

Based on these incentives, a Spanish company has already applied to the City to acquire a site in the Atlantis Green Technology Park at an estimated investment value of R300 million. This alone is expected to create approximately 220 jobs. In addition, 43 non-financial incentive uptakes and 34 financial incentive uptakes have been recorded.

The City is also engaged in a process of proactive biodiversity land-banking with partners in the Dassenberg coastal corridor (part of the Atlantis industrial incentives scheme) to facilitate development within the Atlantis urban edge by providing biodiversity offsets.

The City, together with Province and the Department of Trade and Industry, initiated a feasibility study on possibly declaring Atlantis a special economic zone (SEZ). This is part of a national programme intended to support and accelerate industrial development in targeted regions by the provision of special measures to develop targeted industrial capabilities and attract targeted foreign and domestic direct investment.

The designation of Atlantis as an SEZ could facilitate further investment, which could include general or specific industrial infrastructure as well as technical workforce and business support services focused on a particular sector.

### **Working with Wesgro to attract investment**

The City's support of Wesgro's investment promotion programme is aimed at attracting direct investment and promoting the expansion of existing investment projects. In the year under review, Wesgro's investment promotion services resulted in the attraction of R722 400 000 in direct investments, and the creation of 468 jobs.

These investments were facilitated in electronics, manufacturing, media/advertising and renewable energy. Wesgro also facilitated the training of 96 companies and entrepreneurs in the Exporter Development Programme (EDP2), with an emphasis on building the competitive capacity of businesses to export or expand their current exports. In addition, 270 companies and entrepreneurs were trained in EDP3, which is geared at established exporters who are actively engaged in particular markets and are looking to expand into new ones.

### **Programme 1.1(d): Small-business centre programme (Activa)**

#### **Stimulating entrepreneurship**

The City recognises that entrepreneurs are the backbone of Cape Town's economy, and hold the greatest potential for job creation. As such, during the year under review, the City invested almost R12,3 million in the promotion and development of Cape Town's entrepreneurs and in support of existing small to medium enterprises.

The City's investment in entrepreneurial development included:

- R2 million for facilitating access to affordable workspaces;
- R2 million for BPESA;
- R1,7 million for CITI;
- R500 000 for the Furniture Technology Centre Trust (a sector-specific incubation project in Nyanga);
- R840 000 for the CCDI;
- R1,35 million for the Informal Markets Strategy, including the Cape Town summer markets and informal night market programmes; and
- R425 000 in support of local enterprises, including business information sessions, quarterly sessions with informal trading associations as well as the spaza incubation project.

Other key initiatives that formed part of the entrepreneurial investment programme included:

- enabling ease of doing business in Cape Town;
- promoting a 'one-stop shop' approach in order to ensure that information is available to support businesses; and
- reducing the complexity and cost of doing business with the City.

### **Activa – building the entrepreneurship support system**

The City implemented the Cape Town Activa (CTA) strategy in May 2011 to stimulate entrepreneurship and business activity in the local economy. CTA's strategic goals are to:

- stimulate the creation of locally owned businesses by linking entrepreneurs with resources, capital, skills and opportunities;
- develop human capital in order to address the needs of the business community (e.g. innovation support, small-business skills development, career support and employment placement programmes); and
- make Cape Town a more competitive business environment by providing better support to incubate and grow local business and attract others.

In the 2013/14 financial year, CTA accomplishments included the following:

- More than 19 000 clients were served through the Enterprise Working Group partner organisations' walk-in centres of The Business Place in Cape Town, Philippi, Khayelitsha and the Small Enterprise Development Agency (SEDA) in Bellville.
- More than 2 300 people participated in enterprise skills workshops undertaken by or in conjunction with Enterprise Working Group partner organisations.
- Altogether 164 new businesses were registered.

- More than 1 750 people participated in job readiness skills programmes.
- The Atlantis Dreamworker job placement project registered 1 228 job seekers, and secured 1 292 temporary and permanent job placements.
- The online portal [www.capetownactiva.com](http://www.capetownactiva.com) received over 24 500 hits from 113 countries.

In the year under review, the City's Activa initiative also implemented an entrepreneurship and employment support ecosystem to provide access to shared information and to align products, tools, programmes and events through a one-stop online portal and telephone number. These included launching and promoting the job seeker poster in August 2013 and the business development support map in January 2014 to link citizens to the most suitable support organisations.

In partnership with various stakeholders, Activa was able to promote the training, support programmes and opportunities of more than 290 public, non-profit and privately funded support organisations and service providers in Cape Town.

### Programme 1.1(e): Planning and regulation programme

#### Creating opportunities for development

The City is committed to encouraging and enabling the development of Cape Town's built environment. During the period under review, many of the City's development application processes were checked and streamlined. The 2013/14 financial year saw 83,64% of building development applications submitted to the City finalised within the agreed timeframes (against a target of 82%).

The number of building plans submitted to Council increased significantly over the past three years from 23 769 in 2011 to 28 607 in 2013. For the same period, the value of building plans approved by the City increased by 52%.

To help meet the steadily growing demand, the City implemented a new electronic management system for the submission of development applications. Known as the development application management system (DAMS), it allows for plans to be submitted electronically on a flash drive or USB memory stick, as well as facilitates online payments. While still in its infancy, DAMS is expected to markedly improve turnaround times for the development proposal process.

The next phase of DAMS, or the DAMS deployment, involves the inclusion of web submissions and online tracking of

applications.

#### New Cape Town zoning scheme proves more efficient

As part of the City's efforts to build an opportunity city where investments will grow so that jobs can be created, a new Cape Town Zoning Scheme (CTZS) was implemented in 2013, after having been approved by the Western Cape MEC for Local Government, Environmental Affairs and Development Planning.

The new scheme saw the repeal of the 27 different and disparate legacy zoning schemes previously used to regulate land use across the city, and the adoption of a new Cape Town zoning map, which forms part of the scheme and records the development rights attached to all land in Cape Town.

In its first year of implementation, the new zoning scheme has proven 26% more efficient than the old schemes. Previously, a third of all building plans required a departure in order to complete the approval process. Thanks to the new zoning scheme, only a quarter of plans now require such departures. This has assisted in significantly reducing approval times. Further opportunities for streamlining and improvement are being explored.

The single zoning scheme is an essential component of the City's strategic focus to become an opportunity city. In conjunction with the new CTSD and district spatial plans, the new zoning scheme now constitutes one of the vital cornerstones of Cape Town's rationalised, policy-driven land use management system. It serves as a mechanism to implement the spatial vision outlined in the CTSD, and allows the City to respond appropriately and effectively to the challenges and needs of its citizens in an innovative and sustainable way.

The City is also the first municipality that commenced with the drafting of a Municipal Planning By-law to contribute to new planning law reform processes at national and provincial level.

In addition, the City has approved an Urban Design Policy and, in support of this, a Tall Buildings Policy. The intention is to guide the design of private and public-sector developments so that they help build a city of high-quality design and public spaces. These policies are used as guidelines in discussions with stakeholders in Cape Town's development.

For more detail on the new CTZS, visit <http://www.capetown.gov.za/en/Planningportal/Pages/Zoningscheme.aspx>.



*The City recognises that entrepreneurs are the backbone of Cape Town's economy, and hold the greatest potential for job creation.*

The City believes that broadband connectivity is fundamental to creating an enabling environment for economic growth, development and inclusion.

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

During 2013/14, a framework for the City's approach to the green economy was developed and accepted by the economic cluster. The main focus of the green economy framework is to move the City towards the development of a low-carbon, resource-efficient and socially inclusive economy. In working towards a greener economy, the City aims to utilise economic opportunities by promoting and facilitating the development of green industries in Cape Town, marketing our competitive advantages, and developing ecotourism. Additionally, the City aims to reduce environmental risks, thus protecting the economy from the impact of natural hazards (such as extreme weather events), as well as to pilot the implementation of alternative green service delivery mechanisms and technologies, where appropriate. In all of these activities, job creation will be a key driving factor.

Key green economy projects in 2013/14 include the following:

**Hout Bay dune management** – The historical dune system in Hout Bay has been affected by urban development and, as such, is encroaching on private property and City infrastructure, posing a threat to those assets. This project aims to rehabilitate the dune system through reshaping, planting and stabilisation, thereby reducing the negative impact on the Hout Bay community, creating employment and restoring the beach to a functional community recreational asset. A rehabilitation plan has been developed and is currently undergoing the required environmental authorisation process.

**Invasive alien species clearing programme** – Invasive plant species create a number of risks in the communities where they occur, such as increasing flood and fire risk, providing shelter for criminal activities, and significantly reducing indigenous biodiversity. The City's invasive plant species clearing programme, which targets terrestrial and aquatic species, is a joint initiative between a number of departments led by the Environmental Resource Management Department. In the year under review, this programme created more than 70 000 job opportunities.

**Solar water heater programme** – The City has set up an innovative programme to:

- endorse approved service providers of solar water heaters;
- promote public solar water heater uptake through training, communication and educational campaigns;

- monitor the performance of the approved service providers; and
- undertake quality control.

This is managed by a dedicated project management team established for the programme and hosted within the Environmental Resource Management Department. Since its launch in November 2013, 20 solar water heater service providers have been accredited by the City. These service providers have installed more than 2 345 solar water heaters. This has contributed more than R42 million to the economy and has created 67 job years of employment.

**Recognised for sustainability success** – In recognition of its various environmental and social sustainability efforts, the City garnered a number of awards in the year under review, including:

**The National Department of Public Works' Kamosa Award** – This recognises excellence in the roll-out of EPWP. The award, which was related to environmental work, was in the category 'Environment and Culture Sector, Best Metropolitan Municipality'. Significant achievements that were recognised included:

- The Kader Asmal River Cleaning Project that saw more than 2 300 work opportunities created and included the clearing of alien vegetation and river cleaning. The project was also featured on *Carte Blanche* for its success in ensuring the return of flamingos to the Black River.
- The Area Cleaning Project created more than 10 000 work opportunities.

**The Eskom eta Awards** – The City's Electricity Savings Campaign was joint winner in the 'Energy Efficiency Awareness' category, demonstrating the administration's commitment to building a sustainable and energy efficient city.

**WWF Global Earth Hour Capital** – This was awarded to Cape Town in recognition of the City's innovative actions on climate change and its dedication to pursuing the goal of a sustainable urban environment.

### Programme 1.1(g): City Development Strategy implementation

Transversal working groups have been established in the social and economic clusters. These are taking the long-term strategy and planning work forward, as mandated by the City Development Strategy.



The Hout Bay dune management plan involves reshaping, planting and stabilisation of the dune system affected by urban development.

## OPPORTUNITY CITY OBJECTIVE 1.2 PROVIDE AND MAINTAIN ECONOMIC AND SOCIAL INFRASTRUCTURE TO ENSURE INFRASTRUCTURE- LED GROWTH AND DEVELOPMENT

### Programme 1.2(a): Fibre-optic network programme

#### *Securing economic growth through technology investment*

International experience also proves that affordable bandwidth is one of the main factors supporting investment and economic growth in developing countries.

As part of its commitment to building an opportunity city, the City of Cape Town has set aside R222 million over the next three years towards the R1,3 billion required for the proposed roll-out of broadband infrastructure throughout the metro. This is in addition to the R51 million allocated and spent in the past financial year.

The City's initial focus in rolling out this network has been to both reduce telecommunication costs and improve high-speed converged services such as data, voice and video to municipal facilities.

#### *Phase 1 of the City's broadband network completed*

During the year under review, the first phase of the City's broadband project was completed with a total of 350 km of fibre-optic cable installed in the City's own duct network.

Significant milestones of phase 1 included:

- 90 City buildings connected via broadband fibre;
- a total of 25 City clinics connected by self-provisioned high-speed telecommunications services – either fibre-optic or wireless;
- 12 switching rooms constructed and operational; and
- 103 City buildings connected via self-provisioned microwave links.

The network also enhances the City's working partnership with Province, with 45 of Province's buildings now connected via live and fully operational broadband fibre-optic cables.

The high capacity of the network has allowed high-bandwidth services, such as distributed use of highly sophisticated City resource management systems as well as video conferencing to be introduced.

To date, the City has saved over R25 million per annum on internal telecommunications charges. These savings are being reinvested to fund the further expansion of the network.

Phase 2 of the project will see the fibre-optic infrastructure extended throughout the Cape Town metropolitan area, connecting more than 400 public buildings, including clinics, libraries and administrative centres.

#### *Harnessing spare broadband capacity*

Beyond the key internal government objective of the broadband programme, namely to provide fibre-optic infrastructure to areas that are not commercially viable for the private sector, spare capacity rendered by the broadband network is being made available to third-party licensed network operators. This enables businesses to utilise high-speed telecommunications infrastructure for access to converged services and internet connectivity.

In terms of these commercial interests, the City is negotiating with a range of internet service providers with a view to enabling smaller operators to enter the market, thereby generating

competition in the internet service provider sector and stimulating economic growth in the Western Cape private sector.

In April 2014, the City started to enter into third-party service provider agreements with licensed telecommunications service providers. This is a significant step forward in realising the City's vision of facilitating access to a high-speed broadband network. In addition to being highly beneficial to those areas that are currently not well served with broadband connectivity by service providers, it will also bring sustainable WiFi access to previously underserved communities and help drive economic growth and development. It forms part of the City's broader commitment to building an opportunity city where progress is made possible for all residents and businesses.

#### *Offering WiFi to poor communities*

The City's fibre-optic cables provide the backbone of wireless networks now being tested in Khayelitsha and Mitchells Plain.

This project has been developed using the findings of the feasibility study funded by the United States Trade and Development Association. It builds on the success of the City's Smart Cape project, which provides free internet access at 102 public libraries throughout the metro. Today, the Smart Cape project has expanded to provide WiFi internet access in public buildings, and boasts more than 300 000 users.

Further WiFi projects are being planned to make the internet more accessible to the citizens of Cape Town.

### Programme 1.2(b): Maintenance of infrastructure

One of the key areas of expenditure that differentiates the City of Cape Town from other South African municipalities is that this metro prioritises repairs and maintenance.

This makes a visible difference in Cape Town, primarily in terms of roads and utilities infrastructure. In this regard, the City spent a record R2,91 billion on repairs and maintenance in the 2013/14 financial year.

#### *City takes top utilities award*

The City of Cape Town was named the top municipality in the 2014 African Utility Week awards. This award is given to the municipality or metro in South Africa that has come out tops in improving service delivery, increasing its capacity to deliver services, and demonstrating cost minimisation through the application of turnkey solutions or increased revenue collection. A panel of judges comprising leaders in the utilities industry from across Africa rated the City higher than any of the other four nominated metros.

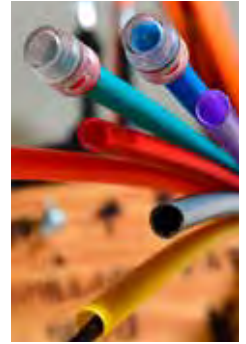
In nominating the City for this award, both Eskom and a private entity from the water sector lauded the administration's exceptional infrastructure planning over the short, medium and long term, as well as its financial management, water savings management and electricity provision.

#### *Water and sanitation infrastructure asset management*

Investment continues to be channelled towards addressing and overcoming maintenance needs, such as the replacement of ageing pipelines and the upgrade of treatment and pumping plants. The City is committed to developing, implementing and maintaining tools and business processes that promote a smooth, seamless and responsive experience for the consumer.

### Programme 1.2(c): Investment in infrastructure

The City prioritises the allocation of resources to a strategic



The City's 2014/15 capital expenditure budget is focused extensively on infrastructure development, such as utility services and transport.

infrastructure asset management plan and asset register for all municipal infrastructure, both above and below ground. To this end, a comprehensive public infrastructure plan is being developed, which will set out a consistent, long-term development path by using public infrastructure investment and partnerships as platforms and catalysts to enable economic growth.

### Infrastructure investment for sustainable development

Infrastructure investment remains an important emphasis for the City. This includes determining investment and growth trends to ensure that adequate infrastructure is provided in areas of high growth. The City continues to act as catalyst by investing in suitable economic and social infrastructure to support and further stimulate economic development.

The City is developing a life-cycle management system for infrastructure assets. The infrastructure asset management programme (IAMP) is a corporate project that is aligned with the National Department of Cooperative Governance and National Treasury's requirements to establish, implement and use a comprehensive infrastructure plan.

In the year under review, the City made significant progress with investing in infrastructure risk areas in Cape Town. The City has progressively reduced areas at high risk in the short term in terms of demand on infrastructure – utility services in particular – and continues to ensure that the infrastructure investment programme is aligned with the needs of new affordable housing projects.

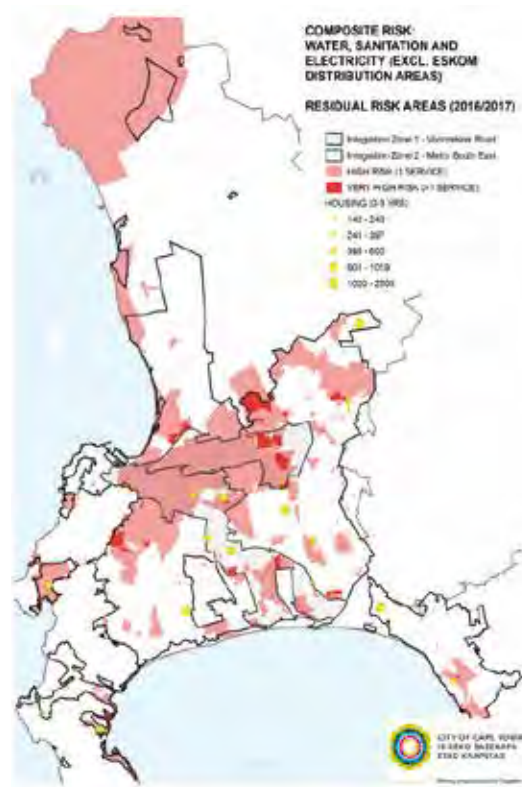


Figure 3.1: Major infrastructure risks within development areas

### Targeted investment for infrastructure development

In its MFMA circulars (No. 55 and 66), National Treasury has indicated that at least 40% of the total capital budget should be earmarked for the renewal of existing infrastructure, as opposed to building new infrastructure.

The City's 2014/15 capital expenditure budget is focused extensively on infrastructure development, such as utility

services and transport. The allocation of just more than R4,517 billion represents 72,7% of the total budgetary allocation for the 2014/15 financial year.

In the 2014/15 budget, the renewal of existing assets equates to R2,638 billion, or 42,5% of the total 2014/15 capital budget, while new assets represent R3,573 billion, or 57,5%.

### Bulk water infrastructure investment

The growth areas identified by the City require capital investment in infrastructure, while densification, as a future spatial strategy, is provided for in the design of long-term capacity upgrades. The City will be implementing its bulk water augmentation scheme (BWAS) in phases, of which the first phase, the Muldersvlei reservoir, is currently being designed.

When fully implemented, the scheme will increase the potable water treatment, bulk storage and bulk conveyance capacity of the City's water supply system, thereby increasing the overall system capacity and boosting supply to development areas. The timing of the development of the required bulk water infrastructure depends on the growth in water demand and the effectiveness of the water demand management (WDM) strategy.

### Wastewater infrastructure investment

There are 27 wastewater treatment works (WWTWs) in Cape Town. The recent issuance of new licensing requirements by the Department of Water Affairs (DWA) means that a number of these will require upgrades. A number of the works, including Borchers Quarry, Potsdam and Bellville, are operating above their hydraulic and load design capacity. Processes have been initiated to address these challenges, with upgrades and capacity extension planned for various facilities.

Some of the recent changes to DWA's wastewater quality requirements will be challenging to meet, and the City has approached the Department in this regard. For the 2013/14 financial year, the majority of wastewater projects were aimed at increasing treatment capacity, improving processes and raising levels of effluent quality.

### Reticulation infrastructure investment

The City has undertaken an accelerated programme to improve the replacement of water distribution network mains, with a particular focus on areas with a higher incidence of pipe bursts. In the 2013/14 financial year alone, 55 418 metres of water reticulation mains were replaced. This brings the total replaced since 2011/12 to 215 672 metres.





### City's new, cutting-edge valve technology a first in Africa

In October 2013, the City unveiled four new, cutting-edge valve-exercising machines aimed at ensuring a more reliable water supply network, thereby reducing inconvenience to residents and improving service delivery.

The City's procurement of these state-of-the-art valve-exercising machines from America was a first for Africa and will enable the City's Water and Sanitation Department to locate, identify, clean, exercise and, where necessary, repair or replace valves. This will maximise the lifespan of the infrastructure, and is anticipated to save the City millions of rands through pipe burst prevention and quicker burst reaction times.

The City has approximately 175 000 valves in its water network. These valves are used to isolate parts of the system, allowing for construction, maintenance or repairs to be done. In the previous financial year, the City recorded over 3 300 pipe bursts. The average cost to repair a pipe burst is R25 000. As a result of their infrequent use, valves tend to seize up, making them difficult to operate at the most critical of times.

### Solid waste infrastructure asset management

The rehabilitation of the City's disused, full landfills and dumps continued in 2013/14, as required by the MFMA and operating permit conditions. Rehabilitation of the Swartklip landfill is now 75% complete, and work has commenced with the rehabilitation of the former Kraaifontein landfill.

The City also continued to focus on replacing ageing waste collection vehicles with the aim of ensuring long-term service delivery improvements. Approximately R84 million (or 99,2% of capital expenditure) was spent on vehicle replacement for the year under review – all within the replacement policy and according to plan.

### Committed to waste minimisation

Continued waste minimisation interventions are required to meet agreed national and City targets. This requires the development of both financial and non-financial strategic partnerships with business, industry and other sectors of society to commission large-scale waste minimisation initiatives in an effort to negate the impact that recycling

initiatives would have on tariffs and the legacy challenge of full-cost recovery. Current programmes in this regard include:

- the Think Twice programme in the Atlantic seaboard, the Southern Peninsula, the Helderberg and northern suburbs, east of Tygerberg Hills, Sea Point, Mouille Point, Three Anchor Bay, Hout Bay and Camps Bay;
- recycling at 25 drop-off facilities;
- chipping and composting of garden greens;
- recycling and reuse of builder's rubble at landfill sites;
- recycling of paper waste at Council buildings; and
- public and schools education and awareness on waste management and minimisation.

### City's award-winning facility transforms waste into a useful resource

The City's ultra-modern, award-winning Kraaifontein waste management facility is the first integrated recycling facility in South Africa, and sorts 100 tonnes of dry recyclables a day.

The facility includes a transfer station, where waste is compacted into closed containers for transfer to landfill; a public drop-off site; a materials recovery facility to sort dry waste, and an area for chipping green waste. A pilot waste-to-oil plant, supported by the Japanese Investment Agency, will be installed on the site once the environmental impact assessment has been completed.

Through collaborations with the public and private sector, the aim of the facility is to divert as much waste as possible from landfill sites and to make recycling economically viable. The benefits of these collaborations are evident in the facility's success, and have been underpinned by the creation of a shared sense of responsibility towards our environment and an understanding of the role that everyone can play in shaping a greener future.

The reduction of the waste stream following 'at source separation' (dry recyclables separated at homes and collected separately from general waste) and the sorting of recyclables into the various components of value at the materials recovery facility have resulted in substantial cost savings on transporting waste to landfill sites. Diverting waste from landfills also increases the lifespan of the City's remaining landfill sites, which are filling up fast.

The project was the co-winner of the South African Institution of Civil Engineering's national award for excellence in civil engineering in 2012.

### Addressing the challenge of landfill airspace

There is limited airspace available at the City's three operating landfills. The City has managed to extend the closure of the Bellville landfill until 2018. A basic assessment process has also been initiated to obtain authority to increase the capacity of the Visshershok landfill.

The process of identifying a new regional landfill site continues and – following an extensive technical process that commenced in 2000, a subsequent scoping and a supplementary environmental impact assessment process on two shortlisted sites – a record of decision was issued during 2013 in favour of a site near Kalbaskraal. An appeal has, however, been received, which needs to be resolved before the work commences. Assuming the completion of the appeals process, the regional landfill should be able to receive waste by the end of 2018.





## Creating Opportunities Through Consistent Service Delivery

### ELECTRICITY SERVICES

The City of Cape Town is the electricity service authority for the entire Cape metropolitan region. Its service providers are the City of Cape Town's own Electricity Services Department, Eskom and AECI.

#### Electricity investment in 2013/14

Table 3.4: Operating repairs and maintenance by expenditure item

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Audited outcome	Audited outcome	Audited outcome	Budget	Budget	Budget
Description	R'00	R'00	R'00	R'000	R'000	R'000
Total operating revenue	(8 807 457)	(9 726 254)	(10 240 119)	(11 070 430)	(11 909 088)	(12 808 943)
Staff costs	622 056	675 862	718 824	905 043	968 979	1 052 713
Bulk services	5 385 000	6 097 891	6 283 113	6 678 300	7 173 500	7 705 400
Contracted services	35 069	31 050	36 376	35 470	44 310	46 702
Other	1 802 064	1 931 874	1 794 928	2 267 354	2 438 373	2 621 172
Total primary cost	7 844 189	8 736 677	8 833 241	9 886 167	10 625 162	11 425 987
Secondary cost	1 066 859	1 048 005	1 085 874	1 184 263	1 283 926	1 382 956
Total primary and secondary cost	8 911 048	9 784 682	9 919 115	11 070 430	11 909 088	12 808 943

Access to electricity services is achieved through the demand-driven capital programme funded through developers' contributions for non-subsidised housing. Subsidised housing is funded through the electrification plan.

#### Developers' contributions and private sector – actual and budget

Table 3.5: Expenditure and budget for developers' contributions and private sector

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Year	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000	R'000 000
Budget	149,7	125,5	83,3	68,0	79,0	76,8	78,6	82,3	87,9	94,3	99,9
Actual	146,5	115,2	80,3	65,7	70,3	69,5	-	-	-	-	-



The upgrade of the Gugulethu substation was one of the key projects in the year under review.

#### Key projects and initiatives in 2013/14

- Ongoing electrification
- Koeberg Road switching station
- Gugulethu main substation upgrade
- Athlone-Philippi overhead line undergrounding

#### Key medium- and long-term strategic objectives

- Continuity of supply to meet customers' needs
- Addressing increased theft and vandalism
- Addressing tariff increases by key suppliers
- Infrastructure development to meet city growth
- Continued refurbishment and replacement of existing assets
- Customer service to remain a top priority



*Its electrification programme speaks directly to the City's mandate to deliver core basic services.*

## WATER AND SANITATION SERVICES

Altogether 99,6% of Cape Town's water supply is derived from six dams, namely Voëlvlei, Theewaterskloof and Berg River (owned and operated by DWA), and Wemmershoek and Steenbras Lower and Upper (owned and operated by the City). The total capacity of these six dams is 898 300 million kilolitres. Some other, minor dams owned and operated by the City make up the outstanding 0,4% of the total system capacity.

The City's water and sanitation infrastructure also includes 12 water supply treatment works and a water supply reticulation network of approximately 10 353 km. The City also has 82 water pump stations and 120 water reservoirs. The wastewater infrastructure consists of 27 wastewater treatment facilities, an 8 971 km sewer reticulation network and 377 sewer pump stations.

### Cape Town's water and wastewater infrastructure

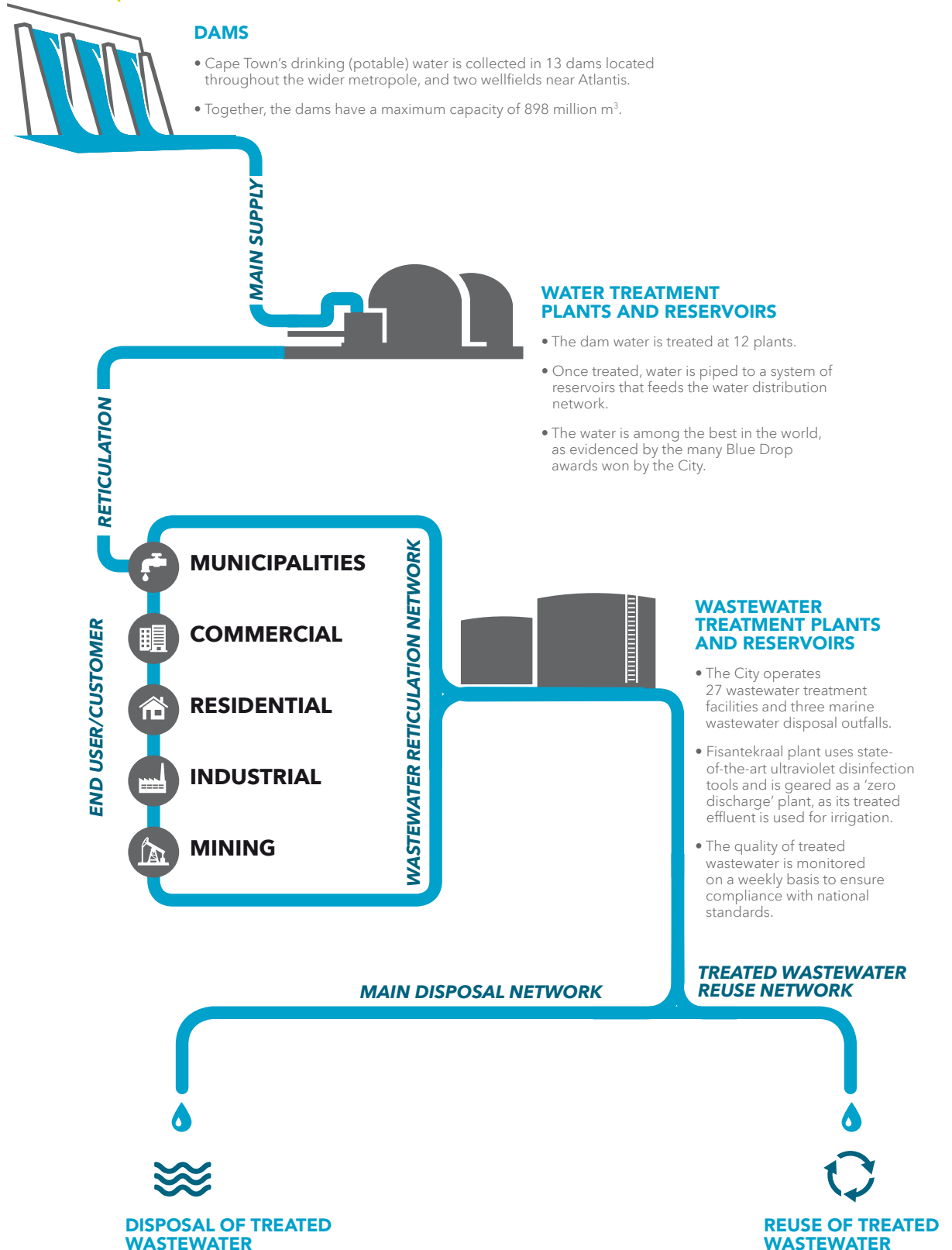


Figure 3.2: Saving water is a way of life for the City of Cape Town

## Highlights in 2013/14

- Won the DWA water sector award for WDM and water conservation initiatives.
- The average Green Drop score for the quality of the City's wastewater treatment facilities and functioning was 89,23% (according to the 2013 DWA report). This represents a substantial improvement on the 2011 score of 86,80% and the 2009 score of 82,00%.
- A total of 55 418 metres of water reticulation mains have been replaced, bringing the total replaced since 2011/12 to 215 672 metres.
- A total of 29 836 metres of sewer reticulation mains have been replaced, bringing the total replaced since 2011/12 to 87 470 metres.
- Scientific Services continues to maintain its ISO 17025 accreditation status through the provision of credible water sampling, laboratory analysis and scientific information to the City of Cape Town.
- Introduction of the very first Assistive Technology Laboratory (AT-LAB) for wastewater treatment monitoring at the Athlone wastewater treatment plant.
- The Technical Operations Centre maintained its SANS 990 certification, being the first and only call centre in Africa to have received this certification.
- The Department of Water and Sanitation was the runner-up in the national Eco-Logic water conservation awards.
- The Water Conservation Section employed 1 000 workers from local communities through the EPWP. A group of 30 was trained in the performing arts as a creative approach to spread the message of saving water. A DVD of this performance was developed.
- Mitchells Plain wastewater treatment works being upgraded to increase capacity.
- Purchased specialist vehicles for closed-circuit television (CCTV), global positioning system (GPS) and network life-cycle programmes.
- Good progress made with the Bellville WWTW membrane plant.
- Various reservoirs upgraded, with the planned construction of the new Contermanskloof reservoir gaining momentum.
- Developed an integrated IT repository for all Water and Sanitation Department operational data.
- Extensive project to capture, update and verify Water and Sanitation network geographic information systems (GIS) information. To date, approximately 35 000 departmental engineering drawings have been scanned and captured.
- The upgrading and positioning of engineering workshops closer to City clients, thereby reducing turnaround times and enhancing service delivery.
- Introduction of mobile dispatch command and control functionality in operations.
- Revival of the Research and Development Section in Scientific Services, which will be responsible for the scientific research to improve service delivery within the City of Cape Town.
- Expansion of analytical services to include the testing of viruses in biological sciences laboratory and the introduction of polymerase chain reactions for microbiological analysis. Previously, testing took weeks, but now takes only a few hours.
- The introduction of live 'intranet productivity' monitoring screens at Scientific Services has improved turnaround times for issuing water and air quality results.



## Key projects and initiatives in 2013/14

- New sewer line to increase capacity in the northern area is being constructed from Thornton to Langa via Epping Industria as part of a multi-year project (total cost: R150 million).



Once completed the De Grendel reservoir will provide 48 hours' worth of potable water storage capacity.

The City received a platinum Blue Drop award for its consistent excellent performance for four years and remains in the top-performing group of water service authorities.

## Water and wastewater infrastructure investment

The City's capital expenditure on water services is as follows:

Table 3.6: City's capital spend on water services

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Audited outcome	Audited outcome	Audited outcome	Budget	Budget	Budget
Description	R'000	R'000	R'000	R'000	R'000	R'000
Hydraulic networks	288 981	282 550	356 036	11 000 000	11 000 000	12 000 000
Hydraulic pump stations	13 045	13 045	33 574	500 000	10 000 000	–
Dams, reservoirs and tanks	10 627	9 142	49 385	4 000 000	6 000 000	–
Treatment works	223 193	222 941	168 276	–	–	–
Support infrastructure	69 311	75 994	92 776	–	–	–
Total	605 157	603 671	666 473	15 500 000	27 000 000	12 000 000

## Key medium- and long-term strategic objectives

- To achieve 95% wastewater effluent quality
- To reduce unaccounted-for water to 18,7% in the next five years
- To continue to provide basic or emergency sanitation services where required and legally possible to all residents of the city
- To continue to provide basic water to all residents in the city
- To achieve 90% customer satisfaction levels in all its services
- To minimise river systems pollution by reducing sewage overflows by 20%
- To improve revenue collection to 96%

## Ensuring water quality

The City consistently excels in DWA's Blue Drop awards programme. As at June 2014, the City's score was an impressive 98,14%. This was the highest score in the Western Cape and the sixth-highest score in South Africa. The City also received a platinum Blue Drop award for its consistent excellent performance for four years (2009 – 2012), and remains in the top-performing group of water service authorities in South Africa.

According to DWA's latest Green Drop report (for 2013), the average Green Drop score, which measures the quality of the City's wastewater treatment facilities, was 89,23%.

This represents a steady improvement on the 2011 score of 86,80% and the 2009 score of 82%. Ten of the WWTWs scored higher than 90%, including Cape Flats, Macassar-Strand, Kraaifontein, Scottsdene, Zandvliet, Wildevölvlei and Parow, thereby qualifying for Green Drop status.

## City awards and accolades

As proof of the City being a world leader in water management, it has:

- received the Engineering Council of South Africa's award for the Woodhead dam;
- received two awards from the South African Society for Trenchless Technology for innovative applications with regard to reticulation;
- supplied water to Beaufort West during droughts, in partnership with a bulk water tanker company;
- participated in various South African Local Government Association benchmarking programmes;
- participated in International Water Week with the United Nations; and
- hosted various international delegations from the Netherlands, Sweden, China, Southern African Development Community (Botswana, Somalia, Malawi), Romania and India.



Faure Wastewater Treatment Plant is one of 27 such facilities serving Cape Town.

## WASTE

The City of Cape Town subscribes to the waste management hierarchy of the National Waste Management Strategy (NWMS) as a way of minimising waste sent to landfills. This waste management hierarchy can be visually depicted as shown alongside.



Figure 3.3: Waste management hierarchy of the National Waste Management Strategy

The objectives of the National Environmental Management: Waste Act (59 of 2008) are to protect health, well-being and the environment by providing reasonable measures for:

- minimising the consumption of natural resources;
- avoiding and minimising the generation of waste;
- reducing, reusing, recycling and recovering waste; and
- treating and safely disposing of waste as a last resort.

The goals of the National Waste Management Strategy goals are as follows:

- Goal 1: Promote waste minimisation, reuse, recycling and recovery of waste

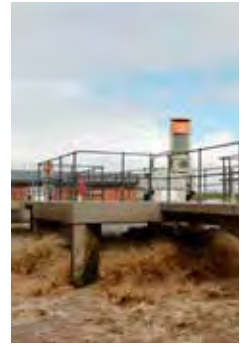
- Goal 2: Ensure the effective and efficient delivery of waste services
- Goal 3: Grow the waste sector's contribution to the green economy

### Highlights for 2013/14

- Implementation of landfill gas project in order to reduce greenhouse gas emissions to meet climate change objectives. The City is in the process of registering these landfill gas projects with the United Nations Framework Convention for Climate Change.
- Upgraded and replaced key solid waste management fleet.
- Rehabilitated old landfill sites at Swartklip and Faure.
- Constructed and commissioned a new northern region landfill site.

### Key projects and initiatives in 2013/14

- Implemented an equitable refuse collection service for backyarders at housing rental units on City-owned land.
- Commenced with the infrastructure development of a refuse transfer station and drop-off facility at the Bellville South landfill.
- Commenced with a feasibility study for the establishment of a refuse transfer station in the Helderberg area.
- Provided and expanded garden greens management at drop-off facilities, including chipping and composting.



## Waste infrastructure investment

Table 3.7: City's investment in waste infrastructure

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Audited outcome	Audited outcome	Audited outcome	Budget	Budget	Budget
	R'000	R'000	R'000	R'000	R'000	R'000
Disposal sites	75 082	84 995	61 173	297 993	200 000	143 000
Vehicles and plant	152 418	101 250	64 500	111 000	59 000	59 000
Other	3 153	20 327	13 832	27 881	50 005	35 004
Total	230 653	206 572	139 505	436 874	309 005	237 004

### Key medium- and long-term projects

- Rehabilitation of historical landfill sites such as Atlantis and Waterkloof – both of these projects are under way. In addition, applications are being made for closure licenses for 11 priority historical sites.
- Construction of drop-off facility for hazardous household waste at the Athlone refuse transfer station.
- Completion of two mini-materials recovery facilities.
- Construction of the transfer station and drop-off facility at the Bellville waste management facility.

### City wins Recycling Municipality of the Year award

In 2014, the City of Cape Town was awarded the PETCO Recycling Municipality of the Year award in recognition of its ongoing efforts in waste minimisation.

Some of the achievements that contributed to Cape Town earning the award included:

- being the first municipality to implement kerb-side collection. The City now has six split-bag pilot recycling programmes and two materials recovery facilities;
- the successful operation of 25 public waste drop-off sites;
- the implementation of the Integrated Waste Exchange;
- the work of the Solid Waste By-law enforcement units;
- the active recyclers database;
- commissioning of a study on full-cost accounting for the City's landfill sites; and
- active and successful waste management awareness campaigns, including the Waste Wise, Think Twice and Smart Living programmes.



## STORMWATER

During the 2013/14 financial year, the roll-out of the City's stormwater quality implementation plan continued, and significant progress was made with regard to determining the roles and responsibilities of law enforcement authorities to support pollution management.

The City's efforts to manage pollution are reaping rewards, as evidenced by the reappearance of flamingos and otters in the Salt River catchment areas over the past year.

Challenges continue to be experienced in the provision, operation and maintenance of sanitation infrastructure in informal settlements, with some residents continuing to object to the use of portable toilets. Vandalism of sewage-related infrastructure also remains a key problem and has a detrimental effect on the stormwater quality of the respective catchments.

### Stormwater infrastructure

The City's stormwater infrastructure network requires large capital inputs to deal with historical inadequacies. Upgrades to existing infrastructure and the provision of new infrastructure are planned to help reduce flood risk, particularly in vulnerable communities, as well as to enable new development.

To this end, a number of initiatives were undertaken during the period under review. These include:

- Implementation of formal flood risk reduction and mitigation programmes focusing on vulnerable communities, such as:
  - Flood alleviation measures in the Lourens River. The severe flooding in Somerset West in November 2013 gave renewed impetus to this work. A thorough analysis of the event was carried out, and the flood alleviation measures were revised to take into account the findings as well as to propose short-term measures to avoid further immediate threats. The latter measures are well under way, having received national disaster funding.
  - General minor stormwater projects identified throughout the city, as necessary, to deal with localised flooding.

- Continuation of the City's successful winter readiness programme to reduce the risk of flooding for affected communities by ensuring effective maintenance of stormwater infrastructure. In addition to the winter readiness programme, the Transport for Cape Town (TCT) Asset Management and Maintenance Department continued to provide temporary employment opportunities for the unemployed through the implementation of labour-intensive projects under the auspices of the EPWP. This has resulted in a major improvement in the functionality of the stormwater systems across the city.
- Implementation of infrastructure upgrades and the provision of new infrastructure to enable new development, including:
  - Stormwater master planning for the development area adjacent to the Sir Lowry's Pass River is nearing completion.
  - Completion of the sections of canal from Sunningdale Drive to Berkshire Boulevard and from Abington Road to Grove Avenue as part of the provision of new bulk stormwater for Table View North.
  - Completion of the final section of the Lotus canal widening. The only remaining portion of the overall Lotus upgrade is the expansion of the Edith Stephens detention pond. The environmental impact assessment of this portion is under way. This project will enable ongoing development in the vicinity of Cape Town International Airport, while managing any resultant potential flood risks in Gugulethu, Nyanga and other communities further downstream.
- Metro-wide stormwater master planning. Tender documents for this study have been prepared and now await funding.
- A project to build skills and capacity as well as formulate a programme for monitoring, operation and maintenance of sustainable drainage systems is awaiting funding.
- Work continued on the development of a problem-solving methodology for the upgrade and sustainability of infrastructure in informal settlements.



*The City's stormwater infrastructure network requires large capital input to deal with historical inadequacies and damage caused by floods.*



*The City of Cape Town has created more job opportunities via the EPWP than any other city in South Africa.*

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

The City has committed itself to the outcomes of the EPWP, and seeks to go beyond these outcomes to give effect to its strategic focus areas of turning Cape Town into an opportunity and caring city. The City has confirmed its commitment to EPWP by:

- adopting job creation targets aiming to create 150 000 EPWP work opportunities over the implementation period;
- signing the EPWP protocol agreement with the National Department of Public Works;
- signing the annual integrated conditional grant agreement with Public Works; and
- developing the relevant policy and institutional frameworks for the implementation of EPWP in the City's line directorates.

#### **A total of 38 305 EPWP job opportunities created**

The City prioritises the establishment of an enabling economic environment in which to attract investment to Cape Town and ensure job creation. However, given the socio-economic realities of the country, a significant portion of the population still has difficulties accessing employment opportunities.

The EPWP is a means of directly addressing this challenge by providing people with a range of job opportunities in various public-sector programmes and projects.

As a result of the City's commitment, the number of job opportunities created via the EPWP has increased significantly to 38 305 – more than any other city in South Africa. In addition to creating work opportunities and helping to directly combat poverty, the success of the EPWP has resulted in a direct improvement in the roll-out of services to all citizens of Cape Town.

The City's commitment to, and performance in, supporting the EPWP was officially recognised in October 2013 at the National Department of Public Works' Kamosa awards, where it won two of the three awards available. These were as follows:

### **Social sector: Best municipality**

Highlights that contributed to this award included:

- the creation of 4 000 work opportunities through innovative projects;
- the employment of 500 street people to clean cemeteries and kramats;
- the employment of 240 home-based carers focusing on delivering services in Manenberg, Heideveld, Nyanga, Khayelitsha, Gugulethu, Atlantis, etc.;
- the training of 100 young people in partnership with the University of the Western Cape, and their employment through EPWP;
- the employment of 60 unemployed graduates in social sciences as part of the City's drug and substance abuse programme in communities and schools;
- the training of 240 workers to become trainers on the prevention of domestic violence in communities;
- the employment and training of 165 workers in the establishment and maintenance of food gardens;
- the cleaning and greening of health-care facilities; and
- sports coaching and after-school programmes.

### **Environment and culture sector: Best metropolitan municipality**

Significant achievements here include:

- the Kader Asmal river-cleaning project, which created more than 2 300 work opportunities through activities such as the clearing of alien vegetation and river cleaning. The project was also featured on *Carte Blanche*, focusing on the return of flamingos to the Black River; and
- the area-cleaning project, which created more than 10 000 work opportunities.





## OPPORTUNITY CITY OBJECTIVE 1.3 PROMOTE A SUSTAINABLE ENVIRONMENT THROUGH THE EFFICIENT UTILISATION OF RESOURCES

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

The City is committed to conserving and managing Cape Town's unique biodiversity, while promoting natural areas as community spaces that perform a vital ecosystem service as well as a recreational and social function. The social benefits of the biodiversity network include job creation and skills development opportunities, benefitting particularly the surrounding communities. To this end, a number of key projects and initiatives have been planned for the next five years, including the following:

- The proclamation of existing managed areas under the new National Environmental Management: Protected Areas Act.
- The completion and adoption of a bioregional plan. In the year under review, the technical component of this plan was completed.
- Meeting the Integrated Metropolitan Environmental Policy (IMEP) environmental agenda target of conserving 60% of the biodiversity network (BioNet) by 2014. To date, approximately 52% of the BioNet is considered secure.
- Meeting IMEP environmental agenda targets in respect of invasive alien species.
- Continuing to roll out environmental education and outreach programmes to increase the public's ability to access nature reserves and to promote environmental education and awareness. As part of this, the City continues with its environmental capacity-building, training and education programme. A sustainable City communication strategy and umbrella campaign is also being developed, and will be finalised now that the City's recent rebranding process has been completed.
- Ensuring continued management of the existing conserved areas so that the benefits to the community are enhanced. The integrated reserve management plans have now been drafted, also taking into account the inputs received from local communities. In addition, conservation development frameworks are being developed.
- Creating a viable ecological link between Dassenberg Hills and the coast as part of the Dassenberg Coastal Catchment Partnership. In the year under review, the City purchased Klein Dassenberg (253 ha) as well as another 100 ha from the Moravian Church to facilitate development and offset biodiversity in Atlantis Industria. Province has also provided support for the programme.

### *City's commitment to environmental sustainability earns awards*

In December 2013, the City's electricity savings campaign was a joint winner in the Eskom *eta* awards in the category 'Energy-efficiency awareness'.

In March 2014, the City was awarded the title of WWF Global Earth Hour Capital. This prestigious accolade recognises the City's innovative actions on climate change, and its dedication to pursuing the goal of a sustainable urban environment.



### *Conserving biodiversity: our natural capital*

During the 2013/14 financial year, the City's Environmental Resource Management Department (ERMD) continued to implement the BioNet (fine-scale conservation plan). This entails implementing various mechanisms to add critical biodiversity areas to the existing protected-areas network. In addition, ERMD continues to improve the management of the City's nature reserves in order to ensure sound management of our natural heritage.

Notable initiatives during the 2013/14 financial year included:

**Development facilitation through land banking** – The Atlantis industrial incentive scheme includes a land-banking component. This means that key biodiversity properties outside the urban edge are proactively purchased and conserved to mitigate the loss of biodiversity remnants within the urban edge and industrial area of Atlantis, thereby facilitating new investment opportunities in the area. This scheme is supported by Province's Department of Environmental Affairs and Development Planning. This pragmatic approach has great potential, as it facilitates development while ensuring that priority land is added to the conservation estate, thereby securing biodiversity resources and the vital ecosystem services they deliver. In 2013/14, approximately 353 ha was acquired for this purpose.

**The Dassenberg Coastal Catchment Partnership** – The Dassenberg Coastal Catchment Partnership (DCCP) is an ongoing initiative of the City of Cape Town, CapeNature, the Worldwide Fund for Nature (WWF), the Table Mountain Fund, the Wilderness Foundation, the Cape West Coast Biosphere, SANParks, the Western Cape Department of Environmental Affairs and Development Planning and the South African National Biodiversity Institute (SANBI). In the year under review, the City has continued to be an important partner helping to develop this initiative, which aims to create a multi-use conservation area that will link CapeNature's Riverlands Nature Reserve with the coast, and protect critical ecological infrastructure.

**Metro Southeast Strandveld Conservation Implementation Plan (CIP)** – The Metro Southeast Strandveld CIP is a collaborative City-led project including external conservation partners such as CapeNature, the Western Cape Department of Environmental Affairs and Development Planning, and SANBI. Owing to the urgent need for housing development land in the metro southeast, and the rapidly shrinking area of endemic and endangered natural vegetation in the area, this project was initiated to identify a key set of areas required to secure biodiversity resources and vital ecosystem services, and to set aside other, less critical BioNet land for development. A framework and set of maps for this plan was developed and approved in 2013/14, and will be implemented in the next financial year.

### *Encouraging energy efficiency*

The Cape Town solar water heater endorsement programme, approved by Council for implementation from August 2013, is aimed at facilitating the roll-out of high-pressure solar water heaters across the city.

In November 2013, the City launched its residential high-pressure solar water heater programme as part of its ongoing electricity savings campaign. Since this launch, 20 approved service providers have been accredited to install solar water heaters. These service providers have collectively received more than 1 153 requests for information and have installed more than 2 345 solar water heaters. Since its launch in 2013, the programme has contributed more than R42 million in solar water heaters to the economy and has created about 67 job years of employment.



*The City is committed to conserving and managing Cape Town's unique biodiversity for the next generation.*

### Managing the City's own energy impacts

The City has been steadily retrofitting its own administrative buildings, fleet, street lights and traffic lights to lead by example. It was one of the first cities in South Africa to retrofit all its traffic lights with light-emitting diodes, and is now achieving substantial savings as a result of this initiative, which was completed in 2012.

The City has completed comprehensive retrofits in 18 large buildings, with another six buildings currently being retrofitted. More than 80 smart meters have been installed in most large City-owned facilities, and all retrofitted buildings have been equipped with energy management systems. This will provide comprehensive consumption data and profiles within the facilities, which will be used to improve energy management and reduce consumption through behaviour change and awareness. The City has also embarked on a series of fundamental energy management training sessions for staff in retrofitted buildings.

In the past year, the City has installed solar photovoltaic systems in a few key buildings, including a 10 kWp system at Gallows Hill Traffic Department, and a 100 kWp system at the new Electricity Services Department building in Bloemhof. The City has taken many steps in reducing the energy consumption of its vehicle fleet through its Smart Driver training interventions as well as making the switch to more efficient fuels.

The City is busy establishing an internal energy management protocol to provide a standardised and uniform framework and procedure to oversee the implementation of energy-efficient and renewable-energy management projects.

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

#### Reducing water demand and wastage

A key priority for the City of Cape Town is the funding of water demand strategies (WDSs) to enable planned programmes to be implemented to reduce the demand for, and wastage of, water across Cape Town. The main programmes and projects in this regard include:

- the water leaks repair programme;
- the pressure management programme;
- the roll-out of water management devices;
- the treated-effluent reuse programme;
- replacement of broken meters and relocation of other water meters;
- continued education and awareness; and
- the promotion of rainwater harvesting.

In this regard, some of the City's key water conservation efforts in 2013/14 included the following:

- Major and minor pressure management projects that sustainably reduced system water losses, pipe bursts and internal leaks, while having prolonged the reticulation lifespan. This saved the City water and money. The current total annual savings achieved on existing projects are approximately 3,73 million m<sup>3</sup> of water, which equates to around R31 million per year.



In reducing the demand for potable water, 13 of the City's wastewater treatment plants are able to extract and fully treat wastewater.

- Retrofitting and leak-fixing in Samora Machel, Ravensmead and Fisantekraal. The average water saving achieved with this project was approximately 10 kℓ per month per targeted area, translating into a financial saving of between R1,2 million and R1,7 million per year per targeted area. This is over and above ongoing infrastructure upgrades and maintenance.
- The water education consumer perception assessment project, which was undertaken by the Water Conservation Section as part of the Mayor's EPWP project to ensure the application of the most efficient education and awareness strategy to achieve maximum water savings.
- Continued improvements to sanitation access and services for the ever-increasing urbanised population, especially in informal settlements and backyards.
- Ongoing replacement of piping in water and sewerage networks at an average cost of R1 million per kilometre of piping.

#### Water reuse

At present, about 70% of all the water used in Cape Town is channelled into the city's sewer networks as wastewater. This wastewater is then treated and either reused (currently approximately 10% of total wastewater) or discharged into the environment as treated effluent (currently 90% of total wastewater).

Treated effluent is a valuable resource and needs to be integrated with the overall process of reconciling water supply and demand. As at the end of June 2014, the City was discharging approximately 21 357 mℓ of treated effluent into the environment every month. This provides significant potential for the City to meet growing water requirements via effective water treatment.

In reducing the demand for potable water, 13 of the City's wastewater treatment plants are able to extract and fully treat wastewater, which can then be supplied to various customers, including schools, parks, farms and golf courses for irrigation purposes. The City has already expanded its treated-effluent capacity to an estimated 4 935 mℓ/month. This non-potable water is supplied at a reduced cost. The City also utilises this treated water for street cleaning and watering of the

Company's Garden in the city centre. This has resulted in substantial potable water savings for the City, as well as financial savings for consumers.

A detailed feasibility study is under way, which will deliver a comparative assessment of water reuse against other potential water resource development options.

#### Conserving the city's water

Despite having experienced population growth of more than 30% since the 2001 Census, the City of Cape Town has, through careful management, ingenuity and consumer education, managed to stabilise the demand on the Western Cape water supply system (WCWSS). Managing this vital resource is a shared responsibility and, through this partnership with residents, the annual water demand is now growing at 2,3% instead of the near 4% recorded in the period just prior to 2001.

The City measures its overall water losses in terms of pipelines and connection losses, meter inaccuracies and unauthorised water consumption. In the year under review, the City successfully reduced its overall water loss to 14,5%. This is less than all other metros in the country, which maintain a combined average water loss of 29,7%.

#### Partnering with communities to save water

As part of the City's Water Month involvement and its ongoing sustainability education and awareness programmes, a total of 230 semi-skilled workers and supervisors, as well as approximately 100 community artists from areas such as Langa, Dunoon, Masiphumelele, Delft Symphony Way temporary relocation area and Enkanini, were educated and employed through the EPWP to educate their communities about saving water and where to report problems such as leaking taps.

#### Waste minimisation

The City is committed to achieving citywide waste minimisation. Steps in this regard include developing and running waste management facilities, incorporating materials recovery facilities, public drop-off sites, composting, and crushing facilities for builders' rubble. During the 2013/14 financial year, the City has continued to focus on waste streams that have the largest impact on airspace, namely greens and organic waste, recyclables and builders' rubble.



*In reducing the demand for potable water, the City utilises treated effluent water for street cleaning and watering of the Company's Garden in the city centre.*

## OPPORTUNITY CITY OBJECTIVE 1.4:

### ENSURE MOBILITY THROUGH THE IMPLEMENTATION OF AN EFFECTIVE PUBLIC TRANSPORT SYSTEM

The long-term goal of Transport for Cape Town (TCT) is to achieve their 'vision of one', for which nine objectives have been identified, each including specific programmes and projects. This will require the transport-related content in the current IDP to be reviewed.

#### Programme 1.4(a): Public transport programme

##### *Comprehensive Integrated Transport Plan approved*

In December 2013, Council approved the City's Comprehensive Integrated Transport Plan (CITP) 2013 – 2018. The CITP is the strategic plan and roadmap for achieving the new transport agenda in Cape Town, which aims to facilitate a major shift from the old multi-operator approach to one that focuses on integrated transport for the benefit of all commuters.

It further outlines the City's commitment to plan, implement and operate transport in a transparent and accountable manner, so as to improve the transport system for the benefit of all communities across the city.

The approved CITP 2013 – 2018 includes a biannual mini-review. This was completed and approved by Council in June 2014, and serves as an addendum to the approved CITP. The need for the mini-review stems from the following:

- A commitment to address the items identified in the CITP under the mini-review immediate-term priorities
  - The need to address the comments made by the MEC when approval was granted for the CITP 2013 – 2018
  - Alignment of the approved CITP with the relevant financial management timelines and the City's Medium-Term Revenue and Expenditure Framework (MTREF)
  - Parking Policy
  - Universal Access Policy
  - Development Contribution Policy
  - Road Safety Strategy
  - Memorandum of understanding between Province, TCT and Golden Arrow Bus Services
  - The creation of TCT as the country's first transport authority that has been registered as a World Design Capital 2014 legacy project
- The mini-review also addressed the following policies, strategies and interventions approved by Council in December 2013, and which provide positive, implementation-oriented service delivery mechanisms:
- Approved and gazetted TCT Constitution by way of By-law No. 7208 of 2013
- After the TCT Constitution By-law No. 7208 of 2013 had been gazetted, there was a need to develop long-term strategies to give effect to the by-law. These strategies are as follows:

Table 3.8: Transport for Cape Town strategies

Strategy	Timeline	Description
A	3 years	Consolidation of the TCT transport authority model with the focus on performance-oriented service delivery
B	5 years	Consolidation of the TCT transport authority financial management strategy and investment logic under the Municipal Land Transport Fund
C	10 years	Roll-out of the integrated road and rail methodology with the focus on one brand, one ticket and one integrated timetable
D	15 years	Ensuring that costs of the user access priority are halved for the benefit of the citizens of, and visitors, to Cape Town

#### *Making accessible transport a reality for all*

A hierarchical, multidirectional accessibility grid for Cape Town will form the foundation for the routing and service design of an integrated public transport network (IPTN). The intention is ultimately to ensure that at least 80% of the city's population is within 500 m of a high-quality public transport system.

In moving towards an IPTN for Cape Town, the City recently completed the IPTN Plan, outlining the network of public transport routes that are planned to serve Cape Town in the future. The network plan is based on a future land use scenario that takes transit-oriented development (TOD) principles into account. It covers extensions to the rail network, such as Blue Downs rail line, the doubling of the Strand rail line and other improvements. The plan also includes the alignment of 14 BRT main lines supported by a distributor route, as well as scheduled and unscheduled feeder services. The feeder services not only provide access within the local areas, but also link up with the rail and BRT



Council approved the Cape Town IPTN Plan for 2032 on 25 June 2014. The plan is the first of a suite of documents relating to the IPTN, and will be followed by the operations plan, the implementation plan and the business plan in 2014 and 2015. The purpose of each document is outlined in the figure below:

## IPTN Package of plans

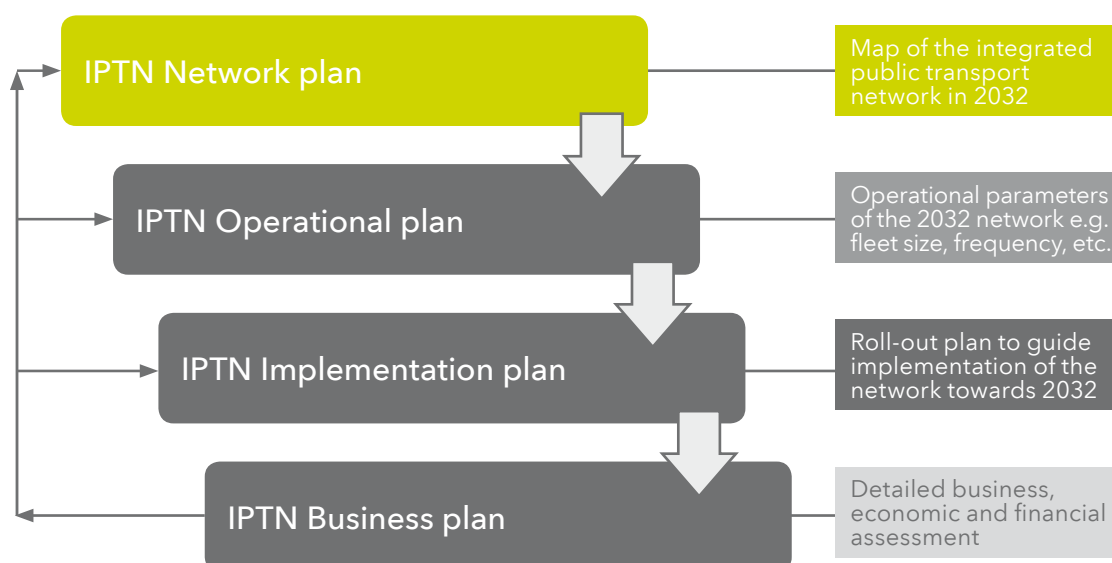


Figure 3.4: The City of Cape Town's integrated public transport network plans

### Maintaining Cape Town's road infrastructure

For any city to operate effectively and efficiently, an adequately funded and resourced, well-developed and well-maintained road and street network is essential. The Cape Town network comprises 9 819 km of roads and streets, as well as approximately 1 850 bridges and other ancillary elements, such as subways, retaining walls, guardrails, footways, cycle ways, signs and sign gantries.

The effective operation and maintenance of this enormous network greatly affects the efficiency of transport of people and goods into and within the city. At the same time, demand for streets and associated services for social housing places huge pressure on capital and operating budgets.

The City will be upgrading and expanding Cape Town's public transport interchanges over the next five years to accommodate the growth in demand for access and mobility. Altogether 25 high-commuter-traffic interchanges will receive special focus as part of the project, which is anticipated to cost around R321 million. This improvement programme forms part of the City's mobility strategy, which supports the development of a balanced transport system. It focuses on all elements of the transport system, including rail, bus, taxi, cycling, pedestrians, parking management, freight and traffic management information and data. This will be undertaken under the banner of Transport for Cape Town so as to ensure synergy and a collaborative approach.

In line with the City's IDP, the following major road upgrades and maintenance projects have been started or were completed in 2013/14:

Table 3.9: Major road upgrades and repairs in 2013/14

Project	Status
Main Road reconstruction – Muizenberg to Clovelly	Phase 2 completed, phase 3 commenced
Ou Kaapse Weg/Steenberg Rd intersection improvement	Completed
AZ Berman, Mitchells Plain, rehabilitation	Completed
Spine Road, Mitchells Plain, rehabilitation	Completed
Eisleben, Mitchells Plain, rehabilitation	Completed
Otto du Plessis, Melkbosstrand, rehabilitation	Commenced
Glencairn expressway	Completed
Swartklip Road	Completed
Mission Grounds, Sir Lowry's Pass Village	Second-phase construction completed
Concrete road upgrades in Gugulethu, Heideveld, Bonteheuwel and Manenberg	All projects commenced, Heideveld close to completion



From a structural perspective, the following maintenance work has been, or will soon be carried out:

- Victoria Road bridge over rail (Plumstead) upgrade – consultant appointed for the design
- Mnandi pedestrian bridge over Baden Powell Drive – work in progress to replace stolen ballustrades
- De Smidt steps – rehabilitation in progress
- Glencairn retaining wall – phase 2 commenced

### Programme 1.4(b): Rail service improvement and upgrade programme

An investigation was undertaken into the requirements to construct and implement services on the Blue Downs rail corridor as approved by Council in September 2012. This was subsequently approved by the Passenger Rail Agency of South Africa (PRASA) for implementation.

PRASA has also given approval to proceed with the construction of Bloekombos Station in Kraaiifontein East. Council endorsed and approved this initiative in June 2014.

### Programme 1.4(c): Bus rapid transit (BRT) programme

Phase 2 of the City's BRT system is defined as the metro southeast area, and is responsible for most of the total public transport activity in the metropolitan area. Years of planning, research and investigation have identified critical

missing transport links in the public transport system serving this area, where BRT could have a significant impact. The adoption of the IPTN plan by Council on 25 June 2014 has given the necessary direction to proceed with the more detailed planning and design of a phase 2A, which will be a MyCiTi service along the Wetton Lansdowne corridor. In order to provide additional short-term capacity, the City has proceeded with the implementation of a pilot MyCiTi express service linking Khayelitsha and Mitchells Plain with Cape Town.

### MyCiTi passenger numbers show steady increase

Since the MyCiTi bus service was first implemented, the City has invested R4,6 billion in this vital service to the people of Cape Town. The value of this investment is evident from the phenomenal uptake of the service by commuters looking for alternative public transport. Passenger numbers steadily increased every month from November 2013 to February 2014. A total of 402 880 passenger trips were recorded for November 2013, escalating to 761 000 in February 2014, which represents a phenomenal increase of 89% for the period. The sale of myconnect cards has also exceeded expectations, and interventions to address bus schedule adherence are yielding results.

### Meeting rising demand for MyCiTi services

From the launch of the MyCiTi system to the end of June 2014, an estimated 15 152 715 passengers have travelled on the MyCiTi buses, as set out in the table below:

Table 3.10: Passenger usage of MyCiTi services

Categories of service	From 2010 (start of service), including 2013/14	2012/13 financial year	2013/14 financial year
Standard MyCiTi services	14 252 898	2 934 418	7 749 276
Airport	426 291	100 315	16 119
Events	473 526	78 596	65 285
Total	15 152 715	3 113 329	7 830 680

Surpassing 15 million passenger trips was a significant milestone for the service, and indicates that the residents of Cape Town have embraced Transport for Cape Town's vision. The MyCiTi project is a key component of efforts to overhaul public transport in the city and to redress the negative impacts of apartheid-era spatial planning, which relegated many residents to the margins of Cape Town.

In the 2013/14 financial year, MyCiTi added services within the Cape Town inner city, now servicing Salt River, Gardens, Vredehoek and Oranjezicht as well as Sea Point, Camps Bay and as far as Hout Bay. Services were further extended along the West Coast, with MyCiTi now operating in Melkbosstrand and further north in Atlantis. The service in Table View was extended with additional feeder routes, while the main service from Cape Town Civic Centre to Table View was extended to Dunoon, providing much-needed public transport options for the residents of the area.

In July 2014, the City launched an express service between Khayelitsha and Mitchells Plain and central Cape Town. The express service was planned to start on 5 July 2014, and will continue until PRASA finishes its planned modernisation of the service from Khayelitsha to central Cape Town. At that stage, the express service will be reassessed. The aim of the new services is to complement the City's rail service and to meet the needs of commuters on high-demand corridors.

In line with this ongoing expansion, the following vehicles were added to the MyCiTi service during the year under review:

- 9 Scania 12 m high-floor buses, supplementing the remaining vehicle requirements on main routes for phase 1. Delivery of the bulk of the 66 Scania vehicles was expected by December 2014.
- 221 Optare 9 m buses supplied by Busmark 2000
- 7 Volvo 12 m low-floor buses for the N2 express service. Delivery of the bulk of the buses was expected by December 2014.





## Programme 1.4(d): Travel demand management programme

### Travel Demand Management Strategy review

The City developed a Travel Demand Management (TDM) Strategy in 2007. Chapter 8 of the CIP, which was approved at the end of 2013, further developed the TDM Strategy. Given the discussions on the importance of travel demand management during 2013/14, the City will be updating the TDM Strategy in the 2014/15 financial year, incorporating recent developments and adding more outcomes-based interventions.

### Helping Capetonians to travel "SMART"

In 2012, the City launched an innovative programme to change travel behaviour, called Travel SMART. The programme aimed to encourage and support commuters in making more informed and sustainable travel choices in order to reduce single-occupancy vehicle (SOV) use and vehicle emissions.

The focus of Travel SMART is to develop partnerships with large organisations and help them support their employees to choose more sustainable ways of travelling, both to and from work and during the working day. A pilot programme, which consisted of a partnership between the City, Province and another five large employers in central Cape Town, was implemented.

Travel SMART interventions include promoting:

- public transport;
- NMT (walking or cycling);
- lift clubs (car-pooling);
- the introduction of flexible work programmes for employees;
- staff bike-sharing; and
- efficient driving practices.

A study has recently been undertaken to develop a framework to guide the selection of appropriate Travel SMART interventions to achieve predictable and measurable change in travel behaviour. In addition, an analysis of transport users is being conducted, including the profiling of characteristics that influence travel behaviour, as well as the quantification and sizing of target groups for specific interventions.

Travel SMART supports the development of a green economy by promoting low-carbon, low-energy growth, and was selected as one of the flagship projects of Province's GREEN Campaign.

### Continued progress with non-motorised transport facilities

In 2009, the City of Cape Town embarked on the citywide NMT programme to develop a comprehensive NMT network plan for the whole of Cape Town. The objectives of the programme are to expand the City's NMT infrastructure and encourage walking, cycling and other forms of active mobility (such as skateboarding) as modes of travel for commuting and recreational purposes. The creation of safer pedestrian and cycling environments also features among the City's aims. The planning and design for NMT projects also incorporate universal access/design improvements, soft and hard landscaping, bicycle parking/seating facilities and overhead lighting.

For the purposes of the programme, the city was divided into four regions (central, north, south and east). Multidisciplinary consulting teams were appointed for each of the regions, first to develop a conceptual NMT network plan per region, and then to commence with detailed design, tender documentation and contract management.

The conceptual NMT network planning was informed by pedestrian and bicycle user groups, trip generators (schools, clinics, shopping, etc.), public transport stops and stations, accident information and existing local NMT networks.

To date, the following NMT projects have been completed under part 2 of the citywide NMT programme:

- Kraaifontein phase 1 and 2 – major roads in Kraaifontein, Scottsdene, Northpine and Wallacedene, including a section of Old Paarl Road
- Military Road, Steenberg – from St Christopher Avenue to Henley Road, including Deposition Crescent, Hek Road and St Christopher Avenue; Prince George Drive from Military to Vrygrond Avenue, including Vrygrond Avenue
- Atlantis – area-wide NMT improvements along major roads
- Bonteheuvel Station to central city – NMT improvements along major roads
- Freedom Way in Phoenix and Democracy Drive, Milnerton
- Langa area NMT – along Bhunga Road, Sandile Street, Jungle Walk and Washington Drive, as well as roads leading to public transport facilities
- Weltevreden Parkway in Mitchells Plain
- Merrydale Road in Mitchells Plain
- De Waal and Victoria roads, including Dick Burton (NMT movement from Grassy Park to Plumstead employment areas)
- Concert Boulevard in Retreat
- NY1 and NY3 in Gugulethu
- Delft Main Road phase I
- Belhar/Delft Road phase II
- Delft Main Road phase III
- Rondebosch Common

The following NMT projects are currently under construction:

- Range Road in Blackheath towards the rail station
- Forest Drive and Bobs Way in Eerste River
- Hout Bay Main Road from Nelson Mandela Road to OR Tambo Road
- Albert Road from Station Road in Observatory to Station Road in Woodstock area
- Schaap Road from Klip Road to 11<sup>th</sup> Avenue, Grassy Park

Further NMT projects are already in the tender and/or design stages for future implementation.

### Creating jobs through transport development

NMT projects are well suited to job creation via EPWP principles. For this reason, local communities and emerging contractors are incorporated at construction stages, wherever possible. The EPWP principles have been applied to NMT projects since July 2011, with 315 jobs having been created. Employees participate in accredited training, and can therefore use their certificates when looking for other jobs afterwards.



## MyCiTi recognised as a world leader in universal access

In February 2014, MyCiTi's Universal Accessibility Policy was recognised as one of the most innovative policies in the world in terms of ensuring that all special-needs passengers are able to make use of the service. The MyCiTi system was highlighted at an international summit on accessibility, which was attended by more than 400 experts on accessibility and disability from across the world, for being the first universally accessible transport system in South Africa.

The accolade recognised that all 35 MyCiTi stations and 161 roadside bus stops are universally accessible; that all 379 buses have level boarding, spaces for wheelchairs and an audio LED screen; that the system contains a 22,4 km network of accessible walking and cycling pathways, and that 15 000 daily passengers have been recorded in 2013.

According to the Scientific Advisory Board of Zero Project, the organisation that presented the award, the MyCiTi IRT system stands out for its commitment and ability to create accessibility, as its Universal Access Policy is a comprehensive, long-term and multilevel effort that includes universal design and attention to the entire journey.

## Innovative MyCiTi fare system enhances transport access for all

In August 2013, MyCiTi introduced an innovative distance-based fare system to replace its previous flat fare system. The new system calculates fares based on the distance travelled by passengers, rather than a flat rate for entire routes, thereby saving commuters money in transport costs. The two main principles behind the new system are that the fares should be comparable to those charged by other bus services and the minibus-taxi industry, and that they must minimise the cost deficit of the system.

## Programme 1.4(e): Intelligent transport systems programme

The 2013/14 financial year saw the completion of a substantial upgrade to the City's central traffic signal control system. State-of-the-art hardware and software were procured and commissioned to improve system capability and ensure reliability into the future.

The roll-out of the Cape Town freeway management system continued as part of a multiyear contract supported by the

City, the Province as well as the South African National Roads Agency Limited (SANRAL). Enhancements to the system included the installation of advanced traffic monitoring equipment on all freeways, as well as weather stations to monitor conditions that might adversely affect road safety.

Work also began on plans to extend the Goodwood-based Cape Town Transport Management Centre (TMC) in anticipation of the expanded role that the City will play in the management of subsidised bus services and the provision of real-time transport information to the public.

## Programme 1.4(f): Institutional reform programme

Since the establishment of TCT, ongoing institutional reforms have been taking place. To date, the following has been achieved:

- TCT's Constitution, By-law No. 7208 of 2013, gazetted and now operating
- TCT long-term strategy developed
- Action plan matrix and various project plans completed
- Commencement of the appointment of TCT senior staff, and transition from old Transport, Roads and Stormwater structure to new TCT structure
- Eight organograms completed, loaded, and cost centres changed
- Two contract agreements (municipal regulating entity and contracting authority) finalised
- Two agency agreements (municipal regulating entity and contracting authority) finalised
- Memorandum of understanding signed between Province, Golden Arrow Bus Services and TCT
- Intermodal Planning Committee constituted and first meeting held
- New TCT brand completed

The City is still awaiting the approval and assignment of the contracting authority and municipal regulating entity functions by the National Minister of Transport, followed by promulgation in the Government Gazette by the President.



## OPPORTUNITY CITY OBJECTIVE 1.5

### LEVERAGE THE CITY'S ASSETS TO DRIVE ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT

The City has initiated a programme to unlock the development potential of underutilised municipal land in previously disadvantaged communities in order to promote economic growth and job creation.

The process includes the identification of suitable, underutilised Council properties in poorer communities, conducting of feasibility studies, development of the concept, land use and statutory approvals, the tendering process, and contracting with the private sector to lease/own, finance, construct and operate such developments.

Opportunities for the development of retail, commercial, residential, industrial and social facilities will be unlocked through this process, and will be presented to the private sector for implementation. Properties prepared and packaged

for the market will be released in accordance with a structured property release programme, and will include areas such as Khayelitsha and Mitchells Plain.

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

The City is working towards the development of an immovable-property asset management framework that will incorporate international best practice, including managing and performance-measuring portfolios of immovable property assets over the full life cycle (planning, acquisition, holding/utilisation and disposal), reporting on performance, and aligning immovable-property objectives with the strategic focus areas of the IDP.





## OPPORTUNITY CITY OBJECTIVE 1.6

### MAXIMISE THE USE OF AVAILABLE FUNDING AND PROGRAMMES FOR TRAINING AND SKILLS DEVELOPMENT

**Programme 1.6(a): Sectoral education and training authority (SETA) and EPWP funding used to train apprentices and create other external training opportunities. Training of apprentices for vacant posts in the administration and the city**

The City offers a wide range of training opportunities to unemployed youth. These include apprenticeships and learnerships in various disciplines, in-service training to students, postgraduate internships and external bursaries.

During the period under review, the targets set at the start of the 2013/14 financial year were significantly exceeded through both the allocation of additional funding in the mid-year review and through the dedication of line departments to take on the responsibilities of transferring skills. This programme will continue to be expanded through additional funding from SETA and partnerships with other levels of government in future.

The City has exceeded its target of creating 900 external opportunities by providing 1 487 external opportunities, consisting of students, apprentices and external bursaries.

Apprenticeships increased from 314 to 327 with the inclusion of a programme funded by Western Cape Government. In-service training opportunities increased from 788 to 916, and external bursaries from 166 to 244. The fields of study for bursaries were awarded based on the scarce and critical skills identified within City directorates' staffing strategies. Approximately 80% of the bursary students were appointed in the administration.

An awards ceremony was held in 2013 to celebrate the achievement of learners who passed their level 4 national examination. These learners were each awarded certificates in the different learning areas for academic excellence by Province's Education Department.

#### **City's programmes delivering positive results**

In the year under review, the City rolled out the Mayor's accelerated (18-month) apprenticeship programme to the three major departments within the Utility Services Directorate. Ninety apprentices were recruited across the trades of auto-electrician, boilermaker, bricklayer, carpenter, diesel mechanic, fitter, painter, plumber and welder. Upon completion of the programme in May 2014, a total of 86 apprentices successfully passed their trade tests, 75 of whom were given permanent positions.

A further 273 artisans are still working toward completing their artisanship.

The majority of the participants are from previously disadvantaged backgrounds, including a substantial number of female trainees, which is in line with the City's commitment to facilitating redress and making progress possible through working with Cape Town's young talent.

#### **City's apprenticeship programme is changing futures for young Capetonians**

Athi Ntombini, a 24-year-old rapper from Mandalay in Mitchells Plain, recently became one of the promising young apprentices to be appointed by the City of Cape Town upon completion of his training and trade test in 2013. Athi was appointed as an electrician in the City's Utility Services Directorate. He is now involved with the City's R5 million electrification redress project in Sweet Homes in Philippi, where he is making a tangible difference in the improvement of the quality of life for residents of this informal settlement.

What's more, thanks to the training Athi has received, and his subsequent permanent appointment at the City, he now has financial independence, freedom of choice, and a rewarding career in serving the residents of the city. He is just one of many young Capetonians who are being given these opportunities, with many others currently being trained as carpenters, auto-electricians, welders, fitters, plumbers, diesel mechanics, painters, boilermakers and bricklayers within the City's Utility Services Directorate.

In November 2013, 232 AET level 4 learners were registered to write their national examinations in different learning areas, including Life Orientation, Mathematical Literacy, Travel and Tourism, and Small, Medium and Micro Enterprises. All of these learners achieved academic excellence in the past financial year.

Overall, just less than 10% of all new appointments in the 2013/14 financial year were drawn from the City's external training programme, highlighting the success of preparing these young people for jobs in the formal sector.





## STRATEGIC FOCUS AREA 2

### THE SAFE CITY

For the City of Cape Town, creating a safe city involves far more than merely responding to crime. Safety extends beyond the law enforcement function, but rather includes positive action across the full spectrum of development challenges facing residents of Cape Town. Therefore, a key strategy for the City is to partner with communities in its efforts around social crime prevention, disaster response and management, and ongoing urban regeneration.

In order to position Cape Town as a safe city, the following five key objectives – each with its own underpinning programmes – were identified in the 2013/14 review of the City's IDP: Table 3.11: IDP objectives and programmes for SFA 2

Objective	Programme	Page in 2013/14 IDP review	Page in this report
2.1: Expanding staff and capital resources in policing departments and emergency services to provide improved services to all, especially the most vulnerable communities	2.1(a): Increase in operational staff complement	57	65
2.2: Resource departments in pursuit of optimum operational functionality	<ul style="list-style-type: none"> <li>• Development of a vehicle replacement policy</li> <li>• Invest in specialised units in line with international best practice</li> </ul>	57	65
2.3: Enhance information-driven policing with improved information-gathering capacity and functional specialisation	2.3(a): Improved efficiency through information and technology-driven policing	58	66
	2.3(b): Intelligent crime prevention	59	66
2.4: Improve efficiency of policing and emergency staff through effective training	2.4(a): Training and human resources development	59	67
2.5: Improve safety and security through partnerships	2.5(a): Strengthen community capacity to prevent crime and disorder	61	67

This section of the 2013/14 annual report offers a review of the progress made against each of the objectives and their underpinning programmes in the past financial year.

#### Key safe city achievements in 2013/14

- Reduced number of accidents at Cape Town's five highest accident-frequency intersections
- Significant improvement in the recovery of fine income owed to the City
- 83% of emergency incidents responded to within 14 minutes from initial call
- Melkbos Fire Station completed and now fully operational
- 99,99% of Fire and Rescue Service's capital budget spent
- Hazard-specific plans formulated
- Municipal Disaster Risk Management Plan updated and revised, giving effect to the recent comprehensive disaster risk assessment
- Numerous emergency exercises successfully conducted to test disaster risk management plans





## SAFE CITY OBJECTIVE 2.1

### EXPANDING STAFF AND CAPITAL RESOURCES IN POLICING DEPARTMENTS AND EMERGENCY SERVICES TO PROVIDE IMPROVED SERVICES TO ALL, ESPECIALLY THE MOST VULNERABLE COMMUNITIES

#### Programme 2.1(a): Increase in operational staff complement

##### *Externally funded member programme continues to grow*

The City's externally funded policing programme was launched in 2008 to enable the private sector to secure the dedicated services of members of the City's policing departments for specific areas. During the 2013/14 financial year, support for this initiative continued to grow, and 186 additional, privately sponsored law enforcement officials have now been deployed in specific areas of the city.

##### *Auxiliary Law Enforcement Service*

The City's Auxiliary Law Enforcement Service was established to allow for the deployment of volunteer law enforcement officers. To date, the City has received nearly 800 applications for this service. A total of 79 applicants have successfully completed the training. In addition, 15 of the officers (or 'specials', as they are known) have secured employment with the City on a contract basis.

##### *Creating jobs while keeping people safe*

The festive season places significant strain on the City's fire and rescue services. At the end of 2013, it prepared for this pressure by employing 120 seasonal fire-fighters, whose primary mandate was to keep any vegetation fires under control.

In addition, resources were employed through the EPWP to inspect and clean fire hydrants, man the fire station watch-rooms and carry out maintenance tasks around the stations. This has freed up trained fire-fighters to concentrate on fire-fighting operations, particularly in the city's informal settlements, where fires can have a rapid and devastating impact.

The City's Fire and Rescue Service has also trained a further 30 reservists, who provide support to their full-time colleagues in the field. The reservist programme is designed to recruit and train 30 volunteers per year in order to eventually form a trained reserve of 240 over the next five to six years.

##### *Ensuring safety on public transport interchanges*

The Public Transport Interchange Unit comprises 33 law enforcement officers stationed at various major public transport interchanges. The Unit's activities supplement the security provided by various private security companies, the City's Metro Police and the South African Police Service.

##### *Marine and Environmental Unit builds capacity*

During 2013/14, members of the City's Marine and Environmental Law Enforcement Unit underwent months of intensive training as part of the City's investment in enhancing

the capacity of this vital unit to perform its important policing duties. Training covered various disciplines, including firearm and rifle-handling, lifesaving, and skipper competency.

The Unit has also been provided with eight vessels, including a 7,5 m patrol boat and three jet-skis, to patrol the city's coastline and engage in regular joint operations with the South African Border Police, the Department of Agriculture, Fisheries and Forestry, and the Table Mountain National Park Marine Unit.

## SAFE CITY OBJECTIVE 2.2

### RESOURCE DEPARTMENTS IN PURSUIT OF OPTIMUM OPERATIONAL FUNCTIONALITY

The City's Safety and Security Directorate has established 14 specialised policing units to focus on specific priority crimes, particularly through intelligence-driven policing.

##### *A plan to address gangsterism*

In January 2014, a meeting of relevant stakeholders identified seven pilot hot spots of gang activities in the city. A process was put in place to devise a plan to address violent crimes associated with gangsterism, particularly in these areas.

Each of the geographical areas has had a task team assigned to it, comprising:

- Cape Town Metro Police Department area members, including a first-line supervisor;
- members from the Special Investigations Unit;
- members of the Metro Police Gang Unit;
- a Metro Police area superintendent; and
- reserve teams.

##### *Drug Task Team established*

In November 2013, the City established a Drug Task Team with the aim of raising its effectiveness in combating drug-trafficking crimes in designated areas, such as Long Street in Cape Town. The mandate was subsequently extended to those areas in Cape Town that have been identified as centres of narcotic distribution, transportation, smuggling and other drug-related activities.



Safety extends beyond the law enforcement function, but rather includes positive action across the full spectrum of development challenges facing residents of Cape Town.

## SAFE CITY OBJECTIVE 2.3

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

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

##### *Committed to quicker response and better communication*

The City's emergency response target is set at no more than 14 minutes from call receipt to arrival on the scene in at least 75% of emergencies. In the year under review, the City's emergency response services exceeded this target by responding to 83% of emergency calls within 14 minutes or less. Also during the 2013/14 period, the City's Public Emergency Communication Centre dealt with a total of 550 115 calls, 93% of which were answered within 20 seconds.

#### Programme 2.3(b): Intelligent crime prevention Policing

The City has three policing departments, namely Metro Police, Traffic Services, and Law Enforcement and Specialised Services. During the period under review, 214 825 citations were issued for by-law offences across the city. Significant results were also achieved in the combating of illegal land invasions, with 100% of reported cases having been successfully managed. This in effect means that land invasions were prevented in Cape Town over the 12-month reporting period.

##### *Emergency services*

City Emergency Services are made up of the 107 Emergency Call Centre, the Fire and Rescue Service and the Disaster Risk Management Centre. In the year under review, the Fire and Rescue Service dealt with 32 916 incidents, 19 201 of which were medical or trauma incidents (which do not fall within the ambit of the service's core functions).

##### *Traffic services*

For the period 1 July 2013 to 30 June 2014, the Traffic Services Department issued 2 102 849 traffic fines. Most of the fines issued (1 121 247) were for speeding motorists. Fines were also issued for drivers disobeying red robots and stop signs, as well as overtaking illegally, to name but a few.

During the same period, Traffic Services arrested a total of 2 809 drivers for driving under the influence, and 370 for reckless driving. Altogether 64 064 warrant executions were finalised. In total, 67 869 motorists were dealt with in terms of arrest procedures. Other arrests included those relating to public transport, illegal firearms, drug possession and fraudulent documentation. The Department has also attended to many situations requiring traffic management, with approximately 1 788 events monitored or assisted by traffic officers during the financial year.

Traffic Services has placed particular emphasis on policing illegal public transport operations and street racing, and has achieved much success in this regard. Numerous arrests were made and many fines issued, with a hard stance taken against vehicles that are not fit to be used on public roads. Approximately 2 000 taxis were impounded for offences relating to illegal public transport.

##### *Vice Squad*

The City's Vice Squad continues to play a vital role in combating human trafficking. It continued its focus on brothel inspections during the financial year under review, and managed to inspect 1 617 premises. The Unit is also responsible for policing sex solicitation in Cape Town.

##### *The Metals Theft Unit*

This unit continued to enjoy significant success in conducting unannounced inspections at both scrapyards and so-called 'bucket shops' (informal scrapyards run illegally from residential premises).

##### *Combating drug and alcohol abuse*

During the year under review, the Metro Police Department continued to clamp down on Cape Town's illegal drug and alcohol trade, and numerous intelligence-led operations led to the disruption of many dealing activities and 2 138 arrests for drug-related crimes.

Also during the 2013/14 financial year, the City's Law Enforcement and Specialised Services Department's Liquor Control Unit continued to step up its action against illegal liquor trading. The Unit conducted 2 679 inspections of suspected illegal liquor-trading premises, and closed down a number of shebeens.

##### *Promoting road use compliance*

The City's Traffic Services Department has an Operations Section, which undertakes specialised and general enforcement activities, provides road safety education at schools, and manages traffic at all events affecting Cape Town's roads.

The City follows a strong partnership-based approach to traffic services, and has renewed its contracts with Outsurance, which will be funding a mobile traffic service, and Century City Property Owners' Association, which is the first private body to agree to pay for the services of a dedicated, qualified traffic officer. The City has provided funding for additional operational personnel, who will commence duty in the new financial year.



## SAFE CITY OBJECTIVE 2.4

### IMPROVE EFFICIENCY OF POLICING AND EMERGENCY STAFF THROUGH EFFECTIVE TRAINING

#### Programme 2.4(a): Training and human resources development

##### *Training for sustainable excellence*

Between July 2013 and June 2014, the City facilitated the basic training of 32 learners in its specialist traffic and metro policing courses. A total of 2 369 staff across the Safety and Security Directorate have now received this valuable in-service training since the courses were first implemented in 2011.

Particular in-service training successes for the year under review included the following:

Table 3.12: In-service training for staff of the City of Cape Town's Safety and Security Directorate

Training	Participants
Legislative firearm refresher training	800 Safety and Security staff
Accredited training endorsed by the South African National Equestrian Federation	Seven staff members of the Equestrian Unit
Motorcycle training	63 staff, including two SAPS members
Peace officer and traffic warden training	39 staff, including some from external departments such as Environmental Health, Heritage and Solid Waste
Traffic warden training	118 staff
Legislative training in section 49(2) of the Criminal Procedure Act 51 of 1977	130 staff
By-law training	180 staff
Driver training	26 staff

\*This high-level training now protects the City against vicarious liability.

## SAFE CITY OBJECTIVE 2.5

### IMPROVE SAFETY AND SECURITY THROUGH PARTNERSHIPS

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

##### *Neighbourhood watch support programme helps build safer communities*

The City continues to work closely with neighbourhood watch organisations to boost social crime prevention efforts and to build partnerships against crime with communities as part of the administration's commitment to create a safe city. The neighbourhood watch support programme, which started out as the Neighbourhood Watch Task Team in 2008, drives the establishment of neighbourhood watch organisations across the city and ensures ongoing support, including the training of members by the City and Province's Department of Community Safety.

The Safety and Security Directorate manages this support programme through its Community Liaison Office. During the year under review, the City allocated an additional R1,4 million to the programme as part of its adjustment budget.

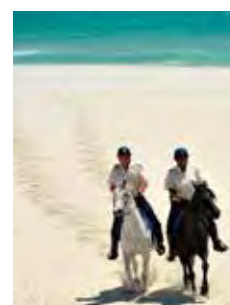
The neighbourhood watch organisations are issued equipment, including reflective jackets, rechargeable flashlights, two-way radios, whistles, tools for graffiti removal, and bicycles to assist with patrols. They are also trained in various aspects of social crime prevention, including dealing with drugs and street crime, removing graffiti, gang reduction, and working with law enforcement agencies.

The training is structured so as to encourage trainees to move away from the old 'patrol-search-arrest' paradigm, which may foster vigilantism, to a safer and more efficient 'projects' approach.

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

##### *Cross-directorate cooperation helps reduce fire risks*

The City has implemented a range of engineering solutions aimed at minimising the risk of extensive fire damage in informal settlements. One key initiative is the re-blocking of informal settlements. This involves the grouping and reformatting of structures in the settlements to optimise space, enhance security and improve fire prevention and service delivery access. The City is also engaging with various suppliers of innovative fire prevention solutions, from retardant paints and safer shack designs to less risky lighting units. The viability of providing fire extinguishers to communities is also being tested.





## STRATEGIC FOCUS AREA 3

### THE CARING CITY

*The City of Cape Town is committed to becoming more caring and to building a metro in which all people feel at home, have access to the services they need, and where those who need help know they will receive it. Building such a caring city requires investment in social and environmental resources, ranging from human settlements – which include informal settlements – to social services, community facilities and others.*

In order to position the City of Cape Town as a caring city, the following eight key objectives – each with its own underpinning programmes – have been identified:

Table 3.13: IDP objectives and programmes for SFA 3

Objective	Programme	Page in 2013/14 IDP review	Page in this report
3.1: Provide access to social services for those who need it	3.1(a): Number of targeted development programmes	66	69
3.2: Ensure increased access to innovative human settlements for those who need it	3.2(a): Innovative housing programme	69	71
	3.2(b): Use property and land to leverage social issues	70	72
	3.2(c): Partner with Province in education and school sites	70	72
	3.2(d): Integrated human settlements programme	70	73
	3.2(e): Densification programme	71	76
3.3: Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria	3.3(a): Rental stock upgrade programme	71	77
	3.3(b): Rental stock disposal programme	71	77
3.4: Provide for the needs of informal settlements and backyard residences through improved services	3.4(a): Anti-poverty programme	72	78
	3.4(b): Service delivery programme in informal settlements	72	78
	3.4(c): Backyarder service programme	75	79
	3.4(d): Energy services programme	76	79
3.5: Provide effective environmental health services	3.5(a): Environmental health-care programme	77	80
3.6: Provide effective air quality management and pollution (including noise) control programmes	3.6(a): Measuring the number of days when air pollution exceeds World Health Organisation guidelines	78	80
3.7: Provide effective primary health-care services	3.7(a): Primary health-care programme	79	81
	3.7(b): Perception survey score on the provision of primary health-care services	79	81
3.8: Provide substance abuse outpatient treatment and rehabilitation services	3.8(a): Primary health-care programme: Number of substance abuse outpatients provided with alternative constructive behaviour	80	81

This review of SFA 3 offers an overview of the City's performance against the objectives mentioned above, and its progress in terms of the implementation of the associated programmes.

### Key caring city achievements in 2013/14

- 3 393 EPWP jobs created by the Social Development and Early Childhood Development Directorate
- Won two of the three available National Department of Public Works Komosa awards
- 77,3% of transferred Urban Settlements Development Grant spent
- 55 social development projects implemented using ward allocation funding
- Limited the number of days when air pollution exceeded RSA ambient air quality standards to zero (against a target of 25 days)
- Achieved cure rate of 83% set for new smear-positive tuberculosis
- 40 recreation hubs established
- 879 community initiatives held at parks
- 347 reading programmes held at libraries
- 2 028 water service points (taps) provided
- 5 916 sanitation service points (toilets) provided
- 4 391 subsidised electricity connections installed
- 5 718 serviced-site housing opportunities provided
- 3 647 top-structure housing opportunities provided
- 1 046 rental units transferred to housing beneficiaries

## CARING CITY OBJECTIVE 3.1

### PROVIDE ACCESS TO SOCIAL SERVICES FOR THOSE WHO NEED IT

#### Programme 3.1(a): Number of targeted development programmes

##### *Enhancing the City's social development offering*

The City, primarily through its Social Development and Early Childhood Development Directorate, provides social services and early childhood development (ECD) to those who need it. The Directorate's core purpose, therefore, is to create opportunities and an enabling environment for communities to meet their developmental needs so that they can become resilient and self-reliant, thereby enabling them to participate in the global economy.

As part of its ongoing efforts to remain relevant and effective, the Directorate undertook a business improvement process in the year under review. This included a comprehensive review and redevelopment of its policies in line with the City's Social Development Strategy, the definition of the Directorate's full basket of services, and the revision of service delivery and budget implementation plans in accordance with this newly defined basket of services. In addition, the following policies were reviewed or developed in the year under review:

- Street People Policy (reviewed)
- Early Childhood Development Policy (reviewed)
- Youth Development Policy (reviewed)
- Vulnerable Groups Policy (new)
- Prevention and Early Intervention of Alcohol and Other Drug Use Policy (new)
- Food Gardens Policy in support of Poverty Alleviation and Reduction (new)

The Directorate also concluded its renewal of a multiyear implementation protocol agreement, which formalises its ongoing partnership with Province's Department of Social Development.

##### *Performance and progress in the 2013/14 financial year*

The Directorate has developed a basket of services comprising seven identified programmes. The following four programmes were identified as priorities for the 2013/14 financial year:

##### **Early childhood development**

The aims of this programme are, amongst others, to:

- assist with ECD centres' registration in collaboration with relevant departments within the City as well as Province's Department of Social Development;
- train ECD practitioners, caregivers and parents in capacity-building;
- conduct regular surveys/audits on registered and unregistered crèches in conjunction with Province;
- construct ECD centres on City-owned land in identified areas of need;
- maintain City-owned ECD centres;
- contribute towards ECD curriculum development; and
- assist non-complying ECD centres and act against ongoing non-compliance.

Achievements against these objectives in 2013/14 included:

- the construction of two ECD centres;
- the training of 267 ECD practitioners in the national ECD norms and standards required to manage ECD centres and facilities;
- assisting 159 ECD centres in their efforts to comply with health, safety and zoning requirements; and
- supporting 20 ECD forums in their efforts to capacitate their surrounding communities to participate in the early childhood development of their young community members.

Building such a caring city requires investment in social and environmental resources, ranging from human settlements – which include informal settlements – to social services, community facilities and others.



*Early childhood development forms an important part of the City's social development offering.*

The City implemented 11 projects to provide support to the elderly.

### Street people

The aims of this programme are, amongst others, to:

- compile a database of street people;
- provide assessment centres (including referral services) with access to other services, including physical and mental assessment, referrals for bed space, rehabilitation and reintegration with communities of origin;
- implement the winter readiness programme;
- deal with street people matters on a daily basis in conjunction with the Displaced People's Unit; and
- create employment opportunities through EPWP projects.

Achievements against these objectives in 2013/14 included:

- conducting 119 joint operations in partnership with City Law Enforcement/Displaced People's Unit to offer social services to people who have migrated onto the city's streets;
- providing 1 375 people with social services and support to prevent them from having to migrate onto the streets;
- the implementation of five Give Responsibly campaigns to promote responsible giving in order to mitigate the migration of people-at-risk onto the streets; and
- the establishment of 14 local networks of care, and equipping communities with the necessary skills to support community members at risk of migrating onto the streets.

### Substance abuse

The aims of this programme are, amongst others, to:

- establish local drug action committees and equip them to carry out preventative projects;
- forge partnerships with Province, non-governmental organisations (NGOs) and community-based organisations (CBOs);
- concentrate on awareness programmes concerning the negative impact of substance abuse;
- collaborate with schools to implement substance abuse awareness sessions via mass participation, opportunity and access, development and growth (MOD) centres; and
- manage the Be Smart, Don't Start project.

Achievements against these objectives in 2013/14 included:

- the training of 123 people in aspects of foetal alcohol syndrome and foetal alcohol syndrome disorder;
- the implementation of 22 alcohol and substance abuse prevention projects to prevent and minimise the harmful effects of alcohol and substance abuse;
- the running of five Be Smart, Don't Start campaigns to prevent and minimise the harmful effects of alcohol and substance abuse; and
- the implementation of five substance abuse prevention pilot projects at MOD centres to help prevent alcohol and substance abuse.

### Youth development

The aims of this programme are, amongst others, to:

- provide life skills and employment skills for youth;
- offer career planning and referrals for further training within the City as well as other institutions offering further training aimed at improving the employability of youth;
- identify youth for leadership development programmes; and
- collaborate with Province's Department of Social Development to render support to youth-at-risk.

Achievements against these objectives in 2013/14 included:

- the training of 2 404 young people in life skills, work skills and organisational development in order to afford them access to economic opportunities.

Other caring city achievements included the following:

### Vulnerable groups

- 11 projects were implemented to provide support to the elderly.
- 10 projects were implemented to provide support to people with disabilities.
- Nine projects were implemented to provide support to women-at-risk and girls-at-risk.

### Poverty alleviation and reduction

- 45 poverty reduction projects (food gardens) were implemented in an effort to reduce and alleviate poverty in indigent and poor communities.

### Developing communities through sport, recreation and library programmes and partnerships

Community development programmes are offered at many of the City's facilities, such as its sports fields, community recreation centres, multipurpose centres, parks and libraries. Developmental activities range from reading programmes, storytelling sessions, school holiday programmes, library orientation sessions, HIV/Aids displays, formal book discussions, and arts and crafts, to initiatives for peer leadership, sport and recreation and capacity-building.

The programmes often involve collaboration and partnerships with churches, community organisations, NGOs, the corporate sector, different tiers of government and other stakeholders. During the year under review, these partnerships included the following:

- Community garden partnerships increased from 17 in the previous year to a total of 34 by the end of the year under review. The programme continues to work towards establishing community gardens in each district.
- A total of 49 sport and recreation developmental partnerships have been established to promote the development of sport and recreation within the city.
- Altogether 56 Friends of the Library partnerships have now been established.



The City's eight health subdistricts boast the best TB cure rate in South Africa.

### Sports development partnerships change young lives

The City of Cape Town partnered with Waves for Change, a youth development programme, to have a positive impact on the lives of young people in Khayelitsha and Masiphumelele. The programme started in 2012, when 40 youngsters were taught how to surf. It has proven so popular that, by the end of the 2013/14 financial year, it had influenced some 400 young lives in a positive way.

The programme is far more than just a recreational outlet. It also offers leadership camps and HIV and life skills programmes where 13 coaches from local communities guide and mentor learners from various local schools and the surrounding communities.

## CARING CITY OBJECTIVE 3.2

### ENSURE INCREASED ACCESS TO INNOVATIVE HUMAN SETTLEMENTS FOR THOSE WHO NEED THEM

In order to make Cape Town a caring city, the City knows it has to create integrated human settlements that enable communities to live instead of just exist. Cape Town, like so many other metropolitan cities in South Africa, faces huge challenges of urbanisation. However, the City remains absolutely committed to facilitating redress through integrated settlements, seeing to the needs of communities in informal settlements, and improving the plight of backyard dwellers by providing access to basic services.

### Programme 3.2(a): Innovative housing programme

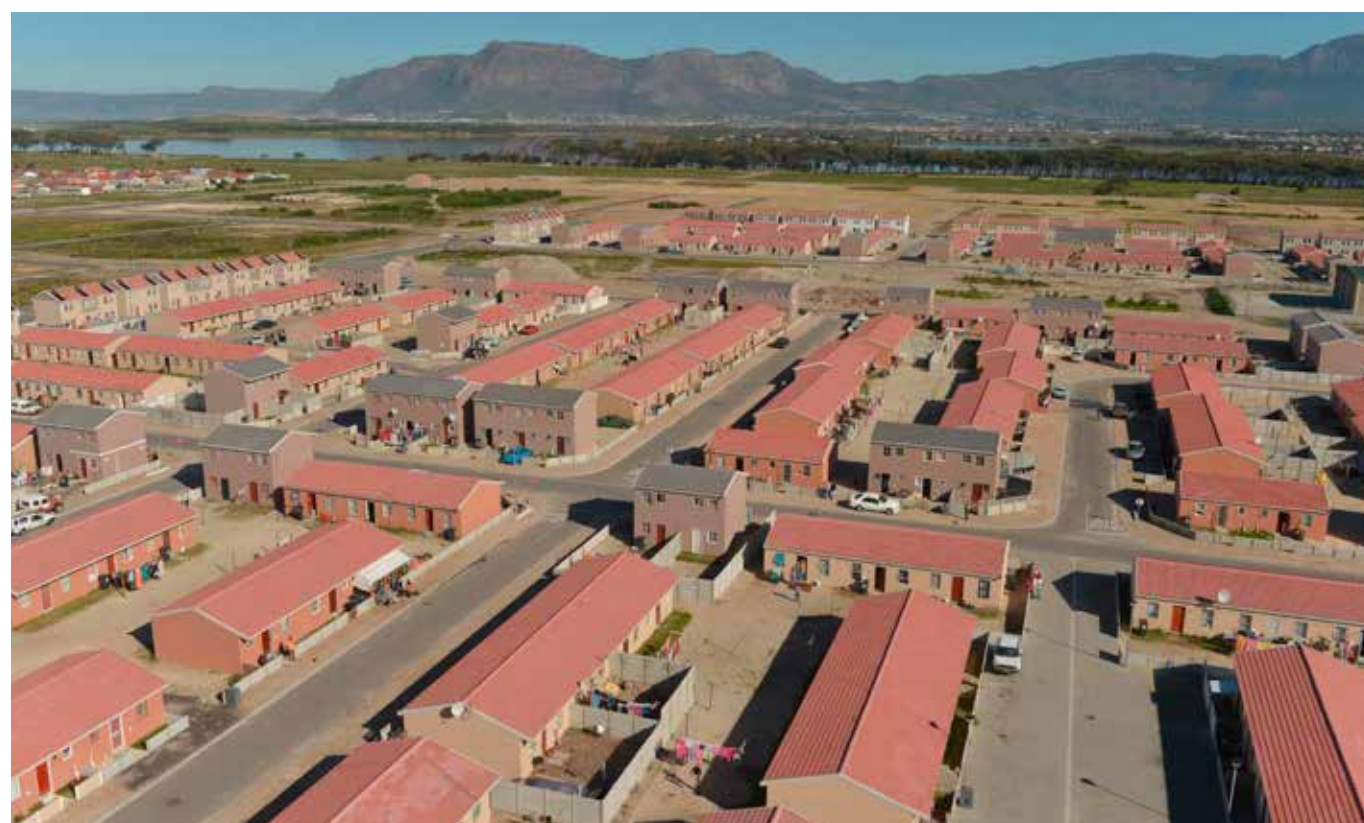
During the 2013/14 financial year, the City of Cape Town spent a total of 77,3% of its transferred Urban Settlements Development Grant (USDG) (for all directorates) and delivered a total of 5 718 sites, 3 647 top structures and 2 048 other housing opportunities (including upgrade of rental stock, land restitution and re-blocking).

Table 3.14: Breakdown of housing opportunities in 2013/14 financial year

Categories	Sites	Top structures	Other
A Subsidy	4 157	1 397	0
B Incremental (Upgrading of Informal Settlements Programme)	858	21	0
C Upgrading of city rental stock			
New CRU rentals	0	154	1 644
D People's housing process (PHP)		1 699	
E Land restitution	277	277	0
F Social and rent to buy		28	0
G Gap	426	71	0
H Re-blocking	0	0	404
<b>Totals</b>	<b>5 718</b>	<b>3 647</b>	<b>2 048</b>

### Pulp Fiction at Central Library

Central Library, in partnership with Open Book Cape Town, again held their popular Pulp Fiction event. Pulp Fiction 'saves' books meant for pulping when publishers are no longer able to sell them. This instalment of the event was the biggest to date, with 80 000 books saved and made available to other libraries and organisations. Central Library staff used these books to build a maze inside the library, which proved very popular. Due to the huge number of books available, this was also the first Pulp Fiction event where the public was invited to participate and collect books for themselves. In less than 24 hours, all 80 000 books were gone.



The City of Cape Town received the Low-Cost Housing Project of the Year award at the annual Southern African Housing Federation awards ceremony held at Spier Wine Estate in September 2013.

### **A human settlements plan for the future**

The Integrated Human Settlements Five-Year Strategic Plan 2012/13 – 2016/17 has been reviewed with a view to the 2014/15 financial year. It defines the current housing reality in Cape Town, and focuses on various short- and medium-term objectives to improve existing living environments, while also creating new ones. The 2014/15 housing delivery targets set out in the plan are summarised below:

*Table 3.15: Integrated human settlements targets for 2014/15*

<b>Project description/category</b>	<b>Sites (USDG)</b>	<b>Top structures (Human Settlements Development Grant)</b>	<b>Other CRU upgrades (HSDG) and shared services (USDG)</b>
Rental units upgrade, CRU			1 165
Breaking New Ground, CRU, PHP, institutional, social and gap	3 039	4 692	
Re-blocking and backyarders			2 440
Incremental development areas (IDAs) and emergency housing programme (EHP)	1 903	922	
Gap sales	200		
Estimated totals	5 142	5 614	3 605

In an effort to further explore innovative models, the Urbanisation Department has completed a tender process under the emergency housing programme to use building materials that consist of preform panels made from recycled plastic, sand and alien vegetation. The intention is to implement this model in future emergency housing programmes, where appropriate.

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

#### **Re-blocking ensures safety of informal settlement residents**

The City's re-blocking programme, in collaboration with the Community Resource Centre and the Informal Settlements Network, involves the reconfiguration of informal settlements to create firebreaks and allow for better access by service and emergency vehicles. In order to facilitate the smooth running of the re-blocking process, Council approved a policy to inform the proactive re-blocking of informal settlements in October 2013. The policy clarifies the roles of the various stakeholders and roleplayers in the implementation of the re-blocking process.

#### **Land acquisition for the achievement of housing plans**

This function encompasses:

- the purchase of land for housing (for immediate use as well as banking);
- transfer of land from other organs of state for housing purposes;
- the devolution of all housing land in terms of the Housing Act (section 19); and
- reserving land already owned by the City, but no longer required by the original custodian, user or line department.

During the 2013/14 financial year, the City acquired 180 ha of land, which included some land parcels devolved by Province's Department of Human Settlements. These have now been earmarked for future human settlements development and use as part of informal settlements upgrade projects.

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

The City continues to partner and collaborate with Province's Department of Education for the possible use of education land that is not required for educational purposes. Historically generous standards for the provision of space for new schools mean that some schools have adjoining land that is not being used at all. During the year under review, discussions continued around releasing such land for development, particularly in Elsies River and Mitchells Plain.

The Department of Education's policy position of consolidating and expanding well-run schools rather than building new ones also means that land set aside for new schools is being reconsidered for development. These cases are prevalent in Khayelitsha and Eerste River.

Lastly, exceptional cases being dealt with include Gordon's Bay, the Ottery School of Special Skills as well as Matroosfontein Primary, each of which presents unique opportunities and challenges.

This kind of finer-grained infill development has the added advantage of being able to use existing bulk infrastructure in the development of human settlements.





*The Integrated Human Settlements Five-Year Strategic Plan defines the current housing reality in Cape Town.*

## Programme 3.2(d): Integrated human settlements programme

An overview of the City's integrated human settlements achievements across the various housing categories for 2013/14 follows below:

### Subsidy housing

The City initiated a number of housing developments to meet its focus on addressing settlement inefficiencies through the development of integrated human settlements that will contribute towards a more compact settlement form, and provided a range of housing and socio-economic opportunities. The larger developments, such as Pelican Park phase 1 and Scottsdene, include subsidy, rental, affordable and open-market (bonded) housing units. Both projects are under construction and progressing well.

Densification of existing infill developments remains a high priority. In Delft, existing vacant residential erven (1 000) were redesigned to create 2 407 new opportunities for waitlisted families. The internal services are currently under construction, and the building of houses will commence soon. In Happy Valley, subsidy and PHP housing opportunities are provided, and units are equipped with solar-powered geysers.

In addition, more top structures were delivered under the PHP category, details of which are contained under the PHP paragraph below.

### Happy Valley development named low-cost housing project of the year

The City of Cape Town received the Low-Cost Housing Project of the Year award at the annual Southern African Housing Federation awards ceremony held at Spier Wine Estate in September 2013.

The Happy Valley housing project is an example of the successful implementation of the Upgrading of Informal Settlements Programme (UISP), which permits the conversion of an informal area into a formal area. The land on which these houses were built was previously home to approximately 1 500 informal structures. Today, a total of 1 452 formal houses have been built at a cost of R185 million for the identified beneficiaries. Funding for the project was a joint collaboration between the City and Province.

### – Incremental housing

A number of projects are under way. These include:

- Sir Lowry's Pass Village incremental development area (IDA) (sites and top structures), which will provide 177 opportunities for flood-affected households
- Wolwerivier IDA (sites and top structures), which will provide 500 opportunities
- Busasa (Mfuleni) IDA (sites and top structures), which will house approximately 1 000 households
- Kosovo (Gugulethu), which entails re-blocking for 80 households
- Fisantekraal temporary relocation area (TRA) for approximately 285 families who have to be relocated
- Masiphumelele TRA for approximately 180 families who have to be relocated
- The provision of interim services in the Hangberg informal settlement
- Wash areas in the Nomzamo and Lwandle informal areas in Helderberg

The Urbanisation Department also managed to provide 2 620 tenure certificates, of a total of about 6 350, to people in Monwabisi Park as part of the incremental upgrade.

In addition, the ongoing need for accommodation in Blikkiesdorp is being met as and when vacancies arise. Families are accommodated on an emergency-needs basis in terms of the national policy guidelines. A few new sites with incremental top structures have been developed, and families accommodated there.



The City is the only municipality in South Africa that has a dedicated Restitution Office.



*Upgrades to seven of the 11 identified rental stock have been completed.*

#### **- Upgrading of City rental stock**

This entails major upgrades to City-owned rental stock, including the refurbishment of interiors and exteriors as well as the surrounding areas of the property. The first phase of the major maintenance upgrade is set to be completed in 2015. Upgrades to seven of the 11 identified areas have been completed. All units that were upgraded in areas of Scottsville, Kewtown, Scottsdale, Woodlands, Connaught, Uitsig and The Range have now been reoccupied by tenants. Upgrades are under way in Ottery, Manenberg, Hanover Park and Heideveld, but work stoppages as a result of gang activity, violence, intimidation, and contractors defaulting on contracts remain a challenge.

In recent years, the City's rental stock upgrade programme has garnered a number of awards, including:

- the South African Institute of Civil Engineering award for the most outstanding achievement in the community-based projects category in 2012;
- winner in the Institute of Municipal Engineering of Southern Africa/Consulting Engineers South Africa excellence awards in the community upliftment category in 2012;
- nominated for Govan Mbeki Best Rental Stock Project and Consulting Engineers South Africa engineering excellence awards in 2012; and
- Southern African Housing Foundation Housing Project of the Year and Institute of Municipal Engineering of Southern Africa Best Project award 2011.

#### **- People's Housing Process (PHP)**

This process engages beneficiaries in building their own homes by maximising their housing subsidy and establishing community support organisations. Currently, the City is involved in offering certain skills to all PHP projects, including financial management, technical advisory support and project monitoring. Going forward, the City will also become involved in the social aspects of the project, especially during the project initiation and implementation phases, to address community dynamics. The majority of housing opportunities in this category are provided in Site C in Khayelitsha.

#### **- Land restitution**

During the 2013/14 financial year, the City made good progress in settling land restitution claims in its area of jurisdiction. The City is the only municipality in South Africa

that has a dedicated Restitution Office. The administration has successfully settled many of the 6 000 land restitution claims lodged in its area of jurisdiction.

#### **- Social housing**

The City continued to make excellent progress in implementing its social housing programme. In the previous financial year, the Social Housing Regulatory Authority recognised the City as having the best-performing social housing steering committee in the country – proof of the remarkable work being done in terms of social housing. In addition, the City has been invited by other municipalities in the Western Cape to share its expertise and guide them in the implementation of their social housing programmes. During the 2013/14 financial year, the City also implemented the Ilinge Labahlali Co-op project in Nyanga.

#### **- Gap housing**

Gap housing caters to those households earning between R3 500 and R15 000 per month, who earn too much to receive state housing, yet too little to have access to the private market – thereby creating a 'gap'. The demand for this market is large; however, blacklisting is prevalent in this income group and serves as a restricting factor.

This market is important, as it allows people in BNG houses to escalate to a higher level by purchasing in this market, thereby starting the process of initiating stability in the BNG market. Gap housing also broadens the rates base of the City. Well-located parcels of municipal land have been made available for gap housing for development, and ownership passes directly to the purchasers. The sale of serviced plots to qualifying participants is another variation on the gap housing initiative.

#### **- Re-blocking**

The City continues to work with the Community Resource Centre and the Informal Settlements Network within the partnership arrangement signed on 19 April 2012. To date, Sheffield Road, Mtshini Wam and Kukutown settlements have been re-blocked to practical completion stage, and Flamingo Crescent to partial completion.

Post-fire re-blocking was undertaken at Block 8 (Philippi) and Kosovo, while a partial re-blocking was achieved at Masiphumelele. This directly and immediately increased the quality of lives of the people living in these areas, as they are now living in drier conditions, and access is allowed for increased services as well as preventing future fires.

## TRANSVERSAL MANAGEMENT: THE FUTURE OF INTEGRATED HUMAN SETTLEMENTS IN CAPE TOWN

During the latter part of 2013, the City, together with Province, embarked on a human settlements coordination project. A number of working groups were formed and mandated to investigate various aspects of the current systems and procedures in the housing delivery model in Cape Town.

As a result of this process, a draft Integrated Human Settlements Framework (IHSF) was developed, which will inform the finalisation of a new and innovative longer-term Transversal Management of Integrated Human Settlements Planning and Delivery Plan for the City.

### The IHSF proposes a number of strategic shifts and processes, such as:

- Making a fundamental shift to the current housing delivery approach, focusing on incremental delivery that is aimed at closing the gap between housing demand and supply
- Broad proposals on how the current and new delivery programmes can be implemented effectively and sustainably
- Proposals on delivery approaches/options based on a variety of funding options, which are in turn based on the diversity of housing demand
- Assessing these options against set criteria to achieve sustainability and community acceptance
- Proposal of the most viable option, taking into account the need to increase quantity, whilst maintaining quality in terms of norms and standards, spatial transformation, etc.
- Approaches to facilitate achievement of mixed-use and mixed-income integrated settlements
- The way forward in terms of land acquisition, planning, budgets and engaging the private sector and community stakeholders

### Other key recommendations of the protocol include:

- A shift from 'depth' in delivery (providing a completed product to benefit a few) to greater 'width' (broader delivery to many)
- Conclusion of full accreditation for the City to manage all new human settlements delivery in Cape Town
- Review of the feasibility of adjusting the current distribution of USDG funding (between housing and bulk, connector and social infrastructure) and HSDG funding, with a view to increasing the number of housing opportunities that can be delivered
- Development of innovative, cost-effective top structure options suited to incremental housing provision
- Implementation of the land-banking programme as a key element of the long-term project pipeline
- Putting a land acquisition mechanism in place to enable land banking
- Proactive development of a mechanism to acquire land parcels larger than 100 ha in extent on the north-western, north-eastern and Helderberg growth corridors for land banking
- Establishment of a Land Disposals Committee to coordinate, track and report on progress on the transfer of land to the City
- Preparation of a long-term (30-year) human settlements plan for the city, based on current growth management work
- Establishment of a transversal development facilitation work group in the transversal management system
- Securing private-sector partnerships for both green and brownfields development on City and privately owned land, supported by structured agreements, incentives (including land costs and development contributions), access to public funding, etc.
- Expansion of the current project pipeline
- Completion of a comprehensive communication and stakeholder engagement plan

The City has appointed an independent consultant to undertake a study to identify, test and refine the strategic objectives of the draft IHSF, investigate the feasibility of incremental top structure options, and draft a sustainable, medium-to-long-term Integrated Human Settlements Strategy for Cape Town that is in line with national legislation and policy as contained in the Housing Act, Breaking New Ground policy, the Housing Code and National Government's Outcome 8.



The City will continue to identify and promote housing development along approved transport and development corridors in order to support densification.

### - Improving our systems to enhance delivery

Upgrades to the housing database continued during the 2013/14 financial year. This includes aligning the system with the revised Housing Allocations Policy, as well as cleaning up the database information by comparing it with the housing subsidy system of the National Department of Human Settlements and other national databases. The number of applicants recorded as 'waiting for a housing opportunity' as at 30 June 2014 was 281 074. During the year, 15 006 new housing applications were captured.

### Programme 3.2(e): Densification programme

The City's densification programme includes the identification of public and private land to use for property development. An important component of this is growth management, which includes densification, utilising the urban edge, and optimal and sustainable use of land through densification in transport corridors and economic nodes. In support of this densification programme, the City is focusing on the following:

- **Development of a supportive policy framework** – A citywide density-related policy is supported by more detailed district-based spatial development plans, local density plans and urban design guidelines and policies (e.g. the Tall Buildings Policy and Public Open Spaces Policy).
- **Proactive promotion of densification in prioritised locations** – The City will investigate the financial, design and institutional mechanisms to facilitate the development of affordable multistorey housing, and improve the form and quality of living environments in subsidised-housing areas.
- **Monitoring and evaluation** – A framework for a monitoring and evaluation system to assess progress with densification has been put in place. In addition to planning so as to promote densification, the City has also implemented public transport zones as part of its

zoning scheme to enable reduced parking provision in areas served by public transport, thereby promoting higher-density development in these areas. In 2013, the City also approved an Urban Design Policy, which will help ensure well-designed development. The City has secured a capital allocation from the Integrated Cities Development Grant to invest in infrastructure in the identified priority public transport corridors in order to promote development in these areas. This is also in support of the City's partnerships with the private sector, for example the Greater Tygerberg Partnership and its work on the Voortrekker Road corridor and the Philippi East Development Initiative.

- **Development corridors** – The City will continue to identify and promote housing development along approved transport and development corridors in order to support densification.

As part of the Upgrade of Informal Settlements Programme, work has already begun in Monwabisi Park, Lotus Park, BM Section and The Heights. This work will conform to the identified requirements to remain within the urban edge, while delivering optimal and sustainable use of land in transportation corridors and economic nodes.





## CARING CITY OBJECTIVE 3.3

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

#### Programme 3.3(a): Rental stock upgrade programme

The City continues to upgrade its existing non-saleable rental stock, and will work with the private sector to develop and maintain affordable rental housing units. The building of new rental stock and the upgrade of existing high-density hostels into family units will cater for families who prefer rental housing and earn less than R3 500 per month.

The City has spent approximately R700 million of the approved budget of R1,2 billion on an initial five-year programme to undertake major refurbishment and upgrades of its rental stock. Work has been completed in Scottsville, Scottsdene, Uitsig, Woodlands, Connaught and Kewtown. Work is also continuing or commencing in Manenberg, The Range, Hanover Park, Heideveld and Ottery.

This City initiative has been widely recognised as being innovative, and has received awards from the Southern African Housing Foundation and the South African Institution of Civil Engineering, amongst others. Once this initiative has been completed and implemented, it is anticipated that service delivery to the City's tenants will be more efficient and staff functions streamlined.

#### Programme 3.3(b): Rental stock disposal programme

The City operates this programme as part of its efforts to afford current tenants of City-owned rental properties (classified as saleable) the opportunity to purchase their rental units and become owners. Efforts remain ongoing and have been intensified to create more awareness.

#### *Renewed focus on title deed transfers yields results*

The City of Cape Town has transferred approximately 8 000 historic title deeds to previously disadvantaged beneficiaries over the past two years. These transfers pertained to older housing projects that were previously hampered from finalisation by legal, conveyancing and other factors.

In the financial year under review, 3 881 title deeds were transferred to beneficiaries of current housing projects.

The City recognises that such transfer of title deeds is one of the greatest methods to bring redress to residents who were prohibited from owning property under the apartheid regime. Therefore, the administration plans to finalise more than 14 000 of these historic transfers over the coming years.

The City has chosen to set its own internal service standards, which are higher than the national norm, and constantly aspires to provide services to these higher standards.

## CARING CITY OBJECTIVE 3.4

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

In Cape Town, the greatest impact of urbanisation is evident in the backyards of established communities and informal settlements, where families have settled due to circumstances beyond their control. As part of its commitment to ease this situation, the City has established a cross-departmental Urbanisation Work Group with the primary goal of ensuring an integrated, coordinated and collaborative approach when dealing with the city's many urbanisation challenges.

#### Programme 3.4(a): Anti-poverty programme

As part of the City's Urbanisation Strategy, issues around service delivery to the poor in informal settlements or households living in backyards of the City's rental stock are being addressed. Some of the major challenges in this regard are:

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

Any UISP project also considers the economic and social development opportunities it may present. Where possible, when any intervention is undertaken, consideration is first given to conducting the work via the EPWP, before considering mechanised means.

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

##### *Exceeding national water and sanitation standards*

The City complies with national guidelines in terms of providing adequate water and sanitation services to residents of informal settlements.

Despite this, the City has chosen to set its own internal service standards, which are higher than the national norm, and constantly aspires to provide services to these higher standards. Certain localised service delivery challenges continue, for instance where informal settlements are not located on City property, or where new informal settlements develop unexpectedly – often on unsuitable land such as floodplains. However, the City makes every effort to quickly and effectively address these challenges as they arise.

In addition, rapid urbanisation makes water service delivery a constant moving target. Dedicated capital provision is made to address this challenge, as well as to fund service delivery improvements in line with the City's higher internal delivery standards and targets.

In line with these, during the 2013/14 financial year, the City provided 5 916 new toilets and 2 028 new taps to customers living in informal settlements. This far exceeded the targets of 3 100 and 1 020 respectively set for this period.

##### *Improving informal settlements*

An informal settlements development matrix has been developed with the aim of enhancing the planning process by listing all informal settlements in the city, and identifying which settlements require alternative land for densification or relocation.

In addition, the City has begun a process of granting incremental security of tenure. This will be initiated through a systematic GIS land management tool, which allows for community registers to be spatially depicted and verified. Further phases would relate to, amongst others, issuing of 'right to occupy' certificates, which will eventually lead to ownership and/or rental, where permitted.

##### *City leads provision of sanitation in South Africa*

The City's achievement of 100% access to adequate sanitation in informal areas, as assessed by DWA in 2012, remains unparalleled in South Africa.

Since the 2006/7 financial year, the City has increased the provision of toilets from 14 591 to more than 45 300 at the end of June 2014, which represents an increase of 278%. Additionally, in the same period of time, the budget for the provision of sanitation and water to informal settlements doubled to R521 million in 2013/14.





*The City's achievement of 100% access to adequate sanitation in informal areas, as assessed by DWA in 2012, remains unparalleled in South Africa.*

A number of other informal settlements have received full-flush toilets in the financial year under review. These include Dunoon, Never-Never in Philippi, Imizamo Yethu, Samora Machel, Solly's Town, Masiphumelele and Taliban in Khayelitsha. This brings the number of full-flush toilets provided to residents of informal settlements in 2013/14 to approximately 1 300.

A number of these toilets are maintained and serviced through the City's janitorial programme, which started in 2012. This programme, which is the first of its kind, has seen the creation of approximately 2 600 job opportunities through the EPWP since its inception. The programme continues to expand into different communities. Additionally, the Water and Sanitation Department has a team dedicated to the maintenance and repair of broken or vandalised toilets.

The provision of full-flush toilets goes hand in hand with the installation of standpipes for access to water. Approximately 1 100 standpipes have been installed since 2011/12.

#### **Programme 3.4(c): Backyarder service programme**

##### ***City's backyarder programme makes service delivery a reality***

The City's backyarder programme, which aims to improve access to municipal services for those living in the backyards of Council-owned rental dwellings, is the only one of its kind in the country.

Since the start of the first pilot projects in Factreton and Hanover Park in the 2012/13 financial year, the City has provided toilets, taps, electricity and wheelie bins to hundreds of households living in the backyards of City rental stock. The pilot project in Factreton has been completed, with 290 households now enjoying the benefits it offers. In total, 83 toilets were installed, 188 electricity connections made and 156 wheelie bins provided.

Excellent progress has also been made with the provision of water and sanitation points in Hanover Park. By the end of the 2013/14 financial year, 701 functional combined units were installed against a target of 700.

These projects, however, continue to experience various time-consuming challenges, which impede further advancement in provision. These include:

- high densities that make it difficult to find sufficient space to place and install services;

- main tenants or neighbours who refuse to allow the installation of services, and backyard dwellers or main tenants moving or removing structures after they have been placed;
- the disconnection of completed toilets; and
- requests for the cancellation of service requests after installations have already taken place.

Despite these challenges, the City is aiming to provide various services to 2 500 backyard dwellers in the 2014/15 financial year. Targeted areas include Mitchells Plain, Scottsdene, Parkwood, Ocean View, Lotus River, Grassy Park, Heideveld, Manenberg, Gugulethu, Bonteheuwel, Valhalla Park, Atlantis and Uitsig.

#### **Programme 3.4(d): Energy services programme**

##### ***City funds thousands of Eskom electricity connections***

As part of the City of Cape Town's redress policy and its continued efforts to make Cape Town a caring and opportunity city for all residents, the City is currently funding over 20 000 Eskom electricity connections in informal settlements and TRAs.

The current City-funded Eskom projects undertaken or completed in the year under review included the following:

- Phases 1-3 in Enkanini, Khayelitsha: Approximately 10 600 connections will be completed, with 1 850 having been connected so far. Eskom envisages completing another 1 880 connections at the start of the 2014/15 financial year. Construction on phase 3 has commenced, and will provide approximately 3 500 households with electricity connections.
- Phola Park and Never-Never, Philippi: Approximately 1 560 connections completed
- Monwabisi Park, Khayelitsha: Just over 460 City-funded connections completed
- Bosasa, Mfuleni: Approximately 1 000 connections planned for construction towards the end of 2013
- Fisantekraal informal settlement: 1 562 connections completed in May 2014
- Other areas such as Delft, Happy Valley, Wolwerivier and Nomzamo



Water compliance has constantly exceeded the City's own internal annual targets.

## CARING CITY OBJECTIVE 3.5

### PROVIDE EFFECTIVE ENVIRONMENTAL HEALTH SERVICES

#### Programme 3.5(a): Environmental health-care programme

##### *Caring for citizens in informal settlements*

The City has a stated objective of ensuring that an environmental health practitioner visits every informal settlement in Cape Town at least once every week. This translates into a total of 14 160 such visits. During 2013/14, this target was significantly exceeded.

To ensure that all Cape Town residents have the safest possible tap water to drink, the City fully supports and complies with strict water quality checks as prescribed by DWA. This means that water quality must be closely monitored, with many water

samples constantly being analysed according to the stringent South African National Standards (SANS 241) requirements.

The water quality table below indicates the percentage achieved against these measures for Cape Town's drinking water between 2009 and 2014. Water compliance has constantly exceeded the City's own internal annual targets, from 96% in 2009 to the very high 98% since July 2012. Compliance is measured against prescribed chemical and microbiological components.

Table 3.16: Drinking water quality in the City of Cape Town

Drinking water quality percentage summary					
	2009/10	2010/11	2011/12	2012/13	2013/14
Quarter 1	98,7	97,0	97,0	99,1	99,1
Quarter 2	98,7	98,0	98,3	99,1	99,1
Quarter 3	98,9	98,0	98,0	99,5	99,0
Quarter 4	98,0	99,0	98,6	99,3	99,8

Source: City of Cape Town, Water and Sanitation Department.

## CARING CITY OBJECTIVE 3.6

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

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

##### *Improving air quality*

During the 2013/14 financial year, the number of days when air pollution exceeded RSA ambient air quality standards was zero. This is better than the stated target of less than 25 days for the period. The number of 'brown haze' episode days recorded depends on various factors, including meteorological conditions, functional status of the monitoring network, state of the economy, and the successful implementation of the City's Air Quality Management Plan (AQMP).

The aim of this plan is to achieve and maintain clean air in the city over the next 10 to 20 years, and turn Cape Town into the African city with the cleanest air. The plan is designed to reduce the adverse health effects of poor air quality on the citizens of Cape Town, especially during brown haze episodes.

The ongoing successes of the diesel vehicle emissions testing programme, which has shown a reduction in failure rates of vehicles tested from 17% in 2000 to below 1% in 2014, also continues to have a positive impact on ambient air quality.



The City's Air Quality Management Plan aims to achieve and maintain clean air in the city over the next 10 to 20 years.

## CARING CITY OBJECTIVE 3.7

### PROVIDE EFFECTIVE PRIMARY HEALTH-CARE SERVICES

#### Programme 3.7(a): Primary health-care

##### Managing tuberculosis

The total number of tuberculosis (TB) cases has fallen over the last three years from a recorded high of 29 726 cases in 2010 to 25 846 cases in 2013. The drop coincides with increasing antiretroviral coverage in the HIV-positive population.

The cure rate for new smear-positive TB has been maintained at over 80%. The significance of this achievement is highlighted when viewed against the 67% achieved in 2004. The decentralised management of drug-resistant TB at primary care level has been strengthened.

##### Continuing the fight against HIV/Aids

The City's efforts to address, prevent and treat HIV are encapsulated in a key strategic programme of City Health, delivered in partnership with Province's Department of Health and NGOs. At the end of June 2014, City Health offered antiretroviral therapy (ART) at 30 of its sites throughout Cape Town.

The citywide Get Tested campaign is ongoing, with numerous outreaches taking place at regular intervals at shopping malls and other public places to encourage

citizens to know their HIV status. Daily HIV testing is also offered free of charge at all City health facilities (as well as at provincial ones and through NGOs).

As a result, the number of adults over 15 years of age tested for HIV in 2013/14 in Cape Town was over 600 000. The ongoing prevention of mother-to-child transmission of HIV (PMTCT) programme saw a continuous drop in the transmission rate to below 1,5%. Without such an intervention, the transmission rate would have been in the region of 20%.

#### Programme 3.7(b): Perception survey score on the provision of primary health-care services

Health services provided by the City are important to residents and affect how they rate the City's overall performance.

The overall health score and the scores for all the health services attributes measured in the annual Community Services Survey have improved significantly since 2009/10.

Table 3.17: Health services scores in Community Services Survey

Service	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Health</b>	<b>2,5</b>	<b>2,6</b>	<b>2,6</b>	<b>2,7</b>	<b>2,9</b>
You receive quality care at municipal clinics	2,4	2,6	2,6	2,7	2,9
You do not have to wait too long to be seen at municipal clinics	2,1	2,2	2,2	2,3	2,5
Municipal clinics treat you for TB, sexually transmitted infections, and treat children that are unwell	2,7	2,8	2,8	2,9	3,1
Municipal clinics help you to prevent illness by providing medical services (immunisation, family planning, etc.)	2,7	2,8	2,7	2,9	3,1
Action being taken on environmental health complaints such as unhygienic conditions	2,5	2,6	2,5	2,6	2,9
Municipal services replying quickly to environmental health complaints	n/a	2,6	2,5	2,6	2,9

'You receive quality care at municipal clinics', 'Action being taken on environmental health complaints such as unhygienic conditions' and 'Municipal services replying quickly to environmental health complaints' are again seen as high priority areas for the City. 'Municipal clinics help you to prevent illness by providing medical services', 'Municipal clinics treat you for TB, sexually transmitted infections, and treat children that are unwell' and 'You do not have to wait too long to be seen at municipal clinics' are rated as medium priority areas by residents.

## CARING CITY OBJECTIVE 3.8

### PROVIDE SUBSTANCE ABUSE OUTPATIENT TREATMENT AND REHABILITATION SERVICES

#### Programme 3.8(a): Primary health-care programme: Number of substance abuse outpatients provided with alternative constructive behaviour

##### Combating substance abuse

The abuse of alcohol and other drugs is not only harmful to the users of these substances, but also negatively affects the well-being of families, communities and the broader society. In October 2011, the City developed its Alcohol and Other Drug Harm Minimisation and Mitigation Strategy 2011-2014, which details the strategic plan to minimise and mitigate the harm of alcohol and other drug (AOD) use, including tobacco.

During the period under review, the outpatient substance abuse treatment sites at Tafelsig, Table View, Delft South and Town 2 clinics continued to do excellent work among sufferers of substance abuse from surrounding communities. Parkwood, as a fifth site, was launched in September 2013. Together, these sites assisted 1 621 new clients during the year under review.

In order to ensure the quality of the service offered in line with the Matrix® model, the Matrix® Institute of the United States assessed two of the City's facilities. The first site to be certified was Tafelsig in April 2010 and July 2013, and the second was

Delft South in March 2012. They have now been certified by the Matrix® Institute as programmes of excellence for three years – the only programmes in Africa to achieve this.





## STRATEGIC FOCUS AREA 4

### THE INCLUSIVE CITY

Building a shared community across different cultural, social and economic groups is a key priority for the City of Cape Town. Key to this is ensuring that all residents feel acknowledged, heard and valued, and that the varied cultural backgrounds and practices of all Capetonians are respected and celebrated.

In order to position Cape Town as an inclusive city, the following two key objectives – each with its own underpinning programmes – have been identified:

Table 3.18: IDP objectives and programmes for SFA 4

Objective	Programme	Page in 2013/14 IDP review	Page in this report
4.1: Ensure responsiveness by creating an environment where citizens can be communicated with, and be responded to	4.1(a): Managing service delivery through the service management programme (C3 notification responsiveness)	82	83
	4.1(b): Building strategic partnerships	85	83
4.2: Provide facilities that make citizens feel at home	4.2(a): Community amenities programme (provide and maintain)	85	84
	4.2(b): Heritage programme	88	85

This review of SFA 4 offers an overview of the City's performance against the objectives above, and its progress in terms of the implementation of the associated programmes.

#### Key inclusive city achievements in 2013/14

- 93,77% adherence to citywide service standards – external notifications
- Maintained 3 253 community parks, 38 cemeteries and 11 district parks according to service standards
- Maintained 465 sports fields to defined-level grass-cover standard
- 92 libraries open according to minimum planned open hours
- City call centre scored 4+ out of 5 (on the Likert scale)
- Valhalla Park multifunctional recreational hub a first for Cape Town
- Newly developed water spray parks
- Sustained Blue Flag status for Cape Town beaches
- Valhalla Park Library won award for the best medium-sized public library



The City has 36 public swimming pools.



Eight Cape Town beaches sustained their Blue Flag status, the highest number in South Africa.

## INCLUSIVE CITY OBJECTIVE 4.1

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

**Programme 4.1(a): Managing service delivery through the service management programme (C3 notification responsiveness)**

### *Responding to the service needs of all citizens*

The City's corporate call centre answered a total of 903 450 calls during the 2013/14 financial year. The calls were answered in customers' preferred language (English, Afrikaans or Xhosa) and the majority related to accounts and service enquiries and requests, as well as motor vehicle registration and traffic fines.

The Customer Relations Department continued to install FreeCall lines in municipal buildings, such as housing offices, libraries and community centres, in outlying areas and less-advantaged communities. New FreeCall lines have been launched in areas such as Sir Lowry's Pass Village, Hangberg and Mitchells Plain. By 30 June 2014, a total of 94 FreeCall lines had been installed with the aim of improving access to service delivery through the City's call centre. Residents can use the FreeCall lines to report faults, register complaints and make enquiries at no personal cost.

In addition, the Customer Relations Department embarked on another call centre support learnership for unemployed job seekers in cooperation with an external service provider. As a result, altogether 30 learners have received call centre knowledge and practical working experience within the municipal working environment.

An independent service provider conducted a customer satisfaction survey among users of the City's call centre in 2013. The call centre achieved a score of 4+ out of 5 on the Likert scale. The residents indicated that they experienced consistently excellent customer service from the call centre.

The Customer Relations Department also made a concerted effort to improve its correspondence and quality assurance systems and processes during this period, in order to further improve customer satisfaction levels.

### **Programme 4.1(b): Building strategic partnerships**

The City is committed to working closely with the provincial and national spheres of government to put the needs of Cape Town's citizens first. To achieve this, it engages with Province at various formal and informal forums. Functional partnerships, such as the development of integrated human settlements and the City Health programme, are pursued at sector level, while the City formally engages Province and other municipalities through the Premier's Coordinating Forum at a political level, as well as by means of the IDP indabas and MTECH committees at an administrative level.





## INCLUSIVE CITY OBJECTIVE 4.2

### PROVIDE FACILITIES THAT MAKE CITIZENS FEEL AT HOME

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

##### *Maintenance and upgrade programme keeps city facilities in top condition*

During the year under review, the City continued to maintain and upgrade its community facilities for the benefit of all Capetonians.

Specific upgrades to sport and recreation facilities completed over the past three years include the following:

- Upgrades to resorts at Blue Waters, the Monwabisi coastal node and Soetwater
- The construction of sports complexes in Masiphumelele, Wallacedene, Imizamo Yethu and Dunoon at a cost of R13,1 million, as well as upgrades at Witsand, while the development of the new spectator stand at the Lwandle sports complex in Strand and the upgrade of the Sea Wind sports complex have commenced
- Major repairs at the Malibu sports field in Blue Downs as well as the Bellville Stadium, amounting to nearly R2,5 million
- The installation of 12 full-sized synthetic soccer pitches and nine five-a-side synthetic pitches totalling more than R60 million. This includes pitches that were completed at Westridge, Nyanga, Scottsdene, Gugulethu and Langa in the past year. Work has also commenced at Steenberg, Heideveld, Crossroads and Kewtown, which is expected to be completed in the coming year.
- The upgrade of the Masibambane hall

##### *Valhalla Park multifunctional recreational hub a first for Cape Town*

The Valhalla Park family recreation centre officially opened on 9 December 2013.

This pilot centre includes a full-size synthetic soccer pitch, a club house, a BMX track, playgrounds, outdoor gym areas, a spray park, changing rooms, ablution facilities, outdoor reading rooms, two mini-soccer pitches, two multipurpose courts and a multitude of landscape architecture features. The project cost more than R32 million.

##### *City makes a splash with newly developed spray parks*

As part of the City of Cape Town's commitment to facilitating redress and providing recreational spaces where communities can thrive, a number of unique spray parks were developed in the financial year under review. The parks, situated in Dunoon, Ocean View, Scottsville, Khayelitsha, Valhalla Park and Nyanga, were constructed at a total cost of approximately R18 million.

##### *Blue Flags for Cape Town beaches*

Eight beaches across Cape Town were awarded coveted Blue Flag status for the season from 1 December 2013 to 31 March 2014. They were:

- Bikini;
- Mnandi;
- Strandfontein;
- Muizenberg;
- Llandudno;
- Camps Bay;
- Clifton 4<sup>th</sup>; and
- Silverstroom.

This means that the City had the highest number of Blue Flag beaches in South Africa.

##### *Upgrades to parks and cemetery facilities*

###### *Cemeteries*

- Upgrades were undertaken at Maitland, Rusthof, Atlantis, Gugulethu and Wallacedene, with extensions conducted at Welmoed, Klip Road and Delft.
- Vaalfontein is in the process of being developed.
- Development of the new Maitland crematorium will commence in the next financial year.

###### *Parks*

- Upgrades to district parks were completed at Nantes (Athlone) and Jack Muller parks, the Khayelitsha wetlands park, the Company's Garden and the Durbanville rose garden.
- Upgrades to community parks were completed at Elizabeth Park, Hanover Park and Westridge Gardens, whilst the upgrade at Mandela Peace Park in Delft has commenced.
- Smaller upgrades were completed in Bellville, Brown's Farm, Kuils River, Kraaifontein, Mfuleni, Samora Machel and Vrygrond.

##### *Growing goodness in the heart of the city*

Community food gardens are not new to Cape Town, but a demonstration vegetable garden in the heart of the city is. Thanks to the 'out-of-the-box' thinking encouraged by the World Design Capital designation, the iconic Company's Garden, one of Cape Town's earliest landmarks, is transforming what was previously a car park into a heritage food garden.

The vegetable garden will showcase the historical origins of the Company's Garden as a food source. Once completed, it will be a working vegetable and herb garden, which will include historical herb varieties, fruit trees and vegetables, a demonstration food garden, an edible indigenous plant garden and an indigenous medicinal herb garden.

The garden will be an important means of educating visitors about urban agriculture, as well as the medicinal properties of herbs and vegetables. This innovative World Design Capital project will highlight the need for urban food gardens, and promote the development of community gardens in undeveloped public open spaces around the city.



The City now boasts 100 libraries.

### Library facilities upgrades and achievements

Construction of the new Kuyasa regional library complex in Khayelitsha began in September 2013. This R54 million project on Walter Sisulu Road in Kuyasa underscores the City's pledge to provide world-class facilities to residents in previously disadvantaged areas.

An upgrade to the Crossroads library, which is expected to extend over a number of years, also commenced in the year under review.

During the year under review, Valhalla Park Library won the award for the best medium-sized public library in the province. The award is given to the public library that demonstrates excellence in marketing, promotion and outreach activities,

and has made a difference to its surrounding community. Other nominees for the award included the Masiphumelele and Observatory libraries.

The City now boasts 100 libraries with the following standard opening hours:

- 76 community libraries to be open 35 hours per week
- 22 regional libraries to be open 45 hours per week
- Two citywide libraries to be open 63 hours per week
- Three satellite libraries
- A mobile service consisting of three buses

### Programme 4.2(b): Heritage programme

In 2013, the City of Cape Town was the first local authority in South Africa to have its heritage-related competency approved in terms of the National Heritage Resources Act. The competency approval is for all assigned local authority functions relating to heritage resources management, including the administering of heritage areas, sites on the register, identifying and mapping heritage places, and issuing provisional protection orders for sites under threat. The heritage protection overlay zone was developed and approved, along with the system of exemptions as part of the new CTZS.

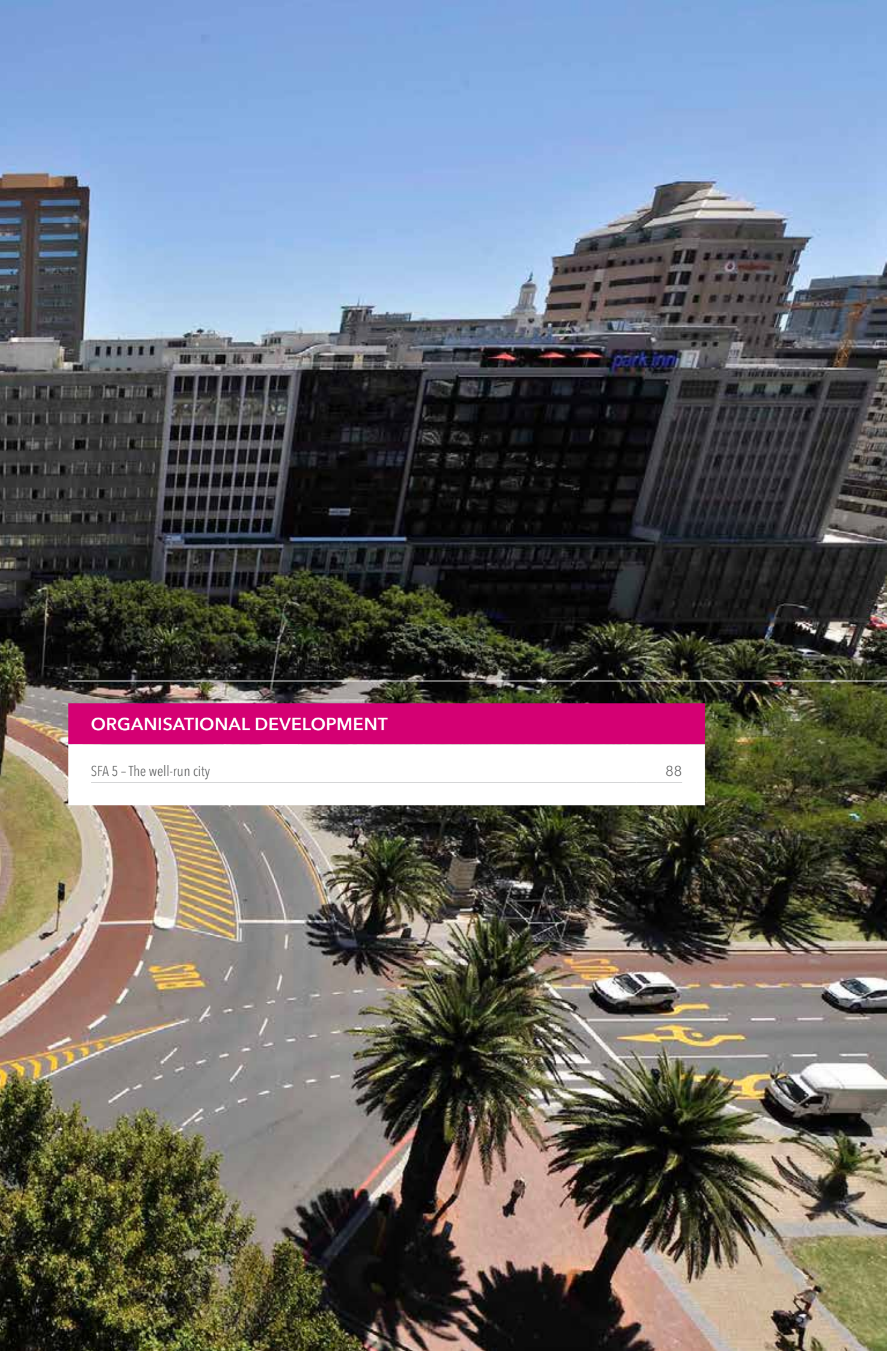
A total of 19 district environmental control officers have been designated by Heritage Western Cape as heritage inspectors in terms of the National Heritage Resources Act. In addition to their role in controlling outdoor advertising, these staff are now authorised to intervene where activities cause damage to a heritage resource in the city.

Highlights for the 2013/14 financial year included:

- Five new heritage surveys completed
- Slave Route brochure produced
- New interpretive signage installed at various heritage sites, including Krotoa Place, Greenmarket Square, Helen Suzman Boulevard and Langa
- Mapping of rural landscapes of Somerset West completed
- Refurbishment and fencing of the Langa Pass Office completed
- Restoration of a historical building in Mamre completed, having used traditional building techniques and trained local craftsmen and -women. The building is now used as a visitor centre and a biodiversity management office
- Heritage overlay zone came into effect on 1 March 2014 as part of the CTZS, and provides for heritage areas in terms of the National Heritage Resources Act







## ORGANISATIONAL DEVELOPMENT

SFA 5 – The well-run city

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The City is committed to being accountable for the resources it manages, being answerable and accessible to the people at all times, and maintaining the highest levels of efficiency.

## THE WELL-RUN CITY

*Only by ensuring that elected leaders and officials serve the interests of the public at all times can a fully democratic and accountable government be established. The City is committed to being accountable for the resources it manages, being answerable and accessible to the people at all times, and maintaining the highest levels of efficiency.*

To ensure that Cape Town is a well-run city, the following three key objectives – each with its own underpinning programmes – have been identified:

Table 4.1: IDP objectives and programmes for SFA 5

Objective	Programme	Page in 2013/14 IDP review	Page in this report
5.1: Ensure a transparent government, and work towards eradicating corruption	5.1(a): Transparent government (oversight) programme	91	89
5.2: Establish an efficient and productive administration that prioritises delivery	5.2(a): Human resources, talent management and skills development programme (integrated talent management approach)	92	90
	5.2(b): Human resources strategy	93	93
	5.2(c): Annual community satisfaction survey (CSS)	95	94
	5.2(d): Information and knowledge management framework – Development Information Resource Centre (DIRC)	95	94
5.3: Ensure financial prudence, with clean audits by the Auditor-General	5.3(a): Financial management programme	95	97
	5.3(b): Internal management processes	96	97

*This review of SFA 5 offers an overview of the City's performance against the objectives above, and its progress in terms of the implementation of the associated programmes.*

## Key well-run city achievements in 2013/14

- Scored 2,9 out of 5 on the annual citywide customer satisfaction survey
- 65,55% of people from employment equity target groups employed in the three highest levels of management
- 96,85% of workplace skills plan budget spent
- Received high investment rating of Aa3 from independent rating agency



*The vacancy rate for the City is just over 9%, which is the lowest of all South African metros.*

## WELL-RUN CITY OBJECTIVE 5.1

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

#### Programme 5.1(a): Transparent government (oversight) programme

##### *Maintaining the independence and effectiveness of the Audit Committee*

Internal Audit is an independent department of the City of Cape Town, and is a significant contributor to governance within the City. This function is a requirement of the MFMA and King III, which Council formally adopted. Internal Audit is largely directed by the IIA's international standards for the professional practice of internal auditing. The Department is mandated through its charter (terms of reference) to provide independent, objective assurance and consulting services, geared towards adding value and improving the City's operations. Internal Audit helps the organisation accomplish its objectives by bringing about a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. More details on the role, functions and performance of Internal Audit during the 2013/14 financial year appear on page 26 of this report.

##### **Enabling easy reporting of fraud and corruption**

The City has a well-established 24/7 hotline for reporting fraud and corruption. The 24/7 hotline is managed by an independent, external service provider. Other reporting mechanisms for allegations of fraud and corruption include letters, faxes, walk-in facilities, telephone calls, e-mails and other electronic communication media, such as Webmail, Facebook and Twitter. All allegations received are reviewed by the Chief: Forensic Services and logged and scheduled for submission to the City Manager in terms of his delegated authority.



*In its strive to be a well-run city, it is key for Council to be on efficient and productive administration.*

Managing talent remains a challenge for the City, as it competes globally to attract and retain engineers, nurses, planners and a range of other related skills.

## WELL-RUN CITY OBJECTIVE 5.2

### ESTABLISH AN EFFICIENT AND PRODUCTIVE ADMINISTRATION THAT PRIORITISES DELIVERY

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

##### Overview of human resources

At the end of June 2014, the City had 26 148 employees. This represents an increase of 3,27% over the previous financial year, and is aimed at keeping up with increased demands for service delivery. Where there are skills gaps, these very quickly translate into a negative experience for Cape Town's citizens. The vacancy rate for the City is just over 9%, which is the lowest of all South African metros.

While the City's staff complement is highly diverse, it still faces numerous challenges in terms of transforming its equity profile across skills and managerial levels. For this reason, the City prioritises internal development of staff as well as the active provision of career opportunities to women and people with disabilities, with a view to accelerating the transformation of its diversity profile, particularly at senior levels.

##### Attracting and developing talent

Managing talent remains a challenge for the City, as it competes globally to attract and retain engineers, nurses, planners and a range of other related skills. While attracting external talent is a very important component of business continuity, retaining and growing existing talent is far more reliable. Therefore, investment in staff development and skills upgrades remains a priority.

The City approved a new Recruitment and Selection Policy to support a more robust talent attraction process with flexible staffing options and inclusion of probation. A total of 3 223 new appointments were made in the year under review, ensuring that the City remains in the top 50 employers of choice nationally amongst undergraduates and young professionals.

The City's overall turnover in employees remains low, with the turnover in scarce-skills categories at 5,78%. The overall growth of employees in the same categories was 3,96% over the financial year, indicating an increase in the City's skilled workforce and a reduction in risk.

##### Developing people through training and coaching

The City continues to invest in staff development, and achieved a 99% spend on its corporate programmes and 96,85% on all training programmes.

Two new training programmes for leadership and management development were launched. Line departments are enthusiastically supporting them. The City continues to partner with a leading academic institution to provide a programme tailored to meet local government needs.

A business coaching programme was implemented in the last financial year, and the City now boasts 48 internal business coaches to support key areas of performance and assist with staff career development and job satisfaction.

A total of 25 027 training interventions were implemented across the City in the period under review, and 2 200 internal bursaries were granted.

##### Effective performance management

All senior professionals and managers in the City are required to participate in an individual performance management system aimed at monitoring and improving performance and identifying developmental gaps and opportunities. This programme is now ready to be rolled out to the next level of staff, namely junior professionals and senior supervisors.



While attracting external talent is a very important component of business continuity, retaining and growing existing talent is far more reliable.

## Enabling employee engagement

The City undertakes one of the biggest employee surveys in the country. With approximately 30% of employees participating, the results are very reliable.

The latest survey showed that overall employee engagement levels remained fairly stable. In the 'fully engaged' category, the level of engagement dropped from 37% to 34,6%. However, the overall levels of engaged staff went up slightly from 54,4% to 55,5%. This shift in engagement was attributed to staff doing more with less, and feeling that the intrinsic rewards were lacking.

For ratepayers, this indicates that employees continue to prioritise service delivery, even under very difficult conditions

of budget constraints, service delivery protests and the general stress of the current economic environment.

This dedication was reflected in the following survey results:

- 69% are highly motivated to work well
- 76% go above and beyond the call of duty in performing their work
- 85% give 100% when they are at work
- 76% are proud to work for the City of Cape Town
- 74% believe the City is a leader in the government sector

What City employees desire, however, is internal and external recognition for this dedication.

Table 4.2: City of Cape Town total workforce profile as at 30 June 2014

Permanent staff	Male					Female					Foreign nationals		
Occupation level	African	Coloured	Indian	White	Total male	African	Coloured	Indian	White	Total female	Male	Female	TOTAL
Top management	1	3		4	8	3			2	5			13
Senior management	8	19		32	59	5	8		9	22	20		101
Professionally qualified and experienced specialists and middle management	136	547	25	668	1 376	87	216	12	217	532	14	9	1 931
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	751	2 821	29	863	4 464	791	1 387	18	488	2 684	1	9	7 158
Semi-skilled and discretionary decision-making	1 785	4 537	12	310	6 644	1 088	2 132	18	345	3 583	35	9	10 271
Unskilled and defined decision-making	1 651	2 615	4	18	4 288	532	711	2	2	1 247	5		5 540
	4 332	10 542	70	1 895	16 839	2 506	4 454	50	1 063	8 073	75	27	25 014

Temporary staff	Male					Female					Foreign nationals		
Occupation level	African	Coloured	Indian	White	Total male	African	Coloured	Indian	White	Total female	Male	Female	TOTAL
Top management					0					0			0
Senior management				1	1					0			1
Professionally qualified and experienced specialists and middle management				1	1		2		1	3			4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	30	27	1	9	67	119	59	1	16	195	2	1	265
Semi-skilled and discretionary decision-making	77	151		9	237	99	85		6	190	1		428
Unskilled and defined decision-making	120	156		12	288	69	70	1	5	145	2	1	436
	227	334	1	32	594	287	216	2	28	533	5	2	1 134

Table 4.3: Total number of City employees with disabilities as at 30 June 2014

Occupation level	Male				Female				Foreign nationals		TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	0	0	0	0	0	0	0	1	0	0	1
Senior management	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and middle management	3	9	1	24	0	2	0	5	0	0	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	36	1	23	4	23	0	18	3	0	113
Semi-skilled and discretionary decision-making	10	46	0	12	10	20	1	18	1	0	118
Unskilled and defined decision-making	14	41	0	1	4	9	0	1	0	0	70
TOTAL PERMANENT	32	132	2	61	18	54	1	43	4	0	347
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	32	132	2	61	18	54	1	43	4	0	347

## Employment equity

The City's Employment Equity Department continues to exceed its performance targets and to contribute towards the general success of the City across all its strategic focus areas. One of the achievements was showcased as an initiative for the World Design Capital 2014.



*The City prioritises internal development of staff as well as the active provision of career opportunities to women and people with disabilities with a view to accelerating the transformation of its diverse profile.*

Table 4.4: Employment equity initiatives in 2013/14 financial year

Performance indicator	Activities in 2013/14
Gender equity	<ul style="list-style-type: none"> <li>An annual recognition awards event was held to celebrate National Women's Month. Five departments and seven individuals received recognition certificates for their contribution to the development and empowerment of women in support of the achievement of gender equality within the City.</li> <li>Twelve awareness sessions were conducted, focusing on: <ul style="list-style-type: none"> <li>sexual harassment in the workplace;</li> <li>the role of men in support of women's empowerment to achieve gender equality; and</li> <li>the role and challenges of youth in management/leadership roles in achieving a gender-sensitive work environment within the City of Cape Town.</li> </ul> </li> <li>A gender sensitisation training manual was developed and an initial training session conducted with members of the Citywide gender forum.</li> <li>In partnership with the Labour Relations Department, monthly information and educational awareness sessions on sexual harassment were conducted for staff throughout the City.</li> </ul>
Diversity programme	<ul style="list-style-type: none"> <li>A total of 20 staff members from various City directorates were identified as ambassadors for diversity. The group was taken on a guided educational tour of the slave route and heritage sites to further develop their understanding of our rich and diverse heritage.</li> <li>Diversity facilitators conducted 67 workshops, which were attended by 1 103 staff members from various departments.</li> </ul>
Disability management programme	<ul style="list-style-type: none"> <li>Awareness presentations were conducted across all City directorates as part of the induction, employment equity awareness and anti-discrimination programmes.</li> <li>Disability management is covered in all workshops.</li> <li>Quarterly reports on the employment and retention of people with disabilities were tabled at the Corporate Services Portfolio Committee meetings, with achievement of 1,33% of staff complement.</li> <li>The auditing of buildings for universal accessibility has been fast-tracked. The initial target of 60 was increased to 90. However, the City exceeded this target by completing audits of 93 buildings.</li> <li>An International Day of Persons with Disability took place on 3 December 2013. It focused on the integration of disability in the workplace, and involved presentations and panel discussions by internal experts in the field of transport, occupational health, safety and wellness, recruitment and selection, and employment equity.</li> <li>The Employment Equity Department designed a pledge in connection with persons with disabilities, which was signed by the City Manager, executive directors, Alderman D Qually and Michael Siyolo, who all committed themselves to the employment, retention and integration of persons with disabilities.</li> <li>Three certificates of achievement for the employment and retention of persons with disability were handed to directorates who exceeded their targets in these fields. These were Corporate Services, Finance, and the Office of the City Manager.</li> </ul>
Affirmative action	<ul style="list-style-type: none"> <li>Staff profiles indicating employment equity target achievements are supplied to Human Resources and all line directorates on a monthly basis to guide them in the process of recruitment and selection.</li> <li>A total of 46 affirmative action presentations were conducted, mainly to staff and senior management in different directorates and departments.</li> <li>Monthly employment equity training was provided to all line managers in the Water Services Department.</li> <li>Summaries of the Employment Equity Act are displayed on all floors in the Civic Centre (Tower Block) and distributed to other City buildings as well.</li> <li>Three additional employment equity/education, training and development forums were established and supported.</li> <li>The City's annual employment equity reports were submitted to the Department of Labour on time.</li> </ul>

### Programme 5.2(b): Human resources strategy

The City's single biggest budget item is staff costs, which currently amount to approximately R8,9 billion per annum. This is a very worthwhile investment, since the City's staff members are its most valuable asset. The HR strategy is aimed at ensuring that this asset is optimally utilised, motivated and developed. In the year under review, the ongoing roll-out of smart electronic systems delivered the following outputs in line with the strategy:

- A reduction in absenteeism from 4,45% to 4,3%
- The call resolution rate for the 27 042 calls staff made to the HR Service Desk remained high, at 87,27%.
- Formal roll-out of the SAP Learning Solutions module (LSO) with e-learning as part of the initiative. As a result, the City has saved significantly on fees pertaining to training venue, logistics and the printing of training request forms. Usage

of the system is at 82%, resulting in reduced transactional turnaround and improved overall staff productivity.

- The number of employees linked to the electronic clocking system increased from 92% to 95%. This resulted in improved data integrity, reduced audit queries and improved overall governance.
- Piloting of Texthire, an automated response-handling system for recruitment, which increases accessibility to applicants and hugely reduces turnaround times in filling posts. In the first pilot, the City received approximately 40 000 applications, compared to approximately 20 000 via the previous, manual process. External applicants registered on the City's e-recruitment system increased from 74 521 to 88 389.

Another successful 'Driver of the Year' competition was held.



- Ongoing enhancement of management and employee self-service (ESS) functionality (e.g. uploading of sick-leave certificates)
- Smart terminals with ESS functionality have been piloted for health clinics. The pilot project provides a dedicated computer station at clinics, where staff can log onto ESS and manage their human resources transactions, such as leave applications.

### Programme 5.2(c): Annual community satisfaction survey (CSS)

#### Listening to the community

The annual CSS measures residents' perceptions of the City's performance in delivering a range of services. The research has shown consistent improvement in residents' perceptions since the initial survey of 2007/8. In 2013/14, the City scored 2,9 on a five-point scale on its annual citywide CSS. This score is the average rating for the City's overall performance by residents who participated in the survey. The 2013/14 score represented an increase from the 2,7 achieved in 2011/12 and 2010/11, 2,6 in 2009/10 and 2008/9, and 2,4 in 2007/8. An overview of the results of the survey is included in the Governance, Compliance and Risk Management section of this report, on page 29.

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

#### Developing a solid information and knowledge framework

In the period under review, the Development Information Resource Centre (DIRC) portal was enhanced and additional content loaded. The DIRC is a corporate resource for departments to contribute and extract information. As such, it constitutes a single source of information and reporting, which allows for the smooth sharing of knowledge across departments, and improves the way the City does business.

The City utilises aerial imagery to monitor the growth of informal settlements as well as to support planning and service delivery. The latest aerial photography was made available in the 2013/14 financial year via the City's GIS viewer. It reflects continuous advancements and improvements in image quality through the application of new technology.

### Occupational Health, Safety and Employee Wellness

In the 2013/14 financial year, the Occupational Health, Safety (OHS) and Employee Wellness (EW) branches were realigned to

form the new Occupational Health, Safety and Employee Wellness Department headed by a director. The core business of the department is to provide a service to staff and line management that will ensure their safety, health and wellness while at work.

Some of the department's achievements during the year under review included:

- Hosting 37 wellness events, focusing on the well-being of employees.
- Celebrating the 10th anniversary of the Employee Wellness Clinic, the first for a municipality.
- Further integrating the approach towards occupational, health, safety and employee wellness-related issues.
- Various sessions were held with line management, Health and Safety representatives and chairpersons of Health and Safety Committees to enhance the understanding of their role and function to create a safe and healthy work environment. A total of 785 staff attended these workshops.
- Development of two toolkits for Health and Safety and Construction work to ensure compliance with the Occupational Health and Safety Act, 85 of 1993 as amended. A total of 537 managers and project managers were trained during this period.
- Regular coaching sessions were held with Health and Safety Committees to ensure that it functions effectively.
- Another successful 'Driver of the Year' competition was held. Driver awareness talks are conducted daily at the Fleet Risk Control Division to encourage safe driving awareness. Occupational Health and Safety is also presented at the Management Accountability Training Programme.
- Occupational Health and Safety Advisors were trained in OHSAS 18001 in preparation for the implementation of an occupational health and safety management system.
- A new GAR 6 agreement was concluded with the trade unions covering the nomination, election and functioning of health and safety representatives.
- Decrease of 20% in the number of reported injuries on duty as measured over the period since January 2012.
- A comprehensive survey was done on all workers facilities. All identified shortcomings are being addressed by line management.
- An increase in lifestyle illnesses was diagnosed by the occupational health division. These illnesses include high blood pressure, diabetes and poor vision. The affected staff were educated and referred to their general practitioner for further treatment.





## Specialised Technical Services

Specialised Technical Services is an enabling department that provides services, consultancy and advice to all City line directorates to enable them to achieve their service delivery goals. The Department comprises Facilities Management, Fleet Management, and Specialised Radio and Electronic Services (SPEARS).

In the 2013/14 financial year, Specialised Technical Services spent 99% of its capital budget and achieved a score of 99,93% in the asset verification process.

**Facilities Management** is responsible for managing 96 corporately owned buildings, including a portfolio of leased-in buildings across the city. Critical interventions in the past financial year included the following:

- Construction of a Mezzanine Floor at Cape Town Civic Centre, 4th Floor; Tower Block. Additional office space of 1 400 m<sup>2</sup> was realised, contributing to a reduced requirement for leased space.
- Office buildings for Libraries and Information Services – 690 m<sup>2</sup>.
- Replacement of the roof at the Hillstar Waterworks Building – 4 900 m<sup>2</sup>
- Replacement of the Pinelands roof – 1 500 m<sup>2</sup>
- Installation of phase 1 of the Facility Management Enterprise System and Building Management System at the Cape Town Civic Centre
- A number of projects to address building compliance requirements and prolong the life span of the Cape Town Civic Centre. These included:
  - Upgrade to 28 passenger lifts
  - Replacement of four escalators
  - Repairs to the podium roof
  - Upgrade of the electrical switchgear
  - Upgrade of the access control system

**Fleet Management** is responsible for managing approximately 3 424 corporate vehicles and plant, including: the purchase, disposal and deployment of such assets; the implementation and management of various services such as vehicle repairs and maintenance; on-road vehicle refuelling; and vehicle tracking and usage monitoring. In the past year:

- Approximately R48,4 million was spent on capital purchases of vehicles and plant for both the Corporate and Devolved Fleets.
- 3 424 vehicles were managed by STS Fleet. Management processes included:
  - Monitoring of vehicle performance and utilisation through on-board computers fitted to vehicles.
  - Training of supervisors to enable direct access to vehicle management reports.

- Provision of advice to line management to implement the Fleet Management Policy aimed at correct use and care of the vehicle fleet.
- Compiling and managing tenders for Devolved Fleet, including purchasing of vehicles, plant and related equipment.
- Purchase of new vehicles and modification into specialised response vehicles for Emergency Services e.g. camera response, anti-riot staff vehicles, 'ghost' high-performance vehicles and superbikes, emergency response vehicles, etc.
- Refurbishment and restoration of old fire-fighting vehicles for Fire and Rescue Services

**SPEARS** is responsible for all radio communications and the following electronic services throughout the city:

- A terrestrial trunked radio communications system with 32 remote sites and 10 800 internal emergency and municipal service users as well as some 1 800 external users from surrounding government organisations.
- Closed-circuit television (CCTV) systems with 2 800 cameras to ensure maximum security at 350 facilities and depots
- Security alarm systems to monitor all Council facilities, with 2 000 remote sites
- Electronic services, including 44 access control systems, nine fire detection systems, 80 public address systems, an audio-visual support service for the executive suites and the Council chamber in the Civic Centre, and an identification and access control card manufacturing facility for all 26 148 employees

During the 2013/14 financial year, SPEARS further developed infrastructures and completed the following projects:

- Commissioned approximately 700 CCTV cameras at 80 new sites.
- Upgraded the public address system for the Council chamber.
- Upgraded the public address system for the Athlone stadium.
- Initiated a project to replace the public address system of the Good Hope Centre. This is expected to be completed in 2014/15.
- A project to introduce a Facility Management Enterprise System (FMES) was initiated for the Cape Town Civic Centre. This system integrates all the systems and allows for central monitoring and reporting across CCTV, access control, security alarms, air conditioning, power, lighting, and others.



## Information systems and technology (IS&T)

The City's information and communications technology (ICT) systems are acknowledged nationally and internationally for the manner in which they enable the City to deliver services.

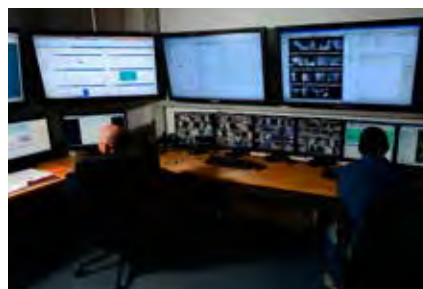
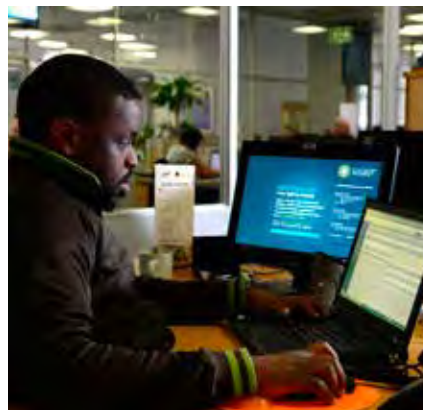
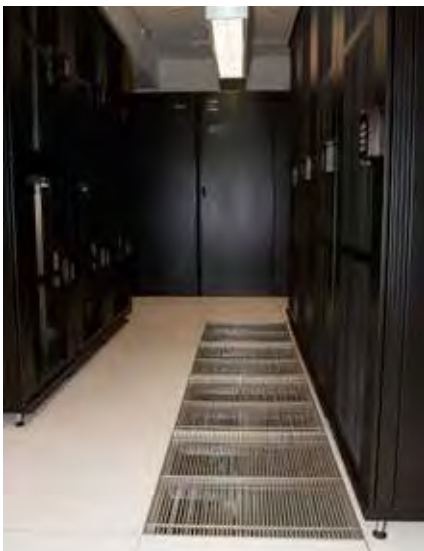
As a strategic department in the City, IS&T aims to be a catalyst for the transformation of public services, and will enable the City of Cape Town to become a more efficient and effective local authority.

### Web and mobile services

Building on the solid transactional platform that the City's ICT systems provide, the web services were extended and made

accessible via mobile devices. These services can be accessed via the City's official mobi-site, and offer a platform to which additional mobile services will be added to complement web services already available through the e-services portal. Through projects such as these, the City's IS&T Department continued to deliver on its 'smart' city strategy, and helped to:

- improve the efficiency of the administration;
- improve services to citizens and businesses; and
- enable social and economic development.



*Broadband connectivity and digital inclusion are fundamental to creating an enabling environment for business development, economic growth and social cohesion.*

## WELL-RUN CITY OBJECTIVE 5.3

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

#### Unqualified and clean audit

The City of Cape Town received an unqualified audit opinion, as well as a clean audit status, from the Auditor-General of South Africa for the 11th and 2nd consecutive years respectively. This confirms the City's substantial adherence to governance laws, regulations and controls that are in place to ensure accountability by political and administrative leadership.

#### Programme 5.3(a): Financial management programme

##### Financial oversight over CTICC

The City of Cape Town holds shares in the Cape Town International Convention Centre (CTICC). As the majority shareholder, the City is the parent municipality of the CTICC, which makes this state-owned company (as per the Companies Act) a municipal entity. In compliance with legislative responsibilities placed on the City as the parent entity, oversight is exercised over CTICC governance. This requires, inter alia, ongoing monitoring of the finances of the CTICC, which is one of the few convention centres in the world that does not require an annual operating subsidy from any outside supporting organisation. The City's consolidated financial statements also include the financial statements of the CTICC.

#### Programme 5.3(b): Internal management processes programme

The management accountability programme focuses on training current managers (levels 1 – 4) in identified core corporate administrative business processes. Newly appointed managers undergo induction training to ensure that they understand their accountability prior to assuming their management roles.

A total of 1 046 managers attended various management accountability programme modules in the course of the year under review.

The programme, which contributes to improved governance across managerial levels, has generated great interest nationally, with requests for the City to share the programme with the National Department of Cooperative Governance and Traditional Affairs as well as other local authorities.

## Responsible management of service providers

The Municipal Systems Act allows a municipality to enter into a service delivery agreement for the provision of a municipal service in its area. Service delivery agreements may be entered into with the following external service providers:

- A municipal entity
- Another municipality
- An organ of state (including a water services committee established in terms of the Water Services Act 108 of 1997, a licensed service provider registered or recognised in terms of national legislation, and a traditional authority)
- A CBO or other NGO legally competent to enter into such an agreement
- Any other institution, entity or person legally competent to operate a business activity

In all such instances, service delivery agreements are prepared and serve as contracts between the City of Cape Town and the service provider. Section 81 of the Municipal Systems Act defines the responsibilities of the municipality when providing a service through a service delivery agreement with an external mechanism.

In keeping with the requirements of the Act, the City of Cape Town remains responsible for:

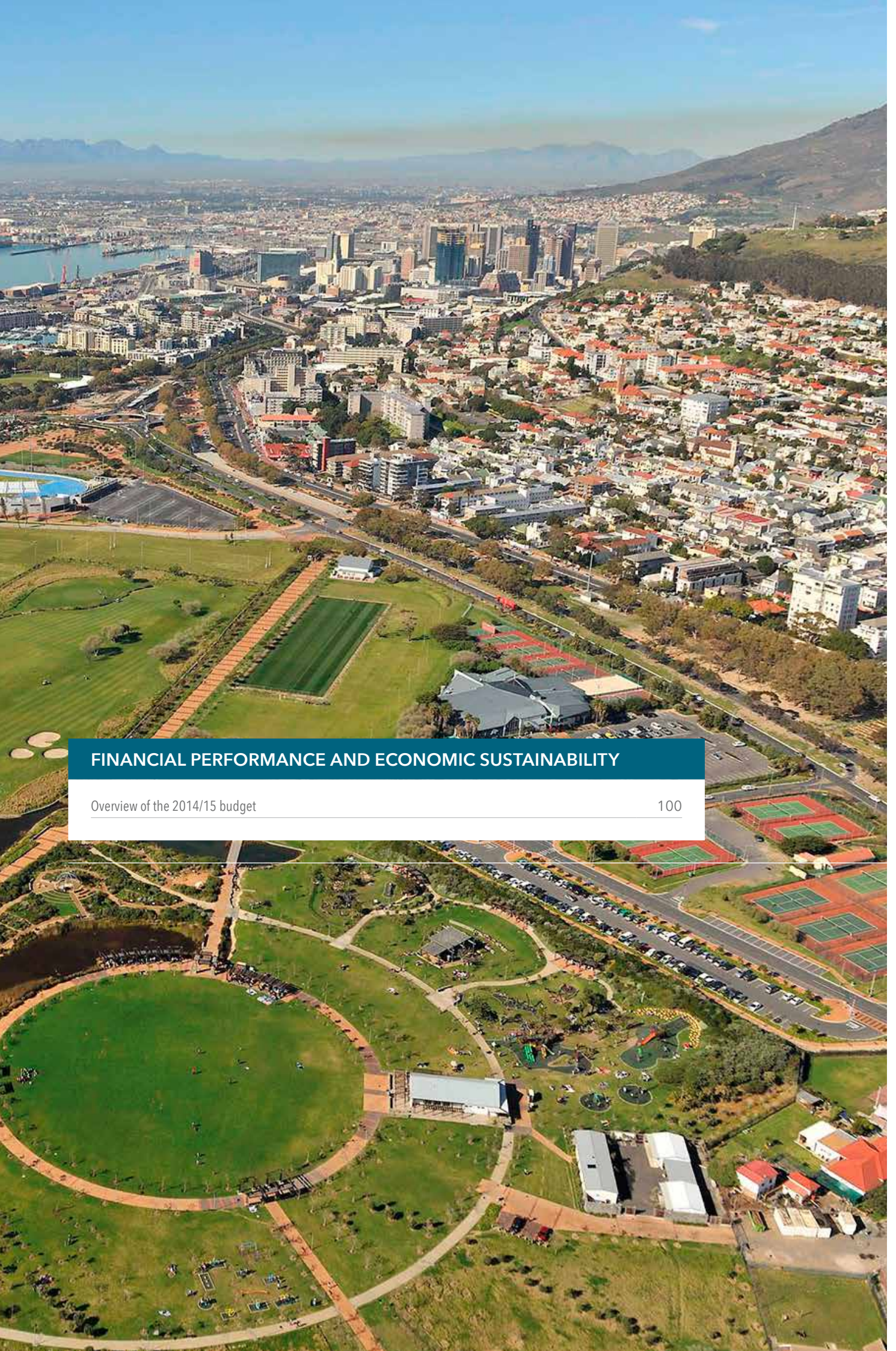
- regulating the provision of the service in terms of section 41 of the Systems Act;
- monitoring and assessing the implementation of the service delivery agreement, including the performance of the service provider in terms of section 41 of the Act;
- performing its functions and exercising its powers in terms of chapter 5 and 6 of the Act if the relevant municipal service falls within the development priorities or objectives of the municipality's IDP; and
- monitoring and auditing a system that is used to pass on to a service provider funds for the subsidisation of services to the poor (section 81(2)(b) of the Systems Act).

The City is busy performing a pilot project to automate the monitoring of service providers.



The City of Cape Town holds shares in the Cape Town International Convention Centre.





## FINANCIAL PERFORMANCE AND ECONOMIC SUSTAINABILITY

Overview of the 2014/15 budget

100

The City of Cape Town's municipal budget rests on the building blocks of affordability, sustainability and credibility.

## OVERVIEW OF THE CITY OF CAPE TOWN'S 2014/15 BUDGET

The City's operating budget is dedicated to day-to-day operations, which include the provision of services such as health, transport and roads, libraries, parks, ECD, policing, traffic management, water, electricity and refuse removal.

### 2014/15 operating budget: R28,655 billion

The capital budget is dedicated to the provision of new infrastructure projects and the renewal or capital maintenance of existing assets.

### 2014/15 capital budget: R6,211 billion

#### How is this funded?

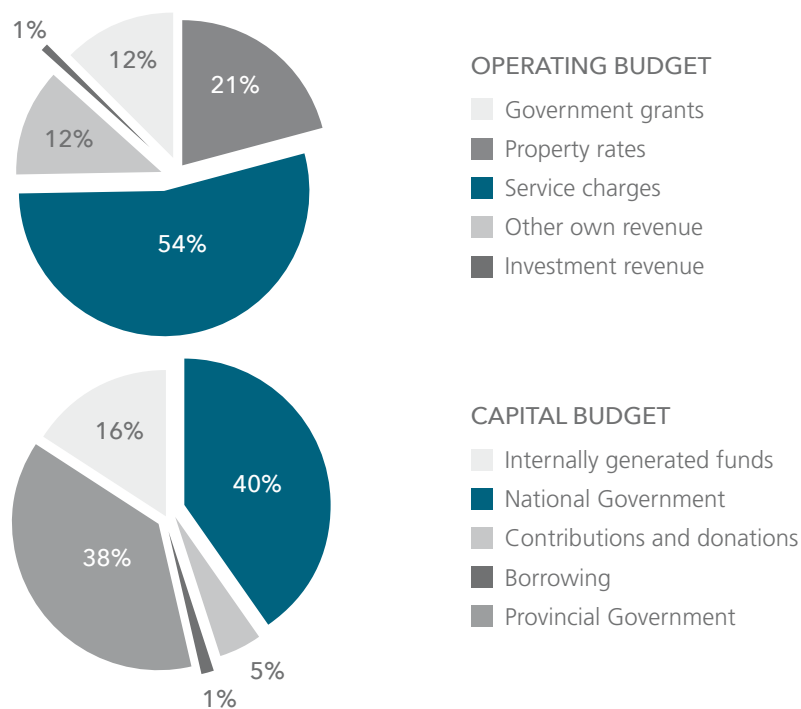


Figure 5.1: Funding of the City of Cape Town's budget



## How is it spent?

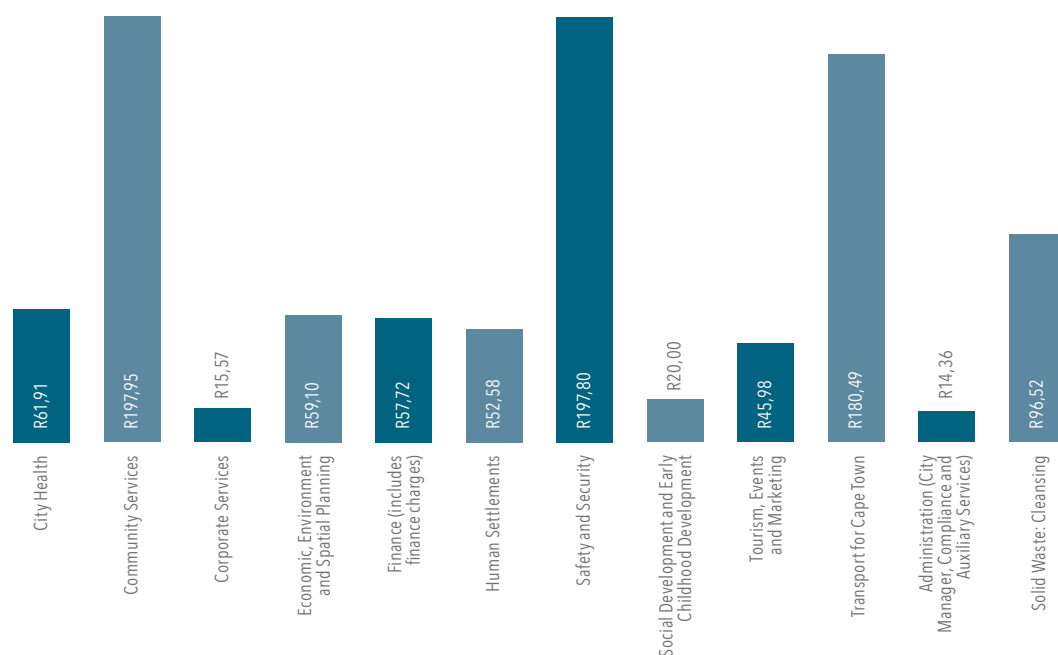


Figure 5.2: Expenditure on municipal services per every R1 000 of property rates

The City of Cape Town's municipal budget rests on the building blocks of affordability, sustainability and credibility.

### Social package

The social package assists poor households by providing them with the following:

- 6 kℓ of water per month per household, free of charge
- 4,5 kℓ of water, including sewerage charges, for all properties valued at R300 000 or less, free of charge
- 4,2 kℓ sanitation per month per household, free of charge
- 60 kWh of electricity per month per household, free of charge, for users who have a prepaid electricity meter
- and use less than 450 kWh per month, and with property values of R300 000 or less
- Waste removal rebates between 0% and 100% for consumers whose properties are valued at R400 000 or less
- A total of R1,1 million in rates rebates on various properties, depending on ownership and usage

The total cost of the social package amounts to R2,5 billion for the 2014/15 financial year.

## CONSOLIDATED EXPENDITURE

### Utility Services

#### R16 786 m – 48% of total budget

- Electricity network infrastructure – growth and refurbishment (R640 m)
- New Bellville refuse transfer station (R210 m)
- Electrification – including backyarders (R152 m)
- Sewer and water network replacement and upgrade (R106 m)
- Janitorial services – sanitation to informal areas (R24 m), EPWP (R36 m)
- Replacement of plant and vehicles (R84 m)
- Street lighting with an emphasis on poorer areas (R49 m)
- Mayor's special job creation programme (EPWP) (R35 m)
- Enhanced service delivery – operations (R25 m)
- Water pressure management (R20 m)
- Drop-off facilities at the Faure and Swartklip landfill sites (R17 m)
- Apprenticeship training programme (R8 m)
- Awareness campaigns – water demand management and blocked sewers

### Transport for Cape Town

#### R3 837 m – 11% of total budget

- Repairs and maintenance of roads, stormwater infrastructure, public transport facilities, etc. (R837 m)
- Integrated rapid transit system roll-out (R508 m)
- MyCiTi bus fleet acquisition (R302 m)
- Contracted services for MyCiTi vehicle operating contracts, EPWP and other (R372 m)
- Public transport infrastructure/facilities (R195 m)
- Roads and stormwater rehabilitation/reconstruction (R170 m)
- Non-motorised transport facilities – footways and cycle-ways (R100 m)
- Security at public transport facilities, depots, etc. (R29 m)
- Strandfontein Road reconstruction/widening (R15 m)
- Mayoral redress in poverty hot spots (R20 m)



## Human Settlements

### R2 753 m – 8% of total budget

- CRU upgrade project (R175,3 m)
- PHP (R170 m)
- Hostels transformation programme – Langa (R105,5 m)
- Informal settlements: Urbanisation/informal settlement projects (R296,8 m)
- Social housing projects (R79,25 m)
- Integrated human settlements: Pelican Park housing project (R87 m)
- Private-sector partnership: Fisantekraal housing project (R63,2 m) for 2014/15
- Land acquisition for human settlements developments (R14 m)
- Mayor's special job creation programme and EPWP (R12 m)

## Corporate Services

### R2 021 m – 6% of total budget

- Expanding the broadband fibre-optic network (R139 m)
- Civic Centre upgrades (R40 m)
- Training programmes (R39 m)
- Mayor's special job creation programme and EPWP (R4 m)

## Community Services

### R1 711 m – 5% of total budget

- New regional library in Kuyasa, Khayelitsha (R52 m)
- Mayor's special job creation programme and EPWP (R22 m)
- Director's special projects and community gardens (R17 m)
- Smart Parks (R11,9 m)

## Safety and Security

### R1 712 m – 5% of total budget

- Expanding staff and capital resources in the policing departments and emergency services (R20,9 m)
- Improved safety and security through partnerships with communities, the private sector, other departments and spheres of government (R17,1 m)
- Establishment of an integrated emergency contact centre (R30,3 m)
- Replacement and new vehicles (R14,5 m)
- Mayor's special job creation programme and EPWP (R11 m)
- Expansion of CCTV roll-out in mayoral urban regeneration areas (Bellville and Athlone) and replacement of security cameras (R7,6 m)
- Completion of phase 2 of the Atlantis driver's testing station (R1,5 m)
- Replacement and acquisitions of radios and communication equipment (R1,9 m)

## City Health

### R930 m – 3% of total budget

- Mayor's special job creation programme and EPWP (R6 m)
- Construction for the upgrade and extension of ARV and TB services at Tafelsig (R3,4 m) and Mzomomhle clinics (R3,7 m)
- New Environmental Health offices in Khayelitsha (R2,4 m)
- Upgrade and extensions to St Vincent Clinic (R424 845)



## Other

### R5 116 m – 15% of total budget

- Mayor's special job creation programme and EPWP (R53 m)
- Broadband infrastructure and connectivity (R150 m)
- Transfers and grants (R125 m)
- Basement parking and access – CTICC (R89,5 m)
- Ward allocations – operating and capital (R77,7 m)
- Spatial transformation/integrated zones (R57 m)
- World Design Capital (R23,5 m)
- Mayoral urban regeneration programme (R29 m)
- Social development programmes – ECD, substance abuse, vulnerable groups, poverty alleviation, support to street people (R13 m)
- Construction of ECD centres (R12 m)
- Baboon management (R10 m)
- Strand precinct upgrade (R10 m)
- Integrated planning and operating system (R9,9 m)
- Provision of lifts for empty shafts: Cape Town Stadium (R7,9 m)
- Quality public spaces – citywide (R7 m)
- Replacement of Finance warehouse equipment (R6,5 m)
- E-procurement system (R4 m)
- Public spaces informal settlements upgrade (R2,6 m)
- Pampoenkraal heritage site (R2,4 m)
- Imizamo Yethu sporting precinct (R2,3 m)
- Upgrade of Grand Parade (R1 m) and Lookout Hill (R1 m)
- Upgrade of Athlone Stadium (R1 m)
- Elsies River public access centre (R2,3 m)





WEBER WENTZEL

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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 the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.



## APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

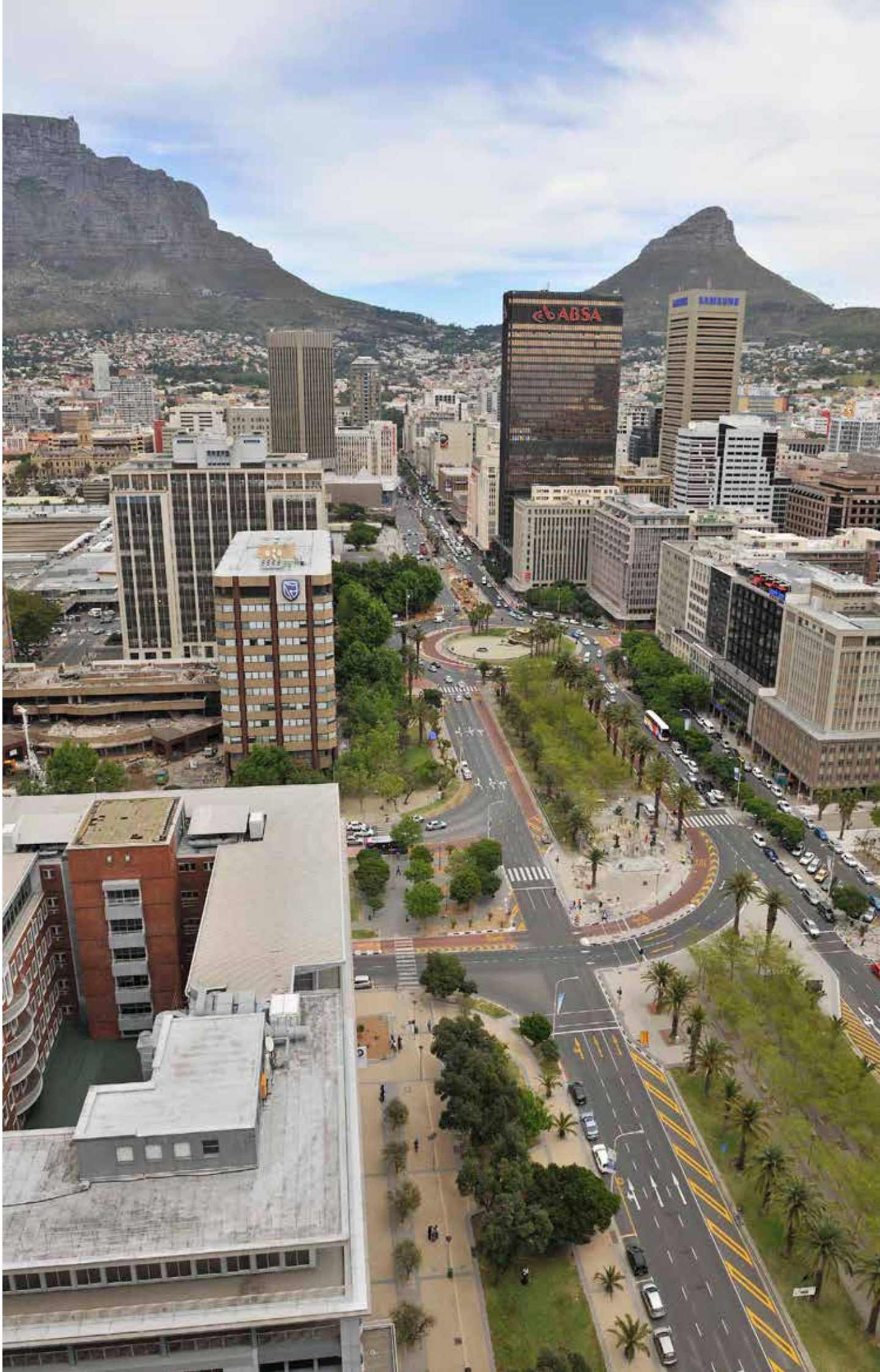
### Approval of the consolidated annual financial statements

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2014, as set out on pages 121 to 205 in terms of section 126(1) of the Municipal Finance Management Act, 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 30 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

**Achmat Ebrahim**  
*City Manager*

30 September 2014



# REPORT OF THE AUDITOR-GENERAL to the Western Cape Provincial Parliament and the council on the City of Cape Town

## REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Introduction

1. I have audited the consolidated and separate financial statements of the City of Cape Town and its entities set out on pages 121 to 192, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with 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, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town and its entities as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

### Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Material impairments/losses

8. As disclosed in note 8 to the consolidated financial statements, receivables have been significantly impaired. The impairment allowance amounts to R4,2 billion (50% of the gross balance of receivables) of which R2,9 billion (33% of the gross balance of receivables) relates to service debtors.
9. As disclosed in note 9 to the consolidated financial statements, other receivables have also been significantly impaired. The impairment allowance amounts to R895,3 million (68% of the gross balance of other receivables).
10. As disclosed in note 8 to the consolidated financial statements, material losses to the amount of R574,8 million were incurred as a result of a write-off of irrecoverable trade debtors.

### Material underspending of the budget

11. As disclosed in the consolidated statement of comparison of budget and actual amounts, the municipality has materially underspent the capital budget to the amount of R1,1 billion (20%).

### Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited supplementary schedules

13. The supplementary information set out on pages 193 to 205 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

# REPORT OF THE AUDITOR-GENERAL to the Western Cape Provincial Parliament and the council on the City of Cape Town (continued)

## Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality and its municipal entity for the year ended 30 June 2014:

### Municipality

- Objective 1.2: Provide and maintain economic and social infrastructure to ensure infrastructure-led economic growth and development (page 216 to 217)
- Objective 3.2: Ensure innovative human settlements for increased access to those who need them (pages 218 to 219)
- Objective 3.3: Assess the possible sale or transfer of rental stock to identified beneficiaries, using established criteria (pages 218 to 219)
- Objective 3.4: Provide for the needs of informal settlements and backyard residences through improved services (pages 218 - 219)

### Municipal entity (Cape Town International Convention Centre)

- Key performance area 1: Events (page 222)
- Key performance area 3: Customer centricity and service excellence (page 222)
- Key performance area 6: Governance (page 222)

17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development objectives.

## Additional matter

21. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development objectives, I draw attention to the following matter:

## Achievement of planned targets

22. Refer to the annual performance report on pages 216 to 221 for information on the achievement of planned targets for the year.

## Compliance with legislation

23. I performed procedures to obtain evidence that the municipality and its municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## Internal control

24. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

## OTHER REPORTS

### Investigations

25. As reported in the prior period, an investigation was conducted by the Office of the Public Protector (OPP) into the purchase of land by the City of Cape Town. This resulted in a recommendation by the OPP that an investigation be instituted by the City of Cape Town's forensic, ethics and integrity department (FEID) into supply chain management procedures of the Cape Town International Convention Centre Company SOC Ltd's (CTICC) expansion project. The investigation by the City's FEID and the reviews performed by the board of the CTICC were finalised on 21 October 2014.
26. One hundred and seventy-three (173) open cases (2012-13: 170) relevant to the City of Cape Town appeared in the FEID register at the end of the financial year under review. The movement in the cases is as follows:
- Two hundred and thirty-five (235) new cases relating to alleged fraud, corruption, theft and the misuse of public funds were investigated by the FEID during the year.
  - One hundred and eighty (180) cases were concluded during the year, of which (62) relate to the current year and (118) to prior years.

*Auditor-General*

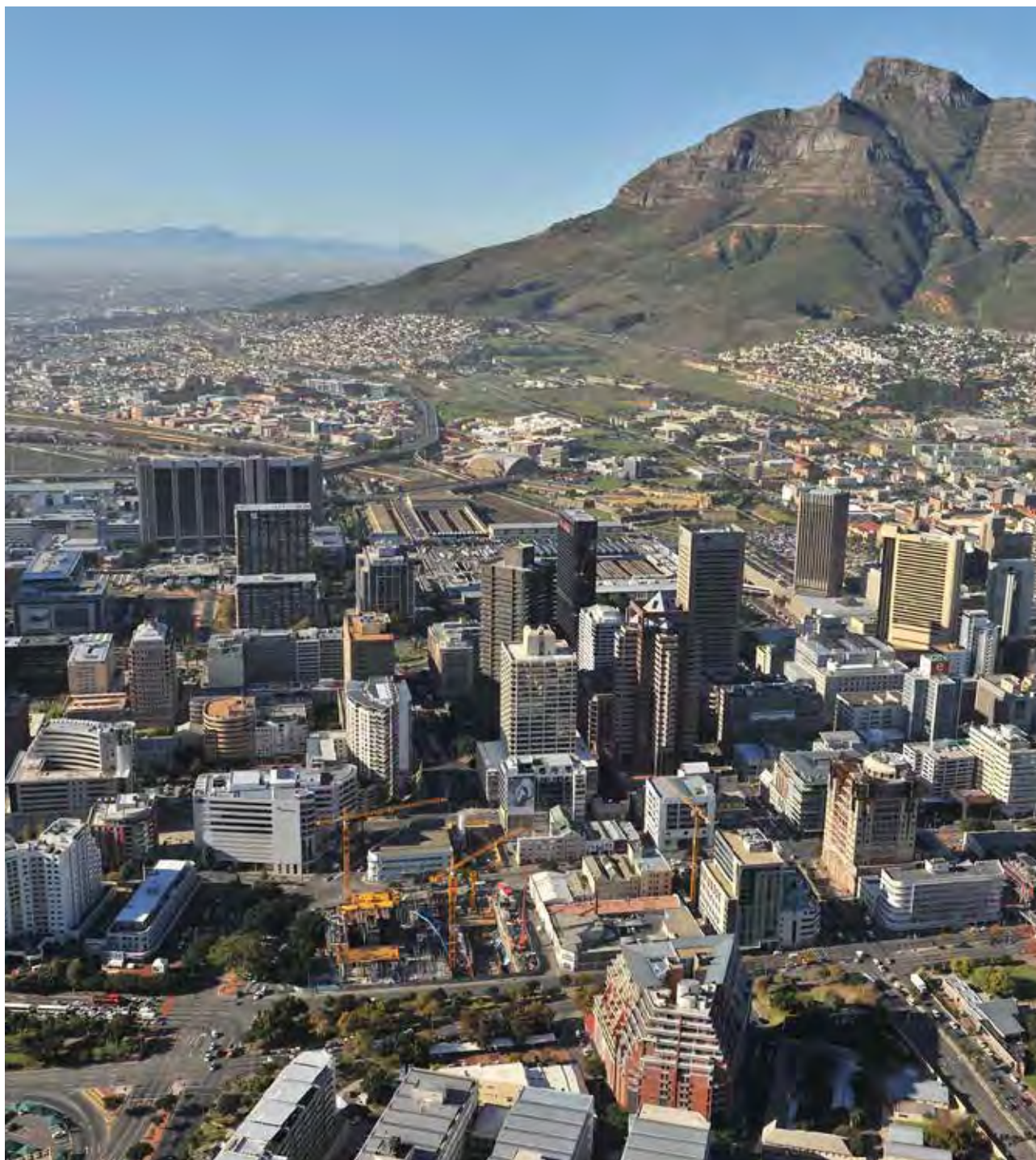
Cape Town  
17 December 2014



# REPORT OF THE AUDITOR-GENERAL management comments and corrective action 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 financial statements of the City of Cape Town for the year ended 30 June 2014 in terms of section 121(4)(E) of the Municipal Finance Management Act, No. 56 of 2003.**

The audit report is unqualified and contains no issues for which management comments and corrective actions are required. The items listed in the audit report under 'emphasis of matters' are self-explanatory and for reader interest only.



# REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2014

## REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN

The Audit Committee has been established as an independent Committee, in terms of S166 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003. The Committee is governed by a formal terms of reference, which is regularly updated and approved by Council.

The Committee presents its report for the financial year ended 30 June 2014.

## AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of four independent members, and consists of the members listed below. During the year under review, four Audit Committee meetings and two special meetings were held.

Other meetings with the City Manager, Internal Audit (IA), Senior Management, Mayoral Committee (Mayco) and the Mayor were also held. The Auditor-General is invited and is in attendance at Audit Committee meetings. The Chairperson is also a member of the Risk Committee of the City.

Name of Member	Number of meetings attended
Mr Z Manjra	8
Ms M Roos (Reappointed: effective 1 February 2014)	7
Ms J Gunther	7
Dr S Fisher	4
Mrs F Essa (Resigned: 18 February 2014)	3

The tenure and qualifications of the members are as follows:

Name	Qualifications	Tenure period (1)	Tenure period (2)
Mr Zaid Manjra	CA(SA), Masters in Business Leadership	30/03/2009 to 30/03/2012	01/04/2012 to 31/03/2015
Ms Mariaan Roos	CA(SA), H Dip Co Law, Masters of Commerce in Auditing, Certified Sustainability Master Class	01/02/2011 to 31/01/2014	01/02/2014 to 31/01/2017
Ms Judy Gunther	B.Compt Honours, Masters in Cost Accounting, Certified Internal Auditor (CIA)	01/11/2012 to 31/10/2015	
Dr S Fisher	M.B., Ch.B. (UCT), M.Med (Community Health)	01/11/2012 to 31/10/2015	
Mrs Fawza Essa	B.Sc (Computer Science and Mathematics)	01/11/2012 to 18/02/2014	

## AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, complied with its responsibilities arising from its terms of reference, including relevant legislative requirements.

The Audit Committee has compiled an annual workplan that assists in carrying out its responsibilities.

Quarterly reporting on the Audit Committee activities was presented to the Strategic Mayco and for the third and fourth quarters written reports have been submitted to Council.

The Audit Committee terms of reference (ToR) was subjected to a revision process and was approved by Council after the end of the financial year, with some substantial changes to its mandate. The revised ToR will, therefore, influence the Audit Committee workplan.

## REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee has:

- Reviewed and discussed the annual financial statements of the City with the Auditor-General and management, to be included in the Integrated Annual Report;
- Reviewed the Auditor-General's management letters and management's responses thereto;
- Reviewed and discussed the report and audit opinion of the Auditor-General with the Auditor-General and management;
- Reviewed changes in Accounting Policies and Practices; and
- Reviewed the City's compliance with legal and regulatory provisions.

The Committee is extremely pleased that the Auditor-General has issued an unqualified audit opinion on the Entity's financial statements of the City of Cape Town, for the year ended 30 June 2014, with no findings.

# REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

The Committee concurs and accepts the Auditor-General of South Africa's opinion regarding the annual financial statements, and proposes that the audited annual financial statements be accepted and read together with the Report of the Auditor-General of South Africa.

The financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice, and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No.12 of 2009) (DORA). The Committee draws attention to the 'emphasis of matter', predetermined objectives, and other paragraphs contained in the Auditor-General's report, noting that these do not affect the opinion in any way.

## EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by IA on a quarterly basis and has reviewed the IA Annual Report on Internal Controls for the year ended 30 June 2014.

An IA opinion of 'Some Improvement Needed' was expressed on Internal Controls, based on the results of the various audit engagements completed during the year under review. This opinion is an improvement on the preceding years. The Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Framework was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely, the control environment, risk assessment, control activities, information and communication and monitoring activities. The Committee was also encouraged by the level of financial controls in place in the City.

The Committee wishes to draw attention to the following areas flowing from Committee activities during the year and the IA Annual Report on Internal Controls:

### Information Systems

The Committee noted the significant improvement in the controls in IT&S, with Internal Audit (IA) having performed a large number of Continuous Audits (CAs) during the course of the year. IA performed audit engagements related to:

- Active Directory;
- IT Systems Business Continuity Review;
- SAP Basis Review; and
- ICT Governance (COBIT) Review.

## INTERNAL AUDIT EFFECTIVENESS

The IA activities are completed by an in-house department operating in terms of an IA Charter. There appears to have been no compromise of the independence or objectivity of the IA function during the year under review. However, with the change of the reporting lines of IA and the changes in the Audit Committee ToR, the Committee had raised its concerns regarding the potential impairment of the independence of IA. The Committee was given assurances of IA's independence, and will continue to closely monitor the impact of the revised reporting lines of IA, to ensure that its independence is not being impaired.

The Committee reviews audit quality throughout the year with an emphasis on audit governance, methodology, independence, scope of work and outputs. The Committee believes that the IA function has been effective in carrying out its function in the City, having achieved or exceeded most of their performance targets.

The Chief Audit Executive position has been vacant since April 2014. The Committee has raised its concern regarding the length of time it has taken to fill this key leadership position.

## PERFORMANCE MANAGEMENT

The Audit Committee also acts as the Performance Audit Committee for the City. The Audit Committee is pleased to note that there were no material findings raised by the Auditor-General on the usefulness and reliability of the reported performance information for the selected development objectives.

The Committee had reviewed and given consideration to the quarterly reports and quarterly performance results as reported by management. The IA quarterly reports on selected City Performance Management System Information were reviewed and the recommendations for continuous improvement are supported in an effort to ensure compliance, functionality and effectiveness of the system, as prescribed by the legislative framework.

The Committee recommends that management continue to address other deficiencies in the performance management process as highlighted by IA, the Auditor-General and biannual Audit Committee reports to Council.

Subsequent to the year-end, the Council has appointed a separate Performance Audit Committee.

## RISK MANAGEMENT

The City continues to show good progress in embedding risk management processes in its operations and enhancing the understanding of risk management in its strategy.

The Audit Committee Chairperson serves as a member of the Risk Committee, thereby facilitating the Audit Committee's understanding of the City's risk intervention processes.

## GOVERNANCE

The City has adopted the principles of the King III report on corporate governance. The Committee continues to monitor key City-wide governance interventions required such as the communication and monitoring of the Ethics Office and compliance reporting. These initiatives are evolving within the City and are welcomed to ensure compliance with legislative frameworks.

The Committee continues to review the development of the City's Combined Assurance framework to ensure that all significant risks are addressed.

## MUNICIPAL ENTITY

The Cape Town International Convention Centre (CTICC) is the City's Municipal Entity. The Committee plays an oversight and advisory role for the Municipal Entity, with the CTICC Audit Committee meeting minutes and annual report being reviewed at the City's Audit Committee meetings.

## CONCLUSION

The Committee is very pleased with the progress made by the City during the financial year, in all the areas outlined in this report.

An Audit Committee report to the Municipal Public Accounts Committee (MPAC) was also submitted to the MPAC for the annual report oversight process.

The Committee fully supports the City in its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents on the journey for sustainable service delivery, and to build and grow a citizen-centric culture.

The Committee wishes to express its appreciation to the management of the City, the Auditor-General of South Africa and IA to enable the Committee to perform its function.



**Z I Manjra**

*Chairperson of the Audit Committee*

**9 December 2014**

# GENERAL INFORMATION



**Executive Mayor**  
Alderman De Lille, P

**Speaker**  
Alderman Smit, JD

**Chief Whip**  
Alderman Serritslev, AM



**Executive Deputy Mayor**  
Alderman Neilson, ID

## Members of the Mayoral Committee

- |                               |  |
|-------------------------------|--|
| • Alderman Neilson, ID        | Finance  |
| • Alderman Limberg, X         | Corporate Services                                 |
| • Alderman Smith, JP          | Safety and Security Services                       |
| • Alderman Walker, B          | Community Services and Special Projects            |
| • Councillor Bloor, G         | Tourism, Events and Marketing                      |
| • Councillor Herron, BN       | Transport for Cape Town*                           |
| • Councillor Little, S        | Social Development and Early Childhood Development |
| • Councillor Mamkeli, S       | Human Settlements                                  |
| • Councillor Sonnenberg, EJ   | Utility Services                                   |
| • Councillor Van Minnen, B    | Health   |
| • Councillor Van der Merwe, J | Economic, Environmental and Spatial Planning       |

\*Previously known as Transport, Roads and Stormwater.

## Members of the Audit Committee

- |              |                              |
|--------------|------------------------------|
| • Manjra, Z  | Chairperson                  |
| • Essa, F    | Member (resigned 18/02/2014) |
| • Fisher, S  | Member                       |
| • Gunther, J | Member                       |
| • Moloko, K  | Member (resigned 27/07/2013) |
| • Roos, M    | Member                       |

## Auditors

The Auditor-General of South Africa  
Business Connexion Building  
Ring Road, Century Boulevard  
Century City  
7441

Private Bag X1  
Chempet  
7442

## Bankers

ABSA Capital  
1st floor  
163 Uys Krige Street  
Platteklouf  
7500

PO Box 4110  
Tyger Valley  
7536

## Registered office

12 Hertzog Boulevard  
Cape Town  
8001

PO Box 655  
Cape Town  
8000



**City Manager**  
Ebrahim, A



**Chief Financial Officer**  
Jacoby, K

## GENERAL INFORMATION (continued)

### Council members of the City of Cape Town Councillor/Alderman

Abrahams, A	Griesel, AJ	Mangali, T	Purchase, F
Abrahams, AN	Gwangxu, X	March, GW	Qoba, ZL
Abrahams, FL	Gympies, SC	Marman, PI	Qually, DL
Abrahams, MM	Hadebe, B	Martlow, J	Rass, B
Adams, A	Hansen, B	Matanzima, V	Rau, R
Adams, Y	Haskin, GC	Matha, MS	Raymond, FHL
Akim, WJ	Hassiem, W	Maxheke, JJ	Rossouw, SJ
Amira, D	Haywood, M	Maxiti, P	Sakathi, T
Andrews, EP	Hebe, LA	Mbandezi, S	Scheepers, CJ
Anstey, E	Hendricks, MGE	Mbonde, ME	Serritslev, AM
Arendse, MT	Herron, BN	McCarthy, J	Sikhakhane, N
Arendse, R	Heuvel, JA	Mfusi, VN	Siljeur, GR
Arendse, SWP	Heynes, PC	Mhlanga, C	Simons, RS
August, SN	Honono, TT	Middleton, JH	Sitonga, MC
Badela, DE	Hoorn, RM	Mkutswana, MA	Slabbert, JD
Basson, JA	Hoosain, J	Mngxuneni, PM	Smit, JD
Bazier, R	Isaacs, LI	Mofoko, NM	Smith, J
Beneke, R	Isaacs, VR	Morkel, KH	Sonnenberg, E
Bent, NL	Iversen, I	Moses, AC	Sono, NP
Bew, CB	Jacobs, BM	Moshani, NA	Sopaqa, MM
Bloor, GM	Jacobs, J	Mphila, D	Sotashe, X
Brady, WE	Jaffer, L	Mpondwana, M	Taylor, MJ
Bredenhand, JC	Jaftha, WD	Msindwana, ME	Thomas, CR
Brenner, HI	Janse van Rensburg, C	Mxolose, WS	Thomas, GHJ
Britz, MT	Jansen van Vuuren, MI	Mzalisi, MN	Thompson, TB
Brunette, EN	Jansen, E	Ndamase, T	Thuymsma, J
Bryant, DW	Jefferies, IK	Ndongeni, XA	Timm, G
Brynard, CA	Jordaan, C	Ndzulwana, N	Toko, MS
Burger, JHH	Jordaan, LD	Neilson, ID	Twigg, GG
Cavanagh, GV	Justus, CR	Ngqame, YA	Uys, TA
Cerfontein, C	Kannenbergh, ACK	Ngqose, NS	Van Dalen, B
Chapple, PH	Kempthorne, ML	Ngqu, PM	Van der Merwe, B
Christians, DJ	Khatshwa, DM	Nguzo, M	Van der Merwe, CG
Claasen, CPV	Kleinschmidt, MRH	Nieuwoudt, MJ	Van der Merwe, JFH
Clayton, CC	Kleinsmith, ME	Nikelo, M	Van der Rheede, A
Cottee, DG	Komeni, AL	Nkohla, L	Van der Ross, PE
Crous, AC	Kopman, NF	Nkunzana, FM	Van der Walt, ML
D'Alton, DJ	Krynauw, J	Nonkeyizana, S	Van Minnen, BM
Davids, MM	Landingwe, NJ	Notana, E	Van Reenen, B
De Lille, P	Lategan, KH	Nqavashe, ML	Van Wyk, CHS
Diamond, SP	Le Roux, B	Nqulwana, M	Velem, M
Dube, AJ	Leputhing, CN	Ntotoviyane, C	Venter, JD
Dudley, D	Liell-Cock, SP	Ntsodo, A	Viljoen, R
Dyantyi, V	Limberg, XT	Nyakatya, NC	Visser, J
East, PA	Little, SA	O'Connell, RA	Vuba, ST
Ehrenreich, AJ	Mabandla, M	Oliver, MJ	Walker, B
Elese, D	Maci, L	Pakela-Mapasa, XB	Watkins, BRW
Esau, CJ	Mack, CJ	Peter, XG	Weavers, M
Fourie, A	Madikane, BC	Petersen, MJ	Williams, A
Fourie, GD	Makanda, MN	Philander, S	Yalezo, S
Francke, P	Makasi, N	Pienaar, S	Yozi, SK
Gabier, A	Makeleni, K	Pietersen, MP	Zondani, LG
Gabriel, PJ	Makeleni, LC	Pretorius, IJ	
Gabuza, A	Mamba, KC	Pringle, SB	
Green, AM	Mamkeli, S	Pupa, T	

# REPORT BY THE CHIEF FINANCIAL OFFICER



## FINANCIAL REVIEW

This review sets out highlights of the Entity's financial performance for the past year. Full details appear in the annual financial statements.

## OVERVIEW OF ENTITY RESULTS

The Entity has continued to perform well across most of its business operations in line with its business plan. This was particularly notable in view of the Entity's successful water and electricity conservation efforts over the last few years.

The Entity's economic resilience has been managed through growth strategies and complemented by cost-containment initiatives to take strides in delivering on its mandate to govern and provide basic infrastructure and services across the spectrum of its communities.

The overall summarised operating results for the Entity in comparison with the approved budget are shown below. The statement of financial performance reflects a summary of income and expenditure, while the segmental operating results per service are shown in Appendix D to the consolidated annual financial statements.

	2014		2013	2013 – 2014
	Actual R'000	Budget R'000	Actual R'000	Growth %
<b>Revenue</b>				
Property rates	5 542 203	5 427 388	5 074 606	9,21
Service charges	14 063 470	14 414 988	13 242 118	6,20
Government grants and subsidies – operating	2 389 432	2 585 433	1 979 795	20,69
Fuel levy	1 895 992	1 895 992	1 706 690	11,09
Other	2 340 581	1 557 740	2 060 719	13,58
	<b>26 231 678</b>	<b>25 881 541</b>	<b>24 063 928</b>	<b>9,01</b>
<b>Expenses</b>				
Employee benefits	8 691 018	9 510 134	7 490 464	16,03
Impairment costs	1 327 820	901 357	934 057	42,16
Net depreciation and amortisation expenses – see note 32	946 068	1 123 768	1 009 677	(6,30)
Finance costs	808 782	864 010	730 283	10,75
Bulk purchases	6 591 232	6 607 911	6 391 186	3,13
Contract services	3 405 865	3 447 109	2 911 396	16,98
Other	4 077 457	4 102 415	3 941 121	3,30
	<b>25 848 242</b>	<b>26 556 704</b>	<b>23 414 184</b>	<b>10,40</b>
<b>Net operating surplus</b>	<b>383 436</b>	<b>(675 163)</b>	<b>649 744</b>	
Grants and subsidies – capital	2 138 816	2 972 688	3 457 573	
Grants-funded assets financed from reserve	(828 615)	(840 606)	(632 276)	
<b>Surplus</b>	<b>1 693 637</b>	<b>1 456 919</b>	<b>3 475 041</b>	
Appropriation and taxation	(1 265 897)	(2 066 091)	(2 833 982)	
<b>Net result</b>	<b>427 740</b>	<b>(609 172)</b>	<b>641 059</b>	

Over the past year, consolidated revenues increased by 9,01% to R26,23 billion while consolidated operating expenses increased by 10,40% to R25,85 billion.

The Entity reported a net operating surplus of R383,44 million (2013: R649,74 million) against a budgeted deficit of R609,17 million.

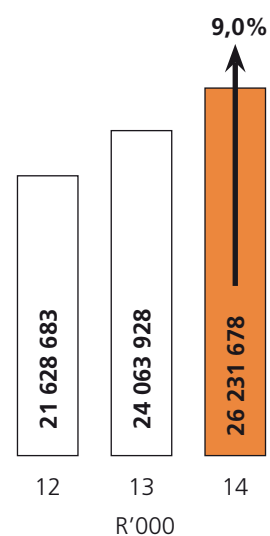
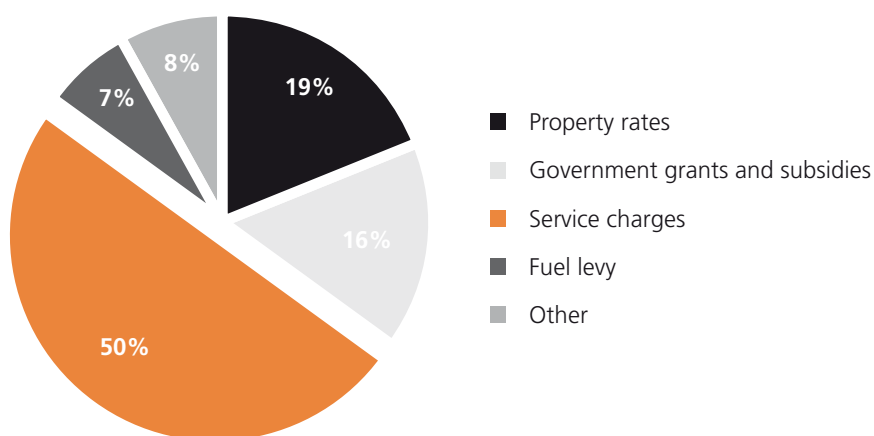
# REPORT BY THE CHIEF FINANCIAL OFFICER

(continued)

## Operating revenue

The major revenue streams that supported the Entity's programmes and activities were:

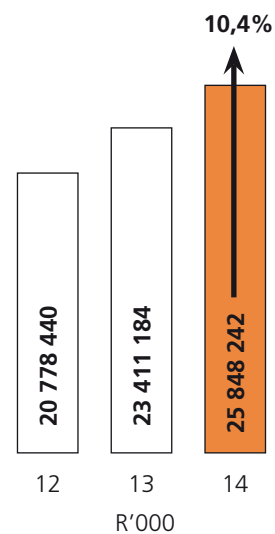
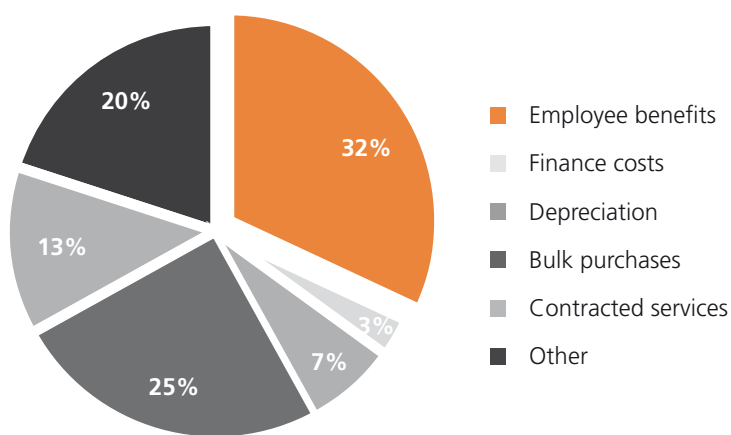
- property rates;
- service charges which are made up of:
  - electricity sales;
  - water sales;
  - wastewater management (sewerage and sanitation); and
  - waste management (solid waste);
- fuel levy;
- government grants and subsidies; and
- other.



Further details of service charges are contained in note 22 to the consolidated annual financial statements.

## Operating expenditure

The following graph indicates the main categories of expenditure for the year under review. The proactive management control and containment of cost increases remain a key priority for the Entity.



Further details are contained in notes 29 to 36 to the consolidated annual financial statements.

# REPORT BY THE CHIEF FINANCIAL OFFICER

(continued)

## OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

### Rates and general services

	2014			2013
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	14 353 870	13 662 222	(691 648)	12 869 434
Expenditure	(15 596 255)	(15 569 697)	26 558	(12 923 414)
<b>Operating deficit for the year</b>	<b>(1 242 385)</b>	<b>(1 907 475)</b>	<b>(665 090)</b>	<b>(53 980)</b>
Grants and subsidies – capital	1 687 770	2 411 616	723 846	3 033 156
<b>Results for the year – see Appendix D</b>	<b>445 385</b>	<b>504 141</b>	<b>58 756</b>	<b>2 979 176</b>
Appropriations	(1 096 928)	(1 553 168)	(456 240)	(2 726 573)
<b>Net results for the year</b>	<b>(651 543)</b>	<b>(1 049 027)</b>	<b>(397 484)</b>	<b>252 603</b>

### Utility services

	2014			2013
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	17 746 477	18 026 312	279 835	16 814 609
Expenditure	(16 983 432)	(17 638 163)	(654 731)	(16 774 476)
<b>Operating surplus for the year</b>	<b>763 045</b>	<b>388 149</b>	<b>(374 896)</b>	<b>40 133</b>
Grants and subsidies – capital	451 046	561 072	110 026	424 417
<b>Result for the year – see Appendix D</b>	<b>1 214 091</b>	<b>949 221</b>	<b>(264 870)</b>	<b>464 550</b>
Appropriations	(127 280)	(512 923)	(385 643)	(98 501)
<b>Net results for the year</b>	<b>1 086 811</b>	<b>436 298</b>	<b>(650 513)</b>	<b>366 049</b>

### Subsidiaries (controlled and municipal entities)

	2014			2013
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	312 580	289 828	(22 752)	276 646
Expenditure	(278 419)	(286 271)	(7 852)	(245 331)
<b>Results for the year – see Appendix D</b>	<b>34 161</b>	<b>3 557</b>	<b>(30 604)</b>	<b>31 315</b>
Taxation	(8 487)	–	8 487	(8 908)
Transfer from share purchases	(33 202)	–	33 202	–
<b>Net results for the year</b>	<b>(7 528)</b>	<b>3 557</b>	<b>11 085</b>	<b>22 407</b>

# REPORT BY THE CHIEF FINANCIAL OFFICER

(continued)

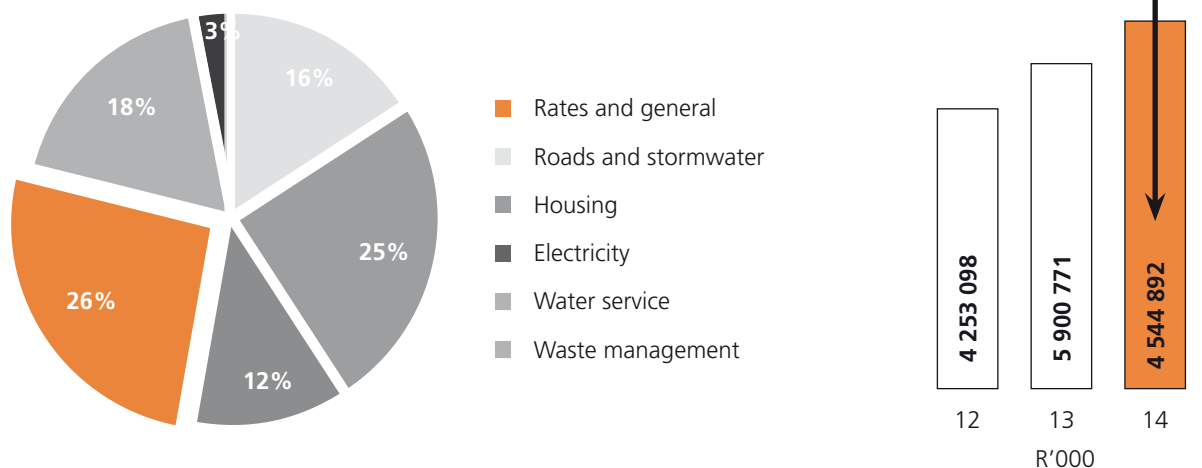
## CAPITAL EXPENDITURE

The Entity's property, plant and equipment for the financial year under review amounted to R4,54 billion, compared to R5,90 billion for the previous financial year. This represents a 80,30% (2013: 94,10%) capital spend.

Capital commitments as at 30 June 2014 amounted to R3,12 billion (2013: R1,77 billion).

The fixed assets were financed from the following sources:

### Property, plant and equipment

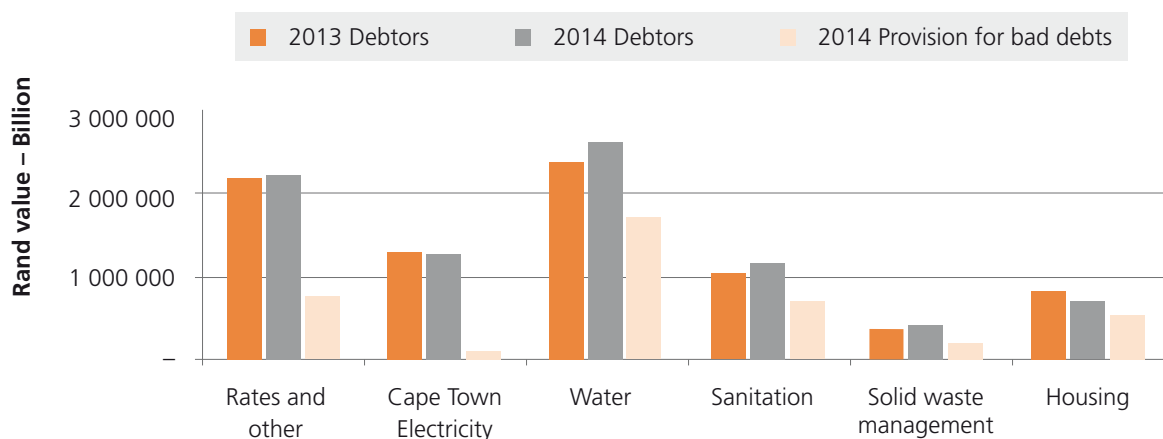


A complete analysis of capital expenditure (budgeted and actual) per functional area is included in the statement of comparison of budget and actual amounts, while Appendix B contains details according to asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

## CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2014 were R8,54 billion (2013: R8,22 billion). Indigent sector arrear debt of R576,93 million has been written off (2013: R1 billion). Total provision for impairment increased from R4,04 billion to R4,23 billion, which represents 49,54% of the total outstanding consumer debtors.

The outstanding consumer debtors and the provision for impairment as at 30 June 2014 are represented graphically below.



# REPORT BY THE CHIEF FINANCIAL OFFICER

(continued)

## INVESTMENTS, CASH AND BORROWINGS

Investments as at 30 June 2014 amounted to R5,68 billion (2013: R3,56 billion), of which R1,63 billion (2013: R900,88 million) was set aside for the repayment of loans. Cash and cash equivalents, which represent cash and deposits with a maturity term of less than three months, decreased by R2,26 billion to R2,65 billion.

Interest-bearing debt decreased by R321,18 million for the year ended 30 June 2014. The Entity repaid interest-bearing debt of R346,40 million during the financial year under review.

Additional information regarding investments, cash and cash equivalents and loans is provided in notes 5, 10 and 11 as well as Appendix A to the consolidated annual financial statements.

## CASH FLOW ANALYSIS

The following table shows information regarding the Entity's consolidated cash flows for the year under review.

	2014 R'million	2013 R'million
Cash from operating activities	4 565	5 554
Cash from investing activities	(6 589)	(6 384)
Cash from financing activities	(232)	2 259

### Cash flows from operating activities

The Entity's sources of liquidity are cash flows from operating activities and borrowings. Cash flows from operating activities decreased from R5,55 billion to R4,56 billion. The Entity's working capital requirements have steadily increased over the years and are expected to be funded by cash generated from operations.

### Cash flows from investing activities

Cash flows from investing activities relate to investments in capital expenditure and short-term investments of longer than three months.

### Cash flows from financing activities

The cash flows from financing activities are primarily a function of borrowing activities. In the 2014 financial year, a loan of R0,09 million was raised and R346,40 million repaid.

## CREDIT RATING

The Entity's credit rating by agency, Moody's Investors Service, remains unchanged for the 2013/14 financial year at Aa3.za, with a negative outlook. The Entity's credit rating has subsequently been downgraded to A1.za, with a stable outlook, as a result of the downgrading of the sovereign rating.

## EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to the Executive Mayor, the Deputy Executive Mayor, the Mayoral Committee, the Chairperson and members of the Finance Portfolio Committee, the Audit Committee, the Municipal Public Accounts Committee, the City Manager and Executive Management Team for their support and cooperation during the year.

A special word of gratitude goes to the accounting staff for their contribution, and to the staff of the Auditor-General for conducting the external audit and for their assistance, support and cooperation during the year.

Finally, a further word of thanks to everybody for the hard work, sacrifices and concerted effort throughout the year to enable the Entity to finalise these consolidated annual financial statements within the prescribed period.



**Kevin Jacoby**  
Chief Financial Officer

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2014 R'000	Restated <sup>1</sup> 2013 R'000	2014 R'000	Restated <sup>1</sup> 2013 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>34 840 463</b>	<b>29 186 892</b>	<b>34 817 678</b>	<b>29 033 825</b>
Property, plant and equipment	1	30 750 411	27 992 605	30 538 858	27 800 770
Heritage assets	2	9 111	9 411	9 111	9 411
Investment property	3	190 849	191 945	190 849	191 945
Intangible assets	4	729 507	756 609	729 507	756 609
Investments	5	3 056 273	134 657	3 245 041	173 425
Long-term receivables	6	104 312	101 665	104 312	101 665
<b>Current assets</b>		<b>10 300 818</b>	<b>13 091 542</b>	<b>9 904 351</b>	<b>12 900 815</b>
Inventory	7	270 351	257 670	269 283	256 550
Receivables	8	4 308 354	4 170 933	4 309 649	4 172 233
Receivables from exchange transactions		3 064 236	2 993 801	3 064 236	2 993 801
Receivables from non-exchange transactions		1 244 118	1 177 132	1 245 413	1 178 432
Other receivables	9	427 783	304 159	417 304	290 496
Other receivables from exchange transactions		129 204	149 315	118 725	135 652
Other receivables from non-exchange transactions		298 579	154 844	298 579	154 844
Investments	5	2 621 906	3 430 794	2 621 906	3 430 794
Current portion of long-term receivables	6	19 650	20 546	19 650	20 546
Cash and cash equivalents	10	2 652 774	4 907 440	2 266 559	4 730 196
<b>TOTAL ASSETS</b>		<b>45 141 281</b>	<b>42 278 434</b>	<b>44 722 029</b>	<b>41 934 640</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>		<b>12 466 786</b>	<b>11 509 055</b>	<b>12 450 101</b>	<b>11 488 749</b>
Borrowings	11	6 680 623	6 951 845	6 666 139	6 936 236
Provisions	12	5 783 962	4 552 513	5 783 962	4 552 513
Deferred taxation	37	2 201	4 697	–	–
<b>Current liabilities</b>		<b>8 218 660</b>	<b>8 047 768</b>	<b>8 155 256</b>	<b>7 988 695</b>
Deposits	13	398 525	333 288	370 217	308 217
Provisions	14	1 081 799	1 819 924	1 078 550	1 817 235
Payables from exchange transactions	15	4 793 980	4 546 094	4 763 375	4 517 030
Unspent conditional grants and receipts	16	1 495 768	858 556	1 495 768	858 556
Value-added tax	17	79 021	69 491	79 021	69 491
Taxation		31	919	–	–
Current portion of borrowings	11	369 536	419 496	368 325	418 166
<b>Total liabilities</b>		<b>20 685 446</b>	<b>19 556 823</b>	<b>20 605 357</b>	<b>19 477 444</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>		<b>24 455 835</b>	<b>22 721 611</b>	<b>24 116 672</b>	<b>22 457 196</b>
Housing development fund	18	468 419	504 356	468 419	504 356
Reserves	19	1 751 497	1 793 464	1 751 497	1 793 464
Accumulated surplus	20	22 000 972	20 279 133	21 896 756	20 159 376
Non-controlling interest	21	234 947	144 658	–	–
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>45 141 281</b>	<b>42 278 434</b>	<b>44 722 029</b>	<b>41 934 640</b>

<sup>1</sup> Comparative restated: see note 46 for more details.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2014

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2014 R'000	Restated <sup>1</sup> 2013 R'000	2014 R'000	Restated <sup>1</sup> 2013 R'000
<b>REVENUE</b>					
<b>Exchange revenue</b>		<b>15 674 911</b>	<b>15 202 313</b>	<b>15 372 333</b>	<b>14 935 870</b>
Service charges	22	14 063 470	13 242 118	13 903 680	13 099 805
Rental of letting stock and facilities	23	317 890	306 606	317 890	306 606
Finance income	24	665 635	640 678	653 365	632 187
Licences and permits		44 386	41 844	44 386	41 844
Agency services		150 256	132 469	150 256	132 469
Other income	25	368 368	751 851	237 850	636 212
Gains on disposal of property, plant and equipment		64 906	86 747	64 906	86 747
<b>Non-exchange revenue</b>		<b>12 695 583</b>	<b>12 319 188</b>	<b>12 818 591</b>	<b>12 427 584</b>
City improvement districts (CIDs)	25	–	–	118 487	106 869
Property rates	26	5 542 203	5 074 606	5 546 774	5 076 445
Fuel levy		1 895 992	1 706 690	1 895 992	1 706 690
Fines		729 140	100 524	729 140	100 524
Government grants and subsidies	27	4 442 190	5 394 440	4 442 190	5 394 440
Public contributions	28	86 058	42 928	86 008	42 616
<b>Total revenue</b>		<b>28 370 494</b>	<b>27 521 501</b>	<b>28 190 924</b>	<b>27 363 454</b>
<b>EXPENDITURE</b>					
Employee-related costs	29	8 691 018	7 490 464	8 640 854	7 446 199
Remuneration of councillors	30	120 153	111 881	119 708	111 673
Impairment costs	31	1 327 820	934 057	1 328 226	933 922
Collection costs		174 129	183 024	174 129	183 024
Depreciation and amortisation expenses	32	1 774 683	1 641 953	1 752 270	1 620 275
Finance costs	33	808 782	730 283	807 283	728 669
Bulk purchases	34	6 591 232	6 391 186	6 591 232	6 391 186
Contracted services		3 405 865	2 911 396	3 312 529	2 825 946
Grants and subsidies paid	35	115 034	103 357	115 021	103 144
General expenses	36	3 665 698	3 547 265	3 688 252	3 574 247
Losses on disposal of property, plant and equipment		2 443	1 594	1 944	1 443
<b>Total expenditure</b>		<b>26 676 857</b>	<b>24 046 460</b>	<b>26 531 448</b>	<b>23 919 728</b>
<b>Surplus from operations</b>		<b>1 693 637</b>	<b>3 475 041</b>	<b>1 659 476</b>	<b>3 443 726</b>
<b>Taxation</b>	37	(8 487)	(8 908)	–	–
<b>Surplus after taxation</b>		<b>1 685 150</b>	<b>3 466 133</b>	<b>1 659 476</b>	<b>3 443 726</b>
Attributable to owners of the controlling entity		1 677 137	3 457 245		
Attributable to non-controlling interest	21	8 013	8 888		
<b>SURPLUS FOR THE YEAR</b>		<b>1 685 150</b>	<b>3 466 133</b>		

<sup>1</sup> Comparative restated: see note 46 for more details.

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2014

	ECONOMIC ENTITY					
	Housing development fund R'000	Capital replacement reserve R'000	Self- insurance reserve R'000	Accumulated surplus R'000	Non- controlling interest R'000	Total R'000
2013						
Balance at 30 June 2012	521 463	1 274 073	496 182	16 827 990	135 770	19 255 478
Surplus at 30 June 2013	–	–	–	3 457 245	8 888	3 466 133
Transfer to/(from)	3 899	619 686	15 561	(639 146)	–	–
Property, plant and equipment purchased	(21 006)	(612 038)	–	633 044	–	–
<b>Balance as at 30 June 2013</b>	<b>504 356</b>	<b>1 281 721</b>	<b>511 743</b>	<b>20 279 133</b>	<b>144 658</b>	<b>22 721 611</b>
2014						
Surplus for the year	–	–	–	1 677 137	8 013	1 685 150
Share purchases by non-controlling interest holders	–	–	–	–	49 074	49 074
Transfer (from)/to for share purchases	–	–	–	(33 202)	33 202	–
Transfer (from)/to	(13 848)	419 180	51 761	(457 093)	–	–
Property, plant and equipment purchased	(22 089)	(512 908)	–	534 997	–	–
<b>Balance as at 30 June 2014</b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>22 000 972</b>	<b>234 947</b>	<b>24 455 835</b>

	MUNICIPALITY OF CAPE TOWN				
	Housing development fund R'000	Capital replacement reserve R'000	Self- insurance reserve R'000	Accumulated surplus R'000	Total R'000
2013					
Balance at 30 June 2012	521 463	1 274 073	496 182	16 721 752	19 013 470
Surplus at 30 June 2013	–	–	–	3 443 726	3 443 726
Transfer to/(from)	3 899	619 686	15 561	(639 146)	–
Property, plant and equipment purchased	(21 006)	( 612 038)	–	633 044	–
<b>Balance at 30 June 2013</b>	<b>504 356</b>	<b>1 281 721</b>	<b>511 743</b>	<b>20 159 376</b>	<b>22 457 196</b>
2014					
Surplus for the year	–	–	–	1 659 476	1 659 476
Transfer (from)/to	(13 848)	419 180	51 761	(457 093)	–
Property, plant and equipment purchased	(22 089)	(512 908)	–	534 997	–
<b>Balance at 30 June 2014</b>	<b>468 419</b>	<b>1 187 993</b>	<b>563 504</b>	<b>21 896 756</b>	<b>24 116 672</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2014 R'000	Restated <sup>1</sup> 2013 R'000	2014 R'000	Restated <sup>1</sup> 2013 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		26 686 088	24 407 168	26 515 253	24 264 338
Cash paid to suppliers and employees		(22 056 756)	(18 888 392)	(21 937 504)	(18 797 879)
Cash generated from operations	38	4 629 332	5 518 776	4 577 749	5 466 459
Finance income		741 644	690 369	729 374	681 878
Finance costs		(793 048)	(647 320)	(791 549)	(645 706)
Taxation		(11 871)	(11 614)	–	–
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4 566 057</b>	<b>5 550 211</b>	<b>4 515 574</b>	<b>5 502 631</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment and other		(4 544 893)	(5 900 195)	(4 502 293)	(5 868 809)
Proceeds on disposal of assets		71 479	93 835	71 458	93 472
Increase in long-term receivables		(1 751)	(3 125)	(1 751)	(3 125)
Increase in investments		(2 113 558)	(574 187)	(2 263 558)	(574 187)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 588 723)</b>	<b>(6 383 672)</b>	<b>(6 696 144)</b>	<b>(6 352 649)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		86	2 384 420	–	2 384 420
Repayment of borrowings		(346 397)	(166 899)	(345 067)	(165 311)
Share purchases by minority interest holders		49 074	–	–	–
Increase in deposits		65 237	41 847	62 000	33 273
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(232 000)</b>	<b>2 259 368</b>	<b>(283 067)</b>	<b>2 252 382</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents at the beginning of the year	39	4 907 440	3 481 533	4 730 196	3 327 832
<b>Cash and cash equivalents at the end of the year</b>		<b>2 652 774</b>	<b>4 907 440</b>	<b>2 266 559</b>	<b>4 730 196</b>

<sup>1</sup> Comparative restated: An amount of R85,05 million was reclassified between cash generated from operations and finance income.

# STATEMENT OF COMPARISON OF THE BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2014 – Economic Entity

	Note	Actuals R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION 41.2.1</b>						
Total non-current assets		34 840 463	33 525 814	33 418 774	(1 421 689)	(4,25)
Total current assets	i	10 300 818	11 085 280	11 425 726	1 124 908	9,85
<b>Total assets</b>		<b>45 141 281</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>(296 781)</b>	<b>(0,66)</b>
Total non-current liabilities		12 466 786	11 249 547	12 689 826	223 040	1,76
Total current liabilities		8 218 660	8 556 365	8 213 344	(5 316)	(0,06)
<b>Total liabilities</b>		<b>20 685 446</b>	<b>19 805 912</b>	<b>20 903 170</b>	<b>217 724</b>	<b>1,04</b>
Total net assets		24 455 835	24 805 182	23 941 330	(514 505)	(2,15)
<b>Total net assets and liabilities</b>		<b>45 141 281</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>(296 781)</b>	<b>(0,66)</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE 41.2.2</b>						
Service charges		14 063 470	14 604 532	14 414 988	351 518	2,44
Rental of letting stock and facilities	i	317 890	336 471	336 823	18 933	5,62
Finance income	ii	665 635	517 217	511 113	(154 522)	(30,23)
Licences and permits	iii	44 386	35 601	39 280	(5 106)	(13,00)
Agency services	iv	150 256	121 993	134 992	(15 264)	(11,31)
Other income	v	368 368	290 755	297 822	(70 546)	(23,69)
Gains on disposal of property, plant and equipment	vi	64 906	69 000	69 000	4 094	5,93
Property rates		5 542 203	5 427 388	5 427 388	(114 815)	(2,12)
Fuel levy		1 895 992	1 895 992	1 895 992	–	–
Fines	vii	729 140	183 256	168 710	(560 430)	(332,18)
Government grants and subsidies	viii	4 442 190	5 123 583	5 459 104	1 016 914	18,63
Public contributions	ix	86 058	55 629	99 017	12 959	13,09
<b>Total revenue</b>		<b>28 370 494</b>	<b>28 661 417</b>	<b>28 854 229</b>	<b>483 735</b>	<b>1,68</b>
Employee-related costs	i	8 691 018	8 304 409	9 510 134	819 116	8,61
Remuneration of councillors		120 153	123 721	123 721	3 568	2,88
Impairment costs	ii	1 327 820	886 357	901 357	(426 463)	(47,32)
Collection costs	iii	174 129	190 732	190 478	16 349	8,58
Depreciation and amortisation expenses	iv	1 774 683	1 941 391	1 964 374	189 691	9,66
Finance costs	v	808 782	863 950	864 010	55 228	6,39
Bulk purchases		6 591 232	6 898 881	6 607 911	16 679	0,25
Contracted services		3 405 865	3 289 162	3 447 109	41 244	1,20
Grants and subsidies paid	vi	115 034	39 544	122 494	7 460	6,09
General expenses		3 665 698	3 774 189	3 665 718	20	–
Losses on disposal of property, plant and equipment	vii	2 443	–	4	(2 439)	(609,75)
<b>Total expenditure</b>		<b>26 676 857</b>	<b>26 312 336</b>	<b>27 397 310</b>	<b>720 453</b>	<b>2,63</b>
<b>Surplus for the year</b>		<b>1 693 637</b>	<b>2 349 081</b>	<b>1 456 919</b>	<b>(236 718)</b>	<b>(16,25)</b>
<b>CASH FLOW STATEMENT 41.2.3</b>						
Net cash from (used) operating		4 566 057	4 447 103	4 639 183	73 126	1,58
Net cash from (used) investing	i	(6 588 723)	(5 109 063)	(5 536 736)	1 051 987	(19,00)
Net cash from (used) financing	ii	(232 000)	(598 143)	(598 143)	(366 143)	61,21
<b>Net decrease in cash and cash equivalents</b>		<b>(2 254 666)</b>	<b>(1 260 103)</b>	<b>(1 495 696)</b>	<b>758 970</b>	<b>(50,74)</b>

# STATEMENT OF COMPARISON OF THE BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2014 – Economic Entity (continued)

	Note	Actuals R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>CAPITAL EXPENDITURE</b>	<b>41.2.4</b>					
City Health	i	25 185	23 717	30 096	4 911	16,32
City Manager	ii	13 070	13 892	14 095	1 025	7,27
Compliance and Auxiliary Services	iii	24 044	37 865	31 343	7 299	23,29
Community Services	iv	161 422	222 027	209 126	47 704	22,81
Corporate Services		286 544	258 892	294 109	7 565	2,57
Economic, Environmental and Spatial Planning	v	54 193	58 459	64 469	10 276	15,94
Finance	vi	13 384	11 784	44 204	30 820	69,72
Safety and Security		63 809	67 927	64 280	471	0,73
Social Development and Early Childhood Development	vii	7 142	5 460	7 838	696	8,88
Tourism, Events and Marketing	viii	23 102	28 661	26 530	3 428	12,92
Transport for Cape Town*	ix	1 113 033	1 415 743	1 617 285	504 252	31,18
Human Settlements	x	564 330	626 894	772 040	207 710	26,90
Solid Waste Management		136 619	264 938	139 505	2 886	2,07
Water and Sanitation	xi	823 478	956 230	933 026	109 548	11,74
Cape Town Electricity	xii	1 192 938	1 458 104	1 363 695	170 757	12,52
Subsidiaries	xiii	42 599	246 490	48 766	6 167	12,65
<b>Total<sup>1</sup></b>		<b>4 544 892</b>	<b>5 697 083</b>	<b>5 660 407</b>	<b>1 115 515</b>	<b>19,71</b>

<sup>1</sup> The actual capital expenditure amount does not include the contributed assets amount of R33,44 million. See Appendix B.

\*Previously known as Transport, Roads and Stormwater.

# STATEMENT OF COMPARISON OF THE BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2014 – City of Cape Town

	Note	Actuals R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>						
	41.2.1					
Total non-current assets		34 817 678	33 525 814	33 418 774	(1 398 904)	(4,19)
Total current assets	i	9 904 351	11 085 280	11 425 726	1 521 375	13,32
<b>Total assets</b>		<b>44 722 029</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>122 471</b>	<b>0,27</b>
Total non-current liabilities		12 450 101	11 249 547	12 689 826	239 725	1,89
Total current liabilities		8 155 256	8 556 365	8 213 344	58 088	0,71
<b>Total liabilities</b>		<b>20 605 357</b>	<b>19 805 912</b>	<b>20 903 170</b>	<b>297 813</b>	<b>1,42</b>
Total net assets		24 116 672	24 805 182	23 941 330	(175 342)	(0,73)
<b>Total net assets and liabilities</b>		<b>44 722 029</b>	<b>44 611 094</b>	<b>44 844 500</b>	<b>122 471</b>	<b>0,27</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
	41.2.2					
Service charges		13 903 680	14 442 391	14 254 547	350 867	2,46
Rental of letting stock and facilities	i	317 890	336 471	336 823	18 933	5,62
Finance income	ii	653 365	503 143	503 415	(149 950)	(29,79)
Licences and permits	iii	44 386	35 601	39 280	(5 106)	(13,00)
Agency services	iv	150 256	121 993	134 992	(15 264)	(11,31)
Other income	v	356 337	283 950	291 017	(65 320)	(22,45)
Gains on disposal of property, plant and equipment	vi	64 906	69 000	69 000	4 094	5,93
Property rates		5 546 774	5 427 388	5 427 388	(119 386)	(2,20)
Fuel levy		1 895 992	1 895 992	1 895 992	–	–
Fines	vii	729 140	183 256	168 710	(560 430)	(332,19)
Government grants and subsidies	viii	4 442 190	5 123 583	5 459 104	1 016 914	18,63
Public contributions	ix	86 008	55 629	99 017	13 009	13,14
<b>Total revenue</b>		<b>28 190 924</b>	<b>28 478 397</b>	<b>28 679 285</b>	<b>488 361</b>	<b>1,70</b>
Employee-related costs	i	8 640 854	8 253 458	9 459 183	818 329	8,65
Remuneration of councillors		119 708	123 721	123 721	4 013	3,24
Impairment costs	ii	1 328 226	886 092	901 092	(427 134)	(47,40)
Collection costs	iii	174 129	190 732	190 478	16 349	8,58
Depreciation and amortisation expenses	iv	1 752 270	1 914 841	1 937 824	185 554	9,58
Finance costs	v	807 283	863 894	863 954	56 671	6,56
Bulk purchases		6 591 232	6 898 881	6 607 911	16 679	0,25
Contracted services		3 312 529	3 192 182	3 350 129	37 600	1,12
Grants and subsidies paid	vi	115 021	39 544	122 494	7 473	6,10
General expenses		3 688 252	3 780 737	3 669 133	(19 119)	(0,52)
Losses on disposal of property, plant and equipment	vii	1 944	–	4	(1 940)	(485,00)
<b>Total expenditure</b>		<b>26 531 448</b>	<b>26 144 082</b>	<b>27 225 923</b>	<b>694 475</b>	<b>2,55</b>
<b>Surplus for the year</b>		<b>1 659 476</b>	<b>2 334 315</b>	<b>1 453 362</b>	<b>(206 114)</b>	<b>(14,18)</b>
<b>CASH FLOW STATEMENT</b>						
	41.2.3					
Net cash from (used) operating		4 515 574	4 447 103	4 639 183	123 609	2,66
Net cash from (used) investing	i	(6 696 144)	(5 109 063)	(5 536 736)	1 159 408	(20,94)
Net cash from (used) financing	ii	(283 067)	(598 143)	(598 143)	(315 076)	52,68
<b>Net decrease in cash and cash equivalents</b>		<b>(2 463 637)</b>	<b>(1 260 103)</b>	<b>(1 495 696)</b>	<b>967 941</b>	<b>(64,72)</b>

# STATEMENT OF COMPARISON OF THE BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2014 – City of Cape Town (continued)

	Note	Actuals R'000	Approved budget R'000	Final budget R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>CAPITAL EXPENDITURE</b>	<b>41.2.4</b>					
City Health	i	25 185	23 717	30 096	4 911	16,32
City Manager	ii	13 070	13 892	14 095	1 025	7,27
Compliance and Auxiliary Services	iii	24 044	37 865	31 343	7 299	23,29
Community Services	iv	161 422	222 027	209 126	47 704	22,81
Corporate Services		286 544	258 892	294 109	7 565	2,57
Economic, Environmental and Spatial Planning	v	54 193	58 459	64 469	10 276	15,94
Finance	vi	13 384	11 784	44 204	30 820	69,72
Safety and Security		63 809	67 927	64 280	471	0,73
Social Development and Early Childhood Development	vii	7 142	5 460	7 838	696	8,88
Tourism, Events and Marketing	viii	23 102	28 661	26 530	3 428	12,92
Transport for Cape Town	ix	1 113 033	1 415 743	1 617 285	504 252	31,18
Human Settlements	x	564 330	626 894	772 040	207 710	26,90
Solid Waste Management		136 619	264 938	139 505	2 886	2,07
Water and Sanitation	xi	823 478	956 230	933 026	109 548	11,74
Cape Town Electricity	xii	1 192 938	1 458 104	1 363 695	170 757	12,52
<b>Total<sup>1</sup></b>		<b>4 502 293</b>	<b>5 450 593</b>	<b>5 611 641</b>	<b>1 109 348</b>	<b>19,77</b>

<sup>1</sup> The actual capital expenditure amount does not include the contributed assets amount of R33,39 million.

\*Previously known as Transport, Roads and Stormwater.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

## GENERAL INFORMATION

The address of the economic entity's registered office and principal place of business is disclosed under 'General information' while the Entity's principal activities are described under 'Reporting entity's mandate' on page 106 of these annual consolidated financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

The Entity's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 46, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

### Basis of presentation

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that sets out 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'.

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:

- **Operating lease commitments – Entity as lessor**  
Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.
- **Pension and other post-employment benefits**  
The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
- **Impairment of receivables**  
The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes.
- **Impairment of property, plant and equipment**  
The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.
- **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 12 and 48 respectively. Provisions are discounted where the effect of discounting is material, using actuarial valuations.
- **Useful lives of property, plant and equipment**  
The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.
- **Budget information**  
Variances between budget and actual amounts are regarded as material differences when a 5% variance exists. All material differences are explained in the notes to the annual financial statements.
- **Cash-generating assets**  
The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the City does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the City.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## Adoption of new and revised standards

In the current year, the Entity has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

The Entity has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. Effective dates have been given for some of the standards, while for others no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2014, the following standards had been issued but were not yet effective:

- **Annual periods commencing on or after 1 April 2015:**
  - GRAP 105 – Transfers of functions between entities under common control
  - GRAP 106 – Transfers of functions between entities not under common control
  - GRAP 107 – Mergers
- **No effective dates provided yet:**
  - GRAP 18 – Segment reporting
  - GRAP 20 – Related-party disclosures (revised)
  - GRAP 32 – Service concession arrangements: Grantor
  - GRAP 108 – Statutory receivables

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.

## CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

### Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the group controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity with intergroup investments eliminated on consolidation.

## HOUSING FUNDS

The housing development fund was established in terms of the Housing Act (Act No.107 of 1997).

### Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa) of the Housing Act, read with, inter alia, section 16(2), it is required that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

### Unrealised housing proceeds

In order to comply with section 14(4)(d)(i) and (ii) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

### Capital replacement reserve (CRR)

In order to finance the acquisition of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and may not be used for their maintenance unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

### Insurance reserve

#### 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 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 or deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

An actuarial valuation is obtained each year to assess the adequacy of the insurance reserve at yearend.

#### Compensation for occupational injuries and diseases reserve (COID)

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act (Act No.130 of 1993).

The certificate of exemption issued by the Commissioner, and as 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 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 are stated at cost, less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10 – 50	Buildings	2 – 50
Electricity	15 – 50	Other vehicles	4 – 10
Water	15 – 30	Office equipment	2 – 10
Sewerage	15 – 20	Watercraft	10
Housing	30	Bins and containers	5
Telecommunications	10 – 30	Landfill sites	30
		Specialised vehicles	8 – 20
		Library books	1
<b>Community</b>		Furniture and fittings	5 – 15
Recreational facilities	20 – 30	Central processing units	2 – 6
Security	5 – 10	Plant and equipment	2 – 10

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. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

## 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.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are made only 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.

## INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation, and are stated at cost less accumulated depreciation. 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 is recognised in the statement of financial performance.

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.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014 (continued)

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

### Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition rights	8
Computer software	5 – 10

### IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All City of Cape Town assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the Cape Town International Convention Centre (Pty) Ltd (CTICC) with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by the profit-orientated CTICC, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's-length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value-in-use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014 (continued)

Useful life is either:

- a) the period of time over which an asset is expected to be used by the CTICC; or
- b) the number of production or similar units expected to be obtained from the assets by the CTICC.

Criteria developed by the CTICC to distinguish cash-generating assets from non-cash-generating assets are as follows:

### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The CTICC assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the CTICC estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the CTICC also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually, by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### Value-in-use

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value-in-use of an asset, the CTICC estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, and applies the appropriate discount rate to those future cash flows.

### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash 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 CTICC expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the CTICC recognises a liability only to the extent that is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period during which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

## VALUE-ADDED TAX

The Entity accounts for value-added tax (VAT) on the payment basis.

## GRANTS AND RECEIPTS

Grants, transfers and donations 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, transfer or donation 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, transfers or donations, are met. Grants, transfers or donations that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants, transfers and donations received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant, transfer or donation invested. Where interest applies, it is included in the opening and closing balances.

## PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

## ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, 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 so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance. The discount rate has not been risk-adjusted.

## 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 during the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triannually based on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds and 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 contributions on a monthly basis to the fund, 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.

Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur.

## Medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 60%, 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 December 2000 do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

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. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

## REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, 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. For the subsidiary Cape Town International Convention Centre (Pty) Ltd (CTICC), revenue comprises the invoiced value of goods and service sales net of value-added tax, rebates and all discounts.

### Revenue from exchange transactions

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at yearend, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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 that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

### Revenue from non-exchange transactions

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 MFMA (Act No.56 of 2003), and is recognised upon the recovery thereof from the responsible party.

## LEASES

### The Entity as lessee

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

Currently, the Entity has no finance lease agreements currently.

### The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The subsidiary CTICC accounts for rental received from such leases as a percentage of turnover, and recognises it as it accrues.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 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.

### 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.

### Financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

## PAYABLES

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost, less provision for impairment. Bad debts are written off during the year in which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at yearend.

## UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or expenditure in the form of a grant that is not permitted in terms of the MFMA (Act No.56 of 2003).

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue in the same statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the MFMA (Act No.56 of 2003), Municipal Systems Act (Act No.32 of 2000), and Remuneration of Public Office Bearers Act (Act No.20 of 1998), or that is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted in the financial statements and, where recovered, is subsequently accounted for as revenue.

## FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

## FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

## BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget covers the fiscal period from 1 July 2013 to 30 June 2014. The amounts are scheduled 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 annual budget figures accounted for in the financial statements are for the Entity and all municipal entities as listed in note 49.1. These figures are those approved by Council both at the beginning and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

## OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## BORROWING COSTS

Borrowing costs that are incurred by the Entity are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

## SERVICES IN KIND

The Entity does not recognise services in kind as revenue or assets, but separately discloses the nature and type of major classes of services in kind as a note to the financial statements.

## COMPARATIVE INFORMATION

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

## RELATED PARTIES

The Entity regards a related party as a person or an entity with the ability to control individually or jointly, or exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Mayoral Committee members, City Manager, Deputy City Manager and executive directors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 1. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY						
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
<b>As at 30 June 2014</b>							
Land and buildings	1 844 695	164 821	232 396	(1 366)	(44 334)	(65 248)	2 130 964
Infrastructure	15 066 383	(397 950)	2 842 989	–	(681 472)	–	16 829 950
Community	6 043 963	224 568	296 944	–	(286 223)	–	6 279 252
Other	4 019 897	(1 101 072)	931 969	(3 947)	(588 053)	(76)	3 258 718
Service concession	–	878 098	73 670	–	(73 356)	–	878 412
Housing rental stock	1 017 667	227 456	177 573	(643)	(48 938)	–	1 373 115
<b>TOTAL</b>	<b>27 992 605</b>	<b>(4 079)</b>	<b>4 555 541</b>	<b>(5 956)</b>	<b>(1 722 376)</b>	<b>(65 324)</b>	<b>30 750 411</b>

(See Appendix B for more details)

### As at 30 June 2013

Land and buildings	1 672 539	94 755	125 777	(57)	(41 215)	(7 104)	1 844 695
Infrastructure	13 428 939	(405 083)	2 754 460	–	(711 933)	–	15 066 383
Community	5 676 045	215 534	413 260	(7)	(260 863)	(6)	6 043 963
Other	2 714 889	351	1 863 139	(6 383)	(552 099)	–	4 019 897
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	–	1 017 667
<b>TOTAL</b>	<b>24 399 586</b>	<b>(4 950)</b>	<b>5 225 069</b>	<b>(6 721)</b>	<b>(1 613 269)</b>	<b>(7 110)</b>	<b>27 992 605</b>

	MUNICIPALITY OF CAPE TOWN						
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
<b>As at 30 June 2014</b>							
Land and buildings	1 709 798	164 832	220 500	(891)	(31 392)	(65 248)	1 997 599
Infrastructure	15 066 383	(397 950)	2 842 989	–	(681 472)	–	16 829 950
Community	6 043 963	224 568	296 944	–	(286 223)	–	6 279 252
Other	3 962 959	(1 101 072)	901 215	(3 913)	(578 583)	(76)	3 180 530
Service concession	–	878 098	73 670	–	(73 356)	–	878 412
Housing rental stock	1 017 667	227 456	177 573	(643)	(48 938)	–	1 373 115
<b>TOTAL</b>	<b>27 800 770</b>	<b>(4 068)</b>	<b>4 512 891</b>	<b>(5 447)</b>	<b>(1 699 964)</b>	<b>(65 324)</b>	<b>30 538 858</b>

(See Appendix B for more details)

### As at 30 June 2013

Land and buildings	1 532 488	94 755	117 273	–	(27 614)	(7 104)	1 709 798
Infrastructure	13 428 939	(405 083)	2 754 460	–	(711 933)	–	15 066 383
Community	5 676 045	215 534	413 260	(7)	(260 863)	(6)	6 043 963
Other	2 672 611	351	1 839 945	(5 926)	(544 022)	–	3 962 959
Housing rental stock	907 174	89 493	68 433	(274)	(47 159)	–	1 017 667
<b>TOTAL</b>	<b>24 217 257</b>	<b>(4 950)</b>	<b>5 193 371</b>	<b>(6 207)</b>	<b>(1 591 591)</b>	<b>(7 110)</b>	<b>27 800 770</b>

Provision has been made for the estimated cost of rehabilitating waste sites, included in other assets, as described in note 12.

The Entity is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets has any active market value, and the value of the amount at the end of their lives would therefore be nil or insignificant. During the financial year under review, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 46.3).

Fully depreciated assets at an original cost of R669,82 million (2013: R806,31 million) are still in use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014 (continued)

The value-in-use of impaired land is based on an estimate of the percentage of that land that will generate future cash flows or value-in-use. The recoverable amount of impaired assets is R21,20 million (2013: R3,91 million). Impairment losses arise mainly from land purchases that are earmarked for low-cost housing, where the cost of land will not be recovered.

Provision has been made for the integrated rapid transit (IRT) taxi association compensation, as described in note 14.

In August 2013, the City entered into long-term agreements with three operators to run a high-quality bus-based urban transit or IRT system, known as MyCiti. In terms of these agreements, the City has made available to the operators busses (and related depots) purchased by the City for the purposes of rendering the MyCiti services. The agreements are for an initial period of 12 years, after which a new tender process will be followed. In terms of the agreements, the City has full control over the nature, timing and extent of the services that the operators have to perform, and the fees for the services rendered are determined as per the operator-specific schedules and annexes that form part of the signed agreements.

The 2013 comparative amount of R27,99 billion has been restated from R28,62 billion (see note 46).

### Impairment consideration for cash-generating assets – CTICC

In line with the Entity's accounting policy for property, plant and equipment and the GRAP Standard for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment.

Management has confirmed the following:

Cash-generating unit	2014 R'000	2013 R'000
Escalators	2 354	2 677
Elevators	2 790	3 313
Cold rooms	1 082	1 225
Air-conditioning system	13 140	15 044
Auditorium seating	661	1 130
Building	94 551	97 144
Kitchen and catering	4 551	4 500
<b>TOTAL</b>	<b>119 129</b>	<b>125 033</b>

- The main purpose of establishing the centre was to generate spin-off returns for the region.
- Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- Since inception, all initial targets for the region (spin-offs) and the operation of the Convention Centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
- Despite this, the value-in-use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- A discount rate of 13,9% (2013: 10,7%) was used, which was calculated using the risk-free rate of the R186 of 8,4% adjusted by 5,5% for uncertainty regarding the timing and extent of certain of the cash flows.

Based on the calculation of value-in-use, the fair value of R149 million was determined. The current carrying value of R119,13 million was established for the building at date of calculation. This has resulted in a nil reversal of impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 2. HERITAGE ASSETS

	ECONOMIC ENTITY				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Assets under construction	330	(330)	–	–	–
Paintings and art galleries	9 081	–	37	(7)	9 111
<b>TOTAL</b>	<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>(7)</b>	<b>9 111</b>
(See Appendix B for more details)					
<b>As at 30 June 2013</b>					
Assets under construction	3 634	(3 634)	330	–	330
Paintings and art galleries	9 108	(27)	–	–	9 081
<b>TOTAL</b>	<b>12 742</b>	<b>(3 661)</b>	<b>330</b>	<b>–</b>	<b>9 411</b>
	MUNICIPALITY OF CAPE TOWN				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Assets under construction	330	(330)	–	–	–
Paintings and art galleries	9 081	–	37	(7)	9 111
<b>TOTAL</b>	<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>(7)</b>	<b>9 111</b>
(See Appendix B for more details)					
<b>As at 30 June 2013</b>					
Assets under construction	3 634	(3 634)	330	–	330
Paintings and art galleries	9 108	(27)	–	–	9 081
<b>TOTAL</b>	<b>12 742</b>	<b>(3 661)</b>	<b>330</b>	<b>–</b>	<b>9 411</b>

Heritage assets are held at cost, as it is impractical to determine their fair value.

## 3. INVESTMENT PROPERTY

	ECONOMIC ENTITY				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Vacant land	148 574	–	–	–	148 574
Land and buildings	43 371	545	–	(1 641)	42 275
<b>TOTAL</b>	<b>191 945</b>	<b>545</b>	<b>–</b>	<b>(1 641)</b>	<b>190 849</b>
(See Appendix B for more details)					
<b>As at 30 June 2013</b>					
Vacant land	147 498	–	1 076	–	148 574
Land and buildings	44 980	20	–	(1 629)	43 371
<b>TOTAL</b>	<b>192 478</b>	<b>20</b>	<b>1 076</b>	<b>(1 629)</b>	<b>191 945</b>
	MUNICIPALITY OF CAPE TOWN				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Vacant land	148 574	–	–	–	148 574
Land and buildings	43 371	545	–	(1 641)	42 275
<b>TOTAL</b>	<b>191 945</b>	<b>545</b>	<b>–</b>	<b>(1 641)</b>	<b>190 849</b>
(See Appendix B for more details)					
<b>As at 30 June 2013</b>					
Vacant land	147 498	–	1 076	–	148 574
Land and buildings	44 980	20	–	(1 629)	43 371
<b>TOTAL</b>	<b>192 478</b>	<b>20</b>	<b>1 076</b>	<b>(1 629)</b>	<b>191 945</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 4. INTANGIBLE ASSETS

	ECONOMIC ENTITY				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Assets under construction	631 109	(414 389)	–	–	216 720
Acquisition of rights	–	414 389	–	(20 019)	414 389
Computer software	125 500	811	22 752	(30 646)	98 398
<b>TOTAL</b>	<b>756 609</b>	<b>811</b>	<b>22 752</b>	<b>(50 665)</b>	<b>729 507</b>

(See Appendix B for more details)

### As at 30 June 2013

Assets under construction	–	–	631 109	–	631 109
Computer software	100 432	6 673	45 450	(27 055)	125 500
<b>TOTAL</b>	<b>100 432</b>	<b>6 673</b>	<b>676 559</b>	<b>(27 055)</b>	<b>756 609</b>

	MUNICIPALITY OF CAPE TOWN				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
<b>As at 30 June 2014</b>					
Assets under construction	631 109	(414 389)	–	–	216 720
Acquisition of rights	–	414 389	–	(20 019)	414 389
Computer software	125 500	811	22 752	(30 646)	98 398
<b>TOTAL</b>	<b>756 609</b>	<b>811</b>	<b>22 752</b>	<b>(50 665)</b>	<b>729 507</b>

(See Appendix B for more details)

### As at 30 June 2013

Assets under construction	–	–	631 109	–	631 109
Computer software	100 432	6 673	45 450	(27 055)	125 500
<b>TOTAL</b>	<b>100 432</b>	<b>6 673</b>	<b>676 559</b>	<b>(27 055)</b>	<b>756 609</b>

The 2013 comparative amount of R756,61 million has been restated from R125,50 million (see note 46).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 5. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2014</b>				
RSA Government stock	69 820	–	–	69 820
Sinking-fund deposits – see note 11 and 40	1 631 750	–	–	1 631 750
Other fixed deposits	1 074 572	–	–	1 074 572
Deposits held with fund managers	–	5 314 123	–	5 314 123
	2 776 142	5 314 123	–	8 090 265
Provision for impairment	(5 328)	–	–	(5 328)
<b>Net investments</b>	2 770 814	5 314 123	–	8 084 937
Current portion transferred to short-term investments	(39 556)	(2 582 350)	–	(2 621 906)
Current portion transferred to cash and cash equivalents – see note 10	(1 069 173)	(1 337 585)	–	(2 406 758)
<b>TOTAL</b>	<b>1 662 085</b>	<b>1 394 188</b>	<b>–</b>	<b>3 056 273</b>
<b>Investments detailed as follows:</b>				
Balance at the beginning of the year	3 725 749	4 534 245	–	8 259 994
Capital invested	24 406 980	1 500 000	–	25 906 980
Investments matured	(25 505 263)	(1 050 000)	–	(26 555 263)
Recognised in the statement of financial performance	143 348	329 878	–	473 226
Finance income	143 348	340 595	–	483 943
Losses on valuation of investments	–	(2 865)	–	(2 865)
Transaction cost	–	(7 852)	–	(7 852)
<b>Balance at the end of the year</b>	<b>2 770 814</b>	<b>5 314 123</b>	<b>–</b>	<b>8 084 937</b>

	ECONOMIC ENTITY			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2013</b>				
RSA Government stock	60 746	–	–	60 746
Sinking-fund deposits – see note 11 and 40	80 157	820 718	–	900 875
Other fixed deposits	3 590 174	–	–	3 590 174
Deposits held with fund managers	–	3 713 527	–	3 713 527
	3 731 077	4 534 245	–	8 265 322
Provision for impairment	(5 328)	–	–	(5 328)
<b>Net investments</b>	3 725 749	4 534 245	–	8 259 994
Current portion transferred to short-term investments	(6 315)	(3 424 479)	–	(3 430 794)
Current portion transferred to cash and cash equivalents – see note 11	(3 584 777)	(1 109 766)	–	(4 694 543)
<b>TOTAL</b>	<b>134 657</b>	<b>–</b>	<b>–</b>	<b>134 657</b>
<b>Investments detailed as follows:</b>				
Balance at the beginning of the year	1 720 142	4 595 400	–	6 315 542
Capital invested	23 176 126	2 100 000	–	25 276 126
Investments matured	(21 299 503)	(2 450 000)	–	(23 749 503)
Recognised in the statement of financial performance	128 984	288 845	–	417 829
Finance income	128 984	301 386	–	430 370
Losses on valuation of investments	–	(7 903)	–	(7 903)
Transaction cost	–	(4 638)	–	(4 638)
<b>Balance at the end of the year</b>	<b>3 725 749</b>	<b>4 534 245</b>	<b>–</b>	<b>8 259 994</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 5. INVESTMENTS (continued)

	MUNICIPALITY OF CAPE TOWN			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2014</b>				
RSA Government stock	69 820	–	–	69 820
Sinking-fund deposits – see note 11 and 40	1 631 750	–	–	1 631 750
Other fixed deposits	726 439	–	–	726 439
Deposits held with fund managers	–	5 314 123	–	5 314 123
Shares in CTICC	–	–	434 000	434 000
	2 428 009	5 314 123	434 000	8 176 132
Provision for impairment	(5 328)	–	(245 232)	(250 560)
<b>Net investments</b>	2 422 681	5 314 123	188 768	7 925 572
Current portion transferred to short-term investments	(39 556)	(2 582 350)	–	(2 621 906)
Current portion transferred to cash and cash equivalents – see note 10	(721 040)	(1 337 585)	–	(2 058 625)
<b>TOTAL</b>	<b>1 662 085</b>	<b>1 394 188</b>	<b>188 768</b>	<b>3 245 041</b>
<b>Investments detailed as follows:</b>				
Balance at the beginning of the year	3 573 973	4 534 245	38 768	8 146 986
Capital invested	23 380 360	1 500 000	150 000	25 030 360
Investments matured	(24 675 000)	(1 050 000)	–	(25 725 000)
Recognised in the statement of financial performance	143 348	329 878	–	473 226
Finance income	143 348	340 595	–	483 943
Loss on valuation of investments	–	(2 865)	–	(2 865)
Transaction cost	–	(7 852)	–	(7 852)
<b>Balance at the end of the year</b>	<b>2 422 681</b>	<b>5 314 123</b>	<b>188 768</b>	<b>7 925 572</b>

	MUNICIPALITY OF CAPE TOWN			
	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2013</b>				
RSA Government stock	60 746	–	–	60 746
Sinking-fund deposits – see note 11 and 40	80 157	820 718	–	900 875
Other fixed deposits	3 438 398	–	–	3 438 398
Deposits held with fund managers	–	3 713 527	–	3 713 527
Shares in CTICC	–	–	284 000	284 000
	3 579 301	4 534 245	284 000	8 397 546
Provision for impairment	(5 328)	–	(245 232)	(250 560)
<b>Net investments</b>	3 573 973	4 534 245	38 768	8 146 986
Current portion transferred to short-term investments	(6 315)	(3 424 479)	–	(3 430 794)
Current portion transferred to cash and cash equivalents – see note 10	(3 433 001)	(1 109 766)	–	(4 542 767)
<b>TOTAL</b>	<b>134 657</b>	<b>–</b>	<b>38 768</b>	<b>173 425</b>
<b>Investments detailed as follows:</b>				
Balance at the beginning of the year	1 593 806	4 595 400	38 768	6 227 974
Capital invested	22 739 895	2 100 000	–	24 839 895
Investments matured	(20 888 712)	(2 450 000)	–	(23 338 712)
Recognised in the statement of financial performance	128 984	288 845	–	417 829
Finance income	128 984	301 386	–	430 370
Loss on valuation of investments	–	(7 903)	–	(7 903)
Transaction cost	–	(4 638)	–	(4 638)
<b>Balance at the end of the year</b>	<b>3 573 973</b>	<b>4 534 245</b>	<b>38 768</b>	<b>8 146 986</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 5. INVESTMENTS (continued)

### Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,48 million (2013: R0,48 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000, however, interest earned on certain deposits is still being capitalised. The Entity's exposure to risk is minimised by an assurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

### Compensation for occupational injuries and diseases (COLD investments)

The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the COLD Act, (Act No.130 of 1993). The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

## 6. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Sporting bodies	897	1 033	897	1 033
Housing land sales	868	947	868	947
	2 860	2 992	2 860	2 992
Public organisations	6 075	7 672	6 075	7 672
Provision for impairment	(3 215)	(4 680)	(3 215)	(4 680)
	119 337	117 239	119 337	117 239
Housing selling developments	131 806	155 944	131 806	155 944
Provision for impairment	(12 469)	(38 705)	(12 469)	(38 705)
	123 962	122 211	123 962	122 211
Current portion transferred to current receivables	(19 650)	(20 546)	(19 650)	(20 546)
<b>TOTAL</b>	<b>104 312</b>	<b>101 665</b>	<b>104 312</b>	<b>101 665</b>
<b>Reconciliation of impairment provision</b>				
Balance at beginning of the year	43 385	82 481	43 385	82 481
Contributions from provisions	(27 701)	(39 096)	(27 701)	(39 096)
<b>Balance as at 30 June</b>	<b>15 684</b>	<b>43 385</b>	<b>15 684</b>	<b>43 385</b>

### Sporting bodies

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% 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 are granted in terms of the National Housing Policy. At present, these loans attract interest at 1% and are repayable over 30 years. With the implementation of new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the final loan repayments are scheduled for 2032. Examples of public organisations that were granted loans are the National War Memorial and the Alta du Toit School.

### 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 8,5% per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 7. INVENTORY

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Consumable stores	218 798	211 875	217 730	210 755
Medical supplies	294	786	294	786
Spare parts and meters	21 313	18 530	21 313	18 530
Water	19 649	12 792	19 649	12 792
Other goods held for resale	10 297	13 687	10 297	13 687
<b>TOTAL</b>	<b>270 351</b>	<b>257 670</b>	<b>269 283</b>	<b>256 550</b>

Inventory to the value of R3,27 million (2013: R803 263) was scrapped during the year. Inventories (excluding bulk water) that were recognised as stores issues during the year amounted to R995,52 million, of which a portion was capitalised. (2013: R881,64 million restated from R870,76 million. A review of the prior year stores issues data revealed errors due to the incorrect report parameters used to extract the information).

## 8. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 507 650	(3 443 414)	3 064 236	6 230 054	(3 236 253)	2 993 801
Service debtors	5 572 972	(2 854 984)	2 717 988	5 170 784	(2 548 961)	2 621 823
Housing rental stock	543 828	(473 022)	70 806	487 603	(421 438)	66 165
Housing selling stock	175 969	(106 031)	69 938	357 476	(261 089)	96 387
Other exchange debtors	214 881	(9 377)	205 504	214 191	(4 765)	209 426
<b>From non-exchange transactions</b>	2 031 671	(787 553)	1 244 118	1 985 961	(808 829)	1 177 132
Rates debtors	2 002 711	(781 263)	1 221 448	1 954 506	(800 238)	1 154 268
Other non-exchange debtors	28 960	(6 290)	22 670	31 455	(8 591)	22 864
<b>TOTAL</b>	<b>8 539 321</b>	<b>(4 230 967)</b>	<b>4 308 354</b>	<b>8 216 015</b>	<b>(4 045 082)</b>	<b>4 170 933</b>

As at 30 June 2014, the City's receivables balance included an amount of approximately R106,37 million (2013: R106,37 million) owed by National and Provincial Government.

	2014 R'000	2013 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	4 045 082	4 181 256
Contributions to provisions	766 563	885 350
Transfers from provisions	(5 853)	(17 054)
Bad debts written off	(574 825)	(1 004 470)
<b>Balance as at 30 June</b>	<b>4 230 967</b>	<b>4 045 082</b>

In determining the recoverability of a receivable, the Entity considers any change in the credit quality of the receivable from the date on which the credit was initially granted, up to the reporting date. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 8. RECEIVABLES (continued)

	ECONOMIC ENTITY					
	ANALYSIS OF RECEIVABLES' AGE IN DAYS					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>6 507 650</b>	<b>(3 443 414)</b>	<b>3 064 236</b>	<b>6 230 054</b>	<b>(3 236 253)</b>	<b>2 993 801</b>
<b>Service debtors</b>	<b>5 572 972</b>	<b>(2 854 984)</b>	<b>2 717 988</b>	<b>5 170 784</b>	<b>(2 548 961)</b>	<b>2 621 823</b>
<b>Electricity</b>	1 303 716	(133 746)	1 169 970	1 321 140	(154 439)	1 166 701
Not due	866 720	–	866 720	896 663	(13 988)	882 675
0 – 30	127 737	–	127 737	119 640	(1 866)	117 774
31 – 60	32 317	–	32 317	40 545	(633)	39 912
61 – 90	21 948	–	21 948	16 945	(264)	16 681
91 – 365	121 248	–	121 248	111 397	(1 738)	109 659
365+	133 746	(133 746)	–	135 950	(135 950)	–
<b>Water</b>	2 637 398	(1 728 483)	908 915	2 389 548	(1 533 672)	855 876
Not due	360 859	(63 944)	296 915	354 779	(61 555)	293 224
0 – 30	116 261	(20 601)	95 660	71 395	(12 387)	59 008
31 – 60	70 453	(12 484)	57 969	66 740	(11 579)	55 161
61 – 90	69 382	(12 295)	57 087	73 117	(12 686)	60 431
91 – 365	487 706	(86 422)	401 284	469 512	(81 460)	388 052
365+	1 532 737	(1 532 737)	–	1 354 005	(1 354 005)	–
<b>Waste management</b>	439 662	(251 862)	187 800	390 415	(221 209)	169 206
Not due	51 260	(3 224)	48 036	51 520	–	51 520
0 – 30	28 022	(1 762)	26 260	17 550	–	17 550
31 – 60	15 387	(968)	14 419	12 676	–	12 676
61 – 90	14 084	(886)	13 198	12 556	–	12 556
91 – 365	91 652	(5 765)	85 887	74 904	–	74 904
365+	239 257	(239 257)	–	221 209	(221 209)	–
<b>Wastewater management</b>	1 192 196	(740 893)	451 303	1 069 681	(639 641)	430 040
Not due	175 050	(24 087)	150 963	171 089	(19 642)	151 447
0 – 30	57 280	(7 882)	49 398	33 296	(3 822)	29 474
31 – 60	35 830	(4 930)	30 900	30 839	(3 540)	27 299
61 – 90	32 182	(4 428)	27 754	34 777	(3 992)	30 785
91 – 365	222 969	(30 681)	192 288	215 810	(24 775)	191 035
365+	668 885	(668 885)	–	583 870	(583 870)	–
<b>Housing rental stock</b>	<b>543 828</b>	<b>(473 022)</b>	<b>70 806</b>	<b>487 603</b>	<b>(421 438)</b>	<b>66 165</b>
Not due	44 590	(26 558)	18 032	47 661	(28 702)	18 959
0 – 30	18 058	(10 755)	7 303	15 676	(9 440)	6 236
31 – 60	9 423	(5 612)	3 811	8 155	(4 911)	3 244
61 – 90	9 372	(5 582)	3 790	9 074	(5 464)	3 610
91 – 365	93 645	(55 775)	37 870	85 761	(51 645)	34 116
365+	368 740	(368 740)	–	321 276	(321 276)	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 8. RECEIVABLES (continued)

	ECONOMIC ENTITY					
	ANALYSIS OF RECEIVABLES' AGE IN DAYS					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>Housing selling stock</b>	<b>175 969</b>	<b>(106 031)</b>	<b>69 938</b>	<b>357 476</b>	<b>(261 089)</b>	<b>96 387</b>
Not due	28 334	(2 657)	25 677	82 351	(20 386)	61 965
0 – 30	17 880	(1 637)	16 243	4 383	(1 004)	3 379
31 – 60	(2)	–	(2)	3 874	(961)	2 913
61 – 90	1 090	(103)	987	2 066	(514)	1 552
91 – 365	29 824	(2 791)	27 033	35 256	(8 678)	26 578
365+	98 843	(98 843)	–	229 546	(229 546)	–
<b>Other exchange debtors</b>	<b>214 881</b>	<b>(9 377)</b>	<b>205 504</b>	<b>214 191</b>	<b>(4 765)</b>	<b>209 426</b>
Not due	196 113	(1 412)	194 701	321 648	(31 361)	290 287
0 – 30	6 281	(45)	9 236	(23 282)	2 270	(21 012)
31 – 60	2 920	(21)	2 899	(31 246)	3 046	(28 200)
61 – 90	475	(4)	471	(10 284)	1 003	(9 281)
91 – 365	1 206	(9)	1 197	(24 784)	2 416	(22 368)
365+	7 886	(7 886)	–	(17 861)	17 861	–
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 031 671</b>	<b>(787 553)</b>	<b>1 244 118</b>	<b>1 985 961</b>	<b>(808 829)</b>	<b>1 177 132</b>
<b>Rates debtors</b>	<b>2 002 711</b>	<b>(781 263)</b>	<b>1 221 448</b>	<b>1 954 506</b>	<b>(800 238)</b>	<b>1 154 268</b>
Not due	839 350	(3 446)	835 904	733 280	(19 098)	714 182
0 – 30	43 208	(177)	43 031	(16 333)	424	(15 909)
31 – 60	34 301	(140)	34 161	65 568	(1 705)	63 863
61 – 90	35 301	(145)	35 156	62 974	(1 637)	61 337
91 – 365	274 321	(1 125)	273 196	339 625	(8 830)	330 795
365+	776 230	(776 230)	–	769 392	(769 392)	–
<b>Other non-exchange debtors</b>	<b>28 960</b>	<b>(6 290)</b>	<b>22 670</b>	<b>31 455</b>	<b>(8 591)</b>	<b>22 864</b>
Not due	13 836	–	13 836	15 474	(1 509)	13 965
0 – 30	4 093	–	4 093	2 249	(219)	2 030
31 – 60	767	–	767	1 415	(138)	1 277
61 – 90	604	–	604	1 298	(127)	1 171
91 – 365	3 370	–	3 370	4 899	(478)	4 421
365+	6 290	(6 290)	–	6 120	(6 120)	–
<b>TOTAL</b>	<b>8 539 321</b>	<b>(4 230 967)</b>	<b>4 308 354</b>	<b>8 216 015</b>	<b>(4 045 082)</b>	<b>4 170 933</b>

Included in the column "Not due" are debtors to the value of R698,80 million (2013: R642,62 million), who have made arrangements to repay their outstanding arrears debt over a renegotiated period, as well as amounts billed that were only invoiced after year-end.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 8. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	6 507 650	(3 443 414)	3 064 236	6 230 054	(3 236 253)	2 993 801
Service debtors	5 572 972	(2 854 984)	2 717 988	5 170 784	(2 548 961)	2 621 823
Housing rental stock	543 828	(473 022)	70 806	487 603	(421 438)	66 165
Housing selling stock	175 969	(106 031)	69 938	357 476	(261 089)	96 387
Other exchange debtors	214 881	(9 377)	205 504	214 191	(4 765)	209 426
<b>From non-exchange transactions</b>	2 032 966	(787 553)	1 245 413	1 987 261	(808 829)	1 178 432
Rates debtors	2 004 006	(781 263)	1 222 743	1 955 806	(800 238)	1 155 568
Other non-exchange debtors	28 960	(6 290)	22 670	31 455	(8 591)	22 864
<b>TOTAL</b>	<b>8 540 616</b>	<b>(4 230 967)</b>	<b>4 309 649</b>	<b>8 217 315</b>	<b>(4 045 082)</b>	<b>4 172 233</b>

	2014 R'000	2013 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	4 045 082	4 181 256
Contributions to provisions	766 563	885 350
Transfers from provisions	(5 853)	(17 054)
Bad debts written off	(574 825)	(1 004 470)
<b>Balance as at 30 June</b>	<b>4 230 967</b>	<b>4 045 082</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 8. RECEIVABLES (continued)

	MUNICIPALITY OF CAPE TOWN					
	ANALYSIS OF RECEIVABLES' AGE IN DAYS					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>6 507 650</b>	<b>(3 443 414)</b>	<b>3 064 236</b>	<b>6 230 054</b>	<b>(3 236 253)</b>	<b>2 993 801</b>
<b>Service debtors</b>	<b>5 572 972</b>	<b>(2 854 984)</b>	<b>2 717 988</b>	<b>5 170 784</b>	<b>(2 548 961)</b>	<b>2 621 823</b>
<b>Electricity</b>	1 303 716	(133 746)	1 169 970	1 321 140	(154 439)	1 166 701
Not due	866 720	–	866 720	896 663	(13 988)	882 675
Past due						
1 – 30	127 737	–	127 737	119 640	(1 866)	117 774
31 – 60	32 317	–	32 317	40 545	(633)	39 912
61 – 90	21 948	–	21 948	16 945	(264)	16 681
91 – 365	121 248	–	121 248	111 397	(1 738)	109 659
365+	133 746	(133 746)	–	135 950	(135 950)	–
<b>Water</b>	2 637 398	(1 728 483)	908 915	2 389 548	(1 533 672)	855 876
Not due	360 859	(63 944)	296 915	354 779	(61 555)	293 224
Past due						
1 – 30	116 261	(20 601)	95 660	71 395	(12 387)	59 008
31 – 60	70 453	(12 484)	57 969	66 740	(11 579)	55 161
61 – 90	69 382	(12 295)	57 087	73 117	(12 686)	60 431
91 – 365	487 706	(86 422)	401 284	469 512	(81 460)	388 052
365+	1 532 737	(1 532 737)	–	1 354 005	(1 354 005)	–
<b>Waste management</b>	439 662	(251 862)	187 800	390 415	(221 209)	169 206
Not due	51 260	(3 224)	48 036	51 520	–	51 520
Past due						
1 – 30	28 022	(1 762)	26 260	17 550	–	17 550
31 – 60	15 387	(968)	14 419	12 676	–	12 676
61 – 90	14 084	(886)	13 198	12 556	–	12 556
91 – 365	91 652	(5 765)	85 887	74 904	–	74 904
365+	239 257	(239 257)	–	221 209	(221 209)	–
<b>Wastewater management</b>	1 192 196	(740 893)	451 303	1 069 681	(639 641)	430 040
Not due	175 050	(24 087)	150 963	171 089	(19 642)	151 447
Past due						
1 – 30	57 280	(7 882)	49 398	33 296	(3 822)	29 474
31 – 60	35 830	(4 930)	30 900	30 839	(3 540)	27 299
61 – 90	32 182	(4 428)	27 754	34 777	(3 992)	30 785
91 – 365	222 969	(30 681)	192 288	215 810	(24 775)	191 035
365+	668 885	(668 885)	–	583 870	(583 870)	–
<b>Housing rental stock</b>	<b>543 828</b>	<b>(473 022)</b>	<b>70 806</b>	<b>487 603</b>	<b>(421 438)</b>	<b>66 165</b>
Not due	44 590	(26 558)	18 032	47 661	(28 702)	18 959
Past due						
1 – 30	18 058	(10 755)	7 303	15 676	(9 440)	6 236
31 – 60	9 423	(5 612)	3 811	8 155	(4 911)	3 244
61 – 90	9 372	(5 582)	3 790	9 074	(5 464)	3 610
91 – 365	93 645	(55 775)	37 870	85 761	(51 645)	34 116
365+	368 740	(368 740)	–	321 276	(321 276)	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 8. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>Housing selling stock</b>	<b>175 969</b>	<b>(106 031)</b>	<b>69 938</b>	<b>357 476</b>	<b>(261 089)</b>	<b>96 387</b>
Not due	28 334	(2 657)	25 677	82 351	(20 386)	61 965
Past due						
1 – 30	17 880	(1 637)	16 243	4 383	(1 004)	3 379
31 – 60	(2)	–	(2)	3 874	(961)	2 913
61 – 90	1 090	(103)	987	2 066	(514)	1 552
91 – 365	29 824	(2 791)	27 033	35 256	(8 678)	26 578
365+	98 843	(98 843)	–	229 546	(229 546)	–
<b>Other exchange debtors</b>	<b>214 881</b>	<b>(9 377)</b>	<b>205 504</b>	<b>214 191</b>	<b>(4 765)</b>	<b>209 426</b>
Not due	196 113	(1 412)	194 701	321 648	(31 361)	290 287
Past due						
1 – 30	6 281	(45)	9 236	(23 282)	2 270	(21 012)
31 – 60	2 920	(21)	2 899	(31 246)	3 046	(28 200)
61 – 90	475	(4)	471	(10 284)	1 003	(9 281)
91 – 365	1 206	(9)	1 197	(24 784)	2 416	(22 368)
365+	7 886	(7 886)	–	(17 861)	17 861	–
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 032 966</b>	<b>(787 553)</b>	<b>1 245 413</b>	<b>1 987 261</b>	<b>(808 829)</b>	<b>1 178 432</b>
<b>Rates debtors</b>	<b>2 004 006</b>	<b>(781 263)</b>	<b>1 222 743</b>	<b>1 955 806</b>	<b>(800 238)</b>	<b>1 155 568</b>
Not due	840 645	(3 446)	837 199	734 580	(19 098)	715 482
Past due						
1 – 30	43 208	(177)	43 031	(16 333)	424	(15 909)
31 – 60	34 301	(140)	34 161	65 568	(1 705)	63 863
61 – 90	35 301	(145)	35 156	62 974	(1 637)	61 337
91 – 365	274 321	(1 125)	273 196	339 625	(8 830)	330 795
365+	776 230	(776 230)	–	769 392	(769 392)	–
<b>Other non-exchange debtors</b>	<b>28 960</b>	<b>(6 290)</b>	<b>22 670</b>	<b>31 455</b>	<b>(8 591)</b>	<b>22 864</b>
Not due	13 836	–	13 836	15 474	(1 509)	13 965
Past due						
1 – 30	4 093	–	4 093	2 249	(219)	2 030
31 – 60	767	–	767	1 415	(138)	1 277
61 – 90	604	–	604	1 298	(127)	1 171
91 – 365	3 370	–	3 370	4 899	(478)	4 421
365+	6 290	(6 290)	–	6 120	(6 120)	–
<b>TOTAL</b>	<b>8 540 616</b>	<b>(4 230 967)</b>	<b>4 309 649</b>	<b>8 217 315</b>	<b>(4 045 082)</b>	<b>4 172 233</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 9. OTHER RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	186 457	(57 253)	129 204	203 921	(54 606)	149 315
Payments made in advance	1 652	–	1 652	3 143	–	3 143
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Other exchange debtors	104 568	(14 574)	89 994	128 643	(11 814)	116 829
<b>From non-exchange transactions</b>	1 136 685	(838 106)	298 579	154 844	–	154 844
Government subsidies	112 385	–	112 385	107 506	–	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	–	47 338
<b>TOTAL</b>	<b>1 323 142</b>	<b>(895 359)</b>	<b>427 783</b>	<b>358 765</b>	<b>(54 606)</b>	<b>304 159</b>

Included in 'Other exchange debtors' is an amount of R11,75 million (2013: R24,89 million) for VAT owed by the South African Revenue Service (SARS).

The 2013 comparative amount of R304,16 million has been restated from R304,28 million (see note 46).

	2014 R'000	2013 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	54 606	48 137
Contributions to/(from) provision	8 820	6 932
Transfer to provisions	834 039	–
Bad debts written off	(2 106)	(463)
<b>Balance as at 30 June</b>	<b>895 359</b>	<b>54 606</b>

In determining the recoverability of other receivables, the Entity considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 9. OTHER RECEIVABLES (continued)

ECONOMIC ENTITY						
ANALYSIS OF RECEIVABLES' AGE IN DAYS						
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>186 457</b>	<b>(57 253)</b>	<b>129 204</b>	<b>203 921</b>	<b>(54 606)</b>	<b>149 315</b>
Payment made in advance	1 652	–	1 652	3 143	–	3 143
Not due	1 652	–	1 652	3 143	–	3 143
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Not due	7 142	(141)	7 001	7 152	–	7 152
0 – 30	22 934	(452)	22 482	16 500	–	16 500
31 – 60	1 361	(27)	1 334	858	–	858
61 – 90	(4 603)	91	(4 512)	(2 904)	–	(2 904)
91 – 365	11 479	(226)	11 253	7 737	–	7 737
365+	41 924	(41 924)	–	42 792	(42 792)	–
<b>Other exchange debtors</b>	<b>104 568</b>	<b>(14 574)</b>	<b>89 994</b>	<b>128 643</b>	<b>(11 814)</b>	<b>116 829</b>
Not due	72 578	(63)	72 515	94 595	(110)	94 485
0 – 30	14 112	(1 936)	12 176	14 614	(2 476)	12 138
31 – 60	1 109	(13)	1 096	1 842	(8)	1 834
61 – 90	(1 348)	87	(1 261)	314	(25)	289
91 – 365	5 673	(205)	5 468	8 886	(803)	8 083
365+	12 444	(12 444)	–	8 392	(8 392)	–
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>1 136 685</b>	<b>(838 106)</b>	<b>298 579</b>	<b>154 844</b>	<b>–</b>	<b>154 844</b>
Government subsidies	112 385	–	112 385	107 506	–	107 506
Not due	112 385	–	112 385	107 506	–	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	–	47 338
Not due	21 519	–	21 519	47 338	–	47 338
0 – 30	47 576	(39 180)	8 396	–	–	–
31 – 60	56 150	(46 241)	9 909	–	–	–
61 – 90	54 589	(44 956)	9 633	–	–	–
91 – 365	448 075	(369 003)	79 072	–	–	–
365+	396 391	(338 726)	57 665	–	–	–
<b>TOTAL</b>	<b>1 323 142</b>	<b>(895 359)</b>	<b>427 783</b>	<b>358 765</b>	<b>(54 606)</b>	<b>304 159</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 9. OTHER RECEIVABLES (continued)

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	174 069	(55 344)	118 725	187 799	(52 147)	135 652
Payments made in advance	4	–	4	803	–	803
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Other exchange debtors	93 828	(12 665)	81 163	114 861	(9 355)	105 506
<b>From non-exchange transactions</b>	1 136 685	(838 106)	298 579	154 844	–	154 844
Government subsidies	112 385	–	112 385	107 506	–	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	–	47 338
<b>TOTAL</b>	<b>1 310 754</b>	<b>(893 450)</b>	<b>417 304</b>	<b>342 643</b>	<b>(52 147)</b>	<b>290 496</b>

	2014 R'000	2013 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	52 147	45 799
Contributions to provisions	469 957	6 797
Transfers to provisions	373 452	–
Bad debts written off	(2 106)	(449)
<b>Balance as at 30 June</b>	<b>893 450</b>	<b>52 147</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 9. OTHER RECEIVABLES (continued)

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2014			As at 30 June 2013		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>174 069</b>	<b>(55 344)</b>	<b>118 725</b>	<b>187 799</b>	<b>(52 147)</b>	<b>135 652</b>
Payment made in advance	4	–	4	803	–	803
Not due	4	–	4	803	–	803
Property rentals	80 237	(42 679)	37 558	72 135	(42 792)	29 343
Not due	7 142	(141)	7 001	7 152	–	7 152
Past due						
1 – 30	22 934	(452)	22 482	16 500	–	16 500
31 – 60	1 361	(27)	1 334	858	–	858
61 – 90	(4 603)	91	(4 512)	(2 904)	–	(2 904)
91 – 365	11 479	(226)	11 253	7 737	–	7 737
365+	41 924	(41 924)	–	42 792	(42 792)	–
<b>Other exchange debtors</b>	<b>93 828</b>	<b>(12 665)</b>	<b>81 163</b>	<b>114 861</b>	<b>(9 355)</b>	<b>105 506</b>
Not due	72 578	(63)	72 515	94 595	(110)	94 485
Past due						
1 – 30	6 208	(27)	6 181	5 325	(17)	5 308
31 – 60	127	(13)	114	92	(8)	84
61 – 90	(1 415)	87	(1 328)	241	(25)	216
91 – 365	3 886	(205)	3 681	6 216	(803)	5 413
365+	12 444	(12 444)	–	8 392	(8 392)	–
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>1 136 685</b>	<b>(838 106)</b>	<b>298 579</b>	<b>154 844</b>	<b>–</b>	<b>154 844</b>
Government subsidies	112 385	–	112 385	107 506	–	107 506
Not due	112 385	–	112 385	107 506	–	107 506
Other non-exchange debtors	1 024 300	(838 106)	186 194	47 338	–	47 338
Not due	21 519	–	21 519	47 338	–	47 338
Past due						
1 – 30	47 576	(39 180)	8 396	–	–	–
31 – 60	56 150	(46 241)	9 909	–	–	–
61 – 90	54 589	(44 956)	9 633	–	–	–
91 – 365	448 075	(369 003)	79 072	–	–	–
365+	396 391	(338 726)	57 665	–	–	–
<b>TOTAL</b>	<b>1 310 754</b>	<b>(893 450)</b>	<b>413 304</b>	<b>342 643</b>	<b>(52 147)</b>	<b>290 496</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Bank balance	212 997	172 066	174 987	146 726
Year-end accruals	(26)	(170)	(26)	(170)
Interest accrual	465	395	465	395
Bank charges accrual	(491)	(565)	(491)	(565)
Cash on hand and in transit	33 045	41 001	32 973	40 873
Call and term deposits	1 069 173	3 584 777	721 040	3 433 001
<b>Amortised cost</b> – see note 5 and 45	1 315 189	3 797 674	928 974	3 620 430
Call and term deposits	1 329 160	1 098 128	1 329 160	1 098 128
Bank accounts – fund managers	8 425	11 638	8 425	11 638
<b>Fair value</b> – see note 5 and 45	1 337 585	1 109 766	1 337 585	1 109 766
<b>TOTAL</b>	<b>2 652 774</b>	<b>4 907 440</b>	<b>2 266 559</b>	<b>4 730 196</b>

Cash and cash equivalents comprise cash held and short-term deposits.

The 2013 comparative amount of R4,90 billion has been restated from R4,91 billion (see note 46).

See Appendix C for disclosure of bank accounts in terms of the Municipal Finance Management Act, section 125(2)(a).

## 11. BORROWINGS

Local registered stock loans	4 275 489	4 282 536	4 275 489	4 282 536
Concessionary loans	1 945 512	2 071 323	1 945 512	2 071 323
Other loans	829 158	1 017 482	813 463	1 000 543
Subtotal – see Appendix A for more details	7 050 159	7 371 341	7 034 464	7 354 402
Current portion transferred to current liabilities	(369 536)	(419 496)	(368 325)	(418 166)
<b>TOTAL</b>	<b>6 680 623</b>	<b>6 951 845</b>	<b>6 666 139</b>	<b>6 936 236</b>

A total of R1,63 billion (2013: R900,88 million) has been ring-fenced for the repayment of long-term liabilities – see note 5 and 40 for more details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 11. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>LOCAL REGISTERED STOCK LOANS</b>	<b>4 275 489</b>	<b>4 282 536</b>	<b>4 275 489</b>	<b>4 282 536</b>
<b>Absa Nominees (Pty) Ltd</b>	–	7 047	–	7 047
Secured bond bearing interest at a fixed rate of 14,65% per annum, payable semi-annually. As security, a sinking fund was established, which, together with interest capitalised, was used to settle the original loan liability on 31 March 2014.				
<b>Listed bonds</b>	4 275 489	4 275 489	4 275 489	4 275 489
In terms of the Entity's domestic medium-term note (DMTN) programme, registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% and 12,57% per annum. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). Sinking funds have been established for the guaranteed 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).				
<b>CONCESSIONARY LOANS</b>	<b>1 945 512</b>	<b>2 071 323</b>	<b>1 945 512</b>	<b>2 071 323</b>
<b>Agence Française de Développement (AFD)</b>	1 924 290	2 046 972	1 924 290	2 046 972
An unsecured loan of R2,38 billion bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028.				
<b>Nedcor Bank</b>	22	19	22	19
An unsecured loan bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019.				
<b>Development Bank of Southern Africa (DBSA)</b>	21 200	24 332	21 200	24 332
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.				
<b>OTHER LOANS</b>	<b>829 158</b>	<b>1 017 482</b>	<b>813 463</b>	<b>1 000 543</b>
<b>DBSA</b>	444 308	583 891	444 308	583 891
Unsecured loans bearing interest at fixed rates ranging between 9,42% and 12,25% 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 2015 to 31 December 2022.				
<b>Absa Bank</b>	80 000	100 000	80 000	100 000
An unsecured loan bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.				

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 11. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>OTHER LOANS (continued)</b>				
<b>FirstRand Bank</b> A structured 15-year loan to the value of R300 million bearing interest at a fixed rate of 12,05% per annum, of which, R74,30 million is repayable semi-annually in equal instalments of capital and fixed interest over 15 years, and the balance of R225,70 million payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group. As part of the loan structure, the Entity purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the Entity to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The Entity has ceded and pledged the sinking-fund policy to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the put-option agreement and any other debt liability.	130 432	148 465	130 432	148 465
<b>FirstRand Bank</b> A structured 15-year loan to the value of R220 million, of which, R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million payable in one instalment, together with fixed interest on 30 June 2017. The loan bears interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking-fund investment policies purchased from Momentum Group. As part of the loan structure, the Entity purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The Entity has ceded and pledged the sinking-fund policies to FirstRand Bank as security for the Entity's obligations to FirstRand Bank under the policies and any other debt liability.	158 723	168 187	158 723	168 187

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 11. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>OTHER LOANS (continued)</b>				
<b>DBSA – Claremont Road Bypass Company</b>	15 609	16 704	–	–
Interest is charged at a nominal fixed rate of R186 plus 154 basis points per annum.				
Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009.				
Secured by an agreement of cession from Claremont City Improvement District (CID) Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement.				
The cedent, the company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.				
<b>Voortrekker Road</b>	86	–	–	–
Instalment sale agreement				
<b>Loans from members – Zwaanswyk</b>	–	235	–	–
The loans bear interest at 9% and are payable by 30 June 2014.				
<b>TOTAL</b> – see Appendix A for more details	<b>7 050 159</b>	<b>7 371 341</b>	<b>7 034 464</b>	<b>7 354 402</b>

The rates of interest payable on the abovementioned structured loans are based on certain underlying assumptions relating to the lenders' statutory costs, and the admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretations of, the Income Tax Act (Act No.58 of 1962) or any other relevant legislation that affect the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

### SHORT-TERM DEBT FACILITIES

The Municipality had the following short-term debt facilities with the Entity's main banker:

	2014 R'000	2013 R'000
Performance guarantee and/or letters of credit	15 000	15 000
Business travel card	2 000	2 000
Daylight limit	2 000 000	2 000 000

The short-term debt facilities are reviewed annually and can be explained as follows:

#### Performance guarantee and/or letters of credit

A guarantee issued by the bank is an undertaking that should the Entity fail to fulfil its obligations in terms of a contract or an agreement the bank will pay specific amounts as stated on the guarantee. The monies are due and payable on the written demand from the beneficiary.

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

#### Business travel card

A card issued by the bank that enables the Entity to obtain goods and services on credit. It entails monies lent and advanced.

#### Daylight limit

A daylight limit is a facility that enables the Entity to transact even if there are insufficient funds during that particular day. It entails monies lent and advanced during that day, provided it is settled by the end of that business day.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 12. PROVISIONS (NON-CURRENT)

	ECONOMIC ENTITY				
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post-retirement healthcare benefits R'000	Post-retirement pension benefits R'000	Total R'000
<b>As at 30 June 2014</b>					
Balance at the beginning of the year	436 620	332 991	3 728 253	54 649	4 552 513
Interest costs	37 154	31 685	358 004	5 235	432 078
Service costs	34 745	45 340	97 345	2 021	179 451
Benefit payments	(47 392)	–	(153 737)	(1 206)	(202 335)
Actuarial (gains)/losses	(7 295)	(167 947)	1 027 156	(29 518)	822 396
Transferred from current provisions (prior year)	49 059	60 000	154 653	2 125	265 837
	502 891	302 069	5 211 674	33 306	6 049 940
Transfer to current provision	(66 264)	(28 000)	(169 684)	(2 030)	(265 978)
<b>TOTAL</b>	<b>436 627</b>	<b>274 069</b>	<b>5 041 990</b>	<b>31 276</b>	<b>5 783 962</b>

	MUNICIPALITY OF CAPE TOWN				
	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post-retirement healthcare benefits R'000	Post-retirement pension benefits R'000	Total R'000
<b>As at 30 June 2014</b>					
Balance at the beginning of the year	436 620	332 991	3 728 253	54 649	4 552 513
Interest costs	37 154	31 685	358 004	5 235	432 078
Service costs	34 745	45 340	97 345	2 021	179 451
Benefit payments	(47 392)	–	(153 737)	(1 206)	(202 335)
Actuarial (gains)/losses	(7 295)	(167 947)	1 027 156	(29 518)	822 396
Transferred from current provisions (prior year)	49 059	60 000	154 653	2 125	265 837
	502 891	302 069	5 211 674	33 306	6 049 940
Transfer to current provision	(66 264)	(28 000)	(169 684)	(2 030)	(265 978)
<b>TOTAL</b>	<b>436 627</b>	<b>274 069</b>	<b>5 041 990</b>	<b>31 276</b>	<b>5 783 962</b>

### Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for long-service leave benefits relating to vested 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 2014 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. A discount rate of 8,10% (2013: 7,65%) per annum has been used.

	2014 %	2013 %
<b>Key financial assumptions</b>		
Discount rate	8,10	7,65
General inflation rate (consumer price index)	6,00	5,82
Salary increase	8,00	6,82

### Environmental rehabilitation

Provision is made in terms of the Entity's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent valuation performed by a firm of consulting engineers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 12. PROVISIONS (NON-CURRENT) (continued)

The key cost parameters upon which the valuation is based for the present and previous financial years are briefly as follows:

- An annual inflation rate of 5,90% (2013: 5,60%), discounted to present values at the average borrowing cost of 10,42% (2013: 9,81%).
- The scheduled dates of total closure and rehabilitation are at present anticipated to be between 2015 and 2025.

### Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the Entity's liability in respect of benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits – see note 47 for more details.

## 13. DEPOSITS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Electricity and water	364 235	305 337	364 235	305 337
Other deposits	34 290	27 951	5 982	2 880
<b>TOTAL</b>	<b>398 525</b>	<b>333 288</b>	<b>370 217</b>	<b>308 217</b>

Guarantees held in lieu of electricity and water deposits were R79,08 million (2013: R13,18 million). Deposits are released when the owner/occupant of a property terminates the contract with the Entity to supply water and electricity to the property, or when certain contractual services are delivered.

## 14. PROVISIONS (CURRENT)

	ECONOMIC ENTITY				
	Opening balance 2014 R'000	Raised R'000	Utilised/ Reversed R'000	Transfers from non-current R'000	Closing balance 2014 R'000
Other provisions	1 082 139	69 557	(878 693)	–	273 003
Insurance claims	10 255	20 856	(10 255)	–	20 856
Post-retirement benefits	156 778	–	(156 778)	171 714	171 714
Environmental rehabilitation	60 000	–	(60 000)	28 000	28 000
Leave benefits	508 063	59 709	(49 059)	66 264	584 977
Performance bonuses	2 689	3 249	(2 689)	–	3 249
<b>TOTAL</b>	<b>1 819 924</b>	<b>153 371</b>	<b>(1 157 474)</b>	<b>265 978</b>	<b>1 081 799</b>

	MUNICIPALITY OF CAPE TOWN				
	Opening balance 2014 R'000	Raised R'000	Utilised/ Reversed R'000	Transfers from non-current R'000	Closing balance 2014 R'000
Other provisions	1 082 139	69 557	(878 693)	–	273 003
Insurance claims	10 255	20 856	(10 255)	–	20 856
Post-retirement benefits	156 778	–	(156 778)	171 714	171 714
Environmental rehabilitation	60 000	–	(60 000)	28 000	28 000
Leave benefits	508 063	59 709	(49 059)	66 264	584 977
<b>TOTAL</b>	<b>1 817 235</b>	<b>150 122</b>	<b>(1 154 785)</b>	<b>265 978</b>	<b>1 078 550</b>

### Insurance and COLD claims

Provision has been made for outstanding insurance claims as at 30 June 2014, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

### Staff leave

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial yearend, based on the value of statutory and non-statutory leave.

### Other provisions

Included in 'Other provisions' is an amount of R203,45 million for the taxi associations' compensation relating to the implementation of the expanded IRT routes. The remainder of the balance consists of various other provisions.

### Performance bonuses

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance standards. The provision is an estimate of the amount due to staff in the service of the CTICC at the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 15. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Trade creditors	3 148 906	3 055 760	3 136 700	3 040 810
Payments received in advance	955 238	809 319	955 238	809 319
Inter-company advances	27 381	44 584	27 381	44 584
Third-party payments	302 703	263 563	302 703	263 563
Other creditors	359 752	372 868	341 353	358 754
<b>TOTAL</b>	<b>4 793 980</b>	<b>4 546 094</b>	<b>4 763 375</b>	<b>4 517 030</b>

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.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

The 2013 comparative amount of R4,54 billion has been restated from R4,54 billion (see note 46).

## 16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Conditional grants from other spheres of government</b>	1 428 847	797 039	1 428 847	797 039
National Government	1 046 140	527 091	1 046 140	527 091
Provincial Government of the Western Cape	382 707	269 948	382 707	269 948
<b>Other conditional receipts</b>	66 921	61 517	66 921	61 517
Public contributions	66 921	61 517	66 921	61 517
<b>TOTAL</b>	<b>1 495 768</b>	<b>858 556</b>	<b>1 495 768</b>	<b>858 556</b>

These amounts are separately invested in terms of section 12 of the MFMA. See note 27 and 28 for more details on grants from National and Provincial Government as well as public contributions.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended.

In many instances, the launch of projects is a protracted process due to interest groups' participation. No amounts are due for repayment to the donors, for the reasons set out above.

## 17. VAT

	365 287	341 907	365 287	341 907
VAT payable	322 429	385 756	322 429	385 756
Impairment	42 858	(43 849)	42 858	(43 849)
VAT receivable	(286 266)	(272 416)	(286 266)	(272 416)
<b>TOTAL</b>	<b>79 021</b>	<b>69 491</b>	<b>79 021</b>	<b>69 491</b>

The City of Cape Town is registered for VAT on the payment basis. The VAT liability was impaired as a result of impairment against debtors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 18. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Realised housing proceeds</b>				
Balance at beginning of the year	384 125	404 597	384 125	404 597
Income	42 155	40 017	42 155	40 017
Land sales	3 116	3 244	3 116	3 244
Repayments – long-term debtors	32 407	30 777	32 407	30 777
Repayments – public organisations	1 192	1 514	1 192	1 514
Service contributions	3 467	4 406	3 467	4 406
Subsidy refunds and other	1 973	76	1 973	76
Interest	14 952	17 784	14 952	17 784
Expenditure	(89 818)	(70 241)	(89 818)	(70 241)
Funding capital projects	(22 089)	(21 006)	(22 089)	(21 006)
Funding operating projects	(67 729)	(49 235)	(67 729)	(49 235)
Non-cash transfer to provision for impairment	(5 192)	(8 032)	(5 192)	(8 032)
<b>Balance at end of the year</b>	<b>346 222</b>	<b>384 125</b>	<b>346 222</b>	<b>384 125</b>
<b>Unrealised housing proceeds</b>				
Balance at beginning of the year	120 231	116 866	120 231	116 866
Loans realised	(25 734)	(35 732)	(25 734)	(35 732)
Long-term housing loans	(24 138)	(22 647)	(24 138)	(22 647)
Long-term loans – public organisations	(1 596)	(13 085)	(1 596)	(13 085)
Transfer to impairment provision – long-term selling schemes	26 236	39 589	26 236	39 589
Transfer to impairment provision – long-term public organisations	1 464	(492)	1 464	(492)
<b>Balance at the end of the year</b>	<b>122 197</b>	<b>120 231</b>	<b>122 197</b>	<b>120 231</b>
<b>TOTAL</b>	<b>468 419</b>	<b>504 356</b>	<b>468 419</b>	<b>504 356</b>

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 19. RESERVES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Capital replacement reserve	1 187 993	1 281 721	1 187 993	1 281 721
Insurance reserve	563 504	511 743	563 504	511 743
Self-insurance reserve	493 849	450 175	493 849	450 175
COLD reserve	69 655	61 568	69 655	61 568
<b>TOTAL</b>	<b>1 751 497</b>	<b>1 793 464</b>	<b>1 751 497</b>	<b>1 793 464</b>

The capital replacement reserve and the self-insurance reserve are fully funded and invested in ringfenced financial instruments.

## 20. ACCUMULATED SURPLUS

Accumulated surplus	<b>22 000 972</b>	<b>20 279 133</b>	<b>21 896 756</b>	<b>20 159 376</b>
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Receipts from acquired grant-funded assets to the value of R16,35 billion (2013: R15,05 billion) are included and earmarked to fund the depreciation charges over the assets' useful lives.

## 21. NON-CONTROLLING INTEREST

Balance at beginning of the year	144 658	135 770		
Share purchases by non-controlling interest holders	49 074	–		
Transfer to for share purchases	33 202	–		
Share of net surplus attributable to non-controlling interest	8 013	8 888		
<b>TOTAL</b>	<b>234 947</b>	<b>144 658</b>		

## 22. SERVICE CHARGES

Sale of electricity	9 313 459	8 843 866	9 323 247	8 853 037
Sale of water	2 184 898	2 052 721	2 185 812	2 053 577
Waste management (solid waste)	837 381	775 144	837 381	775 144
Wastewater management (sewerage and sanitation)	1 188 106	1 091 897	1 188 106	1 091 897
Other	539 626	478 490	369 134	326 150
<b>TOTAL</b>	<b>14 063 470</b>	<b>13 242 118</b>	<b>13 903 680</b>	<b>13 099 805</b>

## 23. RENTAL OF LETTING STOCK AND FACILITIES

Rental agreements	318 515	292 535	318 515	292 535
Hire/rentals	32 755	47 950	32 755	47 950
	351 270	340 485	351 270	340 485
Income forgone*	(33 380)	(33 879)	(33 380)	(33 879)
<b>TOTAL</b>	<b>317 890</b>	<b>306 606</b>	<b>317 890</b>	<b>306 606</b>

## 24. FINANCE INCOME

<b>Exchange transactions</b>	594 147	555 621	581 877	547 130
Interest receivable – external investments	526 691	438 861	514 421	430 370
Interest transferred to external funds (conditional grants)	(53 368)	(66 432)	(53 368)	(66 432)
Interest receivable – outstanding service debtors	120 824	183 192	120 824	183 192
<b>Non-exchange transactions</b>				
Interest receivable – outstanding rate debtors	71 488	85 057	71 488	85 057
<b>TOTAL</b>	<b>665 635</b>	<b>640 678</b>	<b>653 365</b>	<b>632 187</b>

The 2013 comparative amount of R640,67 million has been restated from R555,82 million (see note 46).

\* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 25. OTHER INCOME

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Exchange transactions</b>	368 368	751 851	237 850	636 212
Insurance recoveries	2 103	1 394	2 017	1 217
Bulk infrastructure levies	60 054	69 524	60 054	69 524
Skills development levy	20 503	28 118	20 503	28 118
Investment impairment reversed	–	4 288	–	4 288
Other income	160 804	140 517	147 844	131 964
Gains on foreign-exchange transactions	–	138	–	98
Fair value adjustments	7 432	401 003	7 432	401 003
City improvement districts	117 472	106 869	–	–
<b>Non-exchange transactions</b>				
City improvement districts	–	–	118 487	106 869
<b>TOTAL</b>	<b>368 368</b>	<b>751 851</b>	<b>356 337</b>	<b>743 081</b>

The 2013 comparative amount of R751,85 million has been restated from R751,71 million (see note 46).

The Entity received services in kind to an estimated value of R137,02 million (2013: R7,65 million) in the form of volunteers. This amount is not recognised as revenue or as an asset as such in the statement of financial performance.

## 26. PROPERTY RATES

### Actual

Residential, commercial and state

Income forgone\*

### TOTAL PROPERTY RATES

6 548 249	6 041 383	6 552 820	6 043 222
(1 006 046)	(966 777)	(1 006 046)	(966 777)
<b>5 542 203</b>	<b>5 074 606</b>	<b>5 546 774</b>	<b>5 076 445</b>

Exempt properties are excluded from the property rates valuation.

The total property rates 2013 comparative amount of R5,07 billion has been restated from R5,16 billion (see note 46).

The 'residential, commercial and state' 2013 comparative amount of R6,04 billion has been restated from R6,10 billion, and the 'income forgone' amount of R966,78 million has been restated from R1,02 billion. This is due to statutory rebate on the first R15 000 of the market value as per the valuation roll of residential property that should not have been included in both 'residential, commercial and state' total as well as 'income forgone'.

### Valuations

Rateable properties

Non-rateable properties

### Total property rates at commencement of financial year

884 713 852	768 198 772	884 713 852	768 198 772
24 052 160	25 716 162	24 052 160	25 716 162
<b>908 766 012</b>	<b>793 914 934</b>	<b>908 766 012</b>	<b>793 914 934</b>

### Valuations per category

Residential

Commercial

Agriculture

State

Municipal

### Total property rates at commencement of financial year

624 049 005	539 230 646	624 049 005	539 230 646
244 438 376	181 878 233	244 438 376	181 878 233
20 747 223	8 618 247	20 747 223	8 618 247
8 407 241	39 638 134	8 407 241	39 638 134
11 124 167	24 549 674	11 124 167	24 549 674
<b>908 766 012</b>	<b>793 914 934</b>	<b>908 766 012</b>	<b>793 914 934</b>

The last general valuation came into effect on 1 July 2013, and is based on market-related values. Property valuations adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed weekly to take into account changes to individual property values due to alterations and subdivisions. Rates are levied on a daily basis and are payable monthly. Interest is raised monthly on accounts in arrears at prime plus 1% per annum.

\* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 27. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Unconditional grants</b>	1 243 270	1 084 416	1 243 270	1 084 416
Equitable share	1 243 270	1 084 416	1 243 270	1 084 416
<b>Conditional grants</b>	3 198 920	4 310 024	3 198 920	4 310 024
Provincial health subsidies	137 078	129 645	137 078	129 645
Cape Metropolitan Transport Fund (CMTF)	24 317	1 375	24 317	1 375
National projects	2 189 119	3 297 721	2 189 119	3 297 721
Provincial projects – other	836 024	858 821	836 024	858 821
Other	12 382	22 462	12 382	22 462
<b>TOTAL</b>	<b>4 442 190</b>	<b>5 394 440</b>	<b>4 442 190</b>	<b>5 394 440</b>
The Entity does not foresee a significant decrease in the level of grant funding.				
<b>Unconditional grants</b>				
These grants are used to subsidise the provision of basic services to indigent communities.				
<b>Analysis of government grants and subsidies</b>				
Operating	2 389 432	1 979 795	2 389 432	1 979 795
Capital	2 052 758	3 414 645	2 052 758	3 414 645
	<b>4 442 190</b>	<b>5 394 440</b>	<b>4 442 190</b>	<b>5 394 440</b>
<b>Provincial health subsidies</b>				
Balance unspent at beginning of the year	–	–	–	–
Current-year receipts – included in public health vote	(137 078)	(129 645)	(137 078)	(129 645)
Conditions met – transferred to revenue	137 078	129 645	137 078	129 645
<b>Conditions still to be met – transferred to liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
The Entity renders health services on behalf of the Provincial Government, and is refunded partially for expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There were no delays in payment of the subsidies, nor were any amounts withheld.				
<b>Provincial projects and CMTF</b>				
Balance unspent at beginning of the year	(269 948)	(224 906)	(269 948)	(224 906)
Regrouping adjustment	48 740	44 042	48 740	44 042
Current-year receipts	(937 585)	(867 899)	(937 585)	(867 899)
Interest earned	(9 328)	(7 056)	(9 328)	(7 056)
Adjustments	33 056	31 481	33 056	31 481
Conditions met – transferred to revenue	860 341	860 196	860 341	860 196
Amounts still to be claimed	(107 983)	(105 806)	(107 983)	(105 806)
<b>Conditions still to be met – transferred to liabilities</b>	<b>(382 707)</b>	<b>(269 948)</b>	<b>(382 707)</b>	<b>(269 948)</b>
– see note 16				

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 27. GOVERNMENT GRANTS AND SUBSIDIES (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>National Government projects</b>				
Balance unspent at beginning of the year	(527 091)	(1 378 915)	(527 091)	(1 378 915)
Regrouping adjustment	60	–	60	–
Current-year receipts	(2 672 459)	(2 389 988)	(2 672 459)	(2 389 988)
Interest earned	(40 879)	(56 369)	(40 879)	(56 369)
Adjustments	5 110	521	5 110	521
Conditions met – transferred to revenue	2 189 119	3 297 721	2 189 119	3 297 721
Amounts still to be claimed	–	(61)	–	(61)
<b>Conditions still to be met – transferred to liabilities</b>				
– see note 16	<b>(1 046 140)</b>	<b>(527 091)</b>	<b>(1 046 140)</b>	<b>(527 091)</b>

These grants received from National Government are for operating and capital expenditure, such as budget reform, restructuring, urban renewal, and so forth. Other than the amounts unspent, the conditions of the grants have been met – see Appendix E.

## 28. PUBLIC CONTRIBUTIONS

Public contributions: Consumer connections	37 423	31 932	37 423	31 932
Other	48 635	10 996	48 585	10 684
<b>TOTAL</b>	<b>86 058</b>	<b>42 928</b>	<b>86 008</b>	<b>42 616</b>

### Public contributions and other third-party funds

Balance unspent at beginning of the year	(61 517)	(61 931)	(61 517)	(61 931)
Regrouping adjustment	1 639	–	1 639	–
Current-year receipts	(52 670)	(40 429)	(52 670)	(40 429)
Interest earned	(923)	(502)	(923)	(502)
Adjustments	(35 056)	368	(35 056)	368
Conditions met – transferred to revenue	86 058	42 616	86 008	42 616
Amounts still to be claimed	(4 402)	(1 639)	(4 402)	(1 639)
<b>Conditions still to be met – transferred to liabilities</b>				
– see note 16	<b>(66 871)</b>	<b>(61 517)</b>	<b>(66 921)</b>	<b>(61 517)</b>

The Entity receives grants from various private donors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

## 29. EMPLOYEE-RELATED COSTS

Salaries and wages	5 367 580	4 793 008	5 323 227	4 753 781
Social contributions – Unemployment Insurance Fund, pensions and medical aid	1 399 353	1 259 152	1 394 292	1 254 508
Travel, car, accommodation, subsistence and other allowances	338 487	305 813	338 487	305 813
Housing benefits and allowances	26 512	29 266	26 512	29 266
Overtime payments	360 168	335 494	359 418	335 100
Contribution and benefits paid: current provisions	(304 166)	182 037	(304 166)	182 037
Contribution: post-retirement and long-service benefits	1 524 847	608 305	1 524 847	608 305
Current service costs	134 111	137 343	134 111	137 343
Interest costs	400 393	305 758	400 393	305 758
Actuarial losses	990 343	165 204	990 343	165 204
	8 712 781	7 513 075	8 662 617	7 468 810
Expenditure recharged to capital projects	(21 763)	(22 611)	(21 763)	(22 611)
<b>TOTAL</b>	<b>8 691 018</b>	<b>7 490 464</b>	<b>8 640 854</b>	<b>7 446 199</b>

The 2013 comparative amount of R7,49 billion has been restated from R7,49 billion (see note 46).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 30. REMUNERATION OF COUNCILLORS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Executive Mayor	1 164	1 108	1 164	1 108
Deputy Executive Mayor	841	781	841	781
Speaker	841	781	841	781
Chief Whip	770	734	770	734
Mayoral Committee members	8 097	7 786	8 097	7 786
Subcouncil chairpersons	18 994	18 025	18 994	18 025
Portfolio chairpersons	11 697	11 225	11 697	11 225
Councillors	66 609	66 745	66 609	62 659
Councillors' pension contributions	4 582	4 488	4 582	4 488
Board members (CTICC)	445	208	–	–
	114 040	111 881	113 595	107 587
Reimbursement of travel claims	6 113	–	6 113	4 086
<b>TOTAL</b>	<b>120 153</b>	<b>111 881</b>	<b>119 708</b>	<b>111 673</b>

## 31. IMPAIRMENT COSTS

Allowances for impairment losses	1 295 120	926 947	1 295 526	926 812
Impairment of property, plant and equipment	32 700	7 110	32 700	7 110
<b>TOTAL</b>	<b>1 327 820</b>	<b>934 057</b>	<b>1 328 226</b>	<b>933 922</b>

## 32. DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipment	1 722 377	1 613 269	1 699 964	1 591 591
Depreciation of investment property	1 641	1 629	1 641	1 629
Amortisation of intangible assets	50 665	27 055	50 665	27 055
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>1 774 683</b>	<b>1 641 953</b>	<b>1 752 270</b>	<b>1 620 275</b>
– see notes 1, 3, 4 and Appendix B	(828 615)	(632 276)	(828 615)	(632 276)
Grants-funded assets financed from reserves				
<b>NET TOTAL DEPRECIATION AND AMORTISATION</b>	<b>946 068</b>	<b>1 009 677</b>	<b>923 655</b>	<b>987 999</b>

The 2013 comparative amount of R1,64 billion has been restated from R1,64 billion (see note 46).

## 33. FINANCE COSTS

Borrowings (amortised cost)	776 267	677 495	774 768	675 881
Losses on valuation of investment	830	7 903	830	7 903
Unwinding of discount	31 685	31 536	31 685	31 536
Bond issue expenses	–	13 349	–	13 349
<b>TOTAL</b>	<b>808 782</b>	<b>730 283</b>	<b>807 283</b>	<b>728 669</b>

The 2013 comparative amount of R730,28 million has been restated from R730,79 million (see note 46).

## 34. BULK PURCHASES

Electricity	6 283 114	6 097 891	6 283 114	6 097 891
Water	308 118	293 295	308 118	293 295
<b>TOTAL</b>	<b>6 591 232</b>	<b>6 391 186</b>	<b>6 591 232</b>	<b>6 391 186</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 35. GRANTS AND SUBSIDIES PAID

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Ad hoc	39 326	213	39 313	–
Community development and upliftment	1 338	8 918	1 338	8 918
Economic development and promotion of tourism	41 947	66 368	41 947	66 368
Education institutions	413	365	413	365
Health forum/health, HIV/Aids and TB programmes	2 649	4 768	2 649	4 768
Senior citizens – facilities for the aged	100	100	100	100
Social development and arts and culture	–	7 674	–	7 674
Sporting bodies	285	520	285	520
Cape Town World Design Company	22 800	8 500	22 800	8 500
Khayelitsha Community Trust	6 176	5 931	6 176	5 931
<b>TOTAL</b>	<b>115 034</b>	<b>103 357</b>	<b>115 021</b>	<b>103 144</b>

The 2013 comparative amount of R103,36 million has been restated from R94,86 million (see note 46).

## 36. GENERAL EXPENSES

Auditor remuneration	13 537	14 059	12 126	13 307
CID levy	–	–	114 884	103 663
Consultants	130 184	167 818	123 776	162 459
Contributions to/(from) provisions	(34 246)	31 765	(34 246)	31 765
Free basic electricity (FBE) – Eskom service areas	101 730	101 147	101 680	101 075
Fair value adjustments	(4)	209	(4)	209
Fuel (petrol, diesel and fuel oil)	269 653	221 073	268 642	220 407
Indigent relief	469 646	446 475	469 646	446 475
Inventory: Scrapping	3 268	803	3 268	803
Legal fees	45 664	44 074	42 866	42 954
Loss on foreign exchange transactions	3 009	505	3 002	505
Materials general and consumables	332 011	303 192	299 153	284 193
Security services	404 240	349 922	398 863	344 827
Telecommunications	97 749	106 097	96 155	104 502
Other expenditure (less than 5%)	1 831 029	1 763 291	1 790 213	1 720 268
	3 667 470	3 550 430	3 690 024	3 577 412
Expenditure recharged to capital projects	(1 772)	(3 165)	(1 772)	(3 165)
<b>TOTAL</b>	<b>3 665 698</b>	<b>3 547 265</b>	<b>3 688 252</b>	<b>3 574 247</b>

The 2013 comparative amount of R3,54 billion has been restated from R3,55 billion (see note 46).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 37. TAXATION

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Deferred taxation</b>				
<b>CTICC</b>				
Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2013: 28%).				
At the beginning of the year	4 640	6 915		
Temporary differences	(2 439)	(2 275)		
At the end of the year	<b>2 201</b>	<b>4 640</b>		
<b>CIDs</b>				
At the beginning of the year	57	26		
Reverse temporary differences on prepayments	(57)	27		
Reverse temporary differences on finance lease obligations	–	4		
At end of the year	<b>–</b>	<b>57</b>		
<b>The balance comprises</b>				
Capital allowance (non-deductible temporary differences)	2 201	4 640		
Reverse temporary differences on finance lease obligations	–	57		
<b>TOTAL</b>	<b>2 201</b>	<b>4 697</b>		
<b>Statement of financial performance charge</b>				
Taxation				
Current year: CTICC	8 252	8 877		
CIDs	235	31		
	<b>8 487</b>	<b>8 908</b>		

## 38. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Surplus for the year	1 693 637	3 475 041	1 659 476	3 443 726
Adjustment for:	3 417 441	2 373 562	3 405 340	2 359 220
Depreciation	1 774 683	1 641 953	1 752 270	1 620 275
Contributed assets	(33 437)	(2 839)	(33 387)	(2 527)
Impairment	65 324	7 110	65 324	7 110
Fair-value adjustment – concessionary loans	41 910	(378 838)	41 910	(378 838)
Gains on foreign-exchange transactions	–	(138)	–	(98)
Gains and losses on disposal of assets	(62 463)	(85 153)	(62 962)	(85 304)
Contribution to provisions	461 639	1 235 855	461 079	1 236 234
Contribution to impairment provision	1 026 638	(129 705)	1 027 188	(129 826)
Investment impairment reversed	–	(4 288)	–	(4 288)
Finance income	(665 635)	(640 678)	(653 365)	(632 187)
Finance costs	808 782	730 283	807 283	728 669
<b>Operating surplus before working capital changes</b>	<b>5 111 078</b>	<b>5 848 603</b>	<b>5 064 816</b>	<b>5 802 946</b>
Increase in inventories	(12 682)	(3 285)	(12 733)	(3 542)
Increase in receivables	(399 315)	(106 508)	(399 310)	(106 494)
Increase in other receivables	(964 377)	(30 449)	(968 111)	(24 103)
Increase/(decrease) in unspent conditional grants and receipts	637 212	(807 196)	637 212	(807 196)
Increase in payables	247 886	605 876	246 345	593 113
Increase in net VAT	9 530	11 735	9 530	11 735
<b>Cash generated from operations</b>	<b>4 629 332</b>	<b>5 518 776</b>	<b>4 577 749</b>	<b>5 466 459</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 39. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Balance at end of the year	2 652 774	4 907 440	2 266 559	4 730 196
Balance at beginning of the year	4 907 440	3 481 533	4 730 196	3 327 832
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2 254 666)</b>	<b>1 425 907</b>	<b>(2 463 637)</b>	<b>1 402 364</b>

### 40. RECONCILIATION OF UTILISATION OF LONG-TERM BORROWINGS

Borrowings raised – see Appendix A	86	2 384 420	–	2 384 420
External Finance Fund (EFF) – earmarked capital expenditure 2012/13 and prior years	(6 551 825)	(5 676 732)	(6 551 825)	(5 676 732)
Current year	(4 694 936)	(3 923 308)	(4 694 936)	(3 923 308)
Total EFF (overdrawn)	(1 856 889)	(1 753 424)	(1 856 889)	(1 753 424)
Cash set aside for the repayment of borrowings – see note 5 and 11	(6 551 739)	(3 292 312)	(6 551 825)	(3 292 312)
<b>Cash overdrawn</b>	<b>1 631 750</b>	<b>900 875</b>	<b>1 631 750</b>	<b>900 875</b>
	<b>(4 919 989)</b>	<b>(2 391 437)</b>	<b>(4 920 075)</b>	<b>(2 391 437)</b>

### 41. BUDGET INFORMATION

The explanatory comments on the budget variances have been provided on the consolidated Entity's variances, since the impact of the subsidiaries' variances is minimal.

#### 41.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements. The increase in the expected capital budget is due to the reprioritisation of capital projects, with corresponding changes to funding sources.

#### 41.2 Explanation of variances greater than 5%: Final budget and actual amounts

##### 41.2.1 Statement of financial position

##### Total assets

- i) Current assets  
Investments were much lower than budgeted due to the reclassification of funds held by fund managers to non-current assets, as the funding of the City's long-term debt had to be secured.

##### 41.2.2 Statement of financial performance

##### Revenue

- i) Rental of letting stock and facilities  
The variance is due to a lower utilisation of facilities and the transfer of rental properties to owners.
- ii) Finance income  
The variance is a result of interest earned on the continuously favourable cash/investment balance during the year – better than what was anticipated with the original budget planning.
- iii) Licences and permits  
The variance is due to higher-than-expected issuing of licences and permits.
- iv) Agency services  
The variance is due to an increase in transactions processed.
- v) Other income  
The variance is due to fair-value adjustments and sundry receipts.
- vi) Gains on disposal of property, plant and equipment  
The variance is due to sale of assets having exceeded expectations.
- vii) Fines  
The variance is due to a change in the application of an existing accounting standard.
- viii) Government grants and subsidies  
The variance is due to delays in the implementation of projects, community consultation, tender objections, environmental issues, and cancellation due to poor performance and liquidations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 41. BUDGET INFORMATION (continued)

### 41.2 Explanation of variances greater than 5%: Final budget and actual amounts (continued)

#### 41.2.2 Statement of financial performance (continued)

- ix) Public contributions  
The variance is due to actual amounts being less than budgeted.

#### Expenditure

- i) Employee-related costs  
The variance is mainly due to the time taken to fill vacancies, as well as internal appointments.
- ii) Impairment costs  
The variance is due to a change in accounting standards regarding the traffic fine income.
- iii) Collection costs  
Variance is due to lower-than-anticipated commission paid to the collecting agency, which is based on actual fine income received.
- iv) Depreciation and amortisation expenses  
The variance is due to a review of the useful lives of the assets, and delays in the implementation of projects.
- v) Finance costs  
Variance largely due to savings realised on unutilised loan facilities.
- vi) Grants and subsidies paid  
The variances are due to payment to beneficiaries deferred as a virement of outstanding information.
- vii) Losses on disposal of property, plant and equipment  
The variance is due to unanticipated losses on assets.

#### 41.2.3 Cash flow statement

- i) Net cash from (used) investing  
The variance resulted from the reclassification of investments from short-term to long-term in a guaranteed investment fund for the repayment of bonds.
- ii) Net cash from (used) financing  
The difference represents the amount set aside for the repayment of bonds as a once-off bullet payment. These accumulated amounts have now been paid into guaranteed investment accounts held by various financial institutions for the repayment of such bonds upon maturity (refer above).

#### 41.2.4 Capital expenditure

- i) City Health  
Variance due to delays in the implementation of projects as a result of local community participation, strikes experienced by service providers, protest actions and tender appeals. Underspent funds rolled over to new financial year.
- ii) City Manager  
Variance due to delay in delivery and internal restructuring.
- iii) Compliance and Auxiliary Services  
Variance due to delays in delivery, project funding not approved, and failure of contractor to complete outstanding work.
- iv) Community Services  
Variance due to delays in the implementation of projects as a result of local community participation, protest actions and tender appeals.
- v) Economic, Environmental and Spatial Planning  
Variance due to delays in the implementation of projects, strikes experienced by vendors, and consequent non-delivery of materials.
- vi) Finance  
Variance due to delays in the implementation of projects as a result of technical issues, and the City's participation no longer being necessary.
- vii) Social Development and Early Childhood Development  
Variance due to under-performance of vendor and non-delivery of equipment.
- viii) Tourism, Events and Marketing  
Variance due to poor performance of contractor and tenderers' non-performance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 41. BUDGET INFORMATION (continued)

### 41.2 Explanation of variances greater than 5%: Final budget and actual amounts (continued)

#### 41.2.4 Capital expenditure (continued)

- ix) Transport for Cape Town\*  
Variance due to industrial action, negotiation processes with transport operators, compliance issues with supply chain management policy, liquidation of service providers, and cancellation due to poor performance.
- x) Human Settlements  
Variance due to delay in implementation of projects, poor performance, liquidation of contractors and community actions.
- xi) Water and Sanitation  
Variance due to delay in implementation of projects and delivery of equipment, inclement weather conditions, tender appeals, financial distress of tenderers, environmental issues, and lack of access to site.
- xii) Cape Town Electricity  
Variance due to delay in implementation of projects, provisions of funding, poor performance of contractor, and community protests regarding the housing allocation lists.
- xiii) Subsidiaries  
The capital expenditure projects were 95% completed or in progress as at yearend. The variances relate mainly to savings on completed projects as well as projects in progress as at yearend.

\*Previously known as Transport, Roads and Stormwater.

## 42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, AND MATERIAL LOSSES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>42.1 Irregular expenditure</b>				
Opening balance	–	122 568	–	122 568
Expenditure – supply chain management (SCM) regulations (see incidents below)	45	1 465	45	1 465
Regularised and ratified	–	(124 033)	–	(124 033)
<b>Closing balance</b>	<b>45</b>	<b>–</b>	<b>45</b>	<b>–</b>
<b>INCIDENTS</b>				
• Declaration of interest of suppliers in the employ of the state	–	1 450	–	1 450
• Business conducted with one staff member	–	15	–	15
• Business conducted with a supplier of whom a director was in service of the state	45	–	45	–
<b>Incidents for the year</b>	<b>45</b>	<b>1 465</b>	<b>45</b>	<b>1 465</b>
<b>42.2 Unauthorised, fruitless and wasteful expenditure</b>				
Opening balance	146	288	–	–
Expenditure – current year	294	–	294	–
Amount recovered	(146)	–	–	–
Certified as irrecoverable by Council	–	(142)	–	–
<b>Closing balance</b>	<b>294</b>	<b>146</b>	<b>294</b>	<b>–</b>
<b>INCIDENTS      PROCEEDINGS</b>				
Fine: non-compliance to Act	50	–	50	–
Fine: non-compliance to Act	12	–	12	12
ICSID: Payments not in accordance with Agreement – due to exchange rate fluctuations	232	–	232	–
<b>Incidents for the year</b>	<b>294</b>	<b>176</b>	<b>294</b>	<b>168</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE, MATERIAL LOSSES (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>42.3 Material losses</b>				
<b>Water losses</b>	<b>92 576</b>	<b>66 240</b>	<b>92 576</b>	<b>66 240</b>
In the year under review, the reticulation losses were 10,08% (2013: 7,6%). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. The production losses amounted to R90,30 million (2013: R89,03 million).				
<b>Electricity losses</b>	<b>245 987</b>	<b>167 329</b>	<b>245 987</b>	<b>167 329</b>
In the year under review, the energy losses were 10,49% (2013: 9,31%). These losses are the result of theft and vandalism. The production losses amounted to R411,42 million (2013: R400,35 million).				

## 43. COMMITMENTS

### 43.1 Capital commitments

Commitments in respect of capital expenditure  
Approved and contracted for:

Infrastructure	2 203 693	1 090 589	2 203 693	1 090 589
Community	92 517	91 140	92 517	91 140
Other	822 865	591 165	781 895	588 384
<b>TOTAL</b>	<b>3 119 075</b>	<b>1 772 894</b>	<b>3 078 105</b>	<b>1 770 113</b>

The 2013 comparative amount of R1,77 billion has been restated from R1,77 billion.

### 43.2 Operating lease commitments

#### 43.2.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

##### Land and buildings

Payable within one year	38 017	26 415	38 017	26 415
Payable within two to five years	2 204	22 074	2 204	22 074

##### Vehicles and other equipment

Payable within one year	222	–	222	–
Payable within two to five years	514	–	514	–

**40 957      48 489      40 957      48 489**

Minimum lease payments recognised as an expense during the period amount to R49,21 million (2013: R41,11 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

#### 43.2.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Receivable within one year	19 502	16 068	21 422	17 988
Receivable within two to five years	63 484	48 507	65 884	52 827
Receivable after five years	147 186	142 085	147 186	142 085

##### Buildings

**230 172      206 660      234 492      212 900**

The Entity lets properties under operating leases. Property rental income earned during the year was R21,62 million (2013: R13,55 million). The properties are maintained by the tenants, 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 an increase of R2,46 million in current-year income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 44. ADDITIONAL DISCLOSURES

### 44.1 Municipal Finance Management Act

#### 44.1.1 Section 124

##### Disclosure concerning councillors' municipal accounts in arrears

As at **30 June 2014**, the following councillor was in arrears for rates and services:

	Total R'000	Outstanding <90 days R'000	Outstanding >90 days R'000
<b>As at 30 June 2014</b>			
Madikane, B	208	–	208
<b>Balance outstanding</b>	<b>208</b>	<b>–</b>	<b>208</b>

During the **reporting period**, the following councillors were in arrears for more than 90 days.

Gqada, T	Mamkeli, S
Hassiem, W	Jordaan, C
Lungiswa, J	Van der Merwe, C
Mabandla, M	

As at **30 June 2013**, the following councillor was in arrears for rates and services:

	Total R'000	Outstanding <90 days R'000	Outstanding >90 days R'000
<b>As at 30 June 2013</b>			
Basson, J	10	9	1
<b>Balance was paid in full on 22 July 2013</b>	<b>10</b>	<b>9</b>	<b>1</b>

During the **the 2012/13 financial period**, the following councillors were in arrears for more than 90 days.

Basson, J	Ntsodo, A
Bryant, DW	Smith, JP
Cottee, D	Williams, A

**44.1.2** Included in the debtors' arrears is an amount of R1,62 million (2013: R1,56 million) outstanding for more than 120 days, owed by the representative political parties to the Entity.

#### 44.1.3 Section 125

##### Other compulsory disclosures

	South African Local Government Association (SALGA) contributions R'000	Audit fees R'000	Pay-as- you-earn (PAYE) and Unemployment Insurance Fund R'000	Pension and medical aid R'000
<b>As at 30 June 2014</b>				
Opening balance	–	182	84 887	172 627
Subscriptions/fees	10 400	15 029	1 077 710	2 244 211
Amount paid – current year	(10 400)	(14 923)	(989 747)	(2 052 584)
Amount paid – previous years	–	(182)	(84 887)	(172 627)
<b>Balance unpaid (included in payables)</b>	<b>–</b>	<b>106</b>	<b>87 963</b>	<b>191 627</b>
<b>As at 30 June 2013</b>				
Opening balance	–	263	62 543	155 305
Subscriptions/fees	9 800	16 189	1 017 760	2 004 302
Amount paid – current year	(9 800)	(16 007)	(932 873)	(1 831 676)
Amount paid – previous years	–	(263)	(62 543)	(155 304)
<b>Balance unpaid (included in payables)</b>	<b>–</b>	<b>182</b>	<b>84 887</b>	<b>172 627</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 44. ADDITIONAL DISCLOSURES (continued)

### 44.2 SUPPLY CHAIN MANAGEMENT REGULATIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>44.2.1 Deviations</b>				
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 expenses incurred as listed below have been approved by the Accounting Officer and noted by Council. Deviations have been approved in principle, subject to controls such as unit cost and the availability of costs and budget.				
<b>Incidents</b>				
Appointment of consultants	64 228	104 798	64 228	104 798
Information technology upgrade	57 078	192 355	57 078	192 355
Upgrade of electricity services	38 657	484	38 657	484
Extension of contract	13 637	214 975	13 637	214 975
Upgrade of road infrastructure	260 216	34 944	260 216	34 944
Supply and delivery of plant and equipment	43 670	92 911	43 670	92 911
Other	95 945	158 767	91 239	154 314
Deviations less than R200 000	300 442	335 985	300 442	335 985
<b>Total amount approved by the Accounting Officer and noted by Council</b>	<b>873 873</b>	<b>1 135 219</b>	<b>869 167</b>	<b>1 130 766</b>
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.				
<b>44.2.2 SCM breaches</b>				
Ratification of minor breaches	14 091	6 937	–	–
Regularisation of breaches	–	634	–	634
<b>Total amount regularised and ratified</b>	<b>14 091</b>	<b>7 571</b>	<b>–</b>	<b>634</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 44. ADDITIONAL DISCLOSURES (continued)

### 44.2.3 Bids awarded to family of employees in service of the state

In terms of section 45 of the municipal SCM regulation, any award above R2 000 to family of employees in the service of the state must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form:

Connected person	Position held with state	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Adams, C	Clerk	25	–	25	–
Agulhas, M	Artisan	1 634	–	1 634	–
Booisen, C	Operational Supervisor: Driver	356	–	356	–
Booyesen, P*	Clerk	–	631	–	631
Buitendag, G	Principal Professional Officer	9	6 761	9	6 761
Cedras, A	Senior Superintendent	–	664	–	664
Chetty, F	Legal Advisor	7	–	7	–
Connor, C*	Head: COID	–	123	–	123
Daniels, L	Senior Foreman	–	13 887	–	13 887
Dauids, M	Operational Supervisor: Driver	135	–	135	–
De Vries, S	Superintendent	–	153	–	153
Diedericks, R	Technician	260	–	260	–
Du Toit, J	SCM Assistant Buyer	604	595	604	595
Ebrahim, Y	Head: District 5	953	–	953	–
Elloker, A	Senior Professional Officer	320	–	320	–
Fourie, S	HoD: Economic Development and Tourism	46	5	–	–
Gaya, M	Operational Supervisor/Driver	–	9	–	9
Gordon, C	Clerk	506	–	506	–
Hattingh, PM	SCM Administrative Officer	1 765	184	1 765	184
Henderson, C	Teacher	205	–	205	–
Ishmail, E	Manager: Valuation Data and Systems	285	5 515	285	5 515
Jacobs, E	Senior Clerk	27 958	–	27 958	–
Jacobs, MS	Clerk	–	209	–	209
Jaffar, R	Administrative Officer	89	–	89	–
Johns, KM	Clerk	–	5	–	5
Koning, G	Enrolled Nurse	–	38	–	38
Kupiso, NG	Water Pollution Control Inspector	–	122	–	122
Lategan, J	Clerk	–	14	–	14
Le Fleur, C	Administrative Officer	71	–	71	–
Louis, D	Clerk	–	279	–	279
Mama, X	Head: Area Manager	–	375	–	375
Merile, SS	Operator: Small Plant	–	1 927	–	1 927
Meyer, T	Educator: Western Cape Education Department	4 872	–	–	–
Mjali, M	Emergency Centre Officer	4	–	4	–
Monk, FJ	Subcouncil Manager	–	676	–	676
Mshweshwe, MC	Statutory Compliance Specialist	292	304	292	304
Paulse, O	Co-coordinator: Housing Rental Stock	266	–	266	–
Platzky, L	Deputy Director-General: Strategic Programmes WC Government Department of the Premier	23	–	–	–
Poole, N	Senior Clerk	293	–	293	–
Ritter, T	Senior Clerk	102	–	102	–
Sammy, MF	Administrative Officer	15	40	15	40
Scholtz, LM	Secretary	1 783	905	1 783	905
Siyabulela, M	Senior Clerk	199	–	199	–
Steyn, D	Head: Supplier Management	332	–	332	–
Steyn, T	Senior Professional Officer	3 554	–	3 554	–
Thorpe, M	SCM Assistant Buyer	–	128	–	128
Trom, F	Worker	–	7	–	7
Votersen, MF	Head: Finance Parks	–	559	–	559
Webster, L	Senior Clerk	82	–	82	–
Willemsse, S	Administrative Officer	1 541	–	1 541	–
Wyngaard, R	SCM Administrative Officer	–	–	–	–
	– Tenders	498	–	498	–
<b>Total</b>		<b>49 084</b>	<b>34 115</b>	<b>44 143</b>	<b>34 110</b>

\* These officials resigned from the City of Cape Town prior to the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 45. 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, its policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Entity's Risk Management Committee is responsible for overseeing the City's integrated risk management (IRM) policies and activities. The IRM policies were established to ensure a structured approach to the identification and mitigation of risks across the Entity to an acceptable level. The IRM policies and systems are reviewed regularly to ensure that they keep pace with best practices and regulatory requirements. To enable the Audit Committee to comply with their role and responsibilities with regard to risk management, all documentation and reports of Risk Management Committee meetings are supplied to the Audit Committee on a quarterly basis.

The accounting policy for financial instruments was applied to the following items in the statement of financial position:

	Amortised cost R'000	Fair value R'000	Total carrying amount R'000	Fair value R'000
<b>Financial assets</b>				
<b>2014</b>				
Investments	1 701 641	3 976 538	5 678 179	5 725 265
Long-term receivables	123 962	–	123 962	123 962
Receivables	4 308 354	–	4 308 354	4 308 354
Other receivables	426 131	–	426 131	426 131
Cash and cash equivalents	1 315 189	1 337 585	2 652 774	2 652 774
	<b>7 875 277</b>	<b>5 314 123</b>	<b>13 189 400</b>	<b>13 236 486</b>
<b>2013</b>				
Investments	140 972	3 424 479	3 565 451	3 583 911
Long-term receivables	122 211	–	122 211	122 211
Receivables	4 170 933	–	4 170 933	4 170 933
Other receivables	301 016	–	301 016	301 016
Cash and cash equivalents	3 797 674	1 109 766	4 907 440	4 907 440
	<b>8 532 806</b>	<b>4 534 245</b>	<b>13 067 051</b>	<b>13 085 511</b>

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
<b>Financial liabilities</b>			
<b>2014</b>			
Borrowings	7 050 159	7 050 159	7 628 288
Payables	3 838 742	3 838 742	3 838 742
	<b>10 888 901</b>	<b>10 888 901</b>	<b>11 467 030</b>
<b>2013</b>			
Borrowings	7 371 341	7 371 341	8 192 395
Payables	3 736 775	3 736 775	3 736 775
	<b>11 108 116</b>	<b>11 108 116</b>	<b>11 929 170</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 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 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>Financial assets</b>				
<b>2014</b>				
Investments	3 204 138	772 400	–	3 976 538
Cash and cash equivalents	–	1 337 585	–	1 337 585
	<b>3 204 138</b>	<b>2 109 985</b>	<b>–</b>	<b>5 314 123</b>
<b>2013</b>				
Investments	2 456 013	968 466	–	3 424 479
Cash and cash equivalents	–	1 109 766	–	1 109 766
	<b>2 456 013</b>	<b>2 078 232</b>	<b>–</b>	<b>4 534 245</b>

### 45.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation.

The Entity ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

An average of 96,35% (2013: 95,06%) of receivable (own billed) income is realised within 30 days after the due date, and payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1 – 5 years R'000	>5 years R'000	Total R'000
<b>2014</b>				
<b>Liabilities</b>				
Borrowings	1 120 292	3 798 365	8 728 367	13 647 024
Capital repayments	370 075	1 069 521	5 610 563	7 050 159
Interest	750 217	2 728 844	3 117 804	6 596 865
Payables	3 838 742	–	–	3 838 742
Payables	3 148 906	–	–	3 148 906
Sundry creditors	689 836	–	–	689 836
	<b>4 959 034</b>	<b>3 798 365</b>	<b>8 728 367</b>	<b>17 485 766</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.3 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, loans, 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	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Investments	5 678 179	3 565 451	5 678 179	3 565 451
Long-term receivables – see note 6	123 962	122 211	123 962	122 211
Receivables and other receivables – see notes 8 and 9	4 734 485	4 471 949	4 726 949	4 461 926
Cash and cash equivalents – see note 10	2 652 774	4 907 440	2 266 559	4 730 196
<b>Total</b>	<b>13 189 400</b>	<b>13 067 051</b>	<b>12 795 649</b>	<b>12 879 784</b>

### 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 are granted and managed in accordance with policies and regulations as set out in note 6. 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.

### Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The Entity has no significant concentration of credit risk, with exposure spread over a large number of consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,00% (2013: 1,20%) 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 notes 8 and 9.

Consumer debtors with a demonstrable inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy as well as to enable the City of Cape Town to make adequate provision for such relief.

### 45.4 Capital management

The primary objective of managing the Entity's capital is to see to it that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, to ensure that the Entity remains financially sound.

The Entity monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital-intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included in net debt are interest-bearing loans and borrowings, payables, less investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.5 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the Rand value of the contracted goods or services. The Entity was not a direct party to any outstanding forward exchange contracts at the reporting date. The movement in the currency was not material to the Entity's procurement and, consequently, is not elaborated on any further.

### 45.6 Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

The effective rates on financial instruments as at 30 June 2014 are as follows:

	MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES				
	Weighted interest rate %	1 year or less R'000	1 – 5 years R'000	>5 years R'000	Total R'000
<b>Financial assets</b>					
Investments	6,29	3 959 491	1 498 818	1 557 455	7 015 764
Cash and cash equivalents	5,84	1 317 514	–	–	1 317 514
<b>Total financial assets</b>		<b>5 277 005</b>	<b>1 498 818</b>	<b>1 557 455</b>	<b>8 333 278</b>
<b>Financial liabilities</b>					
Borrowings	9,77	370 075	1 069 521	5 610 563	7 050 159
<b>Total financial liabilities</b>		<b>370 075</b>	<b>1 069 521</b>	<b>5 610 563</b>	<b>7 050 159</b>

### Interest rate sensitivity analysis

#### Financial assets

As at 30 June 2014, if the weighted 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 R76,82 million, with the opposite effect if the interest rate had been 100 basis points lower.

#### Financial liabilities

As at 30 June 2014, if the interest rate at that date had been 100 basis points higher or lower, with all the other variables held constant, the fair-value liability would have no impact, as all borrowings are at a fixed interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 46. PRIOR-YEAR ADJUSTMENTS

### 46.1 Reclassification

Reclassification of certain line items was made as indicated below.

### 46.2 Correction of error

After further consultation and research, it was found that the World Design Capital 2014 does not meet the definition of a subsidiary in terms of GRAP 6.

Presented below are those items contained in the statements of financial position and performance that have been affected by the prior-year adjustments.

	Note	ECONOMIC ENTITY			
		As previously reported R'000	Re-classification R'000	Correction of error R'000	Restated R'000
<b>2013</b>					
<b>Statement of financial position</b>					
Property, plant and equipment	1	28 624 249	(631 109)	(535)	27 992 605
Intangible assets	4	125 500	631 109	–	756 609
Other receivables	9	304 284	–	(125)	304 159
Cash and cash equivalents	10	4 910 631	–	(3 191)	4 907 440
Payables from exchange transactions	15	4 547 070	–	(976)	4 546 094
Accumulated surplus	20	20 282 008	–	(2 875)	20 279 133
<b>Statement of financial performance</b>					
Finance income	24	555 815	84 919	(56)	640 678
Other income	25	751 713	138	–	751 851
Property rates	26	5 159 663	(85 057)	–	5 074 606
Total revenue		27 521 557	–	(56)	27 521 501
Employee-related costs	29	7 492 589	–	(2 125)	7 490 464
Depreciation and amortisation expenses	32	1 641 994	–	(41)	1 641 953
Finance costs	33	730 788	(505)	–	730 283
Grants and subsidies paid	35	94 857	–	8 500	103 357
General expenses	36	3 550 275	505	(3 515)	3 547 265
Total expenditure		24 043 641	–	2 819	24 046 460
Surplus for the year		3 477 916	–	(2 875)	3 475 041

		MUNICIPALITY OF CAPE TOWN		
	Note	As previously reported R'000	Re- classification R'000	Restated R'000
<b>2013</b>				
<b>Statement of financial position</b>				
Property, plant and equipment	1	28 431 879	(631 109)	27 800 770
Intangible assets	4	125 500	631 109	756 609
<b>Statement of financial performance</b>				
Finance income	24	547 228	84 959	632 187
Other income	25	742 983	98	743 081
Property rates	26	5 161 502	(85 057)	5 076 445
Total revenue		27 363 454	–	27 363 454
Finance costs	33	729 174	(505)	728 669
General expenses	36	3 573 742	505	3 574 247
Total expenditure		23 919 728	–	23 919 728
Surplus for the year		3 443 726	–	3 443 726

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 46. PRIOR-YEAR ADJUSTMENTS (continued)

### 46.3 Changes in accounting estimates

The annual review of the useful lives of assets resulted in a decrease of R158,04 million (2013: R24,90 million) in the depreciation charge to the statement of financial performance.

It is impracticable to determine the estimated effect of these changes on future periods.

### 46.4 Changes in accounting policy

On 1 July 2013, the City of Cape Town changed its accounting policy with respect to borrowing costs from capitalisation against qualifying assets, to expensing all borrowing costs. The City believes that this policy provides more relevant information and will assist users in better understanding financial information, as the City does not incur borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. The City has therefore never capitalised any borrowing costs, and the change in policy, which is applied prospectively, has no financial impact.

Furthermore, the accounting policy of the City has been changed to align with the disclosure requirements in terms of GRAP 100 for assets held-for-sale to be reclassified as property, plant and equipment.

## 47. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act (Act 24 of 1956) and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R804,83 million (2013: R723,66 million) to the DB and DC structures are expensed as incurred during the year under review.

These schemes are subject to a triannual, biannual or annual actuarial valuation, as set out below.

### 47.1 Defined-benefit schemes

#### Cape Joint Pension Fund (multi-employer fund)

The DB section is a multi-employer plan, and the contribution rate payable is 27%, i.e. 9% by the members and 18% by their councils. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The valuation indicates a R10 million deficit actuarial result, and is 99,7% funded at the financial yearend. The City of Cape Town is included among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the fund are required to fund the shortfall in direct proportion to the level of contributions made. There have been significant amendments to the pension fund regulations, notably rule 17(5), in terms of which the fund is managing its sustainability risk.

#### South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and is financially sound. It was 100% funded as at 1 July 2013, and had remained stable since the previous valuation date.

### 47.2 Defined-contribution schemes

#### Cape Joint Pension Fund (multi-employer fund)

This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. Notwithstanding the actuary's recommendation to eliminate a slight shortfall, the nature of assets is suitable for the fund. The fund was certified by the actuary as being in a sound financial condition as at 30 June 2013. The valuation disclosed funding of 99.8%.

#### Cape Retirement Fund for Local Authorities (multi-employer fund)

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2013.

#### Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is allocated between the cost of risk benefits deriving from the administration of the fund and members' retirement benefits.

The fund was certified by the actuary as being technically not financially sound with a funding level of 99,5% as at 30 June 2012.

#### National Fund for Municipal Workers (multi-employer fund)

The retirement and pension funds are both DC schemes. According to the actuary's certification, the fund endures to meet its liabilities. As at 30 June 2013, the valuation disclosed a funding level fluctuating around 100% due to timing differences, a slight mismatch of assets and liabilities, and processing errors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 47. RETIREMENT BENEFIT INFORMATION (continued)

### South African Municipal Workers Union (SAMWU) National Provident Fund (multi-employer fund)

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2008, when the fund was certified as being in a financially sound position. A statutory valuation will be performed based on the 30 June 2011 audited financial statements, once they becomes available.

### Cape Town International Convention Centre Company Proprietary Limited (Convenco) Provident Fund

The Convenco Provident Fund operates as a DC scheme. The economic entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current or prior periods.

#### 47.3 Defined-benefit and defined-contribution scheme

##### Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. The fund has been awarded an unqualified audit opinion for the audit of finances for the year ended 30 June 2013. The actuarial valuation of the fund was performed at 30 June 2012, which certified it as being in a financially sound position. The next statutory valuation is due by 30 June 2015.

	Total	DB section	DC section
In-service members	9 632	301	9 331
Pensioners	5 096	3 824	1 272
Membership as at 30 June 2013	<b>14 728</b>	<b>4 125</b>	<b>10 603</b>

	2014 R'million	2013 R'million
Past-service position – DB section	3 739	3 739
Past-service position – DC section	6 357	6 357
Total liabilities	10 096	10 096
Assets valued at market value	10 109	10 109
Actuarial surplus	–	–

	2014 %	2013 %
<b>Key financial assumptions</b>		
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	0,50
Post-retirement	1,50	1,50
Normal retirement age	60 years	60 years

#### 47.4 Post-employment defined benefits

##### 47.4.1 Healthcare arrangement assumptions

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 2014 constituted 9 822 (2013: 10 398) in-service members and 6 525 (2013: 6 492) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue until the last survivor's death, for eligible members and their spouses.

##### Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 47. RETIREMENT BENEFIT INFORMATION (continued)

### 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 City of Cape Town as at 30 June 2014 has been discounted at a rate determined on the basis of the yield of 9,30% (2013: 9,22%) per annum on government bonds.

### 47.4.2 Retirement pension benefits

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 2014 was 37 (2013: 46) in-service employees and 103 (2013: 109) 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 2014 has been discounted at a 8,60% (2013: 9,22%) per-annum rate determined on the basis of the market yields on government bonds.

	POST-RETIREMENT SCHEME DEFINED-BENEFIT OBLIGATIONS					
	2014			2013		
	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000	Health-care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	5 211 674	33 306	5 244 980	3 882 906	56 774	3 939 680
Unrecognised actuarial gains	–	–	–	–	–	–
Net liability in statement of financial position	<b>5 211 674</b>	<b>33 306</b>	<b>5 244 980</b>	<b>3 882 906</b>	<b>56 774</b>	<b>3 939 680</b>
Interest costs	358 004	5 235	363 239	279 834	1 286	281 120
Service costs	97 345	2 021	99 366	92 359	462	92 821
Actuarial losses/(gains) recognised	1 027 156	(29 518)	997 638	83 461	39 598	123 059
Total included in statement of financial performance	<b>1 482 505</b>	<b>(22 262)</b>	<b>1 460 243</b>	<b>455 654</b>	<b>41 346</b>	<b>497 000</b>
Balance at the beginning of the year	3 882 906	56 774	3 939 680	3 566 435	17 004	3 583 439
Net expense recognised in statement of financial performance	1 482 505	(22 262)	1 460 243	455 654	41 346	497 000
Contributions paid	(153 737)	(1 206)	(154 943)	(139 183)	(1 576)	(140 759)
Net liability in statement of financial position	<b>5 211 674</b>	<b>33 306</b>	<b>5 244 980</b>	<b>3 882 906</b>	<b>56 774</b>	<b>3 939 680</b>

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 actual contributions paid to members by the Entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 47. RETIREMENT BENEFIT INFORMATION (continued)

SENSITIVITY ANALYSIS						
	Change in assumption	Liability R'000	Percentage change %	Service costs R'000	Interest costs R'000	Percentage change %
<b>Post-retirement medical aid</b>						
Assumptions used		<b>5 211 674</b>		<b>123 343</b>	<b>492 890</b>	
Healthcare inflation	+1% increase	6 079 202	16,6	151 615	576 654	18,2
	-1% decrease	4 507 334	(13,5)	101 065	424 839	(14,7)
Valuation interest rate	+1% increase	4 523 502	(13,2)	101 569	484 635	(4,9)
	-1% decrease	6 072 090	16,5	151 380	524 017	9,6

	2014		2013	
	Healthcare benefits %	Retirement pension benefits %	Healthcare benefits %	Retirement pension benefits %
<b>Key financial assumptions</b>				
Discount rate	9,30	8,60	9,22	9,22
General inflation rate	6,00	6,00	5,82	5,82
General salary inflation rate	–	8,00	–	6,80
Healthcare cost inflation rate	7,50	–	7,32	–
Net effective discount rate	1,67	–	1,77	–

## 48. CONTINGENT LIABILITIES

### 48.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate based on management assessment is R259,81 million (2013: R80,93 million).

### 48.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R98,77 million (2013: R123,84 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser or greater amount.

## 49. RELATED-PARTY DISCLOSURES

### 49.1 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.

#### 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.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Percentage owned			62,79%	50,18%
Arm's-length transactions for the year				
Receivables			1 294	1 300
Payables			–	1 068
Service charges			18 111	14 912

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 49. RELATED-PARTY DISCLOSURES (continued)

### CMTF

The fund was established to pool funds for road networks and maintenance in the metropolitan area. At yearend, the amount owing by the City of Cape Town to CMTF amounted to R27,38 million (2013: R44,58 million).

Percentage owned

Arm's-length transactions for the year

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

### CIDs

These entities were established to enable projects at local communities' initiative, to provide services over and above the services provided by the City of Cape Town.

Percentage owned

Arm's-length transactions between CIDs and the City of Cape Town

Service charges

Levies

Arm's-length transactions have been entered into with members of key management as well as related companies.

Cape Town – Cape Town Partnership

Epping CID – Just For You Business Support Services CC

Groote Schuur CID – Groote Schuur Management NPC

Woodstock CID – Lloyd's Project Management CC

Observatory CID – Zelkar Investments CC

Voortrekker Road – Greater Tygerberg Partnership NPC

### 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 arrears.

No business transactions took place between the City of Cape Town and key management personnel and their close family members.

ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Administrator</b>			
27 381	44 584	27 381	44 584
24 317	42 577	24 317	42 577
2 282	2 438	2 282	2 438
4 958	5 083	4 958	5 083
<b>Special rating areas</b>			
		14	26
		114 884	103 663
<b>Management contracts</b>			
1 296	1 200		
974	914		
707	642		
462	437		
<b>Rental contract</b>			
93	72		
186	52		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 49. RELATED-PARTY DISCLOSURES (continued)

### 49.2 Remuneration of management

#### 49.2.1 Mayoral Committee members

	ANALYSIS OF REMUNERATION BENEFITS			
	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
<b>2014</b>				
<b>Executive Mayor</b>				
Alderman De Lille, P	<b>1 164</b>	1 124	40	–
<b>Executive Deputy Mayor/Finance</b>				
Alderman Neilson, ID	<b>939</b>	841	–	98
<b>Safety and Security Services</b>				
Alderman Smith, JP	<b>862</b>	729	60	73
<b>Corporate Services</b>				
Alderman Qually, DL (until 25/05/2014)	<b>777</b>	711	–	66
Councillor Limberg, X (from 26/05/2014)	<b>86</b>	86	–	–
<b>Economic, Environmental and Spatial Planning</b>				
Councillor Bloor, G (until 15/05/2014)	<b>753</b>	753	–	–
Councillor Van der Merwe, J (from 16/05/2014)	<b>109</b>	97	–	12
<b>Social Development and Early Childhood Development</b>				
Councillor Little, S	<b>862</b>	862	–	–
<b>Health</b>				
Councillor James, LV (until 06/05/2014)	<b>732</b>	732	–	–
Councillor Van Minnen, B (from 16/05/2014)	<b>109</b>	109	–	–
<b>Community Services</b>				
Alderman Walker, B	<b>862</b>	770	–	92
<b>Transport for Cape Town</b>				
Councillor Herron, BN	<b>862</b>	862	–	–
<b>Tourism, Events and Marketing</b>				
Councillor Pascoe, GI (until 06/04/2014)	<b>661</b>	606	–	55
Councillor Bloor, G (from 16/05/2014)	<b>109</b>	109	–	–
<b>Utility Services</b>				
Councillor Sonnenberg, EJ	<b>862</b>	770	–	92
<b>Housing</b>				
Councillor Gqada, T (until 06/05/2014)	<b>732</b>	732	–	–
Councillor Mamkeli, S (from 16/05/2014)	<b>109</b>	109	–	–
	<b>10 590</b>	<b>10 002</b>	<b>100</b>	<b>488</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 49. RELATED-PARTY DISCLOSURES (continued)

	ANALYSIS OF REMUNERATION BENEFITS			
	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
<b>2013</b>				
<b>Executive Mayor</b>				
Alderman De Lille, P	<b>1 108</b>	1 068	40	–
<b>Executive Deputy Mayor/Finance</b>				
Alderman Neilson, ID	<b>874</b>	781	–	93
<b>Safety and Security Services</b>				
Alderman Smith, JP	<b>821</b>	751	–	70
<b>Corporate Services</b>				
Alderman Qually, DL	<b>821</b>	751	–	70
<b>Economic, Environmental and Spatial Planning</b>				
Alderman Walker, B (until 31/01/2013)	<b>479</b>	434	–	45
Councillor Bloor, G (from 01/02/2013)	<b>342</b>	342	–	–
<b>Social Development and Early Childhood Development</b>				
Councillor Cortje-Alcock, BA (until 17/09/2012)	<b>161</b>	147	–	14
Councillor Little, S (from 27/09/2012)	<b>625</b>	625	–	–
<b>Health</b>				
Councillor James, LV	<b>821</b>	821	–	–
<b>Community Services</b>				
Councillor Gqada, T (until 31/01/2013)	<b>479</b>	479	–	–
Alderman Walker, B (from 01/02/2013)	<b>342</b>	310	–	32
<b>Transport, Roads and Stormwater*</b>				
Councillor Herron, BN	<b>821</b>	821	–	–
<b>Tourism, Events and Marketing</b>				
Councillor Pascoe, GI	<b>821</b>	751	–	70
<b>Utility Services</b>				
Councillor Sims, S (until 31/01/2013)	<b>479</b>	479	–	–
Councillor Sonnenberg, EJ (from 01/02/2013)	<b>342</b>	305	–	37
<b>Housing</b>				
Councillor Sonnenberg, EJ (until 31/01/2013)	<b>428</b>	428	–	–
Councillor Gqada, T (from 01/02/2013)	<b>378</b>	342	–	36
	<b>10 142</b>	<b>9 635</b>	<b>40</b>	<b>467</b>

\*Previously known as Transport, Roads and Stormwater.

### 49.2.2 Councillors/Mayoral Committee members

	ANALYSIS OF REMUNERATION BENEFITS			
	Total R'000	Annual salary R'000	Car allowance R'000	Social contribution R'000
<b>2014</b>				
Mayoral committee members	<b>10 590</b>	10 002	100	488
Councillors	<b>103 005</b>	98 891	20	4 094
Subsidiaries: Board members	<b>445</b>	445	–	–
	<b>114 040</b>	<b>109 338</b>	<b>120</b>	<b>4 582</b>
<b>2013</b>				
Mayoral committee members	<b>10 142</b>	9 635	40	467
Councillors	<b>97 397</b>	93 252	124	4 021
Subsidiaries: Board members	<b>208</b>	208	–	–
	<b>107 747</b>	<b>103 095</b>	<b>164</b>	<b>4 488</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 49. RELATED-PARTY DISCLOSURES (continued)

Councillors are remunerated according to the Remuneration of Public Office-Bearers Act (Act No.20 of 1998) and are not disclosed individually but in aggregate and only have collective executive powers for planning, directing and controlling the activities of the City. There are 221 Council members, whose aggregate remuneration amounted to R113,60 million for the period under review. The average remuneration per councillor is R0,514 million per annum. The Mayoral Committee members have such individual executive powers as granted by their delegation, and are therefore disclosed as such – refer to note 49.2.1. A full list of the councillors is disclosed on page 115 as part of the 'General information'.

### 49.2.3 Executive Management

	ANALYSIS OF REMUNERATION BENEFITS						
	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allow- ance R'000	Social contri- bution R'000	Travel and sub- sistence R'000	Relo- cation allowance R'000
<b>2014</b>							
<b>City Manager</b>							
Ebrahim, A	<b>2 191</b>	1 871	–	–	294	26	–
<b>Deputy City Manager</b>							
Marsden, M (retired 30/11/2013)	<b>870</b>	768	–	–	102	–	–
<b>Community Services</b>							
Mtwazi, L	<b>1 662</b>	1 372	–	–	84	206	–
<b>Corporate Services</b>							
Mayimele-Hashatse, F (appointed 08/07/2013)	<b>1 649</b>	1 568	–	–	2	–	79
<b>Economic, Environmental and Spatial Planning</b>							
Hugo, J	<b>1 675</b>	1 631	–	–	44	–	–
<b>Finance</b>							
Jacoby, K	<b>1 677</b>	1 387	–	81	207	2	–
<b>Health</b>							
Mahlangu-Mathibela, W	<b>1 651</b>	1 426	–	75	150	–	–
<b>Integrated Human Settlement Services</b>							
Maqetuka, S	<b>1 670</b>	1 475	–	–	195	–	–
<b>Compliance and Auxiliary Services</b>							
Ras, D	<b>1 687</b>	1 685	–	–	2	–	–
<b>Safety and Security</b>							
Bosman, R	<b>1 671</b>	1 381	–	95	195	–	–
<b>Social Development and Early Childhood Development</b>							
Dr Bromfield, IK	<b>1 651</b>	1 283	–	133	235	–	–
<b>Tourism, Events and Marketing</b>							
Groenewald, A	<b>1 681</b>	1 668	–	–	2	11	–
<b>Transport for Cape Town</b>							
Whitehead, M	<b>1 684</b>	1 668	–	–	2	14	–
<b>Utility Services</b>							
Kaiser, G	<b>1 669</b>	1 563	–	72	34	–	–
<b>CTICC</b>							
Toefy, R	<b>1 661</b>	1 456	205	–	–	–	–
	<b>24 749</b>	<b>22 202</b>	<b>205</b>	<b>456</b>	<b>1 548</b>	<b>259</b>	<b>79</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

## 49. RELATED-PARTY DISCLOSURES (continued)

	ANALYSIS OF REMUNERATION BENEFITS						
	Total R'000	Annual salary R'000	Perform- ance bonus R'000	Car allow- ance R'000	Social contri- bution R'000	Travel and sub- sistence R'000	Relo- cation allowance R'000
<b>2013</b>							
<b>City Manager</b>							
Ebrahim, A	<b>2 033</b>	1 748	–	–	277	8	–
<b>Deputy City Manager</b>							
Marsden, M	<b>1 727</b>	1 496	–	–	231	–	–
<b>Community Services</b>							
Mtwazi, L	<b>1 551</b>	1 275	–	84	192	–	–
<b>Corporate Services</b>							
Habib, F (contract ended 31/03/2013)	<b>1 233</b>	1 231	–	–	2	–	–
Stelzner, A (acting 01/05/2013)	<b>194</b>	151	–	14	29	–	–
<b>Economic, Environmental and Spatial Planning</b>							
Hugo, J	<b>1 566</b>	1 524	–	–	42	–	–
<b>Finance</b>							
Jacoby, K	<b>1 565</b>	1 269	–	94	202	–	–
<b>Health</b>							
Bromfield, IK (contract ended 30/04/2013)	<b>1 095</b>	821	–	111	163	–	–
Mahlangu-Mathibela, W (appointed 01/05/2013)	<b>258</b>	230	–	14	14	–	–
<b>Integrated Human Settlement Services</b>							
Maqetuka, S	<b>1 559</b>	1 376	–	–	183	–	–
<b>Compliance and Auxiliary Services</b>							
Ras, D (appointed 01/05/2013)	<b>257</b>	257	–	–	–	–	–
<b>Safety and Security</b>							
Bosman, R	<b>1 560</b>	1 281	–	96	183	–	–
<b>Social Development and Early Childhood Development</b>							
Biko, NB (contract ended 31/12/2012)	<b>802</b>	801	–	–	1	–	–
Ras, D (acting 01/01/2013 – 30/04/2013)	<b>379</b>	378	–	–	1	–	–
Bromfield, IK (appointed 01/05/2013)	<b>402</b>	343	–	22	37	–	–
<b>Tourism, Events and Marketing</b>							
Groenewald, A	<b>1 574</b>	1 558	–	–	2	14	–
<b>Transport, Roads and Stormwater*</b>							
Whitehead, M	<b>1 573</b>	1 563	–	–	2	8	–
<b>Utility Services</b>							
Dhlamini, L (contract ended 31/10/2012)	<b>401</b>	341	–	10	50	–	–
Kaiser, G (appointed 01/11/2012)	<b>990</b>	973	–	–	17	–	–
<b>CTICC</b>							
Toefy, R	<b>1 570</b>	1 408	162	–	–	–	–
	<b>22 289</b>	<b>20 024</b>	<b>162</b>	<b>445</b>	<b>1 628</b>	<b>30</b>	<b>–</b>

\*Previously known as Transport, Roads and Stormwater.

## 50. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual consolidated financial statements, there were no subsequent events to disclose.

# APPENDIX A: SCHEDULE OF EXTERNAL BORROWINGS

AS AT 30 JUNE 2014

	Contractual interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2013 R'000	Received during the year R'000	Capitalised during the year R'000	Net interest accrual during the year R'000	Concessionary loan adjustment R'000	Redeemed/ Written off during year R'000	Balance as at 30 June 2014 R'000
<b>LOCAL REGISTERED STOCK</b>										
Absa Nominees Proprietary Limited	14,650	8300011508	2014	7 047	–	–	(247)	–	6 800	–
Municipal Bond CCT01	12,570	8300014004	2023	1 002 748	–	–	–	–	–	1 002 748
Municipal Bond CCT02	11,615	8300016003	2024	1 207 236	–	–	–	–	–	1 207 236
Municipal Bond CCT03	11,160	8300017007	2025	2 065 505	–	–	–	–	–	2 065 505
<b>Total local registered stock</b>				<b>4 282 536</b>	<b>–</b>	<b>–</b>	<b>(247)</b>	<b>–</b>	<b>6 800</b>	<b>4 275 489</b>
<b>CONCESSIONARY LOANS</b>										
Nedcor Bank	1,000	8300000920	2019	19	–	–	–	3	–	22
DBSA	5,000	8300012028	2020	24 332	–	–	–	868	4 000	21 200
Agence Française de Développement	5,763	8300018500	2028	515 381	–	–	(1 528)	10 350	40 000	484 203
Agence Française de Développement	5,730	8300018516	2028	514 170	–	–	(1 331)	10 454	40 000	483 293
Agence Française de Développement	5,755	8300018530	2028	514 928	–	–	(1 053)	10 267	40 000	484 142
Agence Française de Développement	5,800	8300018523	2028	502 493	–	–	(848)	9 968	38 961	472 652
<b>Total concessionary loans</b>				<b>2 071 323</b>	<b>–</b>	<b>–</b>	<b>(4 760)</b>	<b>41 910</b>	<b>162 961</b>	<b>1 945 512</b>
<b>OTHER LOANS</b>										
DBSA	12,250	830001051	2015	68 889	–	–	(3 945)	–	38 967	25 977
FirstRand Bank	12,631	8300003504	2017	168 187	–	–	–	–	9 464	158 723
Absa Bank	10,900	8300007011	2018	100 000	–	–	–	–	20 000	80 000
DBSA	10,590	830001050	2018	196 335	–	–	(9 796)	–	50 874	135 665
FirstRand Bank	12,046	8300009531	2018	148 465	–	–	1 967	–	20 000	130 432
DBSA	9,420	8300012035	2020	65 333	–	–	–	–	9 333	56 000
DBSA	9,639	8300013000	2022	126 667	–	–	–	–	13 334	113 333
DBSA	10,565	8300013507	2022	126 667	–	–	–	–	13 334	113 333
<b>Total other loans</b>				<b>1 000 543</b>	<b>–</b>	<b>–</b>	<b>(11 774)</b>	<b>–</b>	<b>175 306</b>	<b>813 463</b>
<b>Total Municipality of Cape Town</b>				<b>7 354 402</b>	<b>–</b>	<b>–</b>	<b>(16 781)</b>	<b>41 910</b>	<b>345 067</b>	<b>7 034 464</b>
<b>OTHER LOANS – Controlled entities</b>										
CID Claremont Road Co.: DBSA	–	–	2023	16 704	–	–	–	–	1 095	15 609
CID Voortrekker Road	–	–	2019	–	86	–	–	–	–	86
CID Zwaanswyk: Loans from members	9,000	–	2014	235	–	–	–	–	235	–
<b>Total controlled entities</b>				<b>16 939</b>	<b>86</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 330</b>	<b>15 695</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>7 371 341</b>	<b>86</b>	<b>–</b>	<b>(16 781)</b>	<b>41 910</b>	<b>346 397</b>	<b>7 050 159</b>

## APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS

AS AT 30 JUNE 2014 – Economic Entity

	COST					Closing balance R'000
	Opening balance <sup>1</sup> R'000	Transfers/ adjustments R'000	Additions <sup>2</sup> R'000	Impairments R'000	Disposals R'000	
<b>LAND AND BUILDINGS</b>						
Land	973 575	51 848	61 416	(32 624)	(1 903)	1 052 312
Buildings and land	2 105 590	80 496	170 980	–	(7 356)	2 349 710
	<b>3 079 165</b>	<b>132 344</b>	<b>232 396</b>	<b>(32 624)</b>	<b>(9 259)</b>	<b>3 402 022</b>
<b>INFRASTRUCTURE</b>						
Assets under construction	1 884 912	(1 628 195)	1 179 659	–	–	1 436 376
Telecommunications	–	50	39 073	–	–	39 123
Drains	795 721	34 464	22 159	–	–	852 344
Roads	7 207 691	761 327	633 982	–	–	8 603 000
Beach improvements	40 869	(1)	311	–	–	41 179
Sewerage mains and purification	2 719 137	272 470	109 743	–	–	3 101 350
Electricity peak load equipment and mains	6 351 160	91 289	671 768	–	–	7 114 217
Water mains and purification	2 631 637	52 894	166 783	–	–	2 851 314
Reservoirs – water	452 910	17 064	19 511	–	–	489 485
	<b>22 084 037</b>	<b>(398 638)</b>	<b>2 842 989</b>	<b>–</b>	<b>–</b>	<b>24 528 388</b>
<b>COMMUNITY ASSETS</b>						
Assets under construction	117 109	(84 550)	64 854	–	–	97 413
Parks and gardens	208 435	16 224	14 828	–	–	239 487
Libraries	206 417	269	20	–	–	206 706
Recreation facilities	5 371 094	46 747	37 584	–	–	5 455 425
Civic buildings	1 930 879	245 742	179 658	–	–	2 356 279
	<b>7 833 934</b>	<b>224 432</b>	<b>296 944</b>	<b>–</b>	<b>–</b>	<b>8 355 310</b>
<b>OTHER ASSETS</b>						
Assets under construction	815 501	(866 447)	421 191	–	–	370 245
Buildings and land	18	415 298	(21)	–	–	415 295
Landfill sites	770 018	2 469	30 458	–	–	802 945
Furniture, fittings and equipment	782 697	5 854	80 254	–	(16 565)	852 240
Bins and containers	45 448	2 921	6 299	–	(57)	54 611
Emergency equipment	38 195	(1)	1 174	–	(75)	39 293
Motor vehicles and watercraft	2 104 715	(687 565)	124 708	–	(26 439)	1 515 419
Specialised vehicles	1 040 791	2 915	125 035	–	(34 792)	1 133 949
Computer equipment	1 576 519	6 159	142 746	–	(29 386)	1 696 038
Animals	461	–	125	–	–	586
	<b>7 174 363</b>	<b>(1 118 397)</b>	<b>931 969</b>	<b>–</b>	<b>(107 314)</b>	<b>6 880 621</b>
<b>SERVICE CONCESSION ASSETS</b>						
Busses and depots	–	931 642	73 670	–	–	1 005 312
	<b>–</b>	<b>931 642</b>	<b>73 670</b>	<b>–</b>	<b>–</b>	<b>1 005 312</b>
<b>HOUSING RENTAL STOCK</b>	<b>1 699 759</b>	<b>227 458</b>	<b>177 573</b>	<b>–</b>	<b>(1 465)</b>	<b>2 103 325</b>
<b>TOTAL PPE (See note 1)</b>	<b>41 871 258</b>	<b>(1 159)</b>	<b>4 555 541</b>	<b>(32 624)</b>	<b>(118 038)</b>	<b>46 274 978</b>
<b>HERITAGE ASSETS (See note 2)</b>						
Assets under construction	330	(330)	–	–	–	–
Painting and art galleries	9 081	–	37	–	(7)	9 111
	<b>9 411</b>	<b>(330)</b>	<b>37</b>	<b>–</b>	<b>(7)</b>	<b>9 111</b>
<b>INVESTMENT PROPERTIES (See note 3)</b>	<b>240 842</b>	<b>672</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>241 514</b>
<b>INTANGIBLE ASSETS (See note 4)</b>	<b>1 081 501</b>	<b>806</b>	<b>22 752</b>	<b>–</b>	<b>–</b>	<b>1 105 059</b>
<b>TOTAL OTHER</b>	<b>1 331 754</b>	<b>1 148</b>	<b>22 789</b>	<b>–</b>	<b>(7)</b>	<b>1 355 684</b>
<b>GRAND TOTAL</b>	<b>43 203 012</b>	<b>(11)</b>	<b>4 578 330</b>	<b>(32 624)</b>	<b>(118 045)</b>	<b>47 630 662</b>

<sup>1</sup> Comparative restated: see note 46 for more detail.

<sup>2</sup> Includes the contributed assets amount of R33,44 million.

<sup>3</sup> The transfers/adjustment amount of R35,67 million is due to a change in the landfill site liability and was deducted from the cost of the related asset.

## APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS

AS AT 30 JUNE 2014 – Economic Entity (continued)

ACCUMULATED DEPRECIATION						
Opening balance <sup>1</sup> R'000	Transfers/ adjustments <sup>3</sup> R'000	Impairments R'000	Additions R'000	Disposals R'000	Closing balance R'000	Carrying value R'000
(326 513)	32 626	(32 624)	–	1 023	(325 488)	726 824
(907 957)	(149)	–	(44 334)	6 870	(945 570)	1 404 140
<b>(1 234 470)</b>	<b>32 477</b>	<b>(32 624)</b>	<b>(44 334)</b>	<b>7 893</b>	<b>(1 271 058)</b>	<b>2 130 964</b>
–	–	–	–	–	–	1 436 376
–	–	–	(241)	–	(241)	38 882
(279 418)	–	–	(27 213)	–	(306 631)	545 713
(2 083 445)	542	–	(252 768)	–	(2 335 671)	6 267 329
(21 099)	–	–	(882)	–	(21 981)	19 198
(861 335)	–	–	(143 673)	–	(1 005 008)	2 096 342
(2 260 190)	145	–	(134 167)	–	(2 394 212)	4 720 005
(1 196 845)	–	–	(103 523)	–	(1 300 368)	1 550 946
(315 322)	1	–	(19 005)	–	(334 326)	155 159
<b>(7 017 654)</b>	<b>688</b>	<b>–</b>	<b>(681 472)</b>	<b>–</b>	<b>(7 698 438)</b>	<b>16 829 950</b>
–	–	–	–	–	–	97 413
(21 256)	–	–	(7 652)	–	(28 908)	210 579
(64 304)	–	–	(3 373)	–	(67 677)	139 029
(976 645)	6	–	(210 037)	–	(1 186 676)	4 268 749
(727 766)	130	–	(65 161)	–	(792 797)	1 563 482
<b>(1 789 971)</b>	<b>136</b>	<b>–</b>	<b>(286 223)</b>	<b>–</b>	<b>(2 076 058)</b>	<b>6 279 252</b>
(16 091)	–	–	–	–	(16 091)	354 154
(17)	–	–	(297)	–	(314)	414 981
(364 312)	(35 666)	–	(45 330)	–	(445 308)	357 637
(393 662)	1	–	(95 755)	15 889	(473 527)	378 713
(36 738)	–	–	(3 540)	58	(40 220)	14 391
(32 325)	–	–	(2 751)	75	(35 001)	4 292
(947 727)	52 995	(76)	(141 091)	24 428	(1 011 471)	503 948
(432 175)	28	–	(79 035)	34 123	(477 059)	656 890
(931 272)	(33)	–	(220 181)	28 794	(1 122 692)	573 346
(147)	–	–	(73)	–	(220)	366
<b>(3 154 466)</b>	<b>17 325</b>	<b>(76)</b>	<b>(588 053)</b>	<b>103 367</b>	<b>(3 621 903)</b>	<b>3 258 718</b>
–	(53 544)	–	(73 356)	–	(126 900)	878 412
–	<b>(53 544)</b>	–	<b>(73 356)</b>	–	<b>(126 900)</b>	<b>878 412</b>
<b>(682 092)</b>	<b>(2)</b>	–	<b>(48 938)</b>	<b>822</b>	<b>(730 210)</b>	<b>1 373 115</b>
<b>(13 878 653)</b>	<b>(2 920)</b>	<b>(32 700)</b>	<b>(1 722 376)</b>	<b>112 082</b>	<b>(15 524 567)</b>	<b>30 750 411</b>
–	–	–	–	–	–	–
–	–	–	–	–	–	9 111
–	–	–	–	–	–	<b>9 111</b>
<b>(48 897)</b>	<b>(127)</b>	–	<b>(1 641)</b>	–	<b>(50 665)</b>	<b>190 849</b>
<b>(324 892)</b>	<b>5</b>	–	<b>(50 665)</b>	–	<b>(375 552)</b>	<b>729 507</b>
<b>(373 789)</b>	<b>(122)</b>	–	<b>(52 306)</b>	–	<b>(426 217)</b>	<b>929 467</b>
<b>(14 252 442)</b>	<b>(3 042)</b>	<b>(32 700)</b>	<b>(1 774 682)</b>	<b>112 082</b>	<b>(15 950 784)</b>	<b>31 679 878</b>

## APPENDIX C:

# DISCLOSURE OF BANK ACCOUNTS IN TERMS OF SECTION 125 (2)(a) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2014

	ACCOUNT NUMBERS		2014	2013	2012
	2014	2013	R'000	R'000	R'000
<b>MUNICIPALITY OF CAPE TOWN</b>					
<b>Bank accounts held with Absa</b>					
Primary account	40-5658-4470		174 987	146 726	98 651
Salary bank account	40-5658-4496		–	–	–
Cashier's bank account	40-5658-4527		–	–	–
General income bank account (primary)	40-5658-4569		–	–	–
Traffic fines bank account	40-7261-8663		–	–	–
IRT funding account	5435522023983010		–	–	301
IRT funding account	5435522024946010		–	–	325
IRT funding account	5435522024948010		–	–	320
IRT investment account	40-7940-0542		–	–	–
IRT bank account	40-8089-5180		–	–	–
<b>Amortised cost</b>			<b>174 987</b>	<b>146 726</b>	<b>99 597</b>
<b>SUBSIDIARIES</b>					
CCTIC					
Bank accounts					
Nedbank – Current Account	1232043850		1 355	131	874
Absa Bank – Current	4072900553		2 872	996	2 153
Absa Bank – CTICC East – Current	4072900228		80	40	1 355
Absa Bank – Exh Serv – Current	4072900731		498	92	325
Absa Bank Treasury	4073731246		60	57	55
Absa Bank Treasury	4073733701		1 930	1 842	1 760
<b>Amortised cost</b>			<b>6 795</b>	<b>3 158</b>	<b>6 522</b>
City improvement districts					
			31 215	22 182	20 766
			<b>31 215</b>	<b>22 182</b>	<b>20 766</b>
<b>Total bank balances – see note 10</b>			<b>212 997</b>	<b>172 066</b>	<b>126 885</b>
<b>MUNICIPALITY OF CAPE TOWN<sup>1</sup></b>					
<b>Bank accounts managed by Fund Managers</b>					
City of Cape Town	5500125800 <sup>2</sup>	40-7635-9041 <sup>3</sup>	690	21	477
City of Cape Town	5500125801	40-7635-9245	1 394	1 163	361
City of Cape Town	5500125802	40-8124-5134	549	–	–
City of Cape Town	5500125803	40-7635-9588	1 087	4 889	611
City of Cape Town	5500125804	40-8124-5192	1 547	–	–
City of Cape Town	5500125805	40-8124-5176	429	–	–
City of Cape Town	5500125806	40-7635-9910	1 888	1 184	934
City of Cape Town	5500125807	40-7635-8647	568	3 174	10 771
City of Cape Town	5500125808	40-6712-0322	168	345	778
City of Cape Town	5500125809	40-7636-0082	105	862	344
<b>Fair value – see note 10</b>			<b>8 425</b>	<b>11 638</b>	<b>14 276</b>

- <sup>1</sup> Absa Bank Limited sold its custody and trustee business to Standard Chartered Bank, with the sale being registered on 2 December 2013.
- <sup>2</sup> The City of Cape Town was required to open a number of bank accounts with Standard Chartered Bank for the purpose of the investment and withdrawal of funds by the various fund managers on behalf of the City of Cape Town in terms of a Power of Attorney provided to each of the appointed fund managers. The effective date of the migration was on 2 December 2013.
- <sup>3</sup> The City of Cape Town was required to close the Absa Bank accounts that were used for the same purpose prior to the sale by Absa of its custody and trustee business to Standard Chartered Bank.

## APPENDIX C:

# DISCLOSURE OF BANK ACCOUNTS IN TERMS OF SECTION 125 (2)(a) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	ACCOUNT NUMBERS		2014	2013	2012
	2014	2013	R'000	R'000	R'000
<b>SUBSIDIARIES</b>					
<b>CCTIC</b>					
<b>Investment accounts</b>					
Nedbank – Call Account	03/7881544007/46		5 359	2 743	4 564
Nedbank – Investment Account	03/7881544007/000095		13 464	12 749	12 114
Nedbank – Money Market Fund	(1766000029)		39 117	–	–
Absa Bank – Call deposit	4074708347		4 876	11 181	2 514
Absa Bank – Fixed deposit	34942428		–	5 397	5 131
Stanlib – Corporate Money Market Fund	000-402-184 (1199539)		7 328	15 798	17 743
Stanlib – Corporate Money Market Fund	000-402-184 (1199539)		24 116	–	–
Standard Bank Investment Account	(97212) 476949		21 381	20 281	19 280
Standard Bank Investment Account	(97212) 478558		18 293	17 360	16 493
Absa Bank – Investment New 2	(506009 4072900553)				
	36999248		20 644	19 598	18 636
Absa Bank – Investment New 1	(506009 4072900553)				
	36753413		18 583	17 637	16 751
Nedbank – Three-month Deposit	03/7881544007/000094		14 560	13 807	13 110
Investec – Corporate Money Market Fund	(462097) 1008645		17 099	15 011	–
Investec – Corporate Money Market Fund	(462097) 1037793		23 082	–	–
Absa Bank – Call Deposit	4083941322		19 564	–	–
Nedgroup – Money Market Fund	(1800167964) 8319631		15 306	–	–
Nedgroup – Corporate Money Market Fund C2	(800190652) 8220496		18 102	–	–
Nedgroup – Money Market Fund Class C2	(800190652) 8330497		24 119	–	–
Absa Bank – Fixed Deposit	506009 4072900553		30 093	–	–
	– 38052758				
Absa Bank – Money Market Fund	9295637051		13 046	–	–
<b>Fair value</b>			<b>348 132</b>	<b>151 562</b>	<b>126 336</b>

## APPENDIX D:

# SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2014

2013				BUSINESS UNITS	2014			
Actual income R'000	Actual expenditure R'000	Actual surplus/ (deficit) R'000	Budgeted surplus/ (deficit) R'000		Actual income R'000	Actual expenditure R'000	Actual surplus/ (deficit) R'000	Budgeted surplus/ (deficit) R'000
<b>Restated<sup>1</sup></b>	<b>Restated<sup>1</sup></b>							
<b>15 902 590</b>	<b>12 923 414</b>	<b>2 979 176</b>	<b>2 464 727</b>	<b>Rates and general</b>	<b>16 041 640</b>	<b>15 596 255</b>	<b>445 385</b>	<b>504 141</b>
391 134	898 940	(507 806)	(524 742)	City Health	432 299	936 192	(503 893)	(567 918)
2	2 414	(2 412)	(4 124)	City Manager	128	12 725	(12 597)	(4 041)
183 401	1 896 341	(1 712 940)	(1 692 832)	Community Services	162 449	1 904 820	(1 742 371)	(1 726 434)
62 301	457 393	(395 092)	(303 603)	Compliance and Auxiliary	24 609	127 107	(102 498)	(72 688)
26 527	121 536	(95 009)	(110 933)	Corporate Services	66 736	284 757	(218 021)	(190 398)
104 348	639 277	(534 929)	(559 886)	Economic, Environmental and Spatial Planning	108 334	647 163	(538 829)	(576 763)
2 248 839	1 150 049	1 098 790	583 412	Finance	1 959 700	1 339 262	620 438	509 355
8 922 491	2 107 753	6 814 738	6 706 617	Rates and Other	9 745 393	3 240 969	6 504 424	6 429 922
193 313	1 915 750	(1 722 437)	(1 673 579)	Safety and Security Services	839 661	2 439 023	(1 599 362)	(1 837 319)
1 027	122 357	(121 330)	(127 809)	Social Development and Early Childhood Development	128	158 366	(158 238)	(160 547)
26 817	518 941	(492 124)	(550 008)	Tourism, Events and Marketing	64 931	626 671	(561 740)	(621 089)
2 557 646	2 011 744	545 902	675 082	Transport for Cape Town*	1 415 099	2 590 514	(1 175 415)	(769 299)
1 184 744	1 080 919	103 825	47 132	Human Settlements	1 222 173	1 288 686	(66 513)	91 360
<b>17 239 026</b>	<b>16 774 476</b>	<b>464 550</b>	<b>734 394</b>	<b>Utility Services</b>	<b>18 197 523</b>	<b>16 983 432</b>	<b>1 214 091</b>	<b>949 221</b>
2 155 923	2 143 298	12 625	98 892	Solid Waste Management	2 371 628	2 127 022	244 606	88 862
2 082 168	2 122 217	(40 049)	56 966	Sanitation	2 234 857	2 249 155	(14 298)	12 878
3 274 675	3 226 858	47 817	78 611	Water	3 350 919	3 208 213	142 706	142 017
9 726 260	9 282 103	444 157	499 925	Cape Town Electricity	10 240 119	9 399 042	841 077	705 464
<b>276 646</b>	<b>245 331</b>	<b>31 315</b>	<b>6 375</b>	<b>Subsidiaries</b>	<b>312 580</b>	<b>278 419</b>	<b>34 161</b>	<b>3 557</b>
167 430	140 714	26 716	6 375	Cape Town International Convention Centre Proprietary Limited	187 547	161 739	25 808	2 732
109 216	104 617	4 599	–	City improvement districts	125 033	116 680	8 353	825
<b>33 418 262</b>	<b>29 943 221</b>	<b>3 475 041</b>	<b>3 205 496</b>	<b>Subtotal</b>	<b>34 551 743</b>	<b>32 858 106</b>	<b>1 693 637</b>	<b>1 456 919</b>
5 896 761	5 896 761	–	–	Interdepartmental charges	6 181 249	6 181 249	–	–
<b>27 521 501</b>	<b>24 046 460</b>	<b>3 475 041</b>	<b>3 205 496</b>	<b>Total before taxation</b>	<b>28 370 494</b>	<b>26 676 857</b>	<b>1 693 637</b>	<b>1 456 919</b>

\*Previously known as Transport, Roads and Stormwater.

<sup>1</sup> Comparative restated: see note 46 for more details.

## APPENDIX E:

# DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2014

NATIONAL AND PROVINCIAL GRANT FUNDS 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
<b>National Government</b>									
2014 African Nations Championship	Sport and Recreation	–	(63 000)	5 146	45 060	3 942	–	–	(8 852)
Accreditation: Development Support	State Housing	(1 015)	–	–	57	14	–	–	(944)
Budget reform funds	National Treasury	(148)	(1 250)	–	219	841	–	–	(338)
Department of Environmental Affairs and Tourism	Environmental Affairs	(24)	(245)	–	224	–	–	–	(45)
DME - INEP	Energy	–	(24 500)	–	–	7 276	–	–	(17 224)
Energy efficiency electricity demand-side management	National Treasury	(24)	(16 000)	24	1 728	7 683	–	–	(6 589)
Expanded Public Works Incentive Grant	National Treasury	(9 330)	(32 080)	–	38 192	412	–	–	(2 806)
Health and hygiene education: informal settlements	Water	(11)	–	–	–	–	–	–	(11)
Infrastructure skills development	National Treasury	–	(1 000)	–	–	99	–	–	(901)
Integrated City Development Grant	National Treasury	–	(10 364)	–	864	–	–	–	(9 500)
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	–	–	–	–	–	–	(17)
LGSETA: Post-graduate Internship Programme	Environmental Affairs	(522)	–	–	–	–	–	–	(522)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	–	(5 761)	–	–	3 589	–	–	(2 172)
Natural resource management	Environmental Affairs	(2 619)	–	–	2 474	–	–	–	(145)
Neighbourhood Development Programme	National Treasury	(16 435)	(26 000)	–	–	24 551	–	–	(17 884)
Public Transport Infrastructure Systems Grant	Transport	(184 637)	–	–	53 341	131 296	–	–	–
Public Transport Infrastructure Grant	Transport	–	(946 241)	–	–	654 511	–	–	(291 730)
Public Transport Network Operations Grant	Transport	–	(352 521)	–	217 101	1	–	–	(135 419)
Restructuring Grant – Seed funding	National Treasury	(4 831)	–	–	–	–	–	–	(4 831)
Urban renewal	National Treasury	(27 856)	–	–	376	15 373	–	–	(12 107)
Urban Settlement Development Grant	National Treasury	(66 276)	(1 193 497)	–	57 826	915 400	–	–	(286 547)
Water demand side	Water	(697)	–	–	–	–	–	–	(697)
<b>Total Dora allocation</b>		<b>(314 442)</b>	<b>(2 672 459)</b>	<b>5 170</b>	<b>417 462</b>	<b>1 764 988</b>	<b>–</b>	<b>–</b>	<b>(799 281)</b>
2010 FIFA World Cup: Green Point: interest account		(4 421)	–	–	–	3 891	–	–	(530)
LGSETA: Post-graduate Internship Programme: interest account		(6)	–	–	–	–	(29)	–	(35)
Natural Resource Management: interest account		(88)	–	–	–	–	(88)	–	(176)
Neighbourhood Development Programme: interest account		(6 722)	–	–	–	–	(2 080)	–	(8 802)
Public Transport Infrastructure Systems Grant: interest account		(201 339)	–	–	2 778	–	(19 485)	–	(218 046)
Public Transport Infrastructure Grant: interest account		–	–	–	–	–	(13 677)	–	(13 677)
Public Transport Network Operations Grant: interest account		–	–	–	–	–	(5 516)	–	(5 516)
Smart Living Handbook: interest account		(73)	–	–	–	–	(4)	–	(77)
<b>Total interest earned</b>		<b>(212 649)</b>	<b>–</b>	<b>–</b>	<b>2 778</b>	<b>3 891</b>	<b>(40 879)</b>	<b>–</b>	<b>(246 859)</b>
<b>Total National Government transfers and grants</b>		<b>(527 091)</b>	<b>(2 672 459)</b>	<b>5 170</b>	<b>420 240</b>	<b>1 768 879</b>	<b>(40 879)</b>	<b>–</b>	<b>(1 046 140)</b>

## APPENDIX E:

# DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts claimed to be R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
ABET Adult Education	Education	(4)	–	–	–	–	–	–	(4)
Accreditation assistance	Human Settlements	(27 511)	(10 000)	–	3 690	–	(1 560)	–	(35 381)
Athlone Stadium general upgrading	Transport and Public Works	(1 742)	–	–	–	–	–	–	(1 742)
Atlantis – Wesfleur Extension 13	Human Settlements	(323)	–	–	–	–	–	–	(323)
Atlantis Thusong multipurpose centre	Cultural Affairs and Sport	(187)	–	–	–	–	(10)	–	(197)
Bardale high-mast lighting project	Human Settlements	(471)	–	–	–	–	–	–	(471)
Bokmakierie/Hazendal Infill 3	Human Settlements	(1 137)	–	–	90	571	–	–	(476)
Broadband	Human Settlements	–	–	(5 081)	–	4 860	–	–	(221)
Browns Farm phase 3, 4, 5 and 6	Human Settlements	(11 564)	–	–	27	–	–	–	(11 537)
CBH Wallacedene phase 1, 3, 4, 5 and 6	Human Settlements	(5 366)	–	899	–	–	(286)	–	(4 753)
CBO Freedom Park	Human Settlements	(71)	–	–	–	–	–	–	(71)
Chemical toilets in Wallacedene	Human Settlements	(27)	–	–	–	–	(1)	–	(28)
Chris Hani Park housing project	Human Settlements	(274)	–	–	–	–	–	–	(274)
Clinics: HIV/Aids and TB programmes	Human Settlements	(13)	–	–	–	–	–	–	(13)
Community Residential Units	Human Settlements	(35 284)	–	(269 169)	–	218 570	–	(28 880)	(114 763)
Delft South high-density housing	Human Settlements	(104)	–	–	–	–	–	–	(104)
Delft sport field development	Human Settlements	(20)	–	–	–	–	–	–	(20)
Delft Symphony Way TRA	Human Settlements	(3 369)	–	–	80	–	–	–	(3 289)
Dial-a-Ride	Transport and Public Works	(1 857)	–	22	1 895	–	(60)	–	–
Disaster Fund – fire/flood kits	Human Settlements	–	–	(11 676)	19 231	–	–	(7 555)	–
Dunoon phase 1 and 3: transfers	Human Settlements	(299)	–	–	–	–	–	–	(299)
E-Business project	Treasury	(1 901)	–	–	–	–	(103)	–	(2 004)
Echo Road housing project	Human Settlements	(4)	–	–	–	–	–	–	(4)
Edward Road energy-efficient project	Human Settlements	(2 649)	–	–	33	–	(142)	–	(2 758)
EHP Nyanga, Dunoon and Atlantis	Human Settlements	(350)	–	(311)	3 204	–	–	(2 691)	(148)
EHP repair and reconstruct of eight houses	Human Settlements	(44)	–	–	–	–	–	–	(44)
Enkanini housing project	Human Settlements	(3 305)	–	–	–	–	–	–	(3 305)
Establishment grants	Human Settlements	(2 439)	–	(1 292)	1 846	–	(125)	(10)	(2 020)
Facilitation grants	Human Settlements	(537)	–	(317)	276	–	(31)	(7)	6
False Bay ecology	Economic Development and Tourism	(1 063)	–	–	–	243	(56)	–	(876)
Fire detection surveillance cameras	Human Settlements	(71)	–	–	–	–	(4)	–	(75)
Gabriel Square restitution	Human Settlements	(37)	–	–	–	–	–	–	(37)
Global Fund	Health	(2 661)	–	–	–	–	(144)	–	(2 805)
Global Fund: Antiretroviral	Health	–	(33 201)	4 304	32 233	–	–	(3 336)	–

## APPENDIX E:

# DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
Global Fund community-based response project	Health	–	(2 938)	818	3 063	–	–	(943)	–
Government Grant community development workers	Human Settlements	–	(984)	–	367	–	(24)	–	(641)
Green Point phase 21 housing	Human Settlements	(863)	–	–	–	–	–	–	(863)
Greenland's housing project	Human Settlements	(971)	–	–	–	–	–	–	(971)
Gugulethu Seven Memorial	Cultural Affairs and Sport	–	–	–	–	–	–	–	–
Hangberg Housing Project	Human Settlements	(46)	–	–	–	–	(3)	–	(49)
Hangberg: Appointment of mediator	Human Settlements	(52)	–	–	–	–	–	–	(52)
Happy Valley phase 2 top structures	Human Settlements	(85)	–	–	–	–	–	–	(85)
HCE manuals (housing consumer education)	Human Settlements	(186)	–	(22 603)	32 182	–	–	(9 579)	–
Heideveld Housing Infill	Human Settlements	–	–	–	20	–	(9)	–	(175)
HIV/Aids community-based response projects	Human Settlements	–	–	619	–	–	–	(619)	–
Hostels phase 2 housing	Health	–	(97 542)	13 384	88 613	–	–	(4 455)	–
Housing Settlements Development Grant	Human Settlements	(996)	–	–	–	–	–	–	(996)
Imizamo Yethu IDA	Human Settlements	–	(623 269)	632 556	1 521	–	–	(10 808)	–
Imizamo Yethu phase 2 new services	Human Settlements	–	–	–	336	–	–	(336)	–
Informal settlements	Human Settlements	(931)	–	–	–	–	–	–	(931)
Integrated community access network	Human Settlements	(1 420)	(1 000)	56	712	–	–	–	(1 652)
Jakkelsvlei canal upgrading	Human Settlements	–	(2 350)	–	–	–	(28)	–	(2 378)
Kalkfontein phase 2	Human Settlements	(395)	–	–	–	–	–	–	(10 427)
Kanonkop phase 1 top structures	Human Settlements	–	–	–	–	–	–	–	(395)
Kewtown Infill Development	Human Settlements	(190)	–	(8 826)	10 160	–	–	(1 334)	–
Khayelitsha development of Remembrance Square	Economic Development and Tourism	–	–	–	–	–	–	–	(190)
Khayelitsha Khuyasa phase 2	Human Settlements	(19)	–	–	–	–	(1)	–	(20)
Khayelitsha Multipurpose Centre	Human Settlements	(373)	–	–	–	–	–	–	(373)
Khayelitsha Site C subsidised	Social Development	(874)	–	–	–	–	(48)	–	(922)
Khayelitsha Stadium Site B	Human Settlements	(4 015)	–	–	363	–	(208)	–	(3 860)
Khayelitsha vacant land study	Cultural Affairs and Sport	(106)	–	–	–	–	–	–	(106)
Khayelitsha Environmental Affairs and Development	Environmental Affairs and Development	–	–	–	–	–	–	–	–
Kleinvelei phase 2	Planning	(4)	–	–	–	–	–	–	(4)
Kuyasa T3V1 top structures	Human Settlements	–	–	(2 112)	2 215	–	–	(103)	–
Langa sports field development	Human Settlements	(202)	–	–	–	–	–	–	(202)
Law enforcement officers	Cultural Affairs and Sport	(105)	–	–	–	–	–	–	(105)
Local spatial plan	Cultural Affairs and Sport	(463)	(27 428)	–	27 228	200	–	–	(463)
Macassar Treatment Works	Environmental Affairs and Development	–	–	–	–	–	–	–	–
Mandela Park Sports Fields: tennis facilities	Planning	(1)	–	–	–	–	–	–	(1)
Manenberg sport complex upgrade	Human Settlements	(8 000)	–	–	–	2 500	–	–	(5 500)
Marconi Beam	Cultural Affairs and Sport	(42)	–	–	–	–	–	–	(42)
	Cultural Affairs and Sport	(235)	–	–	–	–	–	–	(235)
	Human Settlements	(9)	–	–	–	–	–	–	(9)

## APPENDIX E:

# DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
Masiphumelele TRA	Human Settlements	(894)	–	–	–	–	(49)	–	(943)
Masiphumelele Amakhaya Ngoku	Human Settlements	(13 697)	–	–	–	–	(746)	–	(14 443)
Melkbosch Village	Human Settlements	(90)	–	–	–	–	–	–	(90)
Metropolitan Land Transport Fund	Human Settlements	–	(22 600)	(22)	10 888	139	(362)	–	(11 957)
Metropolitan Transport Fund	Transport and Public Works	–	–	(24 317)	3 264	21 053	–	–	–
Mfuleni and Strand 12 houses	Human Settlements	(126)	–	–	–	–	–	–	(126)
Mfuleni EHP TRA	Human Settlements	(218)	–	–	–	–	–	–	(218)
Mfuleni Extension 3	Human Settlements	(129)	–	–	–	–	–	–	(129)
Mfuleni Extension 4 housing	Human Settlements	(332)	–	–	–	–	–	–	(332)
Mfuleni flood relief project	Human Settlements	(3 005)	–	–	–	–	–	–	(3 005)
Mfuleni MLS top structure	Human Settlements	(213)	–	–	–	–	–	–	(213)
Mitchells Plain Infill phase 1	Human Settlements	(4 143)	–	–	–	–	–	–	(4 143)
Mitchells Plain Youth and Family Development Centre	Social Development	(727)	–	–	–	–	(40)	–	(767)
Mitchells Plain TRA	Human Settlements	(276)	–	–	–	–	–	–	(276)
Morgan Village 3/Western Cape	Human Settlements	(1 044)	–	–	–	–	(57)	–	(1 101)
Netreg Housing Project	Human Settlements	(350)	–	–	–	–	–	–	(350)
Nonqubela phase 2/Makhaiza	Human Settlements	(164)	–	–	–	–	–	–	(164)
Nutrition Supplement Programme	Health	–	(4 400)	468	4 385	–	–	(453)	–
Pelican Park 2083 top structures	Human Settlements	–	–	(54 558)	67 253	–	–	(12 695)	–
Philippi East top structures	Human Settlements	–	–	28	29	–	–	(57)	–
Philippi East Market	Agriculture	(101)	–	–	–	105	(4)	–	–
Philippi East phase 5	Human Settlements	(771)	–	–	133	–	–	–	(638)
Philippi Park: Flooding	Human Settlements	(974)	–	–	–	–	–	–	(974)
Phoenix top structures	Human Settlements	(52)	–	52	–	–	–	–	–
Phoenix UISP	Human Settlements	(122)	–	(45)	–	–	–	–	(167)
People's Housing Project	Human Settlements	(61 977)	–	(157 662)	143 242	–	(4 817)	(5 637)	(86 851)
Phumlani Transfers	Human Settlements	(22)	–	–	–	–	–	–	(22)
Provision of security improvements at rail park-and-ride facilities	Transport and Public Works	(187)	–	–	–	–	(10)	–	(197)
Public Library Fund	Cultural Affairs and Sport	(2 091)	(24 409)	–	22 008	2 263	(295)	–	(2 524)
Redhill informal settlement	Human Settlements	(270)	–	–	–	–	(15)	–	(285)
River Clean and Green Project	Environmental Affairs and Development	–	–	–	–	–	–	–	–
Rondevlei Housing Project	Planning	(399)	–	–	–	–	(22)	–	(421)
Scottsdene: 350 top structures	Human Settlements	(127)	–	–	4	–	–	–	(123)
Scottsdene: 550 top structures	Human Settlements	–	–	(16 762)	–	16 082	–	–	(680)
	Human Settlements	(9 842)	–	(1 880)	14 633	–	–	(2 911)	–

## APPENDIX E:

# DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2014 (continued)

NATIONAL AND PROVINCIAL GRANT FUNDS 2013/2014									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current year receipts R'000	Adjustments R'000	Conditions met – transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
Social Economic Facilities Programme	Human Settlements	(1 946)	–	(6 378)	–	15 102	–	(9 125)	(2 347)
Sercor Park	Human Settlements	(704)	–	–	–	–	–	–	(704)
Silvertown Khayelitsha: 2 000 structures	Human Settlements	(1 142)	–	–	–	–	–	–	(1 142)
Sir Lowry's Pass Village TRA	Human Settlements	–	–	–	1 903	–	–	(1 903)	–
Site C survey and subdivision	Human Settlements	–	–	135	–	–	–	(135)	–
Somerset West Housing Project	Human Settlements	(4 164)	–	–	–	–	–	–	(4 164)
Spandau Project: 384 houses	Human Settlements	(36)	–	–	–	–	–	–	(36)
Table Mountain biosphere	Environmental Affairs and Development	–	–	–	–	–	–	–	–
Tafelsig area: Silver City	Planning	(7)	–	–	–	–	–	–	(7)
Tambo Square	Human Settlements	(202)	–	–	–	–	–	–	(202)
TB Crisis Plan	Human Settlements	(42)	–	–	–	–	–	–	(42)
Temperance Town	Health	(6 085)	(14 025)	–	11 807	–	–	–	(8 303)
Upgrade Bishop Lavis Sports Complex	Human Settlements	(83)	–	–	84	–	–	(1)	–
Upgrade Heinz Park Hall	Cultural Affairs and Sport	(874)	–	–	–	874	–	–	–
Urban renewal: Improvement of Station	Cultural Affairs and Sport	(124)	–	–	–	–	–	–	(124)
Vaccines	Environmental Affairs and Development	(25)	–	–	–	–	–	–	(25)
Vehicle Impound Facility: Maitland	Planning	–	(73 439)	11 111	66 724	–	–	(4 396)	–
Vrygrond	Transport and Public Works	(1 557)	–	–	–	1 318	(47)	–	(286)
Vrygrond (EPH)	Human Settlements	(34)	–	–	1	–	–	–	(33)
Wallacedene phase 3, 4, 5, 6, 7, 8, 9 and 10	Human Settlements	(226)	–	–	14	–	(12)	–	(224)
Watergate phase A	Human Settlements	(14 306)	–	355	704	–	–	(14)	(13 261)
Witsand Housing Project phase I and 2	Cultural Affairs and Sport	(170)	–	–	–	–	(9)	–	(179)
<b>Total Provincial Government transfers and grants</b>	Human Settlements	(184)	–	–	–	–	–	–	(184)
<b>Analysis of grants and subsidies</b>									
Total National Government transfers and grants		(269 948)	(937 585)	81 796	576 461	283 880	(9 328)	(107 983)	(382 707)
Total Provincial Government transfers and grants		(527 091)	(2 672 459)	5 170	420 240	1 768 879	(40 879)	–	(1 046 140)
		(269 948)	(937 585)	81 796	576 461	283 880	(9 328)	(107 983)	(382 707)
		<b>(797 039)</b>	<b>(3 610 044)</b>	<b>86 966</b>	<b>996 701</b>	<b>2 052 759</b>	<b>(50 207)</b>	<b>(107 983)</b>	<b>(1 428 847)</b>

## APPENDIX F:

# APPROPRIATION STATEMENT (RECONCILIATION: BUDGET AND IN-YEAR PERFORMANCE) IN TERMS OF NATIONAL TREASURY, MFMA CIRCULAR NO. 67

FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014					
	Original budget <sup>1</sup> R'000	Budget adjustments (i.t.o. s28 and s31 of the MFMA) R'000	Final adjustments budget R'000	Shifting of funds (i.t.o. s31 of the MFMA) R'000	Virement (i.t.o. Council-approved policy) R'000	Final budget <sup>1</sup> R'000
<b>Financial performance</b>						
Property rates	5 527 108	–	5 527 108	–	(99 720)	5 427 388
Service charges	14 604 532	(189 544)	14 414 988	–	–	14 414 988
Investment revenue	298 692	(8 916)	289 776	–	–	289 776
Transfers recognised – operational	2 595 904	13 243	2 609 147	–	–	2 609 147
Other own revenue	3 051 873	12 365	3 064 238	–	99 720	3 163 958
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>26 078 109</b>	<b>(172 852)</b>	<b>25 905 257</b>	<b>–</b>	<b>–</b>	<b>25 905 257</b>
Employee costs <sup>2</sup>	8 304 409	(33 585)	8 270 824	–	1 239 310	9 510 134
Remuneration of councillors	123 721	–	123 721	–	–	123 721
Debt impairment	866 457	15 000	881 457	–	–	881 457
Depreciation and asset impairment	1 961 291	22 983	1 984 274	–	–	1 984 274
Finance charges	863 950	–	863 950	–	60	864 010
Materials and bulk purchases	7 257 562	(316 703)	6 940 859	–	(1 742)	6 939 117
Transfers and grants	39 544	78 271	117 815	–	4 679	122 494
Other expenditure	6 895 402	66 011	6 961 410	–	10 693	6 972 103
<b>Total expenditure</b>	<b>26 312 336</b>	<b>(168 023)</b>	<b>26 144 310</b>	<b>–</b>	<b>1 253 000</b>	<b>27 397 310</b>
<b>Surplus/(deficit)</b>	<b>(234 227)</b>	<b>(4 829)</b>	<b>(239 053)</b>	<b>–</b>	<b>(1 253 000)</b>	<b>(1 492 053)</b>
Transfers recognised – capital	2 535 058	338 613	2 873 671	–	–	2 873 671
Contributions recognised – capital and contributed assets	48 250	27 051	75 301	–	–	75 301
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>2 349 081</b>	<b>360 835</b>	<b>2 709 919</b>	<b>–</b>	<b>(1 253 000)</b>	<b>1 456 919</b>
Share of surplus/(deficit) of associate	–	–	–	–	–	–
<b>Surplus/(deficit) for the year</b>	<b>2 349 081</b>	<b>360 835</b>	<b>2 709 919</b>	<b>–</b>	<b>(1 253 000)</b>	<b>1 456 919</b>
<b>Capital expenditure and funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised – capital	2 537 158	328 613	2 865 771	–	–	2 865 771
Public contributions and donations	46 150	5 874	52 024	–	–	52 024
Borrowing	2 149 497	(113 064)	2 036 433	–	–	2 036 433
Internally generated funds	964 278	(258 099)	706 179	–	–	706 179
<b>Total sources of capital funds</b>	<b>5 697 083</b>	<b>(36 676)</b>	<b>5 660 407</b>	<b>–</b>	<b>–</b>	<b>5 660 407</b>
<b>Cash flows</b>						
Net cash from (used) operating	4 447 103	192 080	4 639 183	–	–	4 639 183
Net cash from (used) investing	(5 109 063)	(427 673)	(5 536 736)	–	–	(5 536 736)
Net cash from (used) financing	(598 143)	–	(598 143)	–	–	(598 143)
<b>Cash/cash equivalents at the yearend</b>	<b>(1 260 103)</b>	<b>(235 593)</b>	<b>(1 495 696)</b>	<b>–</b>	<b>–</b>	<b>(1 495 696)</b>

<sup>1</sup> The classification of categories for revenue and expenditure differs from the statement of financial performance and the statement of comparison of budget and actuals as the classifications required by NT is different from accounting practice.

<sup>2</sup> An amount of R1,253 billion budget was approved by Council, relating to the increase in the provision liability raised against the prior year accumulated surplus.

2013/2014					2012/2013			
Actual outcome R'000	Un- authorised expenditure R'000	Variance R'000	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported un- authorised expenditure R'000	Expen- diture authorised in terms of section 32 of MFMA R'000	Balance to be recovered R'000	Restated audited outcome R'000
5 542 203	–	–	102	100	–	–	–	–
14 063 470	–	–	98	96	–	–	–	–
473 323	–	–	163	158	–	–	–	–
2 389 432	–	–	92	92	–	–	–	–
3 763 250	–	–	119	123	–	–	–	–
<b>26 231 678</b>	–	–	<b>101</b>	<b>101</b>	–	–	–	–
8 691 018	–	–	91	105	–	–	–	–
120 153	–	–	97	97	–	–	–	–
1 327 820	–	–	151	153	–	–	–	–
1 774 683	–	–	89	90	–	–	–	–
808 782	–	–	94	94	–	–	–	–
6 591 232	–	–	95	91	–	–	–	–
115 034	–	–	94	291	–	–	–	–
7 248 135	–	–	104	105	–	–	–	–
<b>26 676 857</b>	–	–	<b>97</b>	<b>101</b>	–	–	–	–
(445 179)	–	–	30	190	–	–	–	–
2 052 758	–	–	71	81	–	–	–	–
86 058	–	–	114	178	–	–	–	–
<b>1 693 637</b>	–	–	<b>116</b>	<b>72</b>	–	–	–	–
–	–	–	–	–	–	–	–	–
<b>1 693 637</b>	–	–	<b>116</b>	<b>72</b>	–	–	–	–
2 053 319	–	–	72	81	–	–	–	–
44 022	–	–	85	95	–	–	–	–
1 856 889	–	–	91	86	–	–	–	–
590 662	–	–	84	61	–	–	–	–
<b>4 544 892</b>	–	–	<b>80</b>	<b>80</b>	–	–	–	–
4 566 057	–	–	98	103	–	–	–	–
(6 588 723)	–	–	119	129	–	–	–	–
(232 000)	–	–	39	39	–	–	–	–
<b>(2 254 666)</b>	–	–	<b>151</b>	<b>179</b>	–	–	–	–

# GLOSSARY OF ABBREVIATIONS

AFD	Agence Française de Développement
ASB	Accounting Standards Board
CIDs	City Improvement Districts
CMTF	Cape Metropolitan Transport Fund
Coid	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre (Pty) Ltd
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contributions (scheme)
Dora	Division of Revenue Act
EFF	External Finance Fund
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
IA	Internal Audit
IDP	Integrated Development Plan
IRM	integrated risk management
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
MFMA	Municipal Finance Management Act
PAYE	pay-as-you-earn
PPE	property, plant and equipment
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	supply chain management
UIF	Unemployment Insurance Fund
VAT	value-added tax
WDC	World Design Capital

# REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

FOR THE YEAR ENDED 30 JUNE 2014

MPAC was established as an oversight committee in terms of section 79 of the Municipal Structures Act 117 of 1998, and is authorised in terms of sections 32(2) and 102(1) of the Municipal Finance Management Act 56 of 2003 to investigate unauthorised, irregular, fruitless and wasteful expenditure by the City and its municipal entity.

MPAC has adopted formal terms of reference, which are regularly updated and approved by Council to provide appropriate additional authority.

In addition, MPAC is governed by the City delegations, which require that MPAC reports quarterly to Council on the committee's activities.

MPAC hereby presents its first annual report for the financial year ended 30 June 2014.

## MEMBERSHIP

MPAC consists of the following 10 members (with a maximum of 13 members recommended by the National Treasury Guideline for the Establishment of MPACs)

Table 5.1: Membership of the Municipal Public Accounts Committee (MPAC)

Councillor	Party	Sub council	Membership of other committees
Cllr W Mxolose (Chairperson)	ANC	15	
Cllr E Anstey	DA	16	Economic, Environmental and Spatial Planning Portfolio Committee (PC)
Cllr P Chapple	DA	15	Community Services PC
Cllr S Diamond	DA		New Finance PC Chairperson
Cllr V Isaacs	DA	22	Corporate Services PC
Cllr D Khathswa	ANC	24	
Cllr N Makasi	ANC	14	<ul style="list-style-type: none"> <li>Naming Committee</li> <li>Rules Committee</li> </ul>
Cllr C Mhlanga	DA	2	Disciplinary Committee
Cllr S Pienaar	DA	6	<ul style="list-style-type: none"> <li>Economic cluster</li> <li>Energy and Climate Change Committee</li> <li>Finance PC</li> </ul>
Cllr C Scheepers	ANC	1	
Cllr B van Dalen	DA	21	Corporate Services PC
Cllr B van Minnen	DA		New Mayco member for Health

## MEETINGS

During the year under review, 10 MPAC meetings were held.

Table 5.2: MPAC meeting attendance

Councillor	Meeting attendance
Cllr W Mxolose (Chairperson)	10 of 10 = 100%
Cllr E Anstey	8 of 10 = 80%
Cllr P Chapple	9 of 10 = 90%
Cllr S Diamond*	9 of 9 = 100%
Cllr V Isaacs <sup>#</sup>	1 of 1 = 100%
Cllr D Khathswa	10 of 10 = 100%
Cllr N Makasi	10 of 10 = 100%
Cllr C Mhlanga	9 of 10 = 90%
Cllr S Pienaar <sup>#</sup>	1 of 1 = 100%
Cllr C Scheepers	10 of 10 = 100%
Cllr B van Dalen	9 of 10 = 90%
Cllr B van Minnen*	8 of 9 = 89%

\* Exited MPAC composition

<sup>#</sup> Entered MPAC composition

Other meetings with the Speaker and Internal Audit were also held. Representatives from the Office of the City Manager, the Auditor-General of South Africa, Forensic Services, Legal Services and Internal Audit attended all MPAC meetings. Three subcommittees were active during the financial year.

## MANDATE, METHOD OF WORK AND REPORTING

MPAC's efforts are directed by Council, and the committee is authorised to investigate any matter referred to it. This includes instructing other councillors, management and other employees of Council to be present at meetings and having access to any information they require from any councillor or employee. MPAC ensures that all existing internal alternative dispute resolution processes of the City have been exhausted before proceeding with investigations.

Follow-up is performed via the meeting's outstanding-matters schedule to determine if action has been taken to implement recommendations. The annual MPAC work programme defines the committee's activities for any given year.

Although MPAC has no executive powers, their findings and recommendations are escalated to the appropriate executive authority. MPAC considers the report of the subcommittee at a main MPAC meeting, and submits a report containing recommendations to Council for final decision-making. The immediate reporting line of MPAC is to the Speaker of Council.

## RESPONSIBILITY

MPAC is pleased to report that it has, as far as possible, complied with its responsibilities arising from its mandate, delegations and terms of reference.

Advancements, updates and leading practices required the committee to revisit the terms of reference during 2013/14, which should be finalised early in 2014/15.

Quarterly reporting on MPAC's activities as per the annual work programme were succinctly presented to Council for three of the four quarters. This report, which replaces the fourth quarter's report, serves as a cumulative activity statement for the year ended 30 June 2014.

## REVIEW AND EVALUATION OF THE ANNUAL REPORT

MPAC considered the 2012/13 annual report of the City of Cape Town and its municipal entity, and raised issues of concern with the City's executive management. MPAC recommended that Council adopt the oversight report and approve the annual report without reservations. This was completed within the legislated timeframes, and was approved by Council in March 2014.

## PERFORMANCE ASSESSMENT

An annual evaluation of the MPAC's effectiveness is conducted via an annual assessment of performance completed by means of a self-assessment and a stakeholder assessment by representatives from Council through the Office of the Speaker.

The performance assessment conducted for the 2012/13 financial year showed a calculated overall performance outcome with a rating of 'excellent'. This assessment is completed from September to November to allow for the areas for improvement to be included in the annual work programme, which is reviewed annually for the following calendar year. All improvements for the 2012/13 financial year were included in the annual work programme for 2014.

## ACTIVITIES AND OUTPUTS FOR THE YEAR

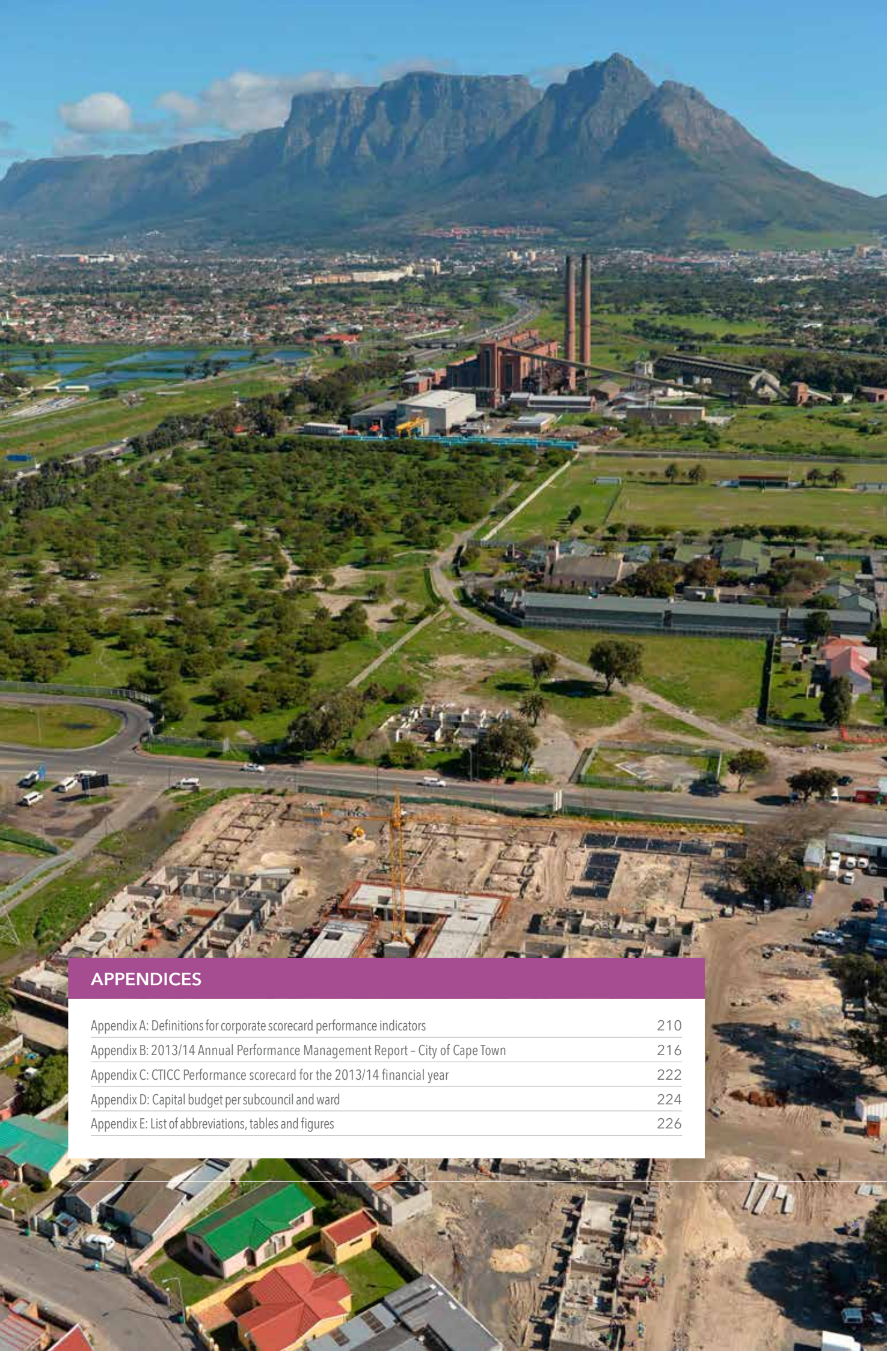
Table 5.3: MPAC activities and outputs for the year

Activities	Outputs
<b>Meetings and workshops</b>	<ul style="list-style-type: none"><li>10 ordinary meetings were held.</li><li>Three subcommittees were active to investigate irregular, fruitless and wasteful expenditure.</li><li>Four workshops were held to:<ul style="list-style-type: none"><li>formalise the revised MPAC terms of reference; and</li><li>define governance improvements for the 2014 calendar year.</li></ul></li></ul>
<b>Reporting</b>	<ul style="list-style-type: none"><li>Two reports were approved by Council for investigation by MPAC in terms of section 32 and 102 of the MFMA.</li><li>Oversight process (section 129 of the MFMA)<ul style="list-style-type: none"><li>The oversight report in terms of the 2012/13 annual report was supported and adopted by Council at a meeting held in March 2014 (see item C34/03/14).</li><li>The MPAC tracked and followed up on the implementation of corrective actions by departments in terms of the committee's resolutions on the 2012/13 oversight report.</li></ul></li></ul>
<b>Training and capacity-building</b>	<ul style="list-style-type: none"><li>In September 2013, two MPAC councillors attended the MPAC members' training provided by Province, the Association of Public Accounts Committees and the Office of the Auditor-General.</li><li>In December 2013, the MPAC chairperson made a presentation to the South African Local Government Association.</li><li>In January 2014, refresher training was provided on councillors' oversight role and responsibilities.</li><li>On 13 June 2014, an induction programme was completed for Councillors Pienaar and Isaacs.</li></ul>
<b>Performance assessment</b>	<ul style="list-style-type: none"><li>A performance assessment of the MPAC members and committee activities was performed in November 2013.</li></ul>

## CONCLUSION

We believe that the City is committed to good governance, and the MPAC activities actively contribute to the achievement of the IDP objective of a well-run city.

**Councillor W Mxolose**  
MPAC Chairperson



## APPENDICES

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## APPENDIX A

### DEFINITIONS FOR CORPORATE SCORECARD PERFORMANCE INDICATORS

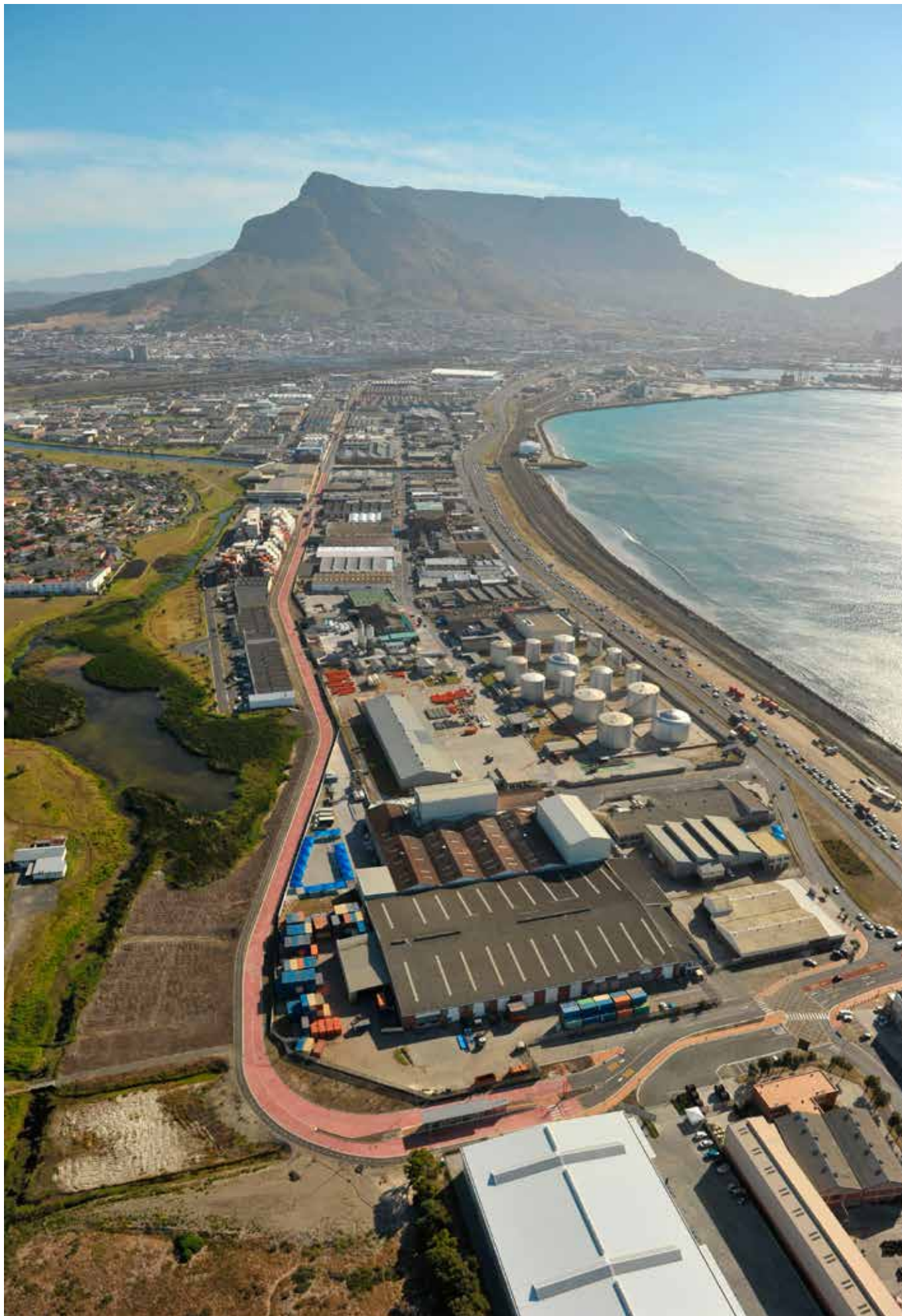
Indicator	IDP	Indicator definition
1.A Percentage of building plans approved within statutory timeframes (30– 60 days)	1.1(e)	<p>Percentage of applications approved within statutory timeframes (30 – 60 days). The objective is to improve approval time of the applications. This improvement is in the trend over the course of the five-year term of the IDP, but targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory time frames of &lt;500 m<sup>2</sup> (30 days) and &gt;500 m<sup>2</sup> (60 days). See section A7 of the National Building Regulations Act 103 of 1977.</p> <p>Date and time-stamped data: A cut-off date of three days of the next month is allowed for the capturing of the previous month's production (i.e. 30th or 31st day of the month). Statistical data will be extracted on the fourth day, with a date and time stamp, and reported accordingly as a weighted average percentage for the two categories of building plans.</p>
1.B Percentage spend of capital budget	1.2(b)	<p>Percentage reflecting year-to-date spend/total budget less any contingent liabilities relating to the capital budget.</p> <p>The total budget is the Council-approved adjusted budget at the time of the measurement.</p> <p>Contingent liabilities are only identified at the year end.</p>
1.C Rand value of capital invested in engineering infrastructure	1.2(b)	Investment in engineering infrastructure relates to growth, refurbishment and replacement of water, sanitation, electricity, solid waste (removal and disposal), roads, stormwater, transport and broadband infrastructure.
1.D Percentage of operating budget allocated to repairs and maintenance	1.2(b)	<p>Repairs and maintenance expressed as a percentage of the total repairs and maintenance operating budget.</p> <p>Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection and measures to prevent known failure modes, and can be time- or condition-based.</p> <p>Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operating expenditure.</p>
1.E Percentage spend on repairs and maintenance	1.2(b)	<p>Percentage reflecting year-to-date spend (including secondary cost)/total repairs and maintenance budget.</p> <p>Note that 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 asset inspection and measures to prevent known failure modes, and can be time- or condition-based.</p> <p>Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operating expenditure.</p>
1.F Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service	1.2(b)	<p>This indicator reflects the number of outstanding valid applications, expressed as a percentage of total number of active billings for the service (where downpayment has been received) for water services (where valid applications translate into an active account) for domestic customers, as extracted from the City of Cape Town's SAP database.</p> <p>Proxy measure for national key performance indicator (NKPI).</p>
1.G Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service	1.2(c)	<p>This indicator reflects the number of outstanding valid applications (where downpayment has been received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (sewerage services) for domestic customers, as extracted from the City of Cape Town's SAP database.</p> <p>Proxy measure for NKPI.</p>
1.H Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service	1.2(c)	<p>This indicator reflects the number of outstanding valid applications (where downpayment has been received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service.</p> <p>Proxy measure for NKPI.</p>
1.I Number of outstanding valid applications for refuse collection service, expressed as a percentage of total number of billings for the service	1.2(c)	<p>This indicator reflects the number of outstanding valid applications (C3 notifications) for a new refuse collection service at the end of a reporting period, expressed as a percentage of total number of active billings for formal residential refuse collection services as at the end of the same reporting period. Billing equates to active contract accounts (formal kerbside refuse collection service) for domestic customers, as extracted from the City of Cape Town's SAP database.</p> <p>Proxy measure for NKPI.</p>
1.J Number of EPWP job opportunities created	1.2(d)	<p>This indicator measures the number of job opportunities created through the EPWP.</p> <p>An EPWP job opportunity is paid work created for an individual on an EPWP project for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes.</p>

Indicator	IDP	Indicator definition
1.K Percentage of treated potable water not billed	1.3(b)	<p>The percentage of treated potable water not billed pertains to non-revenue water. This is the volume of potable water that is treated but is either lost or not billed, expressed as a percentage of total potable water treated.</p> <p>It is calculated on a 12-month rolling basis in order to smooth out short-term fluctuations.</p> <p>The aim is to reduce the percentage of treated potable water not billed over the planned period, and is reflected in the targets.</p>
1.L Number of passenger journeys on the MyCiTi public transport system	1.4(c)	<p>The uptake of the MyCiTi transport system will be determined by the demand.</p> <p>Definition of a passenger trip is calculated from the first boarding of a bus at a feeder stop or main trunk station to the last exit from a bus at a feeder stop or main station, and includes any transfers between buses (single journey).</p>
1.M Percentage development of an immovable property asset management framework	1.5(a)	<p>This indicator measures the percentage of the weighted average of the components below:</p> <ul style="list-style-type: none"> <li>- Development of a comprehensive immovable property asset register</li> <li>- Development of an immovable property asset management compliance framework</li> <li>- Development of a centralised custodial role for immovable property asset management (communication)</li> <li>- Identification of all strategic immovable property assets</li> <li>- Development of a medium-term (five-to-10-year) strategy for the release of immovable property</li> <li>- The strategic acquisition and holding (land-banking) of new immovable property assets</li> </ul>
1.N Number of external trainee and bursary opportunities created	1.6(a)	<p>This indicator measures the number of learning opportunities created for unemployed youth as a contribution to the job creation initiative and provision of real world-of-work exposure to graduates.</p> <p>This includes external bursaries awarded, in-service student training opportunities, graduate internships, learnerships and apprenticeships.</p> <p>There are two measures under this indicator: Measure (a) includes external bursars, in-service student trainees, graduate interns and learners (learnership beneficiaries). Measure (b) includes apprentices.</p>
2.A Community satisfaction survey (score 1 – 5) – safety and security	2.4(a)	<p>This indicator measures community perception in respect of the prevailing levels of general disorder in the city. Antisocial behaviour and disorder are concepts frequently used in the law enforcement environment to describe the prevailing sense of lawlessness in a particular area, and refer to minor crimes, by-law offences, nuisances and traffic offences that have a direct impact on residents' quality of life. The City's community satisfaction survey measures public perception around a number of these issues, including:</p> <ul style="list-style-type: none"> <li>• visible presence of traffic enforcement;</li> <li>• action taken against illegal land invasions;</li> <li>• action taken against illegal dumping;</li> <li>• acting on complaints relating to noise and other disturbances; and</li> <li>• by-laws being enforced.</li> </ul> <p>Total score in respect of the section in the survey that relates to antisocial behaviour and general disorder. Questionnaires completed by residents as part of the City's community survey, which <i>inter alia</i> measures public perception around the following:</p> <ul style="list-style-type: none"> <li>• Traffic enforcement</li> <li>• Illegal land invasion</li> <li>• Illegal dumping</li> <li>• Noise and disturbances</li> <li>• General enforcement of the City's by-laws</li> </ul>
2.B Reduce number of accidents at five highest-frequency intersections	2.1(a)	<p>This indicator measures the decrease of vehicle accidents in the five identified highest-frequency accident locations. These locations are:</p> <ul style="list-style-type: none"> <li>• M7 x Voortrekker Road</li> <li>• N7 x Bosmansdam Road</li> <li>• Section Street x Koeberg Road</li> <li>• Cannon Road x Voortrekker Road x Koeberg Road (Maitland)</li> <li>• Victoria Road x N2 west (Somerset West)</li> </ul>
2.C Percentage response times for fire incidents within 14 minutes from call receipt up to arrival	2.1(a)	<p>Percentage response times for fire incidents within 14 minutes from call receipt up to arrival.</p>

Indicator	IDP	Indicator definition
2.D Number of operational specialised units maintained	2.2	This indicator measures the number of specialised units in the three policing departments, i.e Metro Police, Traffic and Law Enforcement, which the Safety and Security Directorate managed to maintain as operationally active and fully capable of delivering on their specialised mandates.
2.E Percentage budget spent on integrated information management system	2.3(a)	The indicator measures the percentage budget spent on the integrated information management system.
2.F Percentage staff successfully completing legislative occupation-specific training interventions	2.4(a)	This indicator measures the percentage of members of the Metro Police, Traffic and Law Enforcement departments who have undergone any legislative training intervention that is directly relevant to the performance of their operational duties, i.e. occupation-specific training interventions.
2.G Percentage of neighbourhood watch satisfaction survey	2.5(a)	This indicator measures the percentage satisfaction with the City's assistance to neighbourhood watches.
3.A Number of social development programmes implemented	3.1(a)	<p>The indicator refers to the number of social developmental programmes implemented. Seven programmes have been identified, and each will consist of a number of projects and interventions. The programmes are listed below:</p> <ul style="list-style-type: none"> <li>– Youth development</li> <li>– ECD training</li> <li>– Social entrepreneurship</li> <li>– Vulnerable groups (senior citizens, gender and disability)</li> <li>– Street people</li> <li>– Substance abuse</li> <li>– Poverty alleviation and reduction</li> </ul>
3.B Number of recreation hubs where activities are held on a minimum of five days a week	3.1(a)	A recreation hub is a community facility that focuses on implementing a variety of sport and recreation activities for at least five days a week, for at least three hours per day. Activities will target all sectors of the community, namely children, youth and adults. Activities will be implemented by staff, volunteers, NGOs, clubs and federations.
3.C Number of human settlements opportunities provided per year	3.2(d)	<p>A human settlements opportunity is defined under the following three categories:</p> <p>(a) A site is any property providing a municipal service on an individual basis to a household, including households in multi-storey units, on high-density residential sites as well as other non-residential sites relating to integrated human settlements development, where the main source of funding is the Urban Settlements Development Grant (USDG) in terms of the Division of Revenue Act (DORA).</p> <p>(b) Top structures are any built structure providing shelter to a household in a human settlements development by means of any national housing programme, where the main source of funding is the Human Settlements Development Grant (HSDG) in terms of DORA.</p> <p>(c) Other refers to the number of existing rental stock units undergoing major upgrades, and any number of households provided with shared services and other services in the backyarder, re-blocking and informal settlements upgrade programmes.</p> <p>Definition of a human settlements opportunity: A human settlements opportunity means incremental access to* and/or delivery of one of the following housing products: (A) Subsidy housing (BNG), which provides at least a 40 m<sup>2</sup> house, a fully serviced residential site, and may also include high-density residential sites relating to integrated human settlements development, as well as other non-residential sites relating to integrated human settlements development (B) Incremental housing, which provides a serviced site with or without tenure (C) Rental housing, which is new CRUs, upgrades and redevelopment of existing rental units and hostels (D) PHP is beneficiaries who maximise their housing subsidy by building or organising the building of their homes themselves (E) Land restitution includes land provided to valid claimants in terms of Council resolutions or court decisions (F) Social housing is new rental units, delivered by the City's social housing partners (G) Gap housing is a serviced plot, a completed unit for sale, or affordable units for sale (H) Re-blocking of informal settlements is the reconfiguration of the layout of settlements to allow for improved access and levels of services.</p> <p>*'Access to' is as contemplated in section 26(1) of the Constitution of the Republic of South Africa, 1996: 'Everyone has the right to have access to adequate housing.'</p> <p>Note: An opportunity is specifically defined above, and is only counted at a point when specific evidence is available for auditing purposes. The delivery targets reflected on the corporate scorecard and the service delivery and budget implementation plans (SDBIPs) only reflect delivery by the City. In some instances, delivery of a serviced site and a top structure may be on the same property, but is viewed as two opportunities (serviced site and top structure) to align with reporting requirements on expenditure of grant funding as two separate milestones.</p> <p>A separate report (not for auditing purposes) for information to Council will reflect total delivery in the City, including delivery by Province (N2, PHP, gap, other projects) and social housing and restitution cases facilitated by the City.</p>

Indicator	IDP	Indicator definition
3.D Number of deeds of sale agreements signed with identified beneficiaries on transferrable rental units	3.3(a)	This indicator refers to the registration of transferrable rental stock to qualifying tenants. The evidence for this indicator will be signed sales agreements.
3.E Improve basic services		
Number of water services points (taps) provided	3.4(b)	This indicator reflects the number of taps provided in informal settlements and for backyarders in City rental stock (pilot) during the period under review. Certain taps may, however, have been vandalised or removed after provision. – Backyarder provision based on one tap per backyard property, which could be serving several households.
Number of sanitation service points (toilets) provided	3.4(b)	This indicator reflects the number of toilets provided in informal settlements and for backyarders in City rental stock (pilot) during the period under review. Certain toilets may, however, have been vandalised or removed after provision. – Backyarder provision based on one toilet per backyard property, which could be serving several households.
Percentage of informal settlements receiving door-to-door refuse collection service	3.4(b)	This indicator reflects the percentage of informal settlements receiving a weekly door-to-door refuse removal collection service for the period under review.  The collection of domestic refuse in informal settlements is done through contract services, employing local labour. Three-year contracts are awarded to a legitimate main contractor through the procurement tender process.
Percentage of known informal settlements that achieve each of the four different standards of cleanliness Levels 1 to 4	3.4(b)	The Solid Waste Management Department has developed a pictorial standard of cleanliness to be able to hold the service provider in informal settlements to a particular level or standard of service provision. The standard of cleanliness is a qualitative performance management tool, with level 1 denoting the desired standard of cleanliness, level 2 denoting a fair/reasonable standard of cleanliness, level 3 denoting an unacceptable standard of cleanliness, and level 4 denoting a totally unacceptable standard of cleanliness.
3.F Number of electricity subsidised connections installed	3.4(b)	This indicator reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing.
3.G Percentage compliance with drinking-water quality standards	3.5(a)	Measure of potable water-sample pass rate according to SANS 241.
3.H Number of days when air pollution exceeds RSA ambient air quality standards	3.6(a)	Description of indicator: Any day when any one of the criteria pollutants at any one of up to a maximum of 13* air quality monitoring stations in the city exceeds RSA ambient air quality standards. Layman's description: The number of days where one of the identified air pollution particles is above the levels set by the RSA ambient air quality standards.
3.I New smear-positive TB cure rate	3.7(a)	The indicator measures the number of new smear-positive pulmonary TB cases started on treatment for whom there is bacteriological confirmation that the patient has responded to treatment and can be considered cured.  Numerator: Number of new smear-positive pulmonary TB cases started on treatment for whom there is bacteriological confirmation that the patient has responded to treatment and can be considered cured.  Denominator: Number of new smear-positive pulmonary TB cases.  The percentage indicates the previous financial year's figures. Example: for 2012/13, it will be the financial year 2011/12 etc.
3.J Number of new clients screened at the substance abuse outpatient treatment centres	3.8(a)	The number of new clients who seek help for substance abuse being screened in a first interview at the City's outpatient treatment sites.
4.A Percentage adherence to Citywide service standard based on all external notifications	4.1(a)	Measure the percentage adherence to citywide service standards based on all external notifications.
4.B Customer satisfaction survey (score 1 – 5 Likert scale) – community facilities	4.2(a)	A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the services provided at community facilities, measured by calculating the average of the responses to a number of survey questions relating to community facilities.  The measure is given against the non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent.  The objective is to improve the current customer satisfaction level measured through the CSS (score 1-5) from the 3,1 baseline set for 2010/11, to a 3,2 target in 2012/13. The annual improvement is calculated by determining the difference between the average customer satisfaction scores of the different financial years.

Indicator	IDP	Indicator definition
5.A number of municipal meetings open to the public	5.1(a)	The indicator measures the number of municipal meetings open to the public to maintain transparency in the day-to-day governance of the municipality.
5.B Percentage of employees who are truly motivated and will go above and beyond the call of duty, as measured in a biennial staff engagement survey	5.2(b)	<p>Ipsos-Markinor defines fully engaged staff as 'employees who are truly motivated and will go above and beyond the call of duty to delight [their] customers' and 'the best ambassadors to the marketplace'. This indicator measures the percentage of staff who fall in this category, and is based on the biennial staff engagement survey.</p> <p>The unit of measure is the percentage as determined in a staff satisfaction survey. The frequency of measurement is every two years.</p> <p>Formula:</p> <p>The formula is the proprietary copyright of the independent service provider, Ipsos-Markinor. It is based on the responses to the survey that they have undertaken.</p> <p>Public-sector score = 23%; private-sector score = 33%</p>
5.C Community satisfaction survey (score 1 – 5) – citywide	5.2(c)	<p>A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the services provided by the City of Cape Town.</p> <p>The measure is given against the non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent.</p> <p>The objective is to improve the current customer satisfaction level measured through a community satisfaction survey (score 1 – 5) from the 2,4 baseline set for 2007/8 to 2,8 in 2013/14. The improvement is calculated by taking the difference between the different financial years.</p>
5.D Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan	5.2(b)	The indicator measures the percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal-setting.
5.E Percentage budget spent on implementation of workplace skills plan for the City	5.2(b)	<p>A workplace skills plan is a document that outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions, which will address the needs arising from the local government skills sector plan, the City's strategic requirements as contained in the IDP and the individual departmental staffing strategies, as well as individual employees' personal development plans. The workplace skills plan shall also take into account the employment equity plan, ensuring incorporation of relevant developmental equity interventions into the plan.</p> <p>Formula: Measured against training budget.</p>
5.F Opinion of the Auditor-General	5.3(a)	<p>This 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 reservations as to the fairness of presentation of financial statements and their conformity with generally recognised accounting practices. This is referred to as a clean opinion.</p> <p>Alternatively, in relation to a qualified audit opinion, the Auditor-General would issue this opinion on the financial statements as a whole, or in part, if these are not prepared in accordance with generally recognised accounting practices or one or more areas of the financial statements could not be audited. Future audit opinions will cover the audit of predetermined objectives.</p>
5.G Opinion of independent rating agency	5.3(a)	<p>A report that reflects an institution's creditworthiness to repay long- and short-term liabilities. Credit rating is an analysis of the City's key financial data performed by an independent agency to assess its ability to meet short- and long-term financial obligations.</p> <p>Indicator standard/norm/benchmark</p> <p>The highest rating possible for local government, which is also subject to the country's sovereign rating.</p>
5.H Ratio of cost coverage maintained	5.3(a)	Total cash and investments (short term), less restricted cash to monthly operating expenditure.
5.I Net debtors to annual income [ratio of outstanding service debtors to revenue actually received for services]	5.3(a)	This is a calculation where we take the net current debtors divided by total operating revenue.
5.J Debt coverage by own billed revenue	5.3(a)	For this calculation, the City takes total debt divided by total annual operating income.



## APPENDIX B

2013/14 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN							
RATING KEY:    ✓ Well above    ♦ Target achieved    ● On target    ▲ Below    ✗ Well below							
Indicator		Previous financial year 2012/13		Financial year under review 2013/14		Rating 2013/14	
		Annual target 2012/13	Actual performance 2012/13	Annual target 2013/14	Actual performance 2013/14		
AN OPPORTUNITY CITY	1.A Percentage of building plans approved within statutory timeframes (30 – 60 days)	80%	80,7%	82%	83,64%	♦	
	1.B Percentage spend of capital budget	90%	94,3%	91%	80,23%	✗	
	1.C Rand value of capital invested in engineering infrastructure	R1,9 billion	R2,1 billion	R1,8 billion	R2,2 billion	✓	
	1.D Percentage of operating budget allocated to repairs and maintenance	7,5%	7,8%	8,19%	8,23%	♦	
	1.E Percentage spend on repairs and maintenance	100%	104,68%	100%	101,84%	♦	
	1.F Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service	<1%	0,65%	<1%	1,01%	▲	
	1.G Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service	<1%	0,57%	<1%	0,62%	✓	
	1.H Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service	<1%	0,13%	<1%	0,1%	✓	
	1.I Number of outstanding valid applications for refuse collection service, expressed as a percentage of total billings for the service	<1%	0%	<1%	0%	✓	
	1.J Number of Expanded Public Works Programme (EPWP) job opportunities created	35 000	35 556	37 500	38 305	♦	
	1.K Percentage of treated potable water not billed	New	–	20,2%	21,84%	▲	
	1.L Number of passenger journeys on the MyCiTi public transport system	2 450 000	3 113 329	5,3 million	7,7 million	✓	
	1.M Percentage development of an immovable property asset management framework	New	–	48,66%	48,66%	●	
	1.N Number of external trainee and bursary opportunities created						
A SAFE CITY	1.N(a) Number of external trainee and bursary opportunities (excluding apprentices)	625	954	700	1 160	✓	
	1.N(b) Number of apprentices	230	314	250	327	✓	
	2.A Community satisfaction survey (score 1 to 5) safety and security	2,7	2,5	2,8	3,1	✓	
	2.B Reduce number of accidents at five highest-frequency intersections	285	321	367	178	✓	
	2.C Percentage response times for fire incidents within 14 mins	80%	84%	80%	83%	♦	
	2.D Number of operational specialised units maintained	New	–	14	14	●	
	2.E Percentage budget spent on integrated information management system	New	–	15%	20,84%	✓	
	2.F Percentage staff successfully completing occupational-specific training interventions	New	–	70%	73,28%	♦	
	2.G Percentage of neighbourhood watch satisfaction survey	New	–	60%	93,1%	✓	

Reason for variance		Remedial action
	Target achieved	Maintain the momentum
<b>Transport for Cape Town</b> The main reasons for the lower-than-expected expenditure are the later-than-planned delivery of MyCiti buses as a result of the industrial action in 2013, the delays in compensation negotiations with existing public transport operators, extremely slow and delayed supply chain management processes due to legal and audit concerns, and the impacts of numerous contractor liquidations.	<b>Human Settlements</b> <ul style="list-style-type: none"> <li>Community residential unit upgrades: The incidence of gang violence has become abnormally high, resulting in several site shutdowns marring consistent progress.</li> <li>The insolvency of a major contractor has created further challenges with expenditure rate.</li> <li>Fisantekraal Garden Cities project: Garden Cities has submitted an invoice to be processed for payment.</li> <li>Protest action on some of the bigger backyard projects caused serious delays, which affected the expenditure rate.</li> <li>Various other City Human Settlements projects have been delayed and, where possible, funds have been transferred to those projects running ahead of projected budget allocation.</li> </ul> <b>Utility Services</b> Provisional year-to-date variance mainly due to delays in various projects. For more specific detail regarding reason for variance – see the financial monitoring report for June 2014.	<b>Transport for Cape Town</b> Cash flows were reviewed in the January 2014 adjustments budget. No further remedial or corrective steps are possible. Invoices for MyCiti vehicles delivered before 30 June 2014 will be processed by 11 July 2014, which will improve capital spend significantly.
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	Target achieved	Maintain the momentum
	The slight variance was caused by an increase in the number of new applications for developments, and some sites were not ready for installation.	The Water and Sanitation Department will enhance communication with developers to ensure civil works on site are performed timeously. In addition, investigations are being undertaken into delays due to insufficient information supplied. <b>Responsible person:</b> Bertus Saayman <b>Due date:</b> 1st quarter 2014/15
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	To calculate percentage non-revenue water (% NRW), NRW (the numerator) is divided by total water treated (the denominator). Total water treated (the denominator) declined significantly over the past year due to the successful implementation of water demand management strategies, as well as wetter weather patterns experienced over this period. Although NRW (the numerator) has generally been declining since December 2009, it increased slightly during the last half of the reporting period. This, together with denominator decline, resulted in a percentage NRW slightly higher than the projected target.	Future non-revenue water figures (water not billed) will be closely monitored in order to determine whether the recent increases persist. <b>Responsible person:</b> Peter Flower <b>Due date:</b> Ongoing
	Well above target	Maintain the momentum
	On target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	On target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	Well above target	Maintain the momentum

## 2013/14 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN continued

RATING KEY: ✓ Well above ♦ Target achieved ● On target ▲ Below ✗ Well below

Indicator	Previous financial year 2012/13		Financial year under review 2013/14		Rating 2013/14	
	Annual target 2012/13	Actual performance 2012/13	Annual target 2013/14	Actual performance 2013/14		
3.A Number of social development programmes implemented	7	7	7	7	●	
3.B Number of recreational hubs where activities are held on a minimum of five days a week	25	28	40	40	●	
3.C Number of housing opportunities provided per year: Serviced sites	6 071	6 391	4 400	5 718	✓	
Top structures	3 833	4 300	4 242	3 647	✗	
Other (community residential unit) upgrades and shared services provision to re-blocked informal settlements and backyarders	1 224	1 725	4 641	2 048	✗	
3.D Number of deeds-of-sale agreements signed with identified beneficiaries on transferrable rental units	New	—	2 500	1 046	✗	
3.E Improve basic services						
Number of water services points (taps) provided	1 000	599	1 020	2 028	✓	
Number of sanitation service points (toilets) provided	3 000	5 043	3 100	5 916	✓	
Percentage of informal settlements receiving a door-to-door refuse collection service	204	204	99%	99,73%	♦	
Percentage of known informal settlements that achieve each of the four different standards of cleanliness: Level 1	≥5%	0,7%	>1,0%	0,29%	✗	
Level 2	≥52%	55,45%	>59%	80,25%	✓	
Level 3	≤40%	42,82%	<38%	18,05%	✓	
Level 4	≤3%	1,03%	<2,2%	1,42%	✓	
3.F Number of electricity subsidised connections installed	2 200	918	1 500	4 391	✓	
3.G Percentage compliance with drinking-water quality standards	98%	99,3%	98%	99,83%	♦	
3.H Number of days when air pollution exceeds RSA ambient air quality standards	<25	4	<25	0	✓	
3.I New smear-positive TB cure rate	83%	84,2%	83% (Q2 2013)	83%	●	
3.J Number of new clients screened at the substance abuse outpatient treatment centres	New	—	1 520	1 621	♦	

A CARING CITY

	Reason for variance	Remedial action
	On target	Maintain the momentum
	On target	Maintain the momentum
	Well above target	Maintain the momentum
	<ul style="list-style-type: none"> <li>The Sir Lowry's Pass project, which would have yielded 177 top structures, had to be put on hold, as the contractor for the civil works (earthworks and underground services) defaulted. The latter resulted in a legal process to cancel this contract.</li> <li>The Bosasa project, which would have yielded 500 top structures, has been delayed by protracted protest actions, despite numerous meetings to reach an agreement to continue with the project.</li> </ul>	<ul style="list-style-type: none"> <li>As agreed with Supply Chain Management, a shortened process is to be followed to appoint a new contractor to complete the outstanding civil works, after which the top structure will be completed.</li> <li>The applicable councillors have committed to unlock this protracted protest action. Contractors are on standby to immediately commence with the construction as soon as this scenario is resolved.</li> </ul> <p>Responsible person: Johan Gerber Due date: End July 2014</p>
	The roll-out of services to backyarders could not be delivered as planned due to various unforeseen circumstances, ie. the Langa project, which was not accepted by the community and can therefore no longer be rolled out.	<p>The project will be re-evaluated, and new measures will be put in place to ensure better implementation.</p> <p>Responsible person: Johan Gerber Due date: End July 2014</p>
	<p>The take-up is incredibly slow, and it can be deduced that those persons who wanted to take transfer have already done so, and the rest are not prepared to take transfer. Some of the reasons given to Housing staff include the following:</p> <ul style="list-style-type: none"> <li>Tenants want repairs and maintenance done before they take transfer.</li> <li>Tenants want a complete renovation as was done for the non-saleable flats.</li> <li>Tenants state that they have no money to pay the rest of the transfer fees, insurance and admin costs, and in some instances also balances on sale prices.</li> <li>Tenants are not willing to take responsibility for insurance/maintenance and other responsibilities that go with homeownership.</li> </ul>	<p>The Department continues attempts to convince tenants to take up the offer available to them. A dedicated team of 15 staff members are working on this project full-time. In April 2014, Council approved further write-offs to make it easier for people to take transfer. Take-up, however, remains very slow, despite awareness being created continuously.</p> <p>Responsible person: Grace Blouw Due date: End July 2014</p>
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	The level 1 target definition requires a perfectly clean area. The level was set as a stretch target, which has proved to be difficult to achieve. The City's contractors have only been able to maintain this level of cleanliness in a couple of instances with the resources at hand.	<p>The Department is implementing an improvement project to provide additional services in informal settlements, which will improve the general state of cleanliness. The implementation of this improved project is progressing well and the finalisation date is set as June 2014.</p> <p>Responsible person: Claire McKinnon Due date: June 2014</p>
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Well above target	Maintain the momentum
	Target achieved	Maintain the momentum
	Well above target	Maintain the momentum
	On target	Maintain the momentum
	Target achieved	Maintain the momentum

# 2013/14 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN continued

RATING KEY:      ✓ Well above      ♦ Target achieved      ● On target      ▲ Below      ✕ Well below

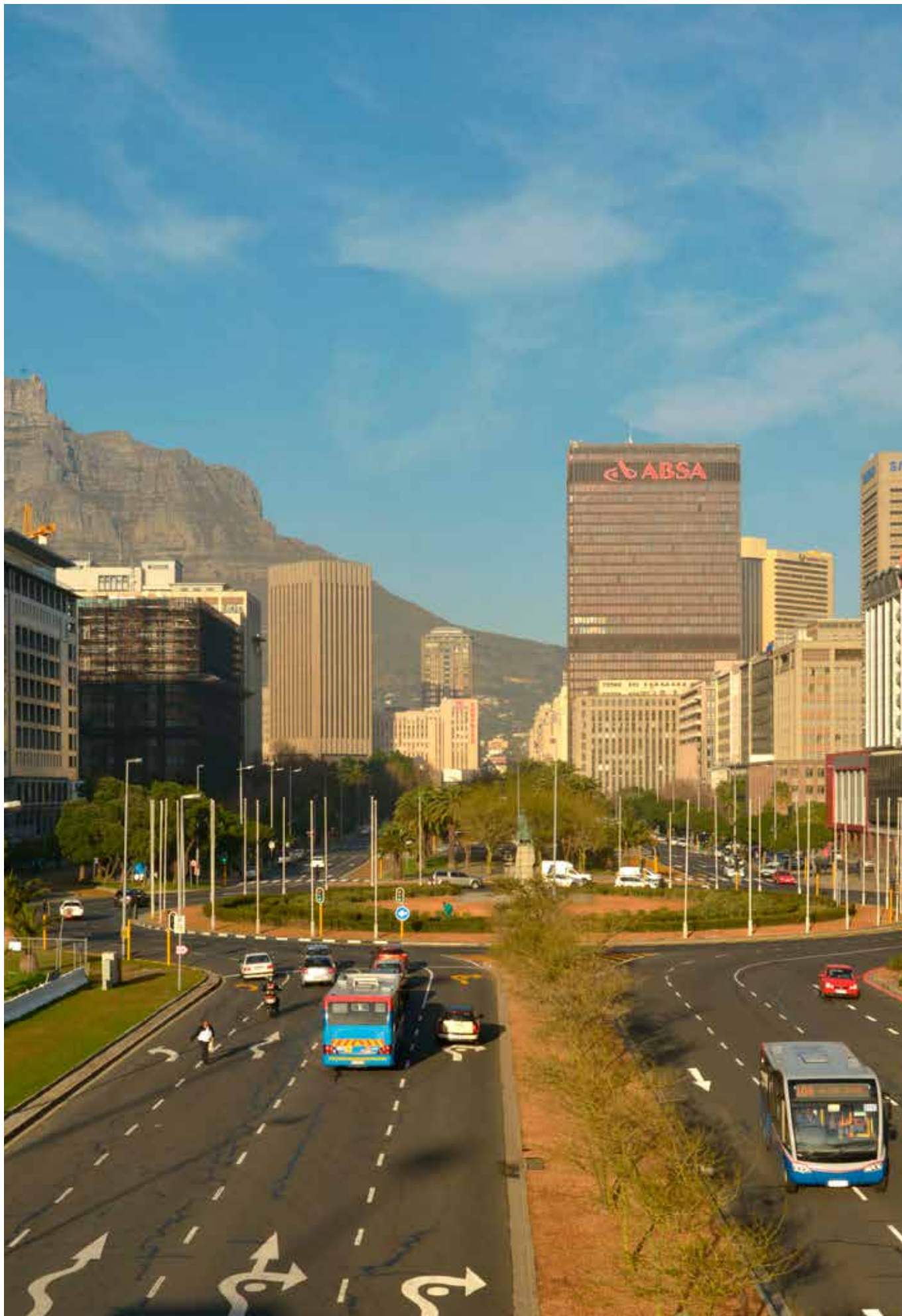
Indicator		Previous financial year 2012/13		Financial year under review 2013/14		Rating 2013/14	
		Annual target 2012/13	Actual performance 2012/13	Annual target 2013/14	Actual performance 2013/14		
AN INCLUSIVE CITY	4.A Percentage adherence to Citywide service standards – external notifications	100%	96,98%	100%	93,77%	▲	
	4.B Customer satisfaction survey community facilities (1 – 5 Likert)	3,2	3,1	3,1	3,2	♦	
A WELL-RUN CITY	5.A Number of municipal meetings open to the public	New	–	174	193	✓	
	5.B Percentage of employees who are truly motivated and will go above and beyond the call of duty, as measured in a biennial staff engagement survey	Biennial target	–	39%	34,6%	✕	
	5.C Community satisfaction survey (score 1 – 5) citywide	2,8	2,9	2,8	2,9	♦	
	5.D Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan (EE)	72%	65,85%	78%	65,55%	✕	
	5.E Percentage budget spent on implementation of workplace skills plan (WSP) for the City	95%	102,04%	95%	96,85%	♦	
	5.F Opinion of the Auditor-General	Clean audit	Clean audit	Clean audit	Clean audit	♦	
	5.G Opinion of independent rating agency	High investment rating (subject to sovereign rating)	City's high credit rating reaffirmed as Aa3 on 2 April 2013	High investment rating (subject to sovereign rating)	High investment rating – Aa3	♦	
	5.H Ratio of cost coverage maintained	2:1	2,67:1	2:1	2,17:1	♦	
	5.I Net debtors to annual income (ratio of outstanding service debtors to revenue actually received for services)	20,5%	20,31%	20,5%	19,9%	♦	
	5.J Debt coverage by own-billed revenue	2:1	3,24:1	2,5:1	4,13:1	♦	

Reason for variance	Remedial action	
<p>Finance Directorate achieved 89,23% against a 100% target. This is due to the underachievement of Revenue Department.</p> <p>Revenue created 140 730 C3 notifications for 2013/14 and closed 139 446 (99,09%); not achieving the 100% was as a result of the delay in the rates clearance and the automation of the move in/move out (AMIMO) projects, including the refund backlogs. A concerted effort resulted in 8 800 (121,08%) C3s being closed in May 2014, and 9 717 (125,98%) in June 2014.</p> <p><b>Transport for Cape Town:</b> Some of the C3 notifications created involved work that, in some cases, warranted further investigation and often generated work that extended beyond the 22-day target. These notifications had to remain open while the work was being executed, and could only be closed once the work was completed. In some cases, contractors also had to be appointed, which extended beyond the 22-day target.</p> <p><b>Human Settlements:</b> The main reason for the delay in closing down C3 notifications is that two of our maintenance depots (Elsies River and Bishop Lavis), which deal with the largest number of C3 notifications, have been without telephone lines and access to the City's network for the past six months. This is due to the frequent theft of telephone lines and data cables. The service provider, Telkom, refuses to reinstall the cables and has also given us notice of a third maintenance depot (Heideveld) where they will be removing their infrastructure. Alternative measures were put in place for staff to share computers with staff at nearby offices, which allowed us to deal with the urgent issues as they arose.</p> <p><b>Utility Services:</b> As part of the process of clearing the backlog, a bulk closure of items occurred in Water and Sanitation during the fourth quarter. This subsequently reduced the Department's ability to meet the target. As Water and Sanitation makes up a major component of overall notifications, this has had a key impact on the Directorate's ability to achieve the target."</p>	<p><b>Revenue Department:</b> Currently, every effort is being made to meet set targets.</p> <p><b>Transport for Cape Town:</b> The target of 100% remains a challenge. Review of the scenario is important and will be facilitated in the future.</p> <p><b>Responsible person:</b> Duncan Daries <b>Due date:</b> Ongoing</p> <p><b>Human Settlements:</b> The remedial action will have a dual approach:</p> <ul style="list-style-type: none"> <li>To restore the telephone lines and, for network access, a wireless network system at those depots. However, funding needs to be sourced (R1,5 m).</li> </ul> <p><b>Responsible person:</b> Alida Kotzee (installation of WiFi) <b>Due date:</b> WiFi - depending on funding</p> <ul style="list-style-type: none"> <li>An in-depth study of the habits of various maintenance depots will be undertaken.</li> </ul> <p><b>Responsible person:</b> Gasina Khan (in-depth study of apparent reasons) <b>Due date:</b> Preliminary report due end August 2014</p> <p><b>Utility Services:</b> Resources will be prioritised to deal with the targeted closure.</p> <p><b>Responsible person:</b> Pierre Maritz <b>Due date:</b> 30 September 2014</p>	
Target achieved	Maintain the momentum	
Well above target	Maintain the momentum	
<p>The key factor identified in the drop in fully engaged employees is a feeling among employees that they are being required to do more with less and are responding by working harder, but that the sacrifices are becoming too costly. Staff are still behaving in a way that benefits the City, and combined levels of high engagement remain unchanged. However, without acknowledgement from the City that employees' harder work is appreciated, motivation and service delivery are likely to be affected in the future. The primary intervention lies in intrinsic rewards of recognition.</p> <p>Notwithstanding the drop in the "fully engaged" factor, other indicators have continued to improve or remain high:</p> <ul style="list-style-type: none"> <li>74% of staff believe the City is a leader in the local government sector.</li> <li>74% of staff believe the City is an employer of choice in the local government sector.</li> <li>79% of staff believe the City is one of the best-run municipalities in the local government sector.</li> <li>70% of staff believe the City is world-class.</li> <li>79% of City staff are prepared to put in extra work when required.</li> <li>76% of City staff indicated that they are proud to work for the City. This is a strong indication of their personal commitment to the City's vision, which has increased consistently over the past three surveys.</li> </ul>	<p>Remedial action has been taken in the form of the following:</p> <ul style="list-style-type: none"> <li>A project plan and checklist for all executive directors and senior managers</li> <li>Approval of the Reward and Recognition Policy</li> <li>Intervention with the unions on grievances and realignment of the workplace skills plan</li> </ul> <p><b>Responsible person:</b> Justine Quince <b>Due date:</b> Ongoing</p>	
Target achieved	Maintain the momentum	
<p>The positions in levels 1 to 3 are characterised by scarce skills categories in terms of senior management and leadership. The City is not the only competitor for these skills, and despite the City attraction strategy, we are not always able to attract, appoint and retain designated groups at this level.</p>	<p>Continuous monitoring of this indicator. Coupled with the guiding EE presentations to all line directorates, the City's Corporate Services Directorate is looking broadly at the City's attraction and retention strategies. Succession planning, identification of talent in the designated groups at lower levels, and positioning them for identified senior positions are seriously considered and an ongoing priority.</p> <p><b>Responsible person:</b> Michael Siyolo <b>Due date:</b> Ongoing (end of the EE plan)</p>	
Target achieved	Maintain the momentum	
Target achieved	Maintain the momentum	
Target achieved	Maintain the momentum	
Target achieved	Maintain the momentum	
Target achieved	Maintain the momentum	
Target achieved	Maintain the momentum	

## APPENDIX C

### CTICC PERFORMANCE SCORECARD FOR THE 2013/14 FINANCIAL YEAR

No	Indicator	Annual target 2012/13	Actual performance 2012/13	Annual target 2013/14	Actual performance 2013/14	Rating	Reason for variance	Remedial action
1	BUDGETS: Operating profit - percentage achievement of budgeted operating profit	100%	419%	100%	190%	✓	Well above target	Maintain the momentum
2	BUDGETS: Capital projects - percentage of the total number of capital projects for the year completed or committed	80%	95%	80%	100%	✓	Well above target	Maintain the momentum
3	BUDGETS: Capital expenditure - maintain five-star rating through effective management of maintenance	Five-star standards maintained	Five-star certificate from Tourism Grading Council achieved	Five-star Tourism Grading Council certification	Five-star Tourism Grading Council certification	✦	Target achieved	Maintain the momentum
4	International events: Number of international events hosted compared to budgeted target	–	–	32	33	✦	Target achieved	Maintain the momentum
5	Cumulative events: Number of events hosted compared to budgeted target	500	537	500	535	✦	Target achieved	Maintain the momentum
6	Governance: External audit - Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report	✦	Target achieved	Maintain the momentum
7	Human capital development: Percentage of annual total salary budget spent on training of permanent and temporary staff	5%	5%	5%	5,20%	✦	Target achieved	Maintain the momentum
8	Governance: Minimum Competency Level - Number of senior managers registered for MFMA Competency Course	7	12	7	9	✦	Target achieved	Maintain the momentum
9	Customer centricity and service excellence: Rating achieved in independent customer satisfaction survey	75%	82%	75%	82%	✓	Well above target	Maintain the momentum
10	Procurement: Percentage procurement from BBBEE-compliant suppliers (in terms of BBBEE Act 53 of 2003) (minimum of 50%)	50%	72%	50%	78%	✓	Well above target	Maintain the momentum
11	Governance: SDA Corporate Governance Checklist - Completion and timeous submission of legislative checklist	Checklist completed	Completed and submitted	Legal compliance checklist completed	Legal compliance checklist completed	✦	Target achieved	Maintain the momentum



## APPENDIX D

### CAPITAL BUDGET SUMMARY PER SUBCOUNCIL AND WARD – SUMMARY PER SUBCOUNCIL

Subcouncil and ward	Audited outcome 2013/2014	Budget 2014/2015	Budget 2015/2016	Budget 2016/2017
Subcouncil 1 Blaauwberg	52 670 831	114 477 795	166 938 800	159 980 300
Multi-ward projects within Subcouncil 1 Blaauwberg	4 949 543	9 899 115	0	0
Ward 104	28 019 988	28 766 768	16 250 000	2 000 000
Ward 107	419 041	480 000	100 000	0
Ward 23	2 636 425	3 520 000	24 000 000	10 000 000
Ward 29	4 361 376	1 189 782	5 000 000	800 000
Ward 32	6 531 061	5 278 300	24 858 800	65 880 300
Ward 4	5 753 398	65 343 830	96 730 000	81 300 000
Subcouncil 2 Bergdal	99 743 574	33 077 127	40 100 000	29 721 447
Multi-ward projects within Subcouncil 2 Bergdal	0	2 127	0	0
Ward 111	1 039 103	510 000	1 000 000	0
Ward 6	82 112 275	21 950 000	18 100 000	16 000 000
Ward 7	16 281 092	10 130 000	1 000 000	1 500 000
Ward 8	311 105	485 000	20 000 000	12 221 447
Subcouncil 3 De Grendel	35 835 639	103 923 993	107 699 790	800 000
Multi-ward projects within Subcouncil 3 De Grendel	0	6 797	0	0
Ward 1	5 584 191	66 564 861	36 068 900	250 000
Ward 3	29 402 088	36 491 210	71 630 890	550 000
Ward 5	288 820	421 125	0	0
Ward 70	560 541	440 000	0	0
Subcouncil 4	40 787 434	57 667 258	89 800 930	13 925 300
Multi-ward projects within Subcouncil 4	57 681	1 521	0	0
Ward 25	2 356 753	2 033 466	1 500 000	500 000
Ward 26	19 130 923	0	200 000	5 600 000
Ward 27	699 925	323 000	0	300 000
Ward 28	401 271	2 690 000	0	0
Ward 30	18 140 881	52 619 271	88 100 930	7 525 300
Subcouncil 5	54 243 593	31 096 479	3 400 000	26 510 491
Multi-ward projects within Subcouncil 5	0	119 155	0	0
Ward 106	742 378	1 053 703	1 300 000	5 846 981
Ward 13	30 075 032	4 394 000	1 500 000	5 250 000
Ward 20	391 549	3 895 151	100 000	14 213 510
Ward 24	1 346 937	1 690 000	0	400 000
Ward 31	21 357 048	19 712 544	500 000	0
Ward 50	330 647	231 926	0	800 000
Subcouncil 6	68 094 707	58 081 995	46 580 000	16 950 000
Ward 10	27 623 138	25 724 991	2 000 000	2 500 000
Ward 12	19 715 349	17 319 845	16 730 000	3 850 000
Ward 2	4 732 299	5 050 000	1 000 000	500 000
Ward 22	1 118 266	483 159	0	0
Ward 9	14 905 655	9 504 000	26 850 000	10 100 000
Subcouncil 7 Koeberg	54 563 010	103 516 688	104 672 459	29 200 000
Multi-ward projects within Subcouncil 7 Koeberg	0	94 394	0	500 000
Ward 101	417 857	2 880 000	6 900 000	100 000
Ward 102	3 428 670	494 820	0	0
Ward 103	10 625 132	16 520 000	4 802 000	4 200 000
Ward 105	36 149 731	61 743 232	83 709 951	22 400 000
Ward 21	3 941 620	21 784 242	9 260 508	2 000 000
Helderberg East Subcouncil	46 513 502	95 115 045	179 664 320	215 350 000
Multi-ward projects within Helderberg East Subcouncil	0	32 598	0	450 000
Ward 100	39 707 587	47 628 453	153 350 000	184 750 000
Ward 83	3 897 613	19 087 481	6 600 000	13 500 000
Ward 84	439 629	1 855 447	4 701 447	13 050 000
Ward 85	1 487 234	11 483 100	4 646 873	0
Ward 86	981 440	15 027 966	10 366 000	3 600 000
Xolani Mbundu Subcouncil 9	2 968 978	19 698 332	16 000 000	20 280 000
Multi-ward projects within Xolani Mbundu Subcouncil 9	0	3 399	0	280 000
Ward 18	156 778	910 000	0	0
Ward 87	771 000	16 469 180	16 000 000	20 000 000
Ward 89	0	10 000	0	0
Ward 90	592 696	2 106 320	0	0
Ward 91	1 448 504	199 433	0	0
Chris Hani Subcouncil	9 034 729	15 623 897	9 200 000	9 500 000
Multi-ward projects within Chris Hani Subcouncil	6 100	646 197	0	1 000 000
Ward 92	4 690 766	2 761 721	5 200 000	2 500 000
Ward 93	439 399	610 000	0	0
Ward 94	3 098 905	11 203 979	4 000 000	5 500 000
Ward 99	799 558	402 000	0	500 000
Subcouncil 11	179 656 715	219 399 558	93 825 000	55 000 000
Multi-ward projects within Subcouncil 11	0	201 215	0	0
Ward 42	143 207 315	79 859 565	600 000	2 000 000
Ward 44	21 895 079	56 709 544	5 300 000	3 000 000
Ward 45	1 635 245	500 000	0	0
Ward 49	12 919 077	82 129 234	87 925 000	50 000 000
Subcouncil 12 Mitchells Plain	2 664 863	21 773 720	14 600 000	7 000 000
Multi-ward projects within Subcouncil 12 Mitchells Plain	0	65 059	0	500 000
Ward 78	378 963	1 364 278	0	0
Ward 79	417 923	12 330 000	8 000 000	0
Ward 81	771 517	2 392 500	6 500 000	6 500 000
Ward 82	1 096 460	5 621 883	100 000	0
David Mthetho Ntlanganiso Subcouncil 13	5 395 946	14 464 671	6 000 000	5 800 000
Multi-ward projects within David Mthetho Ntlanganiso Subcouncil 13	4 440	819 846	0	0

Subcouncil and ward	Audited outcome 2013/2014	Budget 2014/2015	Budget 2015/2016	Budget 2016/2017
Ward 33	1 368 617	2 950 000	4 250 000	2 300 000
Ward 34	2 147 257	4 718 096	1 000 000	1 000 000
Ward 35	808 400	5 876 729	500 000	2 000 000
Ward 36	1 067 232	100 000	250 000	500 000
Subcouncil 14 Miranda Ngculu	50 045 293	110 262 683	29 700 000	24 606 065
Multi-ward projects within Subcouncil 14 Miranda Ngculu	1 607 768	27 328 197	14 000 000	4 106 065
Ward 37	2 707 685	3 755 000	2 000 000	15 000 000
Ward 38	340 791	17 159 000	0	0
Ward 39	9 905 546	7 505 000	12 100 000	4 000 000
Ward 40	34 022 160	33 160 486	1 000 000	1 500 000
Ward 41	1 461 343	21 355 000	600 000	0
Subcouncil 15	184 939 592	234 834 353	80 670 000	205 159 800
Multi-ward projects within Subcouncil 15	0	271 011	0	97 459 800
Ward 51	8 770 740	1 633 591	3 000 000	2 000 000
Ward 52	17 122 947	130 068 978	76 170 000	100 000 000
Ward 53	66 129 245	70 482 061	0	0
Ward 55	90 812 802	29 642 824	0	100 000
Ward 56	1 162 185	2 047 902	1 000 000	0
Ward 57	941 672	687 986	500 000	5 600 000
Good Hope Subcouncil 16	74 436 905	321 161 294	224 854 235	146 979 270
Multi-ward projects within Good Hope Subcouncil 16	38 787	460 207	300 000	0
Ward 54	11 927 314	25 586 081	7 000 000	6 000 000
Ward 74	8 825 780	55 199 974	53 054 400	25 400 000
Ward 77	53 645 024	239 915 032	164 499 835	115 579 270
Subcouncil 17	140 180 879	48 754 927	1 150 000	4 900 000
Multi-ward projects within Subcouncil 17	65 086 278	99 519	800 000	4 500 000
Ward 46	158 830	3 240 000	0	0
Ward 47	74 382 509	44 635 408	350 000	400 000
Ward 48	284 143	300 000	0	0
Ward 60	269 119	480 000	0	0
Subcouncil 18	34 565 936	100 973 585	53 300 000	61 739 500
Multi-ward projects within Subcouncil 18	0	86 530	0	0
Ward 110	1 114 170	3 490 000	0	2 700 000
Ward 63	921 062	315 000	0	1 600 000
Ward 65	306 521	135 000	0	56 039 500
Ward 66	29 087 179	81 177 449	53 000 000	0
Ward 68	495 750	6 829 406	0	0
Ward 80	2 641 254	8 940 200	300 000	1 400 000
South Peninsula Subcouncil 19	126 072 465	126 767 589	150 391 976	111 676 025
Multi-ward projects within South Peninsula Subcouncil 19	1 914 585	170 265	0	0
Ward 43	54 922 312	56 685 405	75 509 951	93 000 000
Ward 61	905 629	3 132 025	5 032 025	2 732 025
Ward 64	20 043 680	12 859 868	17 000 000	0
Ward 67	47 064 714	18 881 826	24 450 000	12 000 000
Ward 69	1 221 544	35 038 200	28 400 000	3 944 000
Subcouncil 20	6 819 040	13 650 016	36 858 800	6 950 000
Multi-ward projects within Subcouncil 20	0	62 762	0	500 000
Ward 58	1 581 386	505 052	5 500 000	0
Ward 59	492 791	1 747 069	22 158 800	150 000
Ward 62	983 754	4 580 000	5 700 000	5 500 000
Ward 71	1 634 200	1 950 000	3 500 000	200 000
Ward 72	1 778 339	4 150 133	0	500 000
Ward 73	348 570	655 000	0	100 000
Oostenberg Subcouncil 21	35 736 392	19 346 841	16 250 000	11 450 000
Multi-ward projects within Oostenberg Subcouncil 21	0	848	0	0
Ward 108	22 688 633	5 452 387	2 500 000	6 750 000
Ward 11	665 246	10 040 000	4 500 000	500 000
Ward 14	7 573 722	2 246 318	7 650 000	3 000 000
Ward 17	849 934	455 000	0	0
Ward 19	3 958 858	1 152 288	1 600 000	1 200 000
Helderberg 1 Subcouncil 22	5 852 229	114 153 018	133 625 000	86 800 000
Multi-ward projects within Helderberg 1 Subcouncil 22	0	639	0	0
Ward 109	4 965 463	95 810 379	100 875 000	61 000 000
Ward 15	329 940	11 272 000	2 250 000	2 000 000
Ward 16	556 826	7 070 000	30 500 000	23 800 000
Subcouncil 23	19 839 159	17 440 442	2 450 000	950 000
Multi-ward projects within Subcouncil 23	0	507 518	0	0
Ward 75	6 307 815	4 475 440	0	0
Ward 76	12 485 972	11 857 484	2 000 000	0
Ward 88	1 045 371	600 000	450 000	950 000
Solomon Mahlangu Subcouncil 24	33 178 769	86 404 662	10 100 000	2 600 000
Multi-ward projects within Solomon Mahlangu Subcouncil 24	30 968	3 734 198	0	0
Ward 95	570 056	12 158 053	10 100 000	2 600 000
Ward 96	6 317	1 250 000	0	0
Ward 97	20 496 595	61 396 773	0	0
Ward 98	12 074 833	7 865 638	0	0
Multi-ward projects	2 494 482 165	4 014 925 827	3 616 068 636	3 794 437 483
Multi-ward projects	2 494 482 165	4 014 925 827	3 616 068 636	3 794 437 483
Corporate infrastructure projects	643 970 651	516 514 005	431 706 961	426 201 108
Corporate infrastructure projects	643 970 651	516 514 005	431 706 961	426 201 108
	4 502 292 996	6 613 105 800	5 665 606 907	5 474 466 789

## APPENDIX E

### LIST OF ABBREVIATIONS, TABLES AND FIGURES

#### List of abbreviations and acronyms used

AOD	alcohol and other drugs	IHSF	Integrated Human Settlements Framework
AQMP	air Quality Management Plan	IIA	Institute of Internal Auditors
ART	antiretroviral therapy	IMEP	Integrated Metropolitan Environmental Policy
ARV	antiretroviral(s)	IPTN	integrated public transport network
BioNet	biodiversity network	IRM	Integrated Risk Management (Department)
BNG	Breaking New Ground	IRT	integrated rapid transit
BPeSA	Business Process Enabling South Africa	IS&T	Information Systems and Technology
BRT	bus rapid transit	IT	information technology
BWAS	bulk water augmentation scheme	Mayco	Mayoral Committee
CBO	community-based organisation	MEC	Member of the Executive Council
CCDI	Cape Craft and Design Institute	MFMA	Municipal Finance Management Act
CCTV	closed-circuit television	MOD	mass participation, opportunity and access, development and growth
CIP	conservation implementation plan	MPAC	Municipal Public Accounts Committee
CITI	Cape Information Technology Initiative	MTREF	Medium-term Revenue and Expenditure Framework
CITP	Comprehensive Integrated Transport Plan	NERSA	National Energy Regulator of South Africa
CRU	community residential unit	NGO	non-governmental organisation
CSS	community satisfaction survey	NKPI	national key performance indicator
CTA	Cape Town Activa	NMT	non-motorised transport
CTFC	Cape Town Fashion Council	NWMS	National Waste Management Strategy
CTICC	Cape Town International Convention Centre	OHS	occupational health and safety
CTSDF	Cape Town Spatial Development Framework	PHP	People's Housing Process
CTZS	Cape Town Zoning Scheme	PMTCT	prevention of mother-to-child transmission (of HIV)
DCCP	Dassenberg Coastal Catchment Partnership	PRASA	Passenger Rail Agency of South Africa
DIRC	Development Information Resource Centre	Province	Western Cape Government
DWA	Department of Water Affairs	SANBI	South African National Biodiversity Institute
ECD	early childhood development	SANRAL	South African National Rail Agency Limited
ED	executive director	SAOGA	South African Oil and Gas Alliance
EDP	Economic Development Partnership	SAPS	South African Police Service
EGS	Economic Growth Strategy	SDBIP	service delivery and budget implementation plan
EHP	emergency housing programme	SDS	Social Development Strategy
EMT	Executive Management Team	SETA	sectoral education and training authority
EPWP	Expanded Public Works Programme	SEZ	special economic zone
ERMD	Environmental Resource Management Department	SFA	strategic focus area
FET	further education and training	SMME	small, medium and micro-sized enterprise
GHS	General Household Survey (conducted by Statistics South Africa)	SOV	single-occupancy vehicle
GIS	geographic information systems	SPEARS	Specialised Radio and Electronic Services
GPS	Global positioning system	TB	tuberculosis
HSDG	Human Settlements Development Grant	TCT	Transport for Cape Town
IAMP	infrastructure asset management programme	TDF	Tourism Development Framework
ICT	information and communications technology	TDM	travel demand management
IDA	incremental development area	TMC	Transport Management Centre
IDP	Integrated Development Plan	TOD	transit-oriented development

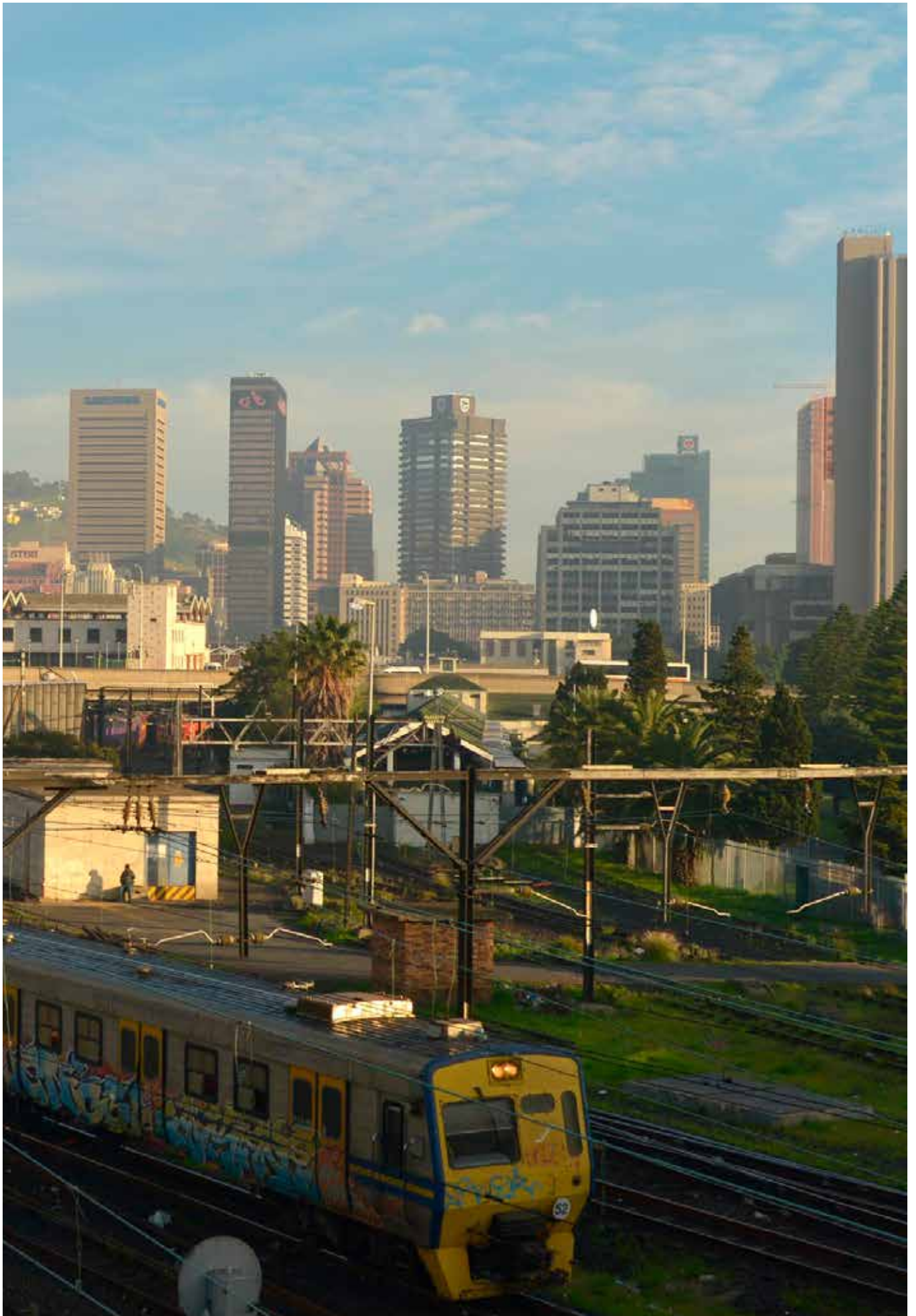
TRA	temporary relocation area
UISP	Upgrading of Informal Settlements Programme
USDG	Urban Settlements Development Grant
WCWSS	Western Cape water supply system
WDM	water demand management
WDS	water demand strategy
WWF	Worldwide Fund for Nature
WWTW	wastewater treatment works

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