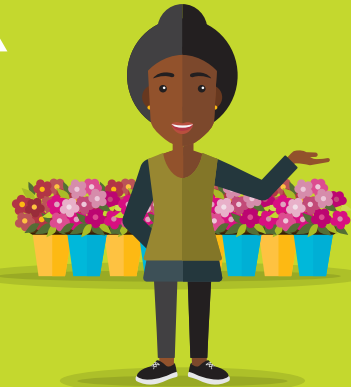


MAKING PROGRESS POSSIBLE. **TOGETHER.**



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD



INTEGRATED ANNUAL REPORT 2019/20



MAKING PROGRESS POSSIBLE. TOGETHER.

INTEGRATED ANNUAL REPORT
2019/20



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

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VISION AND MISSION OF THE CITY OF CAPE TOWN

THE CITY OF CAPE TOWN'S VISION IS THREEFOLD:



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

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

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

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

THE FIVE STRATEGIC FOCUS AREAS ARE AS FOLLOWS:



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

VISION AND MISSION



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

ABOUT THIS ANNUAL REPORT

This 2019/20 integrated annual report continues the City of Cape Town's journey towards fully integrated reporting. As such, it aligns as far as possible with the recommendations of the 2016 King Report on Corporate Governance for South Africa (or King IV), as well as globally accepted standards for integrated reporting.

It offers the reader a comprehensive view of the City's financial, operational, social and environmental efforts, performance, successes and challenges for the 12 months from 1 July 2019 to 30 June 2020, which represents the administration's financial year. It also reflects the City's progress against the objectives set in its Integrated Development Plan (IDP) for the five years from 2017 to 2022, but with a particular focus on the IDP amendments for the 2019/20 period.

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

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

- ✓ The City's Service Delivery and Budget Implementation Plans (SDBIPs) 2019/20
- ✓ The City's 2019/20-2021/22 budget
- ✓ The Integrated Public Transport Network (IPTN) 2032
- ✓ The Transit-Oriented Development (TOD) Strategic Framework
- ✓ The Built Environment Performance Plan (BEPP)
- ✓ The Cape Town Spatial Development Framework
- ✓ The City of Cape Town Economic Growth Strategy
- ✓ The City of Cape Town Social Development Strategy

The content of this annual report is structured around the five strategic focus areas (pillars) and their underlying objectives, as contained in the City's five-year IDP. It is also linked to various material issues highlighted in the IDP and the City's other sector plans. These are issues that the City is working to address as part of delivering its service mandate within the context of its five strategic focus areas and long-term vision.



MESSAGE FROM THE EXECUTIVE MAYOR



The global coronavirus pandemic presented unexpected and significant challenges to the City of Cape Town administration in the 2019/20 financial year. These necessitated the reconfiguration of priorities, including reorganising budgets, to ensure that basic service delivery was maintained. We worked hard to continue providing quality services to our residents throughout the Covid-19 crisis.

Fortunately, the drought conditions that had beset Cape Town since 2017 have improved. In terms of water availability, we are in a better position now than we were two years ago, and have begun implementing a strategy to diversify our water sources to become a water-resilient city. As future rainfall remains uncertain, it is important to continue our water-wise habits.

The past three years have created challenging operating conditions for the administration. Many directorates and departments have been called on to expand their focus and stretch their budgets beyond their core functions to deal with the water crisis and, now, the pandemic. Yet both the drought and Covid-19 have seen us band together to continue delivering the best possible services to residents against the backdrop of a reduced revenue stream.

The pandemic, in particular, has shown that we can work together towards the same goal, and that we need to continue doing so to overcome these challenging times. It has truly brought out the best

of humanity. Our staff on the front lines and behind the scenes have done sterling work. Our communities, assisted by the City, have reached out to their fellow residents with care and compassion.

Although the pandemic has had a significant effect on how we operate, we still managed to spend 96% of our total operating budget and close to 90% of our capital budget, thanks to good governance. The Auditor-General once again confirmed that City finances were sound through an unqualified audit, which can be directly attributed to our commitment to transparency and excellent service delivery.

Covid-19 has resulted in widespread job losses across the world, including in Cape Town. However, we are committed to rebuilding our economy in the long term. We are looking ahead, planning for the future and plotting our economic recovery. The City is the only municipality that kept its planning office operating during the hard lockdown, approving R5,2 billion in building plans. In the coming financial

year, we will drive a strong capital budget, which will be vital to the growth of our local economy.

The recent transfer of R54 million to boost the Atlantis special economic zone (SEZ) will create thousands of future employment opportunities. We are confident that this initiative will help stimulate the economy and job creation.

The business process outsourcing (BPO), or call centre, sector in Cape Town continues to grow. The ongoing expansion of a number of call centre businesses demonstrates that Cape Town remains an attractive destination for investment.

According to the 2019 South African customer satisfaction index, the City was rated the municipality with the most satisfied citizens in the entire country. Some 35 000 consumers were interviewed nationwide. Scoring 64,1, a good 10 points above average, the City was lauded for being "well ahead of all other metros polled".

Moreover, the City was rated the most sustainable metro in South Africa in a Ratings Afrika report. In an assessment of our operating performance, liquidity management, debt governance, budget practices, affordability and infrastructure development, we outperformed other South African metros by far, scoring 74 against the average of 48.

Another key focus area for the City is, and remains, our dedication to assist the most vulnerable members of our society. In May 2020, the City hosted its first ever online Council meeting and signed off a R3,3 billion social package to support the indigent, persons with disabilities, pensioners and other residents most in need.

We also increased the rebate threshold to provide relief to more residents than ever before. Now, all residents earning less than R7 000 per month may apply for rebates in order to ensure that we support as many people as possible during these difficult economic times.

Over the past year and particularly the past five months, I have been immensely impressed by the way in which the City's employees and the vast majority of Capetonians have embraced our motto of "Making progress possible. Together". Despite the significant challenges associated with Covid-19, Cape Town serves as an example to the rest of South Africa. We are doing our utmost to govern well and lessen the impact of the pandemic on our residents.

Thank you to all living, working and investing in Cape Town for your continued support and commitment to the future of our city. We look forward to continuing this important work as #OneCityTogether.

ALDERMAN DAN PLATO
Executive Mayor

STATEMENT BY THE CITY MANAGER



Across the world, Covid-19 has caused unprecedented disruptions for the vast majority of people, businesses and public-sector organisations. The City of Cape Town certainly did not escape the ravages of the pandemic. We have had to overcome significant obstacles to keep delivering on our promise of providing services to the people of Cape Town in the manner to which they have become accustomed.

The Covid-19 pandemic resulted in a number of lockdowns, resulting in employees needing to stay at home as part of government lockdown regulations. To ensure business continuity, alongside safety of employees, there was a need for remote working to allow employees to actively work from home. This resulted in an organisation-wide roll-out of remote working in the organisation in a short timeframe, resulting in over a third of City employee workforce being enabled to work from home. This was a significant achievement for the organisation to ensure increased productivity during this crisis period, while ensuring maximum safety for employees at this time.

It speaks volumes about our administration and its employees that, despite facing an initial surge of infections in the early stages of the disaster, we have emerged as a shining example in managing the virus and minimising its impact on our city and its people. Moreover, in the face of the many overwhelming pandemic-related challenges experienced for much of the second half of our financial year, we have still

succeeded in delivering the levels of service and performance that Capetonians have come to expect and demand from their municipality.

This resilience in the face of difficulty was highlighted when the City was recognised as the only metro in South Africa to have improved its sustainability score in the 2019/20 Ratings Afrika report. Our sustainability score of 74 not only puts us head and shoulders above all other metros in the country, but also serves as a compelling testament to our commitment to always stay true to our values, transparent in our actions, and steadfast in our commitment to those we serve.

Of course, the City has never been in the business of pursuing accolades or gaining recognition for outperforming its peers. Our priority has always been the delivery of consistently excellent services that add value and dignity to all the people of Cape Town, and creating opportunities for them to achieve the lives and futures they desire and deserve.

We recognise that such opportunity creation not only requires dedicated effort by all our employees, but also demands significant and ongoing investment. This is why, when many public- and private-sector organisations ground to a halt in March 2020 when the national lockdown was first implemented, the City remained focused on investing the budget it had allocated for the financial year. In this way, we ensured that Capetonians received the fundamental local government services and outcomes due to them in terms of our country's Constitution.

One example of this ongoing commitment to investing in the future of Cape Town's people is that, despite effectively having lost a third of the financial year to Covid-19, the City still managed to invest 90% of our Urban Settlements Development Grant (USDG) funding for the year. This funding facilitates the delivery of housing, informal settlements and basic services to some of the most vulnerable communities in Cape Town. Continued investment in these vital services in the face of massive operational challenges demonstrates our unwavering commitment to continuing the work we do, no matter the circumstances.

The Constitution enshrines all South Africans' right to a well-managed, clean and healthy environment. Numerous City projects, programmes and portfolios are afoot to help achieve the sustainability, protection actions and change required at local government level.

The City has never stopped pursuing its mission of remaining a leader in the local government

environment nationally. The resulting good financial performance is reflected in this report, as well as in the assurances received. Long-term visions and objectives are being addressed. In the past year, one of our key focuses was the core systems we utilise. This will continue beyond 2025 and will require planning, information gathering, procurement and project management.

Ultimately, the lion's share of the credit for the City's continued success in what was undoubtedly one of the most trying periods in its history must go to our dedicated and passionate City employees and management. Despite the lockdown, the demands placed on emergency services, and remote working arrangements to ensure business continuity, City staff remained committed and determined to serve and support Cape Town's residents, businesses and investors. This commitment remains as strong as ever, and we look forward to partnering with all Capetonians to rebuild our economy. Together, working side by side, supporting, assisting, and delivering critical and basic services, we will ensure that Cape Town remains a desired home for its residents, and a destination of choice for investors and visitors.

Making progress possible. Together.

LUNGELO MBANDAZAYO
City Manager



OVERVIEW OF THE CITY OF CAPE TOWN

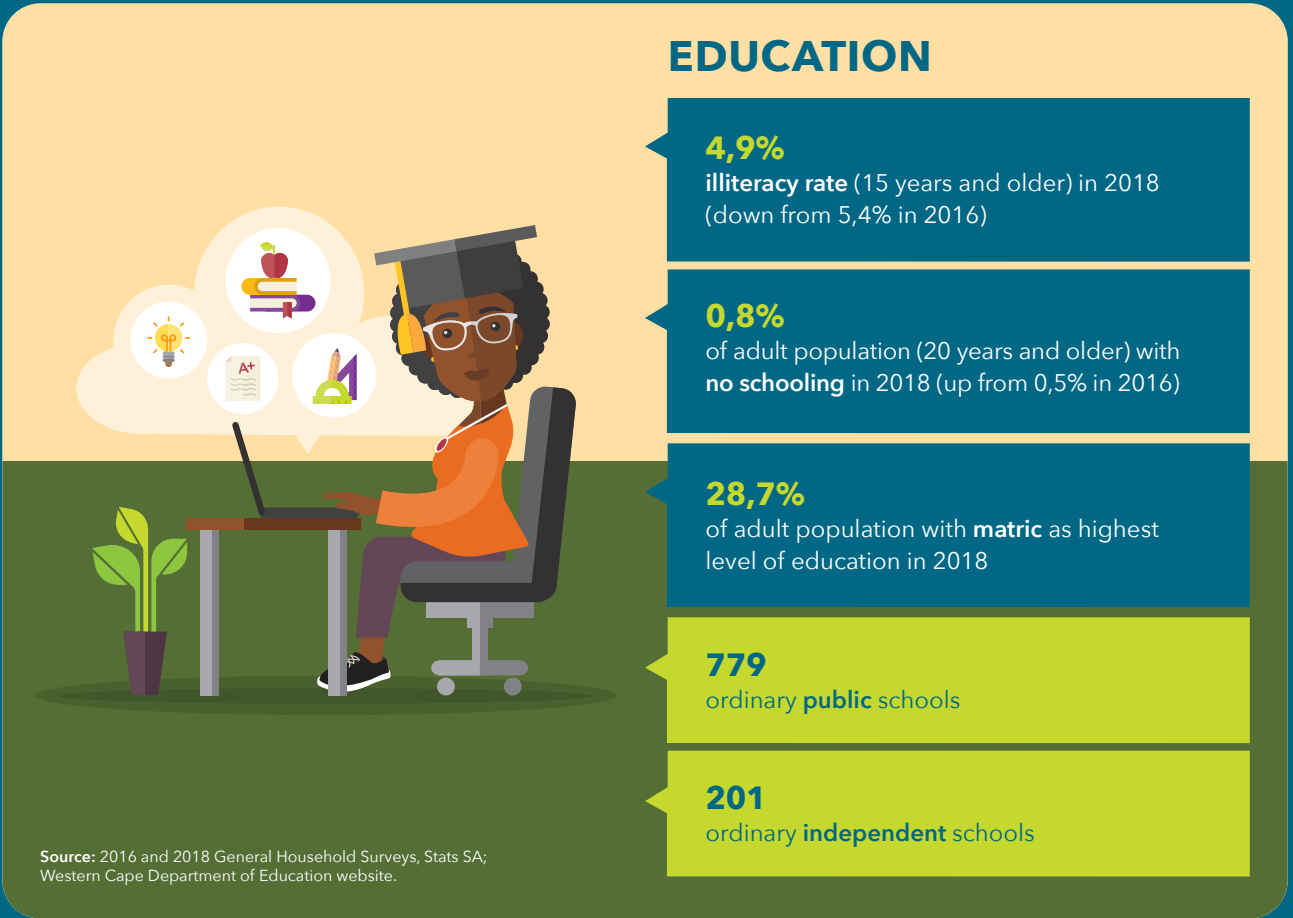
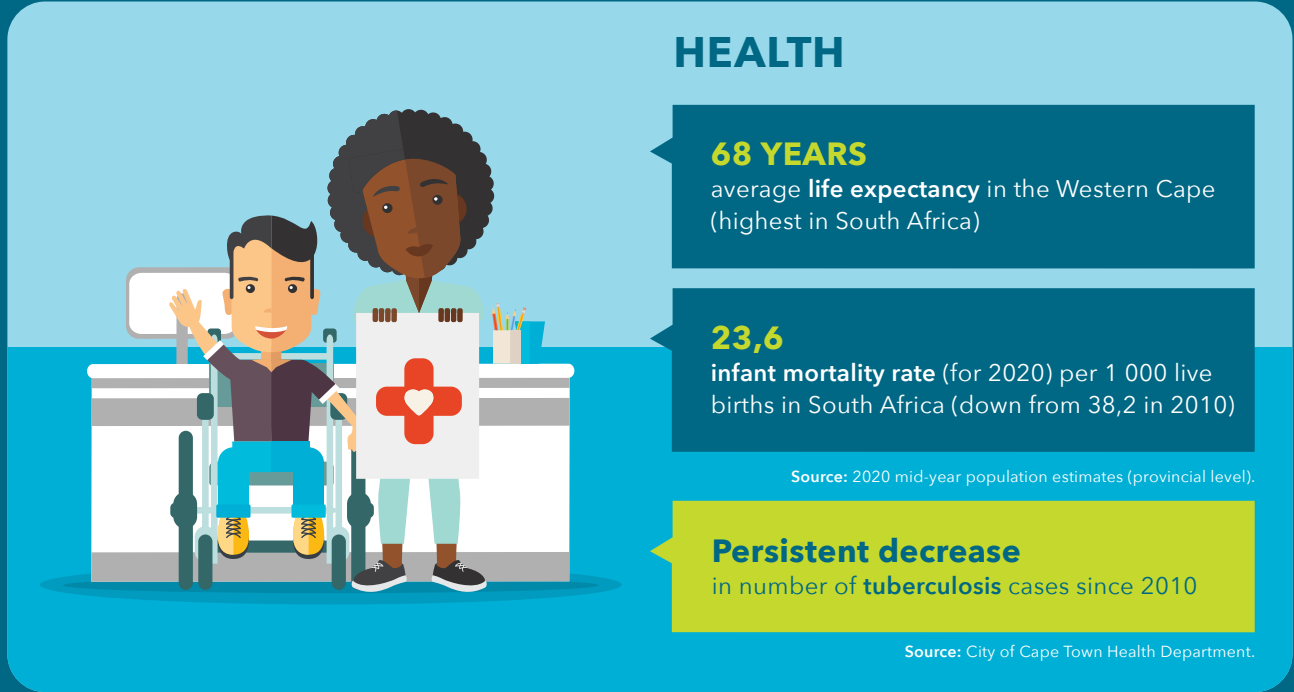
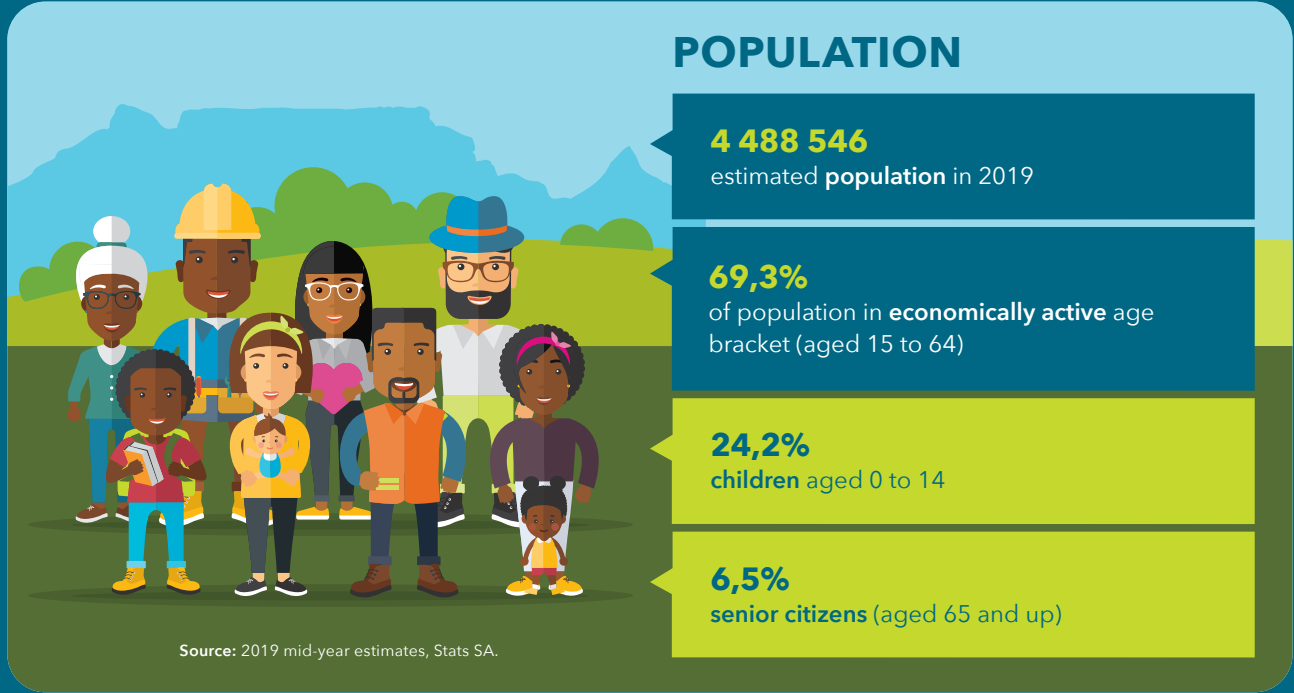
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ABOUT CAPE TOWN

Cape Town has the second-largest population of all cities in South Africa and, in 2019 (pre-Covid-19), it was one of the most-visited tourist destinations in Africa. It is a vital economic, political and business hub for South Africa, and a driver of growth and development in the country, and the southern African region.

The city has seen steady population growth in recent years. This trend is expected to continue, with any possible changes or effects on population growth post-Covid-19 to be monitored. According to current estimates, the total population of Cape Town will reach approximately 5,1 million by 2030.



POVERTY AND FOOD SECURITY



R3 500

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

187 027

households below poverty line

Source: 2018 General Household Survey.

197 224

indigent households in 2020

0,75

Human Development Index (HDI) score.

This is higher than the national average of 0,66. Cape Town's HDI is classified as "high human development", and South Africa's as "medium human development".

Source: City of Cape Town Finance Department; IHS Markit Regional eXplorer, accessed 13 July 2020.

ECONOMIC OUTPUT



1,2%

average economic growth rate between 2015 and 2019 (compared to 0,8% nationally)

80,0%

in the tertiary sector

19,0%

in the secondary sector

115 739

more jobs created between 2014 and 2019

Second-highest

contributor to total employment in South Africa in 2019

Source: 2019-2020 Labour Force Surveys, Stats SA.

ENVIRONMENTAL CHALLENGES

PROLONGED DROUGHT

and related environmental changes

CLIMATE CHANGE

and the risk of rising sea levels

CHANGING RAINFALL PATTERNS

and temperature extremes negatively affecting water resources, biodiversity and food security

More frequent and intense

EXTREME WEATHER EVENTS

CONTINUED RELIANCE

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

Watercourses, beaches, agricultural areas, cultural landscapes and scenic views being

DEGRADED BY URBANISATION

Loss of globally important and critically **ENDANGERED BIODIVERSITY**

INVASIVE

biological species

RAPID URBANISATION AND URBAN GROWTH,

including both population growth and growth of the urban footprint as household size decreases and demand for housing rises, placing pressure on both land for development and on finite natural resources

LIMITED, AND INCREASINGLY SCARCE, RESOURCES

in terms of energy and water and the capacity to manage solid and liquid waste

POLLUTION

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

EXPOSURE TO RISK

from natural hazards and climate change, including resource shortages, fires, and extreme weather events

A UNIQUE CULTURAL HERITAGE

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



Source: IHS Markit Regional eXplorer, 2018.

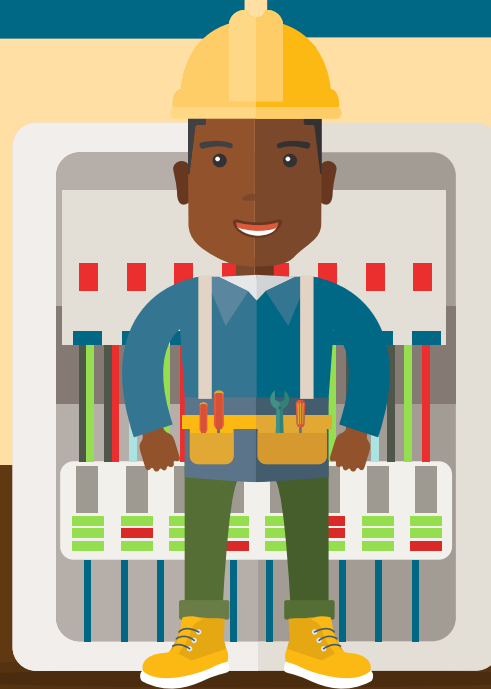


Source: City of Cape Town Environmental Strategy.

ENERGY

159,7
petajoules total **annual**
energy use in 2018*

4,5
tonnes CO₂ **emissions** per capita in 2018**



**SMALL-SCALE
EMBEDDED GENERATION**
registered by end of 2020 was **over 47 MW**

ELECTRICITY INTENSITY
of the economy **dropped by 26%**
between 2010 and 2018

*Based on the confirmed data updates for the new Cape Town State of Energy report to be published in 2021.
**BASIC emissions¹ - latest available data as reported to the Carbon Disclosure Project.

Source: City of Cape Town Sustainable Energy Markets Department.

¹ BASIC emissions is a reporting standard of the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC). It includes electricity imported into the city, but excludes regional and international aviation, and regional and international marine bunkers.

WATER



Over 99%
compliance with prescribed national water
quality standards

Dramatic increase
in water-use efficiency

Source: City of Cape Town Water and Sanitation Department.

ACCESS TO SERVICES

(growth from 2016 to 2018, as reported by all households)

Access to **pip**ed water up from 95,7% to
96,1%
(on property or less than 200 m)

Access to **electricity** (from main for
lighting) up from 91,7% to
93,3%



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

Access to adequate **sanitation**
remained constant at
92,4%
(flush, chemical
or pit toilet with ventilation)

Access to **telephony** up
from 97,6% to
97,8%
(landlines and/
or cellphones)

Source: 2016 and 2018 General Household Surveys, Stats SA.

DATA NOTE FOR 2019/20:

One of the data sources used for analysis of the indicators 'Education' and 'Access to services' in previous years was the 2016 Community Survey compared to the 1996 Census (ten-year timeframe). However, the General Household Survey provides more recent data. Therefore, this annual report draws comparisons between the 2016 and 2018 General Household surveys, which means that the trends for the two indicators mentioned above are measured over a two-year timeframe only. Although there might be some discrepancies between the Community Survey and the General Household Survey, this is not considered to have any negative impact on the overall trend, with the main benefit being more recent data.



OVERVIEW OF BASIC SERVICES PROVIDED BY THE CITY OF CAPE TOWN

WATER AND SANITATION

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

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

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

REFUSE REMOVAL

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

ELECTRICITY

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

MAPPING THE FUTURE OF CAPE TOWN - THE MSDF AND BEPP

THE MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

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

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

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

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

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

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



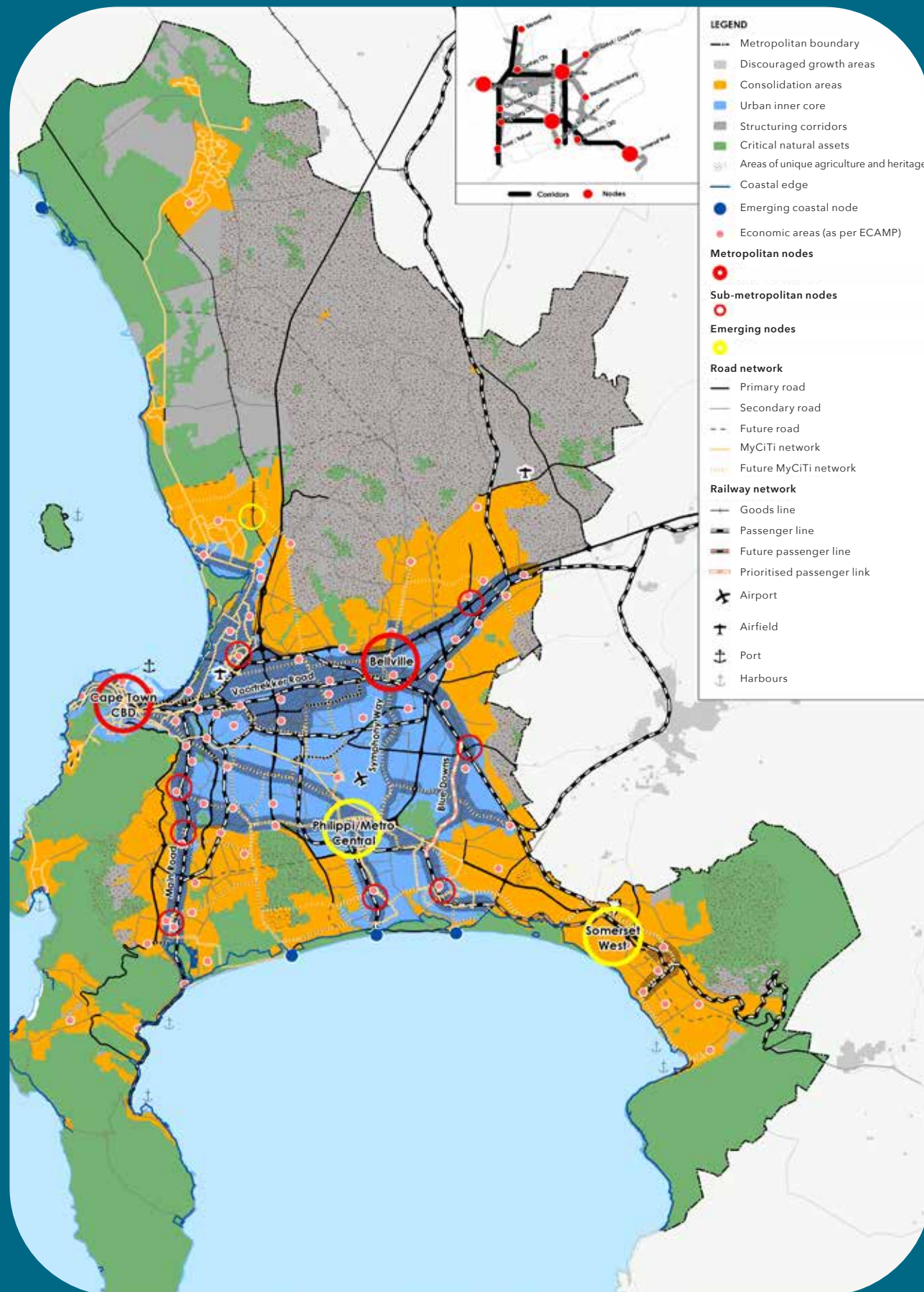


FIGURE 2: Cape Town spatial transformation areas

THE BUILT ENVIRONMENT PERFORMANCE PLAN

For the past two financial years, the City has adopted the Built Environment Performance Plan (BEPP) as its capital expenditure framework, as required by SPLUMA.²

In the course of the 2019/20 financial year, the City received exemption from the statutory requirement to prepare and submit a BEPP. This was in response to the City's application for exemption based on the Strategic Management Framework (SMF) it had submitted to National Treasury.

Treasury was satisfied that the SMF provided a sound basis for consolidated budget alignment and corporate planning, and adequately reflected the City's spatial planning ambitions and transformation agenda.

A capital expenditure framework will need to be considered in the future. This framework should augment the content of the BEPP guidelines, with details drawn from the sector plans, reporting systems and indicators that are routinely required.

ABOUT THE BEPP

The City's Built Environment Performance Plan articulates its investment rationale and institutional arrangements to address spatial and sectoral integration, reflecting:

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

² Section 21 of SPLUMA provides: "A municipal spatial development framework must ... (n) determine a capital expenditure framework for the municipality's development programmes, depicted spatially ...".

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

27

City governance structures and frameworks 28



CITY GOVERNANCE STRUCTURES AND FRAMEWORKS

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

GOVERNANCE STRUCTURE

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

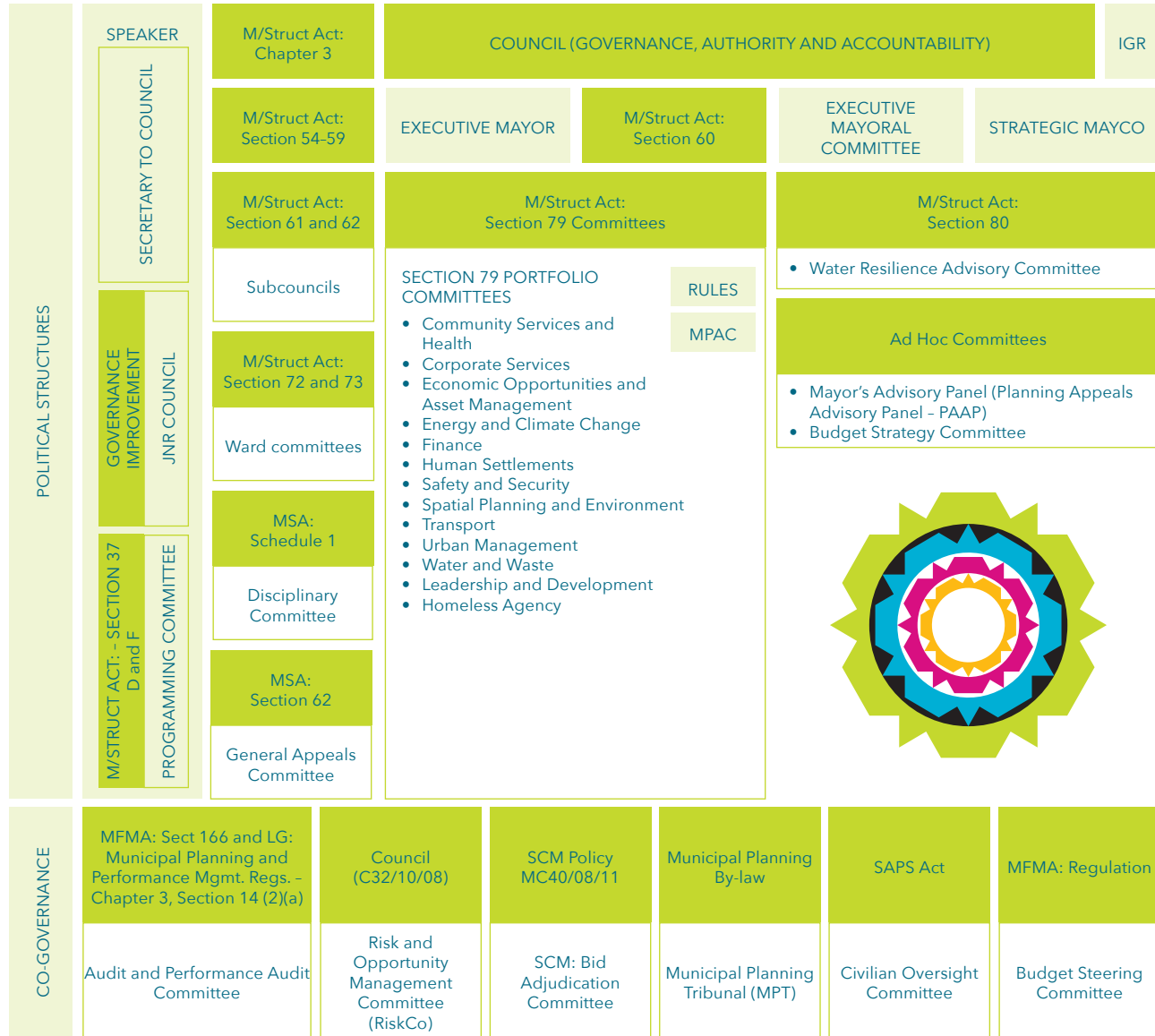


FIGURE 3: City of Cape Town governance structure

MAYORAL COMMITTEE

The Executive Mayor appoints the Mayoral Committee (Mayco). Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, together with the Mayco members. For more, go to www.capetown.gov.za. A list of Mayco members appears on page 289 of this report.

COMMITTEES

SECTION 79 PORTFOLIO COMMITTEES

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

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

OTHER SECTION 79 COMMITTEES

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC)

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

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

MPAC operates in a non-party-political manner to maximise its effectiveness. It ensures that all existing internal alternative dispute resolution processes have been exhausted before proceeding with investigations. Although MPAC has no executive powers, its findings and recommendations are escalated to the appropriate executive authority. MPAC considers the reports of task teams at the main MPAC meetings and submits reports containing their recommendations to Council for final decision making. MPAC reports directly to Council via the Speaker of Council.

RULES COMMITTEE

The Rules Committee oversees the rules of procedure of Council and its committees.

SECTION 80 COMMITTEES

WATER RESILIENCE ADVISORY COMMITTEE

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

FUTURE INFRASTRUCTURE PLANNING COMMITTEE

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

MUNICIPAL SYSTEMS ACT SECTION 62 COMMITTEES

GENERAL APPEALS COMMITTEE

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

SCHEDULE 1 COMMITTEE

DISCIPLINARY COMMITTEE

The Disciplinary Committee investigates any alleged breach of the code of conduct for councillors, and makes recommendations to Council in this regard. It also investigates non-attendance of meetings and imposes fines as determined by the rules of order of Council.

MUNICIPAL FINANCE MANAGEMENT ACT SECTION 166 COMMITTEE

AUDIT AND PERFORMANCE AUDIT COMMITTEE

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

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

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



SOUTH AFRICAN POLICE SERVICE ACT COMMITTEE

CIVILIAN OVERSIGHT COMMITTEE

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

MUNICIPAL PLANNING TRIBUNAL

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

SPEAKER

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

SUBCOUNCILS

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

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

EXECUTIVE MANAGEMENT TEAM

The Executive Management Team (EMT) is the City's senior administrative structure. It leads the City in its efforts to achieve its strategic pillars, priorities and objectives as outlined in the IDP. The EMT is aligned with the City's elected political structure. A list of EMT members is provided on page 292 of this report.

INTERNAL AUDIT

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

Internal Audit provides independent, objective assurance and advisory services. It helps the City accomplish its objectives by evaluating and improving the effectiveness of its risk management, control and governance processes.

In addition, Internal Audit puts safeguards in place to ensure that its independence and objectivity are maintained in executing its mandate and responsibilities.

GOVERNANCE AND COMBINED ASSURANCE

ENSURING ALIGNMENT WITH KING IV



The King IV Report on Corporate Governance for South Africa, 2016 (King IV) was adopted by Council on 5 December 2017 (item C 03/12/17). This reaffirmed the City's commitment to continued good corporate governance, ethical leadership, its values, and fair and transparent procedures and reporting.

ETHICAL GOVERNANCE

The first two principles of King IV deal with ethical governance, which includes ethical leadership and ethical culture. The City of Cape Town has an Ethics Code aligned to the Systems Act (Municipal Staff Members Code of Conduct) and the provisions of regulation 46 and 47 of the Municipal Supply Chain Regulations, City values, and the King IV principles. It defines the City's objectives and corresponding principles of good conduct. Regular awareness campaigns and training sessions are conducted regarding this Ethics Code.

The importance of ethical leadership, one of the key concepts of King IV, and the embedding thereof in the City, is evident in the below extract of the Mayor's message in the Ethics Code:

"My continued commitment to ethical leadership and good governance is to increase the ethical maturity of the City of Cape Town, which reflects not only a pledge to its values as defined in this Ethics Code, but also a continuous endeavour to build and sustain the ethical culture in the City of Cape Town. In order to do so, one needs to inculcate ethical decision making into the day-to-day business activities of each employee, based on the City's organisational values."

Similarly, the City Manager's message highlights the importance of each employee's behaviour to maintain the ethical culture of the organisation:

"Applying the principle of accepting responsibility for actions and taking ownership of the outcomes is how each and every employee plays an integral part in building and maintaining a well-run city within their functional and operational duties and delegated authority. The City's values, as described in this Ethics Code, denote the ethical standards on which the Constitution of South Africa, the Batho Pele principles and the Code of Conduct for municipal staff members are based and aim to achieve."

Therefore, the general conduct of City employees must give effect to implementing the legislative framework of the City and performing functions in good faith, diligently, honestly and in a transparent manner. The actions and spirit of employees must purport the basic values and principles governing local public administration in a credible manner that does not compromise the integrity of the municipality."

The City of Cape Town also has an in-house Ethics Function mandated to drive the process of protecting, nurturing and enhancing the ethical culture of the organisation.

INTEGRATED THINKING AND REPORTING

One of the concepts that King IV advocates is integrated thinking, rather than the traditional silo mentality. This has prompted organisations to revisit their strategic planning and corporate reporting processes to ensure a more integrated approach.

Integrated thinking is defined by King IV as "the active consideration by the organisation of the relationships between its various operational and business units and the capitals (financial, manufactured, intellectual, human, social and relationship, and natural) that it uses or affects."

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

With the adoption of King IV, including the related municipal supplement, its principles and practices are being applied by the City. During the 2019/20 financial year, the EMT requested that a King IV Maturity Assessment be undertaken to determine the extent to which King IV principles and practices are being applied within the City. This will give the City leadership an understanding of how well the

fundamental concepts of King IV – such as ethical leadership, organisation in society, corporate citizenship, sustainable development, stakeholder inclusivity, integrated thinking and integrated reporting – are being applied, incorporated and embedded in the City. The Office of the Portfolio Manager: Probity (O-PMP) has been tasked with this exercise and has commenced with this review. A detailed report will be submitted to EMT, which will include any weaknesses identified and the remedial actions suggested to address these. It is envisaged that the review will be completed in the next financial year, before 30 June 2022.

INTEGRATED GOVERNANCE REPORT

In the spirit of King IV, and to enhance the City's integrated reporting processes, an integrated governance report is compiled each year as a supplement to its integrated annual report. It focuses specifically on governance and related matters.

The 2019/20 integrated governance report, compiled by the City's Probity Portfolio, provides an overview of the combined assurance model, as well as the role and functions of the City's oversight and governance structures in terms of providing good corporate and ethical governance. It reflects the results of work performed by the independent internal assurance providers, including Risk, Ethics and Governance; Internal Audit; Forensic Services; and the City Ombudsman. It also reports on work performed by the office of the Probity Portfolio Manager.

The report outlines the corrective measures the administration has taken and the governance interventions implemented as a result of the assurance providers' work. These measures and interventions include the implementation of improved controls, taking disciplinary and legal action where necessary, reporting matters to the South African Police Service (SAPS) and MPAC for further investigation, and applying alternative dispute resolution processes to resolve public complaints.

Some of the key proactive governance and combined assurance interventions detailed in the report are as follows:

- ✓ A monthly City Manager dashboard continues to monitor performance relating to good governance, among others.
- ✓ A key performance indicator on executive directors' personal scorecards monitors and measures the implementation of remedial action to address the issues identified by the independent internal assurance providers.
- ✓ A combined assurance standard operating procedure (SOP) was developed and approved.

It is aligned with the assurance governance framework and provides guidance on the implementation of combined assurance processes at the City. The SOP operates in conjunction with other governance and risk-related policies and SOPs.

- ✓ A Combined Assurance Forum was established in July 2019. This structure serves as a platform to build, maintain and enhance the relationship between the assurance providers, as per the City's combined assurance model.
- ✓ An information technology (IT) risk management methodology and SOP was developed and approved as an extension to the integrated risk management framework. The methodology is applied to mitigate cross-cutting IT risks associated with the use, ownership, operation and adoption of IT in the City.
- ✓ A fraud risk management framework and a transversal fraud risk register SOP were developed and approved. Both form part of, and must be read with, the organisational assurance governance framework. If used appropriately, the framework and SOP will contribute to the effective management of fraud risk, as well as transparent and ethical governance in the City.
- ✓ The Organisational Effectiveness and Innovation Department, in consultation with the Probity Portfolio Manager, has developed training material for the module 'Consequence management' of the LEAD training programme. The material explains the difference between accountability and responsibility, and demonstrates good practices to deliver effective accountability. The Probity Portfolio Manager also helped develop training material for the module 'Combined assurance' that explains the roles and responsibilities of the City's various assurance providers in governing compliance. Attendance of these two modules is mandatory for City management.

The 2019/20 integrated governance report also contains more information on the outcomes and corrective actions stemming from the engagements completed by the independent internal assurance providers. The report is attached as appendix L to this annual report and is also accessible on the City's webpage. It will be made available at libraries and subcouncil offices as soon as the lockdown has been lifted.

COMBINED ASSURANCE

Combined assurance improves the integration, coordination and alignment of assurance processes. In this way, the City wards off assurance and reporting fatigue and improves the efficiency of

governance, which, in turn, enables improved service delivery.

In essence, combined assurance optimises assurance and reporting on the strategic risks facing the City at all relevant levels, from line management and specialised functions, to independent internal and external assurance providers. Ultimately, it adds value by helping management achieve business objectives.

CONSEQUENCE MANAGEMENT

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

On 30 May 2019, Council approved its Consequence Management Policy (C55/05/19). The policy formalises and consolidates the principles of consequence management, accountability and responsibility for non-compliance, financial misconduct, as well as other misconduct and code-of-conduct or ethical dilemmas, including remedial measures and recourse. To operationalise the policy, an SOP and consequence management register are being developed.

RISK, ETHICS AND GOVERNANCE

The City's Risk, Ethics and Governance function delivers the following:

- ✓ **Integrated risk management** – The facilitation, monitoring and reporting of significant risks.
- ✓ **Business continuity management** – The facilitation of business impact analyses and business continuity plans (BCPs), and the testing of BCPs.

✓ **Ethics** – Driving the process of protecting, nurturing and enhancing an ethical culture at the City. Activities fall into the following three categories:

- **Reactive:** Investigations on reported transgressions of the municipal code of conduct for staff, ethics-related policies and procedures, conflicts/declarations of interest, private work, gift receiving and discriminatory behaviour.
- **Proactive:** Ethics training and awareness sessions, as well as monitoring and reporting of all City employees' declaration-of-interest status.
- **Advisory:** Guidance to management and employees to ensure compliance with applicable ethics laws, regulations, codes and policies, as well as development and/or review of policies, processes and procedures relating to ethics in the City.

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

KEY CORPORATE RISKS AND THE CITY'S MITIGATION APPROACH

Internal Advisory Committees are responsible for providing assurance and advising officials, management and the City Manager on the City's controls and governance matters in accordance with their respective terms of reference. The Risk Management Committee (RiskCo) exists to assist the City Manager and other City management structures in discharging their risk governance and probity responsibilities.



THE CITY HAS A ZERO-TOLERANCE APPROACH TO CORRUPTION.

The following key strategic risks were in the City of Cape Town Corporate Risk Register as at 30 June 2020:

STRATEGIC RISK	KEY CONTROL	KEY ACTION
Governance and legal compliance	Monitoring and review of the risk and control environment in accordance with the Transversal Assurance Governance Framework. Monitoring and review of the implementation of Covid-19 regulations (including OH&S-related matters).	Executive directors to develop and implement a Directorate Operational Plan regarding non-compliance identified by all assurance providers.
Effects of climate change on resources and services	Monitoring and review of the implementation of the Resilience Strategy.	Develop and monitor the roll-out of the City's Climate Adaptation Action Plans.
Crime, health and safety incidents	Monitor and review crime, health and safety incidents and responses by the Disaster Risk Management Advisory Forum. Coordinate programmes and Covid-19 response strategy and decision making by the Covid Coordination Committee (CCC).	Establish an approach and conduct ongoing coordination of activities, including the delivery of water and sanitation, communications, de-densification and community support.
Infrastructure	Alignment of sector plans (focused on IDP needs – as required by the Strategic Management Framework (SMF) – with what is affordable to the community in order to allocate repairs and maintenance, and capital budgets.	Enhance the Growth Management Working Group functionality, overseeing the development and implementation of sector plans, indicating priority projects to be implemented in alignment with the MSDF.
Metropole urbanisation/migration	Forward planning via the Human Settlements Strategy, with monitoring and review via of the Human Settlement Sector Plan.	Draft an Inclusive Economic Growth Strategy (IEGS) and develop a Human Settlements Implementation Plan (incl. Informality Plan).
Intergovernmental collaboration	Monitoring and review of compliance with section 41 and other relevant sections of the Constitution, section 44 of the MFMA and the South African Intergovernmental Relations Framework Act, Act 13 of 2005. Interface between Covid Coordination Committee (CCC) and provincial government Covid-19 structures.	Executive directors to identify the need for a signed Memorandum of Understanding (MoU) with national and provincial government with regard to service delivery (operational requirement) affecting the directorate-specific mandate.
Skills/competencies	Monitoring of the implementation of the Transversal Attraction, Development and Retention Strategy.	Complete staff competency assessment (existing complement) and analyse the impact of cost containment on the HR service delivery model.

STRATEGIC RISK	KEY CONTROL	KEY ACTION
Financial resilience	Monitor and review of financial performance versus targets on corporate scorecard (incl. debt to income, consumer debtors to income, and cost coverage indicators and collection ratio). Implementation of the Covid-19 action plan, which includes the adjustment budget, and reconsider the 2019/20 budget.	Draft an Inclusive Economic Growth Strategy (IEGS) and complete the Economic Risk Matrix and Scenario Planning.
Energy security	City-supply Area Electricity Network Black Start Plan and Procedures (business continuity plan for energy and climate change).	Investigate energy purchases from independent power producers (IPPs).
Technology and cyber security	Monitor and review the corporate IS&T security and architecture roadmap action plan through the Information Security Steering Committee.	Review of core application and/or feeder systems. Establishment of a Technology Sector Plan.

THE CORPORATE RISK REGISTER AND THE COMBINED ASSURANCE PLAN

The City of Cape Town Corporate Risk Register (CCTCRR) was used as the primary source document for the compilation of the combined assurance certificates and the Combined Assurance Plan (CAP), the latter aimed at assessing the effectiveness of the identified controls in mitigating the strategic risks. Mapped against the ten strategic risks of the City, a total of 61 controls were recorded on the CCTCRR as at 31 March 2020.

The graph below provides an overview of the strategic risks and related control responses received:

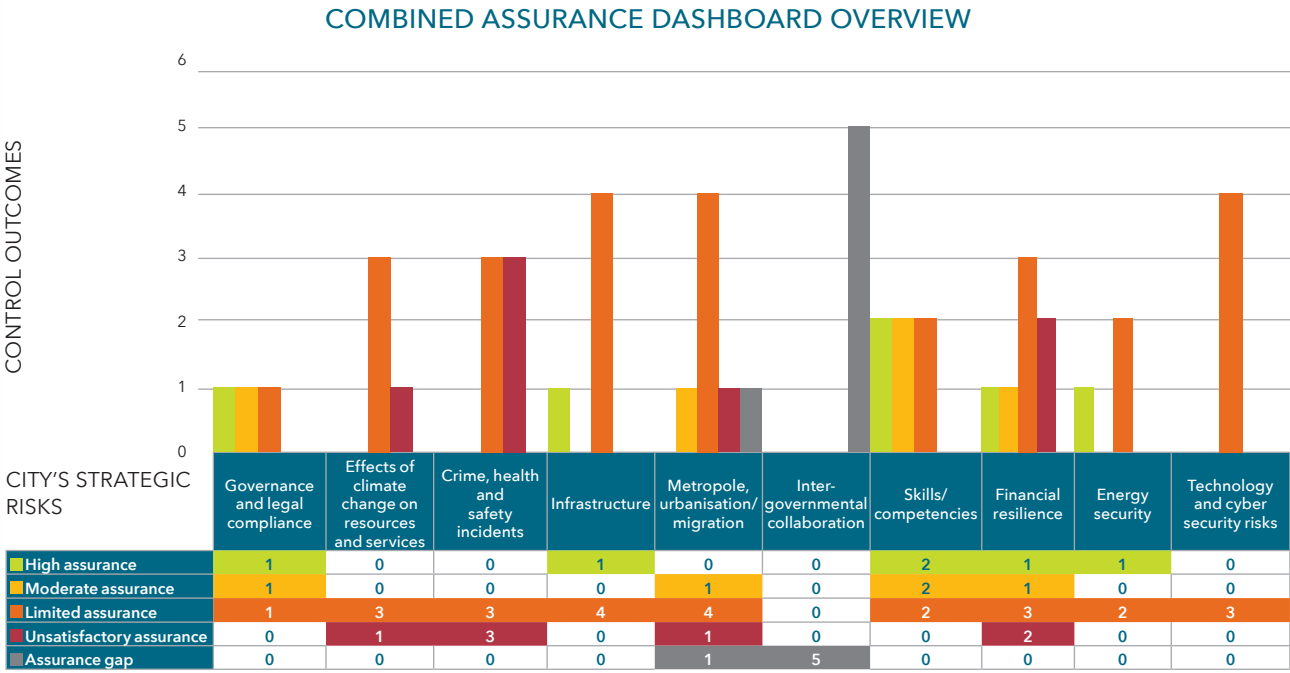


FIGURE 4: Areas for improvement reported in the Combined Assurance Plan (CAP) Dashboard Report are discussed in the 2020 Integrated Governance Report, which is contained in appendix L.

OFFICE OF THE CITY OMBUDSMAN

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

During the 2019/20 financial year, the Ombudsman received 1 395 complaints, of which 165 did not fall within the Ombudsman's mandate. A total of 627 complaints were redirected or escalated to Council departments, and 370 were scheduled for formal Ombudsman investigation. The remaining 233 complaints still need to be assessed.

FORENSIC SERVICES AND ETHICS

The responsibilities of the City's Forensic Services function include:

- ✓ providing a reactive forensic service in respect of significant fraud, corruption, maladministration or negligence on the part of City employees, municipal entities, agents, contractors, suppliers and service providers;
- ✓ implementing proactive anti-fraud and anti-corruption policies, initiatives and prevention measures; and
- ✓ raising awareness and providing information and education in relation to fraud and corruption.

The City's Ethics function provides reactive, proactive and advisory services, including:

- ✓ performing investigations on reported transgressions of, inter alia, the Municipal Code of Conduct for staff, ethics-related policies and procedures, conflicts of interest, private work and discriminatory behaviour;
- ✓ conducting training and awareness sessions, aligned to the City's stance of zero tolerance of unethical behaviour;
- ✓ monitoring and reporting on declaration of interest of all City staff members; and

- ✓ providing guidance to City's management and employees to ensure compliance with applicable ethics laws, regulations, codes and policies.

Ethics is also responsible for the implementation of various ethics-related initiatives in the City. These are aimed at institutionalising ethical behaviour and to respond to ethics and integrity transgressions of the City's Code of Conduct.

In addition, both functions conduct awareness sessions that highlight the City's commitment to combating fraud and corruption and instilling ethical decision making into the daily business activities of all officials and employees.

COMBATING FRAUD AND CORRUPTION

The City remains steadfast in its commitment to help combat fraud and corruption in South Africa and to promote a culture of ethics in local government. The Forensic Services and Ethics functions, as part of the Probity Portfolio in the Office of the City Manager, support and contribute to such combating of fraud, corruption and related activities and, in so doing, enhance good corporate governance, combined assurance and integrated reporting.

The authority to institute Forensic and Ethics investigations in the City's administration vests with the City Manager. Forensic Services and Ethics report all findings and recommendations to the City Manager and to the Audit and Performance Audit Committee in terms of the administrative and functional reporting lines, respectively. This dual reporting line ensures the independent and objective operation of both functions.

PROTECTED-AREA ADVISORY COMMITTEES (PAACS)

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

COVID-19: A CARING, COMPREHENSIVE AND PRACTICAL RESPONSE

As a local authority with a vision and commitment to serve the almost 4,5 million people who call Cape Town home, the City will not be thrown off course – not even by a global pandemic.

Despite the numerous and daunting challenges created by Covid-19 and the national lockdown, the City's response was to keep doing everything in its power to continue delivering services, ease the hardships experienced by Capetonians from all walks of life, and support the people of the city in the same way they have always supported us.

With that single-minded objective in mind, thousands of City employees have kept working every day since Covid-19 arrived in South Africa in early 2020. Often in the face of significant difficulties and risks, these dedicated staff have ensured that the citizens of Cape Town still receive healthcare, water, electricity, waste removal, law enforcement and safe public transport, among many other services.

The City's medical personnel have performed thousands of Covid-19 screenings and tests,

and established well-equipped and expertly staffed quarantine, isolation and care facilities across town. This was all with the aim of helping to control the spread of the virus, treat those infected, and keep mortality rates as low as possible.

Millions of rands worth of budgeted funding was repurposed to provide care, equipment, food, protective gear and financial relief for individuals, families and businesses. And while the immediate focus remains on managing the spread and impact of Covid-19 on lives and livelihoods, the City has not taken a short-term view. All the measures put in place now, some of which are highlighted on these pages, have been carefully designed to have a long-term positive impact on the resilience and sustainability of Cape Town and its people.

HERE ARE JUST A FEW OF THE MANY TARGETED INITIATIVES AND ACTIONS TAKEN BY THE CITY IN RESPONSE TO COVID-19.

SUPPORTING THE VULNERABLE

Between 16 March and 31 July 2020, the City spent more than R61,8 million in general emergency Covid-19 procurement to protect the most vulnerable members of Cape Town society. This money was spent on shelter, food, mattresses, water provision and burial requirements.



FOOD RELIEF

Used **R12 MILLION** of City savings and partnered with about **60** local organisations to provide **EMERGENCY FOOD RELIEF**

Urban Management secured an additional **R25 MILLION** for **ONGOING FOOD RELIEF** in the 2019/20 financial year

TACKLING JOB LOSSES AND UNEMPLOYMENT

Enterprise and Investment Department **INVESTING HEAVILY** in upskilling, training and sourcing talent for SMMEs

Training focuses on supplying demand for **SPECIFIC SKILLS**

Partnered with Lulaway Holdings to train **6 000** unemployed residents in basic work readiness

Continuing to devise **SUSTAINABLE EMPLOYMENT PATHWAYS** through the economic crisis

LOW/NO RATES FOR NPOs

Added **NEW PROPERTY CATEGORIES** to enable lower, or no, rates to be charged for NPOs and other charitable property owners

Beneficiaries include organisations offering **SHELTER** for street people and the **ELDERLY**, as well as early **CHILDHOOD** and **YOUTH** development facilities

RATES RELIEF of more than **R3,3 BILLION**

WATER PROVISION

Committed to ensuring that all Capetonians have **FRESH WATER** as an essential defence against Covid-19

Delivered over **33 MILLION** litres of water and installed **93 WATER TANKS** in various communities

AREA CLEANING

Approved **R30,7 MILLION** to fund enhanced Covid-19 cleansing and sanitising of public housing complexes and hostels

In addition to existing **MAINTENANCE** and **CLEANING** of communal areas, enhanced **SERVICES** include:



deep cleaning of all public spaces in accommodation facilities



provision of **hand sanitiser** at main building entrances and exits



expanded **waste** removal services



regular **cleaning** of communal surfaces

SUPPORTING HEALTH AND WELL-BEING

Covid-19 is first and foremost a healthcare crisis. The City's response prioritised the protection of residents and healthcare workers, prevention of deaths, and curbing the spread of the virus as effectively as possible.



BOOSTING HEALTHCARE RESOURCES

Recognises that **QUALIFIED HEALTH PROFESSIONALS** are the foundation of an effective response

Proactively **STRENGTHENING** of the City's frontline staff component

Recruited qualified healthcare workers to fill over **100** vacancies

Invested **R72,8 MILLION** in provision of personal protective equipment (PPE) to healthcare workers

PRIORITISING TESTING, PREVENTION AND CARE

Rolled out testing booths at **17** clinics across town

Increased **TESTING CAPACITY** in communities in need

Designed to **MAXIMISE DETECTION** of at-risk residents, while protecting **FRONTLINE HEALTHCARE WORKERS**

Provided **80 CLINIC OVERFLOW FACILITIES** to offer testing and care for most vulnerable residents

SUPPORTING BUSINESSES AND SMMEs

Recognising the potentially catastrophic impact of the hard lockdown on businesses and industries, the City immediately mobilised resources to limit the impact and deliver much-needed support.



COVID-19 SMME TOOLKIT

A Covid-19 **BUSINESS TOOLKIT** aimed at assisting SMMEs to get back to business safely

Contains the **ESSENTIALS** needed to return to work after the lockdown

Nearly **3 000 TOOLKITS** handed over to SMMEs

Featured as a **BEST-PRACTICE MODEL FOR WORKPLACE READINESS** at the Cities Against COVID-19 online global summit hosted from Seoul, Korea

10 000 specially designed toolkits also given to informal traders

COVID-19 SMME TOOLKIT

Established the Real Estate Services Task Team (RESTT) as one of three key disaster response initiatives

Provided rental relief options for City business tenants

Phased approach:

PHASE 1

Rental remission for commercial tenants on application

PHASE 2

Repayment arrangements linked to proven business case and in line with existing lease terms and conditions

SUPPORTING THE LOCAL ECONOMY

The City established special task teams to coordinate and streamline its response to the impact of the pandemic on Cape Town's economy. This response was guided by two key response plans:



ECONOMIC ACTION PLAN



ECONOMIC RECOVERY PLAN FOCUSING ON



A DATA-DRIVEN RESPONSE TO COVID-19

The City realises that data analysis and application are a cornerstone of resilience and sustainability. While Covid-19 is unlike anything the world has ever experienced, the City is committed to leveraging the data it has to focus and drive its response both now and into the future. This applies not only to metro-wide activities, but also to adjusting the City's service and health response at an area and local level, as needed.

To this end, the City designed its dynamic operating framework, which considers the projected progression of the pandemic, the lockdown, the economy, Cape Town's recovery, and more.

The programmes and projects within the framework are continuously updated. At its core, however, it focuses on the following:



"MY CONTINUED COMMITMENT TO ETHICAL LEADERSHIP AND GOOD GOVERNANCE IS TO INCREASE THE ETHICAL MATURITY OF THE CITY OF CAPE TOWN, WHICH REFLECTS NOT ONLY A PLEDGE TO ITS VALUES AS DEFINED IN THIS ETHICS CODE, BUT ALSO A CONTINUOUS ENDEAVOUR TO BUILD AND SUSTAIN THE ETHICAL CULTURE IN THE CITY OF CAPE TOWN. IN ORDER TO DO SO, ONE NEEDS TO INCULCATE ETHICAL DECISION MAKING INTO THE DAY-TO-DAY BUSINESS ACTIVITIES OF EACH EMPLOYEE, BASED ON THE CITY'S ORGANISATIONAL VALUES."

ALDERMAN DAN PLATO | EXECUTIVE MAYOR



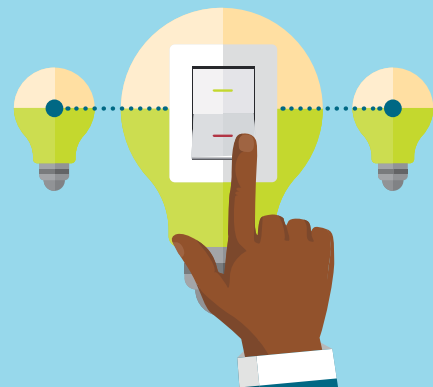
SFA 1: OPPORTUNITY CITY

SFA 1 FOCUSES ON:

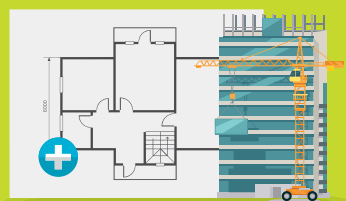
- ✓ improving Cape Town's business climate;
- ✓ establishing Cape Town globally as an attractive investment destination with positive economic growth;
- ✓ encouraging business opportunities; and
- ✓ investing in and maintaining infrastructure.

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

KEY OPPORTUNITY CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2019/20



Saved over **231 GWH** of electricity over the past **11 YEARS** through energy-use improvements in municipal operations, translating to avoided emissions of **229 035 rCO₂e**



Finalised **93%** of **BUILDING PLANS** within statutory timeframes



Brought total number of building plans approved since 2012/13 to **209 405**, with a value of approximately **R169,3 BILLION**



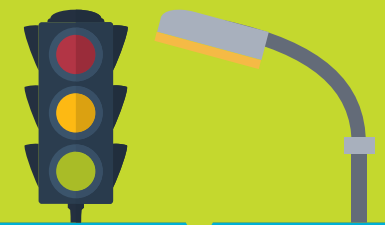
Created **31 871 EMPLOYMENT OPPORTUNITIES**, bringing the total to **31 871** since 2012/13



Installed nearly **1 140 KM** of **FIBRE-OPTIC** cable across the metro



407 City buildings now connected to **FIBRE-OPTIC** infrastructure



Retrofitted all **TRAFFIC LIGHTS** and approximately **34%** of all **STREETLIGHTS** with energy-efficient lamps



Diverted **55 242 TONNES** of **ORGANIC WASTE** from landfill through the garden waste-chipping programme



Offered **THINK TWICE** kerbside recycling programme to over **190 000** households across town and diverted **24 243 TONNES** of recyclables from landfill



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



FIRST CITY in South Africa and only the third in Africa to have an approved Resilience Strategy



Invested over **R250 MILLION** in Wesgro and the SPVs since 2011, while they have facilitated over **R22,8 BILLION** worth of investment in Cape Town and created more than **36 000** direct jobs in return



Cape Town Air Access has helped secure **22 NEW ROUTES** and **26 ROUTE EXPANSIONS**, doubling the international seat capacity of Cape Town International Airport

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

EASE-OF-BUSINESS PROGRAMME

BUSINESS SUPPORT PROJECT

Small and medium enterprises (SMEs) play a vital part in Cape Town’s economy, making up over 90% of all businesses and accounting for nearly half of private-sector employment. The City is committed to ensuring the right conditions for small business to grow and thrive.

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

TABLE 1: Business support project achievements until the end of June 2020

INDICATOR	FINANCIAL YEAR 2019/20
Service requests responded to within two working days (simple requests)	90%
Service requests responded to within 14 working days (complex requests)	75%
Small businesses participating in the City’s enterprise and supplier development programme	1 278
Businesses in distress supported by Business Hub consultants and senior client advisors	2 514
Number of reform projects (that reduce the cost of doing business) supported and/or facilitated	23
Regulatory impact assessments facilitated	3
Educational events hosted for business owners	45

PLANNING DELEGATIONS PROJECT

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

Management System (DAMS) to ensure that both these instruments enable economic growth.

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

The Development Management Scheme (DMS) is a key component of the MPBL. This single zoning scheme has been designed to control land use and regulate land-use rights through effective zoning.

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

In 2019/20, these combined measures allowed the City to finalise 94% of building plans within the statutory timeframes, against a target of 90%. A total of 209 405 building plans with a combined building work value of approximately R169,3 billion have been submitted for City approval since 2012/13.

The City has committed to continue investing in the enhancement and development of DAMS in the coming years. To this end, the Development Management Department is busy re-engineering and streamlining all DAMS business processes and upgrading the e-Services portal to provide a more efficient service to customers. These changes should be ready by the end of 2021.

CITY-PRIVATE-SECTOR GROWTH PARTNERSHIP PROJECT

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

CAPE TOWN BUSINESS BRAND PROGRAMME

BUSINESS BRAND PROJECT

The City’s business brand, Invest Cape Town, continues to stimulate and enable investment by ensuring that all economic role players in the region speak with one voice, campaigning for Cape Town as Africa’s hub for business ideas and innovation. In the year in review, Invest Cape Town built on its success from the previous financial year by entrenching strong partnerships with special-purpose vehicles (SPVs), hosting a number of stakeholder engagements and industry events, and successfully growing its digital platforms.

The Invest Cape Town website (investcapetown.com) reached more than 110 000 users over this period – 53% more than in the previous year. It provides useful content that showcases Invest Cape Town’s services to its audience as a key focus. This content had the positive impact of not only growing the number of visitors to the site through search engine queries, but also raising awareness of the Invest Cape Town initiative and services. In addition, the website was used to demonstrate the City’s commitment to providing assistance and advice to Cape Town’s small, medium and micro-sized enterprises (SMMEs) during Covid-19 and the national lockdown.

For the last few months of the financial year, the focus shifted primarily to communicating Covid-19-related news and guidance. A Covid-19 SMME toolkit was successfully launched, filled with essentials to assist 3 000 SMMEs to get back to work safely. The toolkit included two A3 employee and customer safety posters, a business support brochure, 5 l of hand sanitiser and ten face masks. This was very well received and helped increase engagement levels between the City and SMMEs.

In March 2020, the Invest Cape Town citizens campaign, CPT+U, was launched. The campaign aims to ignite a sense of pride and camaraderie among Capetonians and inspire people to spontaneously start talking about Cape Town as an investment destination. It is designed to highlight and showcase the people, businesses and investments that are making a difference in the lives of Capetonians. Through the CPT+U signifier, ordinary Cape Town citizens are encouraged to share their success stories and show how they are investing in the city through their actions. Since the City was unable to roll out this campaign as extensively as planned due to Covid-19, it plans to repeat it in the 2019/20 financial year.

ECONOMIC SECTOR DEVELOPMENT PROJECT

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

The City also supports Wesgro – the Western Cape’s destination marketing, investment and trade promotion agency – to further promote trade and investment, and the Western Cape Economic

Development Partnership to build and strengthen partnerships.

Since 2011, the City has invested over R250 million in Wesgro and the SPVs, who have, in turn, facilitated over R22,8 billion worth of investment in Cape Town and created more than 36 000 direct jobs. In the 2019/20 financial year, the SPVs facilitated investment worth R8,2 billion, thereby creating 6 583 jobs and 2 137 skills opportunities.

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

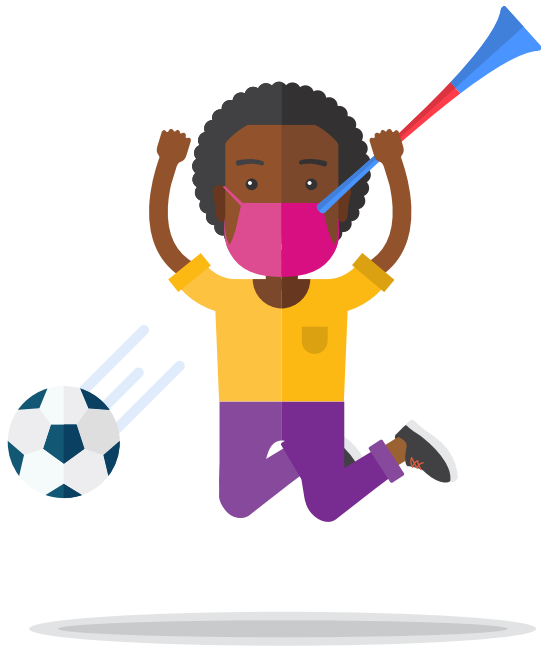
INVESTMENT DESTINATION IN IDENTIFIED MARKETS PROJECT

Identifying opportunities in high-growth, high-impact sectors is key to growing the local economy, attracting investment to the region and maximising job creation and economic development.

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

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

Since its launch in 2015, Cape Town Air Access has helped secure 22 new routes and 26 route expansions. This includes the sought-after North American direct connection, with the team successfully negotiating a seasonal non-stop connection to Newark Airport in New York, which United Airlines operated in the summer of 2019/20. Three new routes were launched and three route expansions were initiated in the period in review. This saw the airport reach the 2,6 million international passenger mark in 2019, with 1% year-on-year growth in passenger movement.



The United Kingdom remains Cape Town's top international passenger market, with Germany and the United States second and third respectively. Belly cargo volumes in the year in review were at similar levels to 2019, with air cargo figures having shown solid growth of 20% and 36% in 2018 and 2017 respectively.

EVENTS PROJECT

Cape Town has established itself as Africa's leading events destination, with an enviable annual events calendar. Thanks to excellent infrastructure and world-class organising and hosting skills, Cape Town is able to compete with many other global cities in the events space. The city even earned itself the title of the world's leading festival and event destination at the 2018 World Travel Awards.

The City is working hard to strengthen and entrench this position. It does this primarily by hosting and promoting iconic and strategic events, but also through the prioritisation of specific events segments, such as sports, business, culture and music.

These types of events play a key role in increasing destination awareness and encouraging potential tourists to visit Cape Town. As such, the City invests heavily in event partnerships, support and marketing, and actively promotes the signature events it hosts in both national and international markets.

In 2019/20, the efforts of the City's Events Department, in collaboration with its many partners, were again rewarded when Cape Town was recognised as Africa's leading festival and event destination for 2019 at the World Travel Awards for the third consecutive year. As it befits a premier

events destination, Cape Town was also a finalist for the global award.

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

EVENT SUPPORT

In the 2019/20 financial year, the City supported a broad range of external events. The Special Events Committee received 198 event support applications, of which 151 received financial or other support from the City. These included newcomers such as the international triathlon festival, Challenge Cape Town; the yacht-racing 52 Super Series; the record-breaking Match in Africa with Roger Federer and Rafael Nadal (tennis match with the highest attendance in history); the largest Springbok World Cup victory parade; and the Miss Universe victory parade.

Some of the other key City-supported events that helped further position Cape Town globally were the:

- ✓ Sanlam Cape Town Marathon;
- ✓ HSBC Cape Town Sevens;
- ✓ Cape Town Cycle Tour;
- ✓ Design Indaba Festival;
- ✓ RAM Cape Town Open (golf);
- ✓ Investec SA Women's Open (golf);
- ✓ Mining Indaba;
- ✓ SA vs Australia T20;
- ✓ 30th Anniversary Release of Nelson Mandela Lecture; and
- ✓ SA Innovation Summit.

The City's Events Department also provided event services and/or branding for 781 corporate events in the year in review.

BIDDING FOR EVENTS

To grow the range of events hosted in the city and bolster the economic benefits derived from them, the Events Department works tirelessly to attract new and exciting events to Cape Town. This process includes bidding to host major international events that have the potential to elevate the city's profile and stimulate its economic growth.

The City is currently working with a consortium to finalise plans to bring Formula E racing to Cape Town, having completed a feasibility study in

2019. Formula E is sanctioned by the International Automobile Federation and is a class of motorsport that uses only electric-powered cars.

EVENT PERMITTING

During the 2019/20 financial year, 1 167 event permit applications were received and 823 permits were issued. Due to the global outbreak of Covid-19, the City was forced to suspend all event permit processing in March 2020 to protect the well-being of all those involved in the events ecosystem. As a result, all previously approved event permits were also withdrawn. Due to the lockdown imposed by National Government, the permit process remains suspended indefinitely.

FILM PERMITTING

A total of 10 952 film bookings were received during the reporting year, and 5 175 permits were issued between July 2019 and March 2020. As with event permitting, the City was also forced to suspend the film permitting process due to Covid-19 and the lockdown. After extensive lobbying by the City and members of the film industry, limited filming was permitted to resume in May 2020. The Film Permit Office issued a further 70 permits following the resumption of permitting up until 30 June 2020. Standard operating procedures were also developed for the film industry to assist with the safe continuation of filming during the pandemic.

E-PERMIT SYSTEM

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

PLACE MARKETING

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

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

DESTINATION MARKETING

- ✓ Continued to embed the pillars 'visit', 'live', 'work', 'study', 'play' and 'invest' in all messaging, and produced content and collateral for these pillars, aimed at various target audiences.
- ✓ Expanded on the above six-pillar narrative and augmented the approach to align with

- the challenges and requirements of Covid-19, including research into new technology and marketing platforms.
- ✓ Represented the City for the sixth year at the World Travel Market Africa 2019, winning the award for best innovation and design exhibition stand.
- ✓ Represented the City for the first time at the World Travel Market London 2019, winning the award for best new stand.
- ✓ Continued to develop digital resources, including the digital asset management system and associated content.
- ✓ Produced a host city guide in collaboration with the Events Department.
- ✓ Developed a study video to attract international students and continued to collaborate with the Cape Higher Education Consortium (CHEC) to expand the opportunity for international students going forward.
- ✓ Launched the destination webpage www.thisis.capetown and produced over 100 positive destination stories.
- ✓ Delivered one of the most successful destination marketing campaigns run by the City promoting Cape Town as a premier destination in Africa to visit, live, work, study, play and invest.
- ✓ Produced and distributed the first edition of the destination newsletter.
- ✓ Hosted Atlanta-based blogger and influencer Kim Hawk in collaboration with Cape Town Tourism.
- ✓ Continued media and communication support for strategic business and tourism events and conferences.
- ✓ Developed plans to spotlight the innovation agenda through a future webinar series called 'Disruptors and innovators'.

INVESTMENT PROMOTION

- ✓ Continued to entrench and strengthen the City's business brand, Invest Cape Town, through stronger partnerships, digital campaigns and stakeholder relations.
- ✓ Facilitated solid growth in usage of the Invest Cape Town website and social media platforms by focusing on delivering quality, compelling content.
- ✓ Direct traffic to the site grew to 21 441 sessions, representing a 525% increase and confirming exponential growth in awareness of Invest Cape Town.
- ✓ Website sessions through search engine results (organic sessions) increased to 34 678, representing an increase of 340%.

- ✓ Good growth in Invest Cape Town's social media presence, having achieved 2 805 followers on Twitter and 1 305 on LinkedIn, as well as an increase in mentions, impressions, profile visits and click-throughs.

TOURISM

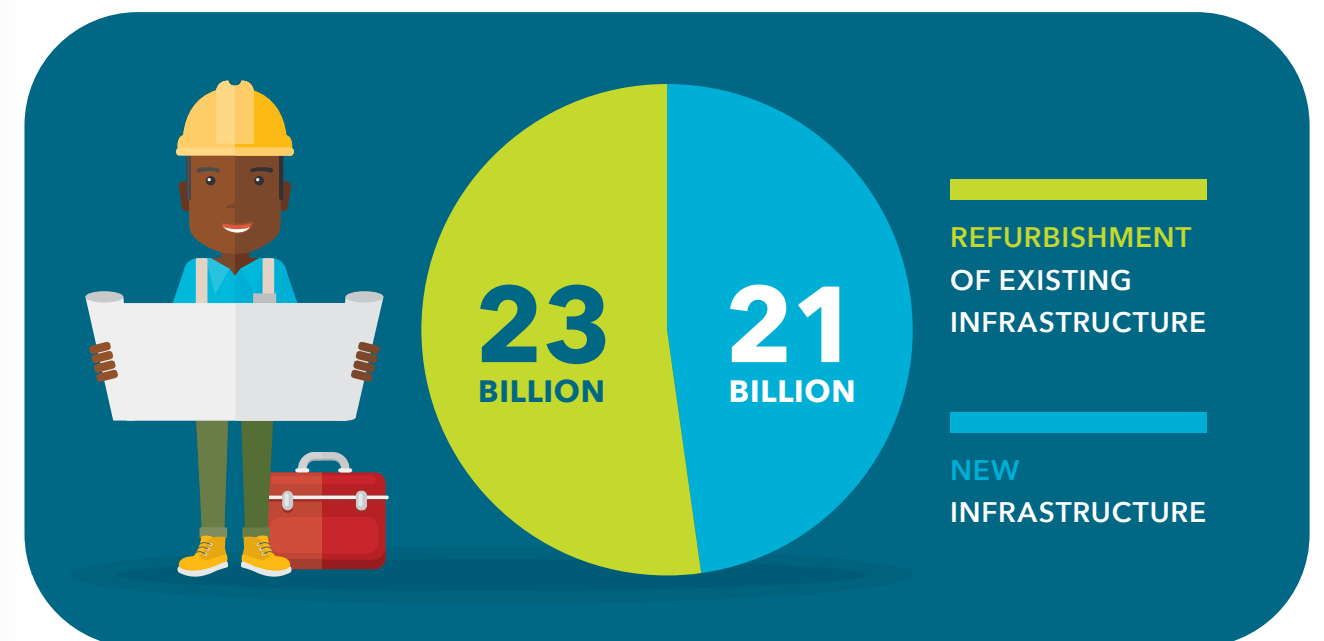
- ✓ Secured approval for a three-year agreement with Cape Town Tourism for in-destination and visitor services, tourism marketing and special City projects.
- ✓ Secured 22 new direct international flights to Cape Town over the past five years, along with Air Access partners.
- ✓ Provided strategic advice and direction to Cape Town Tourism as part of the newly signed three-year contract and accompanying strategies designed for significant growth.
- ✓ Embarked on a neighbourhood video project, 'eKasi Sessions', aimed at showcasing local culture-rich communities across Cape Town. The videos share the communities' stories with industry members to encourage their inclusion in Cape Town's tourism offering. The areas profiled include Langa, Khayelitsha, Simon's Town and Mitchells Plain.
- ✓ Marked Tourism Month (September 2019) by hosting school sessions across Cape Town to foster an understanding of the three pillars of responsible tourism, namely economic inclusion, environmental integrity and social upliftment.
- ✓ Embarked on an extensive research and public participation process, and received Council approval for the new Tourism Development Framework for the City for the next five years (TDF 2024), which provides strategic direction to promote tourism and increase job creation.
- ✓ Commenced implementation of the TDF 2024 in the latter part of 2019 and set the scene for future tourism promotion and development in Cape Town.

INFRASTRUCTURE INVESTMENT PROGRAMME

The City stimulates growth by investing in suitable economic and social infrastructure to support economic development. Since 2012/13, the City has invested around R44 billion in infrastructure development. Of this, R21 billion has gone towards new infrastructure development and R23 billion to the refurbishment of existing infrastructure.

Resources are allocated according to a strategic infrastructure asset management plan and asset register. Approximately R30 billion is earmarked for investment in infrastructure over the three financial years from 2019/20 to 2022/23.

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



The City also remains committed to its large-scale infrastructure investment plan, which is designed to help re-energise the economy and stimulate economic growth after Covid-19 and the national lockdown.

All projects proposed for inclusion on the capital budget for 2019/20 were assessed against an implementable delivery plan to ensure implementation readiness, tender readiness (i.e. must be on the City's demand plan), strategic alignment and capacity to implement.

INFRASTRUCTURE ASSET MANAGEMENT PROJECT

In line with national requirements, the City has assigned an EMT champion for the implementation of the Cities Infrastructure Delivery and Management System (CIDMS). CIDMS is a South African National Standard (SANS) 55001-compliant asset management system tailored for application in metropolitan cities in South Africa.

Developed by National Treasury's cities support programme, in partnership with the cities of Cape Town, eThekweni and Johannesburg, the CIDMS is designed to:

- ✓ help cities optimise performance across the urban infrastructure value chain by offering best-practice processes, techniques and tools;

- ✓ achieve strategic objectives and desired outcomes;
- ✓ serve as an integrated system that incorporates the requirements of national policy and strategy, legislation, relevant standards, and best practice in multiple disciplines; and
- ✓ support good governance and transparency, including making and communicating informed decisions.

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

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

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

BULK WATER SUPPLY SYSTEM AUGMENTATION AND MAINTENANCE PROJECT

Following the severe drought caused by three low-rainfall winters since 2015, various Western Cape stakeholders have undertaken a number of initiatives to avert a water crisis in the region in the short term, but also incrementally diversify water sources to reduce the city's long-term reliance on surface water. Various alternative water resources are being explored as a matter of urgency, including groundwater, desalination and wastewater reuse.

CAPE TOWN WATER STRATEGY

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

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

To support the implementation of the Water Strategy and ensure customer-centric service delivery, a new Customer Services Branch was established in Commercial Services in late 2019. Led by a customer services manager, the branch is accountable to 4 million customers and oversees approximately 660 000 water meter connections and 33 000 meter readings daily, which equate to R6 billion in annual customer billing. Approximately 450 City employees and 425 contractors perform the functions of the branch (i.e. meter management, meter reading and debt management) under 16 operations contracts. According to projections, Cape Town's population is set to grow by 500 000 over the next six years, which will equate to around 80 000 additional customers who will require service.

A FOCUS ON BULK WATER SYSTEM RESILIENCE

Strengthening, refurbishing and maintaining Cape Town's bulk water supply system remains a key focus for the City. A number of strategic interventions are already in place to achieve this, such as a computer-

based drought management plan. The City also continues to play a key role in the Western Cape water supply system (WCWSS) by reviewing and finalising water allocations and water-use licensing applications. Moreover, the administration works very closely with neighbouring municipalities and the national Department of Water and Sanitation (DWS) to utilise regional water supplies more effectively.

Other schemes under way are as follows:

ADDRESSING POLLUTION IN THE DIEP RIVER CATCHMENT

One of the City's many projects to turn Cape Town into a water-sensitive city involves comprehensive plans to combat pollution in the Diep River catchment area.

The plan includes:

- ✓ increased activity by a water pollution task team to crack down on illegal discharges from neighbouring industrial areas;
- ✓ pumping polluted water from Erica Road and Theo Marais canals into the sewer system for treatment, with weekly cleaning of Bayside canal;
- ✓ robust clearing of litter from pipes, canals and outlets;
- ✓ regular clearing of invasive vegetation from the Diep River;
- ✓ critical short-term repairs at Potsdam wastewater treatment works to ensure a higher-quality treated effluent; and
- ✓ stormwater upgrades worth R57,5 million over the next three to five years to improve sewage treatment and diversion from informal settlements in Dunoon and Joe Slovo. The combined rand value of the various sewer system upgrades already completed in recent years is approximately R77,2 million, which excludes approximately R2 million spent on clearing blockages in the stormwater system since July 2019.



- ✓ Five contracts (three drilling, one mechanical and electrical, and one civil works) have been awarded for groundwater development in the Table Mountain group aquifer. This includes the supplementary contract for deep and horizontal drilling, which has recently been awarded.
- ✓ Development of the Steenbras wellfield is under way and will include the drilling of 16 boreholes for exploration and production. A total of 13 production boreholes have already been completed, of which two have been commissioned with a total yield of 4,3 Mℓ/day. Conceptual infrastructure layouts for the Groenlandberg and Nuweberg wellfields have been developed and presented to the City's Bulk Water Branch, with three monitoring boreholes drilled in each of these wellfields.
- ✓ A professional services provider has been appointed to undertake a feasibility study on developing the Lourens River diversion scheme into a water supply resource. This is part of commitment 3 of the new Water Strategy, namely "sufficient, reliable water from diverse sources". It falls under the adaptable phase of the City's new water programme, which can be brought forward or scaled as necessary and as new circumstances emerge.
- ✓ At the Cape Flats aquifer, three contracts have been awarded for groundwater development, including contracts for drilling and for linking infrastructure between boreholes, reservoirs, treatment facilities and reticulation injection points. Already, 104 monitoring and exploratory boreholes and 69 production boreholes have been drilled, of which 89 and 60 have been yield tested, respectively.

TABLE 2: Large bulk water infrastructure projects as at 30 June 2020

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

PROJECT	PROGRESS
Atlantis aquifer	The Atlantis managed aquifer recharge (MAR) groundwater scheme was initially developed in the 1970s by the DWS to supply water to the satellite hub of Atlantis, Pella and Mamre. Although a single aquifer, the Atlantis scheme has two distinct nodes, namely Witzands and Silwerstroom. The MAR component comprises the infiltration of conditioned stormwater and treated effluent into strategic zones of the aquifer to ensure sustainability of the aquifer biome in the long term. The scheme currently operates under a historical legal-use permit allocation of 13 Mℓ/day. Under normal operating circumstances, all higher-quality treated effluent from the domestic stream at the Wesfleur wastewater treatment works is used to recharge the aquifer. Lower-quality treated effluent from the industrial stream at Wesfleur is directed to the infiltration ponds situated closer to the coastline. Similarly, stormwater is selectively directed to the aquifer recharge and coastal infiltration ponds. The objective of the project is twofold, namely to revitalise the ageing scheme, and to expand its capacity and capability to 38 Mℓ/day. A new potable water quantum of 16 Mℓ/day is currently being planned, which will require demineralisation of 10 Mℓ/day to create an acceptable blend. The capability of the Atlantis supply system will be expanded to include areas traditionally supplied from the Voëlvlei treatment works via the Melkbos reservoirs. The reverse flow to the Melkbos reservoirs can be activated during times of extreme drought.
Table Mountain group aquifer	The Table Mountain group aquifer (TMGA) project entails the phased development of wellfields in various areas, abstracting groundwater from the aquifer. Seven target areas were identified for investigation and possible wellfield development. These are Steenbras, Wemmershoek, Theewaterskloof (Nuweberg and Groenlandberg), Berg River, Helderberg, Voëlvlei and the southern planning district. Currently, Steenbras, Nuweberg and Groenlandberg wellfields are being developed or targeted for development under phases 1, 2 and 3 respectively. The phase 1 objective is to provide capability of 50 Mℓ/day for these three wellfields. Recently, the first groundwater from the TMGA was pumped into the Steenbras dam. The aquifer is anticipated to contribute up to 30 million ℓ per day to the city's source water system in its first phase.
Baden Powell Drive to Khayelitsha: Water supply	A 6 km water pipeline to the southeastern part of Khayelitsha is being constructed. Work is progressing well. The contractor has installed 1 400 m of the 800 mm diameter pipeline on one end of the project, as well as 156 m of the 1 200 mm diameter pipeline at the other end. Air valves have also been installed between Mew Way and Walter Sisulu Road.



PROJECT	PROGRESS
Cape Flats aquifer recharge	The Cape Flats MAR groundwater scheme is being incrementally developed. A projected yield of 50 Mℓ of potable water per day is anticipated in phases 1 and 2. The aquifer will be artificially recharged at a rate of up to 40 Mℓ/day. The scheme is divided into discrete clusters derived from the alignment of the higher water-yielding zones of the aquifer with the remaining open spaces in the urban landscape. The cluster descriptor is taken from the name of the precinct, suburb or area where the cluster is primarily located. After the early geophysical exploratory work and several planning phases, the abstraction component of the scheme has been streamlined into the clusters of Hanover Park, Philippi, Strandfontein West, Strandfontein North/East and Mitchells Plain. These will deliver yields of 4 Mℓ/day, 6 Mℓ/day, 5 Mℓ/day, 15 Mℓ/day and 20 Mℓ/day respectively. Advanced treatment will be required to ensure that water is safe to drink. The MAR component comprises the treatment and injection of effluent into strategic zones of the aquifer to ensure sustainability of the aquifer biome in the long term. The MAR infrastructure consists of a reclamation works with an initial capacity of 40 Mℓ/day situated at the Cape Flats wastewater treatment works, a pump station, conveyance pipelines, injection boreholes and infiltration ponds. The capacity of the reclamation works can be upgraded to 64 Mℓ/day.
Berg River to Voëlvlei augmentation scheme (BRVAS)	The DWS is currently implementing the Berg River to Voëlvlei augmentation scheme. The scheme involves the pumped abstraction of water from the Berg River to the Voëlvlei dam in winter, and the release of water from the dam to the river in summer. The BRVAS requires the following additional infrastructure: ✓ A weir and raw-water pump station on the Berg River at Lorelei to minimise the entrainment of sand and silt by the pumps. ✓ A rising main pipeline 6 300 m in length and up to 1,9 m in diameter. The pumps would be programmed to operate in accordance with the developed operating rules for the eventual scheme. This pipeline would need to be cross-connected to the existing outlet infrastructure so that water can be released to the Berg River during the summer months under gravity. This will eliminate the need to utilise the existing canal, from which water losses occur.

INFRASTRUCTURE MAINTENANCE SERVICE PROJECT

Maintenance and refurbishment of existing bulk water infrastructure continued in the year in review. This included upgrades to major pump stations, the repair of concrete structures such as reservoirs and dam intakes, and the verification and replacement of large-diameter meters.

The City has a detailed process flow to ensure that its water and sanitation data are accurate and its management systems are effective. It continues to invest in repairs and maintenance of its water and sanitation infrastructure, which makes a noticeable difference to Cape Town and its people. Infrastructure is required to supply

citizens, communities, businesses and industries with potable water, as well as to collect, treat and discharge wastewater, to manage stormwater runoff, and to prevent flooding. For more information on the City's investment in the maintenance of water and other infrastructure, please see the financial statements included in this report, and the City's budget document, which is available on www.capetown.gov.za.

SUPPORT SERVICES PROJECT EXCELLING AT WATER QUALITY

The City supports and complies with the strict water quality checks prescribed by the DWS. Water quality is closely monitored by the City's Scientific Services laboratory, with water samples regularly analysed against the latest SANS 241 requirements. The data

continue to confirm that the City is exceeding its own, very high water-quality targets.

ALTERNATIVE HUMAN WASTE MANAGEMENT FACILITY

In the year in review, the City officially opened a new, state-of-the-art faecal sludge management facility at the Borchers Quarry wastewater treatment plant.

The first of its kind in the world, this fully automated system cleans, washes and disinfects toilet containers five times faster than what was previously done manually. In addition, it offers staff an improved working environment and upskilling opportunities.

One of the most significant benefits of the facility is its water-wise design. Recycled water, produced at the wastewater treatment plant, is used instead of the potable (drinking-quality) water used by the old manual system. This is an important consideration for a water-challenged city such as Cape Town. Other benefits include less chemicals used in the disinfecting process, cost efficiencies, a reduction in odours, and the minimisation of chemical and faecal spillage risks.

ROAD INFRASTRUCTURE INVESTMENT PROGRAMME

CONCRETE ROADS UPGRADE PROGRAMME

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

In the 2019/20 financial year, a further R92 million (this is the current budget – the figure will have to be reviewed after financial year-end once the actual expenditure is known) was invested in this roads rehabilitation programme. Another R62 million was budgeted for the 2019/20 financial year, which forms part of a total investment of R276 million set aside to continue the work until the end of 2022.

ROAD CONGESTION RELIEF PROJECT

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

The infrastructure component of the congestion management programme has been completed and a list of congested locations has been prepared. Congested locations are road links where the volume or capacity ratio exceeds 1, which means that the peak period is spread over a number of hours. Using the comprehensively updated Emme 4 transportation model with future land-use predictions and various technical filters, the City’s consultants have documented the technical criteria for prioritising projects on an unbiased, citywide basis. A range of projects have been identified, including critical missing links in the road network, adding capacity (lanes) to existing links, and capacity improvements at key interchanges and intersections. All of these are believed to have maximum potential to provide the most benefit to the greatest number of people, with good economic indicators (i.e. first-year rate of return).

Recently, there has also been a focus on possible projects for priority lanes, such as high-occupancy vehicle lanes and public transport priority lanes (bus lanes and queue jump lanes at intersections). However, planning funding for these needs to be obtained from outside the congestion relief programme.

PROGRESS TO DATE

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

- ✓ In the Blaauwberg area, Plattekleof, Bosmansdam and Sandown roads, and Malibongwe Drive (M12) have now been upgraded to dual carriageways, working in collaboration with developers.
- ✓ In the Kommetjie area, the widening (dualling) of portions of Kommetjie Road and Ou Kaapse Weg has been completed.
- ✓ In the Kuils River area, the Belhar Main Road extension and Langverwacht Road widening are still under way. The designs for the Erica Drive and Saxdown Road extensions and the Amandel Road widening are complete, but construction will only commence in the 2021/22 financial year.
- ✓ In the Somerset West area, Broadway Boulevard (R44) has been dualled between Beach and Main roads. Further widening of the R44, together with capacity improvements to the N2 and R102 interchanges and new non-motorised transport bridges, is currently in progress (in collaboration with the South African National Roads Agency Limited) in the vicinity of Somerset Mall. Onverwacht Road (new link) and upgrades to Sir Lowry’s Pass Village Road have been completed.
- ✓ In the Rondebosch, Newlands, Claremont and Wynberg area, planning has commenced

TABLE 3: Initial congestion relief programme four-year budget projection

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

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

YEAR	2019/20	2020/21	2021/22
Approved budget	R96 818 671	R145 579 500	R185 600 000

for phased upgrades along the M3 corridor between the N2 and Travato Link Road.

- ✓ In the Maitland area, planning has commenced for phased upgrades along the Voortrekker Road corridor between Salt River and Jakes Gerwel Drive, and along Berkley Road between the M5 and Prestige Drive in Maitland.
- ✓ In the Bellville area, the design of the dualling of Jip de Jager between Kommissaris Street and Van Riebeeckshof Road is complete, but construction is likely to commence in the 2022 financial year only.

A number of traffic safety management projects are also under way, including the:

- ✓ M3 fibre-optic network extension;
- ✓ Wetton/Plantation roads intersection capacity improvement;
- ✓ Brackenfell Boulevard/Eskom intersection capacity improvement;
- ✓ Van Riebeeck/Langverwacht roads intersection capacity improvement;
- ✓ Strandfontein Service/Ottery roads improvement and signalisation;
- ✓ Dick Burton/M5 extension of south-bound right turn; and
- ✓ Japhta K Masemola Road/Lindela Street improvement.

The congestion relief programme commenced in August 2015, and Council supported the allocation of R40 million in the 2015/16 financial year as seed money to commence with the R750 million programme. The indicative annual budget projection is as follows:

To enable the City’s Transport Directorate to continue to effectively address the congestion problem, the City allocated R218,9 million (after top-up, rollovers and budget adjustments) to congestion relief work in the 2019/20 financial year.

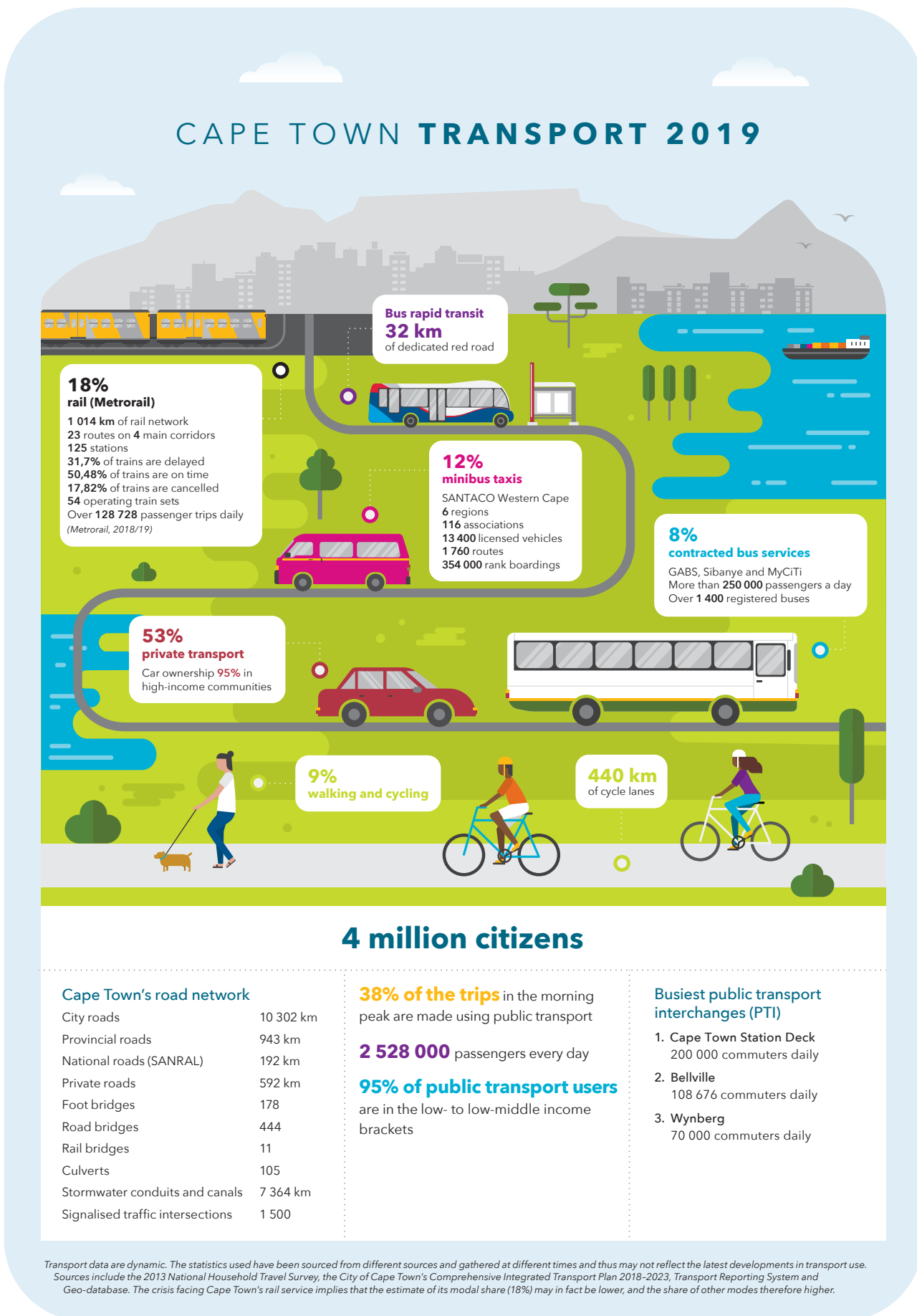
There is currently a massive backlog in road infrastructure in the Cape Town metropolitan area, and the total programme budget is insufficient to fund all identified and required congestion alleviation projects.

As the congestion relief programme gets an increasing number of large infrastructure projects ready for implementation, the lack of funding will delay the rate at which the programme can deliver results. As such, any additional funding that becomes available will be directed towards projects that will be of greatest benefit to Capetonians and the local economy. Where possible, additional, special funding will also be secured.

E-TOLLS

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

FIGURE 6: Cape Town's transport network



ECONOMIC DEVELOPMENT AND GROWTH PROGRAMME

BUSINESS INCENTIVE PROJECT

The Investment Facilitation Unit administers the City's investment incentive programme. Initially only available in the Atlantis Industria area, the incentive scheme was expanded to another five areas in November 2019, namely Parow industria, Lansdowne industrial area, Triangle Farm, Sacks Circle and Elsies River industrial area. Council also approved two investors in priority tertiary sectors for the electricity incentive – one in Diep River and the other in Brackengate. These areas were selected based on a series of technical criteria, including their predominantly industrial land use, poorly performing property markets, and location within the urban inner core as described in the City's Spatial Development Framework.

Since 2013, the Atlantis incentive scheme had seen a total of 173 financial incentives to the value of R112 975 153 million taken up, and 2 013 non-financial incentives exercised. In the first three quarters of 2019/20, a further 19 financial incentives to the value of R21,78 million were taken up, as well as 158 non-financial incentives. These incentives have helped secure the growth and sustainability of the beneficiary companies, enabling them to continue providing thousands of job opportunities.

TARGETED URBAN UPGRADE AND IMPROVEMENT PRECINCTS PROJECT

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

The historical MURP implementation platform includes the following:

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

- ✓ **Negotiated community action plans/area strategies/safety plans/public investment frameworks** – Negotiated solutions for stabilisation, sustainability and development on a geographic-area basis.
- ✓ **Participatory approaches and transversal integration** – Consultation, baseline analysis, planning, operations and maintenance, budgeting, implementation and precinct management.
- ✓ **Transversal management of implementation** – in agreed prioritised areas.
- ✓ **Support to line departments by MURP as implementing agent** – To accelerate and facilitate service delivery in prioritised communities.
- ✓ **Support to line departments by MURP as mediator** – Mediation between parties when communities and criminal elements have stopped contractors and service delivery, to ensure ongoing implementation and service delivery.

The MURP areas have been identified based on the following criteria:

- ✓ **Council for Scientific and Industrial Research (CSIR) study areas in greatest need of public/social facilities and infrastructure** – These are areas of Cape Town that require an investment focus to redress inequality.
- ✓ **Socio-economic index** – This indicates the areas of Cape Town that require special attention, and where upliftment depends on a catalytic approach.
- ✓ **Density** – Areas where improved sustainability will have a positive impact on the quality of life of a larger number of residents due to a denser population.
- ✓ **Areas of rapid urbanisation** – Areas with the lowest levels of sustainability due to poor urban management and a lack of investment in public facilities and infrastructure have generally become urbanised through in-migration in the past 20 years. Residential growth has typically outstripped operational and capital investment in the public domain.
- ✓ **Redress of apartheid planning** – A large proportion of the urbanised areas mentioned above were originally created through apartheid planning, and the associated inequalities exist to this day. Should the City merely continue developing new areas, it runs the risk of achieving similar outcomes.

- ✓ **Achievability** – Areas where the objectives are achievable in the short to medium term, where progress has already been made, or where there are existing resources available within the urban fabric.
- ✓ **Current investment focus/programme** – Areas with a current investment focus enable a more integrated approach to people investment and participatory planning, which means a better quality of life, sustainability and improved community safety are achievable. The identified areas need to correspond with the spatial investment priorities contained in the BEPP for the outcomes of integration and sustainability to be realised.
- ✓ **Focus on central business districts (CBDs), town centres and community nodes** – Areas where effective urban management ensures safety and sustainability, being the preconditions for economic development and a reduced operational burden on the City.

MOVING FORWARD WITH MURP

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

This initiative is aimed at ramping and speeding up initiatives that will have a visible and tangible impact on the quality of life, safety and socio-economic environment of citizens in focus areas of high need and strategic importance.

The following areas have been identified:

- ✓ Atlantis
- ✓ Durbanville public transport interchange and town centre precinct
- ✓ Kraaifontein
- ✓ Nyanga/Gugulethu
- ✓ Delft Main Road precinct
- ✓ Kuils River CBD and Van Riebeeck Road
- ✓ Nollungile station precinct and CBD
- ✓ Nonkqubela station precinct and CBD
- ✓ Harare
- ✓ Lotus Park
- ✓ Monwabisi Park
- ✓ Bellville CBD
- ✓ Bishop Lavis CBD
- ✓ Bo-Kaap

- ✓ Bonteheuwel
- ✓ Goodwood CBD
- ✓ Parow CBD
- ✓ Hanover Park
- ✓ Manenberg
- ✓ Mitchells Plain
- ✓ Ocean View
- ✓ Uitsig
- ✓ Wynberg CBD

Ultimately, elements of the MURP toolkit will be applied across Cape Town through:

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

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

The intention is also to target strategic precincts in Cape Town with a view to clustering investment. The aim is to achieve maximum impact in partnership with line and provincial departments.

These precincts are:

- ✓ Bellville CBD and public transport interchange;
- ✓ Philippi East;
- ✓ Site C/Nollungile station precinct and Site B/Nonkqubela station precinct;
- ✓ Manenberg/Hanover Park;
- ✓ Nyanga/Gugulethu; and
- ✓ Bonteheuwel/Bishop Lavis.

FIGURE 7: Mayoral Urban Regeneration Programme focus areas

The 23 MVSA precincts

1. Atlantis/Wesfleur
2. Durbanville Town Centre/PTI
3. Kraaifontein Town Centre
4. Nyanga/Gugulethu
5. Delft Main Road Precinct
6. Kuils River/Van Riebeeck Road Precinct
7. Nollungile Station Precinct
8. Nonkqubela Station Precinct
9. Harare Precinct
10. Lotus Park Informal Settlement
11. Monwabisi Park Informal Settlement
12. Bellville CBD/PTI
13. Bishop Lavis Town Centre
14. Bo-Kaap
15. Bonteheuwel
16. Goodwood CBD
17. Parow CBD
18. Hanover Park
19. Manenberg
20. Mitchells Plain Town Centre
21. Ocean View
22. Uitsig
23. Wynberg CBD/PTI



GREEN ECONOMY PROJECT

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

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

Since designation, investor interest in the ASEZ has steadily increased. Discussions with firms in the waste recycling, green building, renewable-energy, energy-efficiency and water subsectors have secured approximately R721 million worth of investment and facilitated the creation of approximately 300 jobs.

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

INFORMAL ECONOMY SUPPORT PROJECT

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

A key discussion point at these engagements used to be the frustration of stakeholders in the informal economy at the inconsistent manner in

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

In addition, a leadership development programme, focused on building capacity of trader associations' leadership, took place at Khayelitsha Lookout Hill. A roll-out of the programme to other areas was planned and budgeted for in the financial year in review. However, the outbreak of Covid-19 and the subsequent safety regulations meant that the project could not be implemented.

The City also initiated the development of an informal economy strategy. After much consideration, it has been decided that the strategy will form part of the Inclusive Economic Growth Strategy review to encourage strong linkages between the formal and informal economy. The aim is to promote the formalisation of enterprises and link them to growth sectors of the local economy. The annual Informal Economy Summit held in June 2019 was used as a basis to obtain the informal sector's input.

Micro-enterprise development programmes were rolled out across town to encourage entrepreneurship and provide support and guidance to new and existing businesses.

Unfortunately, Covid-19 meant that the 2020 Informal Economy Summit had to be cancelled. The City is exploring alternative mechanisms to enable meaningful stakeholder engagement with the sector.

UNLOCKING THE NIGHT-TIME ECONOMY RESEARCH PROJECT

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

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

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

The first phase of the study, which had an estimated completion date of the end of June 2020, was delayed due to low survey response rates, primarily because of Covid-19. A number of measures were taken to increase survey responses, but as this took additional time, the project has been delayed by approximately six to eight weeks. The first phase includes desktop research, interviews with NTE role players and digital surveys of NTE firms, and will visualise salient findings in an NTE map of the CBD precinct.

The data collected from the first phase will be used to compile a report, which will serve as an inception document for future research and offer broad insights into:

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

PARTNERSHIP DEVELOPMENT PROGRAMME

As part of the City's catalytic land development programme (CLDP), the Urban Catalytic Investment (UCI) Department is developing a number of partnerships with other state-owned enterprises with matching land mandates to implement catalytic projects together. These include the national Department of Public Works, the Passenger Rail Agency of South Africa (PRASA), Transnet, Airports Company South Africa (ACSA) and others. These agreements will facilitate close collaboration and joint project planning and implementation, especially where the public-sector entities and the City own land in the same area, such as around railway stations where TOD projects are envisaged.

TRADE AND DEVELOPMENT PROJECT

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

GREATER TYGERBERG PARTNERSHIP RECEIVES TOP IDA AWARD

The Greater Tygerberg Partnership (GTP), a not-for-profit company, was established in 2012 as a public-private partnership between the City, business, civil society and academia. In the year in review, the GTP was awarded the Downtown Achievement Pinnacle Award of the International Downtown Association (IDA) for its work relating to the Sha'p Left nursing hub in Bellville. Conveniently located next to the Bellville public transport interchange, Sha'p Left is a containerised medical centre where residents can collect their chronic medication, have a healthcare consultation and even get their eyes tested. The Pinnacle Award is the highest accolade for urban place professionals and recognises the most creative and inspiring innovations in urban place management. The GTP took top honours in the category for public space management and operations.

Since the designation of the ASEZ in August 2018 and its subsequent launch in December of that year, the City, Province and implementation partners, GreenCape and the Special Economic Development Infrastructure Company, have been establishing the institutional structures required to make the zone an operational entity. The operating company was established with an interim board in March 2020. It will start full operations in the first quarter of the 2019/20 financial year, when the land transaction between the ASEZ and the City will have been finalised.

The existing investment pipeline for the ASEZ in particular and Atlantis more broadly has held up well despite the impacts of the Covid-19 pandemic. New investors have expressed interest in locating businesses in the ASEZ, with three promising new projects added to the pipeline since the start of the lockdown in March.

BUSINESS ENGAGEMENT PROJECT

The City had planned to implement a series of quarterly business meetings in the course of the year in review to engage with leaders and chief executives of various medium and large firms in key Cape Town sectors. Four focus groups with businesses had also been planned as part of the City's annual customer satisfaction survey. These would have been aimed at testing policy and programme ideas, assessing the state of the business-enabling environment, and also as platforms for public participation on the impact of new business-related City strategies, policies and programmes. Unfortunately, these plans had to be put on hold due to Covid-19.

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

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

The development of a catalytic sectors monitoring framework was completed with the assistance of consultants Ernst & Young. Relevant City staff were trained in using the framework in October 2019. Unfortunately, the implementation of the framework has not moved forward as planned. The intention was to send out the monitoring survey to all sectors in April 2020, but this did not happen due to Covid-19. Since many other Covid-19 surveys continue to be distributed to firms in various sectors, poor participation due to survey fatigue is a considerable risk. Therefore, it has been decided to postpone the launch until a more appropriate time. The monitoring framework is currently being used by the City's economic research team in the quarterly Camissa analysis.

LEVERAGING THE CITY'S ASSETS

PRIVATE SPONSORS PROJECT

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

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

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

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

ASSET LEVERAGE PROJECT

The asset leverage project is aimed at rationalising and optimising City assets to stimulate economic benefit for Cape Town and its people.

OPTIMISING THE CITY'S STRATEGIC ASSETS

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

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

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

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

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

THE CITY'S PORTFOLIO OF STRATEGIC ASSETS COMPRISES DIVERSE HISTORIC, RECREATIONAL, ECONOMIC AND SOCIAL CONGREGATIONAL ASSET HOLDINGS. OVER TIME, EACH OF THESE ASSETS HAS PRESENTED THE CITY ADMINISTRATION WITH OPPORTUNITIES FOR FINANCIAL OPTIMISATION AND LEVERAGING. MORE IMPORTANTLY, THE ASSETS HAVE FACILITATED SAFE SPACES FOR RESIDENTS TO SOCIALISE, INTERACT, UTILISE OPPORTUNITIES AND DERIVE MAXIMUM BENEFIT FROM AN INTEGRATED URBAN ENVIRONMENT.



UPGRADES TO KEY CITY STRATEGIC ASSETS

The table below shows the progress made with upgrades to a number of key City strategic assets for 2019/20, and plans for 2019/20:

STRATEGIC ASSET	PROGRESS IN 2019/20	PLANNED FOR 2019/20
City Hall	✔ Construction of new staircase to the Mandela exhibition. ✔ Upgrade and refurbishment of the ground floor. ✔ Upgrade of Mandela exhibition. ✔ Upgrade to bathrooms. ✔ Completion of refurbished space for the Cape Town Tourism offices.	✔ Upgrades to event spaces. ✔ Installation of new lighting and fittings in all event spaces. ✔ Installation of curtaining and blinds in all event spaces. ✔ Installation of audiovisual equipment for conferencing and meetings in all event spaces. ✔ Upgrades to the first- and third-floor staff offices and staff mess rooms. ✔ Construction of new shaft for the installation of a new lift for persons with disabilities at the auditorium. ✔ Main auditorium floor/seating raking. Stepped flooring for overhead viewing of stage. ✔ New fencing for City Hall carpark - Parade Street. ✔ Upgrade to the event kitchens on the second floor. ✔ Ongoing refurbishment of City Hall to ensure optimal facility management and asset usage.
Good Hope Centre	✔ Upgrades to and installation of new low-voltage switchgear system.	✔ Study on how the Good Hope Centre may be elevated to become a venue for future City use (i.e. for events, conferences, etc.) with a view to turning it into a world-class event space. ✔ Study is also to establish the best use of the Good Hope Centre, for which a proposal has been approved and a purchase order been created. ✔ Budget to be viremented to City Hall to increase scope of works. No capital remaining.
Grand Parade	✔ Installation of closed-circuit television (CCTV) phase 2. ✔ Installation of automated bollards for access control. ✔ Preparations to install a new yellow tourist photo frame.	✔ Installation of new, manual dropdown bollards. ✔ Installation of phase 3 CCTV cameras for monitoring on the Castle side of the Grand Parade. ✔ Installation of yellow tourist photo frame. ✔ Planning for upgrade to the precinct to attract more tourists and locals to the area.

STRATEGIC ASSET	PROGRESS IN 2019/20	PLANNED FOR 2019/20
Athlone Stadium	✔ Construction of and upgrade to the video operating centre on the fourth and fifth floors. ✔ Monitoring station for security. ✔ Installation of new lifts in the west stand. ✔ Installation of next phase of professional audio and evacuation system. ✔ Additional CCTV installed. ✔ Installation of new floodlighting for the parking area behind the north stand.	✔ Installation of new show lighting and canopy floodlighting for the west and east roof canopies. ✔ Supply and installation of new turnstiles at access points - all general entrances. ✔ Study to explore how Athlone Stadium can be optimally utilised in the future. ✔ Budget savings to be viremented to City Hall to increase scope of works. No capital remaining.
The Granary	✔ Installation of local area network and Voice over Internet Protocol services for connectivity compliance.	✔ Phase 2: Connectivity installation of new radio.
Green Point Athletic Stadium	✔ No approved capital budget.	✔ Installation of new generators for the athletics track to attract high-class evening events.
Green Point Urban Park	✔ No approved capital budget.	✔ Upgrade to the stepping stone bridge. ✔ Upgrade to the existing spring-water reticulation system.

FILM AND MEDIA PROMOTION

The film and media industry has grown rapidly over the past few years, and Cape Town has developed a strong global positioning as a filming destination of choice. Over the next five years, the City will

actively promote this positioning to attract various film and media productions, in particular feature films, television series, documentaries, commercials, still photography, animation and interactive computer games.

TABLE 5: Rand value of media and film productions brought to Cape Town and the Western Cape

STRATEGIC OBJECTIVE PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/17	ACTUAL ACHIEVEMENT 2017/18	ACTUAL ACHIEVEMENT 2018/19	ACTUAL ACHIEVEMENT 2019/20
	R1,56 bn	R1,92 bn	R2,38 bn	R2,189 bn

OBJECTIVE 1.2: LEVERAGING TECHNOLOGY FOR PROGRESS

DIGITAL CITY PROGRAMME

BROADBAND PROJECT

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

In May 2019, the City approved a change in project scope, shifting the focus to the deployment of network infrastructure only (known as 'option 2' out of a range of five strategic options considered). The broadband infrastructure project has now been established as a full infrastructure-only programme led by the City's Portfolio, Programme and Project Management Office. The focus for the 2019/20 financial year was on planning the programme in accordance with the requirements of the City's new stage gate review process.

In June 2020, Council accepted a revised conceptual-stage business plan. The project will now move into the detailed design phase, with execution scheduled for the 2019/20 financial year.

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

By the end of the reporting year, the City had installed a total of 1 140 km of fibre-optic cable. These include fibre-optic cabling used to connect the City's buildings, including libraries and clinics, as well as bus stations, cameras and other infrastructure vital for service delivery. Currently, 407 City buildings benefit from the administration's broadband infrastructure.

As the number of access networks continues to expand, together with the number of devices and

systems connected to them, the City's broadband infrastructure will become ever more important to the administration's daily service delivery.

TECHNOLOGY INNOVATION PROJECT

During the year in review, the City's initiative to modernise community services and health IT and business systems recorded the following key achievements:

CITY HEALTH - INTEGRATED PATIENT MANAGEMENT SYSTEM

The clinic appointment system has been deployed at 59 of 87 clinics, with roll-out to the remaining clinics expected in the first quarter of 2019/20. Approximately 420 000 electronic appointments were processed via this system in 2019/20.

Development of the electronic patient records management and integrated pharmacy management systems is currently under way. Deliverables for phase 1 are scheduled to be completed and implemented in 2019/20.

RECREATION AND PARKS - FACILITY BOOKING SYSTEM

Functions under phase 2 of the development of the facility booking system, namely online booking, online payment and mobile field services, will be completed in the first quarter and activated in the second quarter of 2019/20.

Moreover, the development of the SAP booking systems for the City's swimming pools and sports grounds is complete, and the systems are scheduled to go live in the first quarter of 2019/20.

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

The development of the ECD registration support system is complete, and the system is scheduled to go live in the first quarter of 2019/20.

SPATIAL DATA MANAGEMENT PROJECT

The spatial data management project is aimed at enabling the City to collate, analyse and interpret development data to create spatial development frameworks, inform development decisions, understand the impacts and consequences of planning decisions, and monitor spatial transformation.

The technical recession, the long-term impact of Covid-19 and the stark socio-economic realities facing Cape Town demand enhanced, evidence-based spatial tools to provide decision makers with accurate and credible information. In this regard,

the following projects and platforms are being developed to support the City's efforts:

- ✓ **Enhanced spatial trends analysis** - To monitor and evaluate the location, nature and quantum of land-use change in the city.
- ✓ **Land-use model 2040** - The quantification and spatial distribution of current and future land-use projections to inform sector and master planning initiatives, as well as the management of both new and renewed infrastructure assets.
- ✓ **Urban development index** - Comprising 11 indicators to reflect spatial transformation in terms of land use, housing and transport.
- ✓ **Spatial costing tool** - To consider the operating and capital costs associated with development.
- ✓ **Undeveloped and partially developed land inventory** - To inform the City's land-use model and the review of the district spatial development frameworks.

OBJECTIVE 1.3: ECONOMIC INCLUSION

SKILLS INVESTMENT PROGRAMME

SKILLS DEVELOPMENT AND APPRENTICESHIP INVESTMENT AND GRADUATE INTERNSHIP PROJECT

SKILLS DEVELOPMENT

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

The SPV collaborations continue to make a tangible contribution to industry development in identified sectors, particularly through training initiatives and industry events. Between 2014 and March 2020, these training initiatives collectively enhanced

the skills of nearly 13 500 people, mainly from disadvantaged areas. In 2019/20 specifically, skills training was facilitated in the call centre, craft and design, ICT, clothing and textiles, and the green economy industries.

The Catalytic Sectors Unit also implemented three skills projects - two in the business process outsourcing (BPO) industry in conjunction with the Expanded Public Works Programme (EPWP) Office, and one in the craft and design industry. To date, 268 beneficiaries have been trained in BPO, and 76 in craft and design.

Yet work placement has been slow, since many companies were not employing staff early in 2020 due to the Covid-19 pandemic and subsequent lockdown. However, the training providers and project managers are working closely with industry to ensure that beneficiaries are placed.

These types of training initiatives typically result in good numbers of internships and permanent employment opportunities. The industry events and engagements, in turn, are excellent networking

opportunities that drive enhanced business activities for individuals and companies respectively.

The City will continue rolling out its own team leader and manager skills programme, following the successful roll-out of the pilot in 2018/19. The programme improves team performance by equipping participants with an understanding of the management of operational metrics and the management of different personality types. The City trained 25 people in the year under review and aims to train 50 people in 2019/20 in collaboration with BPESA WC.

The City also allocated R3 million to the non-profit organisation GreenCape to further develop the ASEZ support ecosystem in the 2019/20 financial year.

Through this funding, GreenCape:

- ✓ enhanced SME development opportunities;
- ✓ promoted investment in the ASEZ;
- ✓ undertook community engagement in Atlantis; and
- ✓ facilitated an ECD intervention to work towards a whole-of-society approach.

WORKFORCE DEVELOPMENT

The City's workforce development project, which connects unemployed residents with job opportunities, provided work-readiness training to 4 619 residents. This programme supports interventions that equip Capetonians with the occupational skills needed for entry-level and middle-skill opportunities to enable career advancement. Through collaboration with 31 corporate and SMME employers and various City programmes, 1 133 residents secured employment. The service provider achieved the targets for the three-year project ahead of the November 2020 project deadline. The priority is to continue building the skills that employers (SMMEs and corporates) seek to grow their enterprises by inviting more implementation partners to join the next phase.

ENTERPRISE DEVELOPMENT AND SUPPORT

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

In the year in review, the Business Hub helpdesk actioned 97% of the 2 489 service requests or enquiries from SMMEs and entrepreneurs within two working days. The enterprise and supplier development programme facilitated support for 1 278 SMMEs and City vendors across all 24 subcouncils.

The Business Hub walk-in centre at the Strand Street concourse was launched in August 2019, along with further improvements to the business query tracking system to enhance performance monitoring and reporting.

Highlights include the following:

- ✓ Partnership with Small Enterprise Development Agency on cost-sharing a supplier development programme, including feasibility of new markets, marketing, financial management, mentorship, etc., which will aim to support 50 City vendors annually.
- ✓ Supplier development for 1 000 exempt micro-enterprises, qualifying small enterprises and community-based vendors through workshops on how to do business with government, costing and pricing.
- ✓ Workforce development support through an entry-level recruitment service for SMMEs via the Lulaway e-recruitment portal to screen and track applicants, schedule interviews and select candidates.

MAYOR'S JOB CREATION PROGRAMME

MJCP AND EPWP MAINSTREAMING PROJECT

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

The City has an approved Public Employment and Skills Development (PE&SD) Framework, which guides the organisation on how to design, plan, develop and implement related programmes and projects. A range of programmes and projects have been implemented. Currently, these have a funding value of over R200 million and have provided jobs to over 1 200 participants in all three EPWP sectors (social, infrastructure and environment).

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

THE CITY CREATED 31 871 MAYOR'S JOB CREATION PROGRAMME EMPLOYMENT OPPORTUNITIES IN 2019/20.



The Fourth Industrial Revolution is one of the biggest disrupters of the 21st century and will fundamentally alter the way we live, work and interact. A good example of an appropriate response to this is the R13,78 million currently being spent on upskilling EPWP participants through South African Qualifications Authority-accredited training and skills development in the BPO sector. At least 170 participants are guaranteed placement in a permanent call centre job at the end of the training. Furthermore, the partnership between the City's EPWP Office and the Enterprise and Investment Department has seen the EPWP Office contribute an additional R10 million per year to the Cape Skills project, for three years. This project aims to create 1 100 jobs for each of its three years of implementation.

In the next financial year, the City intends partnering with internal and external stakeholders on planning, designing and implementing a PE&SD programme for SMMEs, focusing on the informal and start-up tier for EPWP participants. This programme is

planned to have an intake of over 100 participants, and a value of over R20 million per year for up to three years.

EPWP INFORMAL SETTLEMENTS PROJECT

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

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

Through these and other initiatives, the City created 31 871 Mayor's job creation programme employment opportunities in 2019/20.

OBJECTIVE 1.4: RESOURCE EFFICIENCY AND SECURITY

ENERGY-EFFICIENCY AND SUPPLY PROGRAMME

Due to a number of recent developments in the country's fast-changing energy and urban landscape, the City had to reconsider its position. These developments included disruptions in the electricity sector, ranging from Eskom's financial crisis to new technologies, and the need to respond to climate change. This led the City to establish a dedicated Energy and Climate Change Directorate as part of its restructuring process at the end of 2018.

The City remains committed to rapidly expanding its sustainable energy programmes and ramping up its climate action commitments by extending its Energy2040 goal to carbon neutrality by 2050 (see 'Climate change mitigation project' below).

Existing programmes and projects in support of this include:

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

- ✓ a strong focus on public transport, TOD, non-motorised transport and transport demand management;
- ✓ landfill gas-to-energy and beneficiation processes, and waste minimisation initiatives;
- ✓ producing the Cape Town State of Energy report series every five years to profile the City's energy system in detail, and directly support the goal of a data-driven and evidence-led administration; and
- ✓ coordinating the mitigation component of the City's Climate Change Strategy and Climate Change Action Plan.

PURSUING CLEANER ELECTRICITY SUPPLY

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

INDEPENDENT POWER PRODUCERS PROJECT

The City launched an application in the Gauteng North High Court in 2017 against NERSA and the Minister of Mineral Resources and Energy for a declaratory order to the effect that it does not need a determination in terms of section 34 of the Electricity Regulation Act in order to purchase energy from independent power producers; alternatively that the requirement for such a determination is unconstitutional; and further alternatively that the Minister be directed to make a determination as sought by the City. Judgement in the matter was handed down on 11 August 2020. The court declined to make an order on the merits

and referred the matter back to the parties for them to undertake an intergovernmental dispute resolution process in terms of section 41 of the Constitution. Should this process not bear fruit, any of the parties may re-enrol the matter for hearing in court. It is hoped that once the matter is resolved by intergovernmental engagement or by court order, the City will be able to procure at least 300 MW of energy from independent power producers.

The feasibility of procuring electricity from small-scale IPPs (less than 10 MWp) embedded in the City network is also being explored. As part of this initiative, the City is looking into the potential for developing a number of small, City-owned renewable-energy generation installations at its own buildings and facilities. These will have generation capacity of less than 1 MWp each, and a 'wheeling' framework is envisaged that will allow independent generators to sell electricity directly to consumers.

Furthermore, larger-scale solar photovoltaic (PV) projects (5-10 MWp) are being assessed for development on underutilised City-owned land. These will be embedded in the City's network and the City hopes to generate 50 MW through these developments.

NATURAL GAS STUDY

Last year, the City signed a grant agreement worth more than R12,7 million with the United States Trade and Development Agency to conduct a feasibility study on a natural gas distribution network for Cape Town. The regional availability of natural gas offers an opportunity to achieve a greater mix of energy sources and, critically, to support a higher share of variable renewable electricity.

The study evaluated a gas distribution system utilising liquefied natural gas (LNG) importation. It assumed a system configuration involving an LNG import facility at Saldanha Bay, a high-pressure gas transportation mainline consisting of two segments, and a low-pressure two-phase distribution and reticulation pipeline system. This gas supply system would require coordination between the City, Province, a number of national regulators and parastatals, as well as various project developers to implement the LNG importation and transmission. The study, which was completed at the end of 2019, has found that imported LNG is currently not feasible as an energy supply for Cape Town. The anticipated volume of demand would neither support the high fixed cost of pipeline infrastructure required, nor be sufficient for advantageous supply contracts.

FLARING AND WASTE-TO- ENERGY IMPLEMENTATION

Waste-to-energy projects are being investigated as part of the City's Integrated Waste Management Strategy.

The destruction of landfill gas, which is a major contributor to global warming, not only assists the City with electricity generation, but also contributes to national climate change mitigation goals and the country's global commitments. This can be achieved by simply flaring the gas to destroy the greenhouse gas, thereby limiting its climate change potential.

Landfill gas-to-energy projects depend on the volumes of gas available. The two current projects have been designed to generate approximately 1 MW of energy each, which may vary over time as gas emissions decrease. This could be used to lower energy purchases for City operations, such as wastewater treatment. In the medium to long term, small-scale generation projects would result in additional operating cost savings by reducing bulk electricity purchases, with an additional saving on the value-added tax arising from this.

In preparation for electricity generation, systems for gas extraction and flaring have been established at the Coastal Park and Bellville South landfills, and a similar system is being designed for the Vissershok landfill. The generation sets are being procured, and should be installed and operational in 2022/23. Gas flaring is already carried out.

EMBEDDED GENERATION PROJECT

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

By the end of June 2020, 720 residential and 245 commercial and industrial PV systems approved by the City had been commissioned. These represent an embedded generation capacity of 41,6 MVA. The total capacity of approved, grid-tied, embedded-generation installations commissioned during the whole of the 2019/20 financial year was 18,09 MVA. Notably, there has been a rapid increase in the number of approved off-grid residential systems.

A major challenge in this environment is that many customers are illegally connecting to the network without prior approval from the City. A City by-law requires SSEG systems to be registered, and grid-tied installations to comply with the criteria for registration. Non-compliant systems create safety



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

risks and legal challenges for network operators, infrastructure, home owners and the City itself. An awareness campaign was therefore launched in July 2018 to educate customers about the need to register their systems, and the implications of unauthorised systems on the network. The registration process was communicated to citizens through social media, rates bill inserts and an online video. The City also extended its original registration deadline and created an online preregistration portal to make it easy for residents to start the process of registering their PV systems.

ENERGY-EFFICIENCY PROJECT

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

ENERGY EFFICIENCY IN MUNICIPAL OPERATIONS

The City consumes approximately 4% of all electricity used in Cape Town. As such, it is committed to improving the management of energy use in all its municipal operations with the aim of improving resource efficiency, reducing its carbon footprint and saving money. In the 11 years from 2009/10 to 2019/20, this initiative saved over 231 GWh of electricity, which translates to avoided emissions of 229 035 tCO₂e (metric tonnes of carbon dioxide equivalent).

The traffic and streetlighting retrofit projects were already generating net savings by the 2013/14 financial year. The programme as a whole, including building retrofits with embedded generation, is expected to produce cumulative net savings in the region of R228 million by 2025/26.

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

- ✓ A total of 60 municipal facilities have been retrofitted with energy-efficient lighting.
- ✓ A total of 563 kWp of rooftop PV systems have been installed on City buildings.
- ✓ All traffic lights have been retrofitted with light-emitting diode (LED) lamps.
- ✓ Approximately 34% of all streetlights in Cape Town have been retrofitted with energy-efficient lamps (16% of which are LED streetlights).
- ✓ Approximately 847 smart electricity meters have been installed in 557 municipal facilities (43% of the 1 300 facilities listed for metering).
- ✓ Altogether 155 staff have been trained to effectively use SmartFacility, an integrated and automated resource data management system for City facilities, to monitor and proactively manage municipal resources with real-time data access.

SOLAR WATER HEATER PROGRAMME

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

However, due to changes in technology and regulation, the focus has recently shifted away from a dedicated solar water heater programme to incorporate a spectrum of technologies and interventions. This suite of residential projects is currently being reviewed to ensure that it offers a broad spectrum of technology information and appropriate mechanisms to help customers make good energy choices. The City, however, continues to monitor the uptake of solar water heaters, as they still represent an energy-efficient alternative to electrical water heating. A recent aerial survey (2019) of rooftop solar installations estimated existing installations in the Cape Town metro at 69 226.

SHARING KNOWLEDGE ON COMMERCIAL ENERGY EFFICIENCY

The Cape Town Energy Water Waste Forum, a partnership for Cape Town's commercial sector, promotes resource efficiency in commercial buildings and operations. Forum members are owners and managers of commercial buildings, energy-efficiency-related service providers, policymakers and other stakeholders who share practical knowledge and support. Recently, the forum has been focusing on disruptive technologies in the energy sector, and the challenges and opportunities in the waste sector, as well as finding innovative solutions to waste stream challenges. In the year in review, it offered a useful platform for engagement, particularly regarding load-shedding.

Between May 2020 and January 2021, the City will be running the Cape Town Future Energy Festival. This series of fun, family-friendly virtual event experiences was designed to include citizens in their city's future energy story. The festival aims to spark conversations on climate action, energy efficiency, solar and wind power, water and waste efficiency, smart transport and sustainable living.

GATHERING INFORMATION ON INNOVATIVE SUSTAINABLE ENERGY SOLUTIONS

In 2019, the Sustainable Energy Markets Department issued a request for information to solicit ideas on innovative sustainable energy solutions from industry.

A total of 123 submissions were received across the categories of:

- ✓ energy trading/microgrids/demand-side management/storage;
- ✓ energy efficiency and/or renewable energy;
- ✓ smart metering/smart grids/smart city/Internet of Things;
- ✓ waste-to-energy/refuse-derived fuel;
- ✓ alternate transport/biofuel/electric vehicles;
- ✓ behavioural change;
- ✓ biomass; and
- ✓ other.

The top five ideas were identified and are currently being considered for possible implementation over the next three years.

CLIMATE CHANGE PROGRAMME

The City's Climate Change Policy, adopted in 2017, provides an overall guiding framework for decision making on climate change. The policy is currently being reviewed, and is superseded by a higher-level Climate Change Strategy. At the same time, a Climate Change Action Plan is being developed to guide the implementation of the strategy. Both the strategy and action plan will take a high-ambition approach to addressing climate change and achieving the requirements of the Paris Agreement in terms of climate resilience and carbon neutrality.

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

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

CLIMATE CHANGE MITIGATION PROJECT

AIMING FOR CARBON NEUTRALITY

The Energy2040 Goal committed the City to significantly diversify Cape Town’s energy supply and reduce carbon emissions. This included the stated aim of reducing carbon emissions by 37% by 2040 (off a business-as-usual trajectory).

This vision of a more resilient, resource-efficient and equitable future for Cape Town was further extended when, in 2018, the City joined the C40 Deadline 2020 along with over 100 other cities worldwide. Locally, other participating cities include Johannesburg, Tshwane and eThekwini. This initiative commits the City to develop and implement climate action plans aligned with the Paris Agreement, which involves aiming for carbon neutrality by 2050 and increasing climate resilience.

A carbon-neutral commitment represents a step change from previous, self-determined targets such as Energy2040, and has a number of implications. Such an internationally public commitment requires meticulous planning, compelling communication and ongoing extensive collaboration with a range of government, civil-society and private-sector stakeholders. The challenges are considerable, as Cape Town is starting from a relatively high base due to reliance on highly carbon-intensive coal-fired grid power and fossil-fuel-intensive transport systems. So, while the Energy2040 targets have been the official benchmarks for City reporting, data have been collected and modelled to develop a new emissions trajectory that will aim for carbon neutrality by 2050, with an interim target set for 2030.

In 2019, the City’s climate mitigation team, in partnership with the Western Cape Economic Development Partnership, coordinated a number of engagements with relevant sector departments in Cape Town. The aim was to foster buy-in for the carbon-neutral vision and develop measures and targets for the new emissions pathway. A process of external engagement with key stakeholders will follow to integrate multiple parties’ perspectives, solicit expert input, validate the pathway and create a Citywide vision.

Work on an extensive climate change communication campaign also started in early 2020. Climate change is a complex topic to communicate to a diverse audience, who may experience many daily stresses of a more immediate nature. To shape the campaign, a comprehensive citizen perception study is under way. This includes focus groups aimed at understanding what people already know about

climate change, about the role they can play in making changes, and about the hurdles they face in making better choices.

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

TRACKING CAPE TOWN’S GREENHOUSE GAS EMISSIONS

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

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

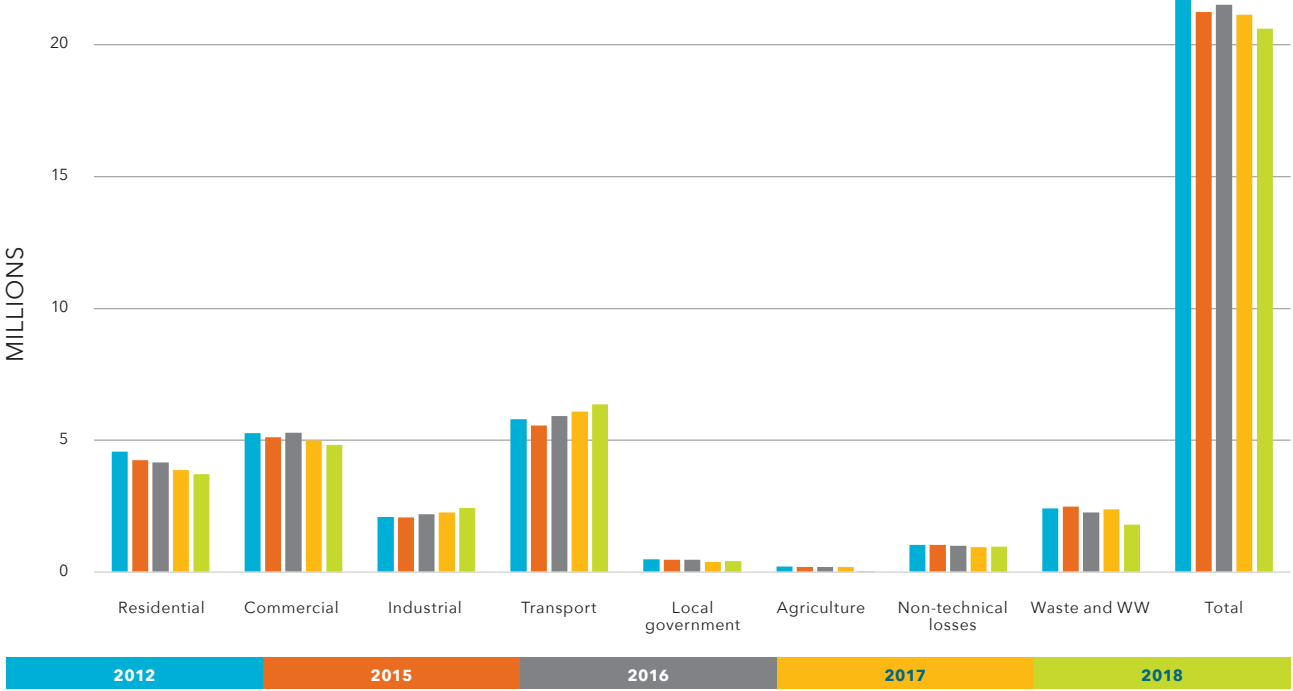
Cape Town already has a long-term trend of electricity decoupling from economic growth, which has kept emissions stable since 2012.

THE C40 CITIES SOUTH AFRICA BUILDINGS PROGRAMME

The City, together with the metros of Johannesburg, eThekwini and Tshwane, is part of the C40 Cities South Africa Buildings Programme. Through this programme, the City has committed to accelerate transformative climate action by delivering carbon neutrality for all new buildings by 2030.

In addition, the Executive Mayor signed the Net Zero Carbon Buildings Declaration at the Global Climate

FIGURE 8: Carbon emissions by sector in Cape Town, 2012-2018 (scope 1 and 2)*



* Scope 1 and 2 emissions are those released, and arising from electricity use, within the boundaries of Cape Town only. While there has been a small drop between 2012 and 2018, uncertainties inherent in the very large amount of data collected mean that emissions should be considered ‘stable’ until clearer trends emerge.

Action Summit in September 2018, committing to pursue the retrofit of all existing buildings to be net zero carbon by 2050.

In its own operations, the City commits to ensuring that all new facilities owned, occupied and developed by the municipality are net zero carbon by 2030, and that the same is true for existing facilities to the extent that this is possible.

To meet these ambitious commitments, the City is working to develop regulations that establish the minimum energy-efficiency requirements for new buildings and require adequate renewable-energy systems to achieve net zero carbon buildings. Other approaches and interventions being pursued and explored include:

- ✓ existing building retrofit incentives;
- ✓ incentive packages for new builds;
- ✓ accelerated transition to cleaner energy supply (small-scale and large-scale);
- ✓ mechanisms to support access to finance (for the residential sector in particular) to cover the upfront additional capital costs of energy-efficiency and renewable-energy interventions; and
- ✓ increasing awareness of, and capacity for, low-carbon development among stakeholders, from

built environment professionals to businesses, developers and citizens.

ADAPTING TO CLIMATE CHANGE PROJECT

The City is working to strengthen Cape Town’s resilience to the economic, social, physical and environmental impacts of climate change, with a particular focus on mitigating risk for vulnerable people and communities. Guided by its Climate Change Policy (currently being converted into a higher-level Climate Change Strategy), the City is ensuring that climate change adaptation is integrated with all relevant decision-making processes. Based on the findings of the research project ‘Climate change hazard, vulnerability and risk assessment for the City’, the City is drafting an integrated set of climate change adaptation actions, which form part of its broader, consolidated Climate Change Action Plan.

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

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

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

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

CITY'S GREEN BOND

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

These projects continue to deliver climate benefits to the City through adaptation or mitigation effects. The bond is amortised over ten years and had a remaining principal balance of R750 million at the end of 2019/20.

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

MITIGATING FLOOD RISKS

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

budgets set aside to achieve the targeted outcomes. Progress in the year in review was as follows:

- ✓ **Lourens River:** The river has been systematically upgraded to accommodate the 1:5-year floodline. One additional phase is required before embarking on the final phase, which will accommodate the 1:100-year floodline by constructing a bypass channel.
- ✓ **Sir Lowry's Pass River:** This project is now in the tender evaluation phase and, after completion of public participation, construction is set to commence in January 2021. A four-year construction period is envisaged to accommodate the 1:100-year floodline.

INTEGRATED COASTAL MANAGEMENT PROJECTS

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

A coastal spatial and economic development framework is still under development and will promote strategic planning and decision making on coastal resources by viewing the coast as a non-linear and connected space. In addition to recognising the immense social value of the coast to Capetonians, the framework will encourage appropriate climate change adaptation and resilience planning along the coastline.

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

In addition to these strategic projects, the Coastal Management Branch is busy completing:

- ✓ construction of the Big Bay geocontainer revetment;
- ✓ construction of the Bikini Beach seawall;
- ✓ public information for the 'Know your coast' coastal water quality report; and
- ✓ the first year of the marine outfall monitoring programme.

BIODIVERSITY MANAGEMENT

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

 The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act	Twelve of the 16 City nature reserves have been notarised and published in the Provincial Gazette, with another two already notarised, but waiting to be gazetted. The remaining two, namely Durbanville and Harmony Flats, already have adequate status as managed conservation areas.
 Meeting the IDP target of conserving 65% of the Biodiversity Network (BioNet)	Cape Town is recognised as the most biodiverse city in the world. To date, 65,21% (55 425,81 ha) of the BioNet is protected. Council approved the Local Biodiversity Strategy and Action Plan in August 2019.
 Ongoing roll-out of environmental education and outreach programmes	This is aimed at promoting environmental awareness and encouraging the public to access nature reserves. More than 23 040 learners from 326 schools attended environmental education programmes in the reporting period. With adults included, over 32 786 person days of education were conducted. Altogether approximately 320 000 people also visited the City's nature reserves through paying gates and the attendance of large events. However, since most reserves offer open access, actual visitor numbers are much higher.
 Ensuring continued management of existing conserved areas to enhance benefits to the community	Last year, representatives were elected to serve on the City's 11 protected-area advisory committees (PAACs) for a new three-year period. Some of these committees have subsequently been combined, resulting in nine PAACs, who are meeting quarterly and continuing their work to ensure that local communities take part in managing the City's nature reserves. Although delayed as a result of the Covid-19 pandemic, work began on the Helderberg nature reserve multipurpose centre in June 2020. The centre will facilitate educational and community activities, as well as local tourism.
 Creating a viable ecological link between Dassenberg Hill and the coast as part of the Dassenberg Coastal Catchment Partnership (DCCP)	The DCCP is an ongoing initiative of the City, CapeNature, the Worldwide Fund for Nature (WWF), the Wilderness Foundation, the Cape West Coast Biosphere, SANParks, Province's Department of Environmental Affairs and Development Planning, and the South African National Biodiversity Institute (SANBI). Ensuring access to the Witzands dunes for recreation and tourism is a key initiative, for which the recently built multipurpose centre started selling permits in the year in review.

PROJECT

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



Facilitating development as part of the Atlantis industrial incentive scheme

The DCCP includes a land-banking component, which ensures that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity to development in the urban edge and Atlantis industrial area. The conservation land bank has been completed, with enough land secured to facilitate the development of all vegetation remnants in the Atlantis industrial and residential areas.

The consolidation of Dassenberg Hill is a key ongoing project. In the year in review, an additional 33,5 ha of critical biodiversity area was purchased for conservation and for the land bank to facilitate development in Atlantis.



Leading the development of the metro southeast Strandveld conservation implementation plan (CIP)

This development is being undertaken in collaboration with external conservation partners CapeNature, Province's Department of Environmental Affairs and Development Planning, and SANBI. To date, the CIP has identified biodiversity areas that will serve to offset development for City housing projects such as Busasa and Mfuleni.

A portion of the operating and capital budgets needed for the implementation of the CIP has been allocated for Symphony Way and Vesuvius, and staff have been appointed. Following updates in 2018/19, the CIP was finalised in 2019/20.



Effective nature reserve management for long-term conservation success and climate change adaptation

The METT-SA03 (management effectiveness tracking tool) was applied to all City-managed protected areas in line with national requirements. All areas achieved a score that pointed to 'sound management'. In February 2020, the METT assessment was submitted directly to the national Department of Environment, Forestry and Fisheries (DEFF) via an online portal. Going forward, the METT will be submitted every two years, as directed by DEFF.

The Biodiversity Management Branch successfully undertook planned ecological burns, most notably at Tygerberg, Durbanville and Joostenbergkloof. These burns will ensure biodiversity protection and minimise the risk of wildfire.



Strengthening the baboon programme

Baboon troops in the peninsula are successfully kept away from urban areas for over 95% of the time. This has reduced conflict between the animals and residents, and has ensured a safer environment for the public, as well as a healthier baboon population.

CITY LANDSCAPING PROJECT WINS OVERALL 2020 SOUTH AFRICAN LANDSCAPERS INSTITUTE (SALI) AWARD



The Hout Bay dune project, managed by Vula Environmental Services, a contractor appointed by the City's Environmental Management Department, won the country's top award for excellence in landscaping. The project used dune profiling, wind netting and the planting of dune-specific vegetation to restrict the movement of sand, which has been a problem in the area for many years.

INVASIVE SPECIES MANAGEMENT PROJECT

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

The population of invasive alien house crows remained at approximately 300 in the year in review, which is a significant achievement. The polyphagous shot hole borer infestation, which affected mature trees in Somerset West, also received significant media coverage in the past year. The City's team successfully removed 222 trees infested with the borer, and continues to monitor and contain its spread.

The City's invasive species management programme is also an important job creator. In the past year, 1 691 job opportunities and 233 full-time job equivalents were created. This exceeds the annual targets of 1 000 and 160 respectively. The Kader Asmal three-year skills development programme saw the appointment of 30 individuals, of whom 23 have since secured sustainable employment.

GREEN INFRASTRUCTURE PROJECT

In the year in review, the City continued with the development of its green infrastructure programme, which comprises spatial policies and guidelines, and project components. The mapping of natural and green open spaces in Cape Town in terms of defined ecosystem services has been undertaken, and will inform the delineation of a green infrastructure network for the city. Work is under way on a gap analysis of selected City policies and by-laws, with a view to including green infrastructure principles wherever appropriate. A guideline for trees has also been completed, and best-practice guidelines for various themes are being developed.

WASTE MINIMISATION AND RECYCLING PROJECT

The City is currently planning and designing two materials recovery facilities to increase its capacity to implement waste separation at source. The construction of the Coastal Park facility should commence in 2019/20, while the licensing process for the Athlone facility is in progress.

The reporting year also saw an upgrade to the Retreat drop-off facility to expand its recycling area, while a similar upgrade to the Woodstock

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

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

Unfortunately, the City's drop-off sites were closed to the public during the national lockdown, but a number of the larger sites reopened when the lockdown was eased to level 3.

PARTNERING FOR RECYCLING SUCCESS

The City's Think Twice kerbside recycling programme is now offered to over 190 000 households across Cape Town and diverts over 24 243 tonnes of recyclables from landfill every year. The City plans to expand this programme in the years ahead and has rolled out the first phase of expansion for the tender that supplies the Kraaifontein materials recovery facility. The second phase of this expansion is planned for the 2019/20 financial year. Diversion of recyclables from landfill also takes place at more than 20 drop-off sites across town.

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

In the reporting year, the City also initiated a trial of its own, custom-built swap shop, a trailer where residents can swap their recyclables for tokens, which may be redeemed for groceries, clothing and similar items, all in the same trailer. The trial ran for two weeks in February and for the majority of March 2020 before it was paused due to the national lockdown. During this time, over nine tonnes of recyclable items, or approximately two tonnes of recyclables per week, were exchanged at the shop.

The main types of recyclables brought in for trade were steel cans, polyethylene terephthalate (PET) beverage bottles and rigid plastic items.

DIVERTING WASTE FROM LANDFILL

Diversion of organic waste from landfill has become a key national and provincial priority. In response, 13 drop-off or landfill facilities across Cape Town currently deliver a garden waste-chipping service. The chipped waste is then used for the production of compost, or as mulch for agriculture. Through this programme, over 55 242 tonnes of organic waste were diverted from landfill in 2019/20.

To complement this, the City distributed an additional 2 040 free composting containers to residents in the reporting period so that they could compost their organic food waste at home. The City also carried out a six-month trial of the separate collection or drop-off of organic food waste in two low-income communities, namely Langa and Wolwerivier. In the Langa trial, a sample of community members dropped off their organic waste at a local school, while in Wolwerivier, the project service provider collected organic waste from door to door. From October 2019 to March 2020, a total of 20,5 tonnes of organic food waste was diverted from landfill.

In terms of builders' rubble, the City has entered into a contract for the crushing of construction and demolition waste at selected landfill sites. The contractor continued crushing at the Coastal Park landfill site, with a portion of the crushed material sold back to the construction industry. At Bellville landfill, 12 535 tonnes of material were processed from July 2019 to March 2020. In addition, 60 000 m³ of the builders' rubble stockpiled at Coastal Park was used in the earthworks contract in preparation for the construction of the materials recovery facility at that site.

CITY RESILIENCE PROGRAMME

INTEGRATED RESILIENCE PROJECT

Urban resilience refers to the capacity of individuals, communities, institutions, businesses and systems in a city to survive, adapt and grow, no matter what chronic stresses and acute shocks they experience.

CAPE TOWN RESILIENCE STRATEGY

Council approved the Cape Town Resilience Strategy in August 2019, and the document was launched at a public event in November 2019. At the

time, Cape Town was only the third city in Africa to have such a strategy. The finalisation of the strategy concluded a two-year agreement with 100 Resilient Cities, pioneered by the Rockefeller Foundation.

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

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

Implementation of several of the actions set out in the strategy began in the reporting year, including the following:

- ✓ More than 100 City staff and members of the public were trained in adaptive management capabilities for times of adversity and disruption.
- ✓ Cape Town became the first city in the world to implement the City Water Resilience Framework, a globally applicable tool to assess the strengths and weaknesses of urban water systems. The framework is one of the tools of the City Water Resilience Approach, which is supported by Resilience Shift and the Rockefeller Foundation, and was showcased at the World Water Week 2019. A Cape Town water resilience profile was published in January 2020.
- ✓ A methodology was developed for building resilience considerations into project development.
- ✓ Eight case studies were developed to showcase projects that contribute to resilience.
- ✓ When Covid-19 hit Cape Town in March 2020, the Resilience Strategy proved a vitally important foundational document in developing the City's pandemic response. A wide range of the actions in the strategy were being actively pursued at the end of the financial year.

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





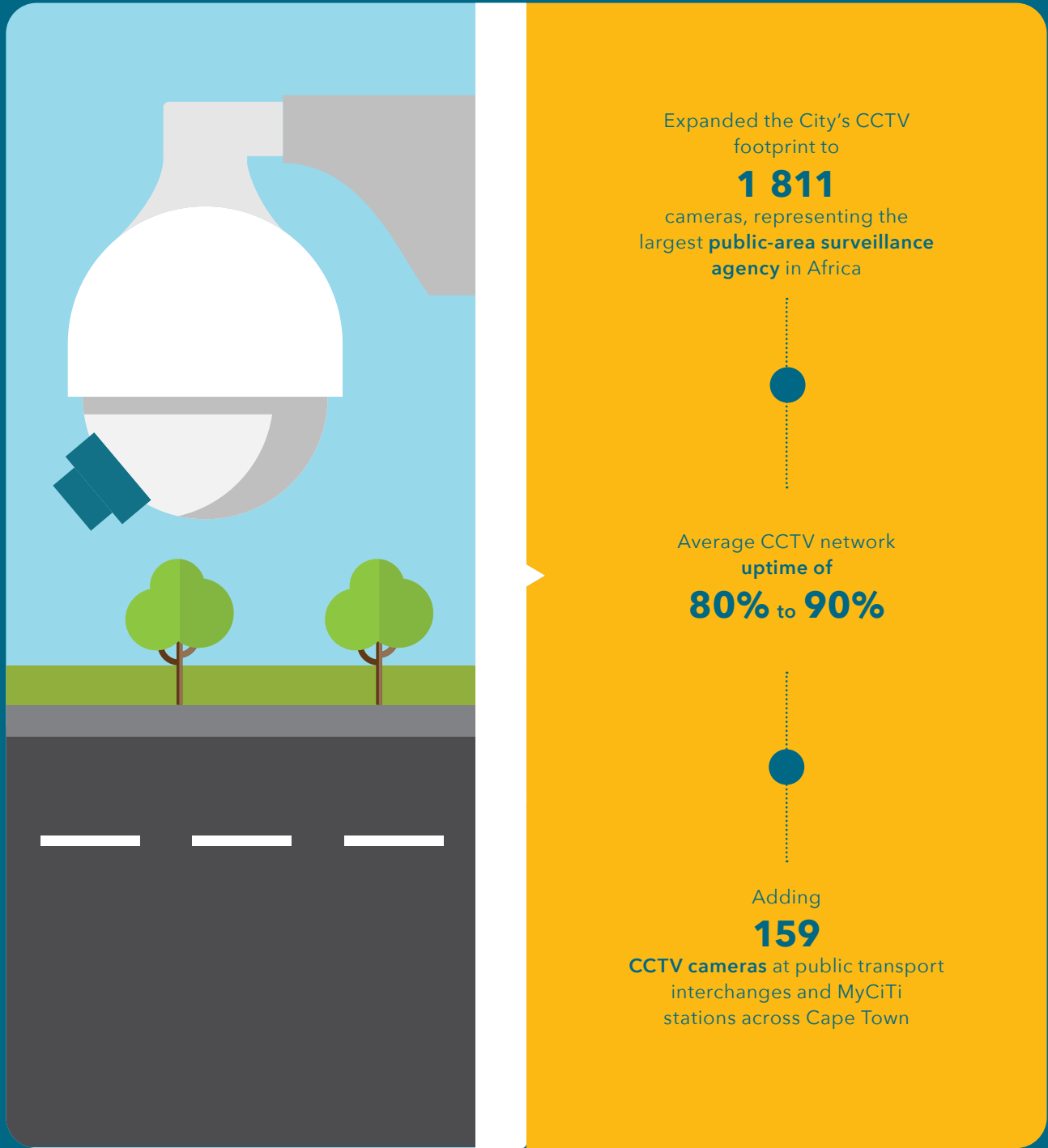
SFA 2: SAFE CITY

SFA 2 FOCUSES ON:

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

OBJECTIVES	PROGRAMMES
OBJECTIVE 2.1: Safe communities	✓ Safety technology programme ✓ Holistic crime prevention programme ✓ Policing service programme ✓ Neighbourhood safety programme ✓ Safety volunteer programme ✓ Disaster risk assessment programme

KEY SAFE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2019/20



Dedicated
RAIL ENFORCEMENT UNIT (REU)
continued to make a positive impact



Deployed an additional
198 law enforcement officers
and **19** traffic officers
in terms of the externally funded policing programme

OBJECTIVE 2.1: SAFE COMMUNITIES

SAFETY TECHNOLOGY PROGRAMME

INTELLIGENT POLICING PROJECT

EMERGENCY POLICING AND INCIDENT COMMAND

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

This revolutionary system helps call takers identify the location and status of available responders, and then dispatch services located closest to the emergency along the most efficient route. EPIC provides real-time feedback on the status of an emergency, helps the City improve service delivery and assists with effective resource management.

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

In the year in review, the two key positions of EPIC manager and head of EPIC information management solutions were filled. The team is now making steady progress towards establishing EPIC as a benchmark technology platform for the delivery of safety and security services.

CAMERA SURVEILLANCE

The City's CCTV network is an important resource in crime prevention and detection, and traffic management. A total of 776 cameras are managed and monitored by the Metro Police's Strategic Surveillance Unit, with a further 262 included in the freeway management system, and 773 in the integrated rapid transit system. This brings the City's

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

ABOUT THE PUBLIC EMERGENCY COMMUNICATION CENTRE (PECC)

total CCTV footprint to 1 811 cameras, making it the largest public-area surveillance agency in Africa, and the only one in southern Africa that covers residential areas, informal settlements and city centres. With an average network uptime of 80% to 90%, the camera functionality standards are in line with international benchmarks.

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

The City continues to expand its CCTV network with funding from the Safety and Security Directorate, as well as allocations from the budgets of ward councillors and development grants. Despite some delays due to Covid-19 and associated budgetary limitations, the City's Transport Directorate is continuing with the installation of a further 159 high-tech CCTV cameras at various public transport interchanges (PTIs) and MyCiTi stations across Cape Town.

REMOTELY PILOTED AIRCRAFT SYSTEMS

The City's Metro Police and Fire and Rescue departments have acquired remotely piloted aircraft system (RPAS) devices. RPAS technology allows the Safety and Security Directorate to gather strategic information and provide operational support to all its policing and emergency service departments, including surveillance in support of firefighting, disaster risk management and policing operations. In the year in review, selected staff members continued their training towards RPAS pilot licences.

PUBLIC EMERGENCY COMMUNICATION CENTRE (PECC)

The PECC takes calls 24 hours a day, seven days a week. In the reporting year, it fielded 513 298 calls, which resulted in the logging of 240 904 incidents. The majority of calls related to incidents of a medical (106 089), policing (by-law) (38 397), traffic (23 745) and policing (general) (15 090) nature.

Altogether 27 585 calls were information requests, prank calls, out-of-area calls and dialling errors.

HOLISTIC CRIME PREVENTION PROGRAMME

DEVELOPMENT OF SAFETY PLANS PROJECT

Detailed safety plans are in place for the high-risk areas of Manenberg, Hanover Park, Bishop Lavis and Bonteheuwel. Plans are also being prepared for Kensington, Nyanga/Gugulethu, Atlantis, Mitchells Plain town centre and Ocean View. These plans

continue to be executed by various City crime prevention teams.

EARLY CHILDHOOD DEVELOPMENT (ECD) INFORMAL SETTLEMENT SAFETY PROJECT

In 2019/20, the Social Development and ECD Department's area-based offices visited and assessed 146 ECD centres in informal settlements across town. These assessments were aimed at establishing what support the ECD centres required to enable them to achieve full regulatory compliance. The findings pointed to land use, infrastructure improvements, resources, and learning and safety equipment as the key areas where City support was needed.

In response to these needs, the City:

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

In addition to continuing these efforts, plans for the 2020/21 financial year also include assisting ECD centre operators to get their facilities Covid-19-ready.

The Social Development and ECD Department offers continued support to ECD forums, which bring together a wealth of experience and knowledge to help ECDs achieve compliance. This includes hosting quarterly meetings, capacity building on governance-related matters, technical learning such as computer literacy and office administration, conflict resolution, information sessions regarding legislation that pertains to the Children's Act, and more. In the 2019/20 year, 32 ECD forums across the city were assisted in this way.

YOUTH CADET PROJECT

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

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

CREATING A SAFE WORKPLACE FOR CITY STAFF PROJECT

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

POLICING SERVICE PROGRAMME

24-HOUR LAW ENFORCEMENT PROJECT

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

Initiatives implemented in the year in review include the following:

EVIDENTIARY BREATH TESTING

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

PUBLIC TRANSPORT COMMUTER SAFETY

Commuters who use public transport are exposed to the elements, criminals and any poor attitudes or driving behaviours of public transport providers. The Transport Enforcement Unit focuses on addressing these risks and improving the safety of commuters using the City's public transport offerings. The unit attends to hundreds of complaints about poor driving and various safety concerns, and provides comprehensive safety and enforcement services.

HOLISTIC ROAD TRAFFIC ENFORCEMENT

The City's Traffic Services provide road traffic enforcement by means of specialised teams and general patrol officers. This is in addition to regular traffic patrols and special-operations target offences such as illegal street racing, reckless driving and other serious driving violations. In areas where traffic enforcement operations take place, both traffic offences and general crime seem to reduce.

RAIL ENFORCEMENT

The City's dedicated Rail Enforcement Unit, which was founded in October 2018, is jointly funded by the City, Province and PRASA. It adds a further 100 law enforcement officers to the existing Metrorail security personnel. The unit's impact is evident, with numerous arrests having been made and a large amount of stolen rail infrastructure recovered since its establishment.

STAFF CAPACITY PROJECT

In the reporting year, the City's Safety and Security Directorate deployed an additional 198 law enforcement officers and 19 traffic officers in terms of the externally funded policing programme. This programme has contributed significantly to the funding of additional City policing resources. The policy governing the programme was recently refined to improve process efficiency in contracting these additional resources. This has also made the programme more client-centred and, therefore, more attractive to potential sponsors.

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

THE PECC TAKES CALLS 24 HOURS A DAY, SEVEN DAYS A WEEK. IN THE REPORTING YEAR, IT FIELDDED 513 298 CALLS, WHICH RESULTED IN THE LOGGING OF 240 904 INCIDENTS. THE MAJORITY OF CALLS RELATED TO INCIDENTS OF A MEDICAL (106 089), POLICING (BY-LAW) (38 397), TRAFFIC (23 745) AND POLICING (GENERAL) (15 090) NATURE.



The construction of two additional fire stations has been completed. The new stations, situated on Kommetjie Road, opposite Masiphumelele, and on Old Sir Lowry's Pass Road respectively, will start operating in the first quarter of the 2020/21 financial year. They are expected to have a significant positive impact on the safety of communities in these two areas.

Moreover, Fire and Rescue will take possession of four new aerial ladder trucks in the new financial year. These enable rescues from high-rise developments in Cape Town. All of these developments and investments are aimed at ensuring that Cape Town residents and visitors receive efficient firefighting and rescue services.

LAW ENFORCEMENT ADVANCEMENT PROJECT

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

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

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

STAFF TRAINING PROJECT

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

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

MUNICIPAL COURTS PROJECT

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

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

NEIGHBOURHOOD SAFETY PROGRAMME

NEIGHBOURHOOD POLICING PROJECT

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

NEIGHBOURHOOD SAFETY TEAMS

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

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

The City's first NST was deployed in Delft in December 2017 and has achieved consistently positive results in terms of combating crime. Based on this success, a second NST was established and deployed in Bonteheuwel in the year in review. Progress with the initiative will be evaluated towards the end of 2020, and consideration given to further expansion.

NEIGHBOURHOOD WATCH SUPPORT PROJECT

PROVISION OF TRAINING AND PATROL EQUIPMENT

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

In 2019/20, high-quality patrol equipment worth R4,5 million was provided to accredited neighbourhood watches across town. This included dash cams, body cams, reflective jackets, rechargeable flashlights, headlamps, spotlights, floodlights, first-aid kits, fire extinguishers, first-aid backpacks, hand radios and accessories.

The design of a high-quality operational vest has also been finalised. This highly visible and versatile item will be extremely useful to neighbourhood watch members when distribution commences in the new financial year. In addition, thanks to ward funding, two neighbourhood watches who also engage in anti-poaching operations were provided with night vision equipment. As funding becomes available, the City intends providing this equipment to other neighbourhood watches as well.

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

NEIGHBOURHOOD WATCH INVOLVEMENT IN DISASTER RISK MANAGEMENT

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

Therefore, the administration has introduced an initiative that will allow neighbourhood watches to actively assist in disaster management. A database

of neighbourhood watches who are willing to assist in times of disaster has been compiled and disaster risk management training will be offered to the identified members in the new financial year. As the Safety and Security Directorate was already busy with this process when the Covid-19 pandemic started, it was able to fast-track the initiative. As a result, all accredited neighbourhood watches within the municipal boundaries were invited to take part in the City's Covid-19 relief initiative in early April 2020. They were asked to nominate ten of their members to be appointed as temporary disaster risk management volunteers. These volunteers were deployed to ensure social distancing at shopping centres, public transport interchanges, clinics, food relief points and other high-risk locations during the lockdown. More than 600 neighbourhood watch members took part and contributed significantly to preventing the spread of the virus. The success of this initiative laid the groundwork for the future deployment of volunteers during major disasters.

COMMUNITY SAFETY HUB

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

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

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

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

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

SAFE SCHOOLS PROJECT

SCHOOL RESOURCE OFFICERS

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

ROAD SAFETY EDUCATION

Road fatalities are among the top causes of death, and are avoidable if drivers obey the rules. By educating junior learners, the seed is planted for when they start driving later on. The Road Safety Education Unit in the City's Traffic Services educates learners on safe road use. These lectures are supplemented with visits to the junior traffic training centre at Hillstar in Wetton, where the learners are taken around a small road layout with roadway markings and traffic signals. This practical interaction allows the children to use steering wheels to 'drive' and experience the rules of the road at an early age.

K9 UNIT RAISES DRUG AWARENESS

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

COMMUNITY-BASED RISK ASSESSMENT WORKSHOPS

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

weather, disease and other threats. In the year in review, a two-day workshop was organised that offered insights into various key risk assessment principles, including disaster management, hazard identification, mapping and prioritisation, and identifying hazard causes and effects. These principles led to the establishment of the City's fire and flood-wise programme.

In another initiative, this time aimed at improving child safety, Disaster Risk Management representatives trained 400 staff from ECD centres at emergency planning workshops. The purpose of the workshops was to explore the priority risks and hazards that ECDs face on a daily basis, and to develop individual emergency plans.

BY-LAW EDUCATION AND AWARENESS PROJECT

This project aims to increase awareness of City by-laws among residents of Cape Town. The aim is to reduce instances of by-law contravention, which will free up law enforcement staff to focus on more serious offences. In the past year, City staff conducted various awareness programmes, including school holiday programmes, campaigns to bring services to the community, youth celebrations, and animal by-law awareness sessions.

ENSURING ADEQUATE LIGHTING IN HIGH-CRIME AREAS

The City continues to work towards increasing the effectiveness of lighting along major access corridors in identified high-crime areas. High-mast installation has been undertaken at an identified test site and, if successful, new LED technology will be rolled out as standard on high-mast installations across town. All conventional lighting will then be replaced with LED technology over time.

SAFETY VOLUNTEER PROGRAMME

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

When it was launched in 2013, the Law Enforcement auxiliary volunteer initiative was the first project of its kind in the country aimed at supporting permanent law enforcement staff with by-law enforcement and delivering visible policing in the metro. The initiative allows for members of the public to register as volunteers to perform

certain law enforcement duties. Inspectors have been appointed from the volunteers' own ranks to perform a supervisory role. These members have completed extensive training and have been part of the programme for more than two years.

Since the first batch of volunteers were deployed in November 2013, the initiative has grown steadily. The Safety and Security Directorate intends recruiting and deploying a further 200 auxiliary members every year.

DISASTER RISK ASSESSMENT PROGRAMME

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

MANAGING THE COVID-19 PANDEMIC

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

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

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



THE CITY ALSO ESTABLISHED A MULTIDISCIPLINARY DISASTER COORDINATION TEAM, WHICH OVERSAW THE OPERATIONAL COORDINATION OF COVID-19 RELIEF MEASURES UNDERTAKEN BY ALL CITY DIRECTORATES. THE EXECUTIVE DIRECTOR OF SAFETY AND SECURITY CHAIRED THIS COLLABORATIVE FORUM, WHICH IS EXPECTED TO PERFORM ITS COORDINATING FUNCTION FOR THE DURATION OF THE PANDEMIC.



SFA 3: CARING CITY

SFA 3 FOCUSES ON:

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

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

KEY CARING CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2019/20



Created
58 602
housing opportunities
since 2012/13



Installed
1 996
subsidised
electricity connections,
bringing the total to
23 052 since 2012/13



Installed
428
new water and sanitation service
points (toilet and tap with hand
basin) for backyarders, bringing
the total to 3 052 since 2014



Transferred more than
17 000
title deeds since 2012/13

OBJECTIVE 3.1: EXCELLENCE IN BASIC SERVICE DELIVERY

EXCELLENCE IN SERVICE DELIVERY

THE CITY’S WATER AND SANITATION NETWORK AT A GLANCE

A total of 99,6% of Cape Town’s water supply is derived from six dams. Some other minor dams owned and operated by the City make up the outstanding 0,4% of total system capacity.

MAIN DAMS

DWS-owned and operated:

- ✓ Voëlvlei
- ✓ Theewaterskloof
- ✓ Berg River

City-owned and operated:

- ✓ Wemmershoek
- ✓ Steenbras Lower
- ✓ Steenbras Upper



12
WATER TREATMENT PLANTS

10 837 KM
MAIN WATER RETICULATION NETWORK

85
WATER PUMP STATIONS

129
WATER RESERVOIRS

893 MILLION M³
TOTAL CAPACITY OF DAMS

WATER PROJECT

EMERGENCY WATER PROVISION

Since the start of the national lockdown, the City has sustained its efforts to enhance access to water for basic hygiene to help protect its most vulnerable residents from the spread of Covid-19. As part of these efforts, the City embarked on a water tank programme, which involved the installation of 307 tanks for use by local communities.

Through a combination of water trucks and tanks, 41 million litres of clean drinking water have been delivered to communities where the installation of standpipes is a challenge. With phase 2 of the water tank programme now complete, this water distribution figure is set to rise substantially.

WATER DEMAND MANAGEMENT

Since Cape Town is located in a water-scarce region, the City needs to achieve an overall reduction in water demand across town, including in its own operations. To achieve this, various water demand management interventions have been implemented.

The City intends maintaining the momentum on this programme to deliver further water savings, irrespective of relief brought by good winter rains.

A comprehensive leak detection and repair programme forms part of this, highlights of which included the following in the 2019/20 year:

- ✓ Leak detection was conducted in 127 zones.
- ✓ The total length of distribution network that was leak-checked using acoustic detection and visual means was 4 640,1 km.
- ✓ A total of 568 leaks were detected and 380 were repaired and verified. All leaks that were not repaired are being followed up with relevant depots, and repairs are ongoing.
- ✓ The average kilometres covered per day were 35 km, and 175 km per week.
- ✓ Total water savings achieved for the financial year in review were 4,4 Mℓ.

A growing portion of used water treated at wastewater treatment works is reticulated via a separate pipeline network to be reused for sports fields and agricultural irrigation, as well as in industries (in other words, not for drinking purposes). In the past year, 15 684 Mℓ of treated effluent was used in this way. This is approximately 42 Mℓ of water per day for the year, which has contributed substantially towards bringing overall potable water demand closer to water restriction targets.

By the end of 2019/20, the total treated-effluent network spanned 277 km with 295 connected users. The network is constantly being extended to new areas and users. In the next financial year, the treated-effluent network from the Athlone scheme will be extended by 1,2 km to connect to the Royal Cape golf course. Construction of the Bellville network will also commence, which involves upgrading and extending the existing treated-effluent line by 6,3 km.

Treated effluent has also been made more accessible via standpipes at various locations. A total of 55 unique standpipes have been issued to date to improve access to treated effluent for large users such as construction companies, as well as for use by the City to flush and clean pipelines.

In addition, the City has invested in formalised spring water collection points for public use. These include the popular Newlands spring and the new Bradwell spring in Vredehoek.

WATER AUGMENTATION SCHEME

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

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

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

BULK SEWERS

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

CAPE FLATS BULK SEWER 1 AND 2 REHABILITATION

The City has budgeted R251 million for this project from 2017/18 to 2020/21. The project aims to increase system capacity by means of better hydraulics in the pipelines, and to ensure reliability for at least the next 50 years. The tender document was signed, but construction has been put on hold due to the national lockdown. For the year in review, R10,5 million was budgeted, of which R2,6 million was spent.

PHILIPPI COLLECTOR SEWER UPGRADE

The City has budgeted R165 million for this project, which commenced in 2017/18. The project was delayed due to re-routing requirements, but is now on track with the design of phase 1. Construction is planned to commence in January 2023.

SEWER NETWORK

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

The City continues to conduct sewer blockage programmes to raise public awareness on preventing and reporting blockages and overflows. In the year in review, specific attention was directed to areas of concern such as Dunoon, Phoenix and Joe Slovo, all of which affect the Diep River catchment. A new programme is now being planned that will focus on the Diep River and Soet River catchments.

The City has over 1 000 operational staff carrying out maintenance 24/7, and more than 1 000 service requests are attended to daily. Ageing pipelines are being replaced to limit pipe bursts, water leaks and sewage spills. Through this programme, about 30 km of sewer and 40 km of water mains are replaced each year. This has reduced the frequency of pipe bursts from 69 bursts per 100 km in 2010 to 17 bursts per 100 km in 2019.

ELECTRICITY PROJECT

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

In the year in review, the City undertook extensive maintenance work on the pumped storage scheme, including relining the steel penstock (the pipe that links the upper dam to the generators housed lower down the mountain). The peak performance of the scheme allows the City to work towards having spare generation capacity, which can help prevent load-shedding or reduce the load-shedding level for some Cape Town residents.

A 30-year maintenance programme to switchgear also continues across town. In the reporting year, R4,48 million was invested in circuit breaker replacement, and a further R142,3 million in the like-for-like replacement of ageing infrastructure. Distribution networks continue to be expanded in response to new developments and load densification, with an investment of R140,3 million having been made in this regard.

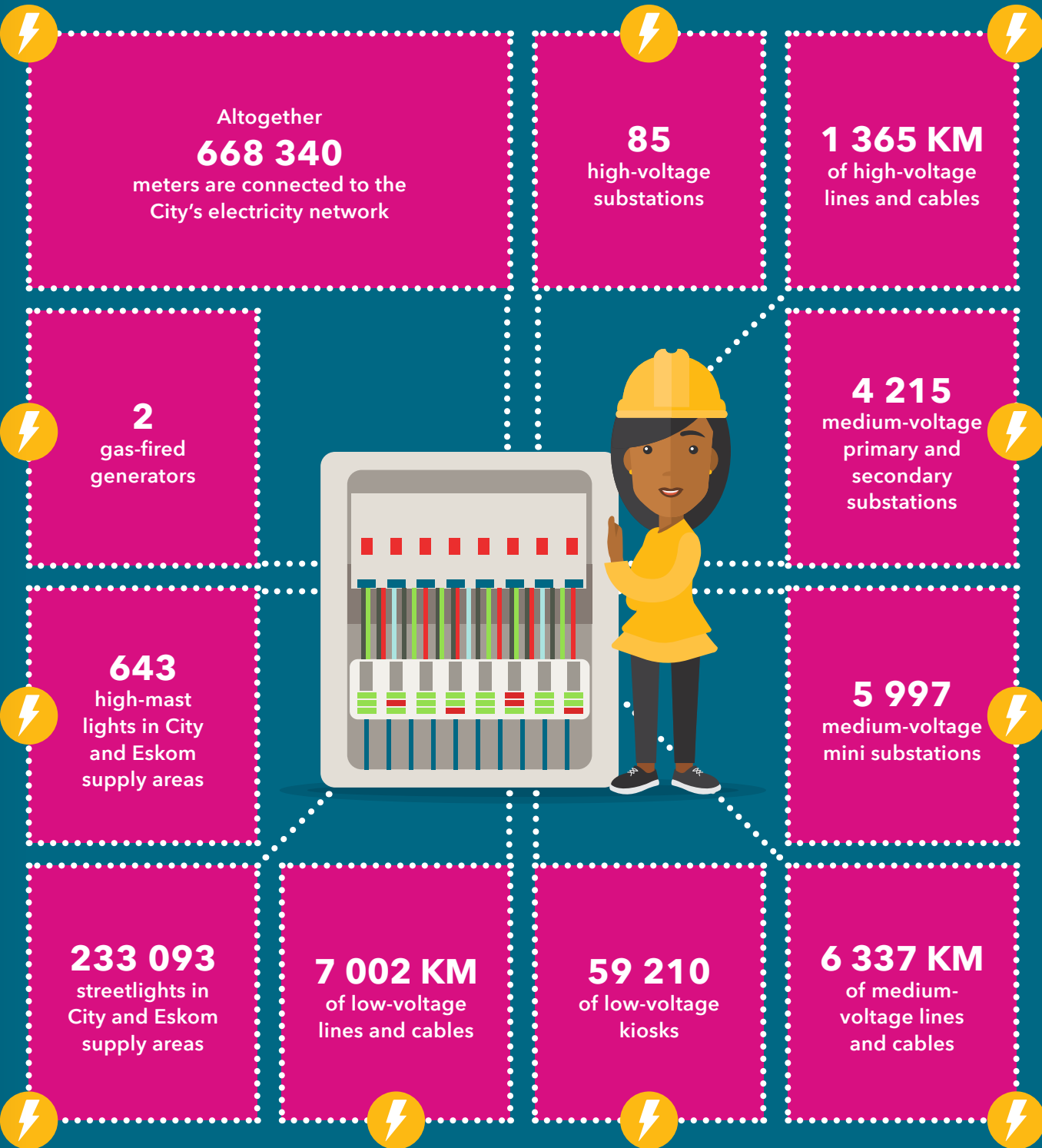
A 15-year network development programme is under way, with R57,4 million invested in the upgrade and refurbishment of substations, underground cables and overhead power lines across the metro.

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

Electricity project highlights in 2019/20 included:

- ✓ the ongoing provision of subsidised electricity connections to informal settlements and subsidised housing developments;
- ✓ investment of R12,55 million in 1 996 new connections, the relocation of smaller meters and infill electrification projects;
- ✓ the continued roll-out of electricity services to backyard dwellers at Council rental units; and
- ✓ investment of approximately R2,6 million of Urban Settlements Development Grant (USDG) funding and R13,3 million of Informal Settlements Upgrading Partnership Grant (ISUPG) funding in ramping up electricity services.

THE CITY'S ELECTRICITY NETWORK AT A GLANCE



THE CITY'S WASTE MANAGEMENT INFRASTRUCTURE AT A GLANCE

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



SOLID WASTE PROJECT

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

Waste management services include:

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

TABLE 8: Cape Town solid waste statistics, 2019/20

NUMBER OF WHEELIE BINS IN CAPE TOWN	± 850 000
WASTE GENERATED PER DAY	± 4 000 tonnes
NUMBER OF WHEELIE BINS PICKED UP PER DAY	± 170 000
WASTE GENERATED PER YEAR	± 1,5 million tonnes
WASTE RECYCLED PER YEAR	± 216 985 tonnes

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

TABLE 9: Progress with solid waste projects as at 30 June 2020

PROJECT	STATUS	PROGRESS
Rehabilitation of Atlantis, Vissershok, Waterkloof, Witsand and Radnor landfill sites	ONGOING	Atlantis Defects liability period has expired. The site is currently being monitored in terms of the authorisation. Vissershok Progressive remediation work will be ongoing for the life of the site. Waterkloof Construction work has been completed and the defects liability period has expired. Monitoring and auditing are being executed in line with the authorisation. Witsand Efforts to maintain the sand layer over the Witsand landfill site continue. These include wind netting installation and repositioning. An investigation into the feasibility of re-vegetating the dune system is planned, and the results will inform the long-term approach. Radnor Rehabilitation is currently under way. The construction design tender was awarded, but there was an appeal. This has now been resolved and the City is awaiting design approval from the DWS.
Landfill gas infrastructure for flaring at Coastal Park landfill	ONGOING	The City has launched its landfill gas flaring project at Coastal Park. The system is currently in the operations and maintenance phase. The electrification tender for Coastal Park has been awarded.
Landfill gas infrastructure for flaring at Bellville South landfill		Gas extraction and flaring system at Bellville South landfill is operating at reduced capacity due to vandalism and theft, although the situation has stabilised somewhat.
Landfill gas infrastructure for flaring at Vissershok landfill		Infrastructure construction phase has commenced.
Design and development of materials recovery facility: Helderberg		During building plan approval, an area of the site was identified as a possible wetland. A further basic environmental impact assessment was required, so the tender process was put on hold. The EIA has now been completed and the activity authorised. However, an appeal has been lodged, which needs to be resolved before a contractor may be appointed.
Drop-off infrastructure		Prince George Drive/Parkwood The contract for the Parkwood/Prince George Drive drop-off has been awarded. Construction will start early in the 2021 financial year. Beaconvale The proposed drop-off site at Beaconvale had to be abandoned, as the site falls within the 100-year flood zone. De Grendel was identified as an alternative site. The initial planning and site development plan for De Grendel have been completed.

INFRASTRUCTURE
MAINTENANCE PROJECT

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

Investigations into advanced metering infrastructure (AMI) and an automated meter reading (AMR) programme started in 2019. The programme is intended to replace or upgrade all water meters (more than 667 000) in the City with new state-of-the-art metering infrastructure over the next eight to ten years. The limited additional cost requirement will be met by redirecting the routine meter replacement budget.

AMI will provide hourly data, sent to the City once a day, including flows, alarms, alerts, settings and more. The programme aligns with the City's 2018 Data Strategy for Digital Transformation to a Smart City. Benefits for customers will be greater billing predictability, increased consumption awareness, and prompt wastage or leak detection. In terms of operations, the system will also enhance the City's

customer service by ensuring accurate, reliable and regular readings. Other benefits should include revenue enhancement potential, improved logistics, better consumer engagement, and improvements in staff data literacy. Finally, the City will benefit from enhanced water management, including accurate demand forecasting, hydraulic model calibration, leakage detection and better network visibility.

The City is also continuing to develop, upgrade and replace its reticulation infrastructure. Major projects include the treated-effluent reuse and infrastructure upgrades (which started in May 2020), the Philippi collector sewer construction (planned to commence in June 2021) and the Baden Powell Drive water supply upgrades (project under way and on track).

Sewer projects completed in the year in review were the Nooiensfontein pump station and bulk sewer, the Lourens River pump station upgrade, and the Blackheath-Macassar transfer sewer line.

Wastewater treatment capacity is being enhanced to ensure sufficient treatment capacity for future growth, and a healthy physical environment, particularly in downstream rivers around Cape Town. Various wastewater treatment works are scheduled to receive additional capacity up until 2025.

Major projects already under way include extensions and upgrades at the plants listed in the table below:

TABLE 10: Wastewater treatment works (WWTW) upgrades

WWTW	UPGRADE	STATUS
Athlone	50 Ml/day treatment capacity increase (105 to 155 Ml/d) and process upgrade of existing treatment modules	✔ Phase 1 (demolition) currently under way ✔ Project completion anticipated in 2025/26
Klipheuwel	Capacity increase from 0,07 to 0,5 Ml/day. Will be converted into a pump station for Fisantekraal WWTW.	✔ Design complete. Currently busy with servitudes over private and parastatal land. ✔ Project completion anticipated in 2024/25
Macassar	Capacity increase from 0,07 to 0,5 Ml/day. Will be converted into a pump station for Fisantekraal WWTW.	✔ Consultants being appointed ✔ Completion anticipated in 2026/27
Potsdam	Capacity increase from 35 to 70 Ml/day, and process upgrade of existing treatment modules	✔ Phase 1 (demolition) complete ✔ Phase 2 detail design and tender documentation complete ✔ Project completion anticipated in 2024/25

WWTW	UPGRADE	STATUS
Zandvliet	18 Ml/day capacity upgrade, process upgrade, and refurbishment of existing conventional activated sludge and membrane bioreactor modules	✔ Currently under construction ✔ Estimated completion in 2023/24
Southern biosolids beneficiation facility	143 dry-tonne capacity facility located at the Cape Flats WWTW	✔ Currently under construction ✔ Estimated completion in 2023/24
Bellville	Process upgrade of the dissolved aeration module: ✔ Provision of primary sedimentation and primary sludge dewatering installation ✔ Process reconfiguration to full nutrient removal for all three bioreactors ✔ Aeration system replacement: New blower house, new blowers, and new fine-bubble-diffused aeration system	✔ Primary sedimentation and primary sludge dewatering construction complete; now in defects and liability period ✔ Process reconfiguration at construction tender stage ✔ Aeration: Blowers project under construction; diffuser replacement at construction tender stage
Cape Flats	✔ Provision of completely new inlet works with improved screening and de-gritting infrastructure ✔ Aeration - replacement of fine-bubble-diffused aeration system (all bioreactors) ✔ Replacement of mechanical mixers and recycle pump (all bioreactors)	✔ New inlet works: Scoping phase complete ✔ Aeration: Under construction ✔ Mechanical mixers: Under construction
Mitchells Plain	✔ Aeration - Replacement of fine-bubble-diffused aeration system (all bioreactors) ✔ Replacement of mechanical mixers and recycle pump (all bioreactors), increase in anoxic mass fractions, and provision of improved sludge recycle range	✔ All currently under construction
Wesfleur	✔ Provision of a mechanical dewatering installation to replace the solar drying beds ✔ Upgrade of aeration system and replacement of diffuser (both domestic and industrial)	✔ Mechanical dewatering: Tender was cancelled, currently retendering ✔ Aeration: Construction tender stage

SOCIAL SERVICES
FACILITY PROVISION

SOCIAL FACILITIES PROJECT

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

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

COMMUNITY SERVICES AND HEALTH
SECTOR PLAN

The Community Services and Health Sector Plan was approved. This directorate infrastructure and investment plan sets out a direct, equitable and sustainable response to the community and social services needs of Cape Town's residents. It is a guide for high-level decision making regarding infrastructure, including multiyear budgeting, and aims to identify and address short- and medium-term priorities, while taking a long-term view.

COMMUNITY SERVICES AND HEALTH PROGRAMMES

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

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

Development and implementation of these programmes gained significant momentum in 2019/20 and will be driven forward through infrastructural investments in 2020/21.

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

The City has identified informal settlements where the provision of community service facilities needs to be prioritised. In the year in review, the design of the Kalkfontein and Wallacedene 4-in-1 CSH hubs was completed. The implementation of these facilities will be the focus in 2020/21. This programme will be further expanded to include the planning and design of CSH hubs in another two of the identified priority informal settlements.

CEMETERY AND CREMATORIUM PROVISION

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

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

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

TABLE 11: Progress with cemeteries and cremation facilities in 2019/20

VAALFONTEIN CEMETERY	The environmental impact assessments conducted in 2018/19 indicated that additional engineering interventions would be required to enable the projected densification of the facility. The cost of compliance with this requirement is being assessed to determine viability and overall return on investment for the City. Environmental compliance is also a key consideration for cemetery development.
METRO SOUTHEAST CEMETERY	Phase 1 construction was completed and handover concluded. Phase 2 construction (ablution, office facilities and boundary fencing) is in progress. The cemetery is expected to be open for burials in 2020/21. Further extensions are planned, subject to acquisition of national Public Works land and an amendment to the record of decision.
WELMOED AND ATLANTIS CEMETERY EXTENSIONS	These are ongoing cemetery extension projects. Atlantis Phase 3 extension is complete. Phase 4 work has commenced as part of the Covid-19 preparation response and is near completion. Welmoed The phase 5 extension is complete and included ablution facilities and additional burial blocks. Additional burial blocks are being developed as part of phase 6 and in response to projected Covid-19 demands.
MAITLAND CREMATORIUM UPGRADE	In response to projected Covid-19 demands for cremation, the refractory repairs to cremator 8 were initiated and are nearly complete.

MORE THAN 850 000 WHEELIE BINS ARE CURRENTLY BEING USED ACROSS CAPE TOWN.



HUMAN SETTLEMENTS PROGRAMME

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

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

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

To this end, the City’s human settlements commitment extends far beyond the mere provision of housing.

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

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

PROJECT	DESCRIPTION
Densification focus of all new human settlements projects	✓ Strategic densification in targeted areas, especially in and around transit-accessible precincts (TAPs) and local nodes ✓ Specifically relates to transport corridors and priority nodes with supportive infrastructure ✓ Aimed at encouraging urban densification ✓ More efficient use of well-located vacant land through: - infill initiatives; - the release of unused land owned by other state departments; and - mixed-use retail and residential development along key development nodes and transport corridors.
Public-private partnership initiative	✓ Focuses on finding ways to effectively partner with the private sector to help meet housing demand ✓ Identification of new areas for housing development ✓ Explores partnerships with the private sector for the management of City-owned rental stock
Safety project	✓ Development of a safety model for City-owned rental housing ✓ Aimed at reducing crime and disorder at City-owned rental housing complexes ✓ Considers different perspectives, such as crime prevention, law enforcement and social-based prevention by a range of stakeholders
Housing function assignment project	✓ Assignment of human settlements function to optimise the City’s capabilities in the built environment

To further support the human settlements programme, the City has set itself a target of delivering 7 600 top structures from 2020/21 to 2022/23. This target is aligned with the provincial Human Settlements Development Grant allocation, the national housing programmes set out in the

National Housing Code, the City’s IDP and the Municipal Spatial Development Framework.

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

TABLE 13: Human settlements programme typologies

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

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

ENABLING HOUSING PROGRESS WITH A PROGRESSIVE HUMAN SETTLEMENTS STRATEGY

The City recognises the many challenges it faces in terms of delivering adequate and appropriate housing, especially for those earning less than R22 000 per month. It is encouraging new ideas, new solutions, innovations and stronger partnerships to help tackle the significant challenge of housing. One such approach is the Human Settlements Strategy, which took almost two years to formulate and is aimed at enabling greater partnership, collaboration, inclusivity and innovation in the human settlements sphere. This is crucial, as the City on its own cannot solve the challenges of urbanisation, increased informality and a drastic shortage in the housing stock. This strategy is meant to enable more sustainable, integrated and spatially transformed communities.

Given an anticipated shortfall in the development of formal housing opportunities of approximately 30 000 every year within the next decade, and assuming the average annual rate of supply by both the private and public sectors remain

unchanged, unless the housing challenges are addressed effectively, they will continue to have a profound negative impact on communities and neighbourhoods.

The City recognises that it cannot address these challenges alone. It requires more partnerships and an intervention on a national government level to address the growing informality in South Africa and to ensure that the human settlements regime can manage this phenomenon.

The City’s Human Settlements Directorate spent 98% of its Urban Settlements Development Grant (USDG) capital budget in the 2019/20 financial year despite the impact of Covid-19 and the national lockdown regulations. This shows that it is delivering, but it is also clear that further interventions are still required. To accommodate projected growth and to manage the existing housing demand, it is estimated that roughly 500 000 housing opportunities need to be created between now and 2028. It is hoped that the Human Settlements Strategy can serve as a catalyst for the partnerships and cooperation required to meet this target.

TABLE 14: Project list of Human Settlements: Housing Implementation as at June 2020

PROJECTS IN PLANNING STAGE	POTENTIAL UNITS	AREA
Aloe Ridge	1 050	Blue Downs
Annandale	2 500	Milnerton
Atlantis gap sites	650	Atlantis

.....

PROJECTS IN PLANNING STAGE	POTENTIAL UNITS	AREA
Atlantis Kanonkop (extension 12) phase 2	1 124	Atlantis
Belhar vacant school sites and surrounding properties	1 300	Belhar
Blueberry Hill	4 000	Blue Downs
Bonteheuwel infill	361	Bonteheuwel
Darwin Road	3 657	Kraaifontein
Delft Symphony Way corridor (ACSA) (site B)	1 675	Delft
Edward Street	126	Grassy Park
Elsies River infill	761	Elsies River
False Bay	327	Khayelitsha
Farm 920 plus Bloubos Road	574	Sir Lowry's Pass
Greater Athlone Development Framework	0	Athlone
Hangberg phase 2	110	Hangberg
Hanover Park	712	Hanover Park
Highlands Drive infill	711	Mitchells Plain
Kapteinsklop	1 952	Mitchells Plain
Kensington	168	Kensington
Khayelitsha CBD housing development	368	Khayelitsha
Langa phase 2 - New Flats	255	Langa
Langa phase 2 - Siyahlala	200	Langa
Langa phase 2 - Special Quarters	404	Langa
Mahama infill, Harare	2 200	Khayelitsha
Nooiensfontein	2 000	Blue Downs
Ocean View infill	397	Ocean View
Pelican Park phase 2	2 000	Pelican Park
Retreat	500	Retreat
Rusthof infill project (excluding Beverley Hills/ erf 5822 (Traffic site development)/erf 13051 (Mothers for Change)	387	Strand
Strandfontein	1 400	Strandfontein
Vlakteplaas	4 800	Strand
Vrygrond	665	Muizenberg
Witsand phase 2	417	Atlantis
TOTAL	37 751	

CONSTRUCTION TENDERS	TENDER TYPE	POTENTIAL UNITS	AREA
Atlantis extension 12 HAB (phase 3)	Civils	633	Atlantis
Beacon Valley (erven 44229, 45867 and 35990)	Bulks, civils	979	Mitchells Plain
Delft Symphony Way corridor (ACSA) (site A)	Bulks, civils	1 586	Delft
Greenville UISP	Civils	966	Fisantekraal
Harare 190 (Ilitha Park 190)	Civils, top structures (house structures)	190	Khayelitsha
Imizamo Yethu phase 3	Bulks, civils	922	Hout Bay
Maroela North	Bulks, civils	1 687	Kraaifontein (Wallacedene/ Bloekombos)
Pook se Bos	Bulks, civils, top structures	135	Gatesville
Sir Lowry's Pass Village	Bulks, civils, top structures	307	Sir Lowry's Pass
TOTAL		8 236	

UNDER CONSTRUCTION	CONSTRUCTION TYPE	UNITS	AREA
Atlantis Kanonkop phase 1	Top structures	455	Atlantis
Belhar Pentech	Top structures	340	Belhar
Delft The Hague phase 1	Top structures	1 102	Delft
Delft The Hague phase 2 and Eindhoven	Top structures	1 100	Delft
Dido Valley	Top structures	600	Simon's Town
Greenville phase 2	Top structures	507	Fisantekraal
Greenville phase 2.1	Civils	562	Fisantekraal
Gugulethu infill, erf 8448	Top structures	571	Gugulethu
Gugulethu infill, Mau Mau	Top structures	434	Nyanga
Harare infill	Bulks, civils, top structures	900	Khayelitsha
Imizamo Yethu, phase 3	Bulks, civils	922	Hout Bay
Macassar	Bulks, civils, top structures	2 469	Macassar
Manenberg	Top structures	555	Manenberg

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UNDER CONSTRUCTION	CONSTRUCTION TYPE	UNITS	AREA
Maroela (South)	Bulks, civils, top structures	570	Kraaifontein
Masiphumelele phase 4 (PHP project)	Top structures	227	Kommetjie/ Noordhoek
Morkel's Cottage	Bulks, civils, top structures	547	Strand
Morningstar Durbanville	Bulks, civils, top structures	166	Durbanville
Sheffield Road (City and Province)	Bulks, civils	388	Philippi
Somerset West	Top structures	148	Somerset West
Valhalla Park	Top structures	777	Valhalla Park
TOTAL		13 340	

SOME OF THE HUMAN SETTLEMENTS HIGHLIGHTS IN 2019/20 WERE AS FOLLOWS:

Brought the total number of housing opportunities created since 2012/13 to

58 602

.....

Allocated

R2,1 BILLION

over the medium term to formal housing opportunities on well-located land, close to public transport, jobs, government services and public amenities

.....

Allocated more than

R4 BILLION

to formalising informal accommodation, such as informal settlements and backyard dwellings

.....

Successfully enabled

1 000

tenants to become home owners through the City's rental sales programme

.....

Brought the total number of title deeds (of the original 25 000 linked to historical housing projects) transferred to vulnerable and senior residents since 2012 to over

17 000

Title deeds linked to current projects continue to be transferred

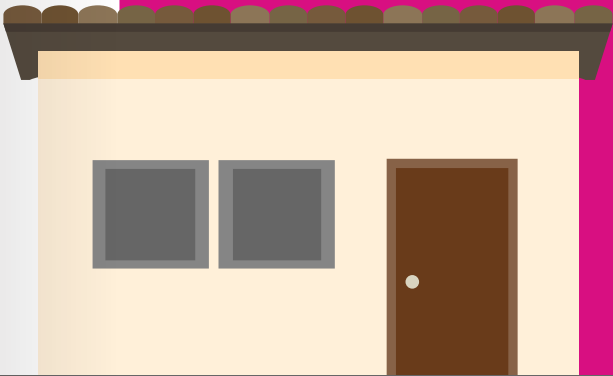
.....

Successfully implemented capital projects to the value of

R168 431 953

to upgrade CRUs

.....



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

BASIC SERVICE DELIVERY PROGRAMME

ENCOURAGING AND SUPPORTING BACKYARD DWELLING PROJECTS

The mainstreaming of basic service delivery to informal settlements and backyard dwellers remains a key transformational priority for the City. Over R850 million has been budgeted in the medium term – R713 million for backyarder service provision and the informal settlements upgrade programme, and R150 million for the delivery of electricity services to backyard dwellers.

Since 2014, the Informal Settlements Department has installed 3 052 water and sanitation points in the homes of backyard dwellers on City rental property. This water and sanitation provision project will continue with the roll-out of a further 2 000 such services to backyard dwellers envisaged over the next three years.

Water is connected to the backyard dwelling via a dispensing device. This provides residents of these dwellings with their own allocation of 200 litres of free water per day, which is in no way controlled by the owner of the property on which they live. This eliminates backyarders' reliance on the main dwelling and reduces the potential for exploitation. The City was the first metro to offer such services to backyard dwellers residing on Council-owned properties, such as rental units.

INFORMAL SETTLEMENTS SERVICES PROJECT

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

In the 2019/20 financial year, the City committed to spend more than R2,4 billion over the medium term to upgrade informal settlements and provide water and waste services to these residents.

ELECTRIFICATION OF INFORMAL SETTLEMENTS

The City continues to supply informal settlements with electricity, and to provide the infrastructure needed to enable the electrification of qualifying sites. Currently, the bulk of the electrical connection backlog in Cape Town's informal settlements falls within Eskom's jurisdiction. Despite this, the City has set itself a target of installing 1 500 subsidised electrical connections per year until 2022. In the year in review, 1 996 new electricity connections were installed, bringing total installations since 2012/13 to 23 052.

INFORMAL SETTLEMENTS FORMALISATION PROJECT

The City continues to formalise and expedite the administrative incorporation of informal settlements. This includes the creation of a comprehensive investment and upgrade framework to guide the provision of services and, ultimately, security of tenure to informal-settlement residents.

INTEGRATED SETTLEMENTS PROJECT

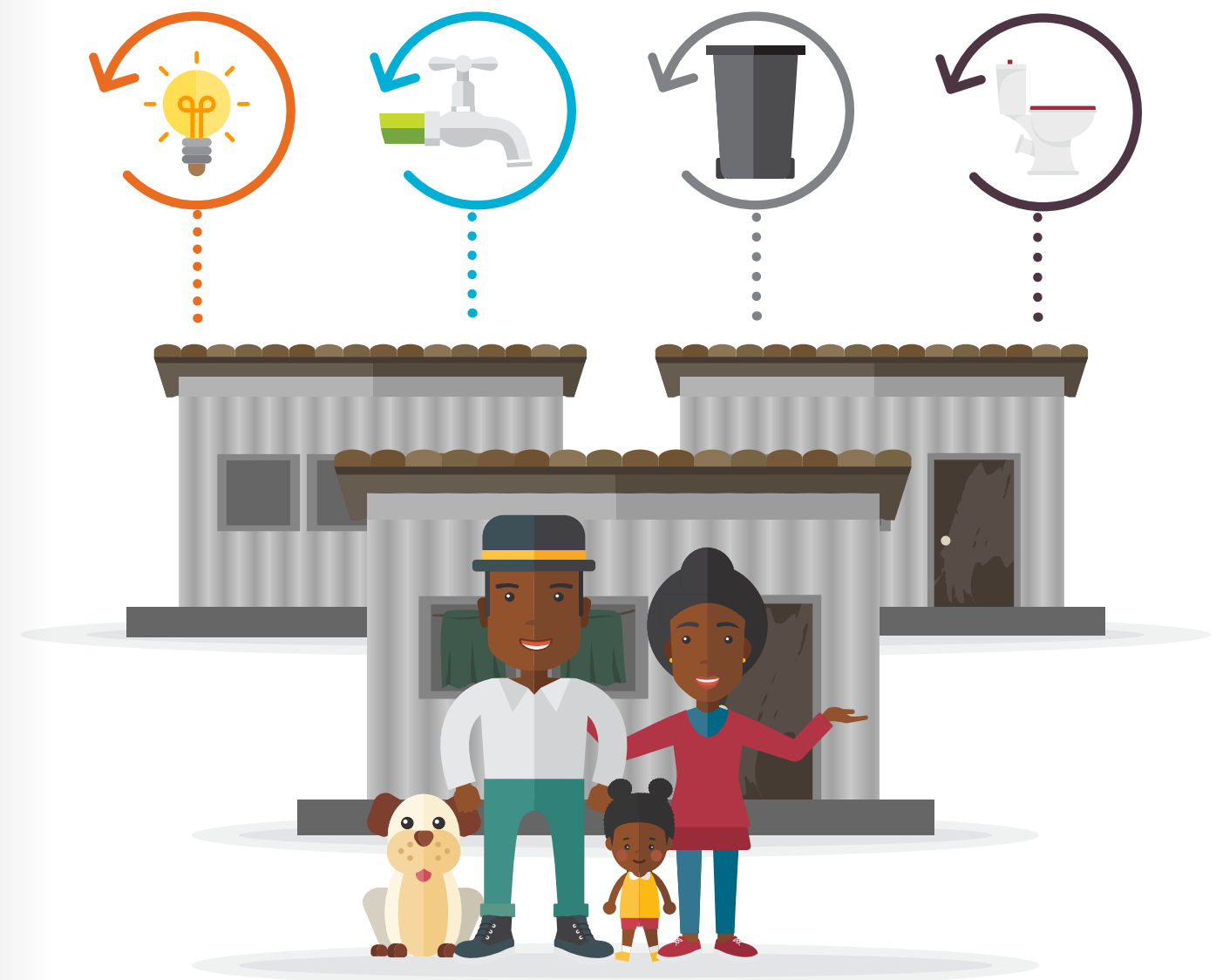
This project encourages a mix of formal and semi-formal approaches to settlements, supports the building of safe households and inclusive communities, and ensures that the most vulnerable are cared for through access to services and infrastructure. Key to this vision is having integrated, sustainable human settlements that include various housing types.

To help achieve this, all the City's greenfield housing projects consist of a mix of serviced sites and top structures. Serviced sites are generally allocated to those who do not qualify for housing units. The number of serviced sites is determined by the dynamics of the beneficiary group or the area, as well as the type of project and its location in the city.

REDUCING CITY OWNERSHIP OF RENTAL STOCK (CRU) PROJECT

Over the past 36 years, the City has transferred ownership of more than 60 077 units of rental stock to tenants. This transfer campaign has been intensified since 2013 to allow even more long-standing tenants to take ownership of the rental dwellings they occupy. Approximately 7 810 units still remain available for sale and transfer to willing and eligible tenants.

The City continues to raise awareness of this initiative by inviting tenants to visit their local housing estate offices to establish whether they qualify for this ownership opportunity. The transfer programme also provides for subsidy benefits, arrear write-offs, and assistance with transfer costs to qualifying tenants. Tenants who live in freestanding, semi-detached, terraced or row houses and maisonettes may qualify.





SFA 4: INCLUSIVE CITY

SFA 4 FOCUSES ON:

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

OBJECTIVES	PROGRAMMES
OBJECTIVE 4.1: Dense and transit-oriented growth and development	✓ Spatial integration and transformation programme ✓ TOD catalytic projects programme ✓ Land development programme
OBJECTIVE 4.2: An efficient, integrated transport system	✓ Integrated public transport network 2032 programme ✓ Travel demand management programme ✓ Non-motorised transport programme ✓ Intelligent transport systems programme ✓ Transport operational and management systems programme ✓ Efficient, integrated public transport programme ✓ Traffic calming programme
OBJECTIVE 4.3: Building integrated communities	✓ Built environment integration programme ✓ Citizen value programme ✓ Public participation programme ✓ Substance abuse programme ✓ Primary healthcare programme ✓ Social inclusion programme ✓ Cross-subsidisation programme

KEY INCLUSIVE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2019/20



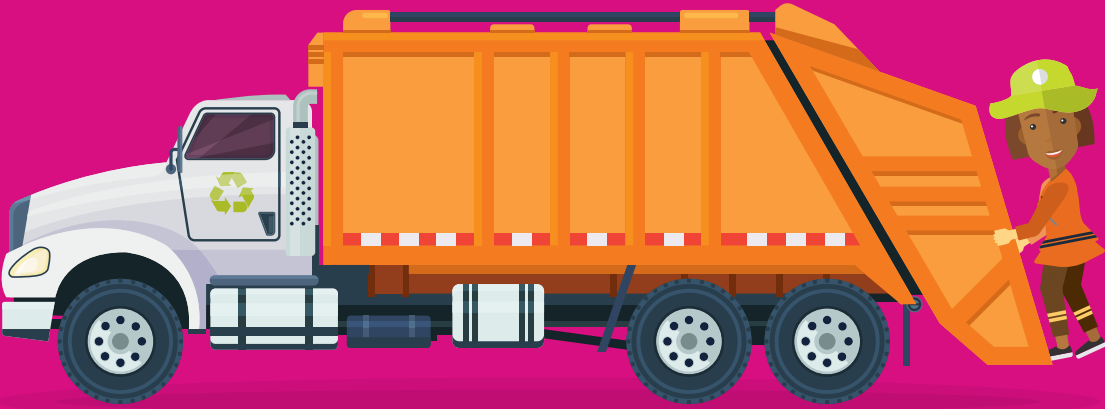
Answered approximately
**2,45
MILLION CALLS**
in the corporate call centre,
assisting customers in their
preferred language

Raised the number of
FREECALL LINES
installed since 2012/13 to
194



Limited days when **air pollution** did not
meet South African **ambient air quality**
standards to
ONLY 14,
which is significantly less than the
accepted maximum of 40 days

Most comprehensive
**AMBIENT AIR
QUALITY MONITORING
NETWORK**
of all local authorities



Diesel vehicle testing teams tested
6 268
vehicles to help curb
transport-related emissions

Most comprehensive
**DIESEL VEHICLE
EMISSIONS TESTING
PROGRAMME**
in the country

OBJECTIVE 4.1: DENSE AND TRANSIT-ORIENTED GROWTH AND DEVELOPMENT

SPATIAL INTEGRATION AND TRANSFORMATION PROGRAMME

SPATIAL TRANSFORMATION

Spatial transformation involves redressing and restructuring the city to mitigate the impact of historic spatial planning. Apartheid-era city planning entrenched a fragmented and distorted spatial pattern along racial lines. Households from the poorest communities were located far away from economic opportunities – a legacy that persists to this day. It has also resulted in those communities having to spend a disproportionate amount of their income on (typically public) transportation.

This can be countered in a number of ways, including by creating more opportunities for more people in highly connected areas, such as the urban inner core and other growth areas, while avoiding low-cost housing projects on the periphery of the city.

As part of its commitment to spatial transformation, the City uses a range of new-generation urban growth management tools and processes to consider the designation of priority transit-oriented development (TOD) zones, managed growth areas and protection areas, each with their own development parameters and procedural guidelines.

In support of the City's spatial vision, the MSDF comprises spatial transformation areas (STAs).

These reflect an investment rationale and associated land-use guidelines in support of:

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

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

The STAs form the basis for:

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

INNER-CITY HOUSING STRATEGY AND IMPLEMENTATION PLAN

The City takes a precinct development approach to improving the delivery of affordable housing projects in inner-city areas.

Key elements of such precinct development include:

- ✓ creating more economically integrated neighbourhoods;
- ✓ leveraging government investment;
- ✓ helping to stabilise areas; and
- ✓ encouraging greater private investment in regeneration.

In 2017, the City identified and advertised several sites in the Woodstock/Salt River area for social housing and mixed developments. In October 2019, however, the request-for-proposal process was abandoned and the five sites were unbundled, as the sites required different land-disposal processes due to varied zoning rights and ownership. The necessary land-disposal processes are now under way. Once completed, new requests for proposals will be issued for each site.

Parow is considered a potentially appropriate area for another such precinct initiative in the future. The Human Settlements Directorate is in the process of reserving and testing the feasibility of all identified sites in the Parow precinct, with the feasibility studies of sites around sub-precinct 1, Parow station, at an advanced stage. A request-for-proposal document has been produced, and will be circulated in the next financial year.

Other areas where opportunities are currently being investigated include central Bellville and the Philippi node area as catalytic precincts, as well as some secondary-level inner-city nodes.

HOSTELS REFURBISHMENT AND UPGRADE PLAN

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

Implementation is expected to take nine to 12 years. As the project exceeds three financial years, approval has been obtained in terms of section 33 of the MFMA. A hostel forum was also re-established under the new Human Settlements

Directorate and is chaired by the Mayco member for Human Settlements. Recognising the role of ward councillors, the mandate of the forum is to provide a space for all councillors with hostels in their wards to give input and be actively involved in the project.

The forum has provided input on the hostels development plan, which resulted in the appointment of four regional teams mandated to ensure comprehensive planning from inception to tender stage. The forum has also ensured that the immediate brief of these regional teams includes undertaking a detailed survey of all hostel dwellers.

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

A number of key principles are applied when developing and reviewing all new and existing spatial strategies, tools and policies.

These include the following:

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

As part of planning the roll-out and implementation of TOD in the abovementioned urban inner-core nodes and corridors, and specifically at TAPs such as rail and BRT stations, the City's CLDP is currently being formulated in more detail to set out how this programme will be implemented over the medium to long term. Significant progress has been made in the catalytic precincts of the Bellville CBD and the Philippi opportunity area.

A) LAND-USE MANAGEMENT PARAMETERS, SYSTEMS AND MECHANISMS

The City pursues integrated and streamlined land-development processes, where proposals and applications in support of TOD are fast-tracked, and development and investment are valued within the parameters of the City's stated transformation objectives.

The City is compiling precinct plans for the TOD station and catalytic precincts along the MyCiTi phase 2A corridor, as well as elsewhere in the identified integration zones, with a view to approving these as policy and implementation plans. These plans will facilitate and enable TOD as envisaged in the 2016 TOD Strategic Framework.

Forming part of the phase 2A corridor, the Philippi East area has also been designated a prioritised catalytic precinct as part of the CLDP, and is receiving specific focused attention in terms of both planning and implementation.

B) SPATIAL TRANSFORMATION FOR SOCIO-ECONOMIC GAIN

The extent to which the City achieves its spatial development goals is directly linked to its ability to sustain job-creating economic growth in the medium term, and reduce job accessibility costs for the poor.

As such, the City is committed to facilitating employment-intensive land uses by focusing on:

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

URBANISATION MANAGEMENT

The City's TOD Strategic Framework of 2016, revised IDP of 2017 and MSDF of 2018 all emphasise the

need for spatial transformation. Having aligned its key policies, strategies and priorities towards urban and spatial transformation, the next important question was how the City would know whether implementation is effective and what this should be measured against.

The urban development index (UDI) was conceived as a way to answer this question, and to identify future transformation priorities. The Cape Town UDI builds on the previously developed transport development index by adding spatially disaggregated indices relating to land-use diversity, residential and employment density in public transport corridors, housing price diversity and informality ratios in the city. Eleven indices on transport, land use and housing were defined to measure the different facets of spatial and urban transformation.

Of the City's 11 transformational priorities identified in its IDP, those specific to the UDI include dense and transit-oriented growth and development (priority 8), an efficient, integrated transport system (priority 9) and building integrated communities (priority 10).

The UDI, through the collection and analysis of multiple data sources, measures the progressive spatial and economic transformation of Cape Town in terms of changes in people's mobility and in the city's spatial form over time, as well as the extent to which the City's development agenda has been successfully implemented.

Moreover, the intention is to calculate the UDI periodically to enable the City to track changes over time, establish trends, and make incremental adjustments to implementation programmes to achieve the desired result. Because the UDI measures changes in transport, land use and human settlements, a comparison of relative changes over time will also provide a better understanding of the relationship between these elements.

TOD MECHANISMS FOR DEVELOPMENT PROJECT

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

One such mechanism has been an audit of approximately 140 development policies being

applied in the City's current statutory and planning processes, to identify which, if any, policies hinder or prohibit TOD. The audit findings and recommendations are currently being implemented. These include the incorporation of some policies into the revised district spatial plans, and withdrawing several obsolete (or anti-TOD) policies to simplify the policy landscape and remove red tape.

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

Early in 2019, a final draft of the TOD manual for development management was signed off by the executive directors of Spatial Planning and Environment, as well as Transport, with the approval of both their associated portfolio committees. The manual is an operational guide to empower case officers and other stakeholders to holistically assess development proposals and applications. This helps ensure that consistent and informed recommendations are made, and guides decisions from the pre-application consultation period to the final assessment. The manual integrates TOD design principles embedded in various existing urban development and integrated transport policies. As such, it demonstrates how development principles in current policies can be applied at the precinct level to achieve the City's key spatial transformational objectives in the IDP, MSDF and TOD Strategic Framework. The document has been circulated to the relevant district offices for implementation.

TOD DEVELOPMENT MANAGEMENT FAST-LANE

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

and DMS in the year ahead. At the same time, areas where this zone would apply (typically priority TOD catalytic precincts) are being investigated as part of the district spatial plan review process.

TOD CATALYTIC PROJECTS PROGRAMME

Framed around National Treasury's Guidelines for Catalytic Development Programmes in Metros (issued in 2018), the City's CLDP consists of:

- ✓ the major, prioritised, flagship catalytic TOD projects listed in table 15;
- ✓ TOD precincts and initiatives in smaller, secondary urban nodes (the so-called 'level-2 TOD initiatives'); and
- ✓ significant public landholdings around a number of strategic rail and BRT stations in spatially targeted precincts (the so-called 'stations typology initiative') in partnership with PRASA and other public stakeholders.

With more detailed implementation plans currently being developed, this programme will represent an intergovernmental pipeline of priority catalytic projects and infrastructure investments over the medium to longer term.

The City's Urban Catalytic Investment Department has finalised a project portfolio and prioritisation and partnership framework, which was adopted by Council and is now being further refined and implemented. The portfolio is centred around higher-order points of access to the public transport system, primarily rail stations and transport interchanges, which offer significant opportunity to achieve the City's objectives of TOD and spatial transformation by unlocking high-density mixed-use development. Opportunities in these TOD precincts arise from their location at points where people access (or could access) integrated rail, bus and minibus taxi services via the IPTN. The project presents complex, long-term, strategic investment opportunities, which need to be planned and assessed in collaboration with other public-sector partners.

To this end, the City needs to enter into partnerships with multiple public stakeholders and entities. These include government departments (national and provincial) and state-owned enterprises, especially those with large landholdings across town, and their own land-development mandates (such as PRASA, which has significant landholdings around various rail stations). Significant progress has been made with developing such a partnership agreement with the national Department of Public Works. The strategic objective of Public Works is to establish

so-called 'government precincts' in various of the City's earmarked catalytic precincts. This will help the City achieve its own spatial transformation vision and objectives around dense, mixed-use and transit-oriented development in and around TAPs, as per the CLDP. The partnership is expected to be finalised in the year ahead, paving the way for collaborative planning and implementation. Similarly, other public-sector partnerships are being investigated to help implement key parts or aspects of the CLDP.

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

The reporting period also saw the finalisation of a review of the identified major catalytic TOD projects, as outlined in the table below:

TABLE 15: Progress with prioritised TOD catalytic projects as at 30 June 2020

CATALYTIC PROJECT: FORESHORE PRECINCT (INCLUDING INNER-CITY SITES SUCH AS EBENEZER, GALLOWES HILL AND PRESTWICH DEPOTS/SITES) This project is aimed at finding the best way of dealing with the unfinished freeways on the Cape Town Foreshore and its surrounding precinct – including land sterilised by the obsolete Lower Buitengracht road scheme – so as to unlock the economic potential of	this significant segment of the central city. It includes the Ebenezer Road maintenance depot, the MyCiTi Prestwich depot, the Gallowes Hill traffic centre and the CTICC parking garage. A reconceptualised Foreshore precinct will explore linkages and integration with abutting public-sector initiatives and opportunities (such as Transnet's 'People's Port' initiative, Public Works' Customs House redevelopment, and Province's Founder's Garden precinct).
PROGRESS: Appeals against the appointment of one of the bidders for the proposed development led to the previous tender being cancelled. The concerns raised during the appeals process are being investigated and addressed, and a new request for proposals will be issued. In the meantime, as a first phase of the broader precinct conceptualisation, the City is pursuing the deproclamation of the obsolete 1969 Lower Buitengracht road scheme that forms part of this precinct. This land will in any event be required for the precinct to be	developed in the longer term and will unlock currently sterilised City-owned land along the lower end of Buitengracht (approximately 100 000 m² in extent). At the end of the reporting period, Council resolved to recommend such deproclamation to Province's MEC for Transport. Once this recommendation has been packaged and delivered to the MEC, the next step will be to advertise the intended deproclamation for public input. After a final decision is received, a planning exercise will follow, as well as rezoning of the land for mixed-use development purposes.

CATALYTIC PROJECT: BELLVILLE CBD PRECINCT

This project is aimed at catalysing development in the core Bellville area around the transport interchange and beyond, and raising additional private-sector and PRASA investment for land and public transport development. It is a long-term project that will span multiple financial years and involve numerous initiatives and subprojects to revitalise and regenerate the Bellville CBD. These include investment in a new multimodal, vertically integrated PTI, which will involve the upgrade and modernisation of the existing PRASA station. This will

catalyse the redevelopment of the adjacent City-owned 'Paint City' site and current taxi-rank area, as well as a significant proposed air rights development above the new PTI.

Other elements include expanded public transit infrastructure, provision of critical road infrastructure links (among others, to discourage heavy freight traffic from the core CBD), a reconceptualised NMT network (car-free zone) in the core area, significant housing infill development opportunities, an employment space fostering densification, social facility/green network upgrades, and the clustering of public facilities in public service ('government') precincts.

PROGRESS: Following completion of a Bellville transportation masterplan framework in October 2019 as phase 1 of this catalytic project, phase 2 commenced. This comprises the following five planning and programming packages to drive a pipeline of catalytic investment for this precinct:

Package 1: Modelling and planning of an optimised public transport system for the Bellville area to determine an appropriate street transit network, service requirements and fleet mix that would support the incremental rejuvenation of the Bellville CBD core.

Package 2: Conceptual design of Tienie Meyer Boulevard extension (both north and south alignment options), including the extension of Willie Hofmeyer Road to Bellville South.

Package 3: Precinct masterplan and urban design framework for the core area

of Bellville CBD, including a status quo review, scenario development and option analysis, spatial reorganisation, land assembly, development programming and sequencing considerations.

Package 4: Conceptual planning and design of the proposed new Bellville mobility hub.

Package 5: Conceptual alignment and technical feasibility (route review) of a proposed light rail transit (LRT) link between Tygervalley and Cape Town International Airport (phase 1). This would be aimed at enabling the preparation of an initial LRT outline business case in line with the City's project stage gate requirements.

In the period in review, work packages 1, 2 and 3 were completed, while packages 4 and 5 will be completed in the coming financial year. This will be followed by further detailed planning aimed at packaging selected projects and initiatives for implementation.

CATALYTIC PROJECT: PAARDEVLEI

The project aims to combine housing and market-related residential opportunities with a mixture of economic opportunities, thereby creating integrated communities in a TOD-minded way. The nature of the development will be determined by market

feasibility and the ability of the private sector, in conjunction with the City, to provide affordable housing within the development project. The intention is for the project to be largely self-funded and implemented by the private sector, with City contributions for the social components.

PROGRESS: Various investigations have taken place in relation to potential anchor developments, including a 40 000 m² provincial regional hospital that Province wishes to establish in this area.

A 100 ha portion of the site is currently being rezoned to subdivisional area and was subjected to an environmental impact assessment. Part of the rezoning requires a new phase 1 interchange onto the N2, as well as a second stormwater outfall, in respect of which detailed design is under way.

A contamination report has been completed, summarising the status of contamination on-site, and proposing a costed plan to rehabilitate the contaminated parts.

Other progress includes:

- ✓ ongoing management and maintenance of the site, for which a dedicated service provider has been appointed;
- ✓ completing the rezoning application for precinct 2 submitted by the former owner (AECI); and
- ✓ preparing a local spatial development framework and associated infrastructure requirements for the site.

In anticipation of the completion of the rezoning application, a land development/release strategy and options analysis have also been completed. This will inform the City's approach to a phased release of the site, or parts thereof, for development. However, significant parts of the site are not developable and will remain as coastal zone, natural open space and utility areas.

CATALYTIC PROJECT: PHILIPPI EAST (PHILIPPI OPPORTUNITY AREA)

Dubbed the wider Philippi opportunity area, this project includes opportunities around the MyCiti stations and other infrastructure as part of the phase 2A main-route investment through the area. It also entails unlocking significant City-owned and other public landholdings around the Stock Road railway station, as well as development opportunities at Nolungile station at the northern end of the ACSA-owned Swartklip site. This infrastructure will include development centred around Philippi, Stock Road and Nolungile stations, and is intended

to catalyse private investment in adjacent properties and areas. Intensification of the Stock Road station node (and City-owned erf 5268) will include a mixed-use precinct involving higher-density housing and commercial activity closer to the station and on the main roads, various road and public realm improvements, community facilities, light industrial (job-creating) uses, as well as intensification and expansion of the existing agri-processing hub (Philippi fresh produce market centre). This will leverage the area's close proximity to the Philippi horticultural area (agricultural production) and Cape Town International Airport (distribution and export opportunities).

PROGRESS: A baseline report and draft business case and development mandate report have been completed. However, further investigation and review have revealed that the Philippi East BRT station site is very constrained and it is not the best location for a successful catalytic investment project. Given this, the catalytic precinct has now been reconceptualised to focus on the Stock Road station (and Joe Gqabi PTI) and the surrounding City-owned erf 5268, and the wider precinct including the nearby ACSA-owned Swartklip site.

During the reporting period, a comprehensive Regeneration Framework, which includes an intergovernmental public infrastructure investment pipeline, has been developed to an advanced stage. This will provide a rational project pipeline that will provide a basis for attracting further grant funding investment into the area. During the period ahead, the implementation component of this framework will be further refined and a number of sub-precinct components will be developed to investment-ready stage.

CATALYTIC PROJECT: PHILIPPI AGRI-HUB PROJECT

As a subcomponent of the Philippi opportunity area, this implementation project involves the establishment of an upgraded agri-processing hub at the existing Philippi fresh produce market

complex. This is part of a vertically integrated agricultural value chain that leverages the area's industrial capacity and its close proximity to both the Philippi horticultural area as primary production zone, and Cape Town International Airport and other areas as tertiary distribution channel.

PROGRESS: In July 2019, the Urban Catalytic Investment Department pitched for the fifth proposal call for National Treasury's European Union-funded General Budget Support Grant. The City submitted four projects, and the Philippi agri-hub project was successful. Since receiving notice of the successful bid in November 2019, detailed planning has taken place.

The total value of the grant funding is R39,7 million over a three-year period commencing on 1 July 2020. The budget for the first year is R19,3 million. As part of the preparations, the department has concluded an agreement with the Philippi Economic Development Initiative (a non-profit company established by the City and other partners years ago) as local implementation agent for the project.

CATALYTIC PROJECT: ATHLONE POWER STATION

The City aims to repurpose this site as a potential alternative green energy hub

by reassessing optimal alternative uses, accessibility and environmental impact. As such, this project is being deprioritised and removed from the City's TOD CLDP.

PROGRESS: A strategic review continues to explore options for the potential repurposing of the site for future renewable-energy generation and/or storage. This will help the City secure more sustainable energy supply and reduce Cape Town's carbon footprint.

Considering that the City needs to take action to diversify its energy mix and reduce its dependence on Eskom, this site may be of much greater strategic value in supporting the City's longer-term infrastructure needs than previously thought.

Thus far, the recommendation is to use the site (or part thereof) for continued utility purposes predicated on renewable technology. At the same time, the potential of integrating the surrounding utility and other multigenerational infrastructure (e.g. rail, transmission and distribution) is being explored to improve the affordability of renewable-energy solutions at scale. The Energy and Climate Change Directorate's investigation into this option is ongoing.

R15 BILLION HARBOUR ARCH DEVELOPMENT GETS UNDER WAY

In 2019, the City gave final approval for the Harbour Arch mixed-use development to get under way on a parcel of Foreshore land. Harbour Arch occupies a strategic position at the convergence of major access roads, with easy entry points to and from the N1 and N2 highways. The development will be built on a 5,8 ha site, with 198 000 m² of usable space featuring six individual towers. Bulk earthworks have been in progress since the start of 2020, and completion of Harbour Arch is anticipated in the first quarter of 2023.

LAND DEVELOPMENT PROGRAMME

EXISTING RAIL STATIONS AND BRT STATION PARTNERSHIP PROJECT

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

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

C40 REINVENTING CITIES INITIATIVE

Cape Town is a signatory to C40, a global network of large cities that are committed to developing and implementing policies to address climate change. As part of the City's CLDP, Cape Town and another nine cities across the world (Chicago, Dubai, Lima, Madrid, Milan, Montreal, Singapore, Reykjavik and Rome) have joined the second round of the C40 Reinventing Cities programme. This round of the global architecture and urban design competition was launched worldwide on 4 December 2019. It requires project teams to deliver ambitious climate solutions that will also benefit local communities. Winning teams secure the right to implement their award-winning carbon-neutral designs as demonstration projects on underutilised sites made available by participating cities. Visit www.c40reinventingcities.org for more information.

Following Council's approval in October 2019, four underused City-owned sites were made available as part of the competition, all selected from the portfolio of catalytic precincts across town. The four sites are located in TAPs and are to be repurposed for TOD and the provision of mixed-use development, and affordable and inclusionary housing so as to kickstart the overall rejuvenation of the surrounding areas.

The sites are:

- ✓ the 0,37 ha Athlone station car park opposite the entrance to Athlone train station;
- ✓ the 30,6 ha Kapteinsklop station precinct in Mitchells Plain, located to the north and south of Baden Powell Drive at the intersections of Eisleben and Weltevreden roads and close to the False Bay coast and Mnandi resort;
- ✓ the 2,1 ha Moquet farm in Diep River at the intersection of Main and Kendal roads, just a block away from the rail station; and
- ✓ the 7,6 ha Tygerdal site at the Monte Vista station, Goodwood.

These sites have all been earmarked for higher-density, mixed-use, transit-oriented development, including different housing tenure opportunities for a wide range of income groups. Their development as part of this initiative will take the CLDP forward and showcase replicable models for sustainable and resilient, zero-carbon development locally and abroad.

The competition follows a two-stage bidding process. The first expression-of-interest stage closed on 12 June 2020, by which time a sizeable number of development proposals had been received. The City's adjudication team, with C40's guidance, is now assessing the bids to select a maximum of three proposals per site, which will then proceed to the second, closed detail-proposal stage. Strict assessment criteria are applied, including consideration of renewable energy, sustainable materials, resource efficiency and water resilience, green mobility, inclusive community benefits and innovative architectural designs. Once a winning proposal has been selected, the City will contract with the winning entity to implement their design.

OBJECTIVE 4.2: AN EFFICIENT, INTEGRATED TRANSPORT SYSTEM

INTEGRATED PUBLIC TRANSPORT NETWORK 2032 PROGRAMME

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

PHASE 2A PROJECT

Following the successful roll-out of phase 1 of the MyCiTi system and the N2 Express, phase 2A consists of two main routes from the metro southeast, more specifically Khayelitsha and Mitchells Plain, to Claremont and Wynberg. The City has budgeted R7,2 billion up until 2029 to provide infrastructure for the roll-out of this phase. A portion of this budget is currently being spent on the construction of the Jan Smuts Drive section (W3 in the figure below) in Plumstead, and the enabling works of the two new bus depots in Khayelitsha to provide bus services in the metro southeast.

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

The Jan Smuts Drive contract (W3) includes construction of a dual carriageway, dedicated BRT lanes, an integrated rapid transit station substructure, median bus stops, intersection upgrades and non-motorised transport facilities to the value of R193 700 000. The contract was awarded in June 2018, and construction is expected to be completed by March 2021.

The conceptual designs for work packages E1 and E2b (Heinz-Emms), E6 (AZ Berman) and W4 (Jan Smuts-Hanover Park) have been approved. The remainder of the eastern work packages E2b, E3, E4, E7 and E5 have been workshopped together with other directorates, and final approval to proceed with detail design and implementation is expected in October/November 2020.

The conceptual design for work package W2 (M24 Turfhall Road) has received verbal (in-principle) approval from the IRT phase 2A programme director, while the design of the remaining work packages is in progress.

PHASE 2A FAST-TRACK CONSTRUCTION CONTRACTS

Practical completion of the Strandfontein Road dual carriageway, which included the construction of 1,8 km of dedicated bus lanes, was achieved in December 2017. The Stock Road dual carriageway was completed at the end of May 2019, which included the construction of 0,6 km of dedicated bus lanes to facilitate docking at future closed median bus stations.

PHASE 2A DEPOTS

The enabling works for the two phase 2A Spine Road bus depots are now complete. The enabling works included earthworks, perimeter fencing and bulk services, as well as road upgrades and improvements required for access to the depots. Procurement processes for the construction of the depot building, staging area, internal roads and support facilities are under way.

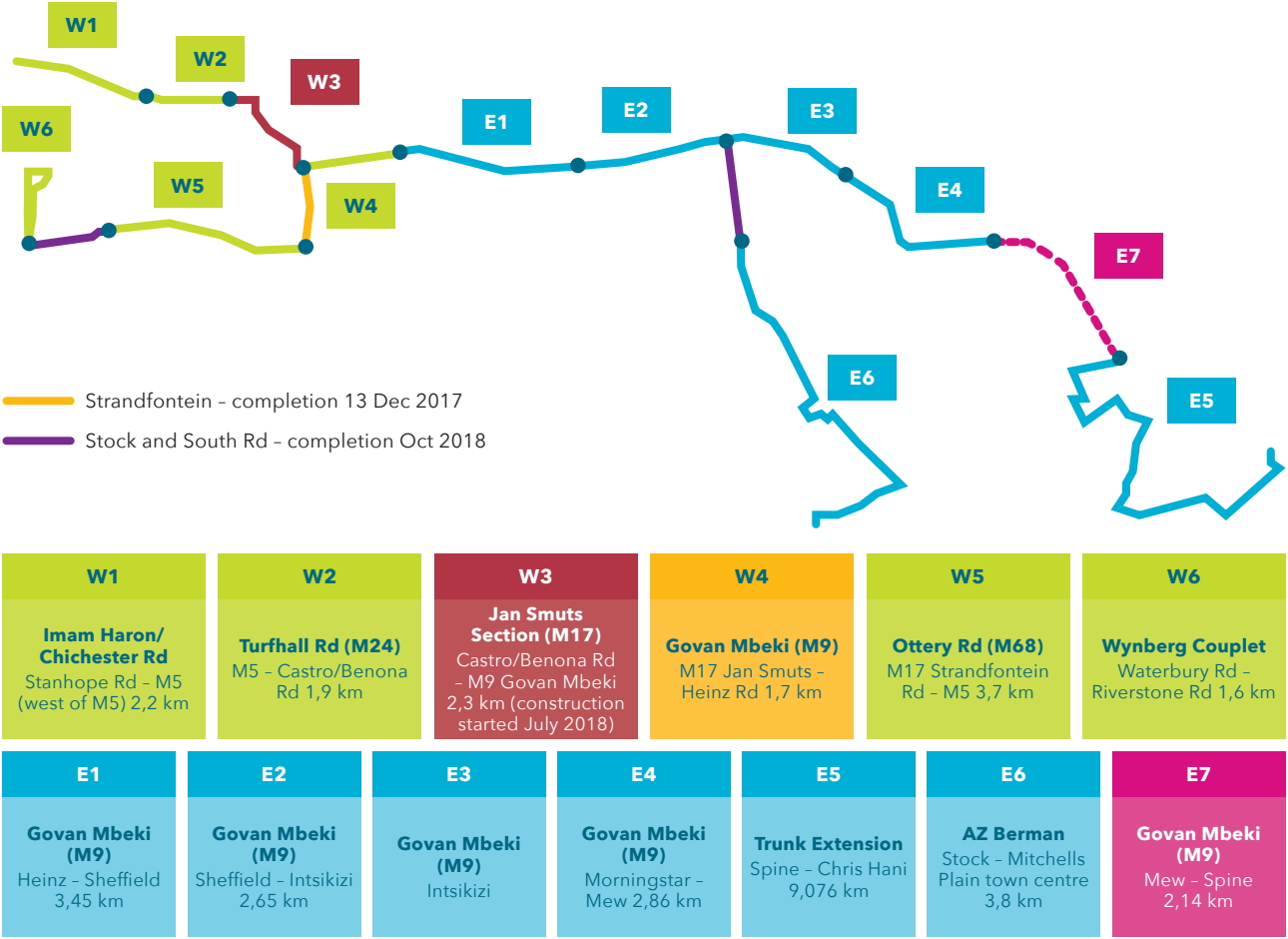
The tender for the building contract is being compiled, and will be advertised in November 2020. A phased approach has been adopted for this depot build: Each of the two depots will be able to house 145 buses in the initial phase, increasing to approximately 250 buses once completed. The depot is expected to be operational by June 2024.

A third depot is planned for the western side of the phase 2A trunk route. Pre-planning environmental studies are under way before design will commence.

BLUE DOWNS RAIL CORRIDOR PROJECT

The Blue Downs rail corridor involves the construction of approximately 11 km of new rail link, including three stations, as well as planning for the development of the station precinct and surrounds. PRASA is the key investor, with the City providing support with the design and implementation of the

FIGURE 9: Planned work packages for phase 2A implementation



Note: South Road is separate from W5.

FIGURE 10: Phase 2A planning, design, construction and future implementation plan

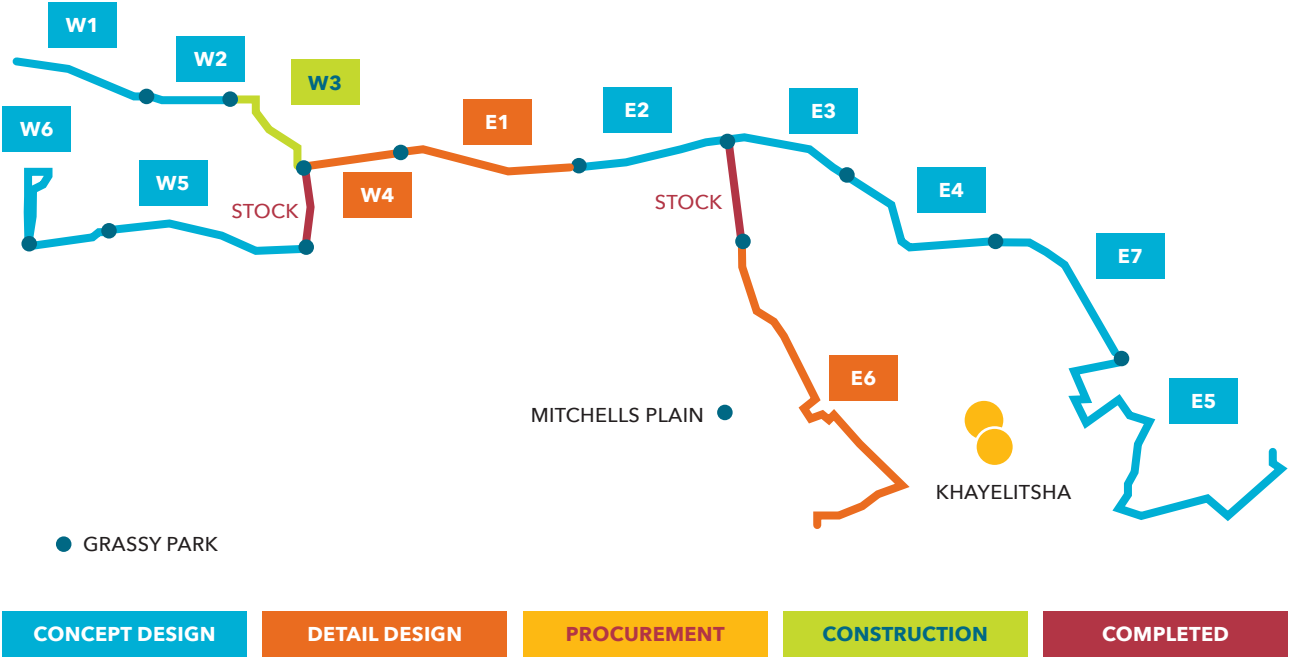


FIGURE 11: The Stock Road dual carriageway completed as part of phase 2A



FIGURE 12: The sites for two of the phase 2A bus depots



rail link, and in the broader corridor development. Planning for the feeder bus network along the Blue Downs corridor and environs is expected to start in the first half of 2021.

As part of the broader corridor development, the City is also focused on land-development interventions and projects between Symphony Way and the Blue Downs rail corridor to enable a more compact, integrated city. (For more on this, turn to the section on the Blue Downs integration zone on page 146).

KLIPFONTEIN CORRIDOR PROJECT

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

INTEGRATED TICKETING SYSTEMS AND INFRASTRUCTURE PROJECT

Integrated ticketing allows commuters to use one payment mechanism or system across various transport modes. Implementing such a system is a long-term project that requires careful planning to minimise costs and maximise commuter benefit.

TRAVEL DEMAND MANAGEMENT PROGRAMME

As a result of the Covid-19 pandemic and the national lockdown, road traffic reduced significantly in the first half of 2020 as workforces adapted to a new normal. Some sectors of the economy stopped altogether, while others continued operating, but in different ways and using different operating models, such as remote working.

Recognising the potential long-term benefits of reduced travel demand as a result of having a remote workforce, the City has started identifying travel demand management (TDM) interventions that can help maintain these benefits going forward and improve Cape Town's transport characteristics. These interventions are categorised into the five focus areas of (i) transport network, (ii) transport infrastructure, (iii) transport operations, (iv) citywide institutional interventions, and (v) externally focused

interventions. Quick-win, short-term, medium-term and long-term measures are identified for each intervention.

ROLL-OUT OF FLEXIBLE WORKING PROJECT

The City's TDM strategy aims to change individual travel behaviour in favour of more sustainable options. One of the measures to achieve this is a project to promote flexible work practices.

Development and implementation of the organisation-wide flexible working programme (FWP) is ongoing as part of the City's efforts to ease peak-time traffic congestion, reduce vehicle kilometres travelled, and support a better work-life balance for employees.

In the previous financial year (2018/19), the City Manager issued specific guidelines relating to the roll-out of the FWP in the City, and a document with frequently asked questions was developed to clarify implementation issues. A transversal FWP management committee was also established to serve as a coordinating and reporting platform for the implementation of the programme. In addition, a change management approach was developed to help managers and employees transition to a new work culture in the City.

In the year in review, the process of developing metrics began. These will enable accurate measurement of the impact of the FWP on congestion, productivity and staff well-being. To assist this process, a staff survey relating to the FWP (before, during and after Covid-19) is being compiled.

Citywide implementation of the change management approach is scheduled to start in the year ahead. An engagement strategy will also be developed to identify other large organisations and guide engagements with them to encourage the roll-out of the FWP across town.

NON-MOTORISED TRANSPORT (NMT) PROGRAMME

The roll-out of the City's NMT programme continues, with the ultimate aim of providing a safe, universally accessible NMT network that improves access and mobility for pedestrians and cyclists. Individual projects in the programme include the construction of footways, cycle ways, intersection improvements, and the installation of traffic signals and signage.

NMT projects embarked on in 2019/20 included initiatives in Bloubaerg North, Edgemoad, Bothasig and Durbanville, as well as a contribution to the NMT component of the R44 upgrade project in Somerset West. All of these projects made good progress in the year in review and will continue into the next reporting period.

Projects completed in the year in review are Eerste River phase 2, and the rehabilitation of the wooden bridge in Milnerton, which now provides a functional NMT link between Woodbridge Island and the NMT facilities along Marine Drive.

INTELLIGENT TRANSPORT SYSTEMS PROGRAMME

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

TRAFFIC SIGNAL SYSTEM UPGRADE PROJECT

The City is working to refurbish or replace the various components of Cape Town’s traffic signal system to ensure that it remains fit for purpose. In 2019/20, the City continued with the development and testing of software to enhance the detection and management of traffic signal faults. It also implemented a new system architecture to accommodate additional functionality for the remote management system in the future. Electric cabling was replaced at eight intersections, and 20 traffic signal controllers were replaced or upgraded. Twelve new uninterruptible power supplies (UPSs) were installed and another 50 replaced. The batteries of 160 UPSs were replaced and seven traffic counting stations were also incorporated into the traffic signal system.

FREEWAY MANAGEMENT SYSTEM PROJECT

The freeway management system continued to operate at a high standard throughout the past financial year. The variable-message sign network was used extensively to convey road safety information and communicate vital public health messages during the Covid-19 pandemic.

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

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

TRANSPORT OPERATIONAL AND MANAGEMENT SYSTEMS PROGRAMME

This programme identifies and addresses the technology needs in the City’s Transport Directorate.

Application development and implementation already under way includes:

- ✓ the transport asset and maintenance management system, which is fully operational;
- ✓ the Transport Information Centre systems integration solution; and
- ✓ the intelligent mobility system.

In the 2019/20 financial year, this programme also saw the installation of digital systems at various PTIs across town to collect data and video footage to improve service delivery at these facilities. More PTIs will be equipped with such systems in 2020/21. The intelligent mobility system brings all of this data together to be fed into operational and management dashboards. Artificial intelligence is a key element of this solution.

EFFICIENT, INTEGRATED PUBLIC TRANSPORT PROGRAMME

MYCITI ROLL-OUT PROJECT

The project involves the development of a large-scale MyCiTi BRT station in Philippi to serve as a catalyst for additional private-sector investment in the wider Philippi East node. The station will be located on Govan Mbeki Road (M9), just east of New Eisleben Road. While the junction will be upgraded and constructed at grade in the interim, the transportation and traffic planning has revealed that the future M9/New Eisleben Road junction would

need to be grade-separated. The BRT buses will use only the grade-elevated section so as to cause the least possible private-vehicle disruption and delays.

Work continues on conceptual designs for a five-platform station, although initially, only a two-pod station will be required for interim phase 2 operations up until 2037. This work pack will be presented for formal comment prior to finalising the conceptual design and moving towards the detailed design stage.

INFRASTRUCTURE INVESTMENT PROJECT

The City is upgrading and expanding Cape Town’s public transport interchanges and facilities to

accommodate the increasing demand for access and mobility. A programme has been developed with an emphasis on a new methodology and approach to the delivery of PTIs. This enables comprehensive yet integrated planning, and gives the City the flexibility to manoeuvre between project categories (see table 16 below) to ensure continued service delivery and timeous implementation of various interventions. The review of PTI designs will also help ensure that operations at these interchanges are managed more effectively, risk is reduced, and monitoring and control of the various transport operators are enhanced.

Projects will not commence simultaneously, but will be staggered to allow for deployment of sufficient resources.

TABLE 16: The City’s public transport interchange (PTI) categories

PTI CATEGORY	DESCRIPTION
Category A	Large, regional, multi-modal interchanges: ✓ Process in excess of 20 000 passengers per day ✓ Require multi-stakeholder engagement ✓ Delivery timeframes exceed three years ✓ Longer lead time required ✓ TOD-aligned
Category B	Medium to large local interchanges: ✓ 3 000-20 000 passengers per day ✓ Require feasibility studies assessment and sizing before prioritisation and inclusion in the budget for implementation ✓ Shorter delivery timeframe of less than three years
Category C	Includes large turnkey projects that have multiple partnerships and investment profiles
Category D	Small-scale public transport facilities that require minor upgrades: ✓ 1 000-3 000 passengers per day ✓ Relate to day-to-day maintenance and operations requirements ✓ Bus stops, embayments, holding facilities, fencing

TABLE 17: Progress with public transport interchange projects as at 30 June 2020

CATEGORY	PROJECT	STATUS
A	Retreat PTI	Procurement phase
B	Masiphumelele PTI	Construction completed; in operation
	Dunoon PTI	Construction commenced; anticipated completion in June 2021
	Makhaza PTI	Construction tender to be readvertised
	Somerset West PTI	Procurement phase
D	Public transport embayments	New embayments in planning phase

TABLE 18: Public transport interchange projects for the next five years to commence in 2020/21

CATEGORY	PROJECT	STATUS
A	Wynberg PTI	Appointed contractor to review previous work. Transport modelling in progress.
B	Macassar, Durbanville, Parow, Vrygrond, Nonkqubela, Manenberg and Macassar	Feasibility studies in progress. Projects such as Vrygrond and Macassar were reprioritised to outer financial years.

The City is also replacing all bus shelters with uniform structures across Cape Town, starting with priority areas. Prospective service providers will be engaged to supply or replace, and erect and maintain approximately 2 500 of these shelters on the City's behalf.

The overall project proposal was adopted by senior officials, presented to City senior management, and noted at the portfolio committee meeting in August 2019. A draft tender document has since been completed. The intention is to advertise the tender in the final quarter of 2020 to initiate a competitive bidding process, which will culminate in the appointment of a suitable service provider. The City expects the contractor to sell advertising space on the bus shelters to generate the revenue needed to pay for the service.

DIAL-A-RIDE PROJECT

Dial-a-Ride is the City's public transport service for persons with disabilities who are unable to access mainstream public transport. As no significant increase in its allocated budget of approximately R25 million a year seems likely going forward, additional funding needs to be sourced for expansion. The City is engaging with its funding partners, namely Province and the national Department of Transport, in this regard.

TRAFFIC CALMING PROGRAMME

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

OBJECTIVE 4.3: BUILDING INTEGRATED COMMUNITIES

BUILT ENVIRONMENT INTEGRATION PROGRAMME

The City has designated three integration zones in support of its spatial targeting objectives. These are the Blue Downs, metro southeast and Voortrekker Road corridor integration zones. All are located in the designated urban inner core, as per the MSDF.

In addition, the phase 2A MyCiTi route expansion (linking Mitchells Plain, Khayelitsha and Philippi with Wynberg) is also included in the urban inner core.

The integration zones are premised on:

- ✓ opportunities afforded by public transport to restructure existing urban form and shape future land use using TOD principles;
- ✓ establishing effective links between economic opportunities and residential areas;

THE CITY IS ALSO REPLACING ALL BUS SHELTERS WITH UNIFORM STRUCTURES ACROSS CAPE TOWN, STARTING WITH PRIORITY AREAS. PROSPECTIVE SERVICE PROVIDERS WILL BE ENGAGED TO SUPPLY OR REPLACE, AND ERECT AND MAINTAIN APPROXIMATELY 2 500 OF THESE SHELTERS ON THE CITY'S BEHALF.



- ✓ utilising Integrated City Development Grant (ICDG) funding;
- ✓ opportunities to diversify and intensify land uses to enhance the efficiency of urban form and reduce carbon emissions;
- ✓ securing development that supports low carbon, energy-efficient technology, both in transportation and utility service delivery;
- ✓ securing better-located accommodation options; and
- ✓ infrastructure improvements and related catalytic urban development projects.

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

VOORTREKKER ROAD CORRIDOR INTEGRATION ZONE

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

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

Good progress has been made, with development pre-feasibility studies concluded for several strategic sites. The aim is now to continue packaging these sites for more transformative uses.

This will be done as follows:

- ✓ **The Parow station precinct parking lots** - Five City-owned vacant sites, a combined 2,5 ha in extent, have been earmarked and reserved for social housing development, with a potential yield of 500 to 700 new social housing units.
- ✓ **Parow golf course precinct** - This is one of the largest City-owned sites with the lowest degree of technical constraints. The site holds significant potential for transformative use for both urban greenfield development close to economic opportunities and public amenity upgrades centred around public transport access. At full development, the site could accommodate upwards of 4 000 residential units, 90 000 m² of commercial space, and a range of public facilities and recreational uses.
- ✓ **Tygerdal utilities complex at Monte Vista station** - Now part of the portfolio of sites made available for the C40 Reinventing Cities competition, the complex was the subject of a detailed feasibility assessment and conceptual development framework. At full development, the site can potentially accommodate upwards of 550 residential units

Rail stations along the Voortrekker Road corridor integration zone, being potential TOD sites, have been assessed in terms of urban management quality, public environment, transport infrastructure and property development potential. This assessment informs the northern corridor modernisation study currently under way to produce a comprehensive implementation plan for the roll-out of an integrated public transport infrastructure plan centred around the northern rail line and its stations. The study will also identify a series of TOD development opportunities on public landholdings in station precincts that are not core to rail functionality.

The Bellville, Tygerberg and Salt River stations have been identified by PRASA for detailed planning with a view to capital upgrade, while Parow station is in the project scoping phase.

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

To date, several interventions have been completed under the Voortrekker Road corridor integration zone programme. These include the following:

- ✓ **Approval of the Parow station precinct pilot heritage exemption overlay** - The first of its kind nationally, the exemption area exempts landowners and property developers from the requirements of sections 34(3) and 38(9) of the National Heritage Resources Act to apply for building or demolition permits for alterations, additions or demolitions on properties older than 60 years. Owners and developers also do not need to submit notices of intent to develop for the consolidation of three or more properties.
- ✓ **Amendment of the City's public transport parking requirements in the Municipal Planning By-law to allow for a reduction in the requirements initially stipulated** - The latest (2019) iteration of the by-law takes the linear nature of road-based public transport into account, thus providing for more continuous coverage along Voortrekker Road, providing opportunities for higher land-use intensity around public transport access.
- ✓ **The extension of the urban development zone tax incentive beyond March 2020** - The urban development zone (UDZ) covers a sizeable portion of the Voortrekker Road corridor and represents the only financial incentive mechanism available for urban real estate development. National Treasury has extended the UDZ for only one year to March 2021. Engagements in pursuit of a longer-term extension are ongoing.

Public-realm upgrades under way or completed in the Voortrekker Road corridor include the following:

- ✓ **Elizabeth Park upgrade (Bellville)** - The upgrade of Elizabeth Park (including sections of the Bellville regional library interfacing with the park) was completed in the year in review. Work included riverine improvements, fencing, landscaping, creation of an amphitheatre, lighting, security cameras and various other improvements.
- ✓ **Kruskal Avenue pedestrian upgrade (Bellville)** - The phase 1 upgrade was completed in February 2020. The appointment of consultants to undertake detailed design, tender documentation and site supervision for phase 2 will be finalised in 2020/21.
- ✓ **Bellville recreation hub** - The Community Services and Health Directorate has appointed consultants to compile a detailed precinct

plan for the optimisation of this hub. The vision for the precinct is to create an integrated system of recreational opportunities through a series of key upgrades to the Bellville sports complex, Hardekraaltjie campsite, Tielman Marais greenbelt, and the pedestrian network linking these facilities. Concept planning has been completed and detailed design and implementation are expected to start in 2020/21.

Public-realm upgrades in the scoping phase in the Voortrekker Road corridor include the following:

- ✓ **Station Road pedestrian arcade (Parow)** - The upgrade of the pedestrian thoroughfare between Parow station and Voortrekker Road has been prioritised by the Department of Urban Planning and Design. Technical feasibility studies are being conducted to determine the scope of upgrades. The vision is to create a quality urban space that provides a dignified experience for pedestrians, informal traders and businessowners alike through adequate landscaping, public lighting, refuse removal and safety upgrades.
- ✓ **Koeberg station precinct (Maitland)** - This precinct is poised for significant mixed-use, affordable residential regeneration by the private sector in the short term. While these investments are encouraging, the area is not conducive to residential activity at present. The intention is to partner with the private sector to deliver a series of public-realm upgrades that are well managed and can stimulate activity and recreation for prospective residents.

METRO SOUTHEAST INTEGRATION ZONE

The metro southeast integration zone is home to approximately 40% of Cape Town's population, an estimated 31% of the city's formal dwellings, 51% of its backyard units and 70% of its informal dwellings (not in backyards). The highest unit densities in the city (above 100 units/ha) are found here, specifically in Langa, Philippi/Crossroads, Site B, C and TR Section, and the rest of Khayelitsha.

The area is also home to the largest concentration of households rated 'worst off' in terms of the socio-economic status and household services indices. The southeast, where most of the city's poor people and communities are found, is not achieving the same growth or diversity of land use as the high-income suburbs and business centres to the north and west of the city. The lack of formal industrial and commercial development in the Cape Flats is striking, considering its sizeable resident population.

The primary objective of the work being done in this integration zone (apart from the Philippi opportunity area catalytic precinct) is to link Mitchells Plain and Khayelitsha with central Cape Town. This is being achieved through the following restructuring projects:

- ✓ Implementing the phase 2A main routes T11 and T12 between the metro southeast, Claremont and Wynberg, with the Philippi East transit project being part of the TOD catalytic projects. Detailed analysis of this route is currently under way to direct further land-use development. Precinct-level plans for the stations and surrounding areas are being developed to provide guidelines for the typical nature and form of development in these areas. The outcome may be the designation of overlay zones with specific provisions and rights to achieve the intended kind of development. This work will also guide and direct future infrastructure upgrades that may be required to facilitate this development.
- ✓ Alternative TOD housing developments in central Khayelitsha, Mitchells Plain, Wynberg, Claremont and Nolungile, exploring alternative building materials, tenures and a mix of income groups.
- ✓ Upgrading identified informal settlements along T11, T12 and the rail corridors.
- ✓ Upgrading hostels in accordance with collective, unified standards, which will be fast-tracked.

The primary catalytic TOD node in this integration zone is the Philippi opportunity area precinct and wider area. This catalytic precinct consists of a number of sub-focus areas, including the Philippi East BRT station precinct at Govan Mbeki/New Eisleben roads, the precinct surrounding Stock Road station, and the area around Nolungile station/Site C and the northern parts of Swartklip.

In the period in review, a detailed regeneration framework was developed for the wider precinct, which includes a project and infrastructure investment pipeline for this catalytic node. This will be followed by more detailed sub-precinct focus area planning to package implementation projects. These will focus on higher-density, mixed-use residential and commercial/industrial development sub-precincts, the intensification and expansion of existing public infrastructure and social facilities, as well as the agricultural processing hub facilities around the existing Philippi fresh produce market.

The City has also been working with landowner ACSA to better understand how the Swartklip area can be planned to transform Nolungile station and surrounds into a dense, transit-oriented



development hub, and what is commonly known as 'the Denel site' into a major node for mixed-use development. This work is ongoing.

BLUE DOWNS INTEGRATION ZONE

The Blue Downs rail link remains critical to the development of Cape Town. To support the planning and infrastructure programme in this rail corridor, the City has designated it as a third integration zone. PRASA is the lead investor in the Blue Downs integration zone, which has an estimated project value of R5 billion.

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

To this end, the City has concluded a detailed baseline analysis of the area, including demographics, socio-economic status, bio-physical character, economy, land use and a detailed property market analysis. The end result was a Blue Downs integration zone profile, which clearly highlights the key constraints and opportunities in the study area. This information will be used to inform the vision for the integration zone and formulate contextually appropriate land-use density and diversification targets. The City has also developed a method to quantify densification and diversification targets for the Blue Downs integration zone.

Priority precincts with the highest development potential and greatest need for community investment have been identified to enhance the process of targeted land-use intensification.

These have been identified based on the criteria in table 19.

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

TABLE 19: Functional and structural assessment criteria for Blue Downs integration zone

CATEGORY	CRITERIA	LOCATIONS
Structural anchors	✓ Proximity to existing and future public transport services ✓ Proximity to high-mobility routes and intersections ✓ Proximity to social services and economic development	✓ Kuils River PTI (rail, taxi, bus) ✓ Wimbledon station ✓ Blue Downs PTI (rail, BRT) ✓ Mfuleni station ✓ Wesbank PTI (bus and taxi) ✓ Delft PTI (bus and taxi) intersections ✓ Hindle Road and Symphony Way ✓ Stellenbosch Arterial and Symphony Way
Need	✓ Significant density of existing residential development, with no access to social/ economic opportunity	✓ Social services precincts: Belhar, Delft, Mfuleni
Future public investment	✓ Planned public investment opportunities	✓ Rotterdam, human settlements ✓ ACSA – Symphony Way mixed-use development
Consolidation/ optimisation of existing activity	✓ Agglomeration of existing social and/or economic opportunity	✓ Delft CBD ✓ Belhar CBD ✓ Mfuleni CBD
Market potential	✓ Precincts with significant property market potential for residential and/ or non-residential development	✓ Mfuleni CBD ✓ Wesbank PTI and surrounds ✓ Belhar/Calgro ✓ Kuils River CBD ✓ Blue Downs CBD

CITIZEN VALUE PROGRAMME

NAMING AND RENAMING PROJECT

The City's inclusive naming and renaming process is aimed at ensuring that the names of Council-owned buildings, facilities, roads and artefacts, places and memorials represent the heritage, shared past and experiences of all Capetonians. Following consultation with District Six stakeholders, Keizersgracht in District Six was renamed Hanover Street on Heritage Day 2019 as a first step in restoring the dignity of the people of District Six. Hanover Street used to be the business hub of this historic community.

HERITAGE PROJECT

The City reviews development applications involving heritage resources on a daily basis and advises architects, developers, local communities, heritage

authorities and researchers on heritage-related issues. As part of this process, heritage resources are identified, reassessed, mapped and graded. This inventory of heritage resources is available to citizens online at <https://citymaps.capetown.gov.za/EGISViewer/>. The quality and quantity of information in this inventory continues to improve through ongoing updates and audits.

Heritage highlights for 2019/20 included the following:

- ✓ The City was assessed by Heritage Western Cape as being competent to enforce the provisions of the National Heritage Resources Act in February 2020.
- ✓ The application to Heritage Western Cape to lift the provisions of section 34 of the National Heritage Resources Act (60 years' clause) for the Parow station precinct succeeded. This paves the way for the implementation of the City's strategy to promote development in the area.

FIGURE 13: Proposed priority precincts for Blue Downs integration zone



- ✓ Further upgrades to the block of the old City Hall is under way. These include the installation of new staircases, and upgrades to the entire wing facing Darling Street.
- ✓ A Nelson Mandela exhibition in the City Hall was completed.
- ✓ The Milnerton wooden bridge landscaping was completed.
- ✓ The Longmarket Street upgrade alongside the Old Granary was completed.
- ✓ An upgraded Company's Garden booklet was published.
- ✓ Restoration of the Gunners Memorial Howitzer in the Company's Garden was undertaken by the Gunners Association.
- ✓ Inventorying and verification of heritage objects under the City's custodianship continued.

ANTI-RACISM PROJECT

In the year in review, the City continued with the creation of an inclusive City helpdesk to serve as a central reporting and helpline for incidents of racism and discrimination. Callers will be assisted with referrals to appropriate authorities for investigation, remedial action and redress.

The City also continues to deliver public education, training and awareness programmes to create a culture of anti-discrimination and zero tolerance for racism. Councillors and officials of the City are trained in dealing with issues of racism and discrimination. In the past year, the Employment Equity Branch, in partnership with Employee Relations, conducted three anti-racism dialogues and 23 anti-discrimination sessions focusing on racism, sexual harassment and workplace bullying. In addition, the City works to actively foster and strengthen partnerships with the South African Human Rights Commission, industry bodies and other interested stakeholders to jointly fight racism.

Creating a tolerant workplace culture also requires a focus on gender and diversity issues. In this regard, the Employment Equity Branch hosted 35 diversity management workshops, two unconscious-bias seminars for staff, 15 sexual harassment information sessions, four sessions on gender-based violence, two workplace bullying sessions, four personal development training sessions with young female employees, and seven engagements with men as part of gender transformation education for staff across the City.

Events that celebrate citizens' rights and promote socio-economic transformation – such as Human Rights Day, Freedom Day, and the 16 Days of Activism for No Violence Against Women and Children – are also enthusiastically commemorated across the administration. In support of Mandela Day, the Employment Equity Branch continued with the Young Girls with Dignity sanitary drive. This initiative, which collects sanitary towels from City staff for distribution to girls attending high schools in disadvantaged areas, will continue until 30 June 2021.

PUBLIC PARTICIPATION PROGRAMME

PUBLIC ENGAGEMENT PROJECT: CAPACITATED, INFORMED AND CONTINUOUSLY ENGAGED COMMUNITIES

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

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

In the year in review, the unit was involved in managing, coordinating or facilitating among the highest numbers of engagements the City has ever undertaken with its communities, across various platforms and through various mechanisms, such as social media, regular meetings and information sessions.

CUSTOMER ENGAGEMENT PROJECT

The City has a strategic framework in place to enhance interaction with its customers and ensure that it meets their diverse needs. In the year in review, the corporate call centre responded to approximately 2,45 million incoming non-emergency contacts. Customers used various channels of communication, including phone calls, emails, SMS

and face-to-face interaction. Most of these contacts related to accounts, water and sanitation, refuse removal and vehicle-related enquiries. Customers were assisted in their language of choice.

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

The City continued to install FreeCall lines in municipal buildings in outlying areas. Residents are automatically connected to the corporate call centre when they pick up the phone. These free lines are mainly used to report faults, register complaints and make enquiries. By 30 June 2020, the City had installed an additional 11 FreeCall lines, bringing the total installed across town since the project commenced in 2012/13 to 194.

Since March 2018, the City has been using mobile offices to facilitate face-to-face communication with the public. These offices offer communities a place to log their queries and service requests relating to water, sanitation, electricity, accounts and general issues. Mobile offices are typically deployed in remote areas without easy access to City cash offices, housing offices, subcouncil offices or FreeCall lines. The City's mobile offices visited an average of four communities per week up until March 2020, when the project was temporarily suspended due to the Covid-19 lockdown.

During the lockdown, the corporate contact centre remained open 24/7 to respond to essential services requests, including water and sanitation, refuse removal, account balance enquiries, payment arrangements and reconnections. Vehicle-related queues reopened in June 2020 to support the motor vehicle registration offices. By 30 June 2020, approximately a third of staff in Customer Relations had been equipped to work from home, with two thirds of staff working at the office on a rotational basis. Normal service delivery will resume once the peak of the pandemic is over.

The project to enhance the management of customer service requests is at an advanced design stage, with implementation due early in the 2020/21 financial year. This project aims to improve the way in which service requests are managed, as well as the quality of customer engagement while their issues are being resolved. The intention is to keep customers informed of progress on their service request at specific stages. City stakeholders, in turn, will have an end-to-end view of progress on each customer service request, regardless of the specialised notification system used, and service standards metrics will be included. Spatial visibility

and reporting will be enabled on all service requests. The project is expected to significantly enhance corporate performance reporting.

SUBSTANCE ABUSE PROGRAMME

SUBSTANCE ABUSE TREATMENT PROJECT

The City's substance abuse treatment initiatives are aimed at those already caught up in alcohol and other substance abuse. Initiatives start with screening, followed by treatment through referrals, outpatient care, family support and evidence-based treatment centres. The aim is for these treatment interventions to end in aftercare, ongoing support and job opportunities through the EPWP.

The City offers eight community-based Matrix® sites for alcohol and drug treatment, in four areas of Cape Town. In the year in review, the Matrix® programme assisted 2 003 clients at the various centres and achieved an 82% clean drug test rate for those in the programme. The substance abuse programme also provided EPWP job opportunities to some of the clients who had completed the programme.

SUBSTANCE ABUSE AWARENESS, PREVENTION, SUPPRESSION AND COORDINATION PROJECT

The City's substance abuse strategy makes provision for awareness and prevention, suppression and coordination initiatives. In response to the multifaceted nature of substance use and abuse, the strategy on alcohol and other drugs divides its activities into the following broad themes:

- ✓ Awareness and prevention. These interventions seek to ensure that those at risk of succumbing to alcohol and other substance use, particularly the youth, are equipped to avoid illegal or harmful substances, including a particular focus on parenting and families. Interventions include education, information sharing, awareness campaigns, and providing alternative activities that promote skills and capacity building.
- ✓ Suppression. These interventions are aimed at reducing alcohol and drug supply and associated criminal activity through regulation and by-law enforcement, visible policing and intelligence-led task forces, such as the gang and drug task team.

- ✓ Coordination. These interventions bring all efforts together to prevent duplication and maximise results. Coordination takes place across all stakeholders, both internal and external.

To further drive substance abuse prevention and coordination in 2019/20, the City delivered:

- ✓ 10 Strengthening Families life skills programmes that reached 198 families, encouraging healthy family relationships and reducing vulnerability to substance use;
- ✓ 34 citywide foetal alcohol syndrome (FAS) simulator programmes that reached up to 1 020 learners, encouraging responsible lifestyle choices and raising awareness of FAS and the effects of alcohol on unborn babies; and
- ✓ 42 Essentially Me development programmes, which equipped approximately 1 260 learners between the ages of 9 and 11 to self-protect against substance abuse.

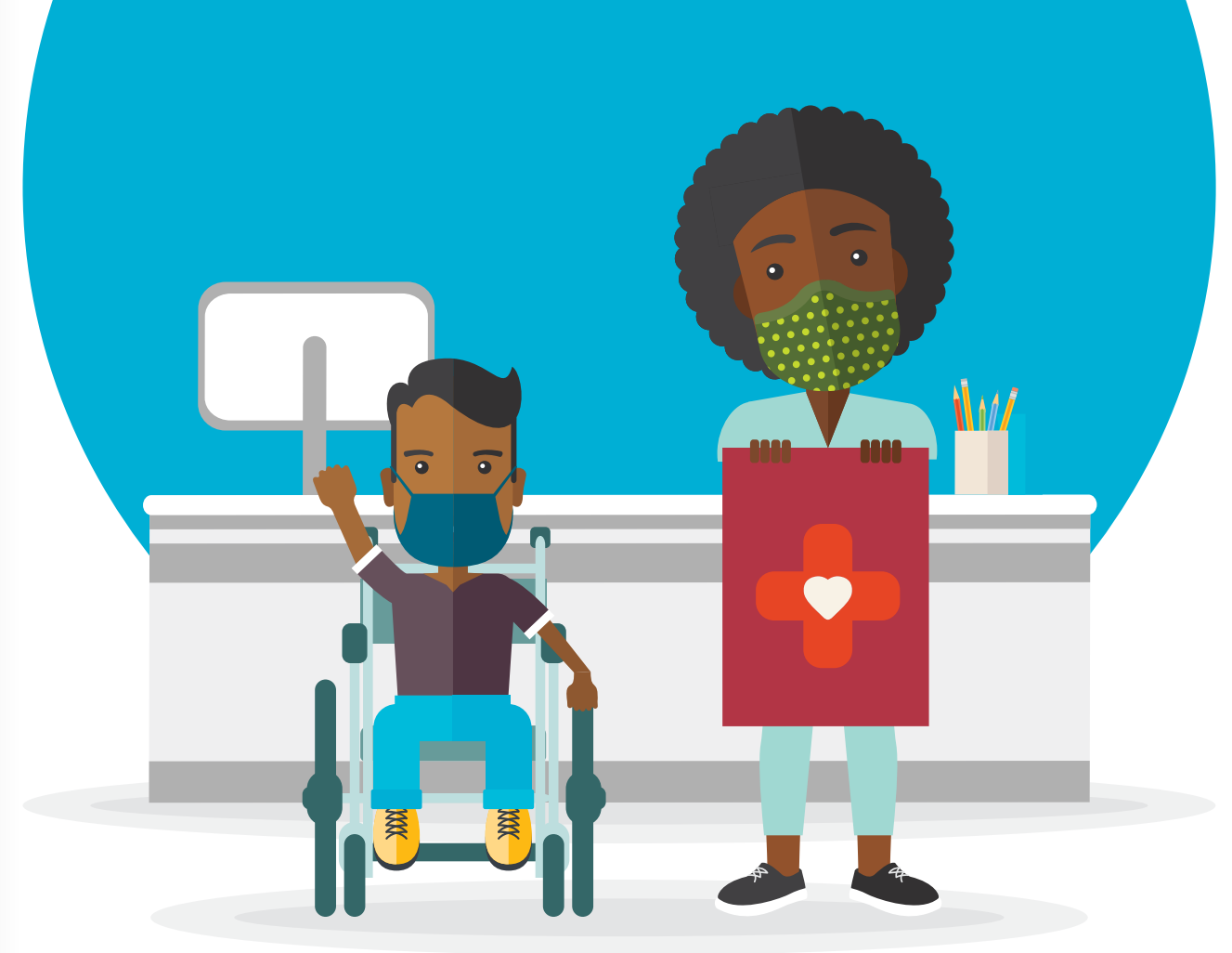
In addition, the City's after-school programmes were expanded in the past year. These were hosted and supported at 34 sites, including libraries, halls, civic centres, hubs and swimming pools. The City also directly supported 28 schools with after-school programmes. This initiative resulted in the employment of up to 160 practitioners and coordinators, and ensured that over 4 600 learners were in a safe space after school where they could develop additional life skills and be exposed to arts and culture, and recreational activities.

The City also marked International FAS Day on 9 September 2019 and International Day against Drug Abuse and Illicit Trafficking on 26 June 2020. These international days raise community awareness of the dangers of alcohol and other drugs, and provide information on available assistance.

Since the outbreak of the Covid-19 pandemic, initiatives, programmes and projects have been adapted and amended to ensure compliance with all health and safety regulations. All the City's substance abuse treatment facilities (both physical and online) managed to remain operational during the lockdown.

POLICING INTERVENTIONS PROJECT

The City takes a holistic, transversal approach to substance abuse, which includes social-based prevention and harm reduction. Law enforcement is only one element of this approach. In the year in review, the City continued to build on its significant drug policing successes by further resourcing and upskilling specialised units involved in the policing of drug-related crime, including the presentation of a sea port interdiction training course to the City's Marine Unit by the US Customs and Border Protection Agency.



PRIMARY HEALTHCARE PROGRAMME

INTERGOVERNMENTAL COLLABORATION PROJECT

The health departments of Province and the City continue to collaborate in providing personal primary healthcare (PPHC). This partnership is governed by a detailed service level agreement, which describes the responsibilities of both parties, with the ultimate goal of providing the best possible health service to all communities in the Cape metro. This is achieved through 78 provincial and 106 City health facilities, which deliver services to the metro's most vulnerable residents, in close proximity to their homes.

An example of this partnership includes the recently established District Health Plan Forum, which serves as a platform where Province and City Health staff discuss and analyse key PPHC indicators. This is in addition to a monitoring committee co-chaired by the director of City Health and Province's chief director of Metro Health Services, and with a membership that represents senior management of both organisations. These managers meet regularly to discuss strategic and high-level operational issues pertaining to health service delivery in Cape Town.

COMPLYING WITH NATIONAL CORE STANDARDS AND IMPROVING ACCESS TO SERVICES

The Office of Health Standards Compliance is a statutory body that regulates quality healthcare in South Africa. In addition to introducing national norms and standards for all health facilities, it has launched the Ideal Clinic concept, which is aimed at ensuring the provision of quality, customer-centric health services. The City makes every effort to comply with all Ideal Clinic standards. In the past year, 12 of its healthcare facilities achieved platinum status, 48 received gold and 19 silver. The City's Health Department aimed to have 85% of its facilities attain Ideal Clinic status in 2019/20. This target was exceeded with an 88% overall average, and 79 of the 80 fixed clinics achieving Ideal Clinic status.

The City continues to implement plans to ensure more comprehensive health service delivery closer to residents' homes. In this regard, the number of City sites providing antiretroviral (ARV) treatment was increased to 68 in 2019/20 (from 65 in 2018/19), with a further increase to 71 planned for the year ahead. In the past year, almost all (95,8%) patients co-infected with the human immunodeficiency virus (HIV) and tuberculosis (TB) were started on ARVs, and close to 9 025 new HIV-positive clients enrolled for ARVs.

Previous work to improve standards and access to care is delivering positive outcomes. The metro also continues to have a low teenage birth rate (mothers below 18 years of age) of less than 4%, which would suggest that the City's advocacy for responsible sexual conduct and the use of contraceptives is having the desired effect.

In a drive to enhance its mental health services, the City's Health Department is exploring ways of using existing resources to implement mental health services at its PPHC facilities. A situational analysis was completed at two pilot City facilities, and planning has been initiated to do targeted mental health screening at these facilities using trained lay counsellors in the near future.

In addition, a Mental Health Awareness Day for staff and communities was hosted in the Joe Slovo hall in Milnerton. Over 80% of clinical staff across the metro also completed Practical Approach to Care Kit (PACK) training.

A transversal group with representatives from the Employee Assistance Programme, Occupational Health and Safety, the Matrix® sites, and Safety and Security was initiated in March 2020 to focus on staff mental health during the Covid-19 pandemic. Weekly Care4U newsletters were sent to all City Health staff to help them and their families cope with the mental health impact of the pandemic. Resources were made available that staff and families could access for mental health support.

ENVIRONMENTAL HEALTH SERVICES

The City's Health Department is a key role player in ensuring that the water, air and food available to Capetonians are as safe as possible and comply with legislated requirements.

Environmental Health is responsible for monitoring the domestic water supply to ensure that it is potable at all times and that all communities have access to such supply. The potable water supply in all areas is monitored, samples are taken on a weekly basis, and environmental health professionals ensure a high level of compliance with the SANS 241 guideline at all times.

SAFEGUARDING THE HEALTH OF CITIZENS

The City also continues to reassess its approach to safeguarding residents in the face of a changing environment and the challenges this poses, particularly to informal settlements. To this end, the City conducted 19 800 (target: 19 708) monitoring visits to informal settlements to identify potential health hazards in the year in review. They also conducted 1 300 (target: 1 000) health and hygiene projects relating to informal settlements. The target for the 2020/21 financial year for monitoring visits

to informal settlements to identify potential health hazards has increased to 20 000.

ENSURING AIR QUALITY

The City's air quality monitoring network consists of 13 monitoring stations that measure the concentration levels of six criteria pollutants in the ambient air. Data are evaluated daily against the South African Ambient Air Quality Standards. The ambient air quality data for 2019/20 showed that air pollution exceeded South African ambient air quality standards on only 14 days, which is significantly less than the accepted maximum of 40 days. Generally, air quality annual averages complied with the applicable annual average standards. In addition, a strict atmospheric emissions licensing regime is imposed on industry to regulate atmospheric emissions from listed activities. Income received from administrative fines issued in the financial year amounted to R1,6 million.

The City's three diesel vehicle testing teams also tested 6 268 vehicles in the reporting year, thereby helping to curb transport-related emissions. The number of tests conducted was lower than the previous year, due to the impact of the Covid-19 lockdown.

MONITORING FOOD SAFETY

Food safety is another key function of the City's Health Department. Apart from the inspections at food premises to ensure compliance with hygiene practices and standards, the department has an extensive food sampling programme in place. Foodstuffs are sampled and analysed for microbiological and compositional compliance with the standards set in food legislation. In the year in review, 84,5% of food samples (against a target of 75%) complied with all relevant standards. A key contributing factor to this success is the City's follow-up on sample results, as well as the health education provided to businessowners and persons in charge of food premises.

Many food manufacturers in Cape Town compete in international markets, which requires compliance with the highest global food safety standards. In November 2019, City Health established a specialised Food Control Unit to focus specifically on these manufacturers. The unit is staffed by six senior environmental health practitioners. Product labelling is important and will form part of the unit's surveillance activities. The food safety programme is further complemented by the department's microbiological laboratory.



SOCIAL INCLUSION PROGRAMME

Social inclusion is vital to ultimately achieve social cohesion. The concept of inclusion generally refers to the ability of communities and individuals to fully participate in society, both socially and economically. To create an enabling environment for social inclusion, the City seeks to understand the underlying challenges facing Cape Town communities, and then tries to implement projects to respond to these challenges. Key to achieving this is the provision of adequate public services and assets to ensure that the poor and vulnerable in society are uplifted and assisted. In this way, the City is creating platforms for upward social mobility and social capital. The projects resorting under the social inclusion programme are listed below:

HOMELESS PEOPLE PROJECT

Finding appropriate solutions to help and support Cape Town's homeless people requires special collaboration and action. This vulnerable group requires assistance to reintegrate with the broader community and access employment opportunities. This project sees the City undertaking various interventions to prevent growth in homelessness, while rehabilitating and reintegrating homeless people.

In the year in review, the City's Street People Programme Unit engaged with 5 083 persons living on the street to move them into transitional shelters and safe spaces, with a view to then reintegrating them with their communities of origin.

YOUTH DEVELOPMENT PROJECT

Youth development demands a transversal approach, with various stakeholders collaborating to offer targeted interventions aimed at this vulnerable group. The City provides youth development initiatives in high-risk areas as part of a package of services, opportunities and support to young people.

In the 2019/20 financial year, various City departments involved in implementing youth interventions supported youth across the seven categories in the table below. These are set out in the City's Transversal Youth Development Strategy, which aims to provide Cape Town's youth with services, opportunities and support.

In the year in review, the City's various youth initiatives touched the lives of more than 15 000 young people across Cape Town. This figure would have been higher were it not for the limitations imposed by Covid-19 and the national lockdown.

TABLE 20: City’s Transversal Youth Development Strategy categories

CATEGORY	DESCRIPTION
Category 1: Outreach	Providing services to youth who might not otherwise have access to them. Existing services are extended and made relevant and accessible to youth. Through the City’s Health Department, for instance, health promoters have been conducting various health-focused outreaches at high schools, career expos, etc.
Category 2: Recreation, arts, sports and culture	Uses recreational activities to engage youth (such as art, culture, games, etc.). An example is the Arts and Culture Branch’s mural project, which has attracted young artists to paint positive messaging on designated structures across the metro. The Recreation and Parks Department has also been developing young leaders through their leadership development programme, which uses sports and recreational activities as a tool to engage young people.
Category 3: Awareness raising	Initiatives aimed at raising awareness and building knowledge on an issue or service. The purpose is often to provide information to change unhealthy behaviour, promote alternative behaviour or draw attention to a service. For example, the Social Development and ECD Directorate uses its life skills project to raise awareness of a range of issues, including antisocial behaviour.
Category 4: Youth engagement/ activation/ participation	Promotes the inclusion of young people as a significant part of societal structures. This works to promote, build and create social bonds. Through the Arts and Culture Branch’s high schools programme and the Junior City Council, for instance, youth are encouraged to make their voices heard and participate in various discourses.
Category 5: Capacity development	Initiatives focusing on developing the capacity of individuals through training, workshops, etc. These are normally soft skills and life skills such as conflict management, public speaking, presentation, etc. One example is the Social Development and ECD Directorate’s organisational capacity-building training delivered via ward allocations. The training specifically targets the local forums, building their capacity around presentation skills, fundraising, etc.
Category 6: Skills development	Focuses on developing hard skills through training. This is usually not through formal education, but still imparts a recognisable skill or ability, such as woodwork, plumbing, call centre services, etc. For instance, the Trade and Investment Department’s special-purpose vehicle offers many young people access to job opportunities in call centres.
Category 7: Job opportunities: placement/ internships/bursaries	Provides temporary job opportunities or job experience through EPWP, internships, apprenticeships, etc. Various City departments employ young people through their EPWP projects, while Human Resources provides bursary and internship opportunities through their youth-focused initiatives.

INFORMAL SETTLEMENTS
SOCIAL INCLUSION PROJECT

The City delivers social services programmes in informal settlements to help build community capacity and improve access to social services and initiatives.

HEALTHY LIFESTYLE PROJECT

The healthy lifestyle project, also known as the ‘Live Well challenge’, is an eight-week programme implemented successfully in the 2019/20 financial year. The City Health Department, who leads this initiative, facilitated two challenges in collaboration with Library and Information Services, Social Development and ECD, and Recreation and Parks.

The objective is to promote a healthy lifestyle and generally improve the health, quality of life and well-being of Capetonians. This, in turn, will enable their full participation in society and foster social cohesion.

The various departments involved in the projects helped provide the communities in areas east and north with information on the importance of a healthy lifestyle and exercise. The sessions also included screening services such as glucose testing, blood pressure and HIV testing services.

The initiatives are aimed at creating community awareness of the extent and seriousness of chronic diseases and high-risk lifestyles, and educating citizens on how to prevent these conditions. For those already affected, the project offers

information on how to stop or slow disease progression and prevent complications. Individuals wanting to make better diet choices are supported through health information sessions and access to physical exercise facilities and opportunities.

The healthy lifestyle project remains a transversal initiative. As such, it has been incorporated into the scorecards for various departments, including City Health, Library and Information Services, Recreation and Parks, and Social Development and ECD for the 2020/21 financial year. Four Live Well challenges are planned for the year ahead.

LITERACY PROJECT

This project focuses particularly on functional, digital and information literacy. Storytelling, reading programmes and formal book clubs are a strong focus to help create a reading culture and thereby promote full participation in society.

The project progressed well in 2019/20, with all programmes initially on target. However, due to the national Covid-19 social distancing regulations and the lockdown, all programmes were suspended in March 2020, and libraries were closed. The project will be reimplemented when lockdown regulations are eased sufficiently.

SOCIAL INCLUSION RESEARCH PROJECT

The City continues to undertake research to inform the direction and content of its various social inclusion projects.

In the past year, the street people programme was evaluated to assess accuracy of service delivery and determine the most appropriate way of delivering services to those living on and off the streets of Cape Town. Similarly, the Culemborg Safe Spaces

shelter facility was evaluated to determine the viability of this method to accommodate those persons living on the street, but seeking bed space.

LEADERSHIP CAPACITY
DEVELOPMENT
TRAINING PROJECT

The Social Development and ECD Directorate also intended implementing a leadership capacity development training programme in the year in review. This was aimed at promoting social inclusion in informal settlements, thereby contributing to the City’s newly launched Resilience Strategy.

The intervention was designed to empower community leaders to fully understand and prepare for the implementation of various community development projects in their communities. It also focused on empowering community leaders to cultivate participation, foster collaborative relationships and enable meaningful dialogue in their communities. However, due to strict Covid-19 regulations, the intervention could not be implemented.

CROSS-SUBSIDISATION
PROGRAMME

REBATES AND INDIGENT
PROJECT

The social package for indigent households comprises a combination of a blanket approach and a targeted approach. The blanket approach consists of rebates to indigent households based on property values of R0 to R400 000 (R500 000 for refuse removal only). In 2019/20, these rebates were as follows:

TABLE 21: Basic social package rebates

PROPERTY VALUE	REFUSE REMOVAL CHARGES	WATER	SANITATION	PROPERTY RATES	ELECTRICITY: LIFELINE 1 <250 KWH	ELECTRICITY: LIFELINE 2 >250 KWH <450 KWH
R1-R300 000	100%	10,5 kilolitres (kℓ) free water	7,35 kℓ free sanitation	100%	60 kWh free	25 kWh free
R300 001-R350 000	50%	10,5 kℓ free water	7,35 kℓ free sanitation	-	60 kWh free	25 kWh free
R350 001-R400 000	25%	10,5 kℓ free water	7,35 kℓ free sanitation	-	60 kWh free	25 kWh free
R400 001-R500 000	25%	-	-	-	-	-

With the targeted approach, any resident who is required to pay for municipal services, and whose gross monthly household income is R4 500 or less, is required to register as an indigent to receive the same benefits as if their property value was below R300 000.

Qualifying residents are entitled to:

- ✓ a 100% property rates rebate;
- ✓ a 100% refuse removal rebate;
- ✓ 10,5 kℓ free water;
- ✓ 7,35 kℓ free sanitation;
- ✓ 60 kWh free electricity if consumption is less than 250 kWh; and
- ✓ 25 kWh free electricity if consumption is greater than 250 kWh, but less than 450 kWh.

Households with property values between R100 001 and R300 000 are also entitled to a refuse removal charge rebate of 100% (previously 75% for properties valued between R100 001 and R150 000, and 50% for properties valued between R150 001 and R300 000).

The number of indigents registered with the City was 5 828 in the year in review. This number varies monthly, as registration remains valid for 12 months, after which reapplication is required.

The City also offers varying rebates for residents with monthly household incomes of up to R7 000 (previously R6 000). This limit was raised as a further means of assistance to households currently struggling to pay municipal accounts as a result of the Covid-19 pandemic and national lockdown. These rates and refuse rebates are granted to residents based on their gross monthly household income as follows:

TABLE 22: Rebates for households struggling to pay municipal accounts

INCOME BRACKET	REBATE %
R4 505-R5 500	75%
R5 501-R6 500	50%
R6 501-R7 000	25%

STORYTELLING, READING PROGRAMMES AND FORMAL BOOK CLUBS ARE A STRONG FOCUS TO HELP CREATE A READING CULTURE AND THEREBY PROMOTE FULL PARTICIPATION IN SOCIETY.





SFA 5: WELL-RUN CITY

SFA 5 FOCUSES ON:

- ✓ ensuring the City’s financial and operational sustainability;
- ✓ human resources development; and
- ✓ organisational restructuring.

OBJECTIVES	PROGRAMMES
OBJECTIVE 5.1: Operational sustainability	✓ Efficient, responsible and sustainable City services programme ✓ Value awareness programme ✓ Compliant service delivery programme ✓ Evidence-led decision-making programme ✓ Service delivery skills programme ✓ Infrastructure Skills Development Grant programme ✓ Service delivery improvement programme

KEY WELL-RUN CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2019/20



Recorded capital expenditure of
R6,12 BILLION
(2018/19: R5,39 billion),
which amounts to an
89% CAPITAL SPEND
(2018/19: 80,11%)



Named
**MOST SUSTAINABLE METRO
IN SOUTH AFRICA**
according to a Ratings Afrika report



**DIGITAL PLATFORM
FOR IDEA MANAGEMENT**
provided a channel for **collaboration** with internal and external
stakeholders and enabled the sourcing of **innovative** ideas

OBJECTIVE 5.1: OPERATIONAL SUSTAINABILITY

EFFICIENT, RESPONSIBLE AND SUSTAINABLE CITY SERVICES PROGRAMME

EFFICIENT SERVICES PROJECT

The City continues to assess its service delivery efficiency at all levels, and is creating a unit in the Directorate of the Mayor to help develop and implement operational efficiency plans.

CREDIT RATING

The City's (Ba1/NP negative) credit profile reflects its strong financial performance, which is supported by prudent financial management, a large and diversified economic base, and predictable revenue sources from property taxes and service charges. The City has consistently reported an operating surplus, strong liquidity compared to its peers in South Africa (Ba1 negative) and low debt.

Yet the expectation is that debt will rise in the next three years due to the City's focus on increasing the resilience of its water infrastructure following the 2018 water crisis. In addition to capital spending pressure due to water shortages from the drought, the City's credit profile is further constrained by infrastructure backlogs and population growth. The coronavirus outbreak and the associated deterioration in the global and national economic outlook will also likely constrain the City's financial performance, as higher unemployment will result in lower revenue collection.

CAPITAL EXPENDITURE

The City's capital expenditure for the year in review amounted to R6,12 billion (2018/19: R5,39 billion), which represents an 89% capital spend (2018/19: 80,11%). A full analysis of budgeted and actual capital expenditure per functional area is included in the statement of comparison in the City's financial statements. Details on external loans used to finance

fixed assets are contained in annexure A to the statements, while annexure B contains details by asset class.

REPAIRS AND MAINTENANCE

Altogether R2,71 billion (2018/19: R2,60 billion) was spent during the year in review, based on amounts charged by service providers. See page 234 for more detail.

VALUATION ROLL

The Municipal Property rates Act, Act 6 of 2004, as amended, expects metropolitan municipalities to produce a general valuation roll at least every four years. To mitigate against significant fluctuations between valuations, the City has adopted a three-year valuation cycle. Property valuations are performed by registered valuers from the City's Valuation Department, in accordance with international standards and prescribed methodologies. Legislation provides for property valuations to determine the rates income for the City, which is then used to deliver on the services as outlined in the IDP. Municipal rates are calculated by applying a fair and equitable rate-in-the-land as approved by Council. To ensure compliance and best practice, the City's valuation processes for each valuation cycle are subject to independent audits.

The General Valuation Roll 2015 applied from 1 July 2016 until 30 June 2019. This roll contained approximately 845 764 properties valued at a cumulative R1,221 trillion, yielding municipal rates income of R9,3 billion in 2018/19. This funded 25,6% of the City's operating expenditure. In that financial year, municipal rates were not charged on the first R200 000 of all residential property valuations, comprising a R15 000 impermissible amount as determined by National Government, and a further R185 000 reduction in the valuation amount as approved by Council.

CAPE TOWN RANKED MOST SUSTAINABLE METRO IN SOUTH AFRICA

The City is the most sustainable metro in South Africa, according to a Ratings Afrika report. The administration received a sustainability score of 74, which is far higher than the average of 48 for all metros in the country.

The municipal valuer certified the General Valuation Roll 2018 on 31 January 2019. The roll contains some 859 548 properties at a total value of R1,623 trillion as at 2 July 2018. These valuations were implemented in the municipal account with effect from 1 July 2019, along with the new rates policy approved by Council two months earlier. The new policy includes a 22% reduction of the rate-in-the-land, and the introduction of a range of new property categories as required by legislation.

From 1 July 2019, rates were not raised on the first R300 000 of the value of all residential properties. This was again made up of a R15 000 reduction deemed impermissible by National Government, while the City provides for a further reduction of R285 000 against the residential property valuation.

The municipal valuer certified the first supplementary valuation roll to the General Valuation Roll 2018 on 30 June 2019. The second supplementary roll was certified on 8 October 2020 to give effect to a Council resolution to approve the rates policy for 2020/21, which includes 11 new property categories.

ENERGY REVENUE MODEL DEVELOPMENT

The City is implementing a revenue model that reduces its reliance on electricity sales to sustain its operations. This includes changing the historical electricity distribution business model to keep the City's rates account affordable and financially

sustainable. New technologies and renewable energy are also being explored, and the City is developing programmes and tariffs to ensure that poor households can afford sufficient electricity to meet their energy needs. In addition, options for un-electrifiable households are being explored, and a coordinated approach to low-income energy education and awareness has been initiated across all City departments.

CORPORATE FLEET, FACILITIES AND PROPERTY MANAGEMENT

During the year in review, the City continued with the roll-out of major strategies dealing with corporate fleet, facilities and immovable property management.

FLEET MANAGEMENT

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

- ✓ shape the City's future fleet so that it achieves optimum service delivery for the benefit of all residents, at the lowest cost of ownership;
- ✓ meet the strategic operational requirements of the City with regard to cost efficiency, fleet sustainability, average age of fleet, and best business practice;

- ✓ roll out an optimised in-house model for ownership and management, and a hybrid approach to maintenance, with small repairs and maintenance done internally and major repairs being outsourced;
- ✓ strengthen the position of fleet assets as a critical component of the service delivery value chain; and
- ✓ optimise the total cost of ownership for the City and endeavour to become competitive with external and/or other fleet service providers.

Performance highlights in the 2019/20 financial year included investment in the recapitalisation of fleet assets, which resulted in the reduction of the average age of the fleet, thereby improving reliability and availability. The new-look Ndabeni workshop was completed and reopened, while the

Khayelitsha workshop was fast nearing completion when the pandemic broke out, so the next phase of work will commence in the 2020/21 financial year.

In other highlights, the fleet management information system went live. Phase 2 deliverables were completed by 30 June 2020, and phase 3 will commence in the year ahead. The reporting year also saw the first apprenticeship programme being completed. The pass rate exceeded 50%, with second trade test attempts planned. The next apprenticeship programme commenced in January 2020 and is planned to run for the following two years.

FACILITIES MANAGEMENT

The City approved its new facilities management strategy in 2018 (see figure below for visual representation of the strategy).

FIGURE 14: City’s facilities management strategy



The strategy is supported by a facilities management implementation plan, which includes the following focus areas:

- ✓ Ensure that City buildings are efficiently maintained.
- ✓ Ensure compliance with relevant legislation.
- ✓ Provide suitable and compliant corporate accommodation for the City.
- ✓ Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings).

- ✓ Develop a well-capacitated staff component.
- ✓ Support optimisation and rationalisation plans for facilities.
- ✓ Develop facilities management standards and maintain those standards in line with best practice.
- ✓ Resilience, resource efficiency and water-use consciousness.
- ✓ Ensure that buildings support universal access for all users.

Achievements against these focus areas in 2019/20 were as follows:

TABLE 23: Facilities management strategy performance against objectives

OBJECTIVE	ACHIEVEMENTS
Ensure that City buildings are efficiently maintained	✓ To ensure that the City’s buildings are efficiently maintained, the Facilities Management Interaction Centre (FMIC) was established. The FMIC operates via SAP CRM, which enables clients to contact a central point to ask questions, log complaints and request services. It also provides for a dashboard capability and management reporting. ✓ In conjunction with the FMIC, the service level agreement project has been implemented under the guidance of the Facilities Management director. To date, agreements have been signed with the Fire and Rescue Services, Metro Police, municipal courts and Traffic Services. ✓ Facilities Management has started implementing business initiatives identified in its asset management plan. The condition assessments of 12 corporate buildings across the City were concluded. Assessments of another 24 buildings are scheduled to be completed in the 2020/21 financial year.
Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings)	✓ The City Manager approved the Facilities Management Building Procedures and Guidelines for Tenants and Users, which was subsequently distributed across the organisation. The document contains guidelines and principles that need to be complied with in addition to the relevant internal and other standard operating procedures of City facilities.

OBJECTIVE	ACHIEVEMENTS
Support optimisation and rationalisation plans for facilities	✓ In compliance with the City Manager's Directive 15 of 2017, Facilities Management has developed a norms and standards document. The document integrates specific legislation, regulations and infrastructure with the multidisciplinary technical environment of the City. Therefore, the intent is to standardise and strengthen the baseline competence so as to improve the strategic management and optimisation of the City's infrastructure assets.
Ensure that buildings support universal access for all users Ensure compliance with relevant legislation Ingrain the work of Facilities Management in the organisation (and outline how Facilities Management supports user departments in optimally using their buildings)	✓ Facilities Management commenced with its lift modernisation/replacement project in various corporate buildings. Thirteen lifts in corporate facilities (44 Wale Street, Keller House, Alex Pirie, Hillstar complex, Plumstead municipal offices, Kuils River municipal offices, Omniforum building, and Somerset West) will either be replaced with a new lift installation or be refurbished, upgraded and modernised. Eight of these lifts had been completed and handed over by 30 June 2020. The remaining five will be dealt with by 30 June 2021.
Support optimisation and rationalisation plans for facilities Provide suitable and compliant corporate accommodation for the City	✓ Facilities Management established a transversal accommodation work group to facilitate a cross-cutting approach to the City's current and future accommodation requirements. ✓ Hot-desking facilities were also rolled out at the Cape Town Civic Centre, Strand and Durbanville municipal buildings. Roll-out of hot desking to further identified facilities in areas 3 and 4 is planned for the 2020/21 financial year. This project supports the City's travel demand management plans, as it enables staff across the organisation to work remotely.

OPTIMISATION AND RATIONALISATION FRAMEWORK

This framework was approved in the past year as the foundation on which the City will develop the way forward in terms of optimising and rationalising its immovable property assets. This will be achieved by selling and leasing property no longer required for municipal purposes, and reducing the lease-in portfolio so that City assets could instead be repurposed for office accommodation.

The intent behind the framework is twofold, namely:

- ✓ to set the tone, create order, set principles and parameters, and create governance and oversight structures for asset optimisation; and

- ✓ to articulate a defined process that can be applied to successive optimisation and rationalisation exercises.

To start off implementation of the framework, the City transferred 35 municipal-owned viable and non-viable properties, valued at R37,5 million, to new owners in the year in review. These included the transfer of properties to Province, several non-governmental organisations for social facilities, and for business development. A R7,8 million property in Atlantis was also transferred for industrial purposes.

The Optimisation and Rationalisation Framework will be further implemented and embedded in the City's operations in 2020/21.

MUNICIPAL COST CONTAINMENT REGULATIONS

The Municipal Cost Containment Regulations (MCCR) were promulgated in June 2019 and took effect the following month.

In terms of the MCCR, municipalities are to implement cost containment measures to ensure that municipal resources are used effectively, efficiently and economically. The regulations further require municipalities and municipal entities to either develop or review their cost containment policies. To this end, Council approved the City's cost containment policy at its meeting on 31 October 2019.

The City's cost containment information is disclosed in appendix N to this report, as required.

VALUE AWARENESS PROGRAMME

CHANGE MANAGEMENT PROJECT

The City's change management project is its organisational roadmap aimed at ensuring service delivery that consistently meets the needs of all Cape Town's citizens, and providing resilient, adaptable and sustainable services.

Its key focus areas include:

- ✓ building a values-based organisational culture to drive excellence in service delivery;
- ✓ an absolute commitment to customer centricity;
- ✓ effective employee engagement through appropriate recognition and reward;
- ✓ raising the City's reputation as an employer of choice with a compelling employee value proposition; and
- ✓ entrenching the City as a 'best of breed' local government by attracting, training and retaining top talent.

In the 2019/20 financial year, the City's Organisational Development Branch provided change management training to 392 employees, including the network of change champions, and line and project managers. Change management support in the form of change resilience workshops was also provided to the Information Systems and Technology (IS&T) Department, and to various transversal programmes and projects, including the data strategy, Human Resources service delivery model, flexible work programmes, Corporate

Services modernisation programme, IS&T core application review and the Covid-19 response. In terms of data, major change contributions were made with the development of a data maturity model, including an initial data perception survey that serves as a baseline for tracking the organisation's data maturity.

BUILDING A VALUES-DRIVEN CITY

In addition to the above, a series of values awareness initiatives have been implemented across the City since 2017. These include workshops where behaviour associated with the five City values is modelled. Discussions on the City's values are also held at all induction sessions.

In 2019/20, five values videos were launched on Organisational Effectiveness and Innovation's website. The 90-second videos portray typical City scenes where values are being practically demonstrated. To date, City employees have viewed these videos 3 400 times, thereby helping to raise values awareness across the organisation. Close to 90% of City employees have been exposed to a values awareness initiative over the past three years, including tailored team enablement and cohesion interventions, leadership development, and the engagement of newly appointed employees at induction and on-boarding sessions.

BECOMING AN EMPLOYER OF CHOICE

To create a strong employee value proposition, the City also implemented programmes that had emanated from the 2018 and 2019 City Pulse culture assessment surveys, such as team enablement interventions to ensure greater team effectiveness and performance. Attraction, development and retention strategies – an outcome of strategic workforce planning by Organisational Development – were also introduced.

RECOGNITION AND REWARD PROJECT

The City is committed to creating an organisational culture in which employees are encouraged, enabled and equipped to consistently excel. A strategy is being developed to drive the creation and implementation of such a culture in order to ensure employee attitudes and behaviours that align with the City's values and customer-centric culture.

The 2019 City Awards, previously known as the Annual Mayor's Awards, once again acknowledged exceptional employees for going the extra mile, as recognised and nominated by their colleagues. These City employees were commended for setting a fine example through living the values and behaviours that support a customer-centric culture.

The awards celebrated outstanding employee contributions in the following 12 categories:

- ✓ Outstanding Service to the Community
- ✓ Customer Care
- ✓ Customer Innovation
- ✓ Best Facility
- ✓ City of Cape Town Ambassadors
- ✓ Employee of the Year
- ✓ Administrative Team of the Year
- ✓ Operational Team of the Year
- ✓ Professional Team of the Year
- ✓ Best Collaboration
- ✓ The Transformation Award
- ✓ The City Award

Individuals and teams were nominated by their peers or managers, and any employee was able to submit a nomination and motivation. The 2019 City Awards proved to be the best-supported recognition and rewards programme at the City to date, gaining four times the number of submissions received for the previous Annual Mayor's Awards. In 2018/19, a total of 85 nominations were received to recognise 503 employees in six categories. This past year, 240 nominations were received to recognise 2 551 employees in 12 categories.

COMPLIANT SERVICE DELIVERY PROGRAMME

LEGAL COMPLIANCE PROJECT

The City has established a Probity and Governance Unit in the Directorate of the Mayor to ensure compliance with all legal requirements in its pursuit of progressive and sustainable service delivery.

B-BBEE COMPLIANCE PERFORMANCE

Information on compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Act, Act 46 of 2013 is included in appendix M and N.

EVIDENCE-LED DECISION-MAKING PROGRAMME

DIGITAL TOOLS PROJECT

This project leverages digital and IT tools to automate and improve the management of City business processes in line with international best practice and the prescripts of laws such as the

Spatial Data Infrastructure Act, Act 54 of 2003 and the Provincial Archives and Records Service of the Western Cape Act, 2005.

Enterprise content management (ECM) is a key component of the project. ECM refers to the ways in which data, information and documents are managed across the organisation in terms of knowledge and records management requirements.

To further entrench sound ECM principles at the City, a document classification (or 'document taxonomy') scheme underwent further review in the past year to make it easier to use. The scheme specifically aims to increase the speed of document retrieval and promote consistency in the management of documents as assets.

Planning for the creation and maintenance of a central repository for contract documentation was initiated. This central repository is being catered for in the City's SAP Public Sector Records Management module, which is a key digital tools solution assisting departments to manage their electronic records.

The City's open data portal provides public access to a wide variety of data. The portal promotes citizen engagement with the City in general by making it easier for members of the public to access data. It currently hosts 146 datasets and continues to grow in popularity, with an average of 2 000 downloads per month. It remains highly effective in promoting the use of the City's data for broader social and economic benefit. Data released on the portal is governed by the City's Open Data Policy. The review of the policy was initiated in 2019/20 to align with the City's data strategy. The revised policy should be in place in the new financial year.

The City's spatial information portal (intranet), in turn, provides public access to various documents such as training guides, spatial data, static maps, all business-specific viewers, as well as geographic information systems policies and standards. The portal was enhanced through the development of a proof-of-concept dashboarding tool, which will allow all City staff users to access business intelligence data in a spatial or mapping format.

DATA ANALYSIS METHODOLOGY PROJECT

An internal portal was developed on the City's intranet to enable the implementation of the evidence-based decision-making framework prepared last year. The aim is to build a common vocabulary and understanding of the City's decision-making processes, guide assessments of the type of evidence needed to make certain

AT THE END OF JUNE 2020, THE CITY HAD 28 828 EMPLOYEES (2018/19: 27 343). THIS REPRESENTS A YEAR-ON-YEAR INCREASE OF 5,43% IN THE CITY'S STAFF COMPLEMENT. THE VACANCY RATE AT THE END OF THE YEAR IN REVIEW WAS 7,51%, WHICH IS SUBSTANTIALLY LOWER THAN THE 2018/19 FIGURE OF 11,71%.



decisions, and put in place mechanisms to drive evidence-based decision making.

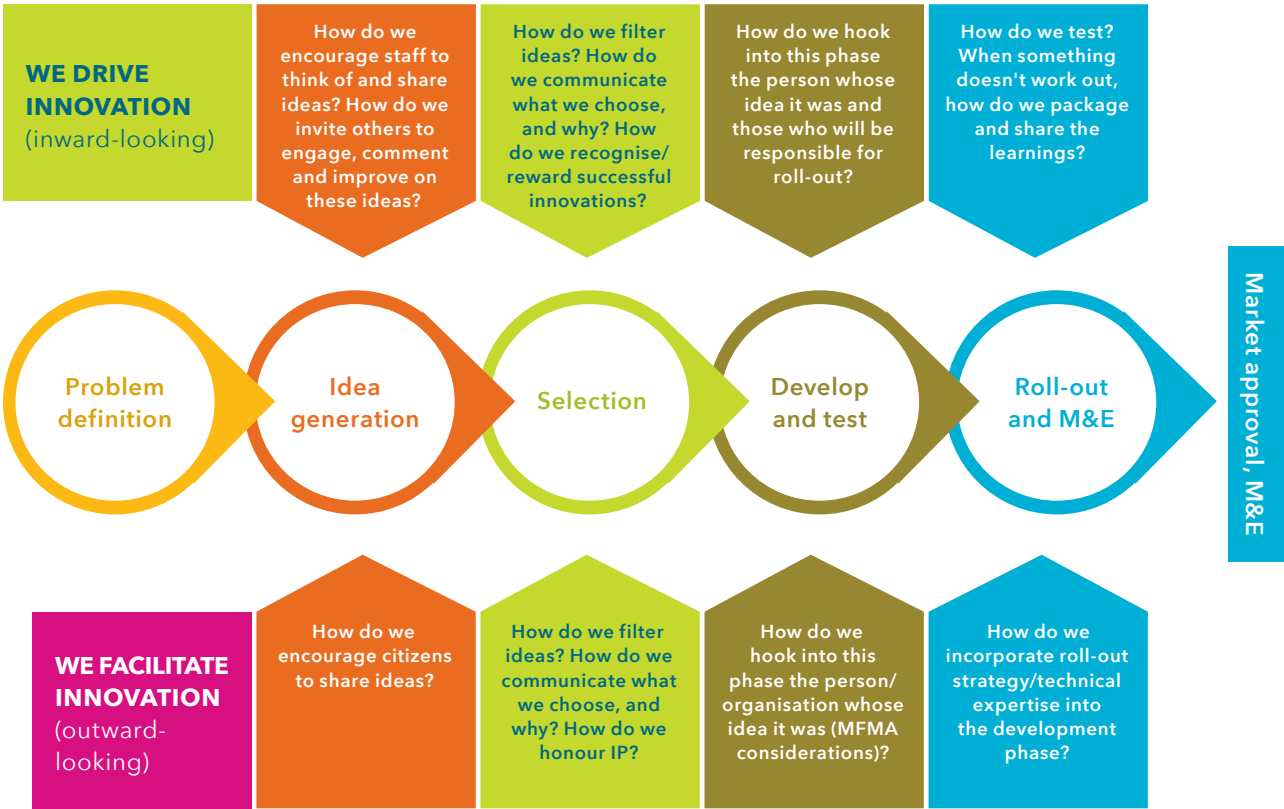
In 2019/20, this project was aligned with, and directed by, the City's data strategy. As part of the implementation of the strategy, the City is developing and using a range of tools for integration and data analysis, and reviewing what data capabilities are required to effectively work with and analyse data. This includes building capacity around economic analysis tools.

In the last quarter of the year in review, a data workstream was initiated in response to the Covid-19 pandemic to assist and support the City's dynamic operational framework, which is led by the City Manager and the Executive Management Team. Data, evidence-based approaches, models, tools and systems were implemented to better understand information flows and provide situational analyses and interpretation to support a range of City planning and operational activities.

INNOVATION PROJECT

The City's Innovation and Operational Effectiveness Branch heads up the development and implementation of innovative strategies and projects to drive customer-centric service delivery across the organisation and with external stakeholders.

FIGURE 15: The City's innovation framework



- Its core functions are to:**
- ✓ enable the creation of an innovation-led organisation;
 - ✓ solve operational challenges;
 - ✓ increase operational excellence; and
 - ✓ promote a culture of customer centricity.
- In addition, an Innovation Forum (iForum), comprising representatives from all City directorates, works to:**
- ✓ provide a Citywide platform for transversal approaches to innovation;
 - ✓ set the overall innovation scope, strategic goals and deliverables for the organisation;
 - ✓ promote an innovation ethos and culture in the City;
 - ✓ create a space for collaboration on design-led thinking and innovation across City line departments; and
 - ✓ facilitate Citywide initiatives to support design thinking and innovation.

The City has also deployed a Digital Platform for Idea Management, which provides a channel for collaboration with internal and external stakeholders, and creates an effective avenue for the sourcing of innovative ideas. The platform will enable the City to crowdsource ideas from a wide range of stakeholders, such as citizens, scholars, innovators and researchers who are interested in sharing innovative ideas.

It will also promote innovative, design-led approaches to City service delivery and encourage effective engagement with citizens on matters that affect them. The platform can be used to link up with existing areas of excellence in the City, drive further collaboration with external stakeholders, and create an avenue for the sourcing of innovative ideas from

citizens on how to ensure relevant and increasingly innovative services.

SERVICE DELIVERY SKILLS PROGRAMME

THE CITY'S HUMAN RESOURCES AT A GLANCE

At the end of June 2020, the City had 28 828 employees (2018/19: 27 343). This represents a year-on-year increase of 5,43% in the City's staff complement. The vacancy rate at the end of the year in review was 7,51%, which is substantially lower than the 2018/19 figure of 11,71%.

TABLE 24: City managerial level 1 to 3 as at 30 June 2020 – Employment Equity (EE) compliance

MANAGEMENT LEVELS		TARGET GROUPS								Total	Designated white male	Non-targeted groups	Total staff establishment on management levels 1-3	
		DESIGNATED GROUPS			NON-DESIGNATED	DESIGNATED GROUPS								
		MALE				FEMALE								
		African	Coloured	Indian		White	African	Coloured	Indian			White		
LEVEL 1	EE PLAN TARGET 19/20	1	4	0	2	0	1	0	2	11	0	0	11	
	Actual	2	3	1	3	1	1	0	0	11				
LEVEL 2	EE PLAN TARGET 19/20	6	13	2	16	5	5	2	4	53	2	0	53	
	Actual	5	12	4	13	5	5	4	5	53				
LEVEL 3	EE PLAN TARGET 19/20	36	59	4	50	27	46	2	23	247	1	1	248	
	Actual	32	51	8	71	19	27	8	31	247				
	TOTAL PERMANENT	39	66	13	87	25	33	12	36	311	3	1	312	
MANAGEMENT LEVELS 1-3: COMPLIANCE SUMMARY		MANAGEMENT LEVELS 1-3												
			MALE			FEMALE			DESIGNATED					
		EE PLAN TARGET 19/20	55,00%		171	45,00%		140	74,00%					
		ACTUAL	65,92%		205	34,08%		106	72,99%					
Total EE staff establishment of 312 includes foreign nationals														

SKILLS GAP AND EVALUATION PROJECT

In the 2019/20 financial year, the Organisational Development Branch completed 17% of all departmental strategic workforce plans. These are aimed at identifying current and future skills and competencies required by the organisation to meet its service delivery mandate. Strategic workforce plans incorporate succession plans, as well as attraction, development, engagement and retention strategies for each department to ensure that their workforce needs are met through bespoke talent solutions.

Under the data strategy project, competency frameworks for data science, data architecture, data engineering and data analytics were developed. To embed governance and combined assurance practices in the City, probity competency profiles had to be developed and the internal audit competency framework needed to be revised. This was concluded in June 2020. The resultant changes in the project management landscape, and the requirement to embed programme management practices, culminated in a new competency framework.

As an outcome of the succession plans and based on City Pulse survey feedback in both 2018 and 2019, a series of leadership development programmes were launched across the City in September 2019.

These programmes included:

- ✓ the People Management Programme, which catered for staff at levels T10 to T13, and supervisory and future leadership;
- ✓ the Management in Development Programme, which targeted heads and managers at levels T14 to T18; and
- ✓ the Leadership in Development Programme, which was designed for directors and executive directors.

The latter two programmes both incorporated a 360-degree assessment aimed at enhancing emotional intelligence. To date, 831 employees have entered and participated in these programmes, and 186 have completed 360-degree feedback. All three programmes have been very well received by the City’s leadership, with the Executive Management Team having been the first participants in the Leadership in Development Programme.

In addition to these programmes, the City has implemented a new programme to train 150 internal

coaches over the three years up until June 2022. Further development of existing internal coaches is also under way through a contract with an external training provider. A mentoring programme has been developed and piloted, and should be implemented in 2020/21.

City leaders may incorporate any of these programmes into their online personal development plans (PDPs). To date, 5 996 employees have received PDP training and are now able to include the leadership programmes, and coaching and mentoring, as options to develop their current and future careers within the City.

SKILLS INTERVENTION PROJECT

The City undertakes numerous projects and interventions aimed at addressing identified skills gaps and ensuring that the administration and its employees keep pace with the demands of an evolving citizenry.

In 2019/20, the following training skills interventions were undertaken:

TABLE 25: City skills interventions and projects, 2019/20

INTERVENTION	DESCRIPTION	CITY STAFF TRAINED
Driver training (corporately funded)	Supports relevant employees in the acquisition of their driver’s licences for various codes.	39
Shop steward training (corporately funded)	Capacitates shop stewards to perform their daily functions.	24 shop stewards from both unions
Smart driver training programme	Trains the City’s fleet drivers in responsible driving habits to protect the well-being of the drivers, help prevent accidents, minimise the risk of liability and accident claims, adhere to industry norms, and comply with government regulations and laws.	2 390
Adult education and training (corporately funded)	Various adult education and training programmes. Gap initiative aimed at bridging the gap between grades 10/11 and matric.	159 employees enrolled 19 completed their General Education and Training Certificate
External opportunities (funded across City directorates)	External learning opportunities for graduate interns, external bursars, in-service students, and learnerships and apprenticeships. The City’s budget for external bursaries for the year in review was R6,3 million.	1 088 external trainee and bursary opportunities 442 apprenticeships 138 students secured permanent employment with the City
Finance management programme	Three-year course consisting of 15 unit standards. Offered to employees in the City’s finance environment as part of their ongoing professional development.	264 employees enrolled

INFRASTRUCTURE SKILLS DEVELOPMENT GRANT PROGRAMME

National Treasury offers its Infrastructure Skills Development Grant (ISDG) in terms of the Division of Revenue Act. The ISDG programme seeks to develop capacity in municipalities by creating a long-term, sustainable pool of young professionals with technical skills in the built environment, such as engineering, town planning, architecture, quantity surveying and geographic information systems management.

The City has human resource structures in place to support the ISDG programme, which is dealt with as an expansion of the existing internal graduate internship programme.

Since inception of the programme, 66 graduates and three project administrators have been appointed and placed in various branches of the City. In the year in review, 28 enrolled graduates were declared competent and secured permanent employment with the City.

RECOGNISING THE LEARNING ACHIEVEMENTS OF CITY STAFF

The City is committed to identifying, celebrating, developing and enhancing its staff members’ skills. This occurs through the education, training and development recognition awards. In light of Covid-19, however, these awards have been postponed until further notice.

WOMEN IN BUSINESS TRAINING PROGRAMME

The City’s flagship training programme, Women in Business, will be training more young female entrepreneurs to gain in-depth, hands-on experience of the tech tools available to help grow and develop their businesses. The training started in June 2020 and will continue until March 2021.

INDIVIDUAL PERFORMANCE MANAGEMENT

The City conducts comprehensive performance management and measurement in compliance with the Local Government: Municipal Systems Act, Act 32 of 2000. Individual performance management is governed by the City’s Individual Performance Management and Development System and Procedure. Training has now evolved from a classroom environment to online self-help e-courses or trainer-assisted Skype courses. The courses ensure that employees fully understand City systems and procedures, and know how to use the systems to align individual and corporate values. The system will support 17 479 employees for the 2020/21 cycle. The last phase of the roll-out is currently under way, which will reach approximately 9 000 employees who do not have access to computers. The 2020/21 cycle will be used as a pilot for this group, with the first formal assessment year being 2021/22.

SERVICE DELIVERY IMPROVEMENT PROGRAMME

Through its customer-centric service delivery improvement programme, the City is working to improve local service delivery and enhance area-based coordination and management of services. This is to ensure that all City services are fully operational, functional and measurable against its SFAs and priorities. Progress in the year in review is shown in the table below:

THE CITY HAS HUMAN RESOURCE STRUCTURES IN PLACE TO SUPPORT THE ISDG PROGRAMME, WHICH IS DEALT WITH AS AN EXPANSION OF THE EXISTING INTERNAL GRADUATE INTERNSHIP PROGRAMME.

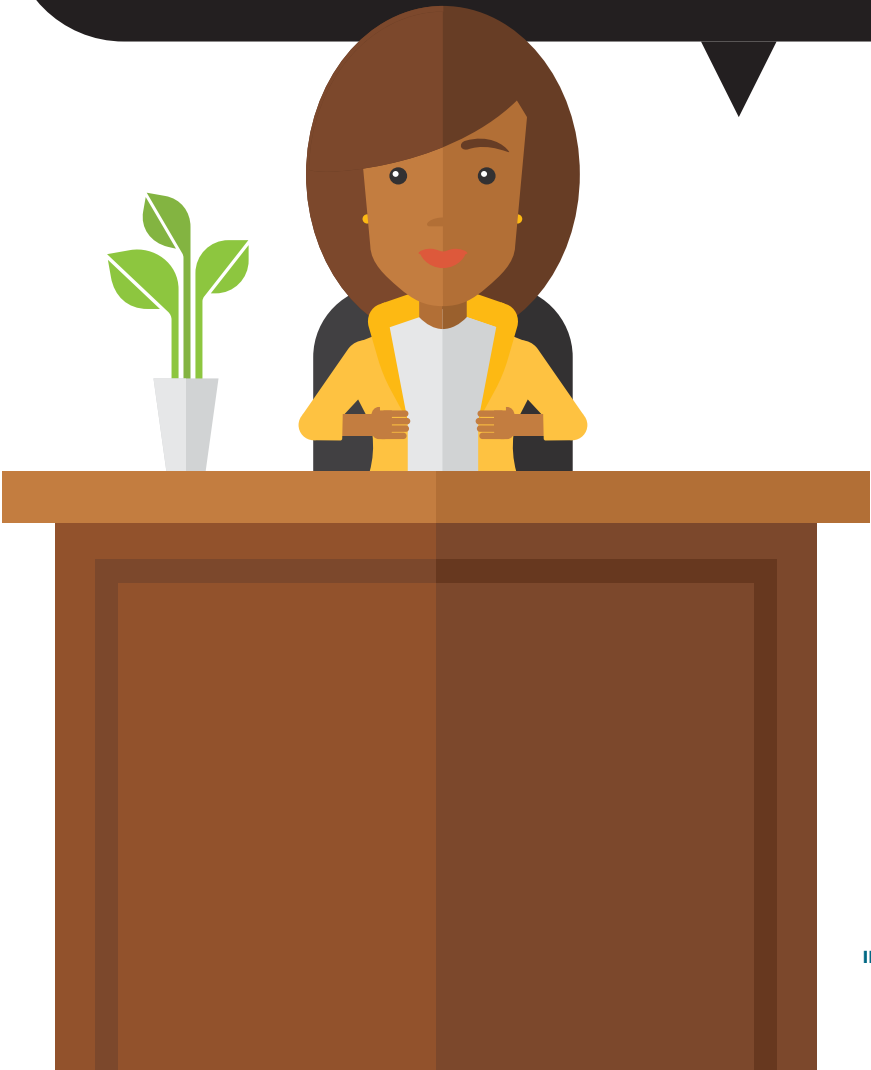


TABLE 26: Progress with refining the City's service delivery model as at 30 June 2020

ACTION	PROGRESS
Drafting baseline reports on customer satisfaction	Monitoring reports submitted to oversight committee every quarter
Developing service level agreements between the Area-Based Service Delivery Directorate and line directorates	Completed
Establishing monitoring and evaluation protocols	Meetings convened on a bi-weekly and monthly basis
Developing proactive tools that will enhance service delivery for the benefit of the City's clients	Ongoing
Ensuring alignment between the Tourism Development Framework and the City's five SFAs and 11 priorities	Local-area tourism plans developed for each of the four areas. The projects and activities are aligned with, and relate to: ✓ SFAs 1 and 4 of the IDP; ✓ the Economic Growth Strategy; and ✓ the City's strategic priorities.

CITY NAMED MOST TRUSTED METRO IN SOUTH AFRICA FOR 7TH TIME IN A ROW

The City was named the most trusted metro in South Africa according to Consulta's latest Citizen Satisfaction Index, which measures residents' trust in and satisfaction with their municipalities.





OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY

THIS OVERVIEW PRESENTS HIGHLIGHTS FROM THE ENTITY'S FINANCIAL PERFORMANCE FOR THE YEAR IN REVIEW, AS WELL AS THE PAST FIVE YEARS.

177

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OPERATING RESULTS FOR REVENUE AND EXPENDITURE

Over the past five years, revenues increased by 6,83% to R44,85 billion. This escalation is mainly due to annual tariff increases.

Operating expenditure increased by 8,02% to R40,53 billion. The City does, however, attempt to keep the cost of operations as low as possible.

The following graphs detail revenue and expenditure for the past five years:

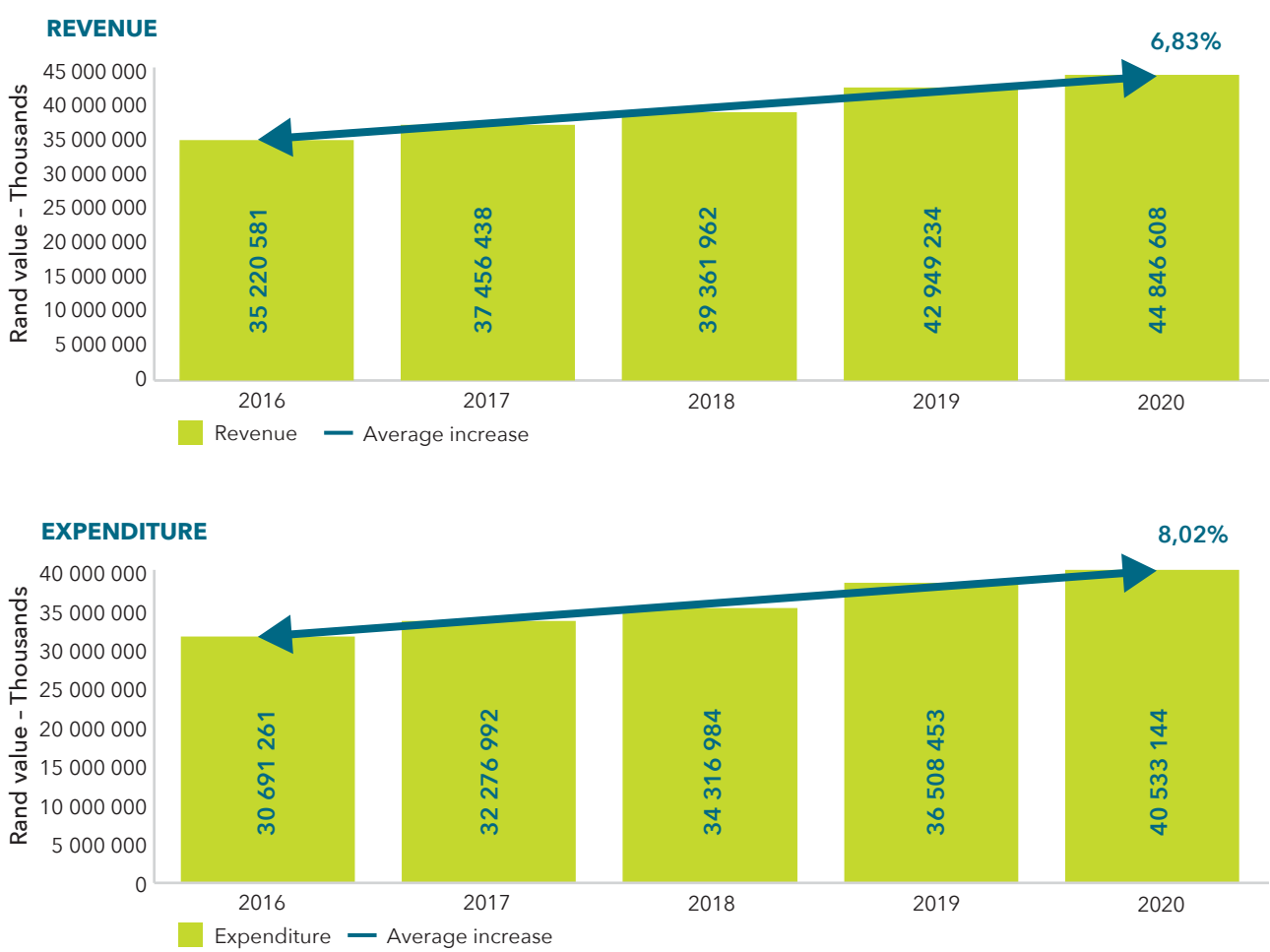


FIGURE 16: Entity's revenue and expenditure, 2016-2020

NET SURPLUS RESULT

As at the end of June 2020, the Entity reported a net surplus from operations of R4,31 billion (2019: R6,44 billion) against a budgeted surplus of R2,88 billion. This surplus included grants revenue that had already been utilised to fund capital expenditure. A portion of the surplus was also committed to fund future expenditure, such as the replacement of capital assets. The surplus after appropriations is the best indicator of the Entity's underlying financial performance and sustainability.

TABLE 27: Actual and budgeted net surplus result, 2019/20

	ACTUALS R'000	BUDGET R'000
Total revenue	44 846 608	43 360 360
Total expenditure	40 533 144	40 484 871
Surplus from operations	4 313 464	2 875 489
Capital grants and donations	(1 982 952)	(2 188 715)
Taxation	34 396	(8 209)
Loss attributable to non-controlling interest	(29 006)	191 505
Net result from operations - see annexure D	2 335 902	870 070
Transfers to/from reserves and non-controlling interest	(840 276)	-
Surplus after appropriations	1 495 626	870 070

CAPITAL EXPENDITURE

The Entity's property, plant and equipment expenditure for the year in review amounted to R6,04 billion (2019: R5,39 billion). This represents an 89,01% capital spend (2019: 80,11%).

A complete analysis of capital expenditure (budgeted and actual) per functional area is included in the statement of comparison of budget and actual amounts, while annexure B to the consolidated annual financial statements contains details by asset class. More details on external loans used to finance fixed assets are contained in annexure A to the statements.

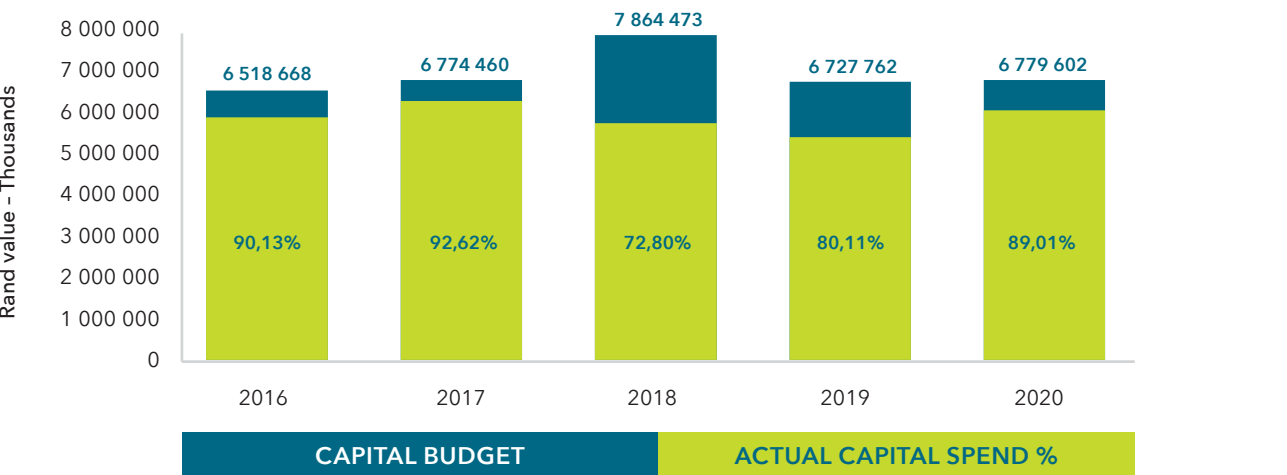


FIGURE 17: Entity's capital budget and capital spend, 2016-2020

NET DEBTORS OUTSTANDING AND RATIOS

The following illustrates the outstanding net debtors and the collection ratios of the major stream services for the past five years.

Further details of these debtors' services are contained in note 9.

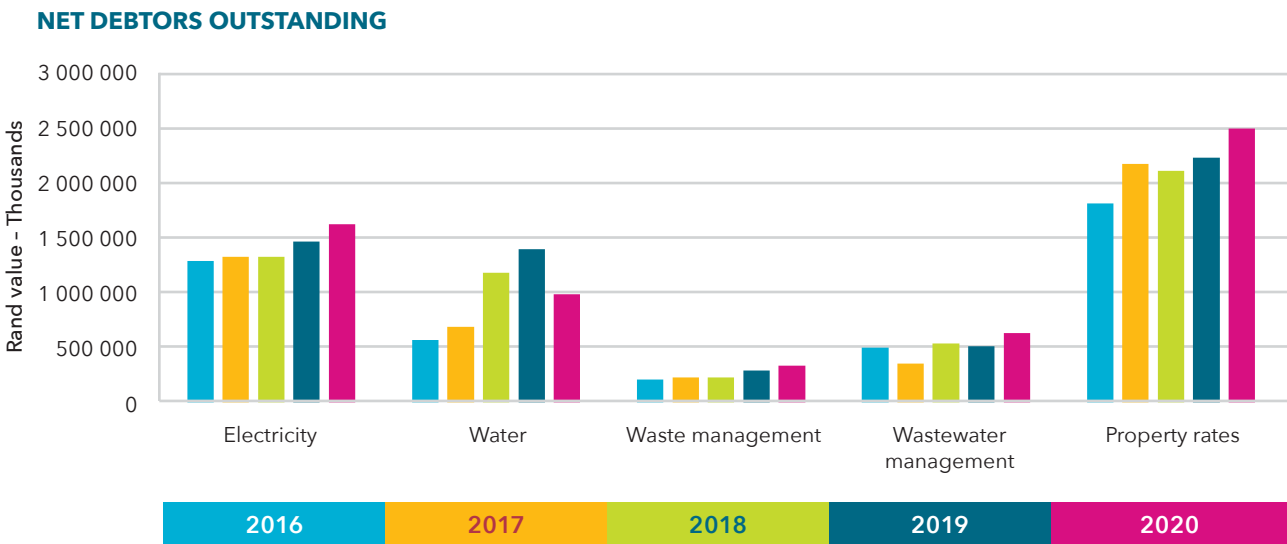


FIGURE 18: Entity's outstanding net debtors, 2016-2020

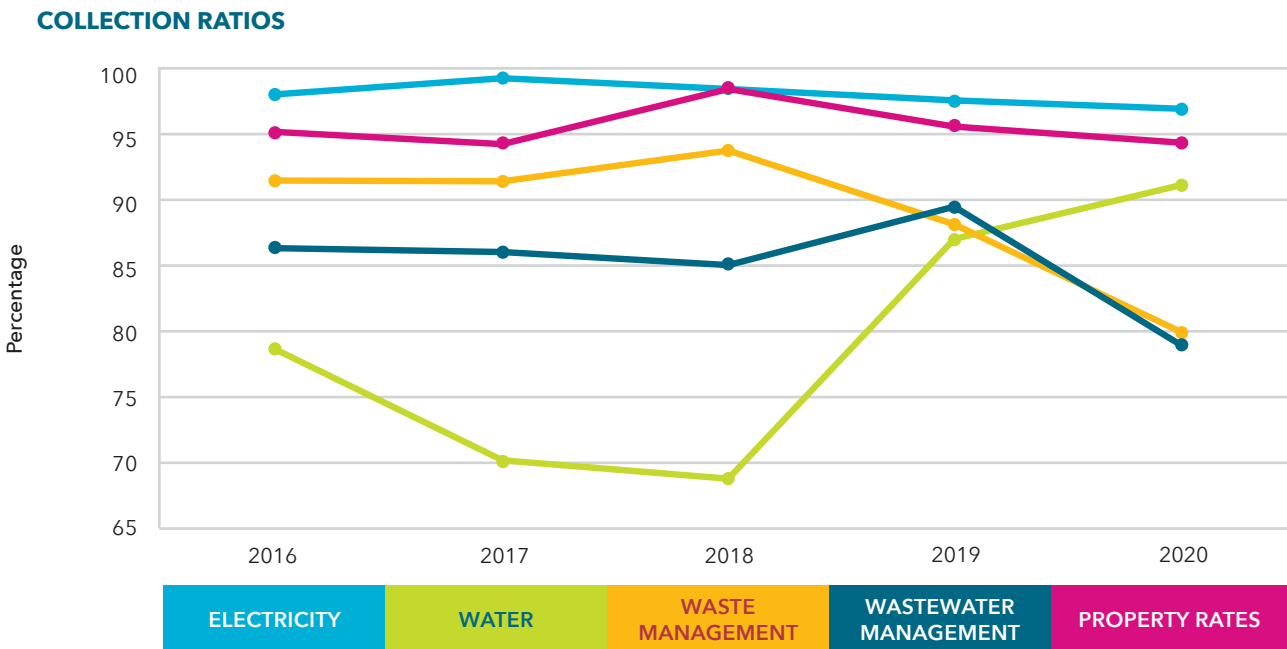


FIGURE 19: Entity's net debtors' collection ratios, 2016-2020

INVESTMENTS AND CASH

The Entity maintains a healthy cash and investment position, given the current economic conditions. Information on investments and cash and cash equivalents is provided respectively in notes 6 and 10 to the annual consolidated financial statements.

Investments as at 30 June 2020 amounted to R8,07 billion (2019: R7,67 billion), of which guaranteed investment instruments of R2,77 billion (2019: R2,50 billion) were set aside for the repayment of loans.

BORROWINGS

Based on the figures below, the City can service its current debt repayments, and also has sufficient cash flow to fulfil its long-term obligations. In addition, the City can take up further borrowings for capital expenditure/programmes based on its positive debt-to-revenue ratio.

TABLE 28: Financial ratios, 2019-2020

FINANCIAL RATIOS	TARGET	2020	TARGET	2019
Capital cost (interest and redemptions paid) to operating expenditure	6%-8%	2,95%	6%-8%	3,08%
Debt coverage by own-billed revenue	26,11%	24,60%	45%	22,85%

CREDIT RATING

In 2019/20, Moody's Investors Service downgraded the City of Cape Town's long-term and short-term global-scale rating to Ba1 and NP, and affirmed its negative outlook due to a downgrade in the credit rating of the sovereign, the South African Government. The City maintained its long-term and short-term national-scale rating of Aaa.za and Prime-1.za. The City's credit profile reflects its strong financial performance and liquidity, supported by prudent financial management, large and diversified economic base and predictable revenue sources from property taxes and service charges.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



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REPORTING ENTITY’S MANDATE

The City of Cape Town (hereinafter “the City” or “the Entity”) is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa, Act 108 of 1996.

The principal activities of the City are to:

- ✓ provide democratic and accountable government to the local communities;
- ✓ ensure sustainable service delivery to communities;
- ✓ promote social and economic development;
- ✓ promote a safe and healthy environment; and
- ✓ encourage the involvement of communities and community organisations in the matters of local government.

The Entity’s operations are governed by the Local Government: Municipal Structures Act, Act 117 of 1998, the Local Government: Municipal Systems Act, Act 32 of 2000, the Local Government: Municipal Finance Management Act, Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2020, as set out on pages 200 to 319 in terms of section 126(1) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 39.2.2 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, Act 108 of 1996, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government’s determination in accordance with this act.



Lungelo Mbandazayo
City Manager
30 September 2020

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the consolidated and separate financial statements of the City of Cape Town set out on pages 200 to 294, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) and the Division of Revenue Act, Act 16 of 2019 (DoRA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general’s responsibilities for the audit of the consolidated and separate financial statements section of this auditor’s report.
4. I am independent of the municipality in accordance with the *International Ethics Standards Board for Accountants’ International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

KEY AUDIT MATTERS

6. Key audit matters are those matters that, in my professional judgement, were of the most significance in my audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming my opinion, and I do not provide a separate opinion or conclusion on these matters.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Significant difficulties encountered during the audit	
The Covid-19 pandemic had a significant impact on the audit process. Working remotely created the need for information to be provided using virtual platforms. At times, informal and formal meetings had to be rescheduled due to internet connectivity issues, and the manner in which audit evidence was gathered was also impacted. This process created significant delays, especially in the initial stages of the audit. I therefore consider this matter to be a key audit matter.	• Frequent audit steering committee meetings between myself and the municipality were held where I communicated and monitored all requests for information. • All instances where information was not provided on time were escalated to the appropriate level of management and the municipality committed to providing all requested information. The municipality provided the information using virtual platforms, as well as accommodating my team on the premises while adhering to the Covid-19 protocols. • All information requested was provided.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES (continued)

EMPHASIS OF MATTERS

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 36 to the consolidated and separate financial statements, the corresponding figures for 30 June 2019 have been restated as a result of reclassifications in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2020.

MATERIAL LOSSES/IMPAIRMENTS

9. As disclosed in note 9 to the consolidated and separate financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R7,8 billion (2019: R6,4 billion).

UNDERSPENDING OF THE BUDGET

10. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the operating budget by R1,5 billion and the capital budget by R738 million. The underspending is mainly due to the impact of the Covid-19 lockdown, community dynamics and influences, delays with the appointment of service providers and contractor performance.

OTHER MATTERS

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

UNAUDITED DISCLOSURE NOTES

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. 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 on it.

UNAUDITED SUPPLEMENTARY SCHEDULES

13. The supplementary information set out in pages 295 to 319 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 on them.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

16. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

17. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

18. In accordance with the Public Audit Act, Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the municipality's annual performance report for the year ended 30 June 2020:

STRATEGIC FOCUS AREA (SFA)	PAGES IN THE ANNUAL PERFORMANCE REPORT
Strategic focus area 3 - the caring city	324 to 325

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area.

OTHER MATTER

23. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

24. Refer to the annual performance report on pages 322 to 327 for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings on compliance with specific matters in key legislation are as follows:

EXPENDITURE MANAGEMENT

27. Reasonable steps were not taken to prevent irregular expenditure disclosed in note 38.3.2.1 to the annual consolidated and separate financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations 19(a), 36(1) and section 116(b) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

28. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a) resulting in deviations being approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN AND ITS SUBSIDIARIES (continued)

29. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
30. Some bid documentation for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.
31. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.
32. The performance of some contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

OTHER INFORMATION

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
34. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

37. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
38. Adequate compliance monitoring processes were not implemented resulting in material non-compliance being reported in the area of supply chain management.
39. Management did not ensure that appropriate contract management and regular contract performance management processes and procedures were in place to monitor the expiry dates of contracts and performance obligations by all parties. This resulted in expenditure being incurred after the expiry date of contracts without following an appropriate procurement process.
40. The financial system used by the municipality was not configured to prevent payments being made after the expiry date of contracts or in excess of the contract amounts. This resulted in expenditure incurred in contravention of the SCM regulations, which is irregular expenditure.

Auditor-General

Cape Town
29 March 2021



ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic focus areas and on the municipality's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
 - ✓ identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - ✓ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
 - ✓ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - ✓ conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the City of Cape Town to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.
 - ✓ evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - ✓ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.
5. From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements for the current period, and they are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS TO BE INSTITUTED

ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL

Management comments and corrective action to be instituted on the matters raised in the report of the Auditor-General to the Council on the consolidated annual financial statements of the City of Cape Town for the year ended 30 June 2020 in terms of section 121(4)(E) of the Municipal Finance Management Act, No. 56 of 2003.

The audit report is unqualified with findings for which management comments and corrective actions are required. The findings are categorised under the heading 'Report on audit of compliance with legislation' and for which management comments and related corrective actions are provided as below.

EXPENDITURE MANAGEMENT

Paragraph 27

The City has implemented various contract management processes and procedures, including a contract management monitoring system and a contract register to monitor, evaluate and manage all contracts. Active contracts are monitored on a monthly basis and inputs into the City's Supply Chain Management (SCM) demand plan ensure that the City is proactive in replacing contracts, demand and business continuity measures, thereby ensuring that contracts are in place as and when required. Continuous improvement and lessons learnt from residual shortcomings are being addressed systematically with enhancements to the contract management monitoring system and contract register. SCM deviations are being managed at an executive level with efforts to reduce the volume of deviations, per directorate. The SCM deviation criteria are strictly administered and where the request is a result of non-compliance with the SCM Policy, consequence management action is taken.

PROCUREMENT AND CONTRACT MANAGEMENT

Paragraph 28

The existing contract management monitoring system and contract register will be continuously improved, and lessons learnt from residual shortcomings are to be addressed systematically, which should mitigate the need for deviations. The exception reports which detects weaknesses in controls or where controls have been overridden, will be reinforced with consequence management actions. The SCM deviation criteria will continue to be strictly administered and where the request is a result of non-compliance with the SCM Policy, consequence management action will be taken.

Paragraph 29 and 30

The City implemented controls in the form of a Standard Operating Procedure which encompassed functional procedures, work instructions, forms and templates specific to all procurement processes under R200 000 inclusive of VAT. Training of staff has also been initiated to ensure that the procedures and the thresholds for authorisation is understood and applied. In addition, more senior procurement officials are involved in the award of requests for quotations to address governance risks and to ensure full and proper compliance to SCM policies, regulations and legislation. SCM self-assessment reviews are completed in-year to ensure that improvements are applied timeously and that SCM practitioner awareness and education is heightened. Corrective and remedial actions will be applied, including escalation of issues and solutions.

Paragraph 31 and 3

The City has implemented various contract management processes and procedures, including a contract management monitoring system and a contract register. These contracts are monitored on a monthly basis and inputs into the City's SCM demand plan ensure that the City is proactive. Various levels of assurance providers, which include the CFO, executive directors, contract managers/administrators, project managers and finance managers, have oversight over the performance of such contracts. In addition, the City's focus has also shifted to the need for preventative controls which are currently not fully adhered to due to incorrect embedded behavioural practices which the City intends on changing with ongoing training, consequence management and monthly departmental oversight. Accountability and responsibility for managing the performance of service providers, in accordance with their contractual conditions, are being enriched through the quarterly reporting of contract management performance outcomes. These reports are reviewed and escalated, including the recommendations from the City's Audit and Performance Audit Committee.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2020

In line with its strategic commitment to be a well-governed city, the City of Cape Town strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is a competent and independent Audit and Performance Audit Committee that is supported by management and councillors. Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent audit committee which must advise the municipal council, political office bearers, accounting officer, and management staff of the municipal entity on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the City. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation, performance evaluation, major forensic investigations and/or other issues referred to it by the municipality or municipal entity.

The Audit and Performance Audit Committee (hereafter called "the committee" or "APAC") is governed by formal Terms of Reference which are regularly reviewed and approved by the Mayoral Committee (Mayco). For the year under review, the Terms of Reference approved in November 2018 (item MC 76/11/18) were reviewed, updated, and approved.

The committee is pleased to present its report for the financial year ended 30 June 2020.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

During the year under review, four committee meetings and four special committee meetings were held. The four special meetings were for the purposes of approving the 2019/20 adjusted audit plan, approving the 2020/21 audit plan, considering the draft consolidated AFS and considering the AGSA's report for the year ended 30 June 2019. Internal Audit attends all meetings. The Deputy Mayor is a permanent invitee and attends APAC meetings. The City Manager or a representative of the City Manager's Office, most members of the Executive Management Team (EMT), and other officials (as required) also attend all formal meetings. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and is a committed participant in the meetings. The meeting agendas are substantial and require diligent preparation by members. Committee members all participate in meetings with the highest levels of commitment, integrity and objectivity.

In addition to the planned meetings, the committee also met with the City Manager and the Executive Mayor.

Below is the summary of tenure, qualifications, and meeting attendances of the members:

NAME	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED	TENURE PERIOD (1)	TENURE PERIOD (2)
Dr Divya Singh	BA (Law)/LL.B/LLM/LLD/Masters in Tertiary Education Management/Advocate of the High Court of SA	6	1 Nov 2015 to 31 Oct 2018	1 Nov 2018 to 31 Oct 2021
Ms Somesh Barnes	Higher Certificate in Management/Diploma in Business Management/MBA	7	26 Sep 2014 to 25 Sep 2017	1 Oct 2017 to 30 Sep 2020
Mr Rowan Nicholls	BCom/CA(SA)/CAS (Computer Audit Specialist) (US)/MICS (Certificate of Chartered Shipbrokers) (UK)	7	1 Oct 2017 to 30 Sep 2020	
Mr Mervyn Burton	B Compt (Hons)/CA(SA)/Executive Management Programme	7	1 Apr 2018 to 31 Mar 2021	
Mr Athol Rhoda	CA(SA)	1	1 Nov 2015 to 31 Oct 2018	
Mr Linda Nene	BCom (Acc)/Post Graduate Diploma in Management (Corporate Governance)/Masters in International Business/CCSA/General Internal Auditor/Fellow of the IIA SA/CRMA/CPrac(SA)/Risk Management Strategies in the Public Sector	7	1 Nov 2018 to 31 Oct 2021	

AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements and the requirements of Regulation 14 of the Municipal Planning and Performance Management Regulations.

The committee chairperson succinctly, openly, and honestly reported the committee's activities to Mayco and Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements prior to submission to the AGSA, the City's external auditors, and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit.

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability and transparency. While congratulating the City's management on achieving an unqualified audit report on the annual financial statements and performance management, the committee notes the findings reported by the AGSA on the City's compliance with legislation, and has already requested that the committee workplan be updated to focus on this area. Management is equally committed to implementing the necessary controls to prevent and reduce the re-occurrence of these events, especially in the areas of supply chain management.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed Internal Audit's Annual Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the year ended 30 June 2020.

The Internal Audit Annual Statement concluded that some improvement is needed in the City. The committee is, however, satisfied that while a few specific control weaknesses were identified, in general the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. Where appropriate, management has accepted the recommendations.

The conclusion is, however, based on, and limited to, the available Internal Audit results throughout the 2019/20 financial year which was assessed in terms of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework. The COSO Internal Control - Integrated Framework was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication, and monitoring activities. It should be noted that audits conducted differ from year to year as they are dependent on the City's risk

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2020 (continued)

profile identified during the compilation of the annual risk-based audit plan. The impact of this is that the basis of comparatives used may differ as the City's risk profile may change from year to year.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the Annual Statement on Governance, Risk Management and Internal Control Processes and, while they were not the general rule, they did occur from time to time in certain areas:

- (a) the absence of policies and procedures, and the inadequacy of existing policies and procedures in the control environment;
- (b) the lack of effective management oversight, review and/or supervisory checks;
- (c) the failure to ensure supporting evidence/information/records of management processes;
- (d) the continuing resource and capacity constraints resulting in skills and performance limitations;
- (e) the want of effective communication/collaboration resulting in a siloed approach to activities;
- (f) deficiencies in the reconciliation between various information sources as part of the verification processes; and
- (g) inadequate monitoring of activities.

While all of these areas require the necessary management attention, as the first line of defence in combined assurance, it is emphasised that none are serious enough to negatively impact the Audit Opinion, nor for the committee to raise a specific concern in this report with the City Manager, Council, Mayco or the Executive Mayor.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit findings on follow-up audits show a 79% reduction in recurring findings, which is above the target of 75%. Follow-up audits are only done once management confirms that the recommendations have been implemented. APAC is, however, concerned that some findings' statuses remain as not implemented by management. Internal Audit is following up on these as well, with the objective of expediently clearing these matters.

Overall, the committee is satisfied with the quality and timing of management responses to the Internal Audit findings and agreed recommendations, which indicate a well-run city and an Internal Audit Department that is respected and valued. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. APAC is satisfied that management is appropriately balancing its commitment to delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Probity Department. Combined assurance framework improvements and advancements are underway. The implementation and integration of combined assurance remains work in progress and the committee regularly reviews developments in this area as part of its annual work plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Portfolio Manager: Probity in the Office of the City Manager, with unfettered access to the City Manager. The committee engaged the

question whether the CAE should report administratively directly to the City Manager, and will continue to monitor the independence of the Internal Audit function as it is key to the committee's effectiveness.

An annual external quality assessment of Internal Audit was completed for the year under review. The result is that the Internal Audit activity "Generally Conforms" to the International Standards for the Professional Practicing of Internal Auditing of the Institute of Internal Auditors (IIA). Although this is the highest standard of achievement offered, recommendations for continuous improvement were received during the assessment and will be assessed and implemented as appropriate. The APAC monitors progress against the implementation plan at the quarterly meetings.

PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit and the Organisational Performance Management Department (as required by Regulation 14 of the Municipal Planning and Performance Management Regulations). In reviewing the performance management system, the committee focuses on economy, efficiency, effectiveness and impact of key performance indicators and performance targets set by the municipality, as well as the risk to the City if targets are not attained.

RISK MANAGEMENT

The committee appreciates the focus on emerging risks, especially the Citywide initiatives that continue to embed risk management processes in the City. RiskCo assists in promoting the understanding of the value of risk management through the strategic "tone from the top" ethos, ongoing risk evaluation, and efforts to ensure cost-effective mitigation activities. The committee highlighted its concern that management and Mayco do not regularly review the major corporate risks, or effectively manage their mitigation. A risk maturity assessment was instituted by management at the request of the committee and the outcomes will be presented in the next financial year. A key focus for all levels of management and oversight must be on the identification of emerging risks and further mitigation of the corporate risks with a transversal focus.

The committee chairperson (or their nominee) regularly attends the RiskCo meetings.

The committee commends the City on its proactive management of the Covid-19 lockdown, and the planning regime that was instituted to manage the risks and ensure service and business continuity, both internally and externally.

GOVERNANCE AND ETHICS

The committee continues to monitor key Citywide governance interventions required, such as the communication and monitoring of the Ethics Unit, Office of the Ombudsman, and compliance reporting. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City, and the message of growing awareness and understanding ethics was evident in the year under review.

The committee receives quarterly feedback on forensic, legal, financial misconduct board and ethics cases, but these will receive increased attention from APAC in the following year to ensure that investigations are concluded efficiently, timeously and in the best interest of the City and its stakeholders.

On a quarterly basis, the committee receives feedback on the Municipal Public Accounts Committee's (MPAC) activities. A committee report will be submitted to MPAC as part of the annual report oversight process.

DECLARATION OF INTERESTS PROCESS: MONITORING AND REPORTING OF CITY EMPLOYEES' SUBMISSIONS

The DOI submissions are managed through the Ethics Unit working in cooperation with the line departments and EMT, and monitored through monthly reporting via the City Manager Dashboard process whereby the completion status, as well as areas of prioritisation that required EMT attention, was highlighted. The APAC monitors the submission status of the City employees' declarations of interest through bi-annual reporting from the Ethics Unit. The completion status for the 2019/20 financial year as at 30 June 2020 was 99% for level T14 and above, and 82% for level T13 and below. Note: in the latter instance, this is only year 1 of the three-year cycle, when the target of 100% must be achieved. The number of SCM conflicted employees identified through the year was reduced to zero. The SCM conflicted list is provided by the SCM Department and is constantly monitored and followed up by the Ethics Unit (at least monthly and in most instances more frequently). The proactive following-up is to minimise/negate any AGSA findings at year-end.

MUNICIPAL ENTITIES

The committee plays an oversight and advisory role for the municipal entities, with the minutes of the respective audit committees being reviewed at the APAC meetings. Two members of the APAC and the Portfolio Manager: Probity have been appointed to the audit committees of both entities.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2020 (continued)

CONCLUSION

The committee is pleased with the continuing progress made by the City in improving and progressing in the areas outlined in this report.

The committee fully supports the city in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents. APAC is cognisant that sustainable service delivery in a vibrant, globally competitive and caring city must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to the management of the City, the AGSA, and Internal Audit who assist the committee in performing its functions effectively and efficiently.



Dr Divya Singh

Chairperson: Audit and Performance Audit Committee

Date: 29 March 2021

GENERAL INFORMATION

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8000



THE CITY OF
CAPE TOWN
IS A HIGH-
CAPACITY,
CATEGORY
A LOCAL
AUTHORITY
ESTABLISHED
IN TERMS
OF SECTION
151 OF THE
CONSTITUTION
OF THE
REPUBLIC
OF SOUTH
AFRICA, ACT
108 OF 1996.



GENERAL INFORMATION (continued)

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Cllr A Abrahams	Cllr GJ Classen	Cllr L Jali	Cllr JH Middleton
Cllr FL Abrahams	Ald CC Clayton	Cllr C Janse van Rensburg	Cllr PM Mngxunyeni
Cllr MR Abrahams	Cllr DG Cottee	Cllr EE Jansen	Ald S Moodley
Cllr MF Achmat	Cllr SA Cottle	Cllr S John	Cllr AC Moses
Cllr A Adams	Cllr AC Crous	Cllr X Joja	Cllr NA Moshani
Cllr A Adams	Cllr M Dambuza	Cllr C Jordaan	Cllr T Mpengezi
Cllr R Adams	Cllr T Dasa	Cllr N Jowell	Cllr S Mzobe
Cllr Y Adams	Cllr MM Davids	Ald CR Justus	Cllr PS Mzolisa
Cllr M Adonis	Cllr NN Dilima	Cllr ML Kempthorne	Cllr N Ndaleneni
Cllr ZC Adonis	Cllr WB Dlulane	Cllr DM Khatshwa	Cllr AX Ndongeni
Cllr FK Ah-Sing	Cllr WP Doman	Cllr MRH Kleinschmidt	Ald ID Neilson
Cllr WJ Akim	Cllr DK Dudley	Cllr ME Kleinsmith	Cllr K Nethi
Ald EP Andrews	Cllr SS Duka	Cllr C Kobeni	Cllr BP Ngcani
Cllr E Anstey	Cllr MR Dwane	Cllr AL Komeni	Cllr B Ngcombolo
Cllr R Arendse	Cllr PA East	Cllr NF Kopman	Cllr MW Ngeyi
Cllr DE Badela	Cllr CJ Esau	Cllr GPG Kriel	Cllr PM Ngqu
Cllr ZA Badroodien	Cllr JP Fitz	Cllr AE Kuhl	Cllr D Ngubelanga
Cllr MK Bafo	Cllr E Fortune	Cllr MD Kumeke	Cllr XW Ngwekazi
Cllr UM Barends	Ald GD Fourie	Ald NJ Landingwe	Cllr S Ngxumza
Ald AJG Basson	Cllr P Francke	Cllr SP Liell-Cock	Ald MJ Nieuwoudt
Cllr S Batala	Cllr CM Fry	Cllr AG Lightburn	Cllr M Nikelo
Cllr TM Batembu	Cllr A Gabuza	Ald XT Limberg	Cllr S Nkomiyahlaba
Cllr RA Bazier	Cllr F Gaffoor	Cllr BC Madikane	Cllr FM Nkuzana
Cllr MM Bele	Cllr BC Golding	Cllr N Mahangu	Cllr X Nofemele
Cllr AM Benadie	Cllr GE Gordon	Cllr N Mahlati	Cllr S Nonkeyizana
Cllr R Beneke	Cllr AJ Griesel	Cllr BM Majingo	Cllr SN Nqabeni Moloto
Cllr CB Bew	Cllr CDW Groenewoud	Cllr N Makasi	Cllr SP Nqamnduku
Cllr N Bolitye	Cllr NE Grose	Cllr LC Makeleni	Cllr ML Nqavashe
Cllr M Booi	Cllr LA Gungxe	Cllr SK Manata	Cllr M Nqulwana
Cllr FR Botha-Rossouw	Cllr B Hansen	Ald GW March	Cllr A Ntsodo
Cllr R Bresler	Cllr W Harris	Cllr J Martlow	Cllr P Nyakaza-Sandla
Cllr EN Brunette	Cllr GCR Haskin	Cllr V Matanzima	Cllr L Nyingwa
Cllr DW Bryant	Cllr PG Helfrich	Cllr JJ Maxheke	Cllr SF Oerson
Cllr KR Carls	Cllr A Hendricks	Cllr P Maxiti	Ald MJ Oliver
Cllr H Carstens	Cllr PC Heynes	Cllr L Mazwi	Cllr GC Peck
Cllr MA Cassiem	Cllr ND Hlangisa	Cllr S Mbandezi	Cllr XG Peter
Cllr MF Cassim	Cllr MW Hlazo	Cllr JS Mbolompo	Cllr MJ Petersen
Ald GV Cavanagh	Cllr TT Honono	Cllr NV Mbombo	Cllr S Philander
Cllr CS Cerfontein	Cllr VR Isaacs	Cllr J McCarthy	Cllr MP Pietersen
Cllr PH Chapple	Cllr IR Iversen	Cllr AP McKenzie	Cllr TI Pimpi
Cllr MN Chitha	Ald BM Jacobs	Cllr CN Mdeleleni	Cllr YM Plaatjie
Cllr DJ Christians	Cllr HW Jacobs	Cllr SS Mfecane	Ald D Plato
Cllr BR Clarke	Cllr WD Jaftha	Cllr NE Mgolombane	Cllr CJ Pophaim

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Ald SB Pringle	Cllr RZ Simbeku	Cllr G Timm	Cllr CL Visser
Cllr CB Punt	Cllr RS Simons	Cllr BEF Truter	Cllr J Visser
Ald FA Purchase	Cllr AJ Skippers	Ald GG Twigg	Cllr PP Vokwana
Cllr ZL Qoba	Ald JD Smit	Cllr TA Uys	Ald J Vos
Cllr RM Quintas	Ald JP Smith	Cllr B van der Merwe	Cllr ST Vuba
Cllr X Qweshu	Cllr OK Solomons	Ald JFH van der Merwe	Cllr FC Walker
Cllr MH Raise	Cllr NP Sono	Ald A van der Rhee	Ald BRW Watkyns
Cllr B Rass	Cllr X Sotashe	Cllr PE van der Ross	Cllr JJ Witbooi
Ald R Rau	Cllr KG Southgate	Cllr ML van der Walt	Cllr J Woodman
Cllr FHL Raymond	Cllr Z Sulelo	Cllr B van Reenen	Cllr N Xamle
Cllr N Rheeder	Cllr PS Swart	Cllr CHS van Wyk	Cllr S Yalezo
Cllr SJ Rossouw	Cllr S Taliep	Cllr A van Zyl	Cllr SK Yozi
Cllr T Sakathi	Cllr HP Terblanche	Cllr M Velem	Cllr LG Zondani
Cllr E Sawant	Cllr EAJ Theron	Cllr R Viljoen	
Cllr MM Sibunzi	Ald TB Thompson	Cllr DA Visagie	

In the course of the reporting period, the following councillors ceased to be political office bearers:

Cllr S Arendse	14/08/2019	Cllr S Noludwe	31/12/2019
Cllr C Mabona	07/11/2019	Cllr R Saralina	01/09/2019
Cllr J Mare	17/05/2020	Cllr C Williams	29/02/2020
Cllr L McBride	12/02/2020		



SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below. Details of any changes in accounting policies are provided in note 36.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with section 122(3) of the Municipal Finance Management Act, Act 56 of 2003.

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors", read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the Municipality of Cape Town will continue to operate as a going concern for at least the next 12 months.

OFFSETTING

Assets and liabilities, as well as revenue and expenses, are offset and the net amount is reported in the 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.

COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

GOING CONCERN

Included in management's assessment of the Entity's going-concern status are key financial metrics, the impact of the Covid-19 pandemic, the associated conditions of a general economic downturn, approved medium-term budgets, and the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province").

Based on all of the above, management has concluded that the going-concern assumption used in the compiling of its financial statements is appropriate.

MATERIALITY

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

BUDGET INFORMATION

Variances between budget and actual amounts are regarded as material when the variance is:

- ✓ 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- ✓ 5% or greater in capital expenditure.
- ✓ All material differences are explained in note 37 to these financial statements.

QUALITATIVE THRESHOLDS

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- ✓ if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- ✓ if they constitute related-party transactions;
- ✓ depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- ✓ if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- ✓ if they are likely to result in a change in accounting policy;
- ✓ if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- ✓ depending on the degree of estimation or judgement required to determine their value, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument; and
- ✓ if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

QUANTITATIVE THRESHOLDS

Quantitative materiality refers to the monetary value of items, transactions or events that are likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The Entity uses 0,5% to determine materiality, considering the following factors:

- ✓ Nature of the Entity's business
- ✓ Statutory requirements
- ✓ The control and inherent risks associated with the Entity
- ✓ Prudence

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

QUANTITATIVE THRESHOLDS (continued)

The level of materiality per transaction class for 2019/20 is as follows:

Class of transaction	Level of materiality (R'000)
Revenue	218 263
Expenditure	207 194
Non-current assets	279 759
Current assets	90 201
Non-current liabilities	74 615
Current liabilities	40 820

The materiality calculation is based on the final approved 2019/20 adjustments budget of May 2020 for all classes of transactions.

Based on professional judgement, the overall quantitative value of materiality for the 2019/20 financial year is set at R150 million.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

IMPAIRMENT OF RECEIVABLES

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment considering factors such as socio-economic conditions, type of customer, the default period and service-specific payment histories.

The recent outbreak of Covid-19 has significantly affected the South African economy and debtors' ability to make payments. This uncertainty is factored into the assessment of impairment and has resulted in an increase in the impairment – see note 36.2 for more details.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

As part of the impairment calculation of the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) building and asset under construction, management has estimated the recoverable amount by calculating the

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding future cash flows and discount rates, which are disclosed in note 2.

SIGNIFICANT DELAYS IN ASSETS UNDER CONSTRUCTION

The Entity regards delays in assets under construction of more than one year as significant.

RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

MATERIAL LOSSES

Material losses are losses that occur due to factors other than normal production and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

PROVISIONS AND CONTINGENT LIABILITIES

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in notes 13, 15 and 35 respectively. Provisions are discounted where the effect of discounting is material.

CASH AND NON-CASH-GENERATING ASSETS

The Entity is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the Entity's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other assets of the Entity.

The CTICC considers cash-generating assets to be those assets used to host events, being the company's core revenue stream.

PRINCIPAL-AGENT ARRANGEMENTS

The Entity has entered into the following principal-agent arrangements. Judgement is applied in assessing whether the Entity is the principal or agent.

- The Entity acts as a motor vehicle registering authority for all vehicle registration and licensing in the Cape Town municipal area on behalf of Province's Department of Transport and Public Works. The Entity charges the customer a registration fee and licence fee. The registration fee is the Entity's compensation for acting as Province's agent, while the licence fee is paid over to Province. The total agency compensation received is reflected as agency services revenue on the face of the statement of financial performance.
- The Entity pays collection fees to various agencies to collect revenue on its behalf. The Entity is the principal in these arrangements, which involve service providers who sell prepaid electricity and various payment agencies where customers can settle their municipal accounts. The Entity pays these service providers a commission and the total compensation paid is reflected as collection costs on the face of the statements of financial performance.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

ADOPTION OF NEW AND REVISED STANDARDS

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The following GRAP standards are applicable and effective in the current year:

GRAP 20	-	Related-party disclosures (revised)
GRAP 32	-	Service concession arrangements: Grantor
GRAP 108	-	Statutory receivables
GRAP 109	-	Accounting by principals and agents
IGRAP 17	-	Service concession arrangements where a grantor controls a significant residual interest in an asset
IGRAP 18	-	Recognition and derecognition of land
IGRAP 19	-	Liabilities to pay levies
Guideline	-	Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
IFRIC 22	-	Foreign-currency transactions and advance consideration
IFRIC 23	-	Uncertainty over income tax treatments

GRAP 108 has led to changes in the Entity's accounting policy for statutory receivables, as well as amendments to the classification of receivables (see note 36).

The impact of GRAP 20, 32 and 109, IGRAP 17, 18 and 19, IFRIC 22, as well as the Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme is immaterial, as the Entity already based its accounting policies on these standards in prior years.

STANDARDS AND INTERPRETATIONS EARLY-ADOPTED

The Entity has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on the Guideline on Accounting for Landfill Sites and the Guideline on the Application of Materiality in Financial Statements.

STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

Annual periods commencing on or after 1 April 2020:

GRAP 18	-	Segment reporting
GRAP 34	-	Separate financial statements
GRAP 35	-	Consolidated financial statements
GRAP 36	-	Investments in associates and joint ventures
GRAP 37	-	Joint arrangements
GRAP 38	-	Disclosure of interest in other entities
GRAP 110	-	Living and non-living resources
IGRAP 20	-	Accounting for adjustments to revenue to pay levies

These standards will be complied with in the financial statements once they take effect. Preliminary investigations indicated that GRAP 18 would require additional presentation and disclosure in the financial statements, while the impact of GRAP 34, 35, 36, 37, 38, 110 and IGRAP 20 would be immaterial.

STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE (continued)

Annual periods commencing on or after 1 April 2020:

- ✓ Guideline on Accounting for Landfill Sites
- ✓ Guideline on the Application of Materiality in Financial Statements

The Entity has based its accounting policies on these guidelines and the application of the guidelines will therefore have no impact on the financial statements.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, the City of Cape Town, and all its subsidiaries presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

SUBSIDIARIES

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act, Act 107 of 1997.

HOUSING DEVELOPMENT FUND

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, *inter alia*, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

UNREALISED HOUSING PROCEEDS

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the acquisition of property, plant and equipment, and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- ✓ The cash funds that back up the CRR are invested until utilised.
- ✓ The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- ✓ Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

INSURANCE RESERVES

SELF-INSURANCE RESERVE

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID) RESERVE

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act, Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the Entity to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Entity's continuing liability of the Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

DEPRECIATION RATES

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

PROPERTY, PLANT AND EQUIPMENT (continued)

DEPRECIATION RATES (continued)

	YEARS		YEARS
Infrastructure		Other	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Service concession	3-50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item’s fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

AMORTISATION RATES

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	YEARS
Acquisition of rights	8
Computer software	5–10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service unit approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset, as well as from its disposal at the end of its useful life.

IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

COMPOSITION OF ESTIMATES OF FUTURE CASH FLOWS

Estimates of future cash flows include:

- ✓ projections of cash inflows from the continuing use of the asset;
- ✓ projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- ✓ net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- ✓ cash inflows or outflows from financing activities; and
- ✓ income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm’s-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

DISCOUNT RATE

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES

Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Plants and compost are valued at the tariffs charged as an approximation of the net realisable value, as these are by-products of the operations of the nursery and the costs directly attributable to bringing these resource to the location and condition necessary for sale cannot be measured reliably.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values according to their age, condition and utility. Differences arising in the measurement of such inventories at the lower of cost and net realisable value are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories is recognised as an expense in the period during which the inventories are consumed, sold, distributed or written off, unless the cost qualifies for capitalisation to the cost of another asset.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

TAXATION

Taxation on the profit or loss for the year consists of current and deferred taxation. Taxation is recognised in profit or loss.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. A deferred taxation asset is reduced as the realisation of the tax benefit becomes no longer probable.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

EMPLOYEE BENEFITS

RETIREMENT BENEFIT PLANS

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

POST-RETIREMENT PENSION FUNDS

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for as an employee-related cost in the statement of financial performance in the year during which they occur.

POST-RETIREMENT MEDICAL AID: CONTINUED MEMBERS

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

EMPLOYEE BENEFITS (continued)

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value as appropriate on initial recognition.

Standard of GRAP 108 on statutory receivables does not require disclosure of the risk associated with these transactions. In the absence of such a requirement, the Entity has based its disclosure on Standard of GRAP 104, which deals with financial instruments. The risk exposure for these transactions is disclosed under a separate category, "Statutory receivables", in note 1 to these financial statements.

NON-DERIVATIVE FINANCIAL ASSETS

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

Investments at fair value

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

Investments at amortised cost

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

Investments at cost

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has substantially transferred all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

FINANCIAL INSTRUMENTS (continued)

NON-DERIVATIVE FINANCIAL LIABILITIES

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

DERIVATIVE FINANCIAL INSTRUMENTS

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and any changes are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables that arise from contractual rights are classified as contractual receivables, while receivables that arise from the operation of law are classified as statutory receivables.

Contractual receivables are initially recognised at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at the transaction amount of the corresponding exchange or non-exchange revenue transaction, and are subsequently measured at cost.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by Council. Where entities are required to have their budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The budget amounts are presented as a separate, additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

The budget amounts are those approved by Council both prior to and during the year, following a public participation process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ("Province"), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or potential services 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.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

REVENUE RECOGNITION (continued)

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- ✓ Interest earned on trust funds is allocated directly to the fund.
- ✓ Interest earned on unutilised conditional grants is allocated directly to the creditor "Unspent conditional grants and receipts" if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- ✓ The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ✓ The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- ✓ The amount of revenue can be reliably measured.
- ✓ The costs incurred or to be incurred in respect of the transaction can be reliably measured.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

Revenue from traffic fines is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act, Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

THE ENTITY AS LESSEE

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

THE ENTITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- ✓ receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ✓ expect to be repaid in future; or
- ✓ expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period during which they are incurred.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular, fruitless and wasteful expenditure is accounted for as an expense in the statement of financial performance and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenditures are disclosed in note 38.

SERVICES IN KIND

Services in kind are not recognised as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 22.

RELATED PARTIES

A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2020	Restated ¹ 2019	2020	Restated ¹ 2019
ASSETS					
Non-current assets		56 923 338	52 710 479	56 552 793	52 356 003
Property, plant and equipment	2	49 595 908	46 292 153	49 082 175	45 703 232
Heritage assets	3	10 269	10 280	10 269	10 280
Investment property	4	581 247	582 961	581 247	582 961
Intangible assets	5	605 366	701 217	599 678	693 178
Investments	6	5 960 366	4 976 372	6 267 808	5 342 559
Long-term receivables	7	11 616	23 793	11 616	23 793
Deferred taxation	32.1	158 566	123 703	-	-
Current assets		19 967 772	18 957 799	19 584 521	18 597 560
Inventory	8	434 472	438 058	431 504	435 991
Receivables	9	7 425 519	7 262 701	7 341 873	7 201 126
Investments	6	2 436 051	2 532 330	2 436 051	2 532 330
Taxation		663	3 002	-	-
Current portion of long-term receivables	7	8 524	8 838	8 524	8 838
Cash and cash equivalents	10	9 662 543	8 712 870	9 366 569	8 419 275
TOTAL ASSETS		76 891 110	71 668 278	76 137 314	70 953 563
LIABILITIES					
Non-current liabilities		13 303 872	13 154 744	13 299 092	13 148 024
Borrowings	11	6 876 669	6 277 657	6 871 889	6 270 937
Provisions	13	6 427 203	6 877 087	6 427 203	6 877 087
Current liabilities		9 943 152	9 217 308	9 777 564	9 114 290
Deposits	14	532 450	452 347	419 421	410 962
Provisions	15	1 388 623	1 153 552	1 384 347	1 147 975
Payables from exchange transactions	16	6 006 772	5 753 442	5 961 972	5 699 317
Unspent conditional grants and receipts	17	1 392 172	1 298 170	1 392 172	1 298 170
Value-added tax	18	174 689	130 270	173 298	130 270
Current portion of borrowings	11	448 446	429 527	446 354	427 596
TOTAL LIABILITIES		23 247 024	22 372 052	23 076 656	22 262 314
NET ASSETS					
Total net assets		53 644 086	49 296 226	53 060 658	48 691 249
Housing development fund	19	463 210	409 351	463 210	409 351
Reserves		5 175 985	4 389 568	5 175 985	4 389 568
Accumulated surplus		47 710 727	44 174 137	47 421 463	43 892 330
Non-controlling interest		294 164	323 170	-	-
TOTAL NET ASSETS AND LIABILITIES		76 891 110	71 668 278	76 137 314	70 953 563

¹ Comparative restated: See note 36 for more details.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2020	2019	2020	2019
REVENUE					
Exchange revenue		23 979 358	22 876 933	23 534 038	22 372 280
Service charges	20	20 866 331	19 754 555	20 880 394	19 765 158
Rental of letting stock and facilities		546 750	610 564	430 719	460 383
Finance income	21	1 603 709	1 411 195	1 582 511	1 391 166
Licences and permits		38 599	58 078	38 599	58 078
Agency services		200 585	230 144	200 585	230 144
Other income	22	670 902	688 962	348 779	344 089
Gains on disposal of property, plant and equipment		52 482	123 435	52 451	123 262
Non-exchange revenue		20 867 250	20 072 301	21 116 163	20 293 156
Finance income	21	109 465	92 302	109 465	92 302
Other income	22	131 010	25 533	370 404	242 162
Property rates	23	9 832 266	9 312 393	9 841 785	9 319 556
Fuel levy		2 570 486	2 558 136	2 570 486	2 558 136
Fines, penalties and forfeits		1 288 976	1 459 194	1 288 976	1 459 194
Government grants and subsidies	24	6 868 796	6 548 361	6 868 796	6 548 361
Public contributions	25	66 251	76 382	66 251	73 445
Total revenue		44 846 608	42 949 234	44 650 201	42 665 436
EXPENDITURE					
Employee-related costs	26	12 882 057	12 429 037	12 776 709	12 335 769
Remuneration of councillors and board members	39.2.2	159 812	153 100	158 912	152 357
Impairment costs	27	2 905 622	1 615 557	2 882 571	1 767 257
Collection costs		195 816	220 220	195 816	216 234
Depreciation and amortisation expenses ¹	2, 4, 5	2 961 174	2 857 735	2 901 939	2 802 364
Finance costs	28	808 599	754 000	807 898	753 155
Bulk purchases	29	9 871 770	8 644 621	9 871 770	8 644 621
Contracted services	30	2 294 109	2 066 606	2 113 850	2 009 736
Grants and subsidies paid		254 502	171 505	313 955	226 657
General expenses	31	8 193 641	7 586 422	8 251 342	7 505 576
Losses on disposal of property, plant and equipment		6 042	9 650	6 030	9 647
Total expenditure		40 533 144	36 508 453	40 280 792	36 423 373
NET SURPLUS FROM OPERATIONS		4 313 464	6 440 781	4 369 409	6 242 063
Surplus from operations before taxation		4 313 464	6 440 781	4 369 409	6 242 063
Taxation	32.2	34 396	(5 861)	-	-
NET SURPLUS FROM OPERATIONS		4 347 860	6 434 920	4 369 409	6 242 063
Attributable to owners of the controlling entity		4 376 866	6 429 704		
Attributable to non-controlling interest		(29 006)	5 216		
SURPLUS FOR THE YEAR		4 347 860	6 434 920		

¹ See annexure B for more details.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

ECONOMIC ENTITY						
	Housing develop-ment fund	Capital replace-ment reserve	Insurance reserves	Accumu-lated surplus	Non-controlling interest	Total
2019						
Balance as at 1 July 2018	359 289	2 527 463	578 328	39 078 272	317 954	42 861 306
Surplus for the year	-	-	-	6 429 704	5 216	6 434 920
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	44 174 137	323 170	49 296 226
2020						
Surplus for the year	-	-	-	4 376 866	(29 006)	4 347 860
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 710 727	294 164	53 644 086

MUNICIPALITY OF CAPE TOWN					
	Housing develop-ment fund	Capital replace-ment reserve	Insurance reserves	Accumu-lated surplus	Total
2019					
Balance as at 1 July 2018	359 289	2 527 463	578 328	38 984 106	42 449 186
Surplus for the year	-	-	-	6 242 063	6 242 063
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-
Balance as at 30 June 2019	409 351	3 800 793	588 775	43 892 330	48 691 249
2020					
Surplus for the year	-	-	-	4 369 409	4 369 409
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-
Balance as at 30 June 2020	463 210	4 561 164	614 821	47 421 463	53 060 658

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2020	2019	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		39 501 355	38 790 956	39 347 730	38 596 345
Cash paid to suppliers and employees		(33 445 347)	(30 261 445)	(33 265 559)	(30 085 454)
Cash generated from operations	33	6 056 008	8 529 511	6 082 171	8 510 891
Finance income		1 663 503	1 447 788	1 642 305	1 427 759
Finance costs		(719 628)	(693 161)	(718 927)	(692 316)
Taxation		1 872	(4 037)	-	-
NET CASH FROM OPERATING ACTIVITIES		7 001 755	9 280 101	7 005 549	9 246 334
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(6 034 689)	(5 466 264)	(5 970 668)	(5 392 818)
Proceeds on disposal of assets		73 524	152 679	73 195	151 009
Decrease in long-term receivables		10 826	7 513	10 826	7 513
Increase in investments		(886 819)	(936 183)	(886 819)	(936 202)
NET CASH FROM INVESTING ACTIVITIES		(6 837 158)	(6 242 255)	(6 773 466)	(6 170 498)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1 091 765	196 420	1 091 580	196 420
Repayment of borrowings		(386 792)	(370 744)	(384 828)	(368 901)
Increase in deposits		80 103	42 524	8 459	29 302
NET CASH FROM FINANCING ACTIVITIES		785 076	(131 800)	715 211	(143 179)
NET INCREASE IN CASH AND CASH EQUIVALENTS		949 673	2 906 046	947 294	2 932 657
Cash and cash equivalents at the beginning of the year		8 712 870	5 806 824	8 419 275	5 486 618
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		9 662 543	8 712 870	9 366 569	8 419 275

STATEMENT OF COMPARISON OF BUDGET
AND ACTUAL AMOUNTS - economic entity

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	37.2.1	56 752 376	56 752 376	57 230 780	-	57 230 780	(478 404)	(0,84)
Total current assets	i	18 216 685	18 216 685	20 161 471	-	20 161 471	(1 944 786)	(10,68)
Total assets		74 969 061	74 969 061	77 392 251	-	77 392 251	(2 423 190)	(3,23)
Total non-current liabilities	ii	14 923 452	14 923 452	13 303 873	-	13 303 873	1 619 579	10,85
Total current liabilities	iii	8 247 523	8 247 523	9 959 919	-	9 959 919	(1 712 396)	(20,76)
Total liabilities		23 170 975	23 170 975	23 263 792	-	23 263 792	(92 817)	(0,40)
Total net assets		51 798 086	51 798 086	54 128 459	-	54 128 459	(2 330 373)	(4,50)
Total net assets and liabilities		74 969 061	74 969 061	77 392 251	-	77 392 251	(2 423 190)	(3,23)
STATEMENT OF FINANCIAL PERFORMANCE								
Property rates	37.2.2	9 897 154	9 897 154	9 823 522	239 394	10 062 916	(165 762)	(1,67)
Service charges		19 705 480	19 705 480	20 875 075	(779 933)	20 095 142	(389 662)	(1,98)
Investment revenue	i	926 334	926 334	1 713 174	(408 418)	1 304 756	(378 422)	(40,85)
Transfers recognised – operational		7 861 301	7 861 301	4 898 031	2 655 667	7 553 698	307 603	3,91
Other own revenue	ii	3 110 767	3 110 767	5 559 244	(1 997 805)	3 561 439	(450 672)	(14,49)
Total revenue (excluding capital transfers and contributions)		41 501 036	41 501 036	42 869 046	(291 095)	42 577 951	(1 076 915)	(2,59)
Employee costs		14 064 210	14 044 017	12 882 057	(1 296)	12 880 761	1 163 256	8,28
Remuneration of councillors		180 439	180 439	159 812	8 608	168 420	12 019	6,66
Debt impairment	iii	2 487 569	2 487 569	2 804 045	-	2 804 045	(316 476)	(12,72)
Depreciation and asset impairment		3 234 280	3 234 280	3 004 005	-	3 004 005	230 275	7,12
Finance charges		801 559	803 129	808 599	6 509	815 108	(11 979)	(1,49)
Materials and bulk purchases		11 200 361	11 164 658	9 871 770	1 297 840	11 169 610	(4 952)	(0,04)
Transfers and grants	iv	592 157	598 468	254 501	139 509	394 010	204 458	34,16
Other expenditure	v	9 312 584	9 360 599	10 748 355	(1 767 992)	8 980 363	380 236	4,06
Total expenditure		41 873 159	41 873 159	40 533 144	(316 822)	40 216 322	1 656 837	3,96
Surplus		(372 123)	(372 123)	2 335 902	25 727	2 361 629	(2 733 752)	-
Transfers recognised – capital	vi	2 398 573	2 398 573	1 911 311	40 524	1 951 835	446 738	18,63
Contributions recognised – capital and contributed assets		-	-	66 251	(66 251)	-	-	-
Surplus after capital transfers and contributions		2 026 450	2 026 450	4 313 464	-	4 313 464	(2 287 014)	(112,86)

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET
AND ACTUAL AMOUNTS - economic entity (continued)

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT								
Net cash from operating	37.2.3	4 610 574	4 610 574	7 073 449	-	7 073 449	(2 462 875)	(53,42)
Net cash from investing	i	(6 271 340)	(6 271 340)	(6 837 208)	-	(6 837 208)	565 868	(9,02)
Net cash from financing		747 798	747 798	713 432	-	713 432	34 366	4,60
Net increase in cash and cash equivalents		(912 968)	(912 968)	949 673	-	949 673	(1 862 641)	204,02
Cash/cash equivalents at the year-end		7 530 759	7 530 759	9 366 569	-	9 366 569	(1 835 810)	(24,38)
CAPITAL EXPENDITURE								
Community Services and Health	37.3.1	331 634	331 634	283 502	(49)	283 453	48 181	14,53
Corporate Services	i	172 410	172 410	157 647	-	157 647	14 763	8,56
Economic Opportunities and Asset Management	ii	399 051	399 051	391 416	-	391 416	7 635	1,91
Energy and Climate Change	iii	697 874	697 874	622 239	-	622 239	75 635	10,84
Finance	iv	92 524	92 524	63 051	-	63 051	29 473	31,85
Human Settlements		899 243	899 243	1 050 193	(191 896)	858 297	40 946	4,55
Office of the City Manager	v	1 418	1 418	1 329	-	1 329	89	6,28
Safety and Security		437 414	437 414	429 428	-	429 428	7 986	1,83
Spatial Planning and Environment	vi	58 186	58 186	54 787	(11)	54 776	3 410	5,86
Transport	vii	1 245 863	1 245 863	873 070	-	873 070	372 793	29,92
Urban Management	viii	83 761	83 761	57 351	-	57 351	26 410	31,53
Water and Waste Services	ix, x	2 289 261	2 289 261	2 140 071	38 540	2 178 611	110 650	4,83
Subsidiaries	xi	70 963	70 963	64 021	-	64 021	6 942	9,78
Total		6 779 602	6 779 602	6 188 105	(153 416)	6 034 689	744 913	10,99

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Classification differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION								
Total non-current assets	37.2.1	55 951 867	55 951 867	56 552 793	-	56 552 793	(600 926)	(1,07)
Total current assets		18 040 216	18 040 216	19 584 521	-	19 584 521	(1 544 305)	(8,56)
Total assets		73 992 083	73 992 083	76 137 314	-	76 137 314	(2 145 231)	(2,90)
Total non-current liabilities	i	14 923 026	14 923 026	13 299 092	-	13 299 092	1 623 934	10,88
Total current liabilities	ii	8 163 924	8 163 924	9 777 564	-	9 777 564	(1 613 640)	(19,77)
Total liabilities		23 086 950	23 086 950	23 076 656	-	23 076 656	10 294	0,04
Total net assets		50 905 133	50 905 133	53 060 658	-	53 060 658	(2 155 525)	(4,23)
Total net assets and liabilities		73 992 083	73 992 083	76 137 314	-	76 137 314	(2 145 231)	(2,90)
FINANCIAL PERFORMANCE								
Property rates	37.2.2	9 897 154	9 897 154	9 841 785	239 394	10 081 179	(184 025)	(1,86)
Service charges		19 705 480	19 705 480	20 880 394	(779 933)	20 100 461	(394 981)	(2,00)
Investment revenue	i	9 124 73	9 124 73	1 691 976	(408 418)	1 283 558	(371 085)	(40,67)
Transfers recognised – operational		7 861 301	7 861 301	4 957 485	2 596 213	7 553 698	307 603	3,91
Other own revenue	ii	2 877 662	2 877 662	5 300 999	(1 938 351)	3 362 648	(484 986)	(16,85)
Total revenue (excluding capital transfers and contributions)		41 254 070	41 254 070	42 672 639	(291 095)	42 381 544	(1 127 474)	(2,73)
Employee costs		13 957 734	13 937 541	12 776 709	(1 296)	12 775 413	1 162 128	8,34
Remuneration of councillors		179 818	179 818	158 912	8 608	167 520	12 298	6,84
Debt impairment	iii	2 487 569	2 487 569	2 804 042	-	2 804 042	(316 473)	(12,72)
Depreciation and asset impairment		3 040 783	3 040 783	2 921 723	-	2 921 723	119 060	3,92
Finance charges		800 816	802 386	807 898	6 509	814 407	(12 021)	(1,50)
Materials and bulk purchases		11 200 361	11 164 658	9 871 770	1 297 840	11 169 610	(4 952)	(0,04)
Transfers and grants	iv	592 157	598 468	313 955	139 509	453 464	145 004	24,23
Other expenditure		9 179 521	9 227 536	10 625 783	(1 767 992)	8 857 791	369 745	4,01
Total expenditure		41 438 759	41 438 759	40 280 792	(316 822)	39 963 970	1 474 789	3,56
Surplus		(184 689)	(184 689)	2 391 847	25 727	2 417 574	(2 602 263)	-
Transfers recognised – capital	v	2 398 573	2 398 573	1 911 311	40 524	1 951 835	446 738	18,63
Contributions recognised – capital and contributed assets		-	-	66 251	(66 251)	-	-	-
Surplus after capital transfers and contributions		2 213 884	2 213 884	4 369 409	-	4 369 409	(2 155 525)	(97,36)

¹ See note 37 for more details.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - Municipality of Cape Town (continued)

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Note	Approved budget ¹	Final budget ¹	Actual per annual financial statements classification	Recognition differences ¹	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT								
Net cash from operating	37.2.3	4 575 259	4 575 259	7 005 549	-	7 005 549	(2 430 290)	(53,12)
Net cash from investing	i	(6 211 573)	(6 211 573)	(6 773 466)	-	(6 773 466)	561 893	(9,05)
Net cash from financing		747 798	747 798	715 211	-	715 211	32 587	4,36
Net increase in cash and cash equivalents		(888 516)	(888 516)	947 294	-	947 294	(1 835 810)	206,62
Cash/cash equivalents at the year-end		7 530 759	7 530 759	9 366 569	-	9 366 569	(1 835 810)	(24,38)
CAPITAL EXPENDITURE								
Community Services and Health	37.3.1	331 634	331 634	283 502	(49)	283 453	48 181	14,53
Corporate Services	i	172 410	172 410	157 647	-	157 647	14 763	8,56
Economic Opportunities and Asset Management	ii	399 051	399 051	391 416	-	391 416	7 635	1,91
Energy and Climate Change	iii	697 874	697 874	622 239	-	622 239	75 635	10,84
Finance	iv	92 524	92 524	63 051	-	63 051	29 473	31,85
Human Settlements		899 243	899 243	1 050 193	(191 896)	858 297	40 946	4,55
Office of the City Manager	v	1 418	1 418	1 329	-	1 329	89	6,28
Safety and Security		437 414	437 414	429 428	-	429 428	7 986	1,83
Spatial Planning and Environment	vi	58 186	58 186	54 787	(11)	54 776	3 410	5,86
Transport	vii	1 245 863	1 245 863	873 070	-	873 070	372 793	29,92
Urban Management	viii	83 761	83 761	57 351	-	57 351	26 410	31,53
Water and Waste Services	ix, x	2 289 261	2 289 261	2 140 071	38 540	2 178 611	110 650	4,83
Total		6 708 639	6 708 639	6 124 084	(153 416)	5 970 668	737 971	11,00

¹ See note 37 for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, the policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Total carrying amount	Fair value
2020				
Financial assets				
Investments	2 916 392	5 480 025	8 396 417	8 545 364
Long-term receivables	20 140	-	20 140	20 140
Contractual receivables	4 238 595	-	4 238 595	4 238 595
Cash and cash equivalents	8 392 977	1 269 566	9 662 543	9 662 543
TOTAL	15 568 104	6 749 591	22 317 695	22 466 642
Statutory assets				
Receivables	3 128 073	-	3 128 073	3 128 073
2019				
Financial assets				
Investments	2 644 041	4 864 661	7 508 702	7 598 769
Long-term receivables	32 631	-	32 631	32 631
Contractual receivables	4 217 134	-	4 217 134	4 217 134
Cash and cash equivalents	8 031 144	681 726	8 712 870	8 712 870
TOTAL	14 924 950	5 546 387	20 471 337	20 561 404
Statutory assets				
Receivables	2 737 275	-	2 737 275	2 737 275

The 2019 comparative amount has been restated – see note 36.

1. FINANCIAL RISK MANAGEMENT (continued)

MUNICIPALITY OF CAPE TOWN					
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
2020					
Financial assets					
Investments	2 916 392	5 480 025	307 442	8 703 859	8 852 806
Long-term receivables	20 140	-	-	20 140	20 140
Contractual receivables	4 152 881	-	-	4 152 881	4 152 881
Cash and cash equivalents	8 097 003	1 269 566	-	9 366 569	9 366 569
TOTAL	15 186 416	6 749 591	307 442	22 243 449	22 392 396
Statutory assets					
Receivables	3 130 318	-	-	3 130 318	3 130 318
2019					
Financial assets					
Investments	2 644 041	4 864 661	366 187	7 874 889	7 959 637
Long-term receivables	32 631	-	-	32 631	32 631
Contractual receivables	4 153 072	-	-	4 153 072	4 153 072
Cash and cash equivalents	7 737 549	681 726	-	8 419 275	8 419 275
TOTAL	14 567 293	5 546 387	366 187	20 479 867	20 564 615
Statutory assets					
Receivables	2 739 762	-	-	2 739 762	2 739 762

ECONOMIC ENTITY			
	Amortised cost	Total carrying amount	Fair value
2020			
Non-derivative financial liabilities			
Borrowings	7 325 115	7 325 115	8 012 381
Payables	5 016 065	5 016 065	5 016 065
TOTAL	12 341 180	12 341 180	13 028 446
2019			
Non-derivative financial liabilities			
Borrowings	6 707 184	6 707 184	7 218 312
Payables	4 839 444	4 839 444	4 839 444
TOTAL	11 546 628	11 546 628	12 057 756
Derivative financial liabilities			
Forward exchange contracts	56	56	56

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

MUNICIPALITY OF CAPE TOWN			
	Amortised cost	Total carrying amount	Fair value
2020			
Non-derivative financial liabilities			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	4 971 265	4 971 265	4 971 265
TOTAL	12 289 508	12 289 508	12 976 774
2019			
Non-derivative financial liabilities			
Borrowings	6 698 533	6 698 533	7 209 661
Payables	4 785 319	4 785 319	4 785 319
TOTAL	11 483 852	11 483 852	11 994 980
Derivative financial liabilities			
Forward exchange contracts	56	56	56

1.1 FAIR VALUES

The following table analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 FAIR VALUES (continued)

ECONOMIC ENTITY				
	Level 1	Level 2	Level 3	Total
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 325 115	-	-	7 325 115
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Financial liabilities				
Borrowings	6 698 533	-	-	6 698 533
Derivative financial assets				
Forward exchange contracts	56	-	-	56

MUNICIPALITY OF CAPE TOWN				
	Level 1	Level 2	Level 3	Total
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	2 044 201	4 705 390	-	6 749 591
Financial liabilities				
Borrowings	7 318 243	-	-	7 318 243
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	4 250 245	1 296 142	-	5 546 387
Financial liabilities				
Borrowings	6 698 533	-	-	6 698 533
Derivative financial liabilities				
Forward exchange contracts	56	-	-	56

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 LIQUIDITY RISK

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

ECONOMIC ENTITY				
	Up to 1 year	1-5 years	>5 years	Total
2020				
Non-derivative financial liabilities				
Borrowings	1 179 913	7 748 659	1 732 430	10 661 002
Capital repayments	448 584	5 496 939	1 379 592	7 325 115
Interest	731 329	2 251 720	352 838	3 335 887
Payables	5 016 065	-	-	5 016 065
TOTAL	6 195 978	7 748 659	1 732 430	15 677 067
MUNICIPALITY OF CAPE TOWN				
	Up to 1 year	1-5 years	>5 years	Total
2020				
Non-derivative financial liabilities				
Borrowings	1 177 684	7 744 016	1 732 430	10 654 130
Capital repayments	446 355	5 492 296	1 379 592	7 318 243
Interest	731 329	2 251 720	352 838	3 335 887
Payables	4 971 265	-	-	4 971 265
TOTAL	6 148 949	7 744 016	1 732 430	15 625 395

1.3 CREDIT RISK

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Financial assets	22 323 014	20 476 656	21 941 326	20 118 999
Investments	8 401 736	7 514 021	8 401 736	7 514 021
Long-term receivables - see note 7	20 140	32 631	20 140	32 631
Contractual receivables	4 238 595	4 217 134	4 152 881	4 153 072
Cash and cash equivalents	9 662 543	8 712 870	9 366 569	8 419 275
Statutory assets				
Receivables	3 128 073	2 737 275	3 130 318	2 739 762
TOTAL	25 451 087	23 213 931	25 071 644	22 858 761

The 2019 comparative amount has been restated - see note 36.

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 CREDIT RISK (continued)

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest trade debtors represent R231,06 million (2019: R174,30 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.

1.4 CAPITAL MANAGEMENT

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 PRICE RISK

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign-exchange rates, that may affect the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments **as at 30 June 2020** were as follows:

MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

ECONOMIC ENTITY					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	7,720	3 705 617	5 867 819	97 866	9 671 302
Cash and cash equivalents	4,770	8 392 977	-	-	8 392 977
TOTAL		12 098 594	5 867 819	97 866	18 064 279
Financial liabilities					
Borrowings	9,941	448 584	5 496 939	1 379 592	7 325 115

MUNICIPALITY OF CAPE TOWN					
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	7,720	3 705 617	5 867 819	97 866	9 671 302
Cash and cash equivalents	4,770	8 097 003	-	-	8 097 003
TOTAL		11 802 620	5 867 819	97 866	17 768 305
Financial liabilities					
Borrowings	9,941	446 355	5 492 296	1 379 592	7 318 243

Sensitivity analysis

Financial assets

As at 30 June 2020, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R181,29 million, with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a 1% movement in interest rates.

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 MARKET RISK (continued)

1.6.1 Interest rate risk (continued)

Financial liabilities

Changes in the interest rate **as at 30 June 2020** would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

2. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 933 547	(2 064 171)	3 869 376	5 551 734	(1 898 592)	3 653 142
Infrastructure	46 606 369	(14 877 557)	31 728 812	42 645 904	(13 397 550)	29 248 354
Community	5 121 508	(1 642 841)	3 478 667	9 483 241	(3 238 814)	6 244 427
Other	11 383 112	(6 399 128)	4 983 984	10 354 849	(5 926 826)	4 428 023
Service concession	6 123 470	(2 660 250)	3 463 220	1 382 175	(675 334)	706 841
Housing rental stock	3 237 642	(1 165 793)	2 071 849	3 102 806	(1 091 440)	2 011 366
TOTAL	78 405 648	(28 809 740)	49 595 908	72 520 709	(26 228 556)	46 292 153

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2020							
Land and buildings	3 653 142	192 800	189 121	(17)	(83 653)	(82 017)	3 869 376
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 428 023	(78 418)	1 440 784	(16 217)	(788 694)	(1 494)	4 983 984
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	46 292 153	80 639	6 153 727	(27 067)	(2 801 745)	(101 799)	49 595 908

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	3 424 439	213 062	101 935	(260)	(79 557)	(6 477)	3 653 142
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 094 893	(147 880)	1 253 498	(19 829)	(749 792)	(2 867)	4 428 023
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 736 668	(27 084)	5 357 605	(38 074)	(2 704 766)	(32 196)	46 292 153

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 501 874	(1 044 104)	3 457 770	4 159 361	(984 941)	3 174 420
Infrastructure	46 606 369	(14 877 557)	31 728 812	42 645 904	(13 397 550)	29 248 354
Community	5 121 508	(1 642 841)	3 478 667	9 483 241	(3 238 814)	6 244 427
Other	11 124 561	(6 242 704)	4 881 857	10 106 002	(5 788 178)	4 317 824
Service concession	6 123 470	(2 660 250)	3 463 220	1 382 175	(675 334)	706 841
Housing rental stock	3 237 642	(1 165 793)	2 071 849	3 102 806	(1 091 440)	2 011 366
TOTAL	76 715 424	(27 633 249)	49 082 175	70 879 489	(25 176 257)	45 703 232

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2020							
Land and buildings	3 174 420	192 800	149 700	-	(59 148)	(2)	3 457 770
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 317 824	(78 418)	1 417 983	(15 924)	(758 114)	(1 494)	4 881 857
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	45 703 232	80 639	6 091 505	(26 757)	(2 746 660)	(19 784)	49 082 175

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	43 153 766	(17 719)	5 286 847	(37 369)	(2 652 645)	(29 648)	45 703 232

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
Assets under construction - carrying value	2020	2019	2020	2019
Land and buildings	80 214	62 982	-	-
Infrastructure	3 096 336	2 525 750	3 096 336	2 525 750
Community	98 487	168 214	98 487	168 214
Service concession	39 276	-	39 276	-
Other	279 911	218 124	279 911	218 124
TOTAL	3 594 224	2 975 070	3 514 010	2 912 088

PPE projects

Significantly delayed

Land and buildings	80 214	62 982	-	-
Infrastructure	12 050	13 517	12 050	13 517
Community	5 864	568	5 864	568
TOTAL	98 128	77 067	17 914	14 085

The significant delays in the current year mainly relate to delays in the completion of certain Information Systems and Technology (IS&T) broadband infrastructure worth R4,92 million, and the roll-out of a new law enforcement base worth R5,21 million.

Also included are the costs incurred for the expansion of the Convention Centre (CTICC 2), as well as the remaining portion of works and other projects at CTICC 1.

Halted

Infrastructure	4 052	133 996	4 052	133 996
Community	379	17 366	379	17 366
TOTAL	4 431	151 362	4 431	151 362

The halted projects in the current year mainly relate to the temporary shutdown of turbines at the Wemmershoek dam worth R3,17 million.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
Capital commitments - approved and contracted for capital expenditure	2020	2019	2020	2019
Infrastructure	3 465 411	3 294 374	3 465 411	3 294 374
Community	35 866	3 864	35 866	3 864
Other	156 860	74 607	154 538	56 299
TOTAL	3 658 137	3 372 845	3 655 815	3 354 537

Capital commitments represent future capital expenditure, exclusive of VAT. The Entity is obligated to spend these amounts due to signed contracts with suppliers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Repairs and maintenance

An amount of R2,71 billion (2019: R2,60 billion) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 36).

Service concession assets

The City has made service concession arrangements with three operators on the MyCiTi integrated rapid transit (IRT) system, as well as with the Cape Town Stadium (RF) SOC. Included are IRT buses, related depots and Cape Town Stadium. The City does, however, retain full control over the nature and extent of the services that the operators must perform.

Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R0,76 million (2019: R12,77 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets

A value-in-use amount of R430,6 million (2019: R512,9 million) was determined for the CTICC 1 and CTICC 2 buildings combined. The current carrying value of R512,6 million (2019: R515,4 million) was established for the relevant assets in that cash-generating unit. This has resulted in the recognition of an impairment loss of R82,0 million (2019: R2,5 million).

The considerations, methods and significant assumptions applied in arriving at the value-in-use are as follows:

- (a) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- (b) The value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.
- (c) No value could be attached to the Convention Centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- (d) The two buildings of the business are considered a single cash-generating unit and are evaluated accordingly when testing for impairment.
- (e) The value-in-use was estimated using a discounted flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional four years, assuming inflationary revenue growth of 7% for both CTICC 1 and CTICC 2.
- (f) A discount rate of 13,23% (2019: 13,41%) was used. This was calculated using the risk-free rate of 9,23% (2019: 8,10%) associated with the R2030 bond, adjusted by 4,00 percentage points to take into account the company's long-term borrowing cost of 6,50% (2019: 9,30%), a beta coefficient of 0,76 (2019: 0,90), as well as a market risk premium of 6,10% (2019: 6,10%) for uncertainty regarding the timing and extent of future cash flows.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 269	-	10 269	10 280	-	10 280

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2020					
Paintings and museum items	10 280	-	-	(11)	10 269

(See annexure B for more details.)

As at 30 June 2019

Paintings and museum items	8 891	-	1 389	-	10 280
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Heritage assets are held at cost, as it is impractical to determine their fair value.

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 269	-	10 269	10 280	-	10 280

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2020					
Paintings and museum items	10 280	-	-	(11)	10 269

(See annexure B for more details.)

As at 30 June 2019

Paintings and museum items	8 891	-	1 389	-	10 280
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4. INVESTMENT PROPERTY

	ECONOMIC ENTITY					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(61 396)	581 247	642 643	(59 682)	582 961

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2020						
Land and buildings	582 961	-	-	(1 714)	-	581 247

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961
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	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(61 396)	581 247	642 643	(59 682)	582 961

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2020						
Land and buildings	582 961	-	-	(1 714)	-	581 247

(See annexure B for more details.)

As at 30 June 2019

Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961
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Repairs and maintenance

An amount of R2,37 million (2019: R4,58 million) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(424 815)	136 626	561 441	(354 637)	206 804
Computer software	1 201 811	(733 071)	468 740	1 140 773	(646 360)	494 413
TOTAL	1 763 252	(1 157 886)	605 366	1 702 214	(1 000 997)	701 217

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
As at 30 June 2020						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	494 413	27 492	34 378	(87 537)	(6)	468 740
TOTAL	701 217	27 492	34 378	(157 715)	(6)	605 366

(See annexure B for more details.)

As at 30 June 2019

Acquisition of rights	276 984	-	-	(70 180)	-	206 804
Computer software	439 056	26 302	110 130	(81 075)	-	494 413
TOTAL	716 040	26 302	110 130	(151 255)	-	701 217

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(424 815)	136 626	561 441	(354 637)	206 804
Computer software	1 188 862	(725 810)	463 052	1 129 306	(642 932)	486 374
TOTAL	1 750 303	(1 150 625)	599 678	1 690 747	(997 569)	693 178

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposal	Carrying value
As at 30 June 2020						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	486 374	27 492	32 579	(83 387)	(6)	463 052
TOTAL	693 178	27 492	32 579	(153 565)	(6)	599 678

As at 30 June 2019

Acquisition of rights	276 984	-	-	(70 180)	-	206 804
Computer software	439 025	17 732	107 442	(77 825)	-	486 374
TOTAL	716 009	17 732	107 442	(148 005)	-	693 178

6. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	8 067 159	-	-	8 067 159
Deposits held with fund managers	-	6 749 591	-	6 749 591
	10 910 398	6 749 591	-	17 659 989
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 905 079	6 749 591	-	17 654 670
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents - see note 10	(7 988 687)	(1 269 566)	-	(9 258 253)
TOTAL	2 819 839	3 140 527	-	5 960 366

As at 30 June 2019

RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 669 483	-	-	7 669 483
Deposits held with fund managers	-	5 546 387	-	5 546 387
	10 255 496	5 546 387	-	15 801 883
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	10 250 177	5 546 387	-	15 796 564
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents - see note 10	(7 606 136)	(681 726)	-	(8 287 862)
TOTAL	2 570 708	2 405 664	-	4 976 372



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

6. INVESTMENTS (continued)

MUNICIPALITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
Shares in CTICC	-	-	833 998	833 998
	10 741 429	6 749 591	833 998	18 325 018
Provision for impairment	(5 319)	-	(526 556)	(531 875)
Net investments	10 736 110	6 749 591	307 442	17 793 143
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
TOTAL	2 819 839	3 140 527	307 442	6 267 808
As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
Net investments	10 079 117	5 546 387	366 187	15 991 691
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 10	(7 435 076)	(681 726)	-	(8 116 802)
TOTAL	2 570 708	2 405 664	366 187	5 342 559

Guaranteed investment instruments

A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for the repayment of long-term liabilities – see note 11.

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits that have been reduced to a carrying value of Rnil in the current year (2019: R20 000), which were pledged as security deposits for securing staff home loans with financial institutions.

The City has not issued fixed deposits as security since 2000, and no further pledges of this kind will be made in the future.

Compensation for occupational injuries and diseases (COID investments)

In terms of the COID Act, Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R72,01 million (2019: R82,57 million) and cash backed guarantees of R78,47 million (2019: R63,34 million).

7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Exchange transactions				
Other	703	897	703	897
Provision for impairment	(210)	(273)	(210)	(273)
	493	624	493	624
Housing selling developments	23 256	33 888	23 256	33 888
Provision for impairment	(3 609)	(1 881)	(3 609)	(1 881)
	19 647	32 007	19 647	32 007
	20 140	32 631	20 140	32 631
Transferred to current receivables	(8 524)	(8 838)	(8 524)	(8 838)
TOTAL	11 616	23 793	11 616	23 793
	2020	2019	2020	2019
Reconciliation of impairment provision				
Balance at beginning of the year	2 154	12 002	2 154	12 002
Contribution to/from provisions	1 665	(9 848)	1 665	(9 848)
Balance as at 30 June	3 819	2 154	3 819	2 154

7.1 OTHER

Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20–40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1% and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

7.2 HOUSING SELLING DEVELOPMENT LOANS

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,25% (2019: 10,25%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties, resulting in an increase in the level of payments received, and has therefore seen a significant decrease in the provision for impairment.

7.3 PAYMENTS MADE IN ADVANCE

A payment relating to the Urban Settlement Development Grant (USDG) was paid in advance to Province's Department of Human Settlements for the construction of certain housing development infrastructure. These projects were completed and the infrastructure transferred to the City in the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

8. INVENTORY

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Consumable stock	296 382	331 558	293 414	329 491
Water	48 686	48 631	48 686	48 631
Other goods held for use/resale	89 404	57 869	89 404	57 869
TOTAL	434 472	438 058	431 504	435 991

Inventory to the value of R3,56 million (2019: R0,52 million) was scrapped during the year, and R468,25 million (2019: R579,57 million) was expensed.

9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
From non-exchange transactions	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
Property rates debtors	3 713 518	(1 202 448)	2 511 070	3 234 505	(989 747)	2 244 758
CID property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Government subsidies	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Contractual	9 226 860	(4 929 414)	4 297 446	8 405 752	(3 880 326)	4 525 426
From exchange transactions	9 209 285	(4 929 414)	4 279 871	8 373 630	(3 880 326)	4 493 304
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Other receivables	734 789	(200 225)	534 564	507 802	(160 391)	347 411
Payments made in advance	58 851	-	58 851	116 396	-	116 396
From non-exchange transactions	17 575	-	17 575	32 122	-	32 122
Other receivables	17 575	-	17 575	32 122	-	32 122
TOTAL	15 206 154	(7 780 635)	7 425 519	13 690 332	(6 427 631)	7 262 701

As at 30 June 2020, the receivables balance included an amount of R267,00 million (2019: R241,28 million) owed by National Government and Province.

9. RECEIVABLES (continued)

RECONCILIATION OF IMPAIRMENT PROVISION

	ECONOMIC ENTITY		
	Statutory	Contractual	Total
2020			
Balance at beginning of the year	2 547 305	3 880 326	6 427 631
Contributions to provisions	1 276 221	1 497 787	2 774 008
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	2 851 221	4 929 414	7 780 635

2019

Balance at beginning of the year	2 275 223	3 641 212	5 916 435
Contributions to provisions	1 280 079	664 605	1 944 684
Transfers from provisions	(6 087)	(1 128)	(7 215)
Bad debts written off	(1 001 910)	(424 363)	(1 426 273)
Balance as at 30 June	2 547 305	3 880 326	6 427 631

ANALYSIS OF RECEIVABLES' AGE IN DAYS

	ECONOMIC ENTITY					
	STATUTORY RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275
Property rates debtors	3 713 518	(1 202 448)	2 511 070	3 234 505	(989 747)	2 244 758
Not past due date	1 662 410	-	1 662 410	1 783 211	(75 870)	1 707 341
Past due						
0-90	528 212	(4 820)	523 392	160 524	(6 820)	153 704
91-180	227 587	(36 408)	191 179	172 572	(7 332)	165 240
181-365	250 488	(110 490)	139 998	228 168	(9 695)	218 473
365+	1 044 821	(1 050 730)	(5 909)	890 030	(890 030)	-
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Not past due date	31 228	(418)	30 810	27 493	(1 912)	25 581
Past due						
0-90	26 400	(354)	26 046	9 035	(628)	8 407
91-180	7 631	(102)	7 529	17 445	(1 213)	16 232
181-365	5 481	(73)	5 408	6 589	(459)	6 130
365+	5 516	(5 516)	-	754	(754)	-
Government subsidies	205 828	-	205 828	99 856	-	99 856
Not past due date	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Past due						
0-90	165 958	(137 398)	28 560	298 727	(244 531)	54 196
91-180	304 853	(252 389)	52 464	270 670	(221 565)	49 105
181-365	573 836	(475 082)	98 754	506 140	(414 315)	91 825
365+	939 045	(777 441)	161 604	813 366	(672 181)	141 185
TOTAL	5 979 294	(2 851 221)	3 128 073	5 284 580	(2 547 305)	2 737 275

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

ECONOMIC ENTITY						
	CONTRACTUAL RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	9 209 285	(4 929 414)	4 279 668	8 373 630	(3 880 326)	4 301 408
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Not past due date	847 990	-	847 990	921 748	(20 239)	901 509
Past due						
0-90	587 898	(3 141)	584 757	383 621	(8 423)	375 198
91-180	137 516	(21 553)	115 963	76 601	(1 682)	74 919
181-365	121 458	(47 937)	73 521	123 020	(2 702)	120 318
365+	398 495	(387 684)	10 811	326 819	(326 819)	-
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Not past due date	284 947	-	284 947	465 228	(60 092)	405 136
Past due						
0-90	410 902	(30 981)	379 921	280 770	(36 266)	244 504
91-180	229 282	(74 644)	154 638	169 128	(21 846)	147 282
181-365	298 011	(152 255)	145 756	693 459	(89 572)	603 887
365+	1 836 165	(1 813 643)	22 522	1 415 813	(1 415 813)	-
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Not past due date	105 619	-	105 619	131 139	(15 500)	115 639
Past due						
0-90	142 479	(16 334)	126 145	88 237	(10 429)	77 808
91-180	86 625	(42 180)	44 445	37 129	(4 389)	32 740
181-365	138 328	(87 553)	50 775	71 377	(8 436)	62 941
365+	447 854	(438 355)	9 499	360 117	(360 117)	-
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Not past due date	315 753	-	315 753	261 506	(27 275)	234 231
Past due						
0-90	203 400	(9 517)	193 883	60 455	(6 306)	54 149
91-180	94 892	(36 263)	58 629	67 955	(7 088)	60 867
181-365	124 515	(69 917)	54 598	186 613	(19 463)	167 150
365+	640 523	(629 039)	11 484	524 000	(524 000)	-
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Not past due date	78 154	(53 533)	24 621	78 082	(21 364)	56 718
Past due						
0-90	66 968	(45 871)	21 097	34 788	(9 518)	25 270
91-180	24 222	(16 591)	7 631	21 228	(5 808)	15 420
181-365	69 007	(47 267)	21 740	51 148	(13 994)	37 154
365+	523 745	(523 745)	-	529 038	(529 038)	-

9. RECEIVABLES (continued)

ECONOMIC ENTITY						
	CONTRACTUAL RECEIVABLES (continued)					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Not past due date	2 917	(731)	2 186	2 091	(151)	1 940
Past due						
0-90	15 339	(4 344)	10 995	14 287	(1 580)	12 707
91-180	(1 455)	354	(1 101)	883	(44)	839
181-365	10 158	(2 527)	7 631	9 759	(484)	9 275
365+	173 938	(173 938)	-	171 497	(171 497)	-
Other receivables	734 789	(200 225)	534 361	507 802	(160 391)	347 411
Not past due date	454 632	(3 017)	451 615	234 811	(2 050)	232 761
Past due						
0-90	64 990	(5 018)	59 972	90 346	(2 685)	87 661
91-180	(11 015)	698	(10 520)	15 419	(571)	14 848
181-365	36 836	(7 925)	28 911	12 550	(409)	12 141
365+	189 346	(184 963)	4 383	154 676	(154 676)	-
Payments made in advance	58 851	-	58 851	308 292	-	308 292
Not past due date	58 851	-	58 851	308 292	-	308 292
FROM NON-EXCHANGE TRANSACTIONS						
Other receivables	17 575	-	17 575	32 122	-	32 122
Not past due date	17 575	-	17 575	32 122	-	32 122
TOTAL	9 226 860	(4 929 414)	4 297 243	8 405 752	(3 880 326)	4 525 426

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts. Debtors to the value of R735,47 million (2019: R836,57 million) have arranged to repay their outstanding debt over a renegotiated period.

The 2019 comparative amount has been restated – see note 36.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
From non-exchange transactions	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
Property rates debtors	3 715 763	(1 202 448)	2 513 315	3 236 992	(989 747)	2 247 245
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Government subsidies	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Contractual	9 139 683	(4 928 128)	4 211 555	8 340 007	(3 878 643)	4 461 364
From exchange transactions	9 122 108	(4 928 128)	4 193 980	8 307 885	(3 878 643)	4 429 242
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Other receivables	647 789	(198 939)	448 850	442 057	(158 708)	283 349
Payments made in advance	58 674	-	58 674	308 292	-	308 292
From non-exchange transactions	17 575	-	17 575	32 122	-	32 122
Other receivables	17 575	-	17 575	32 122	-	32 122
TOTAL	15 121 222	(7 779 349)	7 341 873	13 627 074	(6 425 948)	7 201 126

RECONCILIATION OF IMPAIRMENT PROVISION

2020

	Statutory	Contractual	Total
Balance at beginning of the year	2 547 305	3 878 643	6 425 948
Contributions to provisions	1 276 221	1 498 184	2 774 405
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	2 851 221	4 928 128	7 779 349

2019

Balance at beginning of the year	2 275 223	3 640 134	5 915 357
Contributions to provisions	1 280 079	664 000	1 944 079
Transfers from provisions	(6 087)	(1 128)	(7 215)
Bad debts written off	(1 001 910)	(424 363)	(1 426 273)
Balance as at 30 June	2 547 305	3 878 643	6 425 948

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS

MUNICIPALITY OF CAPE TOWN						
	STATUTORY RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762
Property rates debtors	3 715 763	(1 202 448)	2 513 315	3 236 992	(989 747)	2 247 245
Not past due date	1 664 655	-	1 664 655	1 785 698	(75 870)	1 709 828
Past due						
0-90	528 212	(4 820)	523 392	160 524	(6 820)	153 704
91-180	227 587	(36 408)	191 179	172 572	(7 332)	165 240
181-365	250 488	(110 490)	139 998	228 168	(9 695)	218 473
365+	1 044 821	(1 050 730)	(5 909)	890 030	(890 030)	-
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	6 350
Not past due date	31 228	(418)	30 810	27 493	(1 912)	25 581
Past due						
0-90	26 400	(354)	26 046	9 035	(628)	8 407
91-180	7 631	(102)	7 529	17 445	(1 213)	16 232
181-365	5 481	(73)	5 408	6 589	(459)	6 130
365+	5 516	(5 516)	-	754	(754)	-
Government subsidies	205 828	-	205 828	99 856	-	99 856
Not past due date	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Past due						
0-90	165 958	(137 398)	28 560	298 727	(244 531)	54 196
91-180	304 853	(252 389)	52 464	270 670	(221 565)	49 105
181-365	573 836	(475 082)	98 754	506 140	(414 315)	91 825
365+	939 045	(777 441)	161 604	813 366	(672 181)	141 185
TOTAL	5 981 539	(2 851 221)	3 130 318	5 287 067	(2 547 305)	2 739 762

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	CONTRACTUAL RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	9 122 108	(4 928 128)	4 193 980	8 307 885	(3 878 643)	4 429 242
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Not past due date	847 990	-	847 990	921 748	(20 239)	901 509
Past due						
0-90	587 898	(3 141)	584 757	383 621	(8 423)	375 198
91-180	137 516	(21 553)	115 963	76 601	(1 682)	74 919
181-365	121 458	(47 937)	73 521	123 020	(2 702)	120 318
365+	398 495	(387 684)	10 811	326 819	(326 819)	-
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Not past due date	284 947	-	284 947	465 228	(60 092)	405 136
Past due						
0-90	410 902	(30 981)	379 921	280 770	(36 266)	244 504
91-180	229 282	(74 644)	154 638	169 128	(21 846)	147 282
181-365	298 011	(152 255)	145 756	693 459	(89 572)	603 887
365+	1 836 165	(1 813 643)	22 522	1 415 813	(1 415 813)	-
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Not past due date	105 619	-	105 619	131 139	(15 500)	115 639
Past due						
0-90	142 479	(16 334)	126 145	88 237	(10 429)	77 808
91-180	86 625	(42 180)	44 445	37 129	(4 389)	32 740
181-365	138 328	(87 553)	50 775	71 377	(8 436)	62 941
365+	447 854	(438 355)	9 499	360 117	(360 117)	-
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Not past due date	315 753	-	315 753	261 506	(27 275)	234 231
Past due						
0-90	203 400	(9 517)	193 883	60 455	(6 306)	54 149
91-180	94 892	(36 263)	58 629	67 955	(7 088)	60 867
181-365	124 515	(69 917)	54 598	186 613	(19 463)	167 150
365+	640 523	(629 039)	11 484	524 000	(524 000)	-
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Not past due date	78 154	(53 533)	24 621	78 082	(21 364)	56 718
Past due						
0-90	66 968	(45 871)	21 097	34 788	(9 518)	25 270
91-180	24 222	(16 591)	7 631	21 228	(5 808)	15 420
181-365	69 007	(47 267)	21 740	51 148	(13 994)	37 154
365+	523 745	(523 745)	-	529 038	(529 038)	-

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN						
	CONTRACTUAL RECEIVABLES (continued)					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Not past due date	2 917	(731)	2 186	2 091	(151)	1 940
Past due						
0-90	15 339	(4 344)	10 995	14 287	(1 580)	12 707
91-180	(1 455)	354	(1 101)	883	(44)	839
181-365	10 158	(2 527)	7 631	9 759	(484)	9 275
365+	173 938	(173 938)	-	171 497	(171 497)	-
Other receivables	647 789	(198 939)	448 850	442 057	(158 708)	283 349
Not past due date	367 835	(1 731)	366 104	234 811	(2 050)	232 761
Past due						
0-90	64 990	(5 018)	59 972	25 959	(1 002)	24 957
91-180	(11 218)	698	(10 520)	14 061	(571)	13 490
181-365	36 836	(7 925)	28 911	12 550	(409)	12 141
365+	189 346	(184 963)	4 383	154 676	(154 676)	-
Payments made in advance	58 674	-	58 674	308 292	-	308 292
Not past due date	58 674	-	58 674	308 292	-	308 292
FROM NON-EXCHANGE TRANSACTIONS						
Other receivables	17 575	-	17 575	32 122	-	32 122
Not past due date	17 575	-	17 575	32 122	-	32 122
TOTAL	9 139 683	(4 928 128)	4 211 555	8 340 007	(3 878 643)	4 461 364

10. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Amortised cost	8 392 977	8 031 144	8 097 003	7 737 549
Bank balance*	377 146	368 324	250 376	245 953
Year-end accruals	35	473	35	473
Cash on hand and in transit	27 109	56 211	26 874	56 047
Call and short-term deposits - see note 6	7 988 687	7 606 136	7 819 718	7 435 076
Fair value - see note 6	1 269 566	681 726	1 269 566	681 726
Call and short-term deposits	1 258 161	668 840	1 258 161	668 840
Bank accounts managed by fund managers*	11 405	12 886	11 405	12 886
TOTAL	9 662 543	8 712 870	9 366 569	8 419 275

* See annexure C for more details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

11. BORROWINGS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Marketable bonds	5 059 968	5 163 986	5 059 968	5 163 986
Concessionary loans	2 191 609	1 431 797	2 191 609	1 431 797
Other loans	73 538	111 401	66 666	102 750
Subtotal - see annexure A for more details	7 325 115	6 707 184	7 318 243	6 698 533
Transferred to current liabilities	(448 446)	(429 527)	(446 354)	(427 596)
TOTAL	6 876 669	6 277 657	6 871 889	6 270 937
A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for the repayment of long-term liabilities - see note 6.				
MARKETABLE BONDS	5 059 968	5 163 986	5 059 968	5 163 986
Marketable bonds	5 059 968	5 163 986	5 059 968	5 163 986
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,95 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).				
CONCESSIONARY LOANS	2 191 609	1 431 797	2 191 609	1 431 797
Agence Française de Développement (AFD)	1 165 246	1 297 027	1 165 246	1 297 027
An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2020 was R1,27 billion (2019: R1,43 billion).				
Development Bank of Southern Africa (DBSA)	-	3 878	-	3 878
An unsecured fixed-term concessionary loan, which bore 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 was fully paid on 30 June 2020.				

11. BORROWINGS(continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
CONCESSIONARY LOANS (continued)	73 538	111 401	66 666	102 750
KfW Development Bank	1 026 363	130 892	1 026 363	130 892
An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2020 was R1,16 billion (2019: R153 million).				
OTHER LOANS	73 538	111 401	66 666	102 750
DBSA	66 666	102 750	66 666	102 750
Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. One of these loans was repaid in full on 30 June 2020. The balance will be fully repaid on 31 December 2022.				
ABSA - Brackenfell Business Improvement District NPC	185	30	-	-
This loan is secured by motor vehicles, bears interest at a prime-related interest rate, and is repayable in monthly instalments as agreed with ABSA.				
DBSA - Claremont Road Bypass Company	6 608	8 452	-	-
Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum.				
Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009.				
Secured by an agreement of cession from Claremont Improvement District Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont Improvement District ratepayers in terms of the cooperation agreement.				
The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont Improvement District.				
Nedbank - Montague Gardens	79	169	-	-
This liability is secured by a motor vehicle, attracts interest at a rate of between 12,25% and 12,5% per annum, and is repayable over a remaining period of 21 months.				
TOTAL - see annexure A for more details	7 325 115	6 707 184	7 318 243	6 698 533

For more details about short-term debt facilities available to the Entity, see annexure C.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

12. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,35 billion (2019: R1,21 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

12.1 DEFINED-BENEFIT SCHEMES

LA Retirement Fund (multi-employer fund)

The latest statutory actuarial valuation of the fund was performed at 30 June 2019, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The funding basis valuation indicated an R11,2 million surplus with an overall funding level of 100,3% for the DB section and pensioners account respectively at the financial year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan, and according to its latest statutory valuation of 1 July 2018, showed a deficit of R394,3 million and a funding level of 97,3% prior to the establishment of any contingency reserves. As a result, the fund is not considered financially sound in terms of Notice No. 2 of 2016 issued by the Financial Sector Conduct Authority (FSCA). The fund has since submitted a scheme of arrangement (SOA) to the Registrar of Pension Funds in terms of section 18 of the Pension Funds Act to return the fund to a financially sound position.

The SOA requests that all participating employers contribute an additional 2% per annum from 1 July 2020, over the next five to six years. The City is currently engaged in disputing this SOA. A provision of R13,85 million has been included in "Post-retirement pension benefits" (note 13), of which R1,95 million is payable in 2020/21.

12.2 DEFINED-CONTRIBUTION SCHEMES

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

12. RETIREMENT BENEFIT INFORMATION (continued)

12.3 DEFINED-BENEFIT AND DEFINED-CONTRIBUTION SCHEME

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2018, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2019.

	DB section	DC section	Total
In-service members	180	9 447	9 627
Pensioners	2 552	2 173	4 725
Membership as at 30 June 2019	2 732	11 620	14 352

	2019 R'million	2018 R'million
Past-service position: DC section	11 958	11 489
DB section	3 815	3 952
Total liabilities	15 773	15 441
Assets valued at market value	15 840	15 548
Actuarial surplus	-	-

	2020 %	2019 %
Key financial assumptions		
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,72	0,64
Post-retirement	2,72	2,64
Normal retirement age	65 years	65 years

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

13. PROVISIONS (NON-CURRENT)

	ECONOMIC ENTITY					
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2020						
Opening balance	618 284	345 888	5 888 106	13 534	11 275	6 877 087
Interest costs	59 063	45 003	622 706	1 529	-	728 301
Service costs	54 893	-	97 246	466	-	152 605
Benefit/rehabilitation payments	(70 025)	(1 156)	(263 873)	(815)	-	(335 869)
Additional provision raised	-	-	-	13 845	-	13 845
Actuarial gains	(36 738)	-	(894 708)	(3 656)	-	(935 102)
Change in provision	-	(65 441)	-	-	-	(65 441)
Transferred from current provisions	86 529	54 850	259 038	2 149	-	402 566
	712 006	379 144	5 708 515	27 052	11 275	6 837 992
Current portion of provision	(49 434)	(79 287)	(278 610)	(3 458)	-	(410 789)
TOTAL	662 572	299 857	5 429 905	23 594	11 275	6 427 203

	MUNICIPALITY OF CAPE TOWN					
	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2020						
Opening balance	618 284	345 888	5 888 106	13 534	11 275	6 877 087
Interest costs	59 063	45 003	622 706	1 529	-	728 301
Service costs	54 893	-	97 246	466	-	152 605
Benefit/rehabilitation payments	(70 025)	(1 156)	(263 873)	(815)	-	(335 869)
Additional provision raised	-	-	-	13 845	-	13 845
Actuarial gains	(36 738)	-	(894 708)	(3 656)	-	(935 102)
Change in provision	-	(65 441)	-	-	-	(65 441)
Transferred from current provisions	86 529	54 850	259 038	2 149	-	402 566
	712 006	379 144	5 708 515	27 052	11 275	6 837 992
Current portion of provision	(49 434)	(79 287)	(278 610)	(3 458)	-	(410 789)
TOTAL	662 572	299 857	5 429 905	23 594	11 275	6 427 203

13. PROVISIONS (NON-CURRENT) (continued)

13.1 LONG-SERVICE LEAVE BENEFITS

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of ten 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 2020 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2020 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

	2020	2019
Key financial assumptions	%	%
Discount rate	11,26	8,38
Consumer price inflation	7,16	5,28
Salary increase	8,16	6,28

13.2 ENVIRONMENTAL REHABILITATION

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2020.

	2020	2019
Key cost parameters		
Estimated dates of reaching full capacity	Between 2018 and 2031	Between 2018 and 2032
Estimated post-closure rehabilitation time	4 years	4 years
Period for monitoring post-closure	30 years	30 years
Average estimated annual inflation rate	3,82%	4,65%
Discount rate at the average borrowing rate	13,02%	11,23%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

13. PROVISIONS (NON-CURRENT) (continued)

13.3 POST-RETIREMENT HEALTHCARE DEFINED BENEFITS

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2020 constituted 6 224 (2019: 6 708) in-service members and 6 963 (2019: 6 898) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

	2020 %	2019 %
Key financial assumptions		
Discount rate	13,90	10,13
Consumer price index	9,24	6,70
Healthcare cost inflation rate	11,24	8,70

	Change in assumption	Liability	Service costs	Interest costs
Sensitivity analysis				
Assumptions used		5 708 516	79 244	793 484
Healthcare inflation	1% decrease	5 097 558	67 053	708 560
	1% increase	6 433 570	94 166	894 266
Post-retirement mortality	20% decrease	6 196 654	85 333	861 335
	20% increase	5 319 489	74 331	739 409

13. PROVISIONS (NON-CURRENT) (continued)

13.4 POST-RETIREMENT PENSION DEFINED BENEFITS

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2020 was 16 (2019: 17) in-service employees and 55 (2019: 60) 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 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon index-linked government bond curve.

	2020 %	2019 %
Key financial assumptions		
Discount rate	12,81	9,75
Consumer price inflation	8,23	6,40
General salary inflation rate	10,23	8,40

14. DEPOSITS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Electricity and water	405 503	395 723	405 503	395 723
Other deposits	126 947	56 624	13 918	15 239
TOTAL	532 450	452 347	419 421	410 962

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

15. PROVISIONS (CURRENT)

ECONOMIC ENTITY							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COID claims	Leave benefits	Other provisions	Total
As at 30 June 2020							
Opening balance	86 529	54 850	261 187	16 276	690 462	44 248	1 153 552
Utilised	(86 529)	(54 850)	(261 187)	(16 276)	(832 964)	(32 125)	(1 283 931)
Raised	-	-	-	-	1 018 222	33 650	1 060 318
Reversed	-	-	-	8 446	(6 052)	(547)	(6 599)
Change in provision	-	-	-	-	54 494	-	54 494
Transfers from non-current	49 434	79 287	282 068	-	-	-	410 789
TOTAL	49 434	79 287	282 068	8 446	924 162	45 226	1 388 623

MUNICIPALITY OF CAPE TOWN							
	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COID claims	Leave benefits	Other provisions	Total
As at 30 June 2020							
Opening balance	86 529	54 850	261 187	16 276	690 462	38 671	1 147 975
Utilised	(86 529)	(54 850)	(261 187)	(16 276)	(832 964)	(26 548)	(1 278 354)
Raised	-	-	-	8 446	1 018 222	29 374	1 056 042
Reversed	-	-	-	-	(6 052)	(547)	(6 599)
Change in provision	-	-	-	-	54 494	-	54 494
Transfers from non-current	49 434	79 287	282 068	-	-	-	410 789
TOTAL	49 434	79 287	282 068	8 446	924 162	40 950	1 384 347

Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Trade and other creditors	4 992 391	4 820 391	4 947 591	4 766 266
Payments received in advance	990 707	913 998	990 707	913 998
Funds administered on behalf of third parties	23 674	19 053	23 674	19 053
TOTAL	6 006 772	5 753 442	5 961 972	5 699 317

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.

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	1 229 048	1 155 398	1 229 048	1 155 398
National Government	954 696	856 209	954 696	856 209
Province	274 352	299 189	274 352	299 189
Other conditional receipts	163 124	142 772	163 124	142 772
Public contributions	163 124	142 772	163 124	142 772
TOTAL	1 392 172	1 298 170	1 392 172	1 298 170

During the year, the national Department of Human Settlements expressed concern that the City would be unable to spend its entire Urban Settlements Development Grant (USDG) allocation as per the annual Division of Revenue Act (DoRA). Consequently, the second USDG tranche of R464,8 million was delayed. While it should have been received on 28 November 2019, it was received on 23 December 2019 only. The national Department of Human Settlements also withheld R60 million of the USDG allocation due to significant under-performance.

National Treasury, in turn, withheld R2,61 million of the Infrastructure Skills Development Grant due to anticipated underspending during the financial year.

See notes 24, 25 and annexure E for more details of grants from National Government and Province, as well as public contributions.

18. VALUE-ADDED TAX (VAT)

VAT payable	589 182	608 386	587 791	608 386
Impairment adjustment	(34 839)	(62 810)	(34 839)	(62 810)
Total VAT payable	554 343	545 576	552 952	545 576
VAT receivable	(379 654)	(415 306)	(379 654)	(415 306)
TOTAL	174 689	130 270	173 298	130 270

The VAT liability was impaired as a result of impairment against debtors. The City is registered for VAT on the payment basis.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

19. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Realised housing proceeds				
Balance at beginning of the year	377 344	320 018	377 344	320 018
Income	73 701	48 872	73 701	48 872
Interest	24 805	20 579	24 805	20 579
Expenditure	(32 287)	(11 091)	(32 287)	(11 091)
Sponsored loans write-off	-	(1 034)	-	(1 034)
Balance at end of the year	443 563	377 344	443 563	377 344
Unrealised housing proceeds				
Balance at beginning of the year	32 007	39 271	32 007	39 271
Long-term loans realised	(10 695)	(17 112)	(10 695)	(17 112)
Transfer to impairment provision – selling schemes	(1 665)	9 848	(1 665)	9 848
Balance at end of the year	19 647	32 007	19 647	32 007
TOTAL	463 210	409 351	463 210	409 351
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
20.SERVICE CHARGES				
Electricity	14 222 993	13 012 536	14 248 623	13 036 876
Water and wastewater	4 534 853	4 685 831	4 541 952	4 692 171
Solid waste	1 350 098	1 265 070	1 350 425	1 265 381
ICASA ECSN licence fees	24 885	26 206	24 885	26 206
Other	733 502	764 912	714 509	744 524
TOTAL	20 866 331	19 754 555	20 880 394	19 765 158

21. FINANCE INCOME

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Exchange transactions	1 603 709	1 411 195	1 582 511	1 391 166
External investments	1 363 808	1 193 654	1 342 610	1 173 625
Outstanding debtors	298 953	269 101	298 953	269 101
Transferred interest to conditional grants	(59 052)	(51 560)	(59 052)	(51 560)
Non-exchange transactions				
Outstanding debtors	109 465	92 302	109 465	92 302
TOTAL	1 713 174	1 503 497	1 691 976	1 483 468

22. OTHER INCOME

Exchange transactions	670 902	688 962	348 779	344 089
Bulk infrastructure levies	152 298	192 384	152 298	192 384
Other income	223 716	275 461	140 987	147 217
Gains on foreign-exchange transactions	2	2	2	2
Fair-value adjustments	55 492	4 486	55 492	4 486
City improvement districts (CIDs)	239 394	216 629	-	-
Non-exchange transactions	131 010	25 533	370 404	242 162
CIDs	-	-	239 394	216 629
Fair-value adjustments	131 010	25 533	131 010	25 533
TOTAL	801 912	714 495	719 183	586 251

The City received services in kind to an estimated value of R15,22 million (2019: R16,55 million) in the form of volunteers.

23. PROPERTY RATES

Actual				
Residential, commercial and other	11 024 106	10 762 609	11 033 625	10 769 772
Income forgone	(1 191 840)	(1 450 216)	(1 191 840)	(1 450 216)
TOTAL	9 832 266	9 312 393	9 841 785	9 319 556

VALUATIONS PER CATEGORY

1 July 2019-30 June 2020

Agriculture	7 823 081	7 823 081
Business and commercial	280 805 836	280 805 836
Industrial	90 350 732	90 350 732
Mining	214 188	214 188
Multiple purpose	7 156 597	7 156 597
Organ of state (public service purposes)	40 388 212	40 388 212
Public benefit organisation	2 437 690	2 437 690
Public service infrastructure	12 529 473	12 529 473
Residential	1 144 122 786	1 144 122 786
Vacant land	37 777 795	37 777 795

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

23. PROPERTY RATES (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
VALUATIONS PER CATEGORY (continued)				
1 July 2016–30 June 2019				
Agriculture		5 179 551		5 179 551
Commercial		265 792 562		265 792 562
Other		101 735 052		101 735 052
Public service infrastructure		5 053 282		5 053 282
Residential		843 683 505		843 683 505
TOTAL valuation at commencement of financial year	1 623 606 390	1 221 443 952	1 623 606 390	1 221 443 952

The new general valuation roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2022. It is based on market-related values and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA) 6, Act 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

GV2018 has introduced new rates categories, as required by the MPRA. Therefore, comparative figures for the valuation per category are not available.

24. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Unconditional grants	3 256 778	3 016 366	3 256 778	3 016 366
Conditional grants	3 612 018	3 531 995	3 612 018	3 531 995
National Government	2 520 166	2 589 476	2 520 166	2 589 476
Province	1 091 852	942 519	1 091 852	942 519
TOTAL	6 868 796	6 548 361	6 868 796	6 548 361
Analysis of government grants and subsidies				
Operating	4 957 485	4 468 913	4 957 485	4 468 913
Capital	1 911 311	2 079 448	1 911 311	2 079 448
TOTAL	6 868 796	6 548 361	6 868 796	6 548 361

25. PUBLIC CONTRIBUTIONS

Conditional				
Consumer connections	40 411	46 817	40 411	46 817
Contributed assets	60	1 472	60	1 472
Other	25 780	28 093	25 780	25 156
TOTAL	66 251	76 382	66 251	73 445

26. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Salaries, wages and allowances	12 802 584	11 502 110	12 697 236	11 408 842
Contributions and benefits paid: current provisions	189 055	5 292	189 055	5 292
Contributions: post-retirement and long-service benefits	(85 354)	952 901	(85 354)	952 901
Current service costs	152 605	142 163	152 605	142 163
Interest costs	683 298	623 033	683 298	623 033
Actuarial (gain)/loss	(921 257)	187 705	(921 257)	187 705
	12 906 285	12 460 303	12 800 937	12 367 035
Expenditure recharged to capital projects	(24 228)	(31 266)	(24 228)	(31 266)
TOTAL	12 882 057	12 429 037	12 776 709	12 335 769

27. IMPAIRMENT COSTS

Receivables and other	2 803 823	1 583 361	2 804 042	1 582 947
Investments	-	-	58 745	154 662
Property, plant and equipment	101 799	32 196	19 784	29 648
TOTAL	2 905 622	1 615 557	2 882 571	1 767 257

28. FINANCE COSTS

Borrowings	763 596	720 371	762 895	719 526
Unwinding of discount	45 003	33 629	45 003	33 629
TOTAL	808 599	754 000	807 898	753 155

29. BULK PURCHASES

Electricity	9 317 868	8 281 772	9 317 868	8 281 772
Water	553 902	362 849	553 902	362 849
TOTAL	9 871 770	8 644 621	9 871 770	8 644 621

30. CONTRACTED SERVICES

Transportation services	514 485	555 857	514 431	554 622
Refuse removal services	389 543	402 394	389 543	377 420
Sewerage services	424 148	350 117	424 148	350 117
Electrical services	242 531	208 785	234 074	200 725
Waste haulage services	252 608	211 767	252 608	211 767
Other services	470 794	337 686	299 046	315 085
TOTAL	2 294 109	2 066 606	2 113 850	2 009 736

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being outsourced instead.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

31. GENERAL EXPENSES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Auditor remuneration	22 737	20 571	20 241	18 187
CID levies	-	-	232 212	210 130
Consultants	928 520	746 948	916 548	735 821
Free basic electricity (FBE) – Eskom service areas	162 897	140 677	163 667	141 472
Fair-value adjustments	3 184	763	3 184	763
Indigent relief	408 106	422 402	408 106	422 402
Inventory: scrapping	3 559	516	3 559	516
Loss on foreign-exchange transactions	1 783	7 006	1 842	7 043
Telecommunications	249 088	234 255	237 651	221 912
Building contractors	1 901 874	1 729 605	1 889 310	1 719 641
Fuel	288 909	314 016	287 369	313 649
Minor tools and equipment	505 777	548 898	479 658	513 126
Security services	883 364	782 251	864 936	646 765
Servicing of vehicles and equipment	493 322	501 344	482 273	489 474
Other expenditure	2 377 407	2 182 963	2 297 672	2 110 468
	8 230 527	7 632 215	8 288 228	7 551 369
Contributions from provisions	(34 731)	(42 982)	(34 731)	(42 982)
	8 195 796	7 589 233	8 253 497	7 508 387
Expenditure recharged to capital projects	(2 155)	(2 811)	(2 155)	(2 811)
TOTAL	8 193 641	7 586 422	8 251 342	7 505 576

32. TAXATION

32.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2019: 28%).

At beginning of the year

Temporary differences: current year

prior year

At end of the year

(123 703)	(136 443)
(34 396)	12 740
(467)	-
(158 566)	(123 703)

32.2 TAXATION

Statement of financial performance charge

CTICC

(34 396)	5 861
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33. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Surplus for the year	4 313 464	6 440 781	4 369 409	6 242 063
Adjustment for:	4 514 676	4 334 140	4 454 386	4 448 969
Contributed assets	(60)	(2 860)	(60)	(2 860)
Contribution to provisions	(221 276)	751 955	(219 975)	751 101
Depreciation	2 961 174	2 857 735	2 901 939	2 802 364
Fair-value adjustment	(183 318)	(25 537)	(183 318)	(25 537)
Gains and losses on disposal of assets	(46 440)	(113 785)	(46 421)	(113 615)
Impairment	2 905 443	1 615 557	2 882 571	1 767 257
Inventory scrapping	3 559	516	3 559	516
Unrealised foreign-exchange losses/(gains)	169	56	169	56
Finance income	(1 713 174)	(1 503 497)	(1 691 976)	(1 483 468)
Cash transactions	(1 663 503)	(1 447 788)	(1 642 305)	(1 427 759)
Non-cash transactions	(49 671)	(55 709)	(49 671)	(55 709)
Finance costs	808 599	754 000	807 898	753 155
Cash transactions	719 628	718 698	718 927	692 316
Non-cash transactions	88 971	35 302	88 971	60 839
Operating surplus before working capital changes	8 828 140	10 774 921	8 823 795	10 691 032
(Increase)/decrease in inventories	(55 480)	34 744	(54 579)	35 220
Increase in receivables	(3 079 051)	(2 284 126)	(3 057 378)	(2 240 674)
Increase in unspent conditional grants and receipts	94 002	230 425	94 002	230 425
Increase/(decrease) in payables	251 949	(223 741)	261 274	(202 400)
Increase/(decrease) in net VAT	16 448	(2 712)	15 057	(2 712)
CASH GENERATED FROM OPERATIONS	6 056 008	8 529 511	6 082 171	8 510 891

The 2019 comparative line items have been reclassified – see note 36.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

34. OPERATING LEASE COMMITMENTS

34.1 THE ENTITY AS LESSEE

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Buildings	55 203	99 447	55 190	98 748
Payable within one year	50 266	53 211	50 253	52 569
Payable within two to five years	4 937	46 236	4 937	46 179
Radio masts	920	1 484	920	1 484
Payable within one year	478	587	478	587
Payable within two to five years	442	897	442	897
TOTAL	56 123	100 931	56 110	100 232

Minimum lease payments recognised as an expense during the period amounted to R55,96 million (2019: R50,74 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

34.2 THE ENTITY AS LESSOR

Future minimum lease income under non-cancellable operating leases

Buildings				
Receivable within one year	67 983	61 677	67 983	61 677
Receivable within two to five years	252 378	195 492	252 378	195 492
Receivable after five years	455 894	454 253	455 894	454 253
TOTAL	776 255	711 422	776 255	711 422

The Entity lets properties under operating leases. Property rental income earned during the year was R61,93 million (2019: R58,37 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R38,18 million in current-year income.

35. CONTINGENT LIABILITIES

35.1 CONTRACTUAL DISPUTES

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R284,36 million (2019: R282,17 million).

35.2 OUTSTANDING INSURANCE CLAIMS

The estimated liability for insurance claims amounts to R262,43 million (2019: R228,72 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

36. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES

36.1 RECLASSIFICATION

During the current year, the Entity adopted GRAP 108 on statutory receivables as effective. Amendments were made to the classification of receivables so as to align with this standard, which have resulted in the reclassification of "Receivables and Other receivables" as statutory and contractual receivables. This change has had no financial impact on the statement of financial position.

In the 2018/19 financial year, the City reclassified an amount of R191 896 000 from current receivables to long-term receivables. This amount related to a prepayment to the Department of Human Settlements, Province, where there was no movement for 36 months. This amount was fully recovered during the 2019/20 financial year and consequently the City has reclassified this amount as a current asset in 2019. The reclassification between non-current and current assets to the amount of R191 896 000 is presented below.

Presented below are those items contained in the statement of financial position, statement of financial performance, cash flow statement and notes that have been affected by the prior-year adjustments.

	ECONOMIC ENTITY			
	Note	As previously reported	Reclassification	Restated
30 June 2019				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Non-current assets		52 547 899	(191 896)	52 356 003
Long-term receivables		215 689	(191 896)	23 793
ASSETS				
Current assets		18 765 903	191 896	18 957 799
Receivables		6 213 435	1 049 266	7 262 701
Other receivables		857 370	(857 370)	-
TOTAL ASSETS		71 668 278	-	71 668 278
FINANCIAL RISK MANAGEMENT	1			
Financial assets				
Contractual receivables		6 213 435	(1 996 301)	4 217 134
Other receivables		272 685	(272 685)	-
TOTAL CARRYING AMOUNT		22 740 323	(2 268 986)	20 471 337
FAIR VALUE		22 825 071	(2 263 667)	20 561 404
Statutory assets				
Receivables		2 301 108	436 167	2 737 275
Other receivables		468 289	(468 289)	-
TOTAL CARRYING AMOUNT		2 769 397	(32 122)	2 737 275
Credit risk	1.3			
Financial assets				
Receivables		6 486 120	(2 268 986)	4 217 134
Statutory assets				
Receivables		-	2 737 275	2 737 275
Total		22 858 761	355 170	23 213 931

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

36.1 RECLASSIFICATION (continued)

ECONOMIC ENTITY (continued)				
	Note	As previously reported	Reclassifications	Restated
RECEIVABLES	9			
Gross		10 978 982	(10 978 982)	-
Impairment		(4 765 547)	4 765 547	-
Net		6 213 435	(6 213 435)	-
Statutory				
Gross		-	5 284 580	5 284 580
Impairment		-	(2 547 305)	(2 547 305)
Net		-	2 737 275	2 737 275
Contractual				
Gross		-	8 405 752	8 405 752
Impairment		-	(3 880 326)	(3 880 326)
Net		-	4 525 426	4 525 426
OTHER RECEIVABLES	10			
Gross		2 519 454	(2 519 454)	-
Impairment		(1 662 084)	1 662 084	-
Net		857 370	(857 370)	-
Reconciliation of impairment provision	9			
Receivables				
Balance at beginning of the year		4 320 108	(4 320 108)	-
Contributions to provisions		945 320	(945 320)	-
Transfers (from)/to provisions		(7 215)	7 215	-
Bad debts written off		(492 666)	492 666	-
Balance as at 30 June		4 765 547	(4 765 547)	-
Other receivables				
Balance at beginning of the year		1 596 327	(1 596 327)	-
Contributions to provisions		999 364	(999 364)	-
Bad debts written off		(933 607)	933 607	-
Balance as at 30 June		1 662 084	(1 662 084)	-
Reconciliation of impairment provision				
Statutory				
Balance at beginning of the year		-	2 275 223	2 275 223
Contributions to provisions		-	1 280 079	1 280 079
Transfers from provisions		-	(6 087)	(6 087)
Bad debts written off		-	(1 001 910)	(1 001 910)
Balance as at 30 June		-	2 547 305	2 547 305

36. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

36.1 RECLASSIFICATION (continued)

ECONOMIC ENTITY (continued)				
	Note	As previously reported	Reclassifications	Restated
Contractual				
Balance at beginning of the year		-	3 641 212	3 641 212
Contributions to provisions		-	664 605	664 605
Transfers from provisions		-	(1 128)	(1 128)
Bad debts written off		-	(424 363)	(424 363)
Balance as at 30 June		-	3 880 326	3 880 326

CASH GENERATED FROM OPERATIONS

	33			
Surplus for the year		6 440 781	-	6 440 781
Adjustment for:		3 261 459	1 072 681	4 334 140
Impairment		-	1 615 557	1 615 557
Impairment assets		32 196	(32 196)	-
Contribution to impairment provision - receivables		511 196	(511 196)	-
Inventory scrapping		-	561	561
Operating surplus before working capital changes		9 702 240	1 072 681	10 774 921
Increase in inventories		35 260	(516)	34 744
Increase in receivables		(980 073)	(1 304 053)	(2 284 126)
Decrease in other receivables		(231 888)	231 888	-
Cash generated by operations		8 529 511	-	8 529 511

MUNICIPALITY OF CAPE TOWN				
	Note	As previously reported	Reclassifications	Restated
30 June 2019				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Non-current assets		52 547 899	(191 896)	52 356 003
Long-term receivables		215 689	(191 896)	23 793
ASSETS				
Current assets		18 405 664	191 896	18 597 560
Receivables		6 215 922	985 204	7 201 126
Other receivables		793 308	(793 308)	-
TOTAL ASSETS		70 953 563	-	70 953 563
FINANCIAL RISK MANAGEMENT	1			
Financial assets				
Contractual receivables		3 912 327	240 745	4 153 072
Other receivables		208 623	(208 623)	-
TOTAL CARRYING AMOUNT		20 447 745	32 122	20 479 867
FAIR VALUE		20 532 493	32 122	20 564 615
Statutory assets				
Receivables		2 303 595	436 167	2 739 762
Other receivables		468 289	(468 289)	-
TOTAL CARRYING AMOUNT		2 771 884	(32 122)	2 739 762

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

36. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

36.1 RECLASSIFICATION (continued)

MUNICIPALITY OF CAPE TOWN (continued)				
	Note	As previously reported	Reclassifications	Restated
Credit risk	1.3			
Financial assets				
Receivables		6 892 834	(2 739 762)	4 153 072
Statutory assets				
Receivables		-	2 739 762	2 739 762
TOTAL		22 858 761	-	22 858 761
RECEIVABLES	9			
Gross		10 981 469	(10 981 469)	-
Impairment		(4 765 547)	4 765 547	-
Net		6 215 922	(6 215 922)	-
Statutory				
Gross		-	5 287 067	5 287 067
Impairment		-	(2 547 305)	(2 547 305)
Net		-	2 739 762	2 739 762
Contractual				
Gross		-	8 340 007	8 340 007
Impairment		-	(3 878 643)	(3 878 643)
Net		-	4 461 364	4 461 364
OTHER RECEIVABLES	10			
Gross		2 453 709	(2 453 709)	-
Impairment		(1 660 401)	1 660 401	-
Net		793 308	(793 308)	-
Reconciliation of impairment provision	9			
Receivables				
Balance at beginning of the year		4 320 108	(4 320 108)	-
Contributions to provisions		945 320	(945 320)	-
Transfers (from)/to provisions		(7 215)	7 215	-
Bad debts written off		(492 666)	492 666	-
Balance as at 30 June		4 765 547	(4 765 547)	-
Other receivables				
Balance at beginning of the year		1 595 249	(1 595 249)	-
Contributions to provisions		998 759	(998 759)	-
Bad debts written off		(933 607)	933 607	-
Balance as at 30 June		1 660 401	(1 660 401)	-

36. PRIOR-YEAR ADJUSTMENTS AND CHANGES IN ESTIMATES (continued)

36.1 RECLASSIFICATION (continued)

MUNICIPALITY OF CAPE TOWN (continued)				
	Note	As previously reported	Reclassifications	Restated
Reconciliation of impairment provision				
Statutory				
Balance at beginning of the year		-	2 275 223	2 275 223
Contributions to provisions		-	1 280 079	1 280 079
Transfers from provisions		-	(6 087)	(6 087)
Bad debts written off		-	(1 001 910)	(1 001 910)
Balance as at 30 June		-	2 547 305	2 547 305
Contractual				
Balance at beginning of the year		-	3 640 134	3 640 134
Contributions to provisions		-	664 000	664 000
Transfers from provisions		-	(1 128)	(1 128)
Bad debts written off		-	(424 363)	(424 363)
Balance as at 30 June		-	3 878 643	3 878 643
CASH GENERATED FROM OPERATIONS	33			
Surplus for the year		6 242 063	-	6 242 063
Adjustment for:		3 376 097	1 072 872	4 448 969
Impairment		-	1 767 257	1 767 257
Impairment assets		29 648	(29 648)	-
Contribution to impairment provision – receivables		510 591	(510 591)	-
Contribution to impairment provision – investment		154 662	(154 662)	-
Inventory scrapping		-	516	516
Operating surplus before working capital changes		9 618 160	1 072 872	10 691 032
Increase in inventories		35 736	(516)	35 220
Increase in receivables		(979 252)	(1 261 422)	(2 240 674)
Decrease in other receivables		(189 066)	189 066	-
Cash generated from continued operations		8 510 891	-	8 510 891

36.2 CHANGES IN ACCOUNTING ESTIMATES

Annual review of assets' useful lives

The City's annual review of the useful lives and residual values of assets resulted in a decrease of R105,60 million (2019: R2,62 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

During the year, the CTICC also revised the estimated useful lives of certain PPE items. The change in estimate was necessary, as these items were approaching the end of their originally assessed useful lives, but management had determined that due to the good condition and maintenance of the assets, they would remain in use for an extended period beyond the reporting date. The net effect of the changes in the current year was a R4,53 million (2019: R1,28 million) reduction in the depreciation charge.

Impairment of statutory and contractual receivables

The annual review of the impairment of statutory and contractual receivables caused a change to a more risk-based approach to assessing a debtor's ability to make payments. This change resulted in an increase of R144,36 million in the impairment of receivables charged to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

37. BUDGET INFORMATION

37.1 EXPLANATION OF VARIANCES ON THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

- The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.
- The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
- The differences in capital spend recognition are set out in the table below:

	ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Annual financial statements	6 188 105	6 124 084
Landfill site provision estimate	38 540	38 540
Contributed assets	(60)	(60)
Inventory reclassified	(191 896)	(191 896)
Budget	6 034 689	5 970 668

37.2 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS

37.2.1 Statement of financial position

Total liabilities

- Non-current liabilities
The variance in non-current liabilities is mainly due to a loan that was budgeted for, but not taken up, as well as the reduction in non-current provisions due to the effect of changes in actuarial assumptions for long-service leave and post-retirement healthcare and pension benefits.
- Current liabilities
The variance in total current liabilities is attributed to a higher-than-expected balance for payables from exchange transactions at year-end. This is due to less-than-expected cash payments to suppliers and more supplier credit being utilised at year-end.

37.2.2 Statement of financial performance

Revenue

- Investment revenue
The variance is largely due to interest on higher-than-anticipated cash and investment funds available because of low spending and over-recovery on other own revenue.
- Other own revenue
The variance is mainly due to fair value adjustments that were not budgeted for. These adjustments represent the difference between the valuation of the loan at the market rate, and the valuation of the loan at the interest rate agreed with the lender.

Expenditure

- Debt impairment
The variance is due to higher-than-budgeted provision for debt impairment realised on Water and Sanitation debtors (39% more than budget) and traffic fines (16% more than budget). 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. The recent outbreak of Covid-19 has significantly affected the South African economy and our debtors' ability to make payments.

37. BUDGET INFORMATION (continued)

37.2 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS (continued)

37.2.2 Statement of financial performance (continued)

Expenditure (continued)

- Transfers and grants
The variance is largely due to delays in the construction of top structures relating to People Housing Processes (PHP) projects. In addition, fewer-than-anticipated grant-in-aid applications were received from non-profit and public benefit organisations. In terms of the revised criteria of the City's rates policy, these organisations had to apply for a grant-in-aid instead of receiving a rates rebate.

Surplus

- Transfers recognised – capital
The variance is due to a delay in the implementation of projects, mainly as a result of the negative impact of the national Covid-19 lockdown, delays in the appointment of service providers and the delivery of goods, community dynamics, and slow implementation of grant-funded transport projects.

37.2.3 Cash flow statement

- Net cash from operating
The variance is the result of an underspend on operating expenditure and higher-than-expected utilisation of supplier credit.

37.3 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS

37.3.1 Capital expenditure

- Community Services and Health
The variance in the implementation of projects is a result of the negative impact of the national Covid-19 lockdown, delays in the appointment of service providers, community dynamics, and a couple of administrative delays, such as zoning.
- Corporate Services
The variance in the implementation of projects is due to suppliers not receiving IT equipment timeously from abroad during the global Covid-19 pandemic, which, in turn, delayed installation by contractors.
- Energy and Climate Change
The variance in the implementation of projects is a result of community dynamics, appeals against the award of a tender, riots and vandalism, inclement weather, contractor capacity constraints, and delays in the delivery of imported and local equipment. A reversal/re-posting of prior-year expenditure that had not been capitalised resulted in a credit of R9,6 million.
- Finance
The variance in the implementation of projects is due to the national lockdown period, which delayed construction on the Suites at the Stadium project, the onset of cloudy winter weather, which hampered progress with the aerial photography project, as well as items at the South African Customs that were scheduled for release in July 2020 only.
- Office of the City Manager
The variance in the implementation of projects is a result of delays experienced in the supply and delivery of furniture and equipment, largely due to the impact of the Covid-19 lockdown regulations. In addition, savings were realised due to actual expenditure on certain items procured being less than planned.
- Spatial Planning and Environment
The variance in the implementation of projects is a result of cost savings that materialised with the completion of projects, administrative uncertainties regarding servitude rights and the approval of the CTICC interface development agreement, as well as the Covid-19 lockdown, which delayed construction and the delivery of professional services.
- Transport
The variance in the implementation of projects is a result of projects funded from the Budget Facility Infrastructure Grant not being ready for implementation in the 2019/20 financial year, delays in underground services, as well as delays in resolving a claim for the correction of a measurement error on the IRT – Jan Smuts project.
- Urban Management
The variance in the implementation of projects is a result of community dynamics and influences, as well as the lack of an implementation delivery vehicle to appoint contractors.
- Management: Water and Waste
The variance in the implementation of projects is a result of delays in the procurement of computer equipment and furniture.
- Solid Waste Management
The variance in the implementation of projects is a result of delays in the appointment of service providers, capacity constraints, poor contractor performance, and untapped contingencies.
- Subsidiaries
The variance is due to the Covid-19-related impact on global supply chains, which meant that required equipment could not be purchased. A portion of the capital expenditure underspend was rolled over to the 2020/21 financial year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION

38.1 POLITICAL PARTIES' ARREARS

Included in the debtors' arrears is an amount of R383 584,39 (2019: R37 964,91) outstanding for more than 90 days, owed by the representative political parties to the Entity.

38.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section "B-BBEE compliance performance information".

38.3 MUNICIPAL FINANCE MANAGEMENT ACT

38.3.1 Section 124(1)(b)

38.3.1.1 Disclosure concerning councillors' municipal accounts in arrears

2020

During the **financial year**, the following councillors were more than 90 days in arrears for rates or services but have since paid their accounts in full:

- G Classen
- MM Bele
- P Nyakaza-Sandla

2019

During the **reporting period**, no councillors were more than 90 days in arrears for rates or services.

38.3.2 Section 125

38.3.2.1 Irregular expenditure

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Opening balance	950 370	283 056	950 370	283 056
Expenditure incidents identified in the current year, relating to	669 164	950 370	669 164	950 370
Current year	506 072	356 028	506 072	356 028
Prior year	163 092	594 342	163 092	594 342
	1 619 534	1 233 426	1 619 534	1 233 426
Resolved and ratified by Council	(733 582)	(283 056)	(733 582)	(283 056)
Closing balance	885 952	950 370	885 952	950 370
Incidents				
Legal services procurement not in terms of SCM regulations	44 488	238 368	44 488	238 368
Restrictive/biased bids	76 718	214	76 718	214
Expenditure incurred after contract expiry	435 113	413 335	435 113	413 335
Non-compliance with SCM regulations and sections 33 and 116(3) of the MFMA	112 845	298 453	112 845	298 453
TOTAL	669 164	950 370	669 164	950 370

The City's contract management monitoring system and the unauthorised, irregular, fruitless and wasteful expenditure detection and reporting processes resulted in the identification and self-reporting of numerous non-compliance incidents. A majority of the incidents, as included in the disclosure note, has already been referred to the City's Municipal Public Accounts Committee in terms of section 32 of the MFMA. The efforts and processes of identification of non-compliance is ongoing and the City has enhanced its internal controls to prevent reoccurrences.

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

38.3.2 Section 125 (continued)

38.3.2.2 Unauthorised expenditure

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Opening balance	-	-	-	-
Expenditure incidents identified in the current year	6 567	-	6 567	-
Closing balance	6 567	-	6 567	-
Incident		Proceedings		
Procurement without budget authority		Awaiting condonement from Council		
	6 567	-	6 567	-
TOTAL	6 567	-	6 567	-

38.3.2.3 Fruitless and wasteful expenditure

Opening balance	18 873	309	18 873	309
Expenditure incidents identified in the current year, relating to	28	19 802	28	19 802
Current year	-	13 555	-	13 555
Prior year	28	6 247	28	6 247
	19 830	20 111	19 830	20 111
Resolved by Council	(2 310)	(1 238)	(2 310)	(1 238)
Closing balance	16 591	18 873	16 591	18 873
Incidents				
Fraudulent payment	7	-	7	-
Theft of City's assets	21	-	21	-
Interest paid on late payments	-	7 655	-	7 655
Litigation costs	-	400	-	400
Travel costs	-	26	-	26
Duplicate payment	-	5	-	5
Tender project management	-	9 794	-	9 794
Fines	-	51	-	51
Compensation payments	-	1 871	-	1 871
TOTAL	28	19 802	28	19 802

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

38.3.2 Section 125 (continued)

38.3.2.4 Material losses

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
Water losses	191 347	303 487	191 347	303 487
In the current year, the material losses were 10,54% (2019: 16,57%). These are made up of 10,08% reticulation losses and 0,46% abnormal production losses (2019: 10,84% reticulation losses and 5,73% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R413,9 million (2019: R313,2 million).				
Electricity losses	300 337	345 465	300 337	345 465
In the current year, the energy losses were 9,73% (2019: 10,67%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R605,10 million (2019: R538,49 million).				

38.3.2.5 Other compulsory disclosures

	ECONOMIC ENTITY			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	25 540	2 049 213	3 751 867
Amount paid: current year	-	(25 155)	(1 878 665)	(3 429 135)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 189	289 938

38. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.3 MUNICIPAL FINANCE MANAGEMENT ACT (continued)

38.3.2 Section 125 (continued)

38.3.2.5 Other compulsory disclosures (continued)

	MUNICIPALITY OF CAPE TOWN			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	23 044	2 049 213	3 742 916
Amount paid: current year	-	(22 659)	(1 878 665)	(3 420 184)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	(14 877)	240	170 548	322 732
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid: current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
Balance unpaid (included in payables)	(14 379)	(145)	152 189	289 938

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS

38.4.1 Deviations

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below have been approved by the Accounting Officer or their delegate (Director: SCM) and noted by Council.				
Greater than R200 000	804 537	772 204	788 071	755 771
Less than R200 000	255 826	343 079	255 826	342 883
TOTAL amount approved by the Accounting Officer or their delegated authority, noted by Council and Board members	1 060 363	1 115 283	1 043 897	1 098 654
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.				
38.4.2 SCM breaches				
Ratification of minor breaches	1 664	4 188	-	-
TOTAL amount regularised and ratified	1 664	4 188	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
AAE CATERING		1 205	1 205
Y Ebrahim	Wastewater: Regional Operations Manager		
ADVOCC CC		32	32
I Zimri	Department of Health		
ANLO PRINT AND MAIL CC		143	143
N Taylor	Administrative officer		
ATHLONE AUTO TRANSMISSIONS		612	612
N Joseph	Director		
AURECON SOUTH AFRICA (PTY) LTD		178 758	178 758
HC Ahlschlager	Legal representative		
T Botha	Technical manager		
WZ Erasmus	Manager		
HG Esterhuysen	Manager		
T Govender	Administrator		
SM Grobbelaar	Town and regional planner		
A Heyns	Assistant superintendent		
JH Higgs	Regional manager		
A Hougaard	Principal network controller		
J Jacobs	Personal assistant to chief director		
BJ Cr Kriegler	Councillor		
AJ Moore	Chief engineer		
K Nadasen	Director		
D Ntsebeza	Sanitation engineering manager		
NH Ntsebeza	Nurse		
SM O'Connell	Librarian		
PW Pansegrouw	Senior manager		
PS Pretorius	Chief officer		
R Reddy-Maduray	Project preparation specialist		
JH Riekert	Manager		
JM Robertson	Roads engineer		
Dr M Skead	Manager		
R Tebane	Executive manager		
J Tredoux	Deputy director		
ZC Venter	Deputy director		
J Wilkins	Vice-director		
BARENDSE F		166	166
T Barends	Senior SAP developer		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
BATTERY CENTRE MITCHELLS PLAIN		118	118
F Badenhorst	Councillor		
BERGSTAN SOUTH AFRICA CONSULTING		18 244	18 244
J Beukes	Department of Social Development		
BETHEL BUZZ		125	125
S Jacobs	Soldier		
N Williams	Senior clerk		
BOKAMOSO ENTERPRISE SOLUTIONS		785	785
MA Thobejane	Department of Land Affairs and Rural Development		
BOWMAN GILFILLAN INC (LAND)		115	115
H Ben-David	Captain		
M de Villiers	Project and process manager		
Mr Deokiram	Logistics manager		
C Dyer	Deputy director		
C Franklyn	Specialist scientist		
Q Green	Director: Finance		
G Mellem	Teacher		
T Mtshali	Deputy principal		
M Nyali	Teacher		
S Pillay	Educator		
R Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		
M van Aardt	Medical doctor		
J van den Heuvel	Magistrate		
S Zondo	Operations manager		
BOWMAN GILFILLAN INC (LEGAL)		1 781	1 781
H Ben-David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Manager		
C Dyer	Deputy director		
S February	Educator		
C Franklyn	Specialist scientist		
Q Green	Director		
G Mellem	Teacher		
T Mtshali	Deputy principal		
M Nyali	Teacher		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
S Pillay	Educator		
R Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		
EJ van den Berg	School psychologist		
J van den Heuvel	Magistrate		
S Zondo	Operations manager		
BRAINPLAY		903	903
Mr Pieters	Teacher		
CAPE TOWN SKILLS FACILITATORS 786 CC		71	71
T Jacobs	Deputy director		
CHARMLU BUILDERS		21	21
C Absolom	Administrative clerk		
CJ SUPPLIES (PTY) LTD		24	24
P Thomas	Superintendent		
COEUR INVESTMENTS		2 716	2 716
P Bell	Sports facilitator		
COMPUTER SPECIALISTS (PTY) LTD		2 184	2 184
N Orrie	Senior superintendent		
CONLOG		3 407	3 407
N Moodley	Director		
DEMOCRATIC PACKAGING CC		1 723	1 723
V van der Heever	Educator		
DEO FAVENTE PTY LTD		136	136
CC Snell (left service of the state 27/06/2020)	Expanded Public Works Programme		
DESIGNTEC PRINTING CC		740	740
M Mshweshwe	Manager: Access to Information		
DS GXILISHE		108	108
B Gxilishe	Senior administrator		
S Gxilishe	Educator		
EAS INFRASTRUCTURE ENGINEERS		1 184	1 184
J Brown	Housing rental stock coordinator		
EPI-USE AFRICA (PTY) LTD		15 853	15 853
J Alberts	Deputy principal		
E Janse van Rensburg	Senior manager		
FAYDIES CORPORATE GIFTS		2 630	2 630
MF Votersen	Manager: Finance (Economic Opportunities and Asset Management)		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
FIKELELA LABOUR SERVICES		2 164	2 164
D Joseph	Member of Parliament		
FLEET TECH		1 113	1 113
S Willemse	Administrative officer		
FOCAL MEDICAL POINT SA		1 011	1 011
D Henkel	Learner fire fighter		
GAVA KASSIEM		4	4
A Kassiem	Media coordinator		
GIBB		27 314	27 314
D Allderman	Educator		
R Beharie	Senior engineer		
I Brink	Educator		
S Cilliers	Educator		
L Cloete	Lecturer		
J Gooch	Head		
T Gqobo	Technician		
C Hering	Electrical engineer		
S Jafta	Assistant manager		
D Kiewiet	Manager		
N Mkhize	Accounting clerk		
L Mkhumuzi	Senior rates clerk		
A Moon	Head: Business Continuity		
K Naidoo	Head		
D O'Reilly	Warrant officer		
V Sicwebu	Manager		
S Singh	Human resources officer		
GLOBREACH (PTY) LTD		385	385
MM Mancini	Major-general		
GREENRO SOLUTIONS (PTY) LTD		24	24
N Thabeng	Forensic analyst		
HRK CAPE (PTY) LTD		917	917
T Sambo	Professional officer		
HYGIENE SERVICE		1 758	1 758
S Zini (left service of the state 30/11/2019)	Expanded Public Works Programme auxiliary law enforcement		
IKAPA RETICULATION AND FLOW		35 672	35 672
S Davids	Educator		
ISUZU TRUCK CENTRE		198 107	198 107
E Jacobs	Senior clerk		
ITHALOMSO (PTY) LTD		21 595	21 595
SN Fumba	Specialist clerk		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

	ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	2020	2020
JAKEPRO BUILDING PROJECTS AND SERVICES	34	34
Y Jacobs		
Accountant		
JC ACTIVE ELECTRICAL	4	4
C van der Vendt		
Clerk		
JG AFRIKA (PTY) LTD	34 792	34 792
R Maharaj		
Planner		
KEMANZI (PTY) LTD	932	932
J du Toit		
Traffic inspector		
LEIBRANDT TRAINING ACADEMY CC	45	45
H Benjamin		
Psychologist		
LIKHONA LETHU SERVICES	5 973	5 973
Z Rafu		
Police officer		
LILIAN4ZONKE (PTY) LTD	2 586	2 586
F Monk		
Subcouncil manager		
LJA CONSTRUCTION CC	8 406	8 406
L Arries		
Educator		
MAINSTRUCT PROJECTS CC	36	36
E Benjamin		
Clinical psychologist		
MALHERBE TUBB FAURE INC T/A MHI ATTORNEY	2 227	2 227
J Rossouw		
Administrative officer		
MASIBAMBANE RECRUITMENT (PTY) LTD	23 319	23 319
V Williams		
Stores clerk		
MBOLOMPO PROPERTY SPECIALIST PTY LTD	33	33
JS Mbolompo		
Councillor		
MGWEVHA PROJECTS AND SERVICES (PTY) LTD	50	50
N Nmabena		
Clerk		
MPUMAMANZI GROUP CC	53	53
ER Bowers		
Social worker		
MTJEKUBE (PTY) LTD	5	5
S Maizeme		
Administrative clerk		
NAEEM'S TRUCK & COACH	624	624
Z Smith		
Department of Labour		
NCC ENVIRONMENTAL SERVICES (PTY) LTD	45 541	45 541
C Rhoda		
Invasive species programme manager		
NEOTERIC TRADING SERVICES	186	186
S Jacobs		
Director		
NIYALWA	156	156
M Sakwe		
Quantity surveyor		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

	ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	2020	2020
NORTON ROSE FULBRIGHT SOUTH AFRICA	2 785	2 785
G Adams		
Deputy principal		
S Clay		
Educator		
E Maubane		
Human resources: administrator		
F Nonhlanhla		
Telecoms operator		
C Sunpath		
Medical doctor		
H Sunpath		
Chief technical advisor		
PARKERS BUS SERVICE	131	131
RM Parker		
Western Cape Education Department		
PATHCARE	62	62
C Maas (left service of the state 01/06/2020)		
Senior medical officer		
PHUMELELA CLEARING (PTY) LTD	445	445
S Ngame		
Invasive species controller		
PISTON POWER CHEMICALS	1 822	1 822
N Andhee		
Educator		
N Andhee		
Educator		
PROFESSIONAL EMERGENCY CARE CC	189	189
JM Bodmer		
Metro paramedics		
PURPLE ROSE DISTRIBUTORS CC	319	319
C Hector		
Quality assessor		
M Hector		
Medical doctor		
RADIAN	1 722	1 722
P Naidoo		
Programme manager		
REEDS BELLVILLE	600	600
E Jacobs		
Senior clerk		
REEDS CLAREMONT	884	884
E Jacobs		
Senior clerk		
REEDS N1 CITY	569	569
E Jacobs		
Senior clerk		
ROYAL HASKONINGDHV (PTY) LTD	3 971	3 971
L Dladla		
Deputy director		
T Sithole		
Associate director		
SANCCOB	411	411
P Cilliers		
Principal SAP-ERP analyst		
LC Roberts		
State veterinarian: Epidemiologist		
SITSOL TRADING	169	169
C Sitzer		
Senior clerk		
SKUNYANAS TRADING	395	395
Y Skunyana		
Senior foreman		
SUCCIDO ENTERPRISES	249	249
L Kramm		
Passenger Rail Agency of South Africa		
SUNSHINE HELLO DESIGN	70	70
MS Maroof		
Professional officer		
TEMPUS DYNAMICS	2 937	2 937
M Mvalo		
Professional officer		
THE ENVIRONMENTAL PARTNERSHIP	235	235
F Shariff		
Director: Strategic Assets		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
TJEKA TRAINING MATTERS (PTY) LTD		693	693
B Ntlangi	Clerk		
TOXSOLUTIONS KITS AND SERVICES CC		404	404
G Pearson	Rand Water		
TRANSPORT TELEMATICS AFRICA		12 528	12 528
JJE Groenewald	Financial officer		
TREE CUTTING PEOPLE		581	581
T Hlwatika	Clinical nurse practitioner		
TREND CORE SUPPLIES		45	45
S Mepomie	Colonel		
TSCH INTERNATIONAL HOLDINGS		131	131
RE Hlongwana	Manager: Cleansing		
TSOGA O BUNE BUILDING ENTERPRISES CC		6 470	6 470
K Kekana	Engineering artisan		
TURNER AND TOWNSEND (PTY) LTD		13 421	13 421
E Barnard	Risk manager		
T Bulmer	Chief physiotherapist		
M Low	Departmental head		
S Naicker	Head of Department		
P Naidoo	Doctor		
SM O'Connell	Librarian		
UNAKO HOLDINGS (PTY) LTD		23	23
TJ Vapi	Department of Correctional Services		
VINZEIGH LEUKES TRADING		106	106
J Fortuin	Department of Rural Development		
VW CIVIL ENGINEERING SUPPLIES CC		1 441	1 441
N Pedro	Specialist clerk		
WDW MAINTENANCE LANDSCAPING DELIVERY		15	15
C de Wee	Administrative officer		
WEBBER WENTZEL		9 206	9 206
N Dias	Senior legal advisor: Litigation		
Dr D Singh	Department of Education		
P Singh	Department of Education		
JCL Smit	Beaufort West Municipality		
AM Truter	Education: West Coast District		
C Truter	Department of Education		
E Watson	Department of Public Service		

38.DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

38.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

38.4.3 Bids awarded to family of employees in the service of the state (continued)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2020	2020
WHILE ITS DAY		580	580
C Hector	Building assessor		
M Hector	Medical doctor		
WRP CONSULTING ENGINEERS (PTY) LTD		4 330	4 330
K Mamphitha	South African Broadcasting Corporation		
Z van Rooyen	Department of Public Works		
YIZA APHA TRADING		245	245
AV Kelland	Administrative officer		
ZAPTRON PEST SOLUTIONS		116	116
F Fortune	Psychologist		
F Fortune	Oral hygienist		
ZELUNGA INVESTMENT		9	9
NP Biyase	Department of Water and Sanitation		
TC Biyase	KwaZulu-Natal Department of Education		
		717 159	717 159
Individuals			
M Brink	Doctor	1 214	
P Naidoo	Project manager, City of Cape Town	1 662	
Y Phosa	Parliament	52	
M Selepe	Deputy director, City of Tshwane	139	
		720 226	717 159

See annexure H for the 2019 list.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES

39.1 MUNICIPAL ENTITIES AND SPECIAL AREAS

During the year, in the ordinary course of business, transactions between the City and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
CTICC				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
Percentage owned			71,4%	71,4%
Arm's-length transactions for the year				
Receivables			2 245	2 487
Payables			8 684	-
Deposits			1 244	1 234
Service charges			27 126	24 295
Rental of letting stock and facilities			2 882	2 524
The City is leasing to the CTICC the land on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built, on the following terms:				
- Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum - Erf 270 for a period of 30 years, commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum				
CAPE TOWN STADIUM (RF) SOC LTD				
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.				
Percentage owned			100%	100%
Arm's-length transactions for the year				
Receivables			496	1 170
Payables			2 566	3 165
Service charges			8 744	10 035
Other income			18 955	17 094
Grants and subsidies paid			59 454	55 152
The City is leasing to the Cape Town Stadium municipal entity erf 2188, Green Point, being the Cape Town Stadium precinct, for an initial period of 50 years commencing on 13 November 2019, with the option of renewal for an additional 49 years, at a nominal rental amount of R100 per annum.				

39. RELATED-PARTY DISCLOSURES (continued)

39.1 MUNICIPAL ENTITIES AND SPECIAL AREAS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2020	2019	2020	2019
CAPE METROPOLITAN TRANSPORT FUND (CMTF)				
The CMTF was created in terms of section 18 of the Urban Transport Act, Act 78 of 1977. The administration of the CMTF vests with the City. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	22 697	18 124	22 697	18 124
Grants and transfers - conditions met	1 059	2 323	1 059	2 323
Interest paid	1 218	1 135	1 218	1 135
Revenue collected	4 232	3 773	4 232	3 773
CIDS				
These entities were established to enable projects at the initiative of local communities, to provide services over and above those provided by the City.				
Special rating areas				
Arm's-length transactions for the year				
Levies			232 212	210 130
Arm's-length transactions have been concluded with members of key management and related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 496	1 426		
Woodstock CID: Lloyd's Project Management CC	-	675		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC - rental				
Received	317	291		

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT

39.2.1 Executive management members and councillors

No members of the Entity's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

The following reported transaction occurred on an arm's-length basis between the City and a close family member of a key management staff member.

Name	Nature of relation	Key management	Transaction	Amount
Mbolompo Property Specialist (Pty) Ltd	Spouse	Cllr JS Mbolompo	Rendering of services	23 644

39.2.2 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Total
2020				
Mayco members	13 081	18	612	13 711
Councillors	140 256	457	4 488	145 201
Subsidiaries: board members	900	-	-	900
TOTAL	154 237	475	5 100	159 812
2019				
Mayco members	12 458	32	499	12 989
Councillors	134 462	421	4 485	139 368
Subsidiaries: board members	743	-	-	743
TOTAL	147 663	453	4 984	153 100

Councillors are remunerated according to the Remuneration of Public Office Bearers Act, Act 20 of 1998 and are not disclosed individually, but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City. There are 231 councillor positions, whose aggregate remuneration amounted to R152,36 million for the period in review. The average remuneration per councillor is R0,687 million (2019: R0,659 million) per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 198 and 199 under "General information".

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.3 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2020				
Executive Mayor				
Ald D Plato	1 445	-	-	1 445
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 052	-	123	1 175
Economic Opportunities and Asset Management				
Ald J Vos	1 109	-	-	1 109
Corporate Services				
Cllr SA Cottle	1 109	-	-	1 109
Community Services and Health				
Cllr ZA Badroodien	1 109	-	-	1 109
Energy and Climate Change				
Cllr P Maxiti	1 109	-	-	1 109
Human Settlements				
Cllr M Booie	1 037	-	71	1 108
Safety and Security				
Ald JP Smith	999	18	93	1 110
Spatial Planning and Environment				
Ald M Niewoudt	1 017	-	93	1 110
Transport				
Ald F Purchase	993	-	116	1 109
Urban Management				
Ald G Twigg	993	-	116	1 109
Water and Waste				
Ald X Limberg	1 109	-	-	1 109
TOTAL	13 081	18	612	13 711

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.3 Mayco members (continued)

ANALYSIS OF REMUNERATION BENEFITS				
	Annual salary	Car allowance	Social contribution	Total
2019				
Executive Mayor				
Ald D Plato	908	-	-	908
Ald P de Lille	450	14	-	464
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 011	-	120	1 131
Executive Finance				
Cllr J van der Merwe	335	-	39	374
Ald M Nieuwoudt	136	-	13	149
Economic Opportunities and Asset Management				
Ald J Vos	534	-	-	534
Assets and Facilities Management				
Ald J Vos	142	-	-	142
Cllr S Diamond	374	-	-	374
Corporate Services				
Cllr SA Cottle	682	-	-	682
Cllr R Arendse	374	-	-	374
Community Services and Health				
Cllr ZA Badroodien	534	-	-	534
Area-Based: South				
Cllr ZA Badroodien	148	-	-	148
Cllr E Andrews	374	-	-	374
Energy and Climate Change				
Cllr P Maxiti	534	-	-	534
Area-Based: East				
Cllr P Maxiti	148	-	-	148
Cllr A Ntsodo	374	-	-	374
Human Settlements				
Cllr M Booï	498	-	35	533
Area-Based: Central				
Cllr M Booï	139	-	10	149
Cllr S Mamkeli	339	-	-	339

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.3 Mayco members (continued)

ANALYSIS OF REMUNERATION BENEFITS				
	Annual salary	Car allowance	Social contribution	Total
Safety and Security				
Ald JP Smith	948	18	90	1 056
Spatial Planning and Environment				
Ald M Nieuwoudt	488	-	46	534
Transport				
Ald F Purchase	476	-	58	534
Transport and Urban Development Authority				
Ald F Purchase	133	-	16	149
Cllr BN Herron	374	-	-	374
Urban Management				
Cllr G Twigg	477	-	57	534
Area-Based: North				
Cllr G Twigg	133	-	15	148
Cllr S Little	339	-	-	339
Water and Waste				
Cllr X Limberg	534	-	-	534
Informal Settlements; Water and Waste Services; Energy				
Cllr X Limberg	522	-	-	522
TOTAL	12 458	32	499	12 989



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.4 Executive management

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2020						
City Manager						
L Mbandazayo	2 978	-	-	1	381	3 360
Corporate Services						
C Kesson	2 750	-	-	45	333	3 128
Community Services and Health						
V Botto	890	-	-	-	129	1 019
Economic Opportunities and Asset Management						
K le Keur	2 361	-	65	-	298	2 724
Energy and Climate Change						
KM Nassiep	2 450	-	295	33	2	2 780
Finance						
K Jacoby	2 731	-	81	-	275	3 087
Human Settlements						
NZ Gqiba	2 536	-	130	17	2	2 685
R Rughubar	151	-	-	-	22	173
Safety and Security Services						
R Bosman	2 654	-	95	-	333	3 082
Spatial Planning and Environment						
A Osman	2 351	-	53	-	345	2 749
Transport						
E Sass	2 820	-	-	-	395	3 215
M Whitehead	762	-	-	-	-	762
Urban Management						
P Mashoko	2 185	-	153	-	29	2 367
B Gerber*	-	-	-	-	-	-
Water and Waste						
M Webster**	2 386	-	88	19	185	2 678
	30 005	-	960	115	2 729	33 809
CTICC						
Chief Executive Officer: TM Motlhabane	918	335	-	-	-	1 253
Chief Executive Officer: J Ellingson	1 866	-	-	-	-	1 866
Key management: four staff members	6 735	901	-	-	-	7 636
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 714	-	-	-	255	1 969
Key management: two staff members	799	-	-	-	6	805
TOTAL	42 037	1 236	960	115	2 990	47 338

*Acted without compensation for period.

**Included in the annual salary amount is a director's individual performance management (IPM) bonus of R17 098 for the period up until November 2019.

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.4 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2019						
City Manager						
L Mbandazayo	2 836	-	-	17	361	3 214
Corporate Services						
C Kesson*	206	-	-	-	26	232
Corporate Services: Directorate of the Mayor						
C Kesson	2 881	-	-	16	289	3 186
Community Services and Health						
E Sass	1 266	-	-	-	187	1 453
Social Services						
E Sass	1 282	-	-	-	182	1 464
Economic Opportunities and Asset Management						
K le Keur	819	-	64	-	114	997
Assets and Facilities Management						
K le Keur	931	-	64	-	114	1 109
Energy and Climate Change						
KM Nassiep	1 008	-	-	-	1	1 009
Energy						
KM Nassiep	1 108	-	-	-	1	1 109
Environmental Management						
A Osman	810	-	72	-	125	1 007
Finance						
K Jacoby	2 586	-	81	1	261	2 929
Human Settlements						
R Rughubar	854	-	-	-	125	979
Safety and Security Services						
R Bosman	2 444	-	96	-	303	2 843
Transport						
E Sass**	-	-	-	-	-	-
GL Fortune	737	-	-	3	107	847
M Whitehead	1 452	-	-	-	1	1 453
Transport and Urban Development Authority						
GL Fortune	839	-	-	10	127	976
M Whitehead	1 452	-	-	-	1	1 453
Urban Management						
B van Schoor	815	-	60	-	97	972

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

39. RELATED-PARTY DISCLOSURES (continued)

39.2 EXECUTIVE MANAGEMENT (continued)

39.2.4 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Bonus	Relocation and car allowance	Travel and subsistence	Social contribution	Total
Area-Based Service Delivery						
B van Schoor	658	-	51	-	78	787
L Scheepers	696	-	-	-	74	770
Water and Waste						
M Webster**	-	-	-	-	-	-
G Kaiser	1 196	-	45	1	30	1 272
Informal Settlements; Water and Waste Services; Energy						
G Kaiser	1 434	-	54	26	33	1 547
	28 310	-	587	74	2 637	31 608
CTICC						
Chief Executive Officer: J Ellingson	2 308	311	-	-	-	2 619
Key management: four staff members	611	6 046	-	-	-	6 657
Cape Town Stadium						
Chief Executive Officer: L de Reuck	1 403	44	160	-	247	1 854
Acting Chief Financial Officer: K Theron	25	-	-	-	-	25
TOTAL	38 092	966	747	74	2 884	42 763

*Included in the annual salary amount is an arbitration award of R483 910.

**Acted without compensation for period.

40. EVENTS AFTER REPORTING DATE

Due to the regulations relating to the combating of the Covid-19 pandemic, the City's municipal entities have been unable to conduct their normal business operations, despite the regulations having been relaxed to level 1 after the reporting date. Under level 1, restrictions on conferences and events remain. Therefore, the regulations continue to have a significant impact on the cash-generating capabilities of the City's municipal entities, which are both events driven. It is uncertain as to when both municipal entities will be able to resume its normal business operations.

Management is not aware of any events after the reporting date that would materially alter the amounts or disclosures in these financial statements.

ANNEXURE A: Schedule of external loans

AS AT 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2019	Received during the year	Capitalised during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/written off during the year	Balance as at 30 June 2020
MUNICIPALITY OF CAPE TOWN										
MARKETABLE BONDS										
Municipal Bond CCT01	12,570	830014004	2023	1 002 404	-	-	343	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	888 841	-	-	(4 361)	-	(100 000)	784 480
Total marketable bonds¹				5 163 986	-	-	(4 018)	-	(100 000)	5 059 968
CONCESSIONARY LOANS										
DBSA	5,000	830012028	2020	3 878	-	-	(2)	124	(4 000)	-
AFD	5,763	830018500	2028	326 329	-	-	(676)	7 571	(40 000)	293 224
AFD	5,730	830018516	2028	325 896	-	-	(672)	7 647	(40 000)	292 871
AFD	5,755	830018530	2028	326 460	-	-	(675)	7 358	(40 000)	293 143
AFD	5,800	830018523	2028	318 342	-	-	(662)	7 289	(38 961)	286 008
KfW	8,107	830020016	2033	130 892	1 091 580	-	10 276	(120 518)	(85 867)	1 026 363
Total concessionary loans				1 431 797	1 091 580	-	7 589	(90 529)	(248 828)	2 191 609
OTHER LOANS										
DBSA	9,420	830012035	2020	9 341	-	-	(7)	-	(9 334)	-
DBSA	9,639	830013000	2022	46 703	-	-	(37)	-	(13 333)	33 333
DBSA	10,565	830013507	2022	46 706	-	-	(40)	-	(13 333)	33 333
Total other loans				102 750	-	-	(84)	-	(36 000)	66 666
TOTAL				6 698 533	1 091 580	-	3 487	(90 529)	(384 828)	7 318 243
CONTROLLED ENTITIES										
OTHER LOANS										
CID Brackenfell: ABSA	13,000	-	2019	30	185	-	-	-	(30)	185
CID Montague Gardens: Nedbank	12,251	-	2021	169	-	-	-	-	(90)	79
CID Claremont Road Co.: DBSA	-	-	2023	8 452	-	-	-	-	(1 844)	6 608
TOTAL				8 651	185	-	-	-	(1 964)	6 872
GRAND TOTAL				6 707 184	1 091 765	-	3 487	(90 529)	(386 792)	7 325 115

¹ Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

ANNEXURE B: Analysis of property, plant and equipment, and other assets - economic entity

AS AT 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Assets under construction	79 073	175	17 057	-	-	96 305	(16 091)	-	-	-	-	(16 091)	80 214
Vacant land	1 302 540	16 545	61 246	-	-	1 380 331	(260 341)	(2)	-	-	-	(260 343)	1 119 988
Land and buildings	4 170 121	176 093	110 818	-	(121)	4 456 911	(1 622 160)	(11)	(83 653)	(82 017)	104	(1 787 737)	2 669 174
	5 551 734	192 813	189 121	-	(121)	5 933 547	(1 898 592)	(13)	(83 653)	(82 017)	104	(2 064 171)	3 869 376
Infrastructure													
Assets under construction	2 525 750	(1 394 073)	1 964 659	-	-	3 096 336	-	-	-	-	-	-	3 096 336
Telecommunications	895 284	39 412	153 487	-	-	1 088 183	(125 160)	(6 878)	(70 320)	-	-	(202 358)	885 825
Drains	1 391 722	63 264	80 762	-	-	1 535 748	(501 548)	2 721	(52 319)	-	-	(551 146)	984 602
Roads	13 724 297	392 210	421 559	-	-	14 538 066	(4 225 803)	15 934	(440 909)	-	-	(4 650 778)	9 887 288
Beach improvements	182 873	-	482	-	-	183 355	(33 896)	-	(5 677)	-	-	(39 573)	143 782
Sewerage mains and purification	5 477 153	206 495	205 164	-	(8)	5 888 804	(2 071 047)	-	(279 150)	-	8	(2 350 189)	3 538 615
Security	1 312 815	2 409	185 834	-	-	1 501 058	(611 085)	10 786	(121 117)	-	-	(721 416)	779 642
Electricity peak-load equipment and mains	10 695 483	92 832	494 712	-	-	11 283 027	(3 273 551)	-	(235 775)	-	-	(3 509 326)	7 773 701
Water mains and purification	5 355 417	202 263	491 354	-	-	6 049 034	(2 127 466)	3 040	(243 695)	(14 389)	-	(2 382 510)	3 666 524
Reservoirs - water	1 085 110	144 619	213 029	-	-	1 442 758	(427 994)	-	(42 267)	-	-	(470 261)	972 497
	42 645 904	(250 569)	4 211 042	-	(8)	46 606 369	(13 397 550)	25 603	(1 491 229)	(14 389)	8	(14 877 557)	31 728 812
Community assets													
Assets under construction	168 214	(151 307)	81 580	-	-	98 487	-	-	-	-	-	-	98 487
Parks and gardens	405 000	(63 108)	2 323	-	-	344 215	(83 143)	16 246	(11 299)	-	-	(78 196)	266 019
Libraries	335 845	2 859	12 490	-	-	351 194	(90 478)	11	(6 061)	-	-	(96 528)	254 666
Recreational facilities	5 730 743	(4 382 110)	26 852	-	-	1 375 485	(2 280 149)	1 691 662	(46 206)	(38)	-	(634 731)	740 754
Civic buildings	2 843 439	56 693	51 995	-	-	2 952 127	(785 044)	214	(48 556)	-	-	(833 386)	2 118 741
	9 483 241	(4 536 973)	175 240	-	-	5 121 508	(3 238 814)	1 708 133	(112 122)	(38)	-	(1 642 841)	3 478 667
Other assets													
Assets under construction	218 124	(182 073)	243 860	-	-	279 911	-	-	-	-	-	-	279 911
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 206 054	59 075	(27 622)	-	-	1 237 507	(671 919)	-	(43 865)	-	-	(715 784)	521 723
Furniture, fittings and equipment	1 273 411	5 018	126 792	-	(82 006)	1 323 215	(900 027)	(196)	(113 888)	-	77 773	(936 338)	386 877
Bins and containers	72 445	28	9 277	-	(1 321)	80 429	(63 811)	7 880	(3 606)	-	1 311	(58 226)	22 203
Emergency equipment	60 973	1 349	17 331	-	(3 254)	76 399	(41 995)	21	(7 017)	-	3 133	(45 858)	30 541
Motor vehicles and watercraft	1 776 016	141	551 923	-	(47 106)	2 280 664	(760 941)	(1 144)	(162 024)	-	39 521	(884 588)	1 396 076
Plant and equipment	1 270 691	2 823	80 447	-	(18 026)	1 335 935	(726 446)	516	(99 231)	(1 343)	17 123	(809 381)	526 554
Specialised vehicles	1 895 778	93	236 710	-	(7 428)	2 125 153	(805 863)	8 722	(121 197)	-	6 150	(912 188)	1 212 965
Computer equipment	2 578 809	7 374	202 066	-	(140 933)	2 641 369	(1 954 237)	6 181	(236 783)	(151)	145 103	(2 039 887)	601 482
Animals	1 299	-	-	-	(18)	1 281	(338)	5 774	(1 083)	-	18	4 371	5 652
	10 354 849	(106 172)	1 440 784	-	(306 349)	11 383 112	(5 926 826)	27 754	(788 694)	(1 494)	290 132	(6 399 128)	4 983 984
Service concession assets													
Assets under construction	-	-	39 276	-	-	39 276	-	-	-	-	-	-	39 276
Cape Town Stadium	-	4 607 215	154	-	(1 591)	4 605 778	-	(1 761 880)	(183 986)	-	1 341	(1 944 525)	2 661 253
Buses and depots	1 382 175	82 057	24 048	-	(9 864)	1 478 416	(675 334)	-	(41 726)	(3 861)	5 196	(715 725)	762 691
	1 382 175	4 689 272	63 478	-	(11 455)	6 123 470	(675 334)	(1 761 880)	(225 712)	(3 861)	6 537	(2 660 250)	3 463 220
Housing rental stock	3 102 806	92 671	74 062	-	(31 897)	3 237 642	(1 091 440)	-	(100 335)	-	25 982	(1 165 793)	2 071 849
TOTAL PPE	72 520 709	81 042	6 153 727	-	(349 830)	78 405 648	(26 228 556)	(403)	(2 801 745)	(101 799)	322 763	(28 809 740)	49 595 908

ANNEXURE B: Analysis of property, plant and equipment, and other assets - economic entity

AS AT 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(59 682)	-	(1 714)	-	-	(61 396)	63 105
	642 643	-	-	-	-	642 643	(59 682)	-	(1 714)	-	-	(61 396)	581 247
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(354 637)	-	(70 178)	-	-	(424 815)	136 626
Computer software	1 140 773	27 089	34 378	-	(429)	1 201 811	(646 360)	403	(87 537)	-	423	(733 071)	468 740
	1 702 214	27 089	34 378	-	(429)	1 763 252	(1 000 997)	403	(157 715)	-	423	(1 157 886)	605 366
TOTAL OTHER	2 355 137	27 089	34 378	-	(440)	2 416 164	(1 060 679)	403	(159 429)	-	423	(1 219 282)	1 196 882
GRAND TOTAL PPE AND OTHER	74 875 846	108 131	6 188 105	-	(350 270)	80 821 812	(27 289 235)	-	(2 961 174)	(101 799)	323 186	(30 029 022)	50 792 790

¹ See note 37 for more details.



ANNEXURE B: Analysis of property, plant and equipment, and other assets - Municipality of Cape Town

AS AT 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Land and buildings													
Vacant land	1 302 540	16 545	61 246	-	-	1 380 331	(260 341)	(2)	-	-	-	(260 343)	1 119 988
Land and buildings	2 856 821	176 268	88 454	-	-	3 121 543	(724 600)	(11)	(59 148)	(2)	-	(783 761)	2 337 782
	4 159 361	192 813	149 700	-	-	4 501 874	(984 941)	(13)	(59 148)	(2)	-	(1 044 104)	3 457 770
Infrastructure													
Assets under construction	2 525 750	(1 394 073)	1 964 659	-	-	3 096 336	-	-	-	-	-	-	3 096 336
Telecommunications	895 284	39 412	153 487	-	-	1 088 183	(125 160)	(6 878)	(70 320)	-	-	(202 358)	885 825
Drains	1 391 722	63 264	80 762	-	-	1 535 748	(501 548)	2 721	(52 319)	-	-	(551 146)	984 602
Roads	13 724 297	392 210	421 559	-	-	14 538 066	(4 225 803)	15 934	(440 909)	-	-	(4 650 778)	9 887 288
Beach improvements	182 873	-	482	-	-	183 355	(33 896)	-	(5 677)	-	-	(39 573)	143 782
Sewerage mains and purification	5 477 153	206 495	205 164	-	(8)	5 888 804	(2 071 047)	-	(279 150)	-	8	(2 350 189)	3 538 615
Security	1 312 815	2 409	185 834	-	-	1 501 058	(611 085)	10 786	(121 117)	-	-	(721 416)	779 642
Electricity peak-load equipment and mains	10 695 483	92 832	494 712	-	-	11 283 027	(3 273 551)	-	(235 775)	-	-	(3 509 326)	7 773 701
Water mains and purification	5 355 417	202 263	491 354	-	-	6 049 034	(2 127 466)	3 040	(243 695)	(14 389)	-	(2 382 510)	3 666 524
Reservoirs - water	1 085 110	144 619	213 029	-	-	1 442 758	(427 994)	-	(42 267)	-	-	(470 261)	972 497
	42 645 904	(250 569)	4 211 042	-	(8)	46 606 369	(13 397 550)	25 603	(1 491 229)	(14 389)	8	(14 877 557)	31 728 812
Community assets													
Assets under construction	168 214	(151 307)	81 580	-	-	98 487	-	-	-	-	-	-	98 487
Parks and gardens	405 000	(63 108)	2 323	-	-	344 215	(83 143)	16 246	(11 299)	-	-	(78 196)	266 019
Libraries	335 845	2 859	12 490	-	-	351 194	(90 478)	11	(6 061)	-	-	(96 528)	254 666
Recreational facilities	5 730 743	(4 382 110)	26 852	-	-	1 375 485	(2 280 149)	1 691 662	(46 206)	(38)	-	(634 731)	740 754
Civic buildings	2 843 439	56 693	51 995	-	-	2 952 127	(785 044)	214	(48 556)	-	-	(833 386)	2 118 741
	9 483 241	(4 536 973)	175 240	-	-	5 121 508	(3 238 814)	1 708 133	(112 122)	(38)	-	(1 642 841)	3 478 667
Other assets													
Assets under construction	218 124	(182 073)	243 860	-	-	279 911	-	-	-	-	-	-	279 911
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 206 054	59 075	(27 622)	-	-	1 237 507	(671 919)	-	(43 865)	-	-	(715 784)	521 723
Furniture, fittings and equipment	1 203 632	5 018	120 154	-	(74 849)	1 253 955	(865 269)	(196)	(103 082)	-	70 732	(897 815)	356 140
Bins and containers	72 445	28	9 277	-	(1 321)	80 429	(63 811)	7 880	(3 606)	-	1 311	(58 226)	22 203
Emergency equipment	60 973	1 349	17 331	-	(3 254)	76 399	(41 995)	21	(7 017)	-	3 133	(45 858)	30 541
Motor vehicles and watercraft	1 687 445	141	548 215	-	(47 416)	2 188 695	(716 633)	(1 144)	(156 468)	-	39 361	(834 884)	1 353 811
Plant and equipment	1 270 691	2 823	80 447	-	(18 026)	1 335 935	(726 446)	516	(99 231)	(1 343)	17 123	(809 381)	526 554
Specialised vehicles	1 895 778	93	236 710	-	(7 428)	2 125 153	(805 863)	8 722	(121 197)	-	6 150	(912 188)	1 212 965
Computer equipment	2 488 312	7 057	189 611	-	(146 880)	2 544 047	(1 894 655)	6 498	(222 565)	(151)	139 183	(1 971 690)	572 357
Animals	1 299	-	-	-	(18)	1 281	(338)	5 774	(1 083)	-	18	4 371	5 652
	10 106 002	(106 489)	1 417 983	-	(292 935)	11 124 561	(5 788 178)	28 071	(758 114)	(1 494)	277 011	(6 242 704)	4 881 857
Service concession assets													
Assets under construction	-	-	39 276	-	-	39 276	-	-	-	-	-	-	39 276
Cape Town Stadium	-	4 607 215	154	-	(1 591)	4 605 778	-	(1 761 880)	(183 986)	-	1 341	(1 944 525)	2 661 253
Buses and depots	1 382 175	82 057	24 048	-	(9 864)	1 478 416	(675 334)	-	(41 726)	(3 861)	5 196	(715 725)	762 691
	1 382 175	4 689 272	63 478	-	(11 455)	6 123 470	(675 334)	(1 761 880)	(225 712)	(3 861)	6 537	(2 660 250)	3 463 220
Housing rental stock	3 102 806	92 671	74 062	-	(31 897)	3 237 642	(1 091 440)	-	(100 335)	-	25 982	(1 165 793)	2 071 849
TOTAL PPE	70 879 489	80 725	6 091 505	-	(336 295)	76 715 424	(25 176 257)	(86)	(2 746 660)	(19 784)	309 538	(27 633 249)	49 082 175

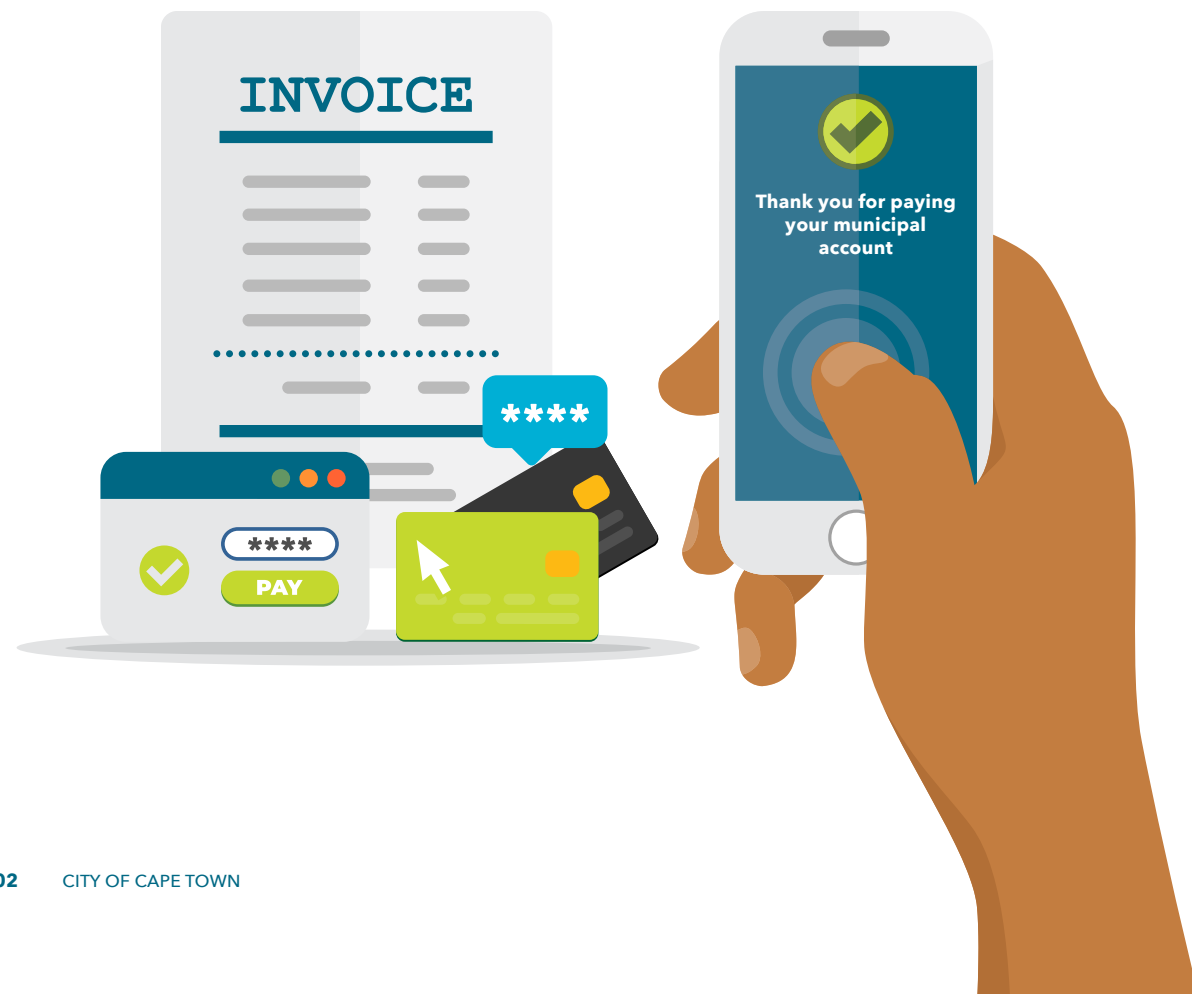
ANNEXURE B: Analysis of property, plant and equipment, and other assets - Municipality of Cape Town

AS AT 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions ¹	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
Heritage assets													
Paintings and museum items	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(59 682)	-	(1 714)	-	-	(61 396)	63 105
	642 643	-	-	-	-	642 643	(59 682)	-	(1 714)	-	-	(61 396)	581 247
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(354 637)	-	(70 178)	-	-	(424 815)	136 626
Computer software	1 129 306	27 406	32 579	-	(429)	1 188 862	(642 932)	86	(83 387)	-	423	(725 810)	463 052
	1 690 747	27 406	32 579	-	(429)	1 750 303	(997 569)	86	(153 565)	-	423	(1 150 625)	599 678
TOTAL OTHER	2 343 670	27 406	32 579	-	(440)	2 403 215	(1 057 251)	86	(155 279)	-	423	(1 212 021)	1 191 194
GRAND TOTAL PPE AND OTHER	73 223 159	108 131	6 124 084	-	(336 735)	79 118 639	(26 233 508)	-	(2 901 939)	(19 784)	309 961	(28 845 270)	50 273 369

¹ See note 37 for more details.



ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	2020	2019	2018
MUNICIPALITY OF CAPE TOWN			
Bank accounts held with			
Nedbank			
Main bank	242 494	214 486	181 975
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
Amortised cost	242 494	214 486	181 975
ABSA			
Main bank	-	-	19 598
IRT bank	7 882	31 467	8 162
Amortised cost	7 882	31 467	27 760
Amortised cost - see note 10	250 376	245 953	209 735
SUBSIDIARIES			
CTICC			
Bank accounts			
Nedbank - current	-	-	753
ABSA Bank - current	31	8 309	1 254
ABSA Bank - CTICC east - current	1	207	967
ABSA Bank - exh serv - current	21	660	642
ABSA Bank Treasury	1	75	71
ABSA Bank Treasury	1	2 607	2 451
Nedbank - CTICC main current	1 613		
Nedbank - CTICC payroll	129		
Nedbank - CTICC east	35		
Nedbank - CTICC merchant services	12		
Nedbank - CTICC E-commerce	1		
Amortised cost	1 845	11 858	6 138
City improvement districts	124 925	110 502	95 246
Cape Town Stadium (RF) SOC LTD	-	11	
Total bank balances - see note 10	377 146	368 324	311 119

	2020	2019	2018
MUNICIPALITY OF CAPE TOWN			
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	883	730	226
City of Cape Town	63	65	5 196
City of Cape Town	1 394	1 416	138
City of Cape Town	1 463	3 341	996
City of Cape Town	5 301	4 992	2 569
City of Cape Town	679	736	945
City of Cape Town	229	534	592
City of Cape Town	647	872	111
City of Cape Town	460	200	182
City of Cape Town	286	-	
	11 405	12 886	10 955
ABSA			
City of Cape Town			-
City of Cape Town			13
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			8
City of Cape Town			-
			21
Fair value - see note 10	11 405	12 886	10 976
City of Cape Town	-	-	-
Fair value	11 405	12 886	10 976
SUBSIDIARIES			
CTICC			
Investment accounts			
Nedbank - call deposit	-	20	19
ABSA Bank - call deposit	-	386	14 424
First National Bank - RMB investment	-	-	14 834
Stanlib - bank	30 462	24 501	27 909
Investec - bank	37 012	14 263	37 946
ABSA Bank - call deposit	-	3	3
Nedgroup - money market fund	34 915	30 729	28 663
Nedgroup - corporate money market	32 274	36 759	35 298
ABSA Bank - call account	162	48 938	711
ABSA Bank - CTICC money market fund	33 915	14 623	13 646
ABSA Bank - guarantee	-	-	45 225
Nedbank - CTICC daily call deposit	229		
Amortised cost	168 969	170 222	218 678

ANNEXURE C: Disclosure of bank accounts and investments in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2020	2019
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	100 000	100 000
Guarantee facility (non-cash-covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	2 000	4 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

Guarantee facility (non-cash-covered)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

Business activities	Actual income	Actual expenditure	(Surplus)/deficit	Inter-departmental charges	Net (surplus)/deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration	(18 782 775)	10 293 381	(8 489 394)	(194 943)	(8 294 451)	(12 676)	(8 281 775)	(6 117 553)
Executive and Council	(990)	493 243	492 253	2 731	489 522	-	489 522	529 061
Finance and Administration	(18 781 758)	9 752 307	(9 029 451)	(197 866)	(8 831 585)	(12 676)	(8 818 909)	(6 693 470)
Internal Audit	(27)	47 831	47 804	192	47 612	-	47 612	46 856
Community and Public Safety	(3 648 903)	8 920 157	5 271 254	661 566	4 609 688	(720 312)	5 330 000	5 375 654
Community and Social Services	(175 379)	1 168 622	993 243	46 343	946 900	(43 425)	990 325	988 258
Sport and Recreation	(67 059)	1 475 577	1 408 518	262 642	1 145 876	(12 799)	1 158 675	1 095 275
Public Safety	(1 310 857)	3 062 283	1 751 426	21 391	1 730 035	(14 613)	1 744 648	1 810 810
Housing	(1 666 715)	1 919 766	253 051	315 729	(62 678)	(624 689)	562 011	639 778
Health	(428 893)	1 293 909	865 016	15 461	849 555	(24 786)	874 341	841 533
Economic and Environmental Services	(1 880 928)	5 157 397	3 276 469	219 695	3 056 774	(587 312)	3 644 086	3 734 122
Planning and Development	(379 454)	1 334 420	954 966	29 936	925 030	(24 691)	949 721	1 014 672
Road Transport	(1 480 560)	3 625 025	2 144 465	180 143	1 964 322	(562 516)	2 526 838	2 563 310
Environmental Protection	(20 914)	197 952	177 038	9 616	167 422	(105)	167 527	156 140
Trading Services	(30 640 050)	26 153 567	(4 486 483)	(692 582)	(3 793 901)	(657 262)	(3 136 639)	(2 752 173)
Energy Sources	(15 439 421)	13 352 671	(2 086 750)	1 357 898	(3 444 648)	(55 089)	(3 389 559)	(3 089 228)
Water Management	(7 004 400)	6 485 948	(518 452)	411 856	(930 308)	(323 522)	(606 786)	(785 133)
Wastewater Management	(4 003 422)	3 185 618	(817 804)	(825 743)	7 939	(278 651)	286 590	565 694
Waste Management	(4 192 807)	3 129 330	(1 063 477)	(1 636 593)	573 116	-	573 116	556 494
Subsidiaries	(553 791)	668 481	114 690	6 264	108 426	-	108 426	187 434
Cape Town International Convention Centre	(220 908)	354 494	133 586	38 019	95 567	-	95 567	198 630
Cape Town Stadium	(76 578)	76 578	-	(31 755)	31 755	-	31 755	-
City improvement districts	(256 305)	237 409	(18 896)	-	(18 896)	-	(18 896)	(11 196)
TOTAL	(55 506 447)	51 192 983	(4 313 464)	-	(4 313 464)	(1 977 562)	(2 335 902)	427 484

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2019/20									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjust-ments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(344)	-	-	-	51	-	-	(293)
Department of Environmental Affairs and Tourism	Environmental Affairs	(489)	(110)	-	275	-	-	-	(324)
Energy Efficiency Electricity Demand Side Management	Energy	-	(11 065)	-	640	10 425	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(32 877)	359	24 146	594	-	-	(7 778)
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	-	(204 241)	-	204 241	-	-	-
Infrastructure Skills Development	National Treasury	(3 271)	(11 000)	3 308	10 963	-	-	-	-
Integrated City Development Grant	National Treasury	(10 330)	(55 387)	8 690	2 664	40 179	-	-	(14 184)
Municipal Disaster Grant	Department of Corporate Governance	(1 231)	-	1 232	-	(1)	-	-	-
Municipal Disaster Recovery Grant	Department of Corporate Governance	(199 589)	-	40	-	199 549	-	-	-
Neighbourhood Development Programme	National Treasury	-	(42 000)	2 068	-	13 785	-	-	(26 147)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(653)	(1 327)	77	660	-	-	-	(1 243)
Public Transport Network Grant	Transport	(122 514)	(1 311 645)	266 515	468 257	377 385	-	-	(322 002)
Public Transport Network Grant - BFI	Transport	-	-	(82 089)	-	35 570	-	-	(46 519)
Restructuring Grant - Seed Funding	National Treasury	(2 076)	-	-	-	341	-	-	(1 735)
Special Projects	Environmental Affairs	(2 033)	-	322	1 740	-	19	(48)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(130)	-	123	15	-	12	(20)	-
Tirelo Boshia Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(178 147)	(1 512 724)	413 473	125 233	992 631	-	-	(159 534)
Total DoRA allocation									
		(520 882)	(2 979 135)	409 877	635 593	1 874 750	31	(68)	(579 834)
2010 FIFA World Cup - Green Point: Interest account									
Integrated City Development Grant: Interest account		(246)	-	-	-	-	-	-	(246)
Natural Resource Management: Interest account		(320)	-	-	-	-	-	-	(320)
Neighbourhood Development Programme: Interest account		(10)	-	-	-	-	(1)	-	(11)
Peninsula Wetlands Rehabilitation Project: Interest account		(1 190)	-	-	-	-	(1 319)	-	(2 509)
Total									
		(2)	-	-	-	-	(25)	-	(27)

NATIONAL AND PROVINCE GRANT FUNDS 2019/20									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjust-ments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
Public Transport Infrastructure Systems Grant: Interest account		(203 766)	(31)	-	9 822	-	(13 204)	-	(207 179)
Public Transport Infrastructure Grant: Interest account		(39 366)	-	-	-	-	(2 606)	-	(41 972)
Public Transport Network Grant: Interest account		(74 019)	-	-	-	-	(30 691)	-	(104 710)
Public Transport Network Grant - BFI: Interest account		(185)	-	-	-	-	(445)	-	(630)
Public Transport Network Operations Grant: Interest account		(16 079)	-	-	-	-	(1 065)	-	(17 144)
Smart Living Handbook: Interest account		(107)	-	-	-	-	(7)	-	(114)
Special Projects		(4)	-	-	-	-	4	-	-
Terrestrial Invasive Alien Plants: Interest account		(33)	-	-	-	-	33	-	-
Total interest earned		(335 327)	(31)	-	9 822	-	(49 326)	-	(374 862)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		(856 209)	(2 979 166)	409 877	645 415	1 874 750	(49 295)	(68)	(954 696)
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(94)	-	94	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	-	-	-	-	-	(5 812)
Bokmakierie/Hazendal Infill 3	Human Settlements	(414)	-	414	-	-	-	-	-
Browns Farm Phase 3, 4, 5, 6	Human Settlements	(10 975)	-	10 975	-	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(900)	-	3 195	-	-	(712)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	(15 809)	54 448	-	-	(38 639)	-
Delft The Hague/Roosendal Eindhoven	Human Settlements	(2 263)	-	-	17 000	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 439)	-	-	52 534	-	-	(46 095)	-
Edward Road Energy Efficient Project	Human Settlements	(3 810)	-	-	-	-	(252)	-	(4 062)
EHP Nyanga, Dunoon and Atlantis	Human Settlements	(10 466)	-	1 430	5 452	-	-	-	(3 584)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2019/20									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met – transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	(25 206)	25 728	Operating	31 537	-	(32 059)	-
Eradication of Registration Backlog	Human Settlements	(2 221)	-	-	421	-	-	-	(1 800)
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)
Establishment Grants	Human Settlements	(948)	-	1 003	-	-	(56)	-	(1)
Facilitation Grants	Human Settlements	(1 406)	-	1 460	-	-	(86)	-	(32)
Finance Management Support Grant	Treasury	(2)	(230)	2	230	-	-	-	-
Financial Management Capacity Building Grant	Treasury	(365)	(380)	244	500	-	(20)	-	(21)
Fisanteakraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	(26 947)	27 375	-	-	(428)	-
Garden Cities/Greenville/Fisanteakraal 868	Human Settlements	(152)	-	-	1 576	-	-	(1 576)	(152)
Glenhaven Social Housing Project	Human Settlements	(4 352)	-	(14 728)	31 383	-	-	(12 303)	-
Government Grant Community Development Workers	WCG Local Government	(475)	(2 034)	478	451	-	(5)	-	(1 585)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(31 182)	-	-	7 361	-	-	-	(23 821)
Happy Valley – Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill – Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(8)	-	-	8	-	-	-	-
Heideveld Housing Infill	Human Settlements	(1 560)	-	-	18	-	-	-	(1 542)
HIV/AIDS Community Based Response Projects	Health	(25 240)	(263 243)	-	257 047	-	-	-	(31 436)
Housing Settlements Development Grant	Human Settlements	-	(286 311)	239 916	-	-	-	-	(46 395)
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects: Urban Engineering	Human Settlements	-	-	(10 096)	46 629	-	-	(36 533)	-
Informal Settlements	Human Settlements	(567)	(1 500)	38	927	-	-	-	(1 102)

NATIONAL AND PROVINCE GRANT FUNDS 2019/20									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met – transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
Jakkalsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	(2 635)	(2 300)	-	4 258	-	-	-	(677)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	1 061	-	-	-	(1 061)	-
Khayelitsha Site C Subsidies	Human Settlements	(5 082)	-	-	-	(336)	-	-	(5 418)
Kleinvllei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Community Safety	(217)	(4 159)	-	4 207	6	(21)	-	(184)
Law Enforcement Officers – LEAP	Community Safety	-	(130 000)	-	79 568	19 039	(1 308)	-	(32 701)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(193)	(5 150)	-	5 294	-	(213)	-	(262)
Library Metro Grant	Cultural Affairs and Sport	(1 244)	(10 000)	-	-	10 663	(443)	-	(1 024)
Marconi Beam	Human Settlements	-	(1 763)	-	-	-	-	-	(1 763)
Metropolitan Land Transport Fund	Transport and Public Works	(11 384)	(27 000)	3 666	33 699	-	(101)	-	(1 120)
Mitchells Plain Infill Phase 1	Human Settlements	(3 945)	-	3 945	-	-	-	-	-
Mitchells Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	-	-	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	(41)	-	-	41	-	(3)	-	(3)
NHBRC Enrolment Fees	Human Settlements	(1 857)	-	-	10 434	-	-	(8 577)	-
Nutrition Supplement Programme	Health	-	(5 465)	695	5 373	-	-	(603)	-
Occupancy Survey	Human Settlements	(10 431)	-	-	1 323	-	-	-	(9 108)
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	-	-	-	-	(321)
Peoples Housing Project	Human Settlements	(64 826)	-	(143 944)	139 565	-	(3 583)	-	(72 788)
Philippi East Top Structures	Human Settlements	(1)	-	1	-	-	-	-	-
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS 2019/20									
Description	Source	Balance unspent at beginning of the year ¹	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
					Operating	Capital			
Prov Docs Mod Centre Deployment	Community Safety	(165)	-	-	-	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(7 610)	(47 062)	4 427	47 110	2 607	(891)	-	(1 419)
Rou Emoh Housing Development	Human Settlements	(194)	-	-	-	-	(13)	-	(207)
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	1 389	-	-	-	-
Somerset West Housing Project	Human Settlements	(12 393)	-	(12 203)	20 014	-	-	-	(4 582)
Sport and Recreation	Cultural Affairs and Sport	-	(779)	-	-	772	(7)	-	(14)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	7 117	-	-	-	-	-
Tambo Square	Human Settlements	(286)	-	286	-	-	-	-	-
TB Crisis Plan	Health	(678)	(29 682)	-	30 666	-	-	(306)	-
Title Deeds Restoration	Human Settlements	(26 757)	-	-	26 712	-	-	-	(45)
Vaccines	Health	-	(120 142)	25 692	98 845	-	-	(4 395)	-
Vrygrond	Human Settlements	(33)	-	15	-	-	-	-	(18)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 980)	-	10 980	-	-	-	-	-
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	-	(15 000)	-	11 897	279	-	-	(2 824)
TOTAL PROVINCE TRANSFERS AND GRANTS		(299 189)	(977 406)	115 040	1 055 292	36 561	(7 338)	(197 312)	(274 352)
Analysis of grants and subsidies									
Total National Government transfers and grants		(856 209)	(2 979 166)	409 877	645 415	1 874 750	(49 295)	(68)	(954 696)
Total Province transfers and grants		(299 189)	(977 406)	115 040	1 055 292	36 561	(7 338)	(197 312)	(274 352)
		(1 155 398)	(3 956 572)	524 917	1 700 707	1 911 311	(56 633)	(197 380)	(1 229 048)

¹ The balance unspent at beginning and end of the year excludes VAT.

ANNEXURE F: Disclosure of grants in terms of section 14(4)(a) of the DoRA 2019

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS		
	Budget	Expenditure
METRO SOUTHEAST CORRIDOR		
Integrated City Development Grant (ICDG)	33 661	27 319
Public Transport Network Grant (PTNG)	17 569	16 119
Neighbourhood Development Partnership Grant (NDPG)	4 960	4 960
Urban Settlements Development Grant (USDG)	227 138	220 099
	283 328	268 497
VOORTREKKER ROAD CORRIDOR		
Integrated City Development Grant (ICDG)	12 182	11 777
Urban Settlements Development Grant (USDG)	102 465	96 954
	114 647	108 731
BLUE DOWNS SYMPHONY WAY		
Urban Settlements Development Grant (USDG)	92 943	87 863
Integrated City Development Grant (ICDG)	1 083	1 083
Public Transport Network Grant (PTNG)	324 267	14 937
	418 293	103 883
GRAND TOTAL	816 268	481 111

ANNEXURE G: Appropriation statement (reconciliation: budget and in-year performance)

FOR THE YEAR ENDED 30 JUNE 2020

All amounts indicated in Rand thousands (R'000)

	2019/20						2019/20					2018/19			
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure ¹	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	9 916 685	(19 531)	9 897 154	-	-	9 897 154	10 062 916	-	-	102	101	-	-	-	-
Service charges	19 690 196	15 284	19 705 480	-	-	19 705 480	20 095 142	-	-	102	102	-	-	-	-
Investment revenue	919 395	6 939	926 334	-	-	926 334	1 304 756	-	-	141	142	-	-	-	-
Transfers recognised – operational	7 376 568	484 733	7 861 301	-	-	7 861 301	7 553 698	-	-	96	102	-	-	-	-
Other own revenue	3 336 547	(225 780)	3 110 767	-	-	3 110 767	3 561 439	-	-	114	107	-	-	-	-
Total revenue (excluding capital transfers and contributions)	41 239 391	261 645	41 501 036	-	-	41 501 036	42 577 951	-	-	103	103	-	-	-	-
Employee costs	13 937 485	126 725	14 064 210	-	(20 193)	14 044 017	12 880 761	-	-	92	92	-	-	-	-
Remuneration of councillors	180 399	40	180 439	-	-	180 439	168 420	-	-	93	93	-	-	-	-
Debt impairment	2 341 628	145 941	2 487 569	-	-	2 487 569	2 804 045	-	-	113	120	-	-	-	-
Depreciation and asset impairment	3 070 201	164 079	3 234 280	-	-	3 234 280	3 004 005	-	-	93	98	-	-	-	-
Finance charges	791 499	10 060	801 559	-	1 570	803 129	815 108	-	-	101	103	-	-	-	-
Materials and bulk purchases	11 704 365	(504 004)	11 200 361	-	(35 703)	11 164 658	11 169 610	-	-	100	95	-	-	-	-
Transfers and grants	446 206	145 951	592 157	-	6 311	598 468	394 010	-	-	66	88	-	-	-	-
Other expenditure	9 647 198	(334 614)	9 312 584	-	48 015	9 360 599	8 980 363	-	-	96	93	-	-	-	-
Total expenditure	42 118 981	(245 822)	41 873 159	-	-	41 873 159	40 216 322	-	-	96	95	-	-	-	-
Surplus/(deficit)	(879 590)	507 467	(372 123)	-	-	(372 123)	2 361 629	-	-	-	(268)	-	-	-	-
Transfers recognised – capital	2 265 085	133 488	2 398 573	-	-	2 398 573	1 951 835	-	-	81	86	-	-	-	-
Contributions recognised – capital and contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	1 385 495	640 955	2 026 450	-	-	2 026 450	4 313 464	-	-	213	311	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	1 385 495	640 955	2 026 450	-	-	2 026 450	4 313 464	-	-	213	311	-	-	-	-
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised – capital	2 211 385	145 051	2 356 436	-	-	2 356 436	1 906 365	-	-	81	86	-	-	-	-
Public contributions and donations	53 700	(11 563)	42 137	-	-	42 137	40 480	-	-	96	75	-	-	-	-
Borrowing	1 091 580	-	1 091 580	-	-	1 091 580	1 060 483	-	-	97	97	-	-	-	-
Internally generated funds	5 085 442	(1 795 993)	3 289 449	-	-	3 289 449	3 027 361	6 567	-	92	60	-	-	-	-
Total sources of capital funds¹	8 442 107	(1 662 505)	6 779 602	-	-	6 779 602	6 034 689	6 567	-	89	71	-	-	-	-
Cash flows															
Net cash from (used) operating	4 539 892	70 682	4 610 574	-	-	4 610 574	7 073 449	-	-	153	156	-	-	-	-
Net cash from (used) investing	(7 761 267)	1 489 927	(6 271 340)	-	-	(6 271 340)	(6 837 208)	-	-	109	88	-	-	-	-
Net cash from (used) financing	748 685	(887)	747 798	-	-	747 798	713 432	-	-	95	95	-	-	-	-
Cash/cash equivalents at the year-end	4 985 877	1 559 722	7 530 759	-	-	7 530 759	9 366 569	-	-	124	188	-	-	-	-
Net increase in cash and cash equivalents	(2 472 690)	1 559 722	(912 968)	-	-	(912 968)	949 673	-	-	(104)	(38)	-	-	-	-

¹ See note 37 for more details.

ANNEXURE H: Bids awarded to family of employees in the service of the state - 2019

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
AURECON		156 417	156 417
H Ahlschlager	Legal representative		
C Barry	Head		
T Botha	Technical manager		
W Erasmus	Programme manager		
H Esterhysen	Senior manager		
T Govender	Maintenance administrator		
S Grobbelaar	Town planner		
E Herholdt	Manager		
A Heyns	Engineer		
J Higgs	Regional manager		
J Jacobs	Personal assistant		
B Kleynhans	Accountant		
B Kriegler	Councillor: Breede Valley Municipality		
M Marques	Deputy director		
D Mayekiso	Assistant director		
A Moore	Chief engineer		
K Nadasen	Director		
S Seegers	Head		
M Skead	Senior manager		
BOWMAN GILFILLAN INC (LEGAL)		879	879
H Ben-David	Captain		
O Bhayat	Member of Mayoral Committee		
M de Villiers	Project and process manager		
C Dyer	Deputy director		
S February	Teacher		
C Franklyn	Specialist scientist		
Q Green	Director: Finance		
C la Marque	Regional magistrate		
M Majola	Manager		
C Maree	Senior family advocate		
G Mellem	Teacher		
M Nyali	Teacher		
N Nyali	Chief education specialist		
R Ordelheide	Intern		
Z Pali	Assistant director		
S Pillay	Educator		
T Sass	Head		
B Sepuba	Special recruitment		
E van den Berg	School psychologist		
J van den Heuvel	Magistrate		
A Visser	Maintenance manager		
DESIGNTEC PRINTING CC		386	386
M Mshweshwe	Manager: Legal Services		
H Rauch	Programme manager		

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
GIBB		39 785	39 785
R Beharie	Senior engineer		
I Brink	Teacher		
S Cilliers	Teacher		
J Gooch	Head		
D Kiewiet	Area manager		
U Lekonyana	Deputy Director: National Treasury		
N Mkhize	Accounting clerk		
A Moon	Head		
N Mzayiya	Correctional officer		
K Naidoo	Head		
JAKEPRO BUILDING PROJECTS AND SERVICE		164	164
Y Jacobs	Department of Health		
O Khan	Department of Defence		
PURPLE ROSE DISTRIBUTORS CC		1 043	1 043
C Hector	Quality assessor		
M Hector	Medical doctor		
SMEC SOUTH AFRICA (PTY) LTD		53 384	53 384
A Meyer	Professional officer		
P Phosa	Member of Parliament		
C Wyngaard	Senior clerk		
SPOTLESS BY SAM		23	23
E Neethling	Attendant		
I Olfant	Forensic pathologist		
TURNER AND TOWNSEND (PTY) LTD		9 758	9 758
E Barnard	Risk manager		
T Bulmer	Chief therapist		
D Dauncey	Facilities manager, Krugersdorp		
G Harmse	Senior manager		
N Satar	Chris Hani Hospital		
J Ziki	Medical officer		
WHILE ITS DAY		2 221	2 221
C Hector	Quality assessor		
M Hector	Medical doctor		
ZAPTRON PEST SOLUTIONS		80	80
F Fortune	South African National Defence Force		
F Fortune	Western Cape Health Department		

ANNEXURE H: Bids awarded to family of employees in the service of the state - 2019 (continued)

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
INDIVIDUALS			
N Andhee	Department of Education	1 794	1 794
T Arendse	Senior foreman	150	150
L Arries	Educator	21 177	21 177
R Badenhorst	Councillor: Stellenbosch Municipality	910	910
T Barends	SAP developer	49	49
P Bell	Department of Cultural Affairs and Sport	5 415	5 415
J Beukes	Department of Health	30 273	30 273
J Bodmer	Metro paramedic	76	76
E Bowers	Social worker	238	238
M Brink	Doctor	1 263	-
G Buitendag	Head: Payroll Benefits	11	11
R Conrad	Professional officer	119	119
A Damons	Clerk	2 143	2 143
SF Davids	Department of Education	35 261	35 261
C de Wee	Administrative officer	164	164
J du Toit	Traffic inspector	1 357	1 357
Y Ebrahim	Manager: Wastewater	1 879	1 879
H Eksteen	Parliamentary liaison officer	3	3
S Fumba	Specialist clerk	10 818	10 818
S Gxilishe	Educator	117	117
C Henderson	Educator	66	66
F Hendricks	Administrative officer	39	39
M Hendricks	Artisan	21	21
E Jacobs	Senior clerk	256 895	256 895
NE Jacobs	Administrative clerk	111	111
S Jacobs	Director: Cape Agulhas Municipality	14	14
T Jacobs	Deputy Director: Department of the Premier	239	239
A Kelland	Administrative officer	407	407
R Maharaji	Umgeni Water	41 983	41 983
M Maroof	Professional officer	42	42
S Melane	Senior clerk	101	101
S Merile	Small-plant operator	840	840
K Modack	Senior professional officer	1 379	1 379
F Monk	Subcouncil manager	1 477	1 477
N Moodley	Director: Department of Health	4 672	4 672
M Mvalo	Professional officer	1 846	1 846
P Naidoo	Project manager: City of Cape Town	2 265	-
R Naidoo	IT contractor	99	99
B Ntlati	Clerk	1 288	1 288
N Orrie	Senior superintendent	2 744	2 744
R Parker	Department of Education	1 096	1 096
N Pedro	Specialist clerk	259	259
L Pieters	Educator	443	443

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2019	2019
L Pietersen	Educator	32	32
M Rhodes	Educator	7 383	7 383
A Sangster	Support assistant	25 838	25 838
M Selepe	Deputy Director: City of Tshwane	472	-
F Shariff	Director: Property Management	934	934
Y Skunyana	Light-machine operator	592	592
Z Smith	Department of Labour	365	365
D Timotheus	Operator	65	65
V van der Heever	Educator	3 744	3 744
C van der Vent	Senior worker	9	9
M Votersen	Manager	2 298	2 298
S Willemse	Administrative officer	1 454	1 454
E Williams	Stores clerk	6 249	6 249
X Zantsi	Bookkeeper	20	20
TOTAL		746 426	742 246





APPENDICES

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APPENDIX A: 2019/20 ANNUAL PERFORMANCE
MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕												
Objectives	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)			2019/20 (current financial year)					Reason for variance	Remedial action	
		Target	Actual	Status	Target	Actual	Status					
THE OPPORTUNITY CITY	1.1 Positioning Cape Town as a forward-looking, globally competitive city	1.A Percentage of building plans approved (30-60 days)	92%	92,8%	■	90%	93%	■			Above target	Maintain the momentum
		1.B Percentage of rates clearance certificates issued within ten working days	92%	94,61%	■	90%	90,74%	■			Above target	Maintain the momentum
		1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	0,60%	0,66%	●	0,70%	0,54%	✓			Well above target: This indicator is customer driven and, therefore, reliant on applications received. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
	1.2 Leveraging technology for progress	1.D Approved business and management review of the broadband infrastructure programme	New to corporate scorecard	New to corporate scorecard	New to corporate scorecard	Business plan at the end of concept design to be approved by Council	Business plan at the end of concept design to be approved by Council	▲			On target	Maintain the momentum
		1.E Number of Mayor's job creation programme opportunities created (NKPI)	35 500	36 910	■	30 000	31 871	■			Above target	Maintain the momentum
	1.3 Economic inclusion	1.F Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	95%	95,58%	■	75%	89,82%	✓			Well above target: The target was reduced during the 2019/20 quarter 4 amendment period. Despite the Covid-19 lockdown, however, the City invested in training for critical and scarce skills, internships, learnerships and apprenticeships, being strategic interventions for talent management and employment equity strategies.	Maintain the momentum
		1.G Percentage compliance with drinking-water quality standards	98%	99,09%	■	98%	99,19%	■			Above target	Maintain the momentum
1.4 Resource efficiency and security	1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	3,5	6,4	■	4	18,09	✓			Well above target: This indicator is customer driven and, therefore, reliant on applications received. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum	
THE SAFE CITY	2.1 Safe communities	2.A Number of areas in which additional CCTV cameras have been installed	5	9	✓	5	5	▲			On target	Maintain the momentum
		2.B Community satisfaction survey (score 1-5) – Safety and Security	2,9	2,3	✕	2,5	2,5	▲			Above target	Maintain the momentum

APPENDIX A: 2019/20 ANNUAL PERFORMANCE
MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕											
Objectives	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)			2019/20 (current financial year)					Reason for variance	Remedial action
		Target	Actual	Status	Target	Actual	Status				
3.1 Excellence in basic service delivery	3.A Community satisfaction survey (score 1-5) - Citywide	2,9	2,3	✕	2,5	2,7	■			Above target	Maintain the momentum
	3.B Number of outstanding valid applications for water services, expressed as a percentage of total billings for the service (NKPI)	<0,7%	0,27%	✓	<0,70%	0,23%	✓			Well above target: The determination of the 2019/20 target is based on an approach to improve performance, and ensures that the City maintains a performance standard in line with the IDP five-year target of <0,7%. This indicator is customer driven and, therefore, reliant on applications received. The achievement is based on demand, hence the variance is discrete and not continuous.	Maintain the momentum
	3.C Number of outstanding applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	<0,7%	0,24%	✓	<0,70%	0,29%	✓				
	3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	<0,5%	0,11%	✓	<0,40%	0,07%	✓			Well above target: The relatively simple nature of the standard residential connection means that achieving the allocated timeframes is generally not problematic.	Maintain the momentum
	3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	<0,5%	0,01%	✓	<0,40%	0,00%	✓			Well above target: The determination of the 2019/20 target is based on a stepped approach to performance improvement, and ensures that the City maintains a performance standard in line with the IDP five-year target of 0,2%. The achievement is based on demand, hence the variance is discrete and not continuous.	Maintain the momentum
	3.F Percentage adherence to Citywide service requests	90%	87,28%	●	90%	87,40%	●			The actual achieved (87,40%) is slightly below the target of 90%. There are plenty of factors that affected the responding rate to service requests, and each service faces its own unique ongoing challenges.	The City is currently developing an integrated information system that will improve the overall performance of this indicator.
	3.G Number of human settlements opportunities (top structures)	3 521	3 784*	■	2 565	2 738	■			Above target	Maintain the momentum
	3.H Number of human settlements opportunities (formal serviced sites)	2 502	1 908*	●	785	785	▲			On target	Maintain the momentum
3.2 Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.I Number of water service points (taps) provided to informal settlements (NKPI)	700	716	■	700	1 520	✓			Well above target: Since the start of the national lockdown, the City has sustained its efforts to enhance access to water for basic hygiene so as to help protect its most vulnerable residents against Covid-19 as far as possible. As part of these efforts, phase 2 of the water tanks programme is now complete, with 214 tanks installed in densely populated informal areas. This has been a joint effort between the City and the national Department of Water and Sanitation. Through a combination of water trucks and tanks, 41 million litres of clean drinking water have been delivered to communities where the installation of standpipes is a challenge.	Maintain the momentum
	3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	2 600	3 687	✓	2 500	2 999	✓			Well above target: Alongside the phase 2 water programme, the City has increased the roll-out of janitorial services as part of the Covid-19 emergency mitigation measures.	Maintain the momentum
	3.K Percentage of informal settlements receiving a door-to-door refuse collection service (NKPI)	99%	99,74%	■	99%	99,74%	■			Above target	Maintain the momentum
	3.L Number of service points (toilet and tap with hand basin) provided to backyarders	780	164	●	300	428	✓			Well above target: Delivery in 2018/19 was affected by a protracted tender process. Therefore, the inclusion of the previous financial year's planned services shortfall to the 2019/20 delivery programme resulted in a greater yield achieved.	Maintain the momentum
	3.M Number of subsidised electricity connections installed (NKPI)	1 500	2 440	✓	1 500	1 996	✓			Well above target: Target exceeded due to good working relationship with all stakeholders, including community involvement.	Maintain the momentum
	3.N Number of serviced sites in informal settlements	1 480	1 448	●	854	924	■			Above target	Maintain the momentum
	3.O Number of community services facilities within the informal settlements	N/A	N/A	N/A	0	0	▲			Not reported for 2019/20: Target reduced due to Covid-19.	

*Trends were tracked on Directorate SDBIPs

APPENDIX A: 2019/20 ANNUAL PERFORMANCE
MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕											
Objectives	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)			2019/20 (current financial year)					Reason for variance	Remedial action
		Target	Actual	Status	Target	Actual	Status				
THE INCLUSIVE CITY	4.1 Dense and transit-oriented growth and development	4.A Catalytic land development programme	New to corporate scorecard	New to corporate scorecard	New to corporate scorecard	Catalytic land development programme sets out prioritised projects and subprojects and their implementation actions	▲			On target	Maintain the momentum
	4.2 An efficient, integrated transport system	4.B Number of passenger journeys per kilometre operated (MyCiti)	1	1,06	■	1	1	▲		On target	Maintain the momentum
		4.C Total number of passenger journeys on MyCiti	16,8 million	17,5 million	■	12,8 million	13,2 million	■		Above target	Maintain the momentum
	4.3 Building integrated communities	4.D Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the City's approved employment equity plan (NKPI)	73%	73,05%	■	74%	72,99%	●		The variance is due to terminations.	Retention of persons from designated groups. Level 1-3 appointments to be made in line with employment equity targets.
		4.E Number of Strengthening Families programmes implemented	18	19	■	10	10	▲		On target	Maintain the momentum
THE WELL-RUN CITY	5.1 Operational sustainability	5.A Opinion of independent rating agency	High investment rating	High investment rating	▲	High investment rating	High investment rating	▲		On target	Maintain the momentum
		5.B Opinion of the Auditor-General	Clean audit	Unqualified opinion	●	Clean audit	Unqualified opinion	●		For reason for variance and remedial action see page 188 of this report.	
		5.C Percentage spend of capital budget (NKPI)	90%	80,11%	●	90%	89%	●		The slight underperformance is due to projects that could not be implemented because of the national Covid-19 lockdown. See financial note 36.3 in the City's annual financial statements for details of the reason for variance per directorate (vote).	Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of projects is within the prescribed timeframes, and that corrective actions are processed timeously to ensure maximum spend. Unspent committed funds for 2019/20 will be rolled over to 2020/21 in the August 2020 adjustments budget. Responsible person: All applicable departments. Due date: Ongoing (Note: Finance monitoring is performed on a monthly basis along with the MFMA section 71 reporting.) Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's capital expenditure and corporate contracts.
		5.D Percentage spent on repairs and maintenance	95%	95,6%	■	95%	93,31%	●		Less materials and consumables were required for maintenance operations, and maintenance programmes were delayed as a result of the Covid-19 lockdown. Delays in road maintenance programmes as a result of a term tender that expired at the end of March 2020 further contributed to the underexpenditure.	Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of spending is within the prescribed timeframes, and that corrective action is processed timeously to ensure maximum spend. Responsible person: All applicable departments. Due date: Ongoing (Note: Finance monitoring is performed on a monthly basis along with the MFMA section 71 reporting.) Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's spending.
		5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	2:1	3,85:1	✓	1,90:1	1,91:1	■		Above target	Maintain the momentum
		5.F Net debtors to annual income (NKPI)	21,50%	19,94%	✓	22,80%	19,44%	✓		Well above target: A risk-based approach was followed to calculate the impairment provisions based on the draft amended accounting standard. This resulted in a higher charge of fair-value debtors with a positive outcome.	Maintain the momentum
		5.G Debt (total borrowings) to total operating revenue (NKPI)	25%	22,85%	✓	26,11%	24,60%	■		Above target	Maintain the momentum

APPENDIX B: DEFINITIONS FOR 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

Indicator	IDP ref	Indicator definition
1.A Percentage of building plans approved within 30-60 days	1.1	Percentage of applications approved within statutory timeframes (30-60 days). The objective is to improve approval times. This improvement will be in the trend in the course of the five-year term of the IDP, but will be targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of 30 days for structures of <500 m² and 60 days for structures of >500 m². See section A7 of the National Building Regulations Act, Act 103 of 1977.
1.B Percentage of rates clearance certificates issued within ten working days	1.1	This indicator measures the percentage of rates clearance certificates issued within ten working days, only once the correct payments and required documentation have been received and verified as correct.
1.C Percentage of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	1.1	This indicator reflects the number of outstanding valid applications (downpayments received) for commercial electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active commercial billings for the service.
1.D Approved business and management review of the broadband infrastructure programme	1.2	This measures the business and management review of the broadband infrastructure programme that will be approved by the delegated authority.
1.E Number of Mayor's job creation programme (MJCP) opportunities created (NKPI)	1.2	This indicator measures the number of work opportunities created through the Mayor's job creation programme (MJCP). A work opportunity is paid work of a temporary nature, created for an individual for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes. Proxy measure for NKPI.
1.F Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	1.3	The Workplace Skills Plan outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans, and the employment equity plan. Proxy measure for NKPI.
1.G Percentage compliance with drinking-water quality standards	1.3	Measures the potable water sample pass rate according to the SANS 241 standard.
1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	1.4	This indicator measures the total amount of power that can be generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) connected to the electricity grid on the consumer's side of the electricity meter.
2.A Number of new areas with closed-circuit television (CCTV) surveillance cameras installed	2.1	This indicator measures the number of new areas identified where the City's CCTV surveillance cameras have been installed. The camera network is part of the City's crime prevention initiatives and will assist with safety in public and private spaces.
2.B Community satisfaction survey (score 1-5) - Safety and Security	2.1	A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's safety and security services. The measure is given against a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.

Indicator	IDP ref	Indicator definition
3.A Community satisfaction survey (score 1-5) - Citywide	3.1	A statistically valid, scientifically defensible score from the annual survey of residents' perceptions of the overall performance of the City's services. The measure is given against a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.
3.B Number of outstanding valid applications for water services, expressed as a percentage of total billings for the service (NKPI)	3.1	This indicator reflects the number of outstanding valid applications (downpayments received) for water services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (water services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	This indicator reflects the number of outstanding valid applications (downpayments received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (sewerage services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	This indicator reflects the number of outstanding valid applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Proxy measure for NKPI.
3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	This indicator reflects the number of outstanding valid applications (external service requests) for new refuse collection services at the end of a reporting period, expressed as a percentage of total number of active billings for formal residential refuse collection services as at the end of the same reporting period. Billing equates to active contract accounts (formal kerb-side refuse collection services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.F Percentage adherence to Citywide service requests	3.1	The service request must be adhered to within the approved timeframes. This indicator measures the percentage adherence to Citywide service standards based on external notifications. External notifications are requests for services from the public.



APPENDIX B: DEFINITIONS FOR 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN
(continued)

Indicator	IDP ref	Indicator definition
3.G Number of human settlements opportunities (top structures)	3.1	Top structures are defined as any built structure providing shelter to a household in a human settlements development by means of any national housing programme, where the main source of funding is the Human Settlements Development Grant (HSDG) in terms of the Division of Revenue Act. A human settlements opportunity is defined as incremental access to* and/ or delivery of one of the following housing products: (A) Subsidy housing (BNG), which provides a minimum 40 m² house, a fully serviced residential site, and may also include high-density residential sites relating to integrated human settlements development, and other non-residential sites relating to integrated human settlements development; (B) Incremental housing, which provides a serviced site with or without tenure; (C) People’s Housing Process, where beneficiaries maximise their housing subsidy by building or organising the building of their homes themselves; (D) Social housing, which are new rental units delivered by the City’s social housing partners; and (E) Gap housing, which is a serviced plot, a completed unit for sale or affordable units for sale. *‘Access to’ is as contemplated in section 26(1) of the Constitution of the Republic of South Africa, 1996, i.e. “Everyone has the right to have access to adequate housing”. Note: An opportunity is specifically as 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 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/milestones (serviced site and top structure) to align with reporting requirements for grant funding. A separate report (not for auditing purposes) for information to Council will reflect total delivery in Cape Town, which includes delivery by PCWC (N2, PHP, gap, other projects), as well as social housing and restitution cases that the City facilitates.
3.H Number of human settlements opportunities (formal serviced sites)	3.1	Formal serviced sites are defined as any property providing a municipal service on an individual basis to a household, including provision to households in multistorey units, on high-density residential sites and other non-residential sites related to integrated human settlements development, where the main source of funding is the Urban Settlements Development Grant (USDG) in terms of the Division of Revenue Act (DoRA) for such purpose.
3.I Number of water service points (taps) provided to informal settlements (NKPI)	3.2	The indicator reflects the number of taps provided in informal settlements during the period in review. Some taps may however have been vandalised or removed after provision. Proxy measure for NKPI.
3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	3.2	This indicator reflects the number of toilets provided in informal settlements during the period in review. Some toilets may however have been vandalised or removed after provision. Proxy measure for NKPI.
3.K Percentage of informal settlements receiving a door-to-door refuse collection service (NKPI)	3.2	This indicator reflects the percentage of informal settlements receiving a weekly door-to-door refuse collection service during the period in 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. Proxy measure for NKPI.
3.L Number of service points (toilet and tap with hand basin) provided to backyarders	3.2	This indicator reflects the number of service points (complete unit comprising of a toilet and tap with a hand basin) provided to backyarders during the period in review. Certain service points (toilet and tap with hand basin) may however have been vandalised or removed after provision. Proxy measure for NKPI.
3.M Number of subsidised electricity connections installed (NKPI)	3.2	This indicator reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing. Proxy measure for NKPI.

Indicator	IDP ref	Indicator definition
3.N Number of serviced sites in informal settlements	3.2	The indicator measures incremental access to the following housing products: - Incremental housing, which provides a serviced site with or without tenure - Re-blocking of informal settlements, i.e. the reconfiguration of settlement layout to allow improved access and service levels A ‘serviced site’ is defined as a site to which road, water and sewage services have been provided.
3.O Number of community services facilities in informal settlements	3.2	This indicator measures the number of temporary multipurpose, flexible community spaces provided in informal settlements.
4.A Catalytic land development programme (CLDP)	4.1	This indicator measures the progress made on formulating and implementing the City’s catalytic land development programme (CLDP). The CLDP sets out a dynamic programme of projects and subprojects with associated implementation actions over the medium to longer term. These projects and actions respond to changing market conditions to unlock urban development opportunities and give effect to the City’s objective of dense and transit-oriented development in prioritised precincts. The first target (2019/20) is to deliver a clearly articulated programme setting out the various prioritised projects and subprojects, and defining the baselines, objectives, scope of work, work plans, deliverables, milestones, targets and timeframes for each project and its components, along with the related resourcing and budgetary requirements and implications. The second target (2021/22) is to undertake the abovementioned planning and enablement actions on many of the identified projects.
4.B Number of passenger journeys per kilometre operated (MyCiTi)	4.2	The aim is to have more passengers travelling per kilometre scheduled on the MyCiTi transport system. The purpose of the indicator is to measure efficiency improvements in the usage of MyCiTi buses.
4.C Total number of passenger journeys on MyCiTi	4.2	An efficient, integrated transport system is measured in part through an increase in passenger journeys undertaken. A passenger journey is calculated from the first boarding of a bus at a feeder stop or main station to the last exit from a bus at a feeder stop or main station, including any transfers between buses (single journey).
4.D Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the City’s approved employment equity plan (NKPI)	4.3	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the City’s approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting. Proxy measure for NKPI.
4.E Number of Strengthening Families programmes implemented	4.3	Strengthening Families is a structured, evidence-based life skills programme that improves family relationships and reduces vulnerability to substance abuse. The eight-week prevention programme is presented in the form of facilitated sessions with parents, youth and, finally, the family as a unit. The programme can accommodate up to 15 families every eight weeks, covering ten sessions.
5.A Opinion of independent rating agency	5.1	A report that reflects the creditworthiness of an institution to repay long-term and short-term liabilities. Credit ratings provide an analysis of the City’s key financial data and are performed by an independent agency to assess the City’s ability to meet short- and long-term financial obligations. Indicator standard/norm/benchmark: The highest rating possible for local government, which is also subject to the country’s sovereign rating.

APPENDIX B: DEFINITIONS FOR 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

Indicator	IDP ref	Indicator definition
5.B Opinion of the Auditor-General	5.1	The indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining their opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with generally recognised accounting practice. This is referred to as a 'clean audit'. Alternatively, the auditor would issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practice, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
5.C Percentage of capital budget spent (NKPI)	5.1	Percentage reflecting year-to-date spend in relation to the total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of the measurement. Contingent liabilities are only identified at year-end. Proxy measure for NKPI.
5.D Percentage spent on repairs and maintenance	5.1	Percentage reflecting year-to-date spend (including second costs) in relation to the total repairs and maintenance budget. Note that 'in-year reporting' during the financial year will be indicated as a trend (year-to-date spend). Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection and measures to prevent known failure modes, and can be time or condition based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on repairs and maintenance are considered operational expenditure. Primary repairs and maintenance costs refer to repairs and maintenance expenditure incurred for labour and materials paid to external suppliers. Secondary repairs and maintenance costs refer to repairs and maintenance incurred for labour provided in-house/internally.
5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	The ratio indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month. Proxy measure for NKPI.
5.F Net debtors to annual income (NKPI)	5.1	Net current debtors are a measurement of the net amounts due to the City that are realistically expected to be recovered. Proxy measure for NKPI.
5.G Debt (total borrowings) to total operating revenue (NKPI)	5.1	The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities. Proxy measure for NKPI.

CAPE TOWN STADIUM HAD AN UNPRECEDENTED INCREASE IN THE NUMBER OF INITIATIVES THAT TOOK PLACE DURING THE THIRD QUARTER (JAN-MAR 2020). THIS WAS LARGELY THANKS TO THE MAJOR TENNIS MATCH HOSTED AT THE STADIUM, WHICH SHATTERED THE WORLD RECORD FOR THE LARGEST NUMBER OF ATTENDEES AT A TENNIS MATCH.



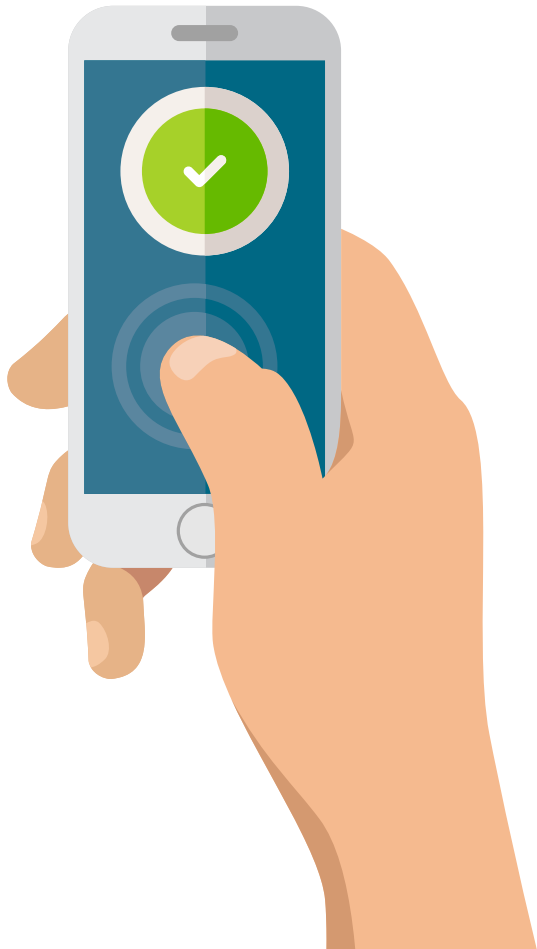
APPENDIX C: 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✖													
No	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)		Status				2019/20 (current financial year)		Status		Reason for variance	Remedial action
		Target	Actual					Target	Actual				
Strategic focus area 1: Opportunity city													
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city													
1	International events	Number of international events hosted against budgeted target	32	34	■			34	34	▲		On target	Maintain the momentum
2	Total events hosted	Number of events hosted against annual budgeted target	535	560	■			394	397	■		Above target	Maintain the momentum
3	Supply chain procurement from B-BBEE suppliers measured in terms of the B-BBEE Act	Percentage spend not lower than 60%	60%	86%	✓			60%	86%	✓		Well above target: This is a key focus area for management to maintain the level of B-BBEE procurement. The CTICC has been fortunate to attract suppliers with the correct B-BBEE status in its procurement processes.	Maintain the momentum
Corporate objective 1.3: Economic inclusion													
4	Human capital development	Percentage of annual total salary cost spent on training permanent and temporary staff	5%	6,4%	■			5%	6%	■		Above target	Maintain the momentum
5	Student programme: Contribution to youth employment and skills development	Number of student opportunities provided	6	14	✓			6	11	✓		Well above target: The opportunity to increase their student intake has been taken on board by all departments, which has resulted in an increase in the numbers.	Maintain the momentum
6	Graduate programme: Contribution to youth employment and skills development	Number of graduate opportunities provided in financial year	6	11	✓			6	13	✓		Well above target: The opportunity to increase their graduate intake has been taken on board by all departments, which has resulted in an increase in the numbers.	Maintain the momentum
Strategic focus area 4: Inclusive city													
Corporate objective 4.3: Building integrated communities													
7	People from the employment equity target groups employed at the three highest levels of management, in compliance with the municipal entity's approved employment equity plan	Percentage of executive committee, management committee and leadership positions held by persons from designated groups	80%	80%	▲			79%	79%	▲		On target	None required
Strategic focus area 5: Well-run city													
Corporate objective 5.1: Operational sustainability													
8	Customer centricity and service excellence	80% of minimum aggregate score for all CTICC internal departments and external suppliers	80%	84%	■			80%	85%	■		Above target	Maintain the momentum
9	Quality offering	Maintain five-star grading from Tourism Grading Council through effective management of maintenance and quality service delivery	Achieve five-star tourism grading	Achieved five-star tourism grading	▲			Achieve five-star tourism grading	Achieved five-star tourism grading	▲		On target	Maintain the momentum
10	Operating profit	Percentage achievement of annual budgeted profit	100%	722%	✓			100%	153%	✓		Well above target: The actual 2020 loss is below the targeted budget loss forecast in the second adjustments budget as a result of the state of disaster and the lockdown. This significantly affected earnings before interest, tax, depreciation and amortisation (EBITDA) for the last four months of the reporting year.	Maintain the momentum
11	Capital projects	Percentage of the total number of capital projects for the year completed or committed	90%	97%	■			90%	97%	■		Above target	Maintain the momentum
12	Capital expenditure (CTICC 2 expansion programme)	Percentage of total budgeted capital expenditure spent	100%	100%	▲			75%	100%	✓		Well above target: The easing of the lockdown to level 3 before the end of June 2020 allowed the contractors to be on-site and work on the interface at CTICC 2.	Maintain the momentum
13	External audit report	Unqualified audit report for 2019/20	Clean audit*	Clean audit	▲			Clean audit	Clean audit	▲		On target	Maintain the momentum
14	Minimum competency level	Number of senior managers registered for Municipal Financial Management Act competency course	7	12	✓			7	11	▲		Well above target: An effort was made to conduct the training online during the lockdown, which resulted in an increase in the number of participants.	Maintain the momentum
15	Ratio of cost coverage maintained	Total cash and investments, less restricted cash for monthly operating expenditure	5 times	10 times	✓			6 times	9,4 times	✓		Well above target: The change in expenditure led to a change in cost coverage. The contracts agreed with Province for the temporary hospital and storage increased the cash available at year-end and enabled management to achieve greater cost savings.	Maintain the momentum
16	Net debtors to annual income	Net current debtors divided by total operating revenue	7,0%	1,3%	✓			2,0%	0,2%	✓		Well above target: A large cancellation fee previously raised was subsequently reversed after the CTICC had negotiated with a client to postpone rather than cancel an event.	Maintain the momentum
17	Debt coverage by own-billed revenue	Net current debtors divided by total operating revenue	0%	0%	▲			0%	0%	▲		On target	Maintain the momentum
* Clean audit is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.													

APPENDIX D: DEFINITIONS FOR 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

Indicator	IDP ref	Indicator definition
International events – number of international events hosted against budgeted target	1.1	The indicator measures the total number of international events hosted at the CTICC. An international event is defined as an event where the majority of delegates are from outside South Africa, the minimum number of delegates attending is no less than 40, and that lasts at least two days (one night) in the city.
Total events hosted – number of events hosted against annual budgeted target	1.1	The indicator measures the total number of events hosted at the CTICC.
Supply chain procurement from B-BBEE suppliers – percentage spend not lower than 60%	1.1	The indicator measures the expenditure with B-BBEE suppliers measured in terms of the B-BBEE Act. B-BBEE suppliers are defined as those suppliers who have a valid B-BBEE rating certificate or, in the case of exempt micro-enterprise (EME) and qualifying small-enterprise (QSE) suppliers, an affidavit.
Human capital development – percentage of annual total salary cost spent on training permanent and temporary staff	1.3	The indicator measures the annual total salary cost spent on training permanent and temporary staff.
Student programme: Contribution to youth employment and skills development – number of student opportunities provided in the financial year	1.3	The indicator measures the number of students employed at the CTICC in the financial year.
Graduate programme: Contribution to youth employment and skills development – number of graduate opportunities provided in the financial year	1.3	The indicator measures the number of graduates employed at the CTICC in the financial year.
Number of people from the employment equity target groups employed at the three highest levels of management in compliance with the municipal entity's approved employment equity plan – percentage of executive committee, management committee and leadership positions held by persons from designated groups	4.3	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the municipal entity's approved employment equity plan. Level 1 – executive directors Level 2 – senior managers Level 3 – managers
Customer centricity and service excellence – 80% of minimum aggregate score for all CTICC internal departments and external suppliers	5.1	Customer centricity and service excellence is measured independently by the level of service the CTICC offers its external clients, and is recorded as a percentage.
Quality offering – maintain five-star tourism grading through effective management of maintenance and quality service delivery	5.1	The indicator measures the standard of the CTICC as a world-class venue. Defined as a five-star grading by the Tourism Grading Council.
Operating profit (1) – operating profit achieved	5.1	The indicator measures the operating profit achieved. Operating profit is defined as earnings before interest, taxation, depreciation and amortisation.
Capital projects – percentage of the total number of capital projects for the year completed or committed	5.1	The indicator measures the percentage of the total number of capital projects completed or committed for the financial year.
Capital expenditure (CTICC 2 expansion programme) – percentage of total capital expenditure spent	5.1	The indicator measures the total capital expenditure relating to the CTICC 2 expansion programme as a percentage.

Indicator	IDP ref	Indicator definition
External audit report – unqualified audit report for the 2019/20 financial year (2)	5.1	The indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining their opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservation as to the fairness of presentation of financial statements and their conformity with generally recognised accounting practice. This is called a 'clean audit', with no material findings on compliance with laws, regulations and predetermined objectives. Alternatively, the auditor would issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practice, or the auditor could not audit one or more areas of the financial statements.
Minimum competency level – number of senior managers registered for Municipal Finance Management Act competency course	5.1	The indicator measures the total number of senior managers registered for the Municipal Finance Management Act competency course.
Ratio of cost coverage maintained – total cash and investments, less restricted cash for monthly operating expenditure	5.1	The ratio indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month.
Net debtors to annual income – net current debtors divided by total operating revenue	5.1	Net current debtors is a measurement of the net amounts due to the municipal entity that are realistically expected to be recovered. Net debtors is defined as gross debtors less provision for impairments.
Debt coverage by own-billed revenue – total debt divided by total annual operating income	5.1	The purpose of the ratio is to provide assurance that sufficient revenue will be generated to repay liabilities.



APPENDIX E: 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✕											
No	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)		Status			2019/20 (current financial year)		Status	Reason for variance	Remedial action
		Target	Actual				Target	Actual			
Strategic focus area 1: Opportunity city											
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city											
1	Percentage compliance with approved repairs and maintenance programme	100%	100%	▲			100%	100%	▲	On target	Maintain the momentum
2	Percentage of repairs and maintenance budget spent	95%	98,85%	■			80%	92,60%	✓	Well above: Due to Covid-19, the entity was allowed to adjust its repairs and maintenance budget. However, the impact was not as significant as initially envisaged. Some of the contractors were categorised as essential services, and all other contractors could work from level 4 of the lockdown. Due to no events at the stadium, more repairs and maintenance could also be done.	Maintain the momentum
3	Percentage compliance with Occupational Health and Safety Act (OHSA), Act 85 of 1993 and its regulations	100%	100%	■			100%	100%	▲	On target	Maintain the momentum
4	Number of marketing interventions implemented as per the approved marketing plan	12	12	▲			13	16	✓	Well above target: Cape Town Stadium had an unprecedented increase in the number of initiatives that took place during the third quarter (Jan-Mar 2020). This was largely thanks to the major tennis match hosted at the stadium, which shattered the world record for the largest number of attendees at a tennis match.	Maintain the momentum
5	Number of bowl events hosted	33	37	✓			31	31	▲	On target	Maintain the momentum
6	Number of non-bowl events hosted	40	52	✓			40	41	■	Above target	Maintain the momentum
7	Number of film/still shoots hosted	10	16	✓			15	18	✓	Well above target: Cape Town Stadium has a well-developed client database and maintains exceptional rapport with the events and film industry. Film organisers frequently approach the stadium, being an iconic venue and boasting spectacular views. Film shoots are considered small events (fewer than 50 people), which were not restricted under level 3 of the lockdown. This meant that additional film shoots that had not initially been included in the target could take place in the latter part of the fourth quarter.	Maintain the momentum
8	Percentage approved commercialisation programmes implemented as per approved plan	100%	90%	✕			100%	0%	✕	Six commercial income tenders were drafted and advertised in the course of the reporting year. However, the bid adjudication committee referred these tenders back, as no preferential point system and/or formula had been used and applied in accordance with the regulations and legislation. This would render the tenders irregular. The current opinion from the legal advisor on the bid adjudication committee is that the entity will need to cancel the current six tenders and readvertise. A second opinion has been sought from National Treasury, as the author of the public-private partnerships regulations, to provide advice and guidance on the matter. Therefore, pending the outcome and opinion of National Treasury, the actual result on this indicator is noted as nil.	A written opinion has been sought from National Treasury, as the drafters of the regulations governing public-private partnerships, to provide advice and guidance on the use of preferential points on income tenders.
Corporate objective 1.3: Economic inclusion											
9	Percentage budget spent on implementation of Workplace Skills Plan	95%	91,76%	✕			65%	61,06%	✕	The training target was adjusted downwards as a result of Covid-19. It was very difficult to forecast accurately the amount envisaged to be spent at the end of the quarter, as the entire period was very uncertain. Although some online training did occur, the target was not reached as proposed.	The focus will shift more towards online training in future.
Strategic focus area 4: Inclusive city											
Corporate objective 4.3: Building integrated communities											
10	Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the entity's approved employment equity plan (national key performance indicator)	80%	17%	✕			80%	50%	✕	No management positions at the applicable higher levels were filled, as there were no vacancies.	Until such time as senior management positions become vacant, the current status will remain as is. When a vacancy eventually occurs at these levels, all efforts will be made to employ according to the criteria and take into account the employment equity parameters/criteria set.

APPENDIX E: 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✖											
No	KEY PERFORMANCE INDICATOR	2018/19 (previous financial year)		Status			2019/20 (current financial year)		Status	Reason for variance	Remedial action
		Target	Actual				Target	Actual			
Strategic focus area 5: Well-run city											
Corporate objective 5.1: Operational sustainability											
11	Percentage absenteeism	≤5%	4,28%	✓			≤5%	1,22%	✓	Well above target: Due to the national Covid-19 lockdown, staff were located at home and granted Covid-19 leave.	Maintain the momentum
12	Percentage declarations of interest completed	100%	100%	▲			100%	100%	▲	On target	Maintain the momentum
13	Opinion of the Auditor-General	Clean audit*	Clean audit	▲			Clean audit	Clean audit	▲	On target	
14	Percentage reduction in the grant allocation from the City of Cape Town	5%	24,10%	✓			6%	16,67%	✓	Well above target: The entity's operational expenditure was less than anticipated. As no events could be held in the last quarter of the financial year due to the Covid-19 pandemic, operational expenditure contracted. However, the grant budget was not adjusted during the special adjustments budget process in May 2020, which realised a greater saving.	Maintain the momentum
15	Percentage achievement of projected revenue	90%	118,23%	✓			90%	102,74%	✓	Well above target: The entity assisted Province with the repatriation programme during the Covid-19 pandemic, which resulted in additional income for the entity. An adjustment to the operational budget was allowed due to the pandemic. Income is based on the special adjustments budget that was approved in May 2020.	Maintain the momentum
* Clean audit is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.											

APPENDIX F: DEFINITIONS FOR 2019/20 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

INDICATOR	IDP REF	INDICATOR DEFINITION
IDP Strategic focus area 1: Opportunity city		
Percentage compliance with approved repairs and maintenance programme	1.1	The indicator measures the approved repairs and maintenance programme as per the service delivery agreement between Cape Town Stadium (RF) SOC and the City. Repairs and maintenance relate to all facilities and equipment at Cape Town Stadium. It is defined as preventive maintenance, corrective maintenance, reactive maintenance, emergency maintenance and damage repair after events. All repairs and maintenance are covered from the operating budget.
Percentage of repairs and maintenance budget spent	1.1	The year-to-date percentage spent in relation to the total approved repairs and maintenance budget. Note that 'in-year reporting' during the financial year will be indicated as a trend (year-to-date spend). Maintenance is defined as the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection and measures to prevent known failure modes, and can be time or condition based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on repairs and maintenance are considered operational expenditure. Primary repairs and maintenance costs refer to repairs and maintenance expenditure incurred for labour and materials paid to external suppliers. Secondary repairs and maintenance costs refer to repairs and maintenance incurred for labour provided in-house/internally.
Percentage compliance with Occupational Health and Safety Act and its regulations	1.1	This indicator measures compliance with the Occupational Health and Safety Act's regulations on event and non-event days, as well as by contractors at Cape Town Stadium.
Number of marketing interventions implemented as per the approved marketing plan	1.1	The marketing plan outlines the methodology to be used to market Cape Town Stadium. This is measured by the number of marketing activations and interventions achieved per quarter through the various marketing channels. These include print ads (events magazines, brochures, posters, etc.), digital content (for stadium big screens and digital boards aired during events), social media, online presence, etc.
Number of bowl events hosted	1.1	The indicator measures the number of bowl events hosted. Bowl events are events that utilise the pitch and/or the seating areas around the pitch.
Number of non-bowl events hosted	1.1	The indicator measures the number of non-bowl events hosted. Non-bowl events are events that utilise all other spaces in the stadium, such as conferences, product launches, exhibitions, weddings, etc.
Number of film/still shoot events hosted	1.1	The indicator measures the number of film/still events hosted. Still and film shoots refer to the use of specific areas in the stadium for commercial and non-commercial purposes.
Percentage approved commercialisation programmes implemented as per approved plan	1.1	The indicator measures the implementation of the commercialisation programme as per the approved plan. Commercialisation is the process of introducing new products/programmes to the market, principally for financial gain.
Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	1.3	The Workplace Skills Plan outlines the planned education, training and development interventions for the organisation. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans, and the employment equity plan. Proxy measure for NKPI.

INDICATOR	IDP REF	INDICATOR DEFINITION
IDP Strategic focus area 4: Inclusive city		
Percentage of people from employment equity target groups employed at the three highest levels of management in compliance with the City's approved employment equity plan (NKPI)	4.3	The indicator measures the percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the approved Cape Town Stadium (RF) employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal setting.
IDP Strategic focus area 5: Well-run city		
Percentage of absenteeism	5.1	The indicator measures the actual number of days absent due to sick, unpaid/unauthorised leave in the department or directorate, expressed as a percentage over the number of working days in relation to the number of staff employed. Sick, unpaid/unauthorised leave will include the categories of normal sick leave, unpaid unauthorised leave, leave in lieu of sick leave, and unpaid leave in lieu of sick leave.
Percentage of declarations of interest completed	5.1	The total number of completed declarations of interest as a percentage of the total number of staff. The target is cumulative over the year. Each employee needs to complete the declaration of interest at least once per year (or when circumstances change), as prescribed by the applicable legislation and Cape Town Stadium (RF) board decisions aligned with City policies/decisions.
Opinion of the Auditor-General	5.1	The indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining their opinion. An unqualified audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with generally recognised accounting practice. This is referred to as a 'clean audit'. Alternatively, the auditor could issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with generally recognised accounting practices, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
Percentage reduction in the grant allocation from the City	1.1	This indicator measures the percentage reduction in the grant allocation received from the City.
Percentage achievement of projected revenue	1.1	This indicator measures the achievement of annual projected revenue as per the latest approved budget.

APPENDIX G: LIST OF ACRONYMS USED IN THIS REPORT

ACSA	Airports Company South Africa	DWS	Department of Water and Sanitation
AMI	advanced metering infrastructure	ECD	early childhood development
AMR	automated meter reading	ECM	enterprise content management
APAC	Audit and Performance Audit Committee	EMT	Executive Management Team
ARV	antiretroviral (treatment)	EODB	Ease of Doing Business (index)
ASEZ	Atlantis special economic zone	EPHP	Enhanced People's Housing Process
B-BBEE	broad-based black economic empowerment	EPIC	emergency policing and incident command
BCP	business continuity plan	EPWP	Expanded Public Works Programme
BEPP	Built Environment Performance Plan	FAS	foetal alcohol syndrome
BioNet	Biodiversity Network	FLISP	finance-linked individual subsidy programme
BNG	Breaking New Ground	FMIC	Facilities Management Interaction Centre
BPESA WC	Business Process Enabling South Africa Western Cape	FWP	flexible working programme
BPO	business process outsourcing	GPC	Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories
BRT	bus rapid transit	HIV	human immunodeficiency virus
BRVAS	Berg River to Voëlvllei augmentation scheme	ICDG	Integrated City Development Grant
CBD	central business district	IDP	Integrated Development Plan
CCTV	closed-circuit television	IPP	independent power producer
CDP	Carbon Disclosure Project	IPTN	Integrated Public Transport Network
CHEC	Cape Higher Education Consortium	ISUPG	Informal Settlements Upgrading Partnership Grant
CIDMS	Cities Infrastructure Delivery and Management System	IT	information technology
CIP	conservation implementation plan	IUDF	Integrated Urban Development Framework
Citi	Cape Information Technology Initiative	JOC	joint operating committee
CITP	Comprehensive Integrated Transport Plan	King IV	2016 King Report on Corporate Governance for South Africa
City	City of Cape Town (as opposed to 'city')	LED	light-emitting diode
CLDP	catalytic land development programme	LNG	liquefied natural gas
CRU	community residential unit	MAR	managed aquifer recharge
CSH hub	community services and health hub	Mayco	Mayoral Committee
CSI	corporate social investment	METT	management effectiveness tracking tool
CSIR	Council for Scientific and Industrial Research	MFMA	Municipal Finance Management Act
DAMS	Development Application Management System	MJCP	Mayor's job creation programme
DCCP	Dassenberg Coastal Catchment Partnership	MPAC	Municipal Public Accounts Committee
DEFF	Department of Environment, Forestry and Fisheries	MPBL	Municipal Planning By-law
DMS	Development Management Scheme	MPT	Municipal Planning Tribunal
DoRA	Division of Revenue Act	MSDF	Municipal Spatial Development Framework
DRMC	Disaster Risk Management Centre	MURP	Mayoral Urban Regeneration Programme
DTF	distance to frontier		

MVSA	Mayoral Visible Service Acceleration (initiative)	SFA	strategic focus area
NDP	National Development Plan	SHRA	Social Housing Regulatory Authority
NERSA	National Energy Regulator of South Africa	SME	small and medium enterprise
NGO	non-governmental organisation	SMF	Strategic Management Framework
NICRO	National Institute for Crime Prevention and the Reintegration of Offenders	SMME	small, medium and micro- sized enterprise
NMT	non-motorised transport	SOP	standard operating procedure
NPO	non-profit organisation	SPLUMA	Spatial Planning and Land Use Management Act
NST	neighbourhood safety team	SPV	special-purpose vehicle
NTE	night-time economy	SRO	school resource officer
PAAC	protected-area advisory committee	SSEG	small-scale embedded generation
PDP	personal development plan	STA	spatial transformation area
PE&SD	Public Employment and Skills Development (Framework)	TAP	transit-accessible precinct
PECC	Public Emergency Communication Centre	TB	tuberculosis
PHP	People's Housing Process	tCO₂e	tonnes of carbon dioxide equivalent
PPE	personal protective equipment	TDF	Tourism Development Framework
PPHC	personal primary healthcare	TDM	travel demand management
PRASA	Passenger Rail Agency of South Africa	TMGA	Table Mountain group aquifer
Province	Western Cape provincial government	TOD	transit-oriented development
PTI	public transport interchange	UCI	Urban Catalytic Investment (Department)
PV	photovoltaic	UCT	University of Cape Town
REIPPP	renewable-energy independent power producers programme	UDI	urban development index
RPAS	remotely piloted aircraft system	UDZ	urban development zone
SANBI	South African National Biodiversity Institute	UISP	Upgrading of Informal Settlements Programme
SANS	South African National Standard	UPS	uninterruptible power supply
SAPS	South African Police Service	USDG	Urban Settlements Development Grant
SDBIP	Service Delivery and Budget Implementation Plan	WCDMC	Western Cape Disaster Management Centre
SEZ	special economic zone	WCWSS	Western Cape water supply system
		WWF	Worldwide Fund for Nature
		WWTW	wastewater treatment works

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APPENDIX I: MFMA CIRCULAR 63 APPENDICES

In line with MFMA Circular 63, the City is required to make the following appendices available as part of its annual reporting:

FUNCTIONS OF MUNICIPALITY

The functions of local government and the relationships between the local government sphere and the national or provincial spheres of government are defined in the Constitution. Specific functions, and the way responsibilities for these functions are allocated to spheres, are dealt with in schedules 4 and 5 to the Constitution.

The allocation of powers and functions to local government is covered by sections 9 and 10 of the Municipal Systems Act. Allocations occur through assignment or delegation. Assignment entails the transfer of authority, while delegation entails the transfer of provider responsibility.

WARD REPORTING

Information about all City wards is available at www.capetown.gov.za.

WARD INFORMATION

Information is available at www.capetown.gov.za.

RECOMMENDATIONS OF THE AUDIT COMMITTEE

The full recommendations of the Audit Committee can be found on page 192.

LARGE PROJECTS, AGREEMENTS AND PARTNERSHIPS

Information relating to the City’s largest projects, agreements and contracts, and public-private partnerships is available at www.capetown.gov.za.

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable. The City is not aware of any backlogs at schools and clinics. For more information, see the annual performance management report on page 322.

SERVICE BACKLOGS WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR PROVIDING THE SERVICE

Not applicable. The City is not aware of any service backlogs experienced by the community where another sphere of government is responsible for providing the service.

RECIPIENTS OF LOANS AND GRANTS

Details of all recipients of City loans and grants are available on page 308.

APPENDIX J: 2019/20 ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN

AUTHORITY, ACCOUNTABILITY AND REPORTING

The Municipal Public Accounts Committee (MPAC) was established as an oversight committee in terms of section 79 of the Municipal Structures Act, Act 117 of 1998. Section 32(2) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA) authorises it to investigate the recoverability of unauthorised, irregular, fruitless and wasteful expenditure of the City and its municipal entities, as instructed by Council.

MPAC is directed by Council and is authorised to investigate any matter referred 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 City internal alternative dispute resolution processes have been exhausted before proceeding with investigations. The City Manager is also authorised by Council to refer matters to MPAC for investigation.

On 13 December 2018, Council approved the appointment of the current MPAC, while Council approved the most recent terms of reference on 22 August 2019. MPAC is also governed by the City’s system of delegations. Council makes amendments to the committee’s membership as deemed necessary.

MPAC has no executive powers, but their findings and recommendations are reported to Council. Reports from the various task teams are considered at MPAC meetings, and a report with recommendations is submitted to Council for final decision making. The committee’s immediate reporting line is to Council, via the Speaker. Where necessary, follow up is performed via the outstanding-matters schedule to determine whether recommendations have been implemented.

Quarterly reports on MPAC’s activities, as per the annual oversight work plan, were presented to Council for three of the four quarters of the 2019/20 financial year. This annual report replaces the fourth-quarter report and serves as a cumulative activity statement for the year ended 30 June 2020.

MEMBERSHIP AND MEETING ATTENDANCE

2019/20 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE
ClIr Y Adams (chair) (CMC)	1 July 2019 to 30 June 2020 *	100%
ClIr KG Southgate (deputy chair) (DA)	1 July 2019 to 30 June 2020 *	100%
ClIr E Anstey (DA)	1 July 2019 to 30 June 2020 *	100%
ClIr R Beneke (DA)	1 July 2019 to 30 June 2020 *	100%
Ald S Moodley (DA)	1 July 2019 to 30 June 2020 *	100%
ClIr A van Zyl (DA)	1 July 2019 to 30 June 2020 *	100%
ClIr JJ Witbooi (DA)	1 July 2019 to 30 June 2020 *	100%
ClIr AE Kuhl (DA)	1 July 2019 to 29 January 2020	75%
ClIr A Adams (DA)	29 January 2020 to 28 May 2020	33%
ClIr N Rheeder (DA)	28 May 2020 to 30 June 2020 *	100%
ClIr DM Khatshwa (ANC)	1 July 2019 to 30 June 2020 *	100%
ClIr BM Majingo (ANC)	1 July 2019 to 30 June 2020 *	88%
ClIr BP Ngcani (ANC)	1 July 2019 to 30 June 2020 *	88%
ClIr FR Botha-Rossouw (FF+)	1 July 2019 to 30 June 2020 *	88%
ClIr M Dambuza (EFF)	1 July 2019 to 23 August 2019	0%
ClIr L Mazwi (EFF)	23 August 2019 to 30 June 2020 *	86%

* Current member

Representatives from Forensic Services, Internal Audit, Legal Services, the Office of the Speaker, the Office of the City Manager and the Auditor-General of South Africa (AGSA) were present at MPAC meetings. In addition, various task team meetings were held during the year to consider items referred to MPAC by Council.

RESPONSIBILITY

MPAC’s annual oversight work plan defines its activities for the year to ensure that it complies with its responsibilities arising from its mandate, delegations and terms of reference. The following activities were completed in executing its assigned functions and responsibilities:

ACTIVITIES	OUTPUTS
MEETINGS	Nine ordinary meetings were held on the following dates: ✓ 16 July 2019 ✓ 13 August 2019 ✓ 10 September 2019 ✓ 8 October 2019 ✓ 12 November 2019 ✓ 31 January 2020 ✓ 25 February 2020 ✓ 10 March 2020 ✓ 9 June 2020 In order to facilitate cross-cutting reviews, 53 task team meetings were held during the year (see ‘Task teams’ below).
OVERSIGHT PROCESS	MPAC considered the 2018/19 annual report of the City and its municipal entities, and raised issues of concern to be addressed by executive management and the municipal entities at the oversight meeting on 25 February 2020. After considering the responses to its questions, on 10 March 2020, MPAC recommended that Council adopt the oversight report and approve the annual report without reservations. This was completed within the legislated timeframe and was approved by Council on 26 March 2020.
REPORTING	MPAC’s annual report for the year ended 30 June 2019 was tabled at Council and included in the City’s 2018/19 integrated annual report. The 2018/19 annual oversight report was also tabled at Council. The following MPAC investigations were completed during the 2019/20 financial year and reported to Council in terms of section 32 of the MFMA: ✓ Provision of services and statutory approval: Macassar housing development (tender 96C/2010/11) ✓ Non-compliance with MFMA section 116(3): Variation orders for phase 1A and phase 1B MyCiTi ✓ Replacement of asbestos roofing at various pools in Mitchells Plain ✓ Alleged fraudulent payment to a service provider: Driving school ✓ Facility upgrade in Pella Katzenberg ✓ Procurement of plumbing materials for water resilience projects ✓ Construction of integrated rapid transit (IRT) and non-motorised transport (NMT): Stock Road: Tender 218Q/2014/15 ✓ Non-compliance with SCM regulations

ACTIVITIES	OUTPUTS
REPORTING (continued)	✓ Procurement of battery-powered electric buses ✓ False declarations: Awards to persons in the service of the state – 2017/18 financial year ✓ Payment of interest to Martin East (Pty) Ltd: Tender 178Q/2014/15: R383 480 ✓ Duplicate sundry payment: R5 000 ✓ Potential fruitless and wasteful expenditure: Cancellation of tender 205C/2011/12 ✓ Tender 207S/2009/10 and tender 420S/2011/12: R141 588 ✓ Non-compliance with section 116(3) of the MFMA (R83 249 434) ✓ Investigation into irregular expenditure in respect of security upgrades to the former Executive Mayor’s residence ✓ Professional services for the construction of prioritised non-motorised transport projects in the Southern region: Tender 29C/2012/13 (R10 940 044) ✓ Supply of calcium hypochlorite tablets (R309 431) ✓ Recruitment and selection: Valuations Department (R699 963) ✓ Repair of City assets (R20 859) ✓ 2016/17 grant-in-aid: Subcouncil 14 ward 39 (R156 863) ✓ Unauthorised trip and related expenditure (R9 356) ✓ 4 Lavelle Street, Shirley Park – cemetery (R151 456) ✓ JVR Construction (R53 728 761) ✓ Dido Valley housing project (R445 554 and R1 416 566) ✓ Manenberg (The Downs) infill housing project: Electrical reticulation (R45 000) ✓ Somerset West housing development: Erf 10490 Lourensia Park (R14 044 560) ✓ Hazendal (Bokmakierie) infill housing project: Electrical reticulation and streetlighting (R142 907) ✓ Upgrade to open stormwater channel at Phola Park, Philippi (R578 930 and R201 475) ✓ Morningstar housing project: Appointment of Lukhozi Consulting Engineers (R786 120 and R1 017 941) ✓ Design and construction of NY116 synthetic pitch in Gugulethu (irregular expenditure: R232 529) ✓ Design and construction of Heideveld early childhood development centre (irregular expenditure: R706 943)

ACTIVITIES	OUTPUTS
REPORTING (continued)	✓ Valhalla Park spray park and skate park: Umzali Civils: Tender 389Q/2011/12 (irregular, fruitless and wasteful expenditure: R3 807 747 and R1 807 747) ✓ False declarations by suppliers and City staff (2018/19 annual report: R435 044 and R721 288) ✓ Local content (2018/19 annual report: Irregular expenditure: R351 794) ✓ Procurement of legal services: COMAF 71 and 72 (2018/19 annual report: Irregular expenditure: R230 456 027 and R43 512 850) ✓ 2018/19 annual report: Deviations and condonations (irregular expenditure: R206 264 353 and R779 384) ✓ Fruitless and wasteful expenditure (Happy Valley housing project) ✓ Fruitless and wasteful expenditure: Compensation payments (R1 871 000)
TASK TEAMS	In addition to the finalised matters above, the following matters, which were referred for investigation in terms of section 32 of the MFMA, are being finalised: ✓ Alleged unauthorised transactions relating to the cash management and payment component of the station management contract ✓ Panel of ICT professional services (tender 314S/2014/2015) ✓ Construction at Dunoon sports field (tender 169Q/2012/13) ✓ Removal of refuse from storage areas in informal settlements (tender 224S/2008/09) ✓ Alleged irregularities in Safety and Security regarding the appointment of ICT professionals ✓ Provision of professional services in respect of monitoring of Dunoon public transport facility (tender 168C/2011/12) ✓ Provision of professional services in respect of monitoring of Makhaza transport facility (tender 134C/2012/13) ✓ MFMA section 116 breaches ✓ Tender 10C/2013/14: Provision of professional services: Period tender for Community Services projects ✓ Payment of interest in respect of tender 250Q/2015/16: Dido Valley housing project – civil engineering ✓ Tender 222Q/2013/14: Refurbishing of sludge dewatering equipment at Mitchells Plain and Borchers Quarry wastewater treatment works ✓ Irregularities in Economic Opportunities and Assets Management Directorate involving traffic violations ✓ Tender 152G/2015/16: Provision of related hardware devices ✓ Athlone power station redevelopment ✓ Tender 33Q/2016/17: Construction of civil and electrical infrastructure for the establishment of an incremental development area and in-situ upgrade of Sweet Homes Farm, Philippi ✓ Tender 056Q/2015/16: Repairs and maintenance of floor coverings in Community Services facilities (Swartklip sports centre) ✓ Expenditure incurred on Victoria & Alfred Waterfront ✓ Provision of professional services: Table Mountain Group aquifer feasibility study and pilot project ✓ Tender 149C/2013/14: Landfill gas extraction and flaring systems at Coastal Park and Vissershok

ACTIVITIES	OUTPUTS
TASK TEAMS (continued)	✓ Irregular expenditure: Tender 117G/2015/16: Supply, delivery and installation of printers and multi-function printers (MFPs) ✓ Non-competitive bidding/quotes not obtained ✓ Reasons to deviate not valid ✓ Expenditure incurred after contract expired ✓ Tenders 24G/2009/10, 24Q/2014/15, 102C/2013/14 – 43690 and 162Q/2015/16 ✓ Fruitless and wasteful expenditure: EOT: 364Q/2015/16 and 313Q/2014/15 ✓ Fruitless and wasteful expenditure: Link direct line with ABSA ✓ Fruitless and wasteful expenditure: Fines (Solid Waste): Overload of refuse trucks ✓ Fruitless and wasteful expenditure: Inadequate planning: Bloemhof ✓ Fruitless and wasteful expenditure: Interest paid ✓ Fruitless and wasteful expenditure: Morkel's Cottage housing development ✓ Payments not in accordance with contract ✓ Heideveld-Duinefontein housing project: Professional services, electrical engineering, design and supervision ✓ Heideveld-Duinefontein Road housing development ✓ Heideveld-Duinefontein housing project ✓ Functionality ✓ Restrictive/biased bids
TRAINING AND CAPACITY BUILDING	✓ The chair of the City's MPAC represented the committee at various Western Cape Association of Municipal Public Accounts Committees (WCAMPAC) meetings hosted by the South African Local Government Association (SALGA). ✓ On 26 September 2019, the Auditor-General of South Africa provided MPAC members with training on value-for-money and performance auditing. ✓ Also on 26 September 2019, an internal workshop was held to discuss the MPAC's revised terms of reference. ✓ On 15 October 2019, MPAC facilitated a benchmarking and knowledge-sharing workshop with the Nelson Mandela Bay Municipality's MPAC. ✓ On 31 January 2020, the Auditor-General provided an overview of the 2018/19 audit outcomes in preparation for the oversight process.

CONCLUSION

MPAC continues to contribute to increased accountability at the City.

In the year in review, many investigations have resulted in the recovery of funds from those responsible for the abuse of public money. MPAC intends to ensure that good and honest governance remains the hallmark of the City.

MPAC has witnessed a rapid increase in incidents of unauthorised, irregular, fruitless and wasteful expenditure referred for investigation, and is concerned about the quality of oversight at portfolio committee level. It is proposed that portfolio committee members interrogate reports more thoroughly to avoid referral to MPAC.

As at the end of 30 June 2020, MPAC had 36 outstanding investigations and 39 completed. Task teams require a minimum of two meetings on average, which can take up several hours per year. Members have an enormous workload, considering the number of irregularities reported by the Auditor-General, Council-referred matters, and self-reporting of unauthorised, irregular, fruitless and wasteful expenditure. By any standard, this requires enormous energy and focus from MPAC members. The need for continuous training is critical to enable MPAC members to remain aware and knowledgeable of the changing environment, legislation and new challenges.


CLLR YAGYAH ADAMS
MPAC Chairperson

APPENDIX K: CITY OF CAPE TOWN TREND WATCHLIST

INTRODUCTION

The list of trend watch indicators is intended as a reference for determining the impact of the City's strategic approach, as enshrined in the IDP 2017-2022. The 12 indicators on the list are linked to the 11 priorities of the IDP, and are the issues the City wishes to influence in the long term. The 2019/20 year is the third year for which trend watch indicators are reported following the establishment of a baseline in 2017/18.

OVERVIEW

Proxy indicators were used for three indicators on the list, in the absence of a directly matching indicator that speaks to the trend watch assessment. Further attempts to refine the proxy indicators were not successful due to the unavailability of the requisite data. This endeavour will be repeated until a better-suited (proxy) indicator is identified and the relevant data becomes available. Some of the proxy indicators presented may also require further refinement, as outlined in the respective data comments.

INDICATOR AND DATA NOTES

Most of the indicators in the table below are composite indicators, comprised of a number of data components. To assist the reader, a status report as at June 2020, status overview notes, and data comments provide further detail.

Of the list of 12 trends, there is only one ('Number of small and medium enterprises') that the City remains unable to report on, as neither data nor a proxy is available. Engagements with potential data custodians and the search for possible data sources will continue in the year ahead.

Three of the remaining 11 trends reported on for 2019/20 have remained unchanged, as all three depend on external data custodians and, due to the Covid-19 pandemic, the data collection processes could not be finalised. One multi-indicator trend has had one indicator updated, while the remaining seven trends have been fully updated.

The majority of the indicators use and reflect data for the 2019/20 financial year, or were reported on during the 2019 calendar year. Where older data are used, indicator data custodians have noted the complexity of the indicator or index, and the challenge of undertaking an annual update of the trend watch indicator. The World Bank's subnational Doing Business 2020 report, the General Household Survey (GHS) and the latest 2019/20 Customer Satisfaction Survey were not available, so the Doing Business and GHS indicators have remained unchanged. However, under the Ease of Doing Business (EODB) trend, the EODB score at a national (South African) level has been updated.

COVID-19 DATA IMPACTS

The year 2020 has been a defining start to the new decade with the outbreak of the Covid-19 pandemic. The City's line departments had to shift their focus and prioritise Covid-19 strategic and operational planning from March 2020 onwards. This significant change affected the provision of data by the City's internal data custodians, resulting in limited data being available for the update.

The data collection processes of external data custodians, such as Statistics South Africa, who is responsible for the GHS, have also been severely affected by the Covid-19 protocols implemented, including level 5 of the lockdown and social distancing. This has affected the completion of their surveys and the finalisation of their statistical reports. At the time of compiling this annual report, for instance, the GHS was scheduled to be published on 31 July 2020 only, thus preventing updates to some indicators. As a result, four of the trend watch indicators previously reported on have remained either partially or completely unchanged. Where relevant, this is noted as such in the tables on the next few pages.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city	Ease of Doing Business (EODB) index	The index measures the competitiveness of the regulatory environment for business operations. In other words, it measures how conducive the regulatory environment is to business. It is considered to reflect how Cape Town is positioning itself as a forward-looking, competitive city in the longer term.	June 2020: No updated data available for these indicators. Data provided below reflect figures previously submitted for trend watch 2018/19. - Getting electricity: DTF (distance to frontier) score of 79,81 - Enforcing contracts: DTF score of 54,71 - Dealing with construction permits: DTF score of 75,48 - Registering a property: DTF score of 54,69 (Source: World Bank, Doing Business 2018 report)	June 2020: Only national EODB data available. Even though there has been a slight improvement in the overall score, South Africa has dropped two places. Data discussion below applies to 2018 World Bank report data. For 'Getting electricity' and 'Dealing with construction permits', the City retained high DTF scores. That said, Cape Town's scores dropped in the three areas previously reported. 'Enforcing contracts' was not included in the World Bank Doing Business 2015 report, which was the basis for the EODB index report for the 2017/18 financial year. Of the nine South African metros, Cape Town ranked first for 'Getting electricity' and 'Dealing with construction permits'. For both 'Enforcing contracts' and 'Registering a property', Cape Town ranked seventh out of nine metros. ² (Source: World Bank, Doing Business 2018 report)	The indicators for this trend could not be updated. While the World Bank's latest sub-Saharan African regional profile was published, no 2019 or 2020 subnational reports with reference to Cape Town data had appeared by the time of compiling this annual report. The published report used in the previous trend watch update contains the latest data available. Only the national EODB score is updated below. There is no single, overall score for this trend indicator. The EODB index is based on the DTF (distance to frontier), which is calculated using inputs from nine metros in South Africa. A score of 100 is the highest possible score, and 1 is a top ranking. The figures are from the 2018 index, which is the latest publication with subnational-level data for South African metros. The DTF helps assess the absolute level of regulatory performance over time. It measures the distance of each economy to the 'frontier', which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. South Africa's latest EODB score 2020 is 67,0, which has increased by 0,97 since the previous report. South Africa ranks 84th among 190 economies, having dropped two places. ³ The rankings are benchmarked to 1 May 2019. (Source: World Bank, Doing Business 2020 report)

1 No updated data available, see data comments.
2 <https://openknowledge.worldbank.org/discover?query=annual%20report>
3 World Bank 2020, page 4.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.2: Leveraging technology for progress	Digital readiness	This reflects the level of preparedness to embrace technology. The City's strategy is to utilise technology to achieve progress. It tracks the user's access to the internet and is indicative of households' preparedness to access opportunities using digital technology. The desired long-term impact is for Cape Town to be recognised as the most digital city in Africa.	- City fibre roll-out by end 2019/20 spanned 1 140 km (2009/10 to June 2020). (Source: City IS&T, Telecommunications, 2020) - 286 public Wi-Fi hotspots made available across Cape Town by June 2020 (since 2014/15). (Source: City IS&T, Telecommunications, 2020) - Internet use by Cape Town households: 79,71% (Source: GHS 2018 data, Stats SA, supplied by City Strategy & Policy Department (Research Branch: Data Analytics, 2020)⁴	June 2020: Data available for two sub-indicators. Overall positive progress by City in terms of its own infrastructure, i.e. fibre and public Wi-Fi hotspots. The City's fibre roll-out has increased by 45,2 km since the 2018/19 update. All City buildings, as well as bus stations, cameras and other infrastructure vital for service delivery are to be connected to the fibre-optic cable network. Many City buildings frequented by residents have public Wi-Fi zones. Over 250 000 unique users connect to the internet every week using these Wi-Fi zones, most of them at the City's libraries. (Source: Service provider report supplied by Telecommunications Branch)	These are proxy indicators. The Western Cape digital readiness methodology was reviewed and adapted for the metro level where data were available. It should be noted that the 'connectivity data' (i.e. broadband and Wi-Fi hotspots) represent only the City's supplied infrastructure, and exclude all private-sector infrastructure networks. No updated data for internet use by Cape Town households, as the latest General Household Survey (GHS) 2019 had not been published by the end of the reporting year.
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Unemployment rate	This tracks the unemployment rate in Cape Town using the expanded definition of unemployment. The expanded definition includes everyone who wants employment, irrespective of whether or not they have actively tried to obtain employment. The aim is economic inclusion, which is to improve Cape Town residents' quality of life and levels of self-determination in the long term.	Broad unemployment rate: 24,1% (2019) ⁵ (Source: Stats SA Quarterly Labour Force Survey, 2019/20, supplied by Policy and Strategy Department, Economic Analysis Branch)	June 2020: The available data suggest a deteriorating trend in the broad unemployment rate, which may likely increase, particularly due to the effects of Covid-19. The annual broad unemployment rate increased by 1,03% points from 2018 to 2019, reflecting a slight deterioration in the economic context over this period.	The broad unemployment rate (also referred to as expanded unemployment) measures the number of unemployed people in the labour force who are either actively looking for a job, or not seeking employment (i.e. non-searching work seekers, which include discouraged and other non-searching work seekers), as a percentage of the entire labour force.

4 No updated data available for this indicator, as at the time of compiling this annual report, the GHS 2019 was scheduled to appear on 31 July 2020 only.
5 Average annual percentage for 2019.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Number of small and medium enterprises (SMEs) ⁶	SMEs can drive job creation and economic growth, and are recognised as a key component of economic inclusion strategies and of realising the long-term impact of creating a conducive environment for economic growth.	Not available	June 2020: No data available to report on this trend. The indicator report remains unchanged.	The City does not currently have access to the data of the Companies and Intellectual Property Commission or the South African Revenue Service, which could identify the total number of existing businesses registered as operating from Cape Town. The available City data reflect only certain subsets of SME business activities in Cape Town, such as the City's informal trading permit information. Therefore, this indicator remains unchanged, but engagements to find potential data sources for the future are ongoing. ⁷
SFA 1: Opportunity city	Objective 1.4: Resource efficiency and security	Resource use per gross value added (GVA)	This tracks the use of natural key resources (including energy and water) in relation to the contribution of the Cape Town economy. The City has prioritised resource efficiency and security. The measure should give some indication of the long-term impact of maintaining an appropriate balance between economic development and the preservation of the natural environment.	- Petrol: 167 (2013) - Total GVA: R417,72 billion (2018) - Water: 104,95 (2014); 112,25 (2015) - Electricity: 101 (2013) - Population: 117 (2014 and 2015) (Source: Policy and Strategy Department, Economic Analysis Branch)	June 2020: Updated data available for one sub-indicator only, so the status as at 2016, as stated below, remains the latest. The data (as per the existing analysis) indicate that the economy (GVA) has grown faster than the population, which – all things being equal – suggests that the average Capetonian's productivity has risen over the past decade. During the same period, both the economy and the city's population consumed water and electricity more efficiently. However, the steep increase in transport fuel consumption is driven by growth in private-passenger transport and road congestion. The amount spent annually on fuel, and the immeasurable loss of productivity and well-being as a result of time spent commuting, result in a dead-weight loss to the economy.	Data for total GVA provided. All other indicators have remained the same. This is a proxy indicator. All indicators were normalised to 100 using 2005 figures. This enables monitoring of subsequent years from the normalised 100 to determine which resource indicators increased most against economic growth (GVA). The data are presented in a graph to illustrate resource efficiency against economic growth. This analysis was developed for the State of Cape Town 2016 report, using various data inputs. This indicator will provide a baseline for a medium-term review. Most indicators, except GVA and analysis, have remained unchanged for this report, as data could not be obtained. While GVA was reported in previous reports, this edition reports on total GVA. Data on total petrol sales for Cape Town (but more likely for the Western Cape) are difficult to obtain.

6 Indicator unchanged due to lack of data.

7 Policy and Strategy Department, Economic Analysis Branch, 2020.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 2: Safe city	Objective 2.1: Safe communities	Residents' perception of safety (community satisfaction)	This indicator tracks residents' perceptions about general safety and security in Cape Town. The City has prioritised community safety and strives to create a heightened sense of personal safety in public and private spaces.	- 21,8% of residents feel safe walking alone when it is dark (2018/19) – up from 16,5% in 2017/18) - 60,1% of residents feel safe walking alone during the day (2018/19) – up from 58,56% in 2017/18 (Source: Governance, Public Safety and Justice Survey, 2018/19 data, released in August 2019)	June 2020: Analysis of the available data reflects mixed results. Residents' feelings of safety walking alone at night have improved; yet their feeling of safety walking alone during the day has declined. Compared with the Stats SA 2016 Community Survey results, it appears that the percentage of Cape Town residents feeling safe walking alone at night decreased from 25,1% in 2016 to a very low 16,5% in 2017/18, and then increased to 21,8% in 2018/19. The percentage of Cape Town residents feeling safe walking alone during the day, in turn, decreased from 63,1% in 2016 to 60,1% (2018/19). If this downward trend continues, it will have a negative effect on other urban development efforts in the city, including on service delivery and the building of a more cohesive, resilient Cape Town.	Feelings of safety are grouped into two categories: very safe and fairly safe. These are combined to present a total percentage of those who 'feel safe'. Feelings of a lack of safety are grouped into two categories: a bit unsafe and very unsafe. These are combined to present a total percentage of those who 'feel unsafe'.
SFA 2: Safe city	Objective 2.1: Safe communities	Overall crime rate	This looks at whether the relevant government, within a global context, is fulfilling its obligation to protect its citizens and guarantee their right to public security. The desired long-term impact is to change the perception of Cape Town as a dangerous, violent space.	Overall crime rate in Cape Town for 2018/19: 6 636 per 100 000 (Source: SAPS, supplied by Policy and Strategy Department, Research Branch)	June 2020: The available data suggest a positive trend, with a decrease in the crime rate and the number of reported crimes. Cape Town's overall crime rate per 100 000 population decreased from 7 437 in 2017/18 to 6 636 in 2018/19 (a decrease of 10,8%). The actual number of reported overall crimes also decreased from 2,138 million in 2017/18 to 2,057 million in 2018/19 (a 3,8% decrease).	SAPS crime statistics for 2018/19 were used. Statistics South Africa's 2019 mid-year population estimates were used as a denominator.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 3: Caring city	Objective 3.1: Excellence in basic service delivery	Residents' satisfaction with overall services	This focuses on residents' perceptions of the general quality of services provided. In the longer term, residents must believe that their needs are being met.	Average score in the annual survey of residents' satisfaction with the City's overall services: 2,3 (Source: City community satisfaction survey 2018/19; City annual performance scorecard, quarter 4, page 2)	June 2020: Residents' overall satisfaction in 2018/19 was 0.6 lower than the previous year, and is just below 'good'. The City had a vastly different and very dynamic context to contend with, including water shortages due to the drought, as well as the electricity and transport system crises. This would have put strain on service delivery, which, in turn, might have affected Capetonians' perception of, and response to, the City.	A new service provider was appointed and a new benchmark with a different sampling framework was established. Other factors that may have negatively affected the community satisfaction results include protests and the national elections. Residents' average satisfaction is measured against a Likert scale, where 1 means poor, 2 means fair (and is the mid-point), 3 means good, 4 means very good, and 5 means excellent. The survey is based on a sample of 3 000 residents who are representative of the city, at a 95% confidence level.
SFA 3: Caring city	Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Access to basic services	This tracks the levels of access to basic services to assess whether basic service delivery initiatives are reaching all those in need. The City has prioritised mainstreaming basic service delivery to informal settlements and people living in backyards, which should improve living conditions and care for the vulnerable and poor in the long term.	- Number of water service points (taps) provided to informal settlements: 1 520 (Source: Water and Sanitation Department, 2019/20) - Number of sanitation service points (toilets) provided to informal settlements: 2 999 (Source: Water and Sanitation Department, 2019/20) - Percentage of informal settlements receiving a door-to-door refuse collection service: 99,74% (Source: Solid Waste Management Department, 2019/20) - Number of service points (toilets and tap with hand basins) provided to backyarders: 428 (Source: Informal Settlements Department, 2019/20) - Number of subsidised electricity connections installed (informal settlements and backyarders): 2 027 (Sources: Electricity Generation and Distribution Department, 2019/20)	June 2020: The data show an overall positive trend, with the City having reached and exceeded its targets for three sub-indicators. Number of water service points remains significantly above the target of 600. Number of sanitation service points remains significantly above the target of 2 800. Percentage door-to-door refuse removal remains on target (just above 99%). Number of service points provided to backyarders is below the target of 1 000. The number of service points provided has increased for the reporting year. The figure previously reported was a cumulative figure for 2017/18 and 2018/19 (over two financial years). Number of subsidised electricity connections are above the target of 1 500. This indicator shows a significant increase from the previous year with 162 more new installations.	Data are based on actual services supplied by the City in 2019/20. All five indicators have been updated.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments
SFA 4: Inclusive city	Objective 4.1: Dense and transit-oriented growth and development Objective 4.2: An efficient, integrated transport system	Transport costs as a percentage of income	The City's aim is to prioritise dense and transit-oriented growth and development to achieve a fiscally sustainable public transport system, thereby overcoming apartheid spatial planning. A further priority is efficient, integrated public transport.	- Public transport: 18% (2016) - Private transport: 21,8% (2016) (Source: City Transport and Urban Development Authority transport development index, 2017)	June 2020: Data have remained unchanged, as Covid-19 affected data collection and the finalisation of the household travel survey.	The household travel survey, through which the City's Transport Department gathers this type of information, was put on hold due to the Covid-19 pandemic. The survey will proceed when it is safe to do so, as the data collection methodology requires one-on-one engagement. Therefore, the data provided for the last trend watchlist are the latest information on record. (Source: Transport Planning Department, 2020) This indicator measures the direct cost of transport as a ratio (percentage) of total monthly individual income. The trend is measured citywide, using a weighted average of direct transport costs as a ratio to individual income across all income groups, for both private and public transport. Individual income from Census 2011 was used. This was escalated based on CPI (consumer price index) for one year (2012). This indicator is complicated to calculate, and will be updated intermittently - possibly every three years - instead of annually.
SFA 4: Inclusive city	Objective 4.3: Building integrated communities	Integrated communities	This indicator tracks the levels of integration in residential communities. The City has prioritised building integrated communities, and aims for a long-term impact of more socially diverse communities.	About 2,58% of Cape Town's small areas have more than 20% of all three population groups living there (Census 2011). (Source: Janet Gie, 2015, Changes in population group composition in Cape Town - a proxy for social integration by 2011 Census small area, 2015; Policy and Strategy Department, Research Branch, Research Analytics, 2020)	June 2020: Data not available, so status below remains the latest as at 2011. Using a basic indicator of integration, only a small percentage of areas in Cape Town are integrated. However, compared to the 1996 and 2001 Census data, there appears to be a slight increase in cross population group integration in 2011.	This is a proxy indicator. The percentage mixture of population groups is used as a basic indicator of integration. Census 2011 is used at a small-area spatial level. A small area is the lowest geographical level at which the 2011 Census data were made available. The three population groups are black African, coloured and white. The coloured population group includes Asians. It is not possible to use more recent Stats SA data, as the data are not available at the required spatial level. This indicator will be updated with 2021 Census data.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at June 2020 ¹	Status overview	Data comments									
SFA 5: Well-run city	Objective 5.1: Operational sustainability	Credit ratings by the rating agencies	Independent credit ratings reflect an independent opinion on an institution's creditworthiness to repay its liabilities. This will indicate the City's operational sustainability, with the ultimate aim of financial sustainability in the long term.	<table><tr><td>City of Cape Town, April 2020</td><td>Long term</td><td>Short term</td></tr><tr><td>Global-scale rating</td><td>Ba1</td><td>NP</td></tr><tr><td>National-scale rating</td><td>Aaa.za</td><td>Prime-1.za</td></tr></table> (Source: Moody's Investor Service, April 2020. Data and analysis supplied by City's Finance Department)	City of Cape Town, April 2020	Long term	Short term	Global-scale rating	Ba1	NP	National-scale rating	Aaa.za	Prime-1.za	June 2020: The available data point to relatively and comparatively strong performance. However, future financial performance will be constrained and under pressure due to the impacts of the Covid-19 pandemic. The City has consistently reported an operating surplus, strong liquidity compared to its South African peers (Ba1 negative), and low debt. Yet debt is expected to rise over the next three years due to the City's focus on increasing its water infrastructure resilience following the 2018 water crisis. Therefore, the City's credit profile is constrained by capital spending pressure due to water shortages, as well as infrastructure backlogs and population growth. The coronavirus outbreak and the associated deterioration in the global and national economic outlook will also likely constrain the City's financial performance, as higher unemployment will result in lower revenue collection. (Moody's Investor Service, April 2020)	This indicator is based on the ratings methodology used by Moody's Investor Service.
City of Cape Town, April 2020	Long term	Short term													
Global-scale rating	Ba1	NP													
National-scale rating	Aaa.za	Prime-1.za													

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INTRODUCTION

According to King IV, integrated reporting is founded on integrated thinking. The latter involves actively considering the relationships between an organisation's various operational and business units, and the capitals (financial, manufactured, intellectual, human, social and relational, and natural) it uses or affects. Integrated reporting, in turn, relates to a report about value creation issued periodically over time. The City's integrated governance report (IGR) serves as a supplementary report that connects the more detailed information from other reports and addresses the governance, risk management and control-related matters that could significantly affect the organisation's ability to create value.

The City is committed to implementing and institutionalising good corporate governance, as it underpins all the municipality's efforts to deliver excellent services and achieve its strategic objective of being a well-run city. According to King IV, which Council adopted in December 2017, good governance aids in the success of a municipality and enhances the protection and advancement of its constituents' interests. As part of this endeavour, integrated reporting has increasingly become part of normal business practice at the City through the embedding of combined assurance (CA). The City has been issuing an IGR as a supplement to the integrated annual report for the past three years. The report provides the City's political and administrative leadership with a holistic view of the governance, risk and control-related matters identified, and of management's progress in addressing these to make governance a key enabler of service delivery excellence.

To enhance good governance, the City has made strides in fostering collaboration between the different levels of assurance providers through its CA processes, such as the CA plan and dashboard, and the establishment of the Combined Assurance Forum (CAF). The CAF was established in July 2019

to discuss, identify, report, monitor and escalate CA matters, and is chaired by the Probity Portfolio Manager. For more information on the work and outcomes of the CAF, turn to the section 'Embedding of combined assurance'.

The City is dedicated to leadership development across all management levels. Equipping staff with the right leadership skills is important to provide the right leader, with the right skills, at the right time, for the right role, thus ensuring customer-centric service delivery. The City hosted a leadership conference in April 2019, with one of the objectives being to advocate the importance of leadership as a tool for good governance. The conference identified a need for staff leadership courses, in response to which Organisational Effectiveness and Innovation (OEI) developed a leadership framework comprising leadership, management and people development programmes, each designed to address a specific skills set required at a particular leadership level. The programmes commenced in January 2020.

The City has maintained its good governance practices during the Covid-19 pandemic by embracing CA principles, as is clear from the collaboration between assurance providers. When the pandemic hit, the City developed the transversal Dynamic Operations Framework led by the Chief Resilience Officer. The framework provides a holistic (reactive and proactive) response mechanism characterised by the seven qualities of reflectiveness, robustness, flexibility, redundancy, resourcefulness, inclusivity and integration. Furthermore, it ensured that line function responsibilities for implementation were maintained with the support of project and programme management practitioners from the Corporate Portfolio, Programme and Project Management Department and analysts from the Policy and Strategy Department. Prior to the development of the framework, the City had established the Pandemic Business Continuity Coordinating Committee (PBCCC) and Disaster Coordinating Team (DCT), who were subsequently included in

the transversal response. All activities relating to the City's response to the pandemic were positioned within appropriate workstreams, which reported to the Covid-19 crisis coordinator and, ultimately, to the Executive Management Team (EMT) and Mayoral Committee (Mayco). The Disaster Risk Management Centre (DRMC) coordinated the external responses, while the PBCCC took charge of internal responses. The transversal approach to the Covid-19 pandemic has helped ensure continued service delivery to the citizens of Cape Town. The City applied the available resources – from financial to infrastructure and people – to collectively respond and navigate the first peak of the pandemic, and, at the same time, built systems, procedures and infrastructure that will remain in place until Covid-19 is officially under control. Management and employees have worked, and continue to work, tirelessly to provide essential services to Capetonians during the various levels of the national lockdown.

Even during the pandemic, the City continued to show zero tolerance for fraud, corruption and other criminal activities, maladministration and/or negligence. Opportunities for these continued to be minimised through proactive anti-fraud and corruption initiatives. The fraud hotline (0800 32 31 30) is used by members of the public to report suspected fraudulent activities. The Office of the City Ombudsman, in turn, serves as a last resort to resolve public complaints about the City in an independent, impartial, unbiased, non-prejudicial and apolitical manner. The City Ombudsman may be contacted on ombudsdirect@capetown.gov.za or visited in person on the third floor of the Cape Town Civic Centre.

A synopsis of the 2020 integrated governance report is included in the City's integrated annual report.

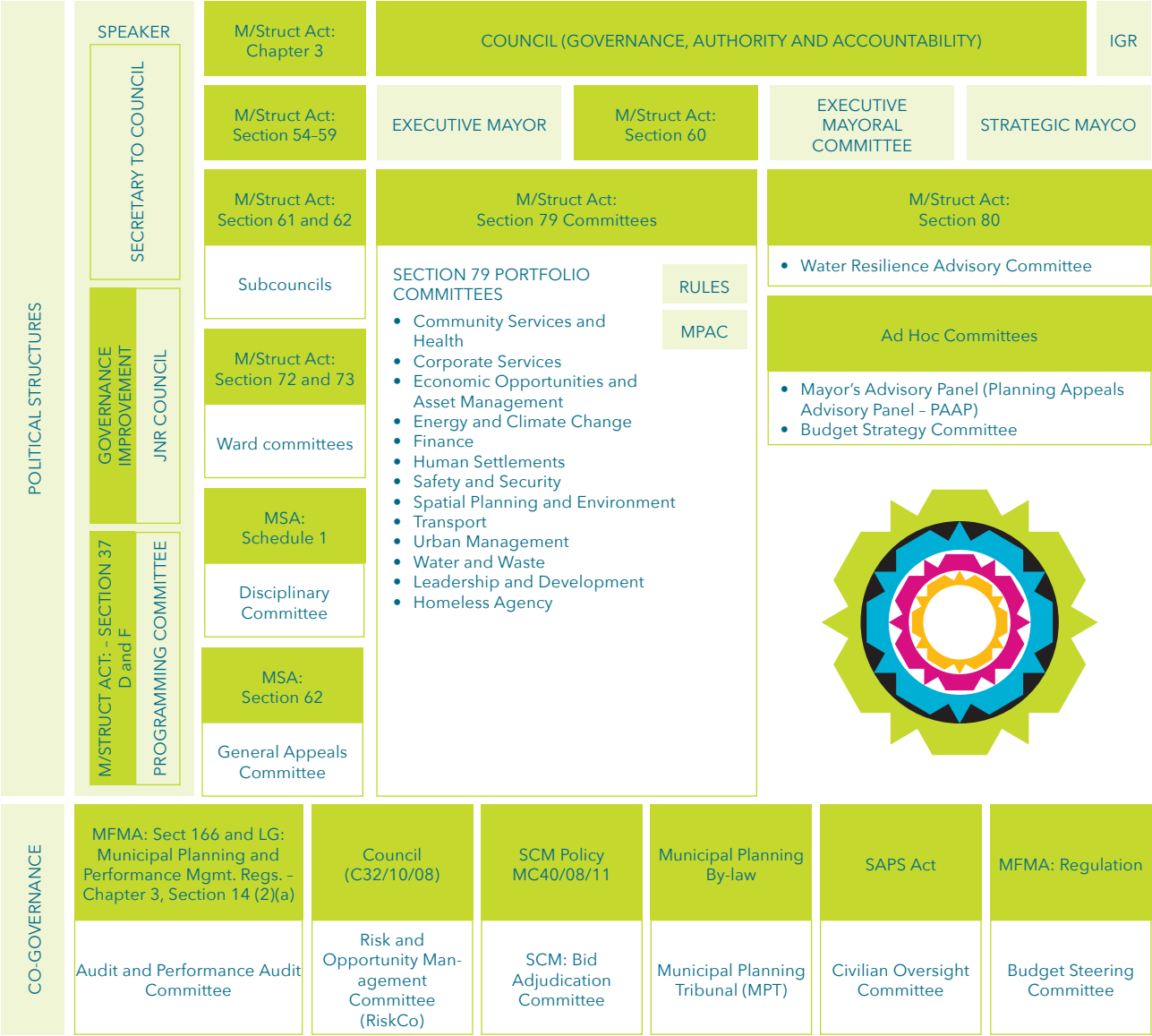
COMBINED ASSURANCE (CA)

CA is a coordinated approach to receiving assurance that the City's strategic risks are being managed appropriately. This is achieved through a robust model that makes optimal use of all assurance resources, both internally and externally. CA also allows for integrated reporting on the work performed by the different assurance levels (levels 1-4), the nature of the assurance provided (control self-assessment, advisory, assurance), and the extent of assurance services and functions provided at the City. This provides both management and oversight/governance structures such as Council, the Audit and Performance Audit Committee (APAC) and the Risk Management Committee (RiskCo) with a single, holistic view of the adequacy of assurance coverage across the City.

The Probity Portfolio Manager in the Office of the City Manager coordinates and drives the CA programme, which includes mobilising, monitoring and reporting on the outcomes of the programme. The City Manager remains ultimately accountable for risk management, governance and internal controls in the City.

OVERSIGHT BODIES/STRUCTURES

The diagram below depicts the governance structures of the City:



The CA-related roles of the different oversight/governance committees are described below:

- ✓ **Council and Council committees.** As elected public representatives, members and committees of Council are accountable to the public. Therefore, Council takes an interest in CA services to the extent necessary to obtain reasonable assurance that risk governance is properly integrated with the City's business activities and culture. This enables risk and opportunities to be considered during strategic planning and implementation to achieve the organisational objectives as detailed in the IDP, and to promote effective service delivery.

- ✓ **Independent oversight advisory committees.** These provide the City's political leadership (Council, the Executive Mayor, etc.) and administrative management (City Manager, management and officials) with assurance and advice on the organisation's internal controls, risk management and governance matters.
- ✓ **Internal advisory committees.** These committees provide the administrative management (City Manager, management and officials) with assurance and advice on the City's controls, risk management and governance matters.

In line with legislative requirements, the City has established key governance committees such as the Audit and Performance Audit Committee (APAC), the Risk Management Committee (RiskCo) and the Municipal Public Accounts Committee (MPAC), all of which are mandated with oversight functions relating to ensuring good governance. Further details on the establishment and functioning of these committees are provided in the integrated annual report under 'City governance structures and frameworks'.

ASSURANCE PROVIDERS

The City's CA model comprises the following four levels of assurance providers, each with unique roles in ensuring good corporate and ethical governance practices:

LEVEL 1	MANAGEMENT AND LINE FUNCTIONS
✓ City Manager ✓ Management ✓ City officials	
LEVEL 2	SPECIALIST FUNCTIONS
✓ Supply Chain Management (SCM), Occupational Health and Safety (OH&S), Disaster Risk Management (DRM), Information Systems and Technology (IS&T), Environmental Risk Management (ERM), Organisational Performance Management (OPM), Human Resources (HR), Legal Services (LS) and Risk, Ethics and Governance (REG).	
LEVEL 3	INDEPENDENT INTERNAL ASSURANCE PROVIDERS
✓ Ethics investigations ✓ Forensic Services (FS) ✓ Internal Audit (IA) ✓ Ombudsman (OCO)	
LEVEL 4	EXTERNAL ASSURANCE PROVIDERS AND REGULATORS
✓ Auditor-General of South Africa (AGSA) ✓ National Treasury (NT)	

- ✓ **Role of level-1 assurance providers:** The City's administrative leadership consists of the City Manager and the Executive Management Team (EMT). The EMT is appointed in terms of section 57 of the Municipal Systems Act and reports directly to the City Manager. In terms of section 62 of the MFMA, the City Manager is ultimately accountable for risk management, governance and internal controls, and for the institutionalisation of good corporate governance and ethics at the City. Section 78, in turn, states that each senior manager of a municipality, and each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of financial management and internal control established for the municipality

is carried out diligently. In setting the tone from the top, the City Manager promotes accountability, integrity and other ethical values to create a positive control environment and instil a culture of ethics. By understanding their responsibilities and performing their duties ethically and with due care, all City officials have a role to play as the first level of assurance.

- ✓ **Role of level-2 assurance providers:** These are the specialist functions in the City that assist management and line functions with risk assessment, mitigation and compliance in their respective areas of expertise. They also advise oversight bodies on the control environment, and how it may be improved. During the Covid-19 pandemic and national lockdown, key level-2 assurance providers, such as the PBCCC, have worked to ensure that risks relating to

business continuity are adequately identified and appropriately managed.

- ✓ **Role of level-3 assurance providers:** These are independent internal assurance providers (IAPs), each with their unique role and mandate to ensure and promote good and ethical corporate governance in the City by providing independent and objective assurance services in line with legislation, professional standards and leading practices. As part of the City's assurance provision at level 3, Ethics conducts investigations approved by the City Manager. These assurance providers have also continued performing their duties during the pandemic and national lockdown, yet with a shift in focus to Covid-19-related risks and controls.
- ✓ **Role of level-4 assurance providers:** External assurance providers (such as the Auditor-General of South Africa) and regulatory inspectors are required to provide assurance in accordance with their industry and sector codes, guidelines and applicable legislation. The Auditor-General will conduct a Covid-19 audit to ensure that the City complies with regulations issued by National Government and Province, as well as internally generated policies, procedures and directives. Refer to the integrated annual report for the report of the Auditor-General, which includes an audit opinion on the 2019/20 financial statements.

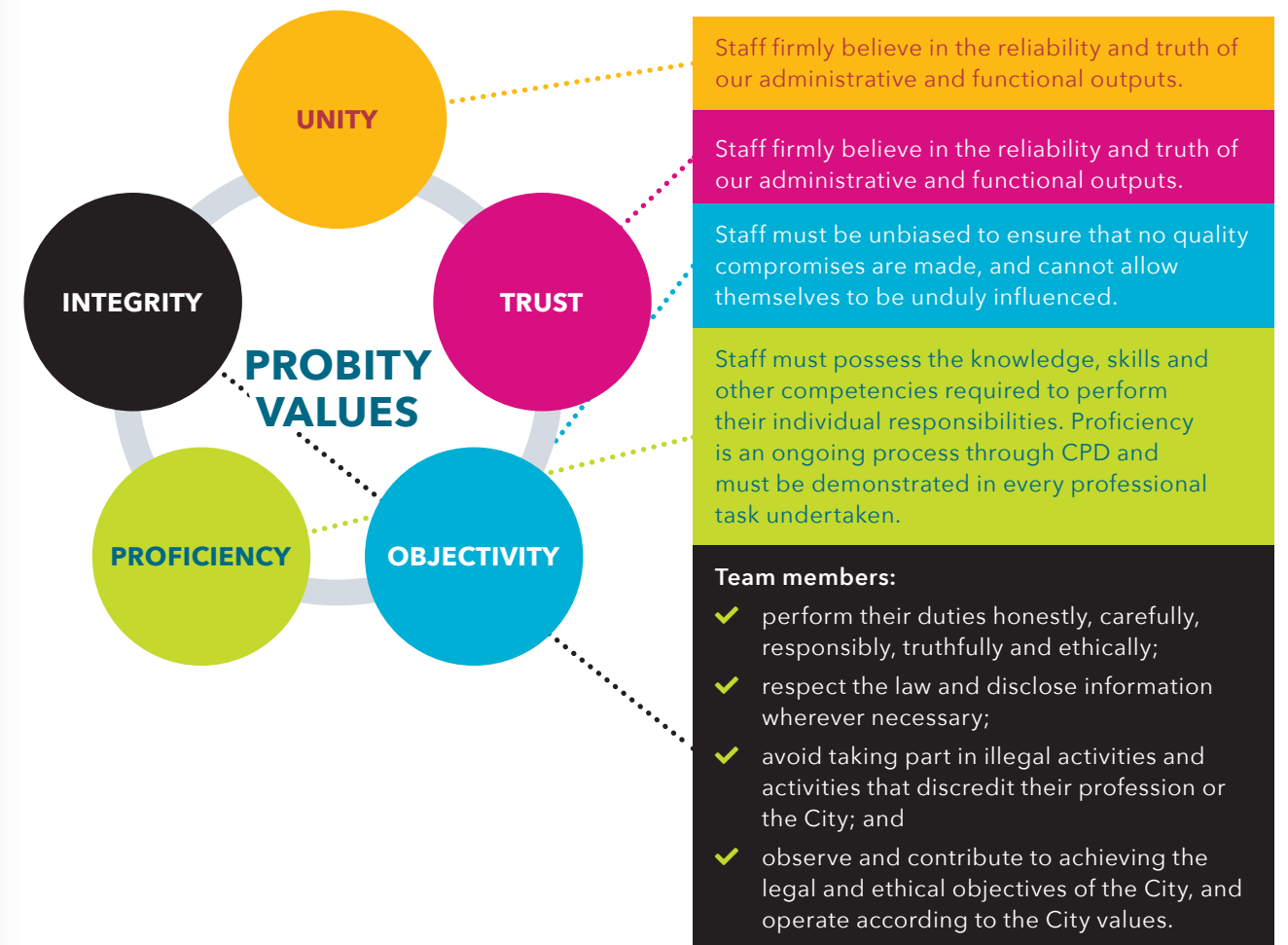
PROBITY

Probity is a portfolio of selected levels of assurance providers located in the Office of the City Manager. It consists of the Office of the Probity Portfolio Manager; Risk, Ethics and Governance (REG), Internal Audit (IA), Forensic Services (FS) and the Office of the City Ombudsman (OCO). As governance and assurance partners and advisors to management, Probity aims to add value to City operations and ensure resilience and professional excellence.

- ✓ **Office of the Probity Portfolio Manager:** In pursuit of its vision of being a leading trusted governance and assurance advisor and partner, the Office of the Probity Portfolio Manager provides insight and foresight, advises the City Manager on governance-related matters, and helps the City make governance a key enabler of effective, equitable and sustainable service delivery. It also monitors the integration and alignment of assurance processes in the City to maximise risk and governance oversight. The values of the office are aligned with those of

the City and are illustrated in the graphic on the next page.

- ✓ **Risk, Ethics and Governance (REG):** The overall purpose of REG is to provide the City with efficient integrated risk management (IRM), an ethics and integrity service, and a robust business continuity management (BCM) function. REG plays a particularly important part in protecting, nurturing and enhancing a culture of ethics at the City. It has overall responsibility for facilitating the implementation of the City's ethics action plan and associated programmes and practices to institutionalise ethical behaviour across the City. Ethics investigations are authorised by the City Manager and undertaken in an independent, objective manner. REG functions are assigned in terms of section 62(1)(c)(i) of the MFMA.
- ✓ **Internal Audit:** The mandate of Internal Audit is to provide an independent, objective assurance and advisory service designed to add value and improve City operations. Their services help the City accomplish its objectives by bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The function is a requirement in terms of section 165 of the MFMA and is largely directed by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- ✓ **Forensic Services:** Forensic Services ensures that the City contributes to a culture of good governance by combating fraud and corruption. They deliver real-time reactive investigations and proactive programmes in an effective manner, and actively promote forensic awareness and education programmes at the City. Their establishment and operation are governed by section 67 of the Municipal Systems Act and various other legislative and legal imperatives.
- ✓ **Office of the City Ombudsman:** This office investigates and helps resolve public complaints about the City. It renders an independent, impartial, unbiased, non-prejudicial and apolitical ombud service, which entails alternative dispute resolution, alongside advocacy, relationship management and communication. It was established by a resolution of Council in 2002, and is further supported by the Consumer Protection Act, which advocates alternative dispute resolution to address public complaints.



These assurance providers report administratively to the Probity Portfolio Manager. The independent internal assurance providers (IAPs) defined on page 365 and City Ombudsman are responsible and accountable for their respective operations and functional responsibilities. Internal Audit, Forensic Services, the Office of the City Ombudsman and the Ethics function in REG have a functional reporting line to APAC, who is accountable for independent oversight of governance, risk and internal controls at the City. This direct reporting line to APAC is

required to safeguard the independence and objectivity of these functions and manage undue influence from line management when reporting on key governance issues. The IRM and BCM functions in REG report functionally to the Risk Management Committee (RiskCo) on risk and related matters. RiskCo, chaired by the Probity Portfolio Manager, and with executive directors as members, discusses and takes decisions regarding the City's key risks, and advises the City Manager accordingly.

EMBEDDING OF COMBINED ASSURANCE

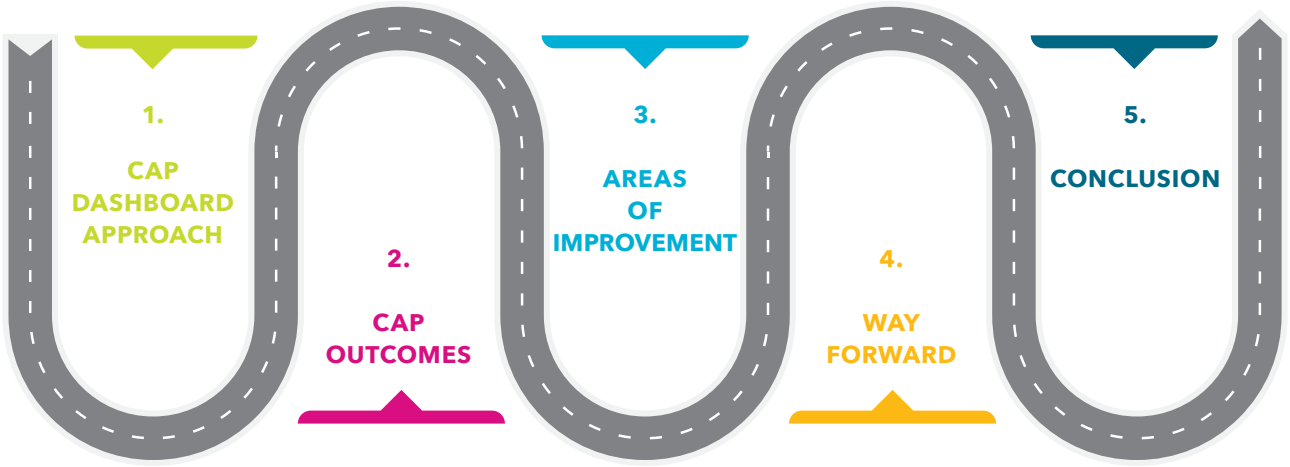
- ✓ CA effectively coordinates the efforts of management and other internal and external assurance providers, increases their collaboration and develops a shared and holistic view of the organisational risk profile. In embedding CA, the following activities were completed in the past year:
- ✓ The CAF was established in July 2019, representing all levels of assurance providers. The Probity Portfolio Manager, who serves

as CAF chair, facilitated the compilation of the forum's terms of reference, which were subsequently presented to the CAF to endorse. The terms of reference guide the forum on its roles and responsibilities in fostering collaboration and driving the embedding of CA. The CAF met three times during the reporting year. Due to the Covid-19 pandemic and national lockdown, the fourth forum scheduled for May 2020 had to be cancelled. The CAF also invited various speakers (both internal and external) to present on current governance matters affecting the City, covering the following topics:

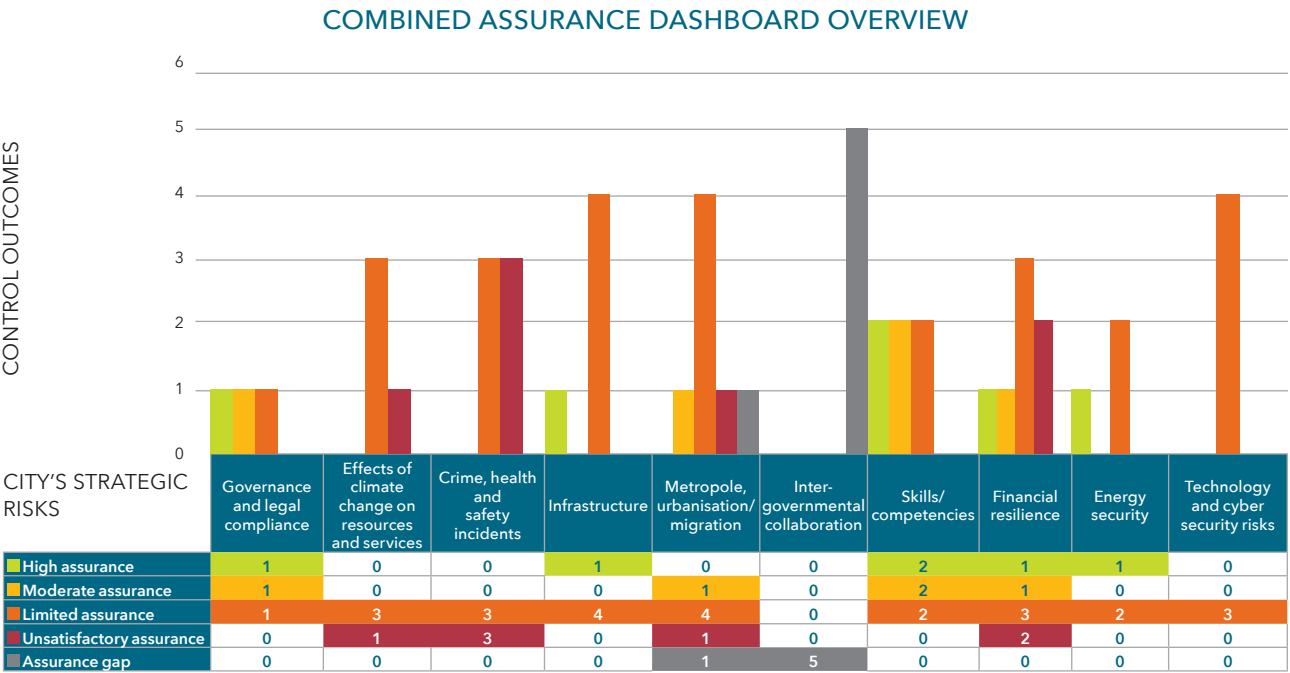
TOPIC	PRESENTED BY	LEVEL OF ASSURANCE PROVIDER
Amendments to the Audit Act	Auditor-General of South Africa	Level 4
Consequence management	Office of the Probity Portfolio Manager	Level 2
Combined assurance and integrated reporting	Office of the Probity Portfolio Manager	Level 2
Combined assurance roadmap	Office of the Probity Portfolio Manager	Level 2
Forensic services	Forensic Services	Level 3
Supply chain management: Procurement	Supply Chain Management	Level 2
Auditor-General of South Africa: Audit action plan	Treasury	Level 2
Combined assurance	Office of the Probity Portfolio Manager	Level 2
Leadership, management and people programme	Organisational Effectiveness and Innovation	Level 2
Internal audit	Internal Audit	Level 3

- ✓ The CA standard operating procedure was approved and signed by the City Manager. The standard operating procedure specifies the process followed in implementing and executing CA at the City.

- ✓ As is the custom every year, the corporate risk register, which contains all the strategic risks facing the City, was again obtained from Integrated Risk Management (IRM) and used to identify the controls and control owners managing the strategic risks. Assurance providers were identified and engaged on the assurance to be provided on these controls. Thereafter, a combined assurance plan (CAP) dashboard for 2019/20 was completed following the process depicted below:



- ✓ In terms of CAP outcomes, 61 controls were recorded on the corporate risk register, mapped against the City's ten strategic risks. The graph below provides an overview of the strategic risks and related control responses received:



Areas of improvement reported in the dashboard report were as follows:

- ✓ **Appropriate controls not identified to mitigate a risk:** The risk 'Ineffective intergovernmental collaborations' has oversight/advisory bodies identified as level-2 control owners only, while the control title focuses on the escalation of collaboration needs/concerns during engagements. In addition, the phrasing of the control title is inadequate.
- ✓ **Unsatisfactory assurance:** There were seven instances where unsatisfactory assurance was noted. The only assurance provided was by levels 1 and 2, of which the average outcome amounted to less than 50%. There was no coverage from independent assurance providers, i.e. levels 3 and 4.
- ✓ **Over-assurance:** Six instances were noted where over-assurance was provided. All the assurance providers (levels 2, 3 and 4) executed reviews on the risks and controls, and all the outcomes were in excess of 81%.
- ✓ **Assurance gaps identified:** Due to the inadequacy of the phrasing of the control title, six instances of assurance gaps were noted (highlighted in grey on the dashboard). Note, however, that there were other mitigating controls in respect of this risk on which assurance was indeed provided.

The above assessment was performed based on source information as at 31 March 2020. The CAP dashboard report with annexures was signed off by the Probity Portfolio Manager on 1 July 2020 and was subsequently submitted to the City Manager, executive directors and the relevant level-2 and level-3 assurance providers. Additional controls had been identified as at 30 June 2020, which will be assessed and reported on in the next CAP update.

Future processes relating to compiling, monitoring and reporting on the CAP dashboard will include:

- ✓ assisting assurance providers with the completion of the CA certificates;
- ✓ the ad-hoc validation and verification of information submitted;
- ✓ an increase in continuous, timely and interactive sessions with IRM to improve the qualitative and quantitative aspects of integrated risk management;
- ✓ obtaining an opinion on the overall assessment of controls in terms of the extent of assurance provided (over-/under-assurance), duplication of efforts (taking into account the specific scope

and objectives of different assurance providers) and optimal use of resources; and

- ✓ continuous, timely and interactive collaboration between the CA function and independent (internal and external) assurance providers at a strategic and operational planning level to ensure optimal assurance coverage of strategic risks, optimal use of resources and less assurance fatigue.

To further embed CA at the City, the City Manager issued a directive reminding executive directors of their responsibility and accountability as specified in section 78 of the MFMA. A report on the analysis of the overall responses received was also issued to all executive directors on 4 November 2019 to communicate the outcomes in their respective areas. The overall results were presented at the CAF meeting held on 3 December 2019, and a report with the consolidated results was submitted to the Office of the City Manager the next day.

The annual returns were also enhanced, taking into account the inputs and comments received from CAF members. The revised section 78 annual returns in respect of the 2019/20 financial year were sent to directors and portfolio managers, and have since been received back. The annual return analysis has been completed, and the results will be sent to the respective executive directors by the end of quarter 2 of the 2020/21 financial year.

REPORTING BY PROBITY AND THE INDEPENDENT INTERNAL ASSURANCE PROVIDERS

King IV defines corporate governance as the application of ethical and effective leadership by a governing body, which, in the municipal setting, is the municipal council. Good governance outcomes include an ethical culture, good performance, effective control and legitimacy. More specifically, principle 5 in King IV states that Council should ensure that its reports are underpinned by integrated thinking and present information about the resources and relationships on which the municipality relies, its activities, outputs and outcomes in an integrated manner. Such reports, King IV states, are an effective way of informing the community and stakeholders about the municipality's performance.

The recommendations in reports issued by independent internal assurance providers are aimed at mitigating identified risks, addressing control weaknesses, eliminating fraud and

corruption, and exploring alternative dispute resolution mechanisms. The reports are issued to appropriate stakeholders, including the Mayoral Committee, the Executive Mayor, Executive Deputy Mayor, City Manager, executive directors and line management. Where deemed necessary, reports are submitted to the Executive Management Team (EMT) Governance and Risk Subcommittee, but may be subjected to broader EMT scrutiny as well. When required, the City Manager also issues memorandums to staff members responsible for the implementation of corrective action, to address Probity recommendations in an appropriate and timely manner.

Based on the results of audits, investigations and other engagements, the independent internal assurance providers submit quarterly reports to APAC, highlighting key governance and control issues, and emerging risks identified. These reports describe functional and administrative performance against key operating indicators and targets. The Probity Portfolio Manager, in turn, submits a biannual report to APAC relating to the City's CA activities. In addition, Internal Audit drafts an annual statement on governance, risk and internal controls, which is issued to various stakeholders, including the EMT and APAC.

Moreover, the Office of the Probity Portfolio Manager issues a quarterly integrated governance report to the Executive Mayor, Executive Deputy Mayor, City Manager, EMT and EMT Governance and

Risk Subcommittee. The report provides a summary of the work performed by the independent internal assurance providers in the preceding period, including key governance issues identified and management's progress in addressing these.

Based on these quarterly reports, an annual integrated governance report is compiled to provide an overview of the City's leadership and oversight bodies' role in good corporate and ethical governance. This annual report includes key reporting items as identified and reported on by all the City's independent internal assurance providers, and the corrective measures and governance initiatives undertaken in the City to address these.

OUTCOMES FROM INDEPENDENT INTERNAL ASSURANCE PROVIDER ENGAGEMENTS

Engagements performed by the independent internal assurance providers are approved and based on the City's priorities and risk profile. Performance is monitored via the Service Delivery and Budget Implementation Plan (SDBIP), which includes key performance indicators (KPIs), as required by the Municipal Systems Act. One of the KPIs is the percentage of approved audit engagements completed. The results for the 2019/20 financial year are tabulated below:

INDEPENDENT INTERNAL ASSURANCE PROVIDER	TARGET	ACTUAL
Integrated Risk Management (IRM) (in REG)	240	352
Ethics (in REG)	20	21
Internal Audit	80	87
Forensic Services	150	109
Office of the Ombudsman	1 400	1 565

The outcomes of these engagements are reported to the appropriate stakeholders to ensure that the required corrective actions are implemented in a timely fashion. A summary of the outcomes of engagements completed in 2019/20 follows below.

INTEGRATED RISK MANAGEMENT (IRM) (IN REG)

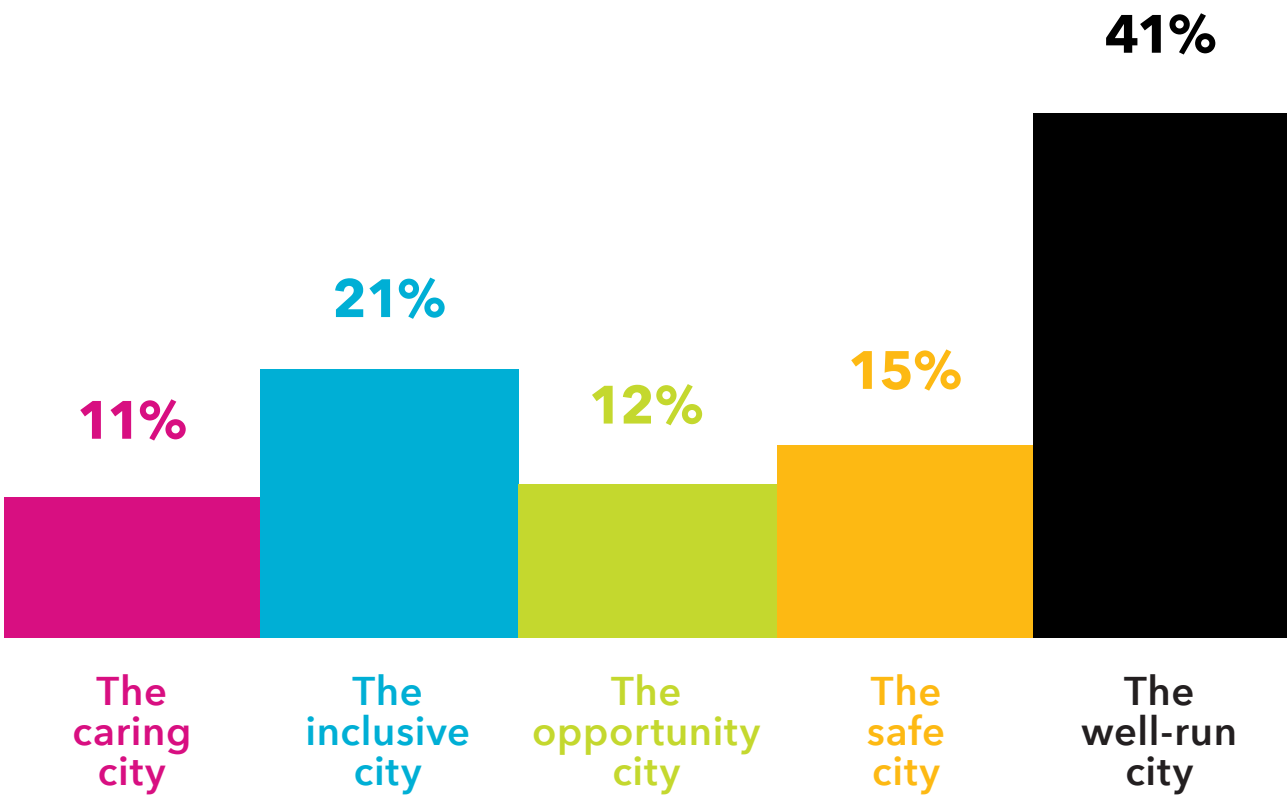
IRM's core mandate is to help the City identify risks that should be mitigated so as to achieve the organisational objectives.

In 2019/20:

- ✓ 352 risk registers were completed across the City; and
- ✓ the corporate risk register was updated and signed off.

During workshops facilitated by IRM staff, risks identified by line management were linked to the objectives in the City's 11 priority areas.

The graph below depicts the 863 identified risks linked to the City’s strategic focus areas (SFAs), as percentages:



The majority of the identified risks are linked to the well-run city SFA, which is aimed at service delivery and value creation for customers in an operationally sustainable manner. The table on the next page lists the 12 strategic and departmental risk categories, as well as the 18 related categories of contributing factors.

Risks are categorised and consolidated so that overarching areas are highlighted. These highlighted areas may not have an impact individually, but could collectively have an adverse effect on the achievement of the organisational objectives of the City’s SFAs.

A large number of identified risks or contributing factors do not necessarily point to a problem, but are a sign of proactive identification and appropriate management. The top five risk categories based on the number of contributing factors are operations, service delivery, financial, compliance, and safety and security. The top five contributing factors are resources, processes and procedures, external stakeholders, City dependency, and compliance.

Covid-19 brought a number of uncertainties, which necessitated a review of the City’s risk registers. This will continue on an ongoing basis as additional risks, controls and action plans are identified. The following issues were considered during the review

- to ensure that Covid-19-related risks are identified and addressed:
- ✓ Prompts were included in discussions, and the various ways in which Covid-19 affected the City’s different departments were incorporated into risk registers in the 2019/20 quarter-3 and quarter-4 monitor and review sessions. This will continue into the 2020/21 financial year.
 - ✓ With the assistance of the Covid-19 crisis coordinator, the corporate risk register was also significantly extended to include mitigation of the impact of Covid-19 on the City’s top ten risks, elaborating on newly established strategic controls and action plans.

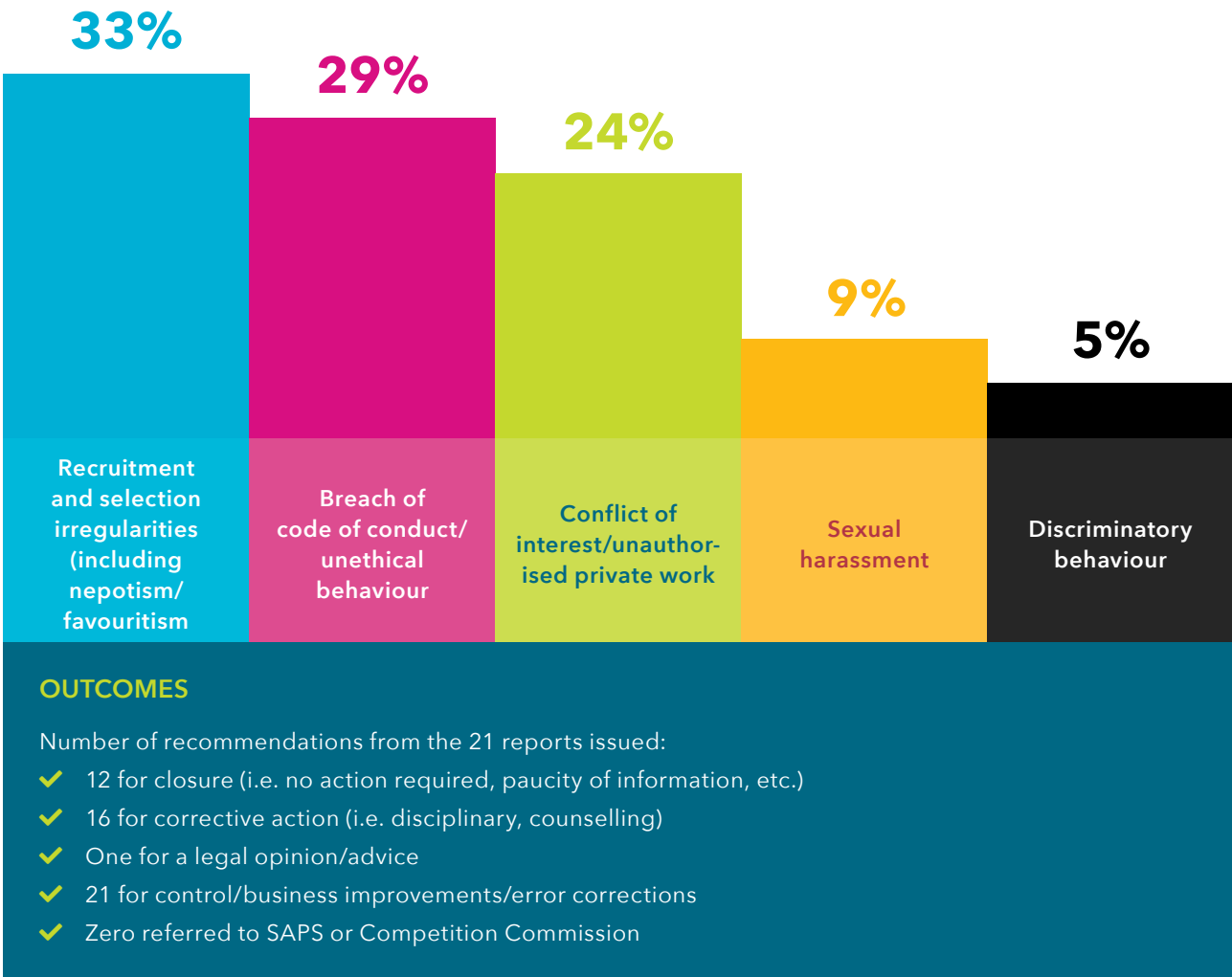
ETHICS (IN REG)

The core mandate of Ethics is to drive processes that protect, nurture, enhance and institutionalise a culture of ethics in the City, including investigating allegations of unethical behaviour and facilitating the implementation of the City’s ethics action plan and associated programmes and practices.

IN 2019/20:
21 ETHICS INVESTIGATIONS
WERE COMPLETED.

		RISK CATEGORY													
		Assets	Compliance	Environmental	Ethics and corruption	Financial	Human capital	Knowledge and information	Operations	Reputation	Safety and security	Service delivery	Social/socio-economic	Grand total	
Categories of contributing factors	Authority/ structure/ mandate	4	16	1	1	2	4	-	31	8	5	29	10	111	
	City dependency	10	24	4	1	27	6	28	54	9	6	39	3	211	
	Compliance	17	76	4	3	16	5	6	25	7	6	14	-	179	
	Economy	-	-	1	4	17	-	-	3	-	4	2	1	32	
	Environment	2	2	44	-	3	-	-	3	1	7	11	3	76	
	External stakeholders	6	19	10	2	29	4	6	37	17	34	85	10	259	
	Health, safety and security	14	14	2	1	10	4	-	15	8	127	29	5	229	
	Infrastructure	41	4	2	-	9	2	4	8	3	9	12	2	96	
	IT systems	-	2	-	-	7	-	29	19	2	4	18	1	82	
	Leadership	-	5	2	3	6	-	2	12	3	4	10	-	47	
	Maintenance	13	-	1	-	-	-	-	2	1	-	1	-	18	
	Monitor, review and reporting	-	3	1	-	-	-	2	3	-	3	3	-	16	
	Planning	10	11	1	-	18	6	-	28	12	6	43	20	155	
	Processes and procedures	21	57	5	7	37	14	19	120	33	12	89	5	419	
	Resources	52	41	5	1	75	79	11	87	13	33	77	3	477	
	Social	1	3	-	2	-	-	-	2	-	3	10	4	25	
	Unethical behaviour and criminal activities	5	5	1	48	3	-	1	6	2	23	10	1	105	
	Urbanisation	1	-	3	-	5	-	-	1	-	2	12	3	27	
	GRAND TOTAL	197	282	87	73	264	125	108	456	119	288	494	71	2 564	

The following chart shows both a summary and categorised breakdown of ethics matters addressed in the reporting period:



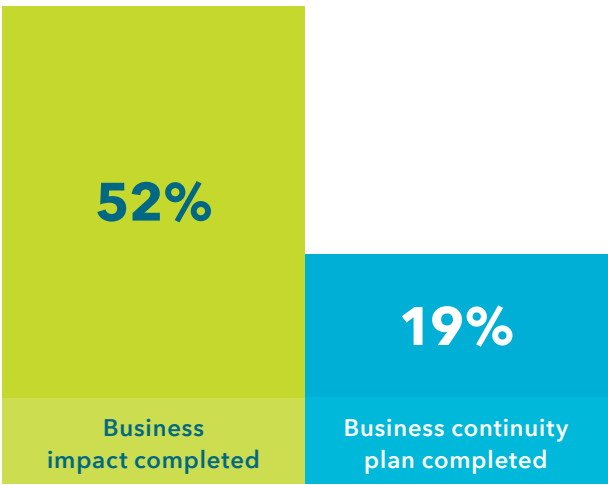
BUSINESS CONTINUITY MANAGEMENT (BCM)

BCM is a holistic process that identifies potential threats to an organisation, and the impact on business operations if those threats are realised. The process provides a framework for building organisational resilience and an effective response that safeguards the interests of the organisation's key stakeholders, reputation, brand and value-creating processes. The BCM standard operating procedure was approved in June 2020.

The BCM Unit continuously engages with line management regarding the implementation of business continuity through a seven-step model comprising:

- ✓ business impact analysis (BIA);
- ✓ a threat profile;
- ✓ a BCM response plan;
- ✓ a business continuity plan (BCP);
- ✓ testing of plans;
- ✓ monitoring and review; and
- ✓ reporting.

The graph below depicts the total number of BIAs and BCPs commenced, completed and signed off by the respective City departments in 2019/20:



During the lockdown, BCM played a critical part in navigating the national disaster regulations and the City's adjustment to changes in the regulations. In March 2020, a Pandemic Business Continuity Coordination Committee (PBCCC) was established to focus on the internal environment, including the health and safety of employees, back-to-work framework plans and BCM plans. The EMT Governance and Risk Management Subcommittee requested IRM and BCM to identify key level-2 assurance providers, and to ensure that Covid-19 BCPs for these providers were also in place. Importantly, Covid-19 BCPs were completed for all services and departments that continued to operate during the hard lockdown, which was essential for continued service delivery.

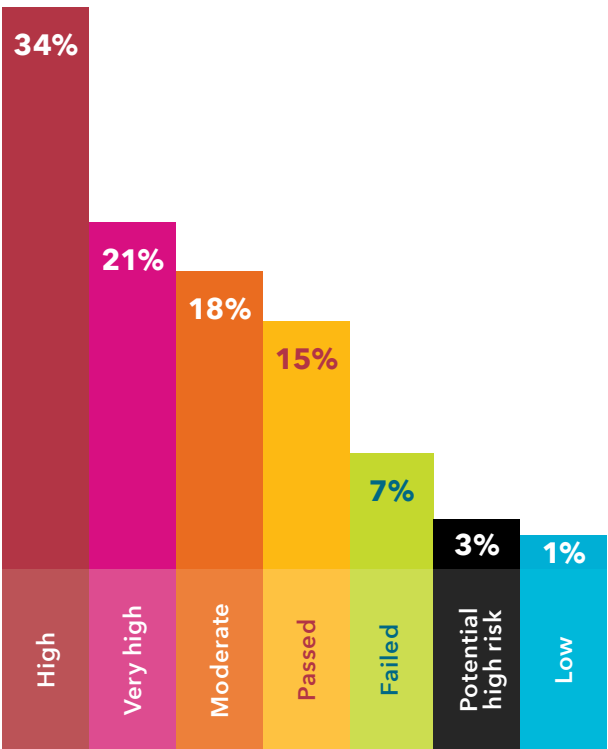
INTERNAL AUDIT (IA)

The core mandate of IA is to provide assurance and advisory services with regard to the effective and efficient functioning of risk management, governance and internal controls. In the reporting period, IA executed the risk-based IA operating plan, which the Mayoral Committee had approved, and also completed all planned audit projects (assurance and advisory) for the financial year.

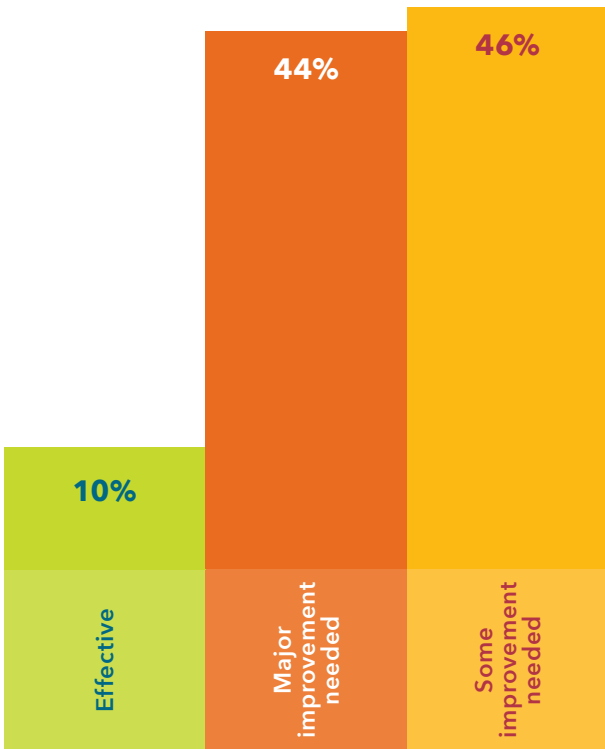
IN 2019/20:
91 AUDIT DELIVERABLES WERE COMPLETED, OF WHICH 41 WERE ASSURANCE ENGAGEMENTS, 19 WERE FOLLOW-UP ENGAGEMENTS, AND 20 WERE ADVISORY ENGAGEMENTS. THE REMAINDER RELATED TO AUXILIARY GOVERNANCE SERVICES PROVIDED BY IA.

Below is a graphic representation of the outcomes of the 41 assurance engagements completed:

INDIVIDUAL FINDING RATINGS



OVERALL AUDIT RATINGS



Below are the key areas where a need for major improvement to controls was identified:

- ✓ Information systems, namely Transport's Advanced Public Transport Management System, Energy and Climate Change's ABB Network Manager, and Spatial Planning and Environment's Development Application Management System application control.
- ✓ SAP (the City's resource planning software solution) functional modules supporting transactions relating to human resources, EPWP workers, revenue management, plant maintenance (fleet) and asset management.
- ✓ Business processes relating to informal trading areas in Urban Management, the funding payment process relating to the Human Settlements Development Grant in Human Settlements, electricity theft and losses in Energy and Climate Change, administration support and compliance with terms of reference for section 79 committees in Spatial Planning and Environment, Transport, Energy and Climate Change, as well as Corporate Services, and breaches of and deviations from procurement processes in Finance.

An analysis of the detailed IA findings reported in the 41 assurance reviews revealed the following key concerns:

- ✓ A lack of policies and procedures, and the inadequacy of existing policies and procedures in the control environment (cited in 18 out of 41 reports).

CATEGORY	NO. OF CASES	CATEGORY	NO. OF CASES
Fraud/corruption	31	Nepotism/victimisation	2
Tender irregularities	25	Property irregularities	2
Misconduct	9	Loan shark scheme	1
Recruitment and selection irregularities	8	Fronting	1
Misuse of assets	6	Favouritism/corruption/misuse of power	1
Theft/illegal connection	5	Irregular injury-on-duty claims	1
False declarations/forgery	4	Inadequate asset replacement programme	1
Not applicable	2	Illegal building works	1
Conflict of interest	3	Procurement irregularities	1
Leaking of information/distribution of personal information to unauthorised persons	2	Time and attendance irregularities	1
Irregular leasing	2		

- ✓ A lack of management review and supervisory checks (cited in 23 of the 41 reports).
- ✓ A lack of supporting evidence/information/record management processes (cited in 18 of the 41 reports).
- ✓ Resource/capacity constraints and a lack of skills (cited in nine of the 41 reports).
- ✓ A lack of communication/collaboration (cited in 12 of the 41 reports).
- ✓ A lack of reconciliation between various information sources as part of the verification process (cited in seven of the 41 reports).
- ✓ A lack of monitoring activities (cited in 21 of the 41 reports).

FORENSIC SERVICES (FS)

The City has zero tolerance for fraud, corruption and other criminal activity, maladministration and/or negligence. FS investigates all such complaints and, where appropriate, refers matters to the South African Police Service (SAPS).

IN 2019/20:
109 FS INVESTIGATIONS WERE COMPLETED, OF WHICH 90 WERE FULL FORENSIC INVESTIGATIONS.

A categorised breakdown of the types of allegations investigated and reported on in the 109 cases follows below:

The outcomes of these investigations are summarised below:

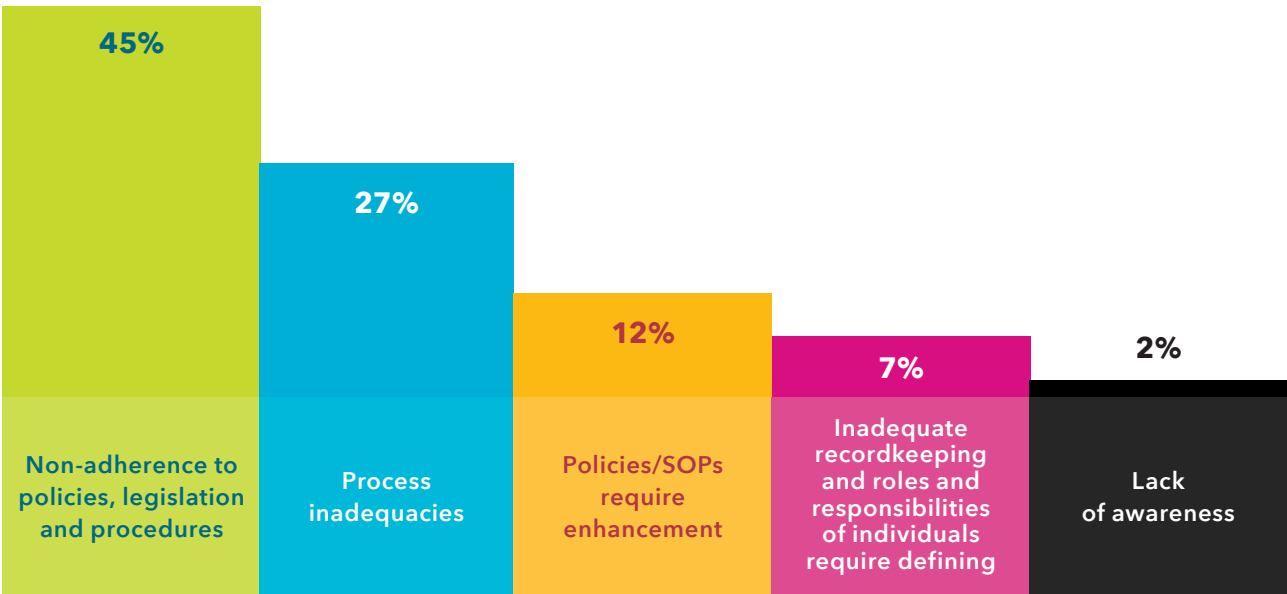
OUTCOMES OF FULL INVESTIGATIONS	NUMBER
Recommendations for disciplinary action	41
Recommendations for closure (i.e. no action required, paucity of information, etc.)	37
Recommendations for control/business improvements	28
Recommendations reported to SAPS/Commissioner: Compensation Fund/Competition Commission/B-BBEE Commission/SARS/SA Council for the Architectural Profession/PSIRA (criminal investigation)	21
Recommendations referred to Legal Services	21
Recommendation for further investigation, either by line management or through converting a preliminary into a full investigation	14
Recommendations relating to policymaking/standard operating procedures	7
Recommendations relating to employee resigning with no further action	6
Recommendations relating to recoveries	6
Recommendations referred to MPAC/Financial Misconduct Board	3
Recommendations relating to further scrutiny in terms of roles/responsibilities	2
Recommendations relating to eviction notification	1
Recommendations relating to restrictions	1
Recommendations referred to Speaker	1

In addition, the City is committed to ensuring that opportunities for fraud, corruption and other criminal activity, maladministration and/or negligence are minimised as far as possible. In this regard, FS also raises awareness among City officials and external stakeholders (including ratepayers) of what constitutes fraud, theft, corruption, negligence and misconduct. This is done through training interventions, workshops and the promotion of the fraud hotline. Increased awareness results in a decrease in unlawful activities and an increase in

the reporting of any such incidents. FS further assists by identifying and reporting on prevalent control issues identified in the course of investigations.

IN 2019/20:
CONTROL ISSUES WERE IDENTIFIED IN 41 OF THE 90 FULL INVESTIGATIONS COMPLETED.

The control issues identified are categorised and broken down by percentage below:

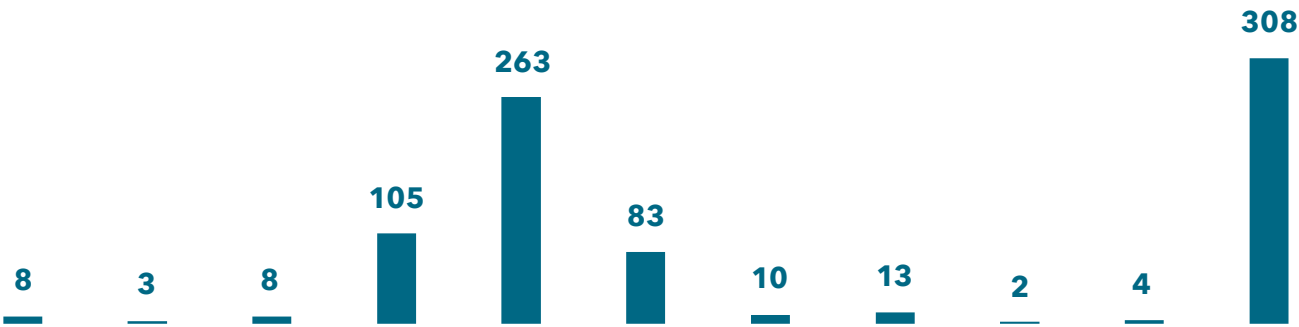


OFFICE OF THE CITY OMBUDSMAN (OCO)

The core responsibility of the OCO is to serve as a mechanism to investigate complaints about alleged acts of maladministration. Of the 1 395 complaints lodged against the City during the 2019/20 financial year, 370 matters were determined to be within the mandate of the OCO and were referred for formal investigation. The remainder of these complaints were either determined to be outside

the jurisdiction of the City, outside the mandate of the OCO, assessed as not being matters of last resort or the jurisdiction is yet to be determined. All the aforementioned matters, except the latter, i.e. jurisdiction is yet to be determined, was referred to the appropriate regulatory body (e.g. Office of the Public Protector, Eskom, Ombudsman for Banking Services South Africa), the relevant Appeal Authority or the responsible line department for resolution.

As at 30 June 2020, there were 807 formal investigations in progress and the graph below reflects a breakdown per directorate:



During the 2019/20 financial year, 403 formal investigations were completed of which 393 had financial implications for either the City or the complainants.

The financial impact of recommendations accepted and implemented in favour of the City and the complainants respectively is reflected in the table below:

	NUMBER	RAND VALUE
Findings (in favour of the City)	286	R3 906 888,06
Recommendations (in favour of complainants)	107	R2 687 781,08

The majority of completed investigations related to the following:

- ✓ The installation of **water management devices (WMDs)**, primarily complaints about problematic and unreliable meters in terms of measuring consumption. The findings from the OCO related to poor workmanship by the contractor installing the devices, and failure to update information on SAP.
- ✓ The Water and Waste Directorate’s continuation with **programmes** focusing on ceased meters, aged meters and meters to be moved in targeted areas. The OCO investigations revealed that account estimates for two years and longer were rebilled based on the updating of the master data (meter serial numbers being corrected) and were listed as a ‘code 24’ (the code indicates where meter numbers at the property differ from what is on SAP).

- ✓ **Electricity meter tampering fines** deducted from electricity purchases.
- ✓ Negotiating sustainable **payment arrangements** with the City as a result of financial difficulties experienced by consumers. Consequently, a lower and more affordable collection arrangement plan would be recommended.

MONITORING THE CITY’S CONTROL IMPROVEMENTS FOR 2019/20

Improvements to the City’s internal control environment are monitored through various mechanisms, including formal reporting on the status of the control environment by independent internal assurance providers, and the inclusion of key performance indicators on the personal scorecards of executive directors and on

directorate SDBIPs. Key activities to monitor control improvements for 2019/20 are set out in the paragraphs that follow.

ANNUAL STATEMENT ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

Internal Audit issues an annual statement on governance, risk management and internal controls to stakeholders such as the EMT and APAC. The statement is made in line with the requirements of King IV. Based on the results of the work performed by Internal Audit during the year, the 2019/20 report provided the City leadership with an overall opinion of the control environment, indicating some improvements needed and control areas that needed to be enhanced.

APAC REPORT

APAC submits a report on its activities to the Executive Mayor, Mayoral Committee and Council at the end of each financial year. The report covers key responsibilities as stipulated in its approved terms of reference, and advises Council on matters relating, but not limited to, governance, risk management

and internal controls. The APAC report is included in the City’s integrated annual report.

CORRECTIVE ACTIONS TAKEN STEMMING FROM ASSURANCE PROVIDER ENGAGEMENTS

The key performance indicator (KPI) ‘Percentage Probity function recommendations implemented’ measures the progress made by responsible line managers in implementing recommendations made by the independent internal assurance providers. The results in respect of this KPI are reported to the relevant oversight bodies to ensure that the responsible officials are held accountable, that timely and appropriate actions are taken, and that inaction is dealt with.

The indicator was implemented using a phased approach. In 2017/18, only Internal Audit, Forensic Services and Ethics recommendations were included in the calculation and reported on. The next year, recommendations/action plans of Integrated Risk Management and the Office of the City Ombudsman were added. The City Manager has revised the implementation target from 75% (for 2017/18) to 85% (from 2018/19 onwards).

Performance for 2019/20 is illustrated in the following table:

DIRECTORATE NAME	TOTAL NO. OF RECOMMEN-DATIONS	NO. OF RECOMMEN-DATIONS IMPLEMENTED	% RECOMMEN-DATIONS IMPLEMENTED	TARGET
Community Services and Health	83	82	99%	85%
Corporate Services	197	169	86%	
Economic Opportunities and Asset Management	81	63	78%	
Energy and Climate Change	100	95	95%	
Finance	271	267	99%	
Human Settlements	27	21	78%	
Office of the City Manager	5	5	100%	
Safety and Security	48	36	75%	
Spatial Planning and Environment	11	10	91%	
Transport	73	66	90%	
Urban Management	39	31	79%	
Water and Waste	364	352	97%	
TOTAL	1 299	1 197	92%	

PERCENTAGE INTERNAL
AUDIT FINDINGS RESOLVED

Internal Audit verifies the implementation status of its recommendations through a formalised follow-up process, checking whether corrective actions stemming from previous audits and agreed

to by line management have been adequately and effectively implemented. The results of follow-up audits are used every quarter to measure the key performance indicator 'Percentage Internal Audit recommendations (findings) resolved' for the various directorates. As at 30 June 2020, directorates had achieved an average of 79% on this indicator, against a target of 75%.

DIRECTORATE	NO. OF RECOMMENDATIONS			CUMULATIVE % INTERNAL AUDIT FIND- INGS RESOLVED PER DIRECTORATE
	ORIGINAL AUDIT	RECUR- RING	RESOLVED	
Corporate Services	97	28	69	71%
Community Services and Health	25	0	25	100%
Economic Opportunities and Asset Management	31	11	20	65%
Energy and Climate Change	23	5	18	78%
Finance	74	4	70	95%
Human Settlements	10	6	4	40%
Office of the City Manager	N/A	N/A	N/A	N/A
Safety and Security	21	10	11	52%
Spatial Planning and Environment	2	0	2	100%
Transport	6	0	6	100%
Urban Management	28	8	20	71%
Water and Waste	67	10	57	85%
TOTAL	384	82	302	79%

PERCENTAGE
DECLARATIONS OF
INTEREST COMPLETED

The updated standard operating procedure for private work and declarations of interest requires all staff graded at post level T14 and above, Supply Chain Management-conflicted employees and all employees (irrespective of T-grade) involved

in certain key business processes to submit a declaration at least once per financial year. Employees graded at T13 and below are required to declare at least once every three years and/or when their circumstances change. The 2019/20 financial year is year 1 of 3.

The overall statistics in respect of declarations of interest completed as at 30 June 2020 are reflected below:

AS AT 30 JUNE 2020	
Staff at level T14 and above	99% (target 100%)
Staff at level T13 and below	82% (target 100% by 2021/22)
SCM-conflicted employees on the City's database	0 (target zero)

The breakdown by directorate is as follows:

DIRECTORATE	% COMPLETION FOR LEVEL T14 AND ABOVE	% COMPLETION FOR LEVEL T13 AND BELOW	SCM- CONFLICTED STAFF ON CITY'S DATABASE
Community Services and Health	100%	94%	-
Corporate Services	99%	99%	-
Economic Opportunities and Asset Management	100%	99%	-
Energy and Climate Change	100%	58%	-
Finance	100%	100%	-
Human Settlements	100%	97%	-
Office of the City Manager	100%	100%	-
Safety and Security	100%	82%	-
Spatial Planning and Environment	99%	90%	-
Transport	100%	76%	-
Urban Management	100%	97%	-
Water and Waste Services	99%	70%	-
OVERALL CITY COMPLIANCE	99%	82%	-

ASSESSMENT OF
INDEPENDENT INTERNAL
ASSURANCE PROVIDERS

Independent internal assurance providers must execute their respective mandate in an independent and objective manner, and provide assurance and/or advisory services that add value to the City and improve organisational processes. This is governed by certain legislative requirements and relevant external professional bodies' standards and best practices.

Against this backdrop, each independent internal assurance provider is responsible for implementing a quality assurance and improvement programme that enables the monitoring and evaluation of:

- ✓ the adequacy, effectiveness and efficiency of their respective methodologies;
- ✓ compliance with legislation, policies and procedures;

- ✓ conformance to leading practices; and
 - ✓ value-add of services.
- An external quality assurance review of Internal Audit was completed in 2019/20. A rating of 'Generally conformed' was achieved, which is regarded as the highest rating according to the standards of the Institute of Internal Auditors.
- In addition, an independent maturity assessment was conducted on Integrated Risk Management (IRM) and Business Continuity Management. The objective was to assess additional value-adding areas for implementation, and to position IRM as a strategic advisor in the City. The assessment commenced on 5 November 2019. The Office of the Probity Portfolio Manager provided input for completing IRM's proposed action plans in response to the results documented in the assessment report, and the outcomes of the report were submitted to the Executive Management Team. The overall conclusion was that the IRM function was sound in terms of the fundamental risk procedures and the operational focus it applied. Furthermore, given the

current IRM capacity constraints and the significant associated costs, it was concluded that it might not be economically practical nor necessary to elevate the IRM function to a fully embedded or integrated function.

For the 2019/20 financial year, the Auditor-General of South Africa found that APAC and Internal Audit had provided adequate assurance while maintaining their independence, and effectively executing their respective mandates in line with the principles of good corporate governance. The Auditor-General indicated that these independent internal assurance providers should continue supporting the City by providing oversight and making recommendations that address the root causes of the misstatements and instances of non-compliance reported.

CITY'S KEY GOVERNANCE INTERVENTIONS AND ENHANCEMENTS

Key governance interventions embarked on by the City, and driven by Probity and the independent internal assurance providers, are as follows:

- ✓ Establishment of Combined Assurance Forum. The CAF offers assurance providers an opportunity to build, maintain and enhance relationships to engage and collaborate on key governance and combined assurance matters.
- ✓ City Manager performance dashboard report. The purpose of this report is to monitor, among others, governance matters. Organisational Performance Management (OPM) manages the dashboard process on behalf of the City Manager. The Office of the Probity Portfolio Manager collates governance performance information from independent assurance providers every month in preparation for the dashboard.
- ✓ Standard operating procedure for combined assurance. The City continues to embed combined assurance (CA) in its activities. CA processes are guided by the standard operating procedure approved by the City Manager on 16 June 2020.
- ✓ Combined assurance plan (CAP) and CAP dashboard. These provide a holistic view of the consolidated and integrated assurance provided across the different assurance levels in mitigating the strategic risk reflected in the corporate risk register. The results of the CAP dashboard were reported to the City Manager and the Risk Committee.

- ✓ Standard operating procedure for consequence management. This document defines the procedures that management must develop, implement, maintain and follow to address accountability and responsibility for employees' actions. It will be submitted to the relevant stakeholders and delegated authorities for input and approval once complete. The document will include a consequence management register, which will be completed by line management.
- ✓ Transversal information technology risk register. This register aims to enhance the identification and appropriate management of cybersecurity and related, cross-cutting Information Systems and Technology (IS&T) risks. Risk workshops were conducted with the IS&T management team and a selection of IT representatives from line management (Water and Waste, Energy, Transport) to identify and evaluate transversal IT risks, including action plans. The risk register will be submitted to the EMT Governance and Risk Subcommittee, followed by the chief data officer. Upon sign-off, it will be presented to the CAF and Risk Management Committee.
- ✓ IT risk management methodology and standard operating procedure. This was developed and approved by the City Manager on 12 December 2019 and forms part of the wider IRM process. Engagements were held with the relevant action owners to update their related action plans, and the amended risk register was submitted and presented to the various stakeholders for input and buy-in. These included the EMT Governance and Risk Subcommittee, the chief data officer, EMT, CAF and the Risk Management Committee. Sign-off by the chief data officer is expected in the new financial year.
- ✓ Transversal fraud risk register. The transversal fraud risk register aims to help identify fraud-related risks and enable proactive measures to be implemented to reduce the likelihood of such incidents.
- ✓ Fraud risk register framework and standard operating procedure. This was approved by the City Manager in December 2019 and will become part of the broader IRM process. The compilation of the transversal fraud risk register commenced with Human Resources, Supply Chain Management (SCM) and Contract Management.
- ✓ EMT Governance and Risk Subcommittee. This committee advises the EMT on oversight and governance processes, as well as the effectiveness of risk management in specific areas. It considers and discusses key governance and risk issues identified and reported, and determines whether there are any significant issues that require the EMT's special attention or further deliberation.

- ✓ Reporting on integrated governance interventions/projects and their outcomes to City leadership.
- ✓ Updated standard operating procedure for private work and declarations of interest. This document requires all staff graded at post level T14 and above, SCM-conflicted employees, and any employees involved in certain key business processes to submit declarations at least once per financial year. The City Manager approved it on 23 December 2019.
- ✓ Governance awareness campaigns and training sessions hosted by Probity and the independent internal assurance providers across the City.
- ✓ Standard operating procedure for business continuity management. This was approved by the City Manager on 24 June 2020, and subsequently uploaded onto the City's intranet, alongside other governance policies, frameworks and standard operating procedures.
- ✓ Pandemic Business Continuity Coordinating Committee. This ad-hoc body was established in mid-March 2020 to navigate the national disaster regulations, and how the City should adjust to changes in regulations. It comprises senior officials from Human Resources (including Service Standards, Occupational Health and Safety, EAP and Wellness), Resilience, IS&T, Facilities Management, Fleet Management, Risk and Ethics (including Business Continuity Management), Communications, Customer Relations, and Legal Services.
- ✓ Dynamic Operations Framework. This framework enables the City to manage its own contribution to the pandemic response, while also trying to ensure the continued provision of core services and the sustainability of the organisation as a whole. It also ensures a coordinated, risk-based approach to the pandemic.
- ✓ Governance relationship manager (GRM). A client management programme has been put in place by assigning a GRM to each directorate to coordinate and drive combined assurance across the organisation. The GRMs also help build, maintain and enhance existing client relationships.
- ✓ City's leadership development programme. This training programme aims to enhance core technical competencies relating to applicable legislation, policies and procedures. This will help achieve organisational objectives and support good governance, accountability and responsibility. The training modules will cover combined assurance, compliance and governance, and consequence management.

- ✓ Contract management. The revised contract management framework was approved by the City Manager in April 2019. It facilitates the embedding of sound contract management principles and activities by clearly assigning roles and responsibilities, and setting standards in relation to contract management activities, such as records management and performance management. The framework also addresses the symptoms of poor contract management as evidenced in the reports from the Auditor-General, Internal Audit, Forensic Services and Ethics. These include inadequate contract administration and recordkeeping, non-compliance with legislative/regulatory frameworks, corruption, failure to achieve value for money, and failure to monitor contractor/supplier performance.
- ✓ Unauthorised, irregular, and fruitless and wasteful expenditure. A register of unauthorised, irregular, fruitless and wasteful (UIFW) expenditure is maintained by the Office of the City Manager and serves as a management tool. The UIFW expenditure register is a record of reported MFMA section 32 expenditure anomalies. The record is used for monitoring reporting to MPAC, and for disclosure purposes (a financial disclosure note in the City's annual financial statements). In-year reporting was completed in the past year, with quarterly reporting to National Treasury and biannual reporting to MPAC. The City has further supplemented Circular 68 with a system and procedure for the detection and reporting of UIFW expenditure, including a self-reporting UIFW expenditure notification form, as it is every employee's responsibility to report any such expenditure to the City Manager.

Probity and the independent internal assurance providers will continue to exercise their role as trusted assurance partners and advisors to help embed good governance in City processes and enable effective, equitable and sustainable service delivery.

APPENDIX M: B-BBEE COMPLIANCE PERFORMANCE REPORT

Broad-Based Black Economic Empowerment Commission		Annexure A	
Compliance Report by Sphere of Government/Public Entities/Organ of State			
SECTION A: DETAILS OF ENTITY			
Name of Entity	City of Cape Town		
Registration Number	N/A		
Physical Address	12 Hertzog Boulevard, Cape Town, 8000		
Telephone Number	(021) 400 1388		
Email Address	mogamat.abass@capetown.gov.za		
Type of Entity	Generic Enterprise		
Industry/Sector	General, Public Sector		
Relevant Code of Good Practice	Amended Codes Specialised Generic Scorecard		
Name of Verification Agency	Mazars Consulting Services		
Name of Technical Signatory	Mohammed Khan		
SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS			
B-BBEE Elements	Target Score Including (weighting)	Bonus Points	Actual Score Achieved
Ownership	n/a	n/a	n/a
Management control	20 points	n/a	17,10
Skills Development	30 points	3,83	14,33
Enterprise and Supplier Development	54 points	1	30,21
Socio-Economic Development	5 points	n/a	0,99
Total Score	109 points	109	62,63
Priority Elements Achieved	YES/NO and specify them	Yes, SD and ESD	
Empower Supplier Status	YES/NO and specify them	Yes	
Final B-BBEE Status Level	8		

SECTION C: FINANCIAL REPORT			
1. BASIC ACCOUNTING DETAILS:			
a. Accounting Officer's Name:	Mr. Lungelo Mbandazayo		
b. Address:	12 Hertzog Boulevard, Cape Town, 8000		
c. Accounting Policy: (Your accounts are done?)	Weekly	Monthly	Other (specify)
			Annually
d. Has the attached Annual Financial Statements (AFS) and Integrated Annual Report (IAR) been approved by the entity?	Yes. The AFS and IAR are tabled in Council by end of March 2021 and approved by Council by end of May 2021 as required by legislation.		
2. DOCUMENTS ATTACHED			
a AFS including Balance Sheet and Income and Expenditure Report are part of this document			
i) IAR is part of this document			
b. Entity Annual Turnover	R43 bn		
	29 March 2021		
c. Sign-off and Date			
Signature			Date 29 March 2021

Broad-Based Black Economic Empowerment Commission							Annexure B
Compliance Report by Sphere of Government/Public Entities/Organ of State							
MANAGEMENT CONTROL							
Number of directors/managers for each category. The information is broken down into race classification, gender and disability indication. The information provided for management control is the same information submitted to the Department of Labour for employment equity reporting.							
Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)	
Board	237	A=96 C=83 I=4	F=66 M=117	n/a	Western Cape	n/a	
Exec directors	12	A=3 C=4 I=1	F=2 M=6	n/a	Western Cape	n/a	
Non-exec directors	225	A=93 C=79 I=1	F=64 M=111	n/a	Western Cape	n/a	
Senior management	89	A=16 C=27 I=8	F=18 M=33	n/a	Western Cape	7	
Middle management	2 368	A=428 C=1 028 I=84	F=604 M=936	n/a	Western Cape	62	
Junior management	8 545	A=2 644 C=4 717 I=84	F=3 179 M=4 260	n/a	Western Cape	237	
Dividends declared	n/a						
(A-Africans, C-Coloureds and I-Indians)							

SKILLS DEVELOPMENT

Value of the 6% or 3% of leviable amount identified for skills development of black people. This amount excludes the skills levy contributed to the Sectoral Education Training Authority through the South African Revenue Services. Number of black persons trained per race classification, gender, disability, and value thereof against person trained.									
Total leviable amount and number of black persons trained:									
Total leviable amount: R9 733 212 036									
Categories	% Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)	Total amount spent		
Black employees	2 103		F=1 143 M=960	n/a	Western Cape	F=59 M=87	R148 376 765		
Black non-employees	20 840	A=10 686 C=10 135 I=19	F=13 614 M=7 226	n/a	Western Cape	n/a	R212 321 299		
Black people on internships, apprenticeship, learnership	389	A=228 C=157 I=4	F=187 M=203	n/a	Western Cape	n/a	R271 427 209		
Unemployed black people on any programme under the learning programme matrix	1 095	A=663 C=421 I=11	F=526 M=569	n/a	Western Cape	n/a	R80 332 363		
Black people absorbed at end of learnership, internship and apprenticeship	49	A=33 C=15 I=1	F=37 M=12	n/a	Western Cape	n/a	R2 861 812		

3. ENTERPRISE AND SUPPLIER DEVELOPMENT									
Total procurement spend/budget for all suppliers, indicating whether the supplier is an exempted micro-enterprise (EME), qualifying small enterprise (QSE) or large enterprise as per the codes, as well as value spend per supplier, and the level of black ownership and black-women ownership of each supplier entity.									
Value of the 2% of Net Profit After Tax (NPAT) or 0,2% of allocated budget for supplier development, as well as 1% NPAT of 0,1% of allocated budget for enterprise development.									
Number of all black-owned or black-women-owned EMEs or QSEs in the sphere of government, organ of state or public entity supported under enterprise and supplier development, and value thereof against each entity. The information must further be broken down in terms of geographical location, sector and level of black ownership.									
Total procurement spend/budget and number of enterprise and supplier development beneficiaries, and value thereof indicated below:									
Total procurement spend: R24 662 084 733									
Total number of suppliers: 3 036		Total value spend: R26 529 162 579							
Total number of EME suppliers: 1 606	Total value spend: R2 167 785 996	% Black ownership n/a	% Black-women ownership n/a						
Total number of QSE suppliers: 532	Total value spend: R3 757 151 119	% Black ownership n/a	% Black-women ownership n/a						
Total number of large suppliers: 501	Total value spend: R17 722 666 184	% Black ownership n/a	% Black-women ownership n/a						
Total value of 2% NPAT or 0,2% of allocated budget: R124 841 620									
Total number of EMEs	Total value spend: R2 167 785 996	% Black ownership n/a	% Black-women ownership n/a	Location n/a	Sector n/a				
Total number of QSEs	Total value spend: R3 757 151 119	% Black ownership n/a	% Black-women ownership n/a	Location n/a	Sector n/a				
4. SOCIO-ECONOMIC DEVELOPMENT									
Value of the 1% NPAT of 0,1% of allocated budget spend on socio-economic development in the sphere of government, organ of state or public entity.									
Number of black participants supported in terms of race classification, gender, geographical location and value thereof.									
Total spend and number of black participants, race classification, gender, geographical indication and value thereof.									
Total value of 1% NPAT or 0,1% of allocated budget: R62 420 630									

MEASURES	2019/20 BUDGET (COVID-19 ADJUSTMENTS BUDGET)	TOTAL EXPENDITURE	SAVINGS	COMMENT
	R'000	R'000	R'000	
Use of consultants	3 173 284	3 030 398	142 886	This category includes EPWP/Mayor's job creation programme (MJCP) staff; all non-permanent staff, i.e. temporary contract staff, including libraries, health, seasonal workers, apprenticeships and learnerships, as well as contracted services, i.e. professional services, advisory services and contractors. Requests for the use of consultants must be supported by the relevant executive director or senior manager.
Vehicles used for political office bearers	-	-	-	No provision against this category for 2019/20.
Travel and subsistence	24 641	13 979	10 662	The City's travel management policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.
Domestic accommodation	2 017	829	1 188	The City's travel management policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.
Sponsorships, events and catering	279 089	257 473	21 616	Sponsorships: All grant-in-aid applications are subject to a screening process to ensure that recommended grants comply with the City's grants-in-aid and other relevant policies. Events: An ad-hoc committee facilitates the selection of events and recommends to the Executive Mayor which events the City may support in terms of the IDP and the City's events policy. Catering: The City's catering and beverage provision policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.
Communication	76 599	60 572	16 028	The City, as far as possible, uses newspapers whose readership are predominantly within the City's geographic area, and also focuses on community newspapers.
Other related expenditure items - conferences and seminars	5 488	1 755	3 733	The City's standard operating procedure for attendance of seminars, external meetings/workshops and conferences sets out the cost containment measures, which are strictly adhered to by the administration.
Other related expenditure items - overtime	767 784	763 705	4 080	Overtime has a structured and non-structured component. Line departments are phasing out reliance on non-structured overtime by ensuring that continuous shift rosters and stand-by allowances are put in place where 24-hour continuous services are required. Requests for overtime are approved by the relevant departmental manager or director. The overtime provision was increased in the May 2020 adjustments budget, mainly within the Safety and Security Directorate, to cover Covid-19-related activities, i.e. roadblocks, monitoring during social grant payments and at feeding schemes at schools and in public areas, Covid-19-related complaints, support of SAPS's specialised units citywide, as well as the Defence Force, visible patrols, radio communication and CCTV monitoring.
Other related expenditure items - office furniture	23 423	15 744	7 678	The City's corporate office furniture and associated equipment policy seeks to exercise frugality by utilising existing redundant office furniture before new office furniture may be procured. The policy stipulates that the relevant delegated official must scrutinise the City's 'used furniture inventory' before any new furniture may be procured, and must sign a declaration form confirming that this process has been followed.
Total	4 352 325	4 144 455	207 871	

ACKNOWLEDGEMENTS

CRAIG KESSON	Executive Director: Corporate Services
CAROL JANUARY	Director: Organisational Performance Management
MONIQUE FILLIES	Manager: IDP Performance Management – OPM
WILLEM CLAASSENS	Project Manager of the Integrated Annual Report
ALETTA KRUGER	Corporate Publications
BRUCE SUTHERLAND	Photography
DAVID VALENTINE	Director: Treasury, Treasury Services
YOLANDE ZEELIE	Finance





CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.