CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INTEGRATED ANNUAL REPORT 2017/18

CONTENTS

VISION AND MISSION OF THE CITY OF CAPE TOWN

The City of Cape Town's **vision** is threefold:

- To be an opportunity city that creates an enabling environment for economic growth and job creation, and to provide help to those who need it most
- To deliver quality services to all residents
- To serve the citizens of Cape Town as a well-governed and corruption-free administration

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

These are as follows:

OPPORTUNITY CITY

SFA 1:
Create an environment where investment can grow and jobs can be created.

SAFE CITY

SFA 2:
Create a safe living and business environment for its residents.

CARING CITY

SFA 3:
Build a metro that offers a sustainable environment, a sense of belonging, access to services, and help to those who need it.

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.

INCLUSIVE CITY

SFA 4:
Create a city where everyone has a stake in the future and enjoys a sense of belonging.

WELL-RUN CITY

SFA 5:
This SFA is underpinned by the principles of the 2016 King IV Report on Corporate Governance for South Africa.

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

VISION AND MISSION

STRATEGIC FOCUS AREAS

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

STRATEGIC OBJECTIVES

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

PERFORMANCE TARGETS

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

PROGRAMMES

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

MATERIAL ISSUE

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

SOME OF THE CITY'S MATERIAL ISSUES INCLUDE THE FOLLOWING:

- Addressing **climate change** and improving **resource efficiency** and **urban resilience**
- Efficient **water supply, use and management**
- Efficient **energy supply, use and management**
- Effective, **integrated waste management**
- **Sustainable, integrated** human settlement efficiencies
- Social sustainability with a focus on **poverty alleviation**
- Economic sustainability through **financial prudence**
- **Effective and transparent** governance and management of risk
- Achieving **environmental sustainability** and biodiversity objectives
- **Sustainable land use** and development
- **Customer communication** and satisfaction measurement
- **Sustainable procurement** with preference and support of SMEs
- **Infrastructure maintenance** and development
- **Transformation,** diversity and talent management
- **Efficient** and **effective corporate administration**

Figure 1: City of Cape Town strategic flow from vision and mission to material issues

ABOUT THIS ANNUAL REPORT

This 2017/18 integrated annual report builds on the City's integrated reporting in previous years, and aligns as far as possible with the recommendations of the 2016 King Report on Corporate Governance in South Africa (or King IV) as well as internationally accepted standards for integrated reporting.

This report provides information about the City of Cape Town administration's financial, operational, social and environmental performance for the 12 months in review, namely the period from 1 July 2017 to 30 June 2018. It also reflects the City's progress against the objectives of its Integrated Development Plan (IDP), a new version of which was produced for another five-year period from 2017 to 2022, with a specific focus on achievements against the IDP amendments for the 2017/18 period.

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

- The City's 2017/18–2019/20 budget
- The Integrated Public Transport Network (IPTN) 2032
- The Transit-Oriented Development (TOD) Strategic Framework
- The Built Environment Performance Plan (BEPP)
- The Cape Town Spatial Development Framework
- The City of Cape Town Economic Growth Strategy
- The City of Cape Town Social Development Strategy

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

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

MESSAGE FROM THE EXECUTIVE MAYOR

The past financial year has been a tough yet productive one for the City of Cape Town. Team Cape Town has shown incredible resilience and an ability to pull together as government and residents as we survived the worst drought Cape Town has seen in 100 years.

Residents' sterling efforts to halve our collective water consumption from 1,2 billion litres a day before January 2016 to around 500 million litres a day at present are to be commended. This not only ensured that we avoided Day Zero, but also saw us receiving international recognition for water management and conservation from the International Water Association. This was to acknowledge our success in reducing citywide consumption by 55% without having to resort to intermittent supply.

The year was also marked by many successes locally and internationally as we maintained high levels of service delivery and continued to live up to our commitment of building a caring, inclusive, opportunity, safe and well-run city. In one such milestone, the City exceeded its annual target for delivering housing opportunities for the very first time in our 18-year history as a metro. We surpassed our delivery target by 62%, or 3 100 housing opportunities, for the 2017/18 financial year.

The City has also been steadfast in its commitment of building an opportunity city that creates an enabling environment for economic growth and job creation. We supported catalytic industries through our special-purpose vehicles, encouraging investment and employment, while making it easier for businesses to establish themselves and operate. Our efforts have paid off, as a report by PriceWaterhouseCoopers has recognised Cape Town as the top opportunity city in Africa.

In addition, the World Bank's Doing Business report recently named Cape Town the top metro in South Africa in terms of granting construction permits and providing electricity to new businesses. This is further evidence that the City is making it easier for new businesses to invest.

The City is also working harder to position Cape Town as a forward-thinking, globally competitive business destination. Our airport was recognised as the best in Africa by Skytrax, and Cape Town was ranked among the world's top tech cities by the Savills Tech Cities Report. What's more, Cape Town is home to more start-up incubators than any other African city, and the International Congress and Convention Association calls it the number one city in Africa for business tourism events.

I am proud of the fact that the City remains committed to continuously tabling a pro-poor budget that seeks to build a caring Cape Town. Our social package of nearly R3 billion continues to assist the poorest and most vulnerable in our society. At the same time, by spending R2,7 billion to position Cape Town as a globally competitive city that attracts investment, we are stimulating job growth.

In the 2018/19 financial year, the City has already committed to spend R4,1 billion to upgrade informal settlements and provide water and waste services, and R1,8 billion on transport and urban development.

Thank you to each and every City employee who is working to make excellent service delivery happen, and to ensure that this great city becomes even better. This annual report allows us to reflect on the work we have done. Yet it must also inspire all of us to work even harder, because there is still so much more to be done to bring greater parity of services across Cape Town through redress and investment.

I am extremely proud of the work that has been done to improve the lives of our residents, help those most in need of assistance, and make Cape Town an ideal place to live, work, play and invest. Let us remember, however, that as civil servants, we must continue to work in partnership with our residents to make progress possible. Let us live to serve – not live to be served.

P. de Lille

ALDERMAN PATRICIA DE LILLE
Executive Mayor

STATEMENT BY THE CITY MANAGER

It is a privilege to be a public servant and to have the opportunity of working with our residents in continuing to improve the lives of all. It is through this unity, in part, that we continue to be a destination of choice for industry, business, investors and visitors.

A privilege such as this – to serve, and partner with, the people of Cape Town – is also of course an immense responsibility. A responsibility to which the administration of the City of Cape Town is deeply committed.

It is when we compile reports such as this one that we reflect on the last 12 months. This last year has been a challenging one for all of us who call Cape Town our place of residence, travel or investment. It is an amazing achievement to look back though, and see how we all got through this together.

The 2017/18 financial year was a reminder to us all of just how vulnerable we are to the powers of nature as our city experienced the toughest parts of the worst drought on record. But in the face of the many overwhelming challenges that confronted us all, Capetonians came together. We are indeed a resilient community of people who are prepared to come together and collaborate to overcome whatever challenges are thrown our way. Our unity as a City has been so strong that we have been acknowledged internationally for achieving what many thought would not be possible, and even our visitors have joined us in this effort.

For the City of Cape Town administration, the past financial year has been a massive and intensive learning curve. However, as with all learning curves this has provided us with an opportunity to grow, becoming wiser and smarter as we go forward.

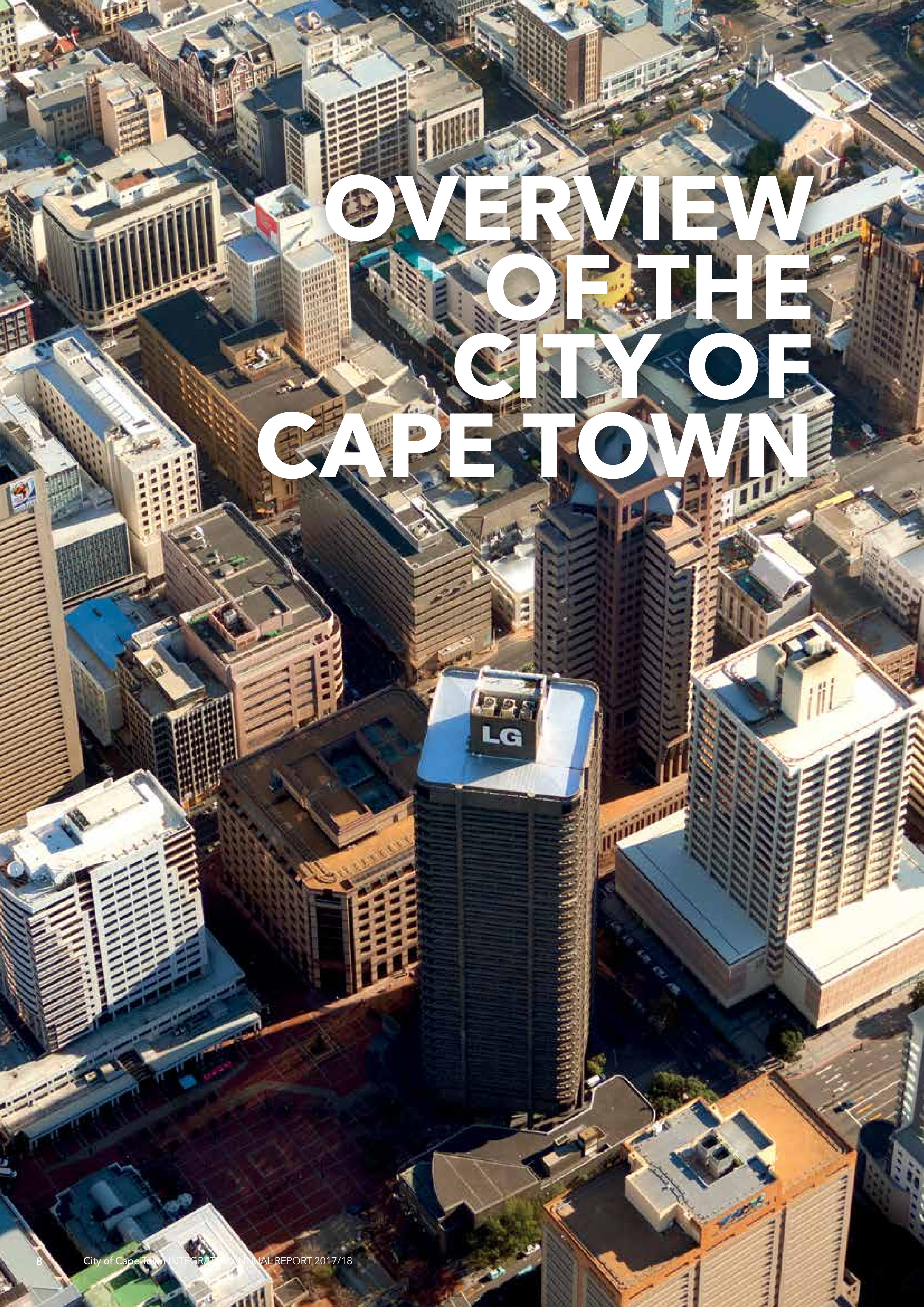
As the dams have filled, and will hopefully continue to do so thanks to the augmentation programmes underway, the positivity of Capetonians is increasing again. We, at the City of Cape Town, reaffirm our commitment to serve, and to do so even better. We are excited at the prospect of continuing to work together with the people of this great city as well as visitors and investors to ensure we continue to be a well-run and opportunity City.

We are more committed than ever before in our duty to take Cape Town even closer to reaching its full potential.

Thank you for the privilege of working with you.

LUNGELO MBANDAZAYO
City Manager

OVERVIEW OF THE CITY OF CAPE TOWN



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ABOUT CAPE TOWN

Cape Town has the second-largest population of all cities in the country (2017), and is one of the most-visited tourist destinations on the African continent. It is a significant economic, political and business hub for South Africa, and a key driver of South African and African growth and development.

The city's popularity as a preferred residential location and centre of economic opportunities has resulted in steady growth in its population – a trend that is expected to continue for the foreseeable future, with the total population anticipated to reach approximately 5,1 million by 2030.

While all of these factors contribute to Cape Town's relevance as a global economic hub, they also create significant infrastructural and administrative challenges. Some of these challenges are summarised in the following graphics.

POPULATION

Source: 2017 mid-year estimates, Stats SA.

4 174 510
ESTIMATED CAPE TOWN POPULATION IN 2017

10th most
POPULOUS CITY IN AFRICA

24,9%
PROPORTION OF CHILDREN AGED 0 TO 14
(DOWN FROM 27,3% IN 2002)

69,2%
PERCENTAGE OF POPULATION IN ECONOMICALLY ACTIVE AGE BRACKET
(AGED 15 TO 64)

5,9%
SHARE OF POPULATION COMPRISING SENIOR CITIZENS
(AGED 65 AND UP)
(UP FROM 4,8% IN 2002)

HOUSING

Source: 2016 Community Survey, Stats SA.

1 305 000
ESTIMATED NUMBER OF HOUSEHOLDS IN CAPE TOWN (2017)

3,2
MEMBERS IN THE AVERAGE CAPE TOWN HOUSEHOLD

HEALTH

Source: City of Cape Town Health Department.

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

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

Source: National Department of Health Annual Performance Plan 2016/17.

CONSISTENT **decrease** IN NUMBER OF TUBERCULOSIS CASES SINCE 2010

EDUCATION

Source: 2016 Community Survey, StatsSA.

Source: Western Cape Department of Education.

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

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

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

758
NUMBER OF ORDINARY PUBLIC SCHOOLS IN CAPE TOWN

161
NUMBER OF ORDINARY INDEPENDENT SCHOOLS IN CAPE TOWN

HIV/AIDS

Source: National Department of Health, 2015.

18,8%
HIV PREVALENCE RATE IN SOUTH AFRICA

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

CRIME

7 930
PER 100 000 POPULATION
– REDUCED OVERALL CRIME RATE IN 2016/17 (DOWN FROM 8 463 IN 2012/13)

CRIME RATES IN CAPE TOWN 2016/17:

3 305
PER 100 000 PROPERTY-RELATED CRIME

1 682
PER 100 000 DRUG-RELATED CRIME

Source: SAPS 2017.

POVERTY AND FOOD SECURITY

Sources: 2017 General Household Survey, Stats SA, and City of Cape Town Finance

R3 500
IN HOUSEHOLD INCOME PER MONTH – CAPE TOWN POVERTY LINE (2017)

245 250
NUMBER OF HOUSEHOLDS BELOW POVERTY LINE

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

0,75
CAPE TOWN'S SCORE ON THE HUMAN DEVELOPMENT INDEX (HDI)
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".

ECONOMIC PERFORMANCE

Source: 2018, IHS Markit Regional eXplorer.

2,0%
AVERAGE ECONOMIC GROWTH RATE BETWEEN 2012 AND 2017
(COMPARED TO 1,7% NATIONALLY)

CAPE TOWN'S ECONOMIC OUTPUT IN 2017

79,4% IN THE TERTIARY SECTOR

19,5% IN THE SECONDARY SECTOR

1,1% IN THE PRIMARY SECTOR

106 414 MORE JOBS CREATED BETWEEN 2012 AND 2017

2nd-highest
CITY CONTRIBUTOR TO TOTAL EMPLOYMENT IN SOUTH AFRICA IN 2017

Source: 2018 Quarterly Labour Force Survey, Stats SA.

ENVIRONMENT

Source: 2018, IHS Markit Regional eXplorer.

ENVIRONMENTAL CHALLENGES INCLUDE:

- PROLONGED DROUGHT AND RELATED ENVIRONMENTAL CHANGES
- CLIMATE CHANGE AND THE RISK OF RISING SEA LEVELS
- CHANGING RAINFALL PATTERNS AND TEMPERATURE EXTREMES NEGATIVELY AFFECTING WATER RESOURCES, BIODIVERSITY AND FOOD SECURITY
- MORE FREQUENT AND INTENSE EXTREME WEATHER EVENTS
- CONTINUED RELIANCE ON FOSSIL FUELS, WITH ELECTRICITY STILL 95% COAL-DERIVED
- WATERCOURSES, BEACHES, AGRICULTURAL AREAS, CULTURAL LANDSCAPES AND SCENIC VIEWS BEING DEGRADED BY URBANISATION
- LOSS OF GLOBALLY IMPORTANT AND CRITICALLY ENDANGERED BIODIVERSITY
- INVASIVE BIOLOGICAL SPECIES

ENERGY

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

5,1
tonnes of CO_2
CAPE TOWN'S EMISSIONS PER CAPITA IN 2015
(ENERGY ONLY, ALL FUELS – LATEST AVAILABLE DATA)

CO_2
FOOTPRINT SMALLER THAN THE NATIONAL AVERAGE

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

Source: City of Cape Town Finance Department.

WATER

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

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

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

Source: City of Cape Town Water and Sanitation Department.

ACCESS TO SERVICES

(Households) Growth from 1996 to 2016

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

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

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

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

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

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

OVERVIEW OF BASIC SERVICES PROVIDED BY THE CITY OF CAPE TOWN

WATER AND SANITATION

In line with national government policy, the City provides access to water and sanitation services for all Cape Town residents. Formal properties receive services through a metered connection, while informal-settlement households receive free and unrestricted services via communal water points. Services in informal settlements and backyards are continually being improved in line with the City's own, higher standards.

- **Water** – All households in Cape Town have an adequate water supply that complies with national norms and service standards, which require that every household should be within 200 m of basic water supply facilities. The City will always endeavour to provide a 100% service rate to legally serviceable properties, according to prescribed norms and standards. The City also pursues its own, higher service standard.
- **Sanitation** – The City fully complies with the national guidelines of adequate sanitation. It has managed to provide 100% adequate access to sanitation services to informal settlements. In this respect also, the City continues to aim for its own, higher service standard. Close to 50% of informal-settlement households are estimated to have access to full-flush toilets at a maximum ratio of five households to one toilet.

REFUSE REMOVAL

All formal households in Cape Town receive a basic service of weekly kerbside refuse removal using the wheelie bin system. A total of 99,74% of informal settlements have access to a door-to-door refuse collection service or ongoing area-cleaning services. The remaining 0,26% are areas without the necessary access to deliver the service.

ELECTRICITY

The City distributes electricity to residential and commercial/industrial customers in its supply area. To this end, its Electricity Generation and Distribution Department is licensed with the National Energy Regulator of South Africa (NERSA). Under the NERSA licence, services provided must meet the requirements of national standards NRS047 and NRS048. 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 encumbered land. This includes 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 of any other health or safety hazard. Mitigation strategies include 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. Most service requests for informal-settlement connections are the result of infill development in an existing informal settlement.

TREND WATCHLIST

The City has developed a watchlist of trend indicators to serve as a reference for determining the impact of its 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 year 2018 was the baseline for tracking the trend watchlist indicators. For this reason, it is not yet appropriate to assess the City's overall performance against these trends. The full trend watchlist is however included as appendix I to this report. Also note that some of the trends are reflected under "Overview of the City of Cape Town" on page 12.

MAPPING THE FUTURE OF CAPE TOWN – THE MSDF AND BEPP

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

THE MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK

Spatial development and expansion is a positive sign of a growing, healthy city. However, if left unchecked, urban sprawl can place massive strain on Cape Town's limited resources. Fortunately, South Africa has good legislation on land use management and controlled urban development. The constitutional responsibility for managing land use lies with municipalities, who follow a stringent, structured approach.

At the City, this approach includes the MSDF, which guides the development road ahead. The framework is drafted over an extended period, and a new version is approved by Council every five years. The most recent version was approved on 25 April 2018.

The MSDF provides the spatial planning policy for development activities in Cape Town. In essence, the MSDF takes the development priorities in the City's IDP – the five-year blueprint for governance – and fleshes them out so as to achieve the type

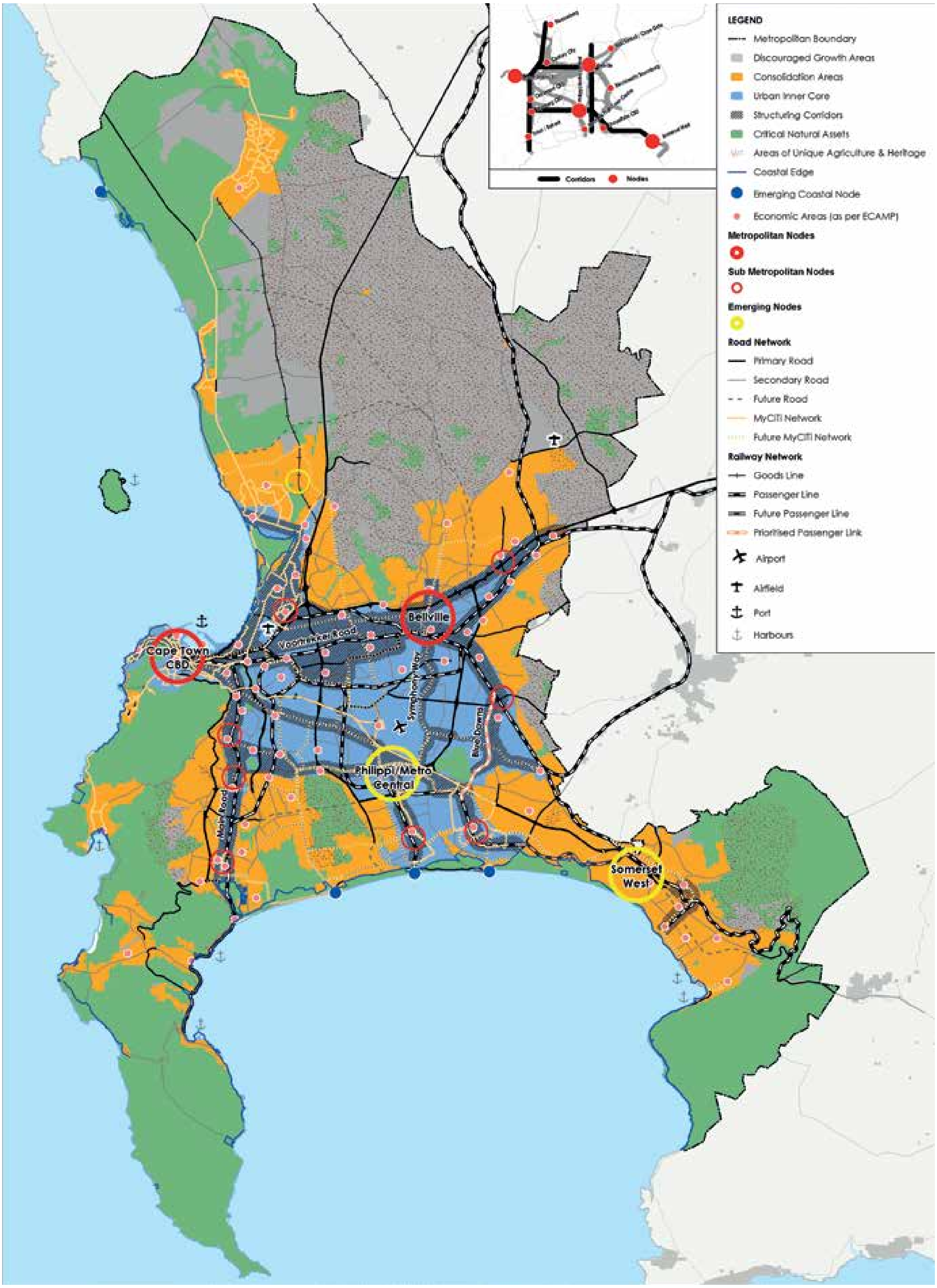

Corridors
Nodes
LEGEND
Metropolitan Boundary
Discouraged Growth Areas
Consolidation Areas
Urban Inner Core
Structuring Corridors
Critical Natural Assets
Areas of Unique Agriculture & Heritage
Coastal Edge
Emerging Coastal Node
Economic Areas (as per ECAMP)
Metropolitan Nodes
Sub Metropolitan Nodes
Emerging Nodes
Road Network
Primary Road
Secondary Road
Future Road
MyCiTi Network
Future MyCiTi Network
Railway Network
Goods Line
Passenger Line
Future Passenger Line
Prioritised Passenger Link
Airport
Airfield
Port
Harbours
Cape Town CBD
Bellville
Voortrekker Road
Symphony Way
Blue Downs
Philippi/Metro Central
Main Road
Somerset West

Figure 2: Cape Town spatial transformation areas

of spatial transformation needed to address past inequalities, while optimising the use of municipal resources.

The current MSDF primarily focuses on reducing the spread of development into new areas. This is achieved by encouraging the densification of targeted areas that already have municipal infrastructure in place. In this way, existing infrastructure is used more optimally, and the need for new services and public transport links into new areas is reduced. This approach is also cost-effective, as it makes better use of existing investments such as the MyCiTi routes, instead of requiring new, more expensive ones. Overall, one of the key objectives of the MSDF is to compact the city by limiting geographic expansion.

The map alongside shows the current structure of the Cape Town municipal area, divided into spatial transformation areas (STAs).

The blue area on the map is called the urban inner core. This is where many of the people of Cape Town live and where most of the city's employment opportunities currently are. Unfortunately, for many other Capetonians, their residential and employment areas do not overlap. This imbalance between where people live and work is one of the main legacies of apartheid city planning and is a key transformation focus of the MSDF. Therefore, apart from focusing further development in the centre of the metro, the MSDF also seeks to connect people to jobs by improving transport infrastructure and links, while limiting expansion beyond these areas. Wherever possible, the City will also develop housing opportunities closer to places of work.

To ensure that Cape Town develops in a way that benefits all residents, any planning decisions concerning development in the municipal area must by law be consistent with the MSDF. Development applicants and decision-makers are guided by a series of maps and strategies incorporated into the MSDF. These cover issues such as risk mitigation, environment and heritage, agricultural and water resources, as well as a consolidated spatial structure concept, which stitches together the spatial and investment aspects.

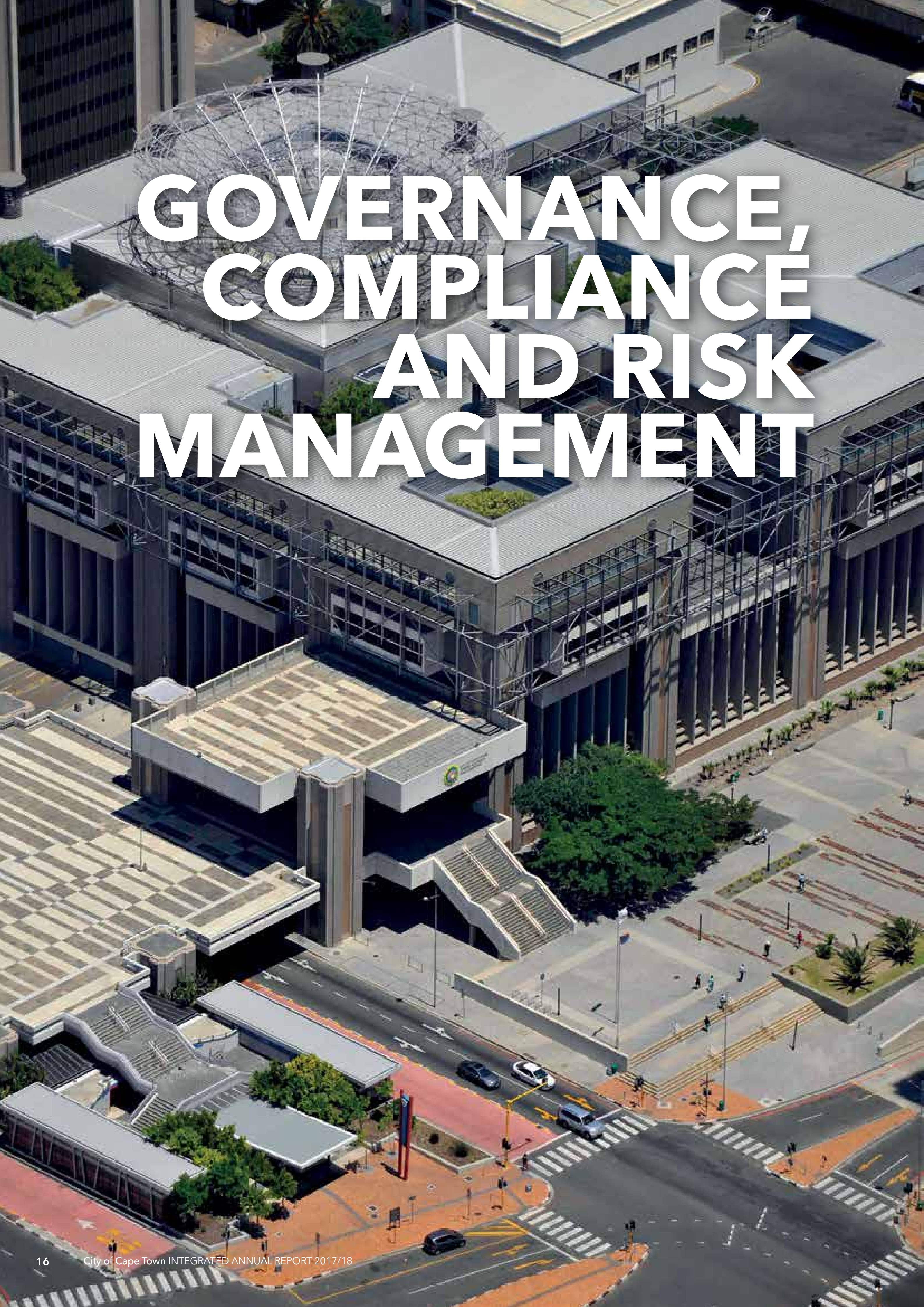
To ensure that the MSDF remains relevant, it is revisited every year based on a review of urbanisation and development trends.

THE BUILT ENVIRONMENT PERFORMANCE PLAN

While the MSDF sets out the broad policy for the spatial development of Cape Town, the BEPP serves as the more specific directive to the City on how to manage the development process. By law, the City must produce a BEPP every year. It is required by National Treasury and is the basis on which many of National Government's grants to municipalities are allocated.

These grants are key to improving the lives of Cape Town residents, and align directly with the development objectives of the IDP and MSDF. Grant money can be used to supplement the City's annual operating and capital budget. The BEPP broadly directs where the capital budget is to be spent each financial year. These capital projects aim to change the City's spatial form in line with the MSDF by creating public transport corridors and delivering affordable housing on well-located land close to job opportunities.

Many cities have successfully achieved the densification that Cape Town is now pursuing. However, densification efforts must be guided by clear strategies and policies. The MSDF and BEPP are two such important strategies that map Cape Town's journey towards a more compact, inclusive, equitable city offering opportunities to all who live in it.



GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

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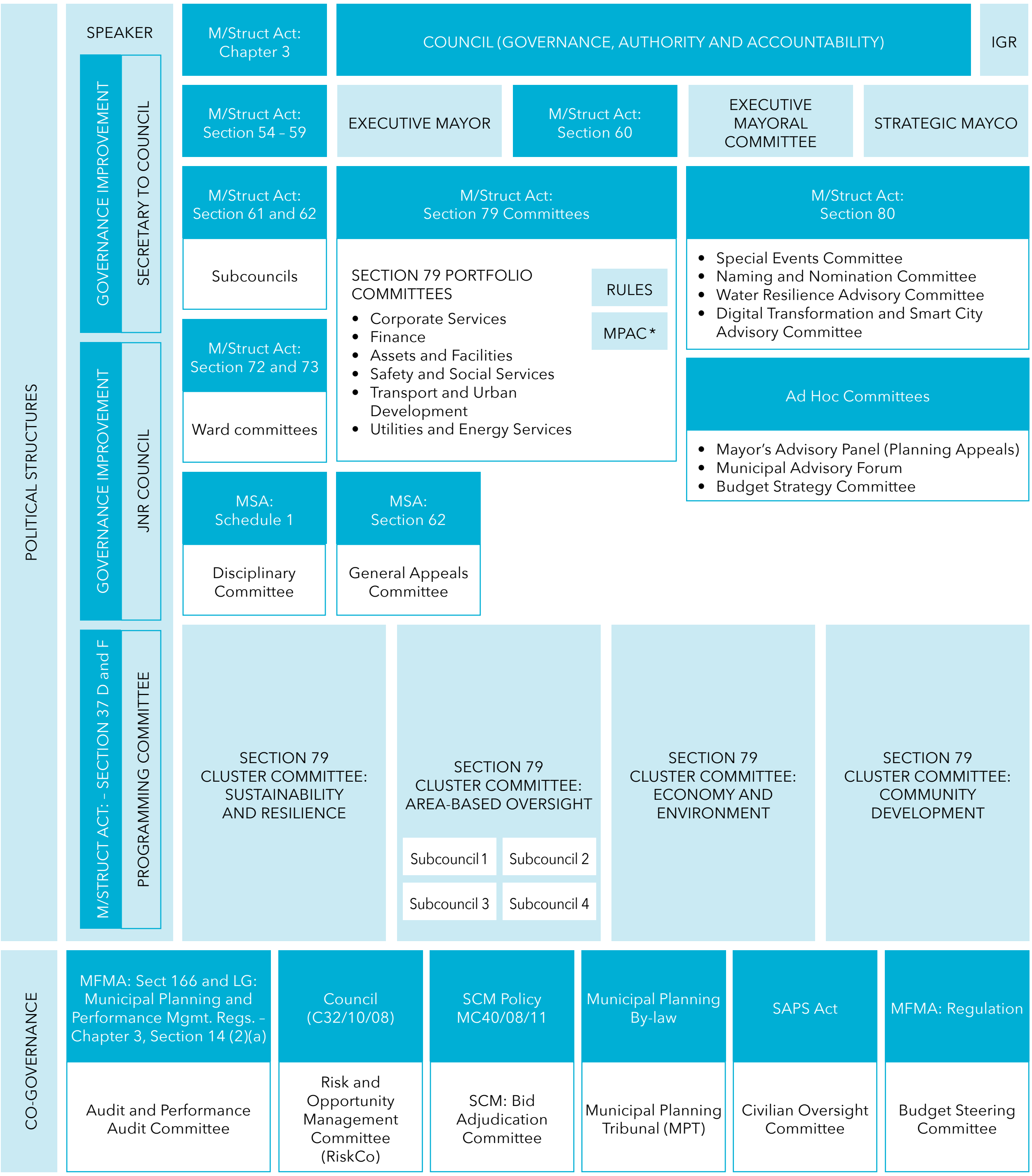
GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

MANAGEMENT AND GOVERNANCE STRUCTURES AND FRAMEWORKS

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

GOVERNANCE STRUCTURE

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



** Municipal Public Accounts Committee*

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. The designated powers, functions and duties are performed and exercised by the Executive Mayor, Alderman Patricia de Lille, together with the Mayco members. For a list of the Mayco members, see page 179 of this report.

CLUSTERS AND COMMITTEES

Section 79 portfolio committees

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

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

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

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

Cluster committees

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

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

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

Other section 79 committees

Interim Planning Committee, chaired by Cllr J van der Merwe

Council established the Interim Planning Committee in terms of section 79 of the Local Government: Municipal Structures Act 117 of 1998 to exercise all the delegated powers conferred on the previous Spatial Planning, Environment and Land Use Management Committee. The delegated powers of the committee relate to spatial planning, land use management, the environment and related matters.

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

This is the mechanism through which Council oversees the expenditure of public money. The purpose of MPAC is to exercise oversight on behalf of Council in line with the practices prescribed in MPAC and National Treasury circulars and guidelines, as adopted by Council. The committee is mandated to investigate unauthorised, irregular, fruitless and wasteful expenditure in terms of sections 32(2) and 102 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) by both the City and the City's municipal entities. MPAC operates in a non-party-political manner to maximise its effectiveness. The committee ensures that all existing internal alternative dispute resolution processes of the City have been exhausted before proceeding with investigations. City processes allow for the City Manager (or nominee) to investigate a matter and present its outcome. Should the complainant dispute or object to the outcome, the matter may be escalated to Provincial Treasury, National Treasury and, ultimately, a court of law.

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

Rules Committee, chaired by Cllr B van Minnen
The Rules Committee is concerned with the rules of procedure of Council and its committees.

Section 80 committees

Naming and Nomination Committee, chaired by Cllr B Herron
This committee advises the Executive Mayor with regard to the proposed naming and renaming of Council-owned streets, facilities and open spaces.

Special Events Committee, chaired by Ald I Neilson
The Special Events Committee considers and makes recommendations to the Executive Mayor on applications to the City to host events, for onward recommendation to the Executive Mayor together with Mayco Members, where required.

Water Resilience Advisory Committee, chaired by Cllr X Limberg
The Water Resilience Advisory Committee considers matters pertaining to Water Resilience measures in the City and makes recommendations to the Executive Mayor together with Mayco Members. The committee also includes external members who are experts in water resilience matters.

Smart City Digital Transformation and Advisory Committee, chaired by Cllr R Arendse
The Smart City Digital Transformation and Advisory Committee considers matters relating to the City's digital transformation to ensure alignment with the City's Digital Strategy to remaining on track with global digital and technological transformation and makes recommendations to the Executive Mayor.

Municipal Systems Act Section 62 committee

General Appeals Committee, chaired by Ald JD Smit (Speaker)
This committee considers appeals against decisions taken in terms of delegated or sub-delegated authority by political structures, political office-bearers or councillors.

Schedule 1 committee

Disciplinary Committee, chaired by Cllr B van Minnen
The Disciplinary Committee is tasked with investigating any alleged breach of the code of conduct for councillors, and making appropriate recommendations to Council. It also investigates non-attendance of meetings and imposes fines as determined by the rules of order of Council.

Municipal Finance Management Act section 166 committee

Audit and Performance Audit Committee, chaired by Guy Harris (until 31 March 2018)
The City previously established an Audit Committee in terms of section 166 of the MFMA, as well as a Performance Audit Committee in terms of

regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations of 2001.

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

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

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

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

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

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

South African Police Service Act committee

Civilian Oversight Committee

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

Municipal Planning Tribunal (MPT)

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

Speaker, currently Ald JD Smit

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

Subcouncils

The duties, powers and functions of the City's subcouncils are delegated to them by Council in terms of section 59 of the Local Government: Municipal Systems Act 32 of 2000, or derive from the City's Subcouncil By-law. Subcouncils may make recommendations to Council on any matter affecting their areas of responsibility. They may also advise Council on the duties and powers that should be delegated to them. The City's subcouncils and subcouncil chairs are as follows:

Subcouncil 1	Cllr C Clayton
Subcouncil 2	Cllr G Twigg
Subcouncil 3	Cllr H Carstens
Subcouncil 4	Cllr C Jordaan
Subcouncil 5	Cllr C van Wyk
Subcouncil 6	Cllr Rose Rau
Subcouncil 7	Cllr G Fourie
Subcouncil 8	Cllr M Nikelo
Subcouncil 9	Cllr X Sotashe
Subcouncil 10	Cllr P Mngxunyeni
Subcouncil 11	Cllr A van der Rheede
Subcouncil 12	Cllr S Arendse
Subcouncil 13	Cllr R Bazier
Subcouncil 14	Cllr N Makasi
Subcouncil 15	Ald B Watkyns
Subcouncil 16	Cllr ML Kempthorne
Subcouncil 17	Cllr G March
Subcouncil 18	Cllr M Oliver
Subcouncil 19	Ald F Purchase
Subcouncil 20	Cllr I Iversen
Subcouncil 21	Cllr M Booi
Subcouncil 22	Cllr C Cerfontein
Subcouncil 23	Cllr EE Jansen
Subcouncil 24	Cllr S Pringle

Executive Management Team (EMT)

The EMT is the City's senior administrative structure that leads the City's drive to achieve its strategic pillars, priorities and objectives outlined in the IDP each year. The EMT is aligned with the City's elected political structure. For a list of EMT members, see page 264 of this report.

Internal Audit

Internal Audit is an independent function that reports:

- administratively to the Portfolio Manager: Probity 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.

Key outcomes and achievements by Internal Audit during the year in review included the following:

- **Execution of the annual internal audit plan** – Internal Audit developed and executed its risk-based operational internal audit plan, having completed 114% (92 deliverables) of its planned audit projects (assurance, advisory and hybrid) for the financial year.
- **Annual statement on governance, risk management and internal control processes in the City of Cape Town** – This statement is made in line with the requirements of King IV, which Council adopted on 5 December 2017. It provides an overview of the audit results reported as well as other information gathered in respect of the financial year ended 30 June 2018.
- **Monitoring of the resolution of audit findings by means of follow-up audits** – Follow-up audits for 2017/18 revealed that 83% of findings had been resolved, which exceeded the service delivery

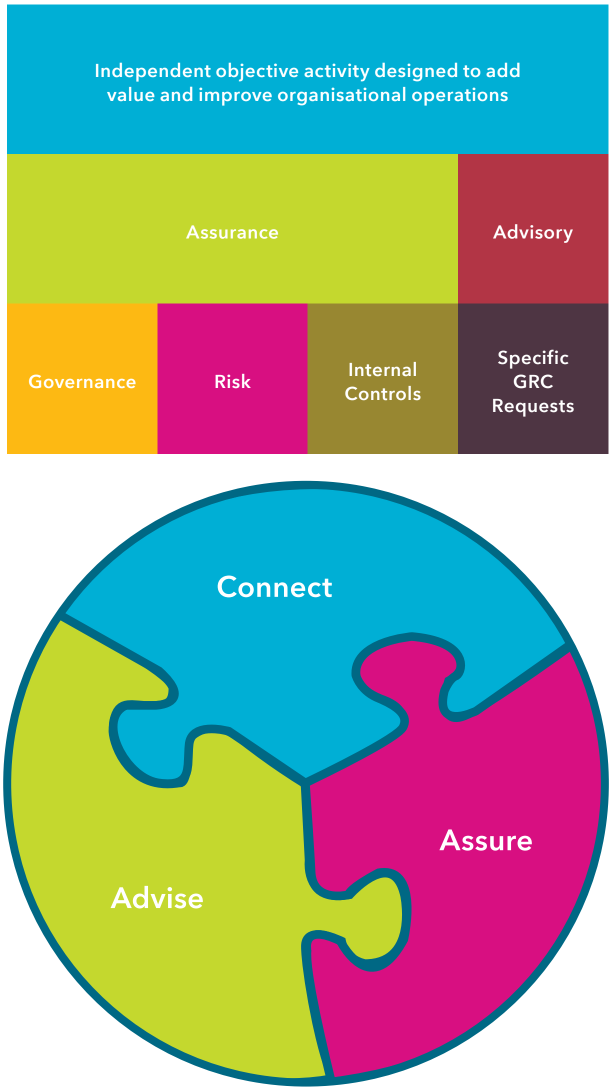


Figure 5: The objectives of the City's Internal Audit function

budget implementation plan target of 75%. Internal Audit also continued implementing its early-warning process as part of a management information improvement initiative.

- **Quality assurance and improvement programme** – The annual quality review indicated that Internal Audit generally conformed to the international standards for the professional practice of internal auditing as well as the code of ethics of the Institute of Internal Auditors South Africa (IIA SA).
- **Contributions to corporate governance** – Internal Audit helped strengthen other governance mechanisms in the City by providing technical support to MPAC, quality reports, and assistance with Council's adoption of King IV.

Risk, ethics and governance

Integrated Risk Management

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

Office of the City Ombudsman

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

During the 2017/18 financial year, the Ombudsman received 2 739 complaints over against 1 721 in the 2016/17 financial year. This equates to a year-on-year increase of 59,15%. Of these, 2 015 complaints were received via e-mail, 37 via fax and 687 from "walk-in" complainants. Altogether 302 of these complaints did not fall within the mandate of the City Ombudsman, 1 133 were redirected or escalated to Council departments, and 938 were allocated for formal Ombudsman investigation.

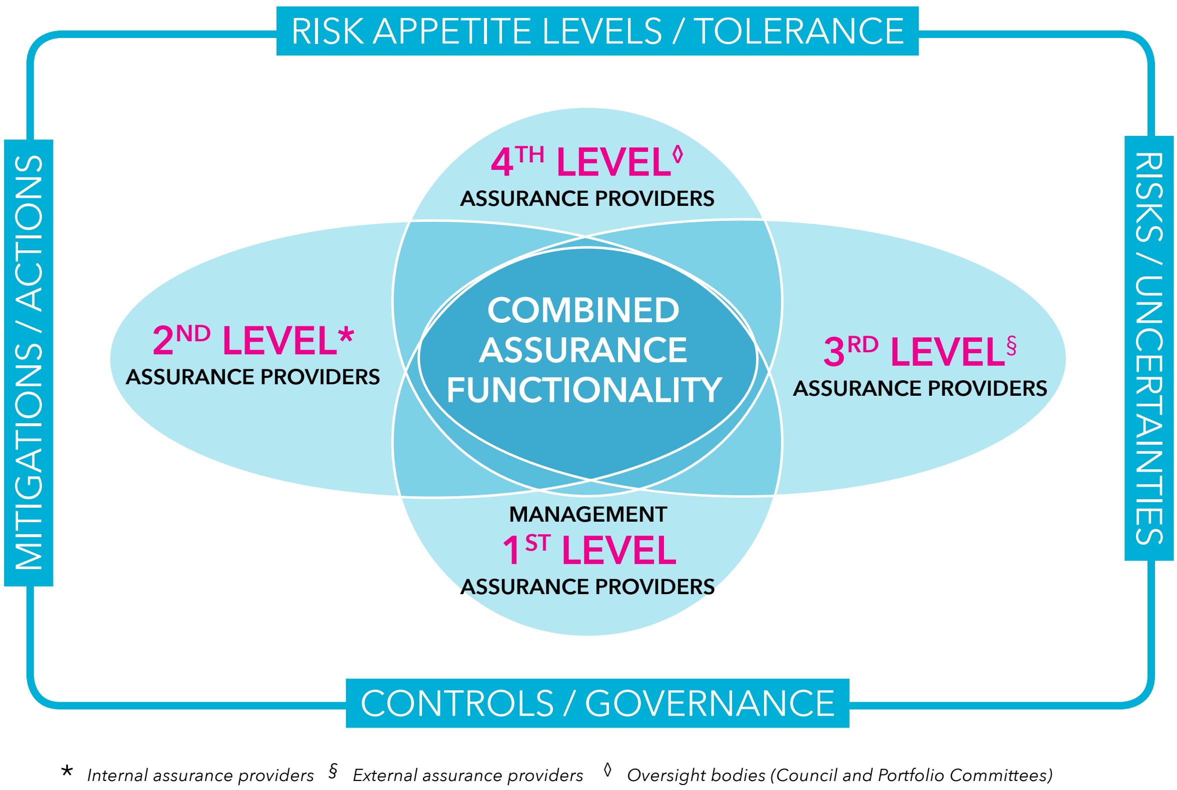


Figure 6: The City's combined assurance model

The remaining 366 complaints still need to be assessed, as the significant increase in the number of complaints received, without a concomitant increase in staff, has left the office with a backlog.

Funding has however been approved for 11 new posts, which are due to be filled in the 2018/19 financial year. This will include the creation of a new Complaints Intake and Early Resolution Branch.

In addition to investigating complaints lodged, the office also undertakes and participates in advocacy, relationship management and communication drives to raise awareness of the City Ombudsman and its services among residents and City staff.

Ethics

The Ethics function aims to be a leader in the development and institutionalisation of ethics in local government by protecting, nurturing and enhancing the ethical culture of the City. To this end, it:

- facilitates the implementation of the City's ethics programme to make ethical behaviour an integral part of employees' daily tasks;
- responds to transgressions of the City's code of conduct for staff, the gift policy and other ethics-related policies and standards, as well as instances of conflicts/declarations of interest, private work, sexual harassment, nepotism and discriminatory behaviour;

- continues to monitor ethics recommendations; and
- rolls out ethics awareness communication, training, awareness and promotion drives.

Following Council's adoption of King IV in December 2017, the Ethics function updated the City's ethics code with the King IV principles. In addition, the new values stemming from the City's Organisational Development and Transformation Plan (ODTP) process have also been incorporated into the City's policies and procedures.

The City takes a zero-tolerance stance towards corruption, and pursues a corruption-free administration. Therefore, an independent service provider manages a full-time fraud hotline, which is available to internal and external City stakeholders to report any alleged irregularities and unethical behaviour.

Forensic services

The responsibilities of the City's Forensics Branch include:

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

Protected-area advisory committees (PAACs)

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

2017/18 PERFORMANCE REVIEW

CONTENTS


STORAGE
SOLUTION

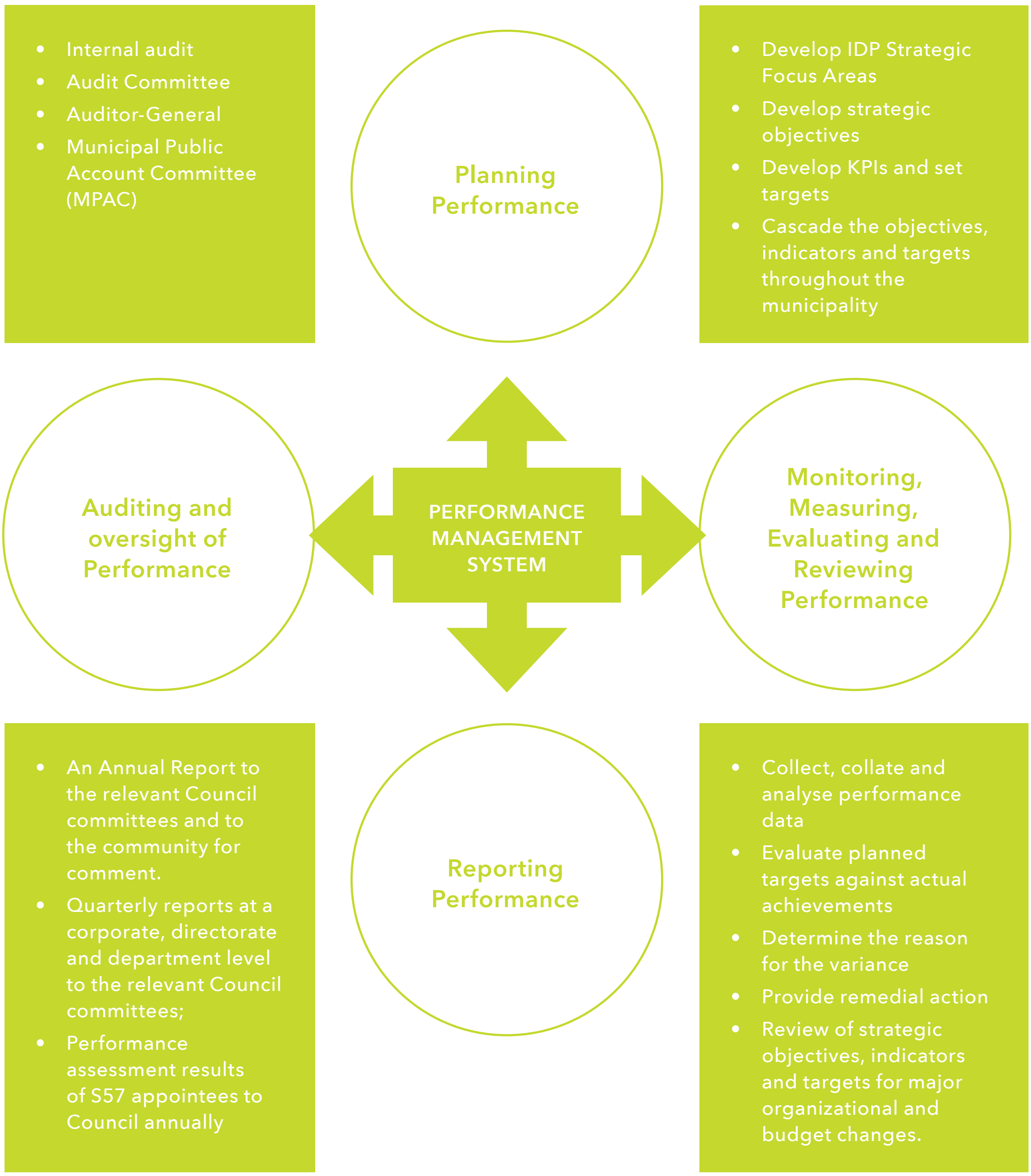
STRATEGIC FOCUS AREA 1:

OPPORTUNITY CITY

THE **OPPORTUNITY CITY** FOCUSES ON THE CREATION OF AN ENVIRONMENT THAT STIMULATES SUSTAINABLE ECONOMIC GROWTH, INVESTMENT AND JOB CREATION.

THE PERFORMANCE MANAGEMENT SYSTEM OF THE CITY OF CAPE TOWN

The performance management system is prescribed by legislation. Performance management equips leaders, managers, workers and stakeholders with a set of tools and techniques for regularly planning, continuously monitoring and periodically measuring, reviewing and reporting the performance of the City in terms of indicators and targets for efficiency, economy and effectiveness. It is against these measures that the community can monitor the municipality and its members. It provides a mechanism for managing expectations.


Internal audit
Audit Committee
Auditor-General
Municipal Public Account Committee (MPAC)
Planning Performance
Develop IDP Strategic Focus Areas
Develop strategic objectives
Develop KPIs and set targets
Cascade the objectives, indicators and targets throughout the municipality
Auditing and oversight of Performance
PERFORMANCE MANAGEMENT SYSTEM
Monitoring, Measuring, Evaluating and Reviewing Performance
An Annual Report to the relevant Council committees and to the community for comment.
Quarterly reports at a corporate, directorate and department level to the relevant Council committees;
Performance assessment results of S57 appointees to Council annually
Reporting Performance
Collect, collate and analyse performance data
Evaluate planned targets against actual achievements
Determine the reason for the variance
Provide remedial action
Review of strategic objectives, indicators and targets for major organizational and budget changes.

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 Expanded Public Works Programme (EPWP) 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 IN 2017/18

- Finalised **97,50%** (2016/17: 97,30%) of building plans within statutory timeframes
- Brought total number of building plans approved since 2012/13 to **165 008**, with a total value of approximately **R135 billion**
- Spent **R2,45 billion** (2016/17: R2,36 billion) on repairs and maintenance
- Created **35 145** EPWP employment opportunities, bringing the total to **284 896** since 2012/13
- Brought total fibre-optic cable installed across the metro to nearly 1 000 km. These include fibre-optic cabling used to connect the City's buildings as well as bus stations, cameras and other infrastructure vital for service delivery
- Spent **95,42%** on implementation of Workplace Skills Plan budget
- Installed **60** new public WiFi locations
- Installed **251** new public WiFi access points
- Cape Town was recognised as the **top opportunity city in Africa** in the 2018 Cities of Opportunity report by PricewaterhouseCoopers (PwC)

- Since 2011, the City has invested over **R154 million** in Wesgro and the SPVs. In return, they have facilitated over **R16,7 billion** worth of investment in Cape Town and created more than **31 459** direct jobs
- Cape Town became the first African city to be named a **UNESCO City of Design**, thereby joining the UNESCO Creative Cities Network of 180 cities globally
- Cape Town was again crowned the **number one city in Africa for business tourism events** by the International Congress and Convention Association. This was the fourth consecutive time that the City received this award
- The City's **ambient air quality monitoring network** is the most comprehensive of all local authorities
- The City boasts the most comprehensive **diesel vehicle emissions testing programme** in the country
- All traffic lights, and more than **15%** of streetlights, in Cape Town have been retrofitted with light-emitting diode (LED) lamps
- In an innovative step to fund its climate projects, the City issued a green bond in July 2017. The international ratings agency Moody's awarded it a GB 1 rating. This means that the ratings agency was sufficiently impressed with the green credentials and controls of the bond to label it as "excellent". It was subsequently named as Environmental Finance's **green bond of the year** for a local authority
- Through the City's garden waste chipping programme, over **150 000 t** of organic waste were diverted from landfill in 2017/18

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

KEY AIMS:

- Improving Cape Town's business climate
- Establishing Cape Town globally as an attractive investment destination with positive economic growth
- Encouraging business opportunities through infrastructure investment and maintenance

EASE-OF-BUSINESS PROGRAMME

BUSINESS SUPPORT PROJECT

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

In 2017/18, the City facilitated enterprise and supplier development for 588 SMEs in partnership with Smart Procurement Western Cape, the Small Enterprise Development Agency (Seda), the South African Renewable Energy Business Incubator (SAREBI) and Province's Department of Economic Development and Tourism. In addition, through the SME one-stop shop service and monitoring system, which includes a red tape notification system to resolve blockages and delays in administration processes, the City efficiently responded to 1 129 enquiries from SMEs and entrepreneurs.

CAPE TOWN RECOGNISED AS TOP OPPORTUNITY CITY

Cape Town was recognised as the top opportunity city in Africa in the 2018 Cities of Opportunity report by PricewaterhouseCoopers (PwC). The report also ranked Cape Town sixth out of all middle-income country cities rated, behind Beijing, Kuala Lumpur, Moscow, Shanghai and Mexico City. PwC used independent data to benchmark Cape Town against 31 of the world's leading cities across 66 indicators of urban success. Globally, Cape Town ranked 24th.

Cape Town's standing as an opportunity city was also confirmed in the most recent Quarterly Labour Force Survey results from Statistics South Africa (Stats SA). The report found that employment in the metro grew 4,8% year on year, and that Cape Town was the metro with the lowest expanded unemployment rate, at 22,6%, which was far below the national rate of 37,2%.

PLANNING LAW REFORM AND ELECTRONIC APPLICATION

The City is proactively working to expedite land development in support of its transit-oriented development (TOD) strategy so as to be more responsive to fast-changing urban dynamics and help establish integrated communities. Key to this approach is the recognised need to review and simplify the City of Cape Town Municipal Planning Bylaw, 2015 (MPBL), and entrench the City's Development Application Management System (DAMS) to ensure that both these instruments enable economic growth.

In 2015, the MPBL replaced the 30-year-old Land Use Planning Ordinance and various older statutes.

This 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 resolved to review the MPBL every year, and three such annual reviews have been done to date. These reviews include the opportunity for the public to comment and make suggestions on possible improvements to the bylaw and its associated processes.

A key component of the MPBL is the Development Management Scheme (DMS), which is a single zoning scheme designed to control land use and regulate land use rights through effective zoning. By ensuring predictability and certainty regarding land use, the DMS also protects value and raises the investment appeal of land development.

In addition, the City developed an electronic Development Application Management System (DAMS) that allows for the electronic submission, circulation and processing of building plans and land use applications. Since implementation, DAMS has considerably reduced waiting times and queue lengths at district planning offices. In conjunction with DAMS, an e-Services portal was also developed, which has proven very popular. As a result, in the year in review, 61% of all building plans and 42% of all land use applications were received electronically.

In the 2017/18 financial year, these combined measures allowed the City to finalise 97,5% of building plans within the statutory timeframes, against a target of 90%. A total of 165 008 building plans, with a combined building work value of approximately R135 billion, have been submitted for City approval since 2012/13.

Given the positive response to DAMS, the City has committed to continue investing in its development and improvement over the coming three years.

CITY-PRIVATE-SECTOR GROWTH PARTNERSHIP PROJECT

From time to time, the City partners with property developers and other stakeholders to share information about progress towards achieving its infrastructure investment vision, as well as any planned public and private-sector development initiatives or concerns. This is aimed at ensuring transparency and a common development vision based on effective information flow.

CAPE TOWN BUSINESS BRAND PROGRAMME

BUSINESS BRAND PROJECT

The City has prioritised the development of a business brand strategy to stimulate and enable investment in Cape Town. This strategy should be a catalyst for greater involvement and commitment by all economic role-players in the region.

A key component of this project is Invest Cape Town – a collaborative initiative that is working to tell an authentic story about Cape Town as a business destination. In essence, it positions the city as a functional African hub where ideas come to life through the energy and ambition of its people. Various engagement platforms have been developed, along with compelling collateral. Online platforms include the Invest Cape Town website (www.investcapetown.com) and Twitter account (@investcapetown). Marketing material includes an investment video produced in five languages, digital brochures relating to the information technology (IT) and business process outsourcing (BPO) sectors, a suite of print adverts, and various pieces of branding in the international arrivals and departure halls at Cape Town International Airport.

Since the launch of the initiative in November 2016, the project team has also produced 25 business success stories, all of which can be accessed online at http://www.investcapetown.com/success-stories/. Going forward, the City plans to develop and expand this successful business initiative.

ECONOMIC SECTOR DEVELOPMENT PROJECT

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

Since 2011, the City has invested over R154 million in Wesgro and the SPVs. In return, they have facilitated over R16,7 billion worth of investment in Cape Town and created more than 31 459 direct jobs.

In 2017/18, the City's partnerships with the SPVs resulted in the assistance of over 1 500 small, medium and micro-sized enterprises (SMMEs) (against a target of 708) and 702 black economic empowerment (BEE) firms (against a target of 354). The SPV collaborations made a tangible contribution to industry development in identified sectors, particularly through training initiatives and industry events. Skills training was facilitated in the call centre, craft and design, information and communications technology (ICT), clothing and textiles as well as the green economy industries. Collectively, these training initiatives enhanced the skills of more than 1 650 people, well in excess of the target of 1 000 set for the period. Between them, the SPVs also facilitated more than 220 industry events and engagements (against a target of 177), which attracted more than 6 000 participants.

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.

ATTRACTING INVESTMENT FOR EMPLOYMENT CREATION

Cape Town is the second-highest contributor to national employment. As such, employment creation and unemployment reduction are top priorities for the City. The industries where Cape Town has the most pronounced job creation advantages include fishing, real estate, textiles and clothing, hotels and restaurants, and food and beverage manufacturing. These remain key focus areas for attracting investment.

CAPE TOWN NAMED AFRICA'S FIRST UNESCO CITY OF DESIGN

In the reporting year, Cape Town became the first African city to be named a UNESCO City of Design, thereby joining the UNESCO Creative Cities Network of 180 cities globally. City of Design status recognises a city's commitment to promoting and developing its cultural and creative industries.

This achievement attests to the City's success in positioning Cape Town as a forward-looking, innovative, globally competitive business city.

This designation will enable the City, in partnership with the local design sector, to develop and nurture international partnerships, collaborate on projects and events linked to sustainable urban development, build better communities, and enhance and develop a more robust local design sector.

INVESTMENT DESTINATION IN IDENTIFIED MARKETS PROJECT

This project focuses on identifying targeted opportunities in high-growth, high-impact potential sectors to grow the local economy. In partnership with SPVs, these opportunities are then communicated to the market to attract investment to the region and maximise job creation and growth.

In the past year, the City engaged with various Cape Town-based companies to generate business and sector intelligence and economic insights that can inform its approach to sector support in identified high-potential sectors. Known as Project Camissa, the research initiative also uses research results to better understand which industries in Cape Town's economy hold potential for both output and employment growth, and identify strategic interventions that would support this growth potential.

Moreover, the City is working with various stakeholders to increase air and port access to and from Cape Town to boost investment and tourism. In partnership with Wesgro, fast-growing trade and investment markets are being targeted, including North America, Germany, Brazil, France and Southeast Asia, as well as key African markets such as Ethiopia, Kenya, Mauritius and Zimbabwe. In 2017, international passenger numbers to Cape Town grew by 20%, despite South Africa's significant economic challenges. International cargo volumes also grew significantly, increasing by 52% during 2017, accompanied by a 17% increase in domestic cargo volumes. Since the official launch of Air Access in February 2016, ten new routes and 12 route expansions have been implemented for Cape Town International Airport. The current Air Access efforts have also given rise to an estimated 800 000 extra seats on routes flying directly to Cape Town.

The significance of these growth figures for Cape Town is obvious when one considers the findings of a Grant Thornton study commissioned by Air Access in 2017. The study estimated that a modest increase of 70 000 additional tourists to the city and the province from North America, South America and Asia alone would lead to an increase in tourist expenditure of over R700 million.

INTERGOVERNMENTAL LEGISLATION PROJECT

The City has approximately 126 existing Council-approved policies. In line with the City's commitment to create a business-friendly regulatory environment, all these policies are continuously evaluated to assess whether they need to be amended, replaced or scrapped.

EVENTS PROJECT

Cape Town has the potential and the established infrastructure to become Africa's events capital. In the years ahead, the City plans to entrench this position by promoting iconic and strategic events, and giving particular priority to developing specific events segments, such as sports, business, cultural and music events.

These types of events play a key role in increasing destination awareness and convincing potential tourists to visit the city. They are also key facilitators of repeat visits. For these reasons, the City invests heavily in event partnership, support and marketing. This includes active promotion of the City's signature events across domestic and international markets.

In 2017/18, the City actively promoted and supported a broad spectrum of events. These included the:

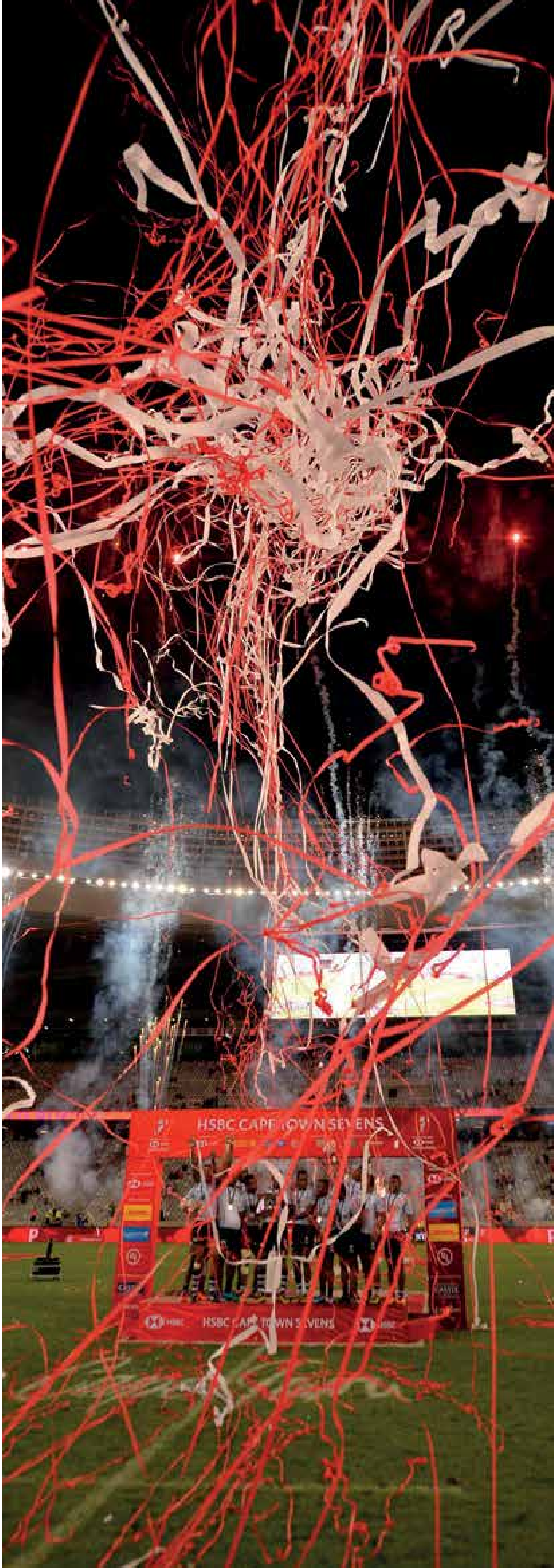
- inaugural Cape Town Golf Festival;
- Sanlam Cape Town Marathon;
- SA Innovation Summit;
- Cape Town International Film Market and Festival;
- AricArena;
- FIA World RallyCross Championship;

- Africa Women Innovation and Entrepreneurship Forum;
- Manufacturing Indaba;
- HSBC Rugby Sevens Series;
- Volvo Ocean Race;
- Cape Town International Jazz Festival;
- Cape Town International Animation Festival;
- Design Indaba;
- World Media Economics and Management Conference;
- World Travel Market Africa; and
- Enterprise and Supplier Development Expo.

Events with an international footprint are leveraged to build Cape Town's reputation and position the city as a serious competitor in the investment and tourism sectors. This helps stimulate long-term economic growth.

RECOGNISED FOR BUSINESS TOURISM EXCELLENCE

In 2017, Cape Town was again crowned the number one city in Africa for business tourism events by the International Congress and Convention Association. This was the fourth consecutive time that the City received this award.



INFRASTRUCTURE INVESTMENT PROGRAMME

Investment in infrastructure is considered an important enabler of economic growth, which is in turn linked to effective poverty reduction. Since 2012/13, the City has invested around R33 billion in infrastructure development. Of this, R18 billion has been for new infrastructure, and R15 billion for the refurbishment of existing infrastructure.

Figure 7: City infrastructure investment since 2012/13

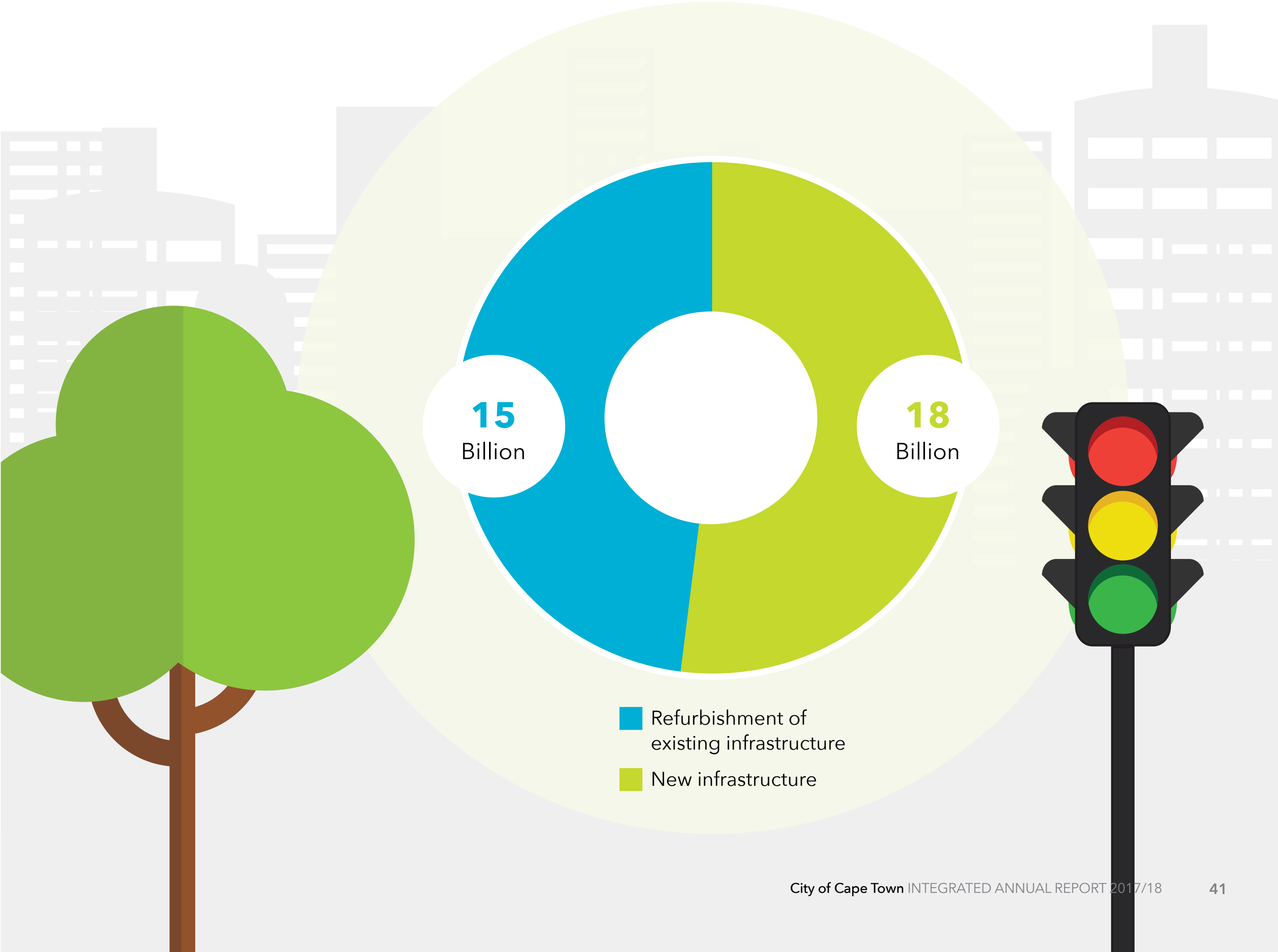
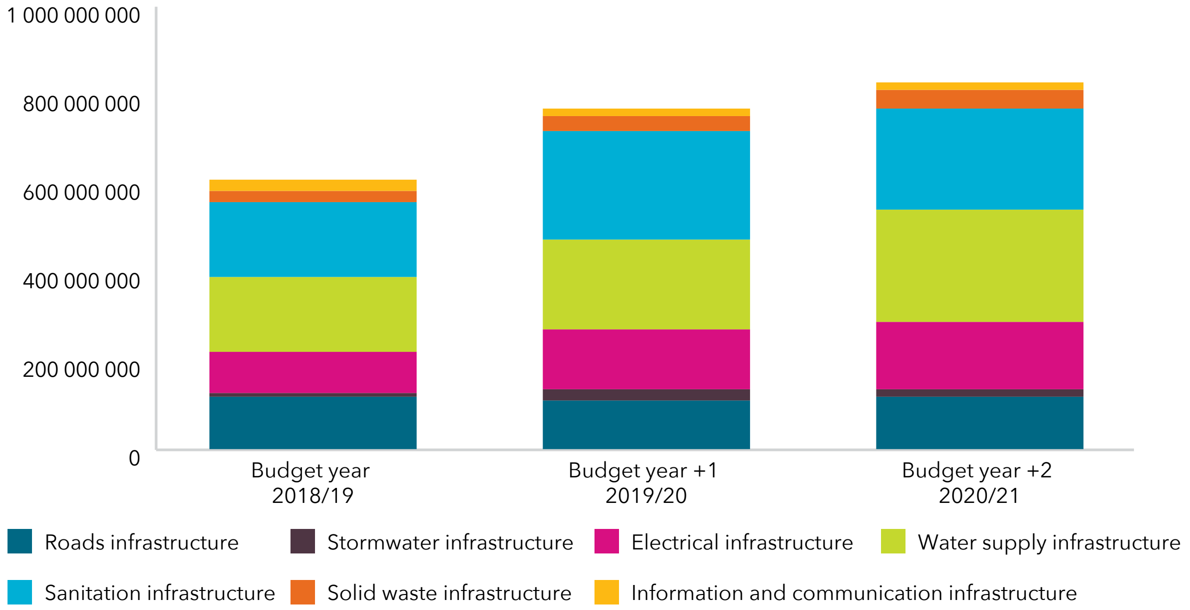


Figure 8: Planned capital infrastructure investment 2018/19-2020/21



The City continues to stimulate growth by investing in suitable economic and social infrastructure to support economic development. Resources are allocated according to a strategic infrastructure asset management plan and asset register for all municipal infrastructure, both above and below ground. As the following graph shows, approximately R23 billion will be invested in infrastructure in the three years from 2018/19 to 2020/21.

INFRASTRUCTURE INVESTMENT RESEARCH PROJECT

In the reporting period, the MSDF review was completed, and received Council approval. The BEPP too was reviewed and for the first time adopted as the capital expenditure framework of the MSDF, as required by SPLUMA. The BEPP sets out the capital investment envisaged by the City and its public sector development partners for the coming medium-term revenue and expenditure framework (MTREF) period. The BEPP also includes an infrastructure investment schedule for consideration in future master planning reviews.

INFRASTRUCTURE ASSET MANAGEMENT PROJECT

In line with national requirements, the City is busy implementing the Cities Infrastructure Delivery and Management System (CIDMS). CIDMS is a South African National Standard (SANS) 55001-compliant asset management system tailored for application in metropolitan cities in South Africa. It has been developed by National Treasury Cities Support Programme in partnership with the cities of Cape Town, eThekwini and Johannesburg following a need expressed by these cities.

CIDMS has been designed to:

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

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

National Treasury's City Support Programme developed a bespoke CIDMS implementation strategy for the City. In principle the City approved the implementation strategy. The Asset and Maintenance work group within the City is currently assessing the implementation strategy.

BULK WATER SUPPLY SYSTEM AUGMENTATION AND MAINTENANCE PROJECT

The Western Cape has become an increasingly water-scarce region in recent years. The severe drought this past year has strengthened the City's resolve to protect the region's scarce water resources and secure supply to consumers through implementing appropriate water restrictions.

A second key focus is to strengthen, refurbish and maintain the City's bulk water supply system. To this end, a number of strategic interventions are underway:

- A drought management planning and operations support contract initiated in January 2018 will see the development of a computer-based decision support and operating system for different scenarios.
- The City continues to engage with the National Department of Water and Sanitation (DWS) around reviewing and finalising water allocations and use licensing from the Western Cape water supply system (WCWSS).
- The City has approached its neighbouring municipalities to work together more closely and develop plans to utilise regional water supplies more effectively.
- Through its Bulk Water Branch, the City continues to play a key role in the WCWSS Strategy Steering Committee and Administrative and Technical Support Group. These provide a platform for direct collaboration between municipalities to ensure that the WCWSS's potential is maximised.
- The City continues to work with DWS, as the custodian of water resources, to ensure that the WCWSS keeps up with growing water demand due to population and economic growth.
- The National Department of Water and Sanitation is currently implementing the Berg River-to-Voëlvlei Dam augmentation scheme to expand the capacity of the Western Cape water supply system. Other schemes are also underway and progress with these is as follows:
  - Four contracts have been awarded for groundwater development in the Table Mountain Group Aquifer (TMGA): two drilling contracts, a mechanical and electrical works contract as well as a civil works contract. A tender process for a supplementary contract for deep and horizontal drilling is also in progress. Development of the Steenbras wellfield is underway and will include the drilling of 16 boreholes (for exploration and production). Six production boreholes have already been completed. Conceptual infrastructure layouts for the Groenlandberg and Nuweberg wellfields have been developed and presented to the City's Bulk Water department.
  - For the Lourens River Scheme, a Professional Services Provider (PSP) has been appointed to undertake a feasibility study that will investigate the feasibility of developing the Lourens River Diversion Scheme (LRDS) into a water supply resource.
  - At the Cape Flats aquifer (CFA), three contracts have been awarded for groundwater development, including

contracts for drilling and for linking infrastructure between boreholes, reservoirs, treatment facilities and the reticulation injection points. Already, 62 monitoring and exploratory boreholes and 35 production boreholes have been drilled.

- A number of large bulk water infrastructure projects are planned for the next ten years. These have progressed as follows in the year in review:

Table 1: Progress with large bulk water infrastructure projects as at 30 June 2018

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

- Maintenance and refurbishment of existing infrastructure are ongoing, including upgrades to major pump stations, the repair of concrete structures such as reservoirs and dam intakes, and the verification and replacement of large-diameter meters. In the year in review, 86% of the R26,36 million refurbishment and replacement capital budget was spent, which included investment in the following projects:
    - Concrete repairs at Voëlvlei low-lift pump station
    - Upgrade to internal roads and parking at Steenbras catchment depot
    - Phase 2 of the replacement of variable-frequency drives at Firlands pump station
    - Replacement of Wynberg and Monterey reservoir transformers and gensets
    - Refurbishment of Steenbras water treatment plant alternator and gearbox

- Replacement of roof capping on Plattekloof and Tygerberg No. 2 reservoirs
- Design for Gordon's Bay slope stabilisation near the high-pressure pipelines
- Design for the refurbishment of Voëlvlei high-lift pump station
- General refurbishment work and equipment replacements at bulk water treatment plants and reservoirs

The City has made provision for the financial resources that will be required for the above projects and programmes in future, having included the requirements in the MTREF and other, relevant budgets. In addition, the human resources required to manage and operate the new infrastructure (plants and reservoirs) have been carefully considered based on existing staffing structures for similar-sized plants and reservoirs, as well as possible automation and full-time staffing needs. A number of vacancies are currently being filled.

INFRASTRUCTURE MAINTENANCE SERVICE PROJECT

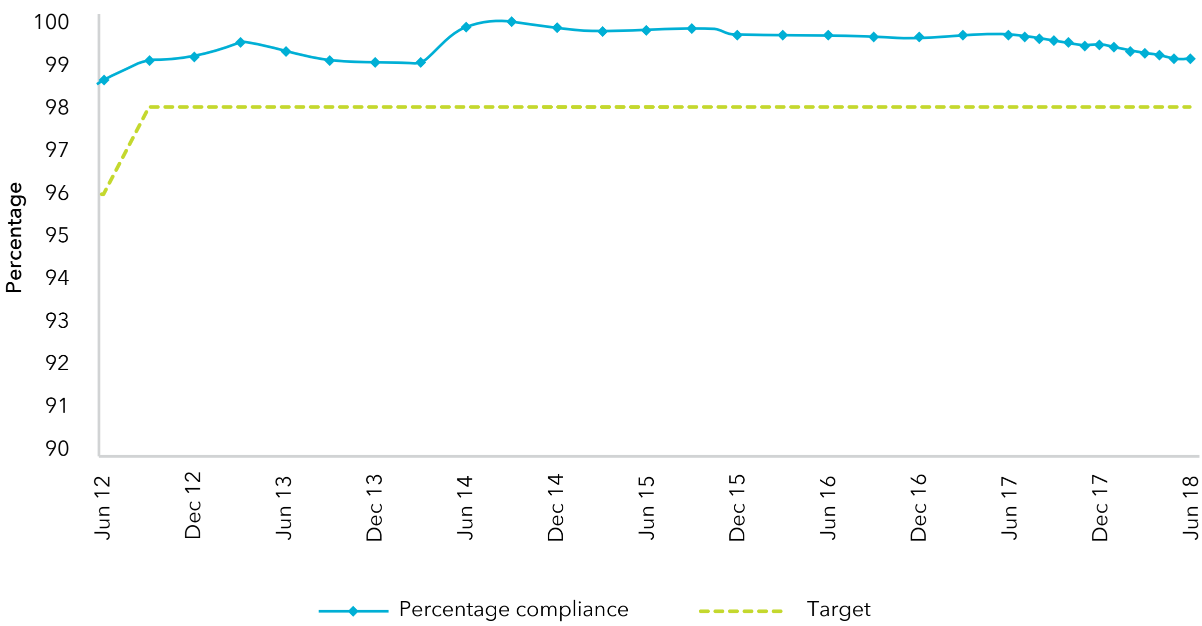
- The City has developed a process flow to ensure that water and sanitation data is accurate, and management systems are effective. It continues to invest in repairs and maintenance that make a visible difference to Cape Town and its people. Considering all the cost drivers relating to operating repairs and maintenance, including remuneration, materials purchases and contracted services, the City's spend on repairs and maintenance since the 2012/13 financial year stands at around R16 billion. During period under review the spending was R2,46 billion (2016/17: R2,37 billion).

SUPPORT SERVICES PROJECT

The laboratory infrastructure of Scientific Services plays a key part in checking that the City complies with water and air quality standards.

To ensure that all Cape Town residents have access to the safest possible tap water, the City supports and complies with the strict water quality checks prescribed by DWS. This means that water quality is closely monitored by the City's Scientific Services laboratory, with water samples constantly being analysed against the latest version of the stringent SANS 241 requirements. The following water quality graph reflects the percentage compliance, accounting for all chemical and microbiological components. The City continues to exceed its own, very high targets in respect of water quality.

Figure 9: Percentage compliance of Cape Town water samples



The City's entire water supply system (including the City-owned catchments, dams, 12 water treatment plants, bulk conveyance system and entire distribution system) has been assessed in all DWS Blue Drop audits since the inception of the programme by the national Department of Water and Sanitation (DWS) in 2009. The City consistently excels and, as at June 2018, boasted an impressive score of 95,86%, again securing Blue Drop status. Since the beginning of the Blue Drop programme, the City has consistently achieved some of the highest scores in the country.

Not only has the City received high scores for its drinking water, but it is also excelling in terms of wastewater management. The City received 12 Green Drop awards and an overall score of 89,7% for its 27 wastewater treatment systems in the latest assessment. This is an improvement on the 11 awards and 86,8% achieved in the previous cycle.

In terms of air quality, the City's Air Quality Management Unit continues to regulate polluters in terms of the National Environmental Management: Air Quality Act 39 of 2004 and the City's Air Quality Management By-law. Scientific Services also play a crucial role in the scientific measurement of ambient air quality through a network of 13 community-based monitoring stations, which measure the pollutants prescribed in the National Ambient Air Quality Standards. Data from the monitoring network shows that Cape Town's ambient air quality generally complies with the national standards. A total of just 32 air pollution episode days were recorded in the past financial year.

The City has committed R1,2 million to the procurement of additional air quality monitoring equipment. This is in addition to the nearly R1,5 million previously spent to advance the work of the Air Quality Management Unit and ensure that Cape Town residents and visitors enjoy clean air.

The City's ambient air quality monitoring network is the most comprehensive of all local authorities. In fact, only the City and eThekwini were able to contribute to the 2016 national State of Air report. The City also boasts the most comprehensive diesel vehicle emissions testing programme in the country. Three dedicated teams conduct daily roadside testing of vehicles in partnership with Traffic Services. Of the 7 798 vehicles tested in the past year, 223 failed the emissions test (2,8%).

ROAD INFRASTRUCTURE INVESTMENT PROGRAMME

CONCRETE ROADS UPGRADE PROJECT

The City remains committed to rehabilitating and upgrading minor roads throughout Cape Town, and particularly existing concrete roads in low-income areas. Wherever possible, labour-intensive methods are used to generate employment. In the reporting year, R120 million was spent on this roads rehabilitation programme, with a further R369 million earmarked for the rehabilitation of concrete roads in Hanover Park, Heideveld, Gugulethu, Bonteheuwel, Bishop Lavis, Kalksteenfontein, Manenberg and Parkwood in the three years ahead. Road upgrades were also undertaken in Bishop Lavis, Hanover Park and Imizamo Yethu.

In addition, two separate roads contracts with a combined value of more than R47 million were awarded in Gugulethu towards the end of the year in review, and are now underway. Altogether 4,5 km of road in this area will be rehabilitated or reconstructed, and some roads will also be widened. Dated stormwater infrastructure will be upgraded or replaced to prevent roads from flooding during downpours and increase their longevity. Moreover, the projects include the construction of new sidewalks with universal access for those with special needs.

ROAD CONGESTION RELIEF PROJECT

Navigation company TomTom has named Cape Town the most congested city in South Africa. This congestion affects both public and private transport, as well as freight movement. Yet while there will always be some congestion, effective alleviation initiatives for all transport modes will help alleviate the problem.

The City's Comprehensive Integrated Transport Plan (CITP) and Integrated Public Transport Network (IPTN) focus on providing increased travel capacity through improved, integrated, inter-operable and inter-modal public transport, as well as some investment in road infrastructure.

Tackling the congestion problem more specifically, however, the 2015 CITP review introduced a congestion management programme as one of the City's travel demand management (TDM) initiatives. Upon formal initiation of the programme in August 2015, Council allocated R40 million as seed money to commence the larger, R750 million programme up until 2020/2021. The capital budget amount set aside for the past year was R206,5 million.

The programme consists of three work streams – infrastructure, operational and behavioural – and has four project categories:

- Category A projects are ready for detailed design and implementation.
- Category B projects are second-phase projects that will be planned and designed to be ready for implementation at the earliest possible date.
- Category C refers to large turnkey projects that are characterised by multiple partnerships and investment profiles, and are often externally funded.
- Category D denotes operating budget interventions.

The first step in identifying the extent of congestion and determine the initial pressure points was to conduct a congestion study. The study has pinpointed the Blaauwberg, Kuils River and Kommetjie regions as Cape Town's three primary growth and congestion points. A list of congested locations (where the ration of road volume to capacity exceeds one, and the peak period extends over a number of hours) has subsequently been drawn up.

Based on unbiased, technical criteria, a range of projects have been identified. These include filling in missing links in the road network, adding capacity to existing links, and improving capacity at key interchanges and intersections. The congestion management strategy study, which is due to be completed in 2018/19, considers the entire road network in Cape Town, including those roads managed by the South African National Road Agency Limited (SANRAL) and Province. As such, both SANRAL and Province are represented in the project management team, while the City's road-based transport partners are also kept informed of projects within their jurisdiction and PGWC has recently invested in capacity improvements along congested sections of the N1 and N2.

As the total programme budget of R750 million will probably not fund all identified and required congestion alleviation projects, any additional funding that becomes available will be directed towards those projects that will be of greatest benefit to Capetonians and the local economy. Many of the Category C projects, for instance, are simply too large to be funded from the present allocation, and additional, special funding will need to be secured.

E-TOLLS

The City is not in favour of e-tolls due to their economic impact on communities, particularly when implemented without consulting the affected constituencies. As such, the City fought and won a lengthy legal battle against the imposition of e-tolls on Cape Town roads.

ECONOMIC DEVELOPMENT AND GROWTH PROGRAMME

BUSINESS INCENTIVE PROJECT

The reporting year saw a revised version of the 2013 Investment Incentive Policy being approved by Council. The policy still offers both financial and non-financial incentives for new and existing job-creating investments in targeted areas across Cape Town. Particular areas targeted for incentives include low-growth industrial areas that require an economic stimulus, as well as areas in the urban core, where there are synergies with other public-sector investments. The updated policy will take effect in 2018/19.

TARGETED URBAN UPGRADE AND IMPROVEMENT DISTRICTS PROJECT

The City continues to invest in the following targeted urban upgrades:

Table 2: Investment in targeted urban upgrades as at 30 June 2018

Area	Description of programme	Progress
Bonteheuwel	Phase 1 of road rehabilitation/ public space upgrade	Part of the draft development framework will be implemented as part of the road rehabilitation project. This will see the road reserves being turned into usable public space, and the suburb being made universally accessible. Landscape drawings for hard and soft landscaping, pedestrian-friendly intersections and way-finding have been submitted.
	Urban regeneration of the Bonteheuwel urban node	The community action plan was reviewed and the revised version is ready for implementation from 2018 up until 2020. Work commenced on the development framework that will guide infrastructure investment in central Bonteheuwel and suburbs. Planning and design work for upgrades in the town centre also started, which will commence in 2018/19.
Bishop Lavis	Urban regeneration of the Bishop Lavis urban node	The community action plan was reviewed and the revised version is ready for implementation from 2018 up until 2020. The development framework that will guide infrastructure investment in the Bishop Lavis node was completed. Detailed design work for the upgrade of the Bishop Lavis integrated recreation facility precinct commenced. Work will start in phases over multiple years from 2018/19.
Athlone/Gatesville	Community action plans and Feasibility study and project plan for proposed shared services centre	Athlone CBD has experienced a downturn in business confidence, which is evidenced by the high vacancy rates for office floor area in the CBD. One of the obvious contributing factors is the lack of parking. A redevelopment strategy is being produced with a view to improving business confidence in the area. A number of actions have also been taken in partnership with the Athlone Community Taskforce and Athlone City Improvement District. These include the installation of closed-circuit television (CCTV) cameras in the central business district, revitalisation of various buildings, ongoing cleansing operations, the use of a trailer as a crime prevention hub, and the regulation of car guards for the festive season.

Area	Description of programme	Progress
Nyanga/Gugulethu	Strategic Development plan for NUNU (Nyanga Urban Node Upgrade) transport interchange precinct	The Strategic development plan for the Nyanga Urban Node Upgrade is complete and ready for implementation. The City is currently finalising negotiations with Dutch funder, ORIO, to provide support with the funding of public-infrastructure development and urban management within the Nyanga Transport Interchange Precinct. The project includes the upgrading of public transport interchange (PTI) and the development and management of the PTI with a new management system in association with the community and land users to ensure continuation of the project objectives during ongoing operations.
	Lotus Park informal settlement upgrading	The City, in collaboration with an intermediary, and as part of the VPUU programme with the support of Comic Relief, has made significant progress in the Lotus Park Informal Settlement. 100% enumeration of homes and occupants has been achieved via the community registration office. Taps, toilets and lighting repairs are being successfully undertaken via maintenance system established and run through a partnership between the City and the Community and a significant improvement in public safety has also been achieved. An integrated Social Service Centre has been developed and is currently delivering the following services to the community: • Early Childhood Development, ECD Centre • Toy library • Crèche • Community register office • Office for local NGOs • Live-in caretaker • Community meeting room • Small business spaces and business incubator • Playing field/hard surfaced court with floodlights

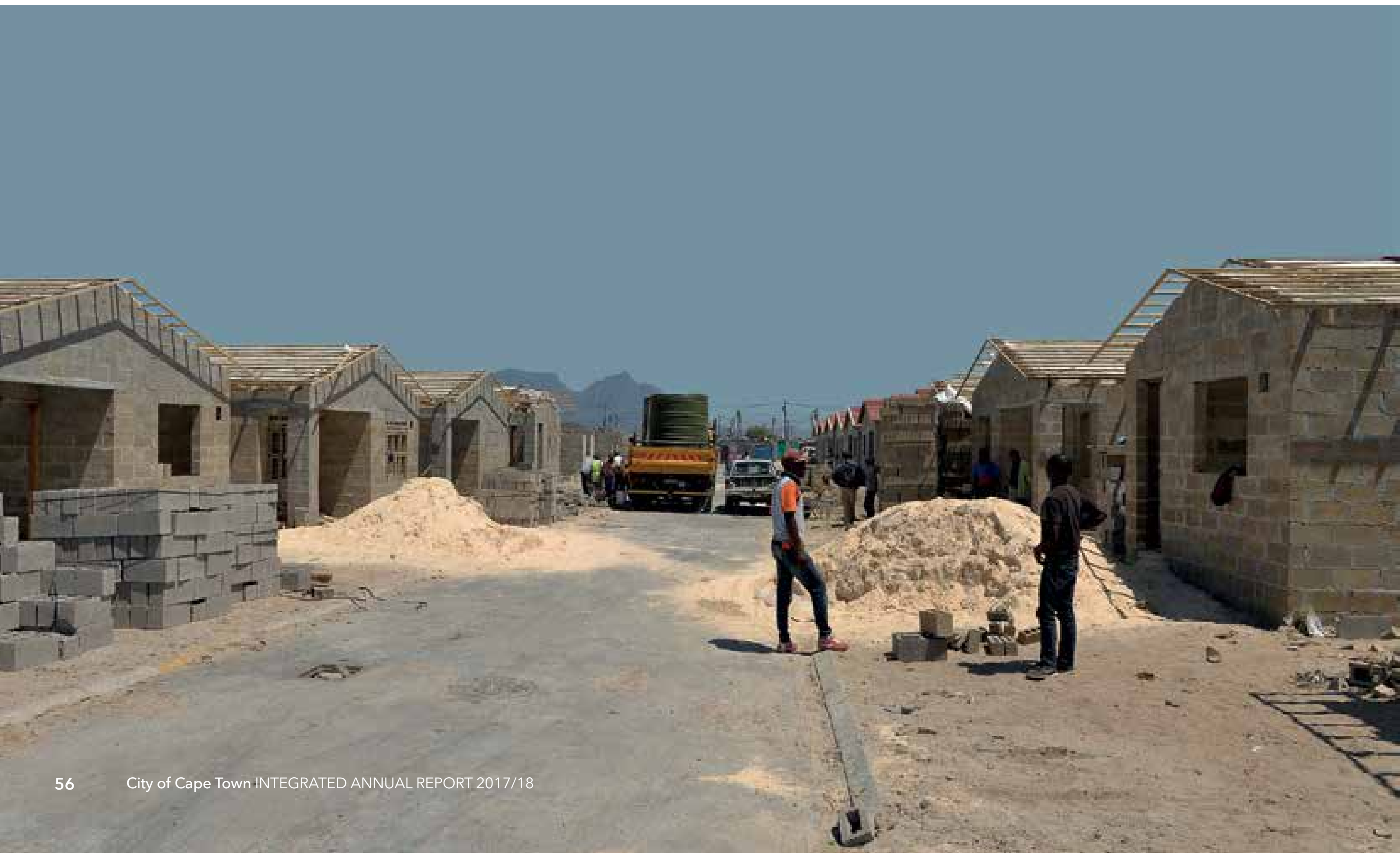
Area	Description of programme	Progress
Bellville/Parow	Supporting Voortrekker Road corridor, city improvement district and greater Tygerberg	The review of the Community Action Plans for both Bellville and Parow CBDs were completed during the 2017/18 financial year. This highlighted the need for improved urban management at a precinct level for the Bellville CBD and Parow Station Road Arcade. Bellville has recently been identified as a priority in the Strategic Management Framework and it has been agreed with the subcouncil that the area coordinating team is to be re-established to coordinate renewed efforts to clean UP the interchange and CBD. The Mayor's Urban Regeneration Programme (MURP) will be supporting the establishment and rollout of improvements to the urban management of both precincts in the 2018/19 financial year, in collaboration with Greater Tygerberg Partnership, the Voortrekker Road City Improvement District (VRCID) and local stakeholders.
	Partnership with safety plan and urban management	The City has started work on the development of an integrated Urban Management Strategy and Plan for Bellville CBD.

Area	Description of programme	Progress
Mitchells Plain	Establishing management entity for Mitchells Plain town centre Developing area-based management system Developing and implementing a safety plan	MURP facilitated the upgrading of the Mitchells Plain Town Centre to the value of approximately R300 million. This included public facilities, road infrastructure, informal trading upgrades, administrative offices, public transport infrastructure and ablution facilities, in line with an Urban Design and Development Framework. MURP has also implemented the following projects in the area: • Rights to know projects: Introduction of Chapter 9 Institutions • LLEO deployment to the area • Deployment of NHW to crime hotspots • Leadership training • Upgrading the Lentegeur Informal Trading area • Ongoing Safety and Security operations in the CBD • Formalise a Partnership with Business to erect a fence in CBD The public infrastructure upgrades are, to a large extent, complete and the following areas of work still require attention transversally: • The development and implementation of a Safety Plan for the Town Centre. • The identification and implementation of a land release strategy (zoned and serviced tranches of land for private sector development). • The development and implementation of a precinct urban management regime. Furthermore, MURP facilitated the development of the Liberty Promenade Mall, Watergate, and associated developments to the value R2,5 billion as extensions to the Town Centre and the Lentegeur Interchange Precinct. MURP also facilitated the establishment of a business and property owners steering committee.

Area	Description of programme	Progress
Harare node	Area-based management	MURP managed the upgrading of the Harare Precinct to the value approximately R150 million. Upgrades included public facilities, parks and recreation facilities, the library, public square, landscaping, informal trading upgrades, environmental health headquarters, administrative offices, and a business hub. MURP further facilitated all community engagement processes in relation to the implementation programme in Harare. MURP has set up, and is managing, the implementation of the integrated area-based operations, and the maintenance and management regime for the precinct. There are currently 58 tenants renting space within the precinct as a component of the local economic development promotion. This has been very successful with an 88% occupation rate and an 88% rental payment rate over the last two years. It is an example of how the local economy can be stimulated through an area-based approach and the clustering of public buildings and infrastructure. It also illustrates the process of trust building between government and communities and the importance of negotiated solutions in response to jointly identified needs.
Hanover Park	Developing public investment framework	The City has made significant investments here to stabilise community safety and prepare the node for further upgrades and development. MURP has compiled community action plans and public investment frameworks for Manenberg and Hanover Park, which have been endorsed by the Executive Mayor and Premier. The public investment frameworks support the roll-out of integrated rapid transit infrastructure, which is regarded as a key catalyst for urban development and regeneration. Community steering committees have also been established in both areas. The way forward for MURP in these two areas is to facilitate and manage the implementation of the plans and frameworks to the value of R3 billion over the next 10 years.
	Upgrading town centre, including planning for the development of a youth lifestyle centre, media centre and aqua centre	
	Upgrading non-motorised transport and concrete roads	
	ShotSpotter	
	Ceasefire	
Manenberg	Design of youth lifestyle campus	
	Upgrading non-motorised transport and concrete roads	
	ShotSpotter	
	Ceasefire phase 2	

Area	Description of programme	Progress
Ocean View	Safety plan	Ocean View is an outlying area that falls outside the activity corridors and nodes identified in the IDP and MSDF. During the community action plan process, the only item identified for MURP intervention was social ills such as drug abuse and teenage pregnancy, the lack of a business node and security needs. These have been addressed through the establishment of a container park offering youth programmes, ECD and counselling. MURP engagement also related to: • law enforcement and investigations with regard to problem buildings/areas; • solid waste collection; • economic and business development interventions; • sponsorship of learner's licence training for youth; and • weekly cleaning of parks and maintenance of children's play equipment.
Atlantis	Developing integrated public transport interchange and trading precinct Urban management	MURP played a central role in preparing a United Nations (UN) Women Scoping Study Report directed at improving safety for women and girls. The Scoping Report proposes City-led and community-led interventions aimed at improving safety for vulnerable groups. The report makes certain key recommendations: • The significant and problematic tracts of vacant and underutilised public land are put to productive purpose. • A greater mix of uses is introduced to the CBD. • A potentially radical approach is taken in exploring resolution of the intrinsic issues associated with the existing Council housing estates. • Public open spaces be rationalised and actively managed. • Sidewalks be hardened and maintained. • Landscaping is more extensive. • Routes to and from public transport are well lit. • Consideration is given to allow more frequent access to those properties and streets adjoining higher order mobility routes. The MURP team is currently undertaking the following projects in Atlantis: • Atlantis CBD Facility and Land Audit – completed in November 2017. • A Review of the Atlantis CAP – to be completed in November 2018. • Atlantis CBD Urban Design Framework – to be completed by June 2019 which will guide the upgrade and refurbishment of the CBD. • Small and Informal Businesses Support Workshop and Exhibition – June 2018. • Funded the repair of Subcouncil 1 offices. • The development of an Integrated Safety Plan – to be completed by June 2019.

Area	Description of programme	Progress
Macassar	Community action plan	Community Action Plan completed for Macassar.
	Safety plan	Safety plan to be completed by June 2019.
Kuyasa	Area-based management in station precinct	MURP managed the implementation of the upgrading of the Kuyasa Precinct to the value of approximately R130 million. Upgrades included public facilities, sub-council offices, regional library, road infrastructure, public square, landscaping, informal trading upgrades, administrative offices, and ablution facilities. MURP, further facilitated all community engagement processes in relation to the implementation programme in Kuyasa. MURP's role going forward is to manage the implementation of the integrated area-based operations, maintenance and management regime for the precinct. It is expected that the focus of implementation going forward is a strategic approach to the release of land surrounding the station and public facilities implemented with an emphasis on social housing and commercial development in line with the prescripts of TOD.
	Land release strategy in station precinct	



GREEN ECONOMY PROJECT

The City is working to facilitate increased investment in the local production of green products and the provision of green services, while also positively influencing the demand for green products and services. It is also actively promoting the long-term resource efficiency of the local economy to ensure ongoing economic growth and sustained economic opportunities.

The primary instrument for catalysing investment and creating jobs in the green economy has been the City's partnership with Province. Together, the local and provincial governments have been working on establishing a green technology special economic zone (SEZ) in the Atlantis industrial area. The designation of the SEZ was approved in June 2018, and the City is now collaborating with industry partners to develop a compelling business case. Since designation, investor interest in the SEZ has increased and initial discussions have taken place with firms in the waste recycling, green building, renewable energy, energy-efficiency and water subsectors.

LOCAL TOURISM PROJECT

Acknowledging the importance of local communities as part of the tourism offering, Cape Town Tourism, the City's key destination marketer, embarked on a neighbourhood video project aimed at showcasing local communities across Cape Town. Many culture-rich neighbourhoods of the city formed part of "eKasi Sessions", which shared the communities' stories with industry members to encourage the inclusion of these areas and experiences in Cape Town's tourism offering. The areas profiled included Langa, Khayelitsha, Simon's Town and Mitchells Plain. In addition, to mark Tourism Month (September), sessions were conducted at various schools across town to foster an understanding of the three pillars of responsible tourism, namely economic inclusion, environmental integrity and social upliftment.

INFORMAL ECONOMY SUPPORT PROJECT

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

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

The City also collaborated with the Technology Innovation Agency's Technology Stations to offer training for traders in the textiles, light manufacturing and food industries so as to improve the quality of the products they offer, thereby bettering their chances of accessing higher-value markets.

UNLOCKING THE NIGHT-TIME ECONOMY RESEARCH PROJECT

Efforts to grow the night-time economy have been gaining traction in some of the world's most prominent cities. The City too is investigating potential opportunities associated with the night-time economy in Cape Town central and surrounds. In this regard, a study is being planned to determine the potential direct and indirect economic outputs and job creation opportunities that the night-time economy offers. Depending on the results, including in terms of affordability, an action plan will be developed and implemented.

As the water challenges in Cape Town were given top priority over the past financial year, this project has been slightly delayed. However, going forward, the City will partner with the Central City Improvement District (CCID) and possibly also the Greater Tygerberg Partnership to first define the concept of a Cape Town night-time economy, and then explore whether any aspects of this are viable as potential pilot projects in the city centre and Bellville.

PARTNERSHIP DEVELOPMENT PROGRAMME

TRADE AND DEVELOPMENT PROJECT

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

BUSINESS ENGAGEMENT PROJECT

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

Unfortunately, due to drought-related budget reprioritisation in 2017/18, these initiatives had to be postponed. They will be reintroduced in 2018/19, if budgets permit. In the meantime, the City's Enterprise and Development Department continues to engage with business and deliver business-focused initiatives through a range of avenues.

Project Camissa, the City's economic intelligence research initiative, continued its work. More than 20 semi-structured, face-to-face interviews were undertaken with leading Cape Town companies and organisations in the identified priority industries, including a focus on water-related matters. The opportunities, challenges and strategic interventions identified by businesses are used to inform the City's business and economy-related activities.

LEVERAGING THE CITY'S ASSETS

PRIVATE SPONSORS PROJECT

The EMT has established a corporate social investment (CSI) and collaboration work group. This group is expected to facilitate cooperation with the private and philanthropic sector so as to build on the City's strategic priorities and mobilise resources for priority projects. This cooperation may take the form of CSI initiatives, or more flexible and innovative collaboration.

In 2017/18, the work group updated its terms of reference, which were subsequently submitted to the EMT for approval in May 2018. The terms of reference define the group's scope of work, namely to assist City departments in:

- examining the potential for CSI investment, public-private cooperation, community partnerships, volunteering and philanthropic activity in the City's current work;
- addressing mechanisms that hinder partnerships;

- considering examples of effective partnerships;
- examining mechanisms that might facilitate collaboration;
- considering the City's role in initiatives that might be driven through partner non-governmental organisations;
- acting as a "clearing house" for the acceptance and solicitation of contributions; and
- exploring mechanisms for the City and its staff to take part in externally initiated collaborations.

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

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

ASSET LEVERAGE PROJECT

The main aims of this project are to rationalise and optimise City assets to stimulate economic benefit for Cape Town and its people. A central asset and facilities management function is currently being established. Its key responsibilities will be property management, fleet management, facilities management, homeownership transfer, tenancy management and staff housing, as well as Cape Town Stadium and the Sea Point precinct.

The following table shows the progress and plans with regard to a number of key City assets:

Table 3: Upgrade of key City assets – progress and plans

Facility	2017/18	2018/19	2019/20-2020/21
City Hall	Refurbishment of the entire auditorium, including new flooring and finishes, new seating and new stage and backstage	Additional auditorium works will be completed. Upgrade of event spaces on the second floor	Upgrade of the third and first floors
Good Hope Centre	Phase 2 of the upgrade of the Auditorium Dome lights completed	No budget allocated	Upgrade of the roof and transformers
Grand Parade	Upgrade of the peripheral lighting of the Grand Parade to Musco lighting	Kiosks to be upgraded	Additional new upgrade to the Grand Parade and proposed integration with the City Hall
Athlone Stadium	Upgrade of the peripheral lighting at the west stand. Installation of a water management system, and phase 1 of the evacuation and sound system.	Kiosks to be upgraded	N/A – project completed

MAJOR CITY HALL RENOVATION COMPLETE

The City Hall auditorium refurbishment project commenced in December 2017 and was completed towards the end of the reporting year. The 113-year-old building required detailed upgrades to maintain its functionality. Safety was also a key motivating factor due to the age of the building. The repairs will ensure that the City Hall complies with the national safety regulations stipulated in the Safety at Sports and Recreational Events Act 2 of 2010.

Particular areas of focus included new seating, new floors and floor finishes, a brand-new mechanical ventilation system, a new public address and evacuation system, as well as general restoration of the mouldings, stage and backstage.

CAPE TOWN STADIUM NOW MANAGED BY A MUNICIPAL ENTITY

On 29 March 2017, Council resolved that a municipal entity should be established to manage and operate Cape Town Stadium. The entity, named Cape Town Stadium (RF) SOC Limited, has now been set up with the City as the sole shareholder. It commenced business operations on 1 February 2018. In terms of its memorandum of incorporation, the entity's main objectives are to manage and operate Cape Town Stadium and reduce the City's financial contribution to its operation.

The entity's 2018/19 business plan is aligned with the City's IDP and Economic Growth Strategy. It articulates the vision of achieving local and international recognition as a preferred major venue for the hosting of significant, financially sustainable, international, national and local sports, recreational, cultural and community events.

OBJECTIVE 1.2: **LEVERAGING TECHNOLOGY FOR PROGRESS**

KEY AIMS:

- Using digital technology to transform Cape Town into the most digital city in Africa
- Ensuring that Cape Town becomes the preferred destination for technology start-ups

DIGITAL CITY PROGRAMME

BROADBAND PROJECT

Through its broadband project, the City is building 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. A key component of the City's Digital City Strategy, it will enable a variety of access networks that the City will use for transport and traffic management, safety and security, public internet access using WiFi, disaster response, utility management and facilities management.

The 2017/18 period was the fourth year of this seven-year project. By the end of the reporting year, the City had altogether installed over 950 km of fibre-optic cables. These include fibre-optic cabling used to connect the City's buildings as well as bus stations, cameras and other infrastructure vital for service delivery. At least 33 further City buildings received broadband connectivity, bringing the total to 385. Dark fibre and metro-area backhaul services were provided to 16 internet service provider client buildings.

Once completed by 2021, the network will consist of 1 800 km of fibre-optic cables connecting over 800 City buildings and facilities. The network will support:

- the City's corporate network used for data and e-mail communications;
- internal City telephone calls and video services;
- specialised networks dedicated to particular City departments' needs;
- public WiFi and other public internet access services;
- network services for other government entities; and
- wholesale network services to be used by commercial telecommunications service providers.

During the 2017/18 period the City installed 60 new public WiFi locations and 251 new public WiFi access points.

LAST-MILE PROJECT

The City's last-mile project aims to:

- expand the availability, speed and reliability of telecommunications services available to its own departments, which will help improve service delivery;
- contain the costs of telecommunications services that the City directly incurs;
- contribute to Province's broadband project by using the City's infrastructure to connect several schools in the metro; and
- contribute to the economic development of the metro by providing telecommunications infrastructure services to commercial operators, who will then be able to expand broadband services to businesses and residents.

To this end, the City has been connecting its own buildings, including libraries and clinics, using optic fibre. Over the past year, the required last-mile connections to the metro-area network have increased in both number and variety. This has necessitated a change in approach by the City.

The Telecommunications Branch has therefore developed a range of different access networks to meet all the connectivity needs. These include the critical last mile to buildings and other facilities that need a fast, secure connection, such as cameras. Additional access networks that use various wireless technologies are at various stages of being developed and deployed, all of which connect to the metro-area network.

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

TECHNOLOGY INNOVATION PROJECT

The City is working on a local-area network (LAN) gaming initiative, introducing a social services IT modernisation initiative and improving its digital citizen interaction platforms.

The aim of the LAN gaming initiative is to introduce gaming to less-fortunate communities, thereby improving their IT skills, developing their cognitive skills, and creating awareness of gaming job opportunities. By the end of June 2018, the City had rolled out a further eight sites with LAN gaming equipment and connectivity. These sites also help discourage involvement in gangsterism and similar antisocial activities.

The purpose of the social services IT modernisation initiative, in turn, is to improve the way in which the City's Social Services Directorate delivers its services by implementing digital solutions and customer-centric technologies for maximum internal efficiency and customer satisfaction. This will be achieved through the following projects, all of which have now commenced:

- An integrated patient management system for the City's Health Department.
- An environmental health information management system for the City's Health Department.
- An online facility booking system for Recreation and Parks.
- An online ECD registration system for Social Development and ECD.

In terms of improving digital citizen interaction, the City is:

- enhancing the existing corporate call centre through interactive voice response technology to allow for all-hour interaction;
- introducing interactive contact sessions for digitally supported public meetings and simultaneous citizen participation at multiple venues;
- enhancing the digital call centre by integrating various business information systems;
- investing in existing City ICT; and
- making City data available to the public through the open data portal, in a useable format, at no charge, thereby increasing the administration's transparency and assisting innovation by entrepreneurs and organisations.

OPEN DATA PORTAL PROVING INVALUABLE

The City's open data portal – a first for an African city – increases transparency and accessibility of the administration's data. As the leading African city in open data, the City proved the value of its open data portal, using the data for tourism and water hackathons. These initiatives were not only aimed at empowering youth in the field of data literacy, but also at encouraging innovation and entrepreneurship. The portal was also updated with a new function that allows the spatial or visual representation of datasets to improve the overall user experience.

OBJECTIVE 1.3: **ECONOMIC INCLUSION**

KEY AIMS:

- Driving economic inclusion to improve citizens' quality of life and levels of self-determination
- Creating an enabling environment for economic growth

SKILLS INVESTMENT PROGRAMME

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

The City continues to collaborate with identified SPVs to facilitate skills training in sectors showing potential for growth. The focus is on skilling, re-skilling and upskilling target groups. The training programmes help address critical skills shortages and attract high-growth companies, which could in turn create jobs and help make Cape Town a globally competitive city.

In the year in review, the City-supported SPVs and Wesgro facilitated R4,1 billion in investment, which created nearly 5 000 job opportunities and assisted in the training of more than 2 490 people. These training interventions were facilitated in the ICT, BPO, renewable energy, craft and design, clothing and textiles as well as the fashion design industries. In ICT specifically, the City's investment facilitated 122 learnerships.

In addition, the City embarked on a workforce development project to support corporate and SME recruitment and selection processes, while improving residents' access to employment. The aim of the three-year programme is to reduce the number of discouraged work seekers by identifying, preparing and placing them in education and training programmes, and ultimately help them secure permanent work opportunities. This will be achieved through employer partnerships, which will ensure that the training is directly linked to corporate and SME talent needs. The project targets youth and those residing in high-density and traditionally marginalised areas. The aims are to assess 30 000 unemployed residents, provide work-readiness skills training to 6 000 programme participants, and subsequently place 4 050 candidates in various employment opportunities.

From implementation in December 2017 up until the end of June 2018:

- 295 people were placed in entry-level job opportunities;
- 7 161 unemployed residents were recruited and assessed;
- 1 502 unemployed residents were provided with work-readiness training;
- 23 job centres were opened; and
- contracts were concluded with 12 employers.

Job placement is expected to continue accelerating up until December 2018 to meet the target of 1 350 for the first year.

COMMITTED TO SKILLS DEVELOPMENT AND LEARNING

The City continues to invest in staff development and achieved a 95,42% spend on its training programmes in 2017/18.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP) JOB CREATION PROGRAMME

EPWP MAINSTREAMING PROJECT

Mainstreaming the EPWP is core to the City's goal of building sustainable communities. To this end, the City continues to invest in a training framework that uses innovative, labour-intensive methodologies tailored to create EPWP job opportunities as part of City projects. The aspect of training continues to be pivotal to skills development and employment. By linking training to high-growth sectors, the City consistently enables extensive economic inclusion.

In addition, the City has implemented its highly anticipated and high-impact flagship project for EPWP skills development. This includes:

- an artisan pilot initiative, in which 110 EPWP semi-skilled workers received 18-month training and supervision from Water and Sanitation;
- a work placement initiative, which entails a partnership between the City and formal employers in the hospitality industry and has seen EPWP skills training graduates in the City's youth development programme receiving work placement at various hospitality businesses for 18 months; and
- a facilities protection pilot initiative, which will train EPWP participants in facilities and asset protection as part of the auxiliary law enforcement officer programme.

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.

EPWP LOCALISED PROJECT

The City continues to localise EPWP programmes to ensure that its subcouncils can take part in creating labour-intensive community programmes that offer real benefits to local residents.

To this end, the job seeker database was strengthened and optimised, particularly with a view to centralising elements of it. The process is now under way to identify a pilot site to test this initiative.

During 2017/18 the City created 35 178 employment opportunities, bringing the total to 284 896 since 2012/13.

OBJECTIVE 1.4: **RESOURCE EFFICIENCY AND SECURITY**

KEY AIMS:

- Achieving an appropriate balance between economic development and the preservation of the natural environment
- Optimising natural assets, securing resources and creating a resource-efficient economy
- Institutionalising resilience in the City as well as Cape Town communities
- Exploring future proofing strategies to ensure resource efficiency in City systems and business models
- Promoting more resource-efficient goods, services and production processes

ENERGY-EFFICIENCY AND SUPPLY PROGRAMME

As Cape Town's population and economy grow, its energy demands are rapidly escalating. In response, the City has adopted the Cape Town Energy2040 goals as well as energy goals for 2020. Energy2040, which anticipates a more resilient, resource efficient and equitable future for Cape Town, commits the City to diversifying Cape Town's energy supply and reducing carbon emissions. This includes the stated aim of reducing carbon emissions by 37% by 2040.

As such, Energy2040 serves as a strategic decision-making tool for the future, and also informs the City's five-year energy and climate action planning. Programmes and projects in support of this include:

- the City's innovative electricity-savings campaign for commercial and residential sectors;

- enabling small-scale embedded generation (SSEG) through the City's approved SSEG rules and processes;
- energy-efficiency improvements and the introduction of renewables in municipal operations through retrofits, rooftop photovoltaic systems and energy management training;
- exploring the purchase of renewable energy directly from independent power producers, and the option of own generation;
- facilitating third-party access to the municipal grid to wheel green energy from renewable-energy generators to buyers in the municipal grid;
- investigating new, enabling technologies and fuel options of the future, including utility-scale storage and electric vehicles;
- a low-carbon new-build programme as part of the City's participation in the C40 South Africa Buildings Programme, which is aimed at implementing policies and programmes to achieve improved energy and resource efficiency and, ultimately, low and zero-carbon buildings;
- a strong focus on public transport, TOD, non-motorised transport and transport demand management; and
- waste-to-energy processes as well as waste minimisation initiatives.

COMMITTED TO AMBITIOUS CLIMATE ACTION

In 2017, the City signed up for the C40 Deadline 2020 Climate Action Planning Programme. In doing so, it has committed itself to adopting an ambitious, evidence-based climate action plan by 2020, and to accelerating its climate actions in line with the ambitions of the Paris Agreement.

The programme includes establishing a pathway towards carbon neutrality by 2050. For Cape Town, this means enhancing the City's existing Energy2040 goals and Energy and Climate Action Plan by 2020.

The City has therefore started working on priority measures and addressing the gap between the targets of the current Energy2040 and the goal of carbon neutrality by 2050.

WASTE-TO-ENERGY FEASIBILITY STUDY NEARING COMPLETION

Waste-to-energy (WTE) projects are being investigated as part of the City's Integrated Waste Management Strategy. The City has signed a grant agreement worth more than R12,7 million with the United States Trade and Development Agency for a study to assess the feasibility of a natural gas distribution network for the City. This partnership is a significant step towards achieving a greater mix of energy sources to offset the use of fossil fuels. The estimated completion date for the study is early 2019.

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

Landfill gas-to-energy projects depend on the volumes of gas available. The two current projects are being designed to each generate approximately 1 MW of energy. This could be used to lower the energy purchases by City operations such as its wastewater treatment facilities.

In preparation for electricity generation, systems for gas extraction and flaring have been established at the Coastal Park and Bellville South landfills, and a similar system is being developed at Vissershok South. These kinds of interventions are critical for moving Cape Town closer to being a sustainable city. Global warming is one of the key factors that drives climate variability – and, ultimately, climate change – the effects of which we are already feeling acutely in the Western Cape. 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.

INDEPENDENT POWER PRODUCERS PROJECT

The City recognises the need to diversify its electricity supply sources. One of the ways it can do this is by purchasing electricity directly from independent power producers (IPPs). However, government policy only allows these IPPs to sell electricity directly to Eskom.

The City is therefore challenging National Government in court for the right to purchase renewable energy directly from IPPs, and is also exploring the feasibility of building a number of small, City-owned renewable-energy generation plants. It is also developing a "wheeling" framework that will allow independent generators to sell electricity directly to consumers embedded in the City's electricity grid.

EMBEDDED GENERATION PROJECT

The City has laid the foundation for the growth of small-scale embedded generation (SSEG) in Cape Town by implementing SSEG tariffs. For the safety of businesses, homeowners, electricity personnel and grid infrastructure, all systems must be approved by the City through a registration process.

The City is supporting improvements in the photovoltaic (PV) industry through active engagement, promotion and the development of SSEG rules and standards. Many businesses and households have already started making use of this opportunity. Currently, over 190 residential and more than 90 commercial and industrial PV systems have been commissioned. This represents an embedded generation capacity of over 13 MVA. Another eight MVA is currently being planned.

Going forward, the City will try to increase SSEG installations by addressing existing barriers, such as the cost of smart meters and gaps in building wiring codes, which do not fully cover all aspects of grid-connected SSEG.

ENERGY EFFICIENCY PROJECT

The City is a major energy user, consuming 4% of the total electricity used in Cape Town. As such, it is committed to improving the management of energy use in all its municipal operations with the aim of improving resource efficiency, reducing its carbon footprint and saving money. From 2009 to 2016, the programme saved over 102 000 MWh, which translates to a financial saving of R180 million and a carbon saving of 101 000 tCO_2e (metric tonnes of carbon dioxide equivalent). Successes to date include the following:

- A total of 44 (77%) municipal corporate office complexes have been retrofitted with energy-efficient lighting. The City continues to explore opportunities to roll out retrofits across its portfolio of approximately 1 200 municipal facilities.
- A total of 563 kWp of rooftop PV systems have been installed on City buildings, with a further 842 kWp to be installed in 2018/19.
- All traffic lights and more than 15% of streetlights in Cape Town have been retrofitted with light-emitting diode (LED) lamps.
- Over 600 smart electricity meters have been installed, which has greatly improved the City's monitoring and management of electricity consumption.
- An integrated and automated resource data management system for City facilities, known as SmartFacility, is being developed. It will provide real-time electricity and water consumption data for City facilities to enable proactive resources monitoring and management.

SOLAR WATER HEATER PROGRAMME ACHIEVES MAJOR SAVINGS

The City's solar water heater programme promotes the installation of high-pressure residential solar water heaters, and is designed to improve the reliability and quality standards of these products and installations. The programme forms part of the City's electricity-saving campaign to reduce citywide consumption, alleviate the burden of electricity costs on households and the economy, cut CO_2 emissions, and improve energy security.

According to the last sample aerial count in early 2017, almost 52 000 solar water heaters had been installed in the Cape Town metro. These systems have contributed more than R1,1 billion to the local economy, are reducing electricity consumption by more than 148 GWh per year, and cutting carbon emissions by at least 151 000 t per year. Households are saving more than R320 million per year, which can be circulated back into the local economy. A full aerial count is scheduled for 2018/19. The City's electricity-saving website, www.savingelectricity.org.za, is being updated to include information on the residential PV programme.

In addition, the market for heat pumps – another highly efficient water-heating technology – is also growing. Collecting good data on the number of heat pump installations is challenging, however, as they are not visible in aerial counts.

SHARING KNOWLEDGE ON COMMERCIAL ENERGY EFFICIENCY

The Cape Town Energy, Water and Waste Forum promotes resource efficiency in commercial buildings and operations. Forum members are owners and managers of commercial buildings, energy-efficiency-related service providers, policymakers and other stakeholders who share practical knowledge and support. The forum usually meets three times a year, where members offer case studies and expert views, participate in panel discussions and are exposed to updates on financing options, innovation and training opportunities. To keep the learning alive between meetings, there is also an annual awards programme, marketplace events and site tours. Participation is free of charge, and there are currently over 1 300 members. In 2017, the forum also played a key role in promoting and enabling knowledge-sharing concerning water efficiency for businesses.

CITY MOVES TO DIVEST FROM FOSSIL FUELS

In July 2017, the City's Mayco approved an important amendment to the Cash Management and Investment Policy. The amendment prohibits future City investment in instruments, assets and activities that realise their value through the release of unmitigated high levels of CO_2. This is in line with the City's decision to divest from fossil-fuel assets and companies in favour of greener, cleaner investments for a more sustainable future.

CLIMATE CHANGE PROGRAMME

ADAPTING TO CLIMATE CHANGE PROJECT

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

Council approved a new Climate Change Policy in July 2017. This is the City's first dedicated policy in response to climate change and represents a new approach for the administration. Previously, climate change issues were considered as part of a more general environmental policy, or as part of other sector plans. However, the City has since recognised that climate change is such an important cross-cutting issue that it requires its own, dedicated policy approach. In addition to the environmental consequences of climate change, the policy also highlights the economic and social dimensions, and aims to work towards implementing responses to all of these.

Guided by this new policy, the City is ensuring that climate change adaptation is integrated with all relevant decision-making processes for all its line functions. Based on the findings of the research project "Climate change hazard, vulnerability and risk assessment for the City", the City will implement the required adaptations, and also include them in an integrated City Climate Change Adaptation Action Plan.

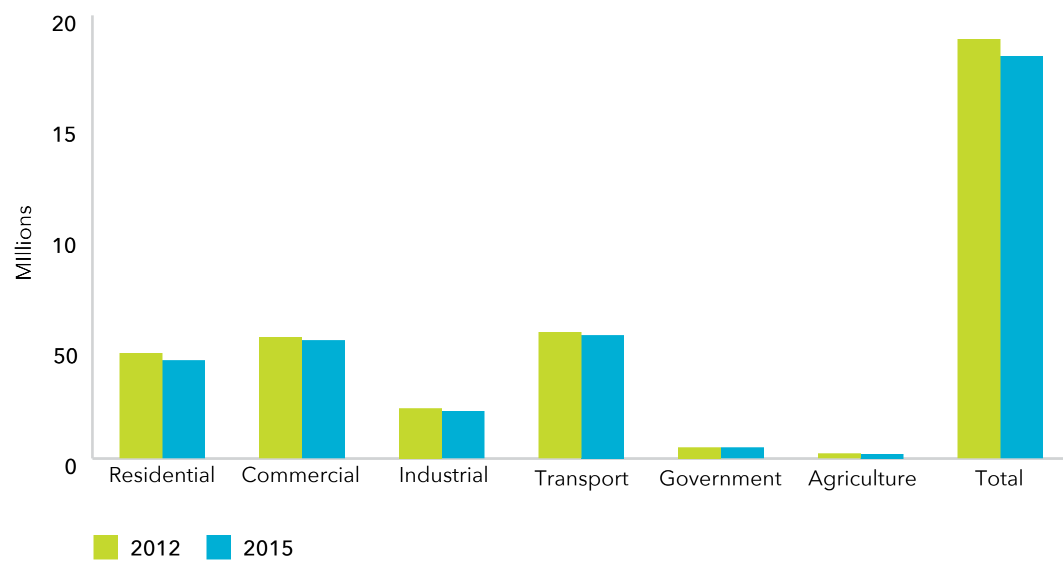
CLIMATE CHANGE MITIGATION PROJECT

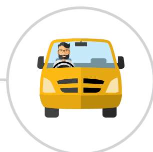
The City is working to reduce Cape Town's carbon footprint and to contribute substantially to the global reduction of greenhouse gas emissions. Cape Town currently measures its carbon footprint every year, with in-depth updates carried out every five years, and high-level updates every year in between.

The City reports its emissions according to the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories (GPC) to ensure that its methodology is consistent with global best practice, and that its data and assumptions are accurate. As key data sourced from National Government only becomes available some 18 months after the calendar year reported on, there is an approximate two-year lag.

Nevertheless, as reported to the Carbon Disclosure Project, the most recent inventory based on 2015 data amounted to 21 233 880 tCO_2e. Compared to the 2012 figure of 21 914 762 tCO_2e, therefore, emissions decreased by 3,1%. Increased energy efficiency in the residential and commercial sectors is significantly contributing to this reduction.

Figure 10: Carbon emissions by sector in Cape Town, 2012-2015





Further attesting to the City's commitment to accelerated climate action is its signing up for the C40 Deadline 2020 Climate Action Planning and the C40 South Africa Buildings programmes. These respectively commit the City to developing a pathway to deliver carbon neutrality by 2050, and carbon-neutral new builds by 2030. Launched in 2018, each programme includes support in the form of expert technical assistance, capacity-building and an embedded technical officer for three years to provide coordinating and technical support to participating cities. Four South African cities – Cape Town, Johannesburg, Tshwane and eThekwini – have made this bold commitment and are working towards the same target.

In an innovative step to fund its climate projects, the City issued a green bond in July 2017. The bond was listed on the Johannesburg Stock Exchange green bond segment and accredited by the Climate Bonds

Initiative. In addition, international ratings agency Moody's awarded it a GB 1 rating. This means that the ratings agency was sufficiently impressed with the green credentials and controls of the bond to label it as "excellent". It was subsequently named as Environmental Finance's green bond of the year for a local authority. The facility quickly raised R1 billion to partially fund the following projects on the City's capital programme:

Table 4: Climate projects partially funded by the City's green bond

Project name	Proceeds allocated
Upgrade to reservoirs citywide	R4 630 825
Pressure management: Zone metering and valves	R14 694 307
Treated effluent: Reuse and infrastructure upgrades	R44 350 768
Water meter replacement and conservation programme	R830 816 752
Replacement and upgrade of sewage pump station	R4 431 377
Sir Lowry's Pass River upgrade scheme	R22 114 284
Coastal structures rehabilitation	R19 001 782
Replace and upgrade sewer and water supply network citywide	R59 959 905
TOTAL	**1 000 000 000**

These projects have remained viable over the reporting period and continue to deliver their climate benefit to the City through either adaptation or mitigation effects. For more details, consult the external finance report at www.capetown.gov.za.

MITIGATING FLOOD RISKS

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

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

These projects are underway, with large dedicated budgets set aside to achieve the targeted outcomes. Other projects, such as "Transitioning to a water-sensitive city" along with Province, will commence in 2018/19.

INTEGRATED COASTAL MANAGEMENT PROJECTS

To manage Cape Town's coastline and optimise the economic and livelihood opportunities it presents, the City is working on a coastal management by-law. A coastal spatial and economic development framework was also prepared, and was sent for consultation with stakeholders in 2016/17. The framework supports the management of the city's coastline and coastal processes, promotes the coast as a public and social asset, and encourages appropriate climate change adaptation and resilience planning along the coast. The by-law and framework are in addition to the City's existing Integrated Coastal Management Programme, which it adopted in 2015 to address the risk of a potential sea level rise as well as more frequent, more intense storm events.

Furthermore, several key projects are currently underway to better understand coastal risk due to climate change. These include a multidisciplinary study on property at risk, which has recently been concluded. The Coastal Management Branch will also be establishing a forum to promote collaborative problem-solving among all those exposed to coastal erosion and storm surges, being a complex and escalating issue in Cape Town.

BIODIVERSITY MANAGEMENT PROJECT

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

- *The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act.* Of the 16 City nature reserves, 14 have been notarised. Nine of these have been published in the Provincial Gazette, and the publishing of the remaining five is imminent. The last two, Durbanville and Harmony Flats, already have adequate status.
- *Meeting the Integrated Metropolitan Environmental Policy (IMEP) target of conserving 60% of the BioNet.* Having met this target in December 2014, the City's IDP now reflects a new target of conserving 65% by 2022. To date, 64,8% of the BioNet is protected.
- *Ongoing roll-out of environmental education and outreach programmes.* This is aimed at promoting environmental awareness and encouraging the public to access nature reserves. The reporting period saw more than 34 950 learners from 531 schools attending environmental education programmes. Additionally, more than 22 800 residents were reached through events and exhibitions. This brings the grand total of individuals reached in 2016/17 to over 71 200. Altogether 412 885 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. The next phase of the skills development programme in partnership with Cape Town Environmental Education Trust was also initiated with an intake of 67 students.
- *Ensuring continued management of existing conserved areas to enhance benefits to the community.* In the year in review, the City's 11 protected-area advisory committees (PAACs) continued their work to ensure that local communities take part in the management of the City's nature reserves. As it has been three years since these PAACs were established, representatives now need to be re-elected. Public calls for nominations were issued in June 2018.

- *Creating a viable ecological link between Dassenberg Hills and the coast as part of the Dassenberg Coastal Catchment Partnership (DCCP).* The DCCP is an ongoing initiative of the City, CapeNature, the Worldwide Fund for Nature (WWF), the Wilderness Foundation, the Cape West Coast Biosphere, SANParks, Province's Department of Environmental Affairs and Development Planning, and the South African National Biodiversity Institute (SANBI). The project receives international funding from the Global Environment Facility's cycle 5, and will also host the envisaged new Cape Town Water Fund. The City has also constructed a multipurpose centre at the entrance to the nearby Witzands dunes to facilitate recreational access.
- *Facilitating development as part of the Atlantis industrial incentive scheme.* This includes a land-banking component, which means that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity to development in the urban edge and Atlantis industrial area. The conservation land bank has been completed, with enough land secured to facilitate the development of all the vegetation remnants in the Atlantis industrial and residential areas. Additional land is however required to make the conservation area more viable and ensure effective climate change mitigation and adaptation.
- *Leading the development of the metro southeast Strandveld conservation implementation plan (CIP).* This development is being undertaken in collaboration with external conservation partners such as CapeNature, Province's Department of Environmental Affairs and Development Planning and SANBI. To date, the CIP has identified biodiversity areas that will serve to offset development for City housing projects such as Busasa and Mfuleni. The operating and capital budgets needed for the implementation of the CIP are being allocated, resources have been approved, and staff are being appointed.
- *Facilitating the WWF's acquisition of 100 ha of Joostenberg for conservation.* The Joostenberg property conserves many threatened species, including the only remaining population of *Protea odorata*. Funds have now been secured for the acquisition of the land, which the City will manage on behalf of WWF-SA.
- *Effective nature reserve management for long-term conservation success and climate change adaptation.* The end of 2017 marked ten years of nature reserve data monitoring by the City. This presented a good opportunity to analyse trends in order to improve management, public access and the benefits for the local communities living nearby. The analysis is under way. Further critical measures implemented in the past financial year included four successful ecological burns at Tygerberg and Rondevlei reserves, habitat condition mapping, and the prioritisation of habitat restoration.
- *Strengthening the baboon programme.* Baboon troops in the peninsula are successfully kept away from urban areas. This has reduced conflict between the animals and residents, and has ensured a safer environment for the public, as well as a healthier baboon population.

INVASIVE SPECIES MANAGEMENT PROJECT

In line with the regulations of the National Environmental Management: Biodiversity Act 10 of 2004, the City's invasive species management project is being rolled out on all City-owned land. This involves the identification, control and management of invasive species. At the same time, green job opportunities are created through labour-intensive control methods and associated tasks. To date, workload assessments have been concluded on all City-owned land and a three-year tender is in place for the control of invasive aliens. Funds for the three-year programme were secured from National Government's natural resource management programme.

The City's IMEP invasive alien species targets for aquatic systems and early detection were met by 2014, and new targets are now being approved. The population of invasive alien house crows has been reduced to fewer than 300, which is a significant achievement. The City's invasive species management programme is also a significant employment creator. In the past year, 3 244 job opportunities and 328 full-time job equivalents were created. This exceeds the annual target of 1 900.

Moreover, in terms of maintaining the invasive-species clearing programme, the City has submitted 11 of its 16 control plans. Of the remaining five, three are currently being reviewed, and two have outstanding data because of additional management units that were added to the nature reserves.

REMOVAL OF ALIEN VEGETATION AT WEMMERSHOEK DAM HELPS CITY SAVE WATER

Alien vegetation around dams and catchment areas consumes huge volumes of water and limits inflow and vital collection of this precious resource. For this reason, the City recently undertook a significant alien vegetation removal project in the catchment area of Wemmershoek Dam.

Over 50 ha of pine trees were removed from a plantation used for commercial and industrial purposes. The remaining 110 ha will be cleared over the next year. Removing these plantations will improve stream flow into the dam and could secure extra water supply for the City thanks to a saving of approximately one million litres per day.

The City is also engaging with neighbouring landowners to ensure that the catchment area outside the dam's boundaries stays free of alien vegetation.

GREEN INFRASTRUCTURE PROJECT

Work has commenced to prepare a green infrastructure plan for Cape Town. This will serve as a planning and management tool for natural open spaces and natural systems in Cape Town, including nature reserves and the BioNet, parks, public open space, rivers, wetlands and the coast. The plan will include a methodology to map the potential supply-and-demand areas for ecosystem services provided by natural assets and green open spaces.

At the same time, work is underway to develop tools and guidelines that will help the City protect and enhance Cape Town's green infrastructure.

WASTE MINIMISATION AND RECYCLING PROJECT

The City is currently planning and designing two material recovery facilities to increase its capacity to implement waste separation at source. The Coastal Park facility is in the detailed design phase, while planning of the Athlone facility is far advanced. The reporting year also saw the City opening two additional drop-off sites to the public at Faure and Swartklip. Further drop-off sites are at various stages of planning and construction, including facilities in Prince George Drive, Kensington and Netreg.

The City's Think Twice kerbside recycling programme is now offered to over 170 000 households across Cape Town and diverts over ±20 000 t of recyclables from landfill every year. The City plans to expand this programme in the years ahead. Diversion of recyclables from landfills also takes place at 19 drop-off sites across Cape Town. In another recycling initiative, the City has partnered with the not-for-profit industry body Polyco to pilot a mobile buy-back centre concept named PACKA-CHING in lower-income areas. The initiative is testing the viability of paying residents advertised prices per recyclable material type. Payments are received on a KilorandsTM gift card.

With this cashless card system, users receive their money in real time and can use the card at any store accepting MasterCard. PACKA-CHING was successfully piloted in Langa in the year in review, and discussions about further expansion are underway.

Garden waste is currently chipped at 13 drop-off or landfill facilities across town, and is subsequently used for the production of compost. Through this programme, over 150 000 t of organic waste were diverted from landfill in 2017/18. To complement this, the City distributed 5 259 free composting containers to residents in the reporting period to enable them to compost their organic food waste at home.

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

ALMOST A QUARTER OF CAPE TOWN'S WASTE DIVERTED FROM LANDFILL SITES

The City of Cape Town is continuously working to reduce the amount of waste that ends up being illegally dumped or deposited in landfills. Over the past six years, the City's waste minimisation initiatives have helped to steadily increase the percentage of waste diverted away from landfills from 12,3% in 2011/12 to 21,3% in 2016/17.

For the 2018/19 financial year, the City has set aside approximately R118,7 million for initiatives to minimise waste going to landfill sites, including recycling and composting.

One of the City's aims is to be a world-class, clean and resource-efficient city which protects its natural environment and enables a more prosperous future. As such, a number of interventions are in place to reduce illegally dumped waste and also to divert as much waste as possible from landfill sites. This may include recycling, composting or, as a last resort, safe landfilling of the waste.

CITY RESILIENCE PROGRAMME

Urban resilience is the ability of individuals, communities, institutions, businesses and systems in a city to overcome, adapt and grow, no matter what stresses and shocks they experience.

INTEGRATED RESILIENCE PROJECT

In 2016, the City was selected as a member of the 100 Resilient Cities initiative, which is dedicated to building resilience in cities globally. In 2017/18, the City established its Resilience Department, which immediately set to work developing Cape Town's resilience strategy. The first stage of this process was the completion of a preliminary resilience assessment (PRA) for Cape Town. This involved extensive engagement, including a mass community survey and a number of focus groups with thematic experts. The PRA has identified potential shocks and stresses, and established a number of areas that require attention in the final strategy. The resilience strategy will be completed in the year ahead.

The Resilience Department also completed the city resilience index for Cape Town. This serves as a benchmark of resilience and includes both quantitative and qualitative data points. The index is expected to be updated periodically to assess Cape Town's progress or regress against specific resilience indicators.

STRATEGIC FOCUS AREA 2:

SAFE CITY

THE **SAFE CITY** AIMS TO CREATE AN ENVIRONMENT WHERE CITIZENS FEEL SAFE. THIS GOES BEYOND POLICING, THOUGH. IT ALSO INCLUDES DISASTER AND RISK MANAGEMENT, RESCUE SERVICES AS WELL AS TRAFFIC AND BY-LAW ENFORCEMENT TO ADDRESS SAFETY AS A WELL-ROUNDED CONCEPT, ALONG WITH CONSIDERING SOCIAL FACTORS.

Objectives	Programmes
Objective 2.1: Safe communities	Safety technology programme Holistic crime prevention programme Policing service programme Neighbourhood safety programme Safety volunteer programme Municipal police independence programme

KEY SAFE CITY ACHIEVEMENTS IN 2017/18

- Expanded CCTV footprint to **624** cameras, being the largest public-area surveillance agency in Africa, and the only in Southern Africa that covers residential areas, informal settlements and city centres
- The City's EPIC (emergency policing and incident command) Project is a **first for South Africa**. This is an integrated communication platform designed to ensure that all City safety and security departments function optimally and provide quality services to Cape Town's residents and visitors
- The City has expanded the safe schools project and to date **136** school resource officers are deployed at various schools, **40** of whom are permanently appointed learner law enforcement officers, while **96** are employed as part of the EPWP

OBJECTIVE 2.1: **SAFE COMMUNITIES**

KEY AIMS:

- Keeping the community safe and improving their sense of personal safety in public spaces
- Changing perceptions of Cape Town as a violent and dangerous space
- Using technology to strengthen policing and reduce crime

SAFETY TECHNOLOGY PROGRAMME

SPATIAL CRIME MAPPING PROJECT

Project EPIC (emergency policing and incident command) is an integrated communication platform designed to ensure that all City safety and security departments function optimally and provide quality services to Cape Town's residents and visitors. This revolutionary system helps call-takers identify the location and status of available responders, and then dispatch those closest to the emergency along the best route. EPIC provides real-time feedback on the status of an emergency, helps the City improve service delivery, and assists with effective resource management. This is a first for South Africa and attests to the City's commitment to ensuring a safer city for all.

Moreover, the City's CCTV network is now the largest public-area surveillance agency in Africa, and the only in Southern Africa that covers residential areas, informal settlements as well as city centres. The City continues to expand this network with funding from the Safety and Security Directorate as well as allocations from the budgets of ward councillors and development grant funding. CCTV network expansion takes place according to a preapproved master plan. In the year in review, expansion efforts mainly focused on Kewtown, Gatesville, Goodwood, Parow and Kraaifontein. Various smaller installations were also undertaken with ward funding in Bokmakierie, Durbanville and Kraaifontein, and upgrades were done to cameras in Bishop Lavis. The City's CCTV footprint now stands at 624 cameras.

Gunshot detection technology continues to support the fight against gun violence and gangsterism. The ShotSpotter technology provides real-time gunshot detection, also specifying the exact location where the shot was fired. This is then conveyed to law enforcement agencies and emergency services for an immediate response. The technology also reveals details such as the number of shooters and the number of shots fired, which can be used as evidence when prosecuting offenders. In 2017/18, the system detected some 2 713 incidents, with a total of 7 865 shots fired. Unfortunately, this represents a significant increase in gunfire, particularly in Hanover Park and Manenberg.

Table 5: Total gunshot incidents in ShotSpotter areas, 2017/18

Suburb	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
Hanover	91	147	136	212	68	18	15	17	35	133	110	70
Manenberg	77	279	408	475	52	25	32	52	40	401	130	29
GRAND TOTAL	**168**	**426**	**544**	**687**	**120**	**43**	**47**	**69**	**75**	**534**	**240**	**99**

Continuously looking to innovate, the City's Strategic Surveillance Unit started combining CCTV and ShotSpotter to maximise effectiveness. Once ShotSpotter has provided the coordinates for shooting incidents, these are fed into the CCTV system. This, in turn, allows cameras in the vicinity to zero in on the scene. With the increased use of CCTV as an additional intelligence-gathering tool to help identify shooters, the expectation is that the South African Police Service (SAPS) would be able to use the footage to track down suspects and raise the odds of successful convictions.

Also in the past year, the City's Public Emergency Communication Centre (PECC) moved into its new, state-of-the-art premises in Goodwood. The PECC is home to 68 highly trained emergency communicators working in shifts. From January to March 2018 alone, the PECC fielded 137 369 calls. Most callers seek medical assistance, with requests for assistance with law enforcement matters in second place. The call-takers are also able to reroute calls to external agencies, such as the Metro Emergency Medical Services and SAPS. The cutting-edge Goodwood facility features the latest technology, courtesy of the EPIC system.

REMOTELY PILOTED AIRCRAFT SYSTEMS PROJECT

The City's Metro Police has procured two high-end remotely piloted aircraft system (RPAS) devices, and two officers are undergoing training to obtain their RPAS pilot licences. The City is also busy acquiring the required licence for it to operate the aircraft. RPAS technology allows the gathering of strategic information and provides operational support to a number of City directorates. This includes surveillance in support of firefighting, disaster risk management and policing, the geographic information systems (GIS) mapping of structures and land masses, and creative photography and videography for use on multi-media communication platforms.

HOLISTIC CRIME PREVENTION PROGRAMME

DEVELOPMENT OF SAFETY PLANS PROJECT

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

EARLY CHILDHOOD DEVELOPMENT (ECD) INFORMAL SETTLEMENT SAFETY PROJECT

The City assists ECD providers in informal settlements to comply with safety regulations, including safety audits. In the past year, ECD awareness drives took place throughout Cape Town, monthly ECD forum meetings were held, and City officials made regular visits to a number of providers. Fire extinguishers, mattresses and educational materials were handed out, and carers received training in the national curriculum framework to help them adhere to norms and standards. In addition, ECD providers were referred to other relevant City departments, divisions of Province and non-governmental organisations for assistance with registration. Follow-up visits will be conducted in the year ahead.

YOUTH CADET PROJECT

The City's Metro Police youth cadet programme is open to learners from schools across town to enhance their leadership skills and promote pro-social values, so that they will be able to make valuable contributions at school and in their communities. Cadets are eligible to wear the uniform, go out on public duty (under supervision) and receive membership award certificates. Since inception in 2003, nearly 200 cadets have been recruited and exposed to learning modules in professional conduct, navigation, agriculture, communication, community work, first aid, arts and culture, and physical fitness.

In the next chapter of the programme, a first group of 11 cadets will receive workplace skills training for 18 months. The programme includes practical work components that will see the cadets deployed to Law Enforcement's neighbourhood safety teams, serving as coaches for newcomer youth cadets, and working with instructors to implement the physical fitness baseline assessment in the Safety and Security Directorate. This is aimed at improving the employability of the cadets, who may want to apply for positions in Safety and Security or elsewhere.

POLICING SERVICE PROGRAMME

24-HOUR LAW ENFORCEMENT PROJECT

This programme aims to implement an integrated policing model that makes Law Enforcement and Traffic Services accessible to the public 24 hours a day. As funds had to be diverted to the City's water augmentation programmes, the initiative could unfortunately not be rolled out as planned in the year in review. However, it is hoped that funding will become available for its implementation in the year ahead.

STAFF CAPACITY PROJECT

Safety and Security deployed 198 additional law enforcement officers in terms of the externally funded policing programme in the period in review. The policy governing the programme has also been reviewed, which will enhance the Directorate's service delivery capacity.

STAFF TRAINING PROJECT

The City continuously explores the introduction of new specialised training opportunities for its safety and security staff to improve service delivery capacity in an increasingly challenging environment.

In this regard, City staff benefited from a marine crime investigations course presented by the United States National Criminal Intelligence Service (NCIS) (September 2017), a course for exclusive economic zone protection officers presented by the United States Customs and Border Protection Agency (October 2017), a course on organised-crime prosecutions presented by the National Prosecuting Authority (November 2017), and a crime scene management course (March 2018).

MUNICIPAL COURTS PROJECT

The City has committed to relocating four of its 11 municipal courts to improve community access and service delivery. In the year in review, two of the four courts, namely Mitchells Plain and Cape Town municipal courts, were relocated to new premises. Both have been declared places of sitting in the Government Gazette and are fully operational. The other two courts identified for relocation are Wynberg and Blue Downs. Their relocation has however been postponed due to funding reallocation to water crisis projects.

In addition, another two prosecutors, two team leaders, two interpreters and a senior interpreter were appointed and deployed to various of the City's courts.

NEIGHBOURHOOD SAFETY PROGRAMME

NEIGHBOURHOOD POLICING PROJECT

Neighbourhood policing allows for the deployment of dedicated police officials as safety coordinators and problem-solvers in specific neighbourhoods. These safety officials are mandated to identify problems that may lead to crime and disorder, work closely with communities, and develop and implement solutions.

The City's neighbourhood safety team (NST) initiative is an integrated intervention that will be sustained for at least three years in line with the City's goal of creating safe communities. The City's first NST was deployed in Delft in December 2017. Two safety officials per school were deployed at 22 schools in the area. Despite some resistance, the safety officers have fostered positive relationships with most of the learners at these schools. The officers receive ongoing guidance and in-service training. Metro Police representatives have also been deployed to other areas of Delft and are working with the community and City line departments to address illegal dumping, sewerage challenges, graffiti, open spaces security, and youth at risk.

The Delft NST law enforcement leg is delivering consistently positive results in terms of combating crime. It works closely with specialised units in the Safety and Security Directorate as well as SAPS. A community survey is planned in the year ahead to gauge and quantify the positive impacts more accurately.

The City has now identified another ten policing precincts with high crime rates where the NST roll-out will continue going forward. Between 90 and 120 personnel will be deployed in each precinct up until 2022. The aim is to expand the existing enforcement interventions, while enhancing the City's social investments through social development projects.

While this is a City initiative, it is carried out in close collaboration with a range of partners, including SAPS, Province and the local community policing forum, all of whom have a shared vision and a common goal of driving down the crime rate.

NEIGHBOURHOOD WATCH SUPPORT PROJECT

The City has signed a memorandum of agreement with Province's Department of Community Safety in terms of which the City will support neighbourhood watches that have received full accreditation in terms of the Western Cape Community Safety Act, 2013.

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

The City continues to expand its radio communications network for neighbourhood watches and has issued 1 100 radios to these organisations to date. This included the installation of radio repeaters and base stations at certain neighbourhood watch control rooms. Staff members have also been deployed at the Metro Police control room to maintain direct communication between the City and the neighbourhood watches. The network will be expanded in future to include all accredited neighbourhood watches in Cape Town.

The training course in community-orientated crime prevention has been refined, and an additional four community safety liaison officers have been appointed with a view to expanding the City's neighbourhood watch training initiatives.

SAFE SCHOOLS PROJECT

For the safe schools project, specially trained law enforcement or metro police officers are deployed to identified schools with the aim of reducing and preventing violence and crime.

In 2017/18, the City expanded the project and provided school resource officers (SROs) to 53 schools. In addition, a school resource officer response team was established to provide added support to schools and offer escort services to the Emergency Medical Services teams in the Lavender Hill and Steenberg areas.

To date, the City has deployed 136 SROs, 40 of whom are permanently appointed learner law enforcement officers, while 96 are employed as part of the EPWP.

BYLAW EDUCATION AND AWARENESS PROJECT

This project aims to increase awareness of City bylaws among residents of Cape Town, thereby reducing the levels of contravention of these laws and allowing law enforcement staff to focus on more serious offences. Unfortunately, due to the repurposing of budgets to ensure water resilience, no funding was available for this project in the year in review. Yet City staff continued to conduct various awareness programmes. A total of 29 exhibitions were hosted at various locations by the Marine and Environmental Law Enforcement Unit. These exhibitions not only created awareness of the City's by-laws, but also promoted water safety.

The establishment of a dedicated by-law education unit appears unlikely in the year ahead, but community outreach and education will continue through existing agencies and units.

ENSURING ADEQUATE LIGHTING IN HIGH CRIME AREAS

The City is working to increase the effectiveness of lighting along major access corridors in identified high-crime areas where existing lighting is inadequate. An in-situ assessment of the viability of high-mast LED installations is under way, and a high-mast installation has been completed at an identified test site. The in-situ assessment will continue for six months, after which a decision will be taken as to the effectiveness of the new technology.

If the City is satisfied with the assessment, the new LED technology will be rolled out as standard on high-mast installations. All conventional lighting will then be replaced with LED technology over time.

SAFETY VOLUNTEER PROGRAMME

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

The City seeks to recruit 30 volunteers per year up until 2022 to bolster its volunteer corps. These volunteers will be trained in first aid, basic ambulance operation, resuscitation, duty as traffic pointsmen, basic firefighting, community-based risk assessment and teambuilding.

FIRE AND RESCUE VOLUNTEER PROJECT: EXPANDING THE CITY'S VOLUNTEER FIREFIGHTER CAPACITY

To bolster its firefighting capacity, the City has set itself the goal of recruiting, training and deploying an additional 20 volunteer firefighters per year up until 2022. With budgetary constraints due to water security prioritisation, this project got off to a slow start, and only one volunteer was recruited in 2017/18. The project will be reprioritised as funding becomes available.

MUNICIPAL POLICE INDEPENDENCE PROGRAMME

The City is committed to maintaining the independence of its policing services to keep residents and visitors safe. To this end, current legislative and institutional arrangements in terms of safety and security should be maintained. The City continues to communicate this position to Cape Town citizens to secure their support, and remains ready to defend this stance should National Government attempt to take over City policing departments.

STRATEGIC FOCUS AREA 3:

CARING CITY

THE **CARING CITY** IS ABOUT LOOKING AFTER THE PEOPLE OF CAPE TOWN, ESPECIALLY THOSE MOST IN NEED OF ASSISTANCE, TO ENSURE THAT THE CITY IS WELCOMING TO ALL PEOPLE, AND THAT RESIDENTS FEEL AT HOME.

Objective	Programme
Objective 3.1: Excellence in basic service delivery	Excellence in service delivery Social services facility provision Housing programme
Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Basic service delivery programme Human settlements programme

KEY CARING CITY ACHIEVEMENTS IN 2017/18

- Created **46 990** housing opportunities since 2012/13
- Provided **912** new water service points (taps) to informal settlements, bringing the total to **5 340** since 2012/13
- Provided **4 275** new sanitation service points (toilets) to informal settlements, bringing the total to **22 726** since 2012/13
- Installed **1 774** subsidised electricity connections, bringing the total to **18 616** since 2012/13
- Installed **408** new water and sanitation service points (toilet and tap with hand basin) for backyarders
- **17 767 620 kℓ** of treated effluent were re-used. This is close to an average of **50 Mℓ** of water per day for the year
- Altogether **22 998 m** of sewer mains were replaced and **22,86 km** of new sewer mains installed

OBJECTIVE 3.1: **EXCELLENCE IN BASIC SERVICE DELIVERY**

KEY AIMS:

- Excelling in the delivery of basic services so as to improve living conditions
- Meeting the needs of citizens through well-coordinated public management and excellent customer service
- Promoting individual health and community welfare as a holistic commitment

EXCELLENCE IN SERVICE DELIVERY

WATER PROJECT

Water demand management

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

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

A growing portion of used water treated at wastewater treatment works is reticulated via a separate pipeline network to be reused for sports fields and agricultural irrigation, as well as in industries (in other words, not for drinking purposes). In the past year, 17 767 620 kℓ of treated effluent were used in this way. This is close to an average of 50 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 2017/18, the total treated effluent network spanned 275 km. The network is constantly being extended to new areas and users. In terms of expansions, 6,5 km of treated effluent pipeline is under construction in Athlone, 4 km in Macassar and 1 km in Blaauwberg Upon completion, an estimated 4 Mℓ of treated water per day will be supplied to further offset potable water use. Other extensions in the near future will include Bellville.

Treated effluent has also been made more accessible via standpipes at various locations. A total of 32 draw-off points were constructed. These allow customers without direct network access to collect this discounted water. The City is also looking at evolving the use of treated effluent for toilet-flushing via a separate system at certain key points. City of Cape Town TDA and certain sanitation depots have been issued with unique treated effluent standpipes, enabling them to collect treated effluent from the recently constructed draw-off points for stormwater and sewer pipes flushing. This has resulted in major savings, as the depots were making use of potable water in the past. 39 standpipes were issued to date.

In addition, the City is working to make more use of the significant excess flow that some of the streams and springs in Cape Town offer. Certain high-yielding springs can be used for irrigation of sports fields, parks and larger-scale gardens. Spring water is currently used for irrigation at Cape Town Stadium and surrounds, as well as sections of the Company's Garden. Using this water for irrigation or industrial processes helps alleviate some of the pressure on the City's potable water reserves. In 2017/18, two additional spring projects were commissioned, namely the Molteno Reservoir spring-water project and the Newlands pool public distribution point project.

Pressure management projects are working well to reduce system water losses, pipe bursts and internal leaks, as well as to prolong the reticulation lifespan. In addition, the City replaced 39 km of water piping (at an average cost of R1,2 million/km) and 23 km sewer piping (R2,1 million/km). Since 2013/14, a total of 203,2 km of water piping and 128,7 km of sewer piping has been replaced. By replacing old pipes, water losses are prevented, as older pipes are prone to bursts or leaks.

Water augmentation scheme

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

In a mere four months, the City's water augmentation programme achieved what would have normally taken two years in terms of project development and progress. The programme aimed to make available close to 100 million litres of additional water per day by December 2018, and to increase this to over 150 million litres per day by April 2019.

While temporary water augmentation projects make a small contribution to meeting the City's daily water requirements, the most effective tool to manage water in a water-constrained environment is to steadily continue to reduce consumer demand and usage.

The resilience programme, which took effect in May 2017, has evolved considerably over the past year. Substantial changes to the initial programme from December 2017 to March 2018 have culminated in the new water programme.

For the City's progress with bringing additional non-surface water online, as well as future projects as part of the City's new water plan, consult the Thinkwater webpage.

Bulk sewers

Ongoing densification and the roll-out of TOD will place the City's bulk sewers under increasing pressure. Therefore, these will have to be replaced and rehabilitated systematically.

Some of the main projects under way include the Cape Flats bulk sewer 1 and 2 (R251 million budget for 2017/18–2020/21) as well as the Philippi collector sewer (R165 million budget for 2017/18–2020/21). In 2017/18, the design for the Cape Flats bulk sewers was completed and the construction tender is scheduled to be advertised by November 2018. The aim is to increase the system capacity and reliability for at least the next 50 years. In terms of the Philippi collector sewer, investigations into the condition of the existing pipeline, the rehabilitation options and the capacity requirements are being completed. Construction is planned to start in the second half of 2019.

Sewer network

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

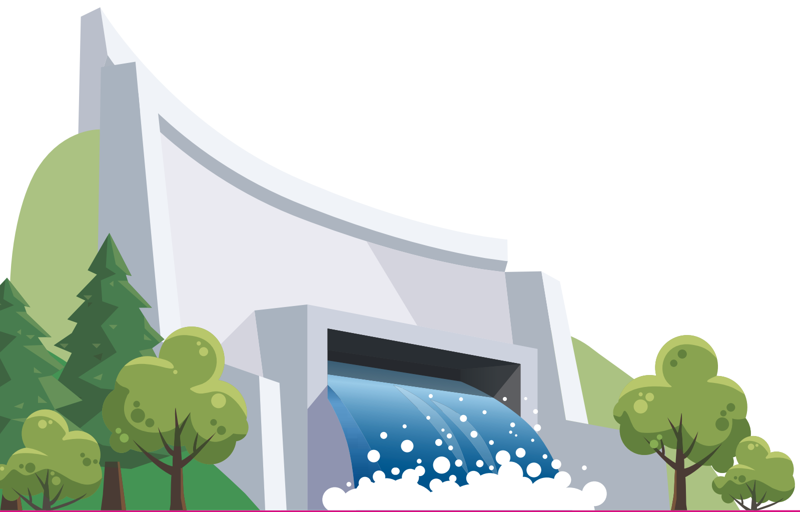
- Sewer blockage programmes to raise public awareness on preventing and reporting blockages and overflows were conducted in Khayelitsha, Strand, Fisantekraal, Langa, Mitchells Plain, Philippi and Kuils River.
- As part of the stormwater ingress programme, door-to-door inspections were conducted and smoke detection was used in Mowbray, Observatory, Salt River, Goodwood, Plattekloof, Panorama, Newlands, Bishop's Court,

Plattekloof Glen, Claremont and Rondebosch. These inspections covered a total of 279 km of sewer lines.

- A total of 31 km of sewer lines were inspected with CCTV technology, including areas of Mowbray, Observatory, Salt River, Plattekloof and Rondebosch.
- Altogether 22 998 m of sewer mains were replaced and 22,86 km of new sewer mains installed.

WATER AND SANITATION SERVICES

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



12
WATER TREATMENT PLANTS

10 699 km
MAIN WATER RETICULATION NETWORK

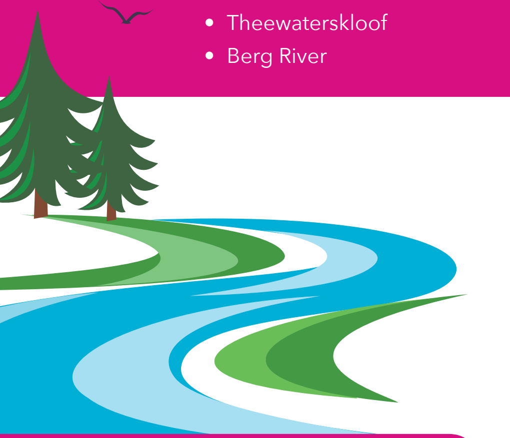
86
WATER PUMP STATIONS

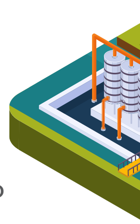
129
WATER RESERVOIRS

DWS-owned and operated:
- Voëlvlei
- Theewaterskloof
- Berg River

City-owned and operated:
- Wemmershoek
- Steenbras Lower
- Steenbras Upper

MAIN SUPPLY OF DRINKING WATER



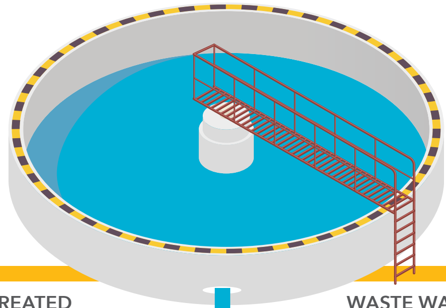


WATER TREATMENT PLANTS AND RESERVOIRS

898 300
MILLION KILOLITRES TOTAL CAPACITY

INITIATIVES

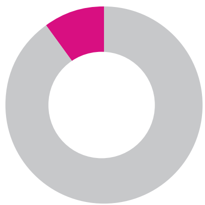
1. Department received the Award of Excellence by the Southern African Society of Trenchless Technology for using a **micro-tunnelling method** as part of Cape Flats 3 Bulk Sewer project.
2. The percentage of treated effluent the Department has been able to recycle for re-use (for irrigation and industrial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



RE-USE OF TREATED EFFLUENT

WASTE WATER TREATMENT PLANTS

Fisantekraal plant uses modern ultraviolet disinfection tools and is geared as a 'zero discharge' plant, as its treated effluent is used for irrigation purposes.



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

MAIN WATER RETICULATION PIPES SUPPLY DRINKING WATER

RESIDENTIAL	70%
BUSINESS	13%
MUNICIPAL	5%
INDUSTRY	4%
LOSS	2%
AGRICULTURE	4%
SCHOOLS, SPORTS FIELDS/ GOLF COURSES	2%

The City operates 26 wastewater treatment facilities, of which three are marine wastewater disposal outfalls. The quality of treated effluent is monitored on a weekly basis to ensure compliance with national standards.

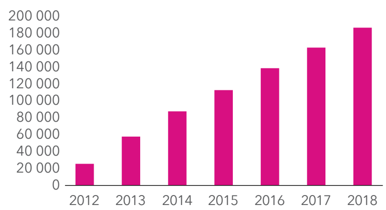
DISPOSAL OF TREATED EFFLUENT

89%

385
SEWER PUMP STATIONS

9 370 km
SEWER RETICULATION NETWORK

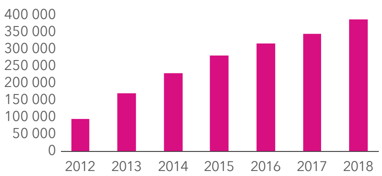
SCHOOLS, SPORTS FIELDS AND INDUSTRY TOTAL
10%



Replacement of sewer reticulation network pipes since 2011/12: 186 345m.

TOTAL
163,4 km

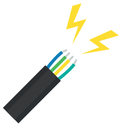
Once treated, drinking water is piped to a system of reservoirs that feeds the water distribution network.



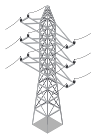
Replacement of water reticulation network pipes since 2011/12: 362 508m

ELECTRICITY SERVICES

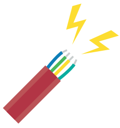
Cape Town's electricity infrastructure at a glance:



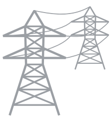
832,5 km
HIGH-VOLTAGE CABLES



174,5 km
HIGH-VOLTAGE OVERHEAD LINES

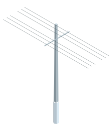


7 244,4 km
MEDIUM-VOLTAGE CABLES

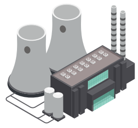


345,1 km
MEDIUM-VOLTAGE OVERHEAD LINES

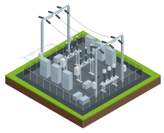
22 206,9 km
LOW-VOLTAGE CABLES



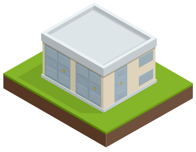
2 871,2 km
LOW-VOLTAGE OVERHEAD LINES



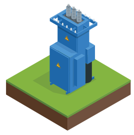
83
MAJOR SUBSTATIONS



922
PROTECTED SUBSTATIONS

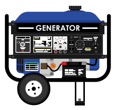


2 852
UNPROTECTED SUBSTATIONS



5 959
MINI-SUBSTATIONS

645
POLE-MOUNTED TRANSFORMERS



2
GAS-FIRED GENERATORS

658 542
ELECTRICITY METERS

2 505
EMPLOYEES

966
VEHICLES

R12 BILLION+
BUDGET

HIGHLIGHTS OF 2017/18

- Ongoing provision of subsidised electricity connections to informal settlements and subsidised housing developments. In the City supply area, approximately R30 million was spent on 1 774 new connections as well as smaller meter relocation and infill electrification projects. This has resulted in increased safety at night, a lower fire risk thanks to safe and legal connections, and improved quality of life for residents. In the Eskom supply area, approximately R5 million was spent.
- Continued roll-out of electricity services for backyard dwellers at Council rental units. This eliminates backyarders' reliance on the main dwelling for access to electricity, as well as the potential for exploitation, unsafe connections and fire that comes with such an arrangement. Approximately R65,6 million in Urban Settlements Development Grant (USDG) funding was invested in these roll-outs in 2017/18.

ELECTRICITY PROJECTS

The 180 MW Steenbras pumped storage scheme was the first hydroelectric pumped storage scheme in Africa when it was built more than 30 years ago and has helped the City avoid or minimise the impact of load-shedding on citizens of Cape Town in recent years.

Progress with the management of legacy medium-voltage switchgear as at the end of June 2018 is as follows:

Table 6: Progress with managing legacy medium-voltage switchgear as at 30 June 2018

Project	Description	Progress
30-year programme to improve security of supply and reduce maintenance requirements	Replacement of all ageing medium-voltage switchgear with equipment complying with modern best-practice specifications	This project is on track, and the highest-risk switchgear is being targeted first. An amount of R81 million was invested.
Investing in and developing distribution networks	Distribution networks continue to be developed in response to new developments and load densification	Approximately R104 million was invested.
15-year network development programme	Upgrade and refurbishment of substations, underground cables and overhead power lines across the metro, including: • new main substations for Oakland City, Melkbosstrand and Atlantis Industrial; • main substation upgrades for Bofors, Bellville South, Observatory, Oakdale (phase 2), Eastridge and Grassy Park; • phase 3 of Oakdale switching station upgrade; • rearrangement of Grassy Park high-voltage network; • Plattekloof - N1 reinforcement; • Koeberg Road switching station, Maitland; • undergrounding Athlone-Philippi overhead lines; and • integrating Erica with Mitchells Plain intake.	With an investment of R659 million: • Atlantis Industrial, Richmond Estate and Oakdale switching stations were commissioned; • Bofors and Observatory upgrades and undergrounding were completed; • Athlone-Philippi overhead lines were completed; and • Grassy Park and Koeberg Road upgrades commenced. The Oakland City, Melkbosstrand, Bellville South and Oakdale phase 3 upgrades were postponed due to the envisaged load not materialising. The Eastridge upgrade was postponed due to the condition of transformers. The integration of Erica with Mitchells Plain intake and work on the Grassy Park high-voltage networks were delayed due to hold-ups with Eskom's Erica project.

In addition to the above, the City is continuing with its programmes to provide electricity to informal settlements, backyarders and subsidised housing developments, which will require various network upgrades or replacement. Infrastructure hotspots are being identified where development may need to be limited in the short to medium term.

The City installed 1 774 subsidised electricity connections during 2017/18, bringing the total to 18 616 since 2012/13.

SOLID WASTE PROJECT

The City has started 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 each bin serviced, and identify bins that are lost, stolen or illegally serviced.

More than 850 000 wheelie bins are currently being used across town. The tags are fitted on refuse collection days, when customers place the bins outside for emptying. The tagging process progressed well in 2017/18, and valuable data is being collected and analysed to improve solid waste efficiency going forward. For instance, real-time data now shows how many bins have been serviced at any given time, how many loads have been completed, and exactly where the refuse truck is located. The City can even access the GPS coordinates of every bin that has been emptied.

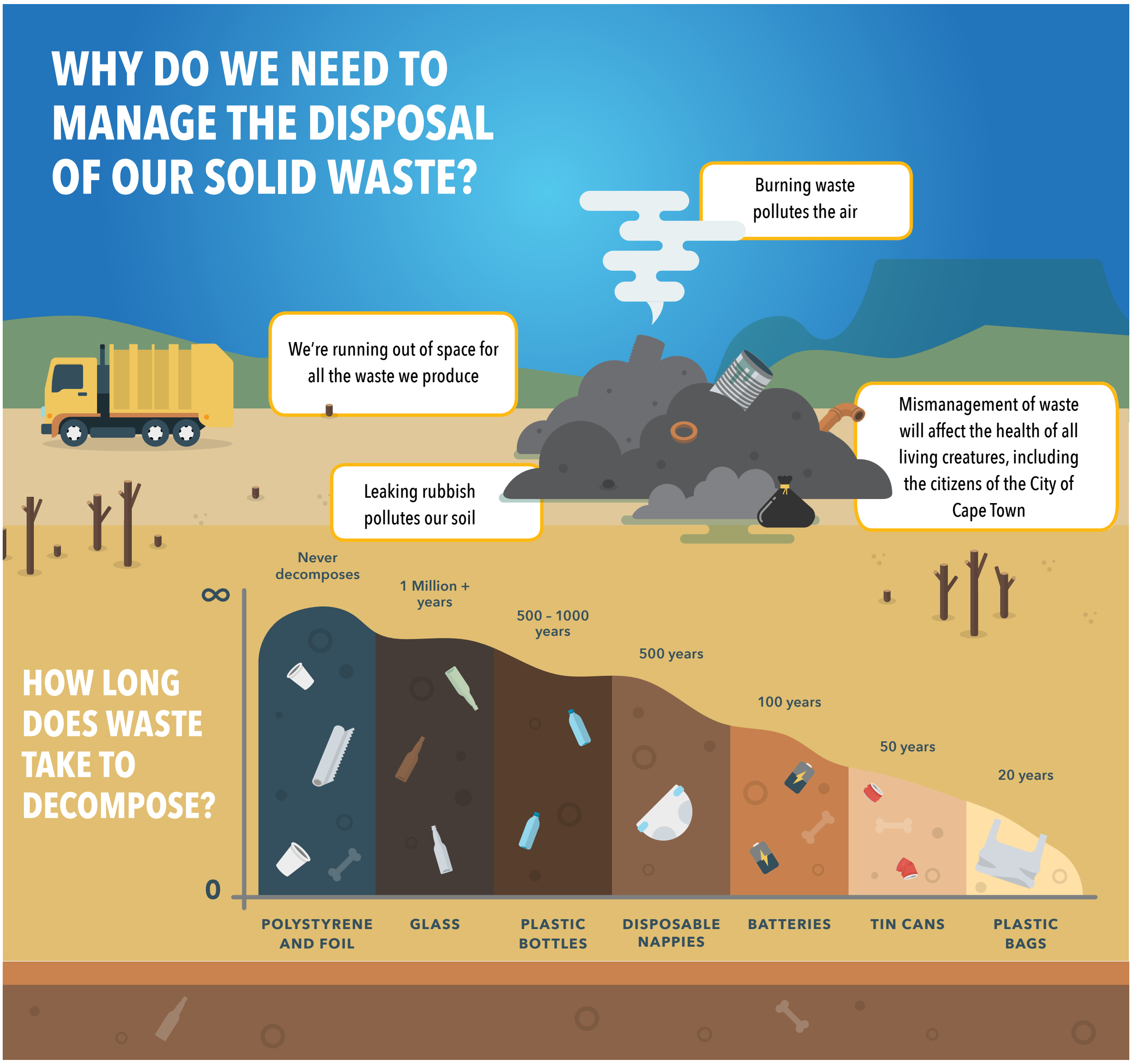
Table 7: Cape Town solid waste statistics, 2017/18

Number of wheelie bins in Cape Town	± 850 000
Waste generated per day	± 6 800 t
Number of wheelie bins picked up per day	± 170 000
Waste generated per year	± 2,5 million t (2017/18)
Waste recycled per year	± 520 000 t (2017/18)

WASTE MANAGEMENT

The City's Solid Waste Management Department provides all formal properties and **99,74% of informal settlements** with access to basic refuse collection services. A single settlement is inaccessible due to its location. Waste management services include cleansing, waste collection, disposal, waste minimisation, education and regulatory services.

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



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

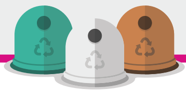
CLEANSING

We ensure general cleanliness in the streets and public spaces of Cape Town, including informal settlements, forests, beaches, rivers and canal banks.

WASTE COLLECTION

We ensure that refuse in 240 ℓ wheelie bins is removed from the curbside at formal properties according to a weekly schedule. For the collection of recycling, we work with different service providers to ensure that recyclable waste is collected on a regular basis from specified areas of the city.

WASTE DROP-OFF SITES



We provide facilities for residents to drop off any non-hazardous refuse that cannot be managed via the scheduled refuse removal services each week. Drop-off sites accept garden refuse, recycling, builders' rubble, garage waste, white waste (appliances), e-waste, and oil (not all facilities).

WASTE TRANSFERS

Where distances for internal and external refuse service providers are too far to travel, they may use our transfer stations to offload waste. We then separate the waste to ensure that it is disposed of in a legally compliant, responsible and environmentally acceptable manner.

The City's waste management services provide the support that our recycling partners need to carry out their operations. Recycled material is sold on to our partners who re-use it to create new commercially viable products.

LANDFILL OPERATIONS

The City's three operational landfills exist for the disposal of waste which cannot be re-used or recycled. Council trucks transport the rubbish to the landfill sites where the rubbish is compacted in order to save space.

HIGHLIGHTS OF 2017/18

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

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

HELPED REMOVE FIRE DEBRIS from Imizamo Yethu in March 2017

HELPED CLEAN UP AFTER THE STORM in June 2017

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

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

Table 8: Progress with solid waste projects as at 30 June 2018

Project	Status	Progress
Rehabilitation of Atlantis, Vissershok, Waterkloof and Witsand landfill sites	Ongoing	**Atlantis:** Construction work has been completed. The project is in the defects liability period, during which the contractor has the right to return to remedy any defects. Vissershok: Remediation work will be ongoing for the life of the site. **Waterkloof:** Construction work has been completed and the project is in the defects liability period. **Witsand:** Efforts to maintain the sand layer over the Witsand landfill site continue, including ongoing wind netting installation and repositioning. An investigation into the feasibility of re-vegetating part or all of the dune system will be undertaken. The results of the feasibility study will determine the long-term approach.
Landfill gas infrastructure for flaring at Coastal Park landfill	Commenced in 2017, ongoing	The City has launched its landfill gas flaring project at Coastal Park. Flaring destroys the methane content of landfill gas, which has a global warming potential that is approximately 25 times greater than CO_2. The gas flaring process offsets carbon emissions, and the resultant gas is converted to energy, which can be used to fuel various operations.

Project	Status	Progress
Landfill gas infrastructure for flaring at Bellville landfill	Commenced in 2017, ongoing	Gas extraction and flaring systems have been established at Coastal Park and Bellville South landfills, and a similar system is being developed at Vissershok South. The system comprises a wellfield made up of a combination of vertical and horizontal wells, wellheads, condensate traps, pipelines, gas blowers, measuring instrumentation and a gas flare.
Landfill gas infrastructure for flaring at Vissershok landfill	Commencing in 2020	
Design and development of materials recovery facility: Helderberg	Commenced in 2017, ongoing	Detailed design of the drop-off site with recycling facility has been completed. The procurement process to appoint a contractor has commenced and construction is scheduled to start in January 2020.
Design and development of integrated waste management facility: Helderberg	2018 to 2020	Delayed until 2019/20 due to budget constraints.
Construction of Beaconvale, Kensington, Netreg and Prince George Drive drop-offs	2017 to 2019	**Prince George Drive:** Detailed design has been completed. The procurement process to appoint a contractor has commenced and construction is scheduled to start in January 2020. **Kensington:** Construction work has been completed and the project is in the defects liability period. Opening is scheduled for September 2018. **Netreg:** The construction tender has been awarded. Construction will begin once the building plan has been approved.
Roll-out and replacement of waste management fleet	2017 to 2019	In 2017/18, the target for the purchase of vehicles was met. Projects for 2018/19 are still in the execution phase, with the full budget for the next financial year (R159 376 467) forecast to be spent by 30 June 2019.

INFRASTRUCTURE MAINTENANCE PROJECT

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

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

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

Now the City is also set to roll out two applications that combine intelligent water infrastructure with data analytics to provide actionable information and enable proactive water management. Both apps will be rolled out to approximately 500 terminals in a first step towards moving from automatic meter reading to advanced metering infrastructure. The apps are utiliPro and utiliRead. The former allows technicians to manage and configure water management devices in the field, while the latter facilitates walk or drive-by meter reading and the capturing and navigation of meter-reading routes. This technology allows for the remote management, control and reading of all meters under the City's management. As such, it represents an important shift from historical, reactive water management (where data was limited to monthly readings, and problems could take months to be resolved) to proactive water management (of which the water meter is but a small part). It will benefit both the City and water consumers: The City will have better control over its water assets and be able to strategically plan water management by means of a smart metering device. End users, in turn, will enjoy more accurate billing, better water management during droughts, faster diagnoses of faults, and speedier resolution of issues.

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

Wastewater treatment capacity is being enhanced to ensure a healthy physical environment, particularly in downstream rivers around Cape Town. Various wastewater treatment works are scheduled to receive additional capacity up until 2022. Major projects already under way include extensions and upgrades at the following plants:

- Potsdam (over R300 million budgeted for 2017/18–2020/21)
- Zandvliet (over R1,2 billion budgeted for 2017/18– 2020/21)
- Borcherds Quarry (approximately R250 million budgeted for 2017/18–2020/21)
- Athlone (close to R200 million budgeted for 2017/18–2020/21)
- Wesfleur
- Macassar
- Bellville

SOCIAL SERVICES FACILITY PROVISION

SOCIAL FACILITIES PROJECT

The City remains committed to providing social services facilities that are equitably distributed and of the required standard. These facilities are planned and developed in a joint, integrated manner with internal and external partners, and prioritise areas of greatest need. Activities include seeking and maximising external funding and partnership opportunities, preventing crime through environmental design, as well as reducing vandalism and theft at social facilities by introducing quick-response and alarm systems, along with community mobilisation and engagement.

CEMETERY PROVISION

Proactively responding to communities' need for cemeteries and crematoriums, the City in 2017/18 concluded all required reports and other specialist studies for the following cemetery projects:

- *Vaalfontein cemetery.* This is subject to environmental authorisation and exemption from the National Health Act 61 of 2003. The natural and financial viability of the identified land is currently being reassessed due to changes in the natural site condition.
- *Metro southeast cemetery.* Phase 1 construction continued in the reporting year and is anticipated to be completed for handover in September 2018. The construction of phase 2 (ablution, office facilities and boundary fencing) is scheduled to commence in the third and fourth quarter of 2018/19. The cemetery will open for phase 1 burials in 2020/21, after which further extensions are planned subject to successful acquisition of national Public Works land portions.
- *Welmoed and Atlantis cemetery extensions.* These are both ongoing. Phase 3 of the Atlantis extension is scheduled for January to June 2019, and phase 5 of the Welmoed extension for January to August 2019.

HOUSING PROGRAMME

DENSIFICATION PROJECT

Target areas with both the location and engineering services suitable for densification are being identified. Site owners in these areas are encouraged to develop second dwelling units on their properties, whether through backyard rental units or through subdividing their properties and selling off portions. The process is accompanied by an educational communication programme that outlines the benefits and processes involved, as well as the support offered by the City.

The City has also invited its 20 social housing institution partners to invest in the development of affordable, high-density rental accommodation, particularly in transport corridors and priority nodes. The City has committed to accelerated planning permission processes for such developments. Some of these projects are already being implemented in collaboration with the social housing institutions.

In addition, a budget of more than R1,7 billion has been made available for dense housing developments and the associated roads and public transport infrastructure in 2018/19. Most of the capital projects will be in Cape Town's urban inner core, which is in line with the City's revised MSDF's focus on inward growth and investment. The City will therefore keep on investing in maintaining and upgrading existing infrastructure, while at the same time prioritising public investment in an urban inner core, as stipulated by the BEPP.

NEW HOUSING DEVELOPMENT PROJECT

New housing development is aimed at encouraging urban densification. To this end, the focus is on:

- adaptable, extendable housing units;
- efficient use of vacant land in the urban edge through infill;
- release of unused land owned by other state departments;
- promotion of mixed-use retail and residential developments along key development nodes and transport corridors; and
- land banking for future use where the right type of development is not immediately possible.

Given the dire need for housing, the City will be investing R2,1 billion in the development of new housing opportunities up until 2022, with R590 million budgeted for 2018/19. The 2018/19 budget has been allocated to 36 housing developments, which are either in the planning phase, already under way, or being finalised. The bulk of these housing opportunities will be developed on well-located land close to public transport, jobs, government services and public amenities. The City has also budgeted R155 million for the acquisition of land in the year ahead.

Upgrades to existing hostels and rental units also continue. The City has appointed consulting teams to undertake the planning and design of two hostel areas in Langa. More such teams will be appointed in due course to start planning additional hostel areas in Gugulethu and Nyanga, as well as the rest of Langa.

The City has created 46 990 housing opportunities since 2012/13.

PUBLIC-PRIVATE HOUSING DEMAND PROJECT

As part of its ongoing effort to meet housing demand, the City is engaging with the private sector and National Government. Areas of work include identifying new areas for housing development, providing appropriate affordable housing products and ensuring fast planning approval, clearance certificates and provision of bulk infrastructure. As part of this project, the City has entered into a development partnership with Garden Cities, while plans are also in place for future collaborative development agreements.

SOCIAL HOUSING SAFETY PROJECT

To develop a safety model for the City's rental stock, a number of crime and disorder reduction initiatives have been implemented from the perspective of crime prevention, law enforcement as well as social-based prevention, with the assistance of a wide range of stakeholders. This resulted in safety and security-related benefits that would not have been achieved by the individual stakeholders on their own. The draft blueprint for increasing safety at social housing complexes flowing from this process will be refined in the 2018/19 financial year to allow for duplication across Cape Town, making use of the neighbourhood safety officers.

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HOUSING FINANCING OPTIONS PROJECT

The City is committed to breaking the culture of dependence in terms of housing finance by making a wider range of financing options available to prospective home buyers.

One way in which the City achieves this is through its partnerships with not-for-profit social housing institutions (SHIs). The SHIs offer subsidised rental accommodation in good locations to more than 2 000 low-income households in the city. This project has also made Cape Town the first city in South Africa to offer rates rebates to SHIs. The rebates are for cluster rental units valued at R400 000 or less, and where the household's monthly income is R4 000 or below.

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

KEY AIMS:

- Partnering with communities to develop service delivery models appropriate for less formal contexts
- Mainstreaming basic service delivery to informal settlements and backyard dwellers to facilitate improved living conditions
- Reducing dissatisfaction with the level and quality of City services
- Focusing on security of tenure

BASIC SERVICE DELIVERY PROGRAMME

ENCOURAGING AND SUPPORTING BACKYARD DWELLINGS PROJECTS

The mainstreaming of basic service delivery to informal settlements and backyard dwellers is a key pillar of the City's transformational priorities.

To give effect to this commitment, the City's budget reflects planned spending of more than R850 million in the medium term on upgrades to informal settlements and backyarder services. Of this, R713 million has been earmarked for investment in backyarder service provision and the informal settlements upgrade programme. A total of R150 million is budgeted for the delivery of electricity services to backyard dwellers.

Following the success of a pilot project implemented by water and sanitation during the 2011/12 & 13 period, in 2014 the informal Settlements & Backyarder department embarked on continuing the program and since then have installed 2460 water and sanitation points to backyard dwellers on city rental property, and have plans to continue rolling out approximately 2000 services to backyard dwellers over the next 3 years.

Water is connected to the back yarders via a water dispensing device that enables backyard families to access 200 litres of free water per day.

In addition, the City is encouraging site owners to formalise their backyard dwellings or build new units by offering them planning support, such as assistance with plans and approvals. Regulations are being developed that will set out backyard dwelling standards, including the number of dwellings allowed per stand per area, as well as the specifications for dwellings. The City will regularly inspect backyard units to ensure compliance with these regulations.

HUMAN SETTLEMENTS PROGRAMME

INFORMAL SETTLEMENTS SERVICES PROJECT

Remaining committed to the progressive upgrade of informal settlements, the City continues to improve services, public spaces and tenure for informal-settlement households as they formalise their top structures. While this takes place, the City will keep providing and maintaining general basic services to informal-settlement areas, in line with national guidelines.

In terms of water and sanitation, the City's IDP commits it to delivering the following to all informal settlements:

Table 9: Progress with water and sanitation services provision as at 30 June 2018

Initiative	Description	Progress
Sanitation technology solutions	A range of solutions implemented based on the conditions of specific settlements	Sanitation solutions in the form of full-flush toilets (FFTs), 100-litre container toilets, and portable-flush toilets (PFTs) were provided in the 2017/18 financial year.
Waterless technology solutions	Other technologies to be explored during the five-year term due to drought conditions, including a partnership with tertiary institutions and the Water Research Commission	Discussions have been held with various service providers, with a view to pilot new sanitation technologies in informal settlements. In addition, the rollout of metered push-button standpipes has commenced in order to boost water-saving measures in the informal settlements.
Repairs and maintenance	Addressing ongoing complications due to overcrowding, vandalism, foreign objects in sewers, unstable political environment and annual flooding	A total of R19 675 657,92 was spent on Repairs and Maintenance in the 2017/18 financial year.
Water and sanitation installations	Water standpipes and sanitation installations up until 2022	A target of 2 600 toilets and 600 taps was set for the 2017/18 financial year. By end-June 2018, a total of 4 278 sanitation installations and 912 taps were installed. Bringing the total to 5 340 for taps installed since 2012/13 and 22 726 sanitation service points (toilets).
FFTs	Delivering 12 900 sanitation options, of which FFTs will be the preferred option, where circumstances allow	A total of 809 FFTs were installed in the 2017/18 financial year.
Capacity enhancement	Using the EPWP to improve service delivery, while creating jobs and alleviating poverty	A total of 2 337 job opportunities were created via the Expanded Public Works Programme in the 2017/18 financial year.

CITY REMAINS FULLY COMMITTED TO IMPROVING SANITATION

The City's achievement of 100% access to adequate sanitation in informal areas in 2012 already remains unparalleled in South Africa, and far exceeds the national average of 43%.

What makes this even more remarkable is that it has been achieved despite a population growth of more than 23% over the past decade.

The City has also pioneered the roll-out of portable flush toilets in informal settlements. These toilets can be kept in the home, and store waste in a sealed container, which is serviced three times a week. A major benefit offered by these toilets is safety, as residents felt unsafe using communal toilets after dark.

With regard to electricity, the City continues to supply informal settlements, and also provides the infrastructure needed to enable electrification of qualifying sites. Currently, the bulk of the electrical connection backlog in informal areas falls in the portion of the metro serviced by Eskom. The City has set itself a target of installing 1 500 subsidised electrical connections per year up until 2022. During 2017/18 the City has installed 1 774 subsidised electricity connections, bringing the total to 18 616 since 2012/13.

In addition, to improve service delivery in settlements that cannot be transformed in line with township standards, the City remains committed to re-blocking. This is done in partnership with the relevant community and are often supported by recognised non-governmental organisations (NGOs) operating in the area. Community members and NGOs are responsible for improving the informal top structures, while the City takes charge of the services and access roads.

Taking this a step further, the City has now also implemented super-blocking to provide better services in areas where density or other restrictions do not allow for individually serviced sites. In super-blocking, blocks are separated by roads and pedestrian or service corridors, with electrification and communal taps and toilets provided per block. Road access, electrification, firebreaks and fire hydrants significantly reduce fire risk, and super-blocks can also be further developed to eventually provide tenure, if conditions allow.

INFORMAL SETTLEMENT FORMALISATION PROJECT

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

SETTLEMENT MIX PROJECT: INTEGRATED SETTLEMENT PROJECT

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

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

REDUCING CITY OWNERSHIP OF RENTAL STOCK (COMMUNITY RESIDENTIAL UNIT) PROJECT

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

Over the past 33 years, the City of Cape Town has transferred ownership of more than 55 000 units of rental stock to tenants. This sales campaign was intensified from 2013 to invite even more tenants who have been renting for years to take ownership of the rental dwellings they occupy. Approximately 9 500 units still remain available for easy transfer. The City has identified the rental sales programme as one of its key communication campaigns to raise awareness and invite tenants to visit their local Housing Estate Offices to see if they qualify for this great opportunity. The rental sales programme also provides for subsidy benefits, arrear write-offs and assistance with transfer costs to qualifying tenants. Tenants living in free-standing, semi-detached, terraced or row houses and maisonettes may qualify.


Sam

STRATEGIC FOCUS AREA 4:

INCLUSIVE CITY

THE **INCLUSIVE CITY** IS AIMED AT ACHIEVING TRUE INCLUSIVITY FOR ALL THE PEOPLE OF CAPE TOWN BY CREATING AN ENVIRONMENT WHERE THERE IS ACCESS TO ECONOMIC OPPORTUNITIES, WHERE CITIZENS FEEL SAFE AND CARED FOR, AND WHERE COMMUNITIES ARE FULLY INTEGRATED.

Objective	Programme
Objective 4.1: Dense and transit-oriented growth and development	Spatial integration and transformation programme TOD catalytic projects 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 Land development 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 Non-government substance abuse partnership programme Primary healthcare programme Homeless people programme Cross-subsidisation programme

KEY INCLUSIVE CITY ACHIEVEMENTS IN 2017/18

- Answered approximately **2,5 million** calls in the corporate call centre
- Brought the number of FreeCall lines installed since 2012/13 to **178**
- Achieved **71,10%** employment rate of people from employment equity (EE) target groups at the three highest levels of management
- **229** MyCiTi buses being equipped with public WiFi connectivity
- Total package for rates assistance increased by **R203 million** to approximately **R1,4 billion**

OBJECTIVE 4.1: DENSE AND TRANSIT-ORIENTED GROWTH AND DEVELOPMENT

KEY AIMS:

- Facilitating bold spatial transformation that achieves a more productive, liveable and resource-efficient city
- Prioritising transit-oriented development and densification
- Achieving a fiscally sustainable public transport system
- Optimising efficiency through the right mix of intensity and land uses
- Leveraging strategically located landholdings and partnerships with the private sector

SPATIAL INTEGRATION AND TRANSFORMATION PROGRAMME

SPATIAL TRANSFORMATION

The City's planning legislation has given rise to a new spatial transformation agenda. As a result, the administration has recommitted to spatial transformation in its IDP. More specifically, the City is committed to employing a range of new generation urban growth management tools and processes, and considering the designation of priority areas, managed growth areas and protection areas with associated development parameters and procedural guidelines.

Spatial transformation is about reversing the impact of apartheid spatial planning by creating more opportunities for more people in highly connected areas. Furthermore, it seeks to counter the creation of low-income communities on the periphery of the city, which currently requires the poor to spend a disproportionate amount of their income on transport.

Growth management in Cape Town is based on four primary spatial transformation areas (STAs) and four localised 'unique' areas. The STAs are an urban inner core (estimated 17% of the geographic area of Cape Town), incremental-growth and consolidation areas (20%), discouraged-growth areas (28%) and critical natural areas (34%). The unique cases are Atlantis, Paardevlei, Philippi horticultural area and Swartklip.

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;
- prioritising and aligning capital budgets and grant funding;
- the City's land acquisition and disposal strategies;
- a spatial rating system to assess human settlements programmes and land acquisitions against the Integrated Human Settlements Framework; and
- spatial monitoring and reporting in support of MSDF implementation.

The City's spatial transformation progress in 2017/18 is described in the following paragraphs:

Inner-city housing strategy and implementation plan

In 2017, the Transport and Urban Development Authority (TDA) adopted a precinct development approach to improve the delivery of affordable housing programmes. Key elements of precinct development are the development of more economically integrated neighbourhoods, leveraging government investment, helping to stabilise areas, and encouraging greater private investment in regeneration.

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

Additional land has also been identified in other areas. In terms of the spatial development plans and investment proposals, Parow is considered an appropriate area for the second City precinct initiative. The prospective sites for development in Parow have been grouped into four sub-precincts, and the process of developing these will be initiated in 2018/19.

Poverty alleviation strategy

Hostels refurbishment and upgrade plan

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

Implementation is expected to take nine to 12 years. In the reporting period, a tender process was finalised for the appointment of consulting teams to plan, design and monitor implementation. As the project exceeds three financial years, approval has to be obtained in terms of section 33 of the MFMA. A hostel forum was also established and is chaired by the Mayco member for TDA, and various stakeholders have been invited to provide input into the programme and implementation plan.

Research on alternative building materials and housing types

The City has entered into a memorandum of agreement with the national Department of Environmental Affairs (DEA). The agreement is intended to guide the City-DEA relationship in order to provide human settlements that are as environmentally sensitive as possible. A pilot project was agreed on that will utilise invasive plant biomass, which will be cleared using labour-intensive methods as part of DEA's value-added industries programme. The biomass will be included in a woodchip-cement material and used to build walls, floors, roofs and other appropriate components of houses and other structures. A development of 135 units has been identified for this pilot, and the rezoning application was completed in the year in review. The project will commence in 2018/19.

Principles and concepts to give effect to TOD objectives and spatial transformation

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

- Infrastructure provision and investment is 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 and aligned based on the BEPP. The MSDF implementation plan also requires that master utilities planning be revised and adapted to take account of MSDF requirements, support the activation of the urban inner core, and maintain the City's built footprint.
- High-density, high-intensity mixed-use development is prioritised along the bus rapid transit (BRT) ("red road") main routes and in rail station precincts. This means that the existing 42 BRT and 98 rail stations serve as catalysts for development and redevelopment.

a) Land use management parameters, systems and mechanisms

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

Moreover, the City is committed to facilitative development charge policies and frameworks to enhance TOD and expanded public transport development.

b) Spatial transformation for socio-economic gain

Cape Town's spatial form and function will either support or inhibit its immediate and longer-term economic prospects. The extent to which the City achieves its spatial development goals is directly linked to its ability to sustain job-creating economic growth in the medium term, and reduce accessibility costs for the poor.

Therefore, to facilitate employment-intensive land uses, the City continues to:

- create and attract "job-rich" investment that ensures integrated, sustainable communities by providing new and maintaining existing infrastructure;
- provide services aimed at promoting social cohesion and enhancing social mobility in identified areas in greatest need;
- respond appropriately to the spatial needs of the economic sectors that operate in Cape Town;
- prioritise investment in improved public transport systems and linkages to provide more convenient, affordable access to jobs, natural resources and social amenities; and
- augment existing infrastructure, such as Cape Town's airport, port, transport and logistics systems, with the continued roll-out of broadband networks, the MyCiTi BRT system and the planned Blue Downs rail extension.

c) Urban edge: Employing a range of new-generation urban growth management tools and processes

In 2015, TDA (then still Transport for Cape Town) established a transport development index (TDI). The TDI provided a rubric for assessing the effectiveness the City's transport service interventions. The index identifies four user groups, with access priority information per transport analysis zone. It also links up with a global mobility index so that TDA can compare mobility in Cape Town with that in over 80 leading cities worldwide.

In a new development, and in line with the transformational priorities of the IDP, TDA has now started expanding the TDI into an urban development index (UDI). The UDI will be the barometer that measures progress with the implementation of the TDA mandate of unlocking Cape Town's social, economic and spatial transformation potential, and serves as a natural extension of the TDI. The UDI will not be a composite index, though. Instead, it will consist of a range of indices that give a detailed indication of the state of transport and urban development in Cape Town year on year. The key indices developed as part of the UDI relate to transport, land use and housing. With the UDI concept and methodology designed and the data specification finalised, the groundwork has been done to run the index calculation.

TOD MECHANISMS FOR DEVELOPMENT PROJECT

TDA is currently developing and implementing a range of institutional realignment mechanisms in support of TOD as a long-term spatial transformation tool. These mechanisms are designed to stimulate more dense and diverse development in public transport corridors, and to realign internal development control processes and policies. In 2017/18, this work centred on the mechanisms of the TOD base zone, the land development and TOD policy audit, and a TOD manual.

The TOD base zone is created in the Development Management Scheme (DMS) and comprises spatially identified areas to which a series of new conditions will apply. These conditions are designed to stimulate development in the relevant areas and include proactive zoning, revisions to parking requirements, bulk development thresholds and building height.

The purpose of the land development and TOD policy audit, in turn, is to assess all policies, guidelines and standards used in considering development applications from a TOD perspective. The objective is to determine which policy documents or guidelines impede spatial transformation, and to bridge policy gaps. A total of 141 City policy documents have been assessed and categorised as high, medium or low priority for review or repeal.

Finally, a TOD manual is being developed. This involves the compilation of a single volume of information that City officials and land development practitioners can use to interpret and apply the City's new growth management priorities and principles. It will also include revised and realigned standard operating procedures relating to the processing of land applications. This will enable more efficient and effective assessment of development applications in spatially targeted areas.

LEVEL-2 TOD INITIATIVES

The City recognises that to maximise the positive impact of TOD, it needs to be present at every level of the built environment. To achieve this, layers of interventions are planned up until 2022 and beyond, the first being the major TOD catalytic projects. In the year in review, a more detailed pipeline of implementation actions were developed to prioritise and programme appropriate interventions in transit-accessible precincts. These actions include the application of filters to assess strategic alignment with the MSDF, as well as of the aforementioned TOD base zone. The pipeline of actions are now being implemented in the major catalytic precincts and other, secondary nodes and precincts.

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 so as to speed up proposals that could help advance Cape Town's development and spatial transformation strategy. This approach has now been developed to concept stage and must be incorporated into the land use management system and regulatory processes. This would *inter alia* entail amending the Municipal Planning By-law.

BLUE DOWNS INTEGRATION ZONE INVESTMENT FRAMEWORK

The Built Environment Value Chain is aimed at the prioritisation of targeted public and private transit-oriented investment (new infrastructure and asset renewal) into a number of "Integration Zones" (IZs), which collectively form a connected network of targeted walkable precincts. Within this targeted policy, planning, budgeting and urban management context the integration zone is conceived as the link between citywide (urban network) and local area (precinct) planning.

The Blue Downs Integration Zone comprises much of Belhar, Blue Downs, Kuils River, Delft and Mfuleni. The zone has two key transport routes; the Blue Downs rail link and the Symphony/Hindle Road BRT corridor. The investment framework for this integration zone broadly involves the identification and prioritization of TOD precincts within the study area and development of appropriate mechanism and interventions to enable TOD, including, *inter alia*, the new main station and the two connecting stations proposed along the future rail link. The City is working with the Passenger Rail Agency of South Africa (PRASA) to expedite the planning, detailed design and operational mechanisms for the new line. Another key area of focus is land development interventions between Symphony Way and the Blue Downs rail corridor to facilitate an accessible, equitable, compact and integrated city.

In the period October to December 2017, internal officials were identified to develop an investment framework. Engagements took place with all stakeholders to assess existing projects and align the scope and methodologies. The project inception meeting took place on 8 December 2017. In the second half of the reporting year, the scope of work was approved, and was subsequently endorsed by National Treasury. A baseline analysis was undertaken and consultants were appointed to conduct a market study. In addition, a comprehensive analysis of socio-economic, bio-physical, demographic, transport, infrastructure capacity and land use trends was completed, as well as a market analysis.

Based on the findings in the baseline and market analysis, develop a vision for the Blue Downs Integration Zone through engagement with affected stakeholders. In parallel the next phase in the investment framework will be initiated; which is to develop densification and diversification targets for the integration zone by contextualising the City's approved TOD Comprehensive Land Use Model with the findings of the baseline and market analysis at the corridor scale. This should be completed by the end of January 2019.

GENERAL BUILT ENVIRONMENT

An inner-city housing strategy is being developed and rolled out, covering the entire Cape Town centre. Moreover, the City continues to ensure the roll-out of the Integrated Public Transport Network (IPTN), as determined in the IPTN business plan. In the past year, engagements and negotiations with the Dutch government on the co-funded ORIO project proved successful. The City awaits the conclusion of an agreement to support project implementation. Finally, to achieve an integrated and sustainable transport system, the City is also investigating the potential for an urban rail system assigned to its own management.

TOD CATALYTIC PROJECTS PROGRAMME

The City has identified six major projects through which it intends facilitating TOD by means of public-sector intervention and targeted service delivery. Progress with these projects in the reporting year may be summarised as follows:

Table 10: Progress with six TOD catalytic projects as at 30 June 2018

Catalytic project	Progress
Foreshore freeway project This project was aimed at finding the best way of dealing with the unfinished freeways on the Cape Town Foreshore so as to unlock the economic potential of this significant segment of the city.	Following appeals against the appointment of one of the bidders for the development, the request for proposals was cancelled. The intention is to address the concerns raised during the appeals process in a redrafted request, which will then be reissued.
Inner-city precinct, including Ebenezer, Gallows Hill and Maiden's Cove A large-scale land development and infrastructure initiative that will span multiple financial years	Gallows Hill and Ebenezer will be dealt with as part of the Foreshore freeway project. The Maiden's Cove development rights have been awarded to the successful tenderer, and the design and statutory processes are proceeding as planned. However, the awarding of the tender is currently subject to a High Court review application.
Bellville central business district (CBD) development project This project is aimed at catalysing development in the central Bellville node, 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.	A process is under way to review all transportation planning associated with the Bellville opportunity area. It is hoped that the review will deliver a consolidation of all planning proposals that have been considered to date, as well as the formulation of a Bellville transportation framework plan.
Paardevlei The project aims to combine housing and market-related residential opportunities with a mixture of economic opportunities, thereby creating truly dense, integrated communities that embrace TOD.	Various discussions have taken place in relation to potential developments, including the 40 000 m^2 provincial regional hospital that Province wishes to establish in this precinct. A 100 ha portion of the site is currently being rezoned to subdivisional area, and being subjected to an environmental impact assessment. Part of the rezoning requires a phase 1 interchange onto the N2, as well as a second stormwater outfall. Detailed design is underway. The intention is to ensure that the project is largely self-funded, and implemented by the private sector, with City contributions for the social components.

Catalytic project	Progress
Philippi East The IPTN 2032 envisages that six of the ten main transport routes will interchange in Philippi. This presents a major opportunity to develop the transfer interchange according to TOD principles, and also facilitate and catalyse surrounding development.	The baseline report and project plan has been approved. A draft business case and development mandate report have also been completed. Although the site is integral to the City's IPTN and needs to be turned into a public transport interchange as part of the phase 2A development, it has been decided that it is not the best location for a successful catalytic investment project. The surrounding areas of Nolungile, Swartklip and Stock Road are now being investigated for their TOD and catalytic investment potential.
Athlone power station The City aims to unlock the value of this piece of inner-city land by reassessing optimal land use, accessibility and environmental management.	The City has appointed a professional services project team to prepare a development framework for the redevelopment, including all statutory approvals for alternative development scenarios. To date, the team has undertaken a property market assessment, consolidated all baseline analysis information from stakeholders, and evaluated the financial and technical viability of a range of development scenarios. Once the City's Energy Directorate has initiated the process of formally decommissioning the site, the professional services team will hold a joint public participation process, inviting the public to engage on the development proposals as part of an environmental impact assessment process. The results will inform the intended land use approval process for the site.

OBJECTIVE 4.2: **AN EFFICIENT, INTEGRATED TRANSPORT SYSTEM**

KEY AIMS:

- Ensuring that Cape Town has an efficient, integrated, intermodal, interoperable transport system
- Creating a quality urban environment
- Improving resilience and resource efficiency
- Positioning Cape Town as a global leader in adopting innovative solutions to transport challenges
- Supporting the economic growth and development of the city, as well as social inclusion

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 on the successful roll-out of phase 1 of the MyCiTi system as well as the N2 Express, phase 2 will consist of two trunk routes from the metro southeast, namely Khayelitsha and Mitchells Plain to Claremont and Wynberg.

The first of the phase 2A projects to be finalised, the upgrade to Strandfontein Road between Govan Mbeki and Spine roads, reached practical completion in December 2017. The City has budgeted R2 billion up until 2022 to provide infrastructure for the roll-out of this phase. This will be spent on the completion of the Stock Road upgrade in Philippi, Jan Smuts Drive (M17) in Plumstead, as well as the construction of enabling works for new bus depot in Michells Plain and Khayelitsha. The extensive planning of phase 2A is nearing completion. As the focus starts shifting to full implementation, project progress will become increasingly visible.

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

BLUE DOWNS RAIL CORRIDOR PROJECT

The Blue Downs rail link is a project that is being led by PRASA with the City supporting the rail link and wider corridor development. The project includes the construction of approximately 11 km of a new rail link and inclusive of three stations as well as the planning for the development of the station environs and wider surrounding area. The City, in June 2018, complete a concept study for the station environs which will be used to inform the detailed station designs. Planning for the supporting the feeder bus network, is expected to begin in 2019.

As part of the wider corridor development the City is also focused on land development interventions / projects between Symphony Way and the Blue Downs rail corridor to enable a more compact, integrated city development. Refer above to the section on the Blue Downs integration zone.

KLIPFONTEIN CORRIDOR PROJECT

Council approved the IPTN implementation plan in 2017. The Klipfontein corridor has been identified as the fourth priority after the metro southeast–Wynberg and Claremont (phase 2A) corridor, the Blue Downs rail corridor, and the Khayelitsha–Century City corridor. Therefore, once planning for the Blue Downs and Khayelitsha–Century City corridors has been completed, conceptual planning will start on the Klipfontein corridor.

INTEGRATED TICKETING, SYSTEMS AND INFRASTRUCTURE PROJECT

Integrated ticketing is key to making the integrated transport system interoperable, as it allows commuters to use one payment mechanism or system across various transport modes, without having to purchase a ticket for every mode used. As such, it is a critical component of the IPTN. In 2017/18, an internal project inception meeting was held to plan the way forward. This is a long-term project that requires careful planning to minimise costs and maximise commuter benefit. Research, planning and stakeholder engagements will continue in 2018/19.

TRANSPORT AUTHORITY MANAGEMENT SYSTEM (TAMS) PROGRAMME

The TAMS Programme originally identified 54 projects to be undertaken in the next 10 years, just within the transport value chain. With the creation of TDA the scope of this programme is much wider and now includes the full TDA value chain. The aim is to enable all of TDA to deal with planning, investment, construction, operations and maintenance in a holistic intelligence-driven manner that will result in effective, efficient and responsible service delivery.

INTEGRATED INFORMATION MANAGEMENT SYSTEM PROJECT

To enable TDA to be intelligence-driven a project was created to develop, implement one integrated information management system that serves the full TDA value chain across the business. The first phase, which has been completed, focused on the transport value chain and will be expanded to meet the needs of the full TDA value chain. This enables TDA to effectively deal with historic, real-time, and big data, to create intelligence that will enable smart decision-making and effective service delivery.

ASSET & MAINTENANCE MANAGEMENT SYSTEM PROJECT

A necessary foundation of a healthy organisation is full knowledge and control of its assets. On top of this foundation an effective and efficient maintenance system can be constructed. This is what this project was about. TDA now has a world leading asset and maintenance management system that integrates the 'golden triangle' of location, operational and financial information. Every asset can now be geo-located, and its properties, interdependencies and financial value known.

PUBLIC TRANSPORT OPERATING LICENCE MANAGEMENT SYSTEM PROJECT

The Public Transport Operating Licence Management System is an integrated information management system that administers the value chain of public transport licencing in Cape Town. This system deals with administrative processes from first application up to enforcement of valid licenses.

TRAVEL DEMAND MANAGEMENT PROGRAMME

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

ROLL-OUT OF FLEXIBLE WORKING PROJECT

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

Once the City's organisation-wide roll-out is complete, an FWP work group will be established to coordinate the initiative and report on the results. Active engagement with other large organisations in Cape Town will also take place with the aim of encouraging citywide roll-out. Initial engagement with Province has already taken place.

NON-MOTORISED TRANSPORT (NMT) PROGRAMME

For the rest of the current five-year period, the City will continue to expand Cape Town's non-motorised transport (NMT) network, including footways, cycle ways, signage and intersection improvements that are universally accessible, to achieve improved access and mobility. NMT projects implemented in 2017/18 include initiatives in Manenberg, Woodstock, Blaauwberg South, Bergvliet/Tokai, the inner city and Somerset West/Strand. Further NMT projects will be rolled out in Durbanville, Edgemead/Bothasig, Grassy Park, Blaauwberg North, Eerste River and the inner city in the year ahead.

INTELLIGENT TRANSPORT SYSTEMS PROGRAMME

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

TRAFFIC SIGNAL SYSTEM UPGRADE PROJECT

With this project, the City wishes to ensure that the various components of the traffic signal system are refurbished or replaced timeously, and remain fit for purpose. In terms of progress in the reporting year, both the remote management and real-time adaptive control system servers were replaced. Software and firmware in all traffic signal controllers were also upgraded to a common standard. All the electric cabling was replaced at 37 intersections, while 316 traffic signal controllers were replaced or upgraded.

FREEWAY MANAGEMENT SYSTEM PROJECT

The freeway management system continued to operate at a high standard throughout the past year. Of particular interest was the widespread use of the system's variable-messaging signs to drive home messages about the water crisis. While not technically part of the system, TDA also installed CCTV cameras on the M3 in the Newlands area to improve traffic management.

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

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

The existing bus lane enforcement system on the N2 continued to operate in 2017/18. A tender was prepared to extend the system onto the newly constructed section of bus lane between Borcherds Quarry Road and the R300. In addition, the National Prosecuting Authority approved a preliminary design for average-speed-over-distance technology on part of the R300 and N2.

FREE WIFI ACCESS ON MYCITI BUSES PROJECT

The year in review saw 229 MyCiTi buses being equipped with public WiFi connectivity.

LAND DEVELOPMENT PROGRAMME

EXISTING RAIL STATIONS AND BRT STATION PARTNERSHIP PROJECT

This project focuses on the development of land around the existing rail and BRT stations in Cape Town, and consists of a planning and a pilot project phase. Elements of the planning component include station typology work by the City's Metropolitan Spatial Planning Section, and the inclusion of PRASA plans and guideline documents for the development of railway stations. Identified projects, in turn, include Kuils River Station precinct, Bellville Station parking upgrade and the inner-city hub.

The Kuils River Station precinct project has commenced with the appointment by PRASA 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. For the team to understand the challenges to be addressed through the station upgrade, a series of workshops need to be conducted. These commenced in June 2018.

The Bellville Station parking upgrade is also progressing. TDA's Urban Catalytic Branch is busy appointing Aurecon Consulting Engineers to develop a Bellville transportation framework plan, which will synthesise all the planning proposals considered to date.

The inner-city hub project is awaiting the appointment of consultants to research and develop the planning framework.

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 land development in the Philippi East node. The station is located on Govan Mbeki Road (M9), just east of New Eisleben Road. Transportation and traffic planning has revealed that the M9/New Eisleben Road junction would need to be grade-separated, with BRT buses exclusively using the grade elevated section in order to operate with minimal private-vehicle disruption and delays.

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

INFRASTRUCTURE INVESTMENT PROJECT

The City is upgrading and expanding Cape Town's public transport interchanges and facilities to accommodate the increasing demand for access and mobility. A public transport interchange (PTI) programme has been developed up until 2022 with an emphasis on a new methodology and approach to the delivery of PTIs. This enables comprehensive yet integrated planning, and affords the City the flexibility to manoeuvre between project categories in order to ensure continued service delivery and timeous implementation of various interventions.

The PTI projects have been grouped into four categories, and progress to date is as follows:

Table 11: Progress with public transport interchange projects as at 30 June 2018

Category	Description	Projects	Progress
A	Large, regional, multi-modal interchanges • Process in excess of 20 000 passengers per day • Require multi-stakeholder engagement • Delivery timeframes exceed three years • TOD-aligned	Retreat PTI	Construction tender evaluation phase
		Wynberg PTI	Repackaging of the project is under way with PRASA. Currently aligning the project with TOD principles
		Inner-city public transport hub	
B	Medium to large local interchanges • 3 000–20 000 passengers per day • Require feasibility studies, assessment and sizing before prioritisation and inclusion in City budget for implementation • Shorter delivery timeframe of less than three years	Masiphumelele	Construction has commenced
		Dunoon	Construction appeal period is in progress
		Makhaza taxi rank	Construction tender evaluation phase is in progress
		Somerset West	Detailed design phase is in progress
		Bayside, Bloekombos, Macassar, Durbanville, Parow, Vrygrond, Nonqubela, Table Bay Mall and Macassar	Feasibility studies are in progress
C	Includes large turnkey projects that have multiple partnerships and investment profiles, e.g. ORIO and TOD priority projects	ORIO-aligned projects: Nolungile, Vuyani and Nyanga. TOD-aligned projects: Bellville	Bellville PTI was shifted to Urban Catalytic Department as part of the Bellville TOD priority project
D	Small-scale public transport facilities that require minor upgrades • 1 000–3 000 passengers per day • Relate to day-to-day maintenance and operational requirements	Bus stops, embayments, holding facilities and fencing	Programme is being developed in liaison with the Contract Operations and the Asset Maintenance and Management departments

The City is also undertaking to replace all legacy shelters with uniform bus shelters across Cape Town over a five-year term, starting with priority areas. Prospective service providers will be engaged to supply or replace as well as erect and maintain approximately 2 500 of these shelters on the City's behalf.

Instead of paying the provider from its operating budget, the City expects it to sell advertising space on the shelters (augmented by advertising at MyCiTi stations) to generate the revenue necessary to provide the service. The intention is to contract the service provider that would not only perform the service at the required standard, but who offers the City the most advantageous roll-out programme.

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

DIAL-A-RIDE PROJECT

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

TRAFFIC CALMING PROGRAMME

The City is busy addressing the backlog in the provision of traffic calming measures, as well as maintaining the supply/demand ratio for the current five-year term of office. It has earmarked a budget of approximately R10 million for this purpose up until 2022.

OBJECTIVE 4.3: **BUILDING INTEGRATED COMMUNITIES**

KEY AIMS:

- Increasing diversity in communities
- Dedicating resources and efforts to improve the quality of life of the poor and vulnerable
- Improving racial harmony and diversity of City staff
- Dedicating resources and efforts to the spatial transformation of the city
- Optimising the use of existing facilities to promote cultural and social activities
- Partnering to facilitate and promote understanding and acceptance among communities
- Attracting a diverse pool of South African talent, and creating an institutional culture for that talent to thrive

BUILT ENVIRONMENT INTEGRATION PROGRAMME

As outlined in its BEPP, the City's focus is on delivering human settlements in line with the Integrated Human Settlements Framework principles. The existing two integration zones of the Voortrekker Road corridor and the metro southeast integration zone will be supplemented by a third zone along the Blue Downs corridor in the future. Details of, and progress with, these projects are as follows:

VOORTREKKER ROAD CORRIDOR INTEGRATION ZONE

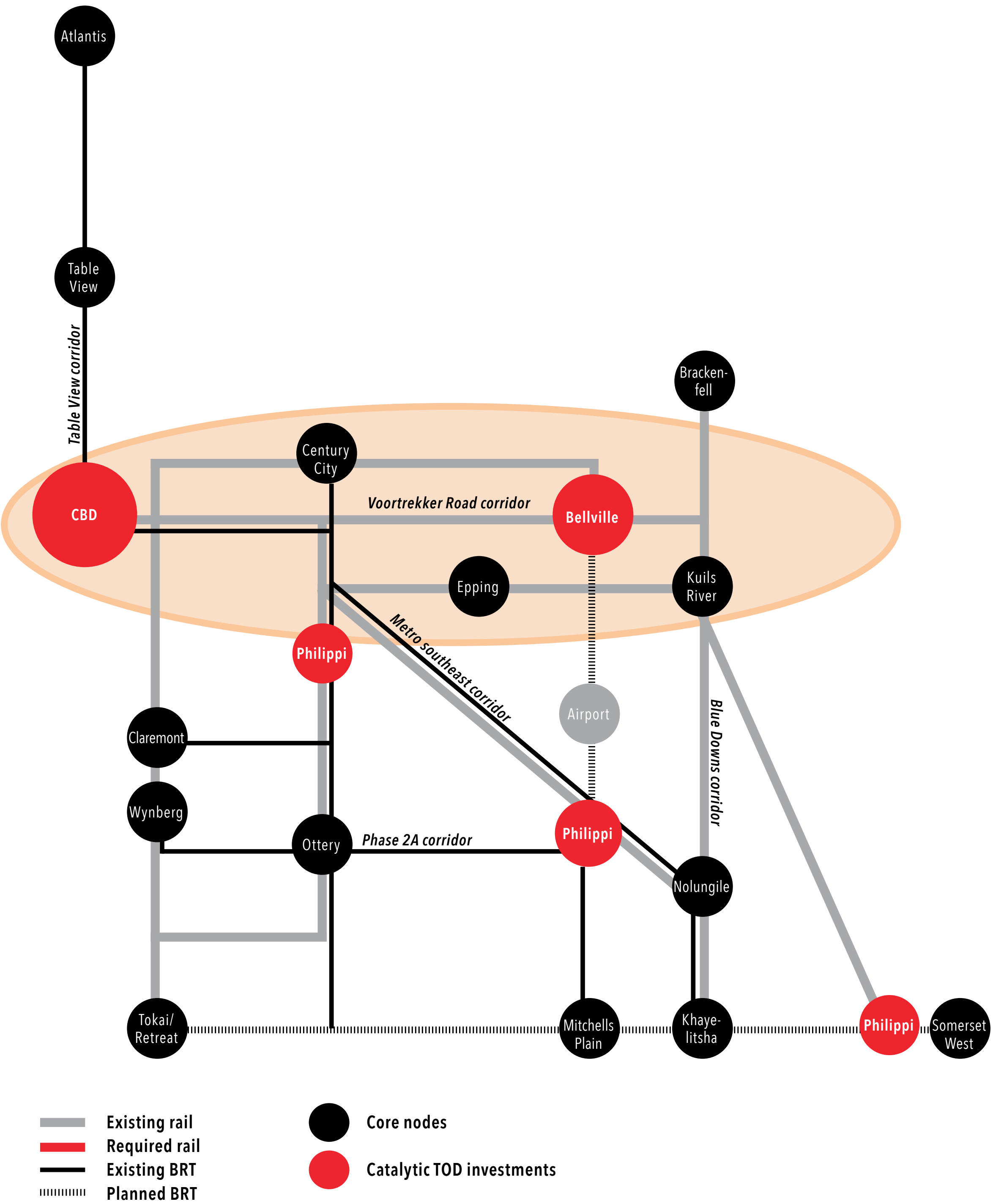
The primary objective of this integration zone is to link central Bellville with the metro southeast corridor boundary and central Cape Town.

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

To achieve this, the City will be coordinating and directing a programme of targeted public investment over time, based on a proper understanding of the potential and needs of the corridor. The intention is to leverage public investment so as to catalyse private-sector investment, all aimed at regenerating the Voortrekker Road corridor. For this purpose, the City is compiling an investment plan with a proposed programme of projects aligned with the City's development targets. By integrating various urban development work streams into a coherent, spatially targeted investment narrative, this plan will guide the way in which other elements, such as infrastructure, social facilities and economic opportunities, are planned and implemented over time.

A detailed analysis of freight, road and rail was completed as part of the 2015/16 baseline study to inform transport-based proposals. Each station and its receiving TOD precinct were scored in terms of urban management quality, public environment, transport infrastructure and property development potential – a methodology approved of by PRASA. At present, Bellville and Salt River stations have been identified for detailed planning for capital upgrade, while Parow and Tygerberg stations are in the project scoping phase. The implementation

Figure 11: The Voortrekker Road corridor integration zone



of a freight management strategy will be driven through the implementation of the MSDF over the next five-year cycle.

The Salt River Market mixed-use, mixed-income social housing project has been declared feasible and is now entering a land use approval process. Demonstrating how social housing development can catalyse high-density, mixed-use regeneration according to TOD principles, the Salt River Market 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 is the setting for the next social housing precinct. Several sites have been identified, and are being packaged for circulation to the City's social housing partners for development.

METRO SOUTHEAST INTEGRATION ZONE (MSEIZ)

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

In this zone, the City and its partners are working on three large projects. These are to consolidate the investment strategy, facilitate the PRASA rail modernisation programme, and expand the roll-out of MyCiTi to connect the metro southeast with areas of economic potential to the west, at Claremont and Wynberg.

The following spatial restructuring opportunities have been identified here:

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

BLUE DOWNS/SYMPHONY WAY INTEGRATION ZONE

The Blue Downs rail link remains critical to the development of Cape Town. The City is currently packaging the Blue Downs/Symphony Way integration zone in a similar fashion to the other two, more mature integration zones. Future development will have to align with the TOD Strategic Framework and, more specifically, the TOD comprehensive land use model, which emphasises land use intensity.

CITIZEN VALUE PROGRAMME

NAMING AND RENAMING PROJECT

In an effort to make Cape Town more inclusive, the City has led a sensitive and inclusive naming and renaming process over the past seven years. This was aimed at ensuring that the names of council owned buildings, facilities, roads and artefacts, places and memorials represent the heritage, shared past, and experiences of all residents. In the year under review, the City maintained this strong focus on inclusivity in the naming and renaming processes and in the celebration of memorial and heritage sites.

Figure 12: The metro southeast integration zone

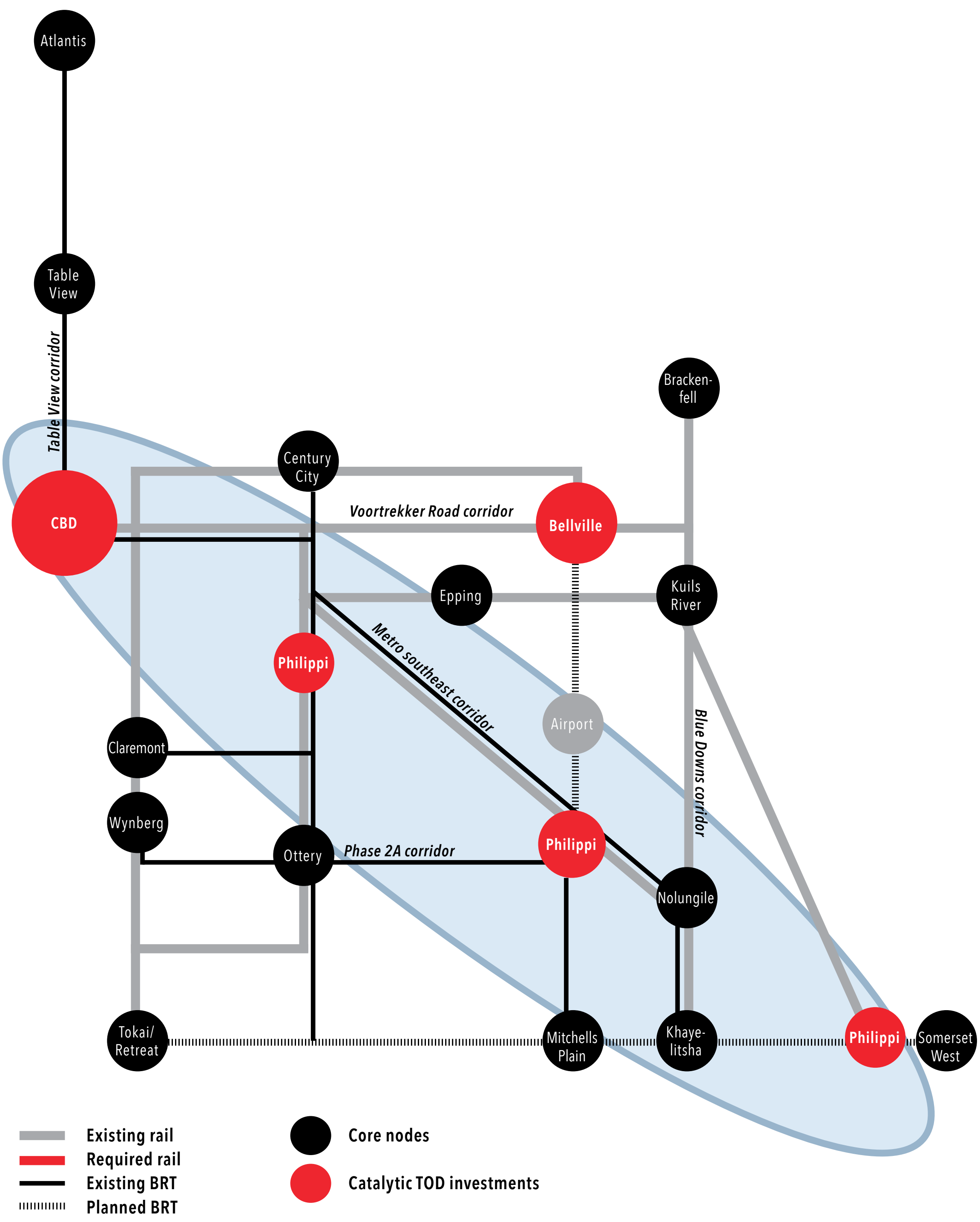
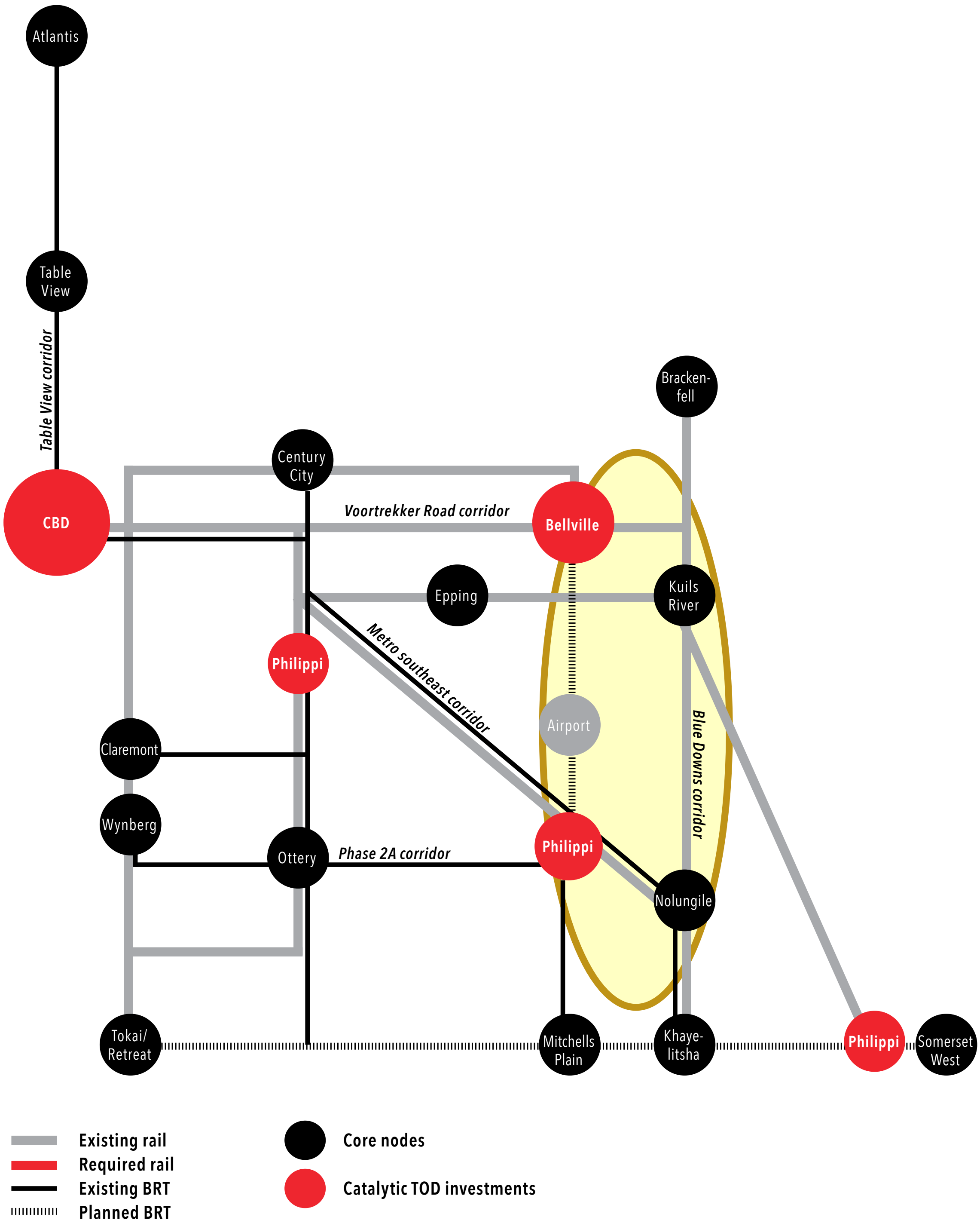


Figure 13: The Blue Downs/Symphony Way integration zone



HERITAGE PROJECT

On a daily basis, the City reviews development applications involving heritage resources, and assists and advises architects, developers, local communities and researchers with heritage-related issues. To date, over 18 000 local heritage buildings and resources in Cape Town have been mapped and graded for the heritage inventory. The inventory has been made accessible to the public through the City's website and online public map viewer. The quality and quantity of information in this inventory continues to improve. A number of blue heritage badges and plaques have also been installed to identify and interpret key heritage resources under the City's custodianship.

Some heritage highlights of 2017/18 included the following:

- The completion of the restoration of the Old Granary in Buitenkant Street – one of the biggest restoration projects the City has ever undertaken – for use by the Desmond and Leah Tutu Legacy Foundation, and its declaration as a provincial heritage site. Installation of an interactive heritage exhibition in the Old Granary, telling its story within the context of the history of Cape Town
- Ongoing improvements to the historic City Hall, and the restoration of its Grand Hall
- The design and sculpting of the new statue of the late President Nelson Mandela to be installed on the City Hall balcony, marking his first speech as a free man after his release from prison on 11 February 1990
- The commencement of the restoration of the historical Wooden Bridge in Milnerton
- Ongoing outreach programmes, including the hosting of various schools and events during Heritage Month
- Ongoing inventorying and verification of heritage objects under the City's custodianship

STORYBOARDS DEPICT CULTURAL HISTORY OF SCENIC SOUTHERN PENINSULA

The City, in collaboration with the local historical associations in Muizenberg and Kalk Bay, has created and installed a collection of interpretive boards along Main Road in the Southern Peninsula that tell the remarkable story of the people who lived in this part of the city over the centuries. A total of 21 historical interpretive boards have recently been installed along the section of Main Road that passes through Muizenberg, St James and Kalk Bay. This section spans approximately 4,5 km and is regarded as one of the Southern Peninsula's most scenic routes.

ANTI-RACISM PROJECT

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

The City also continues to deliver public education, training and awareness programmes to create a culture of anti-discrimination and zero tolerance for racism. Councillors and officials of the City are trained in dealing with issues of racism and discrimination. In the past year, the Employment Equity Branch also conducted nine anti-racism dialogues and 11 anti-discrimination sessions focusing on racism, sexual harassment and workplace bullying. The City also works to actively foster and strengthen partnerships with the South African Human Rights Commission, industry bodies and other, interested stakeholders to jointly fight racism.

Moreover, creating a tolerant workplace culture entails a focus on gender and diversity issues.

In this regard, the Employment Equity Branch hosted 43 diversity management workshops, three unconscious-bias seminars for senior management, four sexual harassment information sessions for all staff, and 13 gender transformation education and awareness sessions for staff from across the City.

In addition, events that celebrate citizens' rights and promote socio-economic transformation are enthusiastically commemorated across the City. These include South African and International Human Rights Day, Freedom Day, Heritage Day, Mandela Day, the 16 Days of Activism for No Violence Against Women and Children, International Day of the World's Indigenous People, and World Aids Day. A particularly noteworthy event in support of Mandela Day this past year was the Employment Equity Branch's launch of the Young Girls with Dignity sanitary drive. This initiative will continue until 30 June 2019, collecting sanitary towels from City staff for distribution to girls attending high schools in disadvantaged areas.

PUBLIC PARTICIPATION PROGRAMME

PUBLIC ENGAGEMENT PROJECT: CAPACITATED, INFORMED AND CONTINUOUSLY ENGAGED COMMUNITIES

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

The City recognises that capacitating staff members engaging directly with residents will enhance the way in which it engages to ensure maximum participation from communities. Tailored methods of engagement and communication are being

developed, taking into account the preferred menu of communication platforms appropriate in the circumstances, in order to ensure maximum participation and feedback. As an inclusive and caring city, ongoing interaction with residents is important to identify and address potential conflict situations.

In the year under review, the City achieved the following in terms of its public participation efforts:

- Drafted a Standard Operational Procedure for Public Participation for the City.
- Reviewed the Naming Policy 2012.
- Management of Naming and Nomination Committee initiatives as part of the Executive Mayor's programme of social redress and reconciliation.
- Management of various public participation initiatives in support of the ODTP Area-based Service Delivery Model.
- Oversight of a successful public engagement process on the 2017/18 Budget and IDP for the administration's new term of office.
- Successful management the local level engagement for the Resilient Strategy. A total of 11 134 respondents were surveyed.
- Successful management of the public participation process for the 2018/19 Budget and IDP amendments from 28 March until 4 May 2018. A record number of more than 50 400 comments were received from the public.

CUSTOMER ENGAGEMENT PROJECT

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

In the year in review, the corporate call centre responded to approximately 2,5 million incoming non-emergency contacts. Most of these related to accounts and water. Customers used various channels of communication to contact the call centre, including phone calls, e-mails, SMS, WhatsApp and face-to-face interaction. Customers were assisted in their language of choice.

The City also continued to install FreeCall lines in municipal buildings in outlying areas. Being automatically connected to the corporate call centre when picking up the phone, residents use these lines to report faults, register complaints and make enquiries, entirely for free. By 30 June 2018, a total of 178 FreeCall lines had been installed. In addition, Customer Relations introduced WhatsApp as an additional channel of communication for customers to register and follow up on water-related service faults. Approximately 35 000 WhatsApp messages are received per month.

As part of a pilot project, mobile offices were introduced in partnership with the Homeownership Tenancy Management Department and have been engaging with the communities of Kensington, Hout Bay, Albow Gardens, Bellville, Lotus River, Schotcheskloof and Morningstar (Durbanville) since March 2018. The aim is to make services more accessible to targeted communities based on their particular needs. These communities are typically in poor or remote areas without easy access to City cash offices, housing offices, subcouncil offices and FreeCall lines. The mobile offices offer these communities face-to-face contact with City staff to deal with a wide range of enquiries and service requests, including water, electricity and accounts. The mobile office service will be extended to other areas in the year ahead.

Finally, an electronic after-call survey was introduced so that customers can rate their overall service experience from the call centre. The survey has been introduced in the accounts payable, motor vehicle registrations, traffic, driver's licence testing centre and part of the accounts and general enquiries queues.

THE CITY HELPS DEVELOP YOUNG CALL CENTRE PROFESSIONALS AND CREATE JOBS

The Zoe Incubation Academy in Delft is the first community-based call centre in Cape Town. It forms part of a City-supported pilot currently training 42 unemployed youth, who are then placed businesses in the business process outsourcing (BPO) sector. The City has made R1 million available to the pilot through its partnership with Business Process Enabling South Africa Western Cape (BPESA WC).

The state-of-the-art academy and call centre is located closer to where people live, and obviates the need for expensive office space. The project is just one of many initiatives through which the City supports the BPO industry, which is one of the fastest-growing and biggest job creators in Cape Town.

SUBSTANCE ABUSE PROGRAMME

SUBSTANCE ABUSE TREATMENT PROJECT

The City has made six community-based Matrix® sites for alcohol and drug treatment available in four areas of Cape Town. A seventh site is planned for the near future. In the past year, the Matrix® programme assisted more than 2 060 clients at the various centres and achieved a rate of 83% clean drug tests for those in the programme. Moreover, the substance abuse programme of the City's Health Department provided EPWP job opportunities to 32 clients who had completed the programme.

SUBSTANCE AWARENESS AND PREVENTION PROJECTS

Awareness of substance abuse remains a high priority for the City. To further drive this in 2017/18, the City:

- offered 20 Strengthening Families programmes, which are structured, evidence-based life skills programmes that improve family relationships and reduce vulnerability to substance use;
- presented 51 citywide foetal alcohol syndrome (FAS) simulator programmes, which are interactive substance abuse life skills programmes to encourage responsible lifestyle choices, while raising awareness of FAS and the effect of alcohol on unborn babies;
- implemented 252 soft skills development projects to equip learners between the ages of 9 and 11 to steer clear of substance abuse; and
- marked International FAS Day and International Day against Drugs and Illicit Trafficking to raise awareness of the consequences of substance abuse.

POLICING INTERVENTIONS PROJECT

The City is undertaking a holistic, transversal approach to substance abuse that includes social based prevention, harm reduction and crime prevention. Law enforcement is therefore only one element of this approach.

In the year under review, the City continued to build on its significant drug policing successes through the following interventions:

- The continued resourcing and upskilling of specialised units that have a role to play in the policing of drug-related crime. This included the delivery of a sea port interdiction training course presented to the City's Marine Unit by the US Customs and Border Protection Agency.

- The Metro Police Department has acquired its first remotely piloted aircraft systems (drones) which are believed to be a valuable addition to the City's drug combating capacity. Arrangements are also underway for the training of drone pilots to ensure the availability of this important technological addition to the challenging operational environment our member face on a daily basis.
- The establishment of Neighbourhood Safety Teams (NST) that aim to promote collaboration between City roleplayers and community stakeholders and to increase the policing capacity in a specific geographical area. The first NST has been established in Delft in early 2018 and progress is carefully monitored. It is the intention to expand this initiative to other areas in the near future.

SUBSTANCE ABUSE PREVENTION, TREATMENT, SUPPRESSION AND COORDINATION PROJECT

This project recognises the multifaceted nature of substance use and abuse, and has therefore divided its activities into the following four broad themes:

- Prevention interventions seek to ensure that those at risk of succumbing to alcohol and other substance abuse, particularly the youth, are equipped to steer clear of illegal or harmful substances. These interventions include education, information sharing, awareness campaigns and providing alternative activities that promote skills and capacity building, such as afterschool and holiday programmes.
- Treatment interventions for those already caught up in alcohol and other substance abuse start with screening, and are then followed by treatment through referrals, outpatient care, family support and evidence-based treatment centres. The aim is for these treatment interventions to end in aftercare, ongoing support and job opportunities through the EPWP.
- Suppression interventions are aimed at reducing alcohol and drug supply and related criminal activity through regulation and bylaw enforcement, visible policing and intelligence-led task forces, such as the gang and drug task team.
- Coordination interventions bring all these approaches together and help avoid duplication. Such coordination takes place across internal and external City stakeholders.

In 2017/18, a range of projects by various departments addressed each of these themes and were well executed. The lessons learned will inform further interventions and programmes in the years ahead.

INTERGOVERNMENTAL SUBSTANCE ABUSE PROJECT

This past year, the City coordinated the Cape Town Alcohol and Drug Action Committee (CTADAC) to holistically address the issue of substance abuse. This committee kept the relevant provincial and national departments informed of the City's efforts.

NON-GOVERNMENT SUBSTANCE ABUSE PARTNERSHIP PROGRAMME

NGO AND NPO SUBCOUNCIL FUNDING PROJECT

The City continued to provide funding to non-governmental and non-profit organisations (NGOs and NPOs) that present substance abuse programmes. A framework document with guidelines on how to engage with the City, as well as information on the City's own substance abuse intervention strategies, is currently being compiled. An implementation plan will then be developed in collaboration with stakeholders.

PRIMARY HEALTHCARE PROGRAMME

INTERGOVERNMENTAL COLLABORATION PROJECT

The health departments of Province and the City continue to strengthen their partnership for providing personal primary healthcare (PPHC). The partnership is governed by service-level agreements, with City clinics delivering PPHC to the most vulnerable residents, as close as possible to their homes.

This is paying off. In the year in review, the City achieved a booking rate of 67% of expectant mothers before 20 weeks of pregnancy. A total of 94% of patients co-infected with HIV and tuberculosis were started on antiretroviral (ARV) treatment, and over 14 000 new HIV-positive clients enrolled for ARVs. Moreover, only 3,7% of all births were by mothers below the age of 18, which would suggest that the City's advocacy for responsible sexual conduct and the use of contraceptives is having the desired effect.

The City will continue to work with Province to ensure seamless healthcare, particularly to the vulnerable and poor.

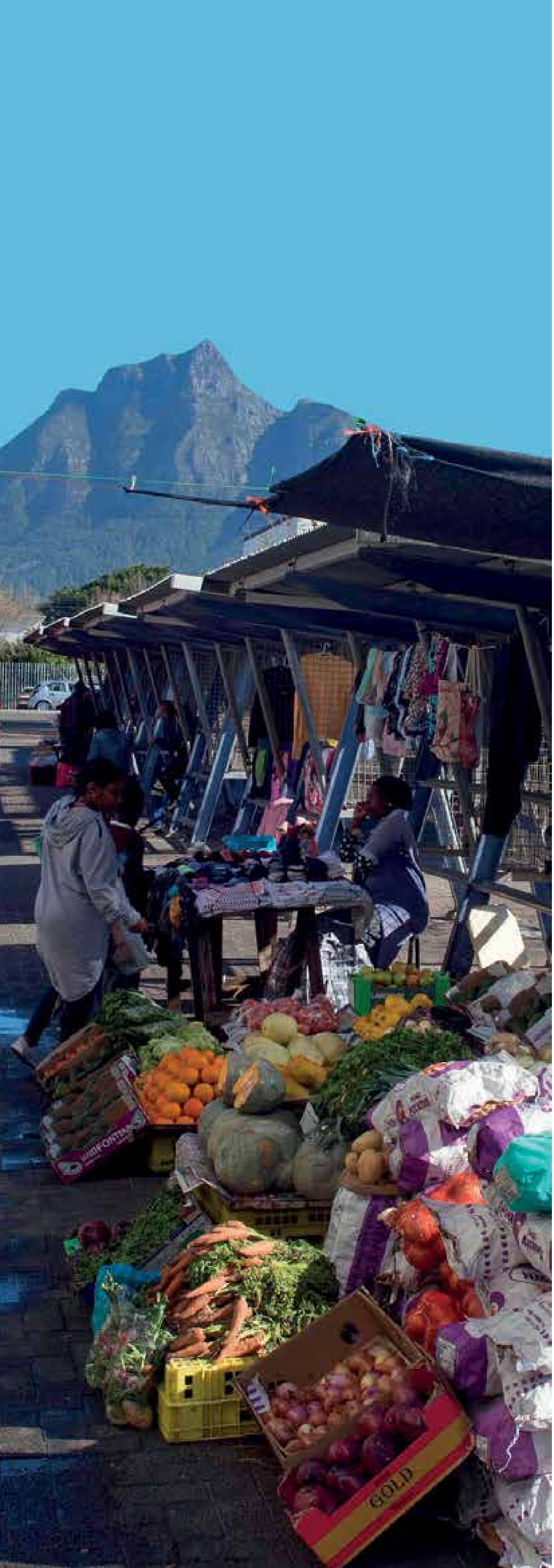
COMPLYING WITH NATIONAL CORE STANDARDS AND IMPROVING ACCESS TO SERVICES

The Office of Health Standards Compliance (OHSC), a body that regulates quality healthcare in South Africa, has introduced national core service standards for all health facilities.

In addition, the national Department of Health has introduced the Ideal Clinic concept, which is aimed at ensuring the provision of quality, customer-centric health services. The City's Health Department is determined to comply with these standards in its healthcare facilities. In the past year, many of the City facilities achieved Ideal Clinic status (including four platinum, 26 gold and 30 silver). The City continues to implement plans to improve these compliance figures and to ensure comprehensive health service delivery closer to residents' homes. In this regard, the number of City sites providing ARVs was increased to 60 in 2017/18 (2016/17: 46).

In addition, in line with the City's focus on non-communicable diseases, it has also started rolling out adult chronic disease services in many of its clinics. Basic antenatal and postnatal care services are now available at all City health facilities, and an increasing number also render mental health services.

Also in the year in review, the City began with the process of enhancing its appointment system by piloting an electronic appointment system at ten facilities.



CITY HELPS SAFEGUARD COMMUNITIES AGAINST HEALTH EFFECTS OF CHANGING ENVIRONMENT

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.

The Department continues to sample and monitor drinking water quality in Cape Town and engages weekly with the City's Scientific Services laboratory. In the past year, 98,1% of routine domestic water samples complied with the SANS 241 quality standards for potable water. This is just short of the target of 99%, mainly due to the aesthetics (iron content and colour of water) and turbidity of the samples. These were affected by low water pressure as part of the City's efforts to deal with water shortages. Yet aesthetics and turbidity pose no public health risk.

Moreover, the City's air quality monitoring network consists of 13 monitoring stations that measure the concentration levels of six criteria pollutants in the ambient air. Data is evaluated daily against the South African ambient air quality standards. The ambient air quality data for 2017/18 showed that air pollution exceeded South African ambient air quality standards for 13 days, which is significantly less than the accepted maximum of 30 days.

Food safety is another important function of the City's Health Department. Foodstuffs are sampled and analysed for microbiological and compositional compliance with the standards set in food legislation. In the year in review, 79,2% of food samples (against a target of 75%) complied with all relevant standards. A key contributing factor to this success is the City's follow-up on sample results, as well as the health education provided to business owners and persons in charge of food premises.

The City continues to reassess its approach to safeguarding residents in the face of a changing environment and the challenges this poses, particularly to informal settlements. To this end, the City's Environmental Health staff in the past year conducted 24 410 (target: 22 500) monitoring visits to informal settlements to identify potential health hazards. They also conducted 1 280 (target: 900) health and hygiene projects relating to informal settlements.

HOMELESS PEOPLE PROGRAMME

HOMELESSNESS REHABILITATION AND SUPPORT PROJECT

The City proactively helps the poor and most vulnerable in society – including the homeless - by providing access to services and support, regardless of the individual's circumstances. This done through a comprehensive package of evidence-based initiatives aimed at addressing the root causes of homelessness instead of the symptoms only.

A new initiative recently piloted, Safe Spaces, also aims to address the shortage of shelter space for homeless residents in central Cape Town, while at the same time acting as a stepping stone for those who seek help getting off the street. The pilot site takes the form of a transitional shelter facility situated underneath the Culemborg Bridge on the Foreshore, offering up to 230 street people access to beds, ablution facilities, water and storage space for their belongings.

RESEARCH ON REASONS FOR HOMELESSNESS PROJECT

Ongoing City research explores why people migrate to the streets so as to foster a compassionate approach to homeless residents. The findings continue to inform the measures the City takes to assist this section of society.

PREVENTATIVE PROJECTS ADDRESSING SOCIAL CHALLENGES THAT COULD RESULT IN PEOPLE MIGRATING TO THE STREETS

The factors that result in homelessness ultimately determine the preventative measures the City implements. In 2017/18, the City:

- implemented 21 Give Responsibly campaigns;
- offered social care interventions to 2 731 persons, and successfully reintegrated 160 with their families and/or communities of origin;
- sustained the work of local networks of care in support of the work of the Reintegration Unit in all areas;
- implemented programmes to assist the youth with work and employment readiness skills, and prepare them for the open labour market; and
- hosted four area-based youth career expos.

Depending on water levels in Cape Town, the support of food gardens as a poverty alleviation tool will be re-examined in the years ahead.

CROSS-SUBSIDISATION PROGRAMME

REBATES AND INDIGENT PROJECT

The City provides rates rebates to those most in need as part of its commitment to supporting the most vulnerable in society, alleviating poverty, and enabling a more integrated and equal society.

This initiative enhances cross-subsidisation of the poor and ensures the sustainability of the City's rebates and indigent projects. As part of the City's annual budgeting process, a modelling exercise based on current tariffs and rebates determines the impact of proposed tariff increases, especially on poor and vulnerable residential clients.

The City's total package for rates assistance increased by R203 million to approximately R1,4 billion in the 2017/18 financial year. This increase can be linked to the City programmes that publicise and encourage registration for indigent benefits; rates rebates for senior citizens and disabled persons; and the introduction of an additional R50 rates rebate for properties valued between R400 001 and R750 000.

STRATEGIC FOCUS AREA 5:

WELL-RUN CITY

THE **WELL-RUN CITY** FOCUSES ON ENSURING THE CITY'S FINANCIAL AND OPERATIONAL SUSTAINABILITY, HUMAN RESOURCES DEVELOPMENT AND ORGANISATIONAL RESTRUCTURING.

Objective	Programme
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 improvement programme Service delivery improvement programme

KEY WELL-RUN CITY ACHIEVEMENTS IN 2017/18

- Approximately **95,7%** of the City's purchase orders (more than **204 500** out of a total of 213 554) were placed with BBBEE-compliant vendors (2016/17: 92,7%)
- The City also maintained its long-term and short-term national-scale rating of Aaa.za and Prime-1. This means that the City has the **highest possible credit quality rating** in the national context
- The City's capital expenditure amounted to **R5,73 billion** (2017: R6,27 billion). This represents a **72,80%** capital spend (2017: 92,62%)
- **R11,2 billion** value of purchase orders was awarded to BBBEE-compliant suppliers. The total value of purchase orders for 2017/18 was more than **R12,2 billion**
- Of the **3 167** service providers who conducted business with the City during 2017/18, more than **2 800** were BBBEE-compliant, which equates to **88,63%** of all service providers used
- **20** additional data sets are published on the City open data portal (to promote transparency and accessibility of the administration's data) brings the total number of datasets published to **119**

OBJECTIVE 5.1: **OPERATIONAL SUSTAINABILITY**

KEY AIMS:

- Delivering services and creating value for customers in an operationally sustainable manner
- Ensuring evidence-led decision-making to keep the City financially stable and resilient to shocks in a changing environment

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.

CITY SUPPORTS TRANSFORMATION THROUGH PROCUREMENT

As a well-run city that is aware of its responsibility to boost economic inclusion, the City maintains a strong focus on transformation in its supply chain. Procurement figures for the year in review confirm the City's commitment to assisting previously disadvantaged people and ensuring redress through preferential procurement.

For the financial year ending 30 June 2018, approximately 95,7% of the City's purchase orders (more than 204 500 out of a total of 213 554) were placed with BBBEE-compliant vendors (2016/17: 92,7%). The total value of purchase orders for 2017/18 was more than R12,2 billion, of which over R11,2 billion was awarded to BBBEE-compliant suppliers.

Of the 3 167 service providers who conducted business with the City in the past financial year, more than 2 800 were BBBEE-compliant, which equates to 88,63% of all service providers used.

The City's BBBEE verification process considers factors such as company ownership, employment of historically disadvantaged individuals, efforts to develop historically disadvantaged employees, and whether the company makes use of previously disadvantaged suppliers. This process helps ensure that economic development is not concentrated among one group only, and that newer market entrants are not excluded by established players. In this way, the City contributes to the sustainable transformation of the local and national economies.

CREDIT RATING

In 2017/18, Moody's Investor Service confirmed the City of Cape Town's long-term and short-term global-scale rating of Baa3 and Prime-3 with a negative outlook due to the challenges associated with the water crisis. The City also maintained its long-term and short-term national-scale rating of Aaa.za and Prime-1. This means that the City has the highest possible credit quality rating in the national context.

CAPITAL EXPENDITURE

The City's capital expenditure for the year in review amounted to R5,73 billion (2017: R6,27 billion). This represents a 72,80% capital spend (2017: 92,62%).

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.

ENERGY REVENUE MODEL DEVELOPMENT

The City is working to develop and implement 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 to find ways to address energy poverty for the poorest households, while also improving energy efficiency.

While most households in Cape Town do have access to electricity, the City is working on programmes and tariffs to ensure that poor households are able to afford sufficient electricity to meet their energy needs. A study of household energy use has been completed and an extensive finance and economic study initiated. In addition, an off-grid policy for unelectrifiable households is being developed, and a coordinated approach to low-income energy education and awareness has been initiated across all City departments.

CORPORATE FLEET, FACILITIES AND PROPERTY MANAGEMENT

The City has committed to developing and rolling out strategies aimed at the management and optimisation of corporate fleet, facilities and immoveable property.

The Facilities Management department undertook a number of maintenance and upgrade projects on City-owned corporate facilities. This was to ensure that City provides suitable accommodation from which its employees can provide services to the community. The main focus was to ensure that the City facilities are compliant with the latest building legislations, in particular OHSA, and to address universal access on a number of facilities.

During this period, Facilities Management Space Management focused on lease reduction projects. This entails the cancelling of external leased office accommodation and utilising City-owned facilities instead. A space management optimisation strategy was developed to identify opportunities for optimisation. The implementation of this strategy resulted in the cancellation of a number of external leases and substantial savings to the City. Facilities Management also concluded the Business Plan and the Facilities Management Strategy for the department.

The Assets and Facilities Management (AFM) Fleet Management Strategy was approved in June 2018 by the City Manager. The Department commenced with the drafting of the development of the Fleet Management Strategy Implementation Plan, which will be rolled out over the next three to five years. A strategy on the optimisation and rationalisation of immovable property is being formulated which takes into account the need to align with the Municipal Spatial Development Framework (MSDF).

VALUE AWARENESS PROGRAMME

CHANGE MANAGEMENT PROJECT

To be completely responsive to citizen needs, remain sustainable, and provide resilient and adaptable services in a dynamic and competitive environment, the City will need to change. Particularly the developing-world conditions within which the City operates, with a static revenue base and a large population in need, require a reformed way of work.

The City's change management project is an all-encompassing organisational roadmap aimed at achieving a service delivery level that consistently

meets the needs of all Cape Town's citizens, and provides resilient, adaptable and sustainable services in a dynamic and competitive environment. Its key focus areas include:

- building a values-based organisational culture to drive excellence in service delivery;
- an absolute commitment to customer-centricity;
- effective employee engagement through appropriate recognition and reward;
- raising the City's reputation as an employer of choice with a compelling employee value proposition; and
- entrenching the City as a 'best of breed' local government by attracting, training and retaining top talent.

RECOGNITION AND REWARDS PROJECT

This project aims to create an organisational culture where employee excellence is encouraged, recognised and rewarded. A strategy is being developed to drive the creation and implementation of such a culture to ensure employee attitudes and behaviours that align with the City's values and customer-centric culture.

COMPLIANT SERVICE DELIVERY PROGRAMME

LEGAL COMPLIANCE PROJECT

The City is establishing a probity and governance unit in the Directorate of the Mayor to ensure compliance with all legal requirements in its pursuit of progressive and sustainable service delivery.

EVIDENCE-LED DECISION MAKING PROGRAMME

DIGITAL TOOLS PROJECT

Data, information, knowledge and records are key City assets and are vital to the effectiveness of the administration's business processes, planning, management and compliance. This project uses digital and IT tools to further automate and improve the management of City business processes in line with international best practice and the prescripts of laws such as the Spatial Data Infrastructure Act 54 of 2003 and the Provincial Archives and Records Service of the Western Cape Act, 2005.

Enterprise content management (ECM) is a key component of the project. ECM refers to the way in which data, information and documents are managed across the organisation in terms of knowledge and records management requirements. This is particularly important in the context of shifting from paper to digital. In the year in review, an ECM framework was applied in assessing two content types, namely policies and contracts. The assessment looked at how policies and contracts are managed and where related documents are stored in the City. Recommendations for improving the management, storage and sharing of these content types were outlined in subsequent reports.

Also in 2017/18, internal information and content hubs were developed for three City departments, namely Information Systems and Technology (Telecommunications), Organisational Policy and Planning, and Organisational Effectiveness and Innovation. The hubs were created using the Microsoft SharePoint platform. These initiatives improve internal efficiencies by sharing content, while also applying ECM principles.

Moreover, a new technology innovation website was developed in partnership with the City's Innovation Unit. The site offers a platform where stakeholders can submit innovative ideas or solutions for Water and Sanitation's consideration. Following implementation of the website, a request was received to extend the categories of solutions to also include other City departments, such as Recreation and Parks.

The City's open data portal continues to promote transparency and accessibility of the administration's data, with another 20 datasets published in the reporting year. This brings the total number of datasets published to 119. The portal includes access to training guides, spatial data, static maps, all business-specific viewers, and GIS policies and standards. Since its launch in 2015, the portal has grown in popularity as a source of raw data used to develop applications, and for a number of other purposes. It sees an average of 1 500 downloads per month and is proving highly effective in promoting the use of the City's data for broader social and economic benefit. A recent redesign has further enhanced functionality to allow for the spatial or visual representation of the datasets. In the year ahead, the following new features are planned:

- Grouping of information by theme so that people can easily find and download data in a variety of open formats
- Providing the ability to filter data based on specific attributes, view spatial data on a map, and preview data in a tabular format before downloading
- Aggregating geospatial data using charts and graphs
- Providing an option for users to mark certain datasets as favourites for easy access, and for related datasets to be listed with all search results

Finally, the City's corporate CityMap Viewer and certain business-specific internal viewers were redeveloped over the past year to provide users with simplified mapping tools to support planning and service delivery.

DATA ANALYSIS METHODOLOGY PROJECT

The City recognises that the large volumes of data it generates and holds need to be accessible and available to stakeholders to inform decisions and planning – in other words, to enable evidence-based decision-making. In this regard, an evidence-based decision-making framework has been prepared, while the City has also drafted a data strategy with inputs from a range of directorates and departments.

INNOVATION PROJECT

The City is developing a new platform to promote innovative, design-led approaches to service delivery and enable effective engagement with customers on matters that affect them.

To support activities on this platform, the reporting year saw the establishment of a new Innovation and Operational Effectiveness Branch in the City's Organisational Effectiveness and Innovation Department. The Branch has the capacity to achieve the objectives set out in the City's IDP and has been mandated to 'lead the development and implementation of innovative strategies and projects to drive customer-centric service performance across the organisation and with external stakeholders'. Its core functions are to:

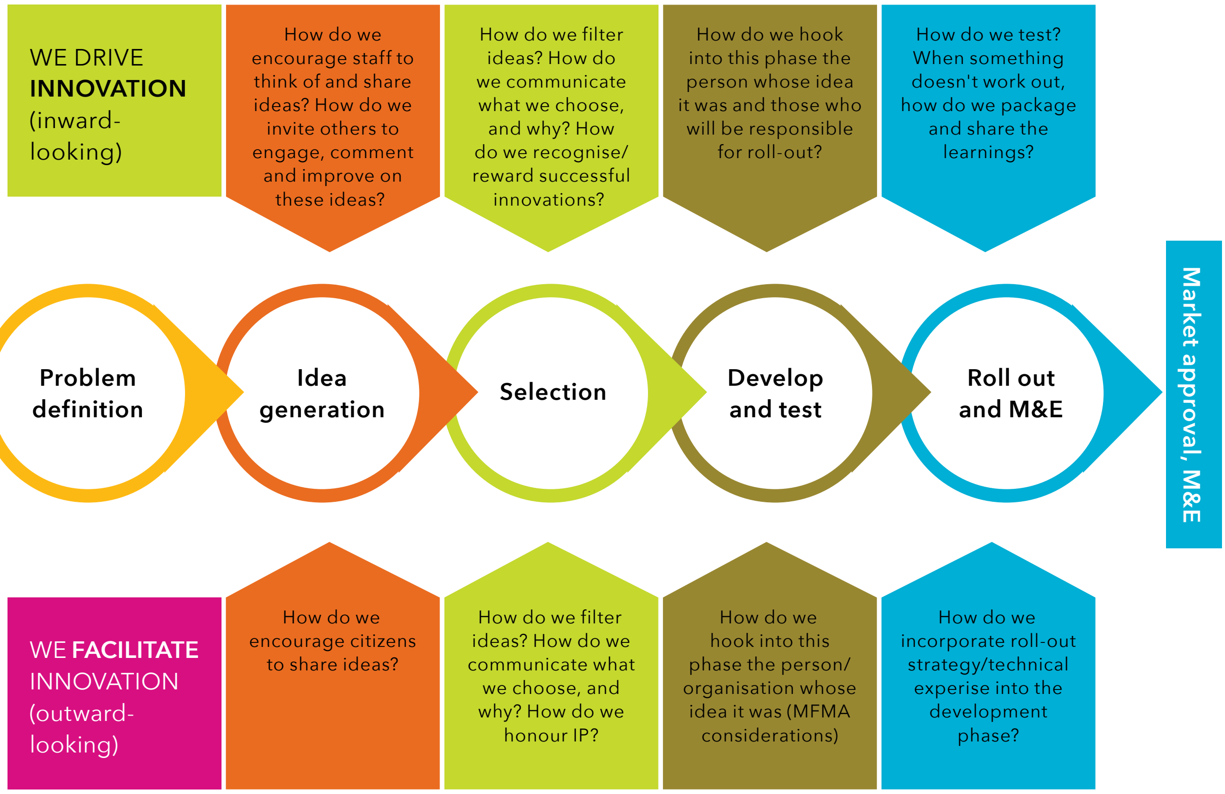
- enable the creation of an innovation-led organisation;
- solve operational challenges;
- increase operational excellence; and
- promote a culture of customer-centricity.

Furthermore, an Innovation Forum (iForum), including representatives from all City directorates, has been established 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.

In 2017/18, the iForum hosted a number of innovation workshops aimed at establishing an innovation framework. The framework will inform the City's future engagement with its staff and citizens regarding innovations that can improve service delivery. A visual depiction of the framework is as follows:

Figure 14: The City's innovation framework



In addition to the framework, the Innovation Branch has also rolled out the initial design-led thinking training programme. The training seeks to raise awareness of innovation and embed a culture of innovation that will drive customer-centricity across the City's operational areas.

SERVICE DELIVERY SKILLS PROGRAMME

OVERVIEW OF HUMAN RESOURCES

At the end of June 2018, the City had 26 852 employees (2016/17: 26 856). This represents an increase of -0,21% year on year. The vacancy rate for the City is 8,89%.

2016/17 CITY MANAGERIAL LEVEL 1 TO 3 AS AT 30 JUNE 2018

	FEMALE					MALE					
Occ category	African	Coloured	Indian	White	Female total	African	Coloured	Indian	White	Male total	Grand total
Benchmark target/%	**16,20%**	**22,35%**	**0,46%**	**8,30%**	**47,31%**	**19,09%**	**23,85%**	**0,63%**	**9,12%**	**52,69%**	**100,00%**
Reporting Level 1	0	1	0	2	3	1	4	0	2	7	10
	0,00%	10,00%	0,00%	20,00%	30,00%	10,00%	40,00%	0,00%	20,00%	70,00%	100,00%
% short/(over) i.r.t. Benchmark %	16,20%	12,35%	0,46%	-11,70%	17,31%	9,09%	-16,15%	0,63%	-10,88%	-17,31%	
Reporting Level 2	6	6	3	7	22	4	14	4	12	34	56
	10,71%	10,71%	5,36%	12,50%	39,29%	7,14%	25,00%	7,14%	21,43%	60,71%	100,00%
% short/(over) i.r.t. Benchmark %	5,49%	11,64%	-4,90%	-4,20%	8,02%	11,95%	-1,15%	-6,51%	-12,31%	-8,02%	
Reporting Level 3	18	28	3	29	78	29	48	7	73	157	235
	7,66%	11,91%	1,28%	12,34%	33,19%	12,34%	20,43%	2,98%	31,06%	66,81%	100,00%
% short/(over) i.r.t. Benchmark %	8,54%	10,44%	-0,82%	-4,04%	14,12%	6,75%	3,42%	-2,35%	-21,94%	-14,12%	
Race/Gender Rep	7,97%	11,63%	1,99%	12,62%	34,22%	11,30%	21,93%	3,65%	28,90%	65,78%	100,00%
Grand total	**24**	**35**	**6**	**38**	**103**	**34**	**66**	**11**	**87**	**198**	**301**
% short/(over) i.r.t. Benchmark %	**8,23%**	**10,72%**	**-1,53%**	**-4,32%**	**13,09%**	**7,79%**	**1,92%**	**-3,02%**	**-19,78%**	**-13,09%**	
	SHORT	**SHORT**	**OVER**	**OVER**	**SHORT**	**SHORT**	**SHORT**	**OVER**	**OVER**	**OVER**	

% COMPLIANCE WITH EE PLAN

TOTAL	10	100,00%
WM/NON-DESIGNATED	2	20,00%
DES/% COMPLIANCE	8	80,00%
TOTAL	56	100,00%
WM/NON-DESIGNATED	12	21,43%
DES/% COMPLIANCE	44	78,57%
TOTAL	235	100,00%
WM/NON-DESIGNATED	73	31,06%
DES/% COMPLIANCE	162	68,94%
TOTAL	301	100,00%
WM/NON-DESIGNATED	**87**	**28,90%**
DES/% COMPLIANCE	**214**	**71,10%**

Gender targets per Reporting Level	Female total		Short/ (Over)	All staff total		Male total	Short/ (Over)
Reporting Level 1	3	30,00%	17,31%	10	70,00%	7	-17,31%
Reporting Level 2	22	39,29%	8,02%	56	60,71%	34	-8,02%
Reporting Level 3	78	33,19%	14,12%	235	66,81%	157	-14,12%
Total all levels	**103**	**34,22%**	**13,09%**	**301**	**65,78%**	**198**	**-13,09%**

SKILLS GAP AND EVALUATION PROJECT

To maximise service delivery, the City is developing a comprehensive staffing strategy, incorporating a skills audit, individual performance management, workplace skills plans, and the development of organisational competencies.

In 2017/18, the Organisational Development Branch focused on developing the relevant systems and procedures for investing in staffing strategies and related processes, such as succession planning, personal development planning and the coaching, mentoring and leadership development of staff.

Also, by 30 June 2018, the newly integrated SAP process for individual performance management and personal development planning had been implemented. The process, which will be made available in the 2018/19 cycle, will enable the effective management of key competencies required for personal, career and performance-based development of City staff.

SKILLS INTERVENTION PROJECT

The City has designed and implemented various interventions aimed at addressing identified skills gaps and ensuring that the administration and its employees keep pace with technological developments. A snapshot of these interventions follows below:

- **Driver training (corporately funded)**

This initiative supports relevant employees in the acquisition of their driver's licences for various codes. In the year in review, 45 employees completed this training.

- **Shop steward training (corporately funded)**

A total of 65 shop stewards from both unions attended shop steward training in the reporting year. The training capacitates shop stewards to perform their daily functions.

- **Smart driver training programme**

The TDA Training Academy is responsible for coordinating this programme, which trains the City's approximately 10 000 fleet drivers in responsible driving habits. Attendance of the programme is mandatory for all fleet drivers. Intended outcomes are 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. To date, the City has trained 706 employees through this programme.

- **Adult education and training (corporately funded)**

The City continues to expand its adult education and training programmes. In the period in review, 257 employees enrolled and 26 completed their General Education and Training Certificate, which is the equivalent of a Grade 9 pass.

The City has also introduced its gap initiative programme aimed at bridging the gap between Grades 10/11 and matric. The initiative forms part of the national Department of Basic Education's Curriculum and Assessment Policy Statements (CAPS), preparing learners to successfully progress through Grades 10 and 11 to ultimately reach matric. The 47 learners currently enrolled in this programme are scheduled to complete it by the end of September 2018, before proceeding to learning at matric level (Grade 12).

- **Recognising the learning achievements of City staff**

The City acknowledges and celebrates all employees who have committed themselves to furthering their education and completed their qualifications. In 2017/18, a total of 266 employees were awarded certificates of recognition for attaining qualifications in various fields of study and diverse programmes. In addition, 17 employees received top achiever certificates in recognition of their outstanding learning achievements.

- **External opportunities (funded across City directorates)**

The City aims to create a number of external learning opportunities for graduate interns, external bursars, in-service students as well as learnerships and apprenticeships. The target for 2017/18 was set at 700 learnerships, trainees and bursaries, and 200 apprentices. By the end of the financial year, these targets had been exceeded, with 1 042 external trainee and bursary opportunities and 347 apprenticeships offered. These various student programmes form an integral part of the City's talent management framework and are key to the administration's commitment to employment equity. Due to the successful implementation of these programmes, 80 students secured permanent employment with the City.

Moreover, the City's budget for external bursaries for the year in review was R6,3 million. In May 2018, the City awarded 40 new external bursaries to selected students, with a particular focus on developing scarce skills. These bursaries are awarded to full-time students only. This brought the total number of external bursaries awarded to 169. The value of each bursary ranges between R15 000 and R45 000. Bursary students also have dedicated mentors to guide and support them through their studies. Upon graduation, the students are placed in a funded position in the City for a period matching the bursary term. In this way, the City creates a pipeline of talent from which it may draw in future.

- **Finance management programme**

The City's finance management programme is a three-year course consisting of 15 unit standards. It is offered to employees in the City's finance environment as part of their ongoing professional development, and to equip them with the necessary knowledge, skills and competencies to perform their functions. The modules are recognised as credits towards a diploma in Public Accountability.

The City first offered this programme in July 2014. In the past year, 182 employees were enrolled, while another 80 will start the programme in the year ahead.

- **Individual performance management**

The Local Government: Municipal Systems Act 32 of 2000 requires the City to conduct effective performance management of all its staff. Therefore, the City has implemented a comprehensive performance management and measurement system.

Individual performance management is governed by the City's Individual Performance Management and Development Policy, which is accompanied by detailed guidelines. Training ensures that employees fully understand the policy, know how to use the system, and align individual and corporate values. In 2017/18, the training was provided to 6 458 employees.

SERVICE DELIVERY IMPROVEMENT PROGRAMME

Through its customer-centred service delivery improvement programme, the City aims 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 strategic focus areas and priorities.

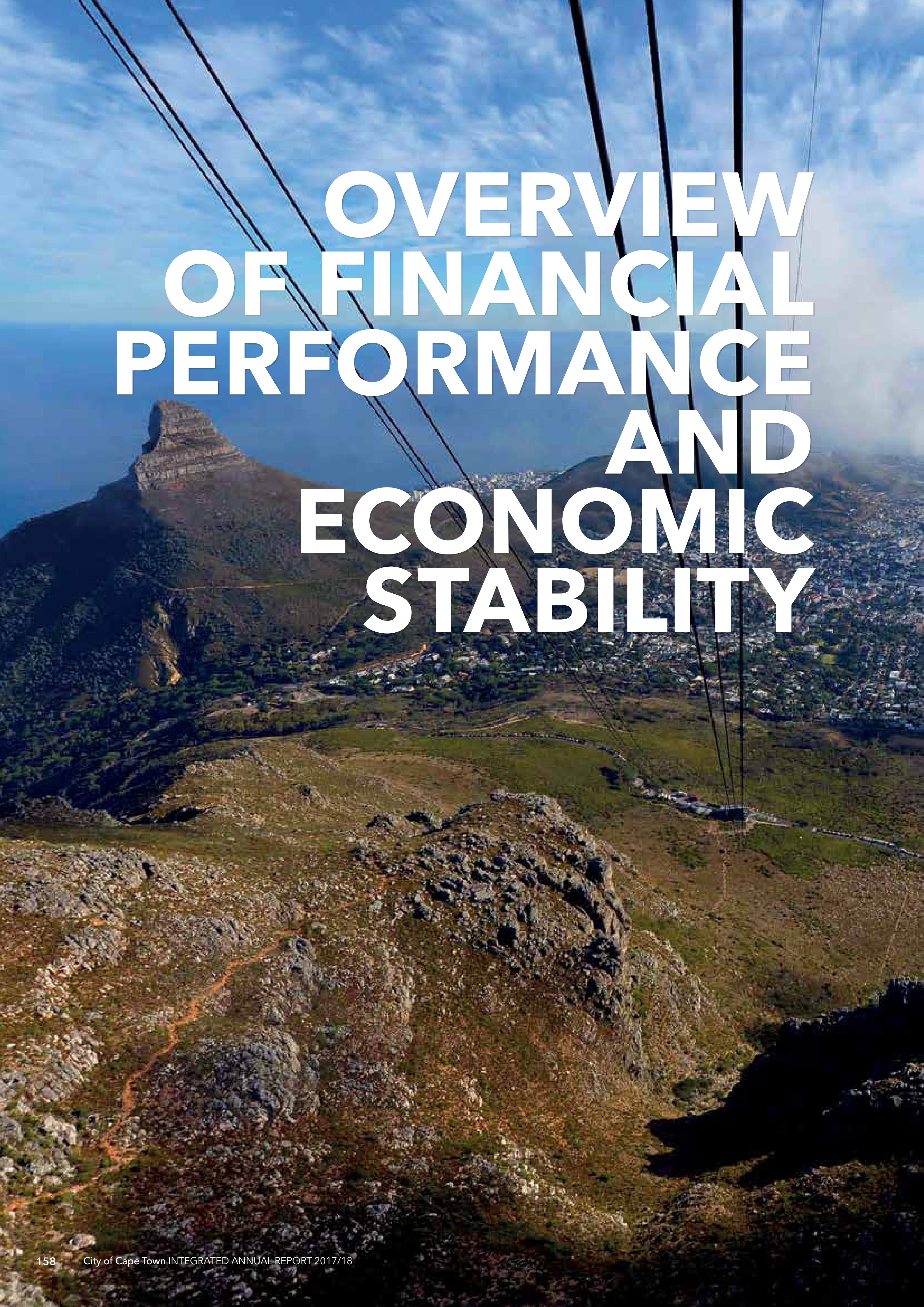
In the first year of the current IDP, the City's Area-Based Service Delivery Directorate refined the strategy and developed business plans to decentralise service delivery. The following progress has been made:

Table 12: Progress with refining the City's service delivery model as at 30 June 2018

Action	Progress
Drafting baseline reports on customer satisfaction	Monitoring reports are 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 are convened on a bi-weekly and monthly basis to resolve blockages between directorates and departments
Developing proactive tools that will enhance service delivery for the benefit of the City's clients	Tools being leveraged to enhance service delivery at transversal/interdepartmental meetings, such as the bi-weekly meetings with the Mayco member, monthly meetings with the Directorate, ad-hoc meetings dealing with time-sensitive matters (e.g. protests and illegal occupations) and project-based steering committee meetings
Ensuring alignment between the Tourism Development Framework and the City's five SFAs and 11 priorities	Local Area Tourism Plans have been developed for each of the four areas. The projects and activities are aligned and relate to: • The Strategic Focus Areas (SFA) 1&4 of the IDP • The Economic Growth Strategy • The City's Strategic Priorities

From 2018/19 onwards, the programme will almost exclusively focus on implementing the decentralised service delivery model.

OVERVIEW OF FINANCIAL PERFORMANCE AND ECONOMIC STABILITY



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CONSOLIDATED FIGURES

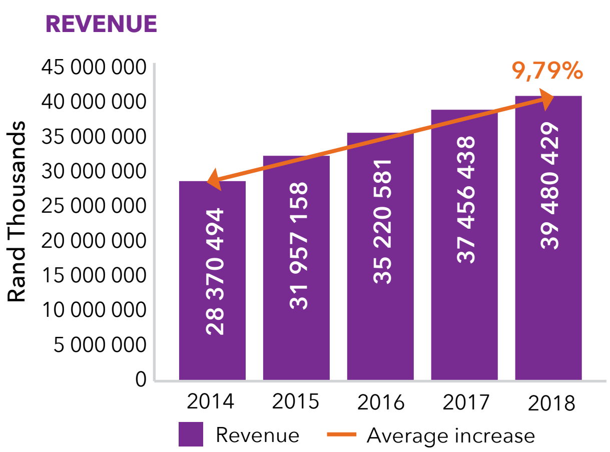
This overview presents highlights from the entity's financial performance for the year in review as well as the past five years, for full details consult the annual consolidated financial statements.

OPERATING RESULTS FOR REVENUE AND EXPENDITURE

Over the past year, revenues increased by **5,40%** to **R39,48 billion**. This escalation is mainly due to annual tariff increases.

Operating expenditure increased by **5,71%** to **R34,12 billion**. The City does however attempt to keep the cost of operations as low as possible.

The following graphs detail revenue and expenditure for the past five years:



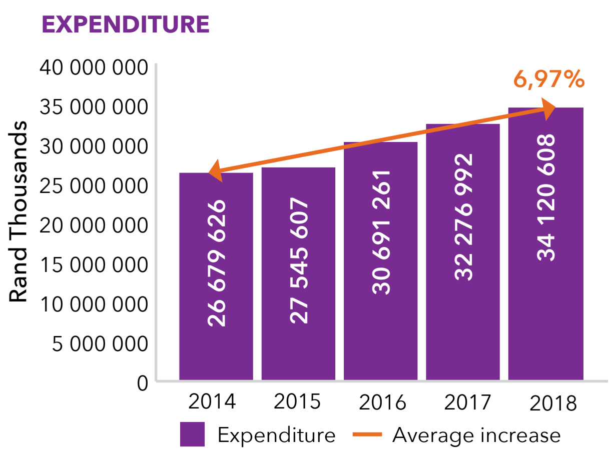


Figure 15: Entity's revenue and expenditure, 2014–2018

The following graphs indicates the main categories of operating revenue and expenditure for 2017/18.

OPERATING REVENUE

For further details of service charges, turn to note 21 to the consolidated annual financial statements.

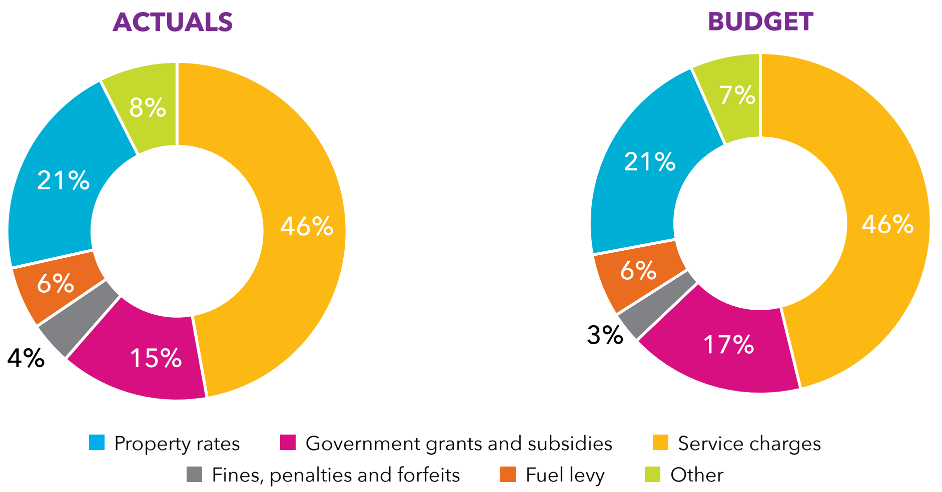


Figure 16: Categories of operating revenue, 2017/18

OPERATING EXPENDITURE

The Entity continues to proactively control and contain cost increases as one of its key priority. For further details, turn to notes 27 to 31 to the consolidated annual financial statements.

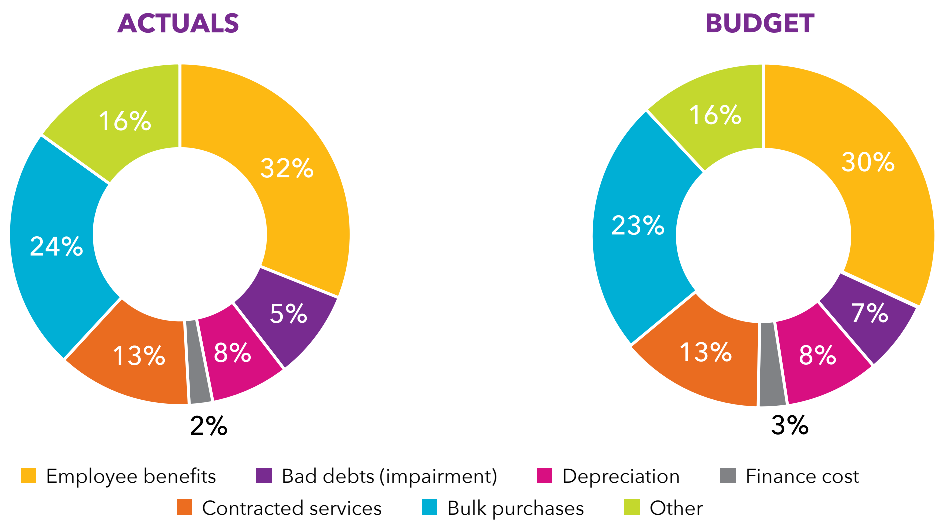


Figure 17: Categories of operating expenditure, 2017/18

NET SURPLUS RESULT

As at the end of June 2018, the Entity reported a net surplus from operations of R5,36 billion (2017: R5,18 billion) against a budgeted surplus of R1,78 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.

The surplus after appropriations is the best indicator of the Entity's underlying financial performance and sustainability.

Table 13: Actual and budgeted net surplus result, 2017/18

	Actuals R'000	Budget R'000
Total revenue	39 480 429	38 858 896
Total expenditure	34 120 608	36 412 741
Surplus from operations	**5 359 821**	**2 446 155**
Capital grants and donations	(1 832 817)	(2 188 715)
Taxation	118 548	(8 209)
Loss attributable to non-controlling interest	89 825	191 505
Net result from operations - see annexure D	**3 735 377**	**440 736**
Transfers to/from reserves and non-controlling interest	308 105	306 728
Surplus after appropriations	**4 043 482**	**747 464**

CAPITAL EXPENDITURE

The Entity's property, plant and equipment expenditure for the year in review amounted to R5,73 billion (2017: R6,27 billion). This represents a 72,80% capital spend (2017: 92,62%).

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.

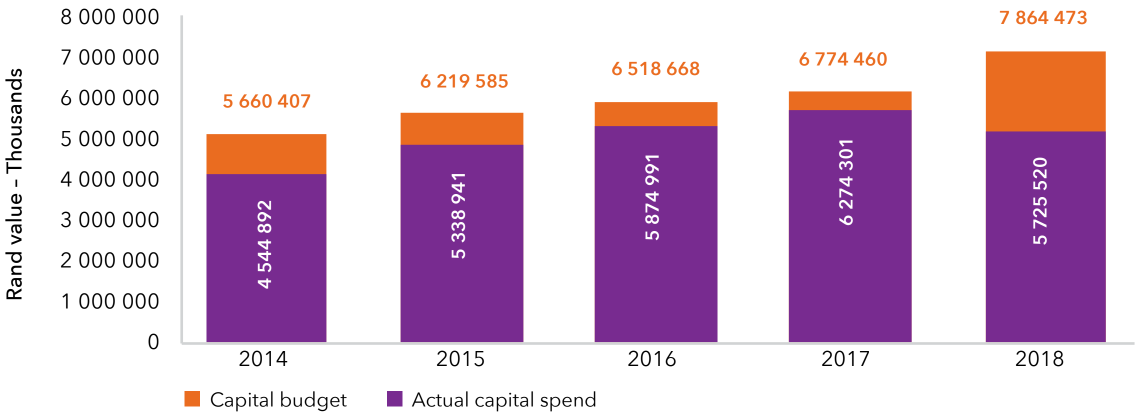


Figure 18: Entity's capital budget and capital spend, 2014–2018

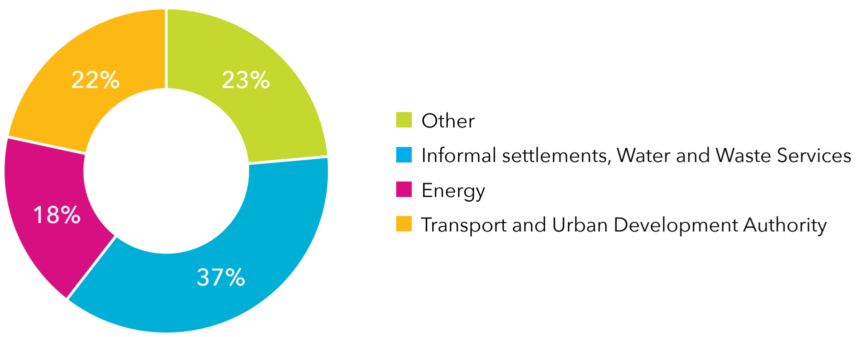


Figure 19: Entity's capital expenditure by functional area, 2017/18

CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2018 were R10,08 billion (2017: R8,98 billion). Debt arrears of R207,10 million were written off (2017: R772,15 million). Total provision for impairment increased from R3,96 billion in 2017 to R4,45 billion in 2018, which represents 44,17% of total outstanding consumer debtors.

The outstanding net consumer debtors and collection ratios for the past five years are depicted below:

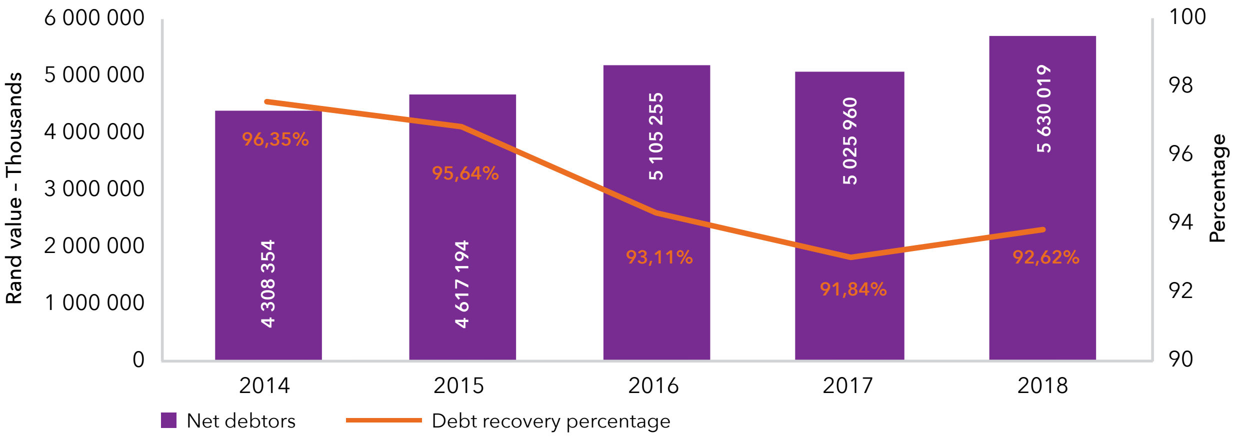


Figure 20: Entity's outstanding net consumer debtors and collection ratios, 2014–2018

INVESTMENTS, CASH AND BORROWINGS

The Entity maintains a healthy cash and investment position, given the current economic conditions. Information on investments and cash and cash equivalents is provided in respectively notes 6 and 11 to the annual consolidated financial statements.

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.

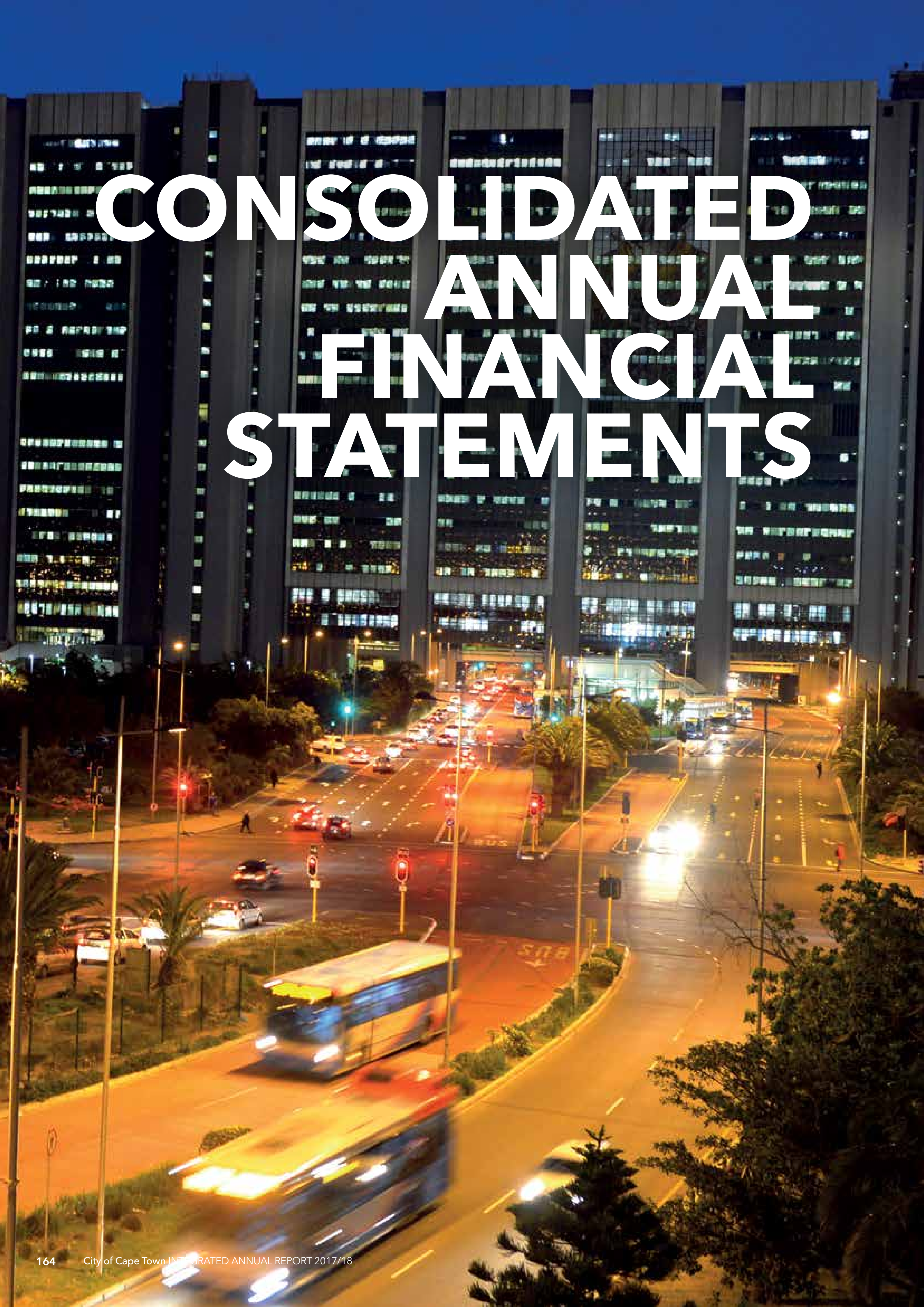
Table 14: Financial ratios, 2017/18

Financial ratios	Target	2018	Target	2017
Capital cost	6% - 8%	3,43%	6% - 8%	3,46%
Debt coverage by own billed revenue	45%	24,51%	45%	25,44%
Cost coverage	2:1	2,35:1	2:1	1,88:1

CREDIT RATING

In 2017/18, Moody's Investor Service confirmed the City of Cape Town's long-term and short-term global-scale rating of Baa3 and Prime-3 with a negative outlook due to the challenges associated with the water crisis. The City also maintained its long-term and short-term national-scale rating of Aaa.za and Prime-1. This means that the City has the highest possible credit quality rating in the national context.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



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REPORTING ENTITY'S MANDATE

The reporting entity (hereinafter 'the Entity') is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa, Act 108 of 1996.

The principal activities of the Entity are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2018, as set out on pages 182 to 288 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 41.2.1 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

Lungelo Mbandazayo
City Manager

26 September 2018

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

1. I have audited the consolidated and separate financial statements of the City of Cape Town and its subsidiary set out on pages 182 to 268, which comprise the consolidated and separate statement of financial position as at 30 June 2018, and the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Cape Town as at 30 June 2018, and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

6. Key audit matters are those matters that in my professional judgement were of most significance in my audit of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming an opinion thereon and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	How the matter was addressed in the audit
Provision for rehabilitation of landfill sites: Given the nature of its operations, the municipality has obligations to close, restore and rehabilitate landfill sites. Closure and rehabilitation activities are governed by a combination of legislative requirements and entity policies. Significant estimates over the life of the landfill sites are made in determining the rehabilitation provision. The calculation of rehabilitation provisions requires significant judgement due to the inherent complexity in estimating the quantum and timing of future costs and determining an appropriate rate to discount these costs back to their present value.	I performed the following key procedures: • Evaluated the competence and objectivity of the specialists based on their experience and use of industry accepted methodology; • Evaluated the economic assumptions used in the calculation, including the discount rate applied to calculate the present value of the provision • Tested compliance with the accounting standards (GRAP19) relating to the provision for rehabilitation of landfill sites; • Evaluated the accounting treatment applied to changes in the closure and rehabilitation provisions including whether the impact is expensed or capitalised; • Evaluated the reasonability of inputs, including the measurement assumptions to determine future costs and the assumptions used to determine the inflation and discount rate.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN (continued)

Key audit matter	How the matter was addressed in the audit
Infrastructure Assets: Infrastructure assets of R27 billion as disclosed in note 2 and are accounted for on the cost model, which consists of: - Assets under construction - Telecommunications - Drains - Roads - Beach improvements - Sewerage mains and purification - Electricity peak load equipment and mains - Water mains and purification - Reservoirs – Water Due to the nature of infrastructure assets the impairment assessment requires expertise and judgment in determining the nature, condition and operating effectiveness of assets in the infrastructure network.	**I performed the following key procedures:** • I obtained an understanding of how the municipality's infrastructure network functions for the following services: - Electricity - Water and sanitation - Roads and drainage • My approach in testing infrastructure assets involved me ascertaining the value-chain for the services mentioned above. With the assistance of experts, I verified that the services were provided from the infrastructure assets in the network by physical inspection. Water was provided from the taps in the households, electricity was supplied from the substation that fed from the main station within the electricity network and sewerage was functioning optimally within households in respect of the sewerage system for sanitation. I inspected all the roads in the service site for the state and condition thereof and its functionality linking it to main roads within the road network. No impairment was necessary based on the functionality thereof. • For telecommunications infrastructure, I selected a sample to physically inspect the assets and utilised management's as-build reports and invoices reports to determine the valuation thereof. • I also carried out audit procedures to confirm that management are professionally qualified, competent and have the relevant experience to conduct the impairment assessment. • I reviewed the detailed impairment reports and I am satisfied with management's assessment and consequently the valuation thereof. • I considered whether revenue streams from major infrastructure services were negatively affected as a result of infrastructure capacity failures.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material Losses/Impairments

8. As disclosed in note 9 to the consolidated and separate financial statements, receivables have been significantly impaired. The impairment allowance amounts to R4,4 billion (44% of the gross balance of receivables) (2017: R3,9 billion – 44% of the gross balance of receivables) of which R2,7 billion (27% of the gross balance of receivables) (2017: R2,3 billion – 26% of the gross balance of receivables) relates to service debtors.

9. As disclosed in note 10 to the consolidated and separate financial statements, other receivables have also significantly been impaired. The impairment allowance amounts to R3 billion (69% of the gross balance of other receivables) (2017: R2,4 billion – 70% of the gross balance of other receivables).

Restatement of corresponding figures

10. As disclosed in note 38 to the consolidated and separate financial statements, the corresponding figures for 30 June 2018 have been restated as a result of an error in the consolidated and separate financial statements of the City of Cape Town and its subsidiaries at, and for the year ended, 30 June 2018.

Underspending of the capital budget

11. As disclosed in the statement of comparison of budget and actual amounts (note 39.3.1), the municipality materially underspent the capital budget by R2 billion (27%).

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

13. The supplementary information set out in pages 269 to 288 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not from part of the audit of the consolidated and separate financial statements and accordingly I do not express an opinion thereon.

Responsibilities of Accounting Officer for the consolidated and separate financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with SA standards of GRAP and the requirements of the MFMA and the DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

16. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the City of Cape Town and its subsidiaries' 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 City of Cape Town and its subsidiaries' or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

17. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

18. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN (continued)

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of themunicipality for the year ended 30 June 2018:

Objectives	Pages in the annual performance report
Objective 3 – Caring City	294 - 299
Objective 4 – Inclusive City	300 - 301

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives:

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

25. Refer to the annual performance report on pages 292 to 303 for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure Management

28. Reasonable steps were not taken to prevent irregular expenditure amounting to R236 million as disclosed in note 40.2.2.1 to the consolidated and separate annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with section 116(3) of the MFMA.

Procurement and Contract Management

29. Bid specifications for a tender was drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of the Municipal Supply Chain Management Regulations (SCM), 2005 regulation 27(2)(a). Similar non-compliance was also reported in the prior year.

Annual Financial Statements, performance and annual reports

30. The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of revenue from exchange transactions identified by the auditors in the submitted consolidated and separate financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

31. 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 the auditor's report.

32. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

35. 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 basis for the opinion and the findings on compliance with legislation included in this report.

36. Acquisition procedures to ensure that bid specifications were set in accordance with the requirements of the SCM Regulations were not adhered to which resulted in non-compliance with SCM regulation 27(a).

37. Controls within the project management process were not designed to identify or trigger all legislative approvals and processes before amendments to projects are proceeded with which would have prevented non-compliance to the MFMA and the resultant irregular expenditure.

38. Management did not, through its risk assessment process, identify the misalignment between the GRAP requirements and the accounting practices adopted by the City of Cape Town and its subsidiaries as a result of council policies. This resulted in the misstatement in revenue recognised in the consolidated and separate financial statements which was corrected subsequent to the submission of the consolidated and separate financial statements.

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN (continued)

OTHER REPORTS

39. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

40. The Public Protector is performing an investigation based on the alleged failure by the Cape Town International Convention Centre Company (Pty) Ltd and the City of Cape Town to implement the recommendations of the City's Forensic Services Department issued on 21 October 2014. The investigation is still on-going and has not been finalised as yet.

41. The City initiated an investigation based on allegations of a contractor receiving preferential treatment as well as tender irregularities. The investigation was concluded on 28 September 2018 and recommendations were made relating to actions to be taken regarding the allegations raised.

Auditor-General

Cape Town
26 January 2019

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected objectives and on the City of Cape Town and it's subsidiaries' 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 City of Cape Town and its subsidiaries' internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City of Cape Town and its subsidiaries ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the 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 continuing as a going concern
   - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
   - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.
5. From the matters communicated to those charged with governance, I determine those matters that were of the most significance in the audit of the consolidated and separate financial statements of the current period and 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 2018 in terms of section 121(4)(E) of the Municipal Finance Management Act, No. 56 of 2003.

The audit report is unqualified and has findings for which management comments and corrective actions are required. The findings are categorised under the heading 'Report on audit of compliance with legislation' and management comments and corrective actions are also provided in accordance with the relevant findings per the paragraph references.

EXPENDITURE MANAGEMENT

28 The City's management has acknowledged the shortcomings in its current processes in preventing non-compliance with the MFMA and has immediately issued an additional directive relating to section 116(3) and section 33 of the MFMA providing further clarity regarding its applicability. The City is also in a process of improving its accounting system to ensure that no additional budget will be made available prior to the submission of the necessary legislative approvals by the implementation of data extraction methodology to detect contract amendments and contingency allocation stage gates. Furthermore, contract management guidelines, which will serve as a guide for project managers, is currently in draft and out for administrative comment for finalization during the current financial year.

PROCUREMENT AND CONTRACT MANAGEMENT

29 Management will issue a directive to clarify compliance with the Bid specification process, particularly in relation to the wording of the SCM regulations 27(2)(e) where tender specifications must include all the words "or equivalent", where a Brand name will be used. In addition, the matter will also be referred to Financial Misconduct Board for investigation. The outcome of the investigation will determine whether there will be any further remedial action required to prevent reoccurrence.

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

30 The City's management has recognised that a review on all policies approved by Council must be undertaken to ensure that the accounting standards in terms of section 122(1)(a) of the MFMA are in alignment with such policies. The review process is currently underway and will be completed before the next audit cycle.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2018

In line with its strategic commitment to be a well-governed City, the City of Cape Town strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is a competent and independent Audit and Performance Audit Committee that is supported by Management and Councillors. Section 166 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent Audit Committee which must advise the Municipal Council, political office-bearers, accounting officer and management staff of the municipal entity on matters relating to internal financial controls and internal audits, risk management, accounting policies; as well as on the adequacy, reliability and accuracy of financial reporting and information. 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 were updated in June 2017 (item MC 19/06/17).

The committee is pleased to present its report for the financial year ended 30 June 2018.

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Terms of Reference makes provision for five independent members who have the relevant qualifications and experience to render the services associated with the committee's functions. Although the committee did not operate with its full complement of five independent members for the entire period under review, there was at all times appropriate competence and skills to reasonably cover all functions.

During the year under review four committee meetings and two special committee meetings were held. Internal Audit attends all meetings. The Deputy Mayor (when required), the City Manager or a representative of the City Manager's Office, most members of the Executive Management Team (EMT), and other officials (as required) also attend all formal meetings. A representative from National Treasury has a standing invitation to the meeting and often attends meetings. The Office of the Auditor-General South Africa (AGSA) also has a standing invitation to all committee meetings and attended all six meetings. The meeting agendas are substantial and require diligent preparation by members. Committee members participate in meetings with commitment and objectivity.

The committee held meetings with the City Manager and the Executive Mayor when necessary. The committee also convened to discuss the special investigation referred by Council, review the APAC Terms of Reference, and participate in an information-sharing session with identified departments on matters of relevance to the APAC functions.

Below is the summary of tenure, qualifications and meeting attendances of the members:

Name	Qualifications	Number of meetings attended	Tenure period (1)	Tenure period (2)
Mr Guy Harris	B Comm. Hons / CA(SA)	4	1 Apr 2015 to 31 Mar 2018	
Dr Divya Singh	BA LL.B (cum laude) / LLM / LLD / Masters in Tertiary Education Management (honours) / Advocate of the High Court of SA	6	1 Nov 2015 to 31 Oct 2018	
Ms Somesh Barnes	Diploma in Business Management / Higher Certificate in Management / MBA	6	26 Sep 2014 to 25 Sep 2017	1 Oct 2017 to 30 Sep 2020
Mr Athol Rhoda	CA(SA)	6	1 Nov 2015 to 31 Oct 2018	
Mr Rowan Nicholls	B Com / CA(SA) / CAS (Computer Audit Specialist) (US) / MICS (Certificate of Chartered Shipbrokers) (UK)	4	1 Oct 2017 to 30 Sep 2020	
Mr Mervyn Burton	B Cpmpt (Hons)/CA/(SA) / Executive Management Programme	1	1 Apr 2018 to 31 Mar 2021	

** The tenure of Mr Harris (previous Chairperson) ended on 31 March 2018 whereafter Dr Singh was appointed as the Chairperson by the Council.*

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 being submitted for external audit.

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability, and transparency. Whilst congratulating the City's management on achieving an unqualified audit report on the Annual Financial Statements and Performance Management, the committee notes a number of findings reported by the AG(SA) on the City's compliance with legislation. Management is committed to implementing the necessary controls to prevent and reduce the re-occurrence of these events, especially in the areas of supply chain management.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed the Internal Audit Annual Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the 2017/18 financial year.

The Internal Audit Annual Statement concluded that some improvement is needed, and Management has accepted the recommendations, where appropriate. The conclusion is, however, based on and limited to the available Internal Audit results throughout the 2017/18 financial year which was assessed in terms of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Framework. The COSO framework, including financial control assessments, was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication, and monitoring activities.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the Annual 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/or the inadequacy of existing policies and procedures in the control environment;

(b) the lack of effective management oversight, review and/or supervisory checks;

(c) the failure to ensure supporting evidence/information/records management processes;

(d) the continuing resource and capacity constraints resulting in skills and performance limitations;

(e) the want of effective communication/collaboration resulting in a siloed approach to activities;

(f) deficiencies in the reconciliation between various information sources as part of the verification processes; and

(g) inadequate monitoring of activities.

Whilst all of these areas require the necessary management attention, as the first line of defence in combined assurance, it is emphasised that none is serious enough to negatively impact the Audit Opinion, nor for the committee to raise a specific concern with the City Manager, Council, Mayco or the Executive Mayor.

The internal control dashboard of the AGSA was also reviewed and one major area for improvement relates to IT systems. The APAC has also consistently raised concerns in respect of this area and, until addressed and resolved, it will remain on the radar of the committee as a priority area for improvement.

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEES

TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2018

RESOLVING INTERNAL CONTROL FINDINGS

Internal audit findings on follow-up audits shows an 83% reduction in recurring findings resolved, which exceeded the target of 70%.

There was a slight decrease in audit findings resolved, compared to the previous financial year, which is due primarily to an increase in Predetermined Objective audits with recurring findings. This item is a specific focus in the current financial year audit plan.

The committee noted the non-implementation of some of the Internal Audit recommendations where alternative methodologies are being investigated. Management is encouraged to focus on these areas for improvement.

Overall the committee is satisfied with the quality and timing of management responses to the Internal Audit findings and agreed recommendations, which indicates a well-run City and an Internal Audit Department that is respected and valued. This is a positive reflection on the quality of work produced by Internal Audit and on the management's commitment to quality and good governance. APAC is satisfied that management is appropriately balancing it commitment to delivery and enhancement.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Risk, Ethics and Governance function. Combined Assurance Framework improvements and advancements are underway. The implementation and integration of combined assurance remains work in progress and the committee regularly reviews developments in this area as part of its annual work plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Portfolio Manager: Probity in the Office of the City Manager. The committee will continue to monitor the independence of the Internal Audit function as it is key to the committee's effectiveness. The question of whether the CAE should report administratively directly to the City Manager has been a matter for discussion by the committee.

An annual internal 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). Recommendations for continuous improvement were received in the course of the assessment and will be assessed and implemented as appropriate.

PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit on performance management. In reviewing the performance management system, the committee focuses on economy, efficiency, effectiveness and impact of key performance indicators and performance targets set by the municipality, as well as the risk to the City if targets are not attained.

RISK MANAGEMENT

The committee appreciates the emerging focus on risk management, especially the City-wide initiatives that continue to embed risk management processes in the City. RiskCo assists in promoting the understanding of the value of risk management through the strategic "tone from the top" ethos, ongoing risk evaluation, and efforts to ensure cost-effective mitigation activities. The committee is concerned that management and Mayco do not regularly review the major corporate risks, or effectively manage their mitigation. A key focus for all levels of management and oversight must be on the identification of emerging risks and further mitigation of the corporate risks.

During the year under review, the gaps between RiskCo meetings, as a result of the ODTP restructuring, and the slow pace of focussing on and integrating risk management in all activities was also reported to Council.

The committee Chairperson (or her nominee) regularly attends the RiskCo meetings.

Important lessons may be learned from the water crisis which, whilst being timeously identified, should have been better addressed and partially mitigated earlier, more proactively, and more cost effectively. The lessons learnt need to be properly analysed and internalised as a factor of the City's risk management strategy.

GOVERNANCE AND ETHICS

The committee continues to monitor key City-wide governance interventions required, such as the communication and monitoring of the Ethics unit and compliance reporting. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and growing awareness and understanding of ethics message was evident in the year under review.

The committee receives quarterly feedback on forensic and legal cases but these will require better attention by 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 to MPAC will be submitted as part of the annual report oversight process.

During November 2017 a post-balance sheet event arose which resulted in an independent investigation. The APAC appreciates the transparent and robust manner in which the Council dealt with the matters raised. The committee fulfilled the special mandate arising from the Council meetings of 21 November 2017 and 5 January 2018 timeously and decisively in the interest of good governance. The APAC was informed that the consequent activities would be under the responsibility of the City Manager and management.

The committee congratulates the City for taking action in dealing with the concerns raised and it will be important that the City learns from this experience.

MUNICIPAL ENTITIES

The committee plays an oversight and advisory role for the municipal entities, with the minutes of the Audit Committee and the annual report of the CTICC and Cape Town Stadium being reviewed at the APAC meetings. Two members of the APAC and the Portfolio Manager: Probity have been appointed to the Audit Committees of both entities.

CONCLUSION

The committee is pleased with the continuing progress made by the City in improving and progressing in the areas outlined in this report.

The committee fully supports the City in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the City and its residents. APAC is cognisant that sustainable service delivery in a vibrant, globally competitive and caring City must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to the management of the City, the AGSA and Internal Audit who assist the committee in performing its functions effectively and efficiently.

Dr Divya Singh
Chairperson: Audit and Performance Audit Committee

Date: 07 January 2019

GENERAL INFORMATION

EXECUTIVE MAYOR
Ald P de Lille

EXECUTIVE DEPUTY MAYOR
Ald ID Neilson

SPEAKER
Ald JD Smit

CHIEF WHIP
Cllr S August

MAYORAL COMMITTEE MEMBER FOR FINANCE
Cllr JFH van der Merwe

CITY MANAGER
L Mbandazayo

CHIEF FINANCIAL OFFICER
K Jacoby

OTHER INFORMATION

Auditors

The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442

Bankers

Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000

Registered office

City of Cape Town
12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000

GENERAL INFORMATION (continued)

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Cllr A Abrahams
Cllr FL Abrahams
Cllr MR Abrahams
Cllr MF Achmat
Cllr A Adams
Cllr A Adams
Cllr R Adams
Cllr Y Adams
Cllr M Adonis
Cllr ZC Adonis
Cllr FK Ah-Sing
Cllr WJ Akim
Ald D Amira
Cllr EP Andrews
Cllr E Anstey
Cllr R Arendse
Cllr SWP Arendse
Cllr A Arnolds
Cllr SN August
Cllr DE Badela
Cllr ZA Badroodien
Cllr MK Bafo
Cllr UM Barends
Cllr GG Barnardo
Cllr AJG Basson
Cllr S Batala
Cllr TM Batembu
Cllr R Bazier
Cllr R Beneke
Cllr CB Bew
Cllr N Bolitye
Cllr M Booi
Cllr G Bosman
Cllr FR Botha-Rossouw
Cllr R Bresler
Cllr EN Brunette
Cllr DW Bryant
Cllr X Cekiso
Cllr KR Carls
Cllr H Carstens
Cllr MA Cassiem
Cllr MF Cassim
Ald GV Cavanagh
Cllr CS Cerfontein
Cllr PH Chapple
Cllr MN Chitha
Cllr DJ Christians
Cllr CC Clayton
Cllr DG Cottee
Cllr SA Cottle
Cllr AC Crous
Cllr J Cupido
Cllr T Dasa
Cllr MM Davids
Ald P de Lille
Cllr SP Diamond
Cllr NN Dilima
Cllr WB Dlulane
Cllr WP Doman
Cllr DK Dudley
Cllr PA East
Cllr CJ Esau
Cllr JP Fitz
Cllr E Fortune
Cllr GD Fourie
Cllr P Francke
Cllr A Gabuza
Cllr F Gaffoor
Cllr BC Golding
Cllr GE Gordon
Cllr AJ Griesel
Cllr CDW Groenewoud
Cllr NE Grose
Cllr LA Gungxe
Cllr B Hadebe
Cllr B Hansen
Cllr W Harris
Cllr GCR Haskin
Cllr MGE Hendricks
Cllr BN Herron
Cllr PC Heynes
Cllr ND Hlangisa
Cllr MW Hlazo
Cllr TT Honono
Cllr VR Isaacs
Cllr IR Iversen
Cllr BM Jacobs
Cllr HW Jacobs
Cllr WD Jaftha
Cllr L Jali
Cllr C Janse van Rensburg
Cllr E Jansen
Cllr S John
Cllr C Jordaan
Ald CR Justus
Cllr ML Kempthorne
Cllr DM Khatshwa
Cllr MRH Kleinschmidt
Cllr ME Kleinsmith
Cllr AL Komeni
Cllr NF Kopman
Cllr GPG Kriel
Cllr AE Kuhl
Cllr MD Kumeke
Ald NJ Landingwe
Cllr SP Liell-Cock
Cllr A Lili
Cllr XT Limberg
Cllr SA Little
Cllr CO Mabona
Cllr BC Madikane
Cllr N Mahangu
Cllr N Mahlati
Cllr N Makamba-Botya
Cllr N Makasi
Cllr BM Majingo
Cllr LC Makeleni
Cllr S Mamkeli
Cllr SK Manata
Ald GW March
Cllr RPJ Mare
Cllr PI Marman
Cllr J Martlow
Cllr V Matanzima
Cllr JJ Maxheke
Cllr P Maxiti
Cllr S Mbandezi
Cllr JS Mbolompo
Cllr NV Mbombo
Cllr LM Mbele
Cllr LVP McBride
Cllr J McCarthy
Cllr AP McKenzie
Cllr SS Mfecane
Cllr NE Mgolombane
Cllr JH Middleton
Cllr PM Mngxunyeni
Cllr S Moodley
Cllr AC Moses
Cllr RM Moses
Cllr NA Moshani
Cllr T Mpengezi
Cllr S Mzobe
Cllr PS Mzolisa
Cllr N Ndaleni
Cllr AX Ndongeni
Ald ID Neilson
Cllr K Nethi
Cllr BP Ngcani
Cllr B Ngcombolo
Cllr MWN Ngeyi
Cllr PM Ngqu
Cllr D Ngubelanga
Cllr S Ngxumza
Ald MJ Nieuwoudt
Cllr M Nikelo
Cllr S Nkomiyahlaba
Cllr FM Nkunzana
Cllr X Nofemele
Cllr SM Noludwe

COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (continued)

Cllr S Nonkeyizana
Cllr SP Nqamnduku
Cllr ML Nqavashe
Cllr M Nqulwana
Cllr A Ntsodo
Cllr P Nyakaza-Sandla
Cllr L Nyingwa
Cllr SF Oerson
Ald MJ Oliver
Cllr XB Pakela
Cllr GC Peck
Cllr XG Peter
Cllr MJ Petersen
Cllr S Philander
Cllr MP Pietersen
Cllr TI Pimpi
Ald SB Pringle
Cllr CB Punt
Ald FA Purchase
Cllr RM Quintas
Cllr MH Raise
Cllr SA Ramsay
Cllr B Rass
Cllr R Rau
Cllr FHL Raymond
Cllr N Rheeder
Cllr SJ Rossouw
Cllr T Sakathi
Cllr R Saralina
Cllr N Silas
Cllr RZ Simbeku
Cllr RS Simons
Cllr AJ Skippers
Ald JD Smit
Ald JP Smith
Cllr NP Sono
Cllr X Sotashe
Cllr KG Southgate
Cllr T Stemele
Cllr Z Sulelo
Cllr PS Swart
Cllr EAJ Theron
Cllr G Timm
Cllr BEF Truter
Cllr LE Tshwete
Ald GG Twigg
Cllr TA Uys
Cllr B van der Merwe
Cllr JFH van der Merwe
Cllr A van der Rheede
Cllr PE van der Ross
Cllr ML van der Walt
Cllr BM van Minnen
Cllr B van Reenen
Cllr CHS van Wyk
Cllr A van Zyl
Cllr M Velem
Cllr R Viljoen
Cllr DA Visagie
Cllr CL Visser
Cllr J Visser
Cllr PP Vokwana
Cllr ST Vuba
Cllr FC Walker
Ald BRW Watkyns
Cllr C Williams
Cllr JJ Witbooi
Cllr J Woodman
Cllr M Xego
Cllr SK Yozi
Cllr LG Zondani

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr MPJ Menisi	16/07/2017
Cllr A Leitch	31/07/2017
Cllr NL Mquqwana	14/08/2017
Ald C Brynard	30/08/2017
Cllr HS Davids	11/04/2018

SIGNIFICANT ACCOUNTING POLICIES

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 38, are set out below. These consolidated annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

These consolidated annual financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

Going concern

Management has considered key financial metrics, approved medium-term budgets and appraised the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province") to conclude that the going-concern assumption used in the compiling of its annual financial statements is appropriate.

Operating lease commitments – City as lessor

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases.

Pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes 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.

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

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Material losses

Material losses are losses that occur due to factors other than normal production, and are regarded as material if their omission or misstatement will affect the decisions made by users of the information.

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, this difference is considered a material loss.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 14, 16 and 37 respectively. Provisions are discounted where the effect of discounting is material.

Budget information

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% or greater in the statement of financial position, the statement of financial performance and the cash flow statement;
- 5% or greater in capital expenditure.

All material differences are explained in note 39 to the consolidated annual financial statements.

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.

As such, management has determined that the Entity does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the Entity.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

The ASB has issued no new standards or interpretations that are effective in the current year, and while it has issued improvements to the standards of GRAP that are applicable and effective in the current year, these improvements have not led to any changes in the accounting policy for the City.

Standards and interpretations early-adopted

The Entity has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17.

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 2018:**
  GRAP 21 - Impairment of non-cash-generating assets (revised)
  GRAP 26 - Impairment of cash-generating assets (revised)

  Amendments were made to the definition of cash-generating assets, and explanatory commentary was added to the standards.

  The Entity is assessing the potential impact of these amendments on its financial statements. So far, the Entity does not expect any significant impact. Where the application of the amendments results in the re-designation of existing assets from cash-generating asset to non-cash-generating asset, or from non-cash-generating asset to a cash-generating asset, the Entity shall assess whether that re-designation triggers an impairment test or a reversal of an impairment loss.

  The Entity has not early-adopted the amended standards in preparing these financial statements.

- **Annual periods commencing on or after 1 April 2019:**
  GRAP 20 - Related-party disclosures (revised)
  GRAP 32 - Service concession arrangements: Grantor
  GRAP 108 - Statutory receivables
  GRAP 109 - Accounting by principals and agents

  The Entity has based its accounting policies on these standards, and the application of the standards will therefore have no impact on the financial statements.

- **Annual periods commencing on or after 1 April 2020:**
  GRAP 18 - Segment reporting
  GRAP 110 - Living and non-living resources

  These standards will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that GRAP 18 will require additional presentation and disclosure in the financial statements, while GRAP 110 will have an immaterial impact.

- **No effective dates provided yet:**
  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
  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

  All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, require the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

Insurance reserves

- **Self-insurance reserve**

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

- **Compensation for occupational injuries and diseases (COID) reserve**

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the Entity to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Entity's continuing liability as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

DEPRECIATION RATES

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		**Other**	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All City of Cape Town assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by the profit-orientated CTICC, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's-length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value-in-use.

Useful life is either:

a) the period over which an asset is expected to be used by the CTICC; or

b) the number of production or similar units expected to be obtained from the assets by the CTICC.

Criteria developed by the CTICC to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The CTICC assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the CTICC estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the CTICC also performs an annual impairment test on a cash-generating intangible asset with an indefinite useful life, or a cash-generating intangible asset not yet available for use, by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value-in-use

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value-in-use of an asset, the CTICC estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, and applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the CTICC expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period during which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

VALUE-ADDED TAX

The Entity is registered for value-added tax (VAT) on the payment basis.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested, or where management has decided that interest must be capitalised. Where interest applies, it is included in the opening and closing balances.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

EMPLOYEE BENEFITS

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur.

Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants continue to be subsidised, subject to the rules of the post-retirement medical aid scheme. Children are subsidised up to the age of 21 only.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Province, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted 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:

- Interiest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor "Unutilised conditional grants" if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity receives revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value, as appropriate on initial recognition.

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**
  Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.
- **Investments at amortised cost**
  Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**
  Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

  Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

  Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Non-derivative financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

Derivative financial instruments

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value plus transactional costs, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end.

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or expenditure in the form of a grant that is not permitted in terms of the Local Government: Municipal Finance Management Act 56 of 2003.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is in contravention of, or not in accordance with, a requirement of the Local Government: Municipal Finance Management Act 56 of 2003, the Local Government: Municipal Systems Act 32 of 2000, the Remuneration of Public Office Bearers Act 20 of 1998, or the municipality's supply chain management (SCM) policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget covers the current fiscal year. 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 the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the annual financial statements.

These figures are those approved by Council both prior to and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BORROWING COSTS

Borrowing costs that are incurred by the Entity are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

SERVICES IN KIND

The Entity does not recognise services in kind as revenue or an asset, but the nature and type of major classes of services in kind are disclosed in note 23.

COMPARATIVE INFORMATION

When the presentation or classification of items in the consolidated annual financial statements is amended, prior-period comparative amounts are restated. The nature and reason for the reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly.

RELATED PARTIES

The Entity regards a related party as a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, accounting officer and executive directors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2018	Restated[1] 2017	2018	Restated[1] 2017
ASSETS					
Non-current assets		**49 799 552**	**46 775 348**	**49 601 006**	**46 389 329**
Property, plant and equipment	2	43 736 668	41 167 635	43 153 766	40 196 491
Heritage assets	3	8 891	8 904	8 891	8 904
Investment property	4	584 713	586 427	584 713	586 427
Intangible assets	5	716 040	678 871	716 009	678 871
Investments	6	4 590 943	4 288 961	5 111 773	4 877 663
Long-term receivables	7	25 854	40 973	25 854	40 973
Deferred taxation	33	136 443	3 577	-	-
Current assets		**15 308 778**	**11 891 860**	**14 968 444**	**11 554 882**
Inventory	8	473 318	325 734	471 727	324 536
Receivables	9	5 630 019	5 025 960	5 633 327	5 029 085
Other receivables	10	1 402 751	1 089 975	1 380 906	1 077 455
Investments	6	1 981 576	1 654 114	1 981 576	1 654 114
Taxation		-	3 002	-	-
Current portion of long-term receivables	7	14 290	14 201	14 290	14 201
Cash and cash equivalents	11	5 806 824	3 778 874	5 486 618	3 455 491
TOTAL ASSETS		**65 108 330**	**58 667 208**	**64 569 450**	**57 944 211**
LIABILITIES					
Non-current liabilities		**12 726 404**	**11 909 149**	**12 717 715**	**11 898 945**
Borrowings	12	6 501 227	5 799 820	6 492 538	5 789 616
Provisions	14	6 225 177	6 109 329	6 225 177	6 109 329
Current liabilities		**8 994 077**	**8 848 579**	**8 876 006**	**8 766 304**
Deposits	15	409 823	371 397	381 660	351 710
Provisions	16	1 019 878	969 252	1 015 155	964 292
Payables from exchange transactions	17	5 977 127	6 019 191	5 901 661	5 963 079
Unspent conditional grants and receipts	18	1 067 745	1 054 374	1 067 745	1 054 374
Value-added tax	19	132 982	93 366	132 982	93 366
Taxation		7 914	-	-	-
Current portion of borrowings	12	378 608	335 701	376 803	334 185
Bank overdraft	11	-	5 298	-	5 298
TOTAL LIABILITIES		**21 720 481**	**20 757 728**	**21 593 721**	**20 665 249**
NET ASSETS					
Total net assets		**43 387 849**	**37 909 480**	**42 975 729**	**37 278 962**
Housing development fund	20	359 289	331 568	359 289	331 568
Reserves		3 105 791	3 441 617	3 105 791	3 441 617
Accumulated surplus		39 604 815	33 728 516	39 510 649	33 505 777
Non-controlling interest		317 954	407 779	-	-
TOTAL NET ASSETS AND LIABILITIES		**65 108 330**	**58 667 208**	**64 569 450**	**57 944 211**

[1] *Comparative restated: See note 38 for more details.*

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	Note	2018	Restated[1] 2017	2018	Restated[1] 2017
REVENUE					
Exchange revenue		**21 029 047**	**20 075 844**	**20 558 847**	**19 659 676**
Service charges	21	18 164 117	17 675 612	18 160 336	17 671 093
Rental of letting stock and facilities		635 196	456 829	513 805	358 497
Finance income	22	1 131 401	1 003 837	1 109 015	965 283
Licences and permits		46 788	47 741	46 788	47 741
Agency services		213 550	188 238	213 550	188 238
Other income	23	757 428	516 653	434 876	242 040
Gains on disposal of property, plant and equipment		80 567	186 934	80 477	186 784
Non-exchange revenue		**18 451 382**	**17 380 594**	**18 652 442**	**17 554 658**
Finance income	22	76 885	81 005	76 885	81 005
City improvement districts (CIDs)	23	-	-	198 921	169 260
Property rates	24	8 468 248	8 100 322	8 470 387	8 105 126
Fuel levy		2 417 635	2 197 740	2 417 635	2 197 740
Fines, penalties and forfeits		1 644 474	1 241 128	1 644 474	1 241 128
Government grants and subsidies	25	5 744 790	5 648 752	5 744 790	5 648 752
Public contributions	26	99 350	111 647	99 350	111 647
Total revenue		**39 480 429**	**37 456 438**	**39 211 289**	**37 214 334**
EXPENDITURE					
Employee-related costs	27	10 948 648	9 728 886	10 866 949	9 659 300
Remuneration of councillors and board members	41.2.1	155 579	138 951	154 923	138 373
Impairment costs	28	1 843 553	1 681 229	1 440 040	1 681 042
Collection costs		207 853	198 278	207 853	198 278
Depreciation and amortisation expenses[2]	2,3,4,5	2 606 357	2 236 620	2 566 995	2 209 274
Finance costs	29	782 905	732 912	781 928	731 823
Bulk purchases	30	8 127 378	8 438 102	8 127 378	8 438 102
Contracted services		4 492 982	4 300 046	4 322 605	4 171 123
Grants and subsidies paid		141 855	111 829	164 022	111 829
General expenses	31	4 807 830	4 701 576	4 876 219	4 764 561
Losses on disposal of property, plant and equipment		5 668	8 563	5 610	7 376
Total expenditure		**34 120 608**	**32 276 992**	**33 514 522**	**32 111 081**
Surplus from operations		**5 359 821**	**5 179 446**	**5 696 767**	**5 103 253**
Discontinued operation					
Deficit from discontinued operation	32	-	-	(27 479)	(52 451)
NET SURPLUS FROM CONTINUED OPERATIONS BEFORE TAXATION		**5 359 821**	**5 179 446**	**5 724 246**	**5 155 704**
Taxation	33	118 548	(14 178)	-	-
NET SURPLUS FROM CONTINUED OPERATIONS		**5 478 369**	**5 165 268**	**5 724 246**	**5 155 704**
Attributable to owners of the controlling entity		**5 568 194**	**5 152 768**		
Attributable to non-controlling interest		(89 825)	12 500		
SURPLUS FOR THE YEAR		**5 478 369**	**5 165 268**		

[1] *Comparative restated: See note 44 for more details.*
[2] *See Annexure B for more detail.*

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	ECONOMIC ENTITY					
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	Total
2016						
Balance as at 30 June 2016	340 096	2 119 182	545 157	30 025 858	359 416	33 389 709
Correction of errors	-	-	-	(675 497)	-	(675 497)
Restated balance as at 30 June 2016[1]	**340 096**	**2 119 182**	**545 157**	**29 350 361**	**359 416**	**32 714 212**
2017						
Restated surplus [1]	-	-	-	5 152 768	12 500	5 165 268
Surplus as previously reported	-	-	-	5 354 143	-	-
Correction of error	-	-	-	(201 375)	-	-
Share purchases by non-controlling interest holders	-	-	-	-	30 000	30 000
Transfer (from)/to for share purchases	-	-	-	(5 863)	5 863	-
Transfer to/(from)	9 522	1 586 966	16 139	(1 612 627)	-	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-	-
Balance as at 30 June 2017	**331 568**	**2 880 321**	**561 296**	**33 728 516**	**407 779**	**37 909 480**
2018						
Surplus for the year	-	-	-	5 568 194	(89 825)	5 478 369
Share purchases by non-controlling interest holders	35 075	784 791	17 032	(836 898)	-	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-	-
Balance as at 30 June 2018	**359 289**	**2 527 463**	**578 328**	**39 604 815**	**317 954**	**43 387 849**

	MUNICIPALITY OF CAPE TOWN				
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2016					
Balance as at 30 June 2015	340 096	2 119 182	545 157	29 846 771	32 851 206
Correction of error	-	-	-	(675 497)	(675 497)
Restated balance as at 30 June 2016[1]	**340 096**	**2 119 182**	**545 157**	**29 171 274**	**32 175 709**
2017					
Restated surplus[1]	-	-	-	5 103 253	5 309 150
Surplus as previously reported	-	-	-	5 304 628	-
Correction of error	-	-	-	(201 375)	-
Transfer to/from	9 522	1 586 966	16 139	(1 612 627)	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-
Restated balance as at 30 June 2017[1]	**331 568**	**2 880 321**	**561 296**	**33 505 777**	**37 484 859**
2018					
Surplus for the year	-	-	-	5 696 767	5 696 767
Transfer to/(from)	35 075	784 791	17 032	(836 898)	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-
Balance as at 30 June 2018	**359 289**	**2 527 463**	**578 328**	**39 510 649**	**42 975 729**

[1] *Comparative restated: see note 38 for more details.*

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2018	Restated[1] 2017	2018	Restated[1] 2017
CASH FLOW FROM OPERATING ACTIVITIES					
CONTINUED OPERATION					
Cash receipts from ratepayers, government and other		35 152 027	33 197 735	34 841 626	32 975 883
Cash paid to suppliers and employees		(28 102 469)	(26 891 290)	(27 925 499)	(26 655 885)
Cash generated from operations	34	7 049 558	6 306 445	6 916 127	6 319 998
Finance income		1 173 010	1 038 376	1 150 625	999 822
Finance costs		(690 647)	(667 252)	(689 670)	(666 163)
Taxation		(3 402)	(19 550)	-	-
Net cash from continued operations		**7 528 519**	**6 658 019**	**7 377 082**	**6 653 657**
DISCONTINUED OPERATION [1]					
Cash receipts from ratepayers, government and other				6 039	11 209
Cash paid to suppliers and employees				(33 518)	(63 660)
Net cash from discontinued operation	32			(27 479)	(52 451)
NET CASH FROM OPERATING ACTIVITIES		**7 528 519**	**6 658 019**	**7 349 603**	**6 601 206**
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(5 710 806)	(6 274 301)	(5 588 905)	(5 904 620)
Proceeds on disposal of assets		98 669	198 967	98 239	198 742
Decrease in long-term receivables		15 030	13 614	15 030	13 614
Increase in investments		(629 444)	(247 412)	(561 572)	(410 412)
NET CASH FROM INVESTING ACTIVITIES		**(6 226 551)**	**(6 309 132)**	**(6 037 208)**	**(6 102 676)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1 000 473	-	1 000 000	-
Repayment of borrowings		(307 619)	(409 379)	(305 920)	(407 883)
Increase in deposits		38 426	144	29 950	27 077
Share purchases by minority interest holders		-	30 000	-	-
NET CASH FROM FINANCING ACTIVITIES		**731 280**	**(379 235)**	**724 030**	**(380 806)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	35	**2 033 248**	**(30 348)**	**2 036 425**	**117 724**
Cash and cash equivalents at the beginning of the year		3 773 576	3 803 924	3 450 193	3 332 469
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5 806 824**	**3 773 576**	**5 486 618**	**3 450 193**

[1] *Comparative restated: see notes 32 and 38 for more details.*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – economic entity

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

		ECONOMIC ENTITY						
	Note	Approved budget[1]	Final budget[1]	Actual per annual financial statements classification	Classification differences[2]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION	39.2.1							
Total non-current assets		51 564 191	51 564 191	49 799 552	-	49 799 552	1 764 639	3,42
Total current assets		14 765 478	14 765 478	15 308 778	-	15 308 778	(543 300)	(3,68)
Total assets		**66 329 669**	**66 329 669**	**65 108 330**	**-**	**65 108 330**	**1 221 339**	**1,84**
Total non-current liabilities		12 922 577	12 922 577	12 726 404	-	12 726 404	196 173	1,52
Total current liabilities	i	12 321 425	12 321 425	8 994 077	-	8 994 077	3 327 348	27,00
Total liabilities		**25 244 002**	**25 244 002**	**21 720 481**	**-**	**21 720 481**	**3 523 521**	**13,96**
Total net assets		41 085 667	41 085 667	43 387 849	-	43 387 849	(2 302 182)	(5,60)
Total net assets and liabilities		**66 329 669**	**66 329 669**	**65 108 330**	**-**	**65 108 330**	**1 221 339**	**1,84**
STATEMENT OF FINANCIAL PERFORMANCE	39.2.2							
Property rates		8 694 931	8 694 931	8 468 248	198 921	8 667 169	27 762	0,32
Service charges		17 157 812	17 157 812	18 164 117	(1 140 682)	17 023 435	134 377	0,78
Investment revenue		905 328	905 328	1 208 286	(280 137)	928 149	(22 821)	(2,52)
Transfers recognised – operational	i	4 609 752	4 609 752	4 011 324	2 439 321	6 450 645	(1 840 893)	(39,93)
Other own revenue	ii	5 594 641	5 594 641	5 795 640	(1 808 983)	3 986 657	1 607 984	28,74
Total revenue (excluding capital transfers and contributions)		**36 962 464**	**36 962 464**	**37 647 615**	**(591 560)**	**37 056 055**	**(93 591)**	**(0,25)**
Employee costs		11 609 302	11 597 993	10 948 649	(1 626)	10 947 023	650 970	5,61
Remuneration of councillors		156 515	156 515	155 579	-	155 579	936	0,60
Depreciation and asset impairment		3 228 403	3 228 403	3 009 870	11 566	3 021 436	206 967	6,41
Finance charges	iii	997 022	997 549	782 906	20	782 926	214 623	21,52
Materials and bulk purchases		9 925 053	9 956 640	8 127 378	1 218 124	9 345 502	611 138	6,14
Transfers and grants		414 450	447 560	164 022	244 015	408 037	39 523	8,83
Other expenditure	iv	11 035 884	10 981 969	10 932 206	(2 085 345)	8 846 861	2 135 108	19,44
Total expenditure		**37 366 629**	**37 366 629**	**34 120 610**	**(613 246)**	**33 507 364**	**3 859 265**	**10,33**
Surplus		**(404 165)**	**(404 165)**	**3 527 005**	**21 686**	**3 548 691**	**(3 952 856)**	
Transfers recognised – capital	v	2 092 130	2 092 130	1 733 466	(584)	1 732 882	359 248	17,17
Contributions recognised – capital and contributed assets	vi	96 585	96 585	99 350	(21 102)	78 248	18 337	(18,99)
Surplus after capital transfers and contributions		**1 784 550**	**1 784 550**	**5 359 821**	**-**	**5 359 821**	**(3 575 271)**	**(200,35)**

[1]/[2] *See note 39 for more details.*

		ECONOMIC ENTITY						
	Note	Approved budget[1]	Final budget[1]	Actual per annual financial statements classification	Recognition differences [3]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	4 823 244	4 823 244	7 528 519	-	7 528 519	(2 705 275)	(56,09)
Net cash from investing		(6 867 551)	(6 867 551)	(6 226 551)	-	(6 226 551)	(641 000)	9,33
Net cash from financing	ii	3 597 199	3 597 199	731 280	-	731 280	2 865 919	79,67
Net increase in cash and cash equivalents		**1 552 892**	**1 552 892**	**2 033 248**	**-**	**2 033 248**	**(480 356)**	**(30,93)**
CAPITAL EXPENDITURE	39.3.1							
Area-Based Service Delivery		19 648	19 648	19 019	-	19 019	629	3,20
Assets and Facilities Management		431 322	431 322	411 808	-	411 808	19 514	4,52
City Manager	i	192	192	172	-	172	20	10,42
Corporate Services		362 758	362 758	354 037	-	354 037	8 721	2,40
Directorate of the Mayor	ii	18 921	18 921	17 057	-	17 057	1 864	9,85
Energy	iii	1 177 050	1 177 050	1 024 550	-	1 024 550	152 500	12,96
Finance		13 710	13 710	13 114	-	13 114	596	4,35
Informal Settlements, Water and Waste Services	iv	3 654 940	3 654 940	2 097 367	14 714	2 112 081	1 542 859	42,21
Safety and Security		160 128	160 128	158 094	(1 798)	156 296	3 832	2,39
Social Services	v	279 906	279 906	260 647	(3 433)	257 214	22 692	8,11
Transport and Urban Development Authority	vi	1 562 428	1 562 428	1 238 756	(485)	1 238 271	324 157	20,75
Subsidiaries	vii	183 470	183 470	121 901	-	121 901	61 569	33,56
Total		**7 864 473**	**7 864 473**	**5 716 522**	**8 998**	**5 725 520**	**2 138 953**	**27,20**

[1]/[3] *See note 39 for more details.*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	Note	MUNICIPALITY OF CAPE TOWN						
		Approved budget[1]	Final budget[1]	Actual per annual financial statements classification	Classification differences[2]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION	39.2.1							
Total non-current assets		51 132 282	51 132 282	49 601 006	-	49 601 006	1 531 276	2,99
Total current assets		14 615 569	14 615 569	14 968 444	-	14 968 444	(352 875)	(2,41)
Total assets		**65 747 851**	**65 747 851**	**64 569 450**	**-**	**64 569 450**	**1 178 401**	**1,79**
Total non-current liabilities		12 922 577	12 922 577	12 717 715	-	12 717 715	204 862	1,59
Total current liabilities	i	12 223 285	12 223 285	8 876 006	-	8 876 006	3 347 279	27,38
Total liabilities		**25 145 862**	**25 145 862**	**21 593 721**	**-**	**21 593 721**	**3 552 141**	**14,13**
Total net assets		40 601 989	40 601 989	42 975 729	-	42 975 729	(2 373 740)	(5,85)
Total net assets and liabilities		**65 747 851**	**65 747 851**	**64 569 450**	**-**	**64 569 450**	**1 178 401**	**1,79**
FINANCIAL PERFORMANCE	39.2.2							
Property rates		8 694 931	8 694 931	8 470 387	198 921	8 669 308	25 623	0,29
Service charges		17 184 556	17 184 556	18 160 336	(1 140 682)	17 019 654	164 902	0,96
Investment revenue		893 657	893 657	1 185 900	(280 137)	905 763	(12 106)	(1,35)
Transfers recognised – operational	i	4 609 752	4 609 752	4 011 324	2 439 321	6 450 645	(1 840 893)	(39,93)
Other own revenue	ii	5 287 285	5 287 285	5 550 526	(1 808 983)	3 741 543	1 545 742	29,24
Total revenue (excluding capital transfers and contributions)		**36 670 181**	**36 670 181**	**37 378 473**	**(591 560)**	**36 786 913**	**(116 732)**	**(0,32)**
Employee costs		11 505 286	11 493 977	10 866 949	(1 626)	10 865 323	628 654	5,47
Remuneration of councillors		155 565	155 565	154 923	-	154 923	642	0,41
Depreciation and asset impairment		2 520 137	2 520 137	2 566 995	11 566	2 578 561	(58 424)	(2,32)
Finance charges	iii	993 544	994 071	781 928	20	781 948	212 123	21,34
Materials and bulk purchases		9 925 053	9 956 640	8 127 378	1 218 124	9 345 502	611 138	6,14
Transfers and grants		414 450	447 560	164 022	244 015	408 037	39 523	8,83
Other expenditure	iv	10 898 706	10 844 791	10 852 327	(2 085 345)	8 766 982	2 077 809	19,16
Total expenditure		**36 412 741**	**36 412 741**	**33 514 522**	**(613 246)**	**32 901 276**	**3 511 465**	**9,64**
Surplus		**257 440**	**257 440**	**3 863 951**	**21 686**	**3 885 637**	**(3 628 197)**	
Transfers recognised – capital	v	2 092 130	2 092 130	1 733 466	(584)	1 732 882	359 248	17,17
Contributions recognised – capital and contributed assets	vi	96 585	96 585	99 350	(21 102)	78 248	18 337	18,99
Surplus after capital transfers and contributions		**2 446 155**	**2 446 155**	**5 696 767**	**-**	**5 696 767**	**(3 250 612)**	**(132,89)**

[1]/[2] *See note 39 for more details.*

	Note	MUNICIPALITY OF CAPE TOWN						
		Approved budget[1]	Final budget[1]	Actual per annual financial statements classification	Recognition differences[3]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	4 773 262	4 773 262	7 349 603	-	7 349 603	(2 576 341)	(53,97)
Net cash from investing		(6 692 075)	(6 692 075)	(6 037 208)	-	(6 037 208)	(654 867)	9,79
Net cash from financing	ii	3 597 199	3 597 199	724 030	-	724 030	2 873 169	79,87
Net increase in cash and cash equivalents		**1 678 386**	**1 678 386**	**2 036 425**	**-**	**2 036 425**	**(358 039)**	**(21,33)**
CAPITAL EXPENDITURE	39.3.1							
Area-Based Service Delivery		19 648	19 648	19 019	-	19 019	629	3,20
Assets and Facilities Management		431 322	431 322	411 808	-	411 808	19 514	4,52
City Manager	i	192	192	172	-	172	20	10,42
Corporate Services		362 758	362 758	354 037	-	354 037	8 721	2,40
Directorate of the Mayor	ii	18 921	18 921	17 057	-	17 057	1 864	9,85
Energy	iii	1 177 050	1 177 050	1 024 550	-	1 024 550	152 500	12,96
Finance		13 710	13 710	13 114	-	13 114	596	4,35
Informal Settlements, Water and Waste Services	iv	3 654 940	3 654 940	2 097 367	14 714	2 112 081	1 542 859	42,21
Safety and Security		160 128	160 128	158 094	(1 798)	156 296	3 832	2,39
Social Services	v	279 906	279 906	260 647	(3 433)	257 214	22 692	8,11
Transport and Urban Development Authority	vi	1 562 428	1 562 428	1 238 756	(485)	1 238 271	324 157	20,75
Total		**7 681 003**	**7 681 003**	**5 594 621**	**8 998**	**5 603 619**	**2 077 384**	**27,05**

[1]/[3] *See note 39 for more details.*

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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, policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement-of-financial-position items:

	Amortised cost	Fair value	Total carrying amount	Fair value
2018				
Financial assets				
Investments	2 411 026	4 166 812	6 577 838	6 599 770
Long-term receivables	40 144	-	40 144	40 144
Receivables	5 630 019	-	5 630 019	5 630 019
Other receivables	1 353 767	-	1 353 767	1 353 767
Cash and cash equivalents	4 855 819	945 686	5 801 505	5 801 505
TOTAL	**14 290 775**	**5 112 498**	**19 403 273**	**19 425 205**
Derivative financial assets				
Forward exchange contracts	**11**	**-**	**11**	**11**
2017				
Financial assets				
Investments	2 136 131	3 812 263	5 948 394	5 963 787
Long-term receivables	55 174	-	55 174	55 174
Receivables	5 025 960	-	5 025 960	5 025 960
Other receivables	999 832	-	999 832	999 832
Cash and cash equivalents	2 869 606	898 651	3 768 257	3 768 257
TOTAL	**11 086 703**	**4 710 914**	**15 797 617**	**15 813 010**
Derivative financial assets				
Forward exchange contracts	**190**	**-**	**190**	**190**

	Amortised cost	Total carrying amount	Fair value
2018			
Non-derivative financial liabilities			
Borrowings	6 879 835	6 879 835	6 044 235
Payables	4 867 062	4 867 062	4 867 062
TOTAL	**11 746 897**	**11 746 897**	**10 911 297**
2017			
Non-derivative financial liabilities			
Borrowings	6 135 521	6 135 521	6 832 113
Payables	4 654 836	4 654 836	4 654 836
TOTAL	**10 790 357**	**10 790 357**	**11 486 949**

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

1.1 Fair values

	Level 1	Level 2	Level 3	Total
2018				
Financial assets				
Investments	1 097 090	3 069 722	-	4 166 812
Cash and cash equivalents	-	945 686	-	945 686
TOTAL	**1 097 090**	**4 015 408**	**-**	**5 112 498**
Derivative financial assets				
Forward exchange contracts	**11**	**-**	**-**	**11**
2017				
Financial assets				
Investments	2 059 987	1 752 276	-	3 812 263
Cash and cash equivalents	-	898 651	-	898 651
TOTAL	**2 059 987**	**2 650 927**	**-**	**4 710 914**
Derivative financial assets				
Forward exchange contracts	**190**	**-**	**-**	**190**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1 – 5 years	>5 years	Total
2018				
Non-derivative financial liabilities	**6 004 105**	**4 678 195**	**5 290 545**	**15 972 845**
Borrowings	1 137 043	4 678 195	5 290 545	11 105 783
Capital repayments	417 901	2 057 520	4 404 414	6 879 835
Interest	719 142	2 620 675	886 131	4 225 948
Payables	4 867 062	-	-	4 867 062
Trade payables	4 850 592	-	-	4 850 592
Sundry creditors	16 470	-	-	16 470
	6 004 105	**4 678 195**	**5 290 545**	**15 972 845**

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	
	2018	2017	2018	2017
Investments	6 577 838	5 948 394	6 577 819	5 948 330
Long-term receivables – see note 7	40 144	55 174	40 144	55 174
Receivables and other receivables	6 983 786	6 721 570	6 968 826	6 018 119
Cash and cash equivalents	5 801 505	3 768 257	5 481 299	3 444 874
TOTAL	**19 403 273**	**16 493 395**	**19 068 088**	**15 466 497**

Investments, and cash and cash equivalents
The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables
Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk (continued)

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,56% (2017: 0,89%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9 and 10.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be contested in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 Price risk

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

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 affecting the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument 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 2018 were as follows:

	MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES				
	Weighted average interest rate%	1 year or less	1 - 5 years	>5 years	Total
Financial assets					
Investments	8,25	2 863 869	2 881 836	1 714 406	7 460 111
Cash and cash equivalents	6,92	4 855 819	-	-	4 855 819
TOTAL		**7 719 688**	**2 881 836**	**1 714 406**	**12 315 930**
Financial liabilities					
Borrowings	10,06	417 901	2 057 520	4 404 414	6 879 835

Sensitivity analysis
Financial assets
As at 30 June 2018, 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 R126,47 million, with the opposite effect if the interest rate had been 100 basis points lower.

The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities
Changes in the interest rate as at 30 June 2018 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

Sensitivity analysis
As at 30 June 2018, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased by R63 424,94 due to the changes in the carrying value of the foreign-exchange asset at the reporting date, with the opposite effect if the foreign-exchange rate had been 5% lower.

2. PROPERTY, PLANT AND EQUIPMENT

	ECONOMIC ENTITY					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 295 131	(1 870 692)	3 424 439	4 001 617	(1 321 257)	2 680 360
Infrastructure	39 017 783	(12 001 275)	27 016 508	35 797 548	(10 765 397)	25 032 151
Community	9 224 175	(2 952 476)	6 271 699	8 546 706	(2 677 723)	5 868 983
Other	9 400 823	(5 305 930)	4 094 893	9 472 826	(4 974 278)	4 498 548
Service concession	1 411 417	(576 910)	834 507	1 410 668	(455 127)	955 541
Housing rental stock	3 115 668	(1 021 046)	2 094 622	3 073 753	(941 701)	2 132 052
TOTAL	**67 464 997**	**(23 728 329)**	**43 736 668**	**62 303 119**	**(21 135 484)**	**41 167 635**

Reconciliation of property, plant and equipment

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2018							
Land and buildings	3 476 850	235 171	245 848	(361)	(62 122)	(470 947)	3 424 439
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 702 058	(103 634)	1 185 003	(19 949)	(667 507)	(1 078)	4 094 893
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	**41 167 635**	**(64 398)**	**5 588 591**	**(23 770)**	**(2 449 472)**	**(481 918)**	**43 736 668**
(See annexure B for more details.)							
As at 30 June 2017							
Land and buildings	2 750 956	122 333	702 668	(7 060)	6 448	(98 495)	3 476 850
Infrastructure	21 871 773	90 053	4 176 053	(539)	(1 105 189)	-	25 032 151
Community	5 760 971	54 105	316 871	-	(262 964)	-	5 868 983
Other	3 885 870	(578 805)	953 161	(8 245)	(548 743)	(1 180)	3 702 058
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	**37 336 999**	**(143 909)**	**6 211 349**	**(20 544)**	**(2 116 585)**	**(99 675)**	**41 167 635**

The 2017 comparative amount has been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	3 828 532	(924 880)	2 903 652	3 423 825	(878 570)	2 545 255
Infrastructure	39 017 783	(12 001 275)	27 016 508	35 797 548	(10 765 397)	25 032 151
Community	9 224 175	(2 952 476)	6 271 699	8 546 706	(2 677 723)	5 868 983
Other	9 267 974	(5 235 196)	4 032 778	8 568 335	(4 905 826)	3 662 509
Service concession	1 411 417	(576 910)	834 507	1 410 668	(455 127)	955 541
Housing rental stock	3 115 668	(1 021 046)	2 094 622	3 073 753	(941 701)	2 132 052
TOTAL	**65 865 549**	**(22 711 783)**	**43 153 766**	**60 820 835**	**(20 624 344)**	**40 196 491**

Reconciliation of property, plant and equipment

	MUNICIPALITY OF CAPE TOWN						
	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2018							
Land and buildings	2 545 255	235 171	169 485	(361)	(45 303)	(595)	2 903 652
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 662 509	(103 634)	1 139 502	(19 551)	(644 970)	(1 078)	4 032 778
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	**40 196 491**	**(64 398)**	**5 466 727**	**(23 372)**	**(2 410 116)**	**(11 566)**	**43 153 766**
As at 30 June 2017							
Land and buildings	2 154 183	122 598	350 711	(6 651)	22 909	(98 495)	2 545 255
Infrastructure	21 871 773	90 053	4 176 053	(539)	(1 105 189)	-	25 032 151
Community	5 760 971	54 105	316 871	-	(262 964)	-	5 868 983
Other	3 852 572	(579 070)	935 437	(7 392)	(537 858)	(1 180)	3 662 509
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	**36 706 928**	**(143 909)**	**5 841 668**	**(19 282)**	**(2 089 239)**	**(99 675)**	**40 196 491**

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
Assets under construction – carrying value	2018	2017	2018	2017
Land and buildings	393 421	796 490	-	-
Infrastructure	2 600 717	3 441 462	2 600 717	3 441 462
Community	217 903	123 887	217 903	123 887
Other	368 406	375 499	368 406	375 499

The "Assets under construction" (infrastructure and community) carrying values include significantly delayed PPE projects amounting to R254,87 million (2017: R186,97 million). The significant delays are mainly due to delays in the roll-out of certain sections of the integrated rapid transit (IRT) network worth R150,55 million (2017: R104,18 million) and contractor problems in the completion of a new outage management system worth R46,22 million.

Also included in the "Assets under construction" (community) carrying value is a halted housing project amounting to R27,70 million (2017: R19,20 million - infrastructure). The project has been placed on hold due to ongoing community protests.

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
Capital commitments	2018	2017	2018	2017
Approved and contracted for capital expenditure				
Infrastructure	1 651 658	2 485 029	1 651 658	2 485 029
Community	63 446	96 163	63 446	96 163
Other	325 253	324 531	312 963	211 731
TOTAL	**2 040 357**	**2 905 723**	**2 028 067**	**2 792 923**

Capital commitments represent future capital expenditure, exclusive of VAT. The City is obligated to spend these amounts due to signed contracts with suppliers.

Repairs and maintenance
The Entity's amount is R2,46 billion (2017: R2,37 billion) for the financial reporting year. In determining the repairs and maintenance amount, the Entity has exclusively disclosed amounts charged by service providers.

Residual value
During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate (see note 38).

Service concession assets
The City of Cape Town has made into service concession arrangements with three operators on the MyCiTi IRT system. Included are IRT buses and related depots. The City does however retain full control over the nature, timing and extent of the services that the operators must perform.

Impairment of non-cash-generating assets – City and CIDs
The recoverable amount of impaired assets is R53,79 million (2017: 65,82 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets – CTICC
The considerations, methods and significant assumptions applied in arriving at the value-in-use are as follows:

(a) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's-length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.

(b) The value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.

(c) No value could be attached to the Convention Centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.

(d) The two buildings of the business are considered a single cash-generating unit and are evaluated accordingly when testing for impairment.

(e) The value-in-use was estimated using a discounted cash flow model which incorporated approved budget figures for a 3 year projection period. Cash flows were forecast for an additional 4 years assuming inflationary revenue growth of 6% for CTICC 1, and 9,7% revenue growth for CTICC 2, until it reaches a steady state of growth after 7 years, in line with inflation.

(f) A weighted average cost of capital (WACC) discount rate of 14,04% (2017: 14,2%) was used. This was calculated using the risk-free rate of 8,84% associated with the R186 bond, adjusted by 5,2 % to take into account the company's long-term borrowing cost of 9,55%, as well as a market risk premium for uncertainty regarding the timing and extent of future cash flows.

Based on the calculation of value-in-use, the fair value of R491 million (2017: R134 million) was determined. The current carrying value of R961 million (2017: R123 million) was established for the building at date of calculation. This has resulted in the recognition of an impairment loss of R470 million (2017: nil impairment).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	8 891	-	8 891	8 904	-	8 904

Reconciliation of heritage assets

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2018					
Paintings and museum items	8 904	(13)	-	-	8 891

(See annexure B for more details.)

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2017					
Paintings and museum items	9 049	(144)	-	(1)	8 904

Heritage assets are held at cost, as it is impractical to determine their fair value.

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	8 891	-	8 891	8 904	-	8 904

Reconciliation of heritage assets

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals
As at 30 June 2018					
Paintings and museum items	8 904	(13)	-	-	8 891
As at 30 June 2017					
Paintings and museum items	9 049	(144)	-	(1)	8 904

4. INVESTMENT PROPERTY

ECONOMIC ENTITY	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 681	(57 968)	584 713	642 681	(56 254)	586 427

Reconciliation of investment property

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2018						
Land and buildings	**586 427**	**-**	**-**	**(1 714)**	**-**	**584 713**

(See annexure B for more details.)

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2017						
Land and buildings	**588 191**	**-**	**-**	**(1 713)**	**(51)**	**586 427**

MUNICIPALITY OF CAPE TOWN	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 681	(57 968)	584 713	642 681	(56 254)	586 427

Reconciliation of investment property

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2018						
Land and buildings	**586 427**	**-**	**-**	**(1 714)**	**-**	**584 713**
As at 30 June 2017						
Land and buildings	**588 191**	**-**	**-**	**(1 713)**	**(51)**	**586 427**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

5. INTANGIBLE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Acquisition of rights	561 441	(284 457)	276 984	561 441	(214 392)	347 049
Computer software	1 003 979	(564 924)	439 055	811 639	(479 817)	331 822
TOTAL	**1 565 420**	**(849 380)**	**716 040**	**1 373 080**	**(694 209)**	**678 871**

Reconciliation of intangible assets

	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2018					
Acquisition of rights	347 049	116	-	(70 180)	276 985
Computer software	331 822	64 293	127 931	(84 991)	439 055
TOTAL	**678 871**	**64 409**	**127 931**	**(155 171)**	**716 040**

(See annexure B for more details.)

As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	**629 162**	**88 563**	**79 468**	**(118 322)**	**678 871**

5. INTANGIBLE ASSETS (continued)

MUNICIPALITY OF CAPE TOWN						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Acquisition of rights	561 441	(284 457)	276 984	561 441	(214 392)	347 049
Computer software	1 003 942	(564 917)	439 025	811 639	(479 817)	331 822
TOTAL	**1 565 383**	**(849 374)**	**716 009**	**1 373 080**	**(694 209)**	**678 871**

Reconciliation of intangible assets

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2018					
Acquisition of rights	347 049	116	-	(70 180)	276 985
Computer software	331 822	64 293	127 894	(84 985)	439 024
TOTAL	**678 871**	**64 409**	**127 894**	**(155 165)**	**716 009**
As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	**629 162**	**88 563**	**79 468**	**(118 322)**	**678 871**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

6. INVESTMENTS

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments – see note 12	2 264 754	-	-	2 264 754
Other fixed deposits	4 573 223	-	-	4 573 223
Other financial instruments	-	19	-	19
Deposits held with fund managers	-	5 112 479	-	5 112 479
	6 920 815	5 112 498	-	12 033 313
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	6 915 496	5 112 498	-	12 027 994
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 509 789)	(945 686)	-	(5 455 475)
TOTAL	**2 342 295**	**2 248 648**	**-**	**4 590 943**
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Guaranteed investment instruments – see note 12	2 051 869	-	-	2 051 869
Other fixed deposits	2 288 712	-	-	2 288 712
Other financial instruments	-	64	-	64
Deposits held with fund managers	-	4 710 850	-	4 710 850
	4 424 821	4 710 914	-	9 135 735
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	4 419 502	4 710 914	-	9 130 416
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents – see note 11	(2 288 690)	(903 949)	-	(3 192 639)
Transferred to bank overdraft – see note 11	-	5 298	-	5 298
TOTAL	**2 130 812**	**2 158 149**	**-**	**4 288 961**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. INVESTMENTS (continued)

	MUNICIPALITY OF CAPE TOWN			
	Amortised cost	Fair value	Cost	Total
As at 30 June 2017				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments – see note 12	2 264 754	-	-	2 264 754
Other fixed deposits	4 354 545	-	-	4 354 545
Deposits held with fund managers	-	5 112 479	-	5 112 479
Shares in CTICC	-	-	833 998	833 998
	6 702 137	5 112 479	833 998	12 648 614
Provision for impairment	(5 319)	-	(313 149)	(318 468)
Net investments	6 696 818	5 112 479	520 849	12 330 146
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 291 111)	(945 686)	-	(5 236 797)
TOTAL	**2 342 295**	**2 248 629**	**520 849**	**5 111 773**
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Guaranteed investment instruments – see note 12	2 051 869	-	-	2 051 869
Other fixed deposits	2 050 825	-	-	2 050 825
Deposits held with fund managers	-	4 710 850	-	4 710 850
Shares in CTICC	-	-	833 998	833 998
	4 186 934	4 710 850	833 998	9 731 782
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	4 181 615	4 710 850	588 766	9 481 231
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents – see note 11	(2 050 803)	(903 949)	-	(2 954 752)
Transferred to bank overdraft – see note 11	-	5 298	-	5 298
TOTAL	**2 130 812**	**2 158 085**	**588 766**	**4 877 663**

Collateral deposits for staff housing loans
Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2017: R0,04 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000. However, interest earned on certain deposits are still being capitalised. The Entity's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

Compensation for occupational injuries and diseases (COID investments)
The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the COID Act 130 of 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
	906	2 526	906	2 526
Other	4 498	5 630	4 498	5 630
Provision for impairment	(3 592)	(3 104)	(3 592)	(3 104)
	39 238	52 648	39 238	52 648
Housing selling developments	47 648	62 602	47 648	62 602
Provision for impairment	(8 410)	(9 954)	(8 410)	(9 954)
	40 144	55 174	40 144	55 174
Transferred to current receivables	(14 290)	(14 201)	(14 290)	(14 201)
TOTAL	**25 854**	**40 973**	**25 854**	**40 973**
Reconciliation of impairment provision				
Balance at beginning of the year	13 058	20 175	13 058	20 175
Contribution from provisions	(1 056)	(7 117)	(1 056)	(7 117)
Balance as at 30 June	**12 002**	**13 058**	**12 002**	**13 058**

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 new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the remaining loans will be discounted in 2018/19. Examples of public organisations that were granted loans are the Salvation Army and the Alta du Toit School.

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% (2017: 10,50%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

8. INVENTORY

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Consumable stock	357 270	248 505	355 679	247 307
Water	42 049	21 849	42 049	21 849
Other goods held for use/resale	73 999	55 380	73 999	55 380
TOTAL	**473 318**	**325 734**	**471 727**	**324 536**

Inventory to the value of R0,33 million (2017: R0,91 million) was scrapped during the year.

9. RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**7 139 286**	**(3 669 973)**	**3 469 313**	**6 036 958**	**(3 235 005)**	**2 801 953**
Service debtors	6 063 377	(2 771 475)	3 291 902	4 990 779	(2 384 733)	2 606 046
Housing rental stock	755 533	(679 652)	75 881	702 237	(633 917)	68 320
Housing selling stock	201 779	(172 933)	28 846	195 470	(164 278)	31 192
Other exchange debtors	118 597	(45 913)	72 684	148 472	(52 077)	96 395
From non-exchange transactions	**2 945 905**	**(785 199)**	**2 160 706**	**2 950 481**	**(726 474)**	**2 224 007**
Rates debtors	2 902 567	(780 645)	2 121 922	2 907 830	(721 024)	2 186 806
Other non-exchange debtors	43 338	(4 554)	38 784	42 651	(5 450)	37 201
TOTAL	**10 085 191**	**(4 455 172)**	**5 630 019**	**8 987 439**	**(3 961 479)**	**5 025 960**

As at 30 June 2018, the City's receivables balance included an amount of approximately R199,34 million (2017: R227,52 million), owed by National Government and Province.

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	3 961 479	3 556 156
Contributions to provisions	707 666	1 182 526
Transfers from provisions	(6 864)	(5 051)
Bad debts written off	(207 109)	(772 152)
Balance as at 30 June	**4 455 172**	**3 961 479**

The 2017 comparative amounts have been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**7 139 286**	**(3 669 973)**	**3 469 313**	**6 036 958**	**(3 235 00)**	**2 801 953**
Service debtors	**6 063 377**	**(2 771 475)**	**3 291 902**	**4 990 779**	**(2 384 733)**	**2 606 046**
Not past due date	**1 798 327**	**(89 428)**	**1 708 899**	**1 573 243**	**(132 866)**	**1 440 377**
Past due						
0 - 90	**886 699**	**(58 406)**	**828 293**	**459 651**	**(69 045)**	**390 606**
91 - 365	**818 735**	**(64 025)**	**754 710**	**954 100**	**(179 037)**	**775 063**
365+	**2 559 616**	**(2 559 616)**	**-**	**2 003 785**	**(2 003 785)**	**-**
• **Electricity**	1 663 192	(328 438)	1 334 754	1 569 272	(232 768)	1 336 504
Not past due date	889 685	(11 740)	877 945	971 132	(4 943)	966 189
Past due						
0 - 90	346 894	(4 577)	342 317	201 999	(1 028)	200 971
91 - 365	116 023	(1 531)	114 492	170 210	(866)	169 344
365+	310 590	(310 590)	-	225 931	(225 931)	-
• **Water**	2 841 804	(1 653 828)	1 187 976	2 060 781	(1 371 656)	689 125
Not past due date	538 149	(69 242)	468 907	305 113	(91 664)	213 449
Past due						
0 - 90	399 463	(51 390)	348 073	210 134	(63 130)	147 004
91 - 365	425 768	(54 772)	370 996	469 819	(141 147)	328 672
365+	1 478 424	(1 478 424)	-	1 075 715	(1 075 715)	-
• **Waste management**	565 488	(335 654)	229 834	555 420	(326 505)	228 915
Not past due date	109 543	(6 694)	102 849	94 255	(8 015)	86 240
Past due						
0 - 90	27 428	(1 676)	25 752	31 935	(2 716)	29 219
91 - 365	107 821	(6 588)	101 233	124 001	(10 545)	113 456
365+	320 696	(320 696)	-	305 229	(305 229)	-
• **Wastewater management**	992 893	(453 555)	539 338	805 306	(453 804)	351 502
Not past due date	260 950	(1 752)	259 198	202 743	(28 244)	174 499
Past due						
0 - 90	112 914	(763)	112 151	15 583	(2 171)	13 412
91 - 365	169 123	(1 134)	167 989	190 070	(26 479)	163 591
365+	449 906	(449 906)	-	396 910	(396 910)	-

9. RECEIVABLES (continued)

ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	**755 533**	**(679 652)**	**75 881**	**702 237**	**(633 917)**	**68 320**
Not past due date	72 611	(46 558)	26 053	53 359	(34 358)	19 001
Past due						
0 – 90	54 072	(34 671)	19 401	52 146	(33 577)	18 569
91 – 365	84 801	(54 374)	30 427	86 352	(55 602)	30 750
365+	544 049	(544 049)	-	510 380	(510 380)	-
Housing selling stock	**201 779**	**(172 933)**	**28 846**	**195 470**	**(164 278)**	**31 192**
Not past due date	343	(62)	281	11 985	(2 019)	9 966
Past due						
0 – 90	19 149	(3 488)	15 661	10 049	(1 693)	8 356
91 – 365	15 778	(2 874)	12 904	15 479	(2 609)	12 870
365+	166 509	(166 509)	-	157 957	(157 957)	-
Other exchange debtors	**118 597**	**(45 913)**	**72 684**	**148 472**	**(52 077)**	**96 395**
Not past due date	40 587	-	40 587	72 082	-	72 082
Past due						
0 – 90	16 141	-	16 141	9 690	-	9 690
91 – 365	15 956	-	15 956	14 623	-	14 623
365+	45 913	(45 913)	-	52 077	(52 077)	-
FROM NON-EXCHANGE TRANSACTIONS	**2 945 905**	**(785 199)**	**2 160 706**	**2 950 481**	**(726 474)**	**2 224 007**
Rates debtors	**2 902 567**	**(780 645)**	**2 121 922**	**2 907 830**	**(721 024)**	**2 186 806**
Not past due date	1 908 577	(25 699)	1 882 878	1 971 408	(110 406)	1 861 002
Past due						
0 – 90	46 271	(622)	45 649	87 147	(4 873)	82 274
91 – 365	196 030	(2 635)	193 395	257 953	(14 423)	243 530
365+	751 689	(751 689)	-	591 322	(591 322)	-
Other non-exchange debtors	**43 338**	**(4 554)**	**38 784**	**42 651**	**(5 450)**	**37 201**
Not past due date	29 486	-	29 486	30 293	-	30 293
Past due						
0 – 90	6 567	(793)	5 774	6 637	(1 198)	5 439
91 – 365	4 007	(483)	3 524	1 793	(324)	1 469
365+	3 278	(3 278)	-	3 928	(3 928)	-
TOTAL	**10 085 191**	**(4 455 172)**	**5 630 019**	**8 987 439**	**(3 961 479)**	**5 025 960**

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their invoices. It also includes debtors to the value of R818,72 million (2017: R142,01 million) who have arranged to repay their outstanding arrear debt over a renegotiated period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**7 139 286**	**(3 669 973)**	**3 469 313**	**6 036 958**	**(3 235 005)**	**2 801 953**
Service debtors	6 063 377	(2 771 475)	3 291 902	4 990 779	(2 384 733)	2 606 046
Housing rental stock	755 533	(679 652)	75 881	702 237	(633 917)	68 320
Housing selling stock	201 779	(172 933)	28 846	195 470	(164 278)	31 192
Other exchange debtors	118 597	(45 913)	72 684	148 472	(52 077)	96 395
From non-exchange transactions	**2 949 213**	**(785 199)**	**2 164 014**	**2 953 606**	**(726 474)**	**2 227 132**
Rates debtors	2 905 875	(780 645)	2 125 230	2 910 955	(721 024)	2 189 931
Other non-exchange debtors	43 338	(4 554)	38 784	42 651	(5 450)	37 201
TOTAL	**10 088 499**	**(4 455 172)**	**5 633 327**	**8 990 564**	**(3 961 479)**	**5 029 085**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	3 961 479	3 556 156
Contributions to provisions	707 666	1 182 526
Transfers from provisions	(6 864)	(5 051)
Bad debts written off	(207 109)	(772 152)
Balance as at 30 June	**4 455 172**	**3 961 479**

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN
ANALYSIS OF RECEIVABLES' AGE IN DAYS

	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**7 139 286**	**(3 669 973)**	**3 469 313**	**6 036 958**	**(3 235 005)**	**2 801 953**
Service debtors	**6 063 377**	**(2 771 475)**	**3 291 902**	**4 990 779**	**(2 384 733)**	**2 606 046**
Not past due date	**1 798 327**	**(89 428)**	**1 708 899**	**1 573 243**	**(132 866)**	**1 440 377**
Past due						
1 – 90	**886 699**	**(58 406)**	**828 293**	**459 651**	**(69 045)**	**390 606**
91 – 365	**818 735**	**(64 025)**	**754 710**	**954 100**	**(179 037)**	**775 063**
365+	**2 559 616**	**(2 559 616)**	**-**	**2 003 785**	**(2 003 785)**	**-**
• **Electricity**	1 663 192	(328 438)	1 334 754	1 569 272	(232 768)	1 336 504
Not past due date	889 685	(11 740)	877 945	971 132	(4 943)	966 189
Past due						
1 – 90	346 894	(4 577)	342 317	201 999	(1 028)	200 971
91 – 365	116 023	(1 531)	114 492	170 210	(866)	169 344
365+	310 590	(310 590)	-	225 931	(225 931)	-
• **Water**	2 841 804	(1 653 828)	1 187 976	2 060 781	(1 371 656)	689 125
Not past due date	538 149	(69 242)	468 907	305 113	(91 664)	213 449
Past due						
1 – 90	399 463	(51 390)	348 073	210 134	(63 130)	147 004
91 – 365	425 768	(54 772)	370 996	469 819	(141 147)	328 672
365+	1 478 424	(1 478 424)	-	1 075 715	(1 075 715)	-
• **Waste management**	565 488	(335 654)	229 834	555 420	(326 505)	228 915
Not past due date	109 543	(6 694)	102 849	94 255	(8 015)	86 240
Past due						
1 – 90	27 428	(1 676)	25 752	31 935	(2 716)	29 219
91 – 365	107 821	(6 588)	101 233	124 001	(10 545)	113 456
365+	320 696	(320 696)	-	305 229	(305 229)	-
• **Wastewater management**	992 893	(453 555)	539 338	805 306	(453 804)	351 502
Not past due date	260 950	(1 752)	259 198	202 743	(28 244)	174 499
Past due						
1 – 90	112 914	(763)	112 151	15 583	(2 171)	13 412
91 – 365	169 123	(1 134)	167 989	190 070	(26 479)	163 591
365+	449 906	(449 906)	-	396 910	(396 910)	-

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

9. RECEIVABLES (continued)

MUNICIPALITY OF CAPE TOWN
ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	**755 533**	**(679 652)**	**75 881**	**702 237**	**(633 917)**	**68 320**
Not past due date	72 611	(46 558)	26 053	53 359	(34 358)	19 001
Past due						
0-90	54 072	(34 671)	19 401	52 146	(33 577)	18 569
91-365	84 801	(54 374)	30 427	86 352	(55 602)	30 750
365+	544 049	(544 049)	-	510 380	(510 380)	-
Housing selling stock	**201 779**	**(172 933)**	**28 846**	**195 470**	**(164 278)**	**31 192**
Not past due date	343	(62)	281	11 985	(2 019)	9 966
Past due						
0 - 90	19 149	(3 488)	15 661	10 049	(1 693)	8 356
91 - 365	15 778	(2 874)	12 904	15 479	(2 609)	12 870
365+	166 509	(166 509)	-	157 957	(157 957)	-
Other exchange debtors	**118 597**	**(45 913)**	**72 684**	**148 472**	**(52 077)**	**96 395**
Not past due date	40 587	-	40 587	72 082	-	72 082
Past due						
0 - 90	16 141	-	16 141	9 690	-	9 690
91 - 365	15 956	-	15 956	14 623	-	14 623
365+	45 913	(45 913)	-	52 077	(52 077)	-
FROM NON-EXCHANGE TRANSACTIONS	**2 949 213**	**(785 199)**	**2 164 014**	**2 953 606**	**(726 474)**	**2 227 132**
Rates debtors	**2 905 875**	**(780 645)**	**2 125 230**	**2 910 955**	**(721 024)**	**2 189 931**
Not past due date	1 911 885	(25 699)	1 886 186	1 974 533	(110 406)	1 864 127
Past due						
0 - 90	46 271	(622)	45 649	87 147	(4 873)	82 274
91 - 365	196 030	(2 635)	193 395	257 953	(14 423)	243 530
365+	751 689	(751 689)	-	591 322	(591 322)	-
Other non-exchange debtors	**43 338**	**(4 554)**	**38 784**	**42 651**	**(5 450)**	**37 201**
Not past due date	29 486	-	29 486	30 293	-	30 293
Past due						
0 - 90	6 567	(793)	5 774	6 637	(1 198)	5 439
91 - 365	4 007	(483)	3 524	1 793	(324)	1 469
365+	3 278	(3 278)	-	3 928	(3 928)	-
TOTAL	**10 088 499**	**(4 455 172)**	**5 633 327**	**8 990 564**	**(3 961 479)**	**5 029 085**

10. OTHER RECEIVABLES

	ECONOMIC ENTITY					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**429 321**	**(106 303)**	**323 018**	**395 389**	**(55 430)**	**339 959**
Payments made in advance	48 984	-	48 984	90 143	-	90 413
Property rentals	68 721	(60 875)	7 846	59 966	(34 369)	25 597
Other exchange debtors	311 616	(45 428)	266 188	245 280	(21 061)	224 219
From non-exchange transactions	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	23 058	-	23 058	33 294	-	33 294
Traffic fines	3 784 646	(2 935 105)	849 541	2 927 760	(2 418 183)	509 577
Other non-exchange debtors	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 444 159**	**(3 041 408)**	**1 402 751**	**3 563 588**	**(2 473 613)**	**1 089 975**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	2 473 613	1 959 417
Contributions to provisions	786 539	830 197
Transfer from provisions	-	(314 002)
Bad debts written off	(218 744)	(1 999)
Balance as at 30 June	**3 041 408**	**2 473 613**

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

ECONOMIC ENTITY ANALYSIS OF RECEIVABLES' AGE IN DAYS	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**429 321**	**(106 303)**	**323 018**	**395 389**	**(55 430)**	**339 959**
Payment made in advance	**48 984**	**-**	**48 984**	**90 143**	**-**	**90 143**
Not past due date	48 984	-	48 984	90 143	-	90 143
Property rentals	**68 721**	**(60 875)**	**7 846**	**59 966**	**(34 369)**	**25 597**
Not past due date	(3 744)	284	(3 460)	(2 251)	10	(2 241)
Past due						
0 – 90	(8 385)	636	(7 749)	21 169	(93)	21 076
91 – 365	20 620	(1 565)	19 055	6 792	(30)	6 762
365+	60 230	(60 230)	-	34 256	(34 256)	-
Other exchange debtors	**311 616**	**(45 428)**	**266 188**	**245 280**	**(21 061)**	**224 219**
Not past due date	242 136	(34)	242 102	174 515	(60)	174 455
Past due						
0 – 90	17 668	(1 107)	16 561	49 804	(15)	49 789
91 – 365	7 562	(37)	7 525	226	(251)	(25)
365+	44 250	(44 250)	-	20 735	(20 735)	-
FROM NON-EXCHANGE TRANSACTIONS	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	**23 058**	**-**	**23 058**	**33 294**	**-**	**33 294**
Not past due date	23 058	-	23 058	33 294	-	33 294
Traffic fines	**3 784 646**	**(2 935 105)**	**849 541**	**2 927 760**	**(2 418 183)**	**509 577**
Past due						
0 – 90	209 378	(162 379)	46 999	300 571	(248 257)	52 314
91 – 365	859 326	(666 433)	192 893	924 675	(763 735)	160 940
365+	2 715 942	(2 106 293)	609 649	1 702 514	(1 406 191)	296 323
Other non-exchange debtors	**207 134**	**-**	**207 134**	**207 145**	**-**	**207 145**
Not due	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 444 159**	**(3 041 408)**	**1 402 751**	**3 563 588**	**(2 473 613)**	**1 089 975**

10. OTHER RECEIVABLES (continued)

	MUNICIPALITY OF CAPE TOWN					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**406 398**	**(105 225)**	**301 173**	**382 679**	**(55 240)**	**327 439**
Payments made in advance	45 407	-	45 407	88 421	-	88 421
Property rentals	68 721	(60 875)	7 846	59 966	(34 369)	25 597
Other exchange debtors	292 270	(44 350)	247 920	234 292	(20 871)	213 421
From non-exchange transactions	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	23 058	-	23 058	33 294	-	33 294
Traffic fines	3 784 646	(2 935 105)	849 541	2 927 760	(2 418 183)	509 577
Other non-exchange debtors	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 421 236**	**(3 040 330)**	**1 380 906**	**3 550 878**	**(2 473 423)**	**1 077 455**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	2 473 423	1 959 413
Contributions to provisions	785 651	830 007
Transfers from provisions	-	(313 998)
Bad debt written off	(218 744)	(1 999)
Balance as at 30 June	**3 040 330**	**2 473 423**

All amounts indicated in Rand thousands (R'000)

10. OTHER RECEIVABLES (continued)

**MUNICIPALITY OF CAPE TOWN
ANALYSIS OF RECEIVABLES' AGE IN DAYS**

	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**406 398**	**(105 225)**	**301 173**	**382 679**	**(55 240)**	**327 439**
Payment made in advance	**45 407**	**-**	**45 407**	**88 421**	**-**	**88 421**
Not due	45 407	-	45 407	88 421	-	88 421
Property rentals	**68 721**	**(60 875)**	**7 846**	**59 966**	**(34 369)**	**25 597**
Not due	(3 744)	284	(3 460)	(2 251)	10	(2 241)
Past due						
0 - 90	(8 385)	636	(7 749)	21 169	(93)	21 076
91 - 365	20 620	(1 565)	19 055	6 792	(30)	6 762
365+	60 230	(60 230)	-	34 256	(34 256)	-
Other exchange debtors	**292 270**	**(44 350)**	**247 920**	**234 292**	**(20 871)**	**213 421**
Not due	242 136	(34)	242 102	174 515	(60)	174 455
Past due						
0 - 90	4 962	(29)	4 933	39 025	(15)	39 010
91 - 365	922	(37)	885	17	(61)	(44)
365+	44 250	(44 250)	-	20 735	(20 735)	-
FROM NON-EXCHANGE TRANSACTIONS	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	**23 058**	**-**	**23 058**	**33 294**	**-**	**33 294**
Not past due date	23 058	-	23 058	33 294	-	33 294
Traffic fines	**3 784 646**	**(2 935 105)**	**849 541**	**2 927 760**	**(2 418 183)**	**509 577**
Past due						
0 - 90	209 378	(162 379)	46 999	300 571	(248 257)	52 314
91 - 365	859 326	(666 433)	192 893	924 675	(763 735)	160 940
365+	2 715 942	(2 106 293)	609 649	1 702 514	(1 406 191)	296 323
Other non-exchange debtors	**207 134**	**-**	**207 134**	**207 145**	**-**	**207 145**
Not past due date	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 421 236**	**(3 040 330)**	**1 380 906**	**3 550 878**	**(2 473 423)**	**1 077 455**

11. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Amortised cost	4 861 138	2 874 925	4 540 932	2 551 542
Bank balance*	311 119	555 304	209 735	469 968
Year-end accruals	466	6	466	6
Cash on hand and in transit	39 764	30 925	39 620	30 765
Call and short-term deposits – see note 6	4 509 789	2 288 690	4 291 111	2 050 803
Fair value – see note 6	945 686	903 949	945 686	903 949
Call and short-term deposits	934 710	894 897	934 710	894 897
Bank accounts managed by fund managers*	10 976	9 052	10 976	9 052
	5 806 824	3 778 874	5 486 618	3 455 491
Bank overdraft*	-	(5 298)	-	(5 298)
TOTAL	**5 806 824**	**3 773 576**	**5 486 618**	**3 450 193**

** See annexure C for more details.*

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

12. BORROWINGS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Marketable bonds	5 268 213	4 275 489	5 268 213	4 275 489
Concessionary loans	1 433 991	1 564 795	1 433 991	1 564 795
Other loans	177 631	295 237	167 137	283 517
Subtotal – see annexure A for more details	6 879 835	6 135 521	6 869 341	6 123 801
Transferred to current liabilities	(378 608)	(335 701)	(376 803)	(334 185)
TOTAL	**6 501 227**	**5 799 820**	**6 492 538**	**5 789 616**
A total of R2,26 billion (2017: R2,05 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 6 for more details.				
MARKETABLE BONDS	**5 268 213**	**4 275 489**	**5 268 213**	**4 275 489**
Marketable bonds In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R5,20 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. 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).	5 268 213	4 275 489	5 268 213	4 275 489
CONCESSIONARY LOANS	**1 433 991**	**1 564 795**	**1 433 991**	**1 564 795**
Agence Française de Développement (AFD) An unsecured loan of R2,38 billion, bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2018 was R1,59 billion (2017: R1,75 billion).	1 426 349	1 553 579	1 426 349	1 553 579
Nedcor Bank An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019. Nominal value as at 30 June 2018 was R50 000 (2017: R50 000).	41	35	41	35
Development Bank of Southern Africa (DBSA) An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2018 was R8 million (2017: R12 million).	7 601	11 181	7 601	11 181

12. BORROWINGS (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
OTHER LOANS	**177 631**	**295 237**	**167 137**	**283 517**
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,59% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 2 July 2018 to 31 December 2022.	156 602	208 582	156 602	208 582
ABSA Bank An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 2 July 2018.	10 535	20 000	10 535	20 000
FirstRand Bank A structured 15-year loan to the value of R300 million, which bore interest at a fixed rate of 12,05% per annum and was repaid on 29 June 2018. Part of the repayment comprised a bullet payment of R225,70 million from the capital and interest of a 15-year guaranteed investment instrument policy purchased from Momentum Group and later sold to FirstRand Bank.	-	54 935	-	54 935
ABSA - Brackenfell Business Improvement District NPC This loan is secured by motor vehicles, bears interest at a rate of between 12,25% and 13,00%, and is repayable in monthly instalments over 36 months, as agreed with ABSA.	101	28	-	-
DBSA – Claremont Road Bypass Company Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum. Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009. Secured by an agreement of cession from Claremont City Improvement District (CID) Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement. The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.	10 143	11 692	-	-
Nedbank – Montague Gardens This liability is secured by a motor vehicle, attracts interest at a rate of between 12% and 12,25% per annum, and is repayable over a remaining period of 33 months.	250	-	-	-
TOTAL – see annexure A for more details	**6 879 835**	**6 135 521**	**6 869 341**	**6 123 801**

For more details about short-term debt facilities available to the Entity, see annexure C.

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

13. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,11 billion (2017: R1,03 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

13.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The last statutory actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The valuation indicated a R116,9 million surplus with an overall funding level of 106,1% for the DB section and pensioners account respectively at the financial year-end. An interim valuation was performed at 30 June 2017, which indicated an overall funding level of 102,6% for the DB section and pensioners account respectively at year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and is financially sound. It was 100% funded as at 1 July 2016, and had remained stable since the previous statutory valuation date. The next statutory valuation is due by 1 July 2018.

13.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

13.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2016, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2017.

	DB section	DC section	Total
In-service members	204	9 624	9 828
Pensioners	2 903	1 943	4 846
Membership as at 30 June 2016	**3 107**	**11 567**	**14 674**

	2017 R'million	2016 R'million
Past-service position: DB section	10 418	9 996
DC section	4 255	4 475
Total liabilities	14 673	14 471
Assets valued at market value	14 728	14 484
Actuarial surplus	-	-

	%	%
Key financial assumptions		
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	1,03	0,50
Post-retirement	3,03	1,40
Normal retirement age	65 years	60 years

14. 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 2018						
Balance at the beginning of the year	516 222	328 562	5 244 839	19 706	-	6 109 329
Interest costs	58 195	40 798	541 387	1 969	-	642 349
Service costs	45 322	-	92 020	417	-	137 759
Benefit/rehabilitation payments	(52 969)	(2 356)	(228 506)	(886)	-	(284 717)
Actuarial gains	43 425	-	(353 697)	(6 401)	-	(316 673)
Change in estimate	-	(56 993)	-	-	-	(56 993)
Transferred from current provisions	68 288	10 570	229 590	1 958	12 062	322 468
	678 483	320 581	5 525 633	16 763	12 062	6 553 522
Current portion of provision	(79 206)	(1 546)	(245 333)	(2 260)	-	(328 345)
TOTAL	**599 277**	**319 035**	**5 280 300**	**14 503**	**12 062**	**6 225 177**

	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 2018						
Balance at the beginning of the year	516 222	328 562	5 244 839	19 706	-	6 109 329
Interest costs	58 195	40 798	541 387	1 969	-	642 349
Service costs	45 322	-	92 020	417	-	137 759
Benefit/rehabilitation payments	(52 969)	(2 356)	(228 506)	(886)	-	(284 717)
Actuarial gains	43 425	-	(353 697)	(6 401)	-	(316 673)
Change in estimate	-	(56 993)	-	-	-	(56 993)
Transferred from current provisions	68 288	10 570	229 590	1 958	12 062	322 468
	678 483	320 581	5 525 633	16 763	12 062	6 553 522
Current portion of provision	(79 206)	(1 546)	(245 333)	(2 260)	-	(328 345)
TOTAL	**599 277**	**319 035**	**5 280 300**	**14 503**	**12 062**	**6 225 177**

All amounts indicated in Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT) (continued)

14.1 Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2018 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 2018 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2018	2017
	%	
Discount rate	9,00	Yield curve
Consumer price inflation	6,22	Difference between nominal and real yield curve
Salary increase	7,22	Equal to CPI + 1%

14.2 Environmental rehabilitation

In terms of the Entity's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2018.

Key cost parameters	2018	2017
	%	
Annual inflation rate	4,57	6,21
Discount rate at the average borrowing cost	10,27	11,00
Scheduled dates of total closure and rehabilitation	Between 2022 and 2035	Between 2021 and 2034

14. PROVISIONS (NON-CURRENT) (continued)

14.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of health-care 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 2018 constituted 7 287 (2017: 7 782) in-service members and 6 857 (2017: 6 813) pensioners.

It was assumed that the employer's health-care 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 health-care 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 2018 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2018	2017
	%	
Discount rate	10,14	Yield curve
Consumer price index	7,16	Difference between nominal and yield curves
Healthcare cost inflation rate	8,16	CPI + 1%
Net effective discount rate	-	Yield curve-based

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		**5 525 633**	**92 020**	**541 387**
Healthcare inflation	1% decrease	4 872 772	76 743	767 198
	1% increase	6 314 148	111 062	618 644
Post-retirement mortality	20% decrease	6 014 538	99 462	589 289
	20% increase	5 138 455	86 090	503 452

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

14. PROVISIONS (NON-CURRENT) (continued)

14.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2018 was 19 (2017: 21) in-service employees and 69 (2017: 81) pensioners.

Plan assets
Currently, no long-term assets are set aside off the balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate
The fund benefit liability to the Entity as at 30 June 2018 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bonds curve.

Key financial assumptions	2018	2017
	%	
Discount rate	9,97	Yield curve
Consumer price inflation	7,04	Difference between nominal and real yield curve
General salary inflation rate	9,04	CPI + 2%
Net effective discount rate	-	Curve-dependent

15. DEPOSITS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Electricity and water	365 890	336 264	365 890	336 264
Other deposits	43 933	35 133	15 770	15 446
TOTAL	**409 823**	**371 397**	**381 660**	**351 710**

Guarantees held in lieu of electricity and water deposits were R156,09 million (2017: R114,26 million).

16. PROVISIONS (CURRENT)

	ECONOMIC ENTITY				
	Opening balance 2018	Raised	Utilised/ reversed	Transfers from non-current	Closing balance 2018
Long-service leave benefits	68 288	-	(68 288)	79 206	79 206
Environmental rehabilitation	10 570	-	(10 570)	1 546	1 546
Post-retirement benefits	231 548	-	(231 548)	247 593	247 593
Insurance and COID claims	8 224	7 859	(8 224)	-	7 859
Leave benefits	593 755	872 353	(827 012)	-	639 096
Other provisions	51 907	24 930	(36 982)	-	39 855
Performance bonuses	4 960	4 723	(4 960)	-	4 723
TOTAL	**969 252**	**909 865**	**(1 187 584)**	**328 345**	**1 019 878**

	MUNICIPALITY OF CAPE TOWN				
	Opening balance 2018	Raised	Utilised/ reversed	Transfers from non-current	Closing balance 2018
Long-service leave benefits	68 288	-	(68 288)	79 206	79 206
Environmental rehabilitation	10 570	-	(10 570)	1 546	1 546
Post-retirement benefits	231 548	-	(231 548)	247 593	247 593
Insurance and COID claims	8 224	7 859	(8 224)	-	7 859
Leave benefits	593 755	872 353	(827 012)	-	639 096
Other provisions	51 907	24 930	(36 982)	-	39 855
TOTAL	**964 292**	**905 142**	**(1 182 624)**	**328 345**	**1 015 155**

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.

All amounts indicated in Rand thousands (R'000)

17. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Trade and other creditors	4 850 592	4 638 875	4 775 126	4 582 763
Payments received in advance	1 110 065	1 364 355	1 110 065	1 364 355
Funds administrated on behalf of third parties	16 470	15 961	16 470	15 961
TOTAL	**5 977 127**	**6 019 191**	**5 901 661**	**5 963 079**

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.

The increase in the 2017 comparative 'Funds administrated on behalf of third parties' amount was reclassified from 'Trade and other creditors'.

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY 2018	MUNICIPALITY 2017
Conditional grants from other spheres of government	963 071	974 631	963 071	974 631
National Government	577 867	446 587	577 867	446 587
Province	385 204	528 044	385 204	528 044
Other conditional receipts	104 674	79 743	104 674	79 743
Public contributions	104 674	79 743	104 674	79 743
TOTAL	**1 067 745**	**1 054 374**	**1 067 745**	**1 054 374**

See notes 25, 26 and annexure E for more details of grants from National Government and Province as well as public contributions.

During the year, the National Department of Human Settlements expressed concern that the City would not spend its entire Urban Settlements Development Grant (USDG) allocation as per the annual Division of Revenue Act (DoRA). Consequently, Human Settlements withheld R175,8 million from the second USDG tranche payment to the City.

19. VALUE-ADDED TAX (VAT)

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY 2018	MUNICIPALITY 2017
VAT payable	390 215	176 983	390 215	176 983
Impairment adjustment	145 326	277 030	145 326	277 030
Total VAT payable	535 541	454 013	535 541	454 013
VAT receivable	(402 559)	(360 647)	(402 559)	(360 647)
TOTAL	**132 982**	**93 366**	**132 982**	**93 366**

The VAT liability was impaired as a result of impairment against debtors.

20. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Realised housing proceeds				
Balance at beginning of the year	277 498	272 628	277 498	272 628
Income	44 099	63 301	44 099	63 301
Interest	18 705	17 699	18 705	17 699
Expenditure	(13 073)	(70 286)	(13 073)	(70 286)
Non-cash transfer to provision for impairment	(7 211)	(5 844)	(7 211)	(5 844)
Balance at end of the year	320 018	277 498	320 018	277 498
Unrealised housing proceeds				
Balance at beginning of the year	54 070	67 468	54 070	67 468
Long-term loans realised	(15 855)	(20 516)	(15 855)	(20 516)
Transfer to impairment provision – selling schemes	1 544	7 553	1 544	7 553
Transfer from impairment provision – public organisations	(488)	(435)	(488)	(435)
Balance at end of the year	39 271	54 070	39 271	54 070
TOTAL	**359 289**	**331 568**	**359 289**	**331 568**

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.

21. SERVICE CHARGES

Electricity	11 788 874	11 744 571	11 803 987	11 755 862
Water and wastewater	4 409 914	4 104 377	4 411 232	4 105 629
Solid waste	1 179 179	1 081 307	1 179 302	1 081 307
ICASA ECSN licence fees	23 656	28 768	23 656	28 768
Other	762 494	716 589	742 159	699 527
TOTAL	**18 164 117**	**17 675 612**	**18 160 336**	**17 671 093**

The 2017 'Other' item has been corrected due to a calculating error.

The 2017 comparative amount has been restated – see note 38.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

22. FINANCE INCOME

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Exchange transactions	1 131 401	1 003 837	1 109 015	965 283
External investments	957 465	860 651	935 079	822 097
Outstanding debtors	225 986	197 058	225 986	197 058
Transferred interest to conditional grants	(52 050)	(53 872)	(52 050)	(53 872)
Non-exchange transactions				
Outstanding debtors	76 885	81 005	76 885	81 005
TOTAL	**1 208 286**	**1 084 842**	**1 185 900**	**1 046 288**

The 2017 comparative amount has been restated – see note 38

23. OTHER INCOME

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Exchange transactions	757 428	516 653	434 876	242 040
Bulk infrastructure levies	188 127	146 522	188 127	146 522
Other income	247 806	192 176	124 676	86 823
Discount received	120 067	3 745	119 566	3 745
Gains on foreign-exchange transactions	55	709	55	709
Fair-value adjustments	2 452	4 241	2 452	4 241
CIDs	198 921	169 260	-	-
Non-exchange transactions				
CIDs	-	-	198 921	169 260
TOTAL	**757 428**	**516 653**	**633 797**	**411 300**

The 2017 comparative amount has been restated – see note 38

The City received services in kind to an estimated value of R12,24 million (2017: R8,83 million) in the form of volunteers.

24. PROPERTY RATES

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Actual				
Residential, commercial and other	9 826 181	9 259 940	9 828 320	9 264 744
Income forgone*	(1 357 933)	(1 159 618)	(1 357 933)	(1 159 618)
TOTAL	**8 468 248**	**8 100 322**	**8 470 387**	**8 105 126**
Valuations per category				
Residential	780 211 424	763 170 944	780 211 424	763 170 944
Commercial	242 767 984	235 675 407	242 767 984	235 675 407
Agriculture	6 184 089	6 509 956	6 184 089	6 509 956
Public service infrastructure	5 170 313	4 997 347	5 170 313	4 997 347
Other	139 188 262	145 406 044	139 188 262	145 406 044
TOTAL valuation at commencement of financial year	**1 173 522 072**	**1 155 759 698**	**1 173 522 072**	**1 155 759 698**

The current general valuation (GV2015) took effect on 1 July 2016 and will apply until 30 June 2019. It is based on market-related values. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

** Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.*

25. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Unconditional grants	2 658 727	2 288 187	2 658 727	2 288 187
Conditional grants	3 086 063	3 360 565	3 086 063	3 360 565
National Government	2 201 927	2 322 216	2 201 927	2 322 216
Province	884 136	1 038 349	884 136	1 038 349
TOTAL	**5 744 790**	**5 648 752**	**5 744 790**	**5 648 752**
Analysis of government grants and subsidies				
Operating	4 011 324	3 633 883	4 011 324	3 633 883
Capital	1 733 466	2 014 869	1 733 466	2 014 869
TOTAL	**5 744 790**	**5 648 752**	**5 744 790**	**5 648 752**

26. PUBLIC CONTRIBUTIONS

Conditional				
Consumer connections	66 894	54 162	66 894	54 162
Contributed assets	5 131	6 944	5 131	6 944
Other	27 325	50 541	27 325	50 541
TOTAL	**99 350**	**111 647**	**99 350**	**111 647**

27. EMPLOYEE-RELATED COSTS

Salaries, wages and allowances	10 550 906	9 543 149	10 469 207	9 473 563
Contribution and benefits paid: current provisions	4 396	(87 711)	4 396	(87 711)
Contribution: post-retirement and long-service benefits	422 637	299 924	422 637	299 924
Current service costs	137 759	140 742	137 759	140 742
Interest costs	601 551	593 813	601 551	593 813
Actuarial gains	(316 673)	(434 631)	(316 673)	(434 631)
	10 977 939	9 755 362	10 896 240	9 685 776
Expenditure recharged to capital projects	(29 291)	(26 476)	(29 291)	(26 476)
TOTAL	**10 948 648**	**9 728 886**	**10 866 949**	**9 659 300**

28. IMPAIRMENT COSTS

Receivables and other	1 361 635	1 581 554	1 360 557	1 581 367
Impairment of investment	-	-	67 917	-
Property, plant and equipment	481 918	99 675	11 566	99 675
TOTAL	**1 843 553**	**1 681 229**	**1 440 040**	**1 681 042**

The 2017 comparative amounts have been restated – see note 38.

All amounts indicated in Rand thousands (R'000)

29. FINANCE COSTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Borrowings	742 107	692 094	741 130	691 005
Unwinding of discount	40 798	40 818	40 798	40 818
TOTAL	**782 905**	**732 912**	**781 928**	**731 823**

30. BULK PURCHASES

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Electricity	7 870 527	8 069 460	7 870 527	8 069 460
Water	256 851	368 642	256 851	368 642
TOTAL	**8 127 378**	**8 438 102**	**8 127 378**	**8 438 102**

31. GENERAL EXPENSES

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Auditor remuneration	18 477	14 966	16 708	13 183
CID levies	-	-	192 953	164 182
Consultants	228 923	202 794	224 174	199 871
Free basic electricity (FBE) – Eskom service areas	120 225	133 656	119 996	133 515
Fair-value adjustments	6 857	2 220	6 857	2 220
Indigent relief	684 433	662 165	684 433	662 165
Inventory: scrapping	327	911	327	911
Loss on foreign-exchange transactions	145	1 034	137	1 028
Materials: general and consumables	506 053	499 840	471 996	460 855
Security services and charges	542 028	467 362	530 827	476 050
Housing: People's Housing Process payments	244 015	210 753	244 015	210 753
Fuel	255 064	227 456	286 631	226 525
Telecommunications	434 567	400 433	426 169	398 153
Other expenditure	1 812 957	1 928 382	1 717 237	1 865 546
	4 854 071	4 751 972	4 922 460	4 814 957
Contributions from provisions	(42 644)	(45 703)	(42 644)	(45 703)
	4 811 427	4 706 269	4 879 816	4 769 254
Expenditure recharged to capital projects	(3 597)	(4 693)	(3 597)	(4 693)
TOTAL	**4 807 830**	**4 701 576**	**4 876 219**	**4 764 561**

32. ANALYSIS OF DISCONTINUED OPERATION

Cape Town Stadium is a multipurpose stadium situated in Fritz Sonnenberg Road, Green Point, Cape Town. The City of Cape Town and Cape Town Stadium (RF) SOC Limited concluded an interim service delivery agreement to transfer the operations and management of the stadium to Cape Town Stadium (RF) SOC Limited, which is a 100%-owned subsidiary of the City of Cape Town. The agreement took effect on 1 February 2018, subject to the interim service delivery agreement. No assets or liabilities of the stadium were transferred to Cape Town Stadium (RF) SOC Limited, and the staff who had originally worked for that department have been seconded to Cape Town Stadium (RF) SOC Limited following due consultation.

		MUNICIPALITY OF CAPE TOWN	
		2018	2017
Revenue	**Note**		
Service charges	21	120	181
Rental of letting stock and facilities		5 894	11 019
Other income	23	25	9
Total revenue		6 039	11 209
Expenditure			
Employee-related costs	27	11 637	21 074
Contracted services		6 353	20 447
General expenses	31	15 528	22 139
Total expenditure		33 518	63 660
Deficit of discontinued operation		(27 479)	(52 451)
CASH FLOW STATEMENT			
CASH FLOW FROM OPERATING ACTIVITIES			
Discontinued operation			
Cash receipts from ratepayers, government and other		6 039	11 209
Cash paid to suppliers and employees		(33 518)	(63 660)
Net cash from discontinued operation		(27 479)	(52 451)

DISCONTINUED OPERATION

A municipal entity was established in 2017 to manage and operate Cape Town Stadium to achieve optimal commercialisation. The stadium operation is classified as a discontinued operation for the year ended 30 June 2018. As a result, the comparative figures have been restated to show the discontinued operation separately from continuing operations. An analysis of the results of the Cape Town Stadium operation is provided above.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

33. TAXATION

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
33.1 DEFERRED TAXATION				
CTICC				
Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2017: 28%).				
At beginning of the year	(3 577)	(2 654)		
Temporary differences	(132 866)	(923)		
At end of the year	**(136 443)**	**(3 577)**		
The balance comprises				
Capital allowance (non-deductible temporary differences)	(136 443)	(3 577)		
Total	**(136 443)**	**(3 577)**		
33.2 TAXATION				
Statement of financial performance charge				
Current year: CTICC	(118 548)	13 983		
CIDs	-	195		
	(118 548)	**14 178**		

34. CASH GENERATED FROM CONTINUED OPERATIONS

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Surplus for the year	5 359 821	5 179 446	5 724 246	5 155 704
Adjustment for:	3 769 434	2 613 301	3 280 510	2 620 775
Depreciation	2 606 357	2 236 620	2 566 995	2 209 274
Contributed assets	(5 716)	(16 516)	(5 716)	(16 516)
Impairment	481 918	99 675	11 566	99 675
Unrealised foreign-exchange loss	(11)	219	(11)	219
Gains and losses on disposal of assets	(74 899)	(178 371)	(74 867)	(179 408)
Contribution to provisions	125 678	(95 915)	125 915	(97 337)
Contribution to impairment provision	1 061 488	919 519	1 060 600	919 333
Finance income	(1 208 286)	(1 084 842)	(1 185 900)	(1 046 288)
Cash transactions	(1 173 010)	(1 038 376)	(1 150 625)	(999 822)
Non-cash transactions	(35 276)	(46 466)	(35 275)	(46 466)
Finance costs	782 905	732 912	781 928	731 823
Cash transactions	690 647	667 252	689 670	666 163
Non-cash transactions	92 258	65 660	92 258	65 660
Operating surplus before working capital changes	**9 129 255**	**7 792 747**	**9 004 756**	**7 776 479**
Increase in inventories	(147 584)	(67 201)	(147 191)	(67 263)
Increase in receivables	(1 062 476)	(769 443)	(1 062 660)	(771 189)
Increase in other receivables	(880 571)	(727 661)	(870 358)	(733 159)
Increase/(decrease) in unspent conditional grants and receipts	13 371	(145 581)	13 371	(145 581)
(Decrease)/increase in payables	(42 053)	204 989	(61 407)	242 116
Increase in net VAT	39 616	18 595	39 616	18 595
CASH GENERATED FROM OPERATIONS	**7 049 558**	**6 306 445**	**6 916 127**	**6 319 998**

The 2017 comparative line items have been restated – see note 38.

35. CASH AND CASH EQUIVALENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Balance at the end of the year	5 806 824	3 773 576	5 486 618	3 450 193
Balance at the beginning of the year	3 773 576	3 803 924	3 450 193	3 332 469
NET INCREASE/DECREASE	**2 033 248**	**(30 348)**	**2 036 425**	**117 724**

36. OPERATING LEASE COMMITMENTS

36.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Land and buildings	23 853	57 311	22 435	55 650
Payable within one year	11 202	55 713	10 489	55 119
Payable within two to five years	12 651	1 598	11 946	531
Radio masts	890	88	890	88
Payable within one year	378	88	378	88
Payable within two to five years	406	-	406	-
Payable after five years	106	-	106	-
TOTAL	**24 743**	**57 399**	**23 325**	**55 738**

Minimum lease payments recognised as an expense during the period amounted to R62,73 million (2017: R55,39 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

36.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Buildings				
Receivable within one year	60 224	36 494	60 224	36 494
Receivable within two to five years	183 991	132 700	183 991	132 700
Receivable after five years	485 205	292 120	485 205	292 120
TOTAL	**729 420**	**461 314**	**729 420**	**461 314**

The Entity lets properties under operating leases. Property rental income earned during the year was R54,03 million (2017: R31,48 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 R123,40 million in current-year income.

37. CONTINGENT LIABILITIES

37.1 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 R257,01 million (2017: R165,70 million).

The CTICC is subject to various claims that have arisen in connection with the principal building contractor and other professional services consultants in the course of the expansion project. The company is also expecting to incur legal fees in responding to these claims. The claims that will be dealt with in the next financial year do not represent a financial risk to the CTICC, as the CTICC is seeking to recover monies already paid. Claims that will be dealt with beyond the next financial year, as well as any related legal fees, are not quantifiable at this time.

37.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R220,73 million (2017: R180,60 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.

38. PRIOR-YEAR ADJUSTMENTS

38.1 Correction of error

A number of historical projects in the Eskom area were previously funded from the City's capital budget. These assets have now been derecognised, as their control no longer resides with the City.

The cash flow statement reflects the correction of the City's indigent relief item, which is a non-cash expense, as the revenue billed is not paid by the debtors.

During the year it was discovered that certain indigent customers of the City were erroneously billed for water and wastewater service charges. These particular service charges as per the GRAP standards should be measured at the fair value of the consideration received, resulting in the City's revenue and provisions for impairments being overstated and this error should be corrected retrospectively.

38.2 Reclassification

The City's 'Infrastructure' assets are security infrastructure previously reported under 'Community' assets.

The CTICC's 'Assets under construction', previously reported under 'Other assets', have been reclassified as 'Land and building assets'.

The CTICC implemented the Municipal Standard Chart of Accounts (mSCOA) classification framework on 1 July 2017. This necessitated the reclassification of prior-year comparative figures in terms of GRAP 3, which requires the Entity to retrospectively apply any classification changes to prior-year comparative figures.

38. PRIOR-YEAR ADJUSTMENTS (continued)

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustment and reclassification.

		ECONOMIC ENTITY			
	Note	As previously reported	Correction of error	Reclassifi-cation	Restated
2016					
Statement of financial position					
Non-current assets					
Property, plant and equipment		37 522 615	(185 616)	-	**37 336 999**
Current assets					
Receivables		5 105 255	(489 881)	-	**4 615 374**
TOTAL ASSETS		54 560 344	(675 497)	-	**53 884 847**
NET ASSETS					
Total net assets					
Accumulated surplus		30 025 858	(675 497)	-	**29 350 361**
TOTAL NET ASSETS AND LIABILITIES		54 560 344	(675 497)	-	**54 884 847**
Statement of financial performance					
Revenue					
Service charges		*17 552 069*	*(607 684)*	-	***16 944 385***
Water and sanitation		4 518 751	(607 684)	-	**3 911 067**
Total revenue		35 220 581	(607 684)	-	**34 612 897**
Expenditure					
Impairment costs		1 907 719	(117 803)	-	**1 789 916**
Receivables and other		1 898 894	(117 803)		**1 781 091**
Total expenditure		30 847 499	(117 803)	-	**30 729 696**
Surplus for the year		4 353 075	(489 881)	-	**3 863 194**
Receivables					
Gross		9 809 196	(1 637 666)	-	**8 171 530**
Allowances for impairment		(4 703 941)	1 147 785	-	**(3 556 156)**
Net		5 105 255	(489 881)	-	**4 615 374**

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS (continued)

		ECONOMIC ENTITY – continued			
	Note	As previously reported	Correction of error	Reclassification	Restated
2017					
Statement of financial position					
Non-current assets					
Property, plant and equipment	2	41 348 729	(181 094)	-	**41 167 635**
Land and buildings		2 680 360	-	796 490	**3 476 850**
Infrastructure		24 648 331	383 820	-	**25 032 151**
Community		6 433 897	(564 914)	-	**5 868 983**
Other		4 498 548	-	(796 490)	**3 702 058**
TOTAL ASSETS					
Current assets					
Receivables	9	5 721 738	(695 778)	-	**5 025 960**
TOTAL ASSETS		59 544 080	(876 872)	-	**58 667 208**
NET ASSETS					
Total net assets					
Accumulated surplus		34 605 388	(876 872)	-	**33 728 516**
TOTAL NET ASSETS AND LIABILITIES		59 544 080	(876 872)	-	**58 667 208**
Statement of financial performance					
Revenue					
Service charges		*18 815 940*	*(948 012)*	*(192 316)*	***17 675 612***
Water and sanitation		5 052 389	(948 012)	-	**4 104 377**
Other	21	908 905	-	(192 316)	**716 589**
Rental of letting stock and facilities		*358 497*	-	*98 332*	***456 829***
Finance income	*22*	*997 390*	-	*6 447*	***1 003 837***
External investments		854 204	-	6 447	**860 651**
Other income	*23*	*429 116*	-	*87 537*	***516 653***
Other income		108 384	-	83 792	**192 176**
Discount received		-	-	3 745	**3 745**
Total revenue		38 404 450	(948 012)	-	**37 456 438**
Expenditure					
Depreciation and amortisation expenses		2 241 142	(4 522)	-	**2 236 620**
Impairment costs		*2 423 344*	*(742 115)*	-	***1 681 229***
Receivables and other		2 323 669	(742 115)	-	**1 581 554**
Total expenditure		33 023 629	(746 637)	-	**32 276 992**
Surplus for the year		5 366 643	(201 375)	-	**5 165 268**
Receivables					
Gross		10 883 739	(1 896 300)	-	**8 987 439**
Allowances for impairment		(5 162 001)	1 200 522	-	**(3 961 479)**
Net		5 721 738	(695 778)	-	**5 025 960**

38. PRIOR-YEAR ADJUSTMENTS (continued)

		ECONOMIC ENTITY – continued			
	Note	As previously reported	Correction of error	Reclassifi-cation	Restated
2017 - continued					
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		33 207 927	(3 745)	(6 447)	**33 197 735**
Cash paid to suppliers and employees		(26 895 035)	3 745	-	**(26 891 290)**
Cash generated from operations	34	6 312 892	-	(6 447)	**6 306 445**
Net cash from operating activities		6 658 019	-	-	**6 658 019**
Cash generated from continued operations	34				
Surplus for the year		5 380 821	(201 375)	(668 612)	**5 179 446**
Adjustment for		3 339 172	(57 259)	-	**2 613 301**
Depreciation		2 241 142	(4 522)	-	**2 236 620**
Indigent relief		662 165	-	(662 165)	**-**
Contribution to impairment provision		972 256	(52 737)	-	**919 519**
Operating surplus before working capital changes		8 719 993	(258 634)	(668 612)	**7 792 747**
Increase in trade receivables		(1 690 242)	258 634	662 165	**(769 443)**
Cash generated by operations		6 312 892	-	(6 447)	**6 306 445**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS (continued)

		MUNICIPALITY OF CAPE TOWN			
	Note	As previously reported	Correction of error	Reclassification	Restated
2016					
Statement of financial position					
Non-current assets					
Property, plant and equipment		36 892 544	(185 616)	-	**36 706 928**
Current assets					
Receivables		5 106 634	(489 881)	-	**4 616 753**
TOTAL ASSETS		53 863 781	(675 497)	-	**53 188 284**
NET ASSETS					
Total net assets					
Accumulated surplus		29 846 771	(675 497)	-	**29 171 274**
TOTAL NET ASSETS AND LIABILITIES		53 863 781	(675 497)	-	**53 188 284**
Statement of financial performance					
Revenue					
Service charges		17 363 596	(607 684)	-	**16 755 912**
Water and sanitation		4 519 840	(607 684)	-	**3 912 156**
Total revenue		34 980 916	(607 684)	-	**34 373 232**
Expenditure					
Impairment costs		1 907 301	(117 803)	-	**1 789 498**
Allowances for impairment losses		1 898 476	(117 803)	-	**1 780 673**
Total expenditure		30 691 261	(117 803)	-	**30 573 458**
Surplus for the year		4 289 655	(489 881)	-	**3 799 774**
Receivables	9				
Gross		9 810 575	(1 637 666)	-	**8 172 909**
Allowances for impairment		(4 703 941)	1 147 785	-	**(3 556 156)**
Net		5 106 634	(489 881)	-	**4 616 753**

38. PRIOR-YEAR ADJUSTMENTS (continued)

		MUNICIPALITY OF CAPE TOWN			
	Note	As previously reported	Correction of error	Reclassification	Restated
2017					
Statement of financial position					
Property, plant and equipment	2	40 377 585	(181 094)	-	**40 196 491**
Infrastructure		24 648 331	383 820	-	**25 032 151**
Community		6 433 897	(564 914)	-	**5 868 983**
Current assets					
Receivables		5 724 863	(695 778)	-	**5 029 085**
TOTAL ASSETS		58 821 083	(876 872)	-	**57 944 211**
NET ASSETS					
Total net assets					
Accumulated surplus		34 382 649	(876 872)	-	**33 505 777**
TOTAL NET ASSETS AND LIABILITIES		58 821 083	(876 872)	-	**57 944 211**
Statement of financial performance					
Revenue					
Service charges	21	18 619 105	(948 012)	-	17 671 093
Water and sanitation		5 053 641	(948 012)	-	4 105 629
Total revenue		38 162 346	(948 012)	-	37 214 334
Expenditure					
Depreciation and amortisation expenses		2 213 796	(4 522)	-	2 209 274
Impairment costs	28	2 423 157	(742 115)	-	1 681 042
Allowances for impairment losses		2 323 482	(742 115)	-	1 581 367
Total expenditure		32 857 718	(746 637)	-	32 111 081
Surplus for the year		5 304 628	(201 375)	-	5 103 253
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		32 990 837	(3 745)	(11 209)	32 975 883
Cash paid to suppliers and employees		(26 723 290)	3 745	63 660	(26 655 885)
Cash generated from operations	33	6 267 547	-	52 451	6 319 998
Net cash from operating activities		6 601 206	-	-	6 601 206
Receivables	9				
Gross		10 886 864	(1 896 300)	-	8 990 564
Allowances for impairment		(5 162 001)	1 200 522	-	(3 961 479)
Net		5 724 863	(695 778)	-	5 029 085
	3				
Cash generated from continued operations	3				
Surplus for the year		5 304 628	(201 375)	52 451	**5 155 704**
Adjustment for		3 340 199	(57 259)	(662 165)	**2 620 775**
Depreciation		2 213 796	(4 522)	-	**2 209 274**
Indigent relief		662 165	-	(662 165)	**-**
Contribution to impairment provision		972 070	(52 737)	-	**919 333**
Operating surplus before working capital changes		8 644 827	(258 634)	(609 714)	**7 776 479**
Increase in trade receivables		(1 691 988)	258 634	662 165	**(771 189)**
Cash generated by operations		6 267 547	-	52 451	**6 319 998**

All amounts indicated in Rand thousands (R'000)

38. PRIOR-YEAR ADJUSTMENTS (continued)

38.3 Changes in accounting estimates

The annual review of the useful lives and residual values of assets resulted in a decrease of R2,27 million (2017: R111,86 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

39. BUDGET INFORMATION

39.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget is due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for the presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the mSCOA classification scheme.
3. The differences in capital spend recognition are set out in the table below:

Annual financial statements	**5 710 581**
Landfill site provision estimate	14 714
Donated assets	(5 716)
Budget	**5 719 579**

39.2 Explanation of variances greater than 10%: final budget and actual amounts

39.2.1 Statement of financial position

Total liabilities

i) Current liabilities

The variance in total current liabilities is due to a capital and operating underspend against the budget, which resulted in a lower-than-expected balance for payables from exchange transactions at year-end.

39.2.2 Statement of financial performance

Revenue

i) Transfers recognised - operational

The variance is a combined result of the several factors: the turnaround time in the filling of grant-funded vacancies, delays in planned start-up, community dynamics and influences, changes in the contract scope, contract award objection processes, environmental issues, delays in the delivery of goods, and poor contractor performance.

ii) Other own revenue

The variance is the result of over recovery on a number of revenue sources.

Expenditure

iii) Finance charges

Due to a capital underspend, no loans needed to be taken up to fund the capital programme, which resulted in the variance.

iv) Other expenditure

The variance is the combined result of several expenditure types within the category. The main contributors are the cost containment measures, delays in awarding tenders slower - than – planned implementation of various programmes, contract award objection processes and strikes experienced by contractors.

Surplus

v) Transfers recognised - capital

The variance is the result of underperformance relating to capital projects for reasons set out under paragraph 39.3.1.

vi) Contributions recognised - capital and contributed assets

The variance is the result of a shortfall in applications received over original projections.

39. BUDGET INFORMATION (continued)

39.2 Explanation of variances greater than 10%: final budget and actual amounts (continued)

39.2.3 Cash flow statement

i) Net cash from operating
The variance is a result of an underspend on operating expenditure.

ii) Net cash from financing
The variance is a result of not having taken up anticipated loans to fund the capital budget.

39.3 Explanation of variances greater than 5%: final budget and actual amounts

39.3.1 Capital expenditure

i) City Manager
The variance is the result of an unspent insurance provision that was created to fund insurance claims of a capital nature.

ii) Directorate of the Mayor
The variance is the result of a scarcity of adequately skilled and experienced business intelligence analysts.

iii) Energy
The variance in the implementation of projects is a result of inclement weather, bus strikes, tendering and construction delays, community dynamics, and delays in the delivery of goods.

iv) Informal Settlements, Water and Waste Services
The variance in the implementation of projects is mainly due to a significant underspend on projects linked to the new Water Plan, as measures in pursuit of optimal water security are being continuously reprioritised and reassessed. Further factors contributing to the variance are delays in procurement processes, public objections, community resistance and vandalism, gang intimidation and threats, incomplete land use management requirements, the initial establishment of temporary depot accommodation taking longer than anticipated, and underperformance by contractors.

v) Social Services
The variance in the implementation of projects is a result of challenges experienced with the upgrade of cemeteries and public open spaces, tender termination due to poor contractor performance, delays in public engagement and participation due to community dynamics, land invasions preventing projects from going ahead as planned, and delays due to information technology capacity constraints. There were also savings on smaller projects.

vi) Transport and Urban Development Authority
The variance in the implementation of projects is a result of delays due to community dynamics, delays in public engagement and participation, and pending feedback on whether the SCM regulations have been adhered to before the related expenditure is processed.

vii) Subsidiaries
The variance relates to the timing of expenditure on the CTICC East expansion programme and the revamping of CTICC West.

40. ADDITIONAL DISCLOSURES

40.1 Political parties' arrears

Included in the debtors' arrears is an amount of R69 745,48 (2017: R30 310,76) outstanding for more than 90 days, owed by the representative political parties to the Entity.

All amounts indicated in Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.2 Municipal Finance Management Act

40.2.1 Section 19(2)(b)

The city did not fully comply with 19(2)(b) of the MFMA relating to the broadband project.

40.2.2 Section 124(1)(b)

40.2.2.1 Disclosure concerning councillors' municipal accounts in arrears

2018

As at **30 June 2018**, the following councillor was more than 90 days in arrears for rates or services.
Z Sulelo

During the **reporting period**, the following councillors were more than 90 days in arrears for rates or services.

T Mpengezi, AJ Skippers, ST Vuba

2017

As at **30 June 2017**, no councillor was more than 90 days in arrears for rates or services.

During the **reporting period**, the following councillors were more than 90 days in arrears for rates or services.

SWP Arendse	N Bolitye	GE Gordon	NE Mgolombane	P Nyakaza-Sandla
TM Batembu	KR Carls	MW Hlazo	T Mgxekeni	SF Oerson

40.2.3 Section 125

40.2.3.1 Irregular expenditure

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Opening balance	130 103	2	130 103	2
Expenditure – as indicated below	152 953	130 103	152 953	130 103
Regularised and ratified	-	(2)	-	(2)
Closing balance	**283 056**	**130 103**	**283 056**	**130 103**
Incidents				
• Non-compliance with SCM regulations	33 721	115 056	33 721	115 056
• Non-compliance with MFMA, section 116(3) and 33	119 232	14 907	119 232	14 907
• Non-compliance with Remuneration of Public Office Bearers Act	-	140	-	140
Incidents	**152 953**	**130 103**	**152 953**	**130 103**

The 2017 comparative amounts have been restated from R47,04 million to R130,10 million, and this was discovered in the year under review.

40.2.3.2 Fruitless and wasteful expenditure

	ECONOMIC ENTITY 2018	ECONOMIC ENTITY 2017	MUNICIPALITY OF CAPE TOWN 2018	MUNICIPALITY OF CAPE TOWN 2017
Opening balance	-	86	-	86
Expenditure – current year	309	-	309	-
Regularised and ratified	-	(86)	-	(86)
Closing balance	309	**-**	**309**	**-**

Incident	Proceeding				
Interest paid on late payment	Awaiting condonement by Council	309	-	309	-
Incident		**309**	**-**	**309**	**-**

40. ADDITIONAL DISCLOSURES (continued)

40.2 Municipal finance management act (continued)

40.2.3.3 Material losses

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Water losses	**159 543**	**112 898**	**159 543**	**112 898**
In the current year, the material losses were 14,82 % (2017: 9,29%). These are made up of 10,78% reticulation losses and 4,04% abnormal production losses (2017: 9,29% reticulation losses and 0% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R140,3 million (2017: R204,80 million).				
Electricity losses	**332 155**	**353 550**	**332 155**	**353 550**
In the current year, the energy losses were 10,72% (2017: 10,89%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R511,76 million (2017: R524,05 million).				

40.2.3.4 Other compulsory disclosures

		South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2018					
Opening balance		-	11	114 716	251 289
Subscriptions/fees		12 635	20 667	1 585 714	3 080 114
Amount paid:	current year	(12 635)	(20 738)	(1 456 614)	(2 812 893)
	previous years	-	(11)	(114 716)	(251 289)
Balance unpaid (included in payables)		**-**	**(71)**	**129 100**	**267 221**
As at 30 June 2017					
Opening balance		-	61	103 016	228 711
Subscriptions/fees		12 300	16 633	1 405 032	2 933 122
Amount paid:	current year	(12 300)	(16 622)	(1 290 316)	(2 681 833)
	previous years	-	(61)	(103 016)	(228 711)
Balance unpaid (included in payables)		**-**	**11**	**114 716**	**251 289**

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.3 Supply chain management regulations

40.3.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Incidents				
Appointment of consultants	256 634	4 589	256 634	4 589
Information technology upgrade	35 269	69 660	35 269	69 660
Extension of contract period/sum	7 191	144 433	7 191	144 433
Upgrade of road infrastructure	66 739	71 531	66 739	71 531
Supply and delivery of plant and equipment	52 592	38 126	52 592	38 126
Other	150 701	68 328	140 450	57 406
Water resilience/augmentation	259 905	-	259 905	-
Deviations less than R200 000	461 567	403 689	461 567	403 689
TOTAL amount approved by the Accounting Officer and noted by Council	**1 290 598**	**800 356**	**1 280 347**	**789 434**

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.

40.3.2 SCM breaches

Ratification of minor breaches	3 437	6 579	–	–
TOTAL amount regularised and ratified	**3 437**	**6 579**	**-**	**-**

40. ADDITIONAL DISCLOSURES (continued)

40.3 Supply chain management regulations (continued)

40.3.3 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**	**2018**	**2018**
H Ahlschlager	Legal representative	14 319	14 319
N Andhee	Teacher	1 071	1 071
R Badenhorst	Councillor: Stellenbosch Municipality	1 254	1 254
M Barnard	Deputy Director: Radiology	786	786
P Bell	Events manager	1 421	1 421
J Bogma	Metro paramedic	119	119
V Botto	Forensics	516	516
ER Bowers	Social worker	572	572
C Brown	National key point supervisor	133	133
C Brynard	Councillor: City of Cape Town	3 102	3 102
C Carr	Administrative officer	87	87
P Christopher	Operations manager	1 453	1 453
JP Cilliers	Specialist advisor	406	406
A da Grass	Specialist clerk	166	166
M Daniels	Project administrator	149	149
M Davids	Operational supervisor driver	194	194
S Davids	Teacher	3 780	3 780
W de Kock	Stellenbosch Municipality	1 003	1 003
A Dolf	Senior clerk	1 197	1 197
N Dolf	Clerk	548	548
Y Ebrahim	District head	1 553	1 553
C Elliot	Office of the Premier	2	2
F Fortune	Physio	228	228
S Fourie	HoD: Department of Economic Development and Tourism	10	-
S Gxilishe	Teacher	155	155
A Harding	Administrative officer	35	35
W Harris	Councillor: City of Cape Town	9	9
C Hector	Quality assessor	2 478	2 478
T Henderson	Teacher	350	350
F Hendricks	Administrative officer	1 108	1 108
R Hendricks	HR: Department of Justice	128	128
E Jacobs	Senior clerk	44 172	44 172
R Jacobs	Fleet coordinator	807	807
Y Jacobs	Accountant	307	307
LA Kenny	Professional officer	327	327

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

40. ADDITIONAL DISCLOSURES (continued)

40.3 Supply chain management regulations (continued)

40.3.3 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**	**2018**	**2018**
T Lebesana	Security	162	162
Z Mabodi	Advocate	38	38
N Makeleni	Nurse	53	53
M Maroof	Professional officer	90	90
SS Merile	Small-plant operator	696	696
G Meyer	Manager: Supplier Management	3 011	3 011
D Moffett	Director	2 251	2 251
R Mohammed	Executive Director: Central Energy Fund	6 660	6 660
FJ Monk	Subcouncil manager	861	861
F Mostert	Manager	1 095	1 095
MC Mshweshwe	Statutory compliance specialist	1 066	1 066
M Mvalo	Professional officer	1 800	1 800
NG Payne	Principal professional officer	52	52
S Pieterse	Senior clerk	552	552
C Rhoda	Head: Invasive Species	347	347
M Rhodes	Teacher	5 078	5 078
A Richards	Senior professional officer	76	76
L Ritter	Buyer	74	74
D Rose	Call centre agent	3 725	3 725
MN Sammy	Administrative officer	17	17
A Sangster	Support assistant	8 524	8 524
N September	Administrator	224	224
Y Skunyana	Light-machine operator	707	707
L Sneli	Assistant project manager	4	4
T Steyn	Senior professional officer	433	433
C Stone	Manager: Traffic Services	6	6
S Toyer	Stores clerk	36	36
Z Valley	Professional officer	35	35
V van der Heever	Teacher	6 290	6 290
C van der Vent	Senior worker	390	390
N Vlotman	Department of Health	8	8
MF Voersen	Head	2 346	2 346
B Wasserfall	Senior forensic officer	841	841
S Willemse	Administrative officer	1 538	1 538
R Williams	Prison warden	54	54
V Williams	Clerk	2 718	2 718
R Wyngaard	Administrative officer	1 044	1 044
Bowman Gilfillan Attorneys	Members as per schedule below*	8 726	8 726
TOTAL		**145 573**	**145 563**

*NAMES OF MEMBERS (BOWMAN GILFILLAN ATTORNEYS)	
E Arumugam	School Principal
H Ben - David	Captain
O Bhayat	Member of Mayoral Committee
R Bhayat	Ass Director
G Buitendag	Principal Professional Officer
J Christoffel	Staff Officer
J Conradie	Audit Manager
T Cronje	Teacher
M de Villiers	Project and Process Manager
C Dyer	Deputy Director
S February	Teacher
C Franklyn	Specialist Scientist
Q Green	Director Finance
D Kaapu	Inspector
C la Marque	Reginal Magistrate
A Majola	Nurse
M Majola	Manager
C Maree	Senior Family Advocate
G Mellem	Teacher
D Mkhwanazi	Production Scientist
T Nichols	Business Analyst
M Nyali	Teacher
N Nyali	Chief Education Specialist
Z Pali	Ass Director
L Pillay	Doctor
S Pillay	Educator
V Pillay	Chief Information Officer
L Ravinath	Doctor
A Sarjoo	Civil Engineer
B Sepuba	Special Recruitment
S Sepuba	Quality Assessor Specialist
L Sicam	Civil Engineer
O Stelling	Engineer
E van den Berg	School Psycologist
J van den Heuvel	Magistrate
A Visser	Maintenance Manager

See annexure G for the 2017 list.

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES

41.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
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			3 308	3 126
Payables			1 233	1 157
Service charges			19 504	18 219
Rental of letting stock and facilities			2 524	2 461
Included in note 37 is an amount of R6,4 million that relates to a contractual dispute with the CTICC. The final amount payable, if any, will be determined once the investigation is finalised.				
CAPE TOWN STADIUM (RF) SOC LTD				
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports event and become the premium venue of choice.				
Percentage owned			100%	
Arm's-length transactions for the year				
Services charges			360	
Other income			5 468	
Grants and subsidies paid			22 167	
CIDs				
These entities were established to enable projects at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.				
Special rating areas				
Arm's-length transactions for the year				
Service charges			-	2
Levies			192 953	164 182

41. RELATED-PARTY DISCLOSURES (continued)

41.1 Municipal entities and special areas (continued)

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2018	2017	2018	2017
Arm's-length transactions have been concluded with members of key management as well as related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 327	1 179		
Woodstock CID: Lloyd's Project Management CC	627	581		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC – rental				
Paid	381	333		
Received	164	-		
Other: Directors				
Northpine: ML Schereka	38	-		
Penzance: AJ Schwegmann	1	-		
Cape Metropolitan Transport Fund (CMTF)				
The fund was established to pool funds for road networks and maintenance in the metropolitan area.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	15 598	15 141	15 598	15 141
Grants and transfers – conditions met	4 414	1 811	4 414	1 811
Interest paid	986	1 096	986	1 096
Revenue collected	4 026	2 989	4 026	2 989

All amounts indicated in Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.

41.2.1 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribu-tion	Total	Travel claims reimburse-ment	Total
2018						
Mayco members	12 347	60	309	**12 716**	-	**12 716**
Councillors	129 765	378	4 434	**134 577**	7 630	**142 207**
Subsidiaries: board members	656	-	-	**656**	-	**656**
TOTAL	**142 768**	**438**	**4 743**	**147 949**	**7 630**	**155 579**
2017						
Mayco members	11 508	60	366	**11 934**	47	**11 981**
Councillors	116 241	225	3 749	**120 215**	6 177	**126 392**
Subsidiaries: board members	578	-	-	**578**	-	**578**
TOTAL	**128 327**	**285**	**4 115**	**132 727**	**6 224**	**138 951**

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually, but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillor positions, whose aggregated remuneration amounted to R147,29 million for the period in review. The average remuneration per councillor is R0,638 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 180 and 181 under "General information".

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2018				
Executive Mayor				
Ald P de Lille	1 297	42	-	**1 339**
Executive Deputy Mayor				
Ald ID Neilson	974	-	115	**1 089**
Finance				
Cllr JFH van der Merwe	920	-	108	**1 028**
Safety, Security and Social Services				
Ald JP Smith	924	18	86	**1 028**
Informal Settlements, Water and Waste Services; Energy				
Cllr XT Limberg	1 029	-	-	**1 029**
Corporate Services				
Cllr R Arendse	1 029	-	-	**1 029**
Assets and Facilities Management				
Cllr SP Diamond	1 029	-	-	**1 029**
Transport and Urban Development Authority				
Cllr BN Herron	1 029	-	-	**1 029**
Area-Based: South				
Cllr EP Andrews	1 029	-	-	**1 029**
Area-Based: Central				
Cllr S Mamkeli	1 029	-	-	**1 029**
Area-Based: North				
Cllr SA Little	1 029	-	-	**1 029**
Area-Based: East				
Cllr A Ntsodo	1 029	-	-	**1 029**
TOTAL	**12 347**	**60**	**309**	**12 716**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS (continued)			
	Annual salary	Car allowance	Social contribution	Total
2017				
Executive Mayor				
Ald P de Lille	**1 238**	**42**	**-**	**1 280**
1 JANUARY 2017 TO 30 JUNE 2017				
Executive Deputy Mayor				
Ald ID Neilson	467	-	57	**524**
Finance				
Cllr JFH van der Merwe	429	-	53	**482**
Safety, Security and Social Services				
Ald JP Smith	430	9	43	**482**
Informal Settlements, Water and Waste Services, Energy				
Cllr XT Limberg	482	-	-	**482**
Corporate Services				
Cllr R Arendse	482	-	-	**482**
Assets and Facilities Management				
Cllr SP Diamond	482	-	-	**482**
Transport and Urban Development Authority *				
Cllr BN Herron	482	-	-	**482**
Area-Based: South				
Cllr EP Andrews	482	-	-	**482**
Area-Based: Central				
Cllr S Mamkeli	482	-	-	**482**
Area-Based: North				
Cllr SA Little	482	-	-	**482**
Area-Based: East				
Cllr A Ntsodo	482	-	-	**482**
	6 420	51	153	6 624

Previously known as:

* Transport and Urban Development

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco members (continued)

ANALYSIS OF REMUNERATION BENEFITS (continued)	Annual salary	Car allowance	Social contribution	Total
2017				
1 JULY 2016 TO 31 DECEMBER 2016				
Executive Deputy Mayor/Finance				
Ald ID Neilson	463	-	56	**519**
Safety and Security Services				
Ald JP Smith	428	9	42	**479**
Corporate Services				
Cllr XT Limberg	479	-	-	**479**
Economic, Environmental and Spatial Planning				
Cllr JFH van der Merwe	426	-	53	**479**
Social Development and Early Childhood Development				
Cllr SA Little	479	-	-	**479**
City Health				
Cllr S Mamkeli	479	-	-	**479**
Community Services and Special Projects				
Ald B Walker	95	-	9	**104**
Community Services				
Cllr A Ntsodo	375	-	-	**375**
Transport and Urban Development Authority *				
Cllr BN Herron	479	-	-	**479**
Tourism, Events and Marketing				
Cllr G Bloor (up to 09/08/2016)	104	-	-	**104**
Tourism, Events and Economic Development				
Cllr EP Andrews (as from 11/08/2016)	375	-	-	**375**
Utility Services				
Ald EJ Sonnenberg	427	-	53	**480**
Human Settlements				
Cllr B van Minnen	479	-	-	**479**
	5 088	9	213	5 310
	11 508	**60**	**366**	**11 934**

Previously known as:

* Transport and Urban Development

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management

	ANALYSIS OF REMUNERATION BENEFITS					
	Annual salary	Severance pay	Relocation and car allowance	Travel and subsistence	Social contribution	Total
2018						
City Manager						
L Mbandazayo (appointed from 01/05/2018)	712	-	-	-	58	**770**
L Mbandazayo (acted from 15/01/2018 to 30/04/2018)	755	-	-	-	91	**846**
A Ebrahim (resigned with effect from 12/01/2018)	1 795	-	-	-	243	**2 038**
Social Services						
E Sass	2 468	-	-	-	351	**2 819**
Assets and Facilities Management						
K le Keur	1 757	-	128	-	91	**1 976**
Area-Based Service Delivery						
L Scheepers	1 747	-	-	-	229	**1 976**
Directorate of the Mayor						
C Kesson (01/07/2017 to 25/04/2018)	2 055	-	-	39	249	**2 343**
Strategic Governance						
C Kesson (26/04/2018 to 31/05/2018)	225	-	-	-	29	**254**
Corporate Services						
C Kesson (appointed 01/06/2018 to 30/06/2018)	196	-	-	-	25	**221**
G Kenhardt (acted from 16/01/2018 to 31/05/2018)	636	-	-	-	72	**708**
G Kenhardt (acted from 17/11/2017 to 31/12/2017)	183	-	-	-	24	**207**
L Mbandazayo (01/07/2017 to 14/01/2018)	1 264	-	-	-	162	**1 426**
Finance						
K Jacoby	2 479	-	81	2	250	**2 812**
Safety and Security Services						
R Bosman	2 401	-	95	-	304	**2 800**
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	2 614	-	108	10	60	**2 792**
Transport and Urban Development Authority						
G Fortune (acted from 21/01/2018 to 30/06/2018)	1 430	-	-	3	226	**1 659**
M Whitehead (suspended with pay as from 19/01/2018)	2 800	-	-	-	2	**2 802**
Energy						
K Nassiep (as from 01/07/2017)	1 928	-	99	5	2	**2 034**
CTICC						
J Ellingson	2 425	-	-	-	-	**2 425**
Cape Town Stadium						
L de Reuck (as from 01/02/2018)	545	-	71	-	90	**706**
TOTAL	**30 415**	**-**	**582**	**59**	**2 558**	**33 614**

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management

ANALYSIS OF REMUNERATION BENEFITS (continued)						
	Annual salary	Severance pay	Relocation and car allowances	Travel and subsistence	Social contribution	Total
2017						
City Manager						
A Ebrahim	2 763	–	–	–	382	**3 145**
1 JANUARY 2017 TO 30 JUNE 2017						
Human Settlement Services						
R Pretorius (acted from 01/01/2017 to 28/02/2017)	184	-	-	-	34	**218**
Social Services						
E Sass (as from 01/01/2017)	1 294	-	-	-	164	**1 458**
Asset and Facilities Management						
K le Keur (as from 01/01/2017)	883	-	-	-	1	**884**
Area-Based Service Delivery						
L Scheepers (as from 01/01/2017)	794	-	40	1	90	**925**
Directorate of the Mayor						
C Kesson (as from 01/01/2017)	1 255	-	-	10	1	**1 266**
Corporate Services						
L Mbandazayo (as from 01/01/2017)	1 285	-	-	-	141	**1 426**
Financial Management						
K Jacoby (as from 01/01/2017)	1 260	-	41	4	154	**1 459**
Safety and Security						
R Bosman (as from 01/01/2017)	1 120	-	48	-	140	**1 308**
Informal Settlements, Water and Waste Water						
G Kaiser (as from 01/01/2017)	1 251	-	54	-	20	**1 325**
Transport and Urban Development Authority*						
M Whitehead (as from 01/01/2017)	1 413	-	-	19	1	**1 433**
	13 502	-	183	34	1 128	**14 847**

Previously known as:
* Transport and Urban Development

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FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS (continued)					
	Annual salary	Severance pay	Relocation and car allowances	Travel and subsistence	Social contribution	Total
2017						
1 JULY 2016 TO 31 DECEMBER 2016						
Corporate Services and Compliance						
L Mbandazayo (acted from 25/08/2016 to 31/12/2016)	587	-	-	-	65	**652**
DG Ras (up to 24/08/2016)	438	3 553	-	-	-	**3 991**
Community Services						
L Mtwazi (up to 31/12/2016)	889	-	42	-	119	**1 050**
Human Settlement Services						
R Pretorius (acted from 25/08/2016 to 31/12/2016)	445	-	-	-	71	**516**
Dr IK Bromfield (up to 24/08/2016)	377	3 400	22	-	46	**3 845**
Social Development and Early Childhood Development						
E Sass (acted from 01/07/2016 to 31/12/2016)	806	-	-	-	101	**907**
Economic, Environment and Spatial Planning						
J Hugo (up to 31/12/2016)	1 343	-	-	1	24	**1 368**
City Health						
Dr W Mahlangu-Mathibela (up to 31/12/2016)	943	2 641	33	-	108	**3 725**
Finance						
K Jacoby (from 01/07/2016 to 31/12/2016)	849	-	40	-	125	**1 014**
Transport, Roads and Stormwater						
M Whitehead (from 01/07/2016 to 31/12/2016)	1 014	-	-	10	1	**1 025**
Utility Services						
G Kaiser (from 01/07/2016 to 31/12/2016)	984	-	54	-	15	**1 053**
Safety and Security Services						
R Bosman (from 01/12/2016 to 31/12/2016)	150	-	8	-	20	**178**
G Kaiser (acted from 01/11/2016 to 30/11/2016)*						
W le Roux (acted from 01/07/2016 to 31/10/2016)	419	-	34	27	64	**544**
	9 244	9 594	233	38	759	**19 868**
	22 746	**9 594**	**416**	**72**	**1 887**	**34 715**
CTICC						
J Ellingson	2 268	-	-	-	-	2 268
TOTAL	**25 014**	**9 594**	**416**	**72**	**1 887**	**36 983**

**G Kaiser acted without any compensation.*

42. EVENTS AFTER REPORTING DATE

On 25 October 2018, the council resolved to cancel a contract for the supply of electrical busses. A payment in advance was made to the supplier but it was secured by a performance guarantee in the amount of R31,99 million. This amount was disclosed in the 2016/17 financial statements as irregular expenditure. The City is now in a process of calling in the guarantee. In addition, essential infrastructure was constructed to support the charging stations, which will now be assessed for other operational requirements.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2017	Received during the year	Net interest accrual during the year	Con-cessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2018
MARKETABLE BONDS									
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	(687)	–	–	1 002 061
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	–	–	–	1 207 236
Municipal Bond CCT04	11,160	830017007	2025	2 065 505	-	–	–	–	2 065 505
Municipal Bond CCT04	10,170	830019504	2027	-	1 000 000	43 411	-	(50 000)	993 411
Total marketable bonds [1]				**4 275 489**	**1 000 000**	**42 724**	**-**	**(50 000)**	**5 268 213**
CONCESSIONARY LOANS									
Nedcor Bank	1,000	830000920	2019	35	-	-	6	-	41
DBSA	5,000	830012028	2020	11 181	-	2	418	(4 000)	7 601
AFD	5,763	830018500	2028	390 899	-	(676)	8 654	(40 000)	358 877
AFD	5,730	830018516	2028	390 290	-	(673)	8 741	(40 000)	358 358
AFD	5,755	830018530	2028	390 954	-	(676)	8 692	(40 000)	358 970
AFD	5,800	830018523	2028	381 436	-	(663)	8 332	(38 961)	350 144
Total concessionary loans				**1 564 795**	**-**	**(2 685)**	**34 843**	**(162 961)**	**1 433 991**
OTHER LOANS									
ABSA Bank	10,900	830007011	2018	20 000	-	535	-	(10 000)	10 535
DBSA	10,590	83001050	2018	33 916	-	902	-	(16 958)	17 860
FirstRand Bank	12,046	830009531	2018	54 935	-	(24 935)	-	(30 000)	-
DBSA	9,420	830012035	2020	28 000	-	10	-	(9 333)	18 677
DBSA	9,639	830013000	2022	73 333	-	32	-	(13 334)	60 031
DBSA	10,565	830013507	2022	73 333	-	35	-	(13 334)	60 034
Total other loans				**283 517**	**-**	**(23 421)**	**-**	**(92 959)**	**167 137**
TOTAL MUNICIPALITY OF CAPE TOWN				**6 123 801**	**1 000 000**	**16 617**	**34 843**	**(305 920)**	**6 869 341**
Controlled entities									
OTHER LOANS									
CID Brackenfell : ABSA	13,000	-	2019	28	138	-	-	(65)	101
CID Montague Gardens : Nedbank	12,251	-	2021	-	335	-	-	(85)	250
CID Claremont Road Co.: DBSA	-	-	2023	11 692	-	-	-	(1 549)	10 143
TOTAL CONTROLLED ENTITIES				**11 720**	**473**	**-**	**-**	**(1 699)**	**10 494**
TOTAL				**6 135 521**	**1 000 473**	**16 617**	**34 843**	**(307 619)**	**6 879 835**

[1] *Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).*

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance	Transfers/ adjustments	Additions[1]	Impairments	Disposals	Closing balance
Land and buildings						
Assets under construction	812 581	-	67 283	-	-	879 864
Vacant land	1 255 422	10 778	16 975	-	(361)	1 282 814
Land and buildings	2 746 195	224 805	161 590	-	(137)	3 132 453
	4 814 198	**235 583**	**245 848**	**-**	**(498)**	**5 295 131**
Infrastructure						
Assets under construction	3 441 461	(2 583 432)	1 742 688	-	-	2 600 717
Telecommunications	490 533	63 200	62 337	-	-	616 070
Drains	1 146 266	52 526	21 412	-	-	1 220 204
Roads	11 336 292	912 553	564 603	-	-	12 813 448
Beach improvements	48 208	84 943	14 242	-	-	147 393
Sewerage mains and purification	4 438 700	495 057	131 028	-	-	5 064 785
Security	955 513	46 798	157 689	-	(42)	1 159 958
Electricity peak load equipment and mains	9 194 213	283 237	651 002	-	-	10 128 452
Water mains and purification	4 113 040	127 100	364 075	-	-	4 604 215
Reservoirs – water	633 321	12 888	16 332	-	-	662 541
	35 797 547	**(505 130)**	**3 725 408**	**-**	**(42)**	**39 017 783**
Community assets						
Assets under construction	123 888	(45 008)	139 023	-	-	217 903
Parks and gardens	349 003	23 152	19 617	-	-	391 772
Libraries	299 968	(362)	2 000	-	-	301 606
Recreation facilities	5 632 038	10 022	37 784	-	(90)	5 679 754
Civic buildings	2 141 810	320 862	170 468	-	-	2 633 140
	8 546 707	**308 666**	**368 892**	**-**	**(90)**	**9 224 175**
Other assets						
Assets under construction	375 498	(292 885)	285 792	-	-	368 405
Buildings and land	1 262	-	-	-	-	1 262
Landfill sites	1 109 353	1 317	(11 380)	-	-	1 099 290
Furniture, fittings and equipment	1 105 810	9 937	117 205	-	(48 437)	1 184 515
Bins and containers	67 862	287	1 682	-	(336)	69 495
Emergency equipment	56 198	577	11 343	-	(4 839)	63 279
Motor vehicles and watercraft	1 202 267	(4)	283 600	-	(57 513)	1 428 350
Plant and equipment	949 309	133 176	118 987	-	(58 200)	1 143 272
Specialised vehicles	1 526 190	-	155 659	-	(6 159)	1 675 690
Computer equipment	2 266 062	43 597	220 951	-	(164 915)	2 365 695
Animals	434	-	1 164	-	(28)	1 570
	8 660 245	**(103 998)**	**1 185 003**	**-**	**(340 427)**	**9 400 823**
Service concession assets						
Buses and depots	**1 410 668**	**481**	**268**	**-**	**-**	**1 411 417**
Housing rental stock	**3 073 754**	**-**	**63 172**	**-**	**(21 258)**	**3 115 668**
TOTAL PPE	**62 303 119**	**(64 398)**	**5 588 591**	**-**	**(362 315)**	**67 464 997**

ACCUMULATED DEPRECIATION						
Opening balance	Transfers/ adjustments	Depreciation/ Amortisation	Impairments	Disposals	Closing balance	Carrying value
(16 091)	-	-	(470 352)	-	(486 443)	393 421
(260 341)	-	-	-	-	(260 341)	1 022 473
(1 060 916)	(412)	(62 122)	(595)	137	(1 123 908)	2 008 545
(1 337 348)	**(412)**	**(62 122)**	**(470 947)**	**137**	**(1 870 692)**	**3 424 439**
-	-	-	-	-	-	2 600 717
(39 008)	5	(33 640)	-	-	(72 643)	543 427
(411 914)	412	(43 534)	-	-	(455 036)	765 168
(3 375 155)	1 152	(397 492)	(3 416)	-	(3 774 911)	9 038 537
(24 776)	(1 479)	(3 154)	-	-	(29 409)	117 984
(1 562 496)	518	(243 093)	-	-	(1 805 071)	3 259 714
(390 599)	(15)	(102 683)	(350)	42	(493 605)	666 353
(2 855 484)	(127)	(196 295)	(62)	-	(3 051 968)	7 076 484
(1 721 074)	(430)	(190 632)	(395)	-	(1 912 531)	2 691 684
(384 890)	-	(21 211)	-	-	(406 101)	256 440
(10 765 396)	**36**	**(1 231 734)**	**(4 223)**	**42**	**(12 001 275)**	**27 016 508**
-	-	-	-	-	-	217 903
(57 246)	-	(12 580)	-	-	(69 826)	321 946
(79 968)	3	(5 244)	-	-	(85 209)	216 397
(1 838 694)	9	(219 928)	(145)	75	(2 058 683)	3 621 071
(701 816)	-	(36 391)	(551)	-	(738 758)	1 894 382
(2 677 724)	**12**	**(274 143)**	**(696)**	**75**	**(2 952 476)**	**6 271 699**
-	-	-	-	-	-	368 405
(1 026)	-	(60)	-	-	(1 086)	176
(582 653)	(465)	(50 141)	-	-	(633 259)	466 031
(727 010)	(44)	(116 807)	-	45 141	(798 720)	385 795
(54 987)	248	(4 834)	-	321	(59 252)	10 243
(39 754)	4	(4 977)	-	4 729	(39 998)	23 281
(619 000)	-	(91 266)	(422)	47 196	(663 492)	764 858
(638 870)	704	(53 252)	-	55 325	(636 093)	507 179
(623 861)	-	(95 125)	(352)	5 150	(714 188)	961 502
(1 670 709)	(83)	(250 987)	(304)	162 590	(1 759 493)	606 202
(317)	-	(58)	-	26	(349)	1 221
(4 958 187)	**364**	**(667 507)**	**(1 078)**	**320 478**	**(5 305 930)**	**4 094 893**
(455 127)	**-**	**(116 809)**	**(4 974)**	**-**	**(576 910)**	**834 507**
(941 702)	**-**	**(97 157)**	**-**	**17 813**	**(1 021 046)**	**2 094 622**
(21 135 484)	**-**	**(2 449 472)**	**(481 918)**	**338 545**	**(23 728 329)**	**43 736 668**

ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

	COST					
	Opening balance	Transfers/ adjustments	Additions[1]	Impairments	Disposals	Closing balance
Heritage assets						
Paintings and museum items	8 904	(13)	-	-	-	8 891
	8 904	**(13)**	**-**	**-**	**-**	**8 891**
Investment property						
Vacant land	518 180	-	-	-	-	518 180
Land and buildings	124 501	-	-	-	-	124 501
	642 681	**-**	**-**	**-**	**-**	**642 681**
Intangible assets						
Assets under construction	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441
Computer software	811 639	64 409	127 931	-	-	1 003 979
	1 373 080	**64 409**	**127 931**	**-**	**-**	**1 565 420**
TOTAL OTHER	**2 024 665**	**64 396**	**127 931**	**-**	**-**	**2 216 992**
GRAND TOTAL PPE AND OTHER	**64 327 784**	**(2)**	**5 716 522**	**-**	**(362 315)**	**69 681 989**

[1] *Includes the contributed assets amount of R5,72 million.*

ACCUMULATED DEPRECIATION						
Opening balance	Transfers/ adjustments	Additions	Impairments	Disposals	Closing balance	Carrying value
-	-	-	-	-	-	8 891
-	**-**	**-**	**-**	**-**	**-**	**8 891**
-	-	-	-	-	-	518 180
(56 254)	-	(1 714)	-	-	(57 968)	66 533
(56 254)	**-**	**(1 714)**	**-**	**-**	**(57 968)**	**584 713**
-	-	-	-	-	-	-
(214 393)	116	(70 180)	-	-	(284 457)	276 984
(479 816)	(116)	(84 991)	-	-	(564 923)	439 056
(694 209)	**-**	**(155 171)**	**-**	**-**	**(849 380)**	**716 040**
(750 463)	**-**	**(156 885)**	**-**	**-**	**(907 348)**	**1 309 644**
(21 885 947)	**-**	**(2 606 357)**	**(481 918)**	**338 545**	**(24 635 677)**	**45 046 312**

ANNEXURE C: Disclosure of bank accounts in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	ACCOUNT NUMBERS			
	2018	2018	2017	2016
MUNICIPALITY OF CAPE TOWN				
Bank accounts held with Nedbank				
Main bank	1158667043	181 975		
Salary bank	1158667078	-		
Cashier's bank	1158667051	-		
General income bank (primary)	1158667035	-		
Traffic fines bank	1158667086	-		
IRT bank	1158667094	-		
Amortised cost		181 975		
Bank accounts held with ABSA				
Main bank	40-5658-4470	19 598	469 968	61 936
Salary bank	40-5658-4496	-	–	–
Cashier's bank	40-5658-4527	-	–	–
General income bank (primary)	40-5658-4569	-	–	–
Traffic fines bank	40-7261-8663	-	–	–
IRT bank	40-8089-5180	8 162	–	–
Amortised cost		27 760	469 968	61 936
Amortised cost – see note 11		**209 735**	**469 968**	**61 936**
SUBSIDIARIES				
CTICC				
Bank accounts				
Nedbank – current	1232043850	753	463	265
ABSA Bank – current	4072900553	1 254	8 639	6 106
ABSA Bank – CTICC East – current	4072900228	967	2 645	1 067
ABSA Bank – exh serv – current	4072900731	642	24	44
ABSA Bank Treasury	4073731246	71	68	65
ABSA Bank Treasury	4073733701	2 451	2 302	2 157
Amortised cost		**6 138**	**14 141**	**9 704**
City improvement districts		**95 246**	**71 195**	**52 860**
Total bank balances – see note 11		**311 119**	**555 304**	**124 500**
MUNICIPALITY OF CAPE TOWN				
Bank accounts managed by fund managers (Nedbank)				
City of Cape Town	1151568899	226		
City of Cape Town	1151568902	5 196		
City of Cape Town	1151568910	138		
City of Cape Town	1151568929	996		
City of Cape Town	1151568937	2 569		
City of Cape Town	1151568945	945		
City of Cape Town	1151568953	592		
City of Cape Town	1151568961	111		
City of Cape Town	1151568988	182		
City of Cape Town	5500125803	-		
		10 955		

	ACCOUNT NUMBERS 2018	2018	2017	2016
Bank accounts managed by fund managers (ABSA)				
City of Cape Town	5500125800	-	-	502
City of Cape Town	5500125801	-	481	2 431
City of Cape Town	5500125802	13	306	237
City of Cape Town	5500125804	-	1 803	1 684
City of Cape Town	5500125805	-	4 015	857
City of Cape Town	5500125806	-	574	655
City of Cape Town	5500125807	-	598	588
City of Cape Town	5500125808	8	1 081	569
City of Cape Town	5500125809	-	194	258
City of Cape Town	5500125803	-	-	95
		21	9 052	7 876
Fair value – see note 12		**10 976**	**9 052**	**7 876**
City of Cape Town – see note 12	5500125803	-	(5 298)	-
Fair value		**10 976**	**3 754**	**7 876**
SUBSIDIARIES				
CTICC				
Investment accounts				
Nedbank - call deposit	03/7881544007/000105	19	18	17
Nedbank - investment account	03/7881544007/000104	-	-	15 429
ABSA Bank - call deposit	4074708347	14 424	39 622	14 834
First National Bank - RMB investment	00 506 190 167 40	14 834	13 800	12 788
Stanlib - corporate money market fund	000-402-184 (1199539) 551436367	27 909	2 752	51 793
Stanlib - corporate money market fund	000-402-184 (1199539) 552166459	-	-	7
Investec - corporate money market fund	(462097) 1008645	37 946	35 164	19 489
Investec - corporate money market fund	(462097) 1037793	-	-	24
ABSA Bank - call deposit	4083941322	3	1	14 018
Nedgroup - money market fund	(1800167964) 8319631	28 663	48 356	58 687
Nedgroup - money market fund C2	(1452-027-900) 8319631	35 298	17 255	-
ABSA Bank - money market fund	9295637051	711	-	-
ABSA Bank - CTICC money market fund	09316676360	13 646	35 299	86 824
ABSA Bank - guarantee	506009 4072900553 - 43939765	45 225	45 620	134 913
Amortised cost		**218 678**	**237 887**	**408 823**

ANNEXURE C: Disclosure of bank accounts in terms of sections 125(2)(a) and (b) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (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:

	2018	2017
General banking facility	800 000	-
Guarantee facility (cash-covered)	100 000	-
Guarantee facility (non-cash-covered)	12 000	25 000
Letter of credit	16 000	10 500
Business travel card	2 000	2 000
Daylight limit	-	2 000 000

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.

Daylight limit

A daylight limit is a facility that enables the City to transact even if there are insufficient funds on that particular day. It entails moneys lent and advanced during the day, provided it is settled by the end of business. This facility was applicable to the City's previous banker. The City has a similar arrangement with its current banker, although it is not classified as a short-term debt.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2018

Business activities	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-depart-mental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal governance and administration	**(17 348 174)**	**4 101 141**	**(13 247 033)**	**(5 459 028)**	**(7 788 005)**	**(8 435)**	**(7 779 570)**	**(6 403 786)**
Executive and Council	(1 192)	43 939	42 747	(353 722)	396 469	(91)	396 560	424 949
Finance and administration	(17 346 927)	4 056 707	(13 290 220)	(5 063 457)	(8 226 763)	(8 344)	(8 218 419)	(6 874 923)
Internal audit	(55)	495	440	(41 849)	42 289	-	42 289	46 188
Community and public safety	**(1 903 438)**	**7 104 949**	**5 201 511**	**1 945 371**	**3 256 140**	**(476 099)**	**3 732 239**	**3 762 029**
Community and social services	(121 671)	1 514 079	1 392 408	586 397	806 011	(50 453)	856 464	908 930
Sport and recreation	(86 228)	1 684 324	1 598 096	590 076	1 008 020	(40 679)	1 048 699	1 074 433
Public safety	(47 447)	738 792	691 345	183 556	507 789	(14 199)	521 988	568 552
Housing	(1 267 068)	1 925 837	658 769	412 062	246 707	(342 391)	589 098	478 831
Health	(381 024)	1 241 917	860 893	173 280	687 613	(28 377)	715 990	731 283
Economic and environmental services	**(3 250 417)**	**7 034 347**	**3 783 930**	**1 117 296**	**2 666 634**	**(720 676)**	**3 387 310**	**4 035 620**
Planning and development	(351 698)	1 179 835	828 137	264 064	564 073	(3 351)	567 424	618 322
Road transport	(2 890 254)	5 682 507	2 792 253	807 069	1 985 184	(717 339)	2 702 523	3 292 990
Environmental protection	(8 465)	172 005	163 540	46 163	117 377	14	117 363	124 308
Trading services	**(25 337 378)**	**23 834 286**	**(1 503 092)**	**2 589 453**	**(4 092 545)**	**(627 607)**	**(3 464 938)**	**(1 614 732)**
Energy sources	(13 097 002)	12 260 245	(836 757)	2 038 403	(2 875 160)	(140 521)	(2 734 639)	(2 401 225)
Water management	(5 579 414)	4 922 974	(656 440)	255 300	(911 740)	(222 075)	(689 665)	391 925
Wastewater management	(3 141 555)	3 227 370	85 815	769 018	(683 203)	(265 011)	(418 192)	80 559
Waste management	(3 519 407)	3 423 697	(95 710)	(473 268)	377 558	-	377 558	314 009
Subsidiaries	**(512 535)**	**917 398**	**404 863**	**(193 092)**	**597 955**	**208 373**	**389 582**	**661 605**
Cape Town International Convention Centre	(264 177)	696 468	432 291	22 028	410 263	208 373	201 890	669 599
Cape Town Stadium	(28 916)	28 916	-	(22 167)	22 167	-	22 167	-
City improvement districts	(219 442)	192 014	(27 428)	(192 953)	165 525	-	165 525	(7 994)
TOTAL	**(48 351 942)**	**42 992 121**	**(5 359 821)**	**-**	**(5 359 821)**	**(1 624 444)**	**(3 735 377)**	**440 736**

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCIAL GRANT FUNDS 2017/18

Description	Source	Balance unspent at beginning of the year[1]	Current-year receipts	Adjust-ments	Conditions met – transferred to revenue: Operating	Conditions met – transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year[1]
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	(742)
Department of Environmental Affairs and Tourism	Environmental Affairs	(87)	(220)	-	-	-	-	-	(307)
DME - INEP	Energy	-	(5 000)	27	-	2 739	-	-	(2 234)
Emergency Disaster Relief Grant	Department of Corporate Governance	-	(20 813)	-	-	20 813	-	-	-
Energy Efficiency Electricity Demand Side Management	Energy	-	(10 000)	1 037	186	7 435	-	-	(1 342)
Expanded Public Works Incentive Grant	National Treasury	-	(14 183)	-	13 783	400	-	-	-
Finance Management Grant	National Treasury	-	(1 050)	-	1 050	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Infrastructure Skills Development	National Treasury	(903)	(10 393)	149	9 614	986	-	-	(547)
Integrated City Development Grant	National Treasury	-	(61 263)	6 529	(4 933)	50 045	-	-	(9 622)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(66)	-	-	-	-	-	-	(66)
Municipal Disaster Grant	Department of Corporate Governance	-	(122 502)	10 986	-	74 383	-	-	(37 133)
Neighbourhood Development Programme	National Treasury	-	(2 109)	38	-	2 071	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(29)	(1 781)	-	1 810	-	-	-	-
Public Transport Network Grant	Transport	(17 303)	(999 524)	70 654	396 719	512 190	-	-	(37 264)
Restructuring Grant - Seed Funding	National Treasury	(3 377)	-	17	-	128	-	-	(3 232)
Special Projects	Environmental Affairs	-	(3 003)	-	3 003	-	-	-	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(128)	(1 179)	52	1 255	-	-	-	-
Tirelo Bosha Programme	Public Service and Administration	(63)	(10)	-	-	-	-	-	(73)
Urban Renewal	National Treasury	(678)	-	678	-	-	-	-	-
Urban Settlement Development Grant	National Treasury	(112 737)	(1 318 986)	187 327	49 009	1 029 238	-	-	(166 149)
Total DoRA allocation		**(136 126)**	**(2 572 016)**	**277 494**	**471 496**	**1 700 428**	**-**	**-**	**(258 724)**
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(115)	-	-	-	-	(13)	-	(128)
Natural Resource Management: Interest account		(9)	-	-	-	-	(1)	-	(10)
Neighbourhood Development Programme: Interest account		(790)	-	-	-	-	(193)	-	(983)
Peninsula Wetlands Rehabilitation Project: Interest account		(46)	-	-	57	-	(29)	-	(18)

NATIONAL AND PROVINCIAL GRANT FUNDS 2017/18

Description	Source	Balance unspent at beginning of the year[1]	Current-year receipts	Adjust-ments	Conditions met – transferred to revenue: Operating	Conditions met – transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year[1]
Public Transport Infrastructure Systems Grant: Interest account		(229 515)	-	-	30 666	-	(15 696)	-	(214 545)
Public Transport Infrastructure Grant: Interest account		(33 491)	-	-	-	(831)	(2 379)	-	(36 701)
Public Transport Network Grant: Interest account		(32 042)	-	-	-	-	(19 308)	-	(51 350)
Public Transport Network Operations Grant: Interest account		(13 997)	-	-	-	-	(993)	-	(14 990)
Smart Living Handbook: Interest account		(93)	-	-	-	-	(7)	-	(100)
Special Projects		(76)	-	-	74	-	(39)	-	(41)
Terrestrial Invasive Alien Plants: Interest account		(41)	-	-	37	-	(27)	-	(31)
Total interest earned		**(310 461)**	**-**	**-**	**30 834**	**(831)**	**(38 685)**	**-**	**(319 143)**
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		**(446 587)**	**(2 572 016)**	**277 494**	**502 330**	**1 699 597**	**(38 685)**	**-**	**(577 867)**
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(5 483)	(5 000)	-	6 089	-	(336)	-	(4 730)
Belhar Pentech 340 Top Structures	Human Settlements	-	-	(18 718)	18 173	-	-	-	(545)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	-	-	-	-	-	(414)
Broadband	Department of the Premier	(1 621)	-	1 621	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(10 990)	-	-	15	-	-	-	(10 975)
Chemical Toilets in Wallacedene	Human Settlements	(34)	-	34	-	-	-	-	-
Clinics : HIV/AIDS and TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Contributed Assets: 12 ECG Machines	Health	-	-	(352)	-	352	-	-	-
Contributed Assets: 4 Kiosks	Community Safety	-	-	(232)	-	232	-	-	-
Community Residential Units	Human Settlements	(45 829)	-	42 822	-	776	-	(776)	(3 007)
Delft - The Hague Phase 2(896)	Human Settlements	-	-	(58 529)	3 271	-	-	-	(55 258)
Delft The Hague / Roosendal Eindhoven	Human Settlements	(24 907)	-	-	16 441	-	-	-	(8 466)
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 277)	-	(20 000)	20 600	-	-	-	(5 677)
Edward Road Energy Efficient Project	Human Settlements	(3 316)	-	-	-	-	(236)	-	(3 552)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 447)	-	-	-	-	-	-	(10 447)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCIAL GRANT FUNDS 2017/18

Description	Source	Balance unspent at beginning of the year[1]	Current-year receipts	Adjust-ments	Conditions met - transferred to revenue: Operating	Conditions met - transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year[1]
Emergency Funds (PGWC)	Human Settlements	-	(2 500)	-	-	-	-	-	(2 500)
Enhanced Extended Discount Benefit Scheme	Human Settlements	(7 378)	-	9 108	-	-	-	(1 730)	-
Eradication of Registration Backlog	Human Settlements	(9 537)	-	-	4 183	-	-	-	(5 354)
Erf 160: Boys Town	Human Settlements	-	-	(1 478)	1 478	-	-	-	-
Establishment Grants	Human Settlements	(1 445)	-	(446)	1 102	-	(85)	-	(874)
Facilitation Grants	Human Settlements	(806)	-	(954)	529	-	(60)	-	(1 291)
False Bay Ecology	Economic Development and Tourism	(53)	-	53	-	-	-	-	-
Finance Management Support Grant	Treasury	-	(230)	-	230	-	(3)	-	(3)
Financial Management Capacity Building Grant	Treasury	(122)	(240)	-	-	-	(13)	-	(375)
Fire Detection Surveillance Cameras	Human Settlements	(5)	-	5	-	-	-	-	-
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	(7 431)	2 234	-	-	-	(5 197)
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(19 807)	-	(19 865)	33 164	-	-	-	(6 508)
Glenhaven Social Housing Project	Human Settlements	(9 000)	-	(21 000)	-	-	-	-	(30 000)
Global Fund Community Base Response Project	Health	(92)	-	-	-	-	-	-	(92)
Global Fund Community Based Programme	Health	(3 401)	-	-	-	-	(241)	-	(3 642)
Government Grant Community Development Workers	Human Settlements	(578)	(1 036)	-	402	90	(57)	-	(1 179)
Green Point Phase 2 Housing	Human Settlements	(797)	-	-	61	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(11 226)	-	(40 412)	11 377	-	-	-	(40 261)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(81)	-	-	37	-	-	-	(44)
HCE Manuals (Housing Consumer Education)	Human Settlements	(136)	-	-	34	-	(9)	-	(111)
Heideveld Housing Infill	Human Settlements	(9 091)	-	(6 691)	15 469	-	-	-	(313)
HIV/AIDS Community Based Response Projects	Health	(14 702)	(207 677)	-	217 701	-	-	-	(4 678)
Housing Settlements Development Grant	Human Settlements	(108 494)	(405 754)	514 248	-	-	-	-	-
IHP Westgate Mall Phase C1 and C2	Human Settlements	(2 075)	-	-	110	-	-	-	(1 965)
Informal Settlements	Human Settlements	(1 367)	(1 500)	227	766	-	-	-	(1 874)
Interactive Community Access Network	Economic Development and Tourism	(5)	-	5	-	-	-	-	-

NATIONAL AND PROVINCIAL GRANT FUNDS 2017/18

Description	Source	Balance unspent at beginning of the year[1]	Current-year receipts	Adjust-ments	Conditions met – transferred to revenue: Operating	Conditions met – transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year[1]
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kanonkop Phase 1 Top Structures	Human Settlements	(10 340)	-	-	7 594	-	-	-	(2 746)
Khayelitsha Site C Subsidies	Human Settlements	(4 424)	-	-	-	-	(314)	-	(4 738)
Kleinvlei Phase 2	Human Settlements	(452)	-	-	56	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	(24 234)	-	24 234	-	-	-	(463)
Law Enforcement Officers	Human Settlements	(70)	(6 500)	-	4 020	-	(105)	-	(2 655)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	-	(4 500)	-	4 498	-	(182)	-	(184)
Library Metro Grant	Cultural Affairs and Sport	(380)	(10 000)	-	-	9 958	(612)	-	(1 034)
Metropolitan Land Transport Fund	Transport and Public Works	(7 650)	(26 000)	3 666	12 470	-	(234)	-	(17 748)
Mfuleni Ext 3	Human Settlements	(129)	-	129	-	-	-	-	-
Mfuleni Flood Relief Project	Human Settlements	(2 576)	-	2 576	-	-	-	-	-
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	198	-	-	-	(3 945)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	-	-	(22 022)	12 100	-	-	-	(9 922)
Morningstar Infill IRDP	Human Settlements	(4 792)	-	(14 515)	19 141	-	-	-	(166)
New Housing Development Projects	Human Settlements	-	-	(7 943)	3 088	-	-	-	(4 855)
NHBRC Enrollment Fees	Human Settlements	-	-	(16 011)	14 296	-	-	-	(1 715)
Nutrition Supplement Programme	Health	-	(5 429)	245	5 200	-	-	(16)	-
Occupancy Survey	Human Settlements	-	-	(13 000)	577	-	-	-	(12 423)
Pelican Park 2083 Top Structures	Human Settlements	(8 949)	-	7 839	352	-	-	-	(758)
Peoples Housing Project	Human Settlements	(116 213)	-	(182 196)	209 597	-	17 273	-	(71 539)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi East Phase 5	Human Settlements	(597)	-	-	30	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCIAL GRANT FUNDS 2017/18

Description	Source	Balance unspent at beginning of the year[1]	Current-year receipts	Adjust-ments	Conditions met – transferred to revenue: Operating	Conditions met – transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year[1]
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(239)	-	244	-	-	(5)	-	-
Public Library Fund	Cultural Affairs and Sport	(3 815)	(53 299)	-	37 344	15 208	(1 348)	-	(5 910)
Rou Emoh Housing Development	Human Settlements	-	-	(8 167)	5 648	2 451	(113)	-	(181)
Salt River Transitional Housing - Madulammoho Housing Association	Human Settlements	-	-	(4 806)	-	4 802	-	-	(4)
Scottsdene 350 Top Structures	Human Settlements	(5 493)	-	5 493	-	-	-	-	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(1 848)	-	(198)	-	-	-	-	(2 046)
Sweet Homes IDA TRA	Human Settlements	(18 727)	-	-	11 610	-	-	-	(7 117)
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(1 351)	(26 793)	-	27 604	-	-	-	(540)
Vaccines	Health	-	(90 264)	11 924	96 299	-	-	(17 959)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(13 383)	-	1 559	845	-	-	(11)	(10 990)
TOTAL PROVINCE TRANSFERS AND GRANTS		**(528 044)**	**(870 956)**	**136 832**	**850 267**	**33 869**	**13 320**	**(20 492)**	**(385 204)**
Analysis of grants and subsidies									
Total National Government transfers and grants		(446 587)	(2 572 016)	277 494	502 330	1 699 597	(38 685)	-	(577 867)
Total Province transfers and grants		(528 044)	(870 956)	136 832	850 267	33 869	13 320	(20 492)	(385 204)
		(974 631)	**(3 442 972)**	**414 326**	**1 352 597**	**1 733 466**	**(25 365)**	**(20 492)**	**(963 071)**

[1] *The balance unspent at beginning and end of the year excludes VAT.*

ANNEXURE F: Appropriation statement (reconciliation: budget and in-year performance)

FOR THE YEAR ENDED 30 JUNE 2018

All amounts indicated in Rand thousands (R'000)

	2017/18					
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget
Financial performance						
Property rates	8 662 350	32 581	8 694 931	-	-	8 694 931
Service charges	19 283 398	(2 125 586)	17 157 812	-	-	17 157 812
Investment revenue	785 328	120 000	905 328	-	-	905 328
Transfers recognised – operational	6 455 942	(1 846 190)	4 609 752	-	-	4 609 752
Other own revenue	3 136 399	2 458 242	5 594 641	-	-	5 594 641
Total revenue (excluding capital transfers and contributions)	**38 323 417**	**(1 360 953)**	**36 962 464**	**-**	**-**	**36 962 464**
Employee costs	12 166 080	(556 778)	11 609 302	-	(11 309)	11 597 993
Remuneration of councillors	156 841	(326)	156 515	-	-	156 515
Debt impairment	2 508 738	(17 553)	2 491 185	-	-	2 491 185
Depreciation and asset impairment	3 280 424	(52 021)	3 228 403	-	-	3 228 403
Finance charges	1 138 139	(141 117)	997 022	-	527	997 549
Materials and bulk purchases	9 730 312	194 741	9 925 053	-	31 587	9 956 640
Transfers and grants	140 985	273 465	414 450	-	33 110	447 560
Other expenditure	9 223 635	(678 936)	8 544 699	-	(53 915)	8 490 784
Total expenditure	**38 345 154**	**(978 525)**	**37 366 629**	**-**	**-**	**37 366 629**
Surplus/(deficit)	**(21 737)**	**(382 428)**	**(404 165)**	**-**	**-**	**(404 165)**
Transfers recognised – capital	2 268 835	(176 705)	2 092 130	-	-	2 092 130
Contributions recognised – capital and contributed assets	84 900	11 685	96 585	-	-	96 585
Surplus/(deficit) after capital transfers and contributions	**2 331 998**	**(547 448)**	**1 784 550**	**-**	**-**	**1 784 550**
Share of surplus/(deficit) of associate	-	-	-	-	-	-
Surplus/(deficit) for the year	**2 331 998**	**(547 448)**	**1 784 550**	**-**	**-**	**1 784 550**
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised – capital	2 268 835	(176 705)	2 092 130	-	-	2 092 130
Public contributions and donations	84 900	11 685	96 585	-	-	96 585
Borrowing	2 894 482	1 105 518	4 000 000	-	-	4 000 000
Internally generated funds	1 782 979	(107 221)	1 675 758	-	-	1 675 758
Total sources of capital funds[1]	**7 031 196**	**833 277**	**7 864 473**	**-**	**-**	**7 864 473**
Cash flows						
Net cash from (used) operating	5 540 553	(717 309)	4 823 244	-	-	4 823 244
Net cash from (used) investing	(7 106 997)	239 446	(6 867 551)	-	-	(6 867 551)
Net cash from (used) financing	2 100 551	1 496 648	3 597 199	-	-	3 597 199
Cash/cash equivalents at the year end	**534 107**	**1 018 785**	**1 552 892**	**-**	**-**	**1 552 892**

[1] *The actual capital outcome amount does not include the contributed assets amount of R5,72 million. See annexure B.*

2017/18					2016/17			
Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
8 667 169	-	-	100	100	-	-	-	-
17 023 435	-	-	99	88	-	-	-	-
928 149	-	-	103	118	-	-	-	-
6 450 645	-	-	140	100	-	-	-	-
3 986 657	-	-	71	127	-	-	-	-
37 056 055	**-**	**-**	**100**	**97**	**-**	**-**	**-**	**-**
10 947 023	-	-	94	90	-	-	-	-
155 579	-	-	99	99	-	-	-	-
1 360 557	-	-	55	54	-	-	-	-
1 660 879	-	-	51	51	-	-	-	-
782 926	-	-	78	69	-	-	-	-
9 345 502	-	-	94	96	-	-	-	-
408 037	-	-	91	289	-	-	-	-
8 846 861	-	-	104	96	-	-	-	-
33 507 364	**-**	**-**	**90**	**87**	**-**	**-**	**-**	**-**
3 548 691	**-**	**-**	**-**	(16 326)	**-**	**-**	**-**	**-**
1 732 882	-	-	83	76	-	-	-	-
78 248	-	-	81	92	-	-	-	-
5 359 821	**-**	**-**	**300**	**230**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
5 359 821	**-**	**-**	**300**	**230**	**-**	**-**	**-**	**-**
1 732 882	-	-	83	76	-	-	-	-
72 532	-	-	75	85	-	-	-	-
2 533 155	-	-	63	88	-	-	-	-
1 386 951	-	-	83	78	-	-	-	-
5 725 520	**-**	**-**	**73**	**81**	**-**	**-**	**-**	**-**
7 528 519	-	-	156	136	-	-	-	-
(6 226 551)	-	-	91	88	-	-	-	-
731 280	-	-	20	35	-	-	-	-
2 033 248	**-**	**-**	**131**	**381**	**-**	**-**	**-**	**-**

ANNEXURE G: Bids awarded to family of employees in the service of the state – 2017

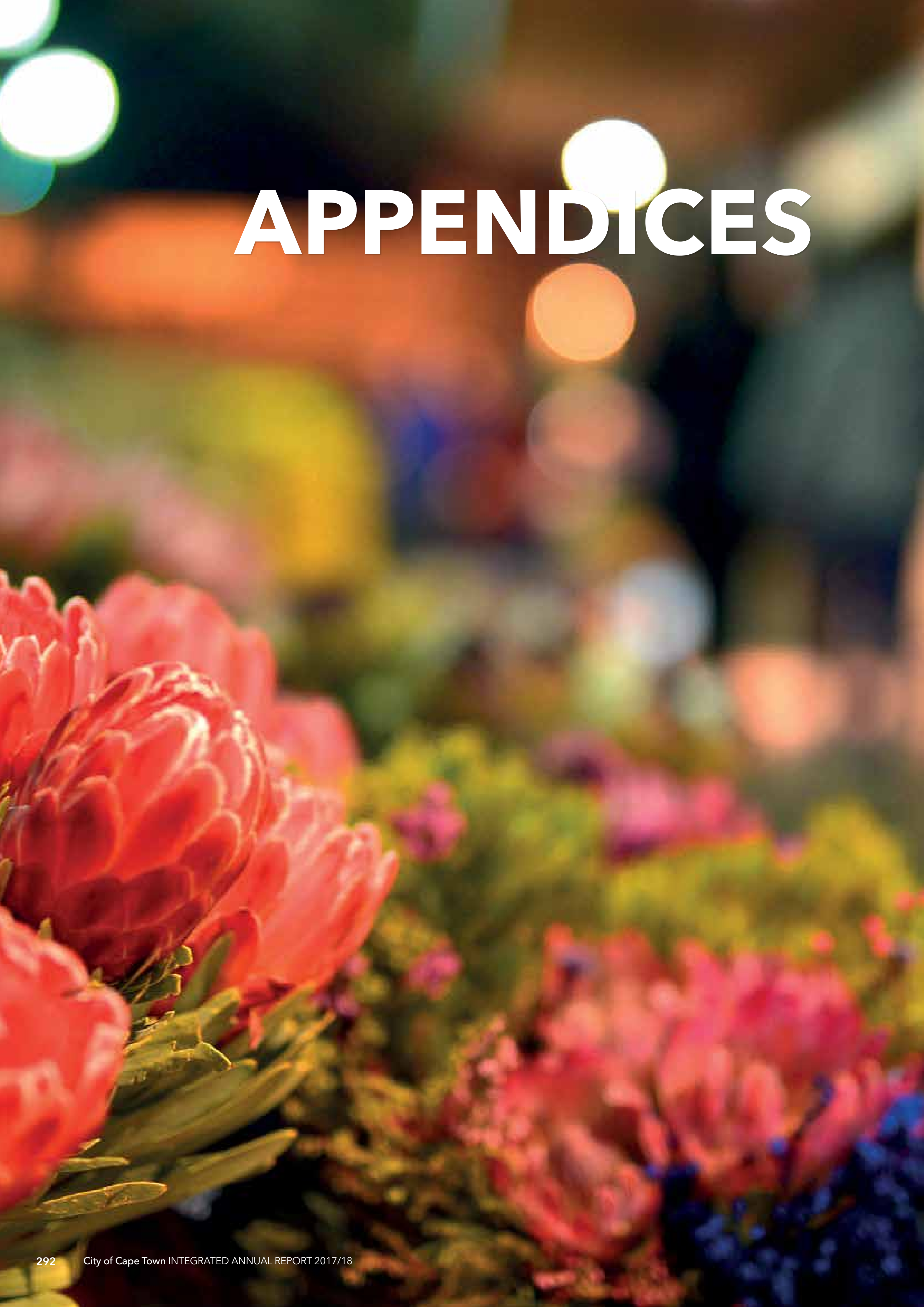
		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2017	2017
N Abyocate	Department of Justice	63	63
L Arries; J Willemse	Teacher; Nurse	2 249	2 249
M Barnard	Deputy Director: Health Department	689	689
M Basson	Principal facility officer	244	244
M Brink	Doctor	839	-
J Bodma	Metro paramedics	281	281
V Botto; K Botto	Chief: Forensics; Finance: Principal profession officer	1 118	1 118
RT Bowers	Social worker	210	210
C Brown	SABC	34	34
C Brynard	Councillor	3 003	3 003
G Buitendag	Principal professional officer	6 608	6 608
D Burgess	Senior clerk	234	234
C Carr	Administrative officer	228	228
P Christopher	Manager: Operations	639	639
JP Cilliers	Special advisor to the Premier	327	327
M Daniels	Project administrator	119	119
F Davids	Clerk	1	1
J Davids	Department of Health	11	11
M Davids	Operational supervisor driver	381	381
SFA Davids	Department of Education	2 109	2 109
W De Kock	Stellenbosch municipality	254	254
N Dolf	Clerk	634	634
A Dolft	Senior clerk	974	974
Y Ebrahim	District head	1 180	1 180
A Elloker	Senior professional officer	286	286
C Gordon	Clerk	42	42
A Harding	Administrative Officer	1	1
C Hector	NHRB	2 323	2 323
C Henderson	Teacher	336	336
F Hendricks	Administrative officer	988	988
E Hlongwane	Manager: Cleansing	26	26
E Ishmail	Manager: Valuation Data and Systems	683	683
E Jacobs	Senior clerk	13 804	13 804
R Jacob; E Samaai	Foreman; Province	1 073	1 073
Y Jacobs; O Khan; Y Jacobs	Department of Health; Department of Defense	1 038	1 038
Z Jawoodien	Prosecutor	99	99
M Johannes	Clerk	85	85
J Lategan	Clerk	75	75
T Lebesana	Transnet	81	81
E Lewis	Professional officer	155	155
L Malcolm	Fire fighter	1	1
R Marais	Teacher	9 510	9 510
M Mazaza	Director: Transport planning	605	605
S Mbolompo	Councillor	117	117

		ECONOMIC ENTITY	MUNICIPALITY OF CAPE TOWN
Connected person	Position held in the state	2017	2017
SS Merile	Small-plant operator	62	62
G Meyer; A Meyer; G Wyngaard	Manager: Support; Assistant Professional Officer; Assistant Buyer: SCM	984	984
T Meyer	Educator: Western Cape Education Department	238	-
A Mokupo	Administrative officer	17	17
FJ Monk	Subcouncil manager	948	948
MC Mshweshwe	Statutory compliance specialist	792	792
B Muller; D Muller	Department Education; Correctional Services	26	26
I Olifant	Forensic Pathology Services	87	87
C Olivier	Senior Operational Supervisor	8	8
B Paul	DCAS	692	692
NG Payne	Principal professional officer	2	2
Y Phosa	Member of Parliament	355	58
C Rhoda	Head: Invasive Species	728	728
M Rhodes	Teacher	123	123
A Richards	Senior professional officer	156	156
L Ritter	Administrative officer	1	1
D Rose	Call centre agent	898	898
T Salomons	Specialist Engineering	149	149
MN Sammy	Administrative officer	4	4
C September	Administrative officer	176	176
W Siebritz	Firefighter	38	38
Y Skunyana	Light-machine pperator	2 265	2 265
Y Spencer	National Health Laboratory Services	23	23
T Steyn	Senior professional officer	1 804	1 804
L Stolworthy	Principal professional officer	633	633
N Taylor	Administrative officer	39	39
F Trom	Senior worker	201	201
V van der Heever	Teacher	3 469	3 469
C van der Vendt	Senior worker	195	195
J van Zyl	WCED	21	21
J Villet	Assistant Buyer: SCM	24	24
N Vlotman	Department of Health	14	14
MF Votersen	Head	2 287	2 287
B Wasserfall	Senior forensics officer	975	975
G Willemse	Station Commander	52	52
S Willemse; A Bell	Administrative officer; Senior clerk	1 842	1 842
B Williams	Prison warden	141	141
R Wyngaard	Administrative officer - Tender: SCM	815	815
CCT and state awards	Members as per schedule below*	5 002	5 002
TOTAL		**80 043**	**78 669**

ANNEXURE G: Bids awarded to family of employees in the service of the state – 2017
(continued)

*NAMES OF MEMBERS (CCT AND STATE AWARDS)	
HC Ahlschlager	Special Investigation Unit
CJ Barry	Head: Finance (CCT)
T Botha	Oudtshoorn Municipality
M Skead, Dr	Nelson Mandela Bay Metropolitan University
WZ Erasmus	Cape Nature
HG Esterhuysen	West Coast District Municipality
T Govender	Umngeni Water
SM Grobbelaar	Northern Cape Department of Cooperative Governance
E Herholdt	Limpompo Department of Economic Development
A Heyns	Stellenbosch Municipality
JH Higgs	SARS
A Hougaard	Department of Correctional Services
J Jacobs	Eastern Cape Department of Education
B Kleynhans	Hassequa Municipality
BJ Kriegler	Cape Winelands District Municipality
M Marques	Department of Home Affairs
M Mayekiso	Department of Local Government and Traditional Affairs
AJ Moore	Department of Water Affairs
K Nadasen	National Department of Public Works
R Reddy-Maduray	Development Bank Southern Africa
S Seegers	Head: Security Architecture(CCT)
M van Rensburg	Eskom

APPENDICES



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APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

THE OPPORTUNITY CITY

Objectives	Indicators	Directorate	2016/17 (previous financial year)		2017/18 (current financial year)		
			Target	Actual	Target	Actual	Status
1.1. Positioning Cape Town as a forward-looking, globally competitive city	1.A Percentage of building plans approved within 30-60 days	Transport and Urban Development Authority	90%	97,3%	90%	97,5%	■
	1.B Percentage of rates clearance certificates issued within ten days	Finance	New to scorecard	New to scorecard	95%	93,84%	●
	1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	Energy	New to scorecard	New to scorecard	0,2%	0,59%	✘
1.2. Leveraging technology for progress	1.D Number of public WiFi locations	Corporate Services	New to scorecard	New to scorecard	60	60	▲
	1.E Number of public WiFi access points	Corporate Services	New to scorecard	New to scorecard	150	251	✔
1.3. Economic inclusion	1.F Number of Expanded Public Works Programme (EPWP) opportunities created - national key performance indicator (NKPI)	Social Services	45 000	45 484	34 500	35 145	■
	1.G Percentage of budget spent on implementation of Workplace Skills Plan for the City (NKPI)	Corporate Services	95%	92,3%	95%	95,42%	■
1.4. Resource efficiency and security	1.H Percentage compliance with drinking water quality standards	Informal Settlements, Water and Waste Services	98%	99,65%	98%	99,11%	■
	1.I Megawatts of new small-scale embedded generation	Energy	New to scorecard	New to scorecard	3,2	5,24	✔

Reason for variance	Remedial action
Target achieved	Maintain the momentum
The progress integration system, which is the communication tool between the City and its vendors, proved problematic at times, which resulted in sporadic downtime throughout the rates clearance process.	The system constraints were logged with Enterprise Resource Planning (ERP), and most have been resolved. A system enhancement to automate the calculation of rates clearance results is currently being attended to by ERP. **Responsible person:** Trevor Blake
This indicator is largely demand-driven. It depends on the specific demand, and the City's approval response to the demand.	Continuous monitoring of the situation, and concomitant review of the target, if needed. **Responsible person:** Kadri Nassiep
On target	Maintain the momentum
More public access points installed due to increased requests from various stakeholders.	Maintain the momentum
Target achieved	Maintain the momentum
Target achieved	Maintain the momentum
Target achieved	Maintain the momentum
This indicator measures the total amount of power generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) installations, connected to the power grid on the consumer's side of the electricity meter.	This is a new indicator, without any previous baseline. As a more stable trend develops during the year, future target-setting will be more realistic. **Responsible person:** Leila Mohamed-Weideman

APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

	Objectives	Indicators	Directorate	2016/17 (previous financial year)		2017/18 (current financial year)		
				Target	Actual	Target	Actual	Status
THE SAFE CITY	2.1 Safe communities	2.A Number of new areas with CCTV surveillance cameras	Safety and Security	New to scorecard	New to scorecard	3	11	✔
		2.B Community satisfaction survey (score 1–5) - safety and security	Safety and Security	2,9	2,9	2,9	2,8	●
THE CARING CITY	3.1 Excellence in basic service delivery	3.A Community satisfaction survey (score 1–5) - citywide	Corporate Services	3	2,8	2,9	2,8	●
		3.B Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service Proxy measure of NKPI	Informal Settlements, Water and Waste Services	<0,7%	0,33%	<0,7%	0,44%	✔
		3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service Proxy measure of NKPI	Informal Settlements, Water and Waste Services	<0,7%	0,37%	<0,7%	0,49%	✔
		3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service Proxy measure of NKPI	Energy	<0,7%	0,08%	<0,6%	0,11%	✔
		3.E Number of outstanding valid applications for refuse collection service, expressed as a percentage of total number of billings for the service Proxy measure of NKPI	Informal Settlements, Water and Waste Services	<0,7%	0,01%	<0,6%	0,01%	✔
		3.F Percentage adherence to citywide service requests	Corporate Services	100%	105,06%	90%	83,06%	●

	Reason for variance	Remedial action
	Funding for CCTV cameras were received in the form of ward allocations.	The remedial action will be to develop a business process plan to cover the entire process from project approval to final activation of cameras in the control centre. In addition, the various subcouncils will be engaged early on to finalise their ward allocation submissions in terms of CCTV projects. This will help identify new areas. **Responsible person:** Barry Schuller
	Due to an increase in protest action across town, Safety and Security staff were not able to deliver the entire basket of services.	The Safety and Security Directorate will continue to strive to improve daily service delivery to the public. **Responsible person:** Richard Bosman
	Residents' overall rating in 2017/18 was the same as in 2016/17, and slightly lower than the target. This continues to reflect the challenge of maintaining high levels of satisfaction in a context of continued demand for services (due to the increase in population and urbanisation) as well as the taxing economic environment, which may continue to influence residents' perceptions.	Survey results are being presented to the directorates at their management meetings, and the complete set of survey results are being made available to directorate management teams. Directorates and departments are to focus on addressing priority areas identified in the survey, and incorporate remedial actions and insights from the survey into their service delivery planning. A summary of the remedial actions will be compiled for Mayco.
	Good balance between resources available to process applications, and the number of applications received. The achievement is based on demand, which the Department realises is on the increase. The current target does allow for sufficient scope so that future service delivery could comply with the targeted standard.	Maintain the momentum
	Good balance between resources available to process applications, and the number of applications received. The achievement is based on demand, which the Department realises is on the increase. The current target does allow for sufficient scope so that future service delivery could comply with the targeted standard.	Maintain the momentum
	Well above target	Maintain the momentum
	Good balance between resources available to process applications, and the number of applications received. The achievement is based on demand.	Maintain the momentum
	The water crisis had a significant impact, and the majority of service requests were water-related. Resources also had to be diverted from daily operations to the water resilience programme.	The water programme has stabilised somewhat, which means that the focus can return to normal daily operations. **Responsible person(s):** Applicable directorates

APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

THE CARING CITY

Objectives	Indicators	Directorate	2016/17 (previous financial year)		2017/18 (current financial year)		
			Target	Actual	Target	Actual	Status
3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.G Number of water service points (taps) provided Proxy measure of NKPI	Informal Settlements, Water and Waste Services	600	676	600	912	✔
	3.H Number of sanitation service points (toilets) provided Proxy measure of NKPI	Informal Settlements, Water and Waste Services	2 800	2 085	2 800	4 275	✔
	3.I Percentage of informal settlements receiving a door-to-door refuse collection service Proxy measure of NKPI	Informal Settlements, Water and Waste Services	99%	99,74%	99%	99,74%	■
	3.J Number of service points (toilet and tap with hand basin) provided to backyarders	Informal Settlements, Water and Waste Services	New to scorecard	New to scorecard	1 000	408	✘
3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.K Number of subsidised electricity connections installed Proxy measure of NKPI	Energy	1 500	1 746	1 500	1 774	✔
	3.L Percentage progress made in establishing a verifiable database that determines housing needs	Transport and Urban Development Authority	New to scorecard	New to scorecard	50%	0%	✘
	3.M Percentage of allocated housing-opportunity budget spent	Transport and Urban Development Authority	New to scorecard	New to scorecard	90%	65,98%	✘

	Reason for variance	Remedial action
	The Informal Settlements Basic Services Branch recently piloted standpipes, which can save water and improve drainage in informal settlements. This resulted in the over-achievement in terms of water services points. Due to the urgent need to save water and address greywater challenges, the Branch exceeded its target by 312 water services points.	Maintain the momentum
	The reason for over achieving on sanitation service points was due to increased requests from communities.	Maintain the momentum
	Target achieved	Maintain the momentum
	Plans to achieve set target (1 000) were impeded due to: 1. service refusal by backyarders in all areas of planned implementation; 2. poor access to existing infrastructure; and 3. sporadic gang violence in Lavender Hill, Manenberg and Elsies River, which caused the contractor to stop work and return on days when it was safe to do so.	All the matters are being addressed by engaging ward councillors and making arrangements with law enforcement authorities to be present during construction. **Responsible persons:** Gisela Kaiser, Randell Marinus (PM backyarders)
	The additional subsidised connections were provided to two sites (Depot & Disa temporary relocation area) in support of the reconstruction of the Imizamo Yethu burnt area, which had not formed part of the 2017/18 financial plan.	Maintain the momentum
	The original scope for a request for proposal (RFP) yielded a significant estimate, which resulted in difficulty to source the necessary funds. The purpose of the RFP is to obtain proposals indicating the costing and the various phases of the project.	Terms of reference have been refined to ensure that the basic information is collected. A funding solution is being pursued. **Responsible person:** Gershwin Fortune
	The unspent balance of the Human Settlements Development Grant (HSDG) was R310 million. An amount of R241,8 million of the unspent funds is proposed for inclusion in the 2018/19 operating budget. An amount of R68,2 million was not rolled over: * R30 million will be transferred to the Social Housing Regulatory Authority. This transfer will be treated as a refund of HSDG funds, and not as an expense. * R30 million of savings on Breaking New Ground housing projects will be transferred to the statutory housing funds. * Balance of R6,8 million relates to dormant housing projects, which will be refunded to Province. The major contributors to the roll-over of R241,8 million in respect of the HSDG are as follows: • Delft The Hague phase 1 (R55,3 million): The previous contract was terminated due to non-performance. • Gugulethu infill project (R40,3 million): The start date of the contractor was delayed due to beneficiary allocation issues. • Various PHP projects (R70,2 million): The unspent funds will be allocated to the active PHP group and areas where support organisations (community-elected committee to oversee and support the projects) are in place.	**1. Urban Settlements Development Grant (operating and capital)** The momentum will be maintained in 2018/19 to achieve a good spend. **2. HSDG** All the current GD balances will be scrutinised to determine whether there is sufficient funding per project for 2018/19. Funding from the 2018/19 HSDG allocation will be reallocated to projects in the current financial year where there is capacity to utilise the additional budget. The 2018/19 HSDG allocation was cut, and projects with sufficient funding for 2018/19 in the GD balance will not receive additional budget from that allocation. **Responsible person:** Gershwin Fortune

APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY:	Well above ✔	Above ■	On target ▲	Below ●	Well below ✘		
Objectives	Indicators	Directorate	2016/17 (previous financial year) Target	2016/17 (previous financial year) Actual	2017/18 (current financial year) Target	2017/18 (current financial year) Actual	2017/18 (current financial year) Status
(Continued) 3.2. Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.N Number of deed-of-sale agreements signed with identified beneficiaries in saleable rental units	Assets and Facilities Management	1 000	760	1 000	600	✘
	3.O Number of sites serviced in informal settlements (incremental housing and re-blocking)	Informal Settlements, Water and Waste Services	New to scorecard	New to scorecard	2 000	1 052	✘
	3.P Number of community service facilities in informal settlements	Social Services	"New to scorecard"	"New to scorecard"	N/A	N/A	N/A

	Reason for variance	Remedial action
	A. TENANCY ISSUES AND DISPUTE RESOLUTIONS In terms of lease agreements, tenant is under no obligation to take ownership. The qualifying criterion for the indicator is a current lawful tenant with an existing lease agreement. Tenancy issues and disputes vary, including unlawful tenants in occupation of saleable units, and people not qualifying for tenancy. These tenancy issues must be resolved first in order for a sales application to be made and processed. This is an ongoing occurrence that is dealt with as part of tenancy management. In cases of transfer of tenancy, the siblings of the tenant are required to provide consent for the sale of the rental unit, which can delay the sales process. Siblings are reluctant to give consent, as they fear eviction by the tenant as soon as (s)he has purchased the unit. The existing allocation policy under the rightsizing clause 8.16.16 provides that where tenants do not want to take ownership of saleable rental dwellings, they may be moved to non-saleable rental dwellings. However, practical implementation is burdensome due to the lengthy administrative and legal process that needs to be followed. **B. FINANCIAL CONTRIBUTIONS** In terms of Council's policy for the determination of selling prices for saleable rental units, tenants are required to pay a contribution towards transfer costs and/or part of the sales price (in cases where they do not qualify for full subsidy amount), as well as 50% of their rental and service arrears in certain cases (refer Council resolutions C8012/12 and C85/0511). This often renders tenants unable to purchase their rental units, as many are unemployed. In terms of the National Housing Code, tenants who do not qualify for the enhanced extended discount benefit scheme due to previous property ownership are required to purchase at market-related prices, which most tenants cannot afford. **C. MAINTENANCE** Tenants are not willing or financially able to attend to the repairs and maintenance of the property once ownership is transferred. Tenants insist on maintenance upgrades prior to sale and transfer. **D. SALES PROCESS** Extensive administrative sales process and City audit compliance. Non-responsive tenants.	**A. TENANCY ISSUES AND DISPUTE RESOLUTIONS** Ongoing consumer education and facilitation to promote homeownership benefits through letters, public meetings, and engagement with councillors and new area-based service delivery structures. Ongoing tenancy management to see to timeous actions with regard to the transfer of tenancy, and dealing with contraventions such as unlawful occupation and anti-social behaviour, which can delay possible sale of saleable dwellings. **B. FINANCIAL CONTRIBUTIONS** Legal opinion has been sought on: i) whether the City can legally transfer saleable rental units to tenants at no cost to them, and in doing so, deviate from national and Council policy; and ii) whether the City is authorised to fund the payment of all monies not covered by the enhanced extended discount benefit scheme that would generally be payable by tenants, and the legal implications thereof under the Municipal Finance Management Act and other legislation. **C. MAINTENANCE** Included in the abovementioned legal opinion was a request for comment on the legal and financial implications for the City should maintenance and upgrades to saleable rental units be implemented after the sale and transfer of rental units. **D. SALES PROCESS** Continuous review of sales process, supporting documents. Implemented Outlook SMS service to reach tenants. Developing a standard operating procedure for all staff involved in the sales process to ensure that roles and responsibilities are clearly defined. Introduced turnaround times for prepping and signature of deeds of sale. Planned interventions aimed at recovering shortfall and ensuring that future quarterly targets are met. Monthly target-setting will be introduced, in terms of which each of the four tenancy management regions will be required to submit a minimum of 25 completed sales applications (per month) to the Melton Rose sales office for processing. This is however only possible if tenants in saleable dwellings take up the offer to purchase, as they are under no obligation, being based on willing seller, willing buyer. **Responsible person:** Malibongwe Dyiki
	Plans to achieve set target (2 000) were impeded due to: 1. at Tambo Square, resistance from an owner of an informal old-age home to vacate a portion of land forming part of the project; 2. at 8ste Laan, inability to yield 500 serviced sites because of persistent gang intimidation and violence experienced by the appointed contractor; 3. at Kalkfontein, resistance from subsistence farmers to vacate land intended for this development; and 4. the rejection of targets, which had been adjusted to suit identified implementation challenges, the delivery programme and associated budgetary provision, and a subsequent increase in targets introduced by political principals without due process followed.	1. Tambo Square: Numerous attempts were made by political principals to have the matter resolved, but all negotiations failed. To avoid further unrest, services will be adapted to incorporate the old-age home structure and complete the project. The remainder of the opportunities will be lost as a result. 2. 8ste Laan: Numerous attempts were made for the contractor to return to the site, including special policing protocols. Yet all attempts proved fruitless, as the violence continued. The contractor has formally indicated his intention to cancel the project as a result. The intended budget is to be reprioritised. 3. Kalkfontein: Engagements with the farming community are ongoing, and notices have been served verbally and in writing for farmers to vacate the land they are occupying in order to achieve the planned targets. 4. Target adjustments to suit implementation programme: Resubmission of target adjustment to suit 2018/19 project delivery programmes and known challenges. **Responsible persons:** Gisela Kaiser, Nondyebo Msolo (PM Tambo Square), Diaan Rangolie (PM 8ste Laan), Randel Marinus (PM Kalkfontein)
	Not applicable to the current financial year. This indicator will be reported on from 2019/20.	

APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

THE INCLUSIVE CITY

Objectives	Indicators		Directorate	2016/17 (previous financial year)		2017/18 (current financial year)		
				Target	Actual	Target	Actual	Status
4.1. Dense and transit oriented growth and development	4.A	Number of passenger journeys per kilometre operated (MyCiTi)	Transport and Urban Development Authority	New to scorecard	New to scorecard	1,07	1,11	■
	4.B	Percentage identified priority projects moved from pre-project to inception phase	Transport and Urban Development Authority	New to scorecard	New to scorecard	10%	14%	✔
	4.C	Percentage identified priority projects moved from inception to implementation phase	Transport and Urban Development Authority	New to scorecard	New to scorecard	N/A	N/A	N/A
4.2. An efficient, integrated transport system	4.D	Total number of passenger journeys on MyCiTi	Transport and Urban Development Authority	19 million	19,9 million	19,1 million	18 million	●
4.3. Building integrated communities	4.E	Percentage of people from employment equity target groups employed at the three highest levels of management in compliance with the City's approved employment equity plan Proxy measure of NKPI	Corporate Services	85%	69,86%	75%	71,1%	●
	4.F	Number of Strengthening Families programmes implemented	Social Services	New to scorecard	New to scorecard	18	20	■

Reason for variance	Remedial action
Target achieved	Maintain the momentum
Well above target	Maintain the momentum
Not applicable to the current financial year. This indicator will be reported on from 2021/22.	
In the fourth quarter, the total number of passenger journeys on MyCiTi was negatively affected by a national bus driver strike from 18 April to 14 May 2018. Based on figures for April and May 2017, the actual annual figure would have been 19 391 044 passenger journeys, which indicates that if the strike had not occurred, the target would have been achieved.	The situation is being closely monitored. **Responsible person:** Gershwin Fortune
The City's performance against the target is steadily increasing, although there still is some variance. Organisational Development and Transformation Plan (ODTP) restructuring phase 1 provided the organisation with an opportunity to attract scarce and critical skills from designated groups. The ODTP process is not yet concluded. ODTP phase 2 presents further opportunities to attract scarce and critical skills from designated groups.	The Employment Equity Branch will continue facilitating integration and embedding of employment equity in human resources policies and practices, including recruitment and selection, succession planning and retention strategies to ensure that the organisation continues making progress towards its targets. **Responsible person:** Zukiswa Mandlana
Target achieved	Maintain the momentum

APPENDIX A 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

THE INCLUSIVE CITY

Objectives	Indicators	Directorate	2016/17 (previous financial year)		2017/18 (current financial year)		
			Target	Actual	Target	Actual	Status
5.1. Operational sustainability	5.A Opinion of independent rating agency	Finance	High investment rating (subject to sovereign rating)	High investment rating	High investment rating	High investment rating	▲
	5.B Opinion of the Auditor-General	Finance	Clean audit	Unqualified audit opinion with other findings	Clean audit	Unqualified audit opinion	●
	5.C Percentage spend of capital budget Proxy measure of NKPI	Finance	90%	92,85%	90%	73%	✘
	5.D Percentage spend on repairs and maintenance	Finance	95%	99,52%	95%	99,54%	■
	5.E Cash/cost coverage ratio (excluding unspent conditional grants) Proxy measure of NKPI	Finance	2:1	2,28:1	2,1:1	3,02:1	✔
	5.F Net debtors to annual income Proxy measure of NKPI	Finance	21,5%	21,15%	21,5%	21,11%	✔
	5.G Debt (total borrowings) to total operating revenue Proxy measure of NKPI	Finance	2:1	4,5:1	27%	24,3%	✔

Reason for variance	Remedial action
No change in rating assignment - confirmed rating with a negative outlook	Maintain the momentum
For reasons for variance and remedial action see page 172 of this report.	
Informal Settlements, Water and Waste Services (ISWWS) Directorate: The Directorate is behind planned spend mainly as a result of the significant under-expenditure against projects linked to the new water plan. **TDA:** The negative variance is due to under-expenditure on seven projects. For details of the variance, consult the MFMA section 71 report for July 2018.	**ISWWS Directorate:** Engagements with directors and project managers are 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. The new water plan has evolved in response to changing circumstances, and priorities have been amended to optimise value. **TDA:** Funds will be rolled over in the August 2018 adjustments budget. Monitored on a monthly basis via the MFMA section 71 reports. **Responsible person(s):** All directorates
Target achieved	Maintain the momentum
The over-achievement was influenced by the under-spend on the operating and capital budget, together with an over-performance of cash flow.	Maintain the momentum
Well above target	Maintain the momentum
The over-achievement was influenced by the under-spend on the operating and capital budget, together with an over-performance of cash flow.	Maintain the momentum

APPENDIX B

DEFINITIONS FOR 2017/18 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.a	Percentage of applications approved within statutory timeframes (30–60 days). The objective is to improve application approval time. This improvement is in the trend in the course of the five-year term of the IDP, but is targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of <500 m^2 (30 days) and >500 m^2 (60 days). See section A7 of the National Building Regulations Act 103 of 1977.
1.B	Percentage of rates clearance certificates issued within ten days	1.1.a	This indicator measures the percentage of rates clearance certificates issued within ten days, only once the correct payments and required documentation have been received and verified as correct.
1.C	Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	1.1.a	This indicator reflects the number of outstanding valid commercial applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active commercial billings for the service.
1.D	Number of public WiFi locations	1.2.a	A public WiFi access point location (zone) is a physical location where one or more public WiFi access points are installed. This location can be inside a building (e.g. a library), at a complex (e.g. a sports stadium), outside a municipal building or in a public open space (e.g. a park).
1.E	Number of public WiFi access points	1.2.a	A public WiFi access point is an active WiFi transmission device installed and owned by the City, which broadcasts one or more network names (service set identifiers). This can be used by any member of the public who has a suitable WiFi-enabled reception device that permits internet access free of charge.
1.F	Number of Expanded Public Works Programme (EPWP) opportunities created	1.3.b	Measures the number of job opportunities created through the Expanded Public Works Programme (EPWP). A job 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 national key performance indicator (NKPI).
1.G	Percentage of budget spent on implementation of Workplace Skills Plan for the City	1.3.a	The Workplace Skills Plan outlines the planned education, training and development interventions for the City. Its purpose is to formally plan and allocate budget for appropriate training interventions, which will address the needs arising out of the local government skills sector plan, the City's strategic requirements contained in the IDP, and the individual departmental staffing strategies and individual employees' personal development plans. The Workplace Skills Plan also takes into account the Employment Equity Plan, ensuring that the relevant developmental equity interventions are incorporated into the plan. Proxy measure for NKPI.
1.H	Percentage compliance with drinking water quality standards	1.4.a	Measure of potable-water sample pass rate according to the SANS 241 standard.
1.I	Megawatts of new small-scale embedded generation	1.4.a	Measures the total amount of power generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic (PV) installations, connected to the power grid on the consumer's side of the electricity meter.

Indicator		IDP ref	Indicator definition
2.A	Number of new areas with CCTV surveillance cameras	2.1.a	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	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 the non-symmetrical Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means excellent. The objective is to improve the current customer satisfaction level.
3.A	Community satisfaction survey (score 1–5) – citywide	3.1.a	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 the non-symmetrical Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means 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 number of billings for the service	3.1.a	Reflects the number of outstanding valid applications, expressed as a percentage of the total number of active billings for the service (where downpayment has been received) for water services (where valid applications translate into an active account) for domestic customers, as extracted from the City's SAP database. 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	3.1.a	Reflects the number of outstanding valid applications (where downpayment has been received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of the total number of active billings for the service. Billing equates to active contract accounts (sewerage services) for domestic customers, as extracted from the City's SAP database. 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	3.1.a	Reflects the number of outstanding valid applications (where downpayment has been received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of the total number of active billings for the service. Proxy measure for NKPI.
3.E	Number of outstanding valid applications for refuse collection service, expressed as a percentage of total number of billings for the service	3.1.a	Reflects the number of outstanding valid applications (C3 notifications) for new refuse collection services at the end of a reporting period, expressed as a percentage of the total number of active billings for formal residential refuse collection services as at the end of the same reporting period. Billing equates to active contract accounts (formal kerbside refuse collection service) 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.a	The service request must be completed 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.
3.G	Number of water services points (taps) provided	3.2.a	Reflects the number of taps provided in informal settlements in the period in review. Certain taps may however have been vandalised or removed after provision. Proxy measure for NKPI.
3.H	Number of sanitation service points (toilets) provided	3.2.a	Reflects the number of toilets provided in informal settlements in the period in review. Certain toilets may however have been vandalised or removed after provision. Proxy measure for NKPI.

APPENDIX B
DEFINITIONS FOR 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN (continued)

Indicator		IDP ref	Indicator definition
3.I	Percentage of informal settlements receiving door-to-door refuse collection service	3.2.a	Reflects the percentage of informal settlements receiving a weekly door-to-door refuse removal collection service for the period in review. The collection of domestic refuse in informal settlements occurs through contract services, employing local labour. Three-year contracts are awarded to a legitimate main contractor through the procurement tender process. Proxy measure for NKPI.
3.J	Number of service points (toilet and tap with hand basin) provided to backyarders	3.2.a	Reflects the number of service points (complete unit comprising of a toilet and tap with hand basin) provided to backyarders in the period in review. Certain service points (toilet and tap with hand basin) may however have been vandalised or removed after provision.
3.K	Number of subsidised electricity connections installed	3.2.a	Reflects the number of subsidised connections installed per annum in informal settlements, rental stock backyarders (pilot) and low-cost housing. Proxy measure for NKPI.
3.L	Percentage progress made in establishing a verifiable database that determines housing needs	3.2.b	Aims to verify and quantify the housing opportunity database so as to determine whether all beneficiaries who are eligible for a housing opportunity have been identified.
3.M	Percentage of allocated housing-opportunity budget spent	3.2.b	Measures the percentage spend of the allocated housing budget (capital and operating).
3.N	Number of deed-of-sale agreements signed with identified beneficiaries in saleable rental units	3.2.b	Refers to the number of deed-of-sale agreements signed with identified beneficiaries based on identified qualifying criteria. Deed-of-sale agreement: Legal document stating the terms and conditions regarding the sale of a rental unit to a beneficiary. Identified beneficiary: Lawful tenant with an existing lease agreement with the City. Qualifying criteria: Current lawful tenant with a lease agreement, and with no other property ownership.
3.O	Number of sites serviced in informal settlements (incremental housing and re-blocking)	3.2.b	Measures incremental access to the following housing products: • Incremental housing, which provides a serviced site with or without tenure • re-blocking, being the reconfiguration of the layout of informal settlements to enable improved access and levels of services
3.P	Number of community service facilities in informal settlements	3.2.b	Measures the number of temporary multipurpose flexible community spaces provided in informal settlements.

Indicator		IDP ref	Indicator definition
4.A	Number of passenger journeys per kilometre operated (MyCiTi)	4.2.f	Measures the improved efficiency usage of MyCiTi buses, with the aim of increasing the number of passengers travelling per kilometre scheduled on the MyCiTi transport system.
4.B	Percentage identified priority projects moved from pre-project to inception phase		Measures the percentage of the following identified priority projects moved from pre-project phase to inception phase: • The Foreshore Freeway precinct • Bellville • Paardevlei • Philippi East MyCiTi interchange and precinct • Athlone power station • Two Rivers Urban Park • Conradie project
4.C	Percentage identified priority projects moved from inception to implementation phase		Measures the percentage of the following identified priority projects moved from inception phase to implementation phase: • The Foreshore Freeway precinct • Bellville • Paardevlei • Philippi East MyCiTi interchange and precinct • Athlone power station • Two Rivers Urban Park • Conradie project
4.D	Total number of passenger journeys on MyCiTi	4.2.f	An efficient, integrated transport system is measured in part through the increase in passenger journeys undertaken. Definition of a passenger journey is calculated from the first boarding of a bus at a feeder stop or main station to the last exit from a bus at a feeder stop or main station, and includes any transfers between buses (single journey).
4.E	Percentage of people from employment equity target groups employed at the three highest levels of management in compliance with the City's approved employment equity plan	4.3.b	Measures the percentage of people from employment equity target groups employed in the three highest levels of management, in compliance with the City's approved employment equity plan. Each directorate contributes to the corporate achievement of targets and goals by implementing its own objectives of quantitative and qualitative goal-setting. Level 1 – executive directors Level 2 – portfolio managers and directors Level 3 – managers Proxy measure for NKPI.
4.F	Number of Strengthening Families programmes implemented	4.3.g	The Strengthening Families programme is a structured, evidence-based life skills programme that improves relationships in families and reduces their vulnerability to substance abuse: • An eight-week prevention programme is offered as facilitated sessions with parents, youth and the family as a unit. • The programme can accommodate up to 15 families per eight weeks, covering ten sessions.

APPENDIX B
DEFINITIONS FOR 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT – CITY OF CAPE TOWN (continued)

Indicator		IDP ref	Indicator definition
5.A	Opinion of independent rating agency	5.1.a	Reflects the creditworthiness of an institution to repay long-term and short-term liabilities. The credit rating is an analysis of the City's key financial data and is performed by an independent agency to assess the City's ability to meet short-term 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.
5.B	Opinion of the Auditor-General	5.1.a	Measures the good-governance and accounting practices that are evaluated and considered by the Auditor-General in determining his opinion. An unqualified audit opinion is issued where the auditor, having completed his audit, has no reservation as to the fairness of the presentation of financial statements and their conformity with generally recognised accounting practices. This is referred to as a 'clean opinion'. Alternatively, in relation to a qualified audit opinion, the auditor would issue this opinion in whole, or in part, over the financial statements if these are not prepared in accordance with generally recognised accounting practices, or if one or more areas of the financial statements could not be audited. Future audit opinions will cover the audit of predetermined objectives.
5.C	Percentage spend of capital budget	5.1.a	Percentage reflecting year-to-date spend against 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 spend on repairs and maintenance		Percentage reflecting year-to-date spend (including secondary cost) against total budget for 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-based or condition-based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on maintenance and repairs are considered operating expenditure. 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 expenditure incurred for labour provided in-house/internally.
5.E	Cash/cost coverage ratio (excluding unspent conditional grants)	5.1.a	The ratio indicates the City's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue during that month. Proxy measure for NKPI.
5.F	Net debtors to annual income	5.1.a	Measures the net amounts due to the City which are realistically recoverable.
5.G	Debt (total borrowings) to total operating revenue	5.1.a	Provides assurance that sufficient revenue will be generated to repay liabilities. Proxy measure for NKPI.

APPENDIX C 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT – CTICC

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

No	Indicator	2016/17 Target	2016/17 Actual
Strategic focus area 5: Well-run city			
Corporate objective 5.1: Operational sustainability			
1	**Operating profit/(loss) before tax –** Percentage achievement of annual budgeted operating profit	100%	475,43%
2	**Capital projects –** Percentage of the total number of capital projects for the year completed or committed	85%	100%
3	**Capital expenditure (CTICC East expansion programme) –** Percentage of the total capital expenditure spent	90%	90%
4	**Quality product offering –** Maintain five-star tourism grading through effective management of maintenance and quality of service delivery	Five-star tourism grading achieved	Achieved
5	**Events –** Number of events hosted	510	482
6	**Events –** Number of international events hosted	32	36
7	**External audit report –** Clean audit report	Clean audit report* (2nd quarter)	Achieved
8	**Human capital development –** Percentage of annual total salary cost spent on training of permanent and temporary staff	5%	6,35%
9	**Minimum competency level –** Number of senior managers registered for MFMA competency course	7	10
10	**Customer-centricity and service excellence**	76%	84%
11	**Procurement –** Supply chain procurement from BBBEE suppliers measured in terms of BBBEE Act	60%	92,84%
12	**Financial ratios –** Ratio of cost coverage (RCC) maintained	11,07 times	13,08 times
	Net debtors (ND) to annual income	2%	0,89%
	Debt coverage (DC) by own billed revenue	25,9%	0%
13	**Student programme –** Contribution to youth employment and skills development; number of student opportunities provided.	6	9
14	**Graduate programme –** Contribution to youth employment and skills development; number of graduate opportunities provided.	6	14
15	**Number of people from the employment equity target groups employed at the three highest levels of management in compliance with the municipal entity's approved employment equity plan –** Percentage of executive committee, management committee and leadership positions held by persons from designated groups	80%	86,2%

* *Clean audit is defined as an unqualified audit report with no material findings regarding compliance with laws, regulations and predetermined objectives.*

2017/18		Rating	Reason for variance	Remedial action
Target	Actual			
100%	257%	✔	Significant savings on indirect costs, and a favourable revenue variance due to a focus on selling additional services, resulted in a significant increase in operating profit	Maintain the momentum
85%	85%	▲	On target	Maintain the momentum
90%	95%	■	Above target	Maintain the momentum
Achieve five-star tourism grading	Achieved	▲	On target	Maintain the momentum
535	525	●	Number of events adversely affected by the water crisis.	CTICC is introducing a reverse osmosis plant to safeguard against future droughts. **Responsible person:** Robert Hatton-Jones **Due date:** Ongoing
32	32	▲	On target	Maintain the momentum
Clean audit report*	–	–	In process	
5%	5%	▲	On target	Maintain the momentum
7	7	▲	On target	Maintain the momentum
78%	78%	▲	On target	Maintain the momentum
60%	60%	▲	On target	Maintain the momentum
RCC = 10,9	11%	■	Above target	Maintain the momentum
ND = 7,7%	4%	■	Above target	Maintain the momentum
0%	0%	▲	On target	Maintain the momentum
6	8	✔	Students were employed based on need in the various departments. Most graduates and students were employed in the Food and Beverage Department.	Maintain the momentum
6	13	✔	Graduates were employed based on need in the various departments. Most graduates and students were employed in the Food and Beverage Department.	Maintain the momentum
80	85	■	Above target	Maintain the momentum

APPENDIX D 2017/18 ANNUAL PERFORMANCE MANAGEMENT REPORT – CAPE TOWN STADIUM

RATING KEY: Well above ✔ Above ■ On target ▲ Below ● Well below ✘

No	Indicator	2016/17 Target	2016/17 Actual
Strategic focus area 5: Well-run city			
Corporate objective 5.1: Operational sustainability			
1	**Operational sustainability** - Percentage spend on repairs and maintenance	New to scorecard	New to scorecard
2	**Operational sustainability** - Percentage absenteeism	New to scorecard	New to scorecard
3	**Operational sustainability** - Percentage occupational health and safety (OHS) incidents reported	New to scorecard	New to scorecard
4	**Operational sustainability** - Percentage OHS investigations completed	New to scorecard	New to scorecard
5	**Operational sustainability** - Percentage assets verified	New to scorecard	New to scorecard
6	**Operational sustainability** - Percentage internal audit findings resolved	New to scorecard	New to scorecard
7	**Operational sustainability** - Percentage declarations of interest completed	New to scorecard	New to scorecard
8	**Operational sustainability** - Opinion of the Auditor-General	New to scorecard	New to scorecard
9	**Economic inclusion** - Number of Expanded Works Programme (EPWP) work opportunities created	New to scorecard	New to scorecard
10	**Economic inclusion** - Number of full-time equivalent (FTE) work opportunities created	New to scorecard	New to scorecard
11	**Economic inclusion** - Percentage budget spent on implementation of Workplace Skills Plan	New to scorecard	New to scorecard
12	**Building integrated communities** - Percentage adherence to employment equity target in all appointments (internal and external)	New to scorecard	New to scorecard
13	**Building integrated communities** - Percentage adherence to equal or more than 2% of complement for persons with disabilities	New to scorecard	New to scorecard

* *"Clean audit" is defined as an unqualified audit report with no material findings regarding compliance with laws, regulations and predetermined objectives.*

2017/18		Rating	Reason for variance	Remedial action
Target	Actual			
100%	150%	✔	Over-expenditure due to under-budgeting for repairs and maintenance	Veriments to be done to cover over-expenditure using budgets on other G/L accounts with savings. Seasonalisation required so that budget can be aligned with actual cost.
≤5%	5,96%	●	Under-achievement due to prolonged absence of an employee who underwent major surgery	Maintain the momentum
≤5%	N/A	_	No OHS investigation was conducted	
100%	N/A	_	No OHS investigation was conducted	Maintain the momentum
100%	97%	●	The asset verification process was a newly rolled out process and created many challenges. The process of asset verification at Cape Town Stadium is taxing, as many events are hosted and equipment and assets are constantly moved between venues. The remaining 3% of assets not verified will be found and verified in the next month.	Ensure that assets moved between storerooms are returned to that same storeroom so that the asset location remains constant. A process to ease the verification process will be explored. **Responsible person:** Werner Kuhn **Due date:** Ongoing
75%	N/A	_	No follow-up audits were done for departments	
100%	100%	▲	On target	Maintain the momentum
Unqualified clean audit	N/A	_	In process	In process
468	4		The target is based on calendar-year performance, yet this report pertains to February–June 2018 only.	
118	1,68	●	The target is based on calendar-year performance, yet this report pertains to February–June 2018 only. The indirect job opportunities are based on event days. Due to the significant reduction in events as a result of many factors, including the exchange rate, these opportunities were less than anticipated.	A more realistic target and events forecast based on previous statistics will ensure better alignment between targets and actual achievement in future.
95%	137%	✔	Over-expenditure due to under-budgeting for training.	Maintain the momentum
85%	N/A	_	No appointments were made during this period	It is envisaged that a number of positions will be filled in the next quarter, and employment equity targets will be pursued. **Responsible person:** Werner Kuhn **Due date:** Ongoing
2%	N/A	_	No appointments were made during this period	This will also be considered in filling positions during the next quarter. **Responsible person:** Werner Kuhn **Due date:** Ongoing

APPENDIX E
ABBREVIATIONS USED IN THIS REPORT

ACSA	Airports Company South Africa
AFM	Assets and Facilities Management
AGSA	Auditor-General of South Africa
APAC	Audit and Performance Audit Committee
ART	antiretroviral therapy
ARV	Antiretroviral
ASB	Accounting Standards Board
BBBEE	broad-based black economic empowerment
BCM	business continuity management
BDRL	Blue Downs rail line (extension project)
BEPP	Built Environment Performance Plan
BioNet	Biodiversity Network
BNG	Breaking New Ground
BPESA WC	Business Process Enabling South Africa Western Cape
BPM	business precinct management
BPO	Business process outsourcing
BRT	bus rapid transit
CAPS	Curriculum and Assessment Policy Statements
CCID	Central City Improvement District
CCTV	closed-circuit television
CDP	Carbon Disclosure Project
CFA	Cape Flats aquifer
CFO	chief financial officer
CID(s)	city improvement district(s)
CIDMS	Cities Infrastructure Delivery and Management System
CIP	conservation implementation plan
Citi	Cape Information Technology Initiative
CITP	Comprehensive Integrated Transport Plan
City	the City of Cape Town administration
city	the geographical urban area of Cape Town
CMTF	Cape Metropolitan Transport Fund
CO2	carbon dioxide
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CRU	community residential unit
CSS	Community Satisfaction Survey
CSI	Corporate social investment
CTADAC	Cape Town Alcohol and Drug Action Committee
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DAMS	Development Application Management System
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCCP	Dassenberg Coastal Catchment Partnership
DEA	Department of Environmental Affairs
DIRC	Development Information Resource Centre
DORA	Division of Revenue Act
DMS	Development Management Scheme
DMTN	domestic medium-term note
DWS	Department of Water and Sanitation
ECD	early childhood development
ECM	Enterprise content management
ED	executive director
EDP	Economic Development Partnership
EE	employment equity
EEI	employee engagement index
EGS	Economic Growth Strategy
EHP	environmental health practitioner
EMD	Environmental Management Department
EMT	Executive Management Team
EPIC	emergency policing and incident command (communication platform)
EPWP	Expanded Public Works Programme
FAS	foetal alcohol syndrome
FBE	free basic electricity
FCO	fishery control officer
FFTs	Full-flush toilets
FWP	Flexible working programme
GDP	gross domestic product
GHS	General Household Survey

GIS	geographic information system
GRAP	Generally Recognised Accounting Practice
HDI	human development index
HIV/Aids	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HR	human resources
HSDG	Human Settlements Development Grant
ICT	information and communications technology
IDA	integrated development area
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IIA	Institute of Internal Auditors South Africa
IIMS	integrated information management system
IMEP	Integrated Metropolitan Environmental Policy
IPTN	Integrated Public Transport Network
IPPs	Independent power producers
IPTN	Integrated Public Transport Network
IRM	Integrated Risk Management (Branch)
IRT	integrated rapid transit
IT	Information technology
IZ	Integration Zones
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
LAN	Local-area network
LRDS	Lourens River Diversion Scheme
Mayco	Mayoral Committee
MFMA	Municipal Finance Management Act
MMP	maintenance management plan
MPAC	Municipal Public Accounts Committee
MPBL	Municipal Planning Bylaw
MPT	Municipal Planning Tribunal
MSDF	Municipal Spatial Development Framework
mSCOA	Municipal Standard Chart of Accounts
MTIIF	Medium-Term Integrated Infrastructure Investment Framework
MTREF	Medium-term revenue and expenditure framework
MURP	mayoral urban regeneration programme
NCIS	National Criminal Intelligence Service
NERSA	National Energy Regulator of South Africa
NACS	nominal annual compounded semi-annually
NGO	Non-governmental organisations
NHRB	National Health Research Board
NKPI	national key performance indicator
NMT	non-motorised transport
NPOs	Non-profit organisations
NST	Neighbourhood Safety Teams
NUNU	Nyanga Urban Node Upgrade
ODTP	Organisational Development and Transformation Plan
OHSC	Office of Health Standards Compliance
PAAC	protected-area advisory committee
PAYE	pay-as-you-earn
PECC	Public Emergency Communication Centre
PFTs	Portable-flush toilets
PHP	People's Housing Process
PIF	public investment framework
PPHC	Personal primary healthcare
PPE	property, plant and equipment
PRA	Preliminary resilience assessment
PRASA	Passenger Rail Agency of South Africa
PSP	Professional Services Provider
PTI	Public transport interchange
Province	Western Cape Provincial Government
QLFS	Quarterly Labour Force Survey
REIPPP	Renewable energy independent power producers programme
RPAS	Remotely piloted aircraft system
RSA	Republic of South Africa
SALA	South African Local Authorities (Pension Fund)

APPENDIX E
ABBREVIATIONS USED IN THIS REPORT (continued)

SALGA	South African Local Government Association
SAREBI	South African Renewable Energy Business Incubator
SAMWU	South African Municipal Workers Union
SANBI	South African National Biodiversity Institute
SANS	South African National Standard
SAPS	South African Police Service
SCM	Supply Chain Management (Department)
SDS	Social Development Strategy
SEDA	Small Enterprise Development Agency
SETA	sectoral education and training authority
SEZ	Special economic zone
SFA	strategic focus area
SHIs	Social housing institutions
SMMEs	Medium and micro-sized enterprises
SMEs	Small and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
SPV	special-purpose vehicle
SSEG	Small-scale embedded generation
SROs	School resource officers
STAs	Spatial transformation areas
STATSSA	Statistics South Africa
TB	tuberculosis
TCT	Transport for Cape Town
TDA	Transport and Urban Development Authority
TDI	transport development index
TDM	travel demand management
TEU	Transport Enforcement Unit
TOC	taxi operating company
TOD	transit-oriented development
UIF	Unemployment Insurance Fund
UISP	Upgrading of Informal Settlements Programme
UITP	International Association of Public Transport
UDI	Urban development index
UN	United Nations
VAT	value-added tax
VRCID	Voortrekker Road City Improvement District
WCWSS	Western Cape water supply system
Wesgro	Western Cape's destination marketing, investment and trade promotion agency
WTE	Waste-to-energy
WWF	Worldwide Fund for Nature

APPENDIX F
LIST OF FIGURES AND TABLES

FIGURES

TABLES

APPENDIX G
MFMA CIRCULAR 63 APPENDICES

In line with MFMA Circular 63, the City of Cape Town is required to make the following appendices available as part of its annual reporting:

FUNCTIONS OF MUNICIPALITY

The functions of local government and the relationships between the local government sphere and the national or provincial spheres of government, are defined in the Constitution. Specific functions, and the way responsibilities for these functions are allocated to spheres, are dealt with in schedules 4 and 5 of the Constitution.

The allocation of powers and functions to local government is covered by sections 9 and 10 of the Municipal Systems Act. Allocations occur through assignment or delegation. Assignment entails the transfer of authority, while delegation entails the transfer of provider responsibility.

WARD REPORTING

Information about all City wards is available at: www.capetown.gov.za

WARD INFORMATION

Information available at www.capetown.gov.za

RECOMMENDATIONS OF THE AUDIT COMMITTEE

The full recommendations of the audit committee can be found on page xxx

LARGE PROJECTS, AGREEMENTS AND PARTNERSHIPS

Information related to the City's largest projects, agreements and contracts, as well as public private partnerships (PPPs) is available at: www.capetown.gov.za

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable. The City of Cape Town is not aware of any backlogs at schools and clinics. For more detail, see the annual Performance Management Report on page xxx (indicator 3E)

SERVICE BACKLOGS WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR PROVIDING THE SERVICE

Not applicable. The City of Cape Town is not aware of any service backlogs experienced by the community where another sphere of government is responsible for providing the service.

RECIPIENTS OF LOANS AND GRANTS

Details of all recipients of City loans and grants are available on page xxx

APPENDIX H
ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN
FOR THE YEAR ENDED 30 JUNE 2018

AUTHORITY, ACCOUNTABILITY AND REPORTING

The Municipal Public Accounts Committee (MPAC) was established as an oversight committee in terms of section 79 of the Municipal Structures Act, Act No. 117 of 1998 and in terms of section 32(2) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA) is authorised to investigate unauthorised, irregular, fruitless and wasteful expenditure of the City and its Municipal Entity as instructed by Council.

MPAC is directed by Council and is authorised to investigate any matter referred. This includes instructing other councillors, management and other employees of Council to be present at meetings and have access to any information they require from any councillor or employee. MPAC ensures that all existing City internal alternative dispute resolution processes have been exhausted before proceeding with investigations.

On 26 October 2016 Council approved the appointment of the current MPAC, with a subsequent change at the meeting of 28 March 2018, and adopted MPAC's Terms of Reference. The Terms of Reference was updated by MPAC and approved by Council on 28 March 2018 to provide appropriate authority. In addition, MPAC is governed by the City's System of Delegations.

MPAC has no executive powers but their findings and recommendations are reported to Council. Reports from the various Task Teams are considered at the MPAC meetings and a report, containing recommendations, is submitted to Council for final decision making. The immediate reporting line of MPAC is to the Speaker. Where necessary, follow-up is performed via the outstanding matters schedule to determine if action has been taken to implement recommendations.

Quarterly reporting on MPAC's activities, as per the Annual Oversight Work Plan, was succinctly presented to Council for three of the four quarters. MPAC hereby presents its annual report for the financial year ended 30 June 2018, which replaces the fourth quarter's report, and is a cumulative activity statement for the year ended 30 June 2018.

MEMBERSHIP AND MEETING ATTENDANCE

2017/18 MPAC members	Meeting attendance
Cllr Y Adams (Chairperson) (Cape Muslim Congress)	9 out of 10 (90%) *
Cllr P Chapple (Deputy Chairperson) (DA)	10 out of 10 (100%)
Cllr E Anstey (DA)	8 out of 10 (80%) *
Cllr R Beneke (DA)	9 out of 10 (90%) *
Cllr D Khatshwa (ANC)	10 out of 10 (100%)
Cllr B Majingo (ANC)	8 out of 10 (80%) *
Cllr F Simons (EFF) #	1 out of 2 (50%) *
Cllr K Southgate (DA)	8 out of 10 (80%) *
Cllr A van Zyl (DA)	9 out of 10 (90%) *
Cllr P Vokwana (DA)	7 out of 10 (70%)
Cllr M Xego (EFF) #	0 out of 8 (0%) *

 # Cllr Simons replaced Cllr Xego on 28 March 2018 (C38/03/18)
** Leave of absence from Chief Whip*

APPENDIX H
ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN
FOR THE YEAR ENDED 30 JUNE 2018 (continued)

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 the MPAC meetings. In addition various task team meetings were held during the year to consider items referred to MPAC by Council.

RESPONSIBILITY

MPAC's Annual Oversight Work Plan defines its activities for the year to ensure that it complies with its responsibilities arising from its mandate, delegations and Terms of Reference. The 2018 Annual Oversight Work Plan was adopted by MPAC and the following activities were completed in the execution of our assigned functions and responsibilities:

Activities	Outputs
Meetings	(a) One special MPAC meeting was convened on 9 February 2018 to discuss the 2016/17 Annual Reports of the City of Cape Town and Cape Town International Convention Centre (CTICC) (b) Nine ordinary meetings were held (c) In order to facilitate cross-cutting reviews eleven task teams met during the year or were established to investigate matters referred by Council: (i) Payments for Unauthorised Lease of Office Accommodation at Unit 5, Raciti Park, Montague Gardens – investigation finalised (ii) 8 Adam Tas Street, Belhar – investigation finalised (iii) Cape Town Cup – investigation in progress and matter referred to the City Manager for investigation (iv) Electric Busses, False Declarations and Bids Awarded to Family Members in the Service of the State (2016/17) – False Declarations and Bids Awarded to Family Members in the Service of the State – investigation finalised – Electric Busses – investigation in progress (v) Non-compliance with section 116(3) of the MFMA: Variations Orders for MyCiti Phase 1A and Phase 1B – investigation in progress (vi) Non-compliance with Remuneration of Public Office Bearers Act – investigation in progress (vii) Alleged Unauthorised Transactions: Cash Management and Payment Component of the Station Management Contract – investigation in progress (viii) Irregularities: Tender 314S/2014/2015: Panel of ICT Professional Services – investigation in progress (ix) Replacement of Asbestos Roofing at Various Pools in Mitchells Plain – investigation in progress (x) Facility Upgrades in Pella Katzenberg – investigation in progress (xi) Alleged Fraudulent Payment to a Service Provider – investigation in progress

Activities	Outputs
Oversight process	MPAC considered the 2016/17 Annual Reports of the City of Cape Town and its municipal entity and raised issues of concern to be addressed by the Executive Management of the City of Cape Town and its municipal entity at the oversight meetings on 1 February 2018, 9 February 2018 and 27 February 2018. After considering response to the questions on 13 March 2018 MPAC recommended that Council, having fully considered the 2016/17 Annual Reports of the City of Cape Town and its municipal entity, and representations thereon, adopt the oversight report and approve the annual report without reservations. This was completed within the legislated timeframes and was approved by Council on 28 March 2018.
Reporting	The following reports were tabled at Council: (a) Annual Report of the MPAC for the Year Ended 30 June 2017 (b) Report for the Quarter Ended 30 September 2017 (c) Report for the Quarter Ended 31 December 2017 (d) Report for the Quarter Ended 31 March 2018 (e) MPAC's Terms of Reference (f) Reports to Council on matters referred by Council: (i) Irregular Expenditure and Bids Awarded to Family Members in the Service of the State: 2015/16 (ii) Investigation into Unauthorised, Irregular and Fruitless and Wasteful Expenditure: 8 Adam Street, Belhar (iii) Payments for Unauthorised Lease of Office Accommodation at Unit 5, Raciti Park, Montague Gardens (g) Oversight Report in respect of the 2016/17 Annual Reports for the City and Convenco
Training and capacity building	(a) In August 2017 MPAC Chairperson attended the King IV Seminar on Governance Principles (Cape Town) (b) In August 2017 MPAC Chairperson and MPAC member attended the Standing Committee On Public Accounts (SCOPA) at the Western Cape Provincial Legislature (Cape Town) (c) In September 2017 MPAC Chairperson and Deputy Chairperson attended the South African Local Government Association (SALGA) Provincial MPAC Chairperson's Meeting (Cape Town) (d) In February 2018 the MPAC members received the following training and briefing: (i) Oversight refresher training presented by Internal Audit; and (ii) A briefing session from a representative of the AGSA on the AGSA audit outcome for the City of Cape Town and the CTICC.
Performance assessment	The 2016/17 annual Self- and Stakeholder Performance Assessment was completed during September and October 2017 and reported to Council. The overall assessment outcome from all respondents was Excellent, based on an average calculation.

CONCLUSION

MPAC believe that the City is committed to governance standards and it is a mechanism through which Council exercises oversight over the expenditure of public money. Good governance by the City of Cape Town will contribute to making progress possible – together.

YADAMS

CLLR YAGYAH ADAMS
MPAC Chairperson

APPENDIX I
CITY OF CAPE TOWN TRENDS WATCHLIST

INDICATOR AND DATA NOTES

Most of the indicators in the table below are composite indicators comprised of a number of input components. To assist the reader, a status overview and data comments provide further detail. For three indicators, alternative proxy indicators were used, in the absence of a directly matching indicator that speaks to the trend watch assessment. In future, some of the proxy indicators presented may require further refinement/modernisation, as outlined in the respective data comments.

Of the list of 12 indicators, there is only one indicator ("Number of small and medium enterprises") that the City is unable to report on at present, as neither the data nor a proxy is available. Further consideration will be given to this indicator in future.

The majority of the indicators use and reflect data for the 2017/18 financial year or the 2017 calendar year. Where older data years are reflected, this means that more recently published data is unavailable.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.1: Positioning Cape Town as forward-looking, globally competitive city	Ease of Doing Business index	The index measures the competitiveness of the regulatory environment for business operations – in other words, how conducive the regulatory environment is for business. It is considered to reflect how Cape Town is positioning itself as a forward-looking, competitive city in the longer term.	- Getting electricity: DTF (distance to frontier) score of 81,81 - Starting a business: DTF score of 78,67 - Dealing with construction permits: DTF score of 78,08 - Registering a property: DTF score of 59,23 (Source: World Bank, 2015)	Of the four components, "Getting electricity" has the highest DTF score, with Cape Town (CT) ranked second out of nine South African metros in this regard. "Starting a business" has the second-highest DTF score, with Cape Town ranked fourth out of nine metros. "Dealing with construction permits" has the third-highest DTF score, with Cape Town ranked first out of nine metros. "Registering a property" has the lowest DTF score, and Cape Town is ranked eighth out of nine metros.	There is no single, overall score for this trend indicator. The Ease of Doing Business index is based on the DTF, which is calculated using inputs from nine metros in South Africa. A score of 100 is the highest possible score, and 1 is a top ranking. The figures are from the 2015 index, which is the latest publication. The next edition is expected in September 2018. 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.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.2: Leveraging technology for progress	Digital readiness	This indicates the level of preparedness to embrace technology. The City's strategy is to utilise technology to achieve progress. It tracks the user's access to the internet and is indicative of households' preparedness to access opportunities using digital technology. The desired long-term impact is for Cape Town to be recognised as the most digital city in Africa.	- City fibre roll-out in 2017/18 was 120,9 km, bringing the total to 968,9 km (from 2009/10 to June 2018) (Source: City of Cape Town IS&T, Telecommunications, 2018) - 60 public WiFi hotspots added across Cape Town, yielding a current total of 279 active public WiFi locations (from 2014/15 to June 2018) (Source: CCT, IS&T 2018: Telecommunications) - Internet use by Cape Town households: 76.13% (Source: Stats SA Community Survey, 2016, supplied by Research Branch: Decision Support Unit)	All City buildings as well as bus stations, cameras and other infrastructure vital for service delivery are connected to the fibre-optic cable network. Many City buildings frequented by residents have WiFi zones. Over 200 000 unique users connect to the internet every month using one of these WiFi zones. Most of these users were at the City's libraries (City of Cape Town, 2017). Internet access by Cape Town households improved by 5,51% from 2014 to 2016. Prior to 2016, the black African population group had the lowest access to the internet. In 2016, however, lowest access shifted to the coloured population group.	These are proxy indicators. The Western Cape digital readiness methodology was reviewed and adapted where data was available for the metro level. It should be noted that the "connectivity data" (i.e. broadband and WiFi hotspots) represents only the City's supplied infrastructure, and excludes all private-sector infrastructure networks.
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: 24,45% (2017) (Source: Stats SA Quarterly Labour Force Survey, 2017, supplied by Research Branch: Economic Research Unit)	The broad unemployment rate increased by 1,05% between 2015 and 2017, reflecting the challenging 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.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Number of small and medium enterprises (SMEs)	SMEs can drive job creation and economic growth, and are recognised as a key component of economic inclusion strategies and of realising the long-term impact of creating a conducive environment for economic growth.	Not available	N/A	The City does not currently have access to Companies and Intellectual Property Commission (CIPC) or South African Revenue Service (SARS) data, which could identify the total number of existing businesses registered as operating from Cape Town. The available City data reflects only certain subsets of SME business activities in Cape Town, such as the City's informal trading permit information.
SFA 1: Opportunity city	Objective 1.4: Resource efficiency and security	Resource use per gross value added (GVA)	This tracks 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) - GVA: 134 (2014) - Water: 104,95 (2014); 112,25 (2015) - Electricity: 101 (2013) - Population: 117 (2014 & 2015) (Source: City of Cape Town State of Cape Town report 2016)	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. Although less than half of the city's households own a car, private-car ownership is increasing at a rate of 4% per annum (2009–2013). 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 deadweight loss to the economy (City of Cape Town State of Cape Town report, 2016).	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 is presented in a graph to illustrate resource efficiency against economic growth. This was developed for the State of Cape Town 2016 report, using various data inputs.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 2: Safe city	Objective 2.1: Safe communities	Residents' perception of safety (community satisfaction)	This 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.	– 25,16% of residents feel safe at night (2016) – 63,10% of residents feel safe during the day (2016) (Source: Stats SA Community Survey 2016, supplied by Research Branch: Decision Support)	More than half of Cape Town's residents feel safe during the day. However, only a quarter feel safe at night.	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 2016/17: 7 930 per 100 000 (Source: SAPS, supplied by Research Branch: Decision Support)	Cape Town's overall crime rate is more than double the national overall crime rate. However, Cape Town's overall crime rate has been steadily decreasing since 2012/13.	SAPS crime statistics for 2017 were used. The data is for the 2017 reporting year, i.e. 1 April 2016 to 31 March 2017.
SFA 3: Caring city	Objective 3.1: Excellence in basic service delivery	Residents' satisfaction with overall services	This focuses on residents' perceptions of the general quality of services provided. In the longer term, residents must believe that their needs are being met.	Average score in the annual survey of residents' satisfaction with the City's overall services: 2,8 (Source: City of Cape Town community satisfaction survey 2017/18, supplied by Research Branch: Decision Support)	Overall performance of the City has remained stable at "good" for the past four years.	Residents' average satisfaction is measured against a Likert scale, where 1 means poor, 2 means fair, 3 means good, 4 means very good, and 5 means excellent. The survey is based on a sample of 3 000 residents who are representative of the city, at a 95% confidence level.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 3: Caring city	Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Access to basic services	This tracks the levels of access to basic services to assess whether basic service delivery initiatives are reaching all those in need. The City has prioritised mainstreaming basic service delivery to informal settlements and people living in backyards, which should in the long term improve living conditions and care for the vulnerable and poor.	- Number of water service points (taps) provided to informal settlements: 912 - Number of sanitation service points (toilets) provided to informal settlements: 4 275 - Percentage of informal settlements receiving a door-to-door refuse collection service: 99,74 - Number of service points (toilets and tap with hand basins) provided to backyarders: 408 - Number of subsidised electricity connections installed (informal settlements): 1 774 (Source: City of Cape Town Informal Settlements, Water and Waste Services, 2018)	Number of water service points is significantly above the target of 600. Number of sanitation service points is significantly above the target of 2 800. Percentage door-to-door refuse removal is on target (99). Number of service points provided to backyarders is below the target of 1 000. Number of subsidised electricity connections is above the target of 1 500.	Data is based on actual services supplied by the City in the calendar year 2017/18.
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 of Cape Town TDA transport development index, 2017)	The impact of private transport on monthly household income is slightly higher than the impact of public transport on monthly individual income. This trend will only show a change in the long term, as the progressive implementation of transit-oriented growth and development is a long-term and ongoing process to reshape the spatial fabric of Cape Town.	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). The next TDI is expected in 2019/20.

IDP strategic focus area	IDP objective	Trend	Assessment description	Progress as at 30 June 2018	Status overview	Data comments
SFA 4: Inclusive city	Objective 4.3: Building integrated communities	Integrated communities	This indicator tracks the levels of integration in residential communities. The City has prioritised building integrated communities, and aims for a long-term impact of more socially diverse communities.	Only 2,58% of Cape Town's small areas have more than 20% of all three population groups living there (2011). (Source: Gie, Changes in population group composition in Cape Town – a proxy for social integration, by 2011 Census small area, 2015)	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, there was a slight increase in integration in 2011 (Gie, 2015).	This is a proxy indicator. The percentage mixture of population groups is used as a basic indicator of integration. Census 2011 is used, at a small-area spatial level. A small area is the lowest geographical level at which the 2011 Census data was made available. The three population groups are black African, coloured and white. The coloured population group includes Asians. It is not possible to use more recent Stats SA data, as the data is not available at the required spatial level.
SFA 5: Well-run city	Objective 5.1: Operational sustainability	Credit ratings by the rating agencies	Independent credit ratings reflect an independent opinion on an institution's creditworthiness to repay its liabilities. This will indicate the City's operational sustainability, with the ultimate aim of financial sustainability in the long term.	City of Cape Town, March 2018 / Long-term / Short-term Global-scale rating / Baa3 / Prime-3 National-scale rating / Aaa.za / Prime-1.za (Source: Moody's Investor Service, March 2018, supplied by City of Cape Town Finance Department)	A negative outlook is projected. The City's credit profile (Baa3/Prime-3, issuer and debt rating, negative outlook, and Aaa.za/Prime-1.za) reflects the administration's strong financial performance, supported by a large and diversified economic base, as well as predictable sources of revenue from property taxes and electricity. The City has consistently generated operating surpluses, strong liquidity relative to rated peers and low debt, although we expect debt to rise significantly over the next three years. The City's credit profile is constrained by Cape Town's severe water shortages following several years of drought, which will have a direct impact on the City's water revenues, as well as other, indirect economic and societal effects. (Moody's Investor Service, March 2018)	This indicator is based on the ratings methodology used by Moody's Investor Service.

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