

## Information Statement dated 1 December 2023



### CITY OF CAPE TOWN

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## ZAR7,000,000,000 Domestic Medium Term Note Programme

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The City of Cape Town ("**Issuer**" and the "**City**") has established a ZAR7,000,000,000 Domestic Medium Term Note Programme ("**Programme**") under which the Issuer may from time to time issue notes of any kind ("**Notes**") pursuant to the Programme Memorandum dated 30 May 2008 ("**Original Programme Memorandum**"). The Original Programme Memorandum was replaced in its entirety by the Programme Memorandum dated 11 July 2017 ("**Previous Programme Memorandum**").

The Issuer has amended and updated the Previous Programme Memorandum on the basis set out in the Programme Memorandum, dated 1 December 2023, as amended and/or supplemented from time to time (the "**Programme Memorandum**").

This document, dated 1 December 2023, as amended and/or supplemented from time to time ("**Information Statement**") is the "*Information Statement*" referred to in the Programme Memorandum, and must be read together with the Programme Memorandum. .

Unless otherwise defined in this Information Statement capitalised terms used in this Information Statement shall bear the meanings ascribed to those terms in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*" ("**Terms and Conditions**"). References in this Information Statement to any Condition are to that Condition of the Terms and Conditions.

The Programme Memorandum, as read with the Information Statement is a "placing document" as defined in the JSE Debt Listings Requirements ("**Placing Document**").

All information which is required by the JSE Debt Listings Requirements to be disclosed in the Placing Document will, if not disclosed in the Programme Memorandum, be disclosed in the Information Memorandum (see the section of the Programme Memorandum headed "*Information Statement*").

The Programme Memorandum, as read with the Information Statement, is a "disclosure statement" as defined in the Municipal Regulations on Debt Disclosures to the extent that the Programme Memorandum, as read with the Information Statement, discloses the information required to be disclosed under Parts 1 and 2 of the Municipal Regulations on Debt Disclosures. Any additional information required to be disclosed under Parts 1 and 2 of the Municipal Regulations on Debt Disclosures will, in relation to a Tranche of Notes, be disclosed in, or attached as an annexure to, the Applicable pricing Supplement (together with the Programme Memorandum, as read with the Information Statement, the "**Disclosure Statement**").

Application has been made to the JSE for the registration and approval of the Programme Memorandum, dated 1 December 2023 (as read with the Information Statement, dated 1 December 2023). The Programme Memorandum, dated 1 December 2023 (as read with the Information Statement, dated 1 December 2023) was registered and approved by the JSE on 27 November 2023.

#### Availability of Programme Memorandum and Information Statement

The Information Statement and the Programme Memorandum are available at the following website link: [https://www.capetown.gov.za/Work\\_and\\_business/Invest-in-cape-town/The-citys-investor-relations/External-finance](https://www.capetown.gov.za/Work_and_business/Invest-in-cape-town/The-citys-investor-relations/External-finance).

**Documents incorporated by reference**

Investors and Noteholders should be aware that any statement contained in the Information Statement and/or the Programme Memorandum or in any document which is incorporated by reference into the Programme Memorandum (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*") will be deemed to be modified or superseded for the purposes of the Information Statement and/or the Programme Memorandum to the extent that a statement contained in any subsequent document which is incorporated by reference into the Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Information Statement must therefore be read in conjunction with the Programme Memorandum and all documents which are incorporated by reference into the Programme Memorandum (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*").

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## RISK FACTORS

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*Prospective investors should carefully consider the following risk factors, in addition to the matters described elsewhere in the Information Statement and in the Programme Memorandum, prior to investing in the Notes.*

*Prospective investors should, prior to investing in the Notes, consult their own financial, tax and legal advisers as to the risks and investment considerations arising from an investment in the Notes, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of the particular circumstances of each investor.*

*The Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive and other risks could be applicable. The information set out below is not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes.*

*The information set out in the following summary is intended as a general guide to certain risk factors which may be relevant to a prospective subscriber for or purchaser of any Notes or any person contemplating making an investment in the Notes*

### RISKS RELATING TO THE NOTES

***The Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should -

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any Applicable Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Limited liquidity of the Notes***

There may be a limited secondary market for the Notes. There can be no assurance that any secondary market for any of the Notes will continue until the Maturity Date. Generally, Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. Consequently,

a subscriber or purchaser must be prepared to hold its Notes until the Maturity Date.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Noteholders that trade in interest-bearing Notes during the period that the Register is closed prior to each Interest Payment Date, will need to reconcile any amounts payable on the following Interest Payment Date pursuant to a partial redemption of the Notes. As a result, secondary market liquidity of the Notes may reduce during this period.

***The Notes may be redeemed prior to maturity***

Unless, in the case of any particular Tranche of Notes, the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of a Tranche of Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem that Tranche of Notes in accordance with the Terms and Conditions.

In addition if, in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that that Tranche of Notes is redeemable at the Issuer's option, the Issuer may choose to redeem that Tranche of Notes at times when prevailing interest rates may be relatively low. In such circumstances the Noteholders of the Notes in the relevant Tranche may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Tranche of Notes. See "*Notes subject to optional redemption by the Issuer*" below.

***Uncertificated Notes will be held in the Central Securities Depository***

Each Tranche of Notes will be issued in uncertificated form in terms of Chapter IV of the Financial Markets Act and will be held in the Central Securities Depository.

Subject to the Applicable Procedures and unless the context clearly otherwise indicates, references to "Uncertificated Notes" include Beneficial Interests in such Uncertificated Notes, and *vice versa*, and references to "Noteholders of Uncertificated Notes" include the holders of Beneficial Interests in such Uncertificated Notes, and *vice versa*.

The Applicable Procedures will determine the procedures for transfer, payment and communication between holders of Beneficial Interests and the Issuer.

The Central Securities Depository Participants will maintain records of Beneficial Interests which are held by their clients.

The holders of Beneficial Interests will be able to transfer such Beneficial Interests only through the Central Securities Depository, and such holders may exercise their rights in respect of such Beneficial Interests through their Central Securities Depository Participants.

The Issuer has opened the Designated Bank Account with the Settling Bank. The Designated Bank Account will be used solely for purposes of depositing (and funding) the aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Notes.

The Issuer will, in accordance with the Applicable Procedures, make an irrevocable deposit, into the Designated Bank Account, of the full aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Notes.

The funds in the Designated Bank Account will be transferred to the relevant Central Securities Depository Participants, by means of the South African Multiple Option Settlement ('SAMOS') system operated by the South African Reserve Bank. The Central Securities Depository Participants will then make payment of the relevant amounts to the Noteholders of Uncertificated Notes, in accordance with the Applicable Procedures, as contemplated in Condition 9.2.2.

A holder of a Beneficial Interest must therefore rely on the procedures of the Central Securities Depository to receive payments under such Beneficial Interest.

Each investor shown in the records of the Central Securities Depository and/or the Central Securities Depository Participants as the holder of Beneficial Interests shall look solely to the Central Securities Depository or the Central Securities Depository Participant, as the case may be, for his share of the funds deposited into the Designated Bank Account.

Once the funds deposited into the Designated Bank Account have been cleared and credited to the Designated Bank Account, and transferred from the Designated Bank Account to the relevant Central Securities Depository Participants, neither the Settling Bank nor the Issuer will be responsible for the loss in transmission of any such funds.

Holders of Beneficial Interests do not have a direct right to vote in respect of such Beneficial Interests. The holders of Beneficial Interests may exercise their respective rights to vote through their respective Central Securities Depository Participants. The respective Central Securities Depository Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests.

Holders of Beneficial Interests will be able to trade their Beneficial Interests only through the Central Securities Depository and in accordance with the Applicable Procedures.

Subject to the Financial Markets Act, the holder of Beneficial Interests will be entitled to exchange such Beneficial Interest for Notes which are represented by an Individual Certificate in accordance with Condition 14.

### ***Credit Rating***

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

### **Risks related to the structure of the particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features -

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the Interest Rate on the Notes. At those times, a Noteholder of the relevant Notes generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed, and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Indexed Notes***

The Issuer may not issue debt securities which provide for payment in respect of interest and/or principal to be calculated by reference to an index and/or formula ("**Indexed Notes**") under the Programme unless expressly permitted by (and in accordance with the provisions of) the JSE Debt Listings Requirements.

#### ***Notes issued at a substantial discount or premium***

The market values of Notes issued at a substantial discount or premium from their Principal Amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

### ***Mixed Rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for Notes that do not include those features.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### ***Certificated Notes where denominations involve integral multiples***

If the aggregate Principal Amount of Notes held by a Noteholder is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, the Individual Certificate representing such Notes will be issued in accordance with, and be governed by, Applicable Law.

A Noteholder who holds Notes in an aggregate Outstanding Principal Amount which is less than the minimum Specified Denomination may not receive an Individual Certificate in respect of such Notes and may need to purchase an additional Principal Amount of Notes such that its total holding of such Notes amounts to the minimum Specified Denomination.

Noteholders of Certificated Notes should be aware that, if such Certificated Notes have a denomination that is a fraction of the Specified Denomination or a fraction of any multiple of the Specified Denomination, such Certificated may be illiquid and difficult to trade.

### ***Meetings of Noteholders***

The Terms and Conditions contain provisions for calling meetings of Noteholders or Class(es) of Noteholders, as applicable, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders or the relevant Class(es) of Noteholders, as applicable, including Noteholders who do not attend and vote at the relevant meeting and Noteholders who vote in a manner contrary to the majority.

### ***Change of law***

The Programme Memorandum (as read with the Information Statement), the Notes and the Applicable Terms and Conditions are governed by, and will be construed in accordance with, South African law. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the Programme Date.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **RISKS RELATING TO THE ISSUER**

The City has implemented Integrated Risk Management ("IRM"), since 2008/09. From 1 July 2023 the IRM Branch operates under the leadership of a Director Resilience, who reports to the City's Risk Committee (RiskCo) and the Executive Director of Future Planning and Resilience. The City has an Audit and Performance Audit Committee comprising independent members that monitor risk management as part of its mandate. The executive management team of the City assesses the strategic risks facing the City and has identified some of the key responses to these.

## Key Risk Factors

### **Breakdown in Governance and Legal Compliance**

This risk is *inter alia* managed via the –

- appointment of Information Officer and Deputy Information Officer to encourage compliance with POPIA act, deal with request relating to access to information and work with regulator with regards to any potential regulator investigations;
- bi-annual monitoring and review of fraud risks and mitigation (anti-fraud, ethics and whistle-blowers), with quarterly monitoring and review of action plan implementation on the Transversal Fraud Risk Register;
- monitoring and review of the Unauthorised, Irregular and Fruitless and Wasteful (UIFW) expenditure Register, in accordance with the UIFW strategy to ensure appropriate investigation, condemnation, actioning. (Reporting from MPAC and Council);
- monthly monitoring of the implementation of City delegations in line with City functional requirement;
- monthly monitoring, review and reporting on the implementation of the annual Auditor-General of South Africa (AGSA) Management Action Plan;
- ongoing monitoring of the risk and control environment reporting in accordance with the Assurance Governance Framework;
- ongoing roll-out of contract management training
- quarterly preparation and quality assurance of performance against the Key Performance Indicators (KPI's) on Executive Director (ED) personal scorecards for City Manager (CM) review
- reporting of Unauthorised, Irregular and Fruitless (UIF) expenditure in the annual financial statements; and
- management of data breaches by the POPIA Incident Response Committee (PIRC) to process/action known breaches.

### **Continuous crime and safety incidents (including any related health impact)**

The City manages this risk by, *inter alia* –

- activation of Land Relocation Plan on request of line departments;
- bi-annual monitoring and review of fraud risks and mitigation (anti-fraud, ethics and whistle-blowers), with quarterly monitoring and review of action plan implementation on the Transversal Fraud Risk Register;
- bi-annual monitoring and review of the Safety and Security Executive Risk register;
- Directorates' War Room meetings (3 x per week) to look into all threats (incl. land invasion/occupation monitoring in accordance with the ULO By-law);
- Energy Directorate's dedicated law enforcement team to facilitate service delivery and prevent vandalism;
- establishment of Mayor's Land Security Forum to strategically address City Land occupation eviction/interdict processes indicator(s) (dependent on their mandates and obligations);

- monitoring and quarterly review of Unlawful Land Occupation (ULO) Framework KPA's on relevant ED's Scorecards;
- monthly monitoring and reporting on the Mayoral Land release programme;
- monthly monitoring and reporting on the Safety Mayoral Priority Program (MPP);
- ongoing Law Enforcement Advancement Plan (LEAP) Programme;
- quarterly monitoring and review crime, health and safety incidents and responses by the disaster Risk Management Advisory Forum;
- quarterly preparation and quality assurance of performance against the KPI's on ED personal scorecards for CM review;
- regular meetings of transversal working group to find land and solutions to invasions on road reserves (hampering phase 2A);
- roll-out/adherence to latest Supply Chain Management (SCM) Policy; and
- SCM Due Diligence (DD) assessments in accordance with DD SOPs (Appointed DD contractor).

***Inadequate and/or unstable infrastructure to deliver services (incl. housing)***

The City mitigates this risk by, *inter alia* –

- activation of Land Relocation Plan on request of line departments;
- annual review and update of Sector Plans (9 sector plans) informed by agreed to assumptions, the land use model and strategic and contextual changes as may be required;
- annual Water Strategy Update and Water Outlook Publication;
- assurance on quality of Water & Sanitation Services provided via certification (Blue drop, Green drop, No drop);
- bi-annual monitoring and review of fraud risks and mitigation (anti-fraud, ethics and whistle-blowers), with quarterly monitoring and review of action plan implementation on the Transversal Fraud Risk Register;
- CFO Collaboration Meetings with Relevant Directorates (Agenda incl. Blockages, Capital spend, local content etc.);
- compliance audits: Disposal facility licenses from National/Provincial government (Water Affairs);
- compliance audits: Disposal facility norms and standards;
- Capital Programme and Project Portfolio Management (CPPPM) provides oversight and assurance on readiness of all capital projects of over R1 million rand;
- Directorate's War Room meetings (3 x per week) to look into all threats (incl. land invasion/occupation monitoring in accordance with the ULO By-law);
- Energy dedicated law enforcement team to facilitate service delivery and prevent vandalism;
- meetings for problem solving and business improvement with Project Managers (including Executive Directors) with various PMO's and PMO offices;

- monitoring and quarterly review of ULO Framework KPA's on relevant ED's Scorecards;
- monitoring and review of ED's achievement of their unique Unlawful Land Occupation (ULO) indicator(s) (dependent on their mandates and obligations);
- monitoring and review of Water Services Development Plan (WSDP) Implementation;
- monthly monitoring and reporting on the implementation of the Energy Mayoral Priority Program (implementation of projects);
- monthly monitoring and reporting on the implementation of W&S Mayoral Priority Program (implementation of projects); and
- monthly monitoring and reporting on the Mayoral Land release programme;
- monthly monitoring and review by Corporate Project, Programme and Portfolio Management (CPPPM) of projects progress and spend in relation to targets as reported by line and reporting thereon to Executive Directors (EDs);
- on-going mechanisms/systems to ensure oversight is provided with regards to project costing and bid specs by Engineering Service Unit;
- quarterly preparation and quality assurance of performance against the KPI's on ED personal scorecards (Incl. Customer Satisfaction Results) for CM review;
- quarterly monitoring and review by the Phase 2A Steering Committee with regards to UM Phase 2A Bus Rapid Transport (objective 12.3);
- quarterly monitoring and review crime, health and safety incidents and responses by the Disaster Risk Management Advisory Forum.
- regular meetings of transversal working group to find land and solutions to invasions on road reserves (hampering phase 2A);
- roll out/monitoring of enterprise asset management plan City Infrastructure Delivery Management System (CIDMS);
- SCM - Roll-out/adherence to latest SCM Policy;
- SCM Due Diligence (DD) assessments in accordance with DD SOPs (Appointed DD contractor); and
- the Transversal: Municipal Spatial Development Framework (MSDF) Transversal: Municipal Spatial Development Framework (MSDF) approved to give input into the sector planning process;

#### ***Ineffective Inter-Governmental Collaboration***

The City manages this risk by, *inter alia* -

- collaborating, communicating and contracting with Eskom on energy related needs / concerns.
- complying with Inter-Governmental requirements (sec. 41 and other relevant sections of the Constitution, sec. 44 of the MFMA and the South African Intergovernmental Relations Framework Act 13 of 2005); and
- regular monitoring, review and reporting on grant funded expenditure status and compliance per Dept. (Each ED also performs their own monitoring, review and reporting).

### ***Insufficient Skills / Competencies***

The City manages this risk through, *inter alia* -

- implementation of vacancy mitigation/turnaround strategy (incl. monthly meetings with Human Resources Business Partners (HRBPs);
- monitoring and review of the annual development and implementation of the Work Place Skills Plan (WPSP);
- monitoring of the implementation and periodic update of the various Directorates Staffing Strategies and Succession Planning;
- monthly monitoring, review and reporting on the vacancy rate via the Financial Monitoring Report (FMR) and implementation of FMR recommendations; and
- roll-out of established recruitment and selection/talent acquisition process to facilitate/enable appointments within 6 months (municipal staff regulation requirement).

### ***Lack of Financial Resilience and Economic Stability***

The City manages this risk through, *inter alia* –

- annual monitoring, review and reporting on financial performance (Annual Financial Statements);
- bi-annual monitoring and review of finance risk identification and mitigation, with quarterly monitoring and review of action plan implementation on the Transversal Financial Risk Register;
- bi-annual monitoring and review of fraud risks and mitigation (anti-fraud, ethics and whistle-blowers), with quarterly monitoring and review of action plan implementation on the Transversal Fraud Risk Register;
- CFO oversight, review and intervention with regards to deviations identified on financial reports and implementation of the CCT Long-term Financial Plan (LTFP);
- implementation of scenarios modelling to predict financial impacts and respond accordingly;
- monitoring and review by Budget Steering Committee of budget allocation (affordability);
- monitoring and review of City performance against "Doing business in SA": Developing and implementation of corrective action plans (E.g. Business Hub/Incentive policy);
- monitoring and review of the Unauthorised, Irregular and Fruitless and Wasteful (UIFW) expenditure Register, in accordance with the UIFW strategy to ensure appropriate investigation, condemnation, actioning. (Reporting from MPAC and Council); monitoring of the roll-out/performance against the Ease of Doing Business Mayoral Program;
- monthly monitoring, review and reporting of financial/budget performance;
- ongoing implementation of the Credit Control Policy and the monitoring thereof via the corporate score card (Incl. debt collection ratio);
- ongoing monitoring and review of compliance with NT Circular 68 as adopted by Council and requirements set out in the MFMA;
- review of reported financial misconduct and investigation of reported financial misconduct (as

defined) by the Financial Misconduct Board to ensure accountability; and

- SCM policy, guidelines, abuse of SCM Policy measures (SCM Policy clauses 101 letters), compliant bid committee system and due diligence checks implemented and monitored to guard against fraud, recreational damage and safeguard resources.

***Moveable and immovable assets not meeting service delivery needs***

This risk is mainly managed by -

- adherence to the Fleet Management Policy and Strategy activation of Land Relocation Plan on request of line departments;
- bi-annual monitoring and review of fraud risks and mitigation (anti-fraud, ethics and whistle-blowers), with quarterly monitoring and review of action plan implementation on the Transversal Fraud Risk Register;
- Directorate's War Room meetings (3 x per week) to look into all threats (incl. land invasion/occupation monitoring in accordance with the ULO By-law);
- Energy Directorate's dedicated law enforcement team to facilitate service delivery and prevent vandalism;
- establishment of Mayor's Land Security Forum to strategically address City Land occupation eviction/interdict processes; and
- monitoring and quarterly review of ULO Framework KPA's on relevant ED's Scorecards;
- monitoring and review of ED's achievement of their unique Unlawful Land Occupation (ULO) indicator(s) (dependent on their mandates and obligations);
- monitoring of the implementation of facilities sector plans;
- monthly monitoring and reporting on the Mayoral Land release programme;
- quarterly monitoring and review crime, health and safety incidents and responses by the Disaster Risk Management Advisory Forum;
- regular meetings of transversal working group to find land and solutions to invasions on road reserves (hampering phase 2A);
- SCM - Roll-out/adherence to latest SCM Policy; and
- SCM Due Diligence (DD) assessments in accordance with DD SOPs (Appointed DD contractor).

***The negative impacts of Climate Change and Pollution on Resources and Services***

This risk is mainly managed by –

- annual Water Strategy Update and Water Outlook Publication;
- assurance on quality of Water & Sanitation Services provided via certification (Blue drop, Green drop, No drop);
- bi-annual monitoring and review of environmental risk identification and mitigation, with quarterly monitoring and review of action plan implementation on the Transversal Environmental Risk Register;
- Coastal By-Law (2020) and Integrated Coastal Management Policy (2014) which both include

provisions related to climate risk;

- monitoring and review of Water Services Development Plan (WSDP) implementation;
- monthly monitoring and reporting on the implementation of W&S Mayoral Priority Program (implementation of projects);
- ongoing monitoring of air quality and enforcement measures in terms of digressions/pollution; and
- quarterly monitoring and review of natural disaster incidents and responses by the Disaster Risk Management Advisory Forum.

### ***Threat to Energy Security***

The City is highly dependent on Eskom. The City mitigates this risk/contributing factors via, *inter alia* -

- Disaster Risk Management (DRM) activation of the DRM co-ordination team at stage 7 and above to co-ordinate the impact of load-shedding in real time;
- Energy Joint Operation Committee (EJOC) activated every time Eskom announces Load-shedding at stage 6 and above;
- established: City-supply Area Electricity Network Black Start Plan and Procedures (Business Continuity Plan for Energy and Climate Change);
- monitoring and reporting on the implementation of the Energy security of supply for Economic Growth Mayoral programme (incl. the roll-out of the Power Hero's campaign and Small Scale Embedded Generation (SSEG) Programme; and
- monitoring and review of city performance with regards to electricity supply measurements set out in the Customer Satisfaction Survey (customer satisfaction survey included as a measurement on the Corporate Score Card).

### ***Vulnerability and availability of Digital Technology and Cyber Security***

The City mitigates this risk by, *inter alia* –

- aligning to ISO Standards, specifically ISO 27001 (ISO27001 provides the overview of information security management systems (ISMS);
- bi-annual monitoring and review of IT risk identification and mitigation, with quarterly monitoring and review of action plan implementation on the Transversal IT Risk Register;
- maintaining of redundancies measures to protect IS&T system from impact of extreme load-shedding;
- monitoring and maintain the implementation of the directive with regards to Project Initiation Documentation (PID) freeze, including the impacts;
- managing data breaches by the POPIA Incident Response Committee (PIRC) to process/action known breaches;
- quarterly monitoring and review of the implementation of IS&T action plans on the annual Auditor General of South Africa's Management Action Plan;
- quarterly preparation and quality assurance of performance against the KPI's on ED personal scorecards for CM review;

- .roll-out of Cyber security training; and
- system and user controls for cyber security and mechanisms in place.

### Interest Rate Risk

Interest rate risk is the risk that exists in an interest-bearing asset, such as a (loan or bond) or (asset investment), due to the possibility of a change in the value or resulting from the fluctuation of interest rates. The interest rate risk management policy must identify and quantify interest rate risk and structure the assets, liabilities and interest rate hedges of the City in order to reduce the impact of changes in interest rates on the profitability and net worth of the City.

The interest rate risk is the risk that the value of the City's asset to liability portfolio may be negatively affected by changes in interest rates. This policy provides guideline measures to assist in containing the negative impact of adverse interest rate movements on the City's net income within the acceptable risk profile of the City.

### Interest rate risk is managed as follows

The City's exposure to the risk of changes in market rates relates primarily to the City's investments with floating interest rates. The City is not exposed to interest rate risk relating to liabilities as all the City's borrowings are at a fixed interest rate.

### Currency Risk

Foreign exchange risk is the risk that adverse changes in exchange rates may cause a reduction in the income of the City. The City 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 City manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the rand value of the contracted goods or services.

### Credit Risk

Credit risk is the risk that the City may incur a capital loss when dealing with counterparties who may not be able to meet all or a portion of their commitments within a certain time period, including the risk of default. This risk is limited by the following measures -

**Investments and cash and cash equivalents** - the City 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 City does not consider there to be any significant exposure to credit risk.

**Long-term receivables** - where appropriate, the City obtains certain suitable forms of security when granting loans. **Allowances** for impairment are made in certain instances.

**Receivables** - receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The City's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The City has no significant concentration of credit risk, with exposure spread over a large number of consumers and not concentrated in any particular sector or geographic area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

**Liquidity Risk**

Liquidity refers to the ease with which an organisation can mobilise funds. Liquidity risk, therefore, is the risk that the City may not have funds available to meet promptly all maturing liabilities, including demand deposits, off-balance sheet commitments or any other financial obligations on a cost effective and on a timeous basis.

Mismanagement of liquidity will have quicker and more severe repercussions than any other risks. Thus, remaining liquid is a precondition for achieving the required business objectives.

**Liquidity risk is managed as follows -**

The City's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation. The City ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

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## DESCRIPTION OF THE CITY OF CAPE TOWN

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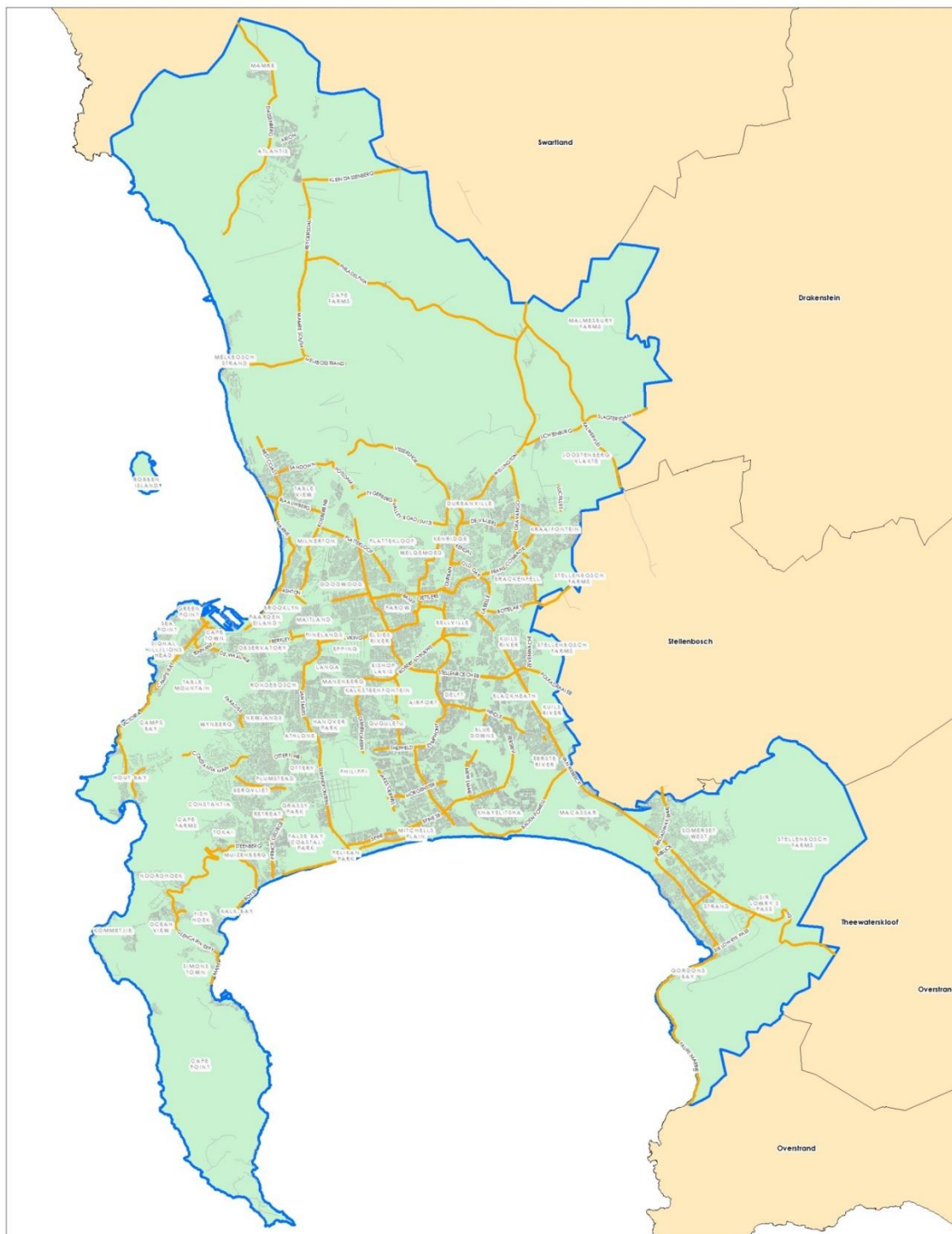
### INTRODUCTION

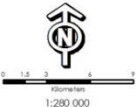
Cape Town is generally regarded as one of the world's most beautiful cities, and is as famous for its natural setting in the Cape floral kingdom as it is for its unique geography. It is the second most populous city in South Africa, a truly multicultural microcosm of South Africa that is also its most popular tourist destination. It is also the province's capital and economic centre, and is home to the country's parliament. The city is locally governed by the metropolitan municipality of the City of Cape Town (**"the City"** or the **"Issuer"**).

Although the region's first inhabitants were indigenous people who hunted, used tools and created fires, little is known about their history, and it was only in 1486 that the first written record of the area was made by Bartholomew Dias, the first European to round the Cape. He was followed by Vasco da Gama of Portugal in 1497, and Jan van Riebeeck in 1652. Van Riebeeck was a Dutchman who was sent to the area to establish a supply station for ships travelling to the Dutch East Indies. He was followed by the British in 1815, their arrival marking the beginning of a major influx of Europeans to the region.

The unparalleled growth of the original settlement soon necessitated a form of local government other than that established by the numerous European powers that fought to stake their claim on what was becoming an increasingly commercially attractive region. Accordingly, in 1838, a municipality covering the Green Point/Sea Point area was formed. This was a precursor of things to come, as at the time, the population amounted to nearly 20,000 people who were in dire need of a structured form of self government. On 3 March 1840, the Cape Town Municipality was formed, and in 1853, a liberal constitution was granted to the area, which was a colony at the time. In 1867, the Cape Town Municipality Amendment Act, granting full municipal government to the administration, was enacted by the Cape Colonial Parliament. It made provision for 18 town councillors and a council chairman, elected by the council as Mayor. On 28 November 1872, complete self government was promulgated. However, this form of government became increasingly fragmented, as is evidenced by the fact that prior to the first democratic local government elections held in May 1996, metropolitan Cape Town was governed by more than 39 local authorities and administered by no less than 19 separate administrations. In May 1996 these were replaced by a two-tier local government system with six local councils plus a metropolitan council in an effort to streamline the administration, although true unity was only achieved in December 2000 with the establishment of the present Unicity. The current City of Cape Town is now a Category A municipality and features a collective executive system combined with a sub-council participatory system.

The City of Cape Town spans a geographical area of 2,461 km<sup>2</sup> and provides services to over four million people. There were 1 462 156 households in the city in 2022 with the average household size being 3.2 members. A substantial proportion of new households in the city are in informal shelters, either in informal settlements or backyard dwellings. The City provides access to water and sanitation services for all residents in Cape Town. Formal properties receive services through a metered connection, while informal-settlement households receive free and unrestricted services *via* communal water points. All households have an adequate water supply that complies with national norms and service standards, which require basic water supply facilities within 200m. It fully complies with the national guidelines of adequate sanitation and has managed to provide 94.3% adequate access to sanitation services. 95.4% of households have refuse removed by the municipality at least once a week. The metro electricity supply area is divided between Eskom and the City, and both entities have electrification programmes. 75% of the City's residents are provided with electricity by the City itself and 25% provided by Eskom. The City aims to not only ensure value for money services, but to improve the quality of life for its citizens and promote Cape Town as a globally competitive city for the 21st Century. Its municipal area is in the following map -



|                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                               |                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
|  <p><b>CITY OF CAPE TOWN</b><br/><b>ISIXEKO SASEKAPA</b><br/><b>STAD KAAPSTAD</b></p> <p><i>Working progress possible. Together.</i></p> | <p><b>THIS MAP WAS COMPILED BY:</b><br/><b>CITY MAPS</b></p> <p>Information &amp; Knowledge Management<br/>Contact Information: Tel: +27 21 467 2711<br/>Fax: 086 202 8439<br/><a href="mailto:city.maps@cape.gov.za">city.maps@cape.gov.za</a></p> <p>Date: March 2017<br/>Job Number: 2017_244</p> | <p><b>Legend</b></p> <ul style="list-style-type: none"> <li>Major Roads</li> <li>Other</li> <li>City</li> <li>Local Municipalities</li> </ul> <p><small>Please Note:</small></p> <ul style="list-style-type: none"> <li>Every effort has been made to ensure the accuracy of information in this map at the time of publication.</li> <li>The spatial data portrayed in this map is as current, accurate and complete as provided by the various line departments responsible for the maintenance of these datasets.</li> <li>The City of Cape Town accepts no responsibility for, and will not be liable for, any errors or omissions contained herein.</li> </ul> |  <p>0 1.5 3 4.5 6 7.5 9<br/>Kilometres<br/>1:280 000</p> | <p><b>City of Cape Town</b></p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|

## **STRATEGY**

### **Vision**

The vision of the Cape Town is to be a City of Hope for all – a prosperous, inclusive and healthy city where people can see their hopes of a better future for themselves, their children and their community become a reality. As the city government, the City is focused on creating the conditions for meaningfully faster economic growth, resulting in more Capetonians lifting themselves out of poverty.

Cape Town will be a tangible demonstration of what is possible in South Africa if we work together – and living proof that South African cities can be places where people's life chances steadily improve and poverty is overcome. A city where each resident can feel secure in the knowledge that their city government is capable and accountable to deliver on the basics. A city built on good governance, where the economy can thrive and bring investment and jobs, without being weighed down by public infrastructure failure and corruption.

To turn Cape Town into South Africa's City of Hope, the City must provide the foundation necessary to improve people's life chances. We must use the public resources entrusted to us to co-create a city that is more caring, more inclusive, more prosperous, more united, more respectful, safer and freer.

The following diagram shows the focus areas of the City over the next five years. The City will focus on six priorities, the most important of which is economic growth to reduce poverty. These priorities will rest on three foundations essential to realise 'A City of Hope'.

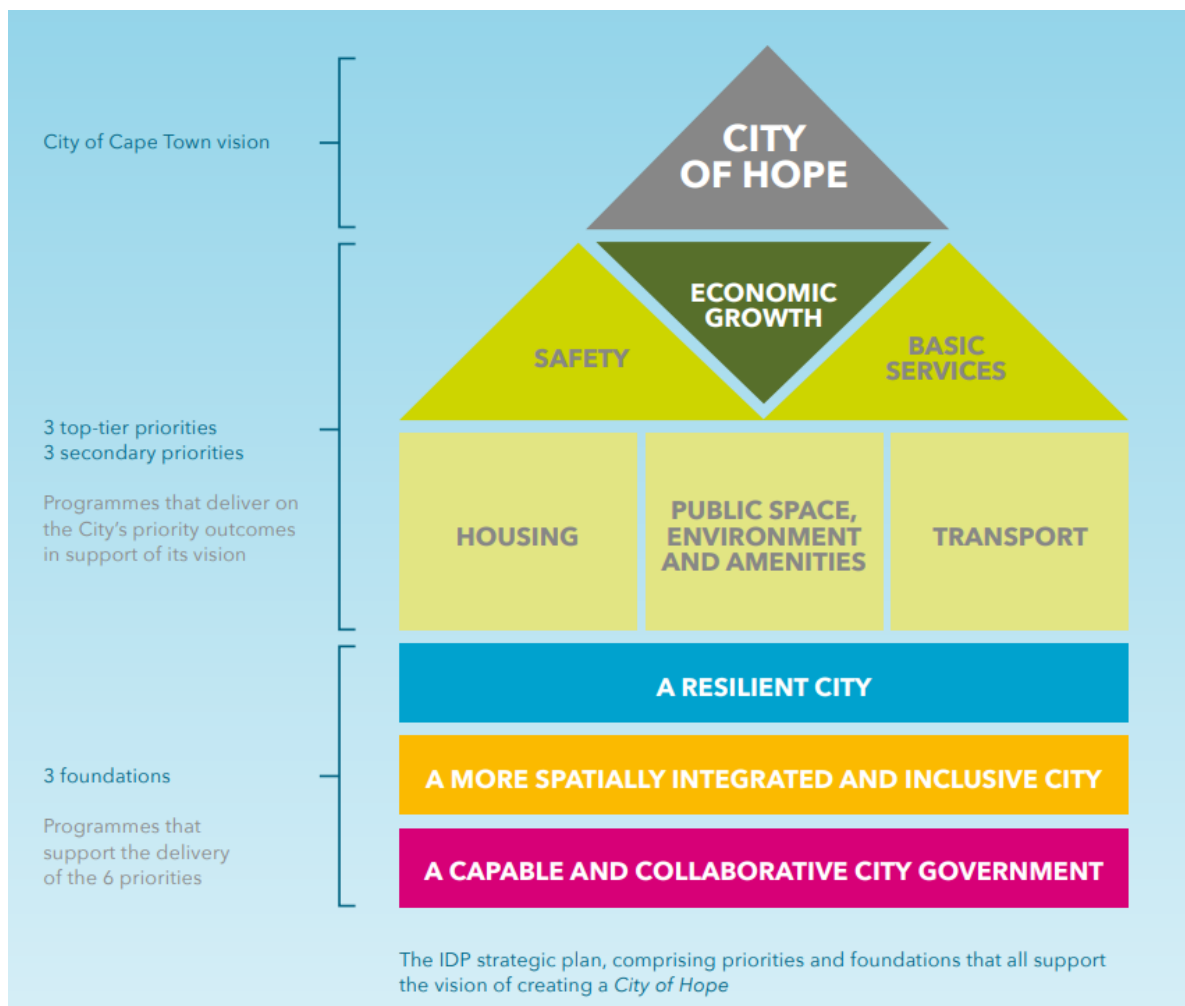


Figure 1: The IDP strategic plan

### Integrated Development Plan (IDP): The City's 5 Year Strategic Focus Area Implementation Plan

In 2006, Council adopted its first 5 Year IDP in consultation with communities and stakeholders. This is reviewed on an annual basis in accordance with legislative directives so as to determine budgetary allocations. Full details of the 2022 - 2027 IDP can be found on the City's website, [www.capetown.gov.za](http://www.capetown.gov.za).

To achieve its vision, the City has retained on the five pillars it identified as the cornerstones of a successful and thriving city in its previous term-of-office IDP, which form the foundation for further progress to enable the achievement of the City's vision. These five focus areas inform all the City's plans and policies. These are as follows –



Figure 2: Strategic Focus Areas of the IDP

- the **opportunity city** focuses on the creation of an environment that stimulates sustainable economic growth, investment and job creation;
- the **safe city** aims to create an environment where citizens feel safe. It goes beyond policing and includes aspects such as disaster and risk management, rescue services as well as traffic and bylaw enforcement in order to address safety as a well-rounded concept, while also considering social factors in the City's approach;
- Cape Town must be welcoming to all people and make residents feel at home. As such, the **caring city** concentrates on looking after the people of Cape Town, and especially those who are most in need of assistance;
- true inclusivity can only be achieved in an environment where there is access to economic opportunities, where citizens feel safe and cared for, and where communities are truly integrated. Therefore, the **inclusive city** incorporates aspects of all three strategic focus areas above; and
- to deliver on its vision, the City needs to be responsive to its customers' needs and able to sustainably support the various initiatives, programmes and projects by delivering the right services in the most efficient and effective way. The **well-run city** aspires to do this by focusing on financial and operational sustainability, human resource development and organisational restructuring.

The five strategic focus areas provide the platform from which IDP strategy and the allocation of the City's resources can be cascaded downwards into objectives, strategies and development priorities.

The City has also identified 11 priorities that span across the five strategic focus areas. By elevating these 11 priorities, it is expected that the strategic focus area outcomes will be accelerated. Furthermore, the priorities are transversal (see figure 1) and will discourage previous silo-based approaches to initiatives, projects and programmes. In addition to spanning across the five strategic focus areas, the priorities also have clear interdependencies, which will further ensure a more sustainable and transversal approach in the organisation.

The 11 priorities are -

- positioning Cape Town as a forward-looking, globally competitive business city;
- leveraging technology for progress;
- economic inclusion;
- resource efficiency and security;
- safe communities;
- excellence in basic service delivery;
- mainstreaming basic service delivery to informal settlements and backyard dwellers;
- dense and transit-oriented urban growth and development;
- an efficient, integrated transport system;
- building integrated communities; and
- operational sustainability.

The transversal alignment between the five strategic focus areas and the 11 priorities is illustrated in the following figure.

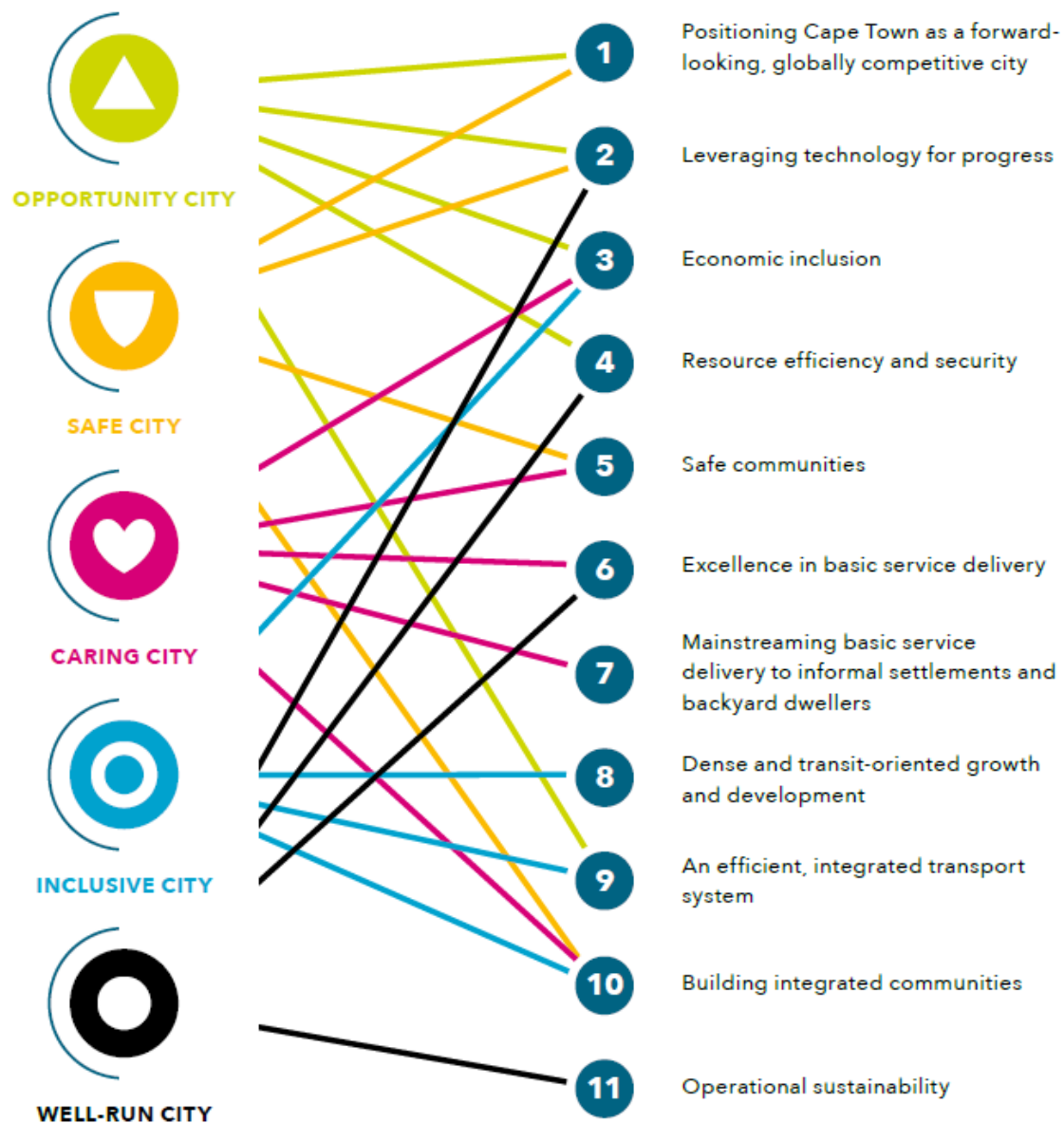


Figure 3: Relationship between the 5 Strategic Focus Areas and the 11 Priorities

The IDP consists of two main parts—

- a **strategic plan**, which contains the longer-term strategic vision, priorities and narrative, and is informed by stakeholder inputs; and
- an **implementation plan**, which focuses only on *key strategic programmes, projects and initiatives* that will support the achievement of the priorities during the five-year term of office.

The City's five-year implementation plan is informed by 16 objectives. The diagram below indicates how the strategic plan is translated into the implementation plan. The 16 objectives describe what success looks like in realising the vision of a City of Hope. The programmes and initiatives/projects under each of these objectives are the ways in which the City intends to contribute towards these objectives. The following diagram shows the structure of the implementation plan, and how it is aligned for implementation.

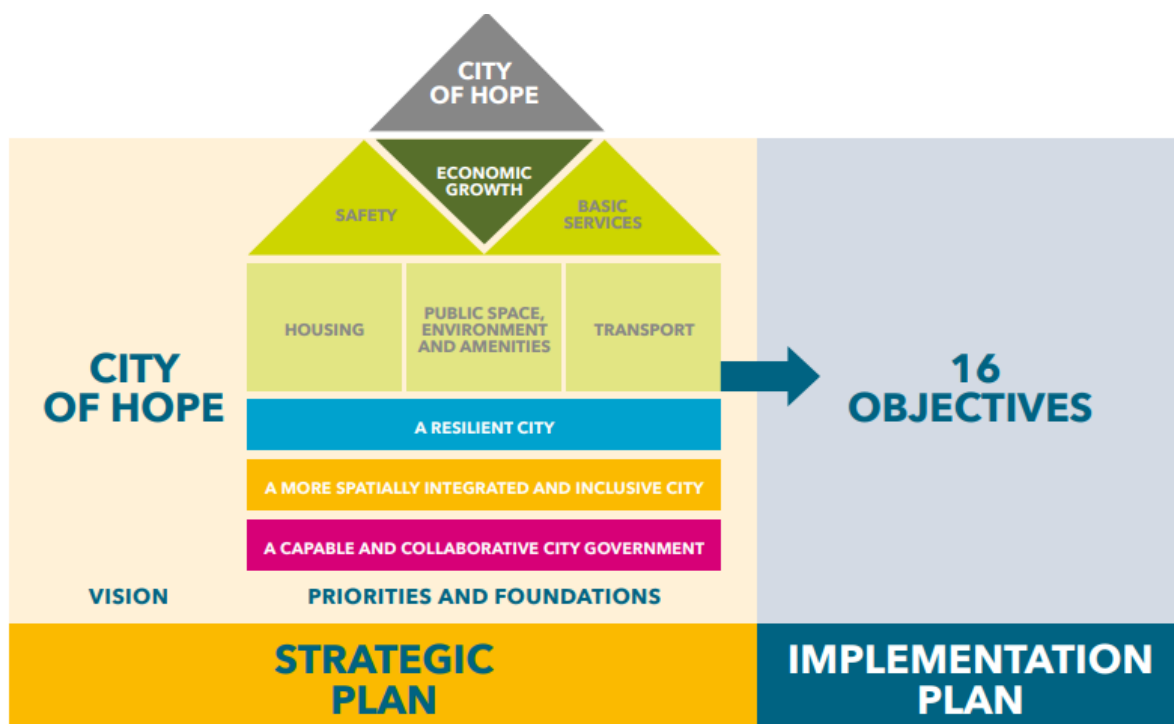


Figure 4: Translating the IDP Strategic Plan Into The IDP Implementation Plan

The City's 16 Objectives linked to its priorities and foundations are as follows:

#### **ECONOMIC GROWTH**

Objective 1: Increased jobs and investment in the Cape Town economy

#### **BASIC SERVICES**

Objective 2: Improved access to quality and reliable basic services

Objective 3: End load-shedding in Cape Town over time

Objective 4: Well-managed and modernised infrastructure to support economic growth

#### **SAFETY**

Objective 5: Effective law enforcement to make communities safer

Objective 6: Strengthen partnerships for safer communities

#### **HOUSING**

Objective 7: Increased supply of affordable, well-located homes

Objective 8: Safer, better-quality homes in informal settlements and backyards over time

#### **PUBLIC SPACE, ENVIRONMENT AND AMENITIES**

Objective 9: Healthy and sustainable environment

Objective 10: Clean and healthy waterways and beaches

Objective 11: Quality and safe parks and recreational facilities supported by community partnerships

#### **TRANSPORT**

Objective 12: A sustainable transport system that is integrated, efficient and provides safe and affordable travel options for all

Objective 13: Safe and quality roads for pedestrians, cyclists and vehicles

Objective 14: A resilient city

Objective 15: A more spatially integrated and inclusive city

Objective 16: A capable and collaborative city government

The City's Corporate Scorecard for the term of office of its IDP as well as annual amendments and updates are available at the following website link:

<https://www.capetown.gov.za/Family%20and%20home/Meet-the-City/our-vision-for-the-city/the-citys-idp-2022-2027>

## **ORGANISATIONAL STRUCTURE**

The City's current organisational structure, outlined below, is the outcome of a restructuring process called the Organisational Development and Transformation Plan (**ODTP**) that was embarked upon in 2016 and rolled out over the subsequent five years. The purpose of the restructuring is to focus on more localised and area-based service delivery, using the projects, processes and procedures it already has in place. Essentially, this means that the City will have strong central service departments with area-based project and performance management to ensure that service levels are being met in all parts of the city. One of the key refinements approved as part of the ODTP is the role of strategy and the need for improved strategy-led decision-making within the City. This will improve the realisation of identified key priorities by ensuring that resources are allocated more strategically.

The organisational design that will support the above initiatives to ensure the delivery of services that meet and exceed the needs of the City's residents was drafted based on the following organisational design principles –

- focus on the customer and organize everyone on delivering end products and services that are valued by the customer;
- realign organisational roles and resources around the processes that deliver customer value;
- arrange support functions as "partners in process performance";
- transform management roles from "command and control" to "strategic and process leadership";
- recast performance management systems to emphasize customer-driven team behaviors;
- promote multiple competencies in individuals and teams;
- innovation and design approach-not more of the same; and
- ongoing and careful consideration of the overall labour cost.

## Council Structure

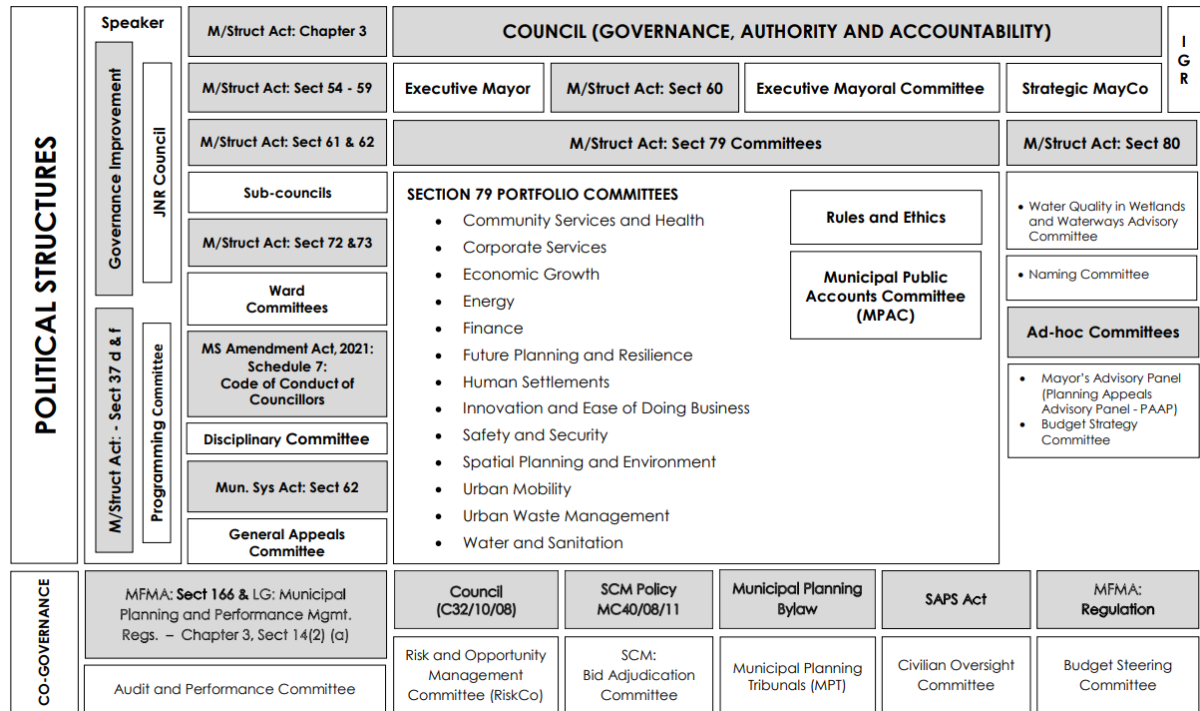


Figure 5: Council Structure

## CITY OF CAPE TOWN EXECUTIVE STRUCTURE

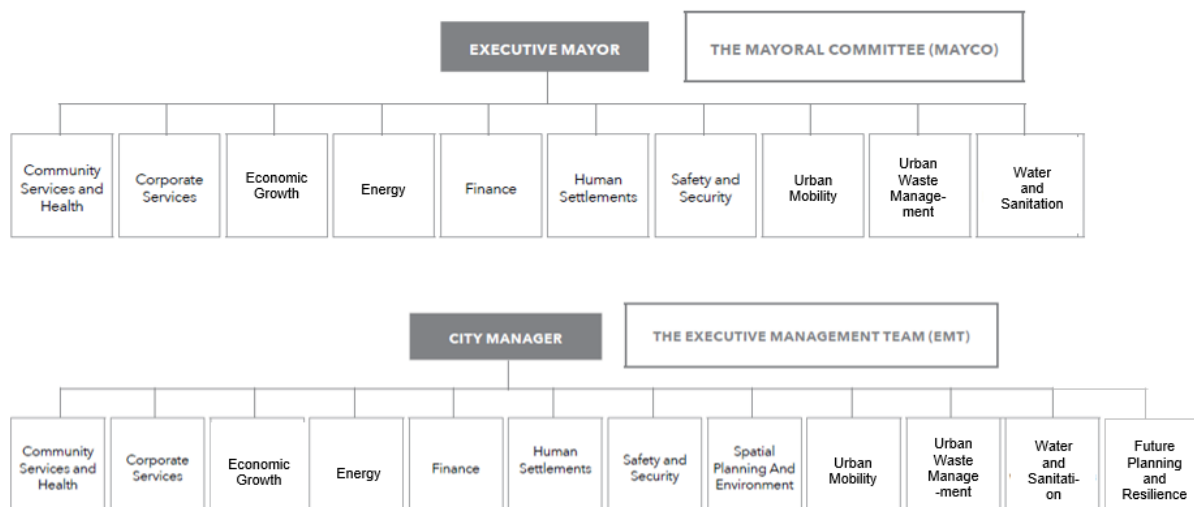


Figure 6: Executive Structure

### Executive Mayor and Mayoral Committee Members

| Mayoral Committee                                           | Councillor/Alderman        |
|-------------------------------------------------------------|----------------------------|
| Executive Mayor                                             | Ald Geordin Hill-Lewis     |
| Executive Deputy Mayor and Spatial Planning and Environment | Cllr Eddie Andrews         |
| <b>Portfolio Mayoral Committee</b>                          |                            |
| Economic Growth                                             | Ald James Vos              |
| Corporate Services                                          | Ald Theresa Uys            |
| Human Settlements                                           | Cllr Carl Pophaim          |
| Water                                                       | Cllr Zahid Badroodien      |
| Safety and Security                                         | Ald JP Smith               |
| Community Services and Health                               | Cllr Patricia van der Ross |
| Energy                                                      | Cllr Beverley van Reenen   |
| Finance                                                     | Cllr Siseko Mbandezi       |
| Urban Mobility                                              | Cllr Roberto Quintas       |
| Urban Waste Management                                      | Ald Grant Twigg            |

Information regarding the director positions held by the above-mentioned members can be found at the following link:

[https://www.capetown.gov.za/\\_layouts/15/CouncillorsOnlineDeclarations.UI/declarations.aspx](https://www.capetown.gov.za/_layouts/15/CouncillorsOnlineDeclarations.UI/declarations.aspx)

The election of councillors, and thus the Executive Mayor and members of the Mayoral Committee (who are first elected as councillors), is governed by processes overseen by the Independent Electoral Committee (IEC). As part of the process, the IEC will ensure that every person who intends to stand for election as a municipal councillor is validated and eligible in terms of section 158(1) of the Constitution of the Republic of South Africa.

This section stipulates that:

Every citizen who is qualified to vote for a municipal council is eligible to stand and to be elected as a member of that council, unless that person:

- is in the service of that municipality and receives remuneration from that municipality and has not been exempted from disqualification in terms of national legislation;
- is appointed by, or is in the service of the state in another sphere and receives remuneration for that appointment and has been disqualified from membership of a Municipal Council in terms of national legislation;
- is disqualified from voting for the National Assembly;
- has been declared an unrehabilitated insolvent;
- has been declared to be of unsound mind by a court of the Republic;
- is convicted of an offence and sentenced to more than twelve 12 months imprisonment without the option of a fine either in the Republic , or outside of the Republic if the conduct constituting the offence would have been an offence in the Republic and a period of 5 years has not elapsed since the sentence was completed;
- is a member of the National Assembly, a delegate to the National Council of Provinces or a member of the provincial legislature, unless that person is a member of the municipal council representing local government in the National Council; or
- is a member of another Municipal Council other than a Municipal Council representing that Council in a Municipal Council of a different category.

The Executive Mayor and the members of the Mayoral Committee were therefore elected in line with the above-mentioned criteria.

#### *Portfolio committees and chairpersons (Section 79)*

The section 79 committees are those that are referred to in section 79 of the Municipal Structures Act.

#### *Office of the Speaker*

The Speaker's Office co-ordinates all processes flowing from the implementation of the subcouncil's delegations, matters relating to disciplinary investigations in terms of the codes of conduct of Councillors and municipal employees, rules of meetings of political structures, and the Planning and General Appeals Committee. The Speaker also has an oversight function in respect of Council, its committees, subcouncils and ward committees.

#### *Subcouncils*

There are a total of 21 subcouncils which make up the City's municipal structure. These are governed by a number of delegations of the Council and they have the authority to make decisions on a range of municipal matters. The subcouncils serve the residents by engaging with them on municipal issues. Their functions include, amongst others, –

- receiving and responding to residents' complaints and enquiries;
- making recommendations to Council on matters affecting their area;
- commenting on liquor licence applications;
- monitoring the City's service delivery effort;
- supervising the expenditure of ward allocation budgets (funds that the City allocates towards in every subcouncil for local municipal projects);
- ensuring that by-laws and policy matters are referred to the community for comment; and
- maintaining an up-to-date database of community organisations in the area.

#### *Executive Management*

The Executive Management Team (EMT) equips the City with the necessary leadership skills to drive the IDP identified strategic objectives. The macrostructure of the administration as implemented in the 2019 financial year is indicated below –

---

**Executive Management Team (EMT)**


---

|                                        |                    |
|----------------------------------------|--------------------|
| City Manager                           | Lungelo Mbandazayo |
| Chief Audit Executive                  | Zakariya Hoosain   |
| Economic Growth                        | Ruby Gelderbloem   |
| Corporate Services                     | Ernest Sass        |
| Energy                                 | Kadri Nassiep      |
| Finance                                | Kevin Jacoby       |
| Human Settlements                      | Nolwandle Gqiba    |
| Water and Sanitation (Acting)          | Etienne Hugo       |
| Safety and Security                    | Vincent Botto      |
| Community Services and Health (Acting) | Zukiswa Mandlana   |
| Urban Mobility                         | Dalene Campbell    |
| Urban Waste Management                 | Luzuko Mdunyelwa   |
| Spatial Planning and Environment       | Robert McGaffin    |
| Future Planning and Resilience         | Gareth Morgan      |

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**Summary of the EMT's roles and responsibilities**
*City Manager*

Together with the Executive Mayor, the City Manager is accountable to the community and other stakeholders for all aspects of governance which includes ensuring compliance with statutory requirements and City policies, processes and procedures.

*Chief Audit Executive*

The Chief Audit Executive generally functions as a 'watchdog' by supervising government spending and public finance management. Key to this role is a focus on the prevention of irregularities and the design and implementation of controls aimed at ensuring that the organisation complies with legislative directives, amongst other. The function also includes the implementation of different types of audits (financial, compliance and performance amongst others) aimed at improving government accountability and enterprise risk management.

*Directorates*

The following directorates are responsible for the day to day implementation of the City's strategic focus areas –

- Economic Growth;
- Corporate Services;
- Energy;
- Finance;
- Future Planning and Resilience
- Human Settlements;
- Water and Sanitation;
- Safety and Security;
- Community Services and Health;
- Urban Mobility;
- Urban Waste Management; and
- Spatial Planning and Environment.

### Debt officer

The current debt officer of the Issuer is Hilton Robbins.

The contact details of the debt officer are as follows -

Address: 12 Hertzog Boulevard, Foreshore, Cape Town, 8000  
 Email: [Hilton.Robbins@capetown.gov.za](mailto:Hilton.Robbins@capetown.gov.za)  
 Telephone: 021 400 5211

### Responsibilities of the debt officer

The debt officer must -

- act as a central contact person of the Issuer in order to assist a Noteholder with any issues pertaining to any compliance with the Applicable Terms and Conditions of the Notes in a Tranche held by that Noteholder, the Applicable Pricing Supplement relating to such Notes and the JSE Debt Listings Requirements; and
- assist Noteholders to access the Register through the Transfer Agent and to ensure that any request to access the Register will be adhered to within three business days of receipt of a written request from the relevant Noteholder by the debt officer.

No action taken by the debt officer in terms of the 1<sup>st</sup> sub-paragraph above shall be construed as the giving of "advice" (as defined in the Financial Advisory and Intermediary Services Act, 2002) by the debt officer to any Noteholder. A Noteholder who is in any doubt about the interpretation of, or the legal consequences flowing from, any of the Applicable Terms and Conditions of any Note/s in a Tranche held by that Noteholder must consult its own legal advisers.

Any changes to the contact details of the debt officer or the appointment of the debt officer will be announced through SENS.

### Governance

One of the City's five pillars – The Well-Run City – focuses on good governance in order to ensure that the City remains an efficient, well-governed and corruption-free administration which is receptive to the needs of its citizens.

Through good urban governance, citizens are provided with the platform that allows them to use their talents to the fullest to improve their social and economic conditions. The City is funded by public money, and is therefore expected to exercise the highest levels of corporate governance.

The City has adopted and adheres to the King IV Report on Corporate Governance for South Africa, 2016 ("King IV"), on the basis set out in the City's most recent annual report. King IV builds on its predecessors' positioning of sound corporate governance as an essential element of good corporate citizenship by setting out the philosophy, principles, practices and outcomes which benchmark the achievement of the governance outcomes of ethical culture, good performance, effective control and legitimacy.

This type of leadership is echoed at all levels of City government, entailing maximum transparency and efficiency. Only by knowing that elected leaders and officials work in the interest of the public at all times, can fully democratic and accountable government be ensured.

Throughout all government processes, the City demonstrates that it is accountable for the resources it manages at all times.

The City's most recent annual report is incorporated by reference into the Programme Memorandum and is available at the following website link: <https://www.capetown.gov.za/local%20and%20communities/meet-the-city/city-reports/annual-reports>.

### Delegation of Powers

#### Overview

The City's delegation system has been compiled in accordance with the requirements of section 59 of the Municipal Systems Act and delegates appropriate powers, functions and duties. At its core, the

System of Delegation, when read in conjunction with management and operational procedures, gives life to transversal management and the creation of a more efficient, effective, and responsive organisation. Delegations are made to the following office bearers and political structures:

- the Executive Mayor;
- the Executive Deputy Mayor;
- the Speaker;
- the Chief Whip;
- the Sub-council Chairpersons;
- the Section 79 Portfolio committees;
- the sub-councils;
- Rules and Ethics Committee;
- Disciplinary Committee;
- Municipal Public Accounts Committee;
- General Appeals Committee; and
- Ward Committees
- the City Manager
- the Executive Directors
- the Directors

Political office bearers, political structures and officials are authorised to sub-delegate any of their delegated powers, duties and functions, including where such authority stems from instruments (policies, by-laws, frameworks etc.) unless this provision is specifically excluded in the System of Delegations. Where a power has been delegated to an individual Councillor, the power cannot be sub-delegated to an official. A sub-council's powers to sub-delegate any of its powers, duties and functions are limited to officials in terms of section 17 of the Cape Town Sub-council By-law, 2003.

#### *The City's decision-making control measures*

Effective control of decision making is guided by checks and balances imposed by Council and the law on this System of Delegation including the following provisions –

- an official to whom a power, duty or function has been delegated or sub-delegated in this System of Delegations shall not unreasonably refuse to exercise such delegation and must motivate such refusal to the satisfaction of the delegator;
- any sub-delegation of a power, duty or function authorised in terms of this System of Delegations must be in writing, and may be given subject to limitations, conditions and directions by the person who grants the sub-delegation;
- it is not permissible in terms of the law for a person who has been given a sub-delegation to further sub-delegate such power, duty or function;
- the conferring of a delegation does not divest Council from exercising the power or the performance of the duty;
- the conferring of a sub-delegation does not divest a political structure, a political office bearer or an official from exercising the power or the performance of the duty;
- a political structure or a political office bearer to whom a power has been delegated may decline to exercise such power and must motivate such refusal to the satisfaction of the delegator;
- a political structure, political office bearer or Councillor to whom the Council as a delegating authority has delegated a power, duty or function must report quarterly to the delegating authority on decisions taken in terms of that delegated power, duty or function.
- in exercising any power, duty or function in terms of this System of Delegation, a political structure, political office bearer or official must comply with the provision of the Promotion of Administrative Justice Act, 2000 and the regulations promulgated in terms thereof;
- in exercising any power, duty or function in terms of this System of Delegation, a political structure, political office bearer or official must comply with the provisions of Council's policies, by-laws and any law relating to the matter under consideration;
- the exercise of any power, duty or function includes the right to do anything reasonably necessary for or incidental to the effective performance of such power, duty or function;
- a power or duty may be conferred upon more than one person or political structure. In the case of irreconcilable provisions, higher political structure or executive authority shall prevail;

- where in the opinion of the City Manager, an official exercises a delegation in a way that is not in the best interests of the City, he/she may intervene and exercise the power in question and must report to the next meeting of Council; and
- Council expressly delegates to the City Manager the power to exercise all of the Executive Director's powers in their absence.

#### *Information source of reference*

The information contained in the above section is detailed in the article entitled 'Council's System of Delegations: City of Cape Town, adopted by Council on 20 June 2023'.

In terms of the provisions of the JSE Debt Listings Requirements, the following documents can be found as indicated:

- in relation to the City's green bonds issued under the Programme (stock code number CCT04) in March 2017 and listed on the Sustainability Segment of the JSE:
  - full name, address and contact details of the bond's independent external reviewer:
    - KPMG Services Proprietary Limited  
KPMG Crescent  
85 Empire Road  
Parktown  
Johannesburg  
2193  
011 647 7111
  - disclosure on the use of proceeds can be found in the City's Annual Report for each financial year: <https://www.capetown.gov.za/local%20and%20communities/meet-the-city/city-reports/annual-reports>
  - a complete review report through means of a second party opinion from an independent external reviewer on the use of the proceeds: Green Bond – KPMG's Post-Issuance Report: <https://resource.capetown.gov.za/documentcentre/Documents/Financial%20documents/Green%20Bond%20%E2%80%93%20KPMG%E2%80%99s%20Post-Issuance%20Report.pdf>

## **BUSINESS ENVIRONMENT**

### **Economic Conditions**

Cape Town contributes 73% of the Western Cape's gross geographic product (**GGP**) (Regional eXplorer, 2023). From 2018 to 2022, Cape Town contributed 10,4% (average) to South Africa's gross domestic product (**GDP**). In 2022, Cape Town's GGP stood at R482 billion (in real terms).

Cape Town's economic growth is closely tied to South Africa's economic growth rate as reflected in Figure 7 below, which plots Cape Town and South Africa's annual GDP growth rates for the period 2013-2022. For the most part, Cape Town's growth performance mirrors that of the country and, on average, Cape Town has grown faster during this period by 0,3 percentage points. While the impact of the drought caused a diversion from the typical pattern in 2017 resulting in Cape Town's economic growth rate dipping below that of national, the higher growth pattern of the metro resumed after the drought. Over the last five years, South Africa and Cape Town's average annual economic growth rates stood at 0,5% and 0,9%, respectively, due to the recession in 2020. During the Covid-19 induced recession, Cape Town performed better than national, with a decline of 5,0% compared with -6,0% for national. While matching the direction of national growth trends, Cape Town has, on average, grown faster during this period.

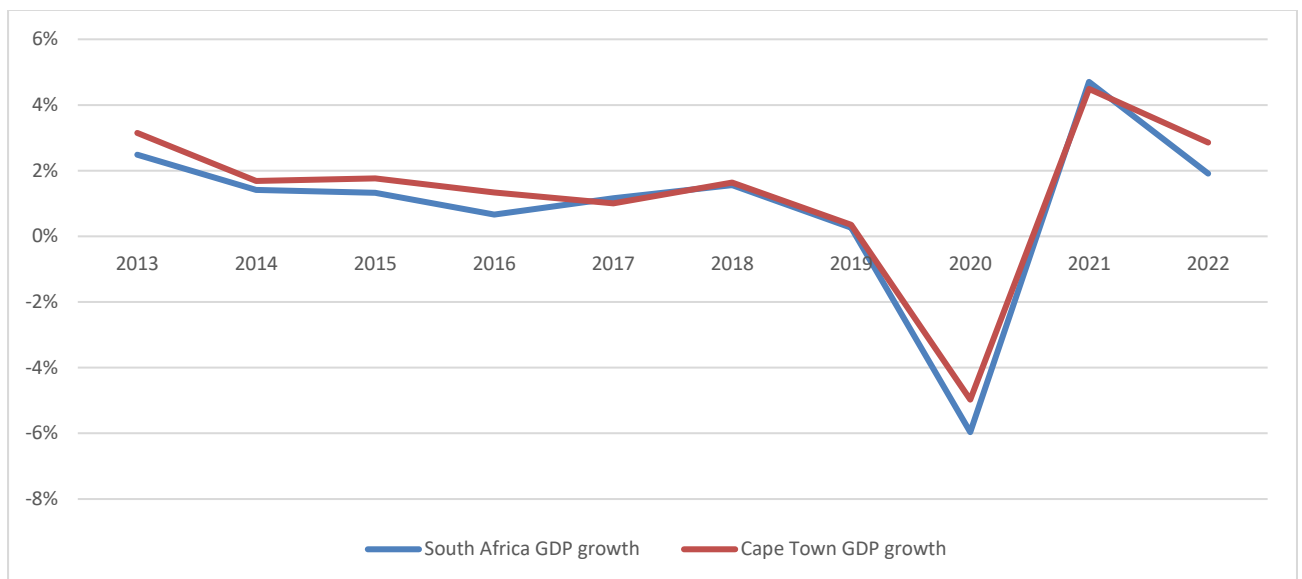


Figure 7: GDP at constant prices annual growth rates for Cape Town and South Africa, 2013-2022

Source: Regional eXplorer data, 2023.

Cape Town's 'recovery' to 2019 GDP levels was reached in Q1 2022, in line with the national GDP recovery. However, while the national economy took a dip in Q2 2022 before resuming higher GDP recordings, Cape Town's levels have remained consistently higher [than 2019] since. The ability of many of the tertiary sectors to adapt to new working conditions, coupled with transitory low interest rates and higher than normal exports contributed to a faster than expected pace of recovery. Subsequently, a multiplicity of shocks, including the war in Europe hindering global supply chains and deepening geopolitical tensions, have played a role in stalling the recovery. Other related shocks include rising inflation (above the SARB target), power rationing, and increasing borrowing costs. South African GDP is forecast at 0.6% for 2023 and 1.1% for 2024 (BER: July, 2023). Cape Town is likely to come in around these figures, possibly higher, as the tourism industry recovers and further load shedding mitigation measures are implemented.

Cape Town's economy is dominated by the finance and business services sector which constitutes 39,8% of Cape Town's Gross Value Added (GVA), whereas it contributed only 26,1% nationally in 2022 as shown in Figure 8 below. Other key sectors include community services, trade and hospitality (including tourism), manufacturing and transport. At the other end of the scale, sectors of smaller size in Cape Town include agriculture, as well as mining and quarrying which contribute only 1,1% and 0,1% respectively to the Cape Town economy compared to 3,2% and 4,9% nationally.

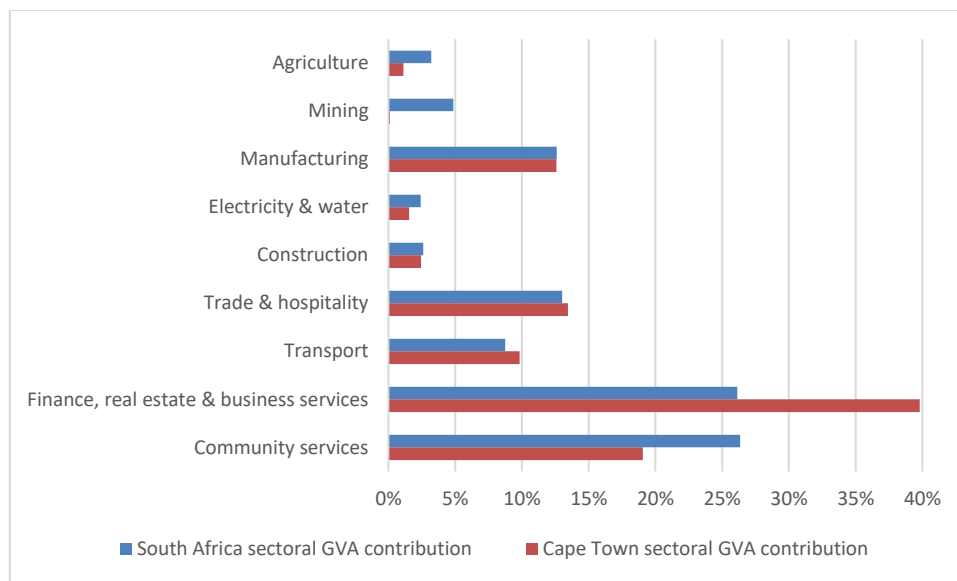


Figure 8: Cape Town's GVA sector shares versus national GVA sector shares, 2022

Source: Own calculations based on Regional eXplorer data, 2023.

The global shocks of the pandemic and the economic fallout of the European war also affected the labour market in Cape Town. Cape Town's broad unemployment rate (including the non-searching) reached its highest recording in the second quarter of 2022 (31,3%) since the start of the Statistics SA QLFS Survey in 2008. Since reaching its highest recording, the broad unemployment rate has been on a decreasing trend indicating that Cape Town's labour market is slowly recovering from the local climate and global pandemic shocks. In some part, this is due to the recovery of labour-intensive industries related to tourism, however, domestic arrivals into the city remain below pre-COVID-19 levels. Unfortunately, high growth sectors such as business services, finance and insurance and real estate services are not the most labour-intensive sectors, in many cases resulting in GDP growth with lower than expected employment growth.

Figure 9 below illustrates the relationship between employment creation and the expanded unemployment rate. The overall declining trend in the unemployment rate (from 25,7% in 2014 to 24,1% in 2019) is achieved by the increasing trend in employment (from 1 479 649 individuals to 1 595 388 individuals, respectively) over this period. Unfortunately, COVID-19 negatively affected this trend, with unemployment rates reaching their highest levels in 2022. Employment levels for 2022 (1 531 563 individuals) are still below those of 2019 but higher than 2021 (1 457 238 individuals). The unemployment rate recorded in 2022 was 29,4%, lower than its highest annual recording of 29,9% in 2021. Since the second quarter of 2022, Cape Town has seen positive employment growth, reaching its highest levels of employment to date for the second quarter of 2023, of 1 760 308 individuals. These employment levels have surpassed pre Covid-19 levels, with the recovery of informal employment and international tourism. This increasing employment in 2022 and 2023 facilitated the drop in the broad unemployment rate to 24,3% for 2023 Q2 (not graphed in the annual data below).

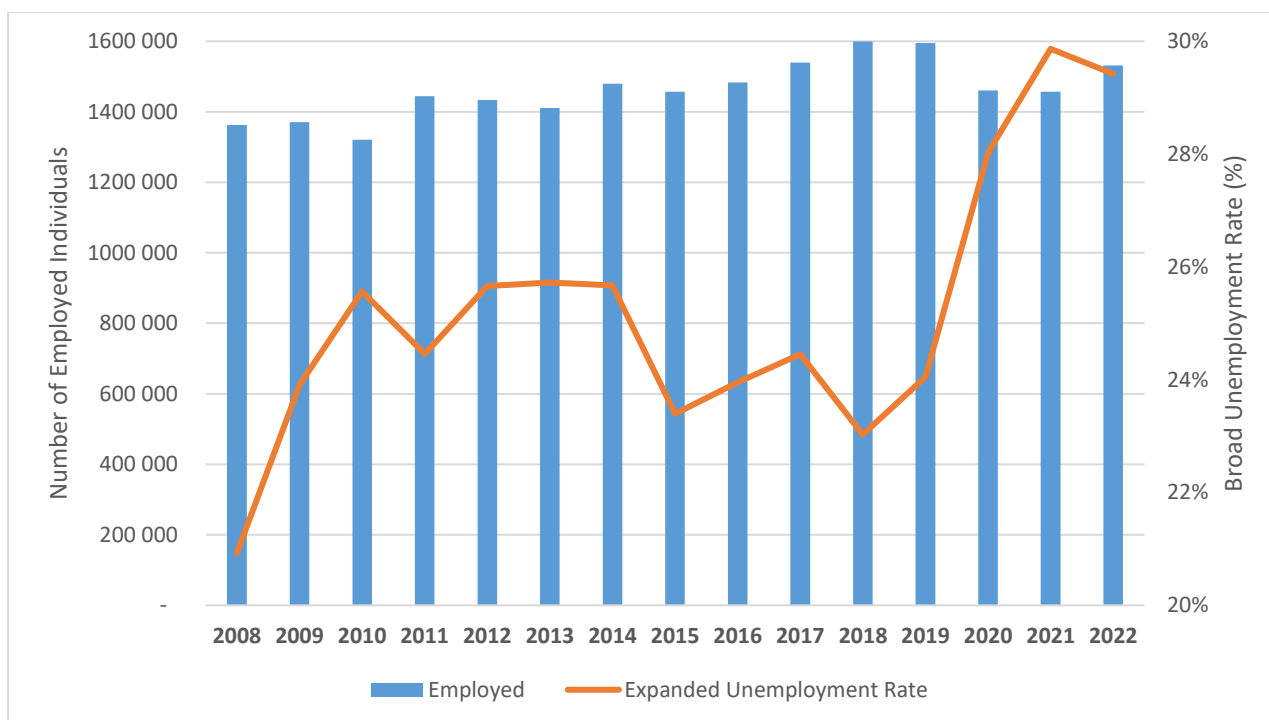


Figure 9: *Employment level and Broad Unemployment rate in Cape Town from 2008 until 2022*

Source: Statistics South Africa, Quarterly Labour Force Survey, 2008-2022

\*2021 average annual is based over three quarters as QLFS didn't release any metro data for 2021 Q4

Figure 10 below consolidates the various dimensions of industry performance. The industries with the largest impact are reflected by large bubbles (i.e. their respective portions of GVA), in the top right quadrant (highly labour intensive with strong growth). Clear potential is shown for other business services (including legal, engineering and BPM); retail trade activities and food and beverages. These industries displayed resilience during the Covid-19 pandemic, with some sectors in the e-commerce, BPM and Ed-tech sectors growing rapidly. Since Covid-19 many of the bubbles have moved left, with lower average growth between 2018 and 2022. Most of the sectors that remained on the right hand side i.e. positive growth, were able to continue their services during the lockdown.

Unfortunately, a number of Cape Town's growth industries are below 0 on the y-axis, indicating that they have below-average labour-intensity. This is true of finance and insurance; real estate activities; fuel, petroleum and chemicals; electronics and post and telecommunications. The industries with lower than average output growth that are more labour-intensive include construction; clothing and textiles; and hotels and tourism. Many of these industries were negatively affected by the Covid-19 pandemic. During the hard lockdown stages many of these industries had to stop production, close businesses and retrench staff. The 2023 figures have shown an improvement in occupancy rates in Cape Town as well as increased arrivals to Cape Town International Airport, signalling the recovery of the tourism sector after prolonged setbacks, including the war in Ukraine. The City's aspiring infrastructure programme and extensive ease of doing business initiatives, are also likely to inject new energy into the construction industry, which has been underperforming.

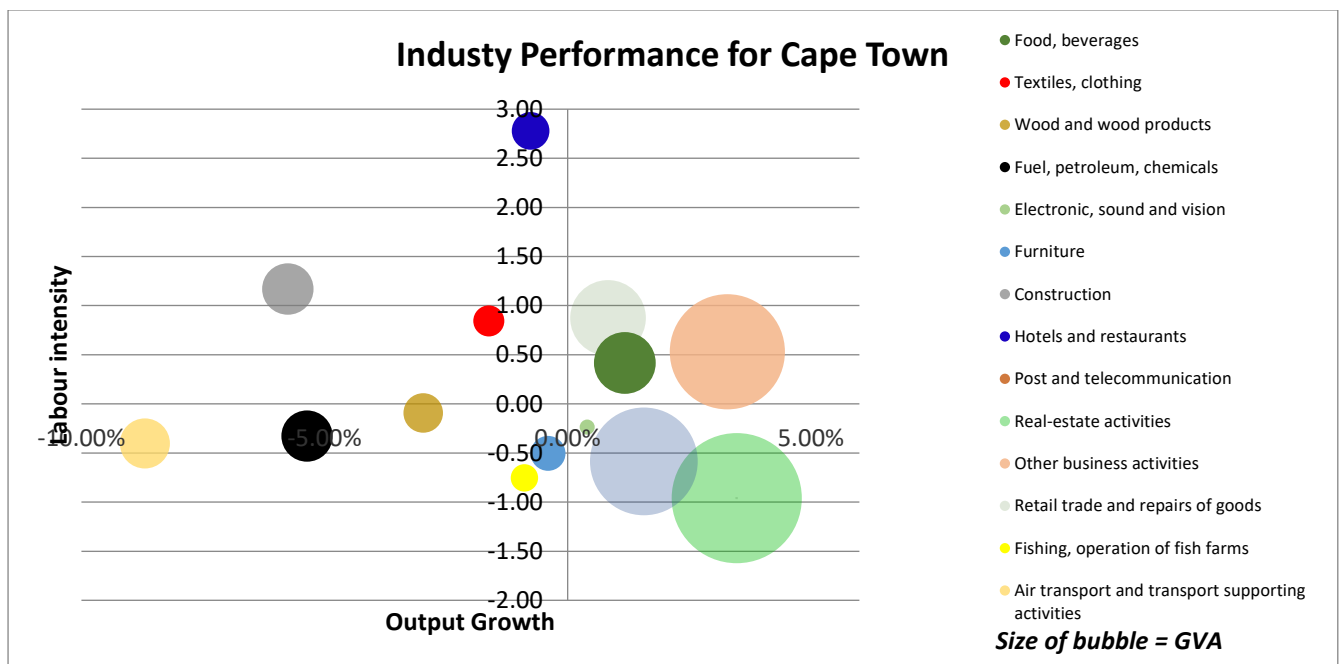


Figure 10: Industry performance for Cape Town, 2018-2022  
Source: Own calculations based on IHS Markit, Regional eXplorer data, 2023

Some of the industries in which Cape Town currently enjoys comparative advantages will remain growth drivers in the next 20-30 years, but some will need to be replaced by industries which exploit growing technological or socio-demographic trends.

Some of the particular sectors in which the City has strong prospects of employment growth, include, but are not limited to, -

- **Business Process Management (BPM):** This has been one of the leading sectors in the past few years, creating jobs in the Cape Town economy and recording several major investments. Cape Town's BPM industry, which is focused on offshore business, performed relatively well during the COVID-19 pandemic. Job opportunities have grown by tenfold in this sector in the Western Cape, from around 4 000 jobs in 2011 to over 42 000 in 2021. The lion's share of these job opportunities have been created in the metro. Industry experts report that Cape Town has not yet reached the industry's maximum employment potential; despite the threats of increasing automation.
- **Software and IT Services:** Cape Town is considered the leading location in the country for tech start-ups, e-commerce companies and venture capital deals. Working in the industry's favour as a pull factor for highly mobile entrepreneurs is the scenic appeal of the destination. Other factors contributing to the fast growth of the sector are a relatively strong IT talent pool in Cape Town and major investments by multinationals: for example, Amazon Web Services and Microsoft. Recent developments in the ways of working and changes in consumer behaviour, as necessitated by COVID-19 mitigation measures, have created a number of new opportunities for the IT industry and e-commerce in particular. Cape Town's IT industry and strong business services sector has been crucial to the city's economic recovery post Covid-19.
- **Food and beverage manufacture:** This sector is amongst the best performing manufacturing industries in Cape Town, growing its share of formal jobs while many other manufacturing industries have experienced declining shares. This sector increased its share of regional GVA to 4% in 2022. The continued growth of the African middle class is expected to lead to an increasing demand for 'status' food and beverage products, including fine foods and alcoholic beverages.
- **Electronics:** A number of large investments in the electronics industry have been made in recent years, most notably by Hisense and Panasonic, with the view to tapping into the growing African middle class in sub-Saharan Africa. African markets accounted for 63% of Cape Town's electronic exports in 2022, and there is opportunity to grow exports further in the region.

- *Renewable energy:* Cape Town is undertaking a number of initiatives to capitalise on the opportunities in the renewable energy sector, prominent among which is the green technology Special Economic Zone (**SEZ**) in Atlantis and the location of a number of renewable company head offices in the city. Cape Town is the South African hub of renewable energy manufacturing. The extended limits for embedded energy generation will serve to increase investment into energy facilities and potentially wheeling initiatives to increase the reliability of energy supply, a major constraint for businesses.
- *Film and Media:* Cape Town maintains its reputation as a diverse, professional and well-priced film destination. COVID-19 created temporary challenges for the industry, however it is expected to return to its former growth trajectory in the medium term. The growth of the industry also serves to provide the city with more exposure to foreign audiences, thereby providing key impetus to the tourism industry, which is slowly recovering post COVID-19.

### ***A Brief Note on the City's Inclusive Economic Growth Strategy and Integrated Development Plan***

In response to multiple economic shocks, the City of Cape Town has prioritised economic recovery in the development of its Inclusive Economic Growth Strategy, which places emphasis on the City doing its core functions well and ensuring consistent and high quality service delivery. It also highlights the importance of economic collaboration among a multiplicity of stakeholders in the city. With this plan in place, together with the new Integrated Development Plan 2023-2027, it is hoped that Cape Town's economy will not just emerge from the unprecedented shocks, but be significantly stronger than before they occurred.

### **Infrastructure and services**

The City's suite of services includes the basic services of access to water and sanitation, waste removal, and access to energy supply. Since 2014, access to basic services has generally increased, with the exception of energy supply. The next section provides more details on the changes in basic service provision and expands on residents' level of access to basic services in Cape Town.

#### *Existing level of development*

Investing in economic and social infrastructure is one way in which the City stimulates growth and supports inclusive economic development. Public infrastructure investment is also a powerful catalyst for spatial integration, and meaningfully improves access to the kinds of economic, educational and social opportunities that can lift families out of poverty. However, South African municipalities struggle to fund the expansion and improvement of public infrastructure in a sustainable way due to the limited opportunity to expand their revenue base, as well as increasing demands on their constrained resources. Municipalities also face service delivery challenges because of aging infrastructure, low-level control over key economic infrastructure, and significant growth in demand for basic services. Many municipalities do not have sufficiently developed infrastructure project pipelines and do not invest sufficiently in infrastructure project preparation and execution

#### *Levels of access to services*

Levels of access to basic services are informed by two different datasets. Demand-side data, which is typically reported by households in surveys, provides a holistic picture of basic services access. However, the main dataset reflecting basic services provision in Cape Town is supply-side data, which the City actively collects. The City strives to provide all households in informal settlements with access to the full suite of basic services. Intermittently, some settlements or dwellings temporarily fall outside the national service standard for electricity and water and sanitation access. This is typically because of vandalism and theft of equipment, or where entire settlements are being upgraded, and it takes time to install the required infrastructure to provide water services. There are a small number of informal settlements located on private property or below the 50-year flood-line, which impacts on the City's ability to provide services at the required ratios and distances from households. In these instances, the City investigates acquiring the property or relocating the households where feasible. The City also continues to test and implement alternative methods to deliver access to services in a way that offers dignity to residents and is cost-effective and sustainable over time.

## Environment

### *Climate Change Programme*

The City recognises that climate change poses a significant threat to Cape Town, its environment, communities and economy, and that we must take action to protect the future of the city and those who live here. Responding to climate change helps reduce the entire city's vulnerability to future climate disasters and presents an opportunity to lead in transitioning to clean energy and a water-sensitive city.

The City recognises that reducing reliance on power from Eskom, which is almost exclusively coal-based, is the single greatest way of reducing the carbon footprint of Cape Town and its residents. The municipality's interventions to improve public transport and encourage densification are other significant ways to reduce the city's carbon footprint and improve energy efficiency. A more compact and efficient built form will enhance Cape Town's sustainability into the future. The City is also working to shift the way in which service infrastructure is designed and managed to achieve climate change objectives, which is one of the key informants of the City's utility business model reforms. Finally, building resilience into the water system and more generally across City infrastructure will help prepare Cape Town for projected climate impacts

### *Disaster Risk Reduction and Response Programme*

The City and its residents experienced two major metro-scale disasters in the past five years, namely the drought and the pandemic. Smaller local emergencies such as flooding and fire also affected many communities. The increasing risk of natural and human-induced hazards affecting life, property, the environment and the functioning of communities is exacerbated by rapid urbanisation, climate change and worsening vulnerability. Disasters often disproportionately affect women, children and those already vulnerable. This requires improved emergency preparedness to avoid and reduce the impact of disasters. The City is committed to strengthening its risk assessment and response mechanisms to better prepare for and respond to disasters. Working with internal and external partners, the municipality will improve the effectiveness of disaster relief, addressing disaster-affected individuals' immediate needs.

Because of climate change, a wide range of hazards and threats are likely to become more frequent and significant in the near future. The impact of these hazards can be mitigated by reducing the vulnerability of people and property, sensibly managing land and the environment, and improving emergency preparedness and early-warning systems. Therefore, it is critical that the programmes set out in the five-year plan also strengthen the city's resilience and reduce vulnerability to the top hazards facing Cape Town. The City further implemented its Climate Change Strategy in July 2021 to provide high-level strategic guidance for decision-making, planning, and programme and project development and implementation in respect of climate change.

## **SOCIO-ECONOMIC ENVIRONMENT**

### **Housing**

Cape Town experienced rapid urbanisation between 1997 and 2016; a population increase of 56% yielded a 94% increase in the number of households over this 20-year period. An estimated 65% of all informal dwellings are located within informal settlements, with the balance being located in backyards. 18% of Cape Town's households indicated they were living in a BNG (RDP) or state subsidised dwelling in 2018.

Some 384 642 applicants were reflected as 'awaiting a housing opportunity' on the City's housing database in September 2023. By 2028, the total demand for housing will range between 479 200 and 529 300 housing opportunities, taking into account new household growth and households currently living in informal dwellings. This translates to a total of between 47 920 and 52 930 housing opportunities required per annum over the next 10 years to meet the housing demand.

To address the current backlog of households currently living in informal dwellings, a total of 23 000 new housing opportunities will be required each year to address demand by 2028.

The demand for homes across the income spectrum is vast, with some 23% earning less than ZAR3 500 per month. However, it is worth noting that a significant portion of households (47%) who earn between ZAR3500 – ZAR20 000 per month will require new housing opportunities in the next ten years.

Responding to this need will require a scaling up of the Social Housing Programme, as well as partnerships with the private sector in order to deliver the required units.

The City approved a Human Settlements Strategy in May 2021, which provides the strategic vision for long-term interventions in order to address the above context. The Strategy recognises that the City has three important roles within human settlements development -

1. *Provider*: Using available resources effectively and efficiently to provide as many subsidised housing opportunities as possible, which are well-located, integrated, and of good quality. These housing opportunities include ownership and rental opportunities;
2. *Enabler*: facilitating sustainable urban environments by considering the manner in which urban management and urban design should inform urban development; both within informal settlement upgrades and formal building development, as well as promoting agency amongst residents, civil society partners, development industry, and communities to enable co-created urban solutions; and
3. *Regulator*: Regulating the basis by which housing development occurs within Cape Town to ensure healthy and safe human settlements, whilst also reducing the barriers which prevent the production of housing at the required scale and cost to meet demand.

This strategy outlines how the City of Cape Town will provide, regulate and enable housing to achieve the following six objectives -

- Objective One: Housing that provides residents with healthy and safe living conditions;
- Objective Two: Housing that is more accessible, diverse, and responsive to the needs of residents;
- Objective Three: Housing that offers occupants the opportunity to realise the full value of their homes as a social, financial and economic asset;
- Objective Four: Housing that catalyses spatial transformation by achieving density and improving access to economic and social opportunities for all;
- Objective Five: Housing that supports the creation of sustainable, dignified, and integrated human settlements; and
- Objective Six: Housing that drives economic opportunity through an active housing construction sector.

The City currently implements housing programmes, together with partners in some cases, as defined by the National Housing Code. This includes -

- Breaking New Ground subsidised housing (houses for ownership for those earning below ZAR3500);
- Hostel Redevelopment Programme;
- Social Housing Programme (affordable rental for income groups between ZAR1 850 and ZAR22 000);
- GAP housing which makes use of the Finance-Linked Individual Subsidy Programme (**FLISP**); and
- Informal settlement upgrading.

### **Safety and Security**

Crime causes people to live with constant fear and anxiety. This is a terrible form of oppression. No one can be free so long as this level of violent crime persists. Crime also chases away investment and economic activity. This is stealing our hope for a better future. Making Cape Town a city where all people can live with less fear of crime and violence requires collective action at scale, where government, the private sector and residents work together to make communities safer. A safer city with more employment opportunities, more housing opportunities, quality public spaces, reliable basic services, and safe, efficient transport options will particularly benefit women, who still carry the bulk of caring responsibilities.

Crime affects Cape Town as a whole, but criminal and gang activities are particularly concentrated in areas of social vulnerability and poverty, and are linked to social problems such as substance abuse. In addition, gangsterism and associated gun violence cause mass trauma to communities. Trauma due to experiences of crime is prevalent in Cape Town and hinders community well-being and economic growth. In the past seven years, the total crime rate per 100 000 Capetonians has declined at a faster rate than at a national level and in most other South African metros. Nevertheless, the crime rate in Cape Town remains consistently higher than the national rate and metro average. Despite this, national police deployment per 100 000 population has decreased over the past decade with the Western Cape having fewer police officers than the national average

The City needs to play an active role in creating a safer environment for families and businesses, so that our economy can grow and create opportunities for more people. The following commitments are therefore made:

- the City will meaningfully enhance policing capacity by increasing the number of law enforcement officers, and will strategically deploy them to patrol Cape Town's streets to prevent and respond to crime.
- the City will invest in technology and data analytics to optimise the delivery of quality policing, emergency and public safety services to the people of Cape Town.
- the City will work with residents, businesses, NGOs and community groups at the neighbourhood level to combat crime and its root causes. These working relationships will be continuously enhanced to ensure improved information sharing and resources coordination for maximum results.

The Safety and Security Directorate comprises of the following functional departments –

- Disaster Risk Management;
- Fire Services
- Operational Coordination;
- Public Emergency Communication Centre;
- Metropolitan Police;
- Law Enforcement;
- Traffic Services; and
- Shared Services.

### **Poverty and Health**

Cape Town has a quadruple burden of disease similar to the rest of South Africa, comprising a high prevalence of non-communicable, infectious and maternal and child diseases as well as trauma-related injuries. To improve overall health outcomes, residents require access to quality healthcare services and a healthy urban environment.

Capetonians' health continues to improve, with a drop in the infant mortality rate in recent years, and a steady increase in life expectancy. The average life expectancy at birth in the Western Cape has increased steadily for both females and males – from 64,3 years for males and 69,9 years for females in the period 2011–2016, to 64,9 years for males and 70,3 years for females in the period 2016–2021. Although this points to improved healthcare conditions, the pandemic also reduced life expectancy in 2021. HIV/Aids and tuberculosis trends in the city improved pre-pandemic due to better access to basic services and better patient monitoring and support.

Primary healthcare services are provided through 105 clinics. Province's Health Department takes the lead in providing primary and tertiary healthcare in Cape Town, while the City is a key partner in providing personal primary healthcare (PPHC), with a focus on maternal and early childhood care as well as promoting healthier lifestyles. The City will work with the Province to ensure the delivery of health services through a network of clinics, particularly to the vulnerable and poor. The City and Province will prioritise the review of the PPHC functional assignment, to reduce duplication, improve service efficiency and develop sustainable governance arrangements. In addition, the City, Province

and other partners will continue to respond effectively to the Covid-19 pandemic, while ensuring continued routine health services.

### **Governance and management**

The City has put various controls in place to ensure that service delivery and good governance practices are accelerated across the organisation. The City received an unqualified audit opinion from the Auditor-General of South Africa for the 19th consecutive year at the end of its 2021/22 financial year.

In June 2023, ratings agency Moody's affirmed the City's long-term and short-term global scale ratings of Ba3 and NP respectively, and its long-term and short-term national scale ratings of Aa3.za and Prime-1.za respectively while also affirming its stable outlook. The rating reflects Moody's expectation that the City's continuation of strong financial performance with some but limited new debt in the medium term due to infrastructure spending needs.

Moody's ratings methodology also means that, going forward, there should be less volatility in the City's national scale rating, even when the global scale rating is moved. This means that the scores it obtains will be more reflective of the City's own credit quality within the local environment. The inclusion of a global credit rating also makes it more comparable with other entities in the international market.

Moody's cites as a reason for its rating the City's consistently strong and improving operating and financial performance, which demonstrates resilience in its liquidity positions, a track record of improved management policies and practices, which should help the City to maintain sound financial metrics, despite constraints by growing infrastructure spending pressure to address social and environmental risks as well as the country's structurally weak economic environment. The City also enjoys broad and diversified economic base but faces physical climate and water management risks, as well as social risks such as access to adequate housing and labour market challenges.

### **Public needs**

Section 29(1)(b)(i)(ii) of the Municipal Systems Act requires that the local community be consulted on its development needs and priorities and participate in the drafting of the IDP. Similarly, it also requires that other role players be identified and consulted as part of the drafting process.

The City followed a two-phased public engagement approach.

**Phase 1:** The first phase (26 November 2021 to 13 January 2022) gained input from the public on their priorities through an online and paper-based survey, as well as through engagements with key stakeholder groups. These inputs were a key informant in the drafting of the IDP and ensured that the content of the IDP was based on prioritisation of needs by the public.

**Phase 2:** The second phase (1 April 2022 to 22 April 2022) focused (house style) on gaining inputs and comments from the public on the draft IDP document. The City considered these comments and made amendments at the objective, programme and initiative levels to finalise the IDP.

Nearly 32 000 survey inputs were received in the public engagement process in December and January 2022; almost 19 000 comment submissions were received in the second round of participation.

The public inputs, together with the developmental needs identified in the contextual analysis and assessment of existing levels of development, were key informants in developing the vision, priorities and objectives of this IDP, as well as the programmes and projects included in the implementation plan.

### **ETHICS**

The Ethics function within Forensics Services (previously within Risk, Continuity and Ethics Department until 30 June 2023) manages the implementation of various ethics related initiatives in the City in order to institutionalise ethical behaviour as part of the employees' daily performance of their functions and to respond to ethics and integrity transgressions of the City's Code of Conduct.

The activities of the Ethics function are split into Reactive, Proactive and Advisory components.

**Reactive:** This area comprises ethics investigations which are mandated in terms of the City Manager delegations from Council, section 9 (1). Ethics performs investigations on reported transgressions of the Municipal Code of Conduct for staff, ethics related policies and procedures, conflicts / declaration of interest, private work, gift receiving, etc.

**Proactive:** Ethics training and awareness sessions are conducted across the City and are aligned to the City's stance of zero tolerance to unethical behaviour, for a corruption-free City. The monitoring and reporting of all City employees' declaration of interest status as well as yearly acknowledgement of the Code of Conduct is performed by the Ethics function.

**Advisory:** The Ethics function provides guidance to City's management and employees, to ensure compliance with applicable ethics laws, regulations, codes and policies. This includes the development and/or review of policy, processes and procedures related to ethics in the City. Furthermore, co-operating and input with other institutions /organs of state regarding Ethics initiatives, norms, standards, best practice, is done, in order to strive towards being a leader in the development and institutionalisation of ethics in Local Government by driving the process of protecting, nurturing and enhancing the ethical culture of the City.

A bi-annual report on the progress / completion of the Ethics Function's activities is submitted to the Audit and Performance Audit Committee (**APAC**). Ethics programmes and initiatives aim to address focus areas in the City which were identified as requiring attention and to implement same on an ongoing basis.

**For the 2022/2023 financial year (1 July 2022 to 30 June 2023), the following ethics activities took place:**

- (a) Declaration of Interests Process: Monitoring and Reporting of City Employees Submission Completion Status;
- (b) Ethics Awareness Sessions / Training Interventions;
- (c) Proactive Verification Exercise of Employee Qualifications;
- (d) Request for Input to Procedures / Guidelines;
- (e) Update of the Private Work and Declaration of Interests Standard Operating Procedure (SOP)
- (f) Yearly Acknowledgement of the Code of Conduct by all City Employees; and
- (g) Ethics Investigations

**(a) Declaration of Interests Process: Monitoring and Reporting of City Employees Submission Completion Status**

All directorate and departmental nodal representatives were liaised with at the start of the financial year (July 2022) in terms of communicating updates to them and requesting their directorates / departments employees to complete the declaration of financial interest forms. A communiqué was also sent via the City's electronic communication system to staff and management in August 2022, reminding them to declare and also emphasising management's responsibility to follow-up and process staff declarations in a timely manner.

Training / information sessions were held during August and September 2022 for directorate / departmental nodals\* on the latest declaration of interest (DOI) form updates and also departments where high completion percentages were not achieved during the previous financial year. (\*Nodals are directorate / departmental representatives, nominated by directors / executive directors (EDs), to co-ordinate and follow-up on the declarations process within line). An emphasis on the SCM conflicted employees and also key processes and policies around declarations was covered in these sessions.

Quarterly reports were submitted to the City Manager and Executive Management Team (EMT) meetings of July 2022, October 2022, January 2023 and April 2023 respectively. The reports reflected the quarterly progress to date, on a directorate and departmental level, as well as highlighting any potential non-compliance concerns for the categories of conflicted employees identified via the Supply Chain Management (SCM) verification process and the T-grade 14 and above / T-grade 13 and below employee groups completion status.

In addition to the quarterly reporting to EMT, several status updates (with detailed lists of the employees outstanding) were also reported to all EMT members and their directorate / department nodals on a monthly basis reflecting the latest completion status. Reporting via the City Manager Dashboard process took place monthly whereby the results, as well as areas of prioritisation that required EMT attention, was highlighted.

Table 1 below reflects the summary status as at 30 June 2023 for the City. All employees on a T-grade 14 and above, as well as any employee identified as conflicted via the SCM due diligence process, are required to complete a DOI form annually (i.e. each financial year). All T-grade 13 and below employees are required to complete a DOI form at least once every 3 financial years and when their personal circumstances change (e.g. employees with any business interests, private work applications / renewals or declaring of family relations doing business with the City will need to be declared annually regardless of T-grade). Note that Year 1 (i.e. 2022/23) of the 3 year cycle commenced 1 July 2022.

**Table 1: Directorate completion status as at 30 June 2023: Employee Level T-grade 14 and above; T-grade 13 and below and SCM conflicted employees**

| Directorate                    | Directorate completion % for level T14 and above | Directorate completion % for level T13 and below | SCM conflicted employees               |
|--------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------|
| Community Services & Health    | 100%                                             | 77%                                              | -                                      |
| Corporate Services             | 100%                                             | 90%                                              | -                                      |
| Economic Growth                | 100%                                             | 73%                                              | -                                      |
| Energy                         | 98%                                              | 42%                                              | -                                      |
| Finance                        | 100%                                             | 100%                                             | -                                      |
| Future Planning and Resilience | 100%                                             | 95%                                              | -                                      |
| Human Settlements              | 100%                                             | 93%                                              | -                                      |
| Office of the City Manager     | 100%                                             | 96%                                              | -                                      |
| Safety & Security              | 100%                                             | 92%                                              | -                                      |
| Spatial Planning & Environment | 100%                                             | 89%                                              | -                                      |
| Urban Mobility                 | 100%                                             | 143%                                             | -                                      |
| Urban Waste Management         | 100%                                             | 57%                                              | -                                      |
| Water & Sanitation             | 100%                                             | 56%                                              | -                                      |
| <b>Overall City Compliance</b> | <b>99.8%</b>                                     | <b>72%</b>                                       | <b>0 outstanding<br/>[97 resolved]</b> |

**Summary as at 30 June 2023 for the 28 370 employees:**

Total completed: 21 113 employees

T-grade 14 and above outstanding employees: 5

T-grade 13 and below outstanding employees: 7 252

The Private Work and Declarations of Interests Standard Operating Procedure (SOP) states that for certain key business processes / departments, as and when determined by Executive Management (EMT), all employees, regardless of T-levels, to complete annual DOI forms. See Table 2 below.

**Table 2: Completion status as at 30 June 2023: Key Business Processes requiring 100% for all T-levels by end of 22/23 i.e. 30 June 2023**

| Key Business Processes requiring annual DOIs for all T-levels | Completion % for all T-levels as at 30 June 2023 |
|---------------------------------------------------------------|--------------------------------------------------|
| Finance Directorate (all departments)                         | 100%                                             |
| Combined Assurance Department                                 | 100%                                             |
| Risk, Continuity and Ethics Department                        | 100%                                             |
| Internal Audit Department                                     | 100%                                             |
| Forensics Department                                          | 100%                                             |
| Ombudsman Department                                          | 100%                                             |
| Human Resources Department                                    | 100%                                             |
| Building Development Management Department                    | 100%                                             |

- (i) **Advisory requests and DOI process queries:** These are dealt with by the Ethics function on an ongoing basis in terms of the Private Work and Declaration of Interests Standard Operating Procedure and any queries stemming from the pro-active identification of employees / employees family doing business with the City that should have been declared. The emphasis on the aforementioned is to avoid Auditor General findings. This process has been enhanced by means of the embedded system controls in the electronic workflow functionality of “Support” or “Not supported”, which was built into the SCM due diligence vetting and workflows back to line management before final approval / rejection consideration of the employee’s DOI.
- (ii) **SCM conflicted staff identified in the City:** On a monthly basis Ethics meets with the Supply Chain Management (SCM) section that performs the due diligence verification on all employee declaration forms. Any high risk concerns / conflicted employees as identified by National Treasury / Auditor General are dealt with for escalation to line management in order to resolve as a priority.
- (iii) **SAP system updates for declaration reporting:** Any data and SAP reporting challenges stemming from electronic declarations are communicated to SAP ERP for enhancing / correcting.

**(b) Ethics Awareness Sessions / Training Interventions**

There were 41 ethics training / awareness interventions conducted over the period 1 July 2022 to 30 June 2023, as described below:

- (i) **Monthly Induction to new City recruits:** Presentations are made monthly by the Ethics function at the City’s HR Induction Programme, to all newly appointed City employees. The presentation touches on private work, declarations of interest, gift declaring, the City’s Ethics Code and related policies and procedures.
- (ii) **Ethics awareness sessions:** The Ethics awareness sessions, which include ethics related topics and policy / procedures, are conducted in sections / departments across the City on a prioritised identification and / or request basis.
- (iii) **Directorate / departmental nodal representatives training:** Nodal representatives, at a directorate / departmental level across the City, were provided training on the declaration form / process updates during quarter 1. The training was aimed at providing these nodal representatives with a basis to be able to assist their department / branch employees with declaration of interest form completion and related processes. These tasks include liaising with staff in departments / branches on behalf of the Executive Directors / Directors, in order to

handle basic queries, general co-ordination and follow-up of the outstanding declarations, once the periodic declaration completion reports are sent out by Ethics.

(iv) **Ethics intranet webpage:**

This webpage is kept updated with the latest policy / procedure documentation and remains a reference point for staff and departmental nodals through-out the year. An electronic communication was sent to the City's staff and management in August 2022, with embedded hyperlinks provided in the electronic communique – to the Private work and Declarations of Interest SOP as well as the Ethics webpage. Updates were made to the documents: '*Simple Guide to completing your DOI form*', the '*Frequently Asked Questions (FAQs) on the DOI process*', the manual DOI form, the '*Application for Private Work*' form the '*DOI process flow*' and updated '*List of Nodal Representatives*'.

**(c) Proactive Verification Exercise of Employee Qualifications**

The Ethics unit in conjunction with Human Resources, were tasked by the City Manager to embark on a pro-active exercise of verifying a sample of City employee qualifications, on an ongoing basis and to be reported on quarterly. The objective of this exercise is to ensure that the City's staff complement maintain an ethos of honesty with their employer.

On a monthly basis, HR verifies (via a service provider to the City) the qualifications of all appointments (both internal promotions as well as new external appointments). It is these results that form part of the quarterly reporting.

As at 30 June 2023 the following status feedback was reported based on results to date and actions implemented:

- 105 of the 133 matters (i.e. 79%) identified through this pro-active exercise has been resolved / closed. A progress / update was received from Strategic Staffing on verification results of the 28 matters still requiring action as reported to date (i.e. for 1 July 2022 to 30 June 2023);
- 16 City employees were found to have fraudulent qualifications when verifying qualifications. Subsequently, 12 are no longer City employees due to resignation or dismissal in terms of City disciplinary processes. These 12 fraudulent matters have been reported to the South African Police Services (SAPS) for criminal prosecution. The remaining four (4), will be reported by HR to Line department for action and thereafter HR will report these to SAPS;
- Of the 12 fraudulent cases that have already been reported to SAPS, nine (9) have been included in the National Treasury Financial Misconduct Regulations reporting, by Employee Relations (ER). The remaining three (3) SAPS matters will be reported by ER in the next National Treasury Financial Misconduct Regulations report; and
- There is currently a Skills Audit project (Future of Work Strategy) underway in the City, which also has a qualification verification component to it. HR has undertaken that if during this Skills Audit it is established that any results are deemed to be 'fraudulent' – that these will also be sent through to Ethics for reporting and tracking purposes. Three (3) fraudulent results have been received to date and will be reported by HR to Line department for action and thereafter to SAPS.

Quarterly reporting by Ethics includes:

- Recommendations for results needing further action i.e. still open and being tracked;
- Current and previous matters finalised / resolved; and
- Recommendations for control and process issues identified.

**(d) Update of the Private Work and Declaration of Interests Standard Operating Procedure (SOP)**

The SOP stipulates the principles and conditions under which City employees may undertake private work and sets the standards and guidelines for the declaring of interests, identifying and managing conflicts of interest. There is currently a Key Operating Indicator on all ED and Directors SDBIPs which reports and monitors the completion of declaration of interests and also SCM conflicted employees.

The changes made to the SOP were for the purpose of including definitions and abbreviations and to further clarify / align certain of the current declaration processes in place, such as the request for information around declarations of interest and family reporting i.e. close family members doing business with City to be declared in terms of legislation. This aspect continues to be a high risk of Auditor General (AG) findings on an annual basis.

The update also explicitly stipulates that no employee may conduct business with the State (this includes all organs of state); or be a director of a public or private company conducting business with the State.

The updated SOP was tabled at the 23 May 2023 Policy Coordinating Committee and a presentation given by Ethics on the updates and explanation of the changes. Comments were received thereafter, including Legal Compliance input, which were considered and included where applicable. The SOP was approved by the City Manager on 5 July 2023.

**(e) Yearly Acknowledgement of the Code of Conduct by all City Employees**

One of the proactive 'good governance' measures stemming from the workshop facilitated by City Manager's office on the Anti-Corruption and Municipal Integrity Management Framework, was a requirement that all City officials are to sign / yearly acknowledge their commitment to the Municipal Employee Code of Conduct. The action requirement for developing and implementing this initiative was allocated to IT, HR and Ethics, with the implementation commencement for the 2021/ 2022 financial year.

After several collaborative meetings with the allocated role players and discussions on viable options, IT developed an add-on, as part of the SAP Employee Self Service (ESS) functionality. A 'simple' form could be accessed, with the Code of Conduct hyperlinked to it, in order that officials can yearly acknowledge it (i.e. each financial year 1 July to 30 June). In addition, Ethics also requested that IT develop a functionality to extract SAP BI reports to allow for statistical monitoring of the completion of the acknowledgement on an individual / departmental / directorate basis, in the event the City is audited or requested the evidence going forward, in terms of the Municipal Integrity Management Framework (MIMF) requirement 4.1.c.

City Manager Directives have gone out to the organisation communicating the initiative and instructing staff to comply with the yearly acknowledgement of the Code of Conduct.

Ethics provided monthly updates to all Executive Directors, Directors and their Human Resources Business Partners on their departments' completion status during the financial year 22/23.

Due to challenges being experienced by Line departments with non-PC user employees / employees who do not have access to PCs, the Ethics function and Human Resources developed a manual acknowledgement, with the Human Resource Business Partners co-ordinating this process within their Line departments and also feeding back periodic completion results to HR for upload and consolidated reporting.

The Employee Code of Conduct acknowledgement completion status for directorates as at 30 June 2023, is as follows:

| Directorate                    | Directorate completion % | Number of employees outstanding in T-14 and above level | Number of employees outstanding in T-13 and below level |
|--------------------------------|--------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Community Services & Health    | 100%                     | -                                                       | -                                                       |
| Corporate Services             | 100%                     | -                                                       | -                                                       |
| Economic Growth                | 99.7%                    | -                                                       | 1                                                       |
| Energy                         | 100%                     | 5                                                       | 425                                                     |
| Finance                        | 100%                     | -                                                       | -                                                       |
| Future Planning and Resilience | 100%                     | -                                                       | -                                                       |
| Human Settlements              | 100%                     | -                                                       | -                                                       |
| Office of the City Manager     | 100%                     | -                                                       | -                                                       |
| Safety & Security              | 99.9%                    | 1                                                       | -                                                       |
| Spatial Planning & Environment | 100%                     | -                                                       | -                                                       |
| Urban Mobility                 | 100%                     | -                                                       | -                                                       |
| Urban Waste Management         | 38%                      | -                                                       | 2074                                                    |
| Water & Sanitation             | 97%                      | -                                                       | 146                                                     |
| <b>Overall City Compliance</b> | <b>91%</b>               | <b>6</b>                                                | <b>2646</b>                                             |

**(f) Ethics Investigations**

Ethics performs investigations on reported transgressions of, inter alia, the Municipal Code of Conduct for staff, ethics related policies and procedures, conflicts / declaration of interests, private work, gifts, nepotism, etc.

All ethics investigations are authorised by the City Manager in terms of his delegated power, section 9 of the Council's System of Delegations.

Quarterly reporting to the APAC In-Committee meetings takes place on the summary details of ethics investigations concluded for that quarter; the progress status of all authorised cases and the completion percentage of ethics recommendations implemented.

- (i) Ethics Investigations Recommendations Monitoring:** All Executive Director nodals provide monthly progress feedback to the Ethics function on the status of the ethics recommendations implemented. These results, as a percentage of implementation completion, are then provided to Combined Assurance for quarterly reporting in terms of the Executive Directors' key performance indicator measurement and follow-up. Monthly reporting was also done via the City Manager Dashboard process, whereby the results and areas of concern (if any), that required Executive Management Team (EMT) action, was highlighted.

**CITY OF CAPE TOWN ACTIVITIES**

The City provides the following key services to residents and visitors –

**City Health**

The City provides a range of primary healthcare, including municipal health (environmental health) services and personal primary health service options, to all residents through our network of clinics and other healthcare facilities. With more than 77 clinics located in communities across the Metro, as well as a number of mobile and satellite clinics, the city is focused on delivering healthcare services to those who need it most.

Primary healthcare is delivered through a district health system reinforced by a committed workforce, strong leadership, and the support of our communities and partners. The City is committed to working with all spheres of government to meet the national, provincial and City targets to provide a coordinated and integrated district health service for the citizens of Cape Town.

In partnership with Western Cape Government Health and Wellness, the City also delivers personal primary healthcare through clinic services – via an infrastructure of 63 clinics, 12 satellite clinics, 14 community day centers (CDCs), and four mobile clinics. Services include –

- Child health services
  - Curative services for sick children
  - Immunisation, weight and growth monitoring, Vitamin A and deworming
  - Nutrition supplementation and breastfeeding advice
  - Prevention of Mother to Child Transmission (PMTCT) of HIV
- Men's health services
  - Counselling
  - Pre-circumcision checks
  - Referrals to health facilities that perform circumcisions
- Women's health services
  - Basic antenatal care (pregnancy care) and post-natal care (care after birth)
  - Counselling and referral for termination of pregnancy (abortions)
  - Family planning and pregnancy tests
  - Intra-uterine Contraceptive Device (Loop) and Implanon insertion
  - Pap smears and breast examinations
- Youth-friendly health services
  - Contraception
  - Pregnancy testing
  - Family planning and education
- HIV and AIDs
  - Counselling and testing, support and treatment
  - Antiretroviral (ART) services, and general care and support
  - PrEP (Pre-HIV exposure Prophylaxis) for individuals who feel they are at high risk of becoming infected with HIV
  - HIV self-screening and Index Case Testing (at some clinics)
- COVID-19 services
  - Screening for Covid-19 and testing of high risk groups
  - Covid-19 vaccinations at some clinics
  - Covid-19 assessment, diagnoses and treatment or referral
- General services including:
  - Follow up on notifiable diseases reported
  - Screening for hypertension (high blood pressure) and diabetes
  - Substance abuse counselling and referral for treatment

- Treatment of Sexually Transmitted Infections (STIs)
- Tuberculosis (TB) testing and treatment

### **Environmental health**

Municipal health services, more commonly known as environmental health services, are the core business of City Health. These services are defined in the National Health Act (Act 61 of 2003) as including:

- water quality monitoring;
- food control and compliance;
- waste management;
- health surveillance of premises;
- surveillance and prevention of communicable diseases (excluding immunisation);
- vector (pest) control;
- environmental pollution control (including air and noise pollution);
- disposal of the dead; and
- chemical safety.

### **Social Development & Early Childhood Development**

The aim of this department is to create an enabling environment for those who need it most, with a particular emphasis on vulnerable and poverty-stricken groups. This is achieved by undertaking relevant developmental, social and cultural programmes that are evidence based and responsive to the critical social challenges faced by communities.

Through the provision of targeted services, the aim is to contribute to -

- the promotion of social and economic development;
- the promotion of a safe and healthy environment; and
- encouraging the involvement of communities in matters of Local Government as mandated in Section 152 of the Constitution of South Africa.

The department's core focus includes -

- Arts, Culture and Heritage programmes;
- Community engagement;
- Providing job opportunities, through the Expanded Public Works Programme to assist in service delivery; and
- Targeted programme delivery, i.e. early childhood development, youth development, homeless people, substance abuse, vulnerable groups.

### **Electricity Generation and Distribution**

This department is responsible for the distribution of electricity to residential, commercial and industrial customers in Cape Town and provision of the link between Eskom and electricity consumers. They are also responsible for constructing and maintaining the equipment that transforms the power supply for the consumers' needs and the supply of public lighting. The department also provides support services, including vending and billing systems, as well as the operation of call centres and load control systems.

The department consists of the following branches -

- Enterprise Asset Management - responsible for the maintenance of service standards, internal systems support, and the development of equipment standards and maintenance technologies;
- Electricity supply - manages the operations of the network and the supply of energy to the end consumer. They also regulate switching instructions for maintenance crews on planned and unplanned maintenance functions;
- Infrastructure Operations - responsible for all aspects of the wires business that makes up the distribution network of the department; and

- Electricity Retail Management - based on SAP ISU (Integrated Solutions for Utilities Module) functionality and is responsible for customer services.

In 2015, the City's Electricity Service Department received international accreditation for its asset management. This provides further assurance to residences and businesses that electricity will be distributed to them reliably and safely.

### **Environmental Management Department**

This department helps to implement the City's Environmental Strategy, working with a range of other departments and external partners to ensure Cape Town's long-term environmental sustainability. Their branches include –

- *Biodiversity Management Department* - responsible for conserving and restoring Cape Town's unique biodiversity. The branch undertakes conservation planning, environmental education, invasive alien species management, and the management of nature reserves;
- *Coastal Management Branch* - assume accountability and management of the City's coastline (seaward of the defined Coastal Edge) so as to ensure ongoing economic growth and opportunities, increased access and social value of the coast, coastal risk reduction, management and conservation of the natural coastal environment and systems and the conducting of regular water sample testing along the coastline to determine the water quality at recreational beaches, tidal pools and coastal monitoring points;
- *Environmental Compliance Branch* - assist the municipality to comply with environmental laws, policies and procedures. Their work includes conducting environmental compliance inspections and environmental audits of City facilities. They also undertake civil and criminal environmental law enforcement, environmental sustainability and planning through development and integration of tools such as Environmental Management Frameworks into the City's Spatial Development Framework, guide other departments in developing environmental management systems to protect the environment and provide environmental spatial data for biodiversity, wetlands and the coast;
- *Environmental Heritage and Signage Branch* - responsible for environmental and heritage monitoring, procedures and projects at the district level. This includes approval, management and monitoring of outdoor advertising and signage, to ensure compliance with legislation and enforcing compliance with environmental and heritage legislation and policies. They work with communities to maintain and enhance shared environmental and cultural heritage through a range of projects and programmes; and
- *Environmental Planning and Sustainability Branch* - help the City to implement an environmental strategy which provides the City's decision-makers with an effective policy and framework to aim towards environmental sustainability. Their work includes the coordination and implementation of the City's Environmental Strategy and contributing towards the Climate Change Strategy, which deals with known impacts and challenges presented by climate change, environmental reporting and planning, the coordination of a natural open space system for Cape Town and establishing a green infrastructure programme. They also coordinate the City's strategic environmental partnerships and key City catalytic projects as well as environmental communication, education, training and development.

### **Information and Knowledge Management**

The City's information, knowledge and records are key assets of the organisation that are required to support planning, service delivery, decision-making, compliance and more efficient management. This department aims to improve the management of and accessibility to corporate information assets and provides specialised information services to City departments and external stakeholders in the department's functional areas which are as follows -

- *Information and knowledge management:* This branch establishes and monitors good information and knowledge management (IKM) practices in the City and provides services such as IKM assessments and content management support to City departments;
- *Records management:* This branch establishes and monitors good record-keeping practices in the City and provides services relating to the appropriate disposal and retention of records to City departments;

- *Corporate Geographic Information System (GIS)*: This branch manages and disseminates spatial (geographic) data at corporate level and provides Geographic Information System (GIS) mapping and data services to City departments; and
- *Geomatics*: This branch acquires and manages Geomatics (locational) data for the city in accordance with corporate and legislative requirements and provides Geomatics services and products, such as aerial imagery, GPS surveys, 3d Modelling to City departments.

### **Recreation and Parks**

This department encourages a healthy lifestyle for all by ensuring that facilities such as bathhouses, beaches, cemeteries, community centres, district parks, greenbelts, indoor centres, outdoor gyms, recreation hubs, regional hubs, resorts, road verges, sports grounds/fields, spray parks, swimming pools and tidal pools are well managed and maintained. The department also aims to conserve, enhance and develop these spaces for present and future generations, thereby contributing to a better quality life for all.

### **Waste Services**

A key responsibility of the City of Cape Town is to safely dispose of waste, and to ensure the general cleanliness in the city's streets and public spaces, including beaches, rivers and canal banks. The City is also mandated to ensure and enable the prevention of waste and pollution, as well as the minimisation of waste, but this is the combined responsibility of all of us, including the private sector and residents. At a local level it is the responsibility of the City for:

- considering alternate service delivery mechanisms;
- defining, designing and creating ways to enable cleansing, disposal, collections and waste minimisation;
- ensuring all stakeholders receive efficient waste management services at an acceptable rate (tariff);
- facilitating all Waste Wise telephonic and email enquiries;
- regulating waste management services;
- setting, monitoring and adjusting waste minimisation targets;
- standardising the extent of services.

This department is responsible for -

- providing basic waste management services to all residents;
- clearing illegally disposed waste;
- conserving resources and the environment;
- reducing landfill waste; and
- reducing the impacts of waste on the health, well-being and environment.

### **Sustainable Energy Markets Department**

This department is responsible for enhancing the dignity and resilience of citizens and transforming the City by pioneering a new low-carbon energy future by achieving the following objectives:

- Energy security and diversification as well as drive innovative energy supply across the City;
- Support low- income households with access to the best possible energy services;
- Co-ordinate and drive the City's climate change, mitigation, and transversal work towards adopting ambitious, evidence-based climate action plans; and
- Accelerate the implementation of transformative climate actions

The department comprises the following:

- *Generation Development and Energy Efficiency in Municipal Operations*
  - Building City resilience and sustainability by exploring alternative electricity options for the bulk supply of electricity, developing small to medium-size clean, own-generation

programmes and developing and managing strategic energy efficiency programmes across municipal operations.

- *Renewable Energy and Energy Efficiency Promotion and Facilitation*
  - Acting as the 'change agents' by promoting energy efficiency and renewable energy across high-income residential, transport and commercial sectors as well as focussing on the promotion and management of current and future technologies including, innovative distributed energy solutions and electric vehicles
- *Low-income Energy Services Delivery and Built Environment*
  - Exploring a wide range of options to deliver the best possible energy services to low-income households. With the City's built environment programme, the plan is to mainstream carbon neutral practises in the building sector, and reduce long- term operational costs for residents, while leaving a legacy that is aligned to a sustainable energy future
- *Climate Change and Integration Platforms*
  - Supporting all units by providing data management and developing platforms to ensure all systems are integrated as well as providing an innovative approach to using energy data as a management and monitoring tool to enhance decision-making and effectiveness. The team also manages transversal, globally aligned climate change mitigation work

### **Urban Mobility**

This department is responsible for improving access to opportunities for all road users by developing, maintaining and managing Cape Town's road network and by enabling an efficient integrated public transport system that is sustainable, affordable, reliable and which supports transit oriented development.

The following branches make up this department -

- Transport Shared Services - responsible for managing and providing transport-related business systems and information, human resources, support services, business administration and programme monitoring, business planning, communication, customer relations, and change and stakeholder management to enable service delivery;
- Transport Infrastructure Implementation - responsible for implementing all new construction and capital investment in public transport, non-motorised transport including walking and cycling, and new roads infrastructure;
- Transport Planning and Network Management – responsible for the planning and managing the integrated transport network, including the development of the Comprehensive Integrated Transport Plan (CITP) and long-term strategic planning.. They are also responsible for planning and managing the integrated transport network, including the development of the Comprehensive Integrated Transport Plan (CITP) and long-term strategic planning, and implementing strategies to enable integrated transport and ensure efficient traffic-related systems, network facilitation, development, integration, regulations and traffic management;
- Road Infrastructure Management - responsible for managing and maintaining the road network, including road resurfacing and maintenance of the stormwater system, informal road networks, public transport and non-motorised transport networks, street furniture within the road reserve and an accurate asset inventory.; and
- Public Transport– responsible for managing public transport vehicle operating contracts for the MyCiTi bus service and the Dial-a-Ride service for people with special needs. The department also manages fare collection systems, management systems and public transport facilities, as well as industry transition matters and public transport enforcement.

### **Urban Planning and Design Department**

This department provides strategic, coordinated and objective guidance and oversight to the growth, planning and development activities of the public and private sector in the form of spatial and urban design policies. The department also aims to facilitate development through the investigation and

implementation of mechanisms, as well as contribute towards transforming the built environment by working transversally with city departments to implement projects related to public spaces.

The following branches make up this department -:

- Metro-Spatial Planning and Growth Management - responsible for spatial data and analysis to inform policy and strategies for the organisation, and is frequently the key linkage with sector plans that are being developed in the City by various directorates, providing input to ensure that plans are aligned with the long-term spatial strategy. Some of the deliverables include the formulation of the MSDF, the Land Use Model (urbanisation estimates) and other spatially targeted initiatives;
- District Planning and Mechanisms - responsible for planning and implementation facilitation initiatives from strategic planning, at levels below the metro scale, to site level comments. The branch also identifies and develops mechanisms, incentives and studies to facilitate the implementation of spatial plans, to change the behaviour of key urban development role-players;
- Urban Design - responsible for the physical design of the public environment. The vision of the Urban Design Branch is to create a better everyday life for many people by facilitating the transformation of the built environment within various communities, predominantly in previously disadvantaged areas;
- Urban Development Implementation - responsible for provision of a specialist contract and project management service to Urban Planning and Development and Spatial Planning Environment Directorate with functions that include:
  - ensuring that the work of the directorate complies with Corporate Programme
  - project and contract management processes
  - Supply Chain Management processes
  - sector-specific norms and standards not only to ensure compliance but to innovate, within the legislative delivery system
  - using the City's buying power to also leverage economic development through job creation, training, partnerships and SMME development; and
- Urban Sustainability – responsible for unlocking opportunities, and initiate and guide strategic projects. It is mandated to provide specialist input to large-scale and complex initiatives by ensuring key sustainability objectives are integrated at an early stage in order to drive a consistent alignment to the strategy. Urban Sustainability aims to engage more extensively on the issue of sustainability and future-proofing with stakeholders in the City, other levels of government and in the industry to highlight any gaps experienced in the current thinking that could unlock more sustainable ways of implementation.

## **Water and Sanitation**

This department is responsible for the provision of clean, safe and reliable drinking water to Cape Town's residents, business and industry as well as the treatment of wastewater. This involves many diverse responsibilities ranging from the management of water catchments areas and water storage to the treatment of wastewater and its safe disposal back into the environment.

Infrastructure includes 11 dams, 12 water treatment works, 500 pump stations, 130 reservoirs and 23 wastewater treatment facilities. Teams maintain 20 000 km of pipeline and on an average day respond to over 400 pipe bursts, water leaks and sewer blockages. Each month more than 650 000 water meters are read and billed.

This department works to the highest standards and aims to deliver excellent water and sanitation services. They have received a number of awards for providing some of the best drinking water in the country, the quality of our wastewater treatment, the lowest water losses of all metropolitan areas in the country, and the excellence of our systems. They aim to reduce vulnerability to climate change and other shocks through the implementation of the 2019 Cape Town Water Strategy.

The following branches make up this department -

- Bulk Water - manages water catchment areas, storage dams, groundwater sources, water treatment works and bulk water bulk supply lines;

- Reticulation - distributes drinking water to consumers and conveys wastewater to treatment works through a network of pipelines, pump stations and reservoirs. They also convey treated effluent (recycled) water to large users and to collection points for construction and industrial contractors;
- Catchment, Stormwater and River Management - responsible for strategic planning for the City's stormwater system, which includes the management of river systems and their drainage catchments in order to manage flood risk, improve water quality and optimise the harvesting of stormwater as a valuable water resource;
- Wastewater Treatment Works – responsible for the treating of used water (effluent) and making it safe before discharging it into the environment;
- Water Demand Management and Strategy - provide a planning service and is responsible for policy development and the development and enforcement of by-laws. This department also coordinates water demand management programmes, quality management, awareness programmes, information management and business reporting;
- Engineering and Asset Management - ensures the electrical and mechanical maintenance of the water and sanitation equipment and facilities. They also provide risk management, fleet management and health and safety services for the department; and
- Scientific Services - ensures that the City's water is of excellent quality and in compliance with strict water quality checks as prescribed by the national Department of Water and Sanitation.

### **CAPITAL FUNDING AND CAPITAL EXPENDITURE BORROWING STRATEGY**

In accordance with section 46(1) of the MFMA, a municipality may incur long-term debt only for the purposes of - (a) financing capital expenditure and (b) refinancing existing long-term debt.

The City's capital expenditure needs are identified by the rolling five-year IDP process. The affordability of projected capital expenditure is determined within the rolling Medium Term Revenue and Expenditure Framework (MTREF).

As indicated in the table below, capital expenditure is financed from three main sources: capital grants, operating surpluses and external borrowings –

#### **Summary of capital budget**

| <b>Funding Source</b>                  | <b>Adjustment Budget</b> |               | <b>Budget</b>     |               | <b>Budget</b>     |               |
|----------------------------------------|--------------------------|---------------|-------------------|---------------|-------------------|---------------|
|                                        | <b>2023/24</b>           |               | <b>2024/25</b>    |               | <b>2025/26</b>    |               |
|                                        | <b>R'000</b>             | <b>%</b>      | <b>R'000</b>      | <b>%</b>      | <b>R'000</b>      | <b>%</b>      |
| Capital, grants and donations (Note 1) | 2 782 659                | 24.4%         | 3 540 641         | 25.3%         | 4 405 366         | 31.5%         |
| Capital replacement reserve (Note 2)   | 1 363 989                | 12.0%         | 1 043 420         | 7.5%          | 896 417           | 6.4%          |
| External Finance Fund (Note 3)         | 7 153 443                | 62.7%         | 9 345 991         | 66.8%         | 12 784 813        | 91.4%         |
| Revenue (Note 4)                       | 104 658                  | 0.9%          | 56 624            | 0.4%          | 50 944            | 0.4%          |
| <b>Grand Total</b>                     | <b>11 404 749</b>        | <b>100.0%</b> | <b>13 986 676</b> | <b>100.0%</b> | <b>18 137 540</b> | <b>100.0%</b> |

Note 1: Capital grants from national and provincial government

Note 2: Transfers from accumulated operating surpluses

Note 3: External borrowings

Note 4: Operating surpluses -current year

It is the City's policy to minimise external borrowings by utilising all available government grant funding, capital donations and temporary and permanent operating surpluses wherever possible. Accordingly, it sources, and utilises to the maximum, the available capital grants from national and provincial government. Operating surpluses, particularly from within trading services, are transferred to a Capital Replacement Reserve over time in terms of the City's delegated powers, and are used to fund capital

expenditure within these services to the fullest extent possible. The unfunded balance of the capital expenditure programme must be financed from external borrowings.

In general, external loans are repaid over the length of their lives by means of half-yearly instalments comprised interest and capital. However, certain existing external loans, as detailed below, have bullet capital repayments at the end of the loan period. In these cases, sinking funds have been created to provide for said eventual capital repayment.

The current level of the City's external borrowings is modest relative to its asset base and revenue, as is shown by the following key ratios –

|                                             | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---------------------------------------------|---------|---------|---------|---------|---------|---------|
| Ratio                                       | Actual  | Actual  | Actual  | Budget  | Budget  | Budget  |
|                                             | %       | %       | %       | %       | %       | %       |
| Total Borrowings to Total Assets            | 6.0%    | 5.0%    | 4.0%    | 5.4%    | 11.1%   | 22.6%   |
| Total Borrowings to Total Revenue           | 12.0%   | 10.4%   | 7.9%    | 9.1%    | 20.2%   | 32.7%   |
| Interest on Borrowings to Total Expenditure | 2.0%    | 1.9%    | 1.7%    | 1.4%    | 1.6%    | 2.3%    |

### Summary of Investment Policy

Sections 13(1) and (2) of the MFMA require municipalities to establish an appropriate and effective cash management and investment policy within which they are to (a) conduct their cash management and investments, and (b) invest money not immediately required, in accordance with any framework that may be prescribed. The National Treasury issued municipal investment regulations on 1 April 2005 (Gazette No. 27431) that set out a framework within which all municipalities must conduct their cash management and investments. The City's investment policy, which is consistent with the MFMA and the gazetted framework, was approved by Council on 30 March 2009 and subsequently amended on 26 July 2018.

The purpose of the investment policy is to secure sound and sustainable management of the City's surplus cash and investments.

The policy governs the investment of money not immediately required by the City for the defrayment of expenditure. As such, it applies to all new and existing investments made by - (a) the City and (b) all investment managers acting on behalf of the City in making or managing investments.

The policy does not apply to trust monies administered by the City where the trust deed prescribes how the trust money is to be invested.

The objectives of the policy are to ensure –

- compliance with the relevant legal and statutory requirements relating to cash management and investments;
- the preservation and safety of the City's investments;
- the diversification of the City's investment portfolio among acceptable investees, permitted types of investments and investment maturities;
- timeous reporting of the investment portfolio as required by the MFMA in accordance with generally recognised accounting practice; and
- that the City's liquidity needs are properly addressed.

All investments made by or on behalf of the City must be made in the name of the City.

The City shall take reasonable steps to diversify its investment portfolio across investees, type of investment and investment maturities.

Although alternative interest rates on offer need to be disclosed when negotiating a rate on an investment, the specific interest rate from a specific named investee to another investee shall not be disclosed by City Officials.

The City's current cash position and its projected future cash flows may not be discussed with or disclosed to investees.

The full Investment Policy is available on the City's official website, under the Council/Policy Decisions Online/All Policies listing, at the following address: <http://www.capetown.gov.za/>

### **Summary of credit control and debt collection policy**

The City's credit control and debt collection policy, formulated in terms of section 96(b) of the Municipal Systems Act was approved by Council on 31 May 2022.

The objectives of the policy are to -

- focus on all outstanding debt as raised on debtors' accounts;
- provide for a common credit control and debt collection policy;
- promote a culture of good payment habits amongst debtors, and instil a sense of responsibility towards the payment of accounts and reducing municipal debt;
- subject to the principles provided for in the policy, use innovative, cost effective, efficient and appropriate methods to collect as much debt in the shortest possible time without any interference in the process; and
- effectively and efficiently deal with defaulters in accordance with the terms and conditions of the policy.

The policy is based on the following principles -

- human dignity must be upheld at all times;
- the policy must be implemented in accordance with equity, fairness and consistency;
- every reasonable effort should be made to ensure that details related to the debt and the debtor's account should be correct at all times;
- the City Manager may treat any debt, and arrangements to repay debt, holistically, but different repayment periods or methods may be arranged for different types of services, debtors or areas in accordance with the general rule that the repayment period should take into consideration the financial capacity of the debtor;
- the implementation of this policy is based on sound business practices and any other applicable legislation;
- new applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to the new account;
- where alternatives are available, the City may provide reduced levels of service to manage the debt growth;
- debtors may be referred to a third party debtor collector and may be placed on the National Credit Rating List;
- if an account is not paid by the due date, at least 30 days will be allowed to elapse before interest is charged;
- for purposes of an arrangement a debtor may be required to co-operate with any reasonable

measures that might be required to reduce their level of use of consumable services to affordable levels;

- the terms and conditions as contained in any prescribed form or document utilised in implementing this policy, forms part of this policy and are incorporated therein as specifically stated;
- the suspension of any debt management action, when interrupted for whatever reason, shall, where practical, continue from the previous action taken;
- service of documents and processes may be in accordance with section 115 of the Municipal Systems Act;
- all legal costs, including attorney-and-own-client costs incurred in the recovery of arrears, shall be levied against the debtor's account;
- where a company, close corporation, trust in terms of the Trust Property Control Act, 1988, home owners association or a body corporate in terms of the Sectional Titles Act, 1986, is indebted to the City, the liability for such arrears may, in terms of any legislation or court order, be extended to the directors, members or trustees thereof jointly and severally;
- notwithstanding anything contained in this policy the City Manager may recover any debt incurred at a property as set out in section 118(3) of the Systems Act, from the owner of that property;
- any reference to any rand value or measured quantity as reflected in this policy may be determined or amended by Council from time to time; and
- in the event of the City expropriating immovable property –
  - (a) for owners who do not co-operate with the City, the proceeds of the sale of the property, if any, will be deposited into their municipal account;
  - (b) for property owners who are not clients of the City or do not have a Municipal account, the proceeds of the sale, if any, will be paid into a sundry account, until such amount is claimed by such owner;
  - (c) no interest will be paid to the above owners unless permitted in terms of any other legislation, policy or as determined by Council from time to time; and
  - (d) all the proceeds will be further subject to all the conditions contained in this policy.

Signed at Cape Town on behalf of City of Cape Town

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Chief Financial Officer

Name: Kevin Jacoby

Date: 1 December 2023

Signed at Cape Town on behalf of City of Cape Town

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Director: Treasury

Name: David Valentine

Date: 1 December 2023

