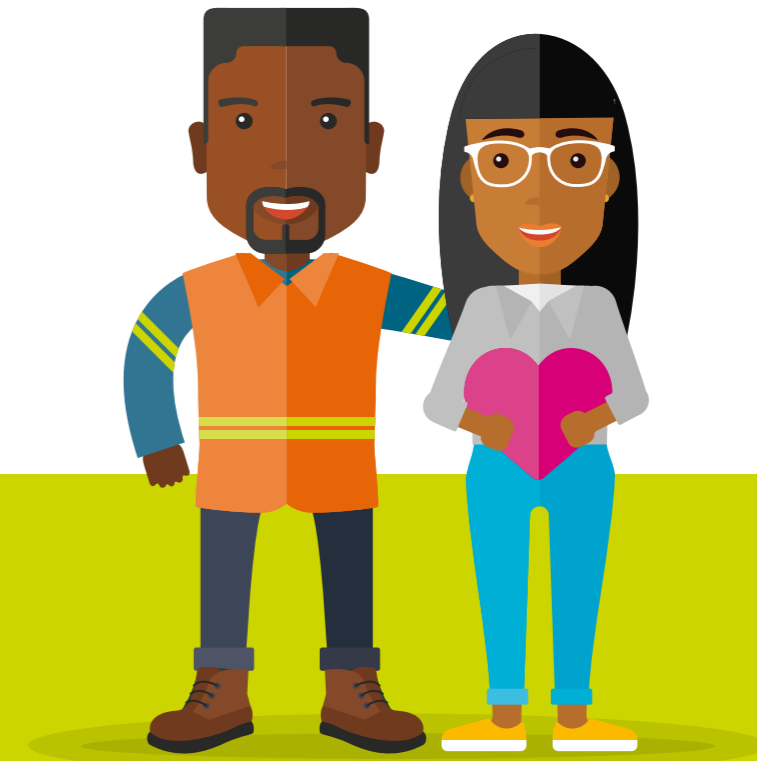


CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

# INTEGRATED ANNUAL REPORT

2021/22





# MAKING PROGRESS POSSIBLE. TOGETHER.

ANNUAL REPORT  
2021/22



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

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# VISION AND MISSION OF THE CITY OF CAPE TOWN

The vision of the City of Cape Town (hereinafter 'the City') for the previous five financial years, as articulated in the Integrated Development Plan (IDP) for 2017 to 2022, was threefold:



In striving to achieve this vision, the City's mission has been to:



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

In pursuit of its vision and mission above, the City has been building on the strategic focus areas (SFAs) it identified as the cornerstones of a successful and thriving city, which also formed the foundation of its IDP for 2017 to 2022.

These were as follows:

- 1 OPPORTUNITY CITY**  
 Create an environment where investment can grow and jobs can be created.
- 2 SAFE CITY**  
 Create a safe living and business environment for its residents.
- 3 CARING CITY**  
 Build a metro that offers a sustainable environment, a sense of belonging, access to services, and help to those who need it.
- 4 INCLUSIVE CITY**  
 Create a city where everyone has a stake in the future and enjoys a sense of belonging.
- 5 WELL-RUN CITY**  
 This SFA is underpinned by the principles of the 2016 King IV Report on Corporate Governance for South Africa.

These five focus areas have informed all the City's plans and policies.



# ABOUT THIS INTEGRATED ANNUAL REPORT

## SCOPE AND BOUNDARIES

The reporting boundaries of the City's integrated annual report are determined by the City's strategic focus as reflected in its IDP and budgeting process.

This 2021/22 integrated annual report continues the City's journey towards fully integrated reporting. As such, it aligns with the recommendations of the King Report on Corporate Governance for South Africa (King IV) as well as globally accepted standards for integrated reporting.

It offers a comprehensive view of the City's financial, operational, social and environmental efforts, performance, successes and challenges for the 12 months from 1 July 2021 to 30 June 2022, which is the City's financial year. It also reflects progress made against the objectives set in the City's IDP for the five years from 2017 to 2022, but with a particular focus on the IDP amendments for the 2021/22 period.

The report is informed by a number of other plans and strategic documents produced by the City's various directorates and business areas. These can be accessed in the City's Document Centre.

## GUIDING PRINCIPLES

The guiding principles from the World Bank International Integrated Reporting Framework and King IV underpin the preparation and presentation of the City's integrated annual report. These principles inform the content of the report and how the information is presented. See appendix P for the list of references to the World Bank International Integrated Reporting Framework.

## DETAIL OF REPORT CONTENT

This integrated annual report includes the eight content elements of the World Bank International Integrated Reporting Framework and King IV. For more detail, see the Integrated Reporting Framework.

## CONCISENESS OF THE CITY'S INTEGRATED REPORTING

Conciseness is an important consideration in compiling the City's integrated annual report. The aim is to include sufficient context to understand the organisation's strategy, governance, performance and prospects, without burdening the reader with less-relevant information.

In its report, the City seeks to strike a balance between conciseness and the other guiding principles (applicable legislation and MFMA circular 63 reporting guidelines), particularly completeness and comparability. In achieving conciseness, this integrated annual report:

- ✓ applies the process for determining materiality as described in section 3D of the World Bank International Integrated Reporting Framework;
- ✓ follows a logical structure and includes appropriate internal cross-references to limit repetition;
- ✓ refers the reader to more detailed information on the City's website or external sources (such as assumptions about future economic conditions on a government website);
- ✓ expresses concepts clearly and in as few words as possible; and
- ✓ favours plain language over jargon or highly technical terminology.

## CONNECTIVITY AND CONSISTENCY OF INFORMATION

This integrated annual report strives to provide a holistic picture of the combination of, and the interrelatedness and dependencies between, factors that affect the organisation's ability to create value over time. See figure 5 on page 25 of this report for an illustration of this concept.

To the best of the City's abilities and knowledge, this integrated annual report includes all material matters, both positive and negative, in a balanced way and without material error. The City's material matters are reflected on page 21 of this report.

The City's reliability is enhanced by mechanisms such as robust internal control and reporting systems, stakeholder engagement, internal audit, well-embedded oversight committee structures, internal assurance, and annual audits by the Auditor-General of South Africa.

While this report represents a significant step forward towards truly integrated reporting, its content is also presented in a way that demonstrates consistency over time and enables comparison with City reporting of previous years as well as reporting by other, similar public-sector organisations.

The City's future integrated reports will consistently follow the integrated reporting policies and guidelines from one period to the next, unless a change is required to improve the quality of information. This will include reporting the same key performance indicators if they continue to be material across reporting periods. When a significant change has been made, the City will explain the reason for the change, describe it, and quantify its effect.

## STRATEGY AND RESOURCE ALLOCATION

For the purposes of this 2021/22 integrated annual report, the City's strategy and the resources the City applied in achieving that strategy are stipulated in the IDP as amended for 2021/22, as well as in the associated budget and the service delivery and budget implementation plans (SDBIPs) for the same period.

These documents unpack the following in detail:

- ✓ The City's strategic objectives in the short, medium and long term

- ✓ The strategies that the City has in place or intends to implement to achieve its strategic objectives
- ✓ The City's resource allocation plans for implementing its strategy
- ✓ How the City measures achievements and target outcomes for the short, medium and long term

Going forward, the City's strategy and resources will be set out in an entirely new IDP for the period 2022 to 2027, which Council approved in May 2022, as well as in the associated SDBIPs for each financial year.

## CITY SERVICES AND DEPARTMENTS LISTING

The City is committed to offering and sustaining excellent service delivery to the people of Cape Town, as well as to its own corporate and political structures. For more detail, visit our services and departments listing page.

## REPORTING ON PERFORMANCE

Details about the City's performance scorecard (showing the extent to which the organisation has achieved its strategic objectives for the period) are on page 348 of this report.

Reporting on specific performance outcomes in terms of their effect on the City's capitals is reflected in the capitals table on page 26. Outcomes are also reflected in the City's trend analysis on page 374.

## RISKS AND OPPORTUNITIES

The main risks that affect the City's ability to create value over the short, medium and long term are shown in appendix O on page 420.

Value-creation opportunities are extensive and are reflected throughout the integrated annual report in the context of the relevant functional areas. Also see the City's five-year IDP for more challenges and opportunities.

# MESSAGE FROM THE EXECUTIVE MAYOR



With load-shedding at its all-time worst, crumbling infrastructure across the country, record unemployment and sluggish economic growth, many South Africans are feeling hopeless. But Cape Town is an exception to that trend. In a break from the pessimism that has beset the rest of the country, many of our residents report feeling optimistic about the future.

What have we done differently to build Cape Town as a city of hope in the minds of South Africans? The answer to that question lies in the pages of this report.

This report offers a comprehensive view of the City's activities over the organisation's financial year from July 2021 to June 2022. It delves into what has been done in the arenas of financial management, operations, social and environmental work as well as planning to achieve the objectives set out in our IDP and other documents. It highlights our key challenges and explains how we are addressing them.

It paints a picture of a cleanly and competently run administration that is to be commended on its work, but is also determined not to rest on its laurels and be fully aware of the challenges it needs to address. We know what needs to be done to make the great city of Cape Town even greater.

The City has identified seven governance priorities that form the basis of our planning. These priorities are encapsulated in 11 strategic focus areas. As we move forward, these 11 points of focus will ensure a more sustainable and transversal approach to the organisation's activities. I believe this will noticeably improve the quality of our service delivery over time.

We want to position Cape Town as a forward-looking, globally competitive business city. We are not only building for ourselves, but so that our children and their children can enjoy a full range of opportunities for prosperous and happy lives. We are doing so by leveraging technology for progress, and by promoting resource efficiency and security. We are getting people closer to opportunities by prioritising dense and transit-oriented growth and development, along with an efficient, integrated transport system.

To build the Cape Town of tomorrow, we need to ensure that we are getting the basics right today. This includes building safe communities, achieving excellence in service delivery, and mainstreaming basic service delivery to informal settlements and backyard dwellers. We are also building integrated communities to promote and enhance social cohesion and group flourishing. While all of our priorities promote economic inclusion, we are specifically focused on achieving this goal through a range of programmes aimed at promoting greater access to, and participation in, the economy for all Capetonians.

To achieve all of our goals sustainably over time, it is crucial that the City attains operational sustainability. This report also details our progress towards this end.

I thank all the officials who have invested many hours of hard work in drafting this report and work tirelessly to make Cape Town a city of hope for all. You are what makes Team Cape Town the greatest civil service in the country, and possibly on the continent.

I feel confident that Team Cape Town's skills and dedication will continue to propel us forward and ensure that the Capetonians of tomorrow are happier, healthier and more prosperous than those of today.

**GEORDIN HILL-LEWIS**  
Executive Mayor

“

***We want to position Cape Town as a forward-looking, globally competitive business city. We are not only building for ourselves, but so that our children and their children can enjoy a full range of opportunities for prosperous and happy lives.***

”

# STATEMENT BY THE CITY MANAGER



This integrated annual report marks the end of the previous electoral term of office and the IDP for 2017 to 2022, and intersects with the first eight months of the new five-year term of office.

The past five years have been both challenging and rewarding. During this period, Cape Town lived through an extreme drought as well as the Covid-19 pandemic. Both tested the resilience and the very fabric of our residents, officials, management team and stakeholders. Yet, despite the shock events, the City achieved continuity in basic service delivery and expanded its service delivery footprint. We have collectively emerged stronger.

This report is unique because, besides reflecting on the period in review, it also signals strategic shifts as the administration responds to the early stages of the new term of office. As City Manager and accounting officer, I pay tribute to Alderman Dan Plato, previous Executive Mayor, for his steady leadership up until the end of the last term of office. I also welcome our new Executive Mayor, Alderman Geordin Hill-Lewis. The transition between the two councils was seamless, which is a credit to the maturity of our organisation and its leadership. I look forward to an engaging and fruitful relationship with the new Executive Mayor and his Mayoral Committee as the administration gears up to amplify its delivery of quality basic services and enabling economic infrastructure.

Despite the challenges we faced, the past year had many performance highlights. These include the following:

- ✓ The number of passenger journeys on the MyCiTi bus network increased to 14 258 883, exceeding the target for the year, and significantly higher than the previous year.
- ✓ We created 40 600 opportunities through the Mayor's Job Creation Programme.

- ✓ The City processed 96,44% of rates clearance certificates within ten days.
- ✓ Close to 6 500 sanitation service points were provided to informal settlements - nearly double the amount of the previous year.
- ✓ A total of 99,79% of areas of informality (known as informal settlements) are now receiving waste removal and area cleansing services.
- ✓ Some 97,84% of the budget allocated to repairs and maintenance was spent, reflecting our commitment to maintaining our assets.

Importantly, our most critical stakeholders, the residents of Cape Town, believe that we are on the right track, as evidenced by the improved results of our annual community satisfaction survey.

Of course, there is always room for improvement. In those areas where we have underperformed against our performance indicators, we have plans in place to improve our outcomes. In addition, we have also increased many targets to further stretch performance with effect from the 2022/23 financial year. These targets are contained in the new term-of-office IDP 2022-2027, which Council approved towards the end of the year in review and will be reported on in our next integrated annual report.

Our new vision is to create a city of hope. This is a bold and ambitious call to action. We aim to set ourselves apart from other local government administrations even more clearly, with higher levels of basic service delivery, improved safety, enabling more housing opportunities, much improved urban mobility, and better public spaces and amenities.

Overall, we aim to be more innovative and improve the ease of doing business so that the local economy can thrive and create more jobs. The foundations that underpin these priorities and the overall vision include becoming more resilient to shocks and stresses such as the impacts of climate change, enabling a more spatially integrated and resilient city, and being a capable and collaborative City government. This report shows how the City is spending public funds to build these foundations, deliver on our core municipal mandates, and create community wealth.

The City has been improving its integrated reporting since Council adopted the King IV Report in 2017. This year's integrated annual report marks a significant step forward on this path and expresses the City's commitment to transparency and accountability. The City recently benchmarked its 2020/21 integrated annual report against a selection of other metropolitan municipalities in South Africa and abroad to identify areas for improvement. Our report fared very well in the benchmarking exercise, although certain weaknesses were identified. These include the need for a clearer articulation of the capitals utilised in our business model, including financial, manufactured, intellectual, human, social and relationship, as well as natural capital. It was also recommended that we provide a clearer outline of the City's business model and the process through which value is created and preserved. This integrated annual report attempts to respond to the recommendations, and we hope that the reader will find the improvements useful.

The information in the report lays a solid foundation on which we intend to continue building. The City recognises that integrated reporting is a journey rather than a destination. Therefore, our focus will be on building further alignment with the ever-changing global integrated reporting trends and standards to ensure that the City remains a leader in the public sector.

I applaud the staff of the City who work daily to deliver services and infrastructure to the residents of Cape Town. Our workforce is highly competent and committed. Much of the work conducted during the year in review was performed in the context of Covid-19 restrictions. Nevertheless, our staff showed a commitment to service delivery continuity, while also looking after one another. Thank you for your service - you are all heroes. I also pay tribute to staff members who passed away while in service of Cape Town's residents or succumbed to Covid-19.

Thank you also to all our external stakeholders, including residents, businesses, community organisations, service providers and public-sector organisations, who partnered with the City to improve societal outcomes in the year in review. The City is committed to collaboration, knowing that partnerships and co-governance allow all of us to maximise our impact for the betterment of people and communities. This gives expression to the City's brand promise: "Making progress possible. Together."

We live in a difficult economic climate characterised by higher-than-usual inflation, supply chain management disruptions due to global shocks, a growing climate change impact and ongoing energy security challenges. The City is determined to overcome these challenges in the areas we can control, and to collaborate with our stakeholders to build resilience.

The foundations of the City are strong, and I am confident that we will continue to adapt and thrive in the face of these challenges.

LUNGELO MBANDAZAYO  
City Manager

**“ Our new vision is to create a city of hope. This is a bold and ambitious call to action. ”**



# ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

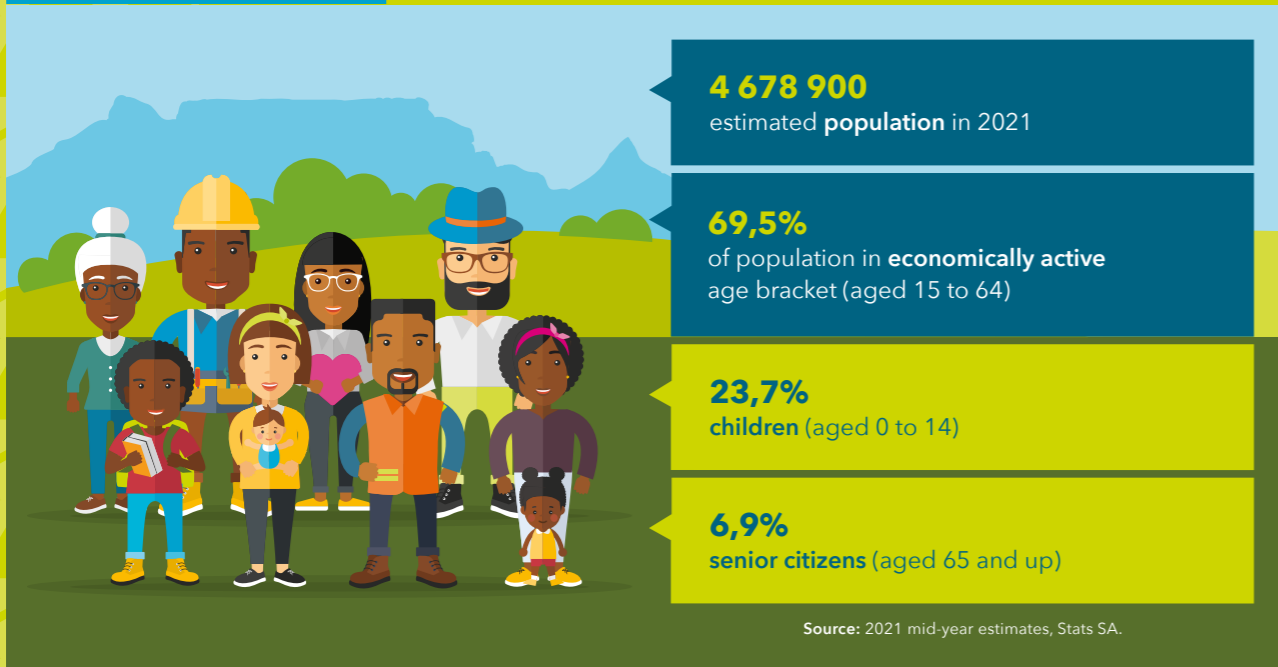


## ABOUT CAPE TOWN AND ITS KEY CHALLENGES

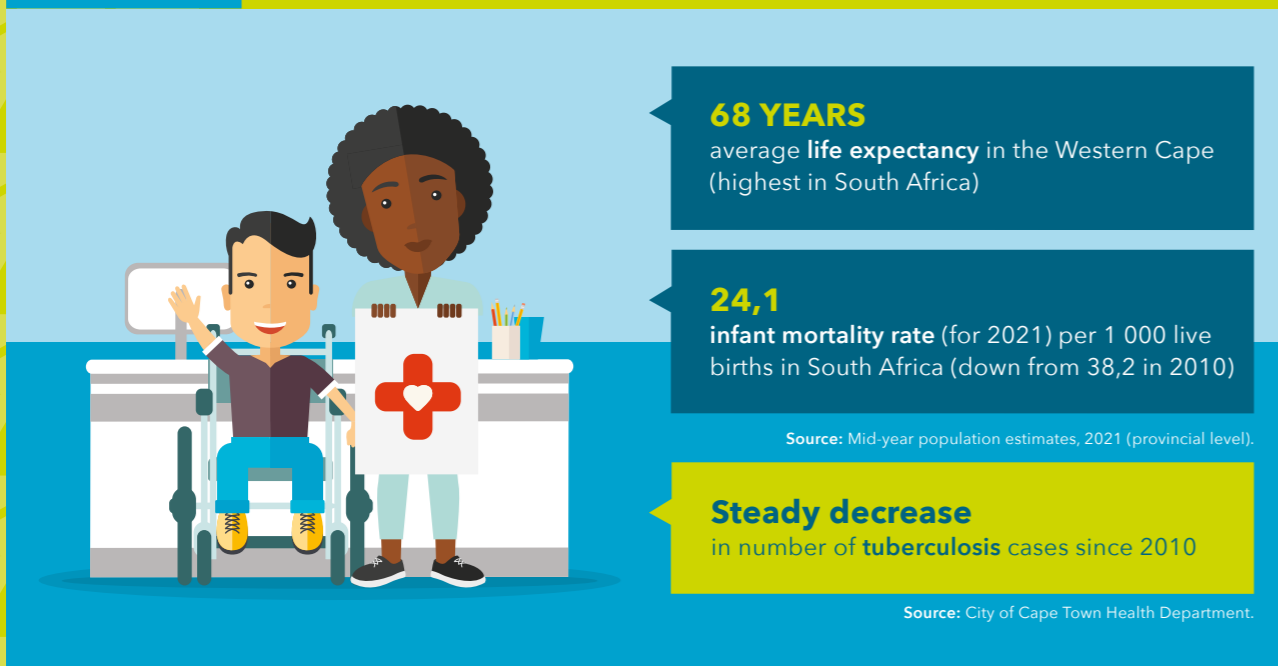
Cape Town has the second-largest population of all cities in South Africa and is one of the most-visited tourist destinations in Africa. It is a vital economic, political and business hub for South Africa, and a driver of growth and development in the country as well as the Southern African region.

The city has seen steady population growth in recent years. This trend is expected to continue, with any possible changes or effects on population growth post-Covid-19 to be monitored. According to current estimates, the total population of Cape Town will reach approximately 5,5 million by 2035.

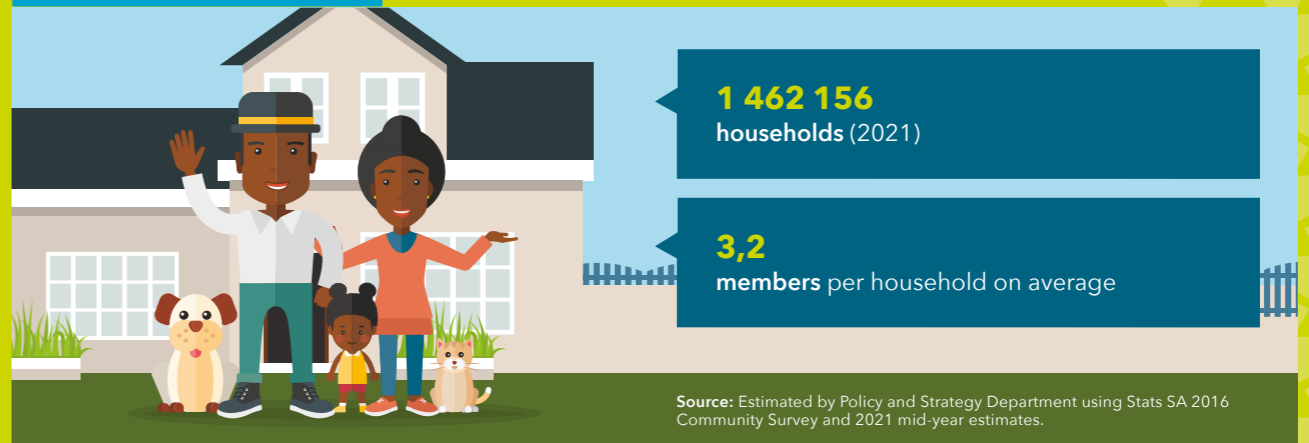
## POPULATION



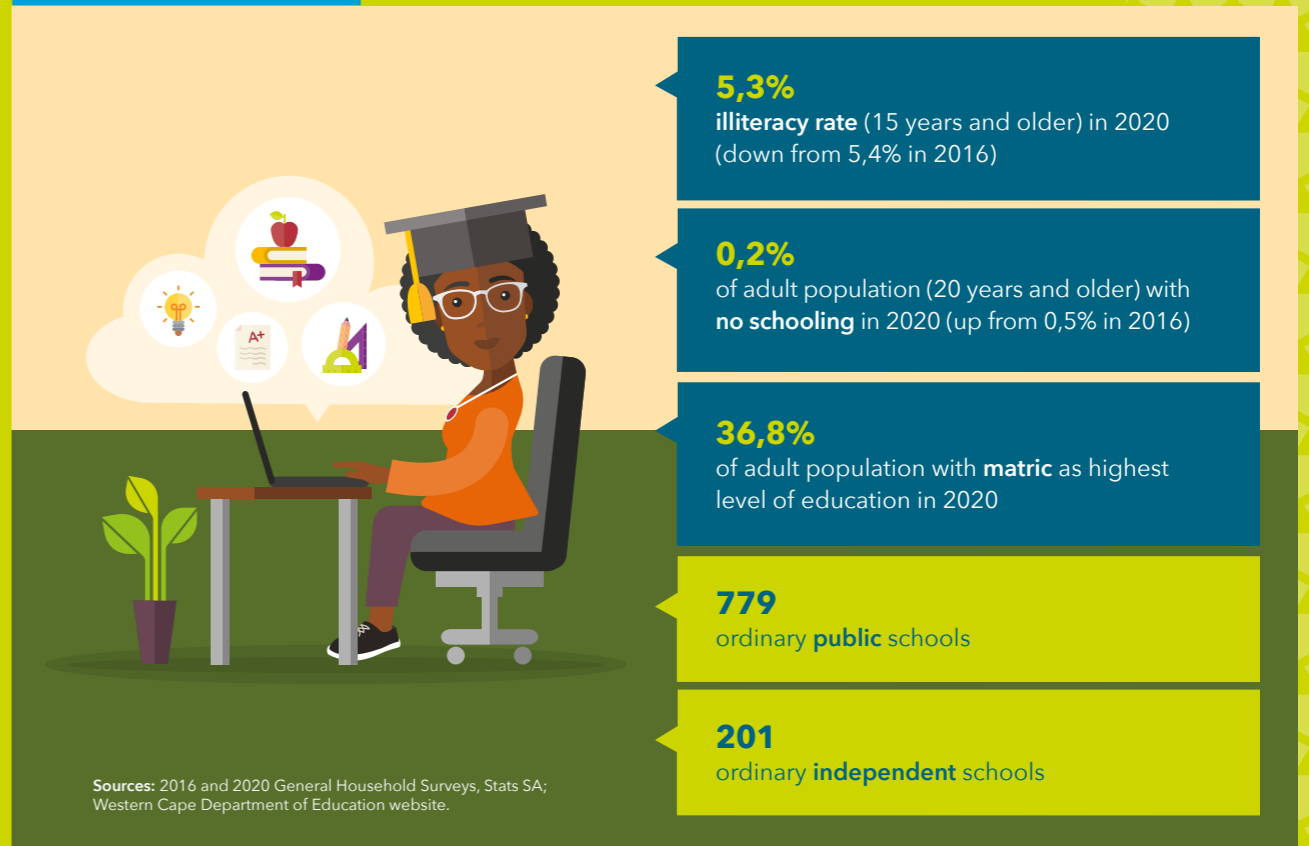
## HEALTH



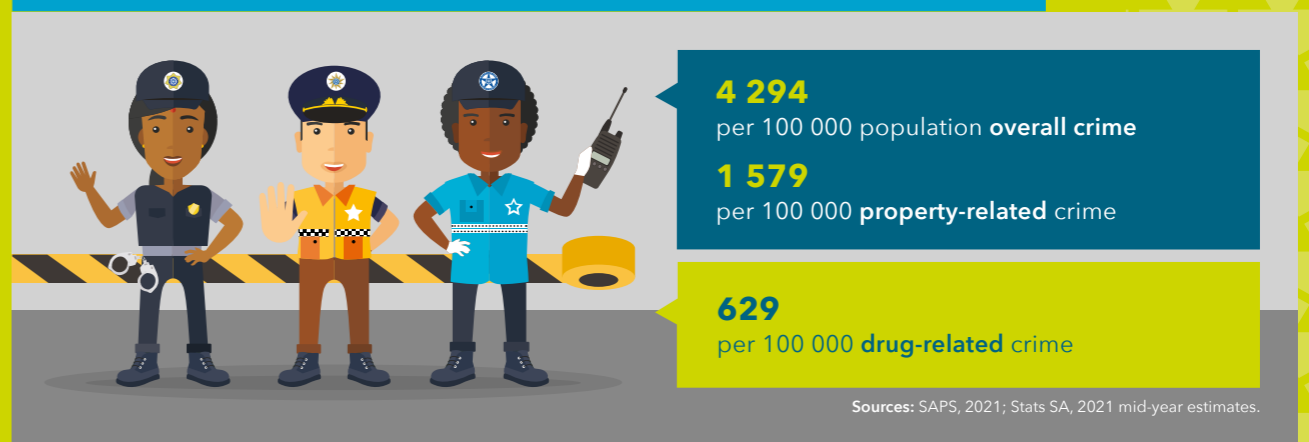
## HOUSEHOLD



## EDUCATION



## CRIME RATES IN CAPE TOWN 2020/21



## POVERTY AND FOOD SECURITY



**R3 500**  
household income per month -  
Cape Town poverty line (2020)

**356 332**  
households below poverty line

Source: 2020 General Household Survey.

**201 707**  
indigent households in 2021

**0,72**  
Human Development Index (HDI) score.  
This is higher than the national average of 0,62. Cape Town's HDI is classified as "high human development", and South Africa's as "medium human development."

Sources: City of Cape Town Finance Department; IHS Markit Regional eXplorer, accessed 27 July 2022.

## ECONOMIC OUTPUT AND EMPLOYMENT IN 2021



**0,5%**  
average economic growth rate between 2017  
and 2021 (compared to 0,3% nationally)

**81,7%**  
of the economy made up of tertiary sector

**17,0%**  
of the economy made up of secondary sector

**1,3%**  
of the economy made up of primary sector

**82 183**  
fewer jobs between 2017 and 2021.<sup>1</sup>  
Cape Town was the second-highest city contributor to total employment in South Africa in 2021.

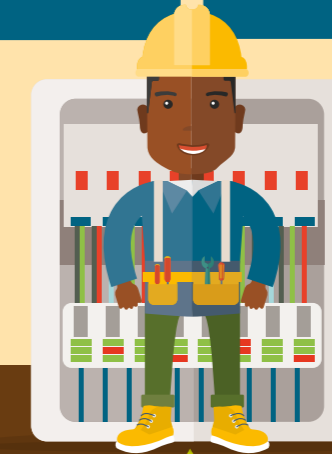
<sup>1</sup> Stats SA did not release any metro-level data for the fourth quarter of 2021 due to a low response rate. The average annual calculation for 2021 is based on a three-quarter average. The employment levels are still below pre-Covid levels, revealing the severe impact of the pandemic.

Sources: 2021 IHS Markit Regional eXplorer; Quarterly Labour Force Survey, Stats SA, 2021/22.

## ENERGY

**163,7 MILLION**  
gigajoules total annual energy use citywide  
in 2019<sup>2</sup>

**4,14 TONS**  
CO<sub>2</sub> emissions  
per capita in 2019<sup>3</sup>



**THE ELECTRICITY INTENSITY**  
of the city's economic output<sup>4</sup> decreased steadily  
at a compound annual growth rate of 1,96% from  
16 364<sup>5</sup> to 13 168.<sup>6</sup>

<sup>2</sup> Based on City energy outputs for 2019.

<sup>3</sup> BASIC emissions – latest available data as reported to the Carbon Disclosure Project. BASIC emissions is a reporting standard of the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC). It includes energy, waste, wastewater and electricity imported into the city, but excludes regional and international aviation and marine fuels.

<sup>4</sup> City sales on tariffs for small and large power users, kWh/constant GVA, 2016 ZAR million.

<sup>5</sup> 2008, kWh/2016 ZAR million.

<sup>6</sup> 2019, kWh/2016 ZAR million.

Source: City of Cape Town Sustainable Energy Markets Department.

## WATER



**Approved Water Strategy** being implemented to achieve water resilience, as well as an inclusive and sustainable service

Implementation of the **drought response programme** and additional water supply through non-surface water sources

Consistently **high potable water quality** exceeding national prescribed standards

**Low per-capita water consumption** maintained following the 2017 drought

Dramatic **increase in consumers' awareness** of water-use efficiency (higher than the National Master Plan target)

### SERVICE DELIVERY CHALLENGES INCLUDE:

**Increasing number of sewer spillages** due to underinvestment in refurbishment of pump stations and pipe replacement, vandalism, and disposal of foreign objects into manholes

Three wastewater treatment plants having **reached capacity due to rapid development**, with significant investment in these areas planned for the next five years

Source: Monthly W&W PC report, SDBIP indicator.

# ACCESS TO SERVICES

(change from 2016 to 2020, as reported by all households)

Access to **piped water** (either on or within 200 m from property) up from 95,7% to **99,3%**

Access to **electricity** (from mains for lighting) up from 91,7% to **92,6%**



Access to **refuse removal** (at least once a week) down from 96,5% to **95,4%**

Access to adequate **sanitation** (flush, chemical or pit toilet with ventilation) up from 92,4% to **94,3%**

Access to **telephony** (landlines and/or cellphones) up from 97,6% to **99,8%**

Sources: 2016 and 2020 General Household surveys, Stats SA.

Note: The sample size for the 2020 General Household Survey was significantly smaller than in previous years. This could affect the statistical findings flowing from the survey data used in this integrated annual report.



# BASIS OF REPORT PREPARATION AND PRESENTATION



## THE CITY'S PROCESS FOR DETERMINING MATERIALITY

The City is on a journey towards fully integrated reporting. A key element of that journey is understanding how the organisation determines what matters are material to its operations and the sustainable delivery of services to the communities and businesses it serves.

The City's material matters are predominantly determined as part of its ongoing strategic integrated development planning process and the formulation of its annual budget, through which it gives effect to the strategic objectives contained in the IDP.

The City's IDP is the strategic driver of both its budget and performance management system. It sets out the most important objectives, including the creation of an enabling environment for economic growth, job creation, investment, and the provision of services that improve the quality of life for all residents of Cape Town. These are the overarching areas of materiality that guide everything the City does. As such, the IDP takes cognisance of all matters that are or may be material to the City's mandate, purpose and the achievement of its objectives.

The IDP is both a strategic and an implementation plan. The strategic plan is informed by community needs, stakeholder inputs, a contextual analysis and an evaluation of the existing state of Cape Town, all of which help identify the challenges that the City needs to address to achieve its vision. As such, it presents a detailed view of all the City's material matters. From these, priorities and objectives are identified to lend focus to the City's efforts to address the most critical strategic challenges. The implementation plan component of the IDP, in turn, focuses on only the key strategic programmes, projects and initiatives that are critical to support the achievement of the strategic priorities in the given five-year term of office.

## THE CITY'S FIVE STRATEGIC FOCUS AREAS AS A MATERIALITY FRAMEWORK

The City's five SFAs or pillars for the IDP period 2017 to 2022 represented the foundation on which the administration sought to create value for all its stakeholders.

- ✓ **The opportunity city** SFA focused on creating an environment that stimulates sustainable economic growth, investment and job creation.
- ✓ **The safe city** SFA was aimed at creating 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 by-law enforcement, addressing safety holistically, while also considering social factors in the City's approach.
- ✓ **The caring city** SFA concentrated on looking after the people of Cape Town, especially those who are most in need of assistance.
- ✓ **The inclusive city** SFA incorporated aspects of all three SFAs above to achieve true inclusivity and ensure that there is access to economic opportunities, that citizens feel safe and cared for, and that communities are truly integrated.
- ✓ **The well-run city** SFA focused on financial and operational sustainability, human resource development and organisational restructuring to ensure that the City responds to its customers' needs and can sustainably support its various initiatives, programmes and projects by delivering the right services as efficiently and effectively as possible.

## MATERIAL MATTERS AND PRIORITY OUTPUTS

Using the above processes to determine materiality, the City identified the following as its key material issues for the five-year IDP period from July 2017 to June 2022. These material matters are not static and evolve year by year depending on the socioeconomic environment in which the City operates.

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

## VALUE-CREATION PRIORITIES ARISING FROM MATERIAL MATTERS

The City also identified 11 priorities that span its five SFAs. These priorities are transversal and discourage historical silo-based approaches to initiatives, projects and programmes. In addition to spanning the five SFAs, the priorities also have clear interdependencies, which further ensure a more sustainable and transversal approach in the organisation.

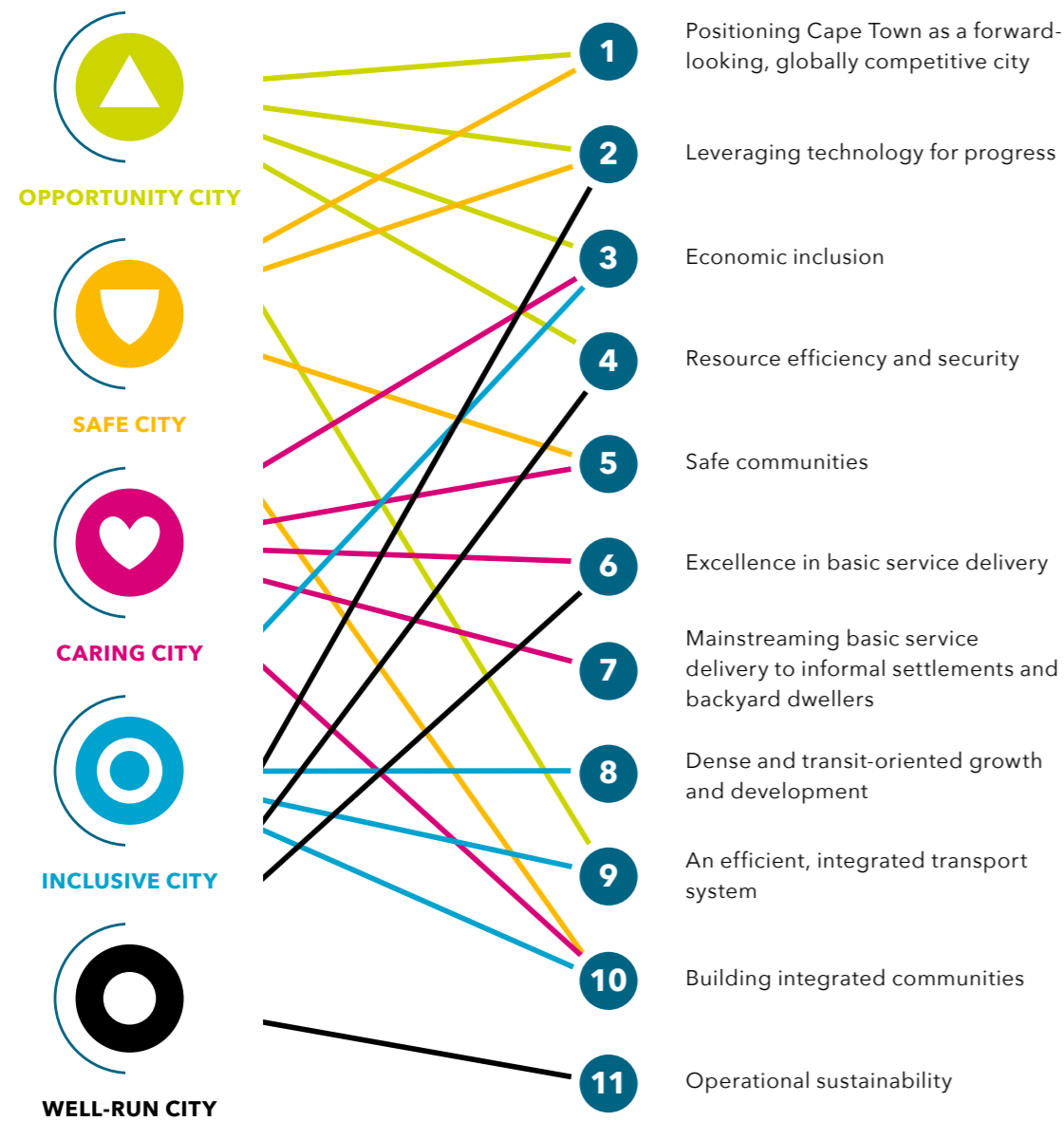
### The 11 value-creation priorities are as follows:

- ✓ 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
- ✓ Operational sustainability



The transversal alignment between the five SFAs and the 11 value-creation priorities is illustrated in figure 1 below.

Figure 1: The relationship between the City's five strategic focus areas and 11 value-creation priorities



## PUBLIC PARTICIPATION IN DETERMINING MATERIAL MATTERS

The Municipal Systems Act 32 of 2000 requires that the local community be consulted on their development needs and priorities, and participate in the drafting of the IDP. The act also requires that key stakeholders be identified and consulted as part of the drafting process. The IDP process affords Cape

Town's residents and stakeholders the opportunity not only to participate in identifying these material matters, but also to measure the City's progress against its IDP targets.

Over 9 800 survey inputs were received in the 2021/22 IDP public engagement process held in December 2021 and January 2022. In the second round of public participation in April 2022, almost 19 000 submissions were received. These were instrumental in informing the development of the new IDP for the period 2022-2027.

## THE CITY OF CAPE TOWN'S COLLABORATIVE PLANNING APPROACH IS EPITOMISED BY ITS COMMITMENT TO CONSTANTLY ENGAGE WITH ALL CAPETONIANS.

THE CITY FACILITATES THIS FEEDBACK AND INPUT BY PROVIDING THE PEOPLE OF CAPE TOWN WITH COMPREHENSIVE INFORMATION ON ITS PLANS AND PROPOSED ACTIONS, AND THEN GIVING THEM NUMEROUS OPPORTUNITIES TO HAVE THEIR SAY.

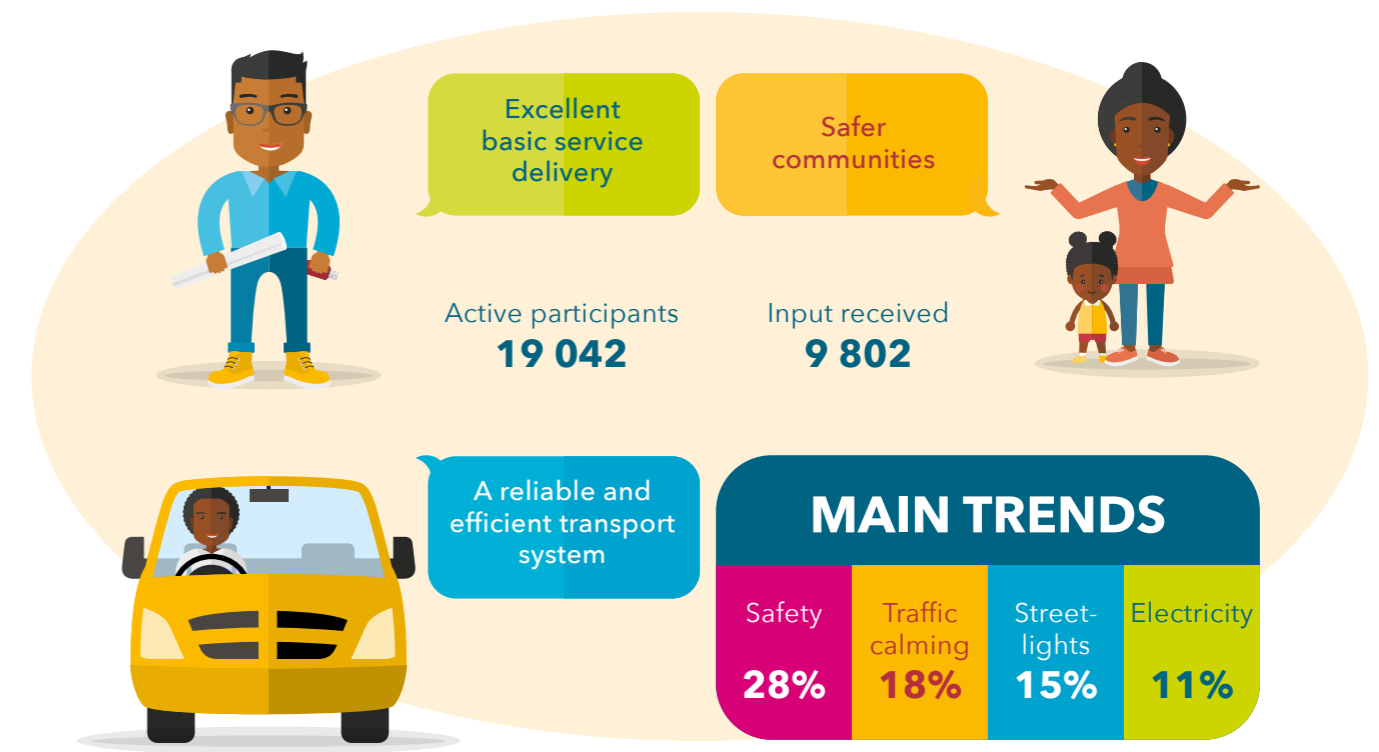


Figure 2: Public participation statistics

# THE CITY'S VALUE-CREATION PROCESS

The City's value-creation process is encapsulated in its business model, which, in turn, is represented in detail by its IDP implementation plan. In the previous term of office, this was informed by 11 objectives that were formulated from the 11 identified priorities.

This was done so that the transformational priorities could be defined in terms of measurable objectives, which then became the goals on which supporting programmes and projects were based. The figure below illustrates this flow from the strategic plan to the implementation plan.

The programmes, projects and initiatives contained in the implementation plan are those that are of key significance in the context of the five SFAs and the 11 priorities. The implementation plan also includes ongoing programmes, projects and initiatives from the previous IDP, as well as catalytic projects. Operational activities, programmes and projects required from the City by law are not specifically included in the implementation plan, unless they are considered strategically significant in delivering on the City's strategy, as contained in the 11 priorities.

The implementation plan and its linkages to the City's SFAs, objectives and priorities are illustrated in the following figure:

Figure 3: The IDP implementation process within the City's value-creation framework

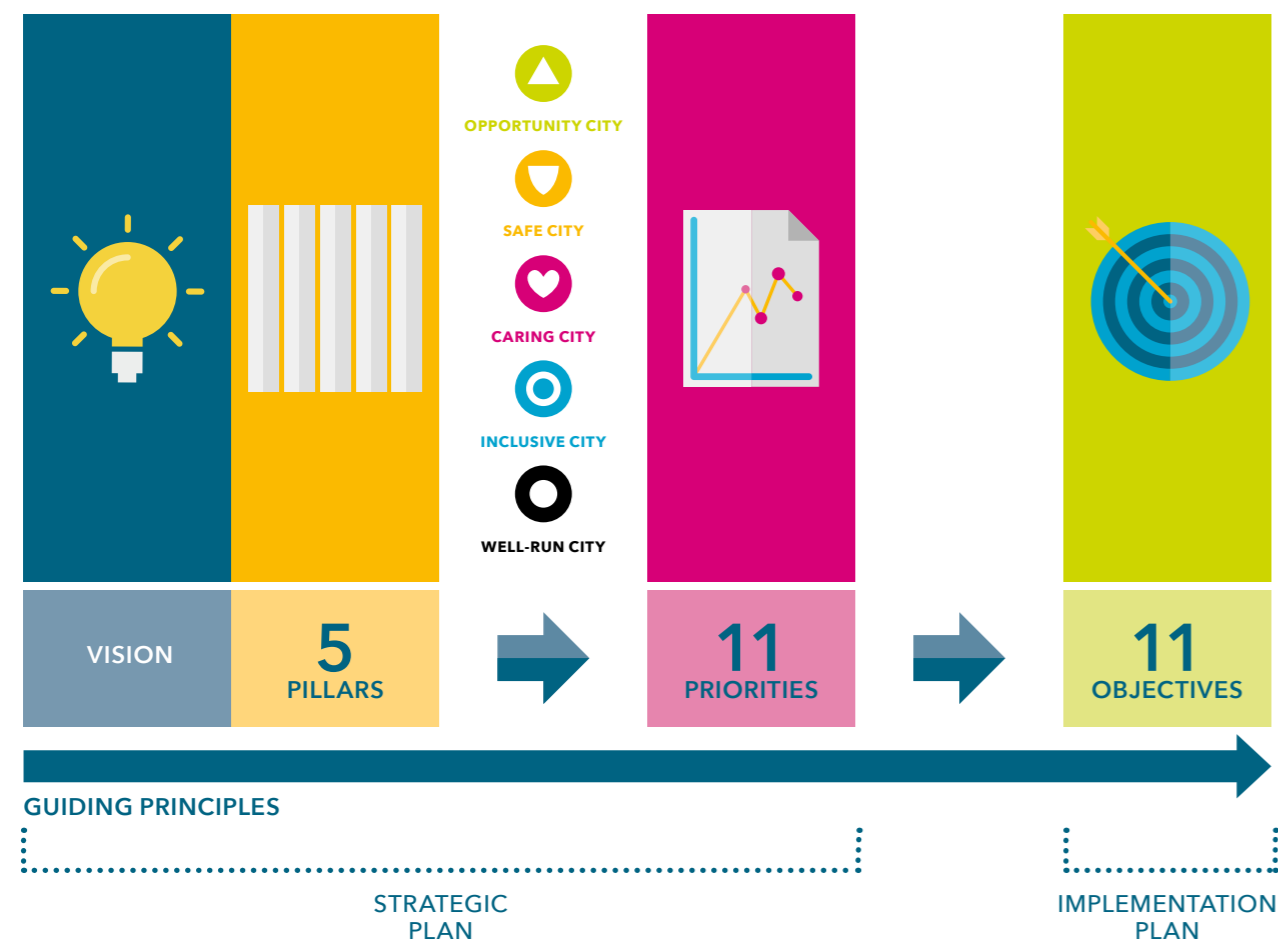
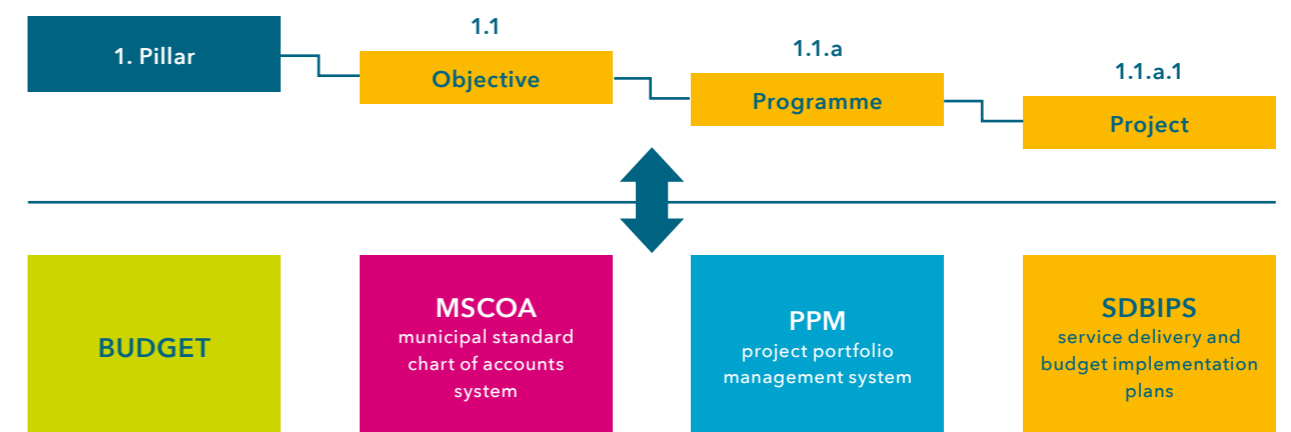


Figure 4: The City's implementation plan within the framework of its operational systems



## UNDERSTANDING THE VALUE-CREATION PROCESS FOR THE CITY AS A PUBLIC ENTERPRISE

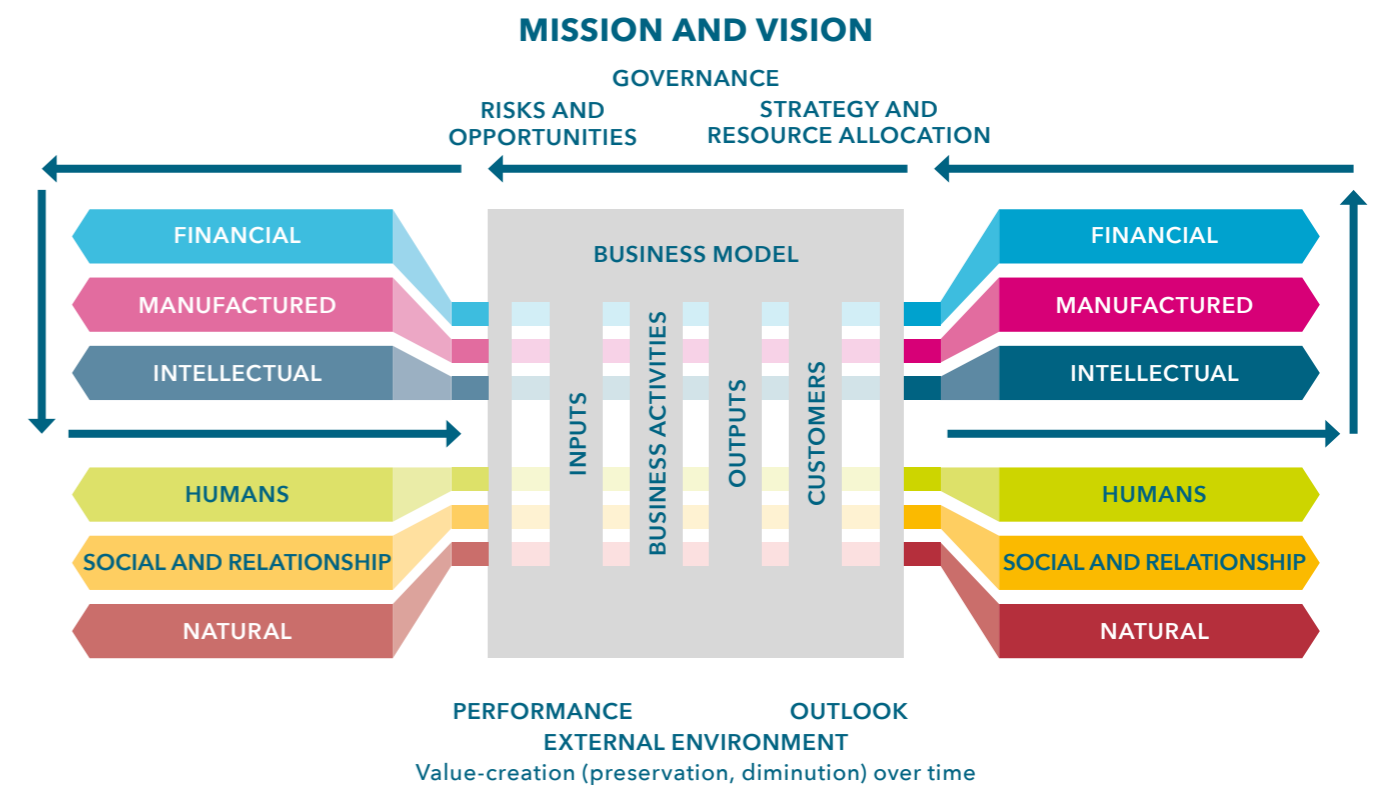
This integrated annual report aims to provide insight into:

- ✓ the external environment that affects the City;

- ✓ the resources and relationships used and affected by the City, which are referred to as the 'capitals'; and
- ✓ how the City interacts with the external environment and the capitals to create value over the short, medium and long term.

To this end, various elements were considered in preparing the report and are depicted in the figure below.

Figure 5: Critical elements informing the City's integrated annual report



The vision and mission set out the purpose of the City as a whole, and those charged with governance are responsible for creating an appropriate oversight structure within which the various critical elements exist. Continuous monitoring and analysis of the external environment in the context of the City's vision and mission identifies opportunities and risks relevant to the administration. The City's

strategy then identifies how it intends to maximise opportunities and mitigate or manage risks. It sets out strategic objectives, as well as strategies to achieve them, which are implemented through resource allocation plans. At the heart of the City is its business model, which is the vehicle through which it creates value. Moreover, the organisation needs information about its performance, which involves

setting up measurement and monitoring systems to provide information for decision making.

This system is not static: Regular review of each element and its interaction with other elements, as well as a focus on the City's future outlook, leads to ongoing revision and refinement.

The table below offers a high-level summary of some of the City's main value creation aspects. Full details regarding the value created by the City are contained in the performance review sections for each SFA.

Note: This is the City's first value-creation table. It is only indicative of value creation. The red font indicates a negative output or outcome.

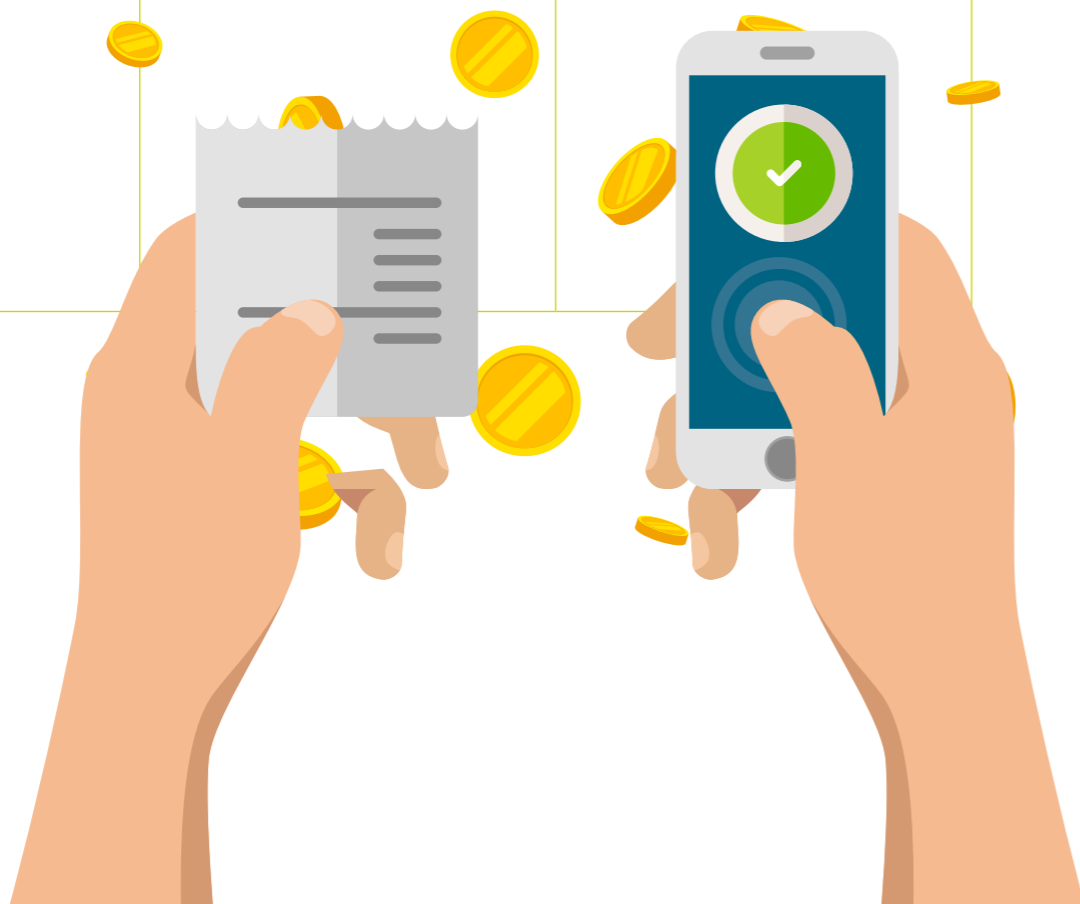
**Table 1: Key value-creation inputs and outputs**

CAPITALS	INPUTS	PROCESSES
Financial stewardship capital	<p><b>Total budget quantum R57 333 million:</b></p> <ul style="list-style-type: none"> <li>Operating budget of R51 238 million</li> <li>Capital budget of R6 095 million</li> </ul>	<p>Supply chain management</p> <p>Financial management</p> <p>Project management</p> <p>Contract management</p> <p>Structures in place supporting process:</p> <p>Continuous re-engineering of business processes.</p> <ul style="list-style-type: none"> <li>Functional structure (see table on page 32)</li> <li>Segment reporting (see segment reporting on page 220 of the City's annual financial statements (AFS))</li> <li>Governance structures - which provide oversight and accountability</li> </ul>

OUTPUTS	OUTCOMES
<ul style="list-style-type: none"> <li><b>Operating budget spend:</b> R50 645 million increased from 93,05% (2020/21) to 98,84% (2021/22).</li> <li><b>Capital budget spend:</b> R5 426 million. Increased from 88,1% (2020/21) to 89,03% (2021/22).</li> <li><b>Revenue growth:</b> Increased by 7,27% from 2020/21 to 2021/22.</li> <li><b>Liquidity ratio (cash flow assessment):</b> Increased with a cash coverage ratio of 1,82 (2020/21) to 1,84 (2021/22). This is within the NT benchmark of 1 to 3 times and higher than the internal risk appetite of 1,5 times. The City maintains a going-concern status.</li> <li><b>Payment ratio:</b> The City's excellent payment ratio of 97% is a testament to most residents being able to pay their accounts.</li> <li><b>Solvency ratio:</b> Increased from 21,02% in 2020/21 to 28,61% in 2021/22. The solvency ratio is in line with the NT benchmark of &gt;20.</li> <li><b>Current ratio:</b> 1,64 in 2021/22, which is in line with the NT benchmark of 1,5 to 2,1.</li> <li><b>High investment rating:</b> The City maintained a high investment rating from the independent rating agency with a positive outlook.</li> </ul>	<p><b>Improved resilient financial performance:</b> Cape Town is the most sustainable city in Africa (see page 147 for more detail).</p> <p><b>Municipal Financial Sustainability Index:</b> The City of Cape Town maintained the highest score of 67 (2021/22) among all the metros (see page 148 for more detail).</p> <p><b>Credit rating maintained:</b> Moody's ratings agency retained the City's outlook as stable (Ba3/NP).</p> <p><b>Auditor-General outcome:</b> (to be updated)</p>



CAPITALS	INPUTS	PROCESSES
<b>Infrastructure capital</b>	<p>Infrastructure capital investment: R5,43 billion</p> <p>City's total investment in repairs and maintenance since 2012/13 is R34 billion.</p> <p>For more detail see statement of comparison of budget and actual amounts - City's AFS (page 216).</p>	<p>Supply chain management</p> <p>Financial management</p> <p>Project management</p> <p>Contract management</p>
<b>Human and intellectual capital</b>	<p><b>People:</b> 29 384 employees at the beginning of the financial year.</p> <p>Employee-related cost was R15 254 million for 2021/22.</p> <p>R89 461 268 spent on Workplace Skills Plan (training).</p>	<p>Human resource management</p> <p>Individual performance management</p> <p>Employee wellness</p> <p>Learning and growth management</p> <p>Consequence management</p>



OUTPUTS	OUTCOMES
<p><b>Water mains replaced:</b> 51 084m (2021/22), which brings a total of 230 920 m replaced since 2016/17.</p> <p><b>Sewer mains replaced:</b> 29 051 m 2021/22 which brings a total 137 266 m replaced since 2016/17.</p> <p><b>City fibre roll-out:</b> Installed 1 147 km (2019/20). Increased from 1 095 km (2018/19).</p> <p><b>Public Wi-Fi hotspots:</b> Increased to 286 (2021/22) from 279 (2017/18).</p>	<p><b>Citywide improved community satisfaction</b> Increased to 2,7 (2021/22) from 2,5 (2020/21).</p> <p><b>Expanded infrastructure footprint</b></p> <p><b>Maintained infrastructure, making it more resilient</b></p> <p><b>Improved digital readiness</b></p> <p><b>Improved access to basic services</b> (growth from 2016 to 2020 (census data lag), as reported by all households):</p> <ul style="list-style-type: none"> <li>• Piped water (on property or less than 200 m) up from 95,7% to 99,3%</li> <li>• Electricity (from mains for lighting) up from 91,7% to 92,6%</li> <li>• Refuse removal (at least once a week) down from 96,5% to 95,4%</li> <li>• Adequate sanitation (flush, chemical or pit toilet with ventilation) up from 92,4% to 94,3%</li> </ul>
<p><b>People:</b> 29 402 employees at the end of the financial year.</p> <p><b>Staff vacancy rate</b> of 11,30% in 2021/22 decreased from 9,40% in 2020/21.</p> <p><b>Budget spent on Workplace Skills Plan (training)</b> increased from 84.00% (2020/21) to 94.75% (2021/22).</p>	<p><b>Improved workplace culture:</b> City employee workplace culture score improved from 3,1 in 2019 to 3,6 out of 5 in 2021.</p> <p><b>Improved municipal capability:</b> Percentage of municipal skills development levy recovered improved from 87,76% in 2021/22 to 123,84% in 2022/23 (which included a discretionary portion from the SETA).</p> <p><b>Municipal capability:</b> The top management stability rate decreased to 55,00% (2021/22) from 97,92% (2020/21). Elections affected this indicator.</p> <p><b>Improved diversity profile of workforce:</b> Percentage of employees from EE target (designated) groups employed in the three highest levels of management improved from 74,20% (2020/21) to 75,24% (2021/22).</p> <p><b>Improved B-BBEE transformation:</b> The City's B-BBEE rating improved to level 7 (2021/22) from level 8(2020/21).</p>





CAPITALS	INPUTS	PROCESSES
<b>Natural capital</b>	<p>Legislation, policies and guidelines</p> <p>Environmental Strategy</p> <p>Air, water, land, minerals and forests</p> <p>Biodiversity and ecosystem health</p>	<p>Conservation planning</p> <p>Environmental education; Invasive alien species management; and job creation</p> <p>Management of nature reserves</p>
<b>Social and relational capital</b>	<p>Office of the Mayor</p> <p>Office of the City Manager</p> <p>National and provincial departments</p> <p>Private investors and developers</p> <p>Small and medium enterprises (SMMEs)</p> <p>Local residents</p> <p>Businessowners</p>	<p>Comprehensive needs analysis of communities and residents in need</p> <p>Extensive indigent policy and rebate system for pensioners</p> <p>Transversal coordination of the Inclusive Economic Growth Strategy</p> <p>Creation of a business-friendly environment</p> <p>Business partnership opportunities to enable the acceleration of economic growth</p>



OUTPUTS	OUTCOMES
<p><b>Percentage BioNet preserved</b> increased to 76,78 in 2021/22 from 65,415 in 2020/21.</p> <p><b>Percentage compliance with drinking-water quality standards</b> remained relatively high at 98,96% in 2021/22.</p>	<p><b>Reduced carbon emissions:</b> Citywide greenhouse gas emissions were relatively stable between 2012 and 2019, with a drop from 21 914 762 tons to 20 757 873 tons of CO<sub>2</sub> recorded over this period.</p> <p><b>Improved air quality:</b> The number of days when the City did not meet the air quality standards improved from 57 days (2020/21) to ten days (2021/22).</p> <p><b>Minimised solid waste:</b> Tons of municipal solid waste sent to landfill per capita reduced from 0,30% in 2019/20 to 0,24% in 2020/21.</p> <p><b>Improved community satisfaction:</b> Results from a subsection of the Community Satisfaction Survey for 2021/22 showed the following results:</p> <ul style="list-style-type: none"> <li>Nature reserves score increased from 2,8 (2020/21) to 2,9 (2021/22).</li> <li>Environment score increased from 2,7 (2020/21) to 2,9 (2021/22).</li> </ul>
<p><b>Indigent support:</b> The City signed off on a R3,3 billion social package to support the indigent, people with disabilities, pensioners and other residents in need.</p> <p>The City wrote off R4 billion in historical debt for the 2021/22 financial year.</p> <p><b>Wellness and welfare:</b> In terms of mental health, the Comprehensive Personal Primary Healthcare (CPPHC) Unit supported the training of 88 City Health staff through the Practical Approach to Care Kit (PACK) module. Trauma counsellors facilitated eight group trauma debriefings, 15 individual debriefings and 15 trauma counselling cases in 2021/22.</p> <p><b>Training of SMMEs:</b> In 2020/21, 70 qualifying applicants went through the Smart Supplier Programme, which includes job training.</p> <p><b>EPWP opportunities</b> created increased from 34 306 (2020/21) to 40 600 (2021/22).</p>	<p><b>Improved access to basic services</b></p> <p><b>Improved wellness and welfare of communities</b></p> <p><b>Improved economic growth</b></p> <p><b>Improved job creation</b></p>



**OUTCOMES APPLICABLE TO ALL CAPITALS ABOVE**

Increased ease of doing business  
 More digitally connected Cape Town  
 Increased economic growth  
 More resilient Cape Town

**Table 2: Overview of the City's functional structure**

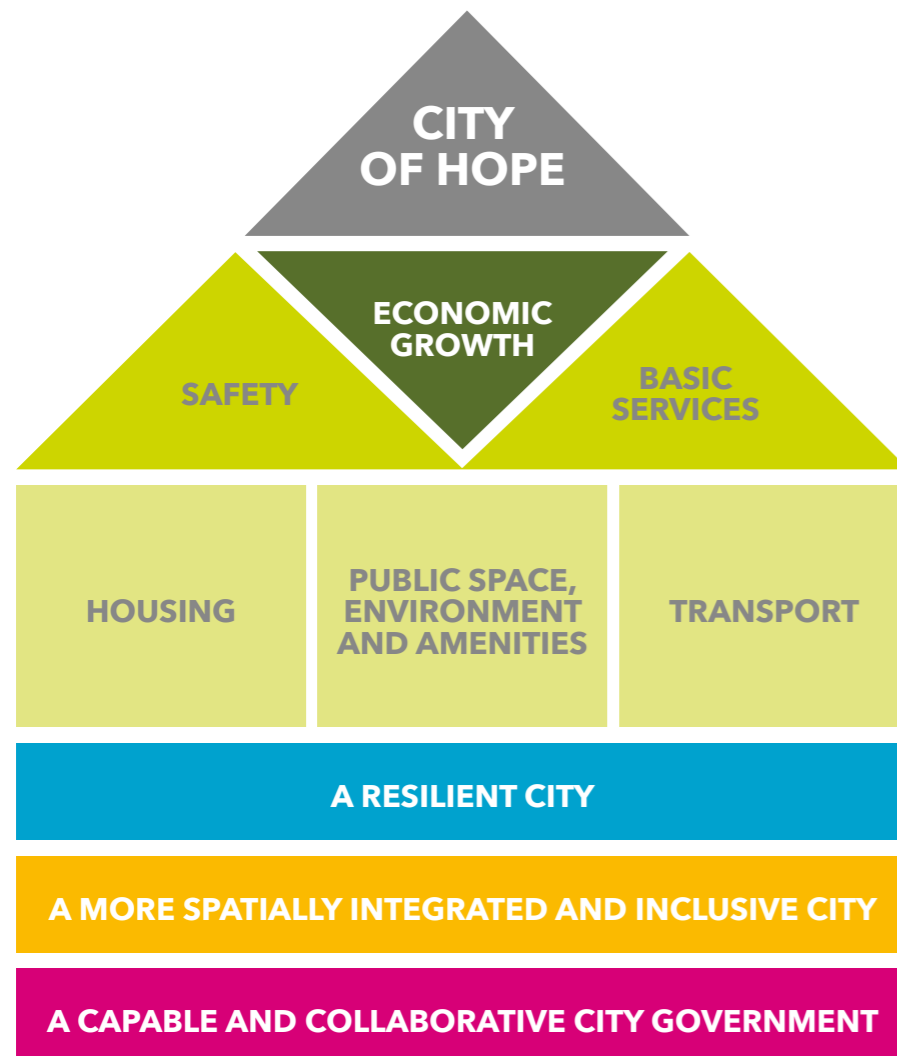
FUNCTIONAL STRUCTURE	PRINCIPAL ACTIVITIES AND OPERATIONS
<p><b>Governance and administration</b>                      Executive and Council                      Finance and administration                      Internal audit</p>	<p>All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.</p>
<p><b>Community and public safety</b>                      Community and social services                      Sport and recreation                      Public safety                      Housing                      Health</p>	<p>Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.</p>
<p><b>Economic and environmental services</b>                      Planning and development                      Road transport                      Environmental protection</p>	<p>Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.</p>
<p><b>Trading services</b>                      Water management                      Wastewater management                      Waste management                      Energy sources</p>	<p><b>Water management</b></p> <ul style="list-style-type: none"> <li>• Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchment areas and water storage, to distribution.</li> </ul> <p><b>Wastewater management</b></p> <ul style="list-style-type: none"> <li>• Treating wastewater, and safely disposing it back into the environment.</li> </ul> <p><b>Waste management</b></p> <ul style="list-style-type: none"> <li>• Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of Cape Town's streets, public spaces, beaches and rivers.</li> <li>• Energy sources.</li> <li>• Distributing electricity to residential, commercial and industrial customers in Cape Town, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.</li> </ul>



# OUTLOOK AND NEW TERM-OF-OFFICE VALUE-CREATION OUTCOMES

## INCLUDING MAJOR PROJECTS FOR 2022-2027

Figure 6: New term-of-office City vision and strategic priorities



### NEW TERM-OF-OFFICE MATERIAL MATTERS

To develop the IDP for the new term of office (2022-2027), the City built on the SFA approach of the past ten years to formulate a refreshed vision underpinned by an evolved set of strategic priorities. These priorities, which are illustrated in the figure below, represent the material matter 'clusters' for the City over the coming five-year IDP period.

### THE CITY'S KEY MATERIAL MATTERS (2022-2027)

The objectives underpinning each of these priorities, in turn, represent the key material matters for the same period. These are as follows:

- ✓ Increased jobs and investment in the Cape Town economy
- ✓ Improved access to quality and reliable basic services
- ✓ End load-shedding in Cape Town over time
- ✓ Effective law enforcement to make communities safer
- ✓ Strong partnerships for safer communities
- ✓ Affordable, well-located, safer, better-quality homes
- ✓ A sustainable transport system that is integrated, efficient and provides safe and affordable travel options for all
- ✓ A resilient and climate-responsive city that meets its resource needs sustainably and is less vulnerable to shocks and stresses
- ✓ Equitable access to opportunities, with lower barriers to inclusion and well-being
- ✓ A modern, efficient and financially healthy local government that is financially sustainable

The primary source of value that the City can deliver for all its stakeholders in the years ahead will be to achieve its vision of turning Cape Town into a city of hope. Achieving this vision will ensure that Cape Town is a prosperous, inclusive and healthy city where people can see their hopes of a better future realised for themselves, their children as well as their communities. This vision guides all the City's operations and is central to its value-creation efforts.

To turn Cape Town into South Africa's city of hope, the City must leverage the public resources at its disposal to lay the necessary foundation to improve people's lives and opportunities, and co-create a city that is more caring, more inclusive, more prosperous, more united, more respectful, more safe and more free. The City is also focused on creating the conditions for meaningfully faster economic growth so that more Capetonians can lift themselves out of poverty.

While there are many frameworks in place to deliver this value, the two core components are the City's IDP and budget. The budget enables the City to put the commitments it has made in the IDP into practice. More fundamentally, the IDP and budget are the practical manifestation of the City's commitment to care for all Capetonians.

### TARGET VALUE-CREATION OUTCOMES FOR THE NEXT FIVE-YEAR INTEGRATED DEVELOPMENT PLAN TERM (INCLUDING MAJOR CAPITAL PROJECTS)

In addition to ongoing service delivery to Cape Town's citizens, a number of target outcomes and projects are focused entirely on delivering this value in the coming five years.

#### TARGET OUTCOME: MEANINGFULLY FASTER ECONOMIC GROWTH

Achieving this outcome is vital to ensure that more Capetonians lift themselves out of poverty. To this end, the City has made a number of significant financial commitments, including:

- ✓ R450 million in funding to ease-of-doing-business programmes;
- ✓ R424 million for investment promotion; and
- ✓ a package of direct economic incentives to the value of R181 million.

#### TARGET OUTCOME: EXCELLENCE IN BASIC SERVICE PROVISION

Besides securing the conditions for economic growth and job creation, the best means the City has at its disposal to secure a dignified, safe and healthy existence for our residents is excellent basic service

delivery. Excellent basic services, in turn, encourage further growth and investment by improving the ease of doing business and ensuring a healthy and happy workforce.

This is a two-pronged objective: The City is not only committed to improving the quality of basic services in the medium term, but is also investing to safeguard its ability to deliver excellent services in the future, even in the face of rapid population growth.

### TARGET OUTCOME: ENERGY SECURITY

A key City service delivery commitment is to make Cape Town energy secure as soon as possible by increasing the reliability, inclusivity and affordability of electricity supply. The City has begun the process of ending load-shedding for Capetonians over time through procurement from independent power producers, although it is recognised that many of these projects will take time to be implemented. Significant investments in this regard include a R1,1 billion capital allocation to the City's Energy Directorate, comprising:

- ✓ R267 million for transmission system development;
- ✓ R144 million for system equipment replacement;
- ✓ R66 million for street lighting;
- ✓ R31 million for medium-voltage switchgear refurbishment;
- ✓ R45 million for new medium-voltage system infrastructure; and
- ✓ R25 million for the electrification of dwellings.

### TARGET OUTCOME: OPPORTUNITY-FOCUSED MOBILITY

People cannot thrive if they are not free to move around on accessible and affordable public transport. The City remains committed to steadily expanding its award-winning public transport network and, to this end, has allocated R1,4 billion in capital to the Urban Mobility Directorate. This includes R696 million for the southeast corridor expansion of the MyCiTi bus system, which will link Mitchells Plain and Khayelitsha with Claremont and Wynberg.

### TARGET OUTCOME: SAFETY AND SECURITY

To make Capetonians, their homes and their businesses safer and protect the City's infrastructure, the City has committed R4,6 billion to safety programmes. This includes investment in new infrastructure and systems to enhance the administration's crime response.

### TARGET OUTCOME: FORMAL HOUSING AND FREE BASIC SERVICES

To support the most vulnerable Capetonians, the City continues to deliver on the need for housing and free basic services. Altogether R489 million has been allocated for the development of formal housing opportunities. The City's package of free basic services for indigent residents includes 15 kℓ of water per month per household, as well as 60 kWh of electricity if the household buys less than the basic amount of 250 kWh a month. Discounted rates and waste services also ensure that residents without means are supported.

### MAJOR CAPITAL PROJECTS AIMED AT DELIVERING THE CITY'S VALUE OUTCOMES

A number of key projects have been included in the 2022-2027 IDP and have been allocated funding in the 2022/23 budget with the express aim of addressing specific priorities identified by the Executive Mayor. These projects enjoy increased prominence in the relevant directorates' implementation plans and strategies.



Table 3: Major City projects by directorate

MAJOR PROJECTS BY DIRECTORATE	BUDGET 2022/23 R'000
<b>Community Services and Health</b> <ul style="list-style-type: none"> <li>✓ Integrated recreation and parks facilities</li> <li>✓ Integrated social services precincts</li> <li>✓ National core standards compliance programme</li> <li>✓ Park upgrades</li> <li>✓ Sport and recreation facilities upgrade</li> <li>✓ Upgrade of security at health facilities</li> </ul>	15 025 21 600 12 000 32 450 43 161 18 950
<b>Corporate Services</b> <ul style="list-style-type: none"> <li>✓ Broadband infrastructure programme</li> <li>✓ Fleet services: Replacement plant</li> <li>✓ Fleet services: Replacement vehicles</li> </ul>	140 631 47 100 55 449
<b>Economic Growth</b> <ul style="list-style-type: none"> <li>✓ Business support infrastructure development</li> <li>✓ Cape Town International Convention Centre upgrades</li> <li>✓ Trading plan infrastructure development</li> </ul>	3 705 10 695 2 231
<b>Energy</b> <ul style="list-style-type: none"> <li>✓ Electrical service connections</li> <li>✓ Electrification</li> <li>✓ Medium-voltage switchgear refurbishment</li> <li>✓ Medium-voltage system infrastructure</li> <li>✓ Prepaid-meter replacements</li> <li>✓ Street lighting</li> <li>✓ System equipment replacement</li> <li>✓ Transmission system development</li> </ul>	96 323 24 801 31 116 45 366 35 150 66 480 144 326 266 672
<b>Human Settlements</b> <ul style="list-style-type: none"> <li>✓ Asset management programme</li> <li>✓ Urbanisation: Backyards/informal settlements upgrade</li> </ul>	66 795 293 844
<b>Safety and Security</b> <ul style="list-style-type: none"> <li>✓ Closed-circuit television camera and licence plate recognition installation</li> <li>✓ Emergency Police Incident Control (EPIC) programme</li> </ul>	50 052 48 929
<b>Spatial Planning and Environment</b> <ul style="list-style-type: none"> <li>✓ Coastal infrastructure upgrades</li> <li>✓ Coastal structures: Rehabilitation</li> <li>✓ Nature reserves infrastructure upgrades</li> </ul>	43 452 29 883 16 097

MAJOR PROJECTS BY DIRECTORATE	BUDGET 2022/23 R'000
<b>Urban Mobility</b> <ul style="list-style-type: none"> <li>✓ Congestion relief projects 218 189</li> <li>✓ Integrated rapid transit phase 2A (MyCiTi metro southeast corridor) 696 409</li> <li>✓ Metro roads: Reconstruction 38 500</li> <li>✓ Non-motorised transport programme 29 684</li> <li>✓ Public transport interchange programme 132 571</li> <li>✓ Roads: Rehabilitation 90 680</li> </ul>	
<b>Urban Waste Management</b> <ul style="list-style-type: none"> <li>✓ Drop-off facilities upgrades 35 511</li> <li>✓ Landfill infrastructure development 53 910</li> <li>✓ Solid waste facility upgrades 36 936</li> <li>✓ Solid waste management plant and vehicle replacement 280 000</li> <li>✓ Transfer stations development 211 878</li> </ul>	
<b>Water and Sanitation</b> <ul style="list-style-type: none"> <li>✓ Bulk water infrastructure replacement 55 000</li> <li>✓ Cape Flats rehabilitation 119 744</li> <li>✓ New Water Programme 468 279</li> <li>✓ Replace and upgrade sewer network 169 000</li> <li>✓ Replace and upgrade water network 99 500</li> <li>✓ Water meter replacement programme 153 135</li> <li>✓ Treated effluent reuse 33 000</li> </ul>	



## OUTLOOK

The City's ability to deliver on its value-creation promises to Cape Town residents is inextricably linked to the economic performance of the country, province and city. Challenging economic times make it difficult for some residents to keep up with their rates and services payments to the City, which make up the lion's share of the administration's annual budget. Any such revenue insecurity has a knock-on effect on the City's ability to maintain the high service levels to which Capetonians have become accustomed. While the City will never compromise on such quality service delivery, budgetary constraints demand a more innovative response.

## NATIONAL ECONOMIC OUTLOOK

South Africa's economic growth is expected to remain subdued in the coming years due to various structural constraints in the domestic and global economy. These include inadequate electricity supply, pandemic-induced job losses, higher global inflation, and changes to monetary policies. Real growth in gross domestic product is expected to moderate to 2,1% in 2022 and then average 1,7% for the period 2023 and 2024.

In recent months, global and domestic factors contributed to the fluctuation in the rand exchange rate. The price of crude oil has been rising steadily over the past few months due to a combination of supply and demand-side factors, most notably the Russia-Ukraine conflict. The crude oil price is expected to remain volatile.

According to Stats SA, headline consumer inflation accelerated to 5,9% year on year in December 2021 - the highest in nearly five years - and dropped slightly to 5,7% in January 2022. More recently, inflation broke through the top end of the South African Reserve Bank's target range of 3-6%, leading to a series of repo rate increases that have placed increasing pressure on many consumers. The Reserve Bank's model suggests that the interest rate will gradually normalise in the first quarter of 2023 and into 2024.

## GENERAL INFLATION OUTLOOK AND ITS IMPACT ON MUNICIPAL ACTIVITIES

The City's consumer price index projection is within the Reserve Bank's inflation target range of 3-6%, but deviates slightly from the National Treasury guidance. The consumer price index values applied by the City for the three years in the 2022/23 Medium-Term Revenue and Expenditure Framework are 4,60%, 4,40% and 4,40% respectively.

The inflation rate has had little impact on the City's expenditure budget, as the administration continues to follow a differentiated approach to give effect to a zero-based expenditure budget. Therefore, inflation was not the primary driver of expenditure. However, consumer price index is considered in determining miscellaneous (sundry) tariffs.

## CREDIT RATING OUTLOOK AND BORROWING

The City needs a credit rating to demonstrate its ability to meet its financial obligations over the short and long term. Potential lenders also use the rating to assess the City's credit risk, which, in turn, affects the pricing of any subsequent loans taken. Factors used to evaluate municipalities' creditworthiness include the economy, debt, finances, politics, management and institutional framework.

The City's strong debt management practices, sturdy liquidity and robust financial performance and operating surpluses, supported by prudent financial management and a large and diversified economic base, were recently reflected in ratings agency Moody's outlook as stable (Ba3/NP). Moody's noted that the City's debt levels remained lower than most of its rated peers in South Africa.

The City's excellent payment ratio of over 97% is a testament to most residents being able to pay their accounts. Those who are struggling are encouraged to approach the City for help. The administration has an extensive indigent policy and rebate system for pensioners. In the 2022/23 financial year, the assistance package includes some R3,75 billion in rates and tariffs relief to qualifying residents.

# PERFORMANCE REVIEW 2021/22 FINANCIAL YEAR

## STRATEGIC FOCUS AREA 1: OPPORTUNITY CITY

OBJECTIVES	PROGRAMMES
<b>Objective 1.1: Positioning Cape Town as a forward-looking, globally competitive business city</b>	<ul style="list-style-type: none"> <li>✓ Ease-of-doing-business programme</li> <li>✓ Cape Town business brand programme</li> <li>✓ Infrastructure investment programme</li> <li>✓ Road infrastructure investment programme</li> <li>✓ Economic development and growth programme</li> <li>✓ Partnership development programme</li> <li>✓ Leveraging the City's assets</li> </ul>
<b>Objective 1.2: Leveraging technology for progress</b>	<ul style="list-style-type: none"> <li>✓ Digital city programme</li> </ul>
<b>Objective 1.3: Economic inclusion</b>	<ul style="list-style-type: none"> <li>✓ Skills investment programme</li> <li>✓ Expanded Public Works Programme</li> </ul>
<b>Objective 1.4: Resource efficiency and security</b>	<ul style="list-style-type: none"> <li>✓ Energy-efficiency and supply programme</li> <li>✓ Climate change programme</li> <li>✓ City resilience programme</li> </ul>



# KEY OPPORTUNITY CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2021/22



Finalised  
**96% OF BUILDING PLANS**  
within statutory timeframes



Facilitated over **R34,9 BILLION'S WORTH OF INVESTMENT** in Cape Town and created more than **49 000 DIRECT JOBS** through special-purpose vehicles since 2012



Brought total number of **BUILDING PLANS APPROVED** since 2012/13 to 233 520, with a value of approximately **R205,6 BILLION**



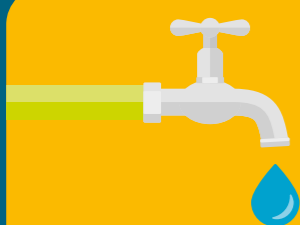
Invested around **R54 BILLION IN INFRASTRUCTURE DEVELOPMENT** since 2012/13



Installed over **1 140 KM OF FIBRE-OPTIC CABLE** across the metro, with 408 City buildings now connected to fibre-optic infrastructure



Diverted over **104 535 TONS OF ORGANIC WASTE** and **30 001 TONS OF RECYCLABLES** from landfills



Replaced **51 084 M OF WATER MAINS** and **29 051 M OF SEWER MAINS**



Conserved **65,44% (55 625 HA)** of the 2009 **BIODIVERSITY NETWORK** to date



**SAVED OVER 303 GWH OF ELECTRICITY** over the past 13 years through energy use improvements in municipal operations, translating into **AVOIDED EMISSIONS OF 300 244 TCO<sub>2</sub>E**

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

## EASE-OF-DOING-BUSINESS PROGRAMME

### BUSINESS SUPPORT PROJECT

Small and medium-sized enterprises (SMEs) make up over 90% of all businesses in Cape Town and account for nearly half of private-sector employment. The City is committed to creating an environment in which small businesses can grow and thrive, and has pledged to facilitate business support for approximately 500 SMEs per year until the end of 2022. Business support includes the following:

#### *FACILITATING A ONE-STOP SHOP SME HELPDESK (BUSINESS HUB)*

The Business Hub provides ongoing advice and skills development, offers guidance on regulation compliance, and helps remove business-related bottlenecks. Over 3 000 businesses have been assisted to date.

#### *BUSINESS-FRIENDLY REGULATIONS*

A regulatory impact assessment framework has been introduced. Regulatory impact assessment indicators on the corporate scorecard seek to ensure that, in future, all legislation will be business friendly.

#### *A BUSINESS-FRIENDLY CULTURE*

The Citywide initiative called I Mean Business aims to cultivate a business-friendly culture among City employees. At its core, the campaign appeals to staff to take pride in their work and go the extra mile to make doing business with the City hassle-free. The initiative will be officially launched in the first quarter of the 2022/23 financial year.

#### *DEVELOPMENT OF AN EASE-OF-DOING-BUSINESS INDEX*

A concept note, a set of indicators of a business-friendly regulatory environment, and a framework for prioritising such indicators have been developed. These will inform the bottom-up, industry-driven development of an Ease-of-Doing-Business Index.

#### *GOVERNANCE*

The new administration has set up an Innovation and Ease-of-Doing-Business Portfolio Committee, which commenced its operations in February 2022. The committee will have transversal oversight of initiatives aimed at reducing red tape and advancing innovative service delivery improvements.

Table 4: Business support project achievements until the end of June 2022

Indicator	Performance in 2021/22
Service requests responded to within two working days (simple requests)	99%
Service requests responded to within 14 working days (complex requests)	100%
Small businesses participating in the City's enterprise and supplier development programme	894
Businesses in distress supported by Business Hub consultants and senior client advisors	2 267
Number of reform projects (that reduce the cost of doing business) supported and/or facilitated	23
Regulatory impact assessments facilitated	2
Educational events hosted for businessowners	58

## LAND-USE MANAGEMENT SYSTEM PROJECT

Ongoing improvements to the land-use management system help expedite land development applications in support of various City strategies. Key to this approach is reviewing and simplifying the City's Municipal Planning By-law, 2015, and further establishing the administration's Development Application Management System.

Having consolidated the municipal planning regulatory function under full City control, the City's executive leadership now has authority over municipal planning in the administration's area of jurisdiction. The City reviews the Municipal Planning By-law every year, allowing the public to comment and make suggestions on improvements to the by-law and its associated processes.

The Development Management Scheme is the City's single zoning scheme, as required by law. Its objective is to control land-use and regulate land-use rights through effective zoning. The scheme helps direct the spatial transformation of Cape Town, as it is framed within the Municipal Spatial Development Framework and the City's economic and social development strategies.

## DEVELOPMENT APPLICATION DATA MANAGEMENT

The City's Development Application Management System (DAMS) allows for the electronic submission, circulation and processing of building plans and land-use applications. Thanks to DAMS and the City's e-Services portal, all building plans and land-use applications were received electronically in the year in review.

In 2021/22, the City reached its target of finalising 96% of building plans (21 120 plans) within the statutory timeframes. Since 2012/13, the administration has received 233 520 building plans for approval, with a combined building work value of approximately R205,6 billion.

As part of its latest round of business process refinement, the City will be implementing a newer version of DAMS by February 2023. The updated version will offer customers a more interactive e-Services portal, which will further improve the customer experience.

## CITY-PRIVATE-SECTOR GROWTH PARTNERSHIP PROJECT

The City engages with property developers, bodies representing property developers as well as other stakeholders to share information and assess opportunities that will help the administration achieve its infrastructure investment vision. These engagements provide a clear view of any planned public and private-sector development initiatives, highlight concerns that need to be addressed, promote full transparency, and help build a common vision for development in Cape Town based on transit-oriented development (TOD) principles.

A major focus of these information-sharing engagements is to direct investment towards the spatially targeted TOD precincts making up the Catalytic Land Development Programme, and specifically also the priority precincts.



## CAPE TOWN BUSINESS BRAND PROGRAMME

### BUSINESS BRAND PROJECT

The City's business brand, Invest Cape Town, continues to stimulate and enable investment by ensuring that all economic role players in the region speak with one voice, campaigning for Cape Town as Africa's hub for business ideas and innovation.

In the year in review, Invest Cape Town built on its success from the previous financial year by:

- ✓ continuing to strengthen partnerships with special business partners;
- ✓ supporting City-approved events hosted by special business partners and stakeholders;
- ✓ running local campaigns to boost the local economy and strengthen the City's vaccination outreach efforts; and
- ✓ successfully growing its social media platforms.

### INVESTMENT PROMOTION

In keeping with its commitment to raise Cape Town's appeal as a global investment destination, the City achieved the following highlights in the past year:

- ✓ Strengthened Invest Cape Town through partnerships, digital activities and the development of branded collateral.
- ✓ Achieved strong growth in the use of the [Invest Cape Town website](#) and social media platforms. From April 2021 to April 2022, the website recorded more than 40 100 views. Sessions<sup>1</sup> increased by 4,9%, goal completions<sup>2</sup> increased by 9,2%, and new users by 6,7%. In terms of Invest Cape Town's social media presence, its Twitter account now has 3 469 followers, while the LinkedIn account has accumulated 3 509 followers.
- ✓ Posted over 150 unique pieces of content on social media channels and more than 20 unique news items on the website.
- ✓ Promoted the quarterly Economic Performance Indicators for Cape Town publications. All editions are [available online](#).

<sup>1</sup> Interactions with the website.

<sup>2</sup> The number of website users who complete a predetermined goal or series of goals, such as obtaining contact information or downloading a document.

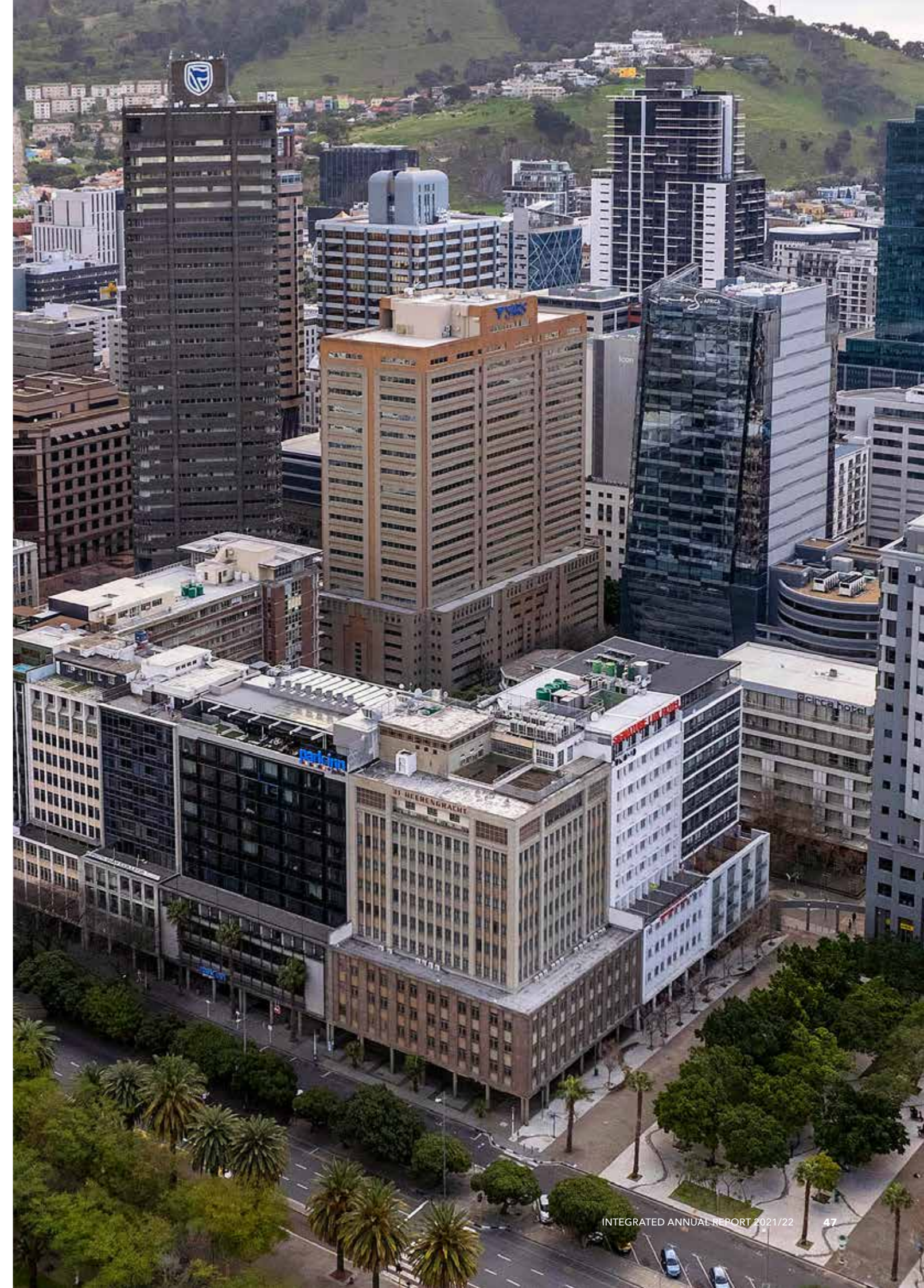
- ✓ Supported the Business Hub's digitisation efforts by promoting their [free annual training calendar](#) and distributing weekly mailers to market the training opportunities.
- ✓ Supported the City's Covid-19 vaccination drive. City Health was assisted to register 486 citizens for the vaccine, targeting citizens aged 60 and older at clinics, libraries, shopping centres and social pension queues. Branded posters and pull-up banners were supplied to clinics and special business partners to underline the importance of vaccination to achieve economic recovery and growth. In addition, a two-week digital campaign achieved over 181 500 impressions, a click-through rate of 0,42% and an engagement rate of 1,37%, which is at the high end of industry benchmarks. Social media content recorded 769 clicks to the Invest Cape Town landing page, 275 clicks to the LinkedIn account, and 1 435 social actions such as likes, comments and shares.
- ✓ Helped develop collateral for branches of the Enterprise and Investment Department, including brochures, flyers, infographics, videos, speaking notes and presentations.

### ECONOMIC SECTOR DEVELOPMENT PROJECT

As part of its trade and investment function, the City funds and supports various special-purpose vehicles (SPVs) to drive growth and job creation in strategic sectors of the economy. The SPVs currently supported are the Cape Information Technology Initiative (CiTi), the Cape Town Fashion Council, BlueCape, the Cape Craft and Design Institute, GreenCape, the Cape Clothing and Textile Cluster, and CapeBPO.

Other SPVs receiving City support include the Western Cape's destination marketing, investment and trade promotion agency Wesgro, and the Western Cape Economic Development Partnership. Since 2012, the City has invested over R330 million in Wesgro and the various other SPVs, which have, in turn, facilitated over R34,9 billion's worth of investment in Cape Town and created more than 49 000 direct jobs. The City has also trained and upskilled 18 500 people as part of this programme since 2014.

In 2021/22, the SPVs collectively delivered around R2,74 billion's worth of investment, which resulted in 5 991 direct jobs created for Cape Town. This was facilitated by a City contribution of over R52 million to the SPVs and Wesgro in the past financial year.



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

## INVESTMENT DESTINATION IN IDENTIFIED MARKETS PROJECT

Identifying opportunities in high-growth, high-impact sectors is key to growing the local economy, attracting investment and maximising job creation and economic development. Therefore, the City engages with stakeholders to obtain business, sector and economic insights that can inform its approach to supporting identified high-potential sectors. Project Camissa is the City's primary research initiative aimed at gathering these insights. The research findings are applied to better understand which industries hold the biggest potential for both output and employment growth, and to identify strategic interventions that will best support this growth potential.

The City also partners with various stakeholders to increase air and port access to Cape Town so as to boost investment and tourism. Fast-growing global trade and investment markets are targeted.

Between 2015 and 2020, Cape Town Air Access helped secure 15 new routes and 23 route expansions. As a result, capacity at Cape Town International Airport was doubled, and 1,5 million seats were added to the network. Since January 2021, nine new routes and four new destinations have either been implemented or announced for Cape Town International Airport.



## INTERGOVERNMENTAL LEGISLATION AND CITY POLICY RATIONALISATION AND REFORM PROJECT

The objective of this project is to create a business-friendly regulatory environment for the benefit of all communities. Existing policies are continuously evaluated and checked to determine whether they need to be amended, replaced or scrapped. Moreover, to improve efficiency, the City has introduced a regulatory impact assessment to systematically and critically assess the effects of proposed and existing regulations and non-regulatory alternatives on businesses. The aim is to ensure that government regulations keep pace with a changing and complex world. In the past year, four regulatory impact assessments were initiated. One was completed, one was abandoned, and two are still being concluded.

In addition, in accordance with the TOD Strategic Framework, the City has proposed a comprehensive review of the policy environment, processes and procedures applicable to the built environment. The objective is to assess the extent to which these either enable or inhibit TOD outcomes. This will supplement the review of the TOD policy environment completed in 2018, which identified various policies, processes and procedures that required repeal, rationalisation and incorporation into district spatial development frameworks (DSDFs), amendment or updating. Some of them have since been incorporated into the DSDFs and environmental management frameworks (EMFs), and a list of local-area policies that will be repealed has been compiled. This work will continue in the years ahead.

Moreover, the City has adopted an advocacy approach to the legislative and planning processes of National Government and the Western Cape provincial government ('Province') so as to effectively position the administration to support infrastructure delivery and private-sector investment in Cape Town.

**The City's Municipal Spatial Development Framework (MSDF) and DSDF Map Guidebook explains** how to use the various maps contained in the City's MSDF and eight integrated DSDFs/EMFs.

The maps illustrate the City's spatial vision for Cape Town, namely to shape an inclusive, integrated, vibrant and healthy city, built in partnership between the private and public sector. The goal is to spatially transform Cape Town to better serve its residents, visitors and businesses. Maps include information on the historical and regional context, current opportunities and constraints, investment potential and spatial development focus areas.

The MSDF and DSDF maps should be consulted together as a set. The MSDF maps provide the metropolitan/municipal scale view, while the DSDF maps offer the detail at the scale of various districts and subdistricts/local areas.

[Click here for the MSDF and DSDF Map Guidebook.](#)

## INFRASTRUCTURE INVESTMENT PROGRAMME

The City stimulates growth by investing in suitable economic and social infrastructure to support economic development. Since 2012/13, the City has invested around R56 billion in infrastructure development. Of this, R28 billion has been directed towards new infrastructure development and R28 billion to the refurbishment (renewal and upgrade) of existing infrastructure.

Resources are allocated according to a strategic infrastructure asset management plan and asset register. Approximately R32 billion has been earmarked for investment in infrastructure over the three financial years from 2022/23 to 2024/25.

The City's Infrastructure Planning and Delivery Framework ensures a pipeline of infrastructure investments that will help re-energise the economy and stimulate economic growth in the wake of Covid-19. To ensure optimal investment, all infrastructure projects proposed for inclusion on the capital budget are assessed against an implementable delivery plan to ascertain implementation readiness, tender readiness, strategic alignment, spatial targeting, and implementation capacity. In addition, all major capital programmes are taken through the City's stage-gate process<sup>3</sup> on their way to implementation to ensure strategic optimisation and effective delivery.

## INFRASTRUCTURE INVESTMENT RESEARCH PROJECT

The processes associated with the Medium-Term Integrated Infrastructure Investment Framework and MSDF are used to determine the extent of the infrastructure investments required to facilitate sufficient growth to respond to actual needs.

## INFRASTRUCTURE ASSET MANAGEMENT PROJECT

In line with national requirements, the City has a dedicated Executive Management Team champion for the implementation of the Cities Infrastructure Delivery and Management System (CIDMS). CIDMS is an asset management system tailored for application in South African metros and complies with South African National Standard (SANS) 55001.

The City also has a bespoke CIDMS implementation strategy, which offers massive potential benefits to the administration and gives ratepayers the assurance that new assets will be well looked after. In addition, it allows the City to benchmark itself against other cities worldwide and ensure that its asset management approach is on par with the best globally.

<sup>3</sup> A project management technique that divides a project into distinct stages, which are separated by decision points known as gates. At each gate, a manager or other key player decides on project (dis)continuation based on forecasts and the available information at the time.

**Table 5: Water and sewerage reticulation pipeline replaced**

Indicator	2021/22 target	2021/22 actual	Total replaced since 2016/17
Water mains replaced	50 000 m	51 084 m	230 920 m
Sewer mains replaced	26 000 m	29 051 m	137 266 m

## A FOCUS ON BULK WATER SYSTEM RESILIENCE

Strengthening, refurbishing and maintaining Cape Town's bulk water supply system remains a key focus for the City. A number of strategic interventions are already in place to achieve this, such as a web-based decision support system. The City also continues to play a key role in the Western Cape water supply system (WCWSS) by actively engaging in the WCWSS Reconciliation Strategy Steering Committee and Technical Advisory Group. Moreover, the administration collaborates closely with neighbouring municipalities and the national Department of Water and Sanitation to utilise regional water supplies more effectively.

## INFRASTRUCTURE MAINTENANCE SERVICE PROJECT

The City has a detailed process flow to ensure that water and sanitation data are accurate and that its management systems are effective. In line with this, the administration continues to invest in repairs and maintenance of its water and sanitation infrastructure. For more on the City's investment in the maintenance of water and other infrastructure, consult the financial statements included in this report, as well as the City's [budget document](#).

## ROAD INFRASTRUCTURE INVESTMENT PROGRAMME

### CONCRETE ROADS UPGRADE PROGRAMME

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

Since 2017, the City has invested over R182 million in the upgrade of concrete roads in Heideveld, Hanover Park, Gugulethu, Bishop Lavis and Imizamo Yethu. Another R216 million will be spent on the concrete roads upgrade programme over the next three years, with construction contracts commencing in Bishop Lavis, Bonteheuwel/Uitsig and Kalksteentfontein in the 2022/23 financial year.

### ROAD CONGESTION RELIEF PROJECT

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

The infrastructure component of the congestion management plan has been evaluated and a list of congested locations<sup>4</sup> have been identified. Using the updated Emme 4 transportation model, with future land-use predictions and various technical filters, the City's congestion relief programme has documented the technical criteria for prioritising projects on an unbiased, citywide basis.

Of the initial R750 million allocated to the congestion relief programme, R561,9 million was spent over the past five years (2016/17 to 2020/21). The balance plus a R203,5 million increase in the programme budget will be invested over the next three to five financial years. This increase will bring the overall budget for the congestion relief programme to R953,5 million.

The areas that have benefited most from this programme are Kommetjie, Table View North and Kuils River. Planning has commenced on roads in other critical locations, as guided by the congestion management plan. However, a number of very large infrastructure projects remain unfunded. These

<sup>4</sup> Congested locations are road links where the volume/capacity ratio exceeds 1, which means that the peak period is spread over a number of hours.

include the R300 extension (M7 to M5), the Foreshore freeway, Jakes Gerwel Drive between the N1 and N2, and the N2 upgrade between Hospital Bend and Jan Smuts Drive.

Recently, there has also been a focus on the potential for projects that deliver priority lanes, such as high-occupancy vehicle lanes and public transport priority lanes (including queue-jump lanes at intersections). This will be included as a new programme in the Urban Mobility budget once an appropriate funding source is identified.

### PUBLIC RIGHT OF WAY PLAN UPDATE

The Public Right of Way road network plan is the City's functional classification of the road network that depicts both existing and future roads. As such, it is a critical spatial planning tool, determining how the City's transport professionals manage and control varying degrees of access throughout the road network. The plan has been updated and refined during 2021/22 as new planning information became available and new roads were constructed. The accuracy of the plan is also continually improved through georeferencing of historical plans.

## ECONOMIC DEVELOPMENT AND GROWTH PROGRAMME

### INVESTMENT INCENTIVES

The Investment Facilitation Unit administers the City's investment incentive programme. Initially only available in the Atlantis industrial area, the incentive scheme has since been expanded to include Parow industria, Lansdowne industrial area, Triangle Farm, Sacks Circle and Elsies River industrial area. In the past financial year, new investors and expanding businesses took up

financial incentives to the total value of R44 million, as well as 306 non-financial incentives.

### GREEN ECONOMY PROJECT

The City continues its work to facilitate increased investment in the local production of green products and the provision of green services. The primary instrument for catalysing investment in the green economy remains the Atlantis special economic zone (SEZ). With approximately 93 ha of development-ready land available in the SEZ, this remains a significant opportunity for investors.

In recent years, a particular focus has been to set up the appropriate governance structures that will allow the Atlantis SEZ company to operate the zone. The City was involved in negotiations that resulted in the transfer of land to the SEZ in return for shareholding in the Atlantis SEZ company. In December 2021, the Minister of Finance confirmed the Atlantis SEZ company as a schedule 3D company in terms of the Public Finance Management Act, which meant that the land transaction could be finalised and operations could commence.

### EVENTS PROJECT

#### EVENT PLANNING

The Special Events Committee considered 129 event support proposals in the year in review, 123 of which were approved. The Events Office managed to secure rights packages to each of these approved events, which afforded the City the opportunity to promote Cape Town as an events destination, showcase its tourism offerings and, in many instances, use the opportunity to drive its various objectives. Rights packages to events include media opportunities, social media, marketing opportunities, advertising on the event programme, on-field branding, branding on boards, hospitality tickets, etc.



The development of the Events Support Management System continues. This system will automate the events support, branding and corporate events application processes and is set to be completed by the end of the 2022/23 financial year.

The Film Cape Town website, a one-stop portal to promote and inform the film industry, continues to grow. In the year in review, 3 709 users visited the website, resulting in 4 618 sessions and 10 103 page views. The Film Cape Town newsletter, in turn, provides news and updates on the local film industry and supplements the website with announcements from the City's Film Permit Office. In the 2021/22 financial year, 15 newsletters were distributed to a database of nearly 3 000 subscribers. Active management of Film Cape Town's social media platforms has also helped raise awareness, with campaigns promoting Cape Town as a premier film destination.

The development of an Events Cape Town website is nearing completion. The site is expected to be launched in the first quarter of the 2022/23 financial year.

In addition, a strategic communications plan was implemented in 2021/22 to promote the City's work and achievements in both the events and film space. This is primarily driven by media releases issued through the City's Communication Department and articles on the Film Cape Town website.

#### *EVENT PERMITTING*

The National Disaster Management Act regulations still had a significant impact on the events industry, especially in the first half of the financial year, with a number of events cancelled or postponed to the next financial year. This affected the number of event permits issued by the Event Permit Office, which totalled 436 for the period July 2021 to May 2022. The Event Permit Office also managed to adapt and focus on delivering oversight monitoring of Covid-19 regulations to ensure patron safety at these events.

The modernisation of the event permitting process has been completed, including all internal user training and change management. The system allows event organisers to submit their permit applications with the least possible red tape. This forms part of the City's commitment to make it easier to do business with the administration and cut down on paper. During the annual events industry engagement in June, the system was introduced to external event organisers. A soft launch of the e-permitting system will be hosted for a few identified event organisers prior to officially going live.

#### *EVENT MANAGEMENT*

In 2021/22, the City supported 383 internal corporate events. Support included branding assistance as well as event management services rendered to various City departments.

#### *FILM PERMITTING*

A total of 7 400 film permit applications were received and 3 948 permits were issued. The Film Permit Office has had to reconfigure to perform oversight and monitoring of Covid-19 compliance regulations and implement the Covid-19 standard operating procedure, which was developed to help the industry return to work during the nationwide lockdown.

The National Disaster Management Act regulations, particularly the restrictions on travel, still hampered operations in the local film industry, particularly in the first half of the financial year. While film permit applications increased compared to the 2020/21 financial year, these restrictions still constrained the total number of permits issued.

#### *STRATEGIES, POLICIES AND BY-LAWS*

The City's Film Policy was released for public participation in October 2021, after which it underwent further internal review by the Safety and Security Portfolio Committee. The Film By-law is also being updated and will be ready for public input in the 2022/23 financial year.

#### *PLACE MARKETING*

The City's Place Marketing function seeks to profile Cape Town as an international destination with unlimited opportunities. This function is delivered through the three dedicated units of Destination Marketing, Investment Promotion, and Tourism Promotion. In the year in review, these units recorded the following key highlights and achievements:



# DESTINATION MARKETING



Destination webpage (www.thisis.capetown) reached more than **44 400 USERS**:

**32,8%** in the United States

**19,6%** in Germany

**17,4%** in the United Kingdom

Good growth across thisis.capetown social media channels:

Facebook - 26 803 followers

Instagram - 1 432 followers

YouTube - 1 944 subscribers

Combined, targeted destination posts and campaigns reached over **15 MILLION USERS** in key international source markets

**MEDIA AND COMMUNICATION SUPPORT** provided to strategic business and tourism events and conferences supported by the City

Published **64 UNIQUE DESTINATION STORIES** promoting Cape Town as a premier destination

**HOSTED 40** different Business Hub and Jobs Connect events to date

**ACTIVELY PROMOTED** Cape Town at Gauteng and KwaZulu-Natal airports

Conceptualised and developed an **INTERNATIONAL CAMPAIGN** with the overarching theme of nature and wide-open spaces

Published a refreshed destination e-brochure in **SIX INTERNATIONAL LANGUAGES**

Installed **NEW CAMPAIGN BRANDING** at Cape Town International Airport

World Travel Market Africa 2022 stand won award for **BEST STAND DESIGN**

A **COMMUNITY-FOCUSED INITIATIVE** saw old airport branding banners repurposed into a range of useful and sustainable items by township-based sewing cooperatives working from home. These high-quality items, including rucksacks, laptop bags, beach bags and more, were gifted to international traders and media attending World Travel Market Africa 2022 and were well received.



## TOURISM PROMOTION

In the year in review, the City:

- ✓ continued to fund and participate in Cape Town Air Access to restore the new direct international flights to Cape Town that have been established since 2015;
- ✓ provided strategic advice to Cape Town Tourism;
- ✓ concluded a new three-year contract with Cape Town Tourism for destination management services that will accelerate tourism service delivery and enhance recovery in the industry;
- ✓ conceptualised and implemented the Tourism Frontline project to acknowledge the sterling work by Cape Town's health workers;
- ✓ promoted Cape Town as a responsible tourism destination in Tourism Month; and
- ✓ continued to roll out the Council-approved Tourism Development Framework 2019-2024, which provides strategic direction to promote tourism and increase job creation.

## LOCAL TOURISM PROJECT

This project involves the development of responsible tourism products that are unique and authentic to Cape Town. The aim is to enhance the local community's ability to host tourists, while increasing economic spinoffs and boosting economic growth. In the year in review, a Bo-Kaap Tourism Development Framework was drafted, which has now been incorporated into the Bo-Kaap local spatial development framework.

## INFORMAL ECONOMY SUPPORT PROJECT

The City offers structured discussion platforms where all stakeholders in the informal economic sector can engage regarding the strategic and operational challenges they face. In the past, a key discussion point at these engagements used to be the inconsistent manner in which informal trading sites and permits were processed and allocated. In response, the City embarked on a project to automate the processing and allocation of informal trading bay permits, thereby eliminating human interference. Trader associations were trained to use the system so that they, in turn, could train their members and give them greater control over the permit-issuing process. The City is also investigating the implementation of overlay zones to facilitate informal economic development along key development routes.

In addition, the City initiated the development of an informal sector support framework. The aim is to set out an overarching approach for providing support to the informal sector, including ways for internal City departments and directorates to collaborate in this regard.

Microenterprise development programmes were implemented to encourage entrepreneurship and provide support and guidance to new and existing businesses.

## UNLOCKING THE NIGHT-TIME ECONOMY RESEARCH PROJECT

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

The City, in collaboration with the Cape Town Central City Improvement District and the Urban Real Estate Research Unit of the University of Cape Town, undertook a research study of the NTE in central Cape Town. Recommendations from the study will inform the City's approach to developing Cape Town's NTE in the years ahead.



## PARTNERSHIP DEVELOPMENT PROGRAMME

### STRATEGIC PUBLIC PARTNERSHIP PROJECT

As part of the City's catalytic land development programme (CLDP), the City's Urban Catalytic Investment Department is developing a number of partnerships with other state-owned enterprises with matching land mandates to implement catalytic projects together. These include the national Department of Public Works, the Passenger Rail Agency of South Africa, Transnet, Airports Company South Africa, Telkom, higher education institutions, SANParks and others. Through collaborative planning and joint implementation of development initiatives, these partnerships will be able to leverage pooled public land assets, enhance economies of scale, and provide better value for money and greater impact.

Established by the City and other stakeholders, the Greater Tygerberg Partnership is a good example of the power of such collaboration. It continues to deliver a range of local community initiatives and programmes in the broader Tygerberg area, but specifically also in support of the central Bellville catalytic precinct (a prioritised TOD node in the CLDP). These include an informal trader programme, waste minimisation initiatives, establishing public ablution facilities, an investor conference, public art, friends groups, events and the like.

### TRADE AND DEVELOPMENT PROJECT

The resumption of the renewable-energy independent power producers programme (REIPPP) has added impetus to investment prospects for the Atlantis SEZ. The Atlantis Investment Facilitation Office continues to refine and promote these opportunities in close collaboration with the Wesgro investment team. The existing investment pipeline for the SEZ in particular, and Atlantis more broadly, has held up well despite the impacts of the Covid-19 pandemic. Ten companies undertook expansion activities in the 2021/22 financial year.

### BUSINESS ENGAGEMENT PROJECT

The City's Enterprise and Investment Department continues to engage with businesses and deliver a range of focused initiatives. As part of the Economic Growth Strategy review, for instance, the City hosted a number of online focus group sessions with

prominent business owners in Cape Town to obtain their perspectives on how the City can best support economic growth. These engagements yielded some important insights, which were subsequently incorporated into the revised and renamed Inclusive Economic Growth Strategy. Project Camissa, the City's economic intelligence research initiative, also continued its work.

Online interviews with businesses in the furniture, renewable-energy, BPO and boatbuilding industries were held during the financial year to identify opportunities, challenges and interventions. These interviews are strategically important to the Enterprise and Investment Department, as they help inform programmes to enhance the respective industries.

## LEVERAGING THE CITY'S ASSETS

### PRIVATE SPONSORS PROJECT

The aim of the City's Corporate Social Investment (CSI) and Collaboration Committee is to facilitate cooperation with the private and philanthropic sector as a way of building on the administration's strategic priorities and mobilising resources for priority projects.

All City departments are required to follow the procedures developed by the committee to assist with the solicitation of CSI contributions. As part of its oversight, the committee submits a consolidated report to Council on donations received by all City departments. Details of the CSI donations process are available on the City's website.

In 2021/22, the CSI committee facilitated a number of initiatives, including the following:

- ✓ Collaboration between the United States Agency for International Development's South African Energy Programme (USAID SAEP) and the City to provide technical assistance to the City to advance the development of new energy generation capacity.
- ✓ Various partnerships with public enterprises, non-governmental organisations and private-sector and international organisations, which resulted in donations and offers of assistance made to the City. These particularly related to the provision of personal protective equipment, the supply of laptops, as well as refurbishment and restoration services.

#### About the USAID SAEP

The City's Energy Directorate has accepted an offer of technical assistance from USAID SAEP. The latter will help the City with a number of projects relating to renewable-energy purchase and generation as well as energy-efficiency interventions. This is another step in the City's energy programme to become more sustainable and diversify Cape Town's energy mix with cleaner, more affordable energy over time.

USAID and its team of expert consultants will render the assistance free of charge.

The work is aligned with City policy relating to energy sector reform and climate change mitigation, which remain top priorities given the country's energy constraints and the changing energy governance landscape. The City is fully committed to its sustainable-energy programmes to ensure that Cape Town is future-fit.

### ASSET LEVERAGE PROJECT

The asset leverage project is aimed at rationalising and optimising City assets to deliver economic benefit for Cape Town and its people. The project involves the assessment and reorganisation of the City's immovable assets to improve service delivery and ensure optimal utilisation. Immovable assets that are not required for municipal purposes are made available to the market for development purposes.

### OPTIMISING THE CITY'S STRATEGIC ASSETS

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

To allow for greater service integration and strategic alignment, the City has consolidated its Enterprise and Investment portfolio with the Asset Management portfolios. A single portfolio of strategic assets offers the benefit of opportunities for integration, cross-subsidisation and cohesive development planning. Furthermore, maintaining such a consolidated portfolio enables the Strategic Assets Department to consider how these assets should interact with the urban environment where they contribute to social cohesion, access, entrepreneurship and resilience. Finally, a consolidated portfolio allows for the sequencing of asset maintenance and upgrades so that resources are sensibly allocated across the portfolio.

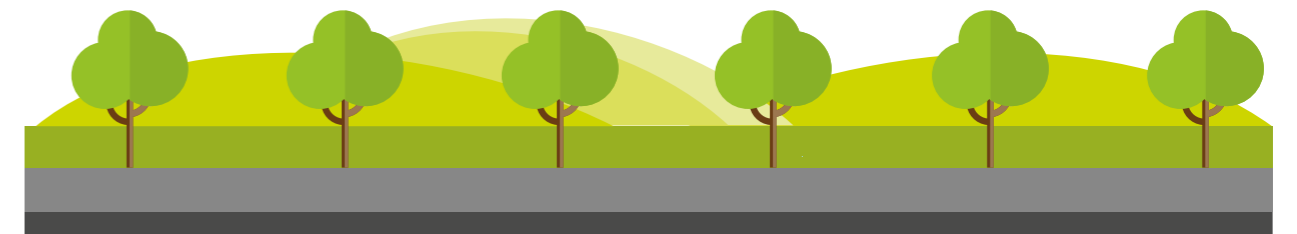
### CITY HERITAGE ASSETS PROJECT

The Environmental Management Department recently compiled an inventory and condition survey of all the City's provincial heritage sites. They are also in the process of compiling an inventory of local heritage sites owned by the City.

Environmental Management continues to assist various line departments with restoration projects and advice as well as the compilation of conservation management plans (a legal requirement for City-owned provincial heritage sites). Some noteworthy sites include the city hall, the Grand Parade, the Company's Garden, Rhodes Cottage, various historic town halls (e.g. Mowbray and Milnerton), Onze Molen in Durbanville, De Waal Park and, most recently, Trafalgar Park.

### CITY LANDHOLDINGS PROJECT

The City is utilising its strong public partnerships to leverage the land assets it owns in order to encourage private-sector investment in catalytic TOD precincts. This investment will stimulate economic activity in support of growth, development and jobs, and unlock additional affordable housing opportunities.



# OBJECTIVE 1.2: LEVERAGING TECHNOLOGY FOR PROGRESS

## DIGITAL CITY PROGRAMME

### BROADBAND PROJECT

The City's broadband infrastructure project (BIP) is aimed at creating a municipally owned telecommunications network to serve the administration's buildings across town. The high-speed broadband infrastructure network is a strategic asset that is central to the fulfilment of the City's objective of becoming a truly digital city.

After a shift in project scope in 2019, the BIP is now a full infrastructure-only programme led by the City's Portfolio, Programme and Project Management Office.

A key outcome of the project is a business model involving engagement with external sales partners for the reselling of spare broadband infrastructure capacity in the market and the provision of active network layer services back to the City. In the past financial year, the focus of the BIP has been on transitioning, migrating and upgrading the systems and processes required to implement this business model and initiating the tenders required to support it. Changes in the organisational structure have been required to ensure that the necessary skills are deployed effectively. The optimisation of governance structures across what is now a comprehensive programme will also enhance stakeholder management across the organisation.

To date, the City has installed a total of 1 143 km of fibre-optic cable. This includes fibre-optic cabling used to connect the City's buildings, including libraries and clinics, as well as bus stations, cameras and other infrastructure vital for service delivery. Currently, 408 City buildings across 215 sites benefit from this broadband infrastructure.

As the number of access networks continues to expand, together with the number of devices and systems connected to them, the City's broadband infrastructure will become increasingly important for day-to-day service delivery.

In the 2022/23 financial year, the City will increase the number of last-mile access<sup>5</sup> links to continue connecting buildings such as City administrative buildings, clinics and libraries. Other critical service delivery systems will also be connected, including water and traffic management systems, Metro Police cameras, smart meters, environmental monitors and public Wi-Fi access points. This will directly contribute to service excellence.

### TECHNOLOGY INNOVATION PROJECT

The City is using digital citizen interaction platforms to enhance its communication and engagement with the people of Cape Town. Focus areas include:

- ✓ enhancing the existing corporate call centre through interactive voice response technology to allow for all-hour interaction with the City;
- ✓ introducing interactive contact sessions for digitally supported public meetings and simultaneous citizen participation at multiple venues;
- ✓ enhancing the digital call centre by integrating various business information systems, of which the initial pilot could be ready within the first financial year, with full production following in the next financial year;
- ✓ investing in existing City information and communications technologies; and

<sup>5</sup> Last-mile technology carries signals over the relatively short distance between the broad telecommunications and the end user.

- ✓ making City data available to the public through the open data portal – a first for an African city – in a useable format, at no charge, thereby increasing the administration's transparency and assisting innovation by entrepreneurs and organisations. (See section on open data and evidence-led decision making on page 154 of this report.)

### SAP INTERFACE UPDATES

In the year in review, various changes were made to the City's online customer portal to mirror the enhancements made to the SAP user interface, the integration of specialised notification types with service requests, and the spatial representation of service requests on internal and external GIS viewers.

Further SAP enhancements are under way. The preparatory work is in progress and targeted for implementation in the 2022/23 financial year.

### LAN GAMING INITIATIVE

The City is investing in bringing a wide variety of new and exciting boardgames as well as e-sports (electronic gaming) to the youth of Cape Town. Local area network (LAN) gaming is taking off as an international pastime, with growing numbers of enthusiasts participating around the world. On the back of this trend, the City has embarked on a LAN gaming initiative with the main aim of introducing online gaming to less-fortunate communities to improve their information technology skills, develop cognitive capabilities and create awareness of gaming job opportunities. It is hoped that the LAN gaming programme will also help discourage involvement in gangsterism and similar antisocial activities by providing a fun and engaging alternative.

The hope is that the investment will see young Capetonians achieve success in e-sports, with the ultimate goal of Cape Town hosting the Electronic Sports World Cup, where the world's best compete for top honours.

The pandemic hampered this initiative considerably over the past two years, as many of the facilities used for LAN gaming were closed under lockdown restrictions. Despite this, the Smart Cape team managed to commission and roll out LAN gaming equipment to 25 facilities across various subcouncils. In the 2022/23 financial year, the aim is to further expand access to these LAN gaming facilities and reignite the LAN gaming tournament initiative.

## CORE APPLICATION REFRESH (CAR) PROGRAMME

A feasibility assessment conducted in 2018 identified three City core applications that required replacement, as system support in their current state would soon no longer be available. These core applications were:

- ✓ SAP, which is the City's enterprise resource planning system;
- ✓ Microsoft (MS Outlook, MS Skype, etc.), which is the City's productivity suite that enables communication and collaboration both internally and externally; and
- ✓ the Environmental Systems Research Institute (ESRI), which is the City's geospatial system.

Approval was obtained to upgrade ESRI, since it is the leading system in the market and also the only one that would meet all of the City's business requirements. However, the SAP and Microsoft applications need to be replaced with best-of-breed solutions from the market via a competitive bidding process. To this end, Council approved the CAR programme mandate, scope, roadmap and budget in June 2020.

The primary goal of the CAR programme is to ensure that the City remains capable of delivering basic services and that City staff are digitally enabled to respond to citizens' needs.

The most critical targeted outcomes of the programme include:

- ✓ the successful replacement of the ageing information technology (IT) assets to ensure that the City remains operational and can continue delivering services;
- ✓ ensuring the stability of the City's revenue management and financial systems to manage and mitigate any financial risk and ensure a clean audit;
- ✓ delivering an enhanced, digitally enabled service to the citizens of Cape Town;
- ✓ improving ease of doing business with the City for service providers and suppliers through a digital platform; and
- ✓ improving data transparency and enabling a more data-driven and data-led organisation that can make better decisions based on real-time, trustworthy data.

The CAR roadmap has been split into a number of 'buckets' over a ten-year period. The aim for the first five years is to ensure that all new technology systems are live by 2027, after which the focus will shift to maintenance and support for the second five-year period.

To date, the CAR programme has completed its feasibility and conceptual design phases and has now entered the detailed design phase. The project team is currently translating business requirements into technical specifications and preparing for the upcoming project implementation activities that will take place once the tenders have been awarded.

### SOCIAL SERVICES IT MODERNISATION

The Community Services and Health IT modernisation initiative aims to introduce business processes that would maximise the usage of facilities and services. This involves the implementation of IT systems such as an online events application system, an electronic patient records management and appointment booking system for City Health, and an online facilities and halls booking system. Project outputs for 2021/22 include:

- ✓ implementation of phase 2 (advanced patient care) of the electronic patient records management system;
- ✓ implementation of phase 2 (stock management) of an integrated pharmacy system;
- ✓ procurement and implementation of an integrated X-ray system; and
- ✓ design of an Environmental Health mobile information management system.

### SPATIAL DATA MANAGEMENT PROJECT

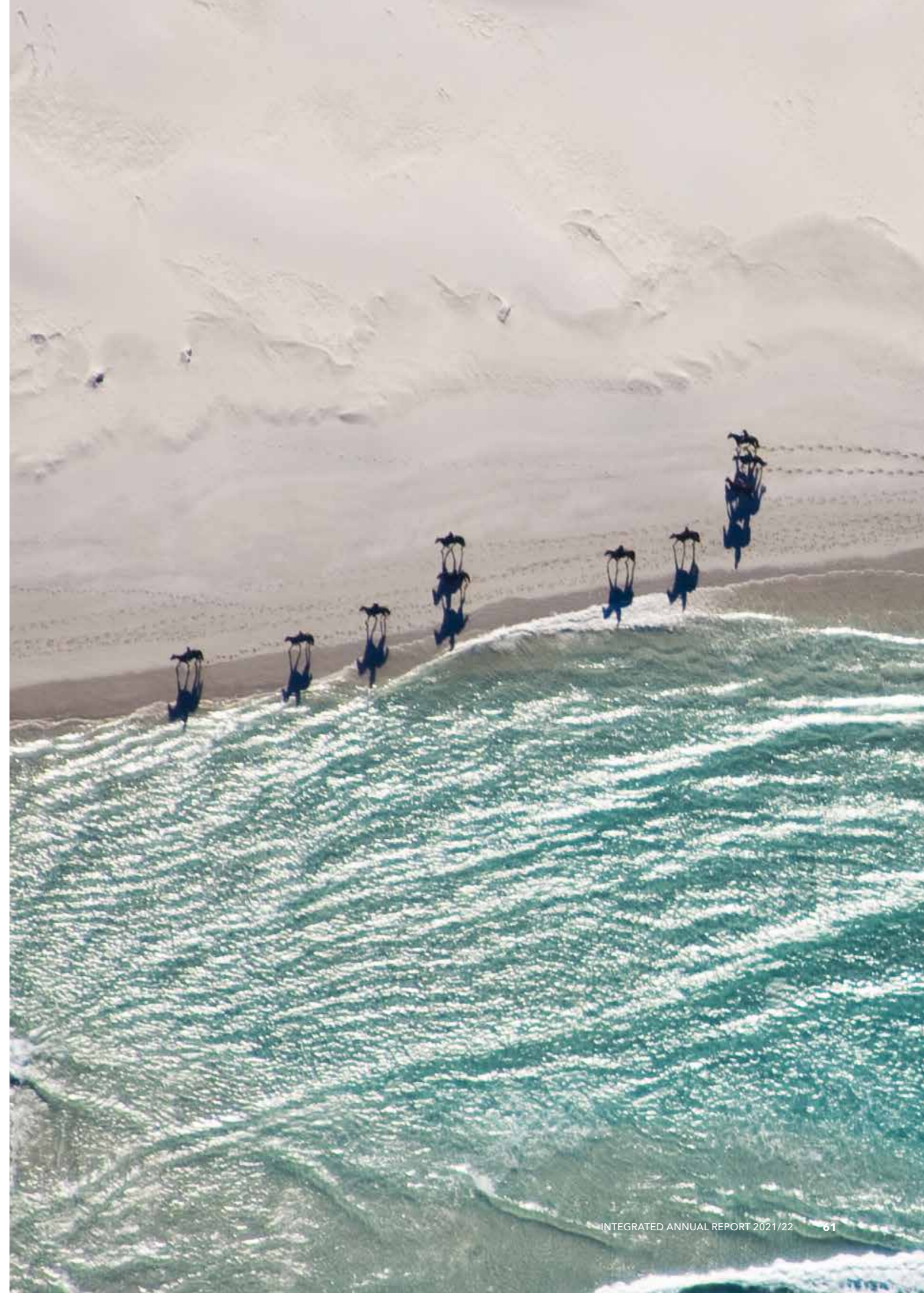
This project supports the collation, analysis and interpretation of spatial data to inform the City's spatial development frameworks and decisions. The data also provide a basis for the City to understand the impacts and consequences of planning decisions and to monitor spatial transformation. The following projects and platforms are being developed:

*Enhanced spatial trends analysis* - To monitor and evaluate the location, nature and quantum of land-use change in the city

- ✓ *Land-use model 2040* - Involves the quantification and spatial distribution of current and future land-use projections to inform sector and master planning initiatives as well as the management of both new and renewed infrastructure assets. The land-use model incorporates a rigorous land audit and is a primary informant to the City's land consumption requirements over the next 20 years.
- ✓ *Spatial costing tool* - Calculates operating and capital costs associated with development. These costs vary according to location in relation to the MSDF spatial transformation areas, which set differentiated development rules based on the City's investment rationale. Among others, the spatial costing tool model will inform input regarding compliance with the MSDF for application in Cape Town's discouraged-growth areas.
- ✓ *Undeveloped and partially developed land inventory* - To inform the City's land-use model and the review of the DSDFs. This tool is used to provide advice on land parcels to various departments, such as whether a certain piece of land should be disposed of or retained, or whether a particular piece of land is available for a line department's needs.
- ✓ *Urban development zone performance index* - Determines the performance of the urban development zone tax incentive. Performance is assessed against the objective of stimulating urban real estate regeneration in deteriorating areas that have been prioritised for public investment.

#### The City's online map applications

External EGIS geospatial viewer:  
<https://citymaps.capetown.gov.za/EGISViewer/>  
External mobile viewer:  
<https://emap.capetown.gov.za/egisvm/>  
Zoning viewer:  
<https://emap.capetown.gov.za/egispbdm>  
Subcouncil viewer:  
<https://emap.capetown.gov.za/egissub>





# OBJECTIVE 1.3: ECONOMIC INCLUSION

## SKILLS INVESTMENT PROGRAMME

### SKILLS DEVELOPMENT AND APPRENTICESHIP INVESTMENT AND GRADUATE INTERNSHIP PROJECT

#### SKILLS DEVELOPMENT

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

Since 2014, these training initiatives have collectively enhanced the skills of over 47 000 people, mainly from disadvantaged areas. In the year in review, skills training was facilitated in the call centre, craft and design, information and communications technology, clothing and textiles, as well as the green economy industries.

The Catalytic Sectors Unit also implemented two skills projects. The first is an initiative with technology services company EOH in conjunction with the City's EPWP Office aimed at building skills in the BPO sector. The second is the Cape Skills and Employment Accelerator project in the BPO and craft-and-design industries, involving stakeholders such as the Craft and Design Institute (for the clothing and textile component), the City's EPWP Office, and the National Skills Fund of the Department of Higher Education and Training. The three-year learnership programme offers a combination of classroom-based skills training and experiential work-integrated learning.

In 2021/22, these two initiatives trained 1 722 beneficiaries in BPO (EOH: 345; Cape Skills: 1 377) and 217 in craft and design. Unfortunately, work placements were slow during the pandemic, but have picked up since the easing of lockdown restrictions.

The training providers and project managers work closely with industry to ensure that beneficiaries are placed in employment opportunities.

These types of training initiatives typically result in good numbers of internships and permanent employment placement. The industry events and engagements, in turn, are excellent networking opportunities that drive enhanced business activities for individuals and companies.

#### WORKFORCE DEVELOPMENT

The City's workforce development project connects unemployed residents with job opportunities and supports interventions that equip Capetonians with the occupational skills needed for entry-level and middle-skill opportunities to enable career advancement.

Through collaboration with 31 corporates, SMMEs (small, medium and micro-sized enterprise) and various City programmes, 1 133 residents secured employment in the first phase of the project. The service provider achieved the targets for the three-year project ahead of the November 2020 project deadline.

In its second phase, the project continues to build the skills that employers (SMMEs and corporates) require to grow their enterprises. A new service provider was appointed with effect from March 2021, and the project was renamed Jobs Connect CT.

To date, the new service provider has recruited and assessed 37 500 unemployed residents. After receiving work-readiness training, qualifying participants are placed in entry-level job openings, education and training opportunities or voluntary work opportunities. In the 2021/22 financial year, 7 496 individuals received work-readiness training, 1 365 were placed in work opportunities, 1 345 in education and training, and 1 193 in voluntary service.



## ENTERPRISE DEVELOPMENT AND SUPPORT

The City's Enterprise and Supplier Development Unit continues to assist SMMEs and entrepreneurs by improving the business climate and ensuring ease of doing business with the administration.

In the year in review, the Business Hub helpdesk actioned 99% of simple service requests or enquiries from SMMEs and entrepreneurs within two working days. The enterprise and supplier development programme also facilitated support for 1 100 SMMEs, entrepreneurs and City vendors.

The Business Climate Services Unit continued to engage with businesses to solicit their views on how the City can improve its service delivery. The business satisfaction survey was conducted through telephonic interviews and an online channel, with the survey questionnaire having been extensively discussed with all the City's relevant business-facing departments. Over 438 businesses across all economic sectors were surveyed. Survey responses, along with further insights gained from businesses through the City's ideas management platform, will be used to reform the City's processes and systems in the years ahead.

The regulatory impact assessment framework was also developed in the past year, and the City initiated the assessment of two City by-laws against the new framework.

Further highlights include the following:

- ✓ The supplier support programme in partnership with the Small Enterprise Development Agency (Seda) assisted 13 Cape Town-based vendors with marketing and financial management support, mentorship, etc.
- ✓ The productivity efficiency programme in partnership with Productivity SA supported 18 Cape Town-based businesses to improve their productivity and efficiency, thereby supporting their sustainability and future growth.
- ✓ Supplier development was provided to 894 prospective and existing City vendors through the Smart Supplier programme. Workshops were offered on topics such as how to do business with government, costing and pricing, contractor development and vendor registration support.
- ✓ Business incubation programmes in partnership with the Seda Atlantis Renewable Business Incubator, the South African Furniture Initiative and FurnTech provided support to 56 Cape Town-based businesses.

## EXPANDED PUBLIC WORKS PROGRAMME

Mainstreaming the EPWP remains core to the City's ability to build sustainable communities, in addition to exploring external avenues. The City invests in an innovative training framework tailored to create jobs as part of its various projects, and links training to high-growth sectors in order to facilitate sustainable economic inclusion.

The City's revised public employment and skills development framework guides the organisation in designing, planning, developing and implementing related programmes and projects. A range of programmes and projects have already been implemented under this framework. Currently, these are valued at over R280 million and have provided jobs to more than 1 400 participants in all three EPWP sectors (social, infrastructure and environment).

The projects run for 12 to 36 months, affording participants enough time to complete the accredited training and gain all the required experience. All of these skilling interventions take cognisance of the Fourth Industrial Revolution, meaning that they are designed and implemented with a deliberate intention of introducing participants to relevant technological skills. Another key strategic indicator for these projects is ensuring that a significant number of the participants secure better opportunities (including longer-term work opportunities, being absorbed by the City, or securing employment in the private sector). This is best achieved when partnerships are set up prior to project implementation.

In the year in review, the City piloted its first entrepreneurship EPWP programme in partnership with the University of the Western Cape. Participants receive various types of training tailored to suit their specific business type. This programme will run for three years, and one of the targeted outcomes is to ensure sustainable businesses that are able to grow, access their own funding, and employ more community members. Another focus is to expand baseline skills (computer, financial and life literacy as well as adult education and training) to a point where participants are able to complete their matric. The entrepreneurship EPWP programme will also be offered to artisans in the future.

## EPWP INFORMAL SETTLEMENTS PROJECT

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

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

## MAYOR'S JOB CREATION PROGRAMME LOCALISED PROJECT

The City continues to localise Mayor's Job Creation Programme initiatives to ensure that its subcouncils participate in the design of labour-intensive community programmes that offer real benefits to local residents. As part of this effort, the job seekers database is being optimised, particularly with a view to centralising certain elements of the database, which will then be tested in the form of a job seekers desk at an identified pilot site. The job seekers desk will operate in accordance with the corporate City and EPWP principles across all subcouncils and will offer an improved experience to job seekers and the broader public. In creating better linkages with other City datasets, job seeker data will also be integrated with the databases for youth development, volunteers and social development programmes.

## KADER ASMAL INTEGRATED CATCHMENT MANAGEMENT PROJECT

This project, managed by the City's Environmental Management Department, clears alien invasive species from Cape Town's catchment areas while creating jobs. In the year in review, 2 899 job opportunities were created against a target of 2 230. A successful skills development programme saw 75 individuals employed in the area of alien invasive clearing. Of the 11 vacancies in the Biodiversity Management Branch, five were filled by EPWP/skills development candidates, and three previous EPWP/skills development placements were promoted.



# OBJECTIVE 1.4: RESOURCE EFFICIENCY AND SECURITY

## PURSUING CLEANER ELECTRICITY SUPPLY

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

## INDEPENDENT POWER PRODUCERS AND OWN-GENERATION PROJECT

In October 2020, the electricity regulations on new generation capacity were amended to explicitly allow municipalities to procure energy from independent power producers (IPPs). In February 2022, the City launched a tender to procure up to 200 MW of renewable-energy generation capacity from IPPs within its boundaries. The City will consider proposals for projects with a generation capacity of  $\geq 5$  MW that will allow the administration to access an affordable and reliable electricity supply. The IPP programme will comprise a range of projects, including generation-only projects, generation plus storage, and storage only, with the first round of power purchase agreements expected to be concluded by 2023. The size and location of these power plants may have a significant impact on current and future electricity networks.

In addition, the City is developing a number of small renewable-energy generation installations at its own buildings and facilities. These encompass both rooftop and ground-mounted photovoltaic (PV) installations. Three projects have completed the feasibility phase and are expected to commence with implementation shortly. They are located at the Gugulethu Electricity depot, the Transport Management Centre in Goodwood, and the Kraaifontein wastewater treatment works. A tender procurement process for the installation of the facilities was nearing conclusion at the end of the year in review.

Larger-scale solar PV projects (10-50 MW) are also being assessed for development on underutilised City-owned land. These will be embedded in the City's network. The most advanced of these projects is a solar PV plant in Atlantis, for which the conceptual design is complete. This project could yield a 7-10 MW power plant, which will be connected directly to the City's power grid. Another project in development is a solar PV plant in Paardevlei,

Somerset West, that could yield 30-50 MW, for which the scoping phase is nearly complete.

Lastly, a wheeling framework is being finalised that will allow independent generators to sell electricity directly to consumers across the City's grid.

## EMBEDDED GENERATION PROJECT

In recent years, Cape Town has seen an increase in the number of rooftop PV installations. In the absence of national legislation regarding small-scale embedded generation (SSEG), the City has developed a set of standards and regulations for the connection of small renewable-energy systems, particularly rooftop solar PV, to the municipal grid. These have been incorporated into the drafting of national legislation, and strongly promote transparency.

By the end of June 2022, a total of 2 035 residential and 452 commercial and industrial grid-tied PV systems had been commissioned. These represent an embedded generation capacity of approximately 80,1 MVA. The total capacity of approved, grid-tied, embedded generation installations commissioned during the whole of 2021/22 was 19,5 MVA. Notably, there has been a rapid increase in the number of approved off-grid residential systems.

A major challenge in this environment is that many customers are illegally connecting to the network without prior approval from the City. A City by-law requires SSEG systems to be registered, and grid-tied installations to comply with the criteria for registration. Non-compliant systems create safety risks and legal challenges for network operators, infrastructure, homeowners and the City itself. Awareness campaigns continue to educate customers about the need to register their systems as well as the implications of unauthorised systems on the network.

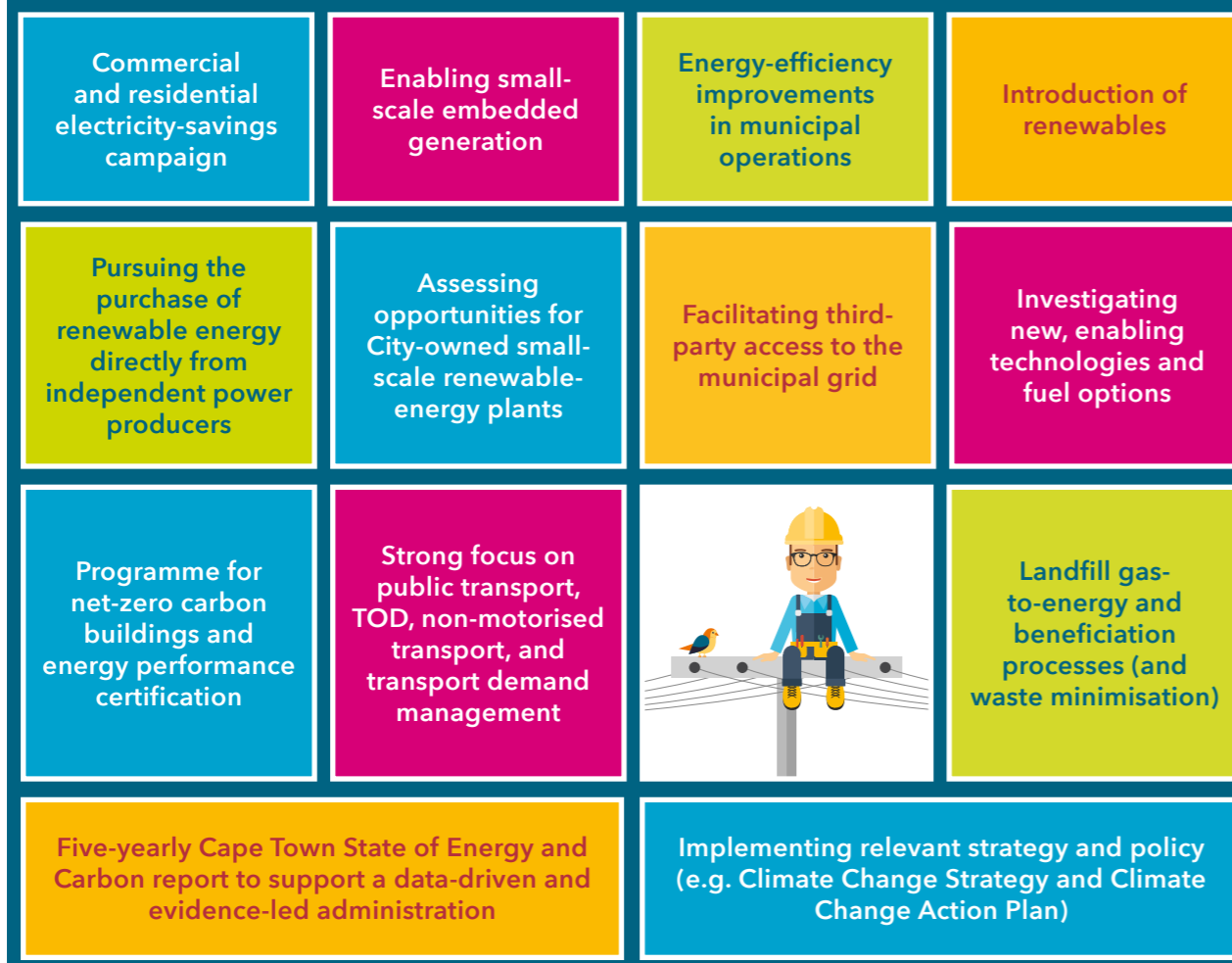
To support the uptake of SSEG, information and guidance booklets have been created and are being updated as requirements change. With the support of GreenCape, the City hosts frequent SSEG installer events to facilitate two-way communication in the sector and engagement around opportunities and challenges.

The City's SSEG programme has been identified as one of the Mayor's priority programmes for energy in the new term of office, and a key deliverable in this regard is a streamlined, online system for registering and authorising SSEG. This includes investigating and implementing various interventions that can be deployed over the short and medium term to support the objective of making it easier for customers to register their SSEG system for authorisation.

## ENERGY-EFFICIENCY AND SUPPLY PROGRAMME

Initiatives aimed at reducing the impacts of load-shedding and achieving the goal of energy security for economic growth are a strong focus of the Energy Directorate.

The City remains committed to rapidly expanding its sustainable energy programmes and ramping up its climate action ambitions to achieve carbon neutrality by 2050. The following programmes and projects support this ambition:



## ENERGY-EFFICIENCY PROJECT

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

### ENERGY EFFICIENCY IN MUNICIPAL OPERATIONS

The City consumes approximately 3% of all electricity used in Cape Town. As such, it is committed to improving the management of electricity use in all its municipal operations with the aim of enhancing resource efficiency, reducing its carbon footprint and saving money. In the 13 years from 2009/10 to 2021/22, this initiative saved over 303 GWh of electricity, which translates to avoided emissions of 300 244 tCO<sub>2</sub>e and a financial saving of approximately R347 million.

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

- ✓ A total of 107 municipal facilities are now equipped with energy-efficient lighting. Four buildings underwent full energy-efficiency retrofits, 16 were retrofitted with energy-efficient fluorescent lighting with occupation sensors, and 87 have been retrofitted with light-emitting diode (LED) lighting with occupation sensors.
- ✓ A total of 602 kWp of rooftop PV systems have been installed on City buildings.
- ✓ All traffic lights have been retrofitted with LED lamps.
- ✓ Up to the 2021/22 financial year, approximately 36% of all streetlights in Cape Town had been retrofitted with energy-efficient lamps (19% of which are LED streetlights).
- ✓ Some 1 239 smart electricity meters have been installed in 882 municipal facilities (64% of the 1 374 facilities listed for metering).
- ✓ Over 160 staff have been trained to effectively use SmartFacility, an integrated and automated resource data management system for City facilities, to monitor and proactively manage municipal resources with real-time data access. Altogether 1 833 users have accessed the tool.
- ✓ In addition, the City has embarked on an energy performance certificate (EPC) initiative to ensure that all its buildings of 1 000 m<sup>2</sup> or larger have their energy performance calculated, benchmarked and publicly displayed in line with national regulations by 7 December 2022. To date, 25 City-owned buildings have managed to achieve and publicly display their EPCs.

## CLIMATE CHANGE PROGRAMME

The City's new Climate Change Strategy, which was adopted in May 2021, provides an overall guiding framework for decision making on climate change. An implementation plan for the strategy, the Climate Change Action Plan, was approved shortly thereafter and launched in October 2021. Both the strategy and action plan take a high-ambition approach to addressing climate change and achieving the goals of the global Paris Agreement in terms of climate resilience and carbon neutrality. This also formed part of the City's commitment to the global C40 Deadline 2020 programme, which required cities to have an action plan in place by mid-2021 towards enhanced climate resilience and carbon neutrality by 2050.

The strategy and action plan have two overarching goals. Under the Carbon Neutral 2050 goal, the City needs to reduce greenhouse gas emissions to near zero by 2050. The adaptation goal, in turn, commits the City to adapt to unavoidable climate change impacts and build a city that is more resilient to climate shocks and stresses.

However, the City's Climate Change Action Plan is not only about carbon and climate risk. The administration also seeks to be a leader in transitioning to a competitive, resilient and efficient green economy. In addition, the aim is to leverage the strategy to support economic recovery (post-Covid-19) in a way that addresses the climate crisis, improves public health and reduces inequality. A monitoring, evaluation, learning and reporting framework for the Climate Change Strategy and Action Plan is currently being developed and will serve as an important tool to ensure ongoing implementation and relevance of the strategy and plan.

### CLIMATE FINANCE

The City continues to engage with national and international partners to obtain technical assistance and explore opportunities for climate finance. In 2021/22, the City secured technical assistance for two projects via the Cities Finance Facility funded by the C40 network, the German Development Agency and a range of other international partners. The projects that will receive this technical assistance over the next two years are the implementation of renewable energy and energy efficiency for net-zero carbon municipal buildings, and an exploration of green infrastructure options for flood resilience and improved catchment management in Cape Town. The City was also awarded technical assistance from the national Department of Science and Innovation for a range of projects, including one focused on heat and heat wave monitoring.



## CLIMATE COMMUNICATIONS

Work on a climate change communication campaign also continues. Climate change is a complex topic to communicate to a diverse audience, who may experience many other, more immediate day-to-day stresses. To inform the campaign, a comprehensive citizen perception study was conducted in mid-2020 to gain insight into Capetonians' perceptions of climate change. This information was then used to launch the City's new climate change response and resilience campaign called "Let's ACT. For a stronger Cape Town". The campaign aims to support residents, communities, businesses and organisations to take action for a stronger, healthier and more resilient Cape Town for all.

It is envisaged that Let's ACT will continue over a number of years, incorporating work from many different departments and including communication drives, educational programmes and stakeholder engagement. The current focus is on reinforcing resource-efficient behaviour and raising awareness of how this contributes to the fight against climate change.

## GREENER BUILDINGS

Since 2019, the City has hosted a building exhibition that specifically focuses on Cape Town's ambitious target to achieve net-zero carbon status for all new buildings by 2030 and for all existing buildings by 2050. The Let's ACT at Home exhibition at the Building Centre, Northgate Estate, showcases what can be done to ensure that residential and commercial building and renovation projects are resource efficient in design and operation. Visitors to the exhibition receive information on clean energy options, energy-efficiency measures as well as efficient building design and operation. The exhibition highlights the importance of energy efficiency and promotes collaboration between residents, industry and the City to achieve the overarching goal of carbon neutrality by 2050.

The My Clean Green Home initiative, in turn, was the culmination of the City's Cape Town Future Energy Festival (April 2020-March 2021) and showcased Cape Town's first net-zero carbon exhibit home at a few locations across town. It is now being used as a tool for ongoing education, training and communication to promote sustainable living and resource efficiency.

## CLIMATE CHANGE MITIGATION PROJECTS

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

### AIMING FOR CARBON NEUTRALITY

The City has made the ambitious commitment to become carbon neutral by 2050. In doing so, it has joined a global coalition of cities under the C40 Deadline 2020 programme, who are all committed to transformative climate change action in keeping with global climate change response requirements. The City's goal of carbon neutrality has been incorporated into its new Climate Change Strategy, and the associated implementation actions are laid out in the Climate Change Action Plan.

A commitment to carbon neutrality represents a step change from previous, self-determined targets. The challenges are considerable, as Cape Town is starting from a relatively high base due to historical reliance on highly carbon-intensive coal-fired grid power and fossil-fuel-intensive transport systems. Moreover, the commitment needs to be achieved within an increasingly constrained fiscal context. Therefore, a pragmatic approach is required.

The City's detailed greenhouse gas inventory as well as modelling projections have identified the big-ticket mitigation actions in the local Cape Town context, and internal engagements have refined these into programmes and projects. Broadly, these cover a transition to renewable electricity, electrification of the transport fleet, supported by public transport, spatial planning and catalytic urban investments, and the piloting of organic waste diversion at source.

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

## TRACKING CAPE TOWN'S GREENHOUSE GAS EMISSIONS

The City's Energy Directorate maintains, and annually updates, a detailed greenhouse gas inventory (carbon footprint), not only for local government activities, but for all of Cape Town. Emissions are reported according to the Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories to ensure that the City's methodology is consistent with global best practice. As key data sourced from National Government only become available some 18 months after the calendar year reported on, there is an approximate two-year lag.

The international Carbon Disclosure Project platform reviews the quality of the City's annual greenhouse gas inventory. In 2021, the City was again awarded an A-rating for its overall data and actions submission - the only C40 African city to receive this accolade.

Citywide greenhouse gas emissions were relatively stable between 2012 and 2019, with an apparent drop from 21 914 762 to 20 757 873 tons of CO<sub>2</sub> recorded over this period.<sup>6</sup> This was mostly due to reduced demand for electricity as well as improvements in waste data, which offset increases in transport energy demand. Cape Town already has a long-term trend of electricity decoupling from economic growth, which has kept emissions stable since 2012.

### STATE OF ENERGY AND CARBON REPORT

The Sustainable Energy Markets Department produced the fourth iteration of the Cape Town State of Energy report at the end of 2021. The report, now known as the State of Energy and Carbon report, is a robust evidence base that profiles the City's energy system in detail and directly supports the goal of a data-driven and evidence-led administration. This rich resource can be utilised by decision makers, researchers and planners, and is available in both publication form (on the City's website) and data form (on the City's open data platform). Click here to read the [latest State of Energy and Carbon report](#).

### THE NET-ZERO CARBON BUILDINGS PROGRAMME

The City, together with the metros of Johannesburg, eThekweni and Tshwane, joined the C40 South Africa New Buildings Programme in 2018. The strategic objectives of the programme are:

- ✓ to accelerate the implementation of transformational energy-efficiency policies and programmes in the built environment;
- ✓ to work towards zero-carbon performance for new buildings in South African cities; and
- ✓ to share the lessons across C40 city networks.
- ✓ Through the programme, the City is committed to accelerating climate action by delivering carbon neutrality for all new buildings by 2030.

In addition, through a mayoral commitment, the City joined the Net-Zero Carbon Buildings Declaration 2018, which commits cities to net-zero carbon performance of all new buildings citywide by 2030, and to pursuing the retrofit of all existing buildings to be net-zero carbon by 2050. In its own operations, the City is committed to ensure that all new facilities owned, occupied and developed by the administration are net-zero carbon in operation by 2030, and that the same will be true for existing facilities as far as possible. These commitments are in line with national policy directives, particularly those articulated in the draft National Energy Efficiency Strategy, the draft National Climate Change Strategy and the National Development Plan, which envisages net-zero emission building standards by 2030.

The City's multipronged approach includes mandatory compliance through legislation in the medium to long term, while the focus in the short term will be on supporting industry through capacity building and awareness campaigns. For example, current interventions to achieve net-zero carbon buildings include increasing institutional capacity, developing awareness campaigns and financing mechanisms, implementing City-owned renewable-energy projects, and enabling the purchase of renewable energy from IPPs.

## CLIMATE CHANGE ADAPTATION PROJECTS

Guided by its Climate Change Strategy, the City is ensuring that climate change adaptation is integrated with all relevant decision making processes. Based on the findings of a climate change hazard, vulnerability and risk assessment, the City has produced an integrated set of climate change adaptation actions, which form part of its broader, consolidated Climate Change Action Plan.

The implementation of adaptation actions is already under way in many sectors. These actions will also be incorporated into City decision making and departments' business planning processes as part of implementing the Climate Change Action Plan. Key

<sup>6</sup> Based on the BASIC emissions reporting level, which includes the main contributors to the city's inventory (energy consumption, road transportation, organic waste and wastewater), but excludes emissions from the non-energy emitting sectors, i.e. industrial process and product use as well as agriculture, forestry and other land-use.

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

Project name	Proceeds allocated to date
Upgrade to reservoirs citywide	R4 630 527,73
Pressure management: Zone metering and valves	R14 694 306,59
Treated effluent: Reuse and infrastructure upgrades	R44 350 767,53
Water meter replacement and conservation programme	R846 780 178,63
Replacement and upgrade of sewage pump station	R4 431 377,17
Sir Lowry's Pass River upgrade scheme	R23 244 252,91
Coastal structures rehabilitation	R19 001 781,64
Replace and upgrade sewer and water supply network	R42 866 807,80

risk areas include drought and decreased rainfall, extreme heat, sea-level rise and coastal erosion, flooding and an increased fire risk.

A number of City directorates and departments are involved in, and also report on, the implementation of implementing adaptation actions, including Water and Sanitation, Environmental Management, and Disaster Risk Management. However, the following paragraphs provide an overview of progress achieved in 2021/22:

#### DRAFTING OF A HEAT ACTION PLAN

Heatwaves and high-heat days pose a significant risk to public health, the health of City staff and City infrastructure. In 2021/22, the City commenced with the drafting of a heatwave and high-heat day action plan. The plan focuses on actions to be taken during a heat event, as well as proactive adaptation actions to reduce heat risk in the longer term.

#### CLIMATE CHANGE RISK ASSESSMENT OF ELECTRICITY GENERATION AND DISTRIBUTION

Climate change puts City infrastructure and operations at risk. Focused risk assessments for specific sectors can help identify key risk areas. They are also useful in recommending actions to mitigate risk during an extreme weather event as well as to create resilience against climate impacts in the longer term. In 2021/22, an assessment of climate risk for electricity generation and distribution infrastructure and operations was carried out.

#### CITY'S GREEN BOND

The City issued a green bond in July 2017, which was listed on the Johannesburg Stock Exchange's sustainability segment and accredited by the Climate

Bonds Initiative. The international ratings agency Moody's awarded the instrument a GB 1 rating. The facility quickly raised R1 billion, which is being used to partially fund the following projects on the City's capital programme:

These projects continue to deliver climate benefits to the City through their adaptation or mitigation impact. The bond is amortised over ten years and had a remaining principal balance of R550 million at the end of 2021/22. Click here for [a copy of the post-issuance assurance report and details of the funded projects.](#)

### ENVIRONMENTAL SUSTAINABILITY

#### ENVIRONMENTAL STRATEGY IMPLEMENTATION

The City is taking various steps to implement its Environmental Strategy, which significantly contributes towards environmental sustainability by providing an effective policy and governance framework for decision making, management and operational implementation where the environment is concerned.

In the year in review, the City developed a comprehensive monitoring and evaluation plan for the strategy. The plan identifies and develops appropriate baselines, indicators and targets, while also monitoring and evaluating progress with strategy implementation and mainstreaming. The City also produced an interim progress report that details uptake and implementation of the strategy and outlines successes, challenges and recommendations.

Tools that are being prioritised in support of the strategy include the Green Procurement Action Plan

and green procurement programme, the Mayor's Portfolio of Urban Sustainability programme, and State of the Environment reporting. In addition, the City is developing the business case for investing in natural assets and green infrastructure to attract resources for environmental management, while creating more jobs and skills programmes.

The five-year review of the Environmental Strategy has also commenced.

#### INTEGRATED COASTAL MANAGEMENT PROJECTS

The City's Coastal By-law is aimed at effectively managing Cape Town's coastline and optimising the sustainable economic and livelihood opportunities it provides.

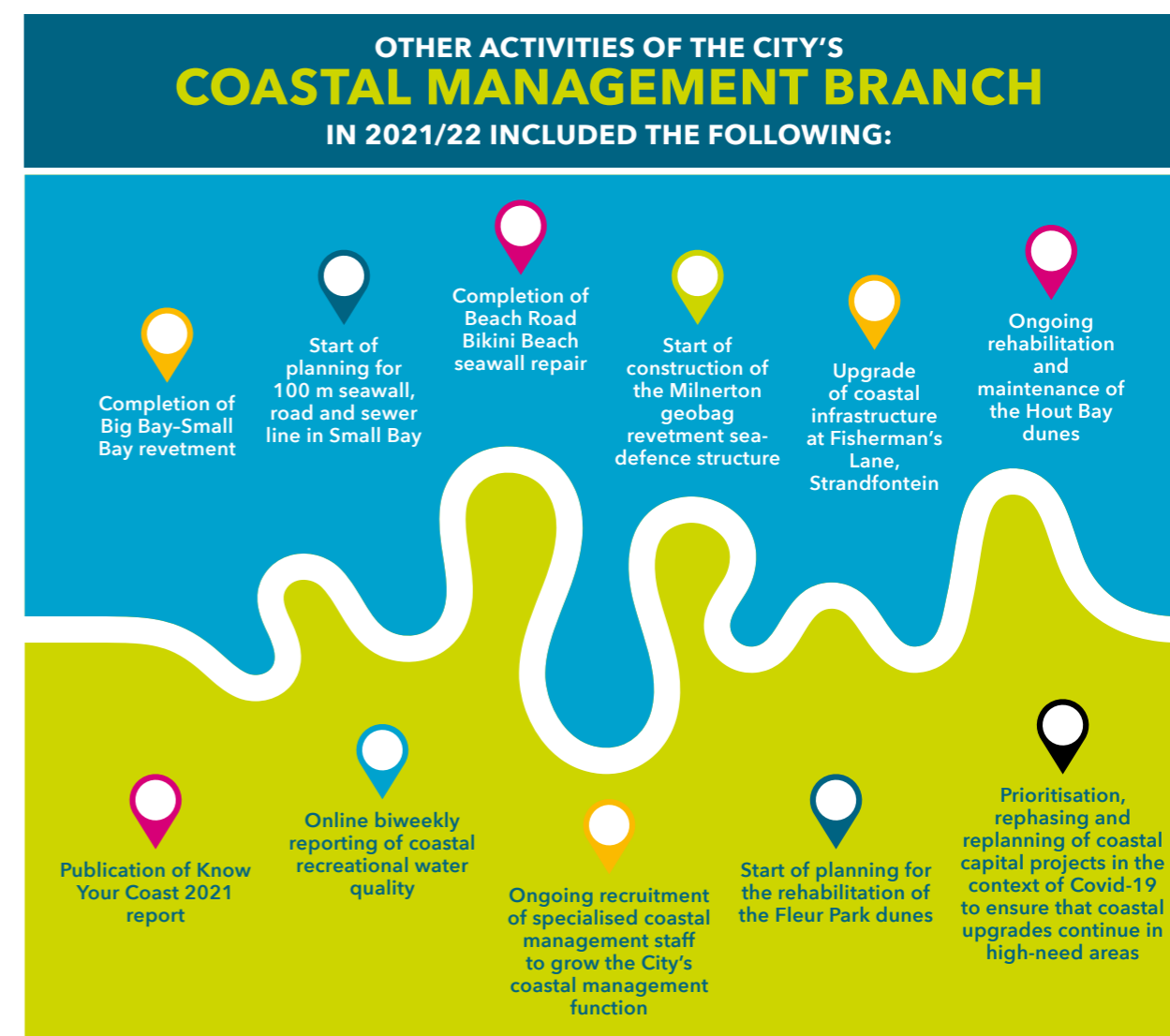
Recognising the immense social value of the coast to Capetonians, and that multiple line departments have a role to play in managing the coastline, coastal precinct management plans (CPMPs) are being

drafted. These CPMPs encourage coordinated and consistent best practice in the City's day-to-day operational activities along the coastline. They are also intended to ensure that institutional memory of operational procedures is retained into the future. The first CPMP has been completed for Long Beach from Kalk Bay to Simon's Town.

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

#### BIODIVERSITY MANAGEMENT PROJECT

The City is committed to managing Cape Town's unique biodiversity, and promoting natural areas as community spaces that deliver vital ecosystem services, while also serving as recreational and social spaces. Key City biodiversity conservation projects and initiatives are listed in table 7 on the following page.



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

<b>The proclamation of existing managed conservation areas under the National Environmental Management: Protected Areas Act</b>	Twelve of the 16 City nature reserves have been notarised and published in the Provincial Gazette, with another two already notarised and their gazetting now imminent. The remaining two, namely Durbanville and Harmony Flats, already have adequate status and are recognised as protected areas under the National Environmental Management: Protected Areas Act 57 of 2003. In addition, the proclamation process has started for five new City nature reserves as well as an additional six sites to be added to existing reserves.
<b>Meeting the IDP target of conserving 65% of the Biodiversity Network (BioNet)<sup>7</sup></b>	Cape Town is recognised as the most biodiverse city in the world. To date, 65,44% (55 625 ha) of the BioNet is protected.
<b>Ongoing roll-out of environmental education and outreach programmes</b>	More than 16 534 learners from 202 schools attended environmental education programmes in the reporting period. With adults included, over 25 143 person-days <sup>8</sup> of education were conducted. More than 390 000 people also visited the City's nature reserves through paying gates and the attendance of large events. However, since most reserves offer open access, actual visitor numbers are much higher.
<b>Ensuring continued management of existing conserved areas to enhance benefits to the community</b>	The City coordinates protected area advisory committees (PAACs) under the Protected Areas Act 57 of 2003 to ensure local community involvement and seek expert advice in the management of the City's nature reserves. The City's 12 PAACs meet quarterly and are appointed in three-year cycles. The latest appointments were made in 2021/22.
<b>Creating a viable ecological link between Dassenberg Hills and the coast as part of the Dassenberg Coastal Catchment Partnership (DCCP)</b>	The DCCP is an ongoing initiative of the City, CapeNature, the Worldwide Fund for Nature, the Wilderness Foundation, the Cape West Coast Biosphere, SANParks, Province's Department of Environmental Affairs and Development Planning, and the South African National Biodiversity Institute. Ensuring access to the Witzands aquifer dunes for recreation and tourism is a key initiative.
<b>Facilitating development as part of the Atlantis industrial incentive scheme</b>	The DCCP includes a land-banking component, which ensures that key biodiversity properties outside the urban edge are proactively purchased and conserved to compensate for the loss of critical biodiversity to development in the urban edge and Atlantis industrial area. The City has drafted a generic environmental management programme for development projects in the Atlantis urban area. Now that the programme has been gazetted by the Minister of Forestry, Fisheries and the Environment, new development is excluded from a number of requirements of the National Environmental Management Act regulations on environmental impact assessments, thereby reducing red tape. This exclusion is made possible by the City's proactive investment in the Atlantis conservation land bank.
<b>Metro southeast Strandveld conservation implementation plan (CIP)</b>	This innovative approach is a collaboration with external conservation partners CapeNature, Province's Department of Environmental Affairs and Development Planning, and the South African National Biodiversity Institute. The CIP has identified biodiversity areas that will serve to offset development for City housing projects such as Pelican Park phase 2. The Macassar Dunes East conservation land bank was established to further facilitate City housing projects.

<sup>7</sup> As part of the new term-of-office IDP, this target has been raised to 66,5% by 2027.

<sup>8</sup> Number of people attending an education activity per day, multiplied by the number of days attended.

<b>Effective nature reserve management for long-term conservation success and climate change adaptation</b>	The Biodiversity Management Branch undertakes planned ecological burns to ensure biodiversity protection as well as minimise the risk of wildfire. In the year in review, eight such prescribed burns were undertaken across the City's nature reserves to reduce fuel load and enhance biodiversity.
<b>Sustainability of the baboon population on the Cape Peninsula</b>	The City is committed to working with its partners to ensure the sustainability of the baboon population on the Cape Peninsula. To this end, a Cape Peninsula Baboon Joint Task Team comprising members from SANParks, the City and CapeNature has been established. The team have drafted their terms of reference and workplan to deliver on a memorandum of agreement and strategic management plan. They are also preparing for public engagement on the draft strategic management plan, which is anticipated to take place later in the 2022 calendar year.
<b>Living alongside wildlife programme</b>	The City is committed to working with partners to explore solutions and provide tools to mitigate wildlife-human conflict.

### INVASIVE SPECIES MANAGEMENT PROJECT

The City's invasive species management project involves the identification, control and management of invasive species. To this end, a contract is in place that is funded by National Treasury.

- ✓ In the 2020/21 financial year, just under 9 400 ha of terrestrial land parcels across Cape Town were cleared of invasive plants. A total of 270 ha of aquatic weeds were controlled across the metropole.
- ✓ Key developments in terms of controlling invasive alien animal species are as follows:
- ✓ *Invasive house crows* - The population of invasive alien house crows increased to approximately 2 000 in the year in review due to Covid-19-related restrictions on contractor activity as well as procurement issues.
- ✓ *Polyphagous shot hole borer* - The polyphagous shot hole borer infestation affected trees in Somerset West in 2019. The Invasive Species Unit produced a protocol for the safe removal of the infected trees. The City's team successfully removed multiple trees infested with the borer and continues to monitor and contain its spread. Currently, the infestation has been contained to the Somerset West area.

### GREEN INFRASTRUCTURE PROGRAMME

In the year in review, the City continued with the development of its green infrastructure programme. The mapping of natural and green open spaces in Cape Town in terms of defined ecosystem services has informed the preparation of a green infrastructure network for the city.

Work continues on a gap analysis of selected City policies and by-laws with a view to including green infrastructure principles and approaches wherever appropriate. The review of all 15 policies and by-laws identified for 'immediate review' has been completed, and input has been provided for new strategy, policy and by-law development. A best-practice guideline for urban watercourses has been finalised, and a guideline on urban greening is being drafted.

The river ambassador programme, a partnership with Nature Connect (formally known as Cape Town Environmental Education Trust), is being implemented with a focus on the Source to Sea River Corridor Initiative pilot area. Other interventions in support of green infrastructure have been initiated in the Sand River catchment under the auspices of the City's liveable urban waterways programme.

Further examples of green infrastructure projects include the restoration of wetlands at Zandvlei as well as the Asanda Village wetland park project. A pipeline of future green infrastructure projects that support climate resilience and adaptation will be developed.

### WASTE MINIMISATION AND RECYCLING PROJECT

The City plans to develop two materials recovery facilities to increase its capacity to implement waste separation at source. The construction of the Coastal Park facility commenced in the year in review, and the mechanical plant installation is currently under way. The second project is the modernisation of the Athlone materials recovery facility, which is in the conceptual design phase. Recent changes in national legislation mean that this project no longer requires an environmental impact assessment. Therefore, once the City has finalised the conceptual

design, the project will be registered with norms and standards as per the regulations of the National Environmental Management: Waste Act 59 of 2008.

The recently completed Retreat and Prince George Drive drop-off sites have been commissioned and are fully operational. Additional sites at Killarney and De Grendel are in the planning stages, but have been delayed due to land-use challenges.

Going forward, the intention is to focus on the development of multiple micro drop-off sites across the metro.

### PARTNERING FOR RECYCLING SUCCESS

The City's Think Twice kerbside recycling programme is now offered to over 190 000 households across Cape Town and diverts over 30 001 tons of recyclables from landfill every year. The City plans to expand this programme in the years ahead and has rolled out the second phase of expansion for the tender that supplies the Kraaifontein materials recovery facility. Diversion of recyclables from landfill also takes place at 29 drop-off sites across town.

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

Another partnership is with GreenUp, a recycling initiative run by members of the Makhaza community in Khayelitsha and supported by the City's Solid Waste Management Department, Distell (a producer of alcoholic and non-alcoholic beverages) and Waste Plan (a waste management services company). This initiative enables recycling and reduces illegal dumping in a low-income area, while at the same time providing income opportunities to the local community.

### DIVERTING WASTE FROM LANDFILL

Diversion of organic waste from landfill has become a key national and provincial priority. In response, 13 drop-off or landfill facilities across Cape Town currently deliver a garden waste-chipping service. The chipped waste is then used for the production

of compost, or as mulch for agriculture. Through this programme, over 104 535 tons of organic waste were diverted from landfill in 2021/22. More than 5 000 newly designed, locally made home composters have been procured for distribution in the next financial year.

In a further organic waste diversion trial in Langa, the appointed team offered an organic waste collection service to five fruit-and-vegetable traders, two feeding schemes and 100 learners from three primary schools. From inception in November 2021 until August 2022, the initiative diverted 22 tons of organic waste generated in the local community. In doing so, it prevented 29 tCO<sub>2</sub>e of greenhouse gas emissions, while also providing two tons of nutrient-rich compost to local food gardens.

## CITY RESILIENCE PROGRAMME

The City's approach to resilience, one of the guiding principles of the IDP 2017-2022, continued to mature in the past financial year. At a structural level, the Resilience Department was expanded in the second half of the year to include the climate change planning and monitoring function. Moreover, as a member of the Resilient Cities Network since May 2022, the City now also forms part of this group of approximately 100 global cities who are committed to strengthening their defences against sudden shocks ranging from storms and heatwaves to cyberattacks, global financial crises and other unforeseen challenges.

### INTEGRATED RESILIENCE PROJECT

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

In terms of responses to shocks events in 2021/22, the Resilience Department continued to coordinate the activities of the Pandemic Business Continuity Coordinating Committee, which oversaw the City's approach to service sustainability and staff safety in the face of the Covid-19 virus.

### CAPE TOWN RESILIENCE STRATEGY

Now in its third year of implementation, the Cape Town Resilience Strategy has proved to be a robust framework within which to respond to various shocks and stresses. It focuses on the need for partnerships across government, business, community

organisations, academia and households to build Cape Town's collective resilience.

Of the 75 actions in the strategy, over 60 are either fully implemented or being implemented. A selection of actions pursued this year are listed below.

- ✓ Five 'futurecasting' events were hosted in partnership with the Western Cape Economic Development Partnership, each bringing together a wide range of stakeholders from government, business, academia and civil society to engage on emerging shocks in the urban environment, including heatwaves, flooding, and the impacts of climate change on mental health.
- ✓ A quarterly urban resilience course was offered to City staff to increase their understanding of resilience methodologies and practices.

- ✓ Eight case studies were developed to showcase projects that contribute to resilience.
- ✓ For the first time ever, a resilience tagging method was included in the capital project management system. This offers opportunities for improved analysis of the resilience of capital project portfolios.
- ✓ The pilot food systems programme continued to mature. The City convened the Food Systems Working Group, which comprises academics and representatives from Province, on multiple occasions. Among others, a significant food-related data mapping project was conducted, and a food research agenda was concluded.







# STRATEGIC FOCUS AREA 2: SAFE CITY

## OBJECTIVES

Objective 2.1: Safe communities

## PROGRAMMES

- ✓ Safety technology programme
- ✓ Holistic crime prevention programme
- ✓ Policing service programme
- ✓ Neighbourhood safety programme
- ✓ Safety volunteer programme
- ✓ Disaster risk assessment programme
- ✓ Women and girls resilience programme

# KEY SAFE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2021/22

Total City CCTV footprint increased to  
**2 429**,  
representing the largest public-area  
surveillance agency in Africa



Average CCTV network  
**UPTIME OF 78%**



**SUPPORTED 46**  
early childhood development forums



Public Emergency Communication Centre (PECC)  
**LOGGED 467 616 CALLS**



During the period under review, Law Enforcement  
and Metro Police officers recovered  
**206 FIREARMS,**  
**239 IMITATION**  
or replica firearms, and  
**2 260 ROUNDS**  
**OF AMMUNITION.**

# OBJECTIVE 2.1: SAFE COMMUNITIES

## SAFETY TECHNOLOGY PROGRAMME

### INTELLIGENT POLICING PROJECT

#### EMERGENCY POLICE INCIDENT CONTROL (EPIC) SYSTEM

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

This directorate-level solution integrates the Public Emergency Communication Centre (PECC), the Disaster Risk Management Centre, the Fire and Rescue Service, Metro Police, Law Enforcement, the Safety and Security Investigations Unit as well as Traffic Services into a single technology platform. It is a first for South Africa and attests to the City's commitment to delivering on its safe city promise.

The system helps call takers register service requests from the public and then share them with the appropriate safety and security departmental control rooms. In the control rooms, the dispatchers identify the location and status of available responders and dispatch units located closest to the emergency, using the most efficient route. EPIC provides real-time feedback on the status of an emergency, helps the City improve service delivery, and assists with effective resource management.

The EPIC team has appointed several new employees and is in the process of implementing four areas of operation to support the Safety and Security Directorate from an overall technology perspective. These areas of operation are (i) the EPIC command centre; (ii) training, compliance and policy; (iii) technology and innovation; and (iv) business intelligence and insight.

The team has made steady progress towards establishing EPIC as a benchmark technology platform for the delivery of safety and security services. The common operating picture map

continues to enhance situational awareness, while spatial dashboards provide a citywide safety and security view.

Enforcement officers face increasingly hostile conditions out in the field. Therefore, to offer them additional safety, a panic button was added to the EPIC field officer device. When the button is activated, an incident is automatically created on EPIC, and the officer's details, including his/her location, are shared with the control rooms. This technology continues to enhance officer safety.

The contravention project, which allows enforcement officers from all departments to issue electronic contravention notices, has also made steady progress. The first seven notice types have gone live, and further notice types are expected in due course, including those to support new by-laws promulgated by the City. The electronic processing of notices will improve efficiency and accuracy, enable electronic evidence gathering, and also provide officers with relevant supplemental information about drivers and vehicles. A significant investment has been made to replace all ageing EPIC handheld devices and introduce the portable printers required to issue contravention notices electronically.

A major achievement in the EPIC environment was the electronic integration of the PECC call-taking environment and Province's Emergency Medical Services (EMS) call centres. This significantly shortens the time spent by PECC operators handing over the service request to EMS and reduces the chance of communication errors. Overall, it improves response times to patients requiring an ambulance for medical emergencies. This is a significant intervention considering that approximately 50% of the PECC's workload involves EMS incidents.

In addition, the EPIC technology platform was upgraded to the most recent SAP HANA database and migrated to the latest ESRI GIS technology. The PECC environment also received a Sinch technology upgrade that will allow enhanced omni-channel access in the near future.

Moreover, the EPIC team is supporting the Safety and Security Directorate in procuring additional

innovative technology such as a neighbourhood watch mobile phone application, drones, 'eye-in-the-sky' aircraft for intelligence and reconnaissance flights, body cameras and dashboard cameras (with automatic number plate recognition). The new gunshot detection system will also be integrated with the EPIC dispatch function to improve Safety and Security's response where sensors are triggered.

Through these and a number of other projects, EPIC is keeping up with the rapidly evolving technology landscape to improve efficiency and provide the Safety and Security management teams with the best possible insights. This ultimately allows them to make informed decisions that will improve service delivery to every Capetonian.

#### CAMERA SURVEILLANCE

The City's CCTV network is an important resource in crime prevention and detection, as well as traffic management. A total of 903 cameras are managed and monitored by the Metro Police's Strategic Surveillance Unit. The City has also introduced 252 dedicated licence plate recognition cameras and 200 overview cameras to help track stolen vehicles and vehicles of interest. The freeway management system and integrated rapid transit system cameras have been sustained at 262 and 812 respectively. This brings the City's total CCTV footprint to 2 429 cameras, making it the largest public-area surveillance agency in Africa, and the only one in Southern Africa that covers residential areas, informal settlements as well as city centres. With an average network uptime of 78%, the camera functionality standards are in line with international benchmarks.

CCTV acts as a crime deterrent, but also provides valuable data for South African Police Service (SAPS) investigations. Therefore, all of the City's footage is available to SAPS.

The City continues to expand its CCTV network with funding from the Safety and Security Directorate, as well as allocations from the budgets of ward councillors and development grants. Despite some delays due to Covid-19 and associated budgetary limitations, the City's Urban Mobility Directorate is continuing with the installation of high-tech CCTV cameras at various public transport interchanges and has completed installations at all MyCiTi stations across town.

#### PUBLIC EMERGENCY COMMUNICATION CENTRE (PECC)

The PECC takes calls 24 hours a day, seven days a week. In the reporting year, it logged 467 616 calls, the majority of which related to medical, policing (by-law) and traffic incidents.

Yet the PECC also lost ten staff positions, including five emergency call-taker positions, in 2020/21. Only three of these have since been reallocated to the PECC and are in the process of being filled. This overall loss of capacity represents a serious challenge to the centre, which is now required to operate with fewer staff members.

Following a review of its marketing strategy, the PECC decided to strengthen its social media activity, which is expected to become increasingly important in the years ahead.

In terms of training, budget cuts resulted in only compulsory training being provided. PECC staff had to rely on training interventions that were conducted in-house, offered for free, or could be charged to other departments. This remains a challenge going forward, and the centre will explore ways of securing additional training opportunities.

With regard to EPIC call taking, Covid-19 offered an opportunity to initiate the long-awaited process to set up a computerised system to refer medical-related calls to Province's EMS. PECC staff are now able to log all medical calls directly on the EMS system, thereby shortening response times for medical emergencies and services.

## HOLISTIC CRIME PREVENTION PROGRAMME

### DEVELOPMENT OF SAFETY PLANS PROJECT

In the year in review, the following progress was made with this project:

- ✓ The safety plan for central Atlantis was discontinued on the understanding that Atlantis safety and security matters would be adequately covered in the planned review of the community action plan (CAP) for the area. The CAP review is informed by the Atlantis scoping study (part of the United Nations Safe Cities global programme) and the Atlantis safety plan baseline report, among others. It includes a comprehensive section dedicated to safety and security matters in central Atlantis. The CAP review should be completed by September 2022.
- ✓ The safety action plan for ward 56 will be completed by July 2022. The literature review has already been completed, as has a study of the area and hotspots. External stakeholders, including the community policing forum, SAPS, ratepayers and the early childhood development forum, have been engaged, along with relevant

City departments. A report highlighting challenges, constraints and opportunities with regard to safety and security in ward 56 has been compiled. The ward 56 team is currently working with both external and internal stakeholders to craft solutions to the challenges and identify ways to pursue opportunities.

- ✓ Safety and security issues in Gugulethu and Nyanga have been integrated into a single GUNYA integrated safety plan. The plan was completed at the end of June 2022.

## EARLY CHILDHOOD DEVELOPMENT (ECD) INFORMAL SETTLEMENT SAFETY PROJECT

In 2021/22, the Social Development and ECD Department's area-based offices implemented 173 assessments of ECD centres in vulnerable communities across town. These assessments were aimed at determining the type of support required by ECD centres to enable them to achieve full regulatory compliance. The findings pointed to land-use, infrastructure improvements, resources as well as learning and safety equipment, as the key areas where City support was needed. The interventions implemented in response to these needs included:

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

The City's Social Development and ECD Department offers continued support to ECD forums, which bring together a wealth of experience and knowledge to help ECD providers achieve compliance. This includes hosting quarterly meetings, capacity building on governance-related matters, technical learning

such as computer literacy and office administration, conflict resolution, information sessions regarding legislation that pertains to the Children's Act, and more. In the 2021/22 year, 46 ECD forums across town were assisted in this way.

## IMPROVED IMPACT OF POLICING STAFF PROJECT

Policing staff are vital contributors to any effort to approach crime holistically. The Directorate's policing departments one again managed to achieve excellent operational results during the 2021/22 financial year. Of particular significance is the increased number of arrests made for the illegal possession of firearms and the confiscation of illegal firearms. During the period under review, Law Enforcement and Metro Police officers recovered 206 firearms, 239 imitation or replica firearms, and 2 260 rounds of ammunition.

## CREATING A SAFE WORKPLACE FOR CITY STAFF PROJECT

Based on rising crime statistics, particularly involving attacks on essential services providers, various departments have made considerable efforts to safeguard their facilities, assets and staff. The City is committed to continuing and escalating these efforts to create safe and secure workplaces for its staff. To this end, the Safety and Security Directorate developed a draft safety plan, which is expected to be finalised and implemented in the new financial year.

## POLICING SERVICE PROGRAMME

### 24-HOUR LAW ENFORCEMENT PROJECT

With policing services also being a mayoral priority programme, budgetary provision was made to appoint 100 additional law enforcement officers. These officers have been appointed and will be deployed to central Cape Town early in the new financial year, providing a 24-hour law enforcement presence. The officers deployed in terms of this initiative will focus on addressing visible signs of disorder, such as public drunkenness, intimidation, urinating in public, riotous behaviour, and other forms of unacceptable behaviour that infringe on the rights of law-abiding citizens and make them feel unsafe. The officers will also address criminal activities and take part in joint crime prevention operations with other policing agencies.



In addition, a budgetary allocation was secured that allowed for the appointment of 25 additional traffic officers to help staff a new 24-hour Highway Patrol Unit. The appointments have been finalised and the unit will be launched early in the new financial year.

Other initiatives in support of this programme include the following:

#### RANDOM BREATH TESTING

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

Due to health concerns associated with the testing method, evidentiary breath testing was paused during the Covid-19 pandemic. For the time being, the unit is using the manual assessment method, which includes checking an alleged offender for physical signs of intoxication, followed by an arrest and drawing of blood samples for testing alcohol levels.

#### ROAD SAFETY EDUCATION

The City's Traffic Services Department provides ongoing road safety lessons for school learners. The Road Safety Education team visits various schools in the metro to teach children the basics of road safety, including crossing the road, using pedal cycles and wearing seatbelts. A training centre at the Hillstar branch also trains learners who wish to be part of scholar patrol teams, helping their fellow learners to cross roads safely. Centre staff manage over 140 part-time attendants who assist scholars at busy intersections. This is all aimed at reducing incidents or crashes involving learners.

#### PUBLIC TRANSPORT COMMUTER SAFETY

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

#### HOLISTIC ROAD TRAFFIC ENFORCEMENT

Traffic Services provide road traffic enforcement by means of specialised teams and general patrol officers. Special operations target offences such as illegal street racing, reckless driving and other serious driving violations. In areas where traffic enforcement operations take place, both traffic offences and general crime seem to reduce. To support the specialised section in its work, the City has introduced cutting-edge camera monitoring technology to address traffic violations. This includes average-speed-over-distance enforcement cameras, which can also track unlicensed vehicles.

#### STAFF CAPACITY PROJECT

This programme has contributed significantly to the funding of additional City policing resources. The policy governing the programme was recently refined to improve process efficiency in contracting these additional resources. This has also made the programme more client-centred and, therefore, more attractive to potential sponsors.

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

The two additional fire stations constructed in 2019/20 - the Kommetjie Road and Sir Lowry's Pass stations - were officially opened and are fully operational. They have already fielded a number of emergency incidents in their areas and significantly reduced response times. Moreover, in the year in review, Fire and Rescue took delivery of 22 new water tankers, ten new fire engines, two foam tankers and a number of auxiliary vehicles.

#### LAW ENFORCEMENT ADVANCEMENT PROJECT (LEAP)

In an effort to improve residents' safety, the City and Province resolved in 2019 to embark on an ambitious process of recruiting, training and deploying additional law enforcement officers. Altogether 1 181 law enforcement officers have since been deployed under the law enforcement advancement project (LEAP), primarily in areas known for high levels of violent crime. The project is jointly funded by the City and Province. It is having a meaningful



impact, not only in terms of operational results, but also increasing residents' sense of safety due to the heightened level of police visibility. Major successes have been achieved in high-priority crime areas including Delft, Nyanga, Gugulethu, Mitchells Plain, Mfuleni, Harare, Khayelitsha Site B, Atlantis, Philippi, Hanover Park, Kraaifontein and Steenberg. The City and Province will explore the feasibility of expanding LEAP over the next five years.

#### IMPROVED INVESTIGATIVE CAPACITY

The continuous development and capacitation of the Safety and Security Investigation Unit (SSIU) was an important objective for the Directorate during the period under review. As the Unit provides valuable support to the criminal justice system, this objective will remain a priority area for the Directorate during the current IDP term. As a result of the SSIU's improved capacity and efforts, the Directorate was able to:

- ✓ recover 30 hijacked council vehicles between 2021 and 2022
- ✓ achieve 2 920 convictions alongside City enforcement agencies and the South African Police Service (SAPS) between 2016 and 2021

- ✓ conduct watching briefs for more than 23 000 arrests made by City enforcement staff for the possession of drugs, driving while under the influence, the possession of firearms and ammunition
- ✓ achieve a large number of meaningful convictions for drug, firearm, copper theft, robbery, extortion and even assisting with Interpol investigations leading to the capture of wanted persons.

#### STAFF TRAINING PROJECT

The Metro Police Training College was the first municipal traffic college to receive accreditation from the Professional Firearm Trainers Council. It also has accreditation for the three-year Basic Traffic Officer qualification. The college is home to several hundred recruits, including those under LEAP, who are undergoing various training modules that will allow them to be placed in the City's Metro Police, Law Enforcement and Traffic departments. The college has now also opened its doors to external municipalities who require training interventions. The capacity of the facility has been reviewed with a view to increasing staff skills and efficacy.



Moreover, the Fire and Rescue Training Academy based at Epping fire station is now an accredited training institution of the International Fire Services Accreditation Committee (IFSAC). It is currently accredited for 32 training levels for local, national and international applicants and is looking to become a regional fire services training provider in the next two to three years. The academy is also accredited with the QCTO, the sectoral education and training authority, and the Southern African Emergency Services Institute.

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

## NEIGHBOURHOOD SAFETY PROGRAMME

With the initiation of LEAP, members of the neighbourhood safety team were redeployed to help combat illegal land invasions.

## NEIGHBOURHOOD WATCH SUPPORT PROJECT

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

also contribute to this project by providing ward funding for the purchase of equipment.

In 2021/22, high-quality patrol equipment worth R3,6 million was provided to accredited neighbourhood watches across town. This included bicycles, dashboard cameras, body cameras, reflective jackets, rechargeable flashlights, headlamps, spotlights, floodlights, first-aid kits, fire extinguishers, first-aid backpacks, hand radios, etc. Researching and testing of new equipment is conducted on an ongoing basis.

Moreover, the Safety and Security Directorate has reviewed its training for neighbourhood watches. Training content now centres on situational crime prevention, which is in line with leading criminology practices. Situational crime prevention focuses on the immediate physical environment rather than the criminal offenders. It also aims to prevent a criminal act instead of trying to identify and sanction the offender, and to reduce opportunities for crime rather than eliminating criminal or delinquent behaviour. Instead of a heavy reliance on the overburdened criminal justice system, the approach relies on various other role players who can potentially influence the environment in which crime occurs.

In the 2021/22 financial year, the Safety and Security Directorate also made substantial progress in acquiring a technology-related application that will allow for information sharing with other role players in the safety and security environment. The tender was advertised towards the end of the financial year. Once acquired, the application will first be made available to neighbourhood watches and will then be rolled out to city improvement districts and selected private security companies as the City's trusted partners.

## SAFE SCHOOLS PROJECT

### SCHOOL RESOURCE OFFICERS

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

In the year in review, the SRO project was rolled out to more schools in gang hotspots and high-crime areas. Although some deployment challenges occurred, implementation was largely successful.

Staff deployment to schools also occurred in line with the decisions of the Provincial Joint Priority Schools and Schools Safety Forum.

### ROAD SAFETY EDUCATION

Road fatalities are largely avoidable if drivers obey the rules. By educating junior learners, the seed is planted for when they start driving later in life. The Road Safety Education Unit in the City's Traffic Services educates learners on safe road use. These lectures are supplemented with visits to the junior traffic training centre at Hillstar in Wetton, where the learners are taken around a small road layout with roadway markings and traffic signals. This practical interaction allows the children to use steering wheels to 'drive' and experience the rules of the road at an early age. The unit also deploys a number of part-time attendants to assist learners, especially at junior school level, to safely cross roads at problematic locations.

### COMMUNITY-BASED RISK ASSESSMENT WORKSHOPS

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

In another initiative, this time aimed at improving child safety, Disaster Risk Management representatives trained 100 staff from ECD centres at emergency planning workshops. The purpose of the workshops was to explore the priority risks and hazards that ECDs face on a daily basis and to develop individual emergency plans.

## BY-LAW EDUCATION AND AWARENESS PROJECT

This project aims to increase awareness of City by-laws among residents of Cape Town. The goal is to reduce instances of by-law contravention, which will free up law enforcement staff to focus on more serious offences.

In the reporting year, staff hosted 47 such sessions. The aim is to roll out additional community awareness programmes in the three official languages of the Western Cape (English, Afrikaans and Xhosa) to help the community access City services so as to improve their quality of life.

## SAFETY VOLUNTEER PROGRAMME

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

When it was launched in 2013, the Law Enforcement auxiliary volunteer initiative was the first project of its kind in the country aimed at supporting permanent law enforcement staff with by-law enforcement and delivering visible policing in the metro. The initiative allows for members of the public to register as volunteers to perform certain law enforcement duties. Inspectors have been appointed from the volunteers' own ranks to perform a supervisory role. These members have completed extensive training and have been part of the programme for more than two years. Since the first batch of volunteers was deployed in November 2013, the initiative has grown steadily.

## DISASTER RISK ASSESSMENT PROGRAMME

The comprehensive disaster risk assessment undertaken in 2009 was reviewed and updated in 2020 with assistance from the Western Cape Disaster Management Centre. The risk assessment serves as the basis for risk reduction and preparedness initiatives. Community-based risk assessments are also conducted at ward or lower level in selected areas. These further elaborate on local disaster risk, raise awareness of disaster risk reduction, and further build the City's disaster risk profile to help target and shape disaster risk reduction initiatives.

### DISASTER MANAGEMENT WINTER-READINESS TASK TEAM

Winter-readiness planning is based on a comprehensive close-out report from the previous winter, and best practices are used to mitigate risk factors.

Key elements of the winter-readiness plan in the past year were as follows:

- ✓ *Identifying at-risk informal settlements and moving residents to higher ground or implementing flood mitigation measures.* The City identified 30 high-risk areas to prioritise, which included informal settlements in Khayelitsha, Philippi, Gugulethu, Klipheuwel and Strand.
- ✓ *Ongoing education and awareness programmes around flood and fire awareness for informal settlements.* These programmes include practical tips on how to raise floor levels, divert flood waters and reduce the health hazards associated with stagnant water.
- ✓ *Critical stormwater infrastructure* in high flood-risk areas, and removing invasive aquatic and terrestrial plants along key river corridors.
- ✓ *Pruning and maintenance of trees* to minimise the risk of falling branches and debris.
- ✓ *Issuing weather warnings to residents* based on advisories received from the South African Weather Service.
- ✓ *Service-level agreement with the South African Social Security Agency to provide humanitarian aid* to residents in distress and discomfort as a result of flooding and storm damage.

#### FIRE TASK TEAM

The Disaster Risk Management Centre (DRMC) has established a task team to address the ongoing threat of fire in informal settlements and backyard dwellings. Its main aims are to give effect to the approved municipal disaster risk management plan for urban fires and formulate an integrated strategy for adoption by Council.

#### DISASTER RISK MANAGEMENT ENGAGEMENT AND VOLUNTEERS

The DRMC continues to engage with commerce, industry and institutions regarding their emergency planning and the importance of exercising their plans. These include major hazard industry role players as well as those involved in strategic and critical infrastructure. Emergency planning training is also provided at the DRMC training centre.

In addition, the DRMC manages a corps of over 500 volunteers from 13 different volunteer units active across town. These volunteers are recruited in terms of the Disaster Management Act 57 of 2002 and the regulations on disaster management volunteers. They are equipped by DRMC through training in various disaster relief functions.

#### THE SAFER PLACES OF WORSHIP PROJECT

The DRMC and other partners identified the need to proactively ensure that places of worship have an appropriate emergency response in the event of any incident. At the same time, this helps build resilience and social cohesion. Through a collaboration between DRMC, SAPS, HAWKS Protection Services, the Muslim Judicial Council and the Cape Town Interfaith Initiative, members of different religious groups have been trained in emergency planning, evacuation procedures and first aid.

#### WOMEN AND GIRLS RESILIENCE PROGRAMME

The women and girls resilience programme aims to train girls and women in vulnerable communities in disaster first-response requirements such as first aid, fire safety and self-defence. Yet the programme also covers topics such as biodiversity, climate change, food security, and leadership and career goals. In this way, participants are equipped with skills that go far beyond disaster response.

In the year in review, a gender-based violence element was added to the programme in collaboration with non-governmental organisation Fight Back SA. The organisation teaches young women how to defend themselves in any given situation through a tailored self-defence programme based on the principles of Krav Maga, an Israeli martial art. New resources on empowerment, gender rights and accessing education and training were also added.

Over the past year, the programme trained 80 girls in grades 11 and 12 from the areas of Bonteheuwel, Mfuleni, Scottsdene, Wesbank, Delft, Ocean View and Masiphumelele. On completion of the programme, the girls are afforded the opportunity to become disaster management volunteers, where they receive further training.



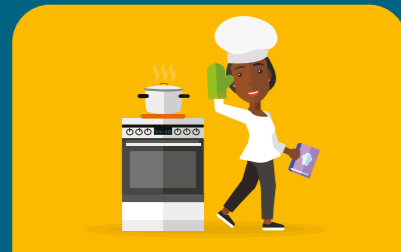


# STRATEGIC FOCUS AREA 3: CARING CITY

OBJECTIVES	PROGRAMMES
Objective 3.1: Excellence in basic service delivery	<ul style="list-style-type: none"><li>✓ Excellence in service delivery</li><li>✓ Social services facility provision</li><li>✓ Human settlements (housing) programme</li></ul>
Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	<ul style="list-style-type: none"><li>✓ Human settlements (services) programme</li></ul>



# KEY CARING CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2021/22



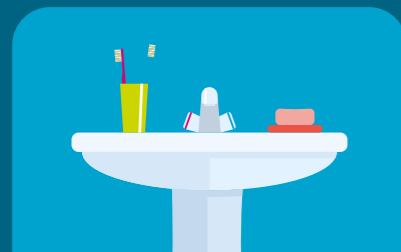
Installed **1 503 SUBSIDISED ELECTRICITY CONNECTIONS**  
(25 131 since 2012/13)



Installed **801 TAPS**  
in informal settlements  
against a target of 700  
(9 800 since 2012/13)



Installed **6 484 TOILETS**  
in informal settlements  
against a target of 2 500  
(40 333 since 2012/13)



Installed **476 NEW WATER AND SANITATION SERVICE POINTS** against a target of 400 (toilet and tap with hand basin) for backyarders  
(3 878 since 2014)



**TRANSFERRED OWNERSHIP OF MORE THAN 12 250** properties to beneficiaries since 2013/14



Spent **98,6% OF THE INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT (ISUPG)** capital budget for 2021/22

## GROUNDWATER PROJECTS HELP BUILD CAPE TOWN'S FUTURE WATER SUPPLY

Realising that greater diversity in its water sources will increase water security for Cape Town, the City is investing in groundwater to help ensure that supply remains reliable in the face of any future climate shocks. The City is planning to invest some

R4,7 billion in a number of projects to bring online approximately 105 Ml of groundwater a day to contribute to drinking-water supply by 2036. This groundwater supply target is part of the City's New Water Programme and Water Strategy. The Cape Flats aquifer and the Table Mountain group aquifer have been identified as resources that can be used responsibly to augment water supply in the Western Cape water supply system. The City is also upgrading the existing Atlantis aquifer scheme.

# OBJECTIVE 3.1: EXCELLENCE IN BASIC SERVICE DELIVERY

## EXCELLENCE IN SERVICE DELIVERY

### THE CITY'S WATER SERVICES








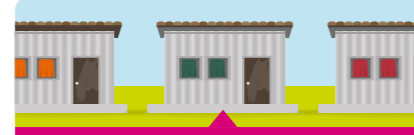

#### CREATING A WATER-SECURE FUTURE FOR ALL CAPETONIANS

Water is a critical resource, but also one that is at significant risk across South Africa. Given the essential nature of this lifegiving resource, the City

prioritises fair access to it, along with its careful use and effective protection and preservation. To this end, the City's Water Strategy sets out a comprehensive and highly proactive strategic approach to meeting Cape Town's immediate and long-term water needs.

The information on these pages provides a consolidated view of the City's water resources, actions and commitments. Where relevant, details of various IDP-related initiatives and projects are referenced, citing the pages where these are featured elsewhere in this integrated annual report.

## CAPE TOWN'S MAIN WATER CHALLENGES

 Climate change and the associated increased risk of drought	 Ageing infrastructure for both bulk and reticulation services	 High, and steadily increasing, costs
 Lack of capacity for wastewater treatment	 Pollution of rivers and waterbodies	 Ensuring safety and hygiene of shared water and sanitation facilities
 Criminality and vandalism	 Densification of informal settlements and the resulting pressure on infrastructure	 Loss of expertise and experience through retirement and staff turnover

## CAPE TOWN WATER STRATEGY

The Cape Town Water Strategy is a key component of the City's commitment to ensuring greater resilience and sets out a refocused and integrated urban water management approach for at least the next ten years. It aims to secure Cape Town's water future by increasing the available water supply by more than 300 million litres per day by 2030.

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

Click here for full details regarding [the City's Water Strategy](#).

### Other information available on the City's water strategy website:

- ✓ Where Cape Town's water comes from
- ✓ The City's water vision: How Cape Town's water supply system will change
- ✓ Scenario planning in the context of uncertainty
- ✓ Project selection and timing

## THE CITY'S WATER INFRASTRUCTURE

The City owns, operates and maintains:

- ✓ 12 water treatment plants with a combined capacity of 1 600 million litres per day;
- ✓ 24 reservoirs for treated water with a 48-hour storage capacity;
- ✓ seven wastewater treatment works and six smaller facilities;
- ✓ 603 pump stations;
- ✓ 11 000 km of water pipes; and
- ✓ 9 000 km of sewer pipes.

### Water infrastructure - a significant City asset

The City's water and sanitation asset base is valued at R75 billion and is managed through an asset management system with ISO 9001 quality certification.

## THE CITY'S SEWER NETWORK

Ongoing densification and the realisation of our spatial transformation objectives in the MSDF will place the City's bulk sewers under increasing pressure. Various initiatives are ongoing to reduce the potential overload of the sewer system, extend the useful life of the City's infrastructure, and protect the environment. The following two key projects are currently under way:

- ✓ *Cape Flats bulk sewer 1 and 2 rehabilitation* - The project aims to increase system capacity by means of better hydraulics in the pipelines and ensure reliability for at least the next 50 years.
- ✓ *Philippi collector sewer upgrade* - The project was delayed due to re-routing requirements, but is now on track with the design of phase 1. Construction is planned to commence in January 2023 and is scheduled for completion by June 2027.

The City has over 1 000 operational staff carrying out maintenance 24/7, and more than 1 000 service requests are attended to daily. Ageing pipelines are being replaced to limit pipe bursts, water leaks and sewage spills, and their resultant environmental and financial cost.

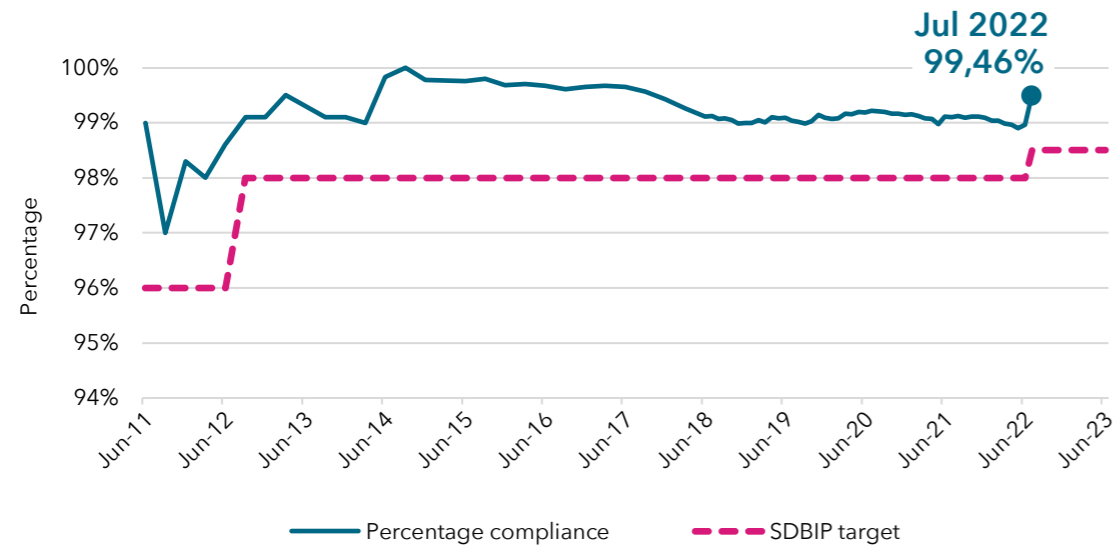
## COMMITTED TO WATER QUALITY AND CONSISTENCY

Cape Town Water has a proud tradition of providing quality water and sanitation services from source to tap. This involves many diverse responsibilities, ranging from the management of water catchment areas and water storage, to the treatment and safe disposal of wastewater back into the environment.

The City acknowledges the fundamental human right to water and a safe environment, including access to basic sanitation. The administration is serious about its obligation to progressively realise this right together with other spheres of government, as set out in South Africa's Constitution.

In this respect, the City's core business is to facilitate access to reliable, convenient and safe water and sanitation services for Capetonians,

Figure 7: Percentage of samples meeting water quality standard compared to 98% target



and the processes used to do this need to be transparent, financially sustainable and responsive to citizens' needs. In a developing-city context, the City is performing well on most of these scores and for the large majority of its residents. It will continue to provide these services, aiming for steady and incremental improvements in all performance domains.

#### Ensuring quality drinking water

Every year, around 16 000 samples of drinking water are drawn from approximately 300 designated sampling points across town. These are laboratory-tested to ensure compliance with stringent water quality standards (SANS 241). High levels of compliance with SANS 241 standards are consistently achieved.

### QUALITY OF WATER SERVICE

Cape Town gets most of its raw water from rain-fed dams, which are in near-pristine condition, with little or no pollution. The City has a capable Scientific Services Branch, which monitors the quality of raw and treated water, allowing for suitable management actions to maintain consistently high quality standards for water supplied to customers.

Water pressure management has been implemented as a strategy to reduce water losses. By dividing

the water supply network into smaller, manageable pressure zones or district metered areas, the City ensures easier analysis of system pressure and flows, improves water quality and enables continuous water supply.

A substantial reduction in the frequency of pipe bursts has also been achieved over time. This has been accomplished through ongoing programmes such as rapid response to leaks, proactive leak detection, pressure management, and pipe replacement.

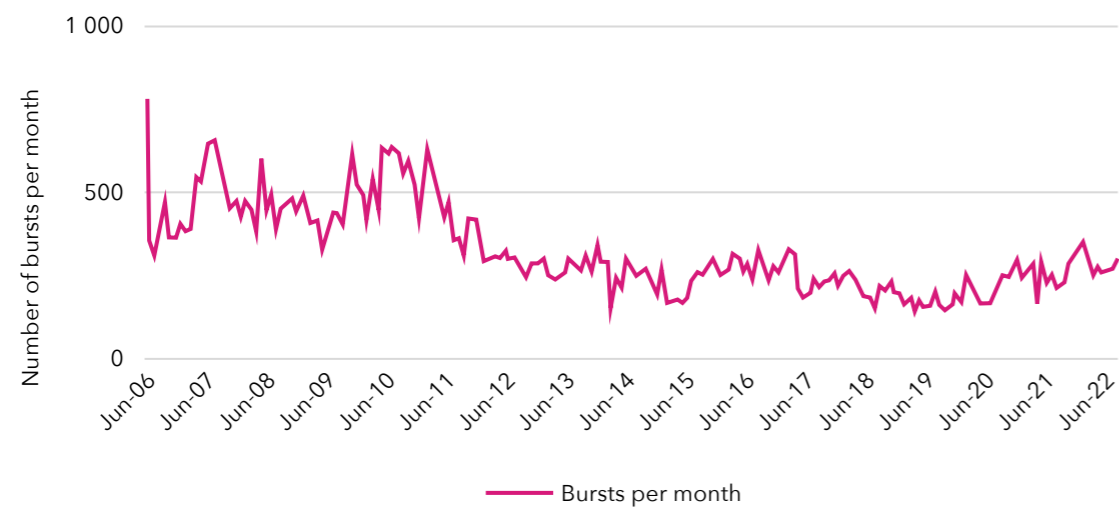
### METER REPLACEMENT PROGRAMME

This programme involves the replacement of conventional meters and water demand management devices with advanced metering infrastructure, enabling accurate measurement of water use, as well as a much-improved customer interface. The strategic objectives of the programme are to:

- ✓ promote water use through effective metering;
- ✓ build customer confidence through reliable, frequent and accurate metering, and giving customers ready access to this information; and
- ✓ enable more effective water management through significantly improved data on hydraulic flows through the system.



Figure 8: Water mains bursts per month, 2006-2022



## WATER AND SANITATION SECTOR PLAN

The primary purpose of the Water and Sanitation sector plan is to define the Water and Sanitation Department's five-year plan as part of the City's IDP. For the City to determine an adequate budget to deliver on its overall strategy, an integrated longer-term view must be established across sectors. To this end, an integrated planning process was undertaken in 2020. The process entailed detailed planning across sectors and also explored integration touchpoints between sectors.

A key deliverable of the sector plan is a pipeline of all projects beyond those already budgeted for that will be required over a timeline of ten years or longer. This process has also been included in the City's Strategic Management Framework, which aims to integrate strategic planning across the City and translate it into capital project requirements.

## NEW WATER PROGRAMME (PLANNING FOR THE FUTURE)

Cape Town's 2019 Water Strategy committed the City to develop 300 million litres of additional water supply capacity per day by 2030 to support its goal of becoming water resilient. This target includes a surface water scheme being developed by the national Department of Water and Sanitation.

To achieve this strategic objective, the City's Water and Sanitation Department has prepared the New Water Programme. The City remains committed to achieving the Water Strategy's goal. At the same time, it is noted that the exact timing of the programme will depend on Cape Town's future water demand, among other factors.

Planned augmentation schemes will account for approximately 25% of the City's water demand when these projects are run at full capacity. Greater diversity in its supply sources will increase the City's water security. Therefore, Cape Town's future water resource mix will comprise the following sources:



### Surface water (rain-fed dams)

Six major storage dams serve the city. These rely on rainfall for replenishment and are connected in an integrated network to increase yield and resilience. Additional surface water supplies will be added to the system over time.



### Groundwater

The City obtains water from shallow sandy aquifers as well as deep rock aquifers and is in the process of further developing these sources. These aquifers are being, and will be, managed in an environmentally sensitive and sustainable manner.



### Desalination

The City will implement large-scale desalination projects, building on its earlier experience of operating small-scale desalination plants. Desalination is likely to account for an increasingly significant share of the mix in the medium and longer term because it is scalable and not dependent on rainfall.



### Reuse

Water reuse is a cost-effective, reliable and environmentally responsible option. Adopting water reuse will position Cape Town as one of the leading cities in the world in terms of sustainable water management.

## UPDATED WATER PLAN

The major changes to the planned programme are as follows:

- ✓ Phases 2 and 3 of the Table Mountain aquifer project have been deferred to 2035. This will allow the City to learn lessons from the operation of the phase 1 wellfield (Steenbras) and to apply these lessons to phases 2 and 3. Phases 2 and 3 can also be brought forward should the water resource situation necessitate it.
- ✓ There is a slight delay of eight months in the Cape Flats shallow aquifer project.
- ✓ The Berg River-Voëlvllei augmentation scheme has been delayed by a year as a result of ongoing consultations around water allocations. This scheme is managed by the national Department of Water and Sanitation and falls outside the City's control.
- ✓ The Faure new water scheme and the first-phase desalination project have been delayed by 17 and 20 months respectively. This forms part of the post-drought optimisation of the New Water Programme, which has taken into account the impact on tariffs (affordability), a rebound in water demand, etc.

The effects of these changes on the planned increase in water supply capacity are shown in the figure below. The New Water Programme is still on track to deliver close to 300 million additional litres of water per day by 2030, as per the commitment in the Water Strategy. However, the delay in bringing new water on stream increases water security risks in the period 2024-2028. A risk analysis conducted by the City highlights that the current delays result in an acceptable level of risk of water restrictions, but that the NWP should not be delayed any further.

## LIVEABLE URBAN WATERWAYS PROGRAMME

The City is currently implementing its liveable urban waterways (LUW) programme led by the Catchment, Stormwater and River Management Branch. The strategic and transversal LUW programme has been developed directly in response to the City's Climate Change Strategy, Water Strategy, Resilience Strategy and Environment Strategy. It aims to demonstrate how water-sensitive design, waterway rehabilitation, nature-based solutions and investment in green infrastructure can achieve multiple benefits for society, the environment and the

Figure 9: Updated timing and total supply capacity of the New Water Programme brought online

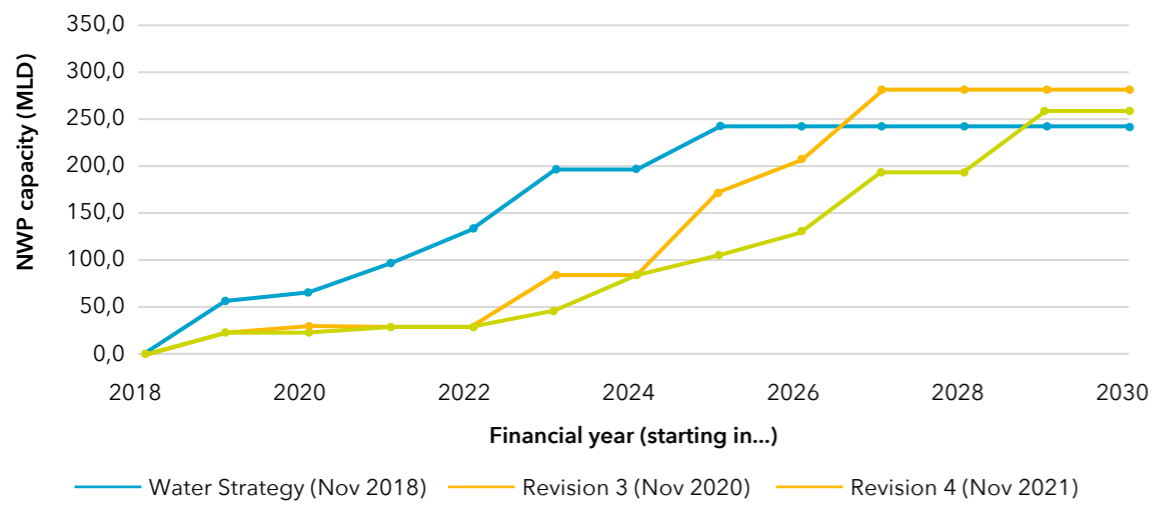


Table 8: Bulk sewer replacement and refurbishment projects

<b>CAPE FLATS BULK SEWER 1 AND 2</b>	Extending over more than three years, planned to be fully rehabilitated by June 2025
<b>PHILIPPI COLLECTOR SEWER</b>	Upgrade and replacement on schedule to be completed by June 2027
<b>MILNERTON BULK SEWERS</b>	Design completed, with construction planned to start in the 2022/23 financial year and be completed by 2026/27
<b>ZANDVLIET WASTEWATER TREATMENT WORKS EXTENSION</b>	Commenced in 2017/18 - ongoing

economy. Budget has been allocated for five LUW projects. Project teams are being established, and work will commence once the consultant tender has been awarded.

## WATER INFRASTRUCTURE MAINTENANCE PROJECT

The City has extended its local-area master planning to include master planning for all its water and sanitation infrastructure across all directorates. This encompasses bulk water, all additional water source schemes, water reticulation, sewer reticulation and wastewater treatment, including treated effluent. In this way, the City can plan for infrastructure developments and upgrades required to secure sufficient capacity for some 20 years into the future.

The master planning process makes use of evidence such as existing property information, aerial photography and topography, as well as measured water supplied, water consumption and sewage treatment volumes. Based on this information, the City then determines unit demands, which are imposed on future planning scenarios to predict water demands and sanitation discharge. The predictions, in turn, are included in long-term planning.

The existing bulk water maintenance programme will be continued citywide to ensure that distribution pipelines, water treatment works and reservoirs are either refurbished or replaced as required.

## REFURBISHMENT OF BULK SEWERS AND WASTEWATER TREATMENT WORKS

In moving towards a more compact Cape Town through densification and TOD, the City's bulk sewers will come under increasing pressure. Therefore, their informed replacement and rehabilitation is required, focusing on the following:

In terms of wastewater treatment works, refurbishment is planned for the plants at Cape Flats, Mitchells Plain, Bellville, Scottsdene and Gordon's Bay.

## WATER DEMAND MANAGEMENT

Located in an increasingly water-scarce region, the City needs to achieve an overall reduction in water demand across Cape Town, including in its own

operations. Table 8 shows the demand management interventions that will be continued and stepped up in order to achieve this.

## ELECTRICITY PROJECT

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

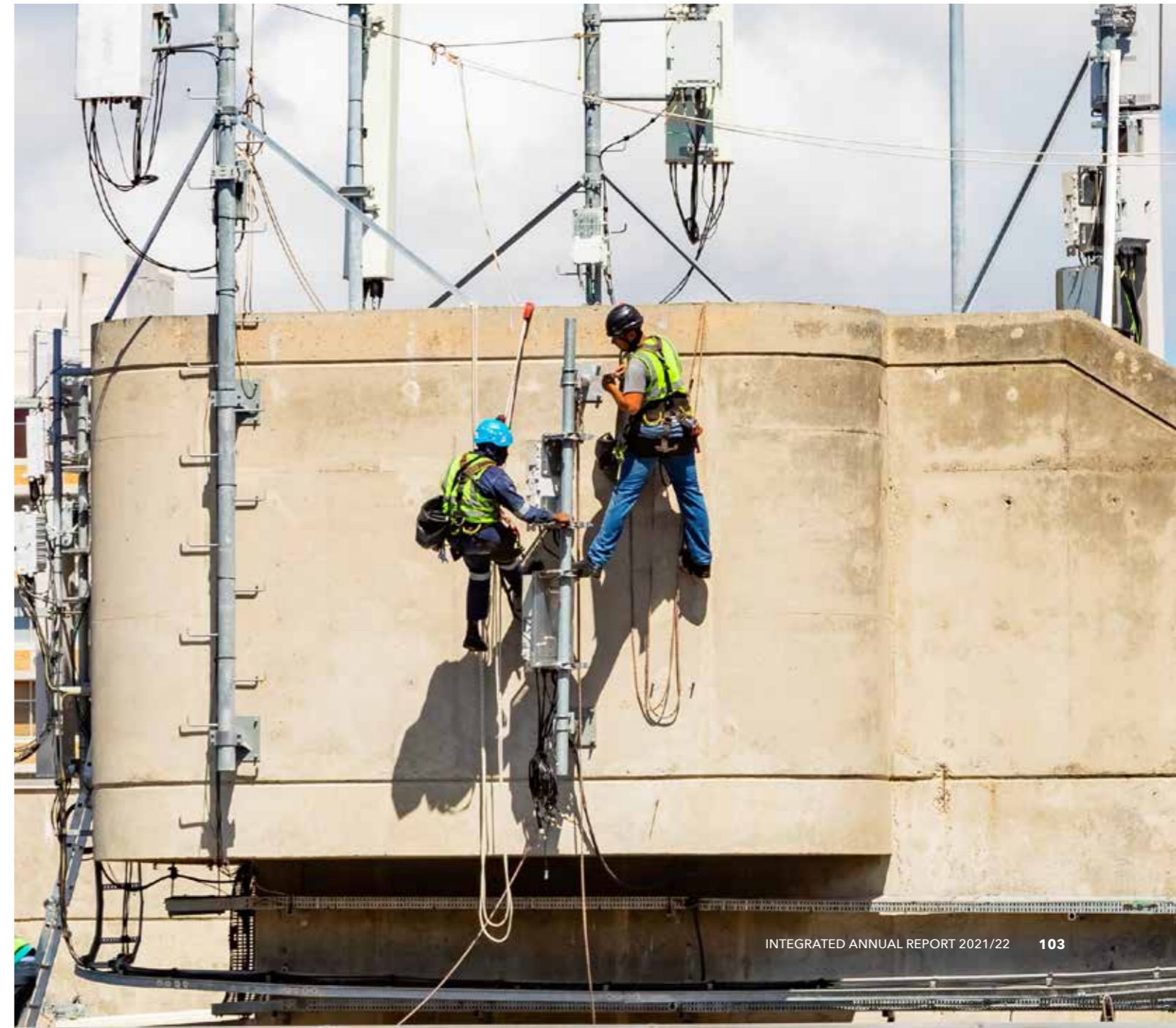


Table 9: City water demand interventions

INTERVENTION	DESCRIPTION	IMPLEMENTATION
Pressure management	Lowering pressure to extend the life of the reticulation system	Rolled out across Cape Town in areas where highest impact can be achieved.  In 2021/22, 14 pressure management zones were designed and constructed.
Treated-effluent reuse	Offsetting the use of drinking water by supplying treated effluent to schools, golf courses, parks and sports fields for irrigation	Will be expanded in areas such as Athlone, Bellville and Macassar over the five-year term.  In 2021/22, a total of 2,37 km of pipeline for the Bellville and Potsdam network was constructed.
Sewer interventions ✓ Sewer blockage programme ✓ Stormwater ingress programme ✓ Industrial effluent catchment profiling	Reducing overload of the sewer system to extend useful life of infrastructure and protect the environment  Raising public awareness of preventing and reporting blockages and overflows	Rolled out citywide
Law enforcement for protection of water and sanitation resources	Drafting of an interdepartmental service-level agreement to protect infrastructure and staff from vandalism, theft and civil unrest	Will involve introduction of monitoring, technology, an investigative unit, rapid response and community education across Cape Town, upon approval of agreement

In the year in review, the City continued with detail planning of extensive maintenance work on the pumped-storage scheme, including the following:

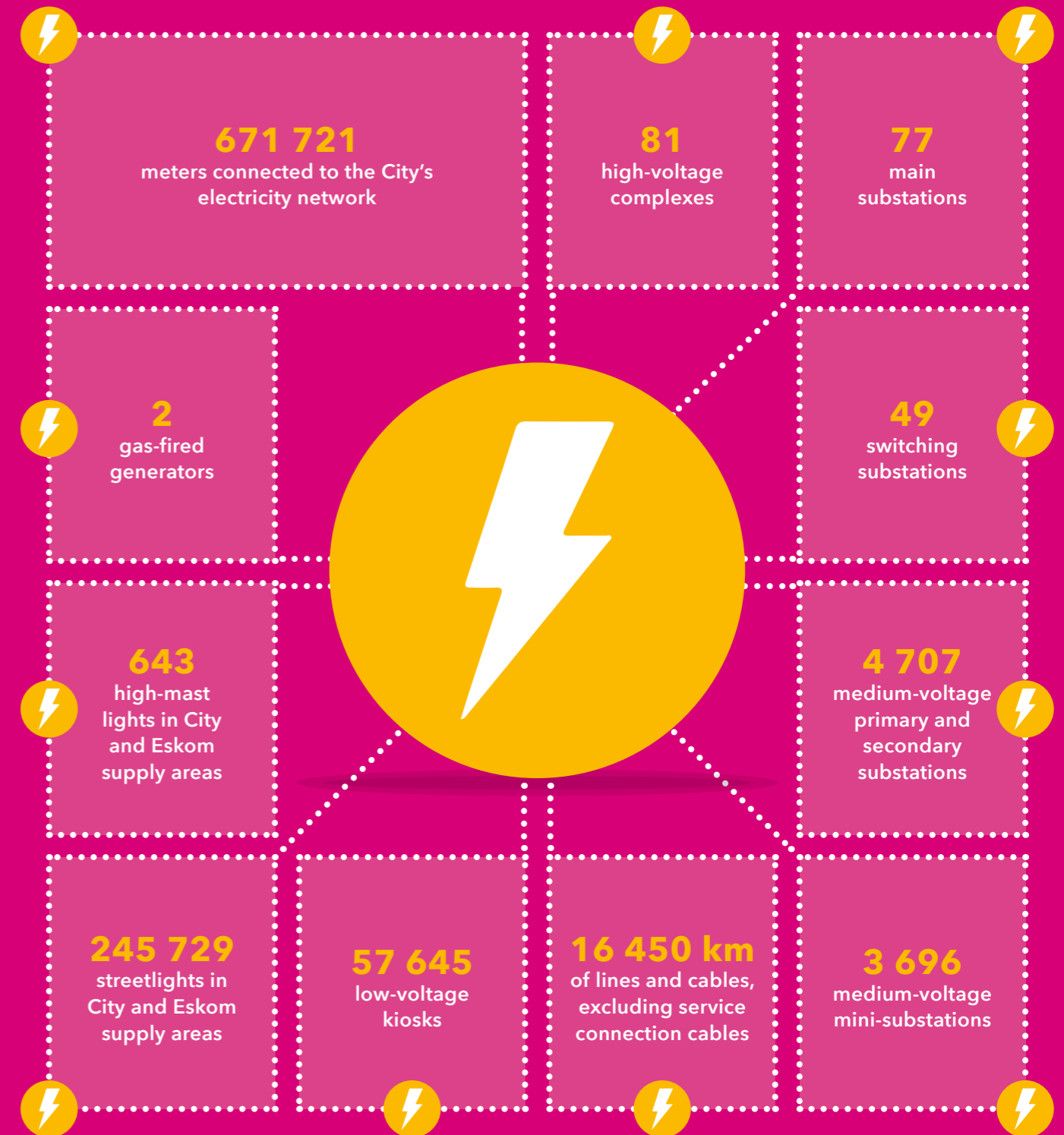
- ✓ Refurbishment of spherical valve flanges, dismantling joints, penstock in-situ flanges and mechanical seals
- ✓ Replacement of four Steenbras power transformers
- ✓ Refurbishment of the 80/15-ton crane
- ✓ Concrete and civil structure investigations and repairs
- ✓ Major medium-term generator maintenance

A total station refurbishment project is also being considered.

The 30-year switchgear maintenance programme also continues across town. In the reporting year, R39 million was invested in circuit breaker replacement, and a further R181,7 million in the like-for-like replacement of ageing infrastructure. Distribution networks continue to be expanded in response to new developments and load densification, with an investment of R125,9 million having been made in this regard.

A 15-year network development programme is under way, with R84,5 million invested in the upgrade and refurbishment of substations, underground cables and overhead power lines across the metro.

# THE CITY'S ELECTRICITY NETWORK AT A GLANCE



In addition, the City continues to run various programmes aimed at providing stable electricity services to informal settlements, backyarders<sup>15</sup> and subsidised housing developments. These services require various network upgrades, maintenance or replacement at various times, and are constantly monitored to reduce the potential for power failures in these areas.

Electricity project highlights in 2021/22 included:

- ✓ the ongoing provision of subsidised electricity connections to informal settlements and subsidised housing developments;
- ✓ investment of R16,8 million in 1 503 new connections for informal settlements and backyard structures, as well as infill electrification projects;
- ✓ the continued roll-out of electricity services to backyard dwellers at Council rental units; and
- ✓ investment of approximately R4,4 million of the City's Urban Settlements Development Grant funding and R10,5 million of its Informal Settlements Upgrading Partnership Grant funding to ramp up electricity services.

**City undertakes R22 million high-voltage electricity refurbishment project**

The City is undertaking a three-year electricity refurbishment that includes important maintenance and upgrades of critical high-voltage infrastructure across Cape Town. The project, which will be carried out from 2021 to 2023, will ensure that the City's 66 kV and 132 kV high-voltage power lines are protected and safe to operate for a further 25 years. This is in line with the City's commitment to provide a safe and reliable power supply to all energy users. In addition to refurbishing the power lines themselves, City electricity teams are also attending to other critical components of the high-voltage infrastructure, such as metal conductors and the steel structures that support the conductors and insulators.

<sup>15</sup> Persons who live in informal structures in formal developed areas, frequently in the backyards of City rental stock.

\* **Integrate Waste Management Plan (IWMP).** The City's Annual Report is a collective update on all the IDP commitments and does not provide detail for all service deliverables as contained in the Integrate Waste Management Plan (IWMP). The IWMP feeds into the IDP via the Urban Waste Management (UWM) Sector/Business Plans.

The City is compliant with the National Environmental Management: Waste Act, 2008 (NEMWA) requirement regarding implementation of the IWMP and the review thereof.

## THE CITY'S URBAN WASTE MANAGEMENT SERVICES

### BUILDING A RESILIENT CITY THROUGH SUSTAINABLE URBAN WASTE MANAGEMENT

Residents of Cape Town generate an average of 4 400 tons of waste every day, or approximately 1,6 million tons every year. The City's Urban Waste Management Directorate is mandated to manage this waste and provides a basic refuse collection service to all formal properties in Cape Town as well as to 99,79% of known informal settlements.

Urban Waste Management's main responsibilities and services include the following:

-  Basic waste management services to all residents (including cleansing, and waste collection and disposal)
-  Clearing illegally disposed waste
-  Keeping streets, beaches, rivers, canal banks and other public spaces clean
-  Waste minimisation and prevention
-  Reducing landfill waste
-  Providing waste management education and awareness
-  Helping to conserve City resources
-  Reducing the impacts of waste on the health of citizens and the environment
-  Other regulatory waste management services\*

In delivering on these responsibilities, the directorate utilises and manages extensive waste management infrastructure and assets, including the following:



### THE WASTE CHALLENGE OF AN EXPANDING CITY

As a major economic hub in the Western Cape, Cape Town's population grows at an estimated 1,99% per annum. Approximately 20% of all households in the metro are informal dwellings, and the number of backyard dwellers is already estimated to have doubled from the 75 000 reported in the 2011 Census.

While the City strives to provide 100% of households with access to waste collection services, it still experiences challenges with the provision of waste collection services to informal-settlement residents and backyard dwellers. This ultimately exacerbates other challenges, such as littering, illegal dumping and the knock-on effect this has on Cape Town's water and sewer systems.

Some of the focus areas for the Urban Waste Management Directorate in seeking to address these challenges include the following:

- ✓ Improved waste collection services for informal areas and backyarders
- ✓ Stricter enforcement of illegal dumping laws

- ✓ Improved delivery of cleansing services to all areas of town
- ✓ Greater collaboration with city improvement district bodies to keep central business districts clean
- ✓ Provision of additional bulk waste storage (shipping) containers in informal areas
- ✓ Expedited roll-out of separation-at-source services to more communities
- ✓ Increased diversion of waste from landfill
- ✓ Enhanced citizen education and awareness of the need for recycling
- ✓ The inclusion of private-sector waste operators as part of City waste management planning
- ✓ Addressing future regionalisation of waste facilities and services
- ✓ Opportunity to use rail transport to move waste from City waste facilities

Through its waste diversion programmes, the City managed to divert 13,9% of waste from landfill sites in 2021/22. Approximately 216 454 tons of waste is diverted from landfill every year.



## URBAN WASTE MANAGEMENT PROJECTS

Table 10: Progress with urban waste management projects as at 30 June 2022

PROJECT	PROGRESS
Rehabilitation of Atlantis, Vissershok, Waterkloof, Witsand and Radnor landfill sites	<p><b>Atlantis</b> The site is currently being monitored in terms of its environmental authorisation.</p> <p><b>Vissershok</b> Progressive remediation work will be ongoing for the life of the site.</p> <p><b>Waterkloof</b> Monitoring and auditing are being conducted in line with the environmental authorisation.</p> <p><b>Witsand</b> Efforts to maintain the sand layer over the Witsand landfill site continue. These include wind netting installation and repositioning. Discussions will be initiated on the way forward in terms of maintenance.</p> <p><b>Radnor</b> Construction is currently under way.</p>
Landfill gas infrastructure for flaring at Coastal Park landfill	The City has launched its landfill gas flaring project at Coastal Park. The system is currently in the operations and maintenance phase. The electrification tender for Coastal Park has been awarded. The first carbon credits were issued on 2 June 2021.
Landfill gas infrastructure for flaring at Bellville landfill	The gas extraction and flaring system at Bellville South landfill is operating at reduced capacity due to vandalism and theft, although the situation has stabilised somewhat.
Landfill gas infrastructure for flaring at Vissershok landfill	The infrastructure construction phase has been completed.
Design and development of materials recovery facility: Helderberg	During building plan approval, an area of the site was identified as a possible wetland. A further basic environmental impact assessment was required, so the tender process was put on hold. Following the environmental impact assessment and authorisation for the activity, one appeal was lodged. The appeal has since been resolved, but the project had to be deferred as part of the readjustment of funds to deal with the pandemic.
Drop-off infrastructure	<p>The sector plan includes drop-off development in various areas.</p> <p><b>Retreat and Prince George Drive/Parkwood</b> These two drop-offs were completed in the 2021/22 financial year.</p> <p><b>Beaconvale</b> The proposed drop-off site at Beaconvale had to be abandoned, as the site falls within the 100-year flood zone.</p> <p><b>Killarney and De Grendel</b> These two facilities are still in development.</p>

## SOCIAL SERVICES FACILITY PROVISION

### SOCIAL FACILITIES PROJECT

The City's key community services are health, libraries and information services, recreation and parks, and social development and ECD. Key achievements in this regard in the past year included the following:

#### COMMUNITY SERVICES AND HEALTH INFRASTRUCTURE PLAN

The Community Services and Health Infrastructure Plan was approved. This directorate plan sets out a direct, equitable and sustainable response to the community and social services needs of Cape Town's residents. It is a guide for high-level decision making regarding infrastructure, including multiyear budgeting, and aims to identify and address short and medium-term priorities, while taking a long-term view. Planning in a number of priority precincts as per the plan has taken place in the year in review.

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

- ✓ swimming pool upgrades;
- ✓ new clinic development and upgrades;
- ✓ occupational health and safety compliance;
- ✓ regional recreation hubs (Recreation and Parks);
- ✓ homeless accommodation upgrades;
- ✓ an integrated recreation and sports facilities programme (Recreation and Parks); and
- ✓ a precinct planning (clustered facilities) programme.

Development and implementation of these programmes advanced significantly in 2021/22 and will be driven forward in the year ahead through ongoing infrastructural investments in line with broader City objectives.

#### COMMUNITY SERVICES AND HEALTH HUBS IN INFORMAL SETTLEMENTS

The City has identified informal settlements where the provision of community service facilities needs to be prioritised. The design of the Kalkfontein and Wallacedene hubs was completed in 2019/20 already. Due to land and operating budget constraints this past year, however, implementation could not start as planned. The projects are technically ready and will be implemented as soon as the land and budget become available. Community Services and Human Settlements are collaborating to develop an operations and maintenance funding model.

#### CEMETERY AND CREMATORIUM PROVISION

The City continues its efforts to secure land for cemetery development with a view to enabling more in-ground burials and expanding existing facilities. It is also promoting the reuse of family graves for second burials to densify existing cemeteries, and investigating potential infrastructure development to meet the need for alternative burial practices and demands.

In addition, cremation is promoted as an alternative to in-ground burial. Given that approximately three out of every ten deceased persons in Cape Town are cremated, ongoing investment to ensure the functionality and compliance of the Maitland crematorium is a priority.

## HUMAN SETTLEMENTS (HOUSING) PROGRAMME

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

However, the administration's human settlements commitment also extends far beyond the mere provision of housing. It also encompasses excellence in basic service delivery and a human settlements programme built on, among others, the housing initiatives shown in the table on the following page.



**Table 11: Housing initiatives forming part of the City's human settlements programme**

PROJECT	DESCRIPTION
Densification focus in all new human settlements projects	<ul style="list-style-type: none"> <li>✓ Strategic densification in targeted areas, especially in and around transit-accessible precincts and local nodes</li> <li>✓ Specifically relates to transport corridors and priority nodes with supportive infrastructure</li> <li>✓ Aimed at encouraging urban densification</li> <li>✓ More efficient use of well-located vacant land through:                             <ul style="list-style-type: none"> <li>- infill initiatives;</li> <li>- the release of unused land owned by other state departments; and</li> <li>- mixed-use retail and residential development along key development nodes and transport corridors.</li> </ul> </li> </ul>
New housing development project	<ul style="list-style-type: none"> <li>✓ The development of integrated human settlements on well-located land in line with the City's MSDF and relevant DSDFs, primarily targeting households earning a monthly income of R22 000 and below</li> </ul>
Public-private partnership initiative	<ul style="list-style-type: none"> <li>✓ Focuses on finding ways to effectively partner with the private sector to help meet housing demand</li> <li>✓ Identification of new areas for housing development</li> <li>✓ Explores partnerships with the private sector for the management of City-owned rental stock</li> </ul>
Safety project	<ul style="list-style-type: none"> <li>✓ Development of a safety model for City-owned rental housing</li> <li>✓ Aimed at reducing crime and disorder at City-owned rental housing complexes</li> <li>✓ Considers different perspectives, such as crime prevention, law enforcement and a social-based proactive programme offered by a range of stakeholders</li> </ul>
Housing financing options project	<ul style="list-style-type: none"> <li>✓ Develops partnerships with financial institutions and developers to supplement the provision of affordable housing through the introduction of user-specific packages</li> </ul>
Housing function assignment project	<ul style="list-style-type: none"> <li>✓ Assignment of human settlements function to optimise the City's capabilities in the built environment</li> </ul>

To support the human settlements programme, the City has set itself a target of delivering 5 862 top structures from 2022/23 to 2024/25 (1 803 in 2022/23, 2 009 in 2023/24, and 2 050 in 2024/25). These targets are based on the provincial Human Settlements Development Grant allocation, which changes on a quarterly basis and could, therefore, influence the delivery of top structures.

In 2021/22, the City delivered 2 517 top structures, 1 423 formal serviced sites and 829 informal serviced sites.

**ENABLING HOUSING PROGRESS WITH A PROGRESSIVE INTEGRATED HUMAN SETTLEMENTS STRATEGY**

Over the next decade, there will be an anticipated shortfall in the development of formal housing opportunities of approximately 30 000 every year. Therefore, assuming the average annual rate of supply by both the private and public sectors remains unchanged, the housing challenges will continue to have a profound negative impact on communities and neighbourhoods if not addressed effectively.

In response, the City has developed its Integrated Human Settlements Strategy. The strategy not only caters for the City's role as a provider of

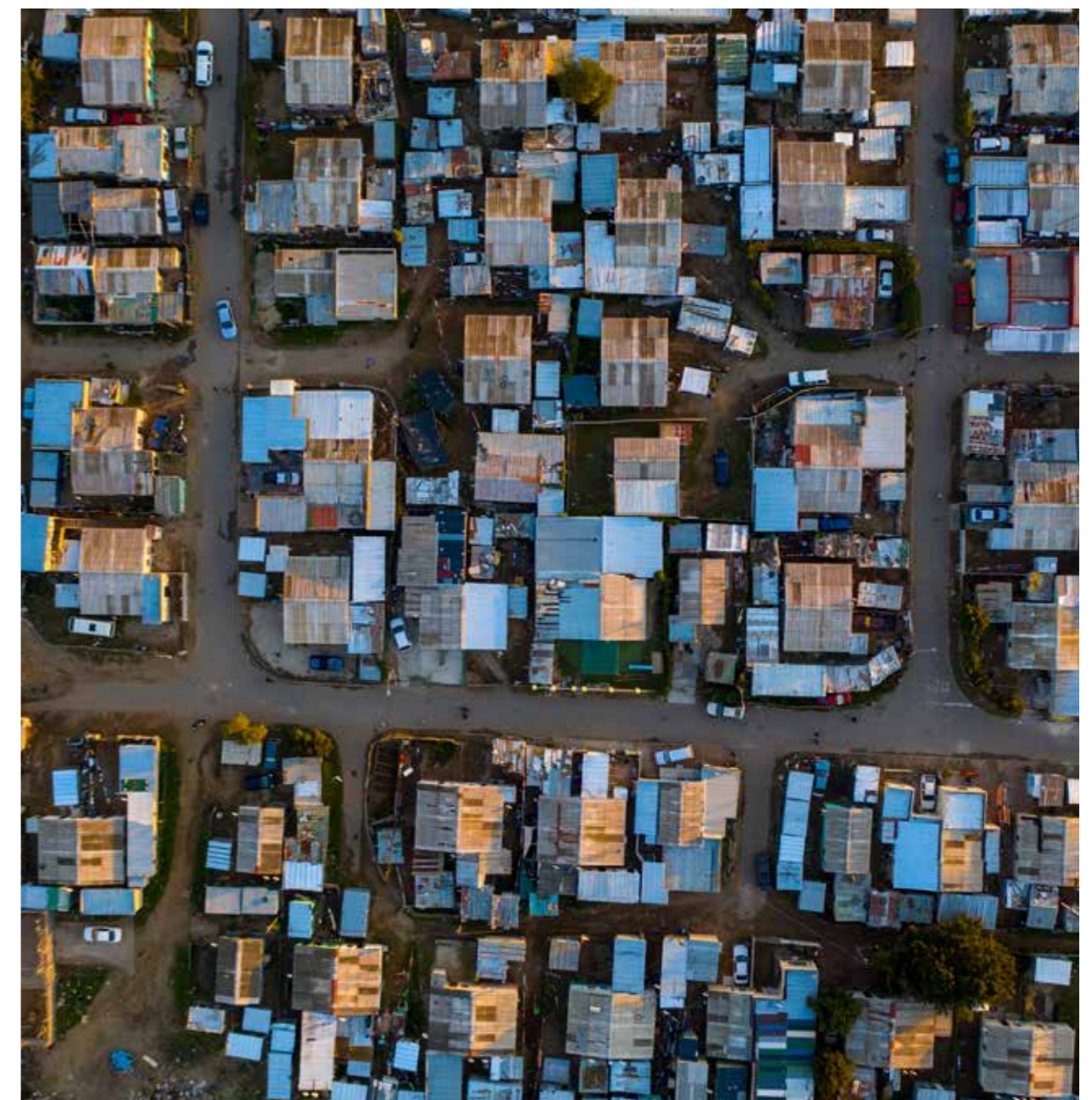
human settlements, but also recognises the administration's function as a regulator and enabler of human settlements development. Its aim is to enable more sustainable, integrated and spatially transformed communities. To this end, the strategy encourages new ideas, new solutions, innovations and stronger partnerships between the public and private sector.

The City's Human Settlements Directorate spent 97% of its Urban Settlements Development Grant capital budget in the 2021/22 financial year. While this demonstrates that the City is delivering on its housing commitments, it is also clear that further interventions are required. To accommodate projected growth and manage the existing housing demand, it is estimated

that roughly 500 000 housing opportunities need to be created between now and 2028. The Integrated Human Settlements Strategy maps out a suggested pathway to meet this target.

Some human settlements highlights in the past year include the following:

- ✓ Allocated R2,4 billion over the medium term to formal housing opportunities on well-located land, close to public transport, jobs, government services and public amenities
- ✓ Successfully implemented capital projects to the value of R63 702 556 to upgrade City rental stock



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

## BASIC SERVICE DELIVERY PROGRAMME

### ENCOURAGING AND SUPPORTING BACKYARD DWELLING PROJECTS

The mainstreaming of basic service delivery to informal settlements and backyard dwellers remains a key transformational priority for the City.

Since 2014, the Informal Settlements Department has installed 3 878 water and sanitation points in the homes of backyard dwellers on City rental property. The roll-out of another 2 000 such points will continue in the years ahead.

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

## HUMAN SETTLEMENTS (SERVICES) PROGRAMME

### INFORMAL SETTLEMENTS SERVICES PROJECT

The City remains committed to the progressive upgrade of informal settlements and the ongoing improvement of services, public spaces and tenure

for informal-settlement households as they formalise their top structures. In the 2020/21 financial year, the City committed to spend more than R137 million over the medium term to provide basic services to informal settlements, which includes providing water and waste services to these residents. In the past year, the City spent R37,7 million of the R50,5 million approved budget for the delivery of basic services to informal settlements.

### ELECTRIFICATION OF INFORMAL SETTLEMENTS

The City continues to supply informal settlements with electricity, and to provide the infrastructure needed to enable the electrification of qualifying sites. The City has set itself a target of installing 1 500 subsidised electrical connections per year until 2022 and has consistently met and exceeded this target throughout the IDP period. In the year in review, 1 503 new electricity connections were installed, bringing total installations since 2012/13 to 25 131.

### INFORMAL SETTLEMENTS FORMALISATION PROJECT

The City's Human Settlements Directorate spent 98,6% of its ISUPG capital budget in 2020/21, despite the impact of Covid-19 and the national lockdown.

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

### SETTLEMENT MIX PROJECT: INTEGRATED SETTLEMENT PROJECT

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

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

### REDUCING CITY OWNERSHIP OF RENTAL STOCK PROJECT

As part of its Human Settlements Strategy (2021) and Integrated Development Plan (2022), the City has confirmed its ongoing commitment to ensure the transfer of saleable rental stock units to qualifying beneficiaries by addressing the barriers to homeownership and fast-tracking ownership transfer. This unlocks economic and financial security for beneficiaries and allows for the development of sustainable communities. Approximately 7 500 units still remain available for sale to qualifying beneficiaries.



# STRATEGIC FOCUS AREA 4: INCLUSIVE CITY

OBJECTIVES	PROGRAMMES
<b>Objective 4.1: Dense and transit-oriented growth and development</b>	<ul style="list-style-type: none"> <li>✓ Spatial integration and transformation programme</li> <li>✓ TOD catalytic land development programme (CLDP)</li> </ul>
<b>Objective 4.2: An efficient, integrated transport system</b>	<ul style="list-style-type: none"> <li>✓ Integrated Public Transport Network 2032 programme</li> <li>✓ Travel demand management programme</li> <li>✓ Non-motorised transport programme</li> <li>✓ Intelligent transport systems programme</li> <li>✓ Efficient, integrated public transport programme</li> <li>✓ Traffic calming programme</li> </ul>
<b>Objective 4.3: Building integrated communities</b>	<ul style="list-style-type: none"> <li>✓ Built environment integration programme</li> <li>✓ Citizen value programme</li> <li>✓ Public participation programme</li> <li>✓ Substance abuse programme</li> <li>✓ Primary healthcare programme</li> <li>✓ Social inclusion programme</li> <li>✓ Cross-subsidisation programme</li> </ul>



# KEY INCLUSIVE CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2021/22



Completed inner-city  
**NON-MOTORISED  
TRANSPORT PROJECT**



Prepared **NEW DRAFT DISTRICT SPATIAL  
DEVELOPMENT FRAMEWORKS AND ENVIRONMENTAL  
MANAGEMENT FRAMEWORKS** in conjunction with  
the Municipal Spatial Development Framework



Completed **77  
TRAFFIC CALMING  
PROJECTS** at  
schools against an  
annual target of 50



Conducted **35 ANTI-  
DISCRIMINATION  
SESSIONS** and 30  
diversity management  
workshops  
with City staff



Achieved average  
**CUSTOMER  
SATISFACTION  
RATING OF 4,7**  
out of 5 for City  
contact centre



Installed **198  
FREECALL LINES**  
across town



Achieved **IDEAL CLINIC  
STATUS** at 69 of the  
City's 78 fixed clinics



Started over **9 000 HIV-  
POSITIVE PATIENTS** on  
antiretroviral treatment



**EXCEEDED NATIONAL  
AMBIENT AIR QUALITY  
STANDARDS** on all  
but ten days

# OBJECTIVE 4.1: DENSE AND TRANSIT-ORIENTED GROWTH AND DEVELOPMENT

## SPATIAL INTEGRATION AND TRANSFORMATION PROGRAMME

### SPATIAL TRANSFORMATION

Spatial transformation involves redressing and restructuring the city to mitigate the impact of historic spatial planning. Apartheid-era city planning entrenched a fragmented and distorted spatial pattern along racial lines that is neither efficient nor sustainable. Households from the poorest communities were located far away from economic opportunities – a legacy that persists to this day. As a result, those communities have to spend a disproportionate amount of their income on (typically public) transportation, while delivering services to their areas is also more costly.

Realising this, the City is committed to the spatial transformation of Cape Town. Therefore, it uses a range of new-generation urban growth management and spatial targeting tools and processes to plan and implement priority TOD catalytic precincts, managed growth areas as well as protection areas, each with their own development parameters and procedural guidelines.

In support of the City's spatial vision, the MSDF and the DSDFs/EMFs set out a range of spatial transformation areas, namely:

- ✓ an urban inner core, estimated to be 18% of the geographic area of Cape Town;

- ✓ incremental-growth and consolidation areas (18%);
- ✓ discouraged-growth areas (26%); and
- ✓ critical natural areas (38%).

The first two of these spatial transformation areas represent the existing urban footprint of the city as well as land earmarked for future urban development and expansion of Cape Town's built-up areas. The urban inner core serves as the basis for spatially targeted public investment and encouragement of land-use intensification. To advance spatially targeted investment even further, development focus areas and urban support areas have been introduced in the DSDFs. These prioritise public investment at a localised level in the hope of stimulating a private-sector investment response.

Land-use intensification proposals in the discouraged-growth areas and critical natural areas are not typically supported.

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

- ✓ creating more economically integrated neighbourhoods;
- ✓ leveraging government investment and property assets;
- ✓ responsiveness to gentrification; and
- ✓ encouraging greater private investment in regeneration.

In 2017, the City identified and advertised several sites in the Woodstock/Salt River area for social housing and mixed developments. In October 2019, however, the request-for-proposal process was cancelled and the five sites were unbundled, as the sites required different land disposal processes due to varied zoning rights and ownership.

The necessary land disposal processes are now under way. Significant progress has been made, with planning approvals granted in respect of the Pine Road, Dillon Lane, Salt River Market, Pickwick Street and Woodstock Hospital sites. Land-use applications for erf 14888, Cape Town (New Market Street site) and erven 12010 and 12011, Salt River (St James Street site) are in process, and detailed feasibility studies for several other sites are also being conducted. New request-for-proposal processes are expected to follow for each site.

In addition, the Parow area has been identified as an appropriate area for Cape Town's second precinct-based social housing initiative. A feasibility study in 2019 identified four sub-precincts. The Human Settlements Directorate has since submitted land-use applications for sub-precinct 1 (parking lots in the vicinity of Parow train station) and sub-precinct 2 (Tygerberg), which are being processed. The tender process for sub-precinct 1 concluded in June 2022, and evaluation is currently under way. The tender process for sub-precinct 2 will follow once the public participation process for the intended disposal of the properties has been completed.

Construction is under way on the Maitland social housing development, which forms part of the greater Maitland metro precinct, and should be completed by March 2023. Construction on the Pine Road development is imminent following the recent approval of building plans. Site development plans and building plans for the Dillon Lane and Salt River Market sites will be submitted once Council has approved the release of these properties.

In addition to these processes relating to City-owned land parcels, the City is also considering planning applications for affordable housing projects driven by social housing institutions, other delivery agents and/or other spheres of government. Rezoning approval was recently obtained for the Regent Villas project, and planning applications for the Rivergate project (Parklands) are under way. Planning applications are also anticipated on the Somerset Lakes and Domus (Elsies River) projects. Preparations are under way to commence construction on the Conradie phase 2 and Goodwood station projects.

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

The mayoral priority programme for land release for affordable housing has been key to the progress made with the release and packaging of the City-owned land parcels. The programme is aimed at increasing the pace and scale at which the City makes land available to the private sector for purposes of affordable housing. The objective is to strategically utilise City assets for affordable housing development, effectively streamline land release processes, and leverage the private sector's capability to develop at scale.

### HOSTELS REFURBISHMENT AND UPGRADE PLAN

Typically, hostel buildings are located in established urban areas, where land availability is limited. This presents a significant challenge to site redevelopment, as the hostel dwellers need to be temporarily relocated during redevelopment and then be moved back into the refurbished units.

The City's hostel redevelopment programme aims to redevelop identified hostels into community residential (rental) units. Implementation of this refurbishment plan is expected to take up to 12 years. As the project exceeds three financial years, approval has been obtained in terms of section 33 of the Municipal Finance Management Act.

### LAND-USE MANAGEMENT PARAMETERS, SYSTEMS AND MECHANISMS

The City pursues integrated and streamlined land development processes that fast-track proposals and applications in support of TOD and value development and investment that align with the City's stated transformation objectives.

The City is compiling plans for typical TOD stations along the MyCiTi phase 2A corridor as well as in the development focus areas prioritised in the eight DSDFs. The aim is to facilitate desired TOD outcomes around those public transport access points, as envisaged in the 2016 TOD Strategic Framework.

### SPATIAL TRANSFORMATION FOR SOCIOECONOMIC GAIN

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

## TOD MECHANISMS FOR DEVELOPMENT PROJECT

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

## DEVELOPMENT MANAGEMENT ENABLEMENT MECHANISMS

The review of the eight DSDFs included a detailed investigation of potential development mechanisms that could be used to implement the spatial development proposals articulated in the DSDFs and support the recovery of the Cape Town economy following the Covid-19 pandemic.

An incentive overlay zone (IOZ) was identified as one such mechanism. The IOZ would allow for desired densities, land-use types and economic-sector types of development in the development focus areas identified in the DSDFs. This would be achieved through enhanced development rights and reduced timeframes for approval. In this way, the City would be pursuing a more efficient, just and sustainable Cape Town by encouraging intensity of

development in well-located areas with the greatest levels of access, whether through proximity or public transport.

To this end, clear development parameters need to be developed, linked to concessions in the Development Management Scheme, which, in turn, will remove onerous administrative requirements that create uncertainty and often hinder development in the desired areas.

While the IOZ is already contained in the Municipal Planning By-law (part 1, items 155-156), it has no provisions or conditions attached to it. An investigation has been initiated to develop such provisions and conditions, and the project phases are depicted in figure 10 below.

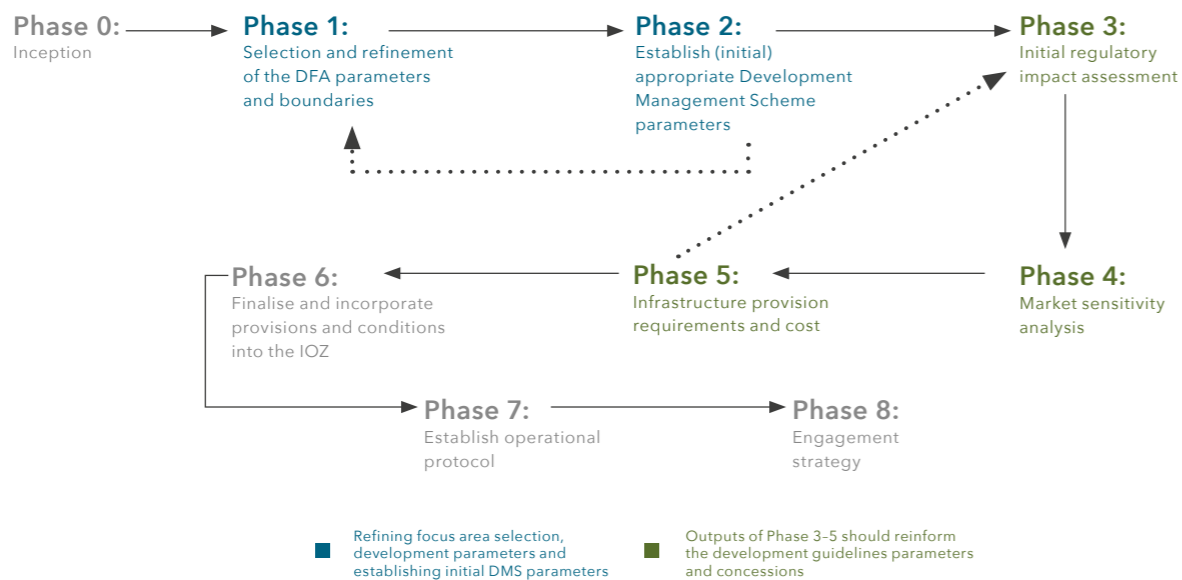
The following progress has been made to date:

- ✓ Final terms of reference and a proposal have been developed and approved.
- ✓ Funding has been committed to the project.
- ✓ A multidisciplinary project management team has been established, comprising officials from affected line departments.
- ✓ External consultants have been appointed to carry out the project scope depicted above.

The draft provisions and conditions that are to be attached to the IOZ are anticipated to be completed by 30 June 2023.



**Figure 10: Scope of incentive overlay zone (IOZ) project**



## TOD CATALYTIC LAND DEVELOPMENT PROGRAMME (CLDP)

The aim of the Council-adopted CLDP along with a supporting partnership framework is to drive TOD implementation. Framed in line with National Treasury's Catalytic Land Development Guideline (issued in 2018), the CLDP consists of the following:

- ✓ Three prioritised catalytic TOD projects, namely Bellville future city, Philippi opportunity area, and the Gateway precinct
- ✓ TOD precincts and initiatives in smaller, secondary urban nodes (the so-called 'level-2 TOD initiatives' in the IDP)
- ✓ Significant public landholdings around various strategic rail and bus rapid transit stations in spatially targeted precincts (the so-called 'station typology initiative') proposed for development in partnership with the Passenger Rail Agency of South Africa and other public stakeholders

The programme represents an intergovernmental pipeline of priority catalytic projects and infrastructure investments in the medium to longer term. The project portfolio is centred around highly accessible station precincts or other points of access to the public transport system, primarily rail stations and transport interchanges, which offer significant opportunity to achieve the City's objectives of TOD and spatial transformation by unlocking high-density mixed-use development. Opportunities in these TOD precincts arise from their location at points where people access (or could access) integrated rail, bus and minibus-taxi services via the Integrated Public Transport Network.

The project presents complex, long-term, strategic investment opportunities that need to be planned and assessed in collaboration with other public-sector partners. These include government departments (national and provincial) and state-owned enterprises, especially those with large landholdings across town and with their own land development mandates (such as the Passenger Rail Agency of South Africa, which has significant landholdings around various rail stations).

### PHILIPPI AGRI-HUB PROJECT

The Philippi horticultural area is Cape Town's breadbasket and yields over 100 000 tons of fresh produce per annum. To leverage this potential and help develop the Philippi precinct into a thriving urban node of metropolitan significance, a

regeneration framework for the area was developed in 2020, setting out various development strategies and an intergovernmental infrastructure investment pipeline. A core part of this was the development of the concept of an urban 'agri-hub' as a central component of a vertically integrated agricultural processing value chain, and the basis for developing an economic strategy for the area.

With the assistance of national and European grant funding, the Philippi agri-hub project will significantly enhance the urban agriculture and food processing facilities at the existing Philippi fresh produce market. The project includes the following elements:

- ✓ An integrated (food-grade) agriprocessing and packaging plant with the necessary equipment and technology to enable a variety of processes, and with significant capacity to enable product value-add
- ✓ A modern agricultural training facility and support centre (enhancing the existing Philippi Urban Agriculture Academy) that offers a wider variety of training and skills development programmes relating to small-scale organic farming methods and principles, as well as business development and support services
- ✓ An organic waste-to-fertiliser manufacturing facility (including earthworm farming) that will help reduce urban waste volumes by diverting waste from landfills, generate sustainable incomes, lower input costs, and benefit the environment

In addition to unlocking economic opportunity and improving economic and social inclusion, the agri-hub will also catalyse other regeneration initiatives to alleviate urban challenges in this underperforming part of Cape Town. These include creating higher-density, mixed-tenure housing opportunities, enhancing community infrastructure and addressing local stormwater and urban waste management challenges.

### C40 REINVENTING CITIES INITIATIVE

Cape Town is a signatory to C40, a global network of cities committed to developing and implementing policies aimed at addressing climate change. As part of the City's CLDP, Cape Town, alongside nine other world cities (Chicago, Dubai, Lima, Madrid, Milan, Montreal, Singapore, Reykjavík and Rome), submitted a successful bid for the second round of the [C40 Reinventing Cities initiative](#).

This global architecture and urban design competition aims to deliver innovative climate solutions that benefit local communities. Projects are

measured against C40's competition criteria. Cape Town secured the right to implement its carbon-neutral designs on the following four underutilised City-owned sites from the CLDP portfolio of catalytic precincts across Cape Town:

- ✓ Athlone station car park (0,37 ha) opposite the entrance to Athlone rail station
- ✓ Kapteinsklip area surrounding the rail station precinct (30,6 ha) in Mitchells Plain, located to the north and south of Baden Powell Drive, at the intersections of Eisleben and Weltevreden roads, and close to the False Bay coast and Mnandi resort
- ✓ Moquet farm (2,1 ha) in Diep River, at the intersection of Main and Kendal roads, a block away from the Diep River rail station
- ✓ Tygerdal (7,6 ha) at the Monte Vista rail station in Goodwood

These sites were selected for their high potential to deliver higher-density, mixed-use, transit-oriented development, including a variety of

housing typologies and affordable tenures, providing for a wide range of income groups. Their development as part of this initiative will take the CLDP forward and showcase replicable models for sustainable and resilient, zero-carbon development locally and abroad.

The competition follows a two-stage bidding process. The first stage entailed an expression of interest, which closed on 12 June 2020 and attracted 32 development proposals from interested parties across town. The City's bid adjudication team has assessed the bids with C40's guidance and will be announcing a shortlist of preferred bidder(s) per site, who will proceed to the next detail-proposal stage. Strict assessment criteria were applied, including consideration of renewable energy, sustainable materials, resource efficiency and water resilience, green mobility, inclusive community benefits, and innovative architectural designs. At the end of stage 2, a winning proposal will be selected, and the City will contract with the winning entity to implement their design.



# OBJECTIVE 4.2: AN EFFICIENT, INTEGRATED TRANSPORT SYSTEM

## INTEGRATED PUBLIC TRANSPORT NETWORK 2032 PROGRAMME

The Integrated Public Transport Network (IPTN) 2032 describes the system of public transport routes planned to be in place in Cape Town in the future. The plan reflects the latest available data, new thinking around the sustainable provision of public transport, and new planning approaches. The following projects are being implemented within the IPTN framework:

### MYCITI METRO SOUTHEAST CORRIDOR (PREVIOUSLY CALLED THE PHASE 2A PROJECT)

Following the successful roll-out of phase 1 of the MyCiTi system as well as the N2 Express, the next phase - the MyCiTi metro southeast corridor - comprises routes linking Khayelitsha and Mitchells Plain to Claremont and Wynberg. The City has budgeted R7,1 billion in grant funding from the budget facility for infrastructure to deliver the infrastructure to roll out this phase by 2028.

Once fully rolled out, these MyCiTi services will be available to 1,4 million residents in the metro southeast, connecting approximately 30 communities and significantly improving their access to opportunities and amenities.

The MyCiTi metro southeast corridor is a massive undertaking by the City to bring affordable public transport closer to those who need it most. Many temporary work opportunities are being created where construction and road upgrades are under way, and local businesses also stand to benefit from subcontracting their goods and services.

The City's investment will also greatly assist with urban regeneration of the areas where the routes and stations will be constructed, and it is hoped that private investment and developments will follow over time.

### BLUE DOWNS RAIL CORRIDOR PROJECT

The Blue Downs rail corridor involves the construction of approximately 11 km of new rail link, including three stations, as well as planning for the development of the station precinct and surrounds. The Passenger Rail Agency of South Africa (PRASA) is the key investor, with the City providing support with the design and implementation of the rail link, as well as in the broader corridor development.

The City has completed the planning of the rail station environment. Based on indications by PRASA that the implementation of the Blue Downs rail line would be postponed, the City has also postponed its planning of the supporting feeder routes to the future rail corridor.

As part of the broader corridor development, the City is also focused on land development interventions and projects between Symphony Way and the Blue Downs rail corridor to enable a more compact, integrated city.

### KLIPFONTEIN CORRIDOR PROJECT

The Klipfontein corridor has been identified as a fourth priority after the MyCiTi metro southeast corridor, the Blue Downs rail corridor, and the Khayelitsha-Century City corridor. Once planning for the Blue Downs and Khayelitsha-Century City corridors has been undertaken, planning for the Klipfontein corridor will start.

## INTEGRATED TICKETING, SYSTEMS AND INFRASTRUCTURE PROJECT

Integrated ticketing allows travellers to purchase a public transport ticket using multiple payment options and mechanisms, and then undertake seamless travel across various modes provided by a number of different public transport operators. The benefits of integrated ticketing go far beyond the convenience offered to the user. If well designed and run, such a system also offers significant benefits to the individual operator and the integrating authority (in this case, the City).

Having already drafted a strategic framework for integrated ticketing the year before, the City developed the business plan for the system in 2021/22. The business plan forms a key part of the City's drive to adopt new-generation technology to improve public transport in Cape Town.

### New-generation technology strategic framework

The City's newly developed strategic framework for new-generation technology enables the administration to harness innovative new ICT in the field of public transport. It also shows how the City can better manage and align the supply and demand of people and freight transport services in Cape Town. The ultimate aim with the use of new-generation technology is to improve access, inclusion, affordability, convenience and sustainability.

The integrated ticketing business plan serves as a reference document for all relevant matters to be considered during the more detailed planning, development and implementation phases of integrating ticketing. It also provides a high-level financial analysis of the implementation and running of an integrated fare collection system. The plan proposes an open architecture approach, which will also allow significant innovation where the costs are borne by external parties who provide services, such as smartphone-based apps.

The business plan recommends the implementation of an account-based ticketing system that will allow various fare media to be used. The City is engaging with the national Department of Transport to accommodate this approach in the draft Automated Fare Collection regulations that were published for comment in March 2021.

## TRAVEL DEMAND MANAGEMENT PROGRAMME

As a result of the Covid-19 pandemic and the national lockdown, road traffic remained significantly less for a significant part of the reporting period as workforces continued to work remotely.

Recognising the potential long-term benefits of reduced travel demand as a result of having a remote workforce, the City has identified interventions that can help maintain these benefits going forward and improve Cape Town's transport characteristics post-Covid-19. These interventions are categorised into the five focus areas of transport network, transport infrastructure, transport operations, citywide institutional interventions, and externally focused interventions. Quick-win, short-term, medium-term and long-term measures are identified for each intervention.

In the focus areas of transport network and operations specifically, the City's Urban Mobility Directorate has completed an innovative project that utilises the congestion index element of the Urban Development Index to identify points in the road network where existing road-based public transport vehicles, such as buses and minibus-taxis, are negatively affected by congestion. This data-driven, evidence-based project identifies required road infrastructure improvements aimed at reconfiguring parts of the road network to offer these forms of road-based transport speed and travel time advantages over private vehicle transport. The identified projects will form part of the Urban Mobility Directorate's drive to incrementally improve the operational efficiency of existing road-based public transport, which, in turn, benefits passengers and promotes modal shift.<sup>16</sup>

### ROLL-OUT OF FLEXIBLE WORKING PROJECT

The City's Travel Demand Management Strategy aims to change individual travel behaviour in favour of more sustainable options. One of the measures to achieve this is a project to promote flexible work practices. While this programme is internal to the City, it aims to lead by example in the hope that other Cape Town employers will follow suit.

Development and implementation of the organisation-wide flexible working programme is ongoing as part of the City's efforts to ease peak-time traffic congestion, reduce vehicle kilometres



travelled, and support a better work-life balance for employees.

Many lessons were also learnt from the lockdown in terms of procedural improvements and the optimisation of IT-related systems to enhance relevant staff's ability to continue working remotely. This has directly informed the development of the City's Future of Work initiative. This initiative is a much broader corporate modernisation programme that explores the future work dispensation in terms of technological advancements, employee well-being, enhancement of productivity-based tools, and continued and improved service delivery.

In June 2022, the City Manager approved a set of remote working guidelines for City staff. The guidelines help position the City as an employer of choice, setting the rationale and parameters for the development and implementation of remote working plans. The intention is to maintain high service delivery standards, optimise employee productivity, and optimise the use of office space.

## NON-MOTORISED TRANSPORT (NMT) PROGRAMME

NMT projects implemented in 2021/22 include the construction of facilities in Grassy Park and the inner city. The inner-city project was successfully completed in the course of the reporting year, and the Grassy Park project will continue into the 2022/23 financial year, with completion anticipated in the first quarter.

Work has also commenced on the planning and concept design of projects for the next phase (phase 4) of the NMT roll-out programme. A further R321 million will be invested in NMT infrastructure over the next three years in areas such as Khayelitsha, Mitchells Plain, Strandfontein, Gugulethu, Hanover Park, Heideveld, Kuils River, Brackenfell, Woodstock/Salt River and Kensington/Factreton.

## INTELLIGENT TRANSPORT SYSTEMS PROGRAMME

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

## TRAFFIC SIGNAL SYSTEM UPGRADE PROJECT

The City is working to refurbish or replace the various components of Cape Town's traffic signal system to ensure that it remains fit for purpose. The City continued with the development and testing of software to enhance the detection and management of traffic signal faults. Electric cabling was replaced at 40 intersections, and 46 traffic signal controllers were replaced or upgraded. A total of 68 new uninterruptible power supply (UPS) systems were installed and another 60 replaced. The batteries of 28 UPS systems were also replaced, and 11 traffic counting stations were incorporated into the traffic signal system. A total of 44 Bluetooth travel time detectors were installed.

## FREEWAY MANAGEMENT SYSTEM PROJECT

The freeway management system continued to operate at a high standard throughout the past financial year. The variable-message sign network was used extensively to convey road safety information which was done in English, Afrikaans and Xhosa for the first time.

### M3 TRAVELLER INFORMATION DISPLAY

Work continued on the installation of a web-based traveller information display on the southern reaches of the M3 freeway. The system utilises free data obtained from the web to advise motorists of the prevailing travel times from Steenberg to suburbs in the far south along Main Road, Boyes Drive and Ou Kaapse Weg. This information will be particularly useful in the event of incidents on any of these routes, allowing motorists to minimise travel delays.

## EFFICIENT, INTEGRATED PUBLIC TRANSPORT PROGRAMME

### BUS RAPID TRANSIT FACILITIES

The MyCiTi metro southeast corridor project includes the construction of typical bus rapid transit facilities aimed at providing safer, quicker and more affordable transport to establish the critical east-west link from Philippi and Mitchells Plain to Claremont and Wynberg.

The work schedule has now been tied down. The first two major construction awards, which are valued at approximately R1,2 billion, have been made,



**Table 12: The City's public transport interchange (PTI) categories**

PTI CATEGORY	DESCRIPTION
Category A	<p>Large, regional, multimodal interchanges:</p> <ul style="list-style-type: none"> <li>✓ Process in excess of 20 000 passengers per day</li> <li>✓ Require multistakeholder engagement</li> <li>✓ Delivery timeframes exceed three years</li> <li>✓ Longer lead time required</li> <li>✓ TOD aligned</li> </ul>
Category B	<p>Medium to large local interchanges:</p> <ul style="list-style-type: none"> <li>✓ 3 000 to 20 000 passengers per day</li> <li>✓ Require feasibility studies assessment and sizing before prioritisation and inclusion in the budget for implementation</li> <li>✓ Shorter delivery timeframe of less than three years</li> </ul>
Category C	Includes large turnkey projects that have multiple partnerships and investment profiles
Category D	<p>Small-scale public transport facilities that require minor upgrades:</p> <ul style="list-style-type: none"> <li>✓ 1 000 to 3 000 passengers per day</li> <li>✓ Relate to day-to-day maintenance and operations requirements</li> <li>✓ Bus stops, embayments, holding facilities, fencing</li> </ul>

and activities are under way on Govan Mbeki Road between Jan Smuts and Heinz roads. These projects are due for completion in the 2025/26 and 2024/25 financial years respectively.

The rest of the packages are either at the procurement stage or approaching it. Most of this work will start during the 2023/24 financial year. The entire project is estimated to cost in excess of R7,2 billion.

### INFRASTRUCTURE INVESTMENT PROJECT

The City is upgrading and expanding Cape Town's public transport interchanges (PTIs) and facilities to accommodate the increasing demand for access and mobility. The three PTIs identified as part of the partially donor-funded ORIO<sup>17</sup> project - a programme to drive a new methodology and approach to the delivery of PTIs - are undergoing extensive

community engagement and collaborative design. The aim is to turn PTIs into community hubs that will meet residents' transport needs, serve as an economic centre, and provide an opportunity for the upskilling of community members. Long-term management of the ORIO PTIs is envisioned as a partnership between the City and the community.

Projects will not commence simultaneously, but will be staggered to allow for deployment of sufficient resources.

The City is also replacing or upgrading all bus shelters with uniform structures across Cape Town, starting with priority areas. A service provider has been appointed to update the public transport stop inventory, propose a new shelter design, and develop a procurement process for the advertising management and maintenance of stops and shelters.

<sup>17</sup> Dutch facility for infrastructure development.

**Table 13: Progress with public transport interchange projects as at 30 June 2022**

CATEGORY	PROJECT	STATUS
A	Retreat PTI	Awaiting finalisation of 20-year lease agreement with the rail authority before awarding the contract
B	Durbanville PTI	Conceptual design commenced
	Nonkqubela PTI	Conceptual design commenced
	Dunoon PTI	Construction completed in September 2021
	Makhaza PTI	Construction commenced, and completion planned for 29 September 2022
	Somerset West PTI	Construction in progress, and completion planned for February 2024
D	Public transport embayments	Various embayments and signage projects completed, and new embayments in planning phase

**Table 14: Public transport interchange projects for the five years from 2021/22**

CATEGORY	PROJECT	STATUS
A	Wynberg PTI	Conceptual design commenced
B	Nonkqubela, Parow, Vrygrond, Manenberg and Macassar PTIs	Conceptual designs in progress for Nonkqubela, Parow and Manenberg Vrygrond and Macassar reprioritised to outer financial years to commence in 2022/23 financial year
C	Nolungile, Nyanga and Vuyani PTIs	ORIO-funded projects. Nyanga PTI is in detailed design stage, while conceptual design commenced on Nolungile and Vuyani PTIs.

### DIAL-A-RIDE PROJECT

Dial-a-Ride is the City's public transport service for persons with disabilities who are unable to access mainstream public transport. In an attempt to enhance the efficiency and effectiveness of the service, the City has developed an optimised business plan for Dial-a-Ride. The business plan has also been used to inform the development of a long-term contract for the service. It proposes a significantly improved model with increased coverage, more passengers, and an enhanced scheduling, booking and payment system using a mobile app. It further proposes piloting alternative options aimed at transitioning to a lower-cost service to ensure long-term sustainability.

### TRAFFIC CALMING PROGRAMME

Traffic calming measures, especially in residential areas and near schools, form a vital part of the City's overall traffic safety approach. The City continues to work to address the backlog in the provision of these measures and aims to implement a minimum of 50 traffic calming projects at schools per year. In 2021/22, a total of 77 such projects were completed.

# OBJECTIVE 4.3: BUILDING INTEGRATED COMMUNITIES

## BUILT ENVIRONMENT INTEGRATION PROGRAMME

In support of its spatial targeting objectives, the City has designated three integration zones under the direction of National Treasury's City Support Unit. These are Blue Downs, the metro southeast and Voortrekker Road corridor. Having completed development strategies for these integration zones in the period 2016–2018, all were included in the Council-approved 2018–2022 MSDF. The MyCiTi metro southeast corridor (linking Mitchells Plain, Khayelitsha and Philippi with Wynberg and Claremont) was also included in the urban inner core in 2018 and updated in 2022.

From 2014/15 to 2018/19, the City also actively participated in drafting an annual Built Environment Performance Plan (BEPP) for National Treasury along with all other metropolitan areas in South Africa. Since 2019/20, the City has been incorporating the BEPP into its strategic management processes.

## VOORTREKKER ROAD CORRIDOR INTEGRATION ZONE

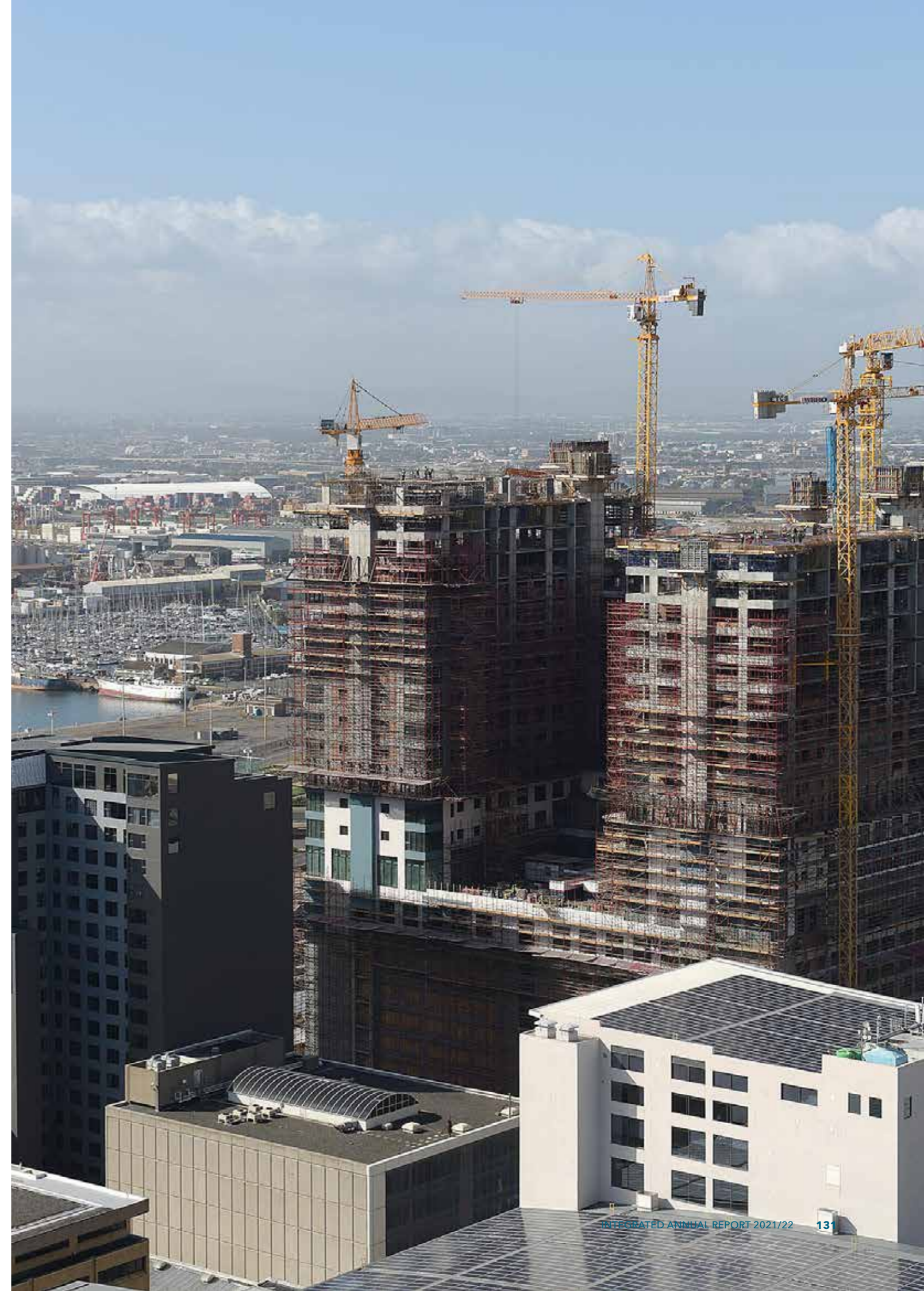
The Voortrekker Road corridor integration zone is aimed at capitalising on the employment densities, high-quality public transport connectivity, extensive social facilities and services as well as the diverse residential typologies along the corridor, to create opportunities for residents, visitors and businesses.

The past year saw the conclusion of the Northern Corridor Modernisation Study (NCMS), which will now serve as a comprehensive implementation plan for the roll-out of integrated public transport infrastructure centred around the northern rail line and its stations along the Voortrekker Road corridor.

Future growth scenarios were modelled to test the available system capacity to be able to meet the travel demand along the corridor. In this regard, the NCMS implementation framework will prioritise identified public transport infrastructure, while an associated corridor development plan will identify non-core landholdings that can be rationalised in support of the City and PRASA's TOD objectives. The outcomes of the NCMS will be incorporated into the City's Comprehensive Integrated Transport Plan and IPTN documents, which are currently being updated.

Progress on other key public investment areas is as follows:

- ✓ *Central Parow and station precinct* - The area has been prioritised for social housing development and public-realm upgrades. The first batch of social housing sites have received planning approval for 350 residential units, and the bidding process for these sites is expected to be concluded by the end of June 2022. Associated public space and public transport interchange upgrades are also being carried out.
- ✓ *De Grendel station precinct* - A comprehensive feasibility study into the development potential of the site was conducted to inform Council's decision on the way ahead. The study has found that the precinct holds significant mixed urban development potential, including the promotion of public access and amenity.
- ✓ *Maitland local area* - This precinct is poised for significant mixed-use, affordable residential regeneration by the private sector in the short term. While these investments are encouraging, the area is not conducive to residential activity at present. A local area spatial development framework will be developed to provide spatial guidance for use intensification of the area and ensure that such development is complemented with associated infrastructure and public space upgrades.



## METRO SOUTHEAST INTEGRATION ZONE

The metro southeast integration zone is home to approximately 40% of Cape Town's population, an estimated 31% of the city's formal dwellings, 51% of its backyard units and 70% of its informal dwellings (not in backyards). The highest unit densities in the city (above 100 units/ha) are found here, specifically in Langa, Philippi/Crossroads, Site B, C and TR Section, and the rest of Khayelitsha.

The area is also home to the largest concentration of households rated 'worst off' in terms of the socioeconomic status and household services indices. The southeast, where most of the city's poor people and communities are found, is not achieving the same growth or diversity of land-use as the high-income suburbs and business centres to the north and west of the city. The lack of formal industrial and commercial development in the Cape Flats area is striking, considering its sizeable resident population.

The primary objective of the work being done in this integration zone (apart from the Philippi opportunity area catalytic precinct) is to link Mitchells Plain and Khayelitsha with central Cape Town. This is being achieved through the following restructuring projects:

- ✓ *Implementing the MyCiTi metro southeast corridor main routes* between the metro southeast, Claremont and Wynberg, with the Philippi East transit project being part of the TOD catalytic projects. Detailed analysis of this route is currently under way to direct further land-use development. Precinct-level plans for the stations and surrounding areas are being developed to provide guidelines for the typical nature and form of development in these areas. This work will also guide and direct future infrastructure upgrades that may be required to facilitate this development.
- ✓ *Alternative TOD housing developments* in central Khayelitsha, Mitchells Plain, Wynberg, Claremont and Nolongile, exploring alternative building materials, tenures and a mix of income groups
- ✓ *Upgrading identified informal settlements* along T11, T12 and the rail corridors
- ✓ *Upgrading hostels* in accordance with collective, unified standards, which will be fast-tracked

The primary catalytic TOD node in this integration zone is the Philippi opportunity area precinct and wider area. This catalytic precinct consists of a number of sub-focus areas, including the Philippi-East bus rapid transit station precinct at Govan Mbeki/

New Eisleben roads, the precinct surrounding Stock Road station, and the area around Nolongile station/ Site C and the northern parts of Swartklip.

A detailed regeneration framework for the wider precinct includes a project and infrastructure investment pipeline for this catalytic node. This is now being followed by more detailed, ongoing sub-precinct focus area planning to package implementation projects. These focus on higher-density, mixed-use residential and commercial/ industrial development sub-precincts, the intensification and expansion of existing public infrastructure and social facilities, as well as the agriprocessing hub facilities around the existing Philippi fresh produce market.

The City has also been working with landowner Airports Company South Africa to better understand how the Swartklip area can be planned to transform Nolongile station and surrounds into a dense, transit-oriented development hub, and to turn what is commonly known as "the Denel site" into a major node for mixed-use development. This work is ongoing.

## BLUE DOWNS INTEGRATION ZONE

The Blue Downs rail link remains critical to the development of Cape Town. To support the planning and infrastructure programme in this rail corridor, the City has designated it as a third integration zone. PRASA is the lead investor in the Blue Downs integration zone, which has an estimated project value of R5 billion.

It is envisaged that the three new stations on the Blue Downs rail line will become major opportunities for the development of multifunctional, integrated hubs offering mobility benefits, commercial opportunities and residential living spaces. With this in mind, the City and PRASA are working to determine the best possible land-use development and management opportunities in and around these proposed new stations.

To this end, the City carried out a detailed baseline analysis of the area, including demographics, socioeconomic status, bio-physical character, economy, land-use and a detailed property market analysis. The end result was a Blue Downs integration zone profile, which clearly highlights the key constraints and opportunities in the study area. This information will be used to inform the vision for the integration zone and formulate contextually appropriate land-use density and diversification targets.

Table 15: Functional and structural assessment criteria for Blue Downs integration zone

CATEGORY	CRITERIA	LOCATIONS
Structural anchors	<ul style="list-style-type: none"> <li>✓ Proximity to existing and future public transport services</li> <li>✓ Proximity to high-mobility routes and intersections</li> <li>✓ Proximity to social services and economic development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Kuils River PTI (rail, taxi, bus)</li> <li>✓ Wimbledon station</li> <li>✓ Blue Downs PTI (rail, BRT)</li> <li>✓ Mfuleni station</li> <li>✓ Wesbank PTI (bus and taxi)</li> <li>✓ Delft PTI (bus and taxi) intersections</li> <li>✓ Hindle Road and Symphony Way</li> <li>✓ Stellenbosch Arterial and Symphony Way</li> </ul>
Need	<ul style="list-style-type: none"> <li>✓ Significant density of existing residential development, with no access to social/ economic opportunity</li> </ul>	<ul style="list-style-type: none"> <li>✓ Social services precincts: Belhar, Delft, Mfuleni</li> </ul>
Future public investment	<ul style="list-style-type: none"> <li>✓ Planned public investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Rotterdam, human settlements</li> <li>✓ Airports Company South Africa - Symphony Way mixed-use development</li> </ul>
Consolidation/ optimisation of existing activity	<ul style="list-style-type: none"> <li>✓ Agglomeration of existing social and/or economic opportunity</li> </ul>	<ul style="list-style-type: none"> <li>✓ Central Delft</li> <li>✓ Central Belhar</li> <li>✓ Central Mfuleni</li> <li>✓ Central Kuils River</li> </ul>
Market potential	<ul style="list-style-type: none"> <li>✓ Precincts with significant property market potential for residential and/or non-residential development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Central Mfuleni</li> <li>✓ Wesbank PTI and surrounds</li> <li>✓ Belhar/Calgro</li> <li>✓ Central Kuils River</li> <li>✓ Central Blue Downs</li> </ul>

Priority precincts with the highest development potential and greatest need for community investment have been identified to enhance the process of targeted land-use intensification. These have been identified based on the criteria in table 15 above.

Using the baseline inputs, vision and priority precincts, the City has developed and applied a method to quantify densification and diversification targets for the Blue Downs integration zone. In the process, the TOD comprehensive scenario targets have been refined from the level of a transport analysis zone to individual land parcels based on each site's local contextual informants, such as locational potential, remaining development potential, and environmental considerations. These refined targets

will aid further local planning initiatives and guide investment and intensification.

## DISTRICT SPATIAL DEVELOPMENT FRAMEWORKS AND ENVIRONMENTAL MANAGEMENT FRAMEWORKS (DSDFs AND EMFs)

The City has been reviewing its eight DSDFs and EMFs (previously called district plans) to guide development activities in more detail since 2019/20. In 2021/22, the administration started consolidating the extensive 2021 inputs into the MSDF. Collectively, these eight district-level frameworks and the one metropolitan-level MSDF cover the entire area of Cape Town and all land within its borders. They



provide guidance to internal City directorates, national and provincial departments, state-owned entities, communities and the private sector with regard to the nature and form of development in each planning district down to neighbourhood level. To support land-use and environmental decisions, the DSDF and EMF review also included an investigation into mechanisms to boost the right kind of implementation in the right areas.

In 2022, the new draft DSDFs and EMFs, along with the MSDF were advertised for public and stakeholder input and comment. The plan is to finalise the documents for approval by January 2023. As part of the mechanisms and incentives in the DSDFs and EMFs, the City has secured exclusions from certain environmental impact assessment processes for Atlantis. The team is now exploring the same for other areas of Cape Town, as well as exclusions and exemptions from heritage processes and overlay zones.

## CITIZEN VALUE PROGRAMME

### HERITAGE PROJECT

Each year, the City reviews several thousand development applications involving heritage resources and advises architects, developers, local communities, heritage authorities and researchers on proposed developments and heritage-related issues.

The City and Heritage Western Cape (HWC) have developed a framework of strategies for localising heritage management down to City level.

A specific focus has been reducing unnecessary applications being submitted under section 34(1) of the National Heritage Resources Act 25 of 1999 (the so-called '60-year clause').<sup>18</sup> In this regard, the City's heritage audit has prioritised areas where the presence of significant heritage resources is unlikely, but where there are concentrations of buildings that are over 60 years old. The aim is to identify areas where HWC may lift the 60-year clause for older yet non-conservation-worthy buildings so as to eliminate unnecessary applications. This audit has had the added benefit of significantly extending the City's inventory of heritage resources.

<sup>18</sup> The section reads: "No person may alter or demolish any structure or part of a structure which is older than 60 years without a permit issued by the relevant provincial heritage resources authority."

The development of eHeritage – an integrated SAP-GIS heritage information management system – is under way and should be completed early in the new financial year. The new system will enable documents and images to be linked to erven. This will allow for informed decision making when dealing with applications involving heritage resources and will help ensure institutional memory. eHeritage will also assist with information dissemination to the public via its public viewer.

In addition, the City and HWC became the first in South Africa to implement section 48(3) of the National Heritage Resources Act.<sup>19</sup> With the declaration of various City-owned sites as provincial heritage sites last year, the City and HWC have developed a set of exemptions from the HWC permit requirement for various routine activities on these sites. The exemptions have now been published in the Provincial Gazette.

Other heritage highlights include the following:

- ✓ A number of areas have been proposed for declaration as heritage protection overlay zone areas as part of the Municipal Planning By-law review.
- ✓ The Commonwealth War Graves Commission launched an architectural competition for the development of a new war memorial to black South Africans who died in World War I and have never been formally commemorated. The memorial will be erected in the Delville Wood memorial area in the Company's Garden.
- ✓ The Nelson Mandela legacy exhibition was successfully launched in the newly restored Cape Town city hall – also a heritage site – in December 2021.
- ✓ The City's Blaauwberg nature reserve proudly unveiled its heritage site badge in August 2021, having obtained provincial heritage site status.
- ✓ The restoration of the art deco Woodstock town hall building is nearing completion, and the hall will be an attractive venue for public gatherings in future.
- ✓ A portion of the Company's Garden boundary wall along Queen Victoria Street that collapsed some time ago is being repaired.

<sup>19</sup> The section reads: "A heritage resources authority may at its discretion, in respect of any heritage resource protected by it in terms of the provisions of Chapter II, by notice in the Gazette or the Provincial Gazette, as the case may be, grant an exemption from the requirement to obtain a permit from it for such activities or class of activities by such persons or class of persons in such circumstances as are specified in the notice."

## ANTI-RACISM PROJECT

The City continues to deliver public education, training and awareness programmes to create a culture of anti-discrimination and zero tolerance for racism. Councillors and officials of the City are trained in dealing with issues of racism and discrimination.

In the past year, the Employment Equity Branch, in partnership with Employee Relations, conducted 35 anti-discrimination sessions, also covering topics such as anti-racism, sexual harassment and workplace bullying. In addition, the City works to actively foster and strengthen partnerships with the South African Human Rights Commission, Institute for Justice and Reconciliation (IJR), industry bodies and other interested stakeholders to jointly fight racism. To this end, the Employment Branch invited a representative from the IJR to facilitate a session in support of anti-racism week, while another IJR staff member facilitated a dialogue with City staff on matters pertaining to human dignity and human rights in commemoration of Human Rights Day.

Creating a tolerant, diverse and inclusive workplace culture also requires a focus on gender and diversity matters. In the year in review, the City hosted 30 diversity management workshops, one unconscious-bias<sup>20</sup> seminar for staff, 12 sessions on gender-based violence, five workplace bullying sessions, two sessions on sexual harassment, and ten engagements with men as part of gender transformation education for staff.

## PUBLIC PARTICIPATION PROGRAMME

### PUBLIC ENGAGEMENT PROJECT: CAPACITATED, INFORMED AND CONTINUOUSLY ENGAGED COMMUNITIES

The City continues to engage with Cape Town communities across all wards to ensure ongoing dialogue on all matters that affect them in their neighbourhoods, improve service delivery and provide relevant information. These efforts have been strengthened thanks to the retention of the current complement of 114 EPWP community liaison officers. The officers received the necessary training and are equipped to facilitate various community empowerment programmes to inform the public and community-based organisations about the City's policies and processes.

<sup>20</sup> Social stereotypes about certain groups of people that individuals form outside their own conscious awareness.

In the period in review, the Public Participation Unit managed, coordinated or helped facilitate 131 public participation processes. This was accomplished across various platforms and through various mechanisms. These include focus group meetings, subcouncil and ward-based public meetings, surveys, education and awareness campaigns, open days, the establishment of project steering committees, the City's digital collaboration platform, and capacitating community-based organisations. The unit also built ward committees' capacity to support the public participation process regarding the City's budget. Moreover, manual surveys were conducted with more than 19 000 residents in historically disadvantaged areas for input into the drafting of the IDP 2022-2027.

The Public Participation Unit is also responsible for the regulation of gatherings and informing various City stakeholders about regulated service delivery protests in Cape Town.

## CUSTOMER ENGAGEMENT PROJECT

The aim of the customer engagement project is for the City to achieve consistent, quality, customer-centric and timely service delivery at an optimum cost across its operations. To do so, the City needs to enhance interaction with its customers, meeting all their evolving and diverse needs. Efforts in this regard are guided by a strategic framework to deliver an enhanced customer experience at all points of interaction with the City. The framework is complemented by an organisation-wide policy to establish sound corporate standards and procedures for customer interaction.

The Customer Relations Department provides a contact centre service in the three official languages of the Western Cape (English, Afrikaans and Xhosa). Cape Town residents and businesses are served through multiple channels, including telephone, email, SMS, FreeCall lines and mobile offices. Customer Relations continually enhances its service offering by ensuring that Capetonians have 24/7 access to the contact centre and that staff are properly trained. The service is provided in collaboration with walk-in centres, service departments and subcouncils in terms of formal service level agreements and standard operating procedures.

The efficiency of the contact centre's service is measured through an electronic after-call satisfaction survey, where customers have the option to rate the service they received. For the financial year in review, the average customer rating for the contact centre service was 4,7 out of 5, which is a testament to Customer Relations' stellar performance.

Good progress is also being made in establishing a single contact centre number for non-emergencies. After some Covid-related delays, Customer Relations completed a business case in collaboration with consultants and key stakeholders. Implementation will commence in the first quarter of the new financial year. Once completed, this will create an even more customer-centric service offering for the residents and businesses of Cape Town.

The 24-hour Customer Relations WhatsApp channel has been relaunched as an additional channel for residents to contact the City's call centre with all their service-related queries and to report faults. Altogether 198 FreeCall lines across town offer residents another option to reach the City. Finally, mobile offices have also been rolled out to targeted communities that are not in close proximity to FreeCall lines, cash offices, housing offices or subcouncil offices.

## SUBSTANCE ABUSE PROGRAMME

### SUBSTANCE ABUSE TREATMENT PROJECT

The City offers eight community-based Matrix® sites for alcohol and drug treatment across the metro. The Matrix® programme is an evidence-based model that teaches clients the skills required to achieve and maintain sobriety while remaining in their communities of origin. Individual and group sessions, drug testing, family support as well as ongoing support form part of the package of care offered to adults aged 18 and above.

In the year in review, City Health's Matrix® sites assisted 2 396 clients and achieved an 81% clean drug test rate for those in the programme. The number of clients accessing the programme increased compared to the two previous financial years.

Other highlights of the programme include the projects offered by the City's Department of Arts and Culture, teaching Matrix® clients skills in visual art, storytelling and the performing arts, as well as the digital literacy training facilitated by the Information Systems and Technology Department. Links to the homeless people programme of the City's Social Development and ECD Department also saw referrals for substance abuse screening and treatment from the homeless sector. Other NGOs and shelters continued to collaborate with the Matrix® sites in rendering services to the homeless. Several

graduation ceremonies were hosted to acknowledge those who had completed the programme.

The brief intervention programme for adolescents aged 12 to 17 at the Tafelsig Matrix® site continued to offer adolescents and caregivers information to help initiate change in unhealthy or risky behaviours, such as alcohol or drug use. In the year in review, 114 adolescents and caregivers were assisted through this programme.

## SUBSTANCE ABUSE AWARENESS, PREVENTION, SUPPRESSION AND COORDINATION PROJECT

Substance use and abuse is a major cause of family fragmentation, and in the context of prevention and treatment, unifying the family is considered to be one of the mechanisms to address substance use. The City's focus is on preventing further exposure to substance abuse and reduce harm. This is pursued through the following programmes:

- ✓ Simulation programme around drug and alcohol use during pregnancy (foetal alcohol syndrome awareness)
- ✓ The Strengthening Families programme (SFP), which has now been expanded to include families with children between the ages of 12 and 18
- ✓ Soft skills development for learners to equip them to steer clear of harmful and illegal substances
- ✓ Commemoration of International Foetal Alcohol Syndrome (FAS) Day and the International Day against Drugs and Illicit Trafficking to raise awareness of the consequences of drug and alcohol abuse

The City delivered the following in the past year:

- ✓ The Strengthening Families life skills programme was offered 17 times. These sessions adhered to Covid-19 regulations, yet still managed to reach 196 families.
- ✓ A total of 53 foetal alcohol syndrome (FAS) simulator and Essentially Me programmes were rolled out, reaching 1 192 learners. The FAS programme encourages responsible lifestyle choices and raises awareness of FAS and the effect of alcohol on unborn babies. Essentially Me, in turn, equips learners between the ages of 9 and 11 to self-protect against substance abuse. Activity books for both programmes were also delivered to area implementers across town for dissemination to community members.

Moreover, the City's after-school programmes were hosted and supported at 48 sites, including libraries, halls, civic centres, hubs and swimming pools. The City also directly supported schools with after-school programmes. This initiative resulted in the employment of 141 practitioners and coordinators, and ensured that over 8 268 learners had access to a safe space after school where they could develop additional life skills and be exposed to arts and culture as well as recreational activities.

## POLICING INTERVENTIONS PROJECT

The City takes a holistic, transversal approach to substance abuse, which includes social-based prevention and harm reduction. Law enforcement is only one element of this approach. In the year in review, the City continued to build on its significant drug policing successes through the following interventions:

- ✓ Developing the capacity of the Strategic Information Management Service, which provides the ability to collect and analyse operational information and statistics, enabling proactive and reactive safety planning, responsiveness, and situational awareness
- ✓ Building the capacity of the Safety and Security Investigations Unit, which works to improve the criminal justice outcomes of enforcement agencies' work, including to ensure higher conviction rates for firearm and drug arrests

## PRIMARY HEALTHCARE PROGRAMME

### INTERGOVERNMENTAL COLLABORATION PROJECT

The health departments of Province and the City continue to collaborate to provide personal primary healthcare. This partnership is governed by a detailed service level agreement, which describes the responsibilities of both parties with the ultimate goal of providing the best possible health service to all communities in Cape Town. This is achieved through 42 provincial and 78 City health facilities (mobile services excluded), which deliver services to the metro's most vulnerable residents in close proximity to their homes.

## COMPLYING WITH NATIONAL NORMS AND STANDARDS AND IMPROVING ACCESS TO SERVICES

The Office of Health Standards Compliance is a statutory body that regulates quality healthcare in South Africa. In addition to introducing national norms and standards for all health facilities, it has launched the Ideal Clinic concept, which is aimed at ensuring the provision of quality, customer-centric health services. The City makes every effort to comply with all Ideal Clinic standards, and had set a target to have 92% of its facilities attain Ideal Clinic status in 2021/22. Although Covid-19 challenges meant that this target was not reached, 69 of the City's 78 fixed clinics still managed to achieve Ideal Clinic status (63 achieved platinum status, and six gold). Three clinics were exempted from the assessment process due to infrastructure challenges.

The City continues to implement plans to ensure comprehensive health service delivery closer to residents' homes. In this regard, a number of City sites have started providing pre-exposure prophylaxis, which prevents HIV infection. In 2021/22, this was available at 25 sites. In addition, just over 9 000 HIV-positive patients were started on antiretroviral treatment (ARVs) in the past year, bringing the total number of patients on ARV treatment at City clinics to 82 295. About 50% of these are patients who are stable on treatment in the ARV club system.<sup>21</sup> In addition, the majority (93%) of patients who are co-infected with HIV and tuberculosis (TB) were started on ARVs. Some TB treatment outcomes were negatively affected by Covid-19, with the success rate for drug-sensitive TB declining to 76%. However, drug-resistant TB treatment outcomes continued to improve as effective drug regimens were implemented.

The metro again recorded a low teenage birth rate (mothers below 18 years of age) of less than 3,6%. This is encouraging to see, as the City has been strongly advocating for responsible sexual conduct and does everything it can to enable access to contraceptives: In 2021/22, City health facilities provided reproductive health services to 50 279 female clients below the age of 18.

A particular highlight of 2021/22 was the ongoing support function of City Health's Comprehensive Personal Primary Healthcare (CPPHC) Unit. The unit's duties include planning and oversight of mental health services, child health, maternal and women's health, as well as non-communicable and

<sup>21</sup> Clubs that offer stable HIV patients a chance to manage and discuss their symptoms in a safe environment and pick up refills of their ARVs without having to queue at hospitals or local clinics.



communicable diseases, including Covid-19 and vaccination campaigns. In the past year, the CPPHC Unit facilitated support services to 102 facilities across the metro.

In terms of mental health, the CPPHC Unit supported the training of 88 City Health staff through the Practical Approach to Care Kit module. Eight staff also completed psychological first-aid training to be able to provide peer support should a negative or traumatic incident occur at the workplace. Trauma counsellors facilitated eight group trauma debriefings, 15 individual debriefings and 15 trauma counselling cases in the past year. City staff also have access to mental health education through the City's Care4U newsletters and the Trauma Topics SharePoint website, which was launched in October 2020. The multidisciplinary Mental Health Strategic Task Team continued to meet monthly to discuss and facilitate strategic planning and implementation of mental health services for City Health.

## ENVIRONMENTAL HEALTH SERVICES

City Health is a key role player in ensuring that Capetonians have the safest possible water, air and food available, complying with all legislated requirements. The pandemic resulted in an increased need for surveillance of compliance with non-pharmaceutical measures at various premises, including bars, clubs, hairdressers, ECD centres, schools, funeral undertakers, PTIs, etc. This higher surveillance will continue until the threshold for population (herd) immunity has been reached through the vaccination programme. According to the City's weekly reporting to the national Department of Health, 43 093 premises were inspected in the course of the year, and compliance with Covid-19 requirements consistently fell in the 96-99% range. Environmental Health continued to work closely with Province's Department of Economic Development and Tourism to ensure speedy investigation and corrective action when instances of non-compliance with Covid-19 requirements were reported.

In recent years, Environmental Health has cemented its partnerships with other City departments such as the Public Participation Unit and Disaster Risk Management, as well as NGOs that could be of assistance in vulnerable communities. The whole-of-society approach<sup>22</sup> will continue to be a major focus.

<sup>22</sup> Engaging all stakeholders, including civil society, communities, academia, media, the private sector, NGOs, other voluntary associations, families and individuals, to strengthen the resilience of communities and society as a whole.

Environmental Health is also responsible for monitoring the domestic water supply to ensure that it is fit for human consumption at all times and that all communities have access to such supply. The drinking-water supply is monitored in all areas and samples are taken weekly to check compliance with the SANS 241 guideline relating to bacterial and chemical water quality.

## SAFEGUARDING THE HEALTH OF CITIZENS

The City continues to assess its approach to safeguarding residents in the face of a changing environment and the challenges this poses, particularly to informal settlements. To this end, the City conducted 26 554 (target: 26 144) monitoring visits to informal settlements to identify potential health hazards in the year in review. In addition, 1 338 (target: 1 096) health and hygiene projects were conducted in informal areas. Among others, these related to non-pharmaceutical interventions to contain Covid-19, and the impact of illegal dumping on the environment and residents' health. Environmental Health also played a key role in the Disaster Coordinating Committee by providing detailed reports on actions taken and gaps identified in the delivery of basic services in various informal areas. A total of 2 256 educational sessions were held in communities at increased risk of illness due to environmental conditions, and 141 350 soaps and 6 794 litres of hand sanitiser were distributed.

## ENSURING AIR QUALITY

The City's air quality monitoring network consists of 13 monitoring stations that measure the concentration levels of six criteria pollutants in the ambient air. Data are evaluated daily against the South African Ambient Air Quality Standards. Data for 2021/22 showed that ambient air quality failed to meet the standards on only ten days.

The pollutants that contributed to these air pollution episode days included particulate matter. The annual average recorded for sulphur dioxide across the ambient air quality monitoring network was a low 3 µg/m<sup>3</sup> (against a standard of 50 µg/m<sup>3</sup>). Episode days are generally experienced when meteorological conditions are unfavourable for the dispersion of air pollution. This typically occurs in winter temperature inversion conditions and is exacerbated by localised emission sources such as traffic-related emissions, industrial emissions, emissions generated by food hawkers, residential fuel burning for cooking and heating, and natural sources such as marine aerosols, windblown dust and smoke from controlled burns and wildfires.

In terms of regulating industrial emissions, a strict atmospheric emissions licensing regime is imposed on industry to ensure that atmospheric emissions from listed activities comply with legislated standards. Income received from administrative fines issued in the financial year amounted to R1,6 million.

The City's three diesel vehicle testing teams also tested 8 788 vehicles in the reporting year, thereby helping to curb transport-related emissions.

## MONITORING FOOD SAFETY

Food safety is another key function of City Health. Apart from inspections at food premises to ensure compliance with hygiene practices and standards, the department also runs a food sampling programme. Foodstuffs are sampled and analysed for microbiological and compositional compliance with the standards set in food legislation. In the year in review, 83,1% of food samples (against a target of 75%) complied with all relevant standards. A key contributing factor to this success is the City's follow-up on sample results, as well as the health education provided to businessowners and persons in charge of food premises.

This year, the City marked World Food Safety Day by providing extensive training on safe food-handling practices for staff working at institutions where food is prepared for high-risk individuals, such as the aged and children below the age of 5.

Many food manufacturers in Cape Town compete in international markets, which requires compliance with the highest global food safety standards. To this end, City Health has a specialised Food Control Unit staffed by seven senior Environmental Health practitioners, who focus specifically on large food factories where food is manufactured for retail and export market. Product labelling is considered very important and forms part of the unit's surveillance activities in the City. The food safety programme is further complemented by the department's microbiological laboratory.

## SOCIAL INCLUSION PROGRAMME

The goal of the social inclusion programme is to create an enabling environment for inclusion by providing services that uplift the poor and vulnerable in society. Programmes that give effect to the broader social inclusion programme include the following:

## HOMELESS PEOPLE PROJECT

In the year in review, the City's Street People Programme Unit engaged with 20 926 persons living on the street with a view to first moving them into transitional shelters and the City's Safe Spaces, and then reintegrating them with their communities of origin. A total of 78 homeless people were reintegrated into communities while 1 710 were either placed in shelters or at a Safe Space. Altogether 858 were also employed through the EPWP.

## YOUTH DEVELOPMENT PROJECT

The City provides youth development initiatives in high-risk areas as part of a package of services, opportunities and support to young people. In 2021/22, various City departments collaborated to support youth across the seven categories of (i) outreach; (ii) recreation, arts sports and culture; (iii) awareness raising; (iv) youth engagement; (v) capacity development; (vi) skills development; and (vii) job opportunities. These categories are detailed in the City's [Transversal Youth Development Strategy](#).

In the year in review, these youth initiatives had a positive impact on the lives of more than 12 331 young people across Cape Town. This figure would have been higher were it not for the limitations imposed by Covid-19 and the national lockdown for at least the first part of the reporting year.

## INFORMAL SETTLEMENTS SOCIAL INCLUSION PROJECT

The City delivers social services programmes in informal settlements to help build community capacity and improve access to social services and initiatives. The programme includes capacity building for community leaders, implementing a basket of services, and referring community concerns to the relevant departments.

## HEALTHY LIFESTYLE PROJECT

Also known as the Live Well challenge, this eight-week programme promotes a healthy lifestyle and generally improves the health, quality of life and well-being of Capetonians. This, in turn, will enable their full participation in society and foster social cohesion.

In the year in review, City Health, which leads this initiative, facilitated four challenges in collaboration with the City's Library and Information Services, Social Development and ECD, and Recreation and Parks departments. The various departments involved in the projects helped provide the





communities in areas East, Central, South and North with information on the importance of a healthy lifestyle and exercise. The sessions also included screening for diabetes and high blood pressure, as well as HIV testing services.

The initiatives are aimed at creating community awareness of the extent and seriousness of chronic diseases and high-risk lifestyles, and educating citizens on how to prevent these conditions. For those already affected, the project offers information on how to stop or slow disease progression and prevent complications. Individuals wanting to make better diet choices are supported through health information sessions and access to physical exercise facilities and opportunities.

The healthy lifestyle project remains a transversal initiative. As such, it has been incorporated into the scorecards for various departments for the 2022/23 financial year. Another four Live Well challenges are planned for the year ahead.

### LITERACY PROJECT

This project focuses on developing functional, digital and information literacy. Storytelling, reading programmes and formal book clubs are used to create a reading culture and offer the added benefit of promoting participation in society.

A particular project focus in 2021/22 was the use of the digital and online platforms available in the City's libraries, including OverDrive and the Online Public Access Catalogue, thereby enabling communities to operate more effectively in the digital environment. All programmes were on target as at the end of the reporting year.

### SOCIAL INCLUSION RESEARCH PROJECT

The City has conducted a number of research studies into homelessness in order to understand all aspects of this phenomenon. Research studies will continue in an effort to find best-practice models to reduce the marginalisation and social exclusion of homeless people. Viable recommendations from previous research will also be implemented.

## CROSS-SUBSIDISATION PROGRAMME

### REBATES AND INDIGENT PROJECT

The social package for indigent households comprises a combination of a blanket approach and a targeted approach. The blanket approach consists of rebates to indigent households based on property values of R1 to R300 000. Qualifying residents are entitled to:

- ✓ a 100% property rates rebate;
- ✓ a 100% refuse removal rebate;
- ✓ 15 kℓ free water;
- ✓ 10,5 kℓ free sanitation;
- ✓ 60 kWh free electricity if consumption is less than 250 kWh; and
- ✓ 25 kWh free electricity if consumption is greater than 250 kWh, but less than 450 kWh.

In the past year, provision was also made for a 50% rebate on refuse charges for properties valued at R300 001 to R350 000, and a 25% rebate for properties valued at R350 001 to R500 000.

Moreover, the City offers varying rebates for residents with monthly household incomes of up to R7 500 (previously R7 000). Residents with a household income of R4 500 or less received the same benefits as those with properties valued at R1 to R300 000. Residents with a household income of:

- ✓ R4 501 to R6 000 received a 95% property rates and refuse rebate; and
- ✓ R6 001 to R7 500 received a 90% property rates and refuse rebate.

# STRATEGIC FOCUS AREA 5: WELL-RUN CITY

## OBJECTIVES

Objective 5.1: Operational sustainability


## PROGRAMMES

- ✓ Efficient, responsible and sustainable City services programme
- ✓ Value awareness programme
- ✓ Compliant service delivery programme
- ✓ Evidence-led decision making programme
- ✓ Service delivery skills programme
- ✓ Service delivery improvement programme


# KEY WELL-RUN CITY ACHIEVEMENTS AND HIGHLIGHTS IN 2021/22




**BA3/NP STABLE** credit rating from Moody's




Recorded **CAPITAL EXPENDITURE** of **R5,43 BILLION** (2020/21: R6,53 billion), which amounts to an **89,03%** capital spend (2020/21: 88,51%)




**PAID 99%** of suppliers within 30 days



**SPENT R3,12 BILLION** (2020/21: R2,68 billion) on repairs and maintenance



Completed **CONDITION ASSESSMENTS** for 50 City buildings



Sold **41 CITY-OWNED ERVEN** with a combined value of R23 785 538,13



Recorded **IMPROVEMENT IN CITY EMPLOYEE WORKPLACE CULTURE** score from 3,1 in 2019 to 3,6 out of 5 in 2021



**LEADERSHIP DEVELOPMENT TRAINING** provided to **1 800** employees

# OBJECTIVE 5.1: OPERATIONAL SUSTAINABILITY

## EFFICIENT, RESPONSIBLE AND SUSTAINABLE CITY SERVICES PROGRAMME

### CITY RETAINS STABLE RATING OUTLOOK AND MAINTAINS LOW DEBT LEVELS

Thanks to the City's strong debt management practices, sturdy liquidity and robust financial performance, ratings agency Moody's recently retained the administration's outlook as stable (Ba3/NP). According to Moody's, the rating reflects the City's "moderate financial performance, supported by prudent financial management and a large and diversified economic base". They added: "The City has consistently reported robust operating surpluses and strong liquidity, and its debt levels will remain lower than most of its rated peers in South Africa."

The City's excellent payment ratio of 97% shows that most residents are able to pay their accounts. Moreover, the City has an extensive indigent policy and rebate system for pensioners. Financial assistance this financial year includes some R3,75 billion in rates and tariffs relief to qualifying residents.

### CAPITAL EXPENDITURE

The City's capital expenditure for the year in review amounted to R5,43 billion (2020/21: R6,53 billion), which represents an 89,03% capital spend (2020/21: 88,51%). A full analysis of budgeted and actual capital expenditure per functional area is included in the statement of comparison in the City's financial statements. Details of external loans used to finance fixed assets are contained in annexure A to the statements, while annexure B contains details by asset class.

## REPAIRS AND MAINTENANCE

Altogether R3,12 billion was spent on repairs and maintenance in the year in review, based on amounts charged by service providers. This brings the City's total investment in repairs and maintenance since 2012/13 to R34 billion. Further details about repairs and maintenance are contained in note 2 to the City's financial statements.

## REVENUE SUSTAINABILITY CONSIDERATIONS

In developing and spending City budgets, the following sustainability factors are carefully considered and applied:

- ✓ Continuous evolution of revenue management systems and investment in data analytics capabilities in order to understand community behavioural payment trends and to identify risks that could affect sustainability
- ✓ Continuous re-engineering of business processes to meet changing business needs, enhance customer experience, and improve service delivery through digital optimisation
- ✓ The quantum of water and energy losses, which could jeopardise the sustainability and affordability of services
- ✓ The tariff structure of water, which could undermine the management of water losses and ability to pay in the indigent category, resulting in unaffordable tariffs
- ✓ The need to re-engineer the service delivery business model to align with the local economy
- ✓ Shift in economic activities such as off-grid services, which could potentially crowd out the revenue base

- ✓ Business partnership opportunities to enable the acceleration of economic activity (bankable projects with their own revenue resources)
- ✓ Investing in project evaluation, planning, and improving the preventative maintenance programme
- ✓ The importance of making data more accessible to businesses and communities to assist in predictability analysis

## ENERGY REVENUE MODEL DEVELOPMENT

The City is implementing a phased energy revenue model that is moving towards cost reflectivity to sustain the administration's operations. New technologies and renewable energy are being explored, and the City is developing programmes to ensure that poor households can afford sufficient electricity to meet their energy needs. In addition, options for unelectrifiable households<sup>23</sup> are being explored, and a coordinated approach to low-income energy education and awareness has been initiated across all City departments.

## CORPORATE FLEET, FACILITIES AND PROPERTY MANAGEMENT

### FLEET MANAGEMENT

The fleet management strategy envisages the provision of a sustainable and competitive internal fleet service for the City.

Performance highlights in the 2021/22 financial year included investment in the recapitalisation of fleet assets, which resulted in the reduction of the average age of the fleet, thereby improving reliability and availability. Now that the new-look Khayelitsha and Ndabeni workshops have reopened, planning of upgrades to other fleet facilities in the Ndabeni area as well as to the Bellville and Hillstar workshops continues. The next phase of work is scheduled to commence in the next financial year.

Altogether 67 job opportunities were created in support of the EPWP, 14 of which were positions for students or interns.

The customer care programme also continued, and an average customer rating of 4 out of 5 was achieved for staff's service (work performed) and customer care orientation.

### FACILITIES MANAGEMENT

The Facilities Management Department works according to a norms and standards document that integrates specific legislation, regulations and infrastructure with the City's multidisciplinary technical environment. The intent is to standardise and strengthen baseline competence so as to improve the strategic management of the City's infrastructure assets.

The facilities management strategy is supported by a facilities management implementation plan, as illustrated in figure 11 below.

In 2021/22, achievements against the implementation plan were as follows:

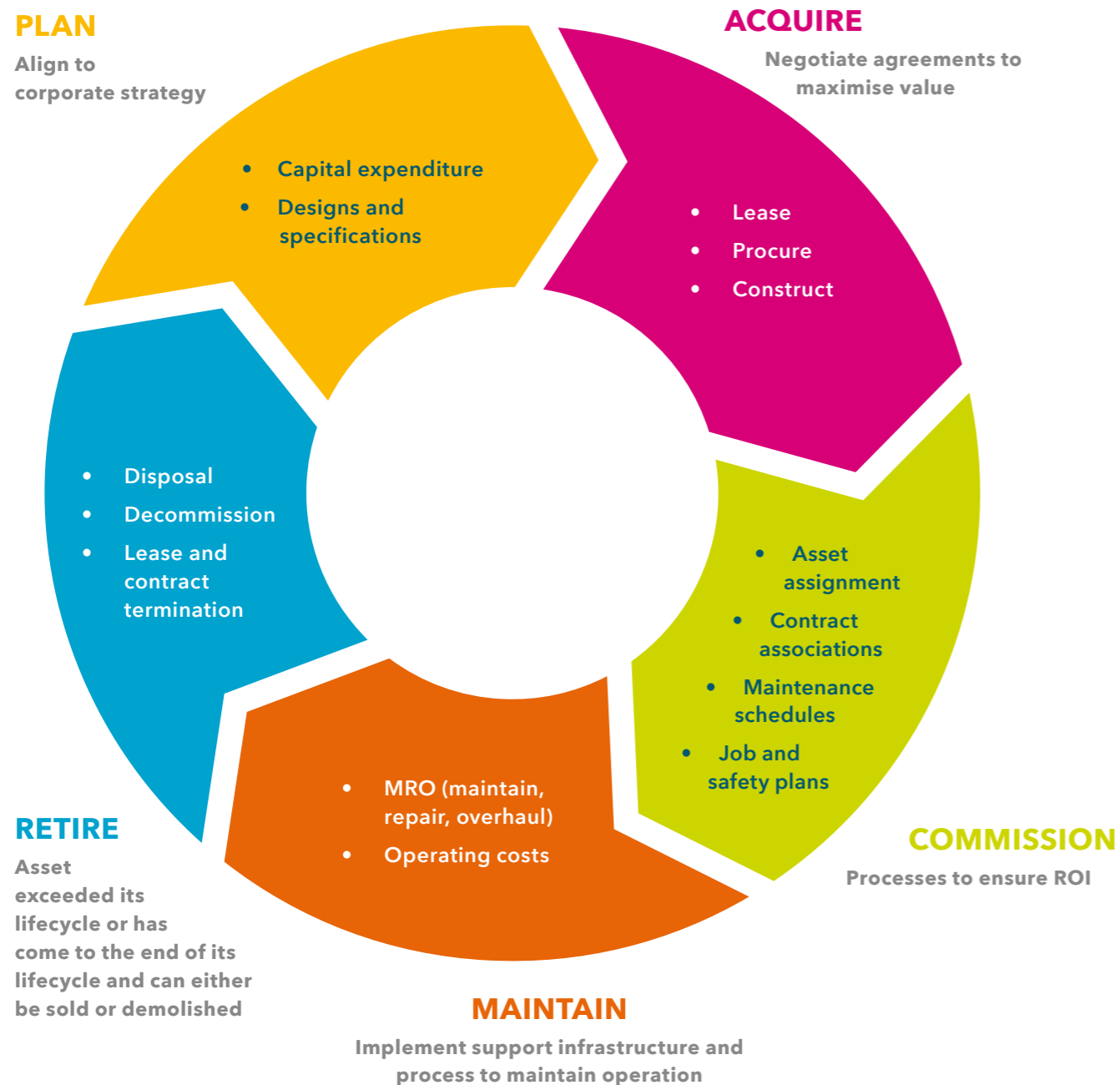
- ✓ The Facilities Management Interaction Centre (FMIC) continued to ensure efficient maintenance of the City's buildings. The FMIC operates via SAP CRM, which enables clients to contact a central point to ask questions, log complaints and request services. It also provides for a dashboard capability and management reporting.
- ✓ In conjunction with the FMIC, the service-level agreement project made further progress. In addition to the existing agreements with the Fire and Rescue Service, Metro Police, municipal courts and Traffic Services, an agreement has now also been signed with Community Services and Health (libraries and clinics).
- ✓ As at the end of the 2021/22 financial year, total condition assessments of City buildings stood at 50, with a further 16 planned for the 2022/23 financial year.
- ✓ Facilities Management helped Finance develop and roll out a queue management system, which has enhanced the public's experience when visiting some of the City's public interfaces, including cash offices and motor vehicle registration centres.
- ✓ A licence plate recognition system is currently in operation at the Cape Town Civic Centre with the aim of improving security and reducing parking problems. The system will likely be rolled out to other City facilities in the future.

### PROPERTY MANAGEMENT

The optimisation and rationalisation strategic framework represents the foundation for the City's efforts to optimise and rationalise its immovable property assets. An implementation plan for the framework has now received executive support, and the optimisation and rationalisation function is being

<sup>23</sup> Those located on privately owned land or rugged terrain, or in settlements inaccessible for service provision.

Figure 11: The City's facilities management strategy



capacitated. Once all resources have been secured, implementation will proceed in accordance with the approved plan, and the framework will be embedded in the City's operations.

As part of general operations and the implementation of the framework, the City sold 41 erven with a combined value of R23 785 538,13 in the 2021/22 financial year.

#### MUNICIPAL COST CONTAINMENT REGULATIONS

In terms of the municipal cost containment regulations, municipalities are required to implement cost containment measures to ensure that municipal resources are used effectively, efficiently and economically. The regulations further require municipalities and municipal entities to either develop or review their cost containment policies. The City is fully compliant in this regard and has a Council-approved cost containment policy in place.

## VALUE AWARENESS PROGRAMME

### CHANGE MANAGEMENT PROJECT

The City's change management project is its organisational roadmap aimed at ensuring service delivery that consistently meets the needs of all Cape Town's citizens, and providing resilient, adaptable and sustainable services.

During 2021/22, the project focused on developing standardised change management practices across 15 transversal programmes to ensure that change maturity is reached across areas such as leadership, application, standardisation, competence and socialisation. Programmes so supported included Future of Work, the Data Strategy, fleet and facilities centralisation, implementation of the Protection of Personal Information Act, organisational realignment, and implementation of the remote working framework. Of the 15 programmes, 60% are currently at an optimal level of change maturity and are utilising standardised change management tools.

In addition, 25 team change enablement interventions were conducted at various levels of the City, from senior management to operational staff, using diagnostic tools such as the Myers-Briggs Type Indicator (MBTI®) and the Enneagram of Personality. These sessions addressed team change management needs, stress management, team collaboration, leadership development and conflict management.

### BUILDING A VALUES-DRIVEN CITY

A series of values awareness initiatives have been implemented across the City since 2017. In the past financial year, these efforts included processing and analysing the results of the 2021 City Pulse culture assessment survey. The survey measures employees' experience of the City's workplace culture, including the demonstration of the administration's values in day-to-day operations. The overall score improved from a mean of 3,1 in 2019 to 3,6 out of 5 in the latest survey. Progress was reported in the areas of leadership development, demonstration of good City governance, diversity and inclusion across race and gender, and understanding and utilisation of change management practices in projects and programmes.

### BECOMING AN EMPLOYER OF CHOICE

To create a strong employee value proposition, the City implemented an employee value proposition survey in May 2022. The aim is to understand what type of financial and non-financial awards attract and retain scarce and critical skills at the City. The survey

results will inform targeted attraction, engagement and retention strategies, which will be incorporated into the City's current employee offering.

Current attraction, engagement and retention strategies include the offer of a hybrid remote work environment, where practicable; participation in leadership development programmes, coaching and mentoring; performance management using stretched targets; competitive remuneration and benefits; employee wellness programmes; and recognition and reward initiatives at departmental and directorate level.

### RECOGNITION AND REWARD PROJECT

The City is committed to creating an organisational culture in which employees are encouraged, enabled and equipped to consistently excel. The City Awards acknowledge exceptional employees who go the extra mile and set an example through living the values and behaviours that support a customer-centric culture. In 2021, the City Awards were hosted in hybrid format to remain sensitive to Covid-19 protocols. Individuals and teams were nominated by their peers or managers, and any employee was able to submit a nomination and motivation. With 307 nominations received for 4 659 employees across ten individual and team-based categories, the 2021 City Awards broke all previous records and proved to be the administration's best-supported recognition and rewards function to date.

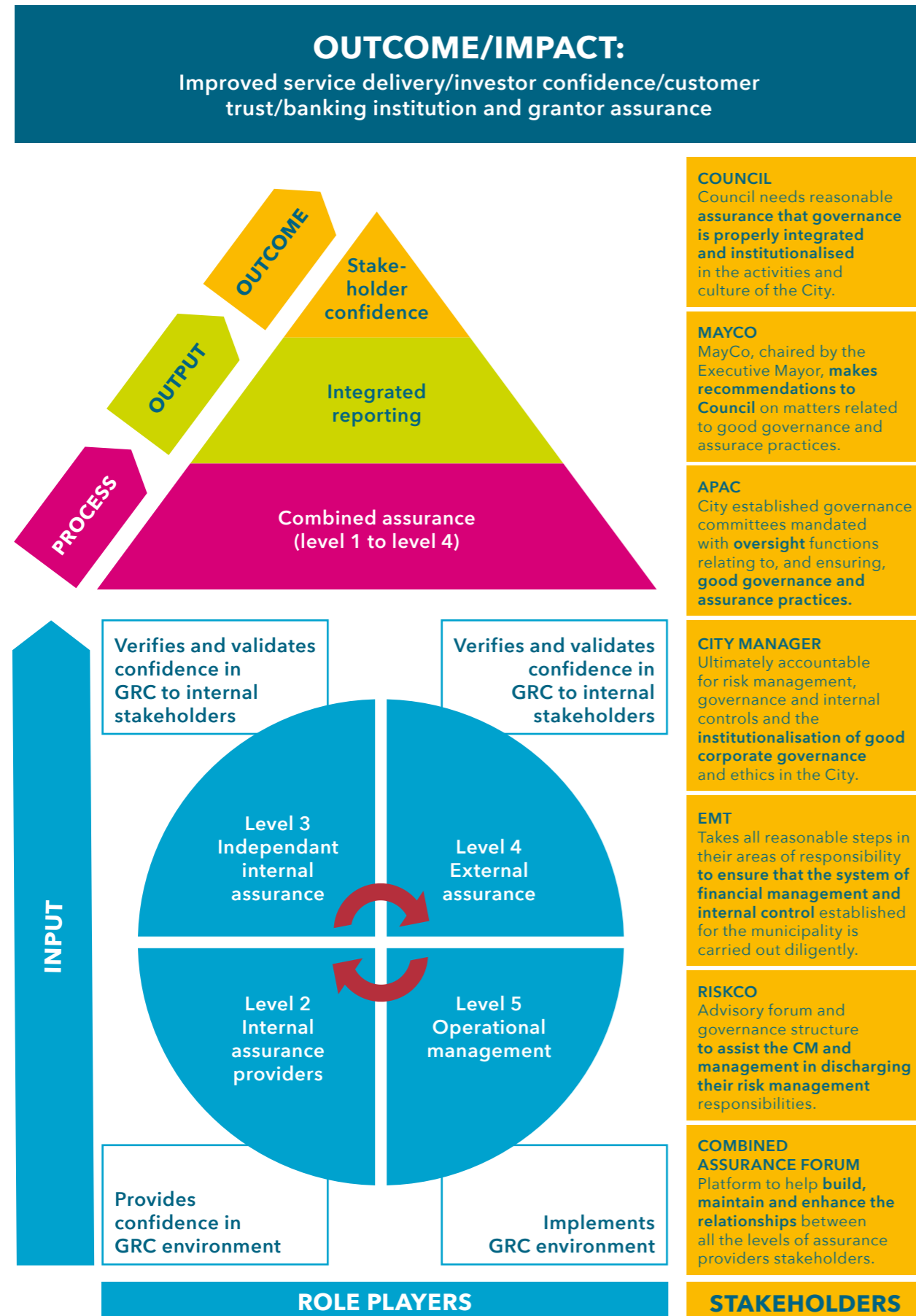
## COMPLIANT SERVICE DELIVERY PROGRAMME

The City's four levels of assurance providers as per the assurance governance framework are all critical for the effective functioning of the organisational combined assurance model (see figure 12 below).

### INTERNAL ASSURANCE PROVIDERS

The internal assurance providers are accountable for independent oversight of governance, risk and internal controls. The officials in charge of the independent internal assurance providers have an administrative reporting line to the City Manager and a functional line to the Audit and Performance Audit Committee (APAC). The direct reporting line to APAC is necessary to safeguard the independence and objectivity of the internal assurance function and manage undue influence from line management when reporting on key governance matters.

Figure 12: The City's governance and combined assurance value chain



Note, however, that the Integrated Risk Management and Business Continuity Management functions in the Risk, Continuity and Ethics office report functionally to the Risk Management Committee (RiskCo) on risk governance and related matters, with RiskCo reporting to APAC.

**COMBINED ASSURANCE AND GOVERNANCE**

Combined Assurance and Governance (CAG) is a level-2 internal assurance provider located in the City Manager's office. It too reports administratively to the City Manager and functionally to the APAC. Among others, CAG is responsible for facilitating collaboration among assurance providers and consolidating and reporting relevant information to provide a holistic and concise view of combined assurance and governance matters to key stakeholders.

To achieve the above, the CAG Department has identified and implemented key programmes, which include coordinated assurance, consequence management, integrated early-warning systems, integrated governance reporting, stakeholder engagement, quality assurance and data integrity.

**RISK, CONTINUITY AND ETHICS (RCE)**

Risk Management, Business Continuity and Ethics (proactive component) is a level-2 assurance provider and Ethics (investigations) is a level-3 assurance provider. RCE reports administratively to the City Manager, with Risk Management and Business Continuity reporting functionally to RiskCo. Ethics reports functionally to APAC. The City's RCE Department is responsible for delivering the following:

- ✓ **Integrated risk management (IRM)** -Facilitating monitoring and reporting significant risks. IRM has improved risk reporting to RiskCo and management through enhancements such as dashboards for more informed decision making. The reporting of line management's progress with the implementation of action plans has also been enhanced. These improvements were made possible by the updated procedures for risk and action plan monitoring as stipulated in the IRM standard operating procedure.
- ✓ **Ethics** - Driving the process of protecting, nurturing and enhancing an ethical culture by implementing various ethics-related initiatives and activities (proactive, reactive and advisory) in the City. These are aimed at institutionalising ethical behaviour and responding to ethics and integrity transgressions of the City's code of conduct.

- ✓ **Business continuity management** - The facilitation of business impact analysis and business continuity plans (BCPs), and the testing of BCPs. The unit focuses on continuous identification of the City's critical services to ensure limited disruption and continuity of services within reasonable timeframes following major shock events. In addition, there has been greater focus on collaborating with various internal stakeholders to determine the City's readiness for extended disruptions in power supply.

**INTERNAL AUDIT**

Internal Audit is a level-3 assurance provider and is an independent function that reports administratively to the City Manager, and functionally to the APAC. It has specific safeguards in place to ensure that its independence and objectivity are maintained in executing its mandate and responsibilities.

The Internal Audit function provides independent, objective assurance and advisory services designed to add value and improve the operations of the City and its municipal entities. As such, it helps the City and, where applicable, its municipal entities accomplish their objectives by assessing and improving the effectiveness of risk management, control and governance processes in a systematic and disciplined way.

**FORENSIC SERVICES**

Forensics Services is a level-3 assurance provider and reports administratively to the City Manager and functionally to the APAC. The Forensic Services proactively leads, develops and ensures anti-fraud and anti-corruption measures. It also provides a reactive forensic service into allegations involving economic crime (e.g. fraud, theft, corruption, or other related criminal activities) and maladministration, and also administers an independent fraud hotline.

**OFFICE OF THE CITY OMBUDSMAN**

The Ombudsman is a level-3 internal assurance provider. It administratively reports to the City Manager and functionally to the APAC.

The Office of the City Ombudsman (OCO) investigates and helps resolve public complaints against the administration. It also provides recommendations for alternative dispute resolution mechanisms in line with King IV. The OCO renders an independent, impartial, unbiased, non-prejudicial and apolitical service, which includes alternative dispute resolution, advocacy, relationship management and communication.

## B-BBEE COMPLIANCE PERFORMANCE

Information on compliance with the B-BBEE Act 46 of 2013 is included in appendix M.

## EVIDENCE-LED DECISION MAKING PROGRAMME

### DIGITAL TOOLS PROJECT

This project leverages digital and IT tools to automate and improve the management of City business processes. This is in line with international best practice and the prescripts of laws such as the Spatial Data Infrastructure Act 54 of 2003 and the Provincial Archives and Records Service of the Western Cape Act, 2005.

Enterprise content management - a key component of the project - refers to the ways in which data, information and documents are managed across the organisation. In 2021/22, this component continued to contribute to the work of the core application refresh (CAR) programme (see page 59 of this report), which has a timeline of ten years or more. CAR includes the implementation of an integrated document and records management system as one of its main goals. This will enable the City to fast-track its move to a fully digital document and records management environment.

The City's open data portal provides public access to a variety of data. The portal promotes citizen engagement with the City by making it easier for members of the public to access data. It currently hosts 146 datasets and continues to grow in popularity, with an average of 2 000 downloads per month. It remains highly effective in promoting the use of the City's data for broader social and economic benefit. Data release on the portal is governed by the City's Open Data Policy. This is further supported by a data inventory and the classification of data using the data access classification standard operating procedure, all of which is underpinned by a newly developed web-based data management tool. This paves the way for unlocking and publishing more datasets on the open data portal.

The City's spatial information portal (intranet), in turn, provides internal access to spatial data, static maps, all business-specific viewers as well as geographic information system (GIS) policies and standards. The portal has been enhanced with a GIS dashboarding tool, which allows all City staff users to access business intelligence data in a spatial or mapping format. In 2021/22, the dashboard was enhanced with the addition of data themes relating to air quality.

## DATA ANALYSIS METHODOLOGY PROJECT

In the year in review, many of the data lessons from the pandemic response, including data analysis and data tools that were used at the height of the pandemic, continued to be used in the post-Covid-19 recovery phase.

The primary focus was service continuity planning and implementation. An example of this is the vulnerability viewer, which forms part of the City's decision making value chain by supporting critical organisational decisions in an informed and timely manner. The current vulnerability viewer focuses on the following three areas:

- ✓ *A pandemic overview*, offering a snapshot of the Covid-19 impact to date and its current status
- ✓ *Socioeconomic vulnerability*, comprising maps and socioeconomic indicators that can be used to highlight vulnerabilities in Cape Town alongside live spatial Covid-19 case data
- ✓ *City operations and responses*, providing information on staff availability for work against the need for service delivery, with data now being presented in a de-escalated, more sustainable format, extracted from the City's human resources data and reported weekly

Implementation of the City's Data Strategy continued in 2021/22. The data analysis component focused on the following two use cases:<sup>24</sup>

- ✓ *Electricity asset management* - This use case aims to improve the maintenance of mini-substations by being smart with the budget and human resources at the City's disposal, and includes both corrective and preventative elements. The focus is on implementing mitigating strategies to reduce the frequency of inspections, obtaining better rating systems, and accessing quality data on how asset management is being done.
- ✓ *Informal settlements* - Reliable and accessible social data are vital to inform planning and service delivery, particularly also in Cape Town's informal settlements. With this use case the City seeks to create a system to capture and store social survey data electronically, linked directly to the administration's spatial dataset.

<sup>24</sup> Use cases describe all the ways in which end users want to 'use' a system, and what the system does in response to such user needs.

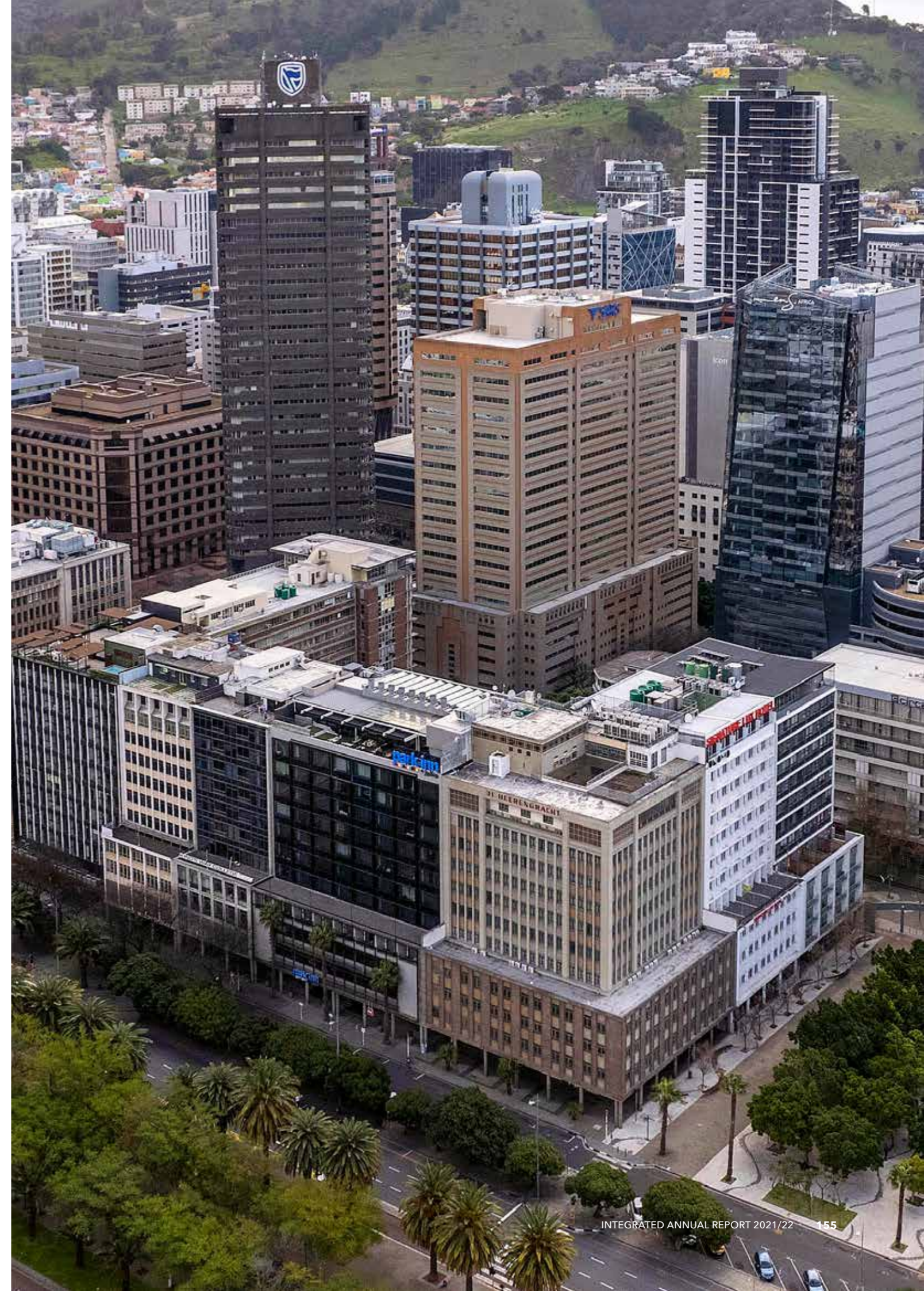
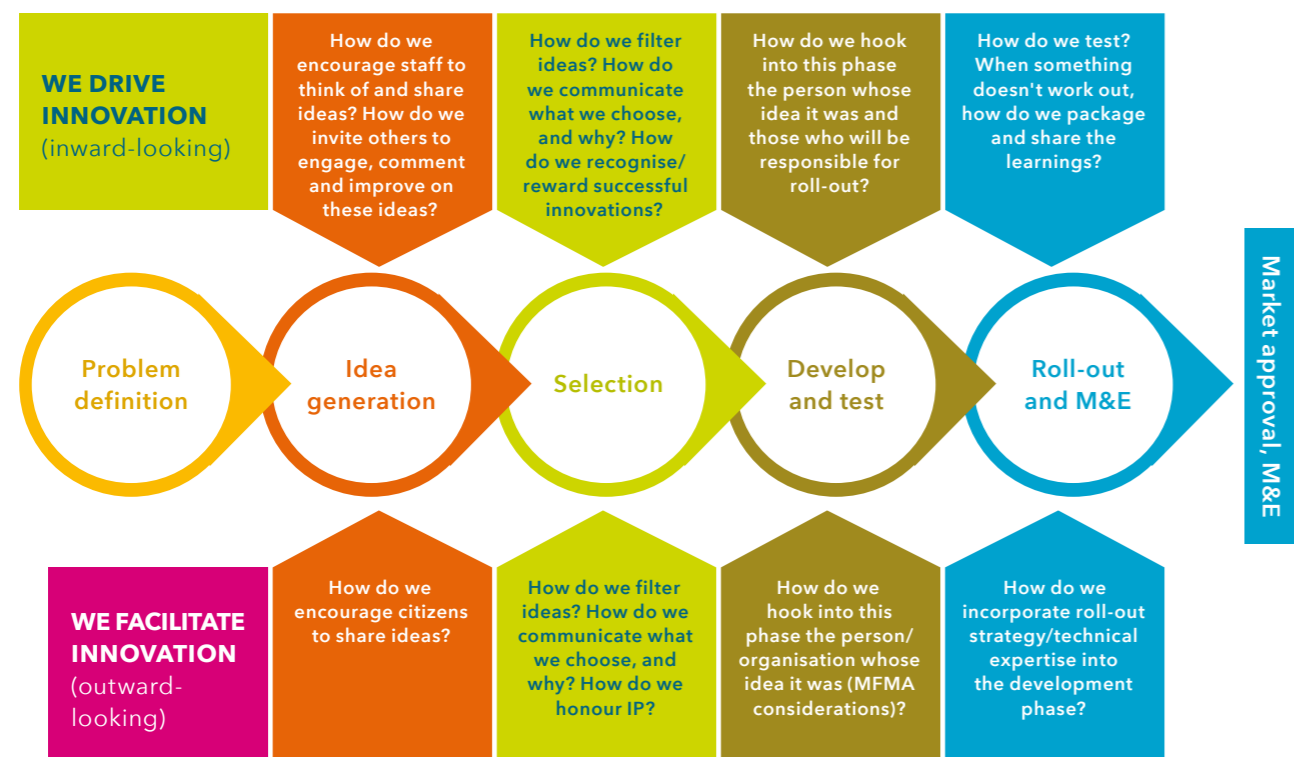


Figure 13: The City's innovation framework



In line with its focus on economic growth, the City also deepened its economic analysis capacity to inform decision making in the reporting year. Analytical techniques were applied to a diverse set of complex issues and projects. Among others, this has allowed City leaders to make well-considered decisions on post-pandemic economic recovery actions. Economic analysis revealed new evidence on important infrastructure and investment decisions, and enabled the development of new, innovative economic tools. This, in turn, allowed for smarter spending of the capital budget, greater consideration of the socioeconomic benefits and costs of City spending and decision making, as well as improved economic monitoring of public spending. The City's work in this regard was validated when the World Bank recognised the administration's ability to implement more effective interventions and plan for improved resilience as a robust approach to infrastructure prioritisation.

In the years ahead, data analysis and analytics tools and methods will support the City's delivery of services and infrastructure, and will help ensure that these are aligned with customer needs and expectations.

### INNOVATION PROJECT

The City's Innovation and Operational Effectiveness Branch heads up the development and implementation of innovative strategies and projects to drive customer-centric service delivery across the organisation as well as with external stakeholders. Its core functions are to:

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

In addition, an Innovation Forum, comprising representatives from all City directorates, works to:

- ✓ provide a Citywide platform for transversal approaches to innovation;
- ✓ set the overall innovation scope, strategic goals and deliverables for the organisation;
- ✓ promote an innovation ethos and culture in the City;
- ✓ create a space for collaboration on design-led thinking and innovation across City line departments; and
- ✓ facilitate Citywide initiatives to support design thinking and innovation.

Table 16: The City's staff complement

Total EE plan target setting staff (includes South African white males, but excludes foreign nationals)																	
2022/06/30	JUN 2022	CITY OF CAPE TOWN								MANAGEMENT LEVEL 1-3							
COMPLIANCE WITH EE PLAN																	
MANAGEMENT LEVELS		TARGET GROUPS								Total	Designated white male	Non-targeted groups	Total staff establishment on management levels 1-3				
		DESIGNATED GROUPS				NON-DESIGNATED	DESIGNATED GROUPS										
		MALE				FEMALE											
		African	Coloured	Indian	White	African	Coloured	Indian	White			Foreign nationals					
LEVEL 1	EE PLAN TARGET 21/22	1	4	0	2	0	1	0	2	9	0	0	9				
	Actual	1	3	0	2	1	0	0	2	9	0	0	9				
LEVEL 2	EE PLAN TARGET 21/22	7	13	2	17	6	6	2	4	58	2	1	58				
	Actual	8	12	4	14	7	5	4	4	58	2	1	58				
LEVEL 3	EE PLAN TARGET 21/22	38	58	4	47	29	48	2	22	248	3	1	249				
	Actual	31	50	8	67	20	35	6	31	248	3	1	249				
<b>TOTAL PERMANENT</b>		<b>40</b>	<b>65</b>	<b>12</b>	<b>83</b>	<b>28</b>	<b>40</b>	<b>10</b>	<b>37</b>	<b>315</b>	<b>5</b>	<b>1</b>	<b>316</b>				
MANAGEMENT LEVELS 1-3: COMPLIANCE SUMMARY		MANAGEMENT LEVELS 1-3								These are the three highest levels of management. This group forms part of the workforce profile.							
		MALE				FEMALE								DESIGNATED			
		EE PLAN TARGET 21/22	60,09%	189	39,91%	126	75%										
		CURRENT ACHIEVEMENT	63,49%	200	36,51%	115	75,24%										

Total EE staff establishment (includes foreign nationals)

The City also provides a digital platform for ideas management, known as the **City of Cape Town Collaboration Platform**. It offers a channel for collaboration with internal and external stakeholders, and creates an effective avenue for the sourcing of innovative ideas. The platform enables the City to crowdsource ideas from a wide range of stakeholders, such as citizens, scholars, innovators and researchers who are interested in sharing innovative ideas.

### SERVICE DELIVERY SKILLS PROGRAMME

#### THE CITY'S HUMAN RESOURCES AT A GLANCE

At the end of June 2022, the City had 29 402 employees (2020/21: 29 384). This represents a year-on-year increase of 0,06% in the City's staff complement. The vacancy rate at the end of the year in review was 9,46%, which is substantially lower than the target percentage of 12,28%.

#### SKILLS GAP AND EVALUATION PROJECT

In the 2021/22 financial year, the Organisational Development Branch collaborated with line departments to complete 60% of all departmental

strategic workforce plans. These are aimed at identifying current and future skills and competencies required by the organisation to meet its service delivery mandate. Strategic workforce plans incorporate succession plans as well as attraction, development, engagement and retention strategies for each department to ensure that their workforce needs are met through bespoke talent solutions. To date, 15 departments have developed consolidated succession plans, while 30% have adopted attraction and retention strategies.

To ensure the development of a sustainable pool of future leaders, a series of leadership development programmes were delivered throughout the year in review, predominantly via virtual learning platforms. To date, 1 800 employees, or 21% of those at job levels T10 to T22, have attended these programmes. From April to the end of June 2022, altogether 200 employees enrolled for the supervisory development programme for job levels T9 and below. This programme was custom-designed in response to a need expressed in the City Pulse staff survey and detected in other diagnostic information. It focuses on leadership development for operational staff, who had previously not been catered for.

The Organisational Development Branch also introduced a series of career management workshops for 100 staff members in the administrative stream. The sessions empowered them with a better understanding of their career preferences



**Table 17: The City's skills interventions and projects in 2021/22**

INTERVENTION	DESCRIPTION	CITY STAFF REACHED
Smart driver training programme	Trains the City's fleet drivers in responsible driving habits to protect the well-being of the drivers, help prevent accidents, minimise the risk of liability and accident claims, adhere to industry norms, and comply with government regulations and laws.	1 516 staff trained
Adult education and training (corporately funded)	Various adult education and training programmes. Gap initiative aimed at bridging the gap between grades 10/11 and matric.	156 employees enrolled. Six completed their General Education and Training Certificate.
External opportunities (funded across City directorates)	External learning opportunities for graduate interns, external bursars, in-service students as well as learnerships and apprenticeships.	583 external trainee and bursary opportunities provided 229 apprenticeships 139 students secured permanent employment with the City
Finance management programme	A three-year course consisting of 15 unit standards. Offered to employees in the City's finance environment as part of their ongoing professional development.	139 employees enrolled

and potential fields of further study, thereby also facilitating growth of future skills sets at the City.

Moreover, 52 employees at job levels T12 to T16 graduated from a new City programme to train in-house coaches in June 2022, having completed a total of 150 coaching assignments. The year in review also saw the establishment of a new mentoring programme. A total of 60 mentors have already been identified and 20 mentoring assignments are in place, with many more planned.

### SKILLS INTERVENTION PROJECT

The City undertakes numerous projects and interventions aimed at addressing identified skills gaps and ensuring that the administration and its employees keep pace with the demands of an evolving citizenry. Training interventions provided in 2021/22 are listed in table 17 above.

### INFRASTRUCTURE SKILLS DEVELOPMENT GRANT

National Treasury offers its Infrastructure Skills Development Grant (ISDG) as part of the Division of Revenue Act. The ISDG programme seeks to develop capacity in municipalities by creating a long-term, sustainable pool of young professionals with technical skills in the built environment, such as engineering, town planning, architecture, quantity surveying and GIS management.

The City has human resource structures in place to support the ISDG programme, which is dealt with as an expansion of the existing internal graduate internship programme.

Since inception, 92 graduates have been placed in various branches of the City, and four project administrators have been appointed. In the year in review, 15 graduates (nine scientists, five engineers and one town and regional planner) successfully completed the training programme and registered with their respective professional organisations.

## SERVICE DELIVERY IMPROVEMENT PROGRAMME

Through its customer-centric service delivery improvement programme, the City is working to improve local service delivery and enhance area-based coordination and management of services. This is to ensure that all City services are fully operational, functional and measurable against the administration's SFAs and priorities.

### EMPLOYEE ASSISTANCE PROGRAMME (EAP) AND WELLNESS

Corporate Wellness provides both reactive (counselling and support) and proactive (preventative) interventions to help City staff be more productive and influence individual and organisational performance. The programme also addresses mental health issues, lifestyle diseases and

substance abuse, all of which affect work attendance and injuries on duty. EAP and Wellness introduced and provided the following interventions and programmes in the year in review:

- ✓ *EAP and Wellness hybrid model* - This programme offers City staff, and immediate family members who reside with them 24/7, counselling and support relating to personal and work-related challenges.
- ✓ *Covid-19 and vaccination sessions* - The team managed to reach just over 1 000 staff members from different departments. Sessions continue to be provided on an ad hoc basis.
- ✓ *Health screenings* - Some 10% of City staff were screened for lifestyle diseases to determine a health baseline for staff and inform future wellness interventions.

In February 2022, an executive wellness programme was also launched to help City managers and leaders achieve a positive work-life balance.





# CREATING VALUE THROUGH GOOD GOVERNANCE

## CORPORATE GOVERNANCE ALIGNMENT WITH KING IV

Being committed to continued good corporate governance, ethical leadership, and fair and transparent procedures and reporting, the City subscribes to the King IV Report on Corporate Governance for South Africa, 2016, which Council adopted in 2017. King IV defines governance as effective and ethical leadership aimed towards achieving an ethical culture, good performance, effective control and legitimacy. As depicted in figure 14<sup>25</sup> below, King IV follows a principle-and-outcomes-based approach to good governance. This means that each outcome is linked to specific principles, which are underwritten by a set of practices.

## GOVERNANCE IN ACTION

One of the ways in which the City aims to achieve good corporate governance is through the implementation of the organisational assurance framework and the combined assurance model contained in the framework. The framework defines the principles underpinning the City's governance arrangements by means of the delegation and assignment of appropriate levels of authority and responsibility to the various role players in the assurance value chain. It clarifies City roles from a governance perspective and, among others, aims to promote effective assurance coverage of significant organisational risks and material matters. The combined assurance model supports the framework and seeks to incorporate, enhance and optimise the integration, coordination and alignment of governance and assurance processes as well as control oversight across the City.

## ETHICAL GOVERNANCE

The first two principles of King IV deal with ethical governance, which includes ethical leadership and ethical culture. The City has an ethics code that is aligned with the Municipal Systems Act (Code of Conduct for Municipal Staff Members), the provisions of Municipal Supply Chain Regulations number 46 and 47, the City's own values, as well as the King IV principles. The ethics code defines the City's objectives and corresponding principles of good conduct. In the past year, various communications have been issued and training sessions hosted to raise awareness of the code and other ethics-related policies. In July 2021, the City Manager also issued a directive requiring all City employees to acknowledge their Municipal Systems Act employee code of conduct on an annual basis. In addition, the City has an in-house Ethics function that is mandated to protect, nurture and enhance the ethical culture of the organisation.

## INTEGRATED THINKING AND REPORTING

One of the concepts that King IV advocates is integrated thinking rather than the traditional silo mentality. In the spirit of King IV, and to enhance the City's integrated reporting processes, an integrated governance report is compiled each year as a supplement to this integrated annual report. It focuses specifically on governance and related matters. The 2021/22 integrated governance report (appendix L), which is compiled by the City's Combined Assurance and Governance function, provides an overview of the combined assurance model, the outcomes of the independent internal assurance providers' work, and the role and functions of the City's oversight and governance structures in terms of providing good corporate and ethical governance.

Figure 14: King IV outcomes, principles and practices



<sup>25</sup> Diagram taken from 2016 King IV Report on Governance for South Africa.

## CONTROL ENVIRONMENT

The City has implemented a range of policies and procedures to create an effective control environment. In their day-to-day activities, all City officials fulfil a critical role in the effective functioning of the system of internal control. The first and second lines of assurance are responsible for implementing control activities, including policies, procedures, techniques and mechanisms to manage identified risks in their respective functional areas. Identified control weaknesses are reported to the relevant stakeholders, and remedial actions are implemented.

## INTERNAL CONTROL FRAMEWORK

Section 62(1)(c)(i) of the MFMA states that the accounting officer of a municipality is responsible to ensure that the municipality maintains effective, efficient and transparent systems of financial and risk management and internal control. Principle 15 of King IV further highlights the importance of an effective control environment to ensure the integrity of information used for reporting and decision making in an organisation.

The City has embarked on a journey to develop an internal control model and its related framework(s) to enhance the current control environment. The project follows a phased approach and includes the development of a model, framework and standard operating procedure for internal control and embedding these across the City's operations.

## CONSEQUENCE MANAGEMENT

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

To entrench ethical leadership as highlighted in King IV, the City continues to implement mechanisms and processes to advocate for and embed a culture of consequence management. Efforts include training and awareness sessions with regard to the application of the approved consequence management standard operating procedure, the consequence management register and related guidelines.

## ASSURANCE SERVICES

In accordance with principle 15 of King IV, the governing body (in this instance, Council) should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making, as well as of the City's external reports.

## COMBINED ASSURANCE

In line with principle 15 of King IV, the City's combined assurance model comprises four levels of assurance providers, each with their own unique roles in enhancing good corporate and ethical governance practices. The director of Combined Assurance and

Governance is responsible for coordinating and driving combined assurance in the organisation. Work includes mobilising, monitoring and reporting on the outcomes of combined assurance.

## EFFECTIVENESS OF THE CONTROL ENVIRONMENT

The City's Internal Audit function provides independent assessments to Council, management and key stakeholders on the adequacy and effectiveness of the risk management, control and governance processes of the City and, where applicable, its municipal entities. In this regard, Internal Audit submits an annual statement to the Audit and Performance Audit Committee.

## COMBATING FRAUD AND CORRUPTION

To be a responsible corporate citizen in line with principle 3 of King IV, the City has a zero-tolerance approach to corruption. The Forensic Services and Ethics functions (the latter falling under Risk, Continuity and Ethics) help combat fraud, corruption, unethical behaviour and related activities, thereby enhancing good corporate governance. An independent service provider manages a full-time fraud hotline, which is available to internal and external City stakeholders to enable the reporting of any irregularities and suspicious or unethical behaviour.

The authority to institute forensic and ethics investigations in the administration is vested in the City Manager. Forensic Services and Ethics report all findings and recommendations to the City Manager and the Audit and Performance Audit Committee in terms of the administrative and functional reporting lines respectively. This dual reporting line ensures that both functions operate independently and objectively.

## COMPLIANCE GOVERNANCE REPORTING

Principle 13 of King IV requires ongoing oversight of compliance with applicable laws, codes and standards in a way that supports ethical and good corporate governance. Therefore, to establish a culture of compliance in City operations, the City Manager issued a memorandum to assign the responsibility for compliance governance reporting to the director of Combined Assurance and Governance.

## RISK GOVERNANCE AND MANAGEMENT

Principle 11 of King IV specifies that risk should be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV municipal supplement indicates that, in the local government sector, Council - being the governing body - must assume responsibility for risk governance by setting the direction for how risk should be approached and addressed in the organisation.

The City follows an integrated approach to risk management as per the City's assurance governance framework. Integrated risk management (IRM) is defined as the Citywide application of risk management and includes risk identification, assessment, management, monitoring and reporting. Effective risk management assists in the achievement of the City's strategic objectives set in the IDP.

In terms of section 62 of the Municipal Finance Management Act, the responsibility for risk management at an administrative level is assigned to the City Manager. The established IRM function in the Risk, Continuity and Ethics Department facilitates risk management. In addition, in line with principle 8 of King IV, the City Manager has established a Risk Management Committee (RiskCo), which performs oversight over risk management and governance in the City. RiskCo's detailed annual report for the financial year 2021/22 is available in appendix O to this document.

RiskCo regularly reviews the City's corporate risk register, which reflects the administration's strategic risks, the key controls in place, as well as the action plans to manage such risks. Please turn to the RiskCo annual report in appendix O for the key strategic risk themes as at 30 June 2022.

## FINANCIAL RISK MANAGEMENT

More details regarding the financial risks that affect the City's ability to create value over the short, medium and long term, and how the organisation is dealing with these risks, are contained in note 2 to the annual financial statements.

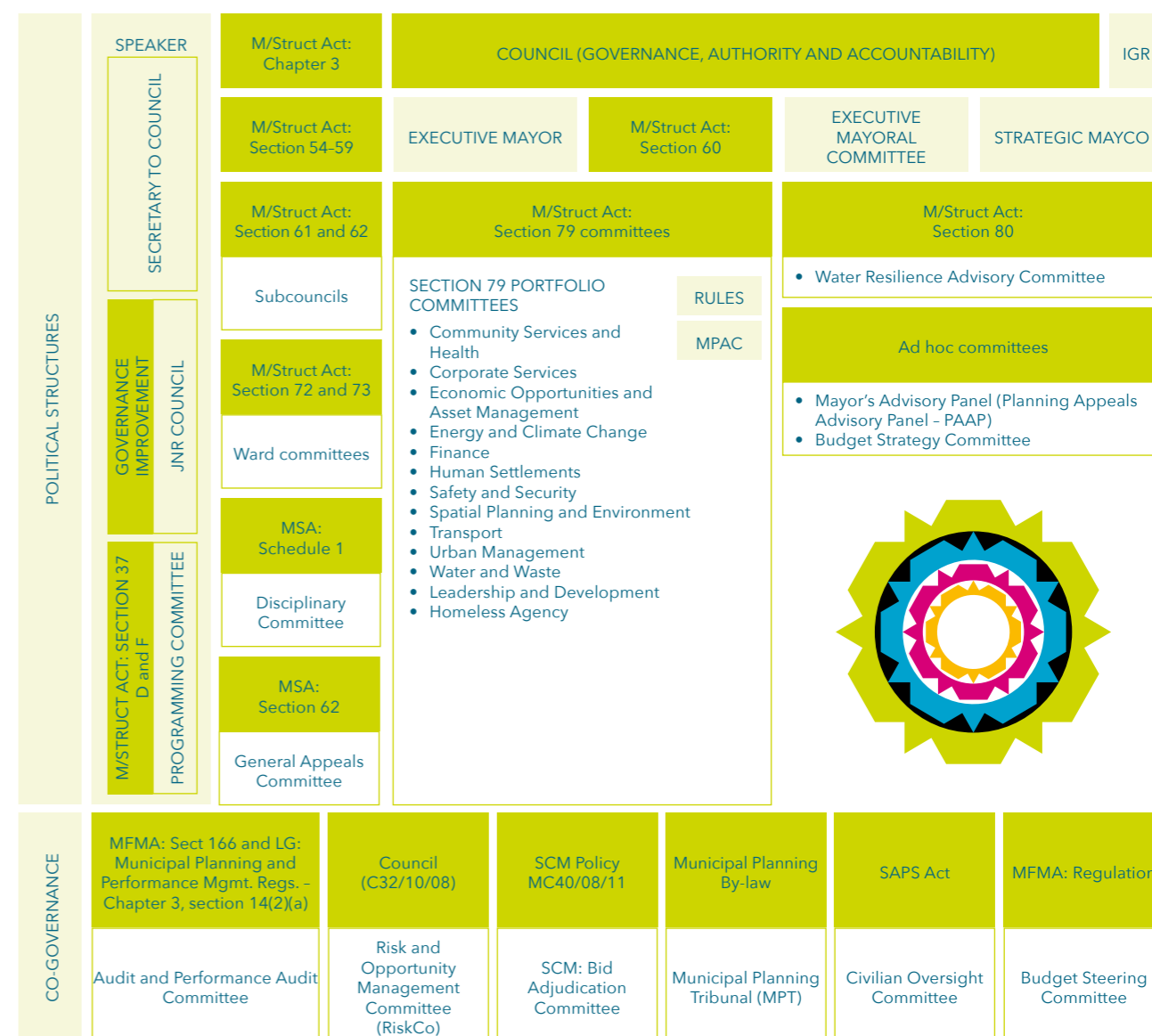
## THE CITY'S GOVERNANCE FRAMEWORK

The following pages offer an overview of the framework of institutional management and governance structures through which the City implements its strategies, using the appropriate resources.

## GOVERNANCE STRUCTURE

The model below depicts the City's political governance arrangements. Having replaced the framework of the previous term of office at the start of 2022, this governance framework reflects certain structural changes. The paragraphs below cover the governance structures of the newly elected administration.

Figure 15: The City's governance structure



## MAYORAL COMMITTEE

The Executive Mayor appoints the Mayoral Committee (Mayco). Mayco exercises the powers, functions and duties delegated to it by the Executive Mayor and designated to it by Council. These powers, functions and duties are performed and exercised by the Executive Mayor, together with the Mayco members. (For more, go to [www.capetown.gov.za](http://www.capetown.gov.za).)

## COMMITTEES

### SECTION 79 PORTFOLIO COMMITTEES

These committees have an important oversight role, including scrutinising the actions of Council's executive and administration in a strategic and structured way. The oversight role of the Corporate Services Portfolio Committee also includes developing a strategy for the

monitoring and evaluation of the executive and administration's actions.

All section 79 portfolio committees' terms of reference stipulate their working arrangements.

## OTHER SECTION 79 COMMITTEES

### *MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)*

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

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

MPAC operates in a non-party-political manner to maximise its effectiveness. Although MPAC has no executive powers, its findings and recommendations are reported to Council through the Speaker. MPAC's annual report for the 2021/22 financial year is included as appendix J.

### *RULES AND ETHICS COMMITTEE*

The Rules and Ethics Committee oversees the rules of procedure of Council and its committees. The committee may also consider and make recommendations to Council on the following matters:

- ✓ Nominations for civic honours and Freedom of the City awards
- ✓ Outside/private work applications by full-time councillors
- ✓ Naming and renaming of immovable Council assets in line with public participation processes (excluding new and unnamed streets, which are covered by the subcouncil delegations)
- ✓ Amendments to the delegations for Council and its committees
- ✓ Development of guidelines/frameworks for councillors on ethics matters

## SECTION 80 COMMITTEES

### *THE WATER QUALITY IN WETLANDS AND WATERWAYS ADVISORY COMMITTEE*

This advisory committee brings together water industry experts, City councillors, community activists and interested residents to consider matters relating to the quality and cleanliness of Cape Town's rivers, vleis and waterways. The committee also recommends strategies to mitigate water pollution and ensure the long-term protection and restoration of wetlands and waterways.

### *MUNICIPAL SYSTEMS ACT SECTION 62 COMMITTEE*

#### *GENERAL APPEALS COMMITTEE*

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

### *SCHEDULE 1 COMMITTEE*

#### *DISCIPLINARY COMMITTEE*

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

### *MUNICIPAL FINANCE MANAGEMENT ACT SECTION 166 COMMITTEE*

#### *AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC)*

In terms of section 166(2) of the Municipal Finance Management Act, APAC is an independent advisory body that must:

"(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to:

- (i) internal financial control and internal audits;
- (ii) risk management;
- (iii) accounting policies;

- (iv) the adequacy, reliability and accuracy of financial reporting and information;
- (v) performance management;
- (vi) effective governance;
- (vii) compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- (viii) performance evaluation; and
- (ix) any other issues referred to it by the municipality or municipal entity;

- (b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- (c) respond to the council on any issues raised by the Auditor-General in the audit report;
- (d) carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request; and
- (e) perform such other functions as may be prescribed".

APAC's annual report for the 2021/22 financial year forms part of the City's consolidated annual financial statements included in this report.

### *SOUTH AFRICAN POLICE SERVICE ACT COMMITTEE*

#### *CIVILIAN OVERSIGHT COMMITTEE*

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

#### *MUNICIPAL PLANNING TRIBUNAL*

Each municipality is required to establish a municipal planning tribunal to decide specific categories of planning applications. The tribunal comprises

experienced public and private-sector planning professionals and is supported by a dedicated committee support office. Councillors are prohibited from serving on the tribunal.

### *SPEAKER*

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

### *SUBCOUNCILS*

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

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

### *EXECUTIVE MANAGEMENT TEAM*

The Executive Management Team is the City's senior administrative structure. It leads the City in its efforts to achieve its strategic pillars, priorities and objectives as outlined in the IDP. The Executive Management Team is aligned with the City's elected political structure.

### *PROTECTED-AREA ADVISORY COMMITTEES*

Cape Town coordinates 12 protected-area advisory committees under the National Environmental Management: Protected Areas Act 57 of 2003. These are aimed at encouraging local community involvement and obtaining expert advice in the management of the City's nature reserves. The committees are appointed in three-year cycles.

### *FINANCIAL MISCONDUCT BOARD*

This independent advisory body assists the designated official with the investigation of allegations of financial misconduct. It provides recommendations on further steps to be taken regarding disciplinary and criminal proceedings, or any other relevant step in terms of the regulations.

# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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### Financial information

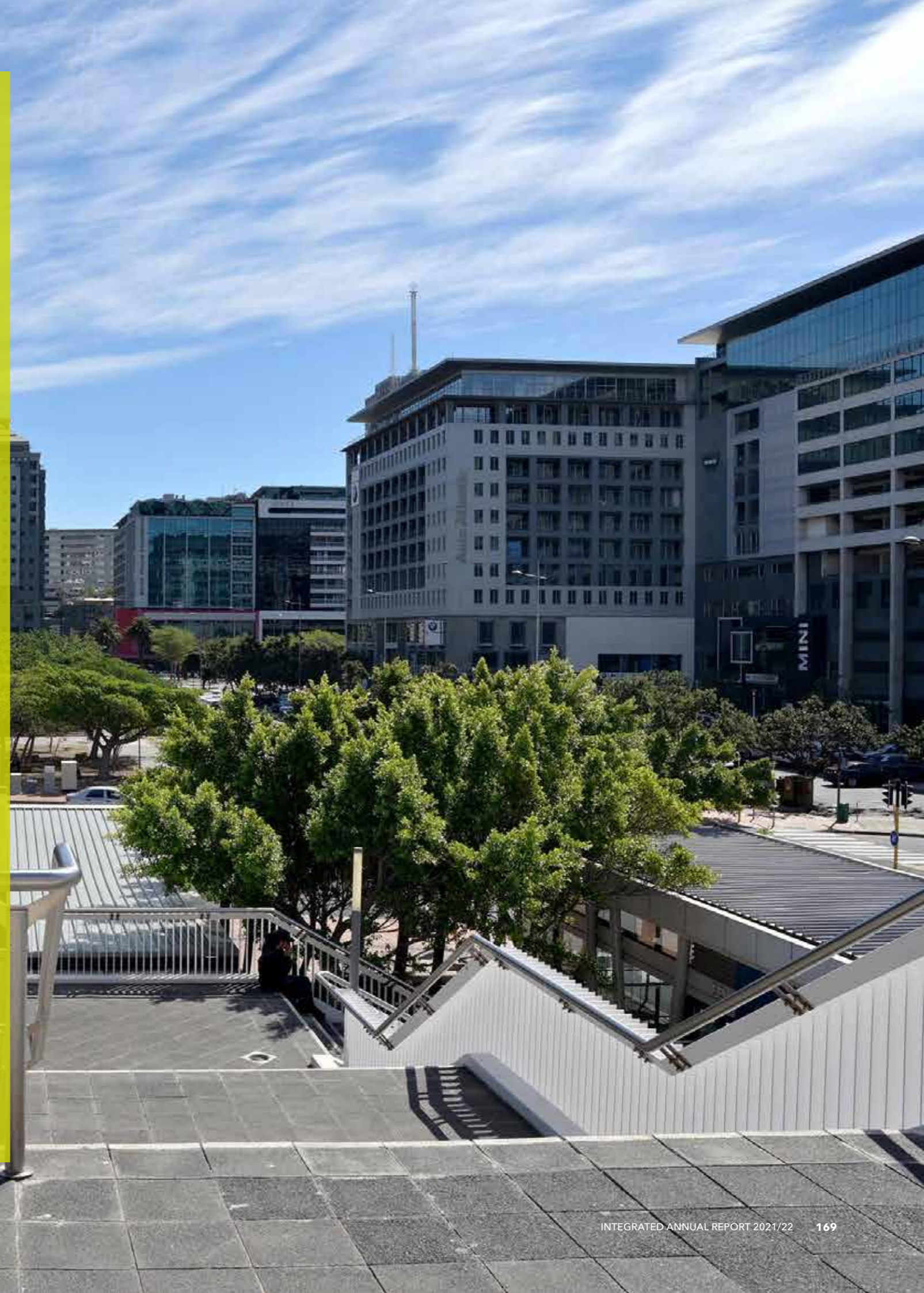
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## REPORTING ENTITY'S MANDATE

The City of Cape Town (hereinafter "the City" or "the Entity") is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa, 1996.

The principal activities of the City are to:

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

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

## APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2022, as set out on pages 189 to 345 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 39.2.2.1 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this act.



Lungelo Mbandazayo  
City Manager

29 September 2022

## REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL  
OF THE CITY OF CAPE TOWN

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### OPINION

1. I have audited the consolidated and separate financial statements of the City of Cape Town set out on pages 189 to 315, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRa).

#### BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### KEY AUDIT MATTERS

6. I have determined that there are no key audit matters to communicate in this auditor's report.

#### EMPHASIS OF MATTERS

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

#### RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 37.2 to the consolidated and separate financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the consolidated and separate financial statements of the municipality at, and for the year ended, 30 June 2022.

#### IMPAIRMENT OF TRADE DEBTORS

9. As disclosed in note 9 to the consolidated and separate financial statements, the municipality provided for impairment of receivables from exchange and non-exchange transactions of R8,1 billion (2021: R7,4 billion).

#### OTHER MATTERS

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

## UNAUDITED DISCLOSURE NOTES

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

## UNAUDITED SUPPLEMENTARY SCHEDULES

12. The supplementary information set out on pages 316 to 345 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

13. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the GRAP, the requirements of the MFMA and DoRa, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going-concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected strategic focus area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

## REPORT OF THE AUDITOR-GENERAL

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

19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the municipality's annual performance report for the year ended 30 June 2022:

STRATEGIC FOCUS AREA PAGES IN THE ANNUAL PERFORMANCE REPORT	PAGES IN THE ANNUAL PERFORMANCE REPORT
Strategic focus area 3 - Caring city	350-351

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area.

### OTHER MATTERS

22. I draw attention to the matter below.

### ACHIEVEMENT OF PLANNED TARGETS

23. Refer to the annual performance report on pages 348 to 353 for information on the achievement of planned targets for the year. The City of Cape Town achieved 87% of the planned targets for the year in the selected strategic focus area 3 - the caring city. One of the planned targets not achieved related to key service delivery indicators on housing, as in the table below:

INDICATOR	PLANNED TARGET	REPORTED ACHIEVEMENT
3.H Number of human settlements opportunities provided (formal sites serviced)	1 940	1 423

24. Reasons for the underachievement of targets are included in the annual performance report on pages 348 to 353.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

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



## OTHER INFORMATION

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected strategic focus areas presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected strategic focus area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

31. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. I did not identify any significant deficiencies in internal control.

## MATERIAL IRREGULARITIES

33. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

## STATUS OF PREVIOUSLY REPORTED MATERIAL IRREGULARITIES

### PAYMENTS MADE FOR PLUMBING REPAIRS AND INSTALLATION SERVICES NOT RECEIVED

34. The municipality paid contractors from July 2019 to June 2020 to repair plumbing and install water management devices at domestic properties occupied by indigent households. I identified instances where contractors billed for items that were not indicated on the respective job cards. The amounts claimed were therefore not always in line with the actual work completed and, as a result, overpayments occurred. The overpayments occurred in the 2019/20 financial year and continued until the 2020/21 financial year.
35. The overpayments to contractors for these services is in contravention of section 78(1)(a) of the MFMA, as municipal officials exercising financial management responsibilities did not take all reasonable steps within their respective areas of responsibility to ensure that the system of financial management and internal control established for the municipality was carried out diligently.
36. The non-compliance is likely to result in a material financial loss if the overpayments are not recovered.
37. The accounting officer was notified of the material irregularity on 17 May 2021.
38. In the response to the notification, the accounting officer committed to conduct a forensic investigation into this material irregularity. On 14 March 2022, the accounting officer provided a submission indicating that the forensic investigation had been concluded, but that additional investigations would be conducted by the municipality. The outcomes of the municipality's investigations were reported to the AGSA on 5 May 2022.

39. The forensic investigation confirmed the non-compliance and identified officials responsible for the breakdown of internal controls that led to the non-compliance. The accounting officer calculated the actual financial loss and, during July and August 2022, civil claims were filed in the high court against the four service providers to recover the financial losses. Controls have been implemented to prevent further overpayments. Except for one official, the officials responsible for the non-compliance subsequently left the employment of the municipality. Disciplinary steps have been taken against the one remaining official.
40. The material irregularity is therefore considered resolved. I will, however, continue to monitor the high court proceedings.

### NEEDS ANALYSIS TO INFORM THE REQUIRED NUMBER OF STANDBY TEAMS FOR PLUMBING REPAIRS NOT PERFORMED

41. The municipality paid contractors from July 2019 to June 2020 to repair plumbing and install water management devices at domestic properties occupied by indigent households. I identified that the municipality paid in excess of the actual standby hours required for the period as the municipality did not perform a needs analysis for standby teams required over weekends and after hours on weekdays. As a result, the municipality paid for standby allowances that were not used. The overpayments occurred in the 2019/20 financial year and continued until the 2020/21 financial year.
42. The municipality paid contractors to be at full capacity over weekends and after hours on weekdays. The contract did not specify how the number of standby teams would be determined. The municipality's calculation of the number of standby teams also did not take into account demand trends and historical data of calls received during weekends and after hours on weekdays. The payment of standby hours not used is in contravention of section 78(1)(b) of the MFMA that requires effective management of resources of the municipality.
43. The non-compliance is likely to result in a material financial loss if the overpayments are not recovered.
44. The accounting officer was notified of the material irregularity on 17 May 2021.
45. In the response to the notification, the accounting officer committed to conduct a forensic investigation into this material irregularity. On 14 March 2022, the accounting officer provided a submission indicating that the forensic investigation had been concluded, but that additional investigations would be conducted by the municipality. The outcomes of the municipality's investigations were reported to the AGSA on 5 May 2022.
46. The forensic investigation confirmed the non-compliance and identified officials responsible for the breakdown of internal controls that led to the non-compliance. The accounting officer calculated the actual financial loss and, during July and August 2022, civil claims were filed in the high court against the four service providers to recover the financial losses. Controls have been implemented to prevent further overpayments. Except for one official, the officials responsible for the non-compliance subsequently left the employment of the municipality. Disciplinary steps have been taken against the one remaining official.
47. The material irregularity is therefore considered resolved. I will, however, continue to monitor the high court proceedings.

*Auditor-General*

Cape Town  
30 November 2022



## ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISA, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected strategic focus areas and on the municipality's compliance with respect to the selected subject matters.

### CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control;
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
  - conclude on the appropriateness of the accounting officer's use of the going-concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the City of Cape Town to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern; and
  - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.
5. From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements for the current period and are, therefore, key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

## MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS TO BE INSTITUTED

### ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL

Management comments and corrective action to be instituted on the matters raised in the report of the Auditor-General to the Council on the consolidated annual financial statements of the City of Cape Town for the year ended 30 June 2022 in terms of section 121(4)(e) of the Municipal Finance Management, Act 56 of 2003.

The audit report is unqualified and contains no issues for which management comments and corrective actions are required. The items listed in the audit report under 'emphasis of matters' are self-explanatory and for the reader's interest only.

# REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

## TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2022

In line with its strategic commitment to be a well-governed city, the City of Cape Town strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is a competent and independent Audit and Performance Audit Committee that is supported by management and councillors. Section 166 of the Local Government: Municipal Finance Management Act 56 of 2003 (hereafter referred to as 'MFMA'), as amended, requires every municipality to establish an independent audit committee which must advise the municipal council, political office bearers, accounting officer and management staff of the municipal entity on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the city. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation, performance evaluation, major forensic investigations and/or other issues referred to it by the municipality or municipal entity.

The Audit and Performance Audit Committee (hereafter referred to as 'the committee' or 'APAC') is an independent statutory committee appointed by Council and has adopted a formal Terms of Reference that has been approved by the Executive Mayor together with the members of the Mayoral Committee (hereafter referred to as 'Mayco'). The committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein.

The committee is pleased to present its report for the financial year ended 30 June 2022.

### AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

NAME	TENURE	QUALIFICATIONS	MEETING ATTENDANCE
Dr Divya Singh* Chairperson	1 Nov 2015 to 31 Oct 2018 1 Nov 2018 to 31 Oct 2021	BA (Law) / LLB / LLM / LLD / Masters in Tertiary Education Management / Advocate of the High Court of SA	2 (100%)
Mr Mervyn Burton* Chairperson	1 Apr 2018 to 31 Mar 2021 1 Apr 2021 to 31 Mar 2024	B Compt (Hons) / CA(SA) / Executive Management Programme	8 (100%)
Mr Linda Nene	1 Nov 2018 to 31 Oct 2021 1 Nov 2021 to 31 Oct 2024	BCom (Acc) / Post Graduate Diploma in Management (Corporate Governance) / Masters in International Business / CCSA / General Internal Auditor / Fellow of the IIA SA / CRMA / C Prac (SA) / Risk Management Strategies in the Public Sector	8 (100%)
Dr Prittish Dala	1 Oct 2020 to 30 Sep 2023	PhD (Information Technology) / Masters (Information Technology) / BSc Hons (Computer Science) / Bachelor of Information Technology / CISA / CISM / CISSP / LA ISO / CGEIT / CRISC / CEH / CHFI / CDPSE	8 (100%)
Ms Sizo Mzizi	1 Oct 2020 to 30 Sep 2023	BCom Hons: Financial Management / BTech: Cost and Management Accounting / Post Graduate Diploma: Corporate Law / Post Graduate Certificate: Corporate Governance / Higher Diploma in Education / ACMA CGMA (CIMA) / ACG (ACGISA)	8 (100%)

NAME	TENURE	QUALIFICATIONS	MEETING ATTENDANCE
Mr Tom Blok	1 Nov 2021 to 31 Oct 2024	B Acc / B Acc (Honours) / B Comm (Honours) (Information Systems Management) / CA (SA) / Certified Director / CISA / CIA	6 (100%)

\* Dr D Singh's second term ended on 31 Oct 2021, and Mr M Burton was appointed as the chairperson from 1 Nov 2021.

Four ordinary and four special committee meetings were held during the year. The four special meetings were for the following purposes:

- Presentation on the 2020/21 Annual Financial Statements
- Presentation on Internal Audit's Review of the 2020/21 Annual Financial Statements
- 2020/21 Annual Progress Report on Corporate Performance and Performance of the City's Entities
- 2021/22 Internal Audit Adjustment Audit Plan
- 2022/23 Internal Audit Strategic Operational Audit Plan
- Combined Assurance and Governance Department's Three-Year Operational/Activities Plan for the Period 2022/23 to 2024/25

The meeting agendas are substantial and require diligent preparation by the committee members and all members participate in the meetings with the highest levels of commitment, integrity, and objectivity. The APAC meetings are attended by:

- Director: Combined Assurance and Governance and relevant staff;
- Chief Audit Executive and relevant staff;
- Mayco member: Finance;
- City Manager (or a representative of the Office of the City Manager);
- Members of the Executive Management Team (hereafter referred to as 'EMT');
- Other officials (as required); and
- Representative from the Auditor-General of South Africa (hereafter referred to as 'AGSA').

In addition to the planned meetings, the committee also meets quarterly with the City Manager and biannually with the Executive Mayor.

### AUDIT AND PERFORMANCE AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements and the requirements of Regulation 14 of the Municipal Planning and Performance Management Regulations.

The committee chairperson succinctly, openly, and honestly reported the committee's activities to Mayco and Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

The committee's Terms of Reference and Internal Audit's Charter were updated and approved by the Executive Mayor and members of Mayco during the year.

### REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements prior to submission to the AGSA (the City's external auditors) and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit.

# REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

## TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

Notwithstanding significant challenges during the year under review, the City has exhibited growth and efficacy, effective governance, increased accountability, and transparency resulting in an unqualified audit with no findings. We wish to congratulate management on an outstanding achievement. This could only have been done through continuous improvement and hard work. The challenge now is for management to maintain this 'clean' audit status into the future. This is a real example of Good Ethical Corporate Governance at work. We, the APAC, are proud to be part of this team.

### EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed Internal Audit's Annual Statement on Governance, Risk Management and Internal Control Processes within the City of Cape Town for the year ended 30 June 2022.

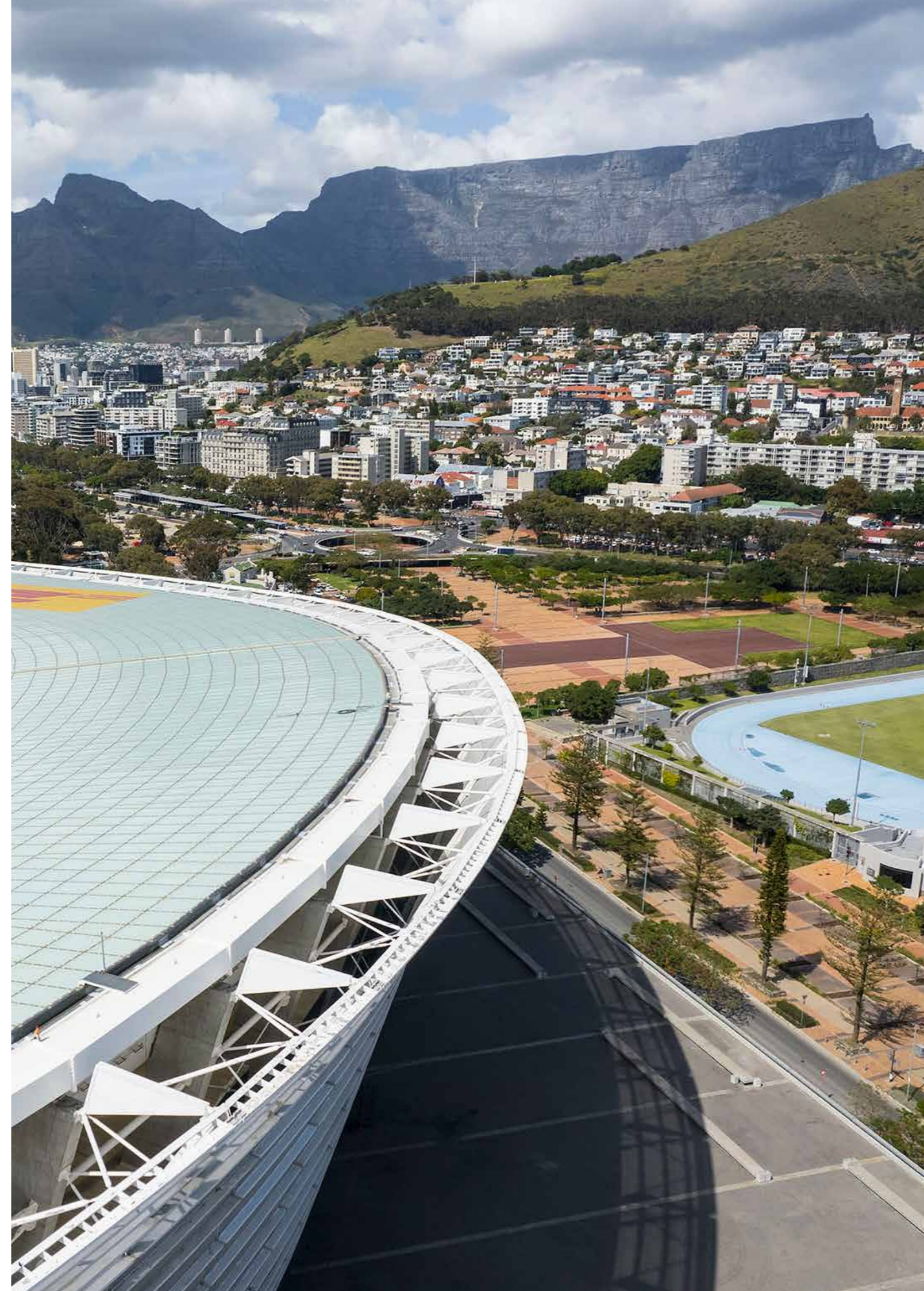
The Internal Audit Annual Statement concluded that some improvement is needed in the City. This is an ongoing iterative process of continuous improvement of implementation and maintenance of controls through assurance coverage in order to mitigate risk to within tolerance levels with the goal of meeting the City's strategic objectives. The committee is satisfied that while specific control weaknesses were identified, in general the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. There has been an improvement in the overall score, however, there is always room for continuous improvement across all the components of internal control.

The conclusion is, however, based on, and limited to, the available Internal Audit results throughout the 2021/22 financial year which were assessed in terms of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework. The COSO Internal Control - Integrated Framework was used as the reporting framework against which the audit results were applied to form an opinion on each of the COSO components, namely the control environment, risk assessment, control activities, information and communication, and monitoring activities. It should be noted that audits conducted differ from year to year, as it is dependent on the City's risk profile identified during the compilation of the annual risk-based audit plan. The impact of this is that the basis of comparatives used may differ as the City's risk profile may change from year to year.

The committee wishes to draw attention to the following areas flowing from the committee's activities during the year and the Annual Statement on Governance, Risk Management and Internal Control Processes and, while they were not the general rule, they did occur from time to time in certain areas:

- (a) Lack of policies and procedures and the inadequacy of existing policies and procedures;
- (b) Lack of management review, supervisory checks and oversight;
- (c) Lack of supporting evidence/information/records management processes;
- (d) Resource/capacity constraints and lack of skills;
- (e) Lack of communication/collaboration; and
- (f) Lack of monitoring activities.

While all of these areas require the necessary management attention, as the first line of defence in combined assurance, it is emphasised that none are serious enough to negatively impact the audit opinion, nor for the committee to raise a specific concern in this report with the City Manager, Council, the Executive Mayor or Mayo.



## RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit findings on follow-up audits show a 77% reduction in recurring findings, which is above the target of 75%. Follow-up audits are only done once management confirms that the recommendations have been implemented. APAC is, however, concerned that some findings statuses remain as not implemented by management and although there has been an increase since last year, it is marginal (2020/21: 76%). Internal Audit is following up on these with the objective of expediently clearing these matters.

Overall, the committee is satisfied with the quality and timing of management responses to the Internal Audit findings and agreed recommendations, which indicate a well-run city and an Internal Audit Department that is respected and valued. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. APAC is satisfied that management is appropriately balancing its commitment to delivery and enhancement.

## COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with the Director: Combined Assurance and Governance. The implementation and integration of combined assurance remains a work in progress and the committee regularly reviews developments in this area as part of its annual plan.

## INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the City Manager.

An annual internal quality assessment of Internal Audit was completed for the year under review. The result is that the Internal Audit activity "Generally Conforms" to the Institute of Internal Auditors' Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Standards and Code of Ethics, and conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. Although this is the highest standard of achievement offered, recommendations for continuous improvement were received during the assessment and will be assessed and implemented as appropriate. The APAC monitors progress against the implementation plan at the quarterly meetings.

## PERFORMANCE MANAGEMENT

The committee reviews the quarterly reports submitted by Internal Audit and the Organisational Performance Management Department (as required by Regulation 14 of the Municipal Planning and Performance Management Regulations). In reviewing the performance management system, the committee focuses on economy, efficiency, effectiveness and the impact of key performance indicators and performance targets set by the municipality, as well as the risk to the City if targets are not attained.

## RISK MANAGEMENT

The APAC chairperson (or nominee) regularly attends the RiskCo meetings.

The committee appreciates the focus on emerging risks especially the Citywide initiatives that continue to embed risk management processes in the City. RiskCo assists in promoting the understanding of the value of risk management through the strategic 'tone from the top' ethos, ongoing risk evaluation, and efforts to ensure cost-effective mitigation activities.

## GOVERNANCE AND ETHICS

The committee continues to monitor key Citywide governance interventions required, such as the communication and monitoring of the Ethics Branch, Office of the Ombudsman, and compliance reporting and receives quarterly feedback on forensic, legal, financial misconduct, ombudsman case management progress and ethics cases. These initiatives are continuously evolving and maturing. Ethics is also a key focus of the City and growing awareness and understanding of the ethics message were evident in the year under review.

## REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

### TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

On a quarterly basis the committee receives feedback on the activities of the Municipal Public Accounts Committee. The committee annually submits a report to the Municipal Public Accounts Committee as part of the annual report oversight process.

## DECLARATION OF INTERESTS' PROCESS: MONITORING AND REPORTING OF CITY EMPLOYEES' SUBMISSIONS

The Declaration of Interest submissions are managed through the Ethics Branch working in cooperation with the line departments and EMT and monitored through monthly reporting via the City Manager Dashboard process whereby the completion status, as well as areas of prioritisation that required EMT attention, was highlighted. The APAC monitors the submission status of the City employees' declarations of interest through biannual reporting from the Ethics Branch. The completion status for the 2021/22 financial year as at 30 June 2022 was 99,8% for level T14 and above, and 97% for level T13 and below. The number of SCM conflicted employees identified through the year was reduced to zero. The SCM conflicted list is provided by the SCM Department and is constantly monitored and followed up on a monthly basis by the Ethics Branch. The proactive following-up is to minimise/negate any AGSA findings at year-end.

## MUNICIPAL ENTITIES

The committee plays an oversight and advisory role for the municipal entities, with the minutes of the respective audit committees being reviewed at the APAC meetings. Two members of the APAC and the Director: Combined Assurance and Governance have been appointed to the audit committees of both entities.

## CONCLUSION

The committee is pleased with the continuing progress made by the City in improving and progressing in the areas outlined in this report.

The committee fully supports the City in implementing its vision and strategies, giving due consideration to the economic and social challenges facing the city and its residents. APAC is cognisant that sustainable service delivery in a vibrant, globally competitive and caring City must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to the management of the City, the AGSA and all the internal assurance providers, who assist the committee in performing its functions effectively and efficiently.

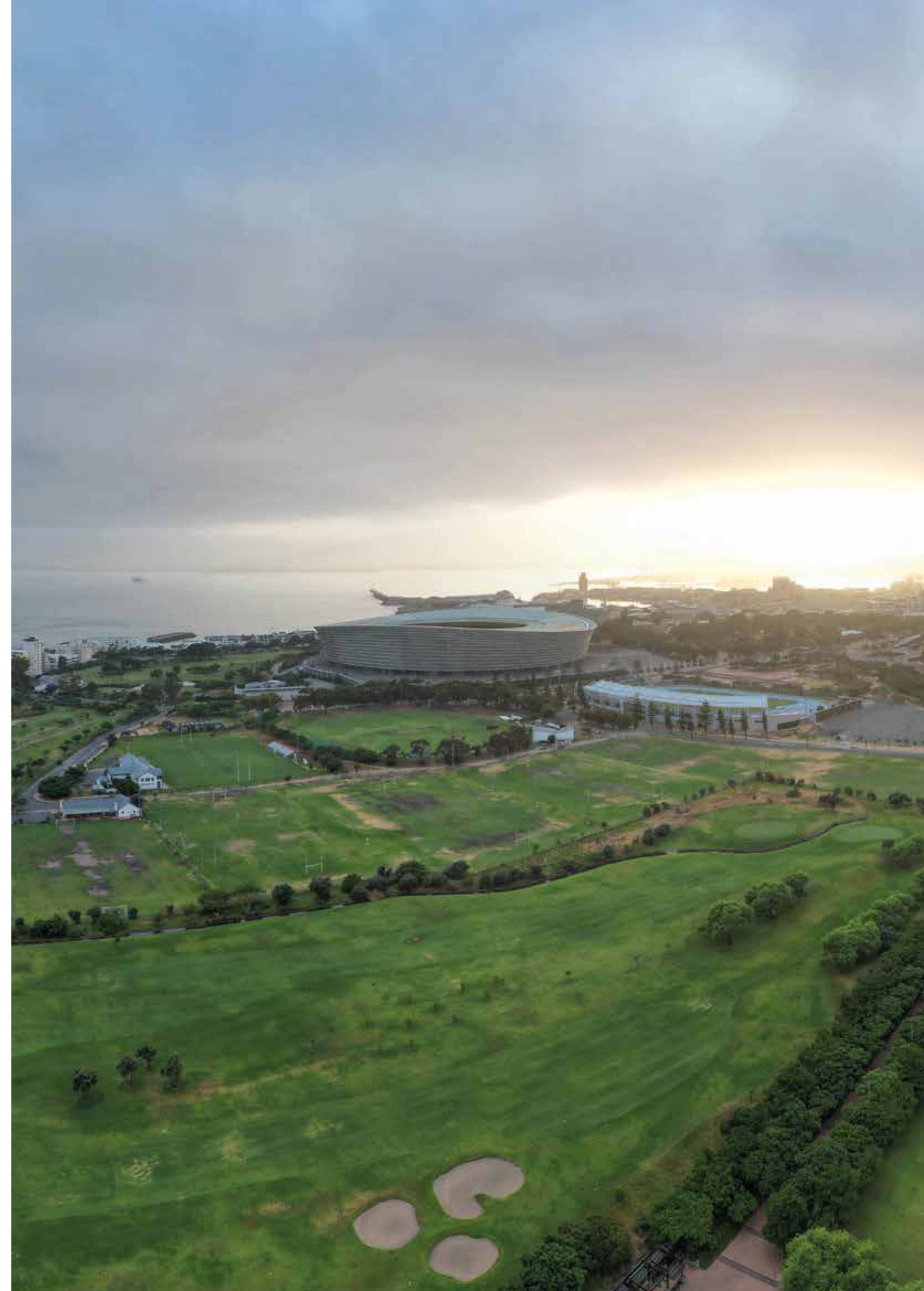


**Mervyn Burton**  
Chairperson: Audit and Performance Audit Committee  
Date: 30 November 2022

# GENERAL INFORMATION

AS AT 30 JUNE 2022

BANKERS	AUDITORS	REGISTERED OFFICE
Nedbank Limited 135 Rivonia Campus 135 Rivonia Road Sandown Sandton 2196  PO Box 1144 Johannesburg 2000	The Auditor-General of South Africa No 17 Park Lane Building Park Lane Century City 7441  Private Bag X1 Chempet 7442	City of Cape Town 12 Hertzog Boulevard Cape Town 8001  PO Box 655 Cape Town 8000



## COUNCIL MEMBERS OF THE CITY OF CAPE TOWN

Ald EP Andrews	Cllr DE Badela	Cllr S Frenchman
Ald R Arendse	Cllr ZA Badroodien	Cllr A Gabuza
Ald AJG Basson	Cllr UM Barends	Cllr M Gadeni
Ald PH Chapple	Cllr AM Benadie	Cllr GE Gordon
Ald GD Fourie	Cllr R Beneke	Cllr T Gqada
Ald G Hill-Lewis	Cllr M Booï	Cllr AJ Griesel
Ald BM Jacobs	Cllr PN Booï	Cllr NE Grose
Ald WD Jaftha	Cllr S Booysen	Cllr LA Gungxe
Ald C Jordaan	Cllr FR Botha-Rossouw	Cllr KW Gxasheka
Ald CR Justus	Cllr NA Botya	Cllr B Hansen
Ald ML Kempthorne	Cllr R Bresler	Cllr W Harris
Ald XT Limberg	Cllr CA Brynard	Cllr GCR Haskin
Ald E Linde	Cllr R Cameron	Cllr PG Helfrich
Ald S Moodley	Cllr R Cannon	Cllr A Hendricks
Ald ID Neilson	Cllr KR Carls	Cllr P Hendricks
Ald MJ Nieuwoudt	Cllr H Carstens	Cllr PC Heynes
Ald SB Pringle	Cllr A Cassiem	Cllr F Higham
Ald FA Purchase	Cllr MA Cassiem	Cllr T Jackson
Ald SJ Rossouw	Cllr CS Cerfontein	Cllr DG Jacobs
Ald J Smith	Cllr MN Chitha	Cllr HW Jacobs
Ald X Sotashe	Cllr DJ Christians	Cllr MR Jacobs
Ald TB Thompson	Cllr M Christians	Cllr PS Jacobson
Ald GG Twigg	Cllr K Christie	Cllr C Janse van Rensburg
Ald TA Uys	Cllr BR Clarke	Cllr E Jansen
Ald JFH van der Merwe	Cllr GJ Classen	Cllr GV Joachims
Ald A van der Rheeede	Cllr DG Cottee	Cllr M Joseph
Ald J Vos	Cllr J Cupido	Cllr N Jowell
Ald BRW Watkyns	Cllr M Dambuza	Cllr K Kama
Cllr MF Achmat	Cllr A Davids	Cllr AE Kay
Cllr A Adams	Cllr R Davids	Cllr MRH Kleinschmidt
Cllr A Adams	Cllr BAC de Beer	Cllr ME Kleinsmith
Cllr F Adams	Cllr VD de Vos	Cllr C Kobeni
Cllr R Adams	Cllr VPW de Vos	Cllr NF Kopman
Cllr Y Adams	Cllr X Diniso	Cllr AE Kuhl
Cllr M Adonis	Cllr SS Duka	Cllr E Langenhoven
Cllr N Adonis	Cllr PA East	Cllr A Lansdowne
Cllr FK Ah-Sing	Cllr AZMI Elyas	Cllr U Lasiti
Cllr WJ Akim	Cllr CJ Esau	Cllr TA le Goff
Cllr E Anstey	Cllr P Francke	Cllr SP Liell-Cock
Cllr SF August	Cllr C Franklin	Cllr AG Lightburn

## COUNCIL MEMBERS OF THE CITY OF CAPE TOWN (CONTINUED)

Cllr S Little	Cllr NC Mvinjelwa	Cllr MM Sibunzi
Cllr FP Lombard	Cllr PS Mzolisa	Cllr CC Siebritz
Cllr N Lombi	Cllr S Ndamane	Cllr L Simangweni
Cllr AC Louw	Cllr D Nelson	Cllr J Solomon
Cllr M Mabungani	Cllr B Ngcombolo	Cllr L Somdaka
Cllr EM Madikane	Cllr D Ngubelanga	Cllr NP Sono
Cllr BM Majingo	Cllr M Nikelo	Cllr LP Sonyoka
Cllr N Makasi	Cllr S Nodliwa	Cllr Z Sophazi
Cllr MS Makuwa	Cllr ML Nqavashe	Cllr KG Southgate
Cllr M Manuel	Cllr GF Ntamo	Cllr S Stacey
Cllr M Manuel	Cllr L Ntshuntshe	Cllr JN Stevens
Cllr BB Maqungwana	Cllr NA Ntshweza	Cllr N Stuurman
Cllr K Mare	Cllr A Ntsodo	Cllr NRE Sukers
Cllr GP Marias	Cllr T Nyamakazi	Cllr Z Sulelo
Cllr SG Markgraff	Cllr GD Paige	Cllr PS Swart
Cllr PI Marman	Cllr BL Payiya	Cllr S Taliep
Cllr MJ Marr	Cllr GC Peck	Cllr PP Tause
Cllr L Martin	Cllr XG Peter	Cllr M Temlett
Cllr J Martlow	Cllr MJ Petersen	Cllr HP Terblanche
Cllr DZ Masiu	Cllr L Phakade	Cllr A Tetani
Cllr V Matanzima	Cllr S Philander	Cllr SC Thompson
Cllr N Matutu	Cllr TI Pimpi	Cllr G Timm
Cllr LH Max	Cllr A Plaatjies	Cllr NV Tyandela
Cllr P Maxiti	Cllr CJ Pophaim	Cllr B van der Merwe
Cllr L Mazwi	Cllr A Potts	Cllr PE van der Ross
Cllr S Mbandezi	Cllr CB Punt	Cllr B van Reenen
Cllr LN Mbiza	Cllr ZL Qoba	Cllr A van Zyl
Cllr N McFarlane	Cllr RM Quintas	Cllr R Viljoen
Cllr AP McKenzie	Cllr MH Raise	Cllr DA Visagie
Cllr IP McMahon	Cllr N Rheeder	Cllr CL Visser
Cllr B Mei	Cllr A Richards	Cllr J Visser
Cllr TM Mjuza	Cllr S Rigby	Cllr FC Walker
Cllr MA Mkutswana	Cllr S Salie	Cllr CMK Wannenburg
Cllr Y Mohamed	Cllr MJ Sampson	Cllr N Williams
Cllr AC Moses	Cllr N Satarien	Cllr JJ Witbooi
Cllr T Mpengezi	Cllr FA Sauls	Cllr J Woodman
Cllr LM Mqina	Cllr E Sawant	Cllr B Yeko

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr NM Bolitye	12/07/2021	Cllr MK Bafo	08/11/2021
Cllr G Classen	03/08/2021	Cllr S Batala	08/11/2021
Cllr N Sono	21/09/2021	Cllr TM Batembu	08/11/2021
Ald GW March	28/09/2021	Ald R Bazier	08/11/2021
Ald A Abrahams	08/11/2021	Cllr CB Bew	08/11/2021

In the course of the reporting period, the following councillors ceased to be political office-bearers (continued):

Cllr FL Abrahams	08/11/2021	Cllr EN Brunette	08/11/2021
Cllr MR Abrahams	08/11/2021	Cllr MF Cassim	08/11/2021
Cllr ZC Adonis	08/11/2021	Ald GV Cavanagh	08/11/2021
Cllr SA Cottle	08/11/2021	Cllr BP Ngcani	08/11/2021
Cllr AC Crous	08/11/2021	Cllr MWN Ngeyi	08/11/2021
Cllr T Dasa	08/11/2021	Cllr PM Ngqu	08/11/2021
Cllr MM Davids	08/11/2021	Cllr XW Ngwekazi	08/11/2021
Cllr WB Dzulane	08/11/2021	Cllr SG Ngxumza	08/11/2021
Cllr WP Doman	08/11/2021	Cllr FM Nkuzana	08/11/2021
Cllr DK Dudley	08/11/2021	Cllr X Nofemele	08/11/2021
Cllr JP Fitz	08/11/2021	Cllr S Nonkeyizana	08/11/2021
Cllr CM Fry	08/11/2021	Cllr SN Nqabeni Moloto	08/11/2021
Cllr BC Golding	08/11/2021	Cllr M Nqulwana	08/11/2021
Cllr CD Groenewoud	08/11/2021	Cllr P Nyakaza-Sandla	08/11/2021
Cllr ND Hlangisa	08/11/2021	Cllr L Nyingwa	08/11/2021
Cllr MW Hlazo	08/11/2021	Cllr SF Oerson	08/11/2021
Cllr TT Honono	08/11/2021	Cllr MP Pietersen	08/11/2021
Cllr VR Isaacs	08/11/2021	Cllr YM Plaatjie	08/11/2021
Cllr IR Iversen	08/11/2021	Cllr X Qwesha	08/11/2021
Cllr L Jali	08/11/2021	Cllr B Rass	08/11/2021
Cllr S John	08/11/2021	Cllr FHL Raymond	08/11/2021
Cllr DM Khatshwa	08/11/2021	Cllr T Sakathi	08/11/2021
Cllr AL Komeni	08/11/2021	Cllr RZ Simbeku	08/11/2021
Cllr GPG Kriel	08/11/2021	Cllr RS Simons	08/11/2021
Cllr MD Kumeke	08/11/2021	Cllr AJ Skippers	08/11/2021
Ald NJ Landingwe	08/11/2021	Cllr OK Solomons	08/11/2021
Cllr BC Madikane	08/11/2021	Cllr EAJ Theron	08/11/2021
Cllr NG Mahangu	08/11/2021	Cllr ML van der Walt	08/11/2021
Cllr N Mahlali	08/11/2021	Cllr M Velem	08/11/2021
Cllr LC Makeleni	08/11/2021	Cllr PP Vokwana	08/11/2021
Cllr SK Manata	08/11/2021	Cllr ST Vuba	08/11/2021
Cllr V Matanzima	08/11/2021	Cllr N Xamle	08/11/2021
Cllr JJ Maxheke	08/11/2021	Cllr SK Yozi	08/11/2021
Cllr JS Mbolompo	08/11/2021	Cllr LG Zondani	08/11/2021
Cllr NV Mbombo	08/11/2021	Cllr AK Matthews	24/11/2021
Cllr CN Mdleleni	08/11/2021	Cllr DDJ Newman-Valentine	25/11/2021
Cllr SS Mfecane	08/11/2021	Cllr RF Solomons	25/11/2021
Cllr NE Mgolombane	08/11/2021	Cllr JL Miller	29/11/2021
Cllr JH Middleton	08/11/2021	Cllr UE Ntame	29/11/2021
Cllr PM Mngxunyeni	08/11/2021	Cllr MW Rountree	15/12/2021
Cllr NA Moshani	08/11/2021	Ald DM Plato	17/01/2022
Cllr S Mzobe	08/11/2021	Cllr F Essack	11/05/2022
Cllr N Ndaleni/Nikelo	08/11/2021	Cllr MM Sibunzi	20/05/2022
Cllr AX Ndongeni	08/11/2021	Cllr TM Geoghegan	20/06/2022
Cllr K Nethi	08/11/2021		

## FINANCIAL STATEMENTS AND POLICIES

### SIGNIFICANT ACCOUNTING POLICIES

#### FOR THE YEAR ENDED 30 JUNE 2022

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below.

#### BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with section 122(3) of the Local Government: Municipal Finance Management Act 56 of 2003.

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The Entity has adopted Directive 5, as issued by the ASB, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors", read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

#### GOING-CONCERN ASSUMPTION

These consolidated financial statements have been prepared based on a going-concern basis.

#### OFFSETTING

Assets and liabilities as well as revenue and expenses, are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

#### FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

#### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.



## SIGNIFICANT ACCOUNTING POLICIES

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

#### GOING CONCERN

Included in management's assessment of the City's going-concern status are:

- key financial metrics;
- the impact of the Covid-19 pandemic;
- the general economic conditions and forecast;
- approved medium-term budgets; and
- the City's dependency on grants from National Government and the Western Cape Provincial Government (hereinafter "Province").

The National State of Disaster regulations promulgated to combat the Covid-19 pandemic, particularly the nationwide restrictions on spectator attendance at large events and gatherings, had a negative impact on the normal business operations of the Cape Town International Convention Centre Company (RF) SOC Ltd (CTICC) and the Cape Town Stadium (RF) SOC Ltd (CTS). As both entities are events-driven, the regulations significantly affected their cash-generating abilities. The gradual relaxation of the restrictions as the year progressed, with government finally removing all Covid-19-related restrictions in June 2022, resulted in significant improvements in business activities for these entities in the latter part of the year.

The R200 million investment in the CTICC has been extended to 30 June 2024. The City approved this investment to fund the CTICC's cash shortfall by means of the new class C ordinary shares, which are to be taken up as and when the CTICC requires the funding for its cash flow needs. To date, the CTICC has utilised only R51 million of the approved funding, as an increase in business levels with the relaxation and ultimate removal of the Covid-19 restrictions has enabled the entity to fund its own operations. The CTS operations, in turn, are funded by the City in terms of a service delivery agreement based on its approved budget, which contributes to the CTS operational sustainability.

Based on all of the above, management has concluded that the going-concern assumption used in the compiling of its financial statements is appropriate.

#### MATERIALITY

Materiality is judged according to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence users' decisions based on these audited annual financial statements.

In preparing of the audited annual financial statements, materiality has been considered in:

- deciding what to report in the audited annual financial statements and how to present it; and
- assessing the effect of omissions, misstatements and errors on the audited annual financial statements.

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof, have been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events) and serve as a margin of error or framework within which to assess misstatements and errors.

#### THRESHOLD FOR BUDGET INFORMATION

Variances between budget and actual amounts are regarded as material when the variance is;

- 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
- 5% or greater in capital expenditure.

All material differences are explained in note 38 to these consolidated financial statements.



## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

#### MATERIALITY (CONTINUED)

##### QUALITATIVE THRESHOLDS

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

- if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation;
- if they constitute related-party transactions;
- depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- if they are likely to result in a change in accounting policy;
- if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- depending on the degree of estimation or judgement required to determine their value, and
- if they affect the going-concern assumption of the City.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

##### QUANTITATIVE THRESHOLDS

Quantitative materiality refers to the monetary value of items, transactions or events that are likely to influence users' decisions.

The quantitative materiality per transaction class for the year is as follows:

CLASS OF TRANSACTIONS	LEVEL OF MATERIALITY (R'000)
Revenue	262 344
Expenditure	256 189
Non-current assets	316 622
Current assets	81 223
Non-current liabilities	68 950
Current liabilities	47 165

The materiality calculation is based on the final approved 2021/22 adjustments budget of January 2022 for all classes of transactions.

Based on professional judgement, the overall quantitative value of materiality for the 2021/22 financial year is set at R250 million.

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

#### PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### IMPAIRMENT OF RECEIVABLES

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment, considering factors such as socioeconomic conditions, type of customer, the default period and service-specific payment histories.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

#### INVENTORY

The City regards water as inventory at the point where it enters the City's purification network. However, raw water in dams and aquifers is not regarded as inventory, as it is not under the City's control. Control is demonstrated by an entity's ability to access and regulate the benefits of an asset. In terms of these natural occurring resources, the City does not have control under all circumstances.

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

As part of the impairment calculation of the CTICC building and asset under construction, management has estimated the recoverable amount by calculating the value-in-use of the cash-generating unit to which the asset belongs. In arriving at the value-in-use, management has had to make significant assumptions regarding expected future cash flows and discount rates, which are disclosed in note 2.

#### SIGNIFICANT DELAYS IN ASSETS UNDER CONSTRUCTION

The Entity regards delays in assets under construction of more than one year as significant.

#### RESIDUAL VALUE OF PROPERTY, PLANT AND EQUIPMENT

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

#### USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

#### CAPITAL COMMITMENTS APPROVED AND CONTRACTED FOR CAPITAL EXPENDITURE

Capital commitments represent future capital expenditure, exclusive of VAT. The City is obligated to spend these amounts due to signed contracts with suppliers.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

#### MATERIAL LOSSES

Material losses are losses that occur due to factors other than normal production, and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

#### PROVISIONS AND CONTINGENT LIABILITIES

Management's judgement is required in recognising and measuring provisions, as well as measuring contingent liabilities, as set out in notes 13 and 35 respectively. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted where the effect of discounting is material.

Provision for the rehabilitation of landfill sites is determined based on the advice and judgment of qualified engineers. The valuation of the rehabilitation and post-monitoring costs involves making assumptions about discount rates, expected useful lives of the landfill sites, rehabilitation and post-monitoring periods, and future inflation increases. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty.

#### CASH AND NON-CASH-GENERATING ASSETS

The City is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff, although net positive cash inflows are achieved from electricity service charges. During the current year, the City acquired an investment in an associate in which it holds significant influence. This has been designated as a cash-generating unit in terms of the City's impairment considerations.

Management has determined that only the City's electricity assets and its investment in the associate meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all other City assets.

The CTICC and CTS consider cash-generating assets to be those assets used to host events, being both companies' core revenue stream.

#### PRINCIPAL-AGENT ARRANGEMENTS

Management's judgement is required in determining whether it has entered into a principal-agent arrangement, as set out in note 36. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

The assessment of whether an entity is a principal or an agent requires the entity to evaluate the rights and obligations of all parties to each binding arrangement so as to establish whether the transactions it undertakes with third parties are for the benefit of another entity or for its own.

## USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

### SEGMENT REPORTING

In applying GRAP 18 segment reporting, management makes judgements with regard to the identification of reportable segments, as well as regarding what constitutes segment results. This enables users to evaluate the nature and financial effects of the activities in which the segment engages, and the economic environments in which it operates.

### CONTROLLED ENTITIES

Management's judgement is required to determine whether it controls another entity. An entity controls another entity if, and only if, the entity has:

- power over the other entity; and
- exposure, or rights, to variable benefits from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with such other entity.

Power over the CTICC and CTS is obtained through voting rights based on the City's shares in these two entities. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction is considered when assessing whether the City has power over these entities.

The City is exposed, or has rights, to variable benefits from its involvement with the CTICC and CTS by way of increases or decreases in the value of its investment in these entities, and in return on investment, such as dividends or other distributions.

The City's voting rights enable it to affect the nature and amount of its benefits through voting at shareholder meetings, and, therefore, the City controls the CTICC and CTS.

Management has concluded that the proportion of ownership interests held in the controlled entities equals the voting rights held by the City. None of the controlled entities have non-controlling interests that are material to the City.

### ADOPTION OF NEW AND REVISED STANDARDS

#### STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

There are no new GRAP standards that are applicable and effective in the current year.

#### STANDARDS, GUIDELINES AND INTERPRETATIONS ADOPTED EARLY

The Entity has not early-adopted any GRAP standard that is not yet effective. The following guidelines are not yet effective or are not authoritative, but have been utilised to formulate the Entity's accounting policies since 2018/19:

- Guideline on Accounting for Landfill Sites
- Guideline on the Application of Materiality in Financial Statements

#### STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

At the date of submission of these financial statements, the following approved standards of GRAP and amendments to the standards of GRAP had been issued, but were not yet effective.

#### ANNUAL PERIODS COMMENCING ON OR AFTER 1 APRIL 2023

- Amendments to GRAP 1 on Presentation of Financial Statements
- Improvements to Standards of GRAP (2020)
- IGRAP 21 on the Effect of Past Decisions on Materiality

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

#### STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE (CONTINUED)

##### ANNUAL PERIODS COMMENCING ON OR AFTER 1 APRIL 2023 (CONTINUED)

The purpose of the amendments and improvements to the standards of GRAP is to better align with recent international developments. The amendments ensure the availability of optimal information on which to base decisions about financial assets and their recoverability, and also result in more transparent information on financial liabilities.

IGRAP 21 explains the implications of adopting accounting policies for material items based on the standards of GRAP, as well as applying alternative accounting treatments for immaterial items. It establishes the principle that adopting materiality and applying alternative accounting treatments are not in themselves errors or departures from the standards of GRAP. It further clarifies instances where errors may occur in applying materiality, and the circumstances that may lead to such errors.

##### ANNUAL PERIODS COMMENCING ON OR AFTER 1 APRIL 2025

###### GRAP 104 on Financial Instruments

GRAP 104 was revised in 2021 so as to align with IPSAS 41 on Financial Instruments and IFRS 9 on Financial Instruments. IFRS 9 has substantially revised the way in which financial instruments are classified, how amortised cost is determined, and how and when financial assets are assessed for impairment, and has also overhauled the requirements for hedge accounting. The transitional provisions require adoption of the revised GRAP 104 standard in its entirety. Partial or incremental adoption is not permitted.

###### NO EFFECTIVE DATE

###### GRAP 25 on Employee Benefits

GRAP 25 was revised in 2021 so as to align with IPSAS 39. Areas where GRAP 25 departs from the requirements of IPSAS 39 are explained in the basis for conclusions. The amendments to GRAP 25 are extensive and mostly affect the accounting for defined-benefit plans.

Management has considered all of the abovementioned GRAP standards issued, but not yet effective, and does not anticipate the adoption of these standards to have a significant impact on the City's financial position, financial performance or cash flows.

## CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the controlling entity (City of Cape Town) and both its controlled entities (CTICC and CTS), presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

## CONTROLLED ENTITIES

Controlled entities are entities controlled by the Entity. Controlled entities are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

## CONSOLIDATION (CONTINUED)

### CONTROLLED ENTITIES (CONTINUED)

All intra-economic-entity transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the economic entity are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a controlled entity are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in controlled entities are stated at cost less impairment losses in the separate financial statements of the Entity, with intra-economic-entity investments eliminated on consolidation.

### INVESTMENT IN ASSOCIATE

An associate is an entity over which the City has significant influence and that is neither a controlled entity nor an interest in a joint venture. Investment in an associate is accounted for by using the equity method from the date on which the entity in which the investment is made becomes an associate of the City. The investment is initially recognised at cost and is then increased or decreased to recognise the City's share of the accumulated surplus or deficit generated subsequent to acquisition.

After application of the equity method, including recognising the associate's losses, the City determines whether it is necessary to recognise any additional impairment loss in respect of the City's net investment in an associate.

### SIGNIFICANT INFLUENCE

Management's judgement is required to determine whether the City holds significant influence over another entity. 'Significant influence' is the power to participate in the financial and operating policy decisions of the investee, yet without having control or joint control over those policies.

There is a rebuttable presumption that a shareholding in excess of 20%, but less than 50%, gives rise to significant influence. Management has concluded that the proportion of ownership interest held in the associate equals the voting rights held by the City.

### IMPAIRMENT OF INVESTMENT IN ASSOCIATE

At each reporting date, the Entity assesses whether there is any indication that the investment in the associate may be impaired. This assessment is based on the difference between the carrying amount of the investment and the recoverable amount. The recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.

## HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

### HOUSING DEVELOPMENT FUND

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### HOUSING FUNDS (CONTINUED)

#### UNREALISED HOUSING PROCEEDS

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

### RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

#### CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

### INSURANCE RESERVES

#### SELF-INSURANCE RESERVE

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

#### COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID) RESERVE

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the City to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

### DEPRECIATION RATES

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
<b>Housing</b>	30	Specialised vehicles	10-20
		Library books	1
<b>Community</b>		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Living resources	5-12
		Service concession	3-50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

A living resource is a living animal that the City uses to deliver a mandated service.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

### HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

### INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

### INTANGIBLE ASSETS (CONTINUED)

#### AMORTISATION RATES

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes, in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	YEARS
Acquisition of rights	8
Computer software	5-10

#### IMPAIRMENT OF NON-CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service unit approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

#### IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the Entity assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Entity estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value-in-use.

The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.

#### RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Entity recognises a liability only to the extent required by the standards of GRAP.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

#### RECOGNITION AND MEASUREMENT (INDIVIDUAL ASSET) (CONTINUED)

At each reporting date, a municipality assesses whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If so, the recoverable amounts of those assets are estimated. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Impairment losses on financial assets measured at cost shall not be reversed.

### COMPOSITION OF ESTIMATES OF FUTURE CASH FLOWS

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the Entity expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

### DISCOUNT RATE

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have been adjusted.

### CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### INVENTORIES

Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value. Where they are held for distribution or consumption at no charge, or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

### INVENTORIES (CONTINUED)

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values or current replacement cost according to their age, condition and utility. Differences arising in the measurement of such inventories at the lower of cost and net realisable value or current replacement cost are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories is recognised as an expense in the period during which the inventories are consumed, sold, distributed or written off, unless the cost qualifies for capitalisation to the cost of another asset.

### TAXATION

Taxation on the profit or loss for the year consists of current and deferred taxation. Taxation is recognised in surplus or deficit.

Deferred taxation is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their tax base, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affected neither accounting profit nor taxable surplus/deficit. The amount of deferred taxation provided is measured at the tax rates expected to apply to the period when the asset is released or the liability is settled, based on the tax rates/laws enacted or substantively enacted by the end of the reporting date.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences may be utilised. A deferred taxation asset is reduced as the realisation of the tax benefit becomes no longer probable.

### GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

### PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

### ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### ENVIRONMENTAL REHABILITATION PROVISIONS (CONTINUED)

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

### EMPLOYEE BENEFITS

#### RETIREMENT BENEFIT PLANS

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

#### POST-RETIREMENT MEDICAL AID: CONTINUED MEMBERS

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants after retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme. These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

### EMPLOYEE BENEFITS (CONTINUED)

#### POST-RETIREMENT MEDICAL AID: CONTINUED MEMBERS (CONTINUED)

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

#### SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

### FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value, as appropriate on initial recognition.

Standard of GRAP 108 on statutory receivables does not require disclosure of the risk associated with these transactions. In the absence of such a requirement, the Entity has based its disclosure on standard of GRAP 104, which deals with financial instruments. The risk exposure for these transactions is disclosed under a separate category, "Statutory assets", in note 1 to these financial statements.

#### NON-DERIVATIVE FINANCIAL ASSETS

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

#### INVESTMENTS AT FAIR VALUE

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

#### INVESTMENTS AT AMORTISED COST

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

#### INVESTMENTS AT COST

The City elected in its separate financial statements to account for its investments in controlled entities and associates as financial instruments.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The impairment assessment is based on the difference between the carrying amount of the investment and the present value of the estimated future cash flows, discounted at the current market rate of return. In arriving at the estimated future cash flows, management made significant assumptions regarding future cash flows.



## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### FINANCIAL INSTRUMENTS (CONTINUED)

#### NON-DERIVATIVE FINANCIAL ASSETS (CONTINUED)

##### INVESTMENTS AT COST (CONTINUED)

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

#### NON-DERIVATIVE FINANCIAL LIABILITIES

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

#### DERIVATIVE FINANCIAL INSTRUMENTS

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss, as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and any changes are recognised in profit or loss.

### PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

### RECEIVABLES

Receivables that arise from contractual rights are classified as contractual receivables, while receivables that arise from the operation of law are classified as statutory receivables.

Contractual receivables are initially recognised at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at the transaction amount of the corresponding exchange or non-exchange revenue transaction, and are subsequently measured at cost.

Included in the contractual receivables from exchange transactions, specifically water, waste management and wastewater management, are receivables from availability charges that should be presented as contractual receivables from non-exchange receivables. However, it is impracticable for the City to comply with this classification requirement, as its accounting system does not distinguish receivables in this way, and the cost to develop this functionality would be excessive. The City assessed the possibility to estimate these amounts, but found it impossible to provide a reliable estimate due to a lack of objective information. The revenue related to these receivables has been correctly split between exchange and non-exchange service charges in note 19.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

### RECEIVABLES (CONTINUED)

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.

### BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

### REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Province, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

#### REVENUE FROM EXCHANGE TRANSACTIONS

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor "Unspent conditional grants and receipts" if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Income for agency services, where the Entity acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### REVENUE RECOGNITION (CONTINUED)

#### REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED)

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

#### REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions where the Entity received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue. Revenue from traffic fines is recognised when the fine is issued.

Revenue from traffic fines is recognised on the date of the offence.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

## CONSTRUCTION CONTRACTS

### ARRANGEMENTS UNDERTAKEN IN TERMS OF THE NATIONAL HOUSING PROGRAMME

In March 2021, the City received level-two accreditation under the National Housing Code for its participation in the National Housing Programme. This accreditation now means that the City serves as a project developer in terms of arrangements relating to the construction and transfer of houses to the beneficiaries of the National Housing Programme.

Grants received to implement the National Housing Programme are recognised as contract revenue.

Contract revenue comprises:

- a) the initial amount of revenue agreed in the contract; and
- b) variations in contract work, claims and incentive payments to the extent that:
  - i) it is probable that they will result in revenue; and
  - ii) they are capable of being reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

## CONSTRUCTION CONTRACTS (CONTINUED)

### ARRANGEMENTS UNDERTAKEN IN TERMS OF THE NATIONAL HOUSING PROGRAMME (CONTINUED)

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised as revenue based on the stage of completion of the contract activity at the reporting date. The stage of completion is assessed with reference to a review of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs that have been incurred and are likely to be recoverable.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- a) total contract revenue, if any, can be measured reliably; and
- b) it is probable that the economic benefits or service potential associated with the contract will flow to the Entity; and
- c) both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Costs incurred to implement the National Housing Programme are expensed as contract costs. Contract costs comprise:

- a) costs that relate directly to the specific contract;
- b) costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs include the costs attributable to a contract from the date of securing the contract up to its final completion. Costs that cannot be attributed to contract activity or be allocated to a contract are excluded from the costs of a construction contract. Such costs include:

- a) general administration costs for which reimbursement is not specified in the contract;
- b) selling costs;
- c) research and development costs for which reimbursement is not specified in the contract; and
- d) depreciation of idle plant and equipment that is not used on a particular contract.

As with contract revenue, contract costs are recognised as expenses when the outcome of a construction contract can be estimated reliably, based on the stage of completion of the contract activity at the reporting date.

### OTHER TRANSACTIONS RELATING TO HOUSING ARRANGEMENTS

Other transactions may also arise from the housing arrangements. These may fall within the ambit of GRAP 11: Construction Contracts, GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-Exchange Transactions, or GRAP 109: Accounting by Principals and Agents.

- Income from grants pertaining to the planning and construction of civil services for a project is considered to be grants and subsidies in terms of GRAP 23: Revenue from Non-Exchange transactions.
- Receipts directly attributable to the administration of beneficiaries are accounted for under operational revenue as housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Accounting by Principals and Agents, which implies that the City is regarded as an agent.

## SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2022

### LEASES

#### THE ENTITY AS LESSEE

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

#### THE ENTITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

### GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

### BORROWING COSTS

Borrowing costs are recognised as an expense in the period during which they are incurred.

### UNAUTHORISED, IRREGULAR, AND FRUITLESS AND WASTEFUL EXPENDITURE

Unauthorised, irregular, and fruitless and wasteful expenditure is accounted for as a capital or an operating expense in the financial statements and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenses are disclosed in note 41.

### SERVICES IN KIND

Services in kind are not recognised as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 21.

### RELATED PARTIES

A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

## SEGMENT REPORTING

### BASIS FOR SEGMENTATION

The City is a complex metropolitan municipality with a wide variety of goods and services managed by various business units. Operations are structured to achieve optimum service delivery, and the City produces various reports in which its activities are presented in a number of ways.

Segments were identified based on the Municipal Finance Management Act section 71 monthly budget statements, which executive management and Council review to make strategic decisions and monitor segment performance. The disclosure of information about segments in the budget statements is organised around the type of service delivered, and is presented in a standardised format. As such, it is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes where management considers the economic characteristics and nature of services as sufficiently similar to warrant aggregation. The components of each aggregated segment are explained under the description of segment operations.

Reportable segments are identified based on activities of the Entity that generate economic benefits or service potential, including internal services that contribute to achieving the Entity's objectives without necessarily generating net cash inflows.

### ACCOUNTING POLICY AND MEASUREMENT BASIS

The accounting policies of the reportable segments are the same as the Entity's accounting policies.

Intersegment pricing is determined on an arm's-length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the "Inter-segment offsetting" column of the segment report.

### GEOGRAPHIC INFORMATION

All the Entity's operations are located in the Republic of South Africa, in the Cape Town area. Information to report on different geographic areas is not available, and the cost to develop this functionality would be excessive.



# STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated <sup>1</sup> 2021	2022	Restated <sup>1</sup> 2021
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>63 740 495</b>	<b>60 935 861</b>	<b>63 475 894</b>	<b>60 640 764</b>
Property, plant and equipment	2	55 859 317	53 180 741	55 427 040	52 846 552
Heritage assets	3	10 268	10 268	10 268	10 268
Investment property	4	577 820	579 534	577 820	579 534
Intangible assets	5	626 733	629 285	621 600	624 635
Investments	6	6 509 989	6 352 701	6 837 924	6 573 136
Investment in associate	39.1	28 033	-	-	-
Long-term receivables	7	1 242	6 639	1 242	6 639
Deferred taxation	32.1	127 093	176 693	-	-
<b>Current assets</b>		<b>18 501 143</b>	<b>18 122 654</b>	<b>18 389 398</b>	<b>18 039 300</b>
Inventory	8	432 192	469 154	430 223	467 065
Receivables	9	6 962 230	6 613 049	6 908 628	6 554 666
From non-exchange transactions		2 683 262	2 885 850	2 685 570	2 883 429
From exchange transactions		4 278 968	3 727 199	4 223 058	3 671 237
Investments	6	2 746 207	2 883 869	2 746 207	2 883 869
Value-added tax	17	5 209	-	5 951	-
Taxation		663	663	-	-
Current portion of long-term receivables	7	3 246	7 600	3 246	7 600
Cash and cash equivalents	10	8 351 396	8 148 319	8 295 143	8 126 100
<b>TOTAL ASSETS</b>		<b>82 241 638</b>	<b>79 058 515</b>	<b>81 865 292</b>	<b>78 680 064</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>		<b>12 651 891</b>	<b>13 662 335</b>	<b>12 651 891</b>	<b>13 662 335</b>
Borrowings	11	5 220 709	6 547 823	5 220 709	6 547 823
Provisions	13	7 431 182	7 114 512	7 431 182	7 114 512
<b>Current liabilities</b>		<b>11 301 608</b>	<b>9 991 457</b>	<b>11 192 700</b>	<b>9 900 213</b>
Deposits	14	564 502	508 252	487 878	439 775
Provisions	13	1 692 258	1 572 671	1 692 258	1 572 671
Payables from exchange transactions	15	6 840 388	6 266 547	6 808 104	6 244 318
Unspent conditional grants and receipts	16	777 984	1 116 830	777 984	1 116 830
Value-added tax	17	-	86 918	-	86 380
Current portion of borrowings	11	1 426 476	440 239	1 426 476	440 239
<b>TOTAL LIABILITIES</b>		<b>23 953 499</b>	<b>23 653 792</b>	<b>23 844 591</b>	<b>23 562 548</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>		<b>58 288 139</b>	<b>55 404 723</b>	<b>58 020 701</b>	<b>55 117 516</b>
Housing development fund	18	312 820	421 203	312 820	421 203
Reserves		5 067 995	5 077 328	5 067 995	5 077 328
Accumulated surplus		52 625 049	49 633 643	52 639 886	49 618 985
Non-controlling interest		282 275	272 549	-	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>82 241 638</b>	<b>79 058 515</b>	<b>81 865 292</b>	<b>78 680 064</b>

<sup>1</sup> See note 37 for more details.

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated <sup>1</sup> 2021	2022	Restated <sup>1</sup> 2021
<b>REVENUE</b>					
<b>Exchange revenue</b>		<b>26 033 423</b>	<b>23 087 278</b>	<b>25 966 291</b>	<b>23 075 745</b>
Service charges	19	23 526 346	20 756 309	23 526 030	20 766 811
Rental of letting stock and facilities		454 881	352 814	382 647	329 575
Finance income	20	1 249 562	1 221 202	1 247 922	1 217 275
Licences and permits		40 010	39 181	40 010	39 181
Agency services		262 094	270 810	262 094	270 810
Other income	21	428 467	383 048	407 401	388 179
Gains on disposal of property, plant and equipment		72 063	63 914	100 187	63 914
<b>Non-exchange revenue</b>		<b>22 799 577</b>	<b>21 993 996</b>	<b>22 799 432</b>	<b>21 999 818</b>
Service charges	19	35 778	33 128	35 778	33 128
Finance income	20	99 174	134 185	99 174	134 185
Other income	21	293 385	270 239	293 385	270 239
Property rates	22	10 358 888	9 999 209	10 358 743	10 005 031
Fuel levy		2 608 900	2 594 971	2 608 900	2 594 971
Fines, penalties and forfeits		1 926 090	1 571 763	1 926 090	1 571 763
Government grants and subsidies	23	7 181 249	7 003 574	7 181 249	7 003 574
Construction contracts	24	282 031	250 308	282 031	250 308
Public contributions	25	14 082	136 619	14 082	136 619
<b>TOTAL REVENUE</b>		<b>48 833 000</b>	<b>45 081 274</b>	<b>48 765 723</b>	<b>45 075 563</b>
<b>EXPENDITURE</b>					
Employee-related costs	26	15 309 791	15 179 402	15 253 889	15 109 022
Remuneration of councillors and board members	39.2.2.1	158 411	159 272	157 473	158 089
Impairment costs	27	2 745 381	2 994 130	2 873 178	2 971 887
Collection costs		213 232	197 733	211 862	197 733
Depreciation and amortisation expenses <sup>2</sup>	2,4,5	3 065 552	2 887 634	3 026 161	2 833 027
Finance costs	28	771 626	818 801	771 626	818 801
Bulk purchases	29	11 839 509	10 147 766	11 839 509	10 147 766
Contracted services	30	2 897 455	2 605 108	2 887 360	2 596 756
Grants and subsidies paid		325 443	256 155	367 358	321 394
General expenses	31	8 567 977	8 093 147	8 468 858	8 002 845
Losses on disposal of property, plant and equipment		5 264	2 940	5 264	2 940
<b>TOTAL EXPENDITURE</b>		<b>45 899 641</b>	<b>43 342 088</b>	<b>45 862 538</b>	<b>43 160 260</b>
<b>NET SURPLUS FROM OPERATIONS</b>					
Share of loss in associate	39.1	(343)	-	-	-
<b>Surplus from operations before taxation</b>		<b>2 933 016</b>	<b>1 739 186</b>	<b>2 903 185</b>	<b>1 915 303</b>
Taxation	32.2	(49 600)	12 576	-	-
<b>NET SURPLUS FROM OPERATIONS</b>		<b>2 883 416</b>	<b>1 751 762</b>	<b>2 903 185</b>	<b>1 915 303</b>
Attributable to owners of the controlling entity		2 881 660	1 773 377		
Attributable to non-controlling interest		1 756	(21 615)		
<b>SURPLUS FOR THE YEAR</b>		<b>2 883 416</b>	<b>1 751 762</b>		

<sup>1</sup> See note 37 for more details.

<sup>2</sup> See Annexure B for more details.

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	ECONOMIC ENTITY					Total
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest	
2020						
<b>Balance as at 30 June 2020</b>	463 210	4 561 164	614 821	47 578 047	294 164	53 511 406
Restatement	-	-	-	141 555	-	141 555
<b>Restated balance as at 1 July 2020 <sup>1</sup></b>	<b>463 210</b>	<b>4 561 164</b>	<b>614 821</b>	<b>47 719 602</b>	<b>294 164</b>	<b>53 652 961</b>
2021						
Restated surplus <sup>1</sup>	-	-	-	1 773 377	(21 615)	1 751 762
Surplus for the year as previously reported	-	-	-	1 912 493	-	-
Restatement	-	-	-	(139 116)	-	-
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-	-
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-	-
<b>Balance as at 30 June 2021</b>	<b>421 203</b>	<b>4 452 496</b>	<b>624 832</b>	<b>49 633 643</b>	<b>272 549</b>	<b>55 404 723</b>
<b>2022</b>						
Surplus for the year	-	-	-	2 881 660	1 756	2 883 416
Transfer from share purchases	-	-	-	(7 970)	7 970	-
Transfer (from)/to	(88 167)	751 943	8 356	(672 132)	-	-
Property, plant and equipment purchased	(20 216)	(769 632)	-	789 848	-	-
<b>Balance as at 30 June 2022</b>	<b>312 820</b>	<b>4 434 807</b>	<b>633 188</b>	<b>52 625 049</b>	<b>282 275</b>	<b>58 288 139</b>

<sup>1</sup> See note 37 for more details.

	CITY OF CAPE TOWN					Total
	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus		
2020						
<b>Balance as at 30 June 2020</b>	463 210	4 561 164	614 821	47 421 463	53 060 658	
Restatement	-	-	-	141 555	141 555	
<b>Restated balance as at 1 July 2020 <sup>1</sup></b>	<b>463 210</b>	<b>4 561 164</b>	<b>614 821</b>	<b>47 563 018</b>	<b>53 202 213</b>	
2021						
Restated surplus <sup>1</sup>	-	-	-	1 915 303	1 915 303	
Surplus for the year as previously reported	-	-	-	2 054 419	-	
Restatement	-	-	-	(139 116)	-	
Transfer (from)/to	(7 370)	1 044 762	10 011	(1 047 403)	-	
Property, plant and equipment purchased	(34 637)	(1 153 430)	-	1 188 067	-	
<b>Balance as at 30 June 2021</b>	<b>421 203</b>	<b>4 452 496</b>	<b>624 832</b>	<b>49 618 985</b>	<b>55 117 516</b>	
<b>2022</b>						
Surplus for the year	-	-	-	2 903 185	2 903 185	
Transfer (from)/to	(88 167)	751 943	8 356	(672 132)	-	
Property, plant and equipment purchased	(20 216)	(769 632)	-	789 848	-	
<b>Balance as at 30 June 2022</b>	<b>312 820</b>	<b>4 434 807</b>	<b>633 188</b>	<b>52 639 886</b>	<b>58 020 701</b>	

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	Note	ECONOMIC ENTITY		CITY OF CAPE TOWN	
		2022	Restated <sup>1</sup> 2021	2022	Restated <sup>1</sup> 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		43 875 363	41 704 237	43 495 165	41 378 258
Cash paid to suppliers and employees		(38 635 128)	(35 878 993)	(38 246 889)	(35 438 410)
Cash generated from operations	33	5 240 235	5 825 244	5 248 276	5 939 848
Finance income	33	1 433 666	1 308 676	1 432 200	1 304 749
Finance costs	33	(702 468)	(731 498)	(702 468)	(731 498)
Taxation		-	(5 551)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>5 971 433</b>	<b>6 396 871</b>	<b>5 978 008</b>	<b>6 513 099</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property, plant and equipment and other		(5 460 805)	(6 626 122)	(5 450 250)	(6 593 345)
Proceeds on disposal of assets		71 372	84 203	71 208	84 028
Decrease/(increase) in long-term receivables		12 851	(32 484)	12 851	(32 484)
Increase in investments		(20 280)	(840 273)	(71 280)	(840 273)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(5 396 862)</b>	<b>(7 414 676)</b>	<b>(5 437 471)</b>	<b>(7 382 074)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		(371 494)	(371 494)	(371 494)	(371 494)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(371 494)</b>	<b>(371 494)</b>	<b>(371 494)</b>	<b>(371 494)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>203 077</b>	<b>(1 389 299)</b>	<b>169 043</b>	<b>(1 240 469)</b>
Cash and cash equivalents at the beginning of the year		8 148 319	9 537 618	8 126 100	9 366 569
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	10	<b>8 351 396</b>	<b>8 148 319</b>	<b>8 295 143</b>	<b>8 126 100</b>

<sup>1</sup> See note 37 for more details.

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - ECONOMIC ENTITY

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

Note	Approved budget 38.1	Virements 38.2	Final budget 38.1	Actual per annual financial statements classification 38.3	Classification differences 38.4.1	Recognition differences 38.4.2	Actual per budget classification 38.4.2	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
<b>STATEMENT OF FINANCIAL POSITION</b>									
38.5.1	64 054 649	-	64 013 593	63 740 495	-	-	63 740 495	273 098	99,57
i	16 276 040	-	16 289 233	18 501 143	-	-	18 691 468	(2 402 235)	114,75
<b>TOTAL ASSETS</b>	<b>80 330 689</b>	<b>-</b>	<b>80 302 826</b>	<b>82 241 638</b>	<b>-</b>	<b>-</b>	<b>82 431 963</b>	<b>(2 129 137)</b>	<b>102,65</b>
ii	13 790 230	-	13 789 999	12 651 891	-	-	12 651 891	1 138 108	91,75
	9 491 394	-	9 494 909	11 301 608	-	-	11 301 608	(1 806 699)	119,03
<b>TOTAL LIABILITIES</b>	<b>23 281 624</b>	<b>-</b>	<b>23 284 908</b>	<b>23 953 499</b>	<b>-</b>	<b>-</b>	<b>23 953 499</b>	<b>(668 591)</b>	<b>102,87</b>
	57 049 065	-	57 017 918	58 288 139	-	-	58 288 139	(1 270 221)	102,23
<b>TOTAL NET ASSETS AND LIABILITIES</b>	<b>80 330 689</b>	<b>-</b>	<b>80 302 826</b>	<b>82 241 638</b>	<b>-</b>	<b>-</b>	<b>82 241 638</b>	<b>(1 938 812)</b>	<b>102,41</b>
<b>FINANCIAL PERFORMANCE</b>									
38.5.2	10 983 815	-	10 983 815	10 358 888	293 086	-	10 651 974	331 841	96,98
	22 343 043	-	22 343 043	23 562 124	(533 487)	-	23 028 637	(685 594)	103,07
	896 148	-	896 476	1 348 736	(369 842)	-	978 894	(82 418)	109,19
	6 130 727	-	6 131 536	5 806 828	13 770	-	5 820 598	310 938	94,93
	10 300 249	-	10 317 741	6 085 890	5 182 849	-	11 268 739	(950 998)	109,22
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>50 653 982</b>	<b>-</b>	<b>50 672 611</b>	<b>47 162 466</b>	<b>4 586 376</b>	<b>-</b>	<b>51 748 842</b>	<b>(1 076 231)</b>	<b>102,12</b>
	15 905 486	15 640	15 920 098	15 309 791	2 016	-	15 311 807	608 291	96,18
	180 983	-	181 084	158 411	7 690	-	166 101	14 983	91,73
i	2 371 700	-	2 371 700	2 745 381	(30 342)	-	2 715 039	(343 339)	114,48
	3 124 571	-	3 119 472	3 065 552	30 342	-	3 095 894	23 578	99,24
	788 704	(613)	788 091	771 626	4 996	-	776 622	11 469	98,54
	16 847 760	72 250	16 921 665	11 839 509	5 507 458	-	17 346 967	(425 302)	102,51
ii	569 992	(29 796)	540 196	367 358	39 484	-	406 842	133 354	75,31
	11 745 217	(57 481)	11 679 772	11 642 013	(779 522)	-	10 862 491	817 281	93,00
<b>Total expenditure</b>	<b>51 534 413</b>	<b>-</b>	<b>51 522 078</b>	<b>45 899 641</b>	<b>4 782 122</b>	<b>-</b>	<b>50 681 763</b>	<b>840 315</b>	<b>98,37</b>
<b>Surplus</b>	<b>(880 431)</b>	<b>-</b>	<b>(849 467)</b>	<b>1 262 825</b>	<b>(195 746)</b>	<b>-</b>	<b>1 067 079</b>	<b>(1 916 546)</b>	<b>95,88</b>
	1 943 969	-	1 943 969	1 656 452	207 348	-	1 863 800	80 169	95,88
	-	-	-	14 082	(11 602)	-	2 480	(2 480)	-
<b>Contributions recognised - capital and contributed assets</b>	<b>1 063 538</b>	<b>-</b>	<b>1 094 502</b>	<b>2 933 359</b>	<b>-</b>	<b>-</b>	<b>2 933 359</b>	<b>(1 838 857)</b>	<b>-</b>
<b>Surplus after capital transfers and contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note	Approved budget 38.1	Virements 38.2	Final budget 38.1	Actual per annual financial statements classification 38.3	Classification differences 38.4.1	Recognition differences 38.4.2	Actual per budget classification 38.4.2	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
<b>CASH FLOW STATEMENT</b>									
38.5.3	4 352 161	-	4 410 660	5 971 433	(48 103)	-	5 923 330	(1 512 670)	134,30
i	(6 263 694)	-	(6 289 922)	(5 396 862)	-	-	(5 396 862)	(893 060)	85,80
ii	916 175	-	916 175	(371 494)	48 103	-	(323 391)	1 239 566	(35,30)
iii	(995 358)	-	(963 087)	203 077	-	-	203 077	(1 166 164)	(21,09)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>7 147 855</b>	<b>-</b>	<b>7 167 674</b>	<b>8 351 396</b>	<b>-</b>	<b>-</b>	<b>8 351 396</b>	<b>(1 183 722)</b>	<b>116,51</b>
<b>Cash/cash equivalents at year-end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL EXPENDITURE</b>									
38.6	298 971	-	298 971	272 443	-	(48)	272 395	(26 576)	91,11
i	435 080	-	435 080	414 998	-	(2 000)	412 998	(22 082)	94,92
ii	51 116	-	51 116	88 969	-	(41 970)	46 999	(4 117)	91,95
iii	863 527	-	863 527	754 877	-	-	754 877	(108 650)	87,42
iv	16 542	-	16 542	16 290	-	-	16 290	(252)	98,48
v	46 623	-	46 623	39 103	-	-	39 103	(7 520)	83,87
vi	928 826	-	928 826	892 564	-	-	892 564	(36 262)	96,10
vii	6 343	-	6 343	5 710	-	-	5 710	(633)	90,02
viii	199 062	-	199 062	192 797	-	-	192 797	(6 265)	96,85
ix	112 056	-	112 056	99 615	-	-	99 615	(12 441)	88,90
x	722 772	-	722 772	651 164	-	-	651 164	(71 608)	90,09
xi	388 298	-	388 298	499 157	-	(171 591)	327 566	(60 732)	84,36
	2 025 899	-	2 025 899	1 714 546	-	(432)	1 714 114	(311 785)	84,61
	13 739	-	12 967	10 374	-	-	10 374	2 593	80,00
<b>TOTAL</b>	<b>6 108 854</b>	<b>-</b>	<b>6 108 082</b>	<b>5 652 607</b>	<b>-</b>	<b>(216 041)</b>	<b>5 436 566</b>	<b>(666 330)</b>	<b>89,01</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS - CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

Note	Approved budget	Virements	Final budget	Actual per annual financial statements	Classification differences	Recognition differences	Actual per budget classification	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
	38.1	38.2	38.1	38.3	38.4.1	38.4.2			
<b>STATEMENT OF FINANCIAL POSITION</b>									
38.5.1	<b>38.5.1</b>								
	<b>Total non-current assets</b>								
i	63 324 319	-	63 324 319	63 475 894	-	-	63 475 894	(151 575)	100,24
	16 244 681	-	16 244 681	18 389 398	-	-	18 389 398	(2 144 717)	113,20
	<b>79 569 000</b>	-	<b>79 569 000</b>	<b>81 865 292</b>	-	-	<b>81 865 292</b>	<b>(2 296 292)</b>	<b>102,89</b>
	<b>Total non-current liabilities</b>								
ii	13 789 999	-	13 789 999	12 651 891	-	-	12 651 891	1 138 108	91,75
	9 432 885	-	9 432 885	11 192 700	-	-	11 192 700	(1 759 815)	118,66
	<b>23 222 884</b>	-	<b>23 222 884</b>	<b>23 844 591</b>	-	-	<b>23 844 591</b>	<b>(621 707)</b>	<b>102,68</b>
	56 346 116	-	56 346 116	58 020 701	-	-	58 020 701	(1 674 585)	102,97
	<b>79 569 000</b>	-	<b>79 569 000</b>	<b>81 865 292</b>	-	-	<b>81 865 292</b>	<b>(2 296 292)</b>	<b>102,89</b>
<b>FINANCIAL PERFORMANCE</b>									
38.5.2	<b>38.5.2</b>								
	<b>Property rates</b>								
	10 983 815	-	10 983 815	10 358 743	293 086	-	10 651 829	331 986	96,98
	22 343 043	-	22 343 043	23 561 808	(533 487)	-	23 028 321	(685 278)	103,07
	895 923	-	895 923	1 347 096	(369 842)	-	977 254	(81 331)	109,08
	6 070 243	-	6 070 243	5 806 828	13 770	-	5 820 598	249 645	95,89
	10 231 880	-	10 231 880	6 020 714	5 182 849	-	11 203 563	(971 683)	109,50
	<b>50 524 904</b>	-	<b>50 524 904</b>	<b>47 095 189</b>	<b>4 586 376</b>	-	<b>51 681 565</b>	<b>(1 156 661)</b>	<b>102,29</b>
	15 849 607	15 640	15 865 247	15 253 889	2 016	-	15 255 905	609 342	96,16
	179 826	-	179 826	157 473	7 690	-	165 163	14 663	91,85
i	2 371 700	-	2 371 700	2 873 178	(30 342)	-	2 842 836	(471 136)	119,86
	3 073 473	-	3 073 473	3 026 161	30 342	-	3 056 503	16 970	99,45
	788 704	(613)	788 091	771 626	4 996	-	776 622	11 469	98,54
	16 843 349	72 250	16 915 599	11 839 509	5 507 458	-	17 346 967	(431 368)	102,55
ii	561 134	(29 796)	531 338	367 358	39 484	-	406 842	124 496	76,57
	11 570 044	(57 481)	11 512 563	11 573 344	(779 522)	-	10 793 822	718 741	93,76
	<b>51 237 837</b>	-	<b>51 237 837</b>	<b>45 862 538</b>	<b>4 782 122</b>	-	<b>50 644 660</b>	<b>593 177</b>	<b>98,84</b>
	<b>(712 933)</b>	-	<b>(712 933)</b>	<b>1 232 651</b>	<b>(195 746)</b>	-	<b>1 036 905</b>	<b>(1 749 838)</b>	
	1 943 969	-	1 943 969	1 656 452	207 348	-	1 863 800	80 169	95,88
	-	-	-	14 082	(11 602)	-	2 480	(2 480)	
	<b>1 231 036</b>	-	<b>1 231 036</b>	<b>2 903 185</b>	-	-	<b>2 903 185</b>	<b>(1 672 149)</b>	
	<b>Contributions recognised - capital and contributed assets</b>								
	<b>Surplus after capital transfers and contributions</b>								

Note	Approved budget	Virements	Final budget	Actual per annual financial statements	Classification differences	Recognition differences	Actual per budget classification	Variance: Final budget and actual amounts	Actual per budget as a % of final budget amount
	38.1	38.2	38.1	38.3	38.4.1	38.4.2			
<b>CASH FLOW STATEMENT</b>									
38.5.3	<b>38.5.3</b>								
	<b>Net cash from operating</b>								
i	4 473 874	-	4 473 874	5 978 008	(48 103)	-	5 929 905	(1 456 031)	132,55
ii	(6 372 955)	-	(6 372 955)	(5 437 471)	-	-	(5 437 471)	(935 484)	85,32
iii	916 175	-	916 175	(371 494)	48 103	-	(323 391)	1 239 566	(35,30)
	<b>(982 906)</b>	-	<b>(982 906)</b>	<b>169 043</b>	-	-	<b>169 043</b>	<b>(1 151 949)</b>	<b>(17,20)</b>
	<b>7 143 195</b>	-	<b>7 143 195</b>	<b>8 295 143</b>	-	-	<b>8 295 143</b>	<b>(1 151 948)</b>	<b>116,13</b>
	<b>Cash/cash equivalents at year end</b>								
<b>CAPITAL EXPENDITURE</b>									
38.6	<b>38.6</b>								
	<b>Community Services and Health</b>								
i	298 971	-	298 971	272 443	-	(48)	272 395	(26 576)	91,11
ii	435 080	-	435 080	414 998	-	(2 000)	412 998	(22 082)	94,92
iii	51 116	-	51 116	88 969	-	(41 970)	46 999	(4 117)	91,95
iv	863 527	-	863 527	754 877	-	-	754 877	(108 650)	87,42
	16 542	-	16 542	16 290	-	-	16 290	(252)	98,48
v	46 623	-	46 623	39 103	-	-	39 103	(7 520)	83,87
	928 826	-	928 826	892 564	-	-	892 564	(36 262)	96,10
vi	6 343	-	6 343	5 710	-	-	5 710	(633)	90,02
vii	199 062	-	199 062	192 797	-	-	192 797	(6 265)	96,85
viii	112 056	-	112 056	99 615	-	-	99 615	(12 441)	88,90
ix	722 772	-	722 772	651 164	-	-	651 164	(71 608)	90,09
x	388 298	-	388 298	499 157	-	(171 591)	327 566	(60 732)	84,36
	2 025 899	-	2 025 899	1 714 546	-	(432)	1 714 114	(311 785)	84,61
	<b>6 095 115</b>	-	<b>6 095 115</b>	<b>5 642 233</b>	-	<b>(216 041)</b>	<b>5 426 192</b>	<b>(668 923)</b>	<b>89,03</b>

# SEGMENT REPORT

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2022													
	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration	Community and public safety	Economic and environmental services	Inter-segment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTS	Atlantis SEZ	Inter-company offsetting	TOTAL ECONOMIC ENTITY
<b>STATEMENT OF FINANCIAL POSITION</b>														
<b>ASSETS</b>														
Non-current assets	6 886 020	6 328 874	1 609 498	10 156 957	13 214 547	10 463 669	14 816 329	-	63 475 894	564 503	2 435	-	(302 337)	63 740 495
Current assets	971 872	286 456	643 869	1 875 158	14 159 932	373 902	78 209	-	18 389 398	277 636	24 434	-	(190 325)	18 501 143
<b>TOTAL ASSETS</b>	<b>7 857 892</b>	<b>6 615 330</b>	<b>2 253 367</b>	<b>12 032 115</b>	<b>27 374 479</b>	<b>10 837 571</b>	<b>14 894 538</b>	<b>-</b>	<b>81 865 292</b>	<b>842 139</b>	<b>26 869</b>	<b>-</b>	<b>(492 662)</b>	<b>82 241 638</b>
<b>LIABILITIES</b>														
Non-current liabilities	275 061	256 585	876 709	694 195	9 035 491	1 116 180	397 670	-	12 651 891	-	-	-	-	12 651 891
Current liabilities	2 303 253	1 911 170	193 146	2 656 335	2 004 728	941 513	1 182 555	-	11 192 700	104 232	24 434	-	(19 758)	11 301 608
<b>TOTAL LIABILITIES</b>	<b>2 578 314</b>	<b>2 167 755</b>	<b>1 069 855</b>	<b>3 350 530</b>	<b>11 040 219</b>	<b>2 057 693</b>	<b>1 580 225</b>	<b>-</b>	<b>23 844 591</b>	<b>104 232</b>	<b>24 434</b>	<b>-</b>	<b>(19 758)</b>	<b>23 953 499</b>
<b>ADDITIONS TO PPE AND OTHER ASSETS</b>	<b>766 815</b>	<b>879 642</b>	<b>316 134</b>	<b>776 832</b>	<b>921 312</b>	<b>1 208 542</b>	<b>772 956</b>	<b>-</b>	<b>5 642 233</b>	<b>10 374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 652 607</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>														
<b>REVENUE</b>														
<b>Exchange revenue</b>	<b>3 857 820</b>	<b>1 915 388</b>	<b>1 279 054</b>	<b>16 397 078</b>	<b>1 649 221</b>	<b>394 034</b>	<b>473 696</b>	<b>-</b>	<b>25 966 291</b>	<b>99 657</b>	<b>48 721</b>	<b>-</b>	<b>(81 246)</b>	<b>26 033 423</b>
Service charges	3 706 425	1 833 449	1 231 322	16 285 065	80 901	56 607	332 261	-	23 526 030	17 476	12 802	-	(29 962)	23 526 346
Rental of letting stock and facilities	176	15	-	31	198 273	183 932	220	-	382 647	39 504	32 730	-	-	454 881
Finance income	136 261	49 360	33 721	30 797	981 602	4 750	11 431	-	1 247 922	1 558	82	-	-	1 249 562
Licences and permits	-	-	-	-	4	67	39 939	-	40 010	-	-	-	-	40 010
Income from agency services	-	-	-	-	248 133	13 961	-	-	262 094	-	-	-	-	262 094
Other income	9 296	32 546	13 991	79 887	104 822	77 249	89 610	-	407 401	41 119	3 107	-	(23 160)	428 467
Gains on disposal of PPE	5 662	18	20	1 298	35 486	57 468	235	-	100 187	-	-	-	(28 124)	72 063
<b>Non-exchange revenue</b>	<b>1 120 408</b>	<b>322 250</b>	<b>560 026</b>	<b>268 750</b>	<b>14 999 790</b>	<b>4 113 507</b>	<b>1 414 701</b>	<b>-</b>	<b>22 799 432</b>	<b>-</b>	<b>50 022</b>	<b>-</b>	<b>(49 877)</b>	<b>22 799 577</b>
Service charges	10 769	12 397	12 612	-	-	-	-	-	35 778	-	-	-	-	35 778
Finance income	-	-	-	-	99 174	-	-	-	99 174	-	-	-	-	99 174
Other income	-	-	-	-	-	300	293 085	-	293 385	-	8 107	-	(8 107)	293 385
Property rates	-	-	-	-	10 358 743	-	-	-	10 358 743	-	-	-	145	10 358 888
Fuel levy	-	-	-	-	2 608 900	-	-	-	2 608 900	-	-	-	-	2 608 900
Fines	11 835	-	89	9	1 171	1 900 548	12 438	-	1 926 090	-	-	-	-	1 926 090
Government grants and subsidies	1 097 804	309 853	547 325	268 741	1 931 538	1 923 020	1 102 968	-	7 181 249	-	-	-	-	7 181 249
Construction contracts	-	-	-	-	-	282 031	-	-	282 031	-	-	-	-	282 031
Public contributions	-	-	-	-	264	7 608	6 210	-	14 082	-	41 915	-	(41 915)	14 082
<b>Inter-segment revenue</b>	<b>1 072 702</b>	<b>1 792 856</b>	<b>2 737 357</b>	<b>795 650</b>	<b>3 003 928</b>	<b>304 261</b>	<b>27 377</b>	<b>(9 734 131)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>6 050 930</b>	<b>4 030 494</b>	<b>4 576 437</b>	<b>17 461 478</b>	<b>19 652 939</b>	<b>4 811 802</b>	<b>1 915 774</b>	<b>(9 734 131)</b>	<b>48 765 723</b>	<b>99 657</b>	<b>98 743</b>	<b>-</b>	<b>(131 123)</b>	<b>48 833 000</b>



## SEGMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2022								TOTAL CITY OF CAPE TOWN	CTICC	CTS	Atlantis SEZ	Inter-company offsetting	TOTAL ECONOMIC ENTITY
	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration	Community and public safety	Economic and environmental services	Inter-segment offsetting						
<b>EXPENDITURE</b>	<b>3 124 756</b>	<b>2 283 355</b>	<b>2 640 087</b>	<b>13 888 381</b>	<b>8 830 465</b>	<b>9 780 749</b>	<b>5 314 745</b>	-	<b>45 862 538</b>	<b>43 719</b>	<b>98 317</b>	-	<b>(104 933)</b>	<b>45 899 641</b>
Employee-related costs	1 233 404	622 963	1 082 053	1 168 775	4 515 677	4 924 596	1 706 421	-	<b>15 253 889</b>	54 470	1 432	-	-	<b>15 309 791</b>
Remuneration of councillors	-	-	-	-	157 473	-	-	-	<b>157 473</b>	603	335	-	-	<b>158 411</b>
Impairment costs	339 371	137 868	118 274	112 660	211 011	1 942 987	11 007	-	<b>2 873 178</b>	(127 797)	-	-	-	<b>2 745 381</b>
Collection costs	2 026	821	715	-	152 804	55 351	145	-	<b>211 862</b>	-	1 370	-	-	<b>213 232</b>
Depreciation and amortisation expense	298 185	197 538	63 724	396 067	680 190	617 156	773 301	-	<b>3 026 161</b>	39 391	-	-	-	<b>3 065 552</b>
Finance costs	-	-	38 541	-	733 085	-	-	-	<b>771 626</b>	-	-	-	-	<b>771 626</b>
Bulk purchases	277 900	-	-	11 561 609	-	-	-	-	<b>11 839 509</b>	-	-	-	-	<b>11 839 509</b>
Contracted services	76 191	638 617	743 828	163 506	104 744	113 846	1 046 628	-	<b>2 887 360</b>	2 637	7 808	-	(350)	<b>2 897 455</b>
Grants and subsidies paid	27 346	-	-	775	171 696	41 915	125 626	-	<b>367 358</b>	-	-	-	(41 915)	<b>325 443</b>
General expenses	869 544	685 524	592 907	484 843	2 101 165	2 083 613	1 651 262	-	<b>8 468 858</b>	74 415	87 372	-	(62 668)	<b>8 567 977</b>
Loss on disposal of PPE	789	24	45	146	2 620	1 285	355	-	<b>5 264</b>	-	-	-	-	<b>5 264</b>
<b>Inter-segment expenses</b>	<b>1 626 755</b>	<b>1 415 967</b>	<b>1 019 852</b>	<b>2 406 834</b>	<b>2 276 716</b>	<b>873 072</b>	<b>114 935</b>	<b>(9 734 131)</b>	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>4 751 511</b>	<b>3 699 322</b>	<b>3 659 939</b>	<b>16 295 215</b>	<b>11 107 181</b>	<b>10 653 821</b>	<b>5 429 680</b>	<b>(9 734 131)</b>	<b>45 862 538</b>	<b>43 719</b>	<b>98 317</b>	-	<b>(104 933)</b>	<b>45 899 641</b>
<b>Surplus from operations</b>	<b>1 299 419</b>	<b>331 172</b>	<b>916 498</b>	<b>1 166 263</b>	<b>8 545 758</b>	<b>(5 842 019)</b>	<b>(3 513 906)</b>	-	<b>2 903 185</b>	<b>55 938</b>	<b>426</b>	-	<b>(26 190)</b>	<b>2 933 359</b>
Share of loss in associate	-	-	-	-	-	-	-	-	-	-	-	(343)	-	(343)
Taxation	-	-	-	-	-	-	-	-	-	(49 600)	-	-	-	(49 600)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1 756)	(1 756)
<b>NET SURPLUS FROM OPERATING</b>	<b>1 299 419</b>	<b>331 172</b>	<b>916 498</b>	<b>1 166 263</b>	<b>8 545 758</b>	<b>(5 842 019)</b>	<b>(3 513 906)</b>	-	<b>2 903 185</b>	<b>6 338</b>	<b>426</b>	-	<b>(24 434)</b>	<b>2 881 660</b>

## SEGMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2021												
	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration	Community and public safety	Economic and environmental services	Inter-segment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTS	Inter-company offsetting	TOTAL ECONOMIC ENTITY
<b>STATEMENT OF FINANCIAL POSITION</b>													
<b>ASSETS</b>													
Non-current assets	6 373 751	5 630 114	1 357 824	9 790 116	12 523 456	10 137 934	14 827 569	-	60 640 764	515 532	-	(220 435)	60 935 861
Current assets	883 175	270 011	581 194	1 536 564	14 186 938	507 477	73 941	-	18 039 300	259 007	6 527	(182 180)	18 122 654
<b>TOTAL ASSETS</b>	<b>7 256 926</b>	<b>5 900 125</b>	<b>1 939 018</b>	<b>11 326 680</b>	<b>26 710 394</b>	<b>10 645 411</b>	<b>14 901 510</b>	<b>-</b>	<b>78 680 064</b>	<b>774 539</b>	<b>6 527</b>	<b>(402 615)</b>	<b>79 058 515</b>
<b>LIABILITIES</b>													
Non-current liabilities	279 138	136 265	487 443	298 058	10 928 706	1 114 180	418 545	-	13 662 335	-	-	-	13 662 335
Current liabilities	2 336 086	1 828 504	181 224	2 359 834	1 185 831	782 140	1 226 594	-	9 900 213	93 971	4 517	(7 244)	9 991 457
<b>TOTAL LIABILITIES</b>	<b>2 615 224</b>	<b>1 964 769</b>	<b>668 667</b>	<b>2 657 892</b>	<b>12 114 537</b>	<b>1 896 320</b>	<b>1 645 139</b>	<b>-</b>	<b>23 562 548</b>	<b>93 971</b>	<b>4 517</b>	<b>(7 244)</b>	<b>23 653 792</b>
<b>ADDITIONS TO PPE AND OTHER ASSETS</b>													
	1 108 732	970 952	306 230	739 191	963 140	1 440 009	1 138 607	-	6 666 861	20 775	-	-	6 687 636
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>													
<b>REVENUE</b>													
<b>Exchange revenue</b>	<b>3 454 212</b>	<b>1 679 825</b>	<b>1 247 331</b>	<b>14 437 428</b>	<b>1 516 927</b>	<b>296 491</b>	<b>443 531</b>	<b>-</b>	<b>23 075 745</b>	<b>52 088</b>	<b>4 208</b>	<b>(44 763)</b>	<b>23 087 278</b>
Service charges	3 277 153	1 595 720	1 195 579	14 302 614	76 262	55 161	264 322	-	20 766 811	12 063	-	(22 565)	20 756 309
Rental of letting stock and facilities	192	14	-	38	151 052	178 147	132	-	329 575	19 179	4 060	-	352 814
Finance income	159 161	59 177	45 949	37 150	908 609	5 454	1 775	-	1 217 275	3 927	-	-	1 221 202
Licences and permits	-	-	-	-	1	43	39 137	-	39 181	-	-	-	39 181
Income from agency services	-	-	-	-	258 515	12 295	-	-	270 810	-	-	-	270 810
Other income	13 233	24 913	5 612	96 072	73 060	37 548	137 741	-	388 179	16 919	148	(22 198)	383 048
Gains on disposal of PPE	4 473	1	191	1 554	49 428	7 843	424	-	63 914	-	-	-	63 914
<b>Non-exchange revenue</b>	<b>1 100 958</b>	<b>407 111</b>	<b>458 109</b>	<b>256 416</b>	<b>14 818 345</b>	<b>3 126 043</b>	<b>1 832 836</b>	<b>-</b>	<b>21 999 818</b>	<b>-</b>	<b>72 845</b>	<b>(78 667)</b>	<b>21 993 996</b>
Service charges	11 340	11 719	10 069	-	-	-	-	-	33 128	-	-	-	33 128
Finance income	-	-	-	-	134 185	-	-	-	134 185	-	-	-	134 185
Other income	-	-	-	-	-	-	270 239	-	270 239	-	7 608	(7 608)	270 239
Property rates	-	-	-	-	10 005 031	-	-	-	10 005 031	-	-	(5 822)	9 999 209
Fuel levy	-	-	-	-	2 594 971	-	-	-	2 594 971	-	-	-	2 594 971
Fines	5 039	365	142	2 975	1 855	1 524 246	37 141	-	1 571 763	-	-	-	1 571 763
Government grants and subsidies	1 084 579	395 027	447 898	244 943	2 081 625	1 342 875	1 406 627	-	7 003 574	-	-	-	7 003 574
Construction contracts	-	-	-	-	-	250 308	-	-	250 308	-	-	-	250 308
Public contributions	-	-	-	8 498	678	8 614	118 829	-	136 619	-	65 237	(65 237)	136 619
<b>Inter-segment revenue</b>	<b>2 956 676</b>	<b>1 683 066</b>	<b>2 186 084</b>	<b>736 278</b>	<b>2 688 752</b>	<b>171 320</b>	<b>628</b>	<b>(10 422 804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>	<b>7 511 846</b>	<b>3 770 002</b>	<b>3 891 524</b>	<b>15 430 122</b>	<b>19 024 024</b>	<b>3 593 854</b>	<b>2 276 995</b>	<b>(10 422 804)</b>	<b>45 075 563</b>	<b>52 088</b>	<b>77 053</b>	<b>(123 430)</b>	<b>45 081 274</b>

## SEGMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2021												
	Water management	Wastewater management	Waste management	Energy sources	Municipal governance and administration	Community and public safety	Economic and environmental services	Inter-segment offsetting	TOTAL CITY OF CAPE TOWN	CTICC	CTS	Inter-company offsetting	TOTAL ECONOMIC ENTITY
<b>EXPENDITURE</b>	<b>3 332 687</b>	<b>2 161 929</b>	<b>2 445 800</b>	<b>11 826 795</b>	<b>9 298 072</b>	<b>8 887 914</b>	<b>5 207 063</b>	-	<b>43 160 260</b>	<b>319 218</b>	<b>77 053</b>	<b>(214 443)</b>	<b>43 342 088</b>
Employee-related costs	1 213 374	607 639	1 011 548	1 123 658	4 723 275	4 497 189	1 932 339	-	15 109 022	68 990	1 390	-	15 179 402
Remuneration of councillors	-	-	-	-	158 089	-	-	-	158 089	835	348	-	159 272
Impairment costs	516 674	194 172	169 854	71 787	526 759	1 484 173	8 468	-	2 971 887	109 250	-	(87 007)	2 994 130
Collection costs	2 164	797	775	-	153 330	38 885	1 782	-	197 733	-	-	-	197 733
Depreciation and amortisation expense	267 255	178 251	66 193	376 760	622 343	578 736	743 489	-	2 833 027	54 607	-	-	2 887 634
Finance costs	-	-	45 990	-	772 811	-	-	-	818 801	-	-	-	818 801
Bulk purchases	429 209	-	-	9 718 557	-	-	-	-	10 147 766	-	-	-	10 147 766
Contracted services	116 498	545 580	728 454	122 361	126 822	113 757	843 284	-	2 596 756	2 938	5 752	(338)	2 605 108
Grants and subsidies paid	2 905	-	-	600	157 212	65 237	95 440	-	321 394	-	-	(65 239)	256 155
General expenses	784 350	635 489	422 953	412 976	2 056 359	2 108 482	1 582 236	-	8 002 845	82 598	69 563	(61 859)	8 093 147
Loss on disposal of PPE	258	1	33	96	1 072	1 455	25	-	2 940	-	-	-	2 940
<b>Inter-segment expenses</b>	<b>3 233 683</b>	<b>1 331 606</b>	<b>614 818</b>	<b>2 154 538</b>	<b>2 246 833</b>	<b>727 630</b>	<b>113 696</b>	<b>(10 422 804)</b>	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>6 566 370</b>	<b>3 493 535</b>	<b>3 060 618</b>	<b>13 981 333</b>	<b>11 544 905</b>	<b>9 615 544</b>	<b>5 320 759</b>	<b>(10 422 804)</b>	<b>43 160 260</b>	<b>319 218</b>	<b>77 053</b>	<b>(214 443)</b>	<b>43 342 088</b>
<b>Surplus from operations</b>	<b>6 566 370</b>	<b>3 493 535</b>	<b>3 060 618</b>	<b>13 981 333</b>	<b>11 544 905</b>	<b>9 615 544</b>	<b>5 320 759</b>	-	<b>1 915 303</b>	<b>(267 130)</b>	-	<b>91 013</b>	<b>1 739 186</b>
Taxation										12 576	-	-	12 576
Non-controlling interest										-	-	21 615	21 615
<b>NET SURPLUS FROM OPERATING</b>	<b>6 566 370</b>	<b>3 493 535</b>	<b>3 060 618</b>	<b>13 981 333</b>	<b>11 544 905</b>	<b>9 615 544</b>	<b>5 320 759</b>	-	<b>1 915 303</b>	<b>(254 554)</b>	-	<b>112 628</b>	<b>1 773 377</b>

<sup>1</sup> See note 37 for more details.

## SEGMENT REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

### DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

The following summary describes the principal activities and operations of each reportable segment.

REPORTABLE SEGMENTS	PRINCIPAL ACTIVITIES AND OPERATIONS
Water management	Providing residents, business and industry with clean, safe and reliable drinking water. This entails many diverse activities, from the management of water catchments areas and water storage, to distribution.
Wastewater management	Treating wastewater and safely disposing of it back into the environment.
Waste management	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the city's streets, public spaces, beaches and rivers.
Energy sources	Distributing electricity to residential, commercial and industrial customers in Cape Town, and providing the link between Eskom and electricity consumers. Constructing and maintaining the equipment that transforms the power supply for consumers' needs.
Municipal governance and administration	All aspects of governance and the centralised financial administration of the City. Various transactions are managed and administered centrally.
Community and public safety	Community and social services, sport and recreation facilities, crime prevention, traffic enforcement, public housing and health. These activities are performed by various departments with aligned objectives.
Economic and environmental services	Urban planning and development, transport, road maintenance and environmental protection. These activities are performed by various departments with aligned objectives.
CTICC	Providing facilities to host conferences and conventions, with the objective of promoting Cape Town as a tourism city.
CTS	Managing and operating Cape Town Stadium on behalf of the City. The vision is to provide a world-class facility for the hosting of major sports events and become the premium venue of choice.

### CENTRALLY INCURRED ASSETS, LIABILITIES, REVENUE AND EXPENDITURE

Value-added tax (VAT), cash, investments, borrowings and unspent grants have not been allocated to individual segments, as these are managed centrally by the finance department. Similarly, external interest relating to cash, investments or borrowings is not allocated to individual segments. All these items are allocated to the "Municipal governance and administration" segment.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, the policies and processes for measuring and managing risk, as well as the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	ECONOMIC ENTITY			
	Amortised cost	Fair value	Total carrying amount	Fair value
<b>2022</b>				
<b>Financial assets</b>				
Investments	3 585 555	5 670 641	9 256 196	9 290 760
Long-term receivables	4 488	-	4 488	4 488
Contractual receivables	4 206 168	-	4 206 168	4 206 168
Cash and cash equivalents	7 195 882	1 155 514	8 351 396	8 351 396
<b>TOTAL</b>	<b>14 992 093</b>	<b>6 826 155</b>	<b>21 818 248</b>	<b>21 852 812</b>
<b>Statutory assets</b>				
Receivables	2 663 718	-	2 663 718	2 663 718
<b>2021</b>				
<b>Financial assets</b>				
Investments	3 225 977	6 010 593	9 236 570	9 430 945
Long-term receivables	8 997	-	8 997	8 997
Contractual receivables	3 672 837	-	3 672 837	3 672 837
Cash and cash equivalents	7 084 826	1 063 493	8 148 319	8 148 319
<b>TOTAL</b>	<b>13 992 637</b>	<b>7 074 086</b>	<b>21 066 723</b>	<b>21 261 098</b>
<b>Statutory assets</b>				
Receivables	2 863 141	-	2 863 141	2 863 141

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

	CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
<b>2022</b>					
<b>Financial assets</b>					
Investments	3 585 555	5 670 641	327 935	9 584 131	9 618 695
Long-term receivables	4 488	-	-	4 488	4 488
Contractual receivables	4 152 932	-	-	4 152 932	4 152 932
Cash and cash equivalents	7 139 629	1 155 514	-	8 295 143	8 295 143
<b>TOTAL</b>	<b>14 882 604</b>	<b>6 826 155</b>	<b>327 935</b>	<b>22 036 694</b>	<b>22 071 258</b>
<b>Statutory assets</b>					
Receivables	2 666 026	-	-	2 666 026	2 666 026
<b>2021</b>					
<b>Financial assets</b>					
Investments	3 225 977	6 010 593	220 435	9 457 005	9 651 380
Long-term receivables	8 997	-	-	8 997	8 997
Contractual receivables	3 612 491	-	-	3 612 491	3 612 491
Cash and cash equivalents	7 062 607	1 063 493	-	8 126 100	8 126 100
<b>TOTAL</b>	<b>13 910 072</b>	<b>7 074 086</b>	<b>220 435</b>	<b>21 204 593</b>	<b>21 398 968</b>
<b>Statutory assets</b>					
Receivables	2 865 104	-	-	2 865 104	2 865 104

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

	ECONOMIC ENTITY		
	Amortised cost	Total carrying amount	Fair value
<b>2022</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 647 185	6 647 185	6 768 211
Payables	5 647 990	5 647 990	5 647 990
<b>TOTAL</b>	<b>12 295 175</b>	<b>12 295 175</b>	<b>12 416 201</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts	54	54	54
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 190 041	5 190 041	5 190 041
<b>TOTAL</b>	<b>12 178 103</b>	<b>12 178 103</b>	<b>12 697 576</b>

	CITY OF CAPE TOWN		
	Amortised cost	Total carrying amount	Fair value
<b>2022</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 647 185	6 647 185	6 768 211
Payables	5 615 706	5 615 706	5 615 706
<b>TOTAL</b>	<b>12 262 891</b>	<b>12 262 891</b>	<b>12 383 917</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts	54	54	54
<b>2021</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 988 062	6 988 062	7 507 535
Payables	5 167 812	5 167 812	5 167 812
<b>TOTAL</b>	<b>12 155 874</b>	<b>12 155 874</b>	<b>12 675 347</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 1.1 FAIR VALUES

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

**Level 1:** Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

**Level 2:** Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3:** Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.



## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

	ECONOMIC ENTITY			
	Level 1	Level 2	Level 3	Total
<b>2022</b>				
<b>Financial assets</b>				
Investments	2 303 059	3 367 582	-	5 670 641
Cash and cash equivalents	-	1 155 514	-	1 155 514
<b>TOTAL</b>	<b>2 303 059</b>	<b>4 523 096</b>	<b>-</b>	<b>6 826 155</b>
<b>Financial liabilities</b>				
Borrowings	6 647 185	-	-	6 647 185
<b>Derivative financial liabilities</b>				
Forward exchange contracts	54	-	-	54
<b>2021</b>				
<b>Financial assets</b>				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
<b>TOTAL</b>	<b>2 379 610</b>	<b>4 694 476</b>	<b>-</b>	<b>7 074 086</b>
<b>Financial liabilities</b>				
Borrowings	6 988 062	-	-	6 988 062
	CITY OF CAPE TOWN			
	Level 1	Level 2	Level 3	Total
<b>2022</b>				
<b>Financial assets</b>				
Investments	2 303 059	3 367 582	-	5 670 641
Cash and cash equivalents	-	1 155 514	-	1 155 514
<b>TOTAL</b>	<b>2 303 059</b>	<b>4 523 096</b>	<b>-</b>	<b>6 826 155</b>
<b>Financial liabilities</b>				
Borrowings	6 647 185	-	-	6 647 185
<b>Derivative financial liabilities</b>				
Forward exchange contracts	54	-	-	54
<b>2021</b>				
<b>Financial assets</b>				
Investments	2 379 610	3 630 983	-	6 010 593
Cash and cash equivalents	-	1 063 493	-	1 063 493
<b>TOTAL</b>	<b>2 379 610</b>	<b>4 694 476</b>	<b>-</b>	<b>7 074 086</b>
<b>Financial liabilities</b>				
Borrowings	6 988 062	-	-	6 988 062

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 1.2 LIQUIDITY RISK

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	ECONOMIC ENTITY			
	Up to 1 year	1-5 years	>5 years	Total
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	2 099 833	5 558 160	891 404	8 549 397
Capital repayments	1 426 476	4 497 368	723 341	6 647 185
Interest	673 357	1 060 792	168 063	1 902 212
Payables	5 647 990	-	-	5 647 990
<b>Derivative liabilities</b>				
Forward exchange contracts	54	-	-	54
<b>TOTAL</b>	<b>7 747 877</b>	<b>5 558 160</b>	<b>891 404</b>	<b>14 197 441</b>

	CITY OF CAPE TOWN			
	Up to 1 year	1-5 years	>5 years	Total
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Borrowings	2 099 833	5 558 160	891 404	8 549 397
Capital repayments	1 426 476	4 497 368	723 341	6 647 185
Interest	673 357	1 060 792	168 063	1 902 212
Payables	5 615 706	-	-	5 615 706
<b>Derivative financial liabilities</b>				
Forward exchange contracts	54	-	-	54
<b>TOTAL</b>	<b>7 715 593</b>	<b>5 558 160</b>	<b>891 404</b>	<b>14 165 157</b>

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 1.3 CREDIT RISK

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Financial assets</b>	<b>21 818 248</b>	<b>21 066 723</b>	<b>21 708 759</b>	<b>20 984 158</b>
Investments	9 256 196	9 236 570	9 256 196	9 236 570
Long-term receivables - see note 7	4 488	8 997	4 488	8 997
Contractual receivables	4 206 168	3 672 837	4 152 932	3 612 491
Cash and cash equivalents	8 351 396	8 148 319	8 295 143	8 126 100
<b>Statutory assets</b>				
Receivables	2 663 718	2 863 141	2 666 026	2 865 104
<b>TOTAL</b>	<b>24 481 966</b>	<b>23 929 864</b>	<b>24 374 785</b>	<b>23 849 262</b>

### INVESTMENTS, AND CASH AND CASH EQUIVALENTS

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

### LONG-TERM RECEIVABLES

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

### RECEIVABLES

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

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest trade debtors represent R193,88 million (2021: R338,64 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. Receivables are provided for based on estimated irrecoverable amounts, as explained in the accounting policy. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 1.4 CAPITAL MANAGEMENT

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, so that the Entity remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue during that month
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue

## 1.5 PRICE RISK

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

## 1.6 MARKET RISK

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates may affect the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

### 1.6.1 INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2022 were as follows:

#### MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES

	ECONOMIC ENTITY				
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
<b>2022</b>					
<b>Financial assets</b>					
Investments	4,93	4 808 767	5 465 476	137 467	10 411 710
Cash and cash equivalents	4,97	7 195 882	-	-	7 195 882
<b>TOTAL</b>		<b>12 004 649</b>	<b>5 465 476</b>	<b>137 467</b>	<b>17 607 592</b>
<b>Financial liabilities</b>					
Borrowings	10,16	1 426 476	4 497 368	723 341	6 647 185

## 1. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 1.6 MARKET RISK (CONTINUED)

	CITY OF CAPE TOWN				
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
<b>2022</b>					
<b>Financial assets</b>					
Investments	4,93	4 808 767	5 465 476	137 467	10 411 710
Cash and cash equivalents	4,97	7 139 629	-	-	7 139 629
<b>TOTAL</b>		<b>11 948 396</b>	<b>5 465 476</b>	<b>137 467</b>	<b>17 551 339</b>
<b>Financial liabilities</b>					
Borrowings	10,16	1 426 476	4 497 368	723 341	6 647 185

#### SENSITIVITY ANALYSIS

##### Financial assets

As at 30 June 2022, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R177,72 million (2021: R175,83 million), with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

##### Financial liabilities

Changes in the interest rate as at 30 June 2022 would have had no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

### 1.6.2 CURRENCY RISK

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement so as to predetermine the rand value of the contracted goods or services.

#### SENSITIVITY ANALYSIS

As at 30 June 2022, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have decreased by R63 589.96 due to the changes in the carrying value of the foreign-exchange liability at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 2. PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	6 491 169	(2 278 563)	4 212 606	6 127 173	(2 299 049)	3 828 124
Infrastructure	54 766 782	(17 869 128)	36 897 654	51 301 901	(16 382 599)	34 919 302
Community	5 520 732	(1 874 450)	3 646 282	5 303 314	(1 757 532)	3 545 782
Other	13 236 285	(7 369 862)	5 866 423	12 220 641	(6 865 156)	5 355 485
Living resources	1 167	(784)	383	1 225	(649)	576
Service concession	6 325 602	(3 089 834)	3 235 768	6 343 407	(2 878 784)	3 464 623
Housing rental stock	3 364 951	(1 364 750)	2 000 201	3 329 058	(1 262 209)	2 066 849
<b>TOTAL</b>	<b>89 706 688</b>	<b>(33 847 371)</b>	<b>55 859 317</b>	<b>84 626 719</b>	<b>(31 445 978)</b>	<b>53 180 741</b>

### RECONCILIATION

	Opening balance	Transfers/adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
<b>As at 30 June 2022</b>							
Land and buildings	3 828 124	131 128	239 639	(99)	(88 525)	102 339	4 212 606
Infrastructure	34 919 302	(219 688)	3 688 482	(1 333)	(1 486 188)	(2 921)	36 897 654
Community	3 545 782	(3 270)	221 549	(107)	(117 672)	-	3 646 282
Other	5 355 485	55 340	1 362 376	(26 609)	(878 161)	(2 008)	5 866 423
Living resources	576	-	-	(1)	(192)	-	383
Service concession	3 464 623	(17)	945	(4 102)	(225 681)	-	3 235 768
Housing rental stock	2 066 849	5 735	34 937	(661)	(106 659)	-	2 000 201
<b>TOTAL</b>	<b>53 180 741</b>	<b>(30 772)</b>	<b>5 547 928</b>	<b>(32 912)</b>	<b>(2 903 078)</b>	<b>97 410</b>	<b>55 859 317</b>

(See annexure B for more details.)

#### As at 30 June 2021

Land and buildings	3 868 557	84 164	94 436	(195)	(88 205)	(130 633)	3 828 124
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(114 861)	(144)	3 545 782
Other	4 965 758	(54 272)	1 312 241	(20 401)	(845 497)	(2 344)	5 355 485
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
<b>TOTAL</b>	<b>49 577 631</b>	<b>(78 587)</b>	<b>6 557 569</b>	<b>(23 228)</b>	<b>(2 712 578)</b>	<b>(140 066)</b>	<b>53 180 741</b>

## 2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CITY OF CAPE TOWN					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	5 052 043	(1 221 564)	3 830 479	4 686 169	(1 128 600)	3 557 569
Infrastructure	54 766 782	(17 869 128)	36 897 654	51 301 901	(16 382 599)	34 919 302
Community	5 520 732	(1 874 450)	3 646 282	5 303 314	(1 757 532)	3 545 782
Other	13 034 023	(7 217 750)	5 816 273	12 002 665	(6 710 814)	5 291 851
Living resources	1 167	(784)	383	1 225	(649)	576
Service concession	6 325 602	(3 089 834)	3 235 768	6 343 407	(2 878 784)	3 464 623
Housing rental stock	3 364 951	(1 364 750)	2 000 201	3 329 058	(1 262 209)	2 066 849
<b>TOTAL</b>	<b>88 065 300</b>	<b>(32 638 260)</b>	<b>55 427 040</b>	<b>82 967 739</b>	<b>(30 121 187)</b>	<b>52 846 552</b>

### RECONCILIATION

	Opening balance	Transfers/adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
<b>As at 30 June 2022</b>							
Land and buildings	3 557 569	131 128	234 424	(19)	(67 210)	(25 413)	3 830 479
Infrastructure	34 919 302	(219 688)	3 688 482	(1 333)	(1 486 188)	(2 921)	36 897 654
Community	3 545 782	(3 270)	221 549	(107)	(117 672)	-	3 646 282
Other	5 291 851	55 340	1 360 847	(26 545)	(863 212)	(2 008)	5 816 273
Living resources	576	-	-	(1)	(192)	-	383
Service concession	3 464 623	(17)	945	(4 102)	(225 681)	-	3 235 768
Housing rental stock	2 066 849	5 735	34 937	(661)	(106 659)	-	2 000 201
<b>TOTAL</b>	<b>52 846 552</b>	<b>(30 772)</b>	<b>5 541 184</b>	<b>(32 768)</b>	<b>(2 866 814)</b>	<b>(30 342)</b>	<b>55 427 040</b>

(See annexure B for more details.)

#### As at 30 June 2021

Land and buildings	3 457 770	104 186	80 129	(45)	(63 677)	(20 794)	3 557 569
Infrastructure	31 728 812	(89 516)	4 628 187	(1 088)	(1 340 148)	(6 945)	34 919 302
Community	3 478 667	(57 144)	239 308	(44)	(114 861)	(144)	3 545 782
Other	4 881 089	(54 272)	1 307 757	(20 376)	(820 003)	(2 344)	5 291 851
Living resources	768	-	-	-	(192)	-	576
Service concession	3 463 220	36	220 079	-	(218 712)	-	3 464 623
Housing rental stock	2 071 849	38 145	63 318	(1 500)	(104 963)	-	2 066 849
<b>TOTAL</b>	<b>49 082 175</b>	<b>(58 565)</b>	<b>6 538 778</b>	<b>(23 053)</b>	<b>(2 662 556)</b>	<b>(30 227)</b>	<b>52 846 552</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### ASSETS UNDER CONSTRUCTION

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Carrying value</b>				
Land and buildings	1 438	1 885	-	-
Infrastructure	3 526 167	3 707 170	3 526 167	3 707 170
Community	77 815	102 181	77 815	102 181
Other	457 065	387 618	457 065	387 618
<b>TOTAL</b>	<b>4 062 485</b>	<b>4 198 854</b>	<b>4 061 047</b>	<b>4 196 969</b>
<b>PPE projects</b>				
<b>Significantly delayed</b>				
Infrastructure	285 057	177 828	285 057	177 828
Other	10 627	63 942	10 627	63 942
Community	86 407	64 404	86 407	64 404
<b>TOTAL</b>	<b>382 091</b>	<b>306 174</b>	<b>382 091</b>	<b>306 174</b>
<b>Halted</b>				
Infrastructure	78 482	32 558	78 482	32 558
Community	8 653	35 197	8 653	35 197
<b>TOTAL</b>	<b>87 135</b>	<b>67 755</b>	<b>87 135</b>	<b>67 755</b>

The significant delays in the current year mainly relate to delays in the completion of work at the Contermanskloof reservoir worth R242,42 million, the new Hout Bay low-voltage depot worth R33,40 million, and work done at various informal settlements and housing projects worth R86,41 million.

The halted projects in the current year mainly relate to contractual disputes regarding the Hout Bay depot worth R33,40 million, and a shortage of supplies for the SCADA master station upgrade.

### CAPITAL COMMITMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Approved and contracted for capital expenditure</b>				
Infrastructure	2 562 037	1 683 033	2 562 037	1 683 033
Community	11 033	75 429	11 033	75 429
Other	80 066	53 240	79 910	51 932
<b>TOTAL</b>	<b>2 653 136</b>	<b>1 811 702</b>	<b>2 652 980</b>	<b>1 810 394</b>

<sup>1</sup> Comparative has been restated. During the detail review performed on capital commitments data, it was identified that capital commitments to the amount of R25,51 million had been incorrectly disclosed as contractual commitments relating to PPE infrastructure instead of investment properties. Therefore, the comparative amount of PPE infrastructure has been adjusted to R1,68 billion (previously reported: R1,71 billion).

## 2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### REPAIRS AND MAINTENANCE

An amount of R3,12 billion (2021: R2,69 billion) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

### RESIDUAL VALUE

During the current financial year, the Entity reviewed the estimated useful lives and residual values of PPE, where appropriate - see note 37.

### IMPAIRMENT OF NON-CASH-GENERATING ASSETS

The recoverable amount of impaired assets is R90,96 million (2021: R5,53 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

### LIVING RESOURCES

A living resource is an animal that the City uses to deliver a mandated service.

### NON-LIVING RESOURCES

The Entity is responsible for the following non-living resources that do not meet the definition of an asset:

- Water in dams and reservoirs: Once treated, water is disclosed as inventory in note 8, and revenue for the sale of treated water is disclosed as service charges in note 19.
- Nature reserves, parks and the coastline: The entrance fees for these areas are not material.

### SERVICE CONCESSION ASSETS

The City has made service concession arrangements with three operators on the MyCiTi integrated rapid transit (IRT) system as well as with the CTS. Included are IRT buses, related depots and CTS. However, the City does however retain full control over the nature and extent of the services that the operators must perform.

### IMPAIRMENT OF CASH-GENERATING ASSETS

The value-in-use amount of R388,9 million (2021: R308,7 million) for the CTICC 1 and CTICC 2 buildings combined exceeded the current carrying value of R261,2 million (2021: R418,6 million) for the relevant assets in that cash-generating unit. As a result, an impairment reversal of R127,8 million (2021: R109,8 million impairment loss) was recognised at the reporting date.

Significant assumptions applied in arriving at the value-in-use are set out below:

- The restrictions imposed on the use of the facility and site in terms of the lease agreement and the memorandum of incorporation.
- The lack of an active market between a willing buyer and a willing seller, through an arm's-length transaction, based on which to determine the value of the convention centre.
- As a result of the above, the value-in-use of the cash-generating unit can only be attributed to the present value of the future cash flows generated through the convention centre itself. The recovery of operations following the lifting of the Covid-19 lockdown regulations has had a positive impact on current and future cash flows from the cash-generating unit and potentially points to an impairment reversal.
- No residual value could be attached to the convention centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.
- The value-in-use was estimated using a discounted flow model that incorporated approved budget figures for a three-year projection period. Cash flows were forecast for an additional four years, assuming revenue growth of 6,0-6,5% (2021: 7%) as a result of the lower base brought about by the Covid-19 lockdown restrictions.
- A discount rate of 14,29% (2021: 13,02%) was used. This was calculated using the risk-free rate of 10,58% (2021: 8,88%) associated with the ten-year government bond, adjusted by 3,71 (2021: 4,14) percentage points to take into account the company's long-term borrowing cost of 6,25% (2021: 7%), a beta coefficient of 0,76 (2021: 0,76), as well as a market risk premium of 6,10% (2021: 6,10%) for uncertainty regarding the timing and extent of future cash flows.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 3. HERITAGE ASSETS

	ECONOMIC ENTITY					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 268	-	10 268

### RECONCILIATION

	Opening balance	Transfers/adjustments	Additions	Disposals	Carrying value
<b>As at 30 June 2022</b>					
Paintings and museum items	10 268	-	-	-	10 268
(See annexure B for more details.)					
<b>As at 30 June 2021</b>					
Paintings and museum items	10 269	-	-	(1)	10 268

Heritage assets are held at cost, as it is impracticable to determine their fair value.

	CITY OF CAPE TOWN					
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 268	-	10 268	10 268	-	10 268

### RECONCILIATION

	Opening balance	Transfers/adjustments	Additions	Disposals	Carrying value
<b>As at 30 June 2022</b>					
Paintings and museum items	10 268	-	-	-	10 268
(See annexure B for more details.)					
<b>As at 30 June 2021</b>					
Paintings and museum items	10 269	-	-	(1)	10 268



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 4. INVESTMENT PROPERTY

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
	Land and buildings	642 643	(64 823)	577 820	642 643	(63 109)

### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
	<b>As at 30 June 2022</b>					
Land and buildings	579 534	-	-	(1 714)	-	577 820
(See annexure B for more details.)						
<b>As at 30 June 2021</b>						
Land and buildings	581 247	-	-	(1 713)	-	579 534

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
	Land and buildings	642 643	(64 823)	577 820	642 643	(63 109)

### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
	<b>As at 30 June 2022</b>					
Land and buildings	579 534	-	-	(1 714)	-	577 820
(See annexure B for more details.)						
<b>As at 30 June 2021</b>						
Land and buildings	581 247	-	-	(1 713)	-	579 534

## 4. INVESTMENT PROPERTY (CONTINUED)

### CAPITAL COMMITMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Approved and contracted for capital expenditure</b>				
Buildings	12 067	25 508	12 067	25 508
<b>TOTAL</b>	<b>12 067</b>	<b>25 508</b>	<b>12 067</b>	<b>25 508</b>

Comparative has been restated. During the detail review performed on capital commitments data, it was identified that capital commitments to the amount of R25,51 million had been incorrectly disclosed as contractual commitments relating to PPE infrastructure instead of investment properties.

### REPAIRS AND MAINTENANCE

An amount of R0,96 million (2021: R0,24 million) was spent during the year in review. In determining this amount, the Entity has exclusively disclosed amounts charged by service providers.

## 5. INTANGIBLE ASSETS

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
	Acquisition of rights	561 441	(545 158)	16 283	561 441	(494 996)
Computer software	1 515 101	(904 651)	610 450	1 397 175	(834 335)	562 840
<b>TOTAL</b>	<b>2 076 542</b>	<b>(1 449 809)</b>	<b>626 733</b>	<b>1 958 616</b>	<b>(1 329 331)</b>	<b>629 285</b>

### RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
	<b>As at 30 June 2022</b>					
Acquisition of rights	66 445	-	-	(50 162)	-	16 283
Computer software	562 840	53 566	104 679	(110 598)	(37)	610 450
<b>TOTAL</b>	<b>629 285</b>	<b>53 566</b>	<b>104 679</b>	<b>(160 760)</b>	<b>(37)</b>	<b>626 733</b>

(See annexure B for more details.)

<b>As at 30 June 2021</b>						
Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	468 724	67 211	130 067	(103 162)	-	562 840
<b>TOTAL</b>	<b>605 350</b>	<b>67 211</b>	<b>130 067</b>	<b>(173 343)</b>	<b>-</b>	<b>629 285</b>

Included in computer software above are assets under construction of R5,62 million (2021: R0).

### CAPITAL COMMITMENTS

<b>Approved and contracted for capital expenditure</b>	<b>2022</b>	<b>2021</b>
Computer software	380	-
<b>TOTAL</b>	<b>380</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 5. INTANGIBLE ASSETS (CONTINUED)

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(545 158)	16 283	561 441	(494 996)	66 445
Computer software	1 504 289	(898 972)	605 317	1 382 575	(824 385)	558 190
<b>TOTAL</b>	<b>2 065 730</b>	<b>(1 444 130)</b>	<b>621 600</b>	<b>1 944 016</b>	<b>(1 319 381)</b>	<b>624 635</b>

## RECONCILIATION

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposals	Carrying value
<b>As at 30 June 2022</b>						
Acquisition of rights	66 445	-	-	(50 162)	-	16 283
Computer software	558 190	53 566	101 049	(107 471)	(17)	605 317
<b>TOTAL</b>	<b>624 635</b>	<b>53 566</b>	<b>101 049</b>	<b>(157 633)</b>	<b>(17)</b>	<b>621 600</b>

(See annexure B for more details.)

### As at 30 June 2021

Acquisition of rights	136 626	-	-	(70 181)	-	66 445
Computer software	463 052	65 632	128 083	(98 577)	-	558 190
<b>TOTAL</b>	<b>599 678</b>	<b>65 632</b>	<b>128 083</b>	<b>(168 758)</b>	<b>-</b>	<b>624 635</b>



## 6. INVESTMENTS

	ECONOMIC ENTITY		
	Amortised cost	Fair value	Total
<b>As at 30 June 2022</b>			
RSA Government stock	52 730	-	52 730
Guaranteed investment instruments	3 404 010	-	3 404 010
Other fixed deposits	7 015 967	-	7 015 967
Deposits held with fund managers	-	6 826 155	6 826 155
<b>Net investments</b>	<b>10 472 707</b>	<b>6 826 155</b>	<b>17 298 862</b>
Transferred to current investments	(128 816)	(2 617 391)	(2 746 207)
Transferred to cash and cash equivalents - see note 10	(6 887 152)	(1 155 514)	(8 042 666)
<b>TOTAL</b>	<b>3 456 739</b>	<b>3 053 250</b>	<b>6 509 989</b>

### As at 30 June 2021

RSA Government stock	53 351	-	53 351
Guaranteed investment instruments	3 071 050	-	3 071 050
Other fixed deposits	6 969 157	-	6 969 157
Deposits held with fund managers	-	7 074 086	7 074 086
<b>Net investments</b>	<b>10 093 558</b>	<b>7 074 086</b>	<b>17 167 644</b>
Transferred to current investments	(101 575)	(2 782 294)	(2 883 869)
Transferred to cash and cash equivalents - see note 10	(6 867 581)	(1 063 493)	(7 931 074)
<b>TOTAL</b>	<b>3 124 402</b>	<b>3 228 299</b>	<b>6 352 701</b>

CITY OF CAPE TOWN				
	Amortised cost	Fair value	Cost	Total
<b>As at 30 June 2022</b>				
RSA Government stock	52 730	-	-	52 730
Guaranteed investment instruments	3 404 010	-	-	3 404 010
Other fixed deposits	6 966 988	-	-	6 966 988
Deposits held with fund managers	-	6 826 155	-	6 826 155
Shares in: Atlantis SEZ Company SOC Ltd	-	-	56 500	56 500
CTICC	-	-	884 998	884 998
	10 423 728	6 826 155	941 498	18 191 381
Provision for impairment	-	-	(613 563)	(613 563)
<b>Net investments</b>	<b>10 423 728</b>	<b>6 826 155</b>	<b>327 935</b>	<b>17 577 818</b>
Transferred to current investments	(128 816)	(2 617 391)	-	(2 746 207)
Transferred to cash and cash equivalents - see note 10	(6 838 173)	(1 155 514)	-	(7 993 687)
<b>TOTAL</b>	<b>3 456 739</b>	<b>3 053 250</b>	<b>327 935</b>	<b>6 837 924</b>

### As at 30 June 2021

RSA Government stock	53 351	-	-	53 351
Guaranteed investment instruments	3 071 050	-	-	3 071 050
Other fixed deposits	6 948 576	-	-	6 948 576
Deposits held with fund managers	-	7 074 086	-	7 074 086
Shares in CTICC	-	-	833 998	833 998
	10 072 977	7 074 086	833 998	17 981 061
Provision for impairment	-	-	(613 563)	(613 563)
<b>Net investments</b>	<b>10 072 977</b>	<b>7 074 086</b>	<b>220 435</b>	<b>17 367 498</b>
Transferred to current investments	(101 575)	(2 782 294)	-	(2 883 869)
Transferred to cash and cash equivalents - see note 10	(6 847 000)	(1 063 493)	-	(7 910 493)
<b>TOTAL</b>	<b>3 124 402</b>	<b>3 228 299</b>	<b>220 435</b>	<b>6 573 136</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 6. INVESTMENTS (CONTINUED)

### GUARANTEED INVESTMENT INSTRUMENTS

A total of R3,40 billion (2021: R3,07 billion) has been ring-fenced for the repayment of long-term liabilities – see note 11.

### COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID INVESTMENTS)

In terms of the COID Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R52,73 million (2021: R53,35 million) and cash-backed guarantees of R128,81 million (2021: R101,57 million).

## 7. LONG-TERM RECEIVABLES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Exchange transactions</b>				
Other	36 518	36 664	36 518	36 664
Provision for impairment	(36 210)	(36 263)	(36 210)	(36 263)
	308	401	308	401
Housing selling developments	7 074	14 537	7 074	14 537
Provision for impairment	(2 894)	(5 941)	(2 894)	(5 941)
	4 180	8 596	4 180	8 596
Payments made in advance	-	5 242	-	5 242
	4 488	14 239	4 488	14 239
Transferred to current receivables	(3 246)	(7 600)	(3 246)	(7 600)
<b>TOTAL</b>	<b>1 242</b>	<b>6 639</b>	<b>1 242</b>	<b>6 639</b>
<b>Reconciliation of impairment provision</b>				
Balance at beginning of the year	42 204	3 819	42 204	3 819
Contribution (from)/to provisions	(3 100)	38 385	(3 100)	38 385
<b>Balance as at 30 June</b>	<b>39 104</b>	<b>42 204</b>	<b>39 104</b>	<b>42 204</b>

### 7.1 OTHER

#### SPORTING BODIES

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63–12% per annum, and are repayable over a maximum period of 20 to 40 years.

## 7. LONG-TERM RECEIVABLES (CONTINUED)

### 7.1 OTHER (CONTINUED)

#### HOUSING LAND SALE

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

#### PUBLIC ORGANISATIONS

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

#### LITIGATION DEBTORS

The City is currently in a dispute with a service provider regarding an outstanding claim.

### 7.2 HOUSING SELLING DEVELOPMENT LOANS

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 7,25% (2021: 7%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties.

### 7.3 PAYMENTS MADE IN ADVANCE

Deposits were paid to Eskom for infrastructure relating to housing developments. The deposits were reclassified to current assets and will be refunded upon completion of the projects during June 2023.

## 8. INVENTORY

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Consumable stock	299 821	305 727	297 852	303 638
Water	47 763	49 730	47 763	49 730
Other goods held for use/resale	84 608	113 697	84 608	113 697
<b>TOTAL</b>	<b>432 192</b>	<b>469 154</b>	<b>430 223</b>	<b>467 065</b>

Inventory to the value of R0,792 million (2021: R0,107 million) was scrapped during the year, and R983,08 million (2021: R588,72 million) was expensed.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 9. RECEIVABLES

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>6 273 704</b>	<b>(3 590 442)</b>	<b>2 683 262</b>	<b>5 761 187</b>	<b>(2 875 337)</b>	<b>2 885 850</b>
<b>Statutory</b>	<b>6 254 160</b>	<b>(3 590 442)</b>	<b>2 663 718</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>
Property rates debtors	3 176 281	(997 620)	2 178 661	3 198 947	(974 445)	2 224 502
City improvement district (CID) property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Government subsidies	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
<b>Contractual</b>	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>22 709</b>	<b>-</b>	<b>22 709</b>
Other receivables	19 544	-	19 544	22 709	-	22 709
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>8 746 083</b>	<b>(4 467 115)</b>	<b>4 278 968</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>
<b>Contractual</b>	<b>8 746 083</b>	<b>(4 467 115)</b>	<b>4 278 968</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Water	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Other receivables	621 016	(190 321)	430 695	548 950	(163 919)	384 367
Payments made in advance	92 344	-	92 344	77 071	-	77 071
<b>TOTAL</b>	<b>15 019 787</b>	<b>(8 057 557)</b>	<b>6 962 230</b>	<b>13 965 314</b>	<b>(7 352 265)</b>	<b>6 613 049</b>

As at 30 June 2022, the receivables balance included an amount of R133,22 million (2021: R132,86 million) owed by National Government and Province.

## RECONCILIATION OF IMPAIRMENT PROVISION

	Non-exchange statutory	Exchange contractual	TOTAL
<b>2022</b>			
Balance at beginning of the year	2 875 337	4 476 928	7 352 265
Contributions to provisions	1 966 730	886 083	2 852 813
Transfers from provisions	(7 807)	-	(7 807)
Bad debts written off	(1 243 818)	(895 896)	(2 139 714)
<b>Balance as at 30 June</b>	<b>3 590 442</b>	<b>4 467 115</b>	<b>8 057 557</b>
<b>2021</b>			
Balance at beginning of the year	2 851 221	4 929 414	7 780 635
Contributions to provisions	1 730 049	1 092 257	2 822 306
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
<b>Balance as at 30 June</b>	<b>2 875 337</b>	<b>4 476 928</b>	<b>7 352 265</b>

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM NON-EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY (CONTINUED)					
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Statutory</b>						
<b>Property rates debtors</b>	<b>3 176 281</b>	<b>(997 620)</b>	<b>2 178 661</b>	<b>3 198 947</b>	<b>(974 445)</b>	<b>2 224 502</b>
Not past due date	1 394 709	-	1 394 709	1 797 540	-	1 797 540
Past due						
0-90	435 721	(5 467)	430 254	154 314	(3 493)	150 821
91-180	197 406	(32 522)	164 884	206 022	(30 461)	175 561
181-365	299 673	(113 334)	186 339	227 356	(96 508)	130 848
365+	848 772	(846 297)	2 475	813 715	(843 983)	(30 268)
<b>CID property rates debtors</b>	<b>80 634</b>	<b>(11 230)</b>	<b>69 404</b>	<b>69 792</b>	<b>(10 244)</b>	<b>59 548</b>
Not past due date	37 840	(864)	36 976	32 498	(584)	31 914
Past due						
0-90	15 564	(356)	15 208	13 756	(247)	13 509
91-180	4 963	(113)	4 850	6 427	(115)	6 312
181-365	12 659	(289)	12 370	7 956	(143)	7 813
365+	9 608	(9 608)	-	9 155	(9 155)	-
<b>Government subsidies</b>	<b>167 267</b>	<b>-</b>	<b>167 267</b>	<b>216 555</b>	<b>-</b>	<b>216 555</b>
Not past due date	167 267	-	167 267	216 555	-	216 555
<b>Traffic fines</b>	<b>2 829 978</b>	<b>(2 581 592)</b>	<b>248 386</b>	<b>2 253 184</b>	<b>(1 890 648)</b>	<b>362 536</b>
Past due						
0-90	410 436	(358 772)	51 664	451 556	(378 901)	72 655
91-180	346 626	(302 995)	43 631	392 369	(329 237)	63 132
181-365	566 150	(494 886)	71 264	541 073	(454 015)	87 058
365+	1 506 766	(1 424 939)	81 827	868 186	(728 495)	139 691
	<b>6 254 160</b>	<b>(3 590 442)</b>	<b>2 663 718</b>	<b>5 738 478</b>	<b>(2 875 337)</b>	<b>2 863 141</b>
<b>Contractual</b>						
<b>Other receivables</b>	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>22 709</b>	<b>-</b>	<b>22 709</b>
Not past due date	19 544	-	19 544	22 709	-	22 709
	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>22 709</b>	<b>-</b>	<b>22 709</b>
<b>TOTAL</b>	<b>6 273 704</b>	<b>(3 590 442)</b>	<b>2 683 262</b>	<b>5 761 187</b>	<b>(2 875 337)</b>	<b>2 885 850</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS

ECONOMIC ENTITY (CONTINUED)						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Contractual</b>						
<b>Electricity</b>	<b>2 364 239</b>	<b>(489 027)</b>	<b>1 875 212</b>	<b>1 963 494</b>	<b>(426 930)</b>	<b>1 536 564</b>
Not past due date	1 200 729	-	1 200 729	1 008 624	-	1 008 624
Past due						
0-90	369 506	(2 120)	367 386	351 640	(1 343)	350 297
91-180	274 683	(52 739)	221 944	99 712	(10 164)	89 548
181-365	126 901	(50 711)	76 190	122 796	(44 873)	77 923
365+	392 420	(383 457)	8 963	380 722	(370 550)	10 172
<b>Water management</b>	<b>2 591 536</b>	<b>(1 667 531)</b>	<b>924 005</b>	<b>2 552 944</b>	<b>(1 739 499)</b>	<b>813 445</b>
Not past due date	359 656	-	359 656	318 883	-	318 883
Past due						
0-90	303 444	(22 675)	280 769	242 117	(18 942)	223 175
91-180	204 718	(74 611)	130 107	167 847	(58 914)	108 933
181-365	300 718	(160 039)	140 679	289 863	(154 268)	135 595
365+	1 423 000	(1 410 206)	12 794	1 534 234	(1 507 375)	26 859
<b>Wastewater management</b>	<b>1 248 835</b>	<b>(630 334)</b>	<b>618 501</b>	<b>1 188 872</b>	<b>(629 189)</b>	<b>559 683</b>
Not past due date	298 780	-	298 780	253 004	-	253 004
Past due						
0-90	216 606	(8 502)	208 104	191 491	(6 342)	185 149
91-180	77 948	(26 493)	51 455	73 995	(22 996)	50 999
181-365	114 679	(59 848)	54 831	123 692	(62 511)	61 181
365+	540 822	(535 491)	5 331	546 690	(537 340)	9 350
<b>Waste management</b>	<b>719 612</b>	<b>(453 447)</b>	<b>266 165</b>	<b>834 603</b>	<b>(564 593)</b>	<b>270 010</b>
Not past due date	119 521	-	119 521	106 169	-	106 169
Past due						
0-90	79 308	(6 671)	72 637	74 419	(7 062)	67 357
91-180	49 004	(17 929)	31 075	51 680	(17 780)	33 900
181-365	81 628	(43 584)	38 044	90 675	(48 220)	42 455
365+	390 151	(385 263)	4 888	511 660	(491 531)	20 129

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (CONTINUED)

	ECONOMIC ENTITY (CONTINUED)					
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Contractual (continued)</b>						
<b>Housing rental stock</b>	<b>890 961</b>	<b>(832 167)</b>	<b>58 794</b>	<b>829 114</b>	<b>(757 435)</b>	<b>71 679</b>
Not past due date	29 147	(22 020)	7 127	85 008	(61 197)	23 811
Past due						
0-90	70 392	(53 181)	17 211	63 015	(45 365)	17 650
91-180	39 551	(29 881)	9 670	38 348	(27 607)	10 741
181-365	101 375	(76 589)	24 786	69 535	(50 058)	19 477
365+	650 496	(650 496)	-	573 208	(573 208)	-
<b>Housing selling stock</b>	<b>217 540</b>	<b>(204 288)</b>	<b>13 252</b>	<b>209 079</b>	<b>(194 699)</b>	<b>14 380</b>
Not past due date	359	(157)	202	361	(155)	206
Past due						
0-90	11 193	(4 859)	6 334	13 147	(5 649)	7 498
91-180	3 819	(1 514)	2 305	3 222	(1 385)	1 837
181-365	7 285	(2 874)	4 411	8 484	(3 645)	4 839
365+	194 884	(194 884)	-	183 865	(183 865)	-
<b>Other receivables</b>	<b>621 016</b>	<b>(190 321)</b>	<b>430 695</b>	<b>548 950</b>	<b>(164 583)</b>	<b>384 367</b>
Not past due date	327 318	1 760	329 078	301 945	(2 472)	299 473
Past due						
0-90	54 773	(3 812)	50 961	39 434	(3 337)	36 097
91-180	26 214	(2 798)	23 416	20 201	(2 769)	17 432
181-365	32 306	(8 635)	23 671	34 912	(7 057)	27 855
365+	180 405	(176 836)	3 569	152 458	(148 948)	3 510
<b>Payments made in advance</b>	<b>92 344</b>	<b>-</b>	<b>92 344</b>	<b>77 071</b>	<b>-</b>	<b>77 071</b>
Not past due date	92 344	-	92 344	77 071	-	77 071
<b>TOTAL</b>	<b>8 746 083</b>	<b>(4 467 115)</b>	<b>4 278 968</b>	<b>8 204 127</b>	<b>(4 476 928)</b>	<b>3 727 199</b>
<b>TOTAL RECEIVABLES</b>	<b>15 019 787</b>	<b>(8 057 557)</b>	<b>6 962 230</b>	<b>13 965 314</b>	<b>(7 352 265)</b>	<b>6 613 049</b>

The "Not past due date" category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (CONTINUED)

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>6 276 012</b>	<b>(3 590 442)</b>	<b>2 685 570</b>	<b>5 758 766</b>	<b>(2 875 337)</b>	<b>2 883 429</b>
<b>Statutory</b>	<b>6 256 468</b>	<b>(3 590 442)</b>	<b>2 666 026</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>
Property rates debtors	3 178 589	(997 620)	2 180 969	3 200 910	(974 445)	2 226 465
CID property rates debtors	80 634	(11 230)	69 404	69 792	(10 244)	59 548
Government subsidies	167 267	-	167 267	216 555	-	216 555
Traffic fines	2 829 978	(2 581 592)	248 386	2 253 184	(1 890 648)	362 536
<b>Contractual</b>	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>
Other receivables	19 544	-	19 544	18 325	-	18 325
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>8 689 561</b>	<b>(4 466 503)</b>	<b>4 223 058</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>
<b>Contractual</b>	<b>8 689 561</b>	<b>(4 466 503)</b>	<b>4 223 058</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>
Electricity	2 364 239	(489 027)	1 875 212	1 963 494	(426 930)	1 536 564
Water management	2 591 536	(1 667 531)	924 005	2 552 944	(1 739 499)	813 445
Wastewater management	1 248 835	(630 334)	618 501	1 188 872	(629 189)	559 683
Waste management	719 612	(453 447)	266 165	834 603	(564 593)	270 010
Housing rental stock	890 961	(832 167)	58 794	829 114	(757 435)	71 679
Housing selling stock	217 540	(204 288)	13 252	209 079	(194 699)	14 380
Other receivables	567 168	(189 709)	377 459	492 324	(163 919)	328 405
Payments made in advance	89 670	-	89 670	77 071	-	77 071
<b>TOTAL</b>	<b>14 965 573</b>	<b>(8 056 945)</b>	<b>6 908 628</b>	<b>13 906 267</b>	<b>(7 351 601)</b>	<b>6 554 666</b>

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (CONTINUED)

RECONCILIATION OF IMPAIRMENT PROVISION

	Non-exchange statutory	Exchange contractual	TOTAL
<b>2022</b>			
Balance at beginning of the year	2 875 337	4 476 264	7 351 601
Contributions to provisions	1 966 730	886 135	2 852 865
Transfers from provisions	(7 807)	-	(7 807)
Bad debts written off	(1 243 818)	(895 896)	(2 139 714)
<b>Balance as at 30 June</b>	<b>3 590 442</b>	<b>4 466 503</b>	<b>8 056 945</b>
<b>2021</b>			
Balance at beginning of the year	2 851 221	4 928 128	7 779 349
Contributions to provisions	1 730 049	1 092 879	2 822 928
Transfers from provisions	(4 327)	-	(4 327)
Bad debts written off	(1 701 606)	(1 544 743)	(3 246 349)
<b>Balance as at 30 June</b>	<b>2 875 337</b>	<b>4 476 264</b>	<b>7 351 601</b>

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM NON-EXCHANGE TRANSACTIONS

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Statutory</b>						
<b>Property rates debtors</b>	<b>3 178 589</b>	<b>(997 620)</b>	<b>2 180 969</b>	<b>3 200 910</b>	<b>(974 445)</b>	<b>2 226 465</b>
Not past due date	1 397 017	-	1 397 017	1 799 503	-	1 799 503
Past due						
0-90	435 721	(5 467)	430 254	154 314	(3 493)	150 821
91-180	197 406	(32 522)	164 884	206 022	(30 461)	175 561
181-365	299 673	(113 334)	186 339	227 356	(96 508)	130 848
365+	848 772	(846 297)	2 475	813 715	(843 983)	(30 268)
<b>CID property rates debtors</b>	<b>80 634</b>	<b>(11 230)</b>	<b>69 404</b>	<b>69 792</b>	<b>(10 244)</b>	<b>59 548</b>
Not past due date	37 840	(864)	36 976	32 498	(584)	31 914
Past due						
0-90	15 564	(356)	15 208	13 756	(247)	13 509
91-180	4 963	(113)	4 850	6 427	(115)	6 312
181-365	12 659	(289)	12 370	7 956	(143)	7 813
365+	9 608	(9 608)	-	9 155	(9 155)	-
<b>Government subsidies</b>	<b>167 267</b>	<b>-</b>	<b>167 267</b>	<b>216 555</b>	<b>-</b>	<b>216 555</b>
Not past due date	167 267	-	167 267	216 555	-	216 555

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Statutory (continued)</b>						
<b>Traffic fines</b>	<b>2 829 978</b>	<b>(2 581 592)</b>	<b>248 386</b>	<b>2 253 184</b>	<b>(1 890 648)</b>	<b>362 536</b>
Past due						
0-90	410 436	(358 772)	51 664	451 556	(378 901)	72 655
91-180	346 626	(302 995)	43 631	392 369	(329 237)	63 132
181-365	566 150	(494 886)	71 264	541 073	(454 015)	87 058
365+	1 506 766	(1 424 939)	81 827	868 186	(728 495)	139 691
	<b>6 256 468</b>	<b>(3 590 442)</b>	<b>2 666 026</b>	<b>5 740 441</b>	<b>(2 875 337)</b>	<b>2 865 104</b>
<b>Contractual</b>						
<b>Other receivables</b>	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>
Not past due date	19 544	-	19 544	18 325	-	18 325
	<b>19 544</b>	<b>-</b>	<b>19 544</b>	<b>18 325</b>	<b>-</b>	<b>18 325</b>
<b>TOTAL</b>	<b>6 276 012</b>	<b>(3 590 442)</b>	<b>2 685 570</b>	<b>5 758 766</b>	<b>(2 875 337)</b>	<b>2 883 429</b>

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS

CITY OF CAPE TOWN (CONTINUED)						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Contractual</b>						
<b>Electricity</b>	<b>2 364 239</b>	<b>(489 027)</b>	<b>1 875 212</b>	<b>1 963 494</b>	<b>(426 930)</b>	<b>1 536 564</b>
Not past due date	1 200 729	-	1 200 729	1 008 624	-	1 008 624
Past due						
0-90	369 506	(2 120)	367 386	351 640	(1 343)	350 297
91-180	274 683	(52 739)	221 944	99 712	(10 164)	89 548
181-365	126 901	(50 711)	76 190	122 796	(44 873)	77 923
365+	392 420	(383 457)	8 963	380 722	(370 550)	10 172

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (CONTINUED)

CITY OF CAPE TOWN (CONTINUED)						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Contractual (continued)</b>						
<b>Water management</b>	<b>2 591 536</b>	<b>(1 667 531)</b>	<b>924 005</b>	<b>2 552 944</b>	<b>(1 739 499)</b>	<b>813 445</b>
Not past due date	359 656	-	359 656	318 883	-	318 883
Past due						
0-90	303 444	(22 675)	280 769	242 117	(18 942)	223 175
91-180	204 718	(74 611)	130 107	167 847	(58 914)	108 933
181-365	300 718	(160 039)	140 679	289 863	(154 268)	135 595
365+	1 423 000	(1 410 206)	12 794	1 534 234	(1 507 375)	26 859
<b>Wastewater management</b>	<b>1 248 835</b>	<b>(630 334)</b>	<b>618 501</b>	<b>1 188 872</b>	<b>(629 189)</b>	<b>559 683</b>
Not past due date	298 780	-	298 780	253 004	-	253 004
Past due						
0-90	216 606	(8 502)	208 104	191 491	(6 342)	185 149
91-180	77 948	(26 493)	51 455	73 995	(22 996)	50 999
181-365	114 679	(59 848)	54 831	123 692	(62 511)	61 181
365+	540 822	(535 491)	5 331	546 690	(537 340)	9 350
<b>Waste management</b>	<b>719 612</b>	<b>(453 447)</b>	<b>266 165</b>	<b>834 603</b>	<b>(564 593)</b>	<b>270 010</b>
Not past due date	119 521	-	119 521	106 169	-	106 169
Past due						
0-90	79 308	(6 671)	72 637	74 419	(7 062)	67 357
91-180	49 004	(17 929)	31 075	51 680	(17 780)	33 900
181-365	81 628	(43 584)	38 044	90 675	(48 220)	42 455
365+	390 151	(385 263)	4 888	511 660	(491 531)	20 129
<b>Housing rental stock</b>	<b>890 961</b>	<b>(832 167)</b>	<b>58 794</b>	<b>829 114</b>	<b>(757 435)</b>	<b>71 679</b>
Not past due date	29 147	(22 020)	7 127	85 008	(61 197)	23 811
Past due						
0-90	70 392	(53 181)	17 211	63 015	(45 365)	17 650
91-180	39 551	(29 881)	9 670	38 348	(27 607)	10 741
181-365	101 375	(76 589)	24 786	69 535	(50 058)	19 477
365+	650 496	(650 496)	-	573 208	(573 208)	-
<b>Housing selling stock</b>	<b>217 540</b>	<b>(204 288)</b>	<b>13 252</b>	<b>209 079</b>	<b>(194 699)</b>	<b>14 380</b>
Not past due date	359	(157)	202	361	(155)	206
Past due						
0-90	11 193	(4 859)	6 334	13 147	(5 649)	7 498
91-180	3 819	(1 514)	2 305	3 222	(1 385)	1 837
181-365	7 285	(2 874)	4 411	8 484	(3 645)	4 839
365+	194 884	(194 884)	-	183 865	(183 865)	-

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 9. RECEIVABLES (CONTINUED)

ANALYSIS OF RECEIVABLES' AGE IN DAYS FROM EXCHANGE TRANSACTIONS (CONTINUED)

CITY OF CAPE TOWN (CONTINUED)						
	As at 30 June 2022			As at 30 June 2021		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>Contractual (continued)</b>						
<b>Other receivables</b>	<b>567 168</b>	<b>(189 709)</b>	<b>377 459</b>	<b>492 324</b>	<b>(163 919)</b>	<b>328 405</b>
Not past due date	284 647	2 372	287 019	245 435	(1 808)	243 627
Past due						
0-90	50 791	(3 812)	46 979	39 434	(3 337)	36 097
91-180	19 019	(2 798)	16 221	20 085	(2 769)	17 316
181-365	32 306	(8 635)	23 671	34 912	(7 057)	27 855
365+	180 405	(176 836)	3 569	152 458	(148 948)	3 510
<b>Payments made in advance</b>	<b>89 670</b>	<b>-</b>	<b>89 670</b>	<b>77 071</b>	<b>-</b>	<b>77 071</b>
Not past due date	89 670	-	89 670	77 071	-	77 071
<b>TOTAL</b>	<b>8 689 561</b>	<b>(4 466 503)</b>	<b>4 223 058</b>	<b>8 147 501</b>	<b>(4 476 264)</b>	<b>3 671 237</b>
<b>TOTAL RECEIVABLES</b>	<b>14 965 573</b>	<b>(8 056 945)</b>	<b>6 908 628</b>	<b>13 906 267</b>	<b>(7 351 601)</b>	<b>6 554 666</b>

## 10. CASH AND CASH EQUIVALENTS (BANK AND CASH)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Amortised cost</b>	<b>7 195 882</b>	<b>7 084 826</b>	<b>7 139 629</b>	<b>7 062 607</b>
Bank balance <sup>1</sup>	282 925	196 536	275 930	195 135
Year-end accruals	37	(110)	37	(110)
Cash on hand and in transit	25 768	20 819	25 489	20 582
Call and short-term deposits - see note 6	6 887 152	6 867 581	6 838 173	6 847 000
<b>Fair value - see note 6</b>	<b>1 155 514</b>	<b>1 063 493</b>	<b>1 155 514</b>	<b>1 063 493</b>
Call and short-term deposits	1 124 153	1 053 506	1 124 153	1 053 506
Bank accounts managed by fund managers <sup>1</sup>	31 361	9 987	31 361	9 987
<b>TOTAL</b>	<b>8 351 396</b>	<b>8 148 319</b>	<b>8 295 143</b>	<b>8 126 100</b>

<sup>1</sup> See annexure C for more details.

## 11. BORROWINGS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Marketable bonds	4 850 239	4 954 428	4 850 239	4 954 428
Concessionary loans	1 783 612	1 993 634	1 783 612	1 993 634
Other loans	13 334	40 000	13 334	40 000
Subtotal - see annexure A for more details	6 647 185	6 988 062	6 647 185	6 988 062
Transferred to current liabilities	(1 426 476)	(440 239)	(1 426 476)	(440 239)
<b>TOTAL</b>	<b>5 220 709</b>	<b>6 547 823</b>	<b>5 220 709</b>	<b>6 547 823</b>

A total of R3,40 billion (2021: R3,07 billion) has been ring-fenced for the repayment of long-term liabilities - see note 6.

	4 850 239	4 954 428	4 850 239	4 954 428
<b>MARKETABLE BONDS</b>	<b>4 850 239</b>	<b>4 954 428</b>	<b>4 850 239</b>	<b>4 954 428</b>
<b>Marketable bonds</b>	<b>4 850 239</b>	<b>4 954 428</b>	<b>4 850 239</b>	<b>4 954 428</b>
In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,85 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).				
<b>CONCESSIONARY LOANS</b>	<b>1 783 612</b>	<b>1 993 634</b>	<b>1 783 612</b>	<b>1 993 634</b>
<b>Agence Française de Développement (AFD)</b>	<b>894 256</b>	<b>1 031 116</b>	<b>894 256</b>	<b>1 031 116</b>
An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2022 was R954 million (2021: R1,11 billion).				
<b>KfW Development Bank</b>	<b>889 356</b>	<b>962 518</b>	<b>889 356</b>	<b>962 518</b>
An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2022 was R987 million (2021: R1,07 billion).				
<b>OTHER LOANS</b>	<b>13 334</b>	<b>40 000</b>	<b>13 334</b>	<b>40 000</b>
<b>DBSA</b>	<b>13 334</b>	<b>40 000</b>	<b>13 334</b>	<b>40 000</b>
Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans will be fully paid on 31 December 2022.				
<b>TOTAL - see annexure A for more details</b>	<b>6 647 185</b>	<b>6 988 062</b>	<b>6 647 185</b>	<b>6 988 062</b>

For more details about short-term debt facilities available to the Entity, see annexure C.

In compliance with paragraph 7.3(g) of the JSE listing requirements, Mr H Robbins, in his capacity as Manager: Treasury of City of Cape Town, has been appointed as the City's debt officer with effect from 12 October 2021.

In compliance with paragraph 7.16 of the JSE listing requirements, the City has no loans or procurement transactions with any related parties, domestic prominent influential persons or prescribed officers as defined by the JSE debt listing requirements.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 12. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,51 billion (2021: R1,46 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

### 12.1 DEFINED-BENEFIT SCHEMES

#### LA RETIREMENT FUND (MULTI-EMPLOYER FUND)

The last statutory actuarial valuation of the fund was performed as at 30 June 2020, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. An interim funding basis valuation at 30 June 2021 indicated a R69,4 million surplus, with an overall funding level of 104,9% for the DB section and pensioners account respectively at year-end.

#### SOUTH AFRICAN LOCAL AUTHORITIES (SALA) PENSION FUND (MULTI-EMPLOYER FUND)

The fund is a DB plan, and its last statutory valuation at 1 July 2021 revealed a deficit of R2,08 million and a funding level of 85,5%, having deteriorated since its previous statutory valuation at 1 July 2018, which indicated a deficit of R601,2 million and a funding level of 96%. That was prior to the approval of a scheme of arrangement (SOA) between the fund and all participating employers. The SOA requires all participating employers to contribute an additional 2% per annum over the next five to six years to restore the fund to financial soundness. Due to its further deterioration as a result of poor investment returns over the valuation period, the fund is required under section 18 of the Pension Funds Act to submit an updated SOA to the Financial Sector Conduct Authority (FSCA) to outline how the funding position will be addressed and restored.

### 12.2 DEFINED-CONTRIBUTION SCHEMES

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

### 12.3 DEFINED-BENEFIT AND DEFINED-CONTRIBUTION SCHEME

#### CAPE MUNICIPAL PENSION FUND

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed as at 30 June 2021, which certified it as being in a financially sound position.

## 12. RETIREMENT BENEFIT INFORMATION (CONTINUED)

### 12.3 DEFINED-BENEFIT AND DEFINED-CONTRIBUTION SCHEME (CONTINUED)

#### CAPE MUNICIPAL PENSION FUND (CONTINUED)

	DB section	DC section	Total
In-service members	153	9 540	9 693
Pensioners	2 178	2 449	4 627
Membership as at 30 June 2021	<b>2 331</b>	<b>11 989</b>	<b>14 320</b>

	2021 R'million	2020 R'million
Past-service position: DC section	14 453	12 090
DB section	3 524	3 380
<b>Total liabilities</b>	<b>17 977</b>	<b>15 470</b>
Assets valued at market value	18 193	15 595
Actuarial surplus	210	125

The actuarial surplus is mainly attributable to the DB in-service members, and is not refundable to the employer.

Key financial assumptions	2022 %	2021 %
Actual employer contribution: DC section	18,00	18,00
DB section	20,25	20,25
Net discount rate: Pre-retirement	2,30	2,04
Post-retirement	3,30	4,04
Normal retirement age	65 years	65 years



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 13. PROVISIONS

ECONOMIC ENTITY						
	As at 30 June 2022			As at 30 June 2021		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	360 549	120 897	481 446	237 146	79 286	316 432
Long-service leave benefits	680 665	151 391	832 056	713 938	81 383	795 321
Post-retirement healthcare benefits	6 375 396	307 476	6 682 872	6 129 623	290 989	6 420 612
Other provisions	14 572	1 112 494	1 127 066	33 805	1 121 013	1 154 818
<b>TOTAL</b>	<b>7 431 182</b>	<b>1 692 258</b>	<b>9 123 440</b>	<b>7 114 512</b>	<b>1 572 671</b>	<b>8 687 183</b>

### MOVEMENT FOR THE YEAR

	Environmental rehabilitation	Long-service benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	316 432	795 321	6 420 612	1 154 818	8 687 183
Service costs	-	64 338	81 991	368	146 697
Interest costs	38 542	82 579	661 375	1 622	784 118
Payments/utilised	-	(75 802)	(312 804)	(171 283)	(559 889)
Additional provision raised	-	-	-	1 217 401	1 217 401
Reversals	-	-	-	(1 096 589)	(1 096 589)
Actuarial gains	-	(34 380)	(168 302)	(1 315)	(203 997)
Remeasurement	126 472	-	-	22 044	148 516
<b>TOTAL</b>	<b>481 446</b>	<b>832 056</b>	<b>6 682 872</b>	<b>1 127 066</b>	<b>9 123 440</b>

CITY OF CAPE TOWN						
	As at 30 June 2022			As at 30 June 2021		
	Non-current	Current	Total	Non-current	Current	Total
Environmental rehabilitation	360 549	120 897	481 446	237 146	79 286	316 432
Long-service benefits	680 665	151 391	832 056	713 938	81 383	795 321
Post-retirement healthcare benefits	6 375 396	307 476	6 682 872	6 129 623	290 989	6 420 612
Leave and other provisions	14 572	1 112 494	1 127 066	33 805	1 121 013	1 154 818
<b>TOTAL</b>	<b>7 431 182</b>	<b>1 692 258</b>	<b>9 123 440</b>	<b>7 114 512</b>	<b>1 572 671</b>	<b>8 687 183</b>

## 13. PROVISIONS (CONTINUED)

### MOVEMENT FOR THE YEAR

CITY OF CAPE TOWN (CONTINUED)					
	Environmental rehabilitation	Long-service benefits	Post-retirement healthcare benefits	Other provisions	Total
Opening balance	316 432	795 321	6 420 612	1 154 818	8 687 183
Service costs	-	64 338	81 991	368	146 697
Interest costs	38 542	82 579	661 375	1 622	784 118
Payments/utilised	-	(75 802)	(312 804)	(171 283)	(559 889)
Additional provision raised	-	-	-	1 217 401	1 217 401
Reversals	-	-	-	(1 096 589)	(1 096 589)
Actuarial gains	-	(34 380)	(168 302)	(1 315)	(203 997)
Remeasurement	126 472	-	-	22 044	148 516
<b>TOTAL</b>	<b>481 446</b>	<b>832 056</b>	<b>6 682 872</b>	<b>1 127 066</b>	<b>9 123 440</b>

### 13.1 ENVIRONMENTAL REHABILITATION

In terms of the Entity's licensing stipulations for waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2022.

Key cost parameters	2022	2021
Estimated dates of reaching full capacity	Between 2018 and 2041	Between 2018 and 2039
Estimated post-closure rehabilitation time	4 years	4 years
Post-closure monitoring period	30 years	30 years
Average estimated annual inflation rate	5,5%	4,17%
Discount rate at the average borrowing rate	11,88%	12,18%

### 13.2 LONG-SERVICE BENEFITS

An actuarial valuation has been performed of the Entity's liability for vested long-service benefits to which employees may become entitled upon completion of ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

#### DISCOUNT RATE

The nominal and real-zero curves as supplied by the JSE were used to determine the discount rates and consumer price index (CPI) assumptions for the respective periods.

Key cost parameters	2022	2021
Discount rate	Yield curve	Yield curve
Consumer price index	Difference between nominal and real-yield curves	Difference between nominal and real-yield curve
Salary increase	Equal to CPI + 1%	Equal to CPI + 1%

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 13. PROVISIONS (CONTINUED)

### 13.3 POST-RETIREMENT HEALTHCARE DEFINED BENEFITS

An actuarial valuation has been performed of the Entity's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2022 constituted 5 501 (2021: 6 127) in-service members and 6 976 (2021: 6 920) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

### CONTINUATION OF MEMBERSHIP

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's healthcare arrangements.

### FAMILY PROFILE

Family profile was based on actual data and, therefore, no assumptions had to be made.

### PLAN ASSETS

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

### DISCOUNT RATE

The fund benefit liability to the Entity as at 30 June 2022 has been discounted at a rate determined on the basis of the nominal and real-zero curves as supplied by the JSE.

Key financial assumptions	2022	2021
Discount rate	Yield curve	Yield curve
Consumer price index	Difference between nominal and real-yield curves	Difference between nominal and real-yield curves
Healthcare cost inflation rate	CPI + 2%	CPI + 2%

Sensitivity analysis	Change in assumption	Liability	Interest costs	Service costs
Assumptions used		6 682 872	774 564	79 452
Healthcare inflation	1% decrease	5 984 347	691 454	67 459
	1% increase	7 508 299	872 802	94 123
Post-retirement mortality	20% decrease	7 314 826	849 581	714 755
	20% increase	6 179 094	87 380	73 009

## 13. PROVISIONS (CONTINUED)

### 13.4 OTHER PROVISIONS

#### LEAVE BENEFITS

Annual leave accrues to employees monthly, subject to certain conditions. The provision of R1,02 billion (2021: R1,05 billion) is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

## 14. DEPOSITS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Services deposits	465 467	417 764	465 467	417 764
Rental and other deposits	99 035	90 488	22 411	22 011
<b>TOTAL</b>	<b>564 502</b>	<b>508 252</b>	<b>487 878</b>	<b>439 775</b>

Comparative restated: Rental deposits have been reclassified from the services deposits category.

## 15. PAYABLES FROM EXCHANGE TRANSACTIONS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Trade and other creditors	5 619 789	5 162 103	5 587 505	5 139 874
Payments received in advance	1 192 398	1 076 506	1 192 398	1 076 506
Funds administrated on behalf of third parties	28 201	27 938	28 201	27 938
<b>TOTAL</b>	<b>6 840 388</b>	<b>6 266 547</b>	<b>6 808 104</b>	<b>6 244 318</b>

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

## 16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Conditional grants from other spheres of government</b>	758 068	1 096 154	758 068	1 096 154
National Government	501 701	688 244	501 701	688 244
Province	256 367	407 910	256 367	407 910
<b>Other conditional receipts</b>	19 916	20 676	19 916	20 676
Public contributions	19 916	20 676	19 916	20 676
<b>TOTAL</b>	<b>777 984</b>	<b>1 116 830</b>	<b>777 984</b>	<b>1 116 830</b>

Comparative restated - see note 37 for more details.

### PUBLIC TRANSPORT NETWORK GRANT (PTNG)

The PTNG allocation was reduced by R1,34 billion as per the Division of Revenue Bill (B19-2021) to align with the City's revised implementation plan of the MyCiTi Phase 2A project. As a result, the second tranche payment of R462,30 million, which had been scheduled to be received on 25 November 2021, could not be transferred, as it would have exceeded the total revised allocation. The balance of the revised allocation of R175,08 million was rescheduled for transfer during March 2022 and was received timeously.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 16. UNSPENT CONDITIONAL GRANTS AND RECEIPTS (CONTINUED)

### INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT (ISUPG)

The third ISUPG tranche of R253,3 million, which had been scheduled to be received on 24 February 2022, was withheld due to underspending. The City submitted the motivation and reports requested by National Treasury in its notice to withhold funds, and consequently received the full third tranche in March 2022.

See notes 23, 24, 25 and annexure D for more details of grants from National Government and Province, as well as public contributions.

## 17. VALUE-ADDED TAX (VAT)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
VAT payable	466 419	527 034	463 353	525 665
Impairment adjustment	(48 428)	(41 499)	(48 428)	(41 499)
<b>Total VAT payable</b>	<b>417 991</b>	<b>485 535</b>	<b>414 925</b>	<b>484 166</b>
VAT receivable	(423 200)	(398 617)	(420 876)	(397 786)
<b>TOTAL</b>	<b>(5 209)</b>	<b>86 918</b>	<b>(5 951)</b>	<b>86 380</b>

The VAT liability was impaired as a result of impairment against debtors. The City is registered for VAT on the payment basis.

## 18. HOUSING DEVELOPMENT FUND

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Realised housing proceeds</b>				
Balance at beginning of the year	412 608	443 563	412 608	443 563
Income	16 666	19 948	16 666	19 948
Interest	14 789	15 884	14 789	15 884
Expenditure	(132 322)	(66 787)	(132 322)	(66 787)
<b>Balance at end of the year</b>	<b>311 741</b>	<b>412 608</b>	<b>311 741</b>	<b>412 608</b>
<b>Unrealised housing proceeds</b>				
Balance at beginning of the year	8 595	19 647	8 595	19 647
Long-term loans realised	(7 516)	(8 773)	(7 516)	(8 773)
Transfer to impairment provision - selling schemes	-	(2 279)	-	(2 279)
<b>Balance at end of the year</b>	<b>1 079</b>	<b>8 595</b>	<b>1 079</b>	<b>8 595</b>
<b>TOTAL</b>	<b>312 820</b>	<b>421 203</b>	<b>312 820</b>	<b>421 203</b>

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.

## 19. SERVICE CHARGES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Exchange transactions</b>	<b>23 526 346</b>	<b>20 756 309</b>	<b>23 526 030</b>	<b>20 766 811</b>
Electricity	16 171 157	14 216 870	16 193 383	14 235 170
Water management	3 613 164	3 185 532	3 615 866	3 187 685
Wastewater management	1 820 280	1 583 924	1 820 280	1 583 924
Waste management	1 089 715	1 049 104	1 090 065	1 049 442
ICASA ECNS licence	27 748	25 288	27 748	25 288
Other	804 282	695 591	778 688	685 302
<b>Non-exchange transactions</b>	<b>35 778</b>	<b>33 128</b>	<b>35 778</b>	<b>33 128</b>
Water management	10 773	11 340	10 773	11 340
Wastewater management	12 393	11 719	12 393	11 719
Waste management	12 612	10 069	12 612	10 069
<b>TOTAL</b>	<b>23 562 124</b>	<b>20 789 437</b>	<b>23 561 808</b>	<b>20 799 939</b>

Comparative restated - see note 37 for more details.

## 20. FINANCE INCOME

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Exchange transactions</b>	<b>1 249 562</b>	<b>1 221 202</b>	<b>1 247 922</b>	<b>1 217 275</b>
External investments	1 014 995	941 653	1 013 355	937 726
Outstanding debtors	270 668	320 734	270 668	320 734
Transferred interest to conditional grants	(36 101)	(41 185)	(36 101)	(41 185)
<b>Non-exchange transactions</b>				
Outstanding debtors	99 174	134 185	99 174	134 185
<b>TOTAL</b>	<b>1 348 736</b>	<b>1 355 387</b>	<b>1 347 096</b>	<b>1 351 460</b>

## 21. OTHER INCOME

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Exchange transactions</b>	<b>428 467</b>	<b>383 048</b>	<b>407 401</b>	<b>388 179</b>
Development contributions	209 516	255 090	209 516	255 090
Other income	207 150	121 248	186 084	126 379
Gains on foreign-exchange transactions	33	336	33	336
Fair-value adjustments	11 768	6 374	11 768	6 374
<b>Non-exchange transactions</b>	<b>293 385</b>	<b>270 239</b>	<b>293 385</b>	<b>270 239</b>
CIDs	293 085	270 239	293 085	270 239
Arbor City awards	300	-	300	-
<b>TOTAL</b>	<b>721 852</b>	<b>653 287</b>	<b>700 786</b>	<b>658 418</b>

The City received services in kind to an estimated value of R16,13 million (2021: R11,52 million) in the form of volunteers.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 22. PROPERTY RATES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Actual</b>				
Residential, commercial and other	11 720 367	11 276 871	11 720 222	11 282 693
Income forgone	(1 361 479)	(1 277 662)	(1 361 479)	(1 277 662)
<b>TOTAL</b>	<b>10 358 888</b>	<b>9 999 209</b>	<b>10 358 743</b>	<b>10 005 031</b>
<b>Valuations per category</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Agriculture	9 029 783	8 842 435	9 029 783	8 842 435
Business and commercial	274 256 982	266 217 147	274 256 982	266 217 147
Industrial	91 031 019	90 667 953	91 031 019	90 667 953
Mining	241 537	258 108	241 537	258 108
Multiple-purpose	2 869 784	5 791 480	2 869 784	5 791 480
Organ of state (public service purposes)	35 475 085	37 552 525	35 475 085	37 552 525
Public benefit organisation	6 121 928	4 674 173	6 121 928	4 674 173
Public service infrastructure	15 527 609	12 582 925	15 527 609	12 582 925
Residential	1 187 745 657	1 176 512 842	1 187 745 657	1 176 512 842
Vacant land	34 650 174	37 861 339	34 650 174	37 861 339
Place of worship	138 005	15 701 560	138 005	15 701 560
Cemeteries and crematoria; animal shelters; local community museums; nature conservation land	525 116		525 116	
Properties owned by not-for-profit organisations	1 109 198		1 109 198	
<b>TOTAL valuation at commencement of financial year</b>	<b>1 658 721 877</b>	<b>1 656 662 487</b>	<b>1 658 721 877</b>	<b>1 656 662 487</b>

The latest general valuation roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2023. It is based on market-related values as at 2 July 2018 and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA) 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

GV2018 has introduced new rates categories, as required by the MPRA. Therefore, comparative figures for the valuation per category are not available in all cases.

## 23. GOVERNMENT GRANTS AND SUBSIDIES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Unconditional grants</b>	3 668 769	3 500 827	3 668 769	3 500 827
<b>Conditional grants</b>	3 794 511	3 753 055	3 794 511	3 753 055
National Government	2 666 793	2 690 138	2 666 793	2 690 138
Province	1 127 718	1 062 917	1 127 718	1 062 917
<b>Total grants</b>	<b>7 463 280</b>	<b>7 253 882</b>	<b>7 463 280</b>	<b>7 253 882</b>
Housing construction revenue	(282 031)	(250 308)	(282 031)	(250 308)
<b>TOTAL</b>	<b>7 181 249</b>	<b>7 003 574</b>	<b>7 181 249</b>	<b>7 003 574</b>
<b>Analysis of government grants and subsidies</b>				
Operating	5 806 828	5 635 745	5 806 828	5 635 745
Capital	1 656 452	1 618 137	1 656 452	1 618 137
<b>TOTAL</b>	<b>7 463 280</b>	<b>7 253 882</b>	<b>7 463 280</b>	<b>7 253 882</b>

Comparative restated - see note 37 for more details.

## 24. CONSTRUCTION CONTRACTS HOUSING CONTRACTS

The following are the revenue and expenses for the year ended:

	ECONOMIC ENTITY			
	2022		2021	
	Revenue	Expenses	Revenue	Expenses
Emergency Housing Programme	12 343	12 343	54 619	54 619
Enhanced People's Housing Process	161 742	161 742	133 280	133 280
Integrated Residential Development Programme	107 946	107 946	62 409	62 409
<b>TOTAL</b>	<b>282 031</b>	<b>282 031</b>	<b>250 308</b>	<b>250 308</b>

### In progress

	Debtors outstanding	Advances received	Retentions
<b>As at 30 June 2022</b>			
Emergency Housing Programme	12 058	(3 709)	-
Enhanced People's Housing Process	-	(49 793)	(5 788)
Integrated Residential Development Programme	117 038	(31 764)	-
Community Residential Units Programme	-	(234)	-
<b>TOTAL</b>	<b>129 096</b>	<b>(85 500)</b>	<b>(5 788)</b>
<b>As at 30 June 2021</b>			
Emergency Housing Programme	-	(3 868)	-
Enhanced People's Housing Process	-	(65 701)	-
Integrated Residential Development Programme	112 390	(37 275)	(2 115)
Community Residential Units Programme	-	(234)	-
Social Housing Programme	125	(214)	-
<b>TOTAL</b>	<b>112 515</b>	<b>(107 292)</b>	<b>(2 115)</b>

Comparative restated - see note 37 for more details.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 24. CONSTRUCTION CONTRACTS (CONTINUED)

### HOUSING CONTRACTS (CONTINUED)

	CITY OF CAPE TOWN			
	2022		2021	
	Revenue	Expenses	Revenue	Expenses
Emergency Housing Programme	12 343	12 343	54 619	54 619
Enhanced People's Housing Process	161 742	161 742	133 280	133 280
Integrated Residential Development Programme	107 946	107 946	62 409	62 409
<b>TOTAL</b>	<b>282 031</b>	<b>282 031</b>	<b>250 308</b>	<b>250 308</b>

#### In progress

	Debtors outstanding	Advances received	Retentions
<b>As at 30 June 2022</b>			
Emergency Housing Programme	12 058	(3 709)	-
Enhanced People's Housing Process	-	(49 793)	(5 788)
Integrated Residential Development Programme	117 038	(31 764)	-
Community Residential Units Programme	-	(234)	-
<b>TOTAL</b>	<b>129 096</b>	<b>(85 500)</b>	<b>(5 788)</b>

#### As at 30 June 2021

Emergency Housing Programme	-	(3 868)	-
Enhanced People's Housing Process	-	(65 701)	-
Integrated Residential Development Programme	112 390	(37 275)	(2 115)
Community Residential Units Programme	-	(234)	-
Social Housing Programme	125	(214)	-
<b>TOTAL</b>	<b>112 515</b>	<b>(107 292)</b>	<b>(2 115)</b>

## 25. PUBLIC CONTRIBUTIONS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Unconditional</b>	1 344	4 040	1 344	4 040
<b>Conditional</b>	12 738	132 579	12 738	132 579
Contributed assets	48	124 531	48	124 531
Other	12 690	8 048	12 690	8 048
<b>TOTAL</b>	<b>14 082</b>	<b>136 619</b>	<b>14 082</b>	<b>136 619</b>

Comparative restated - see note 37 for more details.

## 26. EMPLOYEE-RELATED COSTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Salaries, wages and allowances	14 753 522	13 972 331	14 697 620	13 901 951
Contributions and benefits paid: current provisions	(107 224)	74 467	(107 224)	74 467
Contributions: post-retirement and long-service benefits	688 276	1 159 152	688 276	1 159 152
Current service costs	146 697	135 781	146 697	135 781
Interest costs	745 576	875 348	745 576	875 348
Actuarial (gains)/losses	(203 997)	148 023	(203 997)	148 023
Remeasurement of provisions	-	(2 985)	-	(2 985)
	15 334 574	15 202 965	15 278 672	15 132 585
Expenditure recharged to capital projects	(24 783)	(23 563)	(24 783)	(23 563)
<b>TOTAL</b>	<b>15 309 791</b>	<b>15 179 402</b>	<b>15 253 889</b>	<b>15 109 022</b>

## 27. IMPAIRMENT COSTS

Receivables	2 842 791	2 854 064	2 842 836	2 854 653
Investments	-	-	-	87 007
Property, plant and equipment	(97 410)	140 066	30 342	30 227
<b>TOTAL</b>	<b>2 745 381</b>	<b>2 994 130</b>	<b>2 873 178</b>	<b>2 971 887</b>

## 28. FINANCE COSTS

Borrowings	733 085	772 811	733 085	772 811
Unwinding of discount	38 541	45 990	38 541	45 990
<b>TOTAL</b>	<b>771 626</b>	<b>818 801</b>	<b>771 626</b>	<b>818 801</b>

## 29. BULK PURCHASES

Electricity	11 561 609	9 718 558	11 561 609	9 718 558
Water	277 900	429 208	277 900	429 208
<b>TOTAL</b>	<b>11 839 509</b>	<b>10 147 766</b>	<b>11 839 509</b>	<b>10 147 766</b>

## 30. CONTRACTED SERVICES

Transportation services	921 561	687 884	921 561	687 884
Refuse removal services	434 183	418 468	434 183	418 468
Sewerage services	601 839	529 321	601 839	529 321
Electrical services	244 030	281 945	234 758	273 947
Waste haulage services	253 273	265 856	253 273	265 856
Other services	442 569	421 634	441 746	421 280
<b>TOTAL</b>	<b>2 897 455</b>	<b>2 605 108</b>	<b>2 887 360</b>	<b>2 596 756</b>

Contracted services are mandated services in terms of the Local Government: Municipal Structures Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being outsourced instead.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 31. GENERAL EXPENSES

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
Auditor remuneration	20 593	20 098	19 144	18 136
CID levies	284 293	262 132	284 293	262 132
Consultants	644 528	741 878	634 978	730 625
Electricity - Eskom service areas	176 572	166 596	175 892	165 856
Fair-value adjustments	14 862	2 107	14 862	2 107
Indigent relief	130 038	105 583	130 038	105 583
Loss on foreign-exchange transactions	787	921	718	968
Inventory: scrapping	792	107	792	107
Telecommunications	232 458	316 975	218 852	306 918
Building contractors	2 084 447	1 723 268	2 076 916	1 715 779
Fuel	404 601	280 912	403 684	280 623
Minor tools and equipment	475 820	446 584	465 318	443 816
Security services	1 163 855	1 228 094	1 144 805	1 214 696
Servicing of vehicles and equipment	570 873	448 913	565 467	441 691
Other expenditure	2 364 787	2 402 526	2 334 428	2 367 355
	8 569 306	8 146 694	8 470 187	8 056 392
Contributions from provisions	1 590	(50 661)	1 590	(50 661)
	8 570 896	8 096 033	8 471 777	8 005 731
Expenditure recharged to capital projects	(2 919)	(2 886)	(2 919)	(2 886)
<b>TOTAL</b>	<b>8 567 977</b>	<b>8 093 147</b>	<b>8 468 858</b>	<b>8 002 845</b>

Comparative restated - see note 37 for more details.

## 32. TAXATION

### 32.1 DEFERRED TAXATION

#### CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2021: 28%).

At beginning of the year	(176 693)	(158 566)
Temporary differences: current year	49 600	(12 576)
prior year	-	(5 551)
<b>At end of the year</b>	<b>(127 093)</b>	<b>(176 693)</b>

### 32.2 TAXATION

#### Statement of financial performance charge

CTICC	49 600	(12 576)
-------	--------	----------

## 33. CASH GENERATED FROM OPERATIONS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Surplus from operations before taxation</b>	2 933 016	1 739 186	2 903 185	1 915 303
Adjustment for:	5 352 975	5 985 204	5 414 561	5 898 147
Contributed assets	(44 450)	(173 114)	(44 450)	(173 114)
Contribution to provisions	226 125	860 093	226 125	864 369
Depreciation	3 065 552	2 887 634	3 026 161	2 833 027
Fair-value adjustment	3 094	(4 267)	3 094	(4 267)
Gains and losses on disposal of assets	(66 799)	(60 974)	(94 923)	(60 974)
Impairment	2 745 374	2 994 097	2 873 178	2 971 887
Inventory scrapping	792	107	792	107
Unrealised foreign-exchange losses/(gains)	54	(229)	54	(229)
General expense	-	18 443	-	-
Shares of loss in associate	343	-	-	-
Finance income	(1 348 736)	(1 355 387)	(1 347 096)	(1 351 460)
Cash transactions	(1 433 666)	(1 308 676)	(1 432 200)	(1 304 749)
Non-cash transactions	84 930	(46 711)	85 104	(46 711)
Finance costs	771 626	818 801	771 626	818 801
Cash transactions	702 468	731 498	702 468	731 498
Non-cash transactions	69 158	87 303	69 158	87 303
<b>Operating surplus before working capital changes</b>	<b>8 285 991</b>	<b>7 724 390</b>	<b>8 317 746</b>	<b>7 813 450</b>
Decrease/(increase) in inventories	10 936	(38 071)	10 816	(42 133)
Increase in receivables	(3 286 924)	(1 966 491)	(3 291 931)	(1 989 010)
Decrease in unspent conditional grants and receipts	(338 846)	(133 787)	(338 846)	(133 787)
Increase/(decrease) in deposits	56 250	(24 198)	48 103	20 354
Increase in payables	598 026	344 512	587 790	351 232
Decrease in net VAT	(85 198)	(81 111)	(85 402)	(80 258)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5 240 235</b>	<b>5 825 244</b>	<b>5 248 276</b>	<b>5 939 848</b>

Comparative restated - see note 37 for more details.

## 34. OPERATING LEASE COMMITMENTS

### 34.1 THE ENTITY AS LESSEE

Future minimum lease payments under non-cancellable operating leases

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Buildings</b>	51 036	35 980	51 036	35 980
Payable within one year	33 525	22 585	33 525	22 585
Payable within two to five years	17 511	13 395	17 511	13 395
<b>Radio masts</b>	826	585	826	585
Payable within one year	406	277	406	277
Payable within two to five years	420	308	420	308
<b>TOTAL</b>	<b>51 862</b>	<b>36 565</b>	<b>51 862</b>	<b>36 565</b>

Minimum lease payments recognised as an expense during the period amounted to R42,09 million (2021: R59,01 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 34. OPERATING LEASE COMMITMENTS (CONTINUED)

### 34.2 THE ENTITY AS LESSOR

Future minimum lease income under non-cancellable operating leases

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Buildings</b>				
Receivable within one year	78 435	74 226	78 435	74 226
Receivable within two to five years	246 885	264 325	246 885	264 325
Receivable after five years	395 756	418 016	395 756	418 016
<b>TOTAL</b>	<b>721 076</b>	<b>756 567</b>	<b>721 076</b>	<b>756 567</b>

The Entity lets properties under operating leases. Property rental income earned during the year was R74,53 million (2021: R71,21 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R0,42 million in current-year income.

## 35. CONTINGENT LIABILITIES

### 35.1 DISPUTES

Claims by various parties are currently in dispute, and are subject to mediation or litigation. The potential extent of the liability cannot be determined, but a provisional estimate for the City based on management assessment is R282,20 million (2021: R292,84 million).

The CTICC has received various claims that had arisen from the expansion project and were brought by the principal building contractor and other professional services consultants. The company is also expecting to incur legal fees in the process of responding to these claims. Claims that will be dealt with beyond the next financial year as well as any related legal fees are not quantifiable at this time.

The CTS registered for VAT in January 2020 with retroactive effect from when the entity was formed in February 2018. This meant that the CTS had to lodge the backlog of monthly VAT returns from February 2018 up until the registration date to comply with the administrative requirements of the South African Revenue Service (SARS). Historically, the entity's VAT had been paid over to SARS since February 2018 through the City's monthly VAT returns, and SARS had been paid timeously. However, on submission of the historical VAT returns, SARS automatically calculated penalties and interest in the amount of R1,4 million, which they believed were due because of the late submission of returns. However, the CTS disputed this and lodged an objection, stating that payment had in fact been made timeously through the City. Having followed up with SARS in the course of the year, the CTS is awaiting the outcome of the objection process.

### 35.2 OUTSTANDING INSURANCE CLAIMS

The estimated liability for insurance claims amounts to R353,40 million (2021: R281,50 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

## 36. PRINCIPAL-AGENT ARRANGEMENTS

### 36.1 PRINCIPAL ARRANGEMENTS

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>COLLECTION AGENTS</b>				
<b>Prepaid electricity</b>				
Cigicell, Ontec, Flash and Sandulela, are service providers who serve as agents for the City in the third-party sale of prepaid electricity. All payments are made directly to the City, and the service provider invoices the City for commission payable.				
Commission paid to the agents	73 775	77 390	73 775	77 390
<b>Municipal accounts and fines</b>				
The City also has a service provider who serves as a third-party agent for the payment of the City's municipal accounts and traffic fines. All payments are paid into the third-party agent's bank account, and are then transferred to the City the next day. The agent invoices the City for commission payable and the reimbursement of bank costs.				
Commission paid to agent	59 880	53 402	59 880	53 402
<b>FREE BASIC ELECTRICITY</b>				
<b>Eskom areas</b>				
Eskom, on behalf of the City, provides free basic electricity to eligible customers within the municipal boundaries of the City. Electricity provision occurs through prepaid and conventional meters. Eligible customers are identified according to the municipal rates policy. Eskom provides this service in advance and is reimbursed by the City in an amount equal to the free service provided. Eskom receives no further compensation in terms of the agreement.				
<b>PAYMENT AGENT</b>				
<b>Province's Department of Human Settlements</b>				
The City appointed the Province's Department of Human Settlements to act as developer and payment agent, on behalf of the City for various projects. The purpose of the arrangement is to fulfil grant requirements in providing the infrastructure for the specified projects. The agent must utilise the funds provided by the City for the sole purpose of the installing infrastructure, and receives no further compensation in terms of the agreement.				
<b>36.2 AGENT ARRANGEMENTS</b>				
<b>MOTOR VEHICLE REGISTRATION SERVICES</b>				
<b>Agent for the Province's Department of Transport and Public Works</b>				
The City acts as an agent for the Province's Department of Transport and Public Works, providing motor vehicle registration services on its behalf.				
<b>Reconciliation of amounts payable to the department</b>				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 358 804	1 433 521	1 358 804	1 433 521
Revenue recognised by City as agency fee (includes VAT)	(285 404)	(297 249)	(285 404)	(297 249)
Revenue paid over to the principal	(1 073 400)	(1 136 272)	(1 073 400)	(1 136 272)
<b>Balance owing at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 36. PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)

### 36.2 AGENT ARRANGEMENTS (CONTINUED)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>LICENSING SERVICES</b>				
<b>Agent for the Province's Department of Transport and Public Works</b>				
The City acts as an agent for the Province's Department of Transport and Public Works, providing vehicle registration services on its behalf.				
<b>Reconciliation of amounts payable to the department</b>				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	36 777	32 198	36 777	32 198
Revenue recognised by City as agency fee (includes VAT)	(16 023)	(13 956)	(16 023)	(13 956)
Revenue paid over to the principal	(20 754)	(18 242)	(20 754)	(18 242)
<b>Balance owing at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COLLECTION AGENTS</b>				
<b>Agent for the Road Traffic Infringement Agency</b>				
In the current year, the City started acting as an agent for the Road Traffic Infringement Agency, collecting traffic fines issued by other municipalities in terms of the Administrative Adjudication of Road Traffic Offences (AARTO) Act 46 of 1998. The City earns commission on all payments collected.				
<b>Reconciliation of amounts payable to the department</b>				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal (includes commission)	1 404	-	1 404	-
Revenue recognised by City as agency fee (includes VAT)	(34)	-	(34)	-
Revenue paid over to the principal	(1 098)	-	(1 098)	-
<b>Balance owing at the end of year</b>	<b>272</b>	<b>-</b>	<b>272</b>	<b>-</b>
<b>Agent for the Road Traffic Infringement Agency</b>				
The City acts as an agent for the national Department of Justice, collecting contempt-of-court fines imposed on traffic fine offenders who fail to appear in court. The City does not derive any revenue from this function.				
<b>Reconciliation of amounts payable to the department</b>				
Balance owing at the beginning of year	-	-	-	-
Revenue received on behalf of principal	21 131	18 723	21 131	18 723
Revenue paid over to the principal	(21 131)	(18 723)	(21 131)	(18 723)
<b>Balance owing at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Comparative amount has been amended.

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE

### 37.1 RECLASSIFICATIONS

The classification of various accounts was reviewed in line with the latest guidance issued by the ASB, which has resulted in the reclassification of the following accounts:

- Indigent discounts and relief accounts were reclassified from the "General expenses, Indigent relief" item, to be set off against the revenue items "Service charges" and "Rental of letting stock and facilities" respectively.
- Availability charges were reclassified from "Exchange revenue, Service charges" to "Non-exchange revenue, Service charges".
- Impoundment fees were reclassified from "Services charges, Other" to "Fines, penalties and forfeits".
- Payables relating to capital assets were previously incorrectly classified as movements in working capital. These have now been adjusted against "Additions to property, plant and equipment and other".

### 37.2 CORRECTION OF ERRORS

Connection fees received have been corrected to reflect as exchange revenue rather than non-exchange revenue and unspent conditional receipts, as previously recognised.

In 2020, the Division of Revenue Act issued an equitable share to enable municipalities to maintain existing services in response to the Covid-19 pandemic. The City obtained approval from National Treasury for the rollover of the 2020/21 unspent balance. The allocation was treated as an unconditional grant and recognised as revenue in error, and has now been corrected.

In March 2021, the City received level-two accreditation under the National Housing Code for its participation in the National Housing Programme. This accreditation now means that the City serves as a project developer in terms of arrangements relating to the construction and transfer of houses to the beneficiaries of the National Housing Programme. GRAP 11: Construction Contracts should have been applied to the recognition, measurement, presentation and disclosure of transactions relating to these arrangements in the 2020/21 financial year.

Presented below are those items contained in the statement of financial position, the statement of financial performance, the statement of changes in net assets, the cash flow statement and notes that have been affected by the reclassifications and correction of errors set out above.

	ECONOMIC ENTITY				
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2020</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>		9 934 028	-	(141 555)	<b>9 792 473</b>
Unspent conditional grants and receipts		1 392 172	-	(141 555)	<b>1 250 617</b>
<b>TOTAL LIABILITIES</b>		<b>23 233 120</b>	<b>-</b>	<b>(141 555)</b>	<b>23 091 565</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>		53 511 406	-	141 555	<b>53 652 961</b>
Accumulated surplus		47 578 047	-	141 555	<b>47 719 602</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>76 744 526</b>	<b>-</b>	<b>-</b>	<b>76 744 526</b>
<b>2021</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>		9 993 896	-	(2 439)	<b>9 991 457</b>
Unspent conditional grants and receipts		1 119 269	-	(2 439)	<b>1 116 830</b>
<b>TOTAL LIABILITIES</b>		<b>23 656 231</b>	<b>-</b>	<b>(2 439)</b>	<b>23 653 792</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

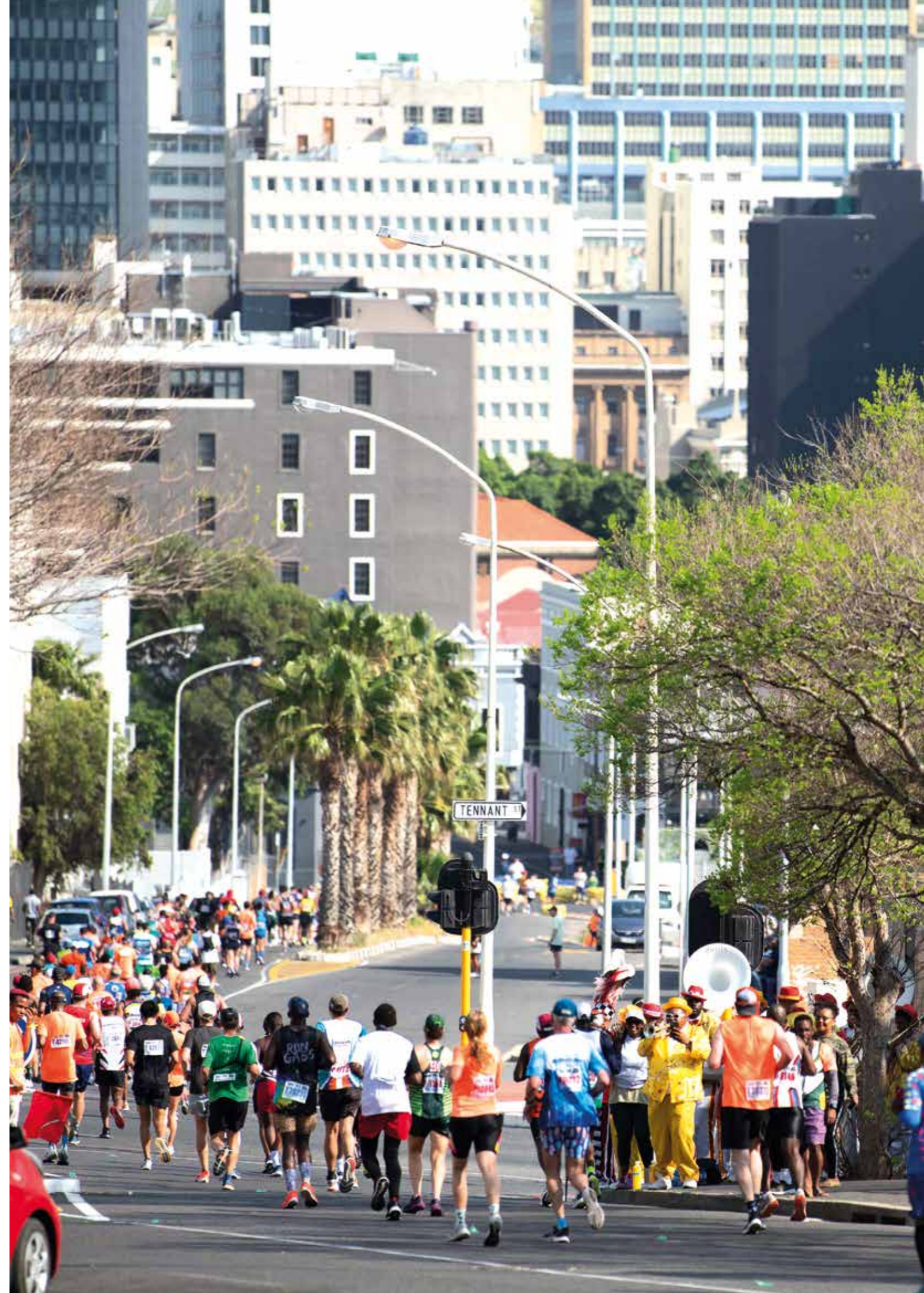
FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

ECONOMIC ENTITY					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>STATEMENT OF FINANCIAL POSITION (CONTINUED)</b>					
<b>NET ASSETS</b>					
Total net assets		55 402 284	-	2 439	55 404 723
Accumulated surplus		49 631 204	-	2 439	49 633 643
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>79 058 515</b>	<b>-</b>	<b>-</b>	<b>79 058 515</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>Revenue</b>					
Exchange revenue		23 474 211	(451 724)	64 791	23 087 278
Service charges		21 091 280	(399 762)	64 791	20 756 309
Rental of letting stock and facilities		404 776	(51 962)	-	352 814
<b>Non-exchange revenue</b>		<b>22 141 694</b>	<b>56 209</b>	<b>(203 907)</b>	<b>21 993 996</b>
Service charges		-	33 128	-	33 128
Fines, penalties and forfeits		1 548 682	23 081	-	1 571 763
Government grants and subsidies		7 398 444	-	(394 870)	7 003 574
Construction contracts		-	-	250 308	250 308
Public contributions		195 964	-	(59 345)	136 619
<b>Total revenue</b>		<b>45 615 905</b>	<b>(395 515)</b>	<b>(139 116)</b>	<b>45 081 274</b>
<b>Expenditure</b>					
General expenses		8 488 662	(395 515)	-	8 093 147
<b>Total expenditure</b>		<b>43 737 603</b>	<b>(395 515)</b>	<b>-</b>	<b>43 342 088</b>
<b>Surplus from operations before taxation</b>		<b>1 878 302</b>	<b>-</b>	<b>(139 116)</b>	<b>1 739 186</b>
<b>CASH FLOW STATEMENT</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		41 598 654	105 583	-	41 704 237
Cash paid to suppliers and employees		(35 850 284)	(28 709)	-	(35 878 993)
<i>Cash generated from operations</i>		<i>5 748 370</i>	<i>76 874</i>	<i>-</i>	<i>5 825 244</i>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6 319 997</b>	<b>76 874</b>	<b>-</b>	<b>6 396 871</b>
<b>Cash flow from investing activities</b>					
Additions to property, plant and equipment and other		(6 549 248)	(76 874)	-	(6 626 122)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(7 337 802)</b>	<b>(76 874)</b>	<b>-</b>	<b>(7 414 676)</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

ECONOMIC ENTITY (CONTINUED)					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>					
Conditional grants from other spheres of government	16	951 592	-	144 562	1 096 154
National Government		543 682	-	144 562	688 244
Other conditional receipts		167 677	-	(147 001)	20 676
Public contributions		167 677	-	(147 001)	20 676
<b>TOTAL</b>		1 119 269	-	(2 439)	1 116 830
<b>SERVICE CHARGES</b>					
Exchange revenue	19	21 091 280	(399 762)	64 791	20 756 309
Electricity		14 216 870	-	-	14 216 870
Water management		3 196 873	(11 340)	-	3 185 532
Wastewater management		1 595 643	(11 719)	-	1 583 924
Waste management		1 402 726	(353 622)	-	1 049 104
Other		679 168	(23 081)	64 791	720 879
Non-exchange revenue		-	33 128	-	33 128
Water management		-	11 340	-	11 340
Wastewater management		-	11 719	-	11 719
Waste management		-	10 069	-	10 069
<b>TOTAL</b>		21 091 280	(366 634)	64 791	20 789 437
<b>GOVERNMENT GRANTS AND SUBSIDIES</b>					
Unconditional grants	23	3 929 222	-	(428 395)	3 500 827
Conditional grants		3 469 222	-	283 833	3 753 055
National Government		2 406 305	-	283 833	2 690 138
<b>Total grants</b>		7 398 444	-	(144 562)	7 253 882
Housing construction revenue		-	-	(250 308)	(250 308)
<b>TOTAL</b>		7 398 444	-	(394 870)	7 003 574
<b>Analysis of government grants and subsidiaries</b>					
Operating		5 781 742	-	(145 997)	5 635 745
Capital		1 616 702	-	1 435	1 618 137
<b>TOTAL</b>		7 398 444	-	(144 562)	7 253 882

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

ECONOMIC ENTITY (CONTINUED)					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>CONSTRUCTION CONTRACTS</b>					
Housing projects	24	-	-	250 308	250 308
<b>TOTAL</b>		-	-	250 308	250 308
<b>PUBLIC CONTRIBUTIONS</b>					
Conditional - consumer connection fees	25	195 964	-	(59 345)	136 619
		59 345	-	(59 345)	-
<b>GENERAL EXPENSES</b>					
Indigent relief: rental of letting stock	31	51 962	(51 962)	-	-
Indigent relief: solid waste		343 553	(343 553)	-	-
<b>TOTAL</b>		8 398 360	(395 515)	-	8 002 845
<b>CASH GENERATED BY OPERATIONS</b>					
Surplus from operations before taxation	33	1 878 302	-	(139 116)	1 739 186
Operating surplus before working capital changes:		7 863 506	-	(139 116)	7 724 390
Decrease in unspent conditional grants and receipts		(272 903)	-	139 116	(133 787)
Increase in payables		267 638	76 874	-	344 512
<b>Cash generated by operations</b>		5 748 370	76 874	-	5 825 244

CITY OF CAPE TOWN					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2020</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities		9 777 564	-	(141 555)	9 636 009
Unspent conditional grants and receipts		1 392 172	-	(141 555)	1 250 617
<b>TOTAL LIABILITIES</b>		23 076 656	-	(141 555)	22 935 101
<b>NET ASSETS</b>					
Total net assets		53 060 658	-	141 555	53 202 213
Accumulated surplus		47 421 463	-	141 555	47 563 018
<b>TOTAL NET ASSETS AND LIABILITIES</b>		76 137 314	-	-	76 137 314
<b>2021</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>LIABILITIES</b>					
Current liabilities		9 902 652	-	(2 439)	9 900 213
Unspent conditional grants and receipts		1 119 269	-	(2 439)	1 116 830
<b>TOTAL LIABILITIES</b>		23 564 987	-	(2 439)	23 562 548
<b>NET ASSETS</b>					
Total net assets		55 115 077	-	2 439	55 117 516
Accumulated surplus		49 616 546	-	2 439	49 618 985
<b>TOTAL NET ASSETS AND LIABILITIES</b>		78 680 064	-	-	78 680 064

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

CITY OF CAPE TOWN (CONTINUED)					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>Revenue</b>					
<b>Exchange revenue</b>		23 462 678	(451 724)	64 791	<b>23 075 745</b>
Service charges		21 101 782	(399 762)	64 791	<b>20 766 811</b>
Rental of letting stock and facilities		381 537	(51 962)	-	<b>329 575</b>
<b>Non-exchange revenue</b>		22 147 516	56 209	(203 907)	<b>21 999 818</b>
Service charges		-	33 128	-	<b>33 128</b>
Fines, penalties and forfeits		1 548 682	23 081	-	<b>1 571 763</b>
Government grants and subsidies		7 398 444	-	(394 870)	<b>7 003 574</b>
Construction contracts		-	-	250 308	<b>250 308</b>
Public contributions		195 964	-	(59 345)	<b>136 619</b>
<b>Total revenue</b>		<b>45 610 194</b>	<b>(395 515)</b>	<b>(139 116)</b>	<b>45 075 563</b>
<b>Expenditure</b>					
General expenses		8 398 360	(395 515)	-	<b>8 002 845</b>
<b>Total expenditure</b>		<b>43 555 775</b>	<b>(395 515)</b>	<b>-</b>	<b>43 160 260</b>
<b>Surplus from operations before taxation</b>		<b>2 054 419</b>	<b>-</b>	<b>(139 116)</b>	<b>1 915 303</b>
<b>CASH FLOW STATEMENT</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		41 272 675	105 583	-	<b>41 378 258</b>
Cash paid to suppliers and employees		(35 397 699)	(40 711)	-	<b>(35 438 410)</b>
<i>Cash generated from operations</i>		5 874 976	64 872	-	<b>5 939 848</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6 448 227</b>	<b>64 872</b>	<b>-</b>	<b>6 513 099</b>
<b>Cash flow from investing activities</b>					
Additions to property, plant and equipment and other		(6 528 473)	(64 872)	-	<b>(6 593 345)</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(7 317 202)</b>	<b>(64 872)</b>	<b>-</b>	<b>(7 382 074)</b>

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

CITY OF CAPE TOWN (CONTINUED)					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>					
<b>Conditional grants from other spheres of government</b>	16	951 592	-	144 562	<b>1 096 154</b>
National Government		543 682	-	144 562	<b>688 244</b>
<b>Other conditional receipts</b>		167 677	-	(147 001)	<b>20 676</b>
Public contributions		167 677	-	(147 001)	<b>20 676</b>
<b>TOTAL</b>		<b>1 119 269</b>	<b>-</b>	<b>(2 439)</b>	<b>1 116 830</b>
<b>SERVICE CHARGES</b>					
<b>Exchange revenue</b>	19	21 101 782	(399 762)	64 791	<b>20 766 811</b>
Electricity		14 235 170	-	-	<b>14 235 170</b>
Water management		3 199 025	(11 340)	-	<b>3 187 685</b>
Wastewater management		1 595 643	(11 719)	-	<b>1 583 924</b>
Waste management		1 403 064	(353 622)	-	<b>1 049 442</b>
Other		668 880	(23 081)	64 791	<b>710 590</b>
<b>Non-exchange revenue</b>		-	33 128	-	<b>33 128</b>
Water management		-	11 340	-	<b>11 340</b>
Wastewater management		-	11 719	-	<b>11 719</b>
Waste management		-	10 069	-	<b>10 069</b>
<b>TOTAL</b>		<b>21 101 782</b>	<b>(366 634)</b>	<b>64 791</b>	<b>20 799 939</b>
<b>GOVERNMENT GRANTS AND SUBSIDIES</b>					
<b>Unconditional grants</b>	23	3 929 222	-	(428 395)	<b>3 500 827</b>
<b>Conditional grants</b>		3 469 222	-	283 833	<b>3 753 055</b>
National Government		2 406 305	-	283 833	<b>2 690 138</b>
<b>Total grants</b>		<b>7 398 444</b>	<b>-</b>	<b>(144 562)</b>	<b>7 253 882</b>
Housing construction revenue		-	-	(250 308)	<b>(250 308)</b>
<b>TOTAL</b>		<b>7 398 444</b>	<b>-</b>	<b>(394 870)</b>	<b>7 003 574</b>
<b>Analysis of government grants and subsidiaries</b>					
Operating		5 781 742	-	(145 997)	<b>5 635 745</b>
Capital		1 616 702	-	1 435	<b>1 618 137</b>
<b>TOTAL</b>		<b>7 398 444</b>	<b>-</b>	<b>(144 562)</b>	<b>7 253 882</b>
<b>CONSTRUCTION CONTRACTS</b>					
Housing projects	24	-	-	250 308	<b>250 308</b>
<b>TOTAL</b>		<b>-</b>	<b>-</b>	<b>250 308</b>	<b>250 308</b>
<b>PUBLIC CONTRIBUTIONS</b>					
Conditional - consumer connection fees	25	195 964	-	(59 345)	<b>136 619</b>
		59 345	-	(59 345)	<b>-</b>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 37. RECLASSIFICATIONS, CORRECTION OF ERRORS AND CHANGE IN ESTIMATE (CONTINUED)

### 37.2 CORRECTION OF ERRORS (CONTINUED)

CITY OF CAPE TOWN - continued					
	Note	As previously reported	Reclassifications	Correction of errors	Restated
<b>2021 (CONTINUED)</b>					
<b>GENERAL EXPENSES</b>					
	31				
Indigent relief: rental of letting stock		51 962	(51 962)	-	-
Indigent relief: solid waste		343 553	(343 553)	-	-
<b>TOTAL</b>		<b>8 398 360</b>	<b>(395 515)</b>	<b>-</b>	<b>8 002 845</b>
<b>CASH GENERATED BY OPERATIONS</b>					
	33				
Surplus from operations before taxation		2 054 419	-	(139 116)	1 915 303
Operating surplus before working capital changes:		7 952 566	-	(139 116)	7 813 450
Decrease in unspent conditional grants and receipts		(272 903)	-	139 116	(133 787)
Increase in payables		286 360	64 872	-	351 232
<b>Cash generated by operations</b>		<b>5 874 976</b>	<b>64 872</b>	<b>-</b>	<b>5 939 848</b>

### 37.3 CHANGE IN ACCOUNTING ESTIMATE

#### Annual review of assets' useful lives and residual values

The City's annual review of the useful lives of assets resulted in no change (2021: R283,38 million) in the depreciation charge to the statement of financial performance. The annual update of the residual values of assets, in turn, resulted in a decrease of R10,14 million in the depreciation charge to the statement of financial performance.

It is impracticable to estimate the effect of these changes on future periods.

## 38. BUDGET INFORMATION

### PRESENTATION OF STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The presentation format adopted for the statement of comparison of budget and actual amounts is based on the Municipal Budget Reporting and Regulation (MBRR) Table B1, Adjustments budget summary, as well as table B5, Adjustments budget capital expenditure by vote, as included in the published budget.

### 38.1 APPROVED AND FINAL BUDGET

The approved budget presented is the most recent adjustment budget approved by Council.

The final budget presented is the most recently approved budget adjusted for virements and has not been formally reapproved by Council.

### 38.2 VIREMENTS

The changes from the approved to final budget is due to virements in terms of Council-approved policy.

## 38. BUDGET INFORMATION (CONTINUED)

### 38.3 FINANCIAL STATEMENTS CLASSIFICATION

The actual amounts presented in the column "Actual per annual financial statements classification" correlate with the actual amounts presented in the statement of financial position, the statement of financial performance and the cash flow statement. They have been aggregated, disaggregated or grouped to correspond to the budget line-item descriptions.

The reconciliation in the table below illustrates that the budget and the financial statements amounts correspond for total revenues. The total expenses and net cash flows from operating activities, investing activities and financing activities all directly correlate with the line items in the financial statements.

	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>47 162 466</b>	<b>47 095 189</b>
Transfers recognised - capital	1 656 452	1 656 452
Contributions recognised - capital and contributed assets	14 082	14 082
<b>Total revenue per statement of financial performance</b>	<b>48 833 000</b>	<b>48 765 723</b>

### 38.4 BUDGET DIFFERENCES

The Municipal Standard Chart of Accounts (mSCOA) format and classification of the budget schedules as issued by National Treasury are not fully aligned with the standards of GRAP, hence the disparity in classification between the budget and the GRAP-standards annual financial statements.

The reconciliations below illustrate the classification and recognition differences between the budget and the financial statements amounts for total revenues, total expenses and net cash flows from operating activities, investing activities and financing activities.

#### 38.4.1 CLASSIFICATION DIFFERENCES

	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>FINANCIAL PERFORMANCE</b>		
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>47 162 466</b>	<b>47 095 189</b>
Inventory consumed: mSCOA classification	4 782 122	4 782 122
Development contributions	(209 516)	(209 516)
Grants: public contributions and donations reserve (PCDR)(conditional)	12 426	12 426
Grants: other (unconditional)	1 344	1 344
<b>Budget</b>	<b>51 748 842</b>	<b>51 681 565</b>
<b>Total expenditure</b>	<b>45 899 641</b>	<b>45 862 538</b>
Inventory consumed: mSCOA classification	4 782 122	4 782 122
<b>Budget</b>	<b>50 681 763</b>	<b>50 644 660</b>
<b>Surplus before capital transfers and contributions</b>	<b>1 262 825</b>	<b>1 232 651</b>
Development contributions	(209 516)	(209 516)
Grants: PCDR (conditional)	12 426	12 426
Grants: other (unconditional)	1 344	1 344
<b>Budget</b>	<b>1 067 079</b>	<b>1 036 905</b>
<b>Transfers recognised - capital</b>	<b>1 656 452</b>	<b>1 656 452</b>
Development contributions	209 516	209 516
Contributed assets: National Government	(432)	(432)
Contributed assets: Province	(2 000)	(2 000)
Grants: PCDR (conditional)	264	264
<b>Budget</b>	<b>1 863 800</b>	<b>1 863 800</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 38. BUDGET INFORMATION (CONTINUED)

### 38.4 BUDGET DIFFERENCES (CONTINUED)

#### 38.4.1 CLASSIFICATION DIFFERENCES (CONTINUED)

	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>Contributions recognised - capital and contributed assets</b>	<b>14 082</b>	<b>14 082</b>
Contributed assets: National Government	432	432
Contributed assets: Province	2 000	2 000
Capital: PCDR	(264)	(264)
Grants: PCDR (conditional)	(12 426)	(12 426)
Grants: other (unconditional)	(1 344)	(1 344)
<b>Budget</b>	<b>2 480</b>	<b>2 480</b>
<b>CASH FLOW STATEMENT</b>		
<b>Net cash from operating</b>	<b>5 971 433</b>	<b>5 978 008</b>
Increase in deposits	(48 103)	(48 103)
<b>Budget</b>	<b>5 923 330</b>	<b>5 929 905</b>
<b>Net cash from investing</b>	<b>(371 494)</b>	<b>(371 494)</b>
Increase in deposits	48 103	48 103
<b>Budget</b>	<b>(323 391)</b>	<b>(323 391)</b>

#### 38.4.2 RECOGNITION DIFFERENCES

	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>Capital expenditure per financial statement</b>	<b>5 652 607</b>	<b>5 642 233</b>
Landfill site provision estimate	(171 591)	(171 591)
Contributed assets	(44 450)	(44 450)
<b>Budget</b>	<b>5 436 566</b>	<b>5 426 192</b>

## 38.5 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS

### 38.5.1 STATEMENT OF FINANCIAL POSITION

#### Assets

##### i) Total current assets

The variance is mainly due to higher-than-anticipated investments and cash balances at year-end. Refer to the explanation of the cash flow statement variances below for more details.

#### Liabilities

##### ii) Total current liabilities

The variance is attributed to a higher-than-anticipated balance for payables from exchange transactions. This is due to less cash payments to suppliers at year-end and more supplier credit being utilised than expected.

## 38. BUDGET INFORMATION (CONTINUED)

### 38.5 EXPLANATION OF VARIANCES GREATER THAN 10%: FINAL BUDGET AND ACTUAL AMOUNTS (CONTINUED)

#### 38.5.2 STATEMENT OF FINANCIAL PERFORMANCE

#### Expenditure

##### i) Debt impairment

The variance is due to lower-than-budgeted provision for debt impairment realised on human settlements (19%), water and sanitation (7%), urban waste management (20%) and property rates debtors (62%). In addition, the higher-than-budgeted provision realised on electricity debtors (13%) and traffic fines (86%) contributed to the final variance, as indicated. The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and of their ability to make payments.

##### ii) Transfers and grants

The variance is largely due to delays/late start with the implementation of People's Housing Process (PHP) projects, as beneficiary-related issues and court orders halted some projects. Payments to service providers funded from the National Skills Fund were also lower than planned due to the protracted administrative process required before payments could be made. In addition, as the CTS entity generated sufficient own revenue to fund operational expenditure, this resulted in a lower requirement for grant funding from the City.

#### 38.5.3 CASH FLOW STATEMENT

##### i) Net cash from operating

The variance is mainly due to an underspend in operating expenditure.

##### ii) Net cash from investing

The variance is due to an underspend in capital expenditure.

##### iii) Net cash from financing

The variance is due to not having taken up the anticipated loans to fund the capital budget.

## 38.6 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS

#### Capital expenditure

##### i) Community Services and Health

The variance is due to extensive community engagement for some projects, which resulted in a delayed start. In some instances, notable interferences and stoppages were also recorded during the implementation phase. On some of the roof replacement projects, the requisite materials could not be sourced in time.

##### ii) Corporate Services

The variance in the implementation of projects is due to the cancellation of orders for fleet and plant replacement as a result of the flood in KwaZulu-Natal and the effect of the Ukraine/Russia conflict on the European economy. IT equipment has also been unavailable both locally and internationally as a result of the Covid-19 pandemic.

##### iii) Economic Growth

The variance is due to delays in the implementation of two projects. Some delays were caused by complex front-end loading, conclusion of agreements, a longer-than-anticipated detailed design phase, and adverse underground conditions, which necessitated pile redesign and additional piling. In other instances, the delay was due to work stoppages as a result of community protests, which have since been resolved.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 38. BUDGET INFORMATION (CONTINUED)

### 38.6 EXPLANATION OF VARIANCES GREATER THAN 5%: FINAL BUDGET AND ACTUAL AMOUNTS (CONTINUED)

#### Capital expenditure (continued)

##### iv) Energy

The variance in the implementation and completion of projects is the result of load-shedding, a delay in the award of tenders, supplier constraints, the flood in KwaZulu-Natal, shipping delays due to the Ukraine/Russia conflict, resource diversion following informal settlement fires, and material shortages.

##### v) Future Planning and Resilience

The variance is largely attributable to delays in the approval of the required tender, the late appointment of consultants, unspent contingencies, and items not delivered on time due to supplier constraints.

##### vi) Office of the City Manager

The variance in the implementation of projects is mainly due to delays in the delivery of IT equipment and office furniture, the Wynberg court erf consolidation, as well as savings realised on some projects.

##### vii) Spatial Planning and Environment

The variance is largely attributable to protracted tender processes, component shortages of electronic goods that delayed the delivery of IT equipment, and stop notices issued against projects.

##### viii) Urban Mobility

The variance in the implementation of projects is the result of the late appointment of contractors and professional service providers, contractor capacity constraints, delivery delays due to the unavailability of certain stock items, material quality issues, cost savings materialised with the completion of projects, and property acquisitions still being finalised.

##### ix) Urban Waste Management

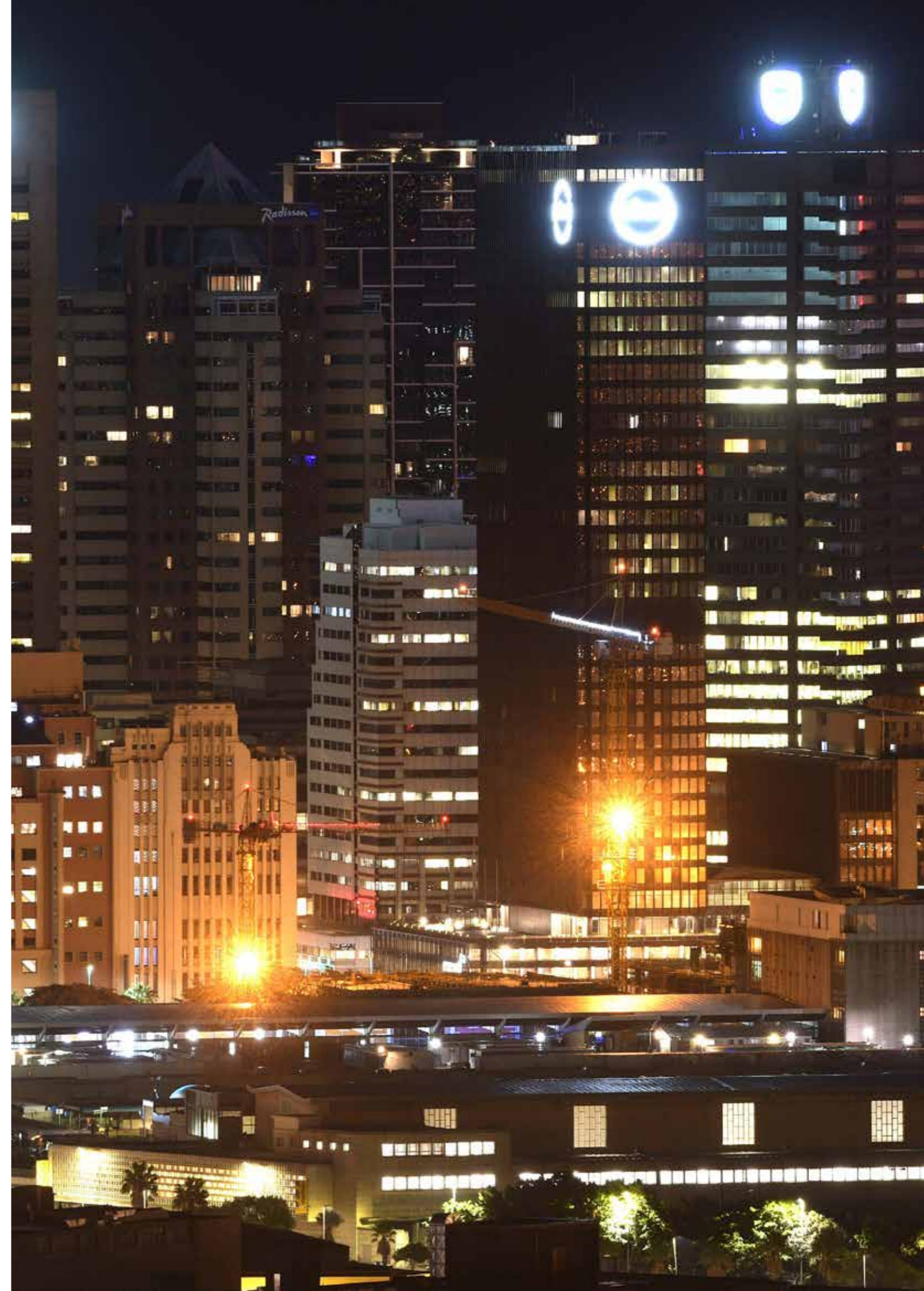
The variance is largely attributable to unutilised contingency provisions for construction projects, as well as plant items that could not be delivered by 30 June 2022 due to the Ukraine/Russia conflict. In addition, the Coastal Park materials recovery facility project was delayed due to the later-than-anticipated finalisation of the construction tender award to allow for negotiations that ensured value for money.

##### x) Water and Sanitation

The variance is due to unspent contingencies, delays flowing from tender appeals, community resistance, as well as items not delivered on time because of supplier constraints and stock unavailability.

##### xi) CTICC

The budget underspend is due to the entity prioritising only critically essential projects for capital expenditure. Other, non-essential maintenance and capital expenditure have been placed on hold to preserve cash resources and keep liquidity at an acceptable level.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES

### 39.1 MUNICIPAL AND OTHER ENTITIES

During the year, in the ordinary course of business, transactions between the City and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>CTICC</b>				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
<b>Percentage owned</b>			72,7%	71,4%
Arm's-length transactions for the year				
Receivables			2 308	1 493
Payables			-	316
Deposits			1 234	1 236
Service charges			16 933	18 604
Contracted services			1 191	365
Rental of letting stock and facilities			2 510	1 505
The City is leasing to the CTICC the land on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built, on the following terms:				
<ul style="list-style-type: none"> <li>Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum</li> <li>Erf 270 for a period of 30 years commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum</li> </ul>				
<b>CAPE TOWN STADIUM (RF) SOC LTD (CTS)</b>				
The CTS municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of the stadium is to achieve worldwide recognition as a facility for the hosting of major sports events, and to become the premium venue of choice.				
<b>Percentage owned</b>			100%	100%
Arm's-length transactions for the year				
Receivables			15 414	133
Payables			7 805	4 384
Service charges			9 354	8 278
Other income			23 160	22 198
Grants and subsidies paid			41 915	65 237

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.1 MUNICIPAL AND OTHER ENTITIES (CONTINUED)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>CAPE TOWN STADIUM (RF) SOC LTD (CTS) (CONTINUED)</b>				
The City is the sole shareholder in the CTS, which started operating as a municipal entity on 1 February 2018. The City is the holder of 100 ordinary shares issued with no par value.				
The City is leasing to the CTS erf 2188, Green Point, being the CTS precinct, for an initial period of 50 years commencing on 13 November 2019, with the option of renewal for an additional 49 years, at a nominal rental amount of R100 per annum.				
<b>CAPE METROPOLITAN TRANSPORT FUND (CMTF)</b>				
The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.				
<b>Administrator</b>				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	27 153	26 928	27 153	26 928
Transfers	6 210	1 428	6 210	1 428
Interest paid	1 033	853	1 033	853
Revenue collected	5 493	4 820	5 493	4 820
<b>ATLANTIS SPECIAL ECONOMIC ZONE COMPANY (SOC) LTD</b>				
The Atlantis SEZ Company (SOC) Ltd (Atlantis SEZ) is a state-owned entity listed as a schedule 3D entity in terms of section 47(2) of the Public Finance Management Act (PFMA). Its purpose is to develop a green technology special economic zone (SEZ) in close collaboration with the national Department of Trade, Industry and Competition (DTIC), Wesgro, the City and Province's Department of Economic Development and Tourism.				
On 31 March 2022, the City acquired 45,4% of the Atlantis SEZ's issued ordinary no-par-value shares in an asset-for-shares transaction. The 83 no-par-value shares were acquired by way of transfer of the following three properties valued at R56,50 million:				
<ul style="list-style-type: none"> <li>Portion of remainder Cape farm 1183 and remainder farm 4-93, located on the corner of Dassenberg Street and Charel Uys Drive, Atlantis Industrial, 221 500 m<sup>2</sup> in extent (purchase price: R13,28 million).</li> <li>Portion of Cape farm 1183-4-1 bounded by Gideon Basson Road and Neil Hare Road, Atlantis Industrial, 386 500 m<sup>2</sup> in extent (purchase price: R23,18 million)</li> <li>Portion of remainder erf 171, portion remainder erf 277, erf 254 and erf 246, all located along Neil Hare Road, Atlantis Industrial, 386 500 m<sup>2</sup> in extent (purchase price: R20,03 million)</li> </ul>				
The investment is carried at cost, amended for the City's share in the entity's profit or loss for the period in review.				

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.1 MUNICIPAL AND OTHER ENTITIES (CONTINUED)

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>As at 30 June</b>				
<b>Carrying amount</b>				
Investment at cost	56 500			
Adjustment - fair value of net assets acquired	(28 124)			
Share of surplus/(deficit)	(343)			
<b>TOTAL</b>	<b>28 033</b>			
The value of the shares was independently determined and agreed by both parties. There were no other related party transactions between the City and Atlantis SEZ other than the sale of land in exchange for shares.				
<b>Percentage owned</b>	45,4%		45,4%	
Atlantis SEZ has a financial year-end of 31 March. The company has provided the City with its management accounts for the period 1 April 2022 to 30 June 2022.				
<b>AGGREGATE FINANCIAL INFORMATION</b>				
<b>Statement of financial position</b>				
Total assets	75 515			
Total liabilities	13 708			
Total net assets	61 807			
<b>Statement of financial performance</b>				
Total revenue	11 901			
Total expenditure	12 657			
Surplus/(deficit) for the period	(756)			
<b>Statement of other comprehensive income</b>				
Share of profit/(loss) in associate	(343)			

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2 EXECUTIVE MANAGEMENT

#### 39.2.1 RELATED-PARTY TRANSACTIONS WITH CLOSE FAMILY MEMBERS OF EXECUTIVE MANAGEMENT

No members of City management have significant influence over the financial or operating policies of the municipal entities.

The following reported transactions occurred on an arm's-length basis between the City and close family members of a key management staff members.

##### 39.2.1.1 COUNCILLORS

<b>As at 30 June 2022</b>			
Name	Nature of relation	Key management	
VREDEKLOOF CID	Spouse	Cllr C Brynard	
Arm's-length transactions for the year			
Transfers in terms of Vredeklouf CID memorandum of agreement			4 678
Amount owing			-
AFRIWORLD BUSINESS SOLUTIONS (PTY) LTD	Child	Cllr R Davids	
Arm's-length transactions for the year			
Rendering of service			1 684
Amount owing			939
AFRIVEST BUSINESS SOLUTIONS	Child	Cllr R Davids	
Arm's-length transactions for the year			
Rendering of service			1 908
Amount owing			1 095

##### **As at 30 June 2021**

During the financial year, there were no councillors with related-party transactions.

##### 39.2.1.2 EXECUTIVE DIRECTOR

<b>As at 30 June 2022</b>			
Name	Nature of relation	Key management	
EMPIRE	Sister-in-law	V Botto	
Arm's-length transactions for the year			
Rendering of service			399
Amount owing			16
<b>As at 30 June 2021</b>			
Name	Nature of relation	Key management	
EMPIRE	Sister-in-law	V Botto	
Arm's-length transactions for the year			
Rendering of service			78
Amount owing			12

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2.2 REMUNERATION OF EXECUTIVE MANAGEMENT

#### 39.2.2.1 REMUNERATION OF COUNCILLORS AND BOARD MEMBERS

##### SUMMARY OF REMUNERATION BENEFITS

	Annual salary	Car allowance	Social contribution	Total
<b>2022</b>				
Mayco members	13 002	159	491	13 652
Councillors	140 699	136	2 986	143 821
	153 701	295	3 477	157 473
Controlled entities: board members	938	-	-	938
<b>TOTAL</b>	<b>154 639</b>	<b>295</b>	<b>3 477</b>	<b>158 411</b>
<b>2021</b>				
Mayco members	12 946	19	621	13 586
Councillors	139 497	452	4 554	144 503
	152 443	471	5 175	158 089
Controlled entities: board members	1 183	-	-	1 183
<b>TOTAL</b>	<b>153 626</b>	<b>471</b>	<b>5 175</b>	<b>159 272</b>

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998. As councillors have only collective executive powers for planning, directing and controlling the activities of the City, their remuneration is not disclosed individually, but in aggregate.

There are 231 councillor positions, whose aggregate remuneration amounted to R153,70 million for the period in review. The average remuneration per councillor is R0,682 million (2021: R0,684 million) per annum.

The Mayco members have such individual executive powers as granted by their delegation. Therefore, their remuneration is disclosed individually in the table below.

A full list of councillors is disclosed on pages 186 and 188 under "General information".

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2.2.1 REMUNERATION OF COUNCILLORS

#### MAYORAL COMMITTEE MEMBERS REMUNERATION

##### ANALYSIS OF REMUNERATION BENEFITS

	Annual salary	Car allowance	Social contribution	Total
<b>2022</b>				
<b>CURRENT STRUCTURE</b>				
<b>Executive Mayor</b>				
Ald G Hill-Lewis	921	-	-	921
<b>Deputy Mayor; Spatial Planning and Environment</b>				
Cllr E Andrews	749	-	-	749
<b>Economic Growth</b>				
Ald J Vos	694	-	-	694
<b>Finance</b>				
Cllr S Mbandezi	619	-	75	694
<b>Corporate Services</b>				
Ald T Uys	694	-	-	694
<b>Community Services and Health</b>				
Cllr P van der Ross	694	-	-	694
<b>Energy</b>				
Cllr B van Reenen	694	-	-	694
<b>Human Settlements</b>				
Cllr M Booie	1 026	-	74	1 100
<b>Safety and Security</b>				
Ald JP Smith	846	159	95	1 100
<b>Urban Mobility</b>				
Cllr R Quintas	694	-	-	694
<b>Urban Waste Management</b>				
Ald G Twigg	619	-	75	694
<b>Water and Sanitation</b>				
Cllr ZA Badroodien	694	-	-	694
	<b>8 944</b>	<b>159</b>	<b>319</b>	<b>9 422</b>
<b>PREVIOUS STRUCTURE</b>				
<b>Executive Mayor</b>				
Ald D Plato	529	-	-	529
<b>Deputy Mayor; Finance</b>				
Ald ID Neilson	384	-	46	430
<b>Economic Opportunities and Asset Management</b>				
Ald J Vos	406	-	-	406
<b>Corporate Services</b>				
Cllr SA Cottle	406	-	-	406
<b>Community Services and Health</b>				
Cllr ZA Badroodien	406	-	-	406
<b>Energy and Climate Change</b>				
Cllr P Maxiti	405	-	-	405
<b>Spatial Planning and Environment</b>				
Ald M Niewoudt	371	-	35	406
<b>Transport</b>				
Ald F Purchase	383	-	47	430
<b>Urban Management</b>				
Ald G Twigg	362	-	44	406
<b>Water and Waste</b>				
Ald X Limberg	406	-	-	406
	<b>4 058</b>	<b>-</b>	<b>172</b>	<b>4 230</b>
<b>TOTAL</b>	<b>13 002</b>	<b>159</b>	<b>491</b>	<b>13 652</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2.2.1 REMUNERATION OF COUNCILLORS (CONTINUED)

#### MAYORAL COMMITTEE MEMBERS REMUNERATION (CONTINUED)

##### ANALYSIS OF REMUNERATION BENEFITS (CONTINUED)

	Annual salary	Car allowance	Social contribution	Total
<b>2021</b>				
<b>Executive Mayor</b>				
Ald D Plato	1 445	-	-	1 445
<b>Deputy Mayor; Finance</b>				
Ald ID Neilson	1 047	-	128	1 175
<b>Economic Opportunities and Asset Management</b>				
Ald J Vos	1 109	-	-	1 109
<b>Corporate Services</b>				
Cllr SA Cottle	1 109	-	-	1 109
<b>Community Services and Health</b>				
Cllr ZA Badroodien	1 109	-	-	1 109
<b>Energy and Climate change</b>				
Cllr P Maxiti	1 110	-	-	1 110
<b>Human Settlements</b>				
Cllr M Booie	1 034	-	75	1 109
<b>Safety and Security</b>				
Ald JP Smith	994	19	96	1 109
<b>Spatial Planning and Environment</b>				
Ald M Niewoudt	1 013	-	96	1 109
<b>Transport</b>				
Ald F Purchase	878	-	106	984
<b>Urban Management</b>				
Ald G Twigg	989	-	120	1 109
<b>Water and Waste</b>				
Ald X Limberg	1 109	-	-	1 109
<b>TOTAL</b>	<b>12 946</b>	<b>19</b>	<b>621</b>	<b>13 586</b>

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2.2 REMUNERATION OF EXECUTIVE MANAGEMENT

#### 39.2.2.2 REMUNERATION OF EXECUTIVE DIRECTORS

##### ANALYSIS OF REMUNERATION BENEFITS

	Annual salary	Relocation and car allowance	Social contribution	Total
<b>2022</b>				
<b>CURRENT STRUCTURE</b>				
<b>City Manager</b>				
L Mbandazayo	3 086	-	399	3 485
<b>Community Services and Health</b>				
E Sass	2 981	-	417	3 398
<b>Corporate Services</b>				
Z Mandlana <sup>3</sup>	751	-	60	811
<b>Energy</b>				
KM Nassiep <sup>2</sup>	1 135	-	1	1 136
<b>Economic Growth</b>				
R Gelderbloem <sup>2</sup>	877	-	109	986
<b>Finance</b>				
K Jacoby	3 340	81	285	3 706
<b>Future Planning and Resilience</b>				
G Morgan <sup>3</sup>	727	-	86	813
<b>Human Settlements</b>				
NZ Gqiba	2 843	-	2	2 845
<b>Safety and Security Services</b>				
V Botto <sup>3</sup>	1 982	-	305	2 287
<b>Spatial Planning and Environment</b>				
E Naude <sup>3</sup>	1 944	199	281	2 424
<b>Urban Mobility</b>				
D Campbell <sup>2</sup>	1 034	-	100	1 134
<b>Urban Waste Management</b>				
R Keraan <sup>3</sup>	858	137	9	1 004
<b>Water and Sanitation</b>				
M Webster <sup>2</sup>	951	37	135	1 123
	<b>22 509</b>	<b>454</b>	<b>2 189</b>	<b>25 152</b>
<b>PREVIOUS STRUCTURE</b>				
<b>Corporate Services</b>				
G Morgan <sup>3</sup>	494	-	58	552
C Kesson <sup>4</sup>	1 013	-	112	1 125
<b>Energy and Climate Change</b>				
KM Nassiep <sup>1</sup>	1 728	-	1	1 729
<b>Economic Opportunities and Asset Management</b>				
R Gelderbloem <sup>1</sup>	1 227	-	153	1 380
<b>Transport</b>				
D Campbell <sup>1</sup>	1 447	-	140	1 587
<b>Urban Management</b>				
L Mdunyelwa <sup>3</sup>	226	18	43	287
B Gerber <sup>3</sup>	1 021	-	1	1 022
<b>Water and Waste</b>				
M Webster <sup>1</sup>	1 342	51	190	1 583
	<b>31 007</b>	<b>523</b>	<b>2 887</b>	<b>34 417</b>
<b>CTICC</b>				
Chief executive officer: TM Motlhabane	2 174	-	-	2 174
Key management: four staff members	5 838	-	-	5 838
<b>CTS</b>				
Chief executive officer: L de Reuck	1 979	-	285	2 264
Key management: one staff member	1 433	-	16	1 449
<b>TOTAL</b>	<b>42 431</b>	<b>523</b>	<b>3 188</b>	<b>46 142</b>

<sup>1</sup> Contract terminated 31/01/2022 due to restructuring  
<sup>3</sup> Acted as Executive Director during the year

<sup>2</sup> Appointed on 01/02/2022  
<sup>4</sup> Contract terminated during the year

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 39. RELATED-PARTY DISCLOSURES (CONTINUED)

### 39.2.2 REMUNERATION OF EXECUTIVE MANAGEMENT (CONTINUED)

#### 39.2.2.2 REMUNERATION OF EXECUTIVE DIRECTORS (CONTINUED)

##### ANALYSIS OF REMUNERATION BENEFITS (CONTINUED)

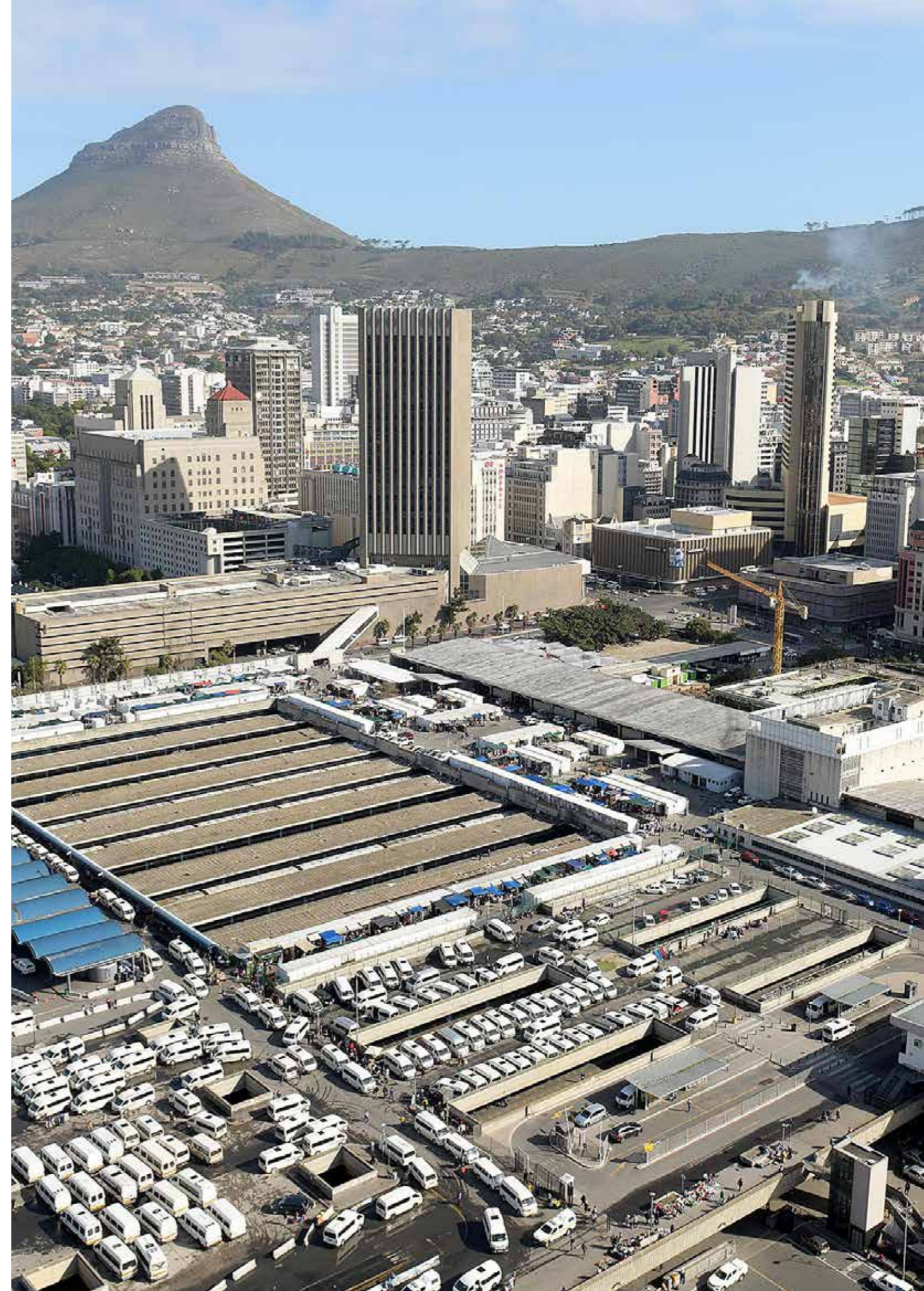
	Annual salary	Relocation and car allowance	Social contribution	Total
<b>2021</b>				
<b>City Manager</b>				
L Mbandazayo	3 153	-	386	3 539
<b>Corporate Services</b>				
C Kesson	2 739	-	337	3 076
<b>Community Services and Health</b>				
V Botto <sup>3</sup>	472	-	73	545
E Sass <sup>2</sup>	2 244	-	334	2 578
<b>Economic Opportunities and Asset Management</b>				
K le Keur <sup>1</sup>	2 026	49	224	2 299
R Gelderbloem <sup>3</sup>	931	-	115	1 046
<b>Energy and Climate Change</b>				
KM Nassiep	2 549	221	2	2 772
<b>Finance</b>				
K Jacoby	2 733	81	278	3 092
<b>Human Settlements</b>				
NZ Gqiba	2 770	-	2	2 772
<b>Safety and Security Services</b>				
R Bosman <sup>1</sup>	1 877	56	200	2 133
V Botto <sup>3</sup>	737	-	120	857
<b>Spatial Planning and Environment</b>				
O Asmal <sup>1</sup>	2 116	40	261	2 417
E Naude <sup>3</sup>	469	50	67	586
<b>Transport</b>				
E Sass <sup>4</sup>	449	-	67	516
D Campbell <sup>2</sup>	1 993	61	198	2 252
<b>Urban Management</b>				
P Mashoko <sup>1</sup>	3 027	(89)	224	3 162
B Gerber <sup>2</sup>	1 043	-	1	1 044
<b>Water and Waste</b>				
M Webster	2 235	88	313	2 636
	<b>33 563</b>	<b>557</b>	<b>3 202</b>	<b>37 322</b>
<b>CTICC</b>				
Chief executive officer: TM Motlhabane	2 082	-	-	2 082
Key management: five staff members	7 859	-	-	7 859
<b>CTS</b>				
Chief executive officer: L de Reuck	1 773	-	269	2 042
Key management: one staff member	1 390	-	13	1 403
<b>TOTAL</b>	<b>46 667</b>	<b>557</b>	<b>3 484</b>	<b>50 708</b>

<sup>1</sup> Contract terminated during the year

<sup>2</sup> Appointed during the year

<sup>3</sup> Acted as Executive Director during the year

<sup>4</sup> Acted as Executive Director without compensation





# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 40. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual financial statements, there were no subsequent events to disclose.

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS

### 41.1 POLITICAL PARTIES' ARREARS

Included in the debtors' arrears is an amount of R24 451,88 (2021: R2 710,11) outstanding for more than 90 days, owed by the representative political parties to the Entity.

### 41.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section "Appendix M: B-BBEE compliance performance report".

### 41.3 MUNICIPAL FINANCE MANAGEMENT ACT

#### 41.3.1 SECTION 124(1)(b)

##### 41.3.1.1 DISCLOSURE CONCERNING COUNCILLORS' MUNICIPAL ACCOUNTS IN ARREARS

#### 2022

During the **reporting year**, the following 12 councillors, who had been elected after the 2021 municipal elections, were in arrears, but have since paid their accounts:

- SF August
- S Little
- M Mabungani
- BB Maqungwana
- SG Markgraff
- L Martin
- MA Mkutswana
- NB Mvinjelwa
- MJ Petersen
- MJ Sampson
- NP Sono
- DC de Vos

**As at 30 June 2022**, no councillors were 90 days or more in arrears for rates or services.

#### 2021

During the **financial year**, no councillors were 90 days or more in arrears for rates or services.

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.3 MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 41.3.2 SECTION 125

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>41.3.2.1 IRREGULAR EXPENDITURE</b>				
Opening balance	587 266	885 952	587 266	885 952
Expenditure incidents identified in the current year, relating to	33 285	762 186	33 274	762 186
Current year	26 866	385 866	26 855	385 866
Prior year	6 419	376 320	6 419	376 320
	620 551	1 648 138	620 540	1 648 138
Resolved by Council	(387 915)	(1 060 872)	(387 904)	(1 060 872)
<b>Closing balance</b>	<b>232 636</b>	<b>587 266</b>	<b>232 636</b>	<b>587 266</b>

INCIDENTS				
Legal services procurement not in terms of SCM regulations	746	34 379	746	34 379
Expenditure incurred after contract expiry	8 279	124 742	8 279	124 742
Non-compliance with SCM regulations and sections 33 and 116(3) of the MFMA	24 260	603 065	24 249	603 065
<b>TOTAL</b>	<b>33 285</b>	<b>762 186</b>	<b>33 274</b>	<b>762 186</b>

The irregular expenditure is disclosed inclusive of VAT.

#### 41.3.2.2 UNAUTHORISED EXPENDITURE

Opening balance	-	6 567	-	6 567
Expenditure incidents identified in the current year	-	-	-	-
	-	6 567	-	6 567
Resolved by Council	-	(6 567)	-	(6 567)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The unauthorised expenditure is disclosed inclusive of VAT.

#### 41.3.2.3 FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	11 822	16 591	11 822	16 591
Expenditure incidents identified in the current year, relating to	4 340	12 328	4 340	12 328
Current year	622	11 372	622	11 372
Prior year	3 718	956	3 718	956
	16 162	28 919	16 162	28 919
Resolved by Council or restated	(3 450)	(17 097)	(3 450)	(17 097)
<b>Closing balance</b>	<b>12 712</b>	<b>11 822</b>	<b>12 712</b>	<b>11 822</b>

INCIDENTS				
Interest paid on late payments	-	1 335	-	1 335
Extension of time claims	-	7 916	-	7 916
Other	4 340	3 077	4 340	3 077
<b>TOTAL</b>	<b>4 340</b>	<b>12 328</b>	<b>4 340</b>	<b>12 328</b>

The fruitless and wasteful expenditure is disclosed inclusive of VAT.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.3 MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 41.3.2 SECTION 125 (CONTINUED)

**41.3.2.4** The material irregularity matters disclosed by the office of the Auditor-General of South Africa (AGSA) in its 2020/21 audit report have been investigated. Upon being notified of the material irregularities, the City Manager took immediate steps to mitigate any further losses. These steps and the outcome of the subsequent investigation conducted by the City were duly communicated to the AGSA. Based on the outcome of the investigation, consequence management was initiated (where applicable) and senior counsel's advice was sought on the recovery of potential losses. A process to recover approximate losses of R52 million and overbillings of R3 million is currently under way through civil claims. Funds owed to the relevant service providers are being held back pending the outcome of the civil claims.

#### 41.3.2.5 MATERIAL LOSSES

##### Water losses

In the current year, the material losses were 6,47% (2021: 8,75%). These are predominantly due to unauthorised usage and metering inaccuracies.

Comparative amended: The implementation of a new inventory system for water affected the previous approach of calculation, including the treatment of abnormal losses, bulk apparent losses and price adjustments. As a result, the comparative amount and percentages had to be updated.

##### Electricity losses

In the current year, the energy losses were 10,24% (2021: 11,95%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R749,51 million (2021: R630,51 million).

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>Water losses</b>	<b>146 786</b>	<b>179 521</b>	<b>146 786</b>	<b>179 521</b>
<b>Electricity losses</b>	<b>431 445</b>	<b>528 795</b>	<b>431 445</b>	<b>528 795</b>

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.3 MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 41.3.2 SECTION 125 (CONTINUED)

#### 41.3.2.6 OTHER COMPULSORY DISCLOSURES

	ECONOMIC ENTITY			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
<b>As at 30 June 2022</b>				
Opening balance	(15 517)	217	184 608	344 915
Subscriptions/fees	15 517	23 234	2 388 485	4 264 725
Amount paid: current year	-	(23 019)	(2 194 504)	(3 906 625)
in advance	(16 370)	-	-	-
previous years	-	(217)	(184 608)	(344 915)
<b>Balance unpaid (included in payables)</b>	<b>(16 370)</b>	<b>215</b>	<b>193 981</b>	<b>358 100</b>
<b>As at 30 June 2021</b>				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	22 602	2 279 217	4 078 453
Amount paid: current year	-	(22 625)	(2 094 609)	(3 733 538)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
<b>Balance unpaid (included in payables)</b>	<b>(15 517)</b>	<b>217</b>	<b>184 608</b>	<b>344 915</b>
	CITY OF CAPE TOWN			
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
<b>As at 30 June 2022</b>				
Opening balance	(15 517)	217	184 608	344 915
Subscriptions/fees	15 517	21 784	2 388 198	4 257 701
Amount paid: current year	-	(21 569)	(2 194 217)	(3 899 601)
in advance	(16 370)	-	-	-
previous years	-	(217)	(184 608)	(344 915)
<b>Balance unpaid (included in payables)</b>	<b>(16 370)</b>	<b>215</b>	<b>193 981</b>	<b>358 100</b>
<b>As at 30 June 2021</b>				
Opening balance	(14 877)	240	170 548	322 732
Subscriptions/fees	14 877	20 640	2 278 870	4 069 513
Amount paid: current year	-	(20 663)	(2 094 262)	(3 724 598)
in advance	(15 517)	-	-	-
previous years	-	-	(170 548)	(322 732)
<b>Balance unpaid (included in payables)</b>	<b>(15 517)</b>	<b>217</b>	<b>184 608</b>	<b>344 915</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS

#### 41.4.1 DEVIATIONS

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer or their delegate (SCM director) and noted by Council.

##### Incidents

	2022	2021	2022	2021
Greater than R200 000	348 010	860 447	339 896	840 933
Less than R200 000	227 155	236 261	227 155	236 261

**TOTAL amount approved by the accounting officer or their delegated authority, noted by Council and board members**

<b>575 165</b>	<b>1 096 708</b>	<b>567 051</b>	<b>1 077 194</b>
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All deviations considered by the accounting officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurement, availability from only one provider, art-historical objects, circumstances where it is impracticable or impossible to follow the official procedure, or correction of minor technical breaches.

Rates-based deviation awards are disclosed in the annual financial statements based on the total expenditure incurred during the reporting period.

#### 41.4.2 SCM BREACHES

Ratification of minor breaches

Comparative amount has been amended.

	ECONOMIC ENTITY		CITY OF CAPE TOWN	
	2022	2021	2022	2021
<b>575 165</b>	<b>1 096 708</b>	<b>567 051</b>	<b>1 077 194</b>	
<b>58 503</b>	<b>142 396</b>	<b>56 702</b>	<b>139 853</b>	

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded on the declaration-of-interest form:

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>AAE CATERING</b> Y Ebrahim	Regional operations manager	908	908
<b>AFRIVEST BUSINESS SOLUTIONS</b> R Davids	City Councillor	1 713	1 713
<b>AFRIWORLD BUSINESS SOLUTIONS (PTY) LTD</b> R Davids	City Councillor	939	939
<b>AGL BUILDING REPAIRS AND MAINTENANCE SUPPORT</b> G Elloker	Administrative officer	255	255
<b>ANLO PRINT AND MAIL CC</b> N Taylor	Administrative officer	139	139
<b>ASEP ELECTRICAL</b> Z September	Teacher	6 790	6 790
<b>ATHLONE AUTO TRANSMISSIONS</b> N Joseph	Province: chief director	460	460
<b>BARENDS F</b> T Barends	City SAP developer	112	112
<b>BATTERY CENTRE MITCHELLS PLAIN</b> F Badenhorst	Stellenbosch Municipality councillor	15	15
<b>BERGSTAN SOUTH AFRICA CONSULTING AND DEVELOPMENT</b> J Beukes	Department of Social Services	309	309
<b>BOB C IMPORT/EXPORT AGENCIES CC</b> C Padiachy	Clerk	499	499
<b>BOKAMOSO ENTERPRISE SOLUTIONS</b> M Thobejane	Department of Land Affairs and Rural Development	279	279
<b>BOWIE LIFTS ELEVATORS AND ESCALATOR</b> M Bowie	Department of Transport: administrative officer	2 097	2 097
<b>BOWMAN GILFILLAN INC (LEGAL AND LAND)</b> H Ben-David L Bozalek HIJ Carim  M de Villiers C Dyer  N Lumeza B Malope-Kgokong  G Mellem	South African Airways: captain Western Cape high court: judge Department of Basic Education: deputy principal Project and process manager National Department of Education: deputy director Educator National Health Laboratory Service: national manager Teacher	2 617	2 617

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>BOWMAN GILFILLAN INC (LEGAL AND LAND) (continued)</b>			
T Mtshali	KZN Department of Education: deputy principal		
LWS Ngubane	Educator		
M Nyali	Teacher		
J Odendal	ARMSCOR SOC Ltd: senior management (technical)		
C Rodrigues	South African Police Service: forensic analyst		
T Sass	Head: Compliance and Probity		
B Sepuba	Department of Finance: specialist recruiter (HR)		
E Steyn	Western Cape high court: judge		
E Tipru	Senior application analyst		
M van Aardt	Baragwaneth hospital complex: medical doctor		
J van de Heuvel	Department of Justice: magistrate		
A Visser	Wastewater maintenance manager		
S Zondo	City of Johannesburg: operations manager		
<b>BRAINPLAY</b>		<b>702</b>	<b>702</b>
GJ Pieterse	Teacher		
<b>BSP CONSULTING ENGINEERS (PTY) LTD</b>		<b>1 341</b>	<b>1 341</b>
A Plaatjies	Teacher		
<b>C &amp; A FRIEDLANDER INC</b>		<b>6 171</b>	<b>6 171</b>
AW Bell	Higher Education and Training		
<b>CHARMLU BUILDERS</b>		<b>679</b>	<b>679</b>
C Absolom	Administrative clerk		
<b>CLUVER MARKOTTER INC</b>		<b>561</b>	<b>561</b>
F Geysler	National Constitutional Development		
J Hess	Western Cape Education		
A Pecoraro	Western Cape Health		
<b>CNP PROJECTS (PTY) LTD</b>		<b>118</b>	<b>118</b>
C Pillay	South African National Defence Force: chaplain		
<b>COEUR INVESTMENTS</b>		<b>2 513</b>	<b>2 513</b>
P Bell	Sports facilitator		
<b>COMPUTER SPECIALISTS (PTY) LTD</b>		<b>32</b>	<b>32</b>
N Orrie	Wastewater senior superintendent		

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>CONLOG</b>		<b>8 565</b>	<b>8 565</b>
N Moodley	Department of Health: director		
<b>COURTESY MANAGEMENT (PTY) LTD</b>		<b>2 170</b>	<b>2 170</b>
F Khosa	Limpopo Cooperative Governance and Traditional Affairs: assistant director (risk)		
<b>CPR TRUCK REPAIRS</b>		<b>1 129</b>	<b>1 129</b>
B Manuel	Administrative officer		
<b>CSM CONSULTING SERVICES (PTY) LTD</b>		<b>458</b>	<b>458</b>
A Vancoillie	Department of Planning: chief town planner		
<b>CSV CONSTRUCTION</b>		<b>38 627</b>	<b>38 627</b>
M Davids	Provincial government: training post		
<b>DEMOCRATIC PACKAGING CC</b>		<b>50</b>	<b>50</b>
V van der Heever	Teacher		
<b>DEO FAVENTE (PTY) LTD</b>		<b>228</b>	<b>228</b>
C Snell	Intern: Lentegeur hospital		
<b>DESIGNTEC PRINTING CC</b>		<b>79</b>	<b>79</b>
M Mshweshwe	Access to Information manager		
<b>DS GXILISHE</b>		<b>46</b>	<b>46</b>
B Gxilishe	Department of Agriculture and Fisheries		
S Gxilishe	Western Cape Education Department		
<b>EAS INFRASTRUCTURE ENGINEERS</b>		<b>6 459</b>	<b>6 459</b>
J Brown	Coordinator: Human Settlements		
<b>ELEMENT CONSULTING ENGINEERS</b>		<b>19 530</b>	<b>19 530</b>
R Rossouw	Teacher		
<b>EPI USE AFRICA (PTY) LTD</b>		<b>18 443</b>	<b>18 443</b>
J Alberts	Education Department: deputy principal		
E Janse van Rensburg	Road Accident Fund: senior office manager		
<b>EMPA STRUCTURES (PTY) LTD</b>		<b>1 789</b>	<b>1 789</b>
G Petersen	Western Cape Education		
<b>EMPIRE</b>		<b>457</b>	<b>457</b>
B Botto	Worcester hospital: medical intern		
<b>ERNST AND YOUNG ADVISORY SERVICES</b>		<b>5 584</b>	<b>5 584</b>
M Makhakhe	Gauteng Department of Health: medical doctor		
DF Maree	City of Johannesburg: manager		
K Maree	National Treasury: acting accountant-general		
N Morrison	Pretoria Military Sports Club: bookkeeper		
E Motsamai	Gauteng Department of Education: manager		
DP Nathoo	Gauteng Department of Health: registrar		
N Panday	Gauteng Department of Health: pharmacist		

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FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>EVERY FLUSH TOILET HIRE</b>		16	16
N Stimela	SAPS: warrant officer		
<b>FAYDIES CORPORATE GIFTS</b>		3 836	3 836
MF Votersen	Finance: manager		
<b>FG JACOBS TRANSPORT CC</b>		11 335	11 335
H Poole	Teacher		
<b>FIKELELA LABOUR SERVICES</b>		3 757	3 757
D Joseph	Member of Parliament		
<b>G NKOMO INCORPORATED</b>		558	558
M Nkomo	Department of Justice: state prosecutor		
<b>GIBB</b>		172 804	172 804
D Allderman	Teacher		
I Brink	Teacher		
C Clark	Eskom: Instrument technician		
L Cloete	Department of Higher education: Lecturer		
J Gooch	Department of Transport and Public Works: Head		
C Hering	Electrical engineer		
S Jafta	Department of transport: Assistant manager		
N Mkhize	Department Affairs and Forestry: Accounting clerk		
A Moon	Business Continuity head		
D O'Reilly	South African Police Service: warrant officer		
A Petersen	Department of Education: subject specialist		
S Singh	Department of Education: HR officer		
<b>GREENRO SOLUTINS (PTD) LTD</b>		20 911	20 911
N Thabeng	South African Police Service: forensic analyst		
<b>HAYES INCORPORATED</b>		543	543
F Akherwaray	Support assistant		
<b>HEROLD GIE ATTORNEYS</b>		2 321	2 321
K Meyer	Senior clerk		
<b>HOWDEN PROJECTS</b>		89	89
Z Chingwar	Department of Health: deputy director		
<b>IKAMVA YOUTH ENTREPRENEURSHIP DEVELOPMENT</b>		131	131
T Mouton	Cape Winelands District Municipality: health inspector		

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>IKAPA RETICULATION CC</b>		43 648	43 648
S Davids	Teacher		
C Davids	Teacher		
<b>IMMEX WASTE</b>		8 622	8 622
A Dorfling	Department of Education: therapist		
<b>INDECON INSTRUMENTATION</b>		6 133	6 133
L Baranard	Teacher		
<b>ISIDIMA CIVILS (PTY) LTD</b>		34 216	34 216
S Manuel	Administrative officer		
<b>ISUZU TRUCK CENTRE</b>		182 792	182 792
E Jacobs	Senior clerk		
<b>ITHALOMSO (PTY) LTD</b>		87 920	87 920
S Fumba	GIS administrator		
<b>JG AFRIKA (PTY) LTD</b>		30 281	30 281
R Maharaj	Umgeni Water: planner		
<b>JVZ CONSTRUCTION (PTY) LTD</b>		2 058	2 058
R Matthee	Correctional Services: security officer		
<b>KEMANZI (PTY) LTD</b>		5 880	5 880
J du Toit	Traffic inspector		
<b>KEMP EN GENOTE</b>		3 348	3 348
M Williams	Stellenbosch Municipality: legal advisor		
<b>KEPTRA TRADING</b>		2 062	2 062
R Marias	Teacher		
<b>LIKHONA LETHU SERVICES</b>		10 951	10 951
Z Rafu	South African Police Service		
<b>LILIAN4ZONKE</b>		1 915	1 915
F Monk	Subcouncil manager		
N Monk	EPWP clerk		
<b>LINDOL HYGIENE SERVICES (PTY) LTD</b>		895	895
N Jantjies	Teacher		
<b>LJA CONSTRUCTION CC</b>		1 915	1 915
L Mckriel	Teacher		
<b>MAGUGA ATTORNEYS INC</b>		1 986	1 986
K Mgengwana	South African Police Service: senior administrator		
<b>MALHERBE TUBB FAURE INC T/A MHI ATTORNEY</b>		1 409	1 409
J Rossouw	Department of Transport: administrative officer		
<b>MARKET TOYOTA CULEMBORG</b>		143	143
E Jacobs	Senior clerk		
<b>MASSIVE QUANTUM (PTY) LTD</b>		83	83
F Hendricks	Administrative officer		
<b>MPULUZANA TRADING</b>		2 259	2 259
N Ngwema	Department of Health: deputy director		

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All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>NCC ENVIRONMENTAL SERVICES (PTY) LTD</b> C Rhoda	Invasive Species Programme manager	12 700	12 700
<b>NEOTERIC TRADING SERVICES</b> A Jacobs	Cape Agulhas Municipality: director	287	287
<b>NORTON ROSE FULBRIGHT SOUTH AFRICA</b> G Adams S Clay E Maubane F Nonhlanhla C Sunpath H Sunpath	Deputy principal Teacher South African Police Service: HR administrator Department of Justice: telecom operator Department of Health: medical doctor Department of Health: chief technical advisor	1 346	1 346
<b>PEGASYS</b> P Grey D Quin E Warambwa B Weston	Professional officer National Prosecuting Authority: senior crime analyst Municipal Infrastructure: professional engineer Water and Sanitation: scientific manager	24 695	24 695
<b>PISTON POWER CHEMICALS (PTY) LTD</b> N Andhee	KZN Education Department: educator	8 995	8 995
<b>PSA AFRICA (PTY) LTD</b> T Frost	Department of Justice	1 623	1 623
<b>PURPLE ROSE DISTRIBUTORS CC</b> C Hector M Hector	Quality assessor Medical doctor	4	4
<b>RED ANT SECURITY RELOCATION AND EVICTION</b> N Lesiela	Mogale: design and development: practitioner	62 407	62 407
<b>REEDS BELLVILLE</b> E Jacobs	Senior clerk	837	837
<b>REEDS CLAREMONT</b> E Jacobs	Senior clerk	777	777

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>REEDS N1 CITY</b> E Jacobs	Senior clerk	328	328
<b>REMARKABLE CHARLES ENTERPRISE (PTY) LTD</b> V Charles	Administrative officer	7	7
<b>RNR AMBITION</b> C de Vos	Kogel Bay resort: worker	47	47
<b>ROYAL HASKONINGDHV (PTY) LTD</b> L Dladla T Sithole	Department of Health: deputy director City of Johannesburg: associate director	907	907
<b>SAN BUILDING MAINTENANCE CC</b> B Ascott	Financial coordinator	3 105	3 105
<b>SANCCOB</b> P Cilliers L Roberts	SAP ERP analyst Department of Agriculture: state veterinarian	435	435
<b>SMART CIVIL CONSTRUCTION</b> N Molefe	Debt Management Services head	11 753	11 753
<b>SM NEVEST T/A MICHLOENG ENGINEERING SERVICE</b> G Neves	Teacher	199	199
<b>SPILL TECH</b> S Goosen	Transnet	66	66
<b>SR CIVIL CONTRACTORS (PTY) LTD</b> E de Wet	Senior fleet officer	5 950	5 950
<b>STEDONE DEVELOPMENTS</b> L Dube	Department of Transport: Clerk	27 823	27 823
<b>STELMED</b> C Combrink	Educator	2 769	2 769
<b>SUCCIDO ENTERPRISES</b> L Kramm	Administrator	745	745
<b>TEMPUS DYNAMICS</b> M Mvalo	Professional officer	1 094	1 094
<b>TERRATECH</b> AJM Pretorius	University of Johannesburg	98	98
<b>THE OIL CENTRE</b> LB Mdyogolo	Educator	4 223	4 223
<b>TJEKA TRAINING MATTERS (PTY) LTD</b> B Nlantli	Clerk	5 358	5 358
<b>TOXSOLUTIONS KITS AND SERVICES CC</b> G Pearson	Rand Water: senior education advisor	624	624

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>TRAFFIC MANAGEMENT TECHNOLOGIES</b>		<b>98 599</b>	<b>98 599</b>
G Aspeling	Principal mechanical engineer		
<b>TRANSPORT TELEMATICS AFRICA</b>		<b>28 046</b>	<b>28 046</b>
JJE Groenewald	Western Cape Transport and Public Works		
<b>UNAKO HOLDINGS (PTY) LTD</b>		<b>9</b>	<b>9</b>
T Vapi	Correctional Services		
<b>VINZEIGH LEUKES TRADING</b>		<b>32</b>	<b>32</b>
J Fortuin	Department of Rural Development: chief director		
<b>VONDO TRADING</b>		<b>9 395</b>	<b>9 395</b>
N Nevondo	Department of Human Settlements		
<b>VR MEDICAL</b>		<b>66</b>	<b>66</b>
R Broadhurst	Teacher		
<b>WEBBER WENTZEL</b>		<b>15 928</b>	<b>15 928</b>
J Abraham	School secretary		
J Botha	Teacher		
P Coetzee	Tshwane Metro Police: commander colonel		
N Dias	Senior legal advisor		
B Mahlangu	School principal		
P Masedi	City of Johannesburg: manager		
K Nonyane	Petro SA: senior planning technician		
H Prinsloo	DBSA: principal risk analyst		
S Qolohle	National Treasury: director		
A Smit	SAA: senior cabin crew member		
JCL Smit	Beaufort West Municipality: director		
A Truter	West Coast Education: chief specialist		
C Truter	School principal		
P van den Brink	Wesgro: project manager		
B Watson	Public Investment Corporation: director		
E Watson	Board of Directors: member		

## 41. DISCLOSURES IN TERMS OF LAW AND REGULATIONS (CONTINUED)

### 41.4 SUPPLY CHAIN MANAGEMENT REGULATIONS (CONTINUED)

#### 41.4.3 BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE (CONTINUED)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2022	2022
<b>WILSTAN BOOK SUPPLIES CC</b>		<b>1 245</b>	<b>1 245</b>
V Beukes	Senior professional officer		
<b>YIZA APHA TRADING</b>		<b>195</b>	<b>195</b>
A Kelland	Senior clerk		
<b>ZELUNGA INVESTMENTS</b>		<b>46</b>	<b>46</b>
N Biyase	Department of Water and Sanitation: assistant technical officer		
T Biyase	KZN Department of Education: cleaner		
<b>ZUTARI (PTY) LTD</b>		<b>195 982</b>	<b>195 982</b>
HC Ahlschlager	Special Investigating Unit: legal representative		
K Nadasen	National Department of Public Works: director		
		<b>1 306 425</b>	
<b>INDIVIDUALS</b>			
M Brink	Medical doctor	<b>473</b>	
MA Matookane; JK Netshitenzhe	Ekurhuleni Metropolitan: project manager; Department of Energy: director	<b>159</b>	
P Naidoo	City of Cape Town: project manager	<b>1 413</b>	
Y Phosa	City of Tshwane: deputy director	<b>612</b>	
		<b>2 657</b>	
<b>TOTAL</b>		<b>1 309 082</b>	<b>1 306 425</b>

See annexure F for the 2021 list.

# ANNEXURE A: SCHEDULE OF EXTERNAL BORROWINGS

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable in financial year	Balance as at 30 June 2021	Received during the year	Net interest accrual during the year	Concessional loan adjustment	Redeemed/written off during year	Balance as at 30 June 2022
<b>CITY OF CAPE TOWN</b>									
<b>MARKETABLE BONDS</b>									
	12,570	830014004	2023	1 002 747	-	-	-	-	1 002 747
	11,615	830016003	2024	1 206 474	-	381	-	-	1 206 855
	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
	10,170	830019504	2028	679 702	-	(4 570)	-	(100 000)	575 132
				<b>4 954 428</b>		<b>(4 189)</b>		<b>(100 000)</b>	<b>4 850 239</b>
<b>CONCESSIONARY LOANS</b>									
AFD	5,763	830018500	2028	259 470	-	(676)	6 235	(40 000)	225 029
AFD	5,730	830018516	2028	259 191	-	(672)	6 298	(40 000)	224 817
AFD	5,755	830018530	2028	259 406	-	(675)	6 250	(40 000)	224 981
AFD	5,800	830018523	2028	253 050	-	(662)	6 003	(38 961)	219 430
KfW	8,107	830020016	2034	962 517	-	(877)	13 582	(85 867)	889 355
				<b>1 993 634</b>		<b>(3 562)</b>	<b>38 368</b>	<b>(244 828)</b>	<b>1 783 612</b>
<b>OTHER LOANS</b>									
DBSA	9,639	830013000	2023	20 000	-	-	-	(13 333)	6 667
DBSA	10,565	830013507	2023	20 000	-	-	-	(13 333)	6 667
				<b>40 000</b>				<b>(26 666)</b>	<b>13 334</b>
				<b>6 988 062</b>		<b>(7 751)</b>	<b>38 368</b>	<b>(371 494)</b>	<b>6 647 185</b>

<sup>1</sup> Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).





# ANNEXURE B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS - ECONOMIC ENTITY

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
<b>Land and buildings</b>													
Assets under construction	17 976	(1 783)	1 336	-	-	17 529	(16 091)	-	-	-	-	(16 091)	1 438
Vacant land	1 399 065	-	129 318	-	(12)	1 528 371	(280 826)	-	-	(25 413)	-	(306 239)	1 222 132
Land and buildings	4 710 132	133 252	108 985	-	(7 100)	4 945 269	(2 002 132)	(341)	(88 525)	127 752	7 013	(1 956 233)	2 989 036
	<b>6 127 173</b>	<b>131 469</b>	<b>239 639</b>	<b>-</b>	<b>(7 112)</b>	<b>6 491 169</b>	<b>(2 299 049)</b>	<b>(341)</b>	<b>(88 525)</b>	<b>102 339</b>	<b>7 013</b>	<b>(2 278 563)</b>	<b>4 212 606</b>
<b>Infrastructure</b>													
Assets under construction	3 707 170	(1 658 367)	1 477 364	-	-	3 526 167	-	-	-	-	-	-	3 526 167
Telecommunications	1 404 686	26 591	88 399	-	(7)	1 519 669	(448 129)	(37)	(95 465)	-	1	(543 630)	976 039
Drains	1 668 588	49 237	33 693	-	-	1 751 518	(608 444)	-	(61 691)	-	-	(670 135)	1 081 383
Roads	15 720 889	370 015	361 665	-	(1 426)	16 451 143	(5 121 124)	(61)	(524 995)	(2 223)	1 215	(5 647 188)	10 803 955
Beach improvements	189 979	-	2 354	-	-	192 333	(45 850)	-	(5 900)	-	-	(51 750)	140 583
Sewerage mains and purification	6 846 511	532 754	531 241	-	-	7 910 506	(2 640 009)	(72)	(181 727)	-	-	(2 821 808)	5 088 698
Security	1 787 852	10 109	189 256	-	(1 841)	1 985 376	(859 354)	849	(155 242)	-	725	(1 013 022)	972 354
Electricity peak-load equipment and mains	11 853 022	211 073	557 330	-	-	12 621 425	(3 761 185)	(40)	(266 473)	-	-	(4 027 698)	8 593 727
Water mains and purification	6 454 766	209 719	401 467	-	-	7 065 952	(2 407 344)	-	(169 325)	(698)	-	(2 577 367)	4 488 585
Reservoirs - water	1 668 438	28 542	45 713	-	-	1 742 693	(491 160)	-	(25 370)	-	-	(516 530)	1 226 163
	<b>51 301 901</b>	<b>(220 327)</b>	<b>3 688 482</b>	<b>-</b>	<b>(3 274)</b>	<b>54 766 782</b>	<b>(16 382 599)</b>	<b>639</b>	<b>(1 486 188)</b>	<b>(2 921)</b>	<b>1 941</b>	<b>(17 869 128)</b>	<b>36 897 654</b>
<b>Community assets</b>													
Assets under construction	102 181	(63 607)	39 241	-	-	77 815	-	-	-	-	-	-	77 815
Parks and gardens	354 110	3 748	2 743	-	-	360 601	(89 787)	-	(11 939)	-	-	(101 726)	258 875
Libraries	354 831	2 288	99	-	-	357 218	(102 987)	-	(6 410)	-	-	(109 397)	247 821
Recreational facilities	1 433 655	35 487	65 108	-	-	1 534 250	(681 090)	(61)	(47 083)	-	-	(728 234)	806 016
Civic buildings	3 058 537	18 124	114 358	-	(171)	3 190 848	(883 668)	751	(52 240)	-	64	(935 093)	2 255 755
	<b>5 303 314</b>	<b>(3 960)</b>	<b>221 549</b>	<b>-</b>	<b>(171)</b>	<b>5 520 732</b>	<b>(1 757 532)</b>	<b>690</b>	<b>(117 672)</b>	<b>-</b>	<b>64</b>	<b>(1 874 450)</b>	<b>3 646 282</b>
<b>Other assets</b>													
Assets under construction	387 618	(134 100)	203 547	-	-	457 065	-	-	-	-	-	-	457 065
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 255 877	155 119	192 965	-	-	1 603 961	(752 918)	-	(32 154)	-	-	(785 072)	818 889
Furniture, fittings and equipment	1 428 456	5 795	148 238	-	(24 692)	1 557 797	(1 027 842)	(131)	(106 971)	-	23 009	(1 111 935)	445 862
Bins and containers	72 975	294	5 697	-	(1 264)	77 702	(51 803)	-	(5 886)	-	1 242	(56 447)	21 255
Emergency equipment	87 833	70	533	-	(862)	87 574	(53 386)	-	(9 941)	-	665	(62 662)	24 912
Motor vehicles and watercraft	2 474 462	-	291 103	-	(110 519)	2 655 046	(1 013 778)	-	(228 818)	(1 937)	92 726	(1 151 807)	1 503 239
Plant and equipment	1 374 125	28 020	64 372	-	(10 139)	1 456 378	(893 529)	(244)	(107 369)	-	8 815	(992 327)	464 051
Specialised vehicles	2 468 464	(616)	270 313	-	(19 276)	2 718 885	(1 048 123)	43	(155 328)	(71)	15 814	(1 187 665)	1 531 220
Computer equipment	2 669 582	1 273	185 608	-	(235 835)	2 620 628	(2 022 528)	(183)	(231 694)	-	233 707	(2 020 698)	599 930
	<b>12 220 641</b>	<b>55 855</b>	<b>1 362 376</b>	<b>-</b>	<b>(402 587)</b>	<b>13 236 285</b>	<b>(6 865 156)</b>	<b>(515)</b>	<b>(878 161)</b>	<b>(2 008)</b>	<b>375 978</b>	<b>(7 369 862)</b>	<b>5 866 423</b>

## ANNEXURE B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS - ECONOMIC ENTITY

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
<b>Living resources</b>													
Animals	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
	<b>1 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58)</b>	<b>1 167</b>	<b>(649)</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>57</b>	<b>(784)</b>	<b>383</b>
<b>Service concession assets</b>													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 864 991	(60)	945	-	(156)	4 865 720	(2 118 315)	43	(180 942)	-	95	(2 299 119)	2 566 601
Buses and depots	1 478 416	-	-	-	(18 534)	1 459 882	(760 469)	-	(44 739)	-	14 493	(790 715)	669 167
	<b>6 343 407</b>	<b>(60)</b>	<b>945</b>	<b>-</b>	<b>(18 690)</b>	<b>6 325 602</b>	<b>(2 878 784)</b>	<b>43</b>	<b>(225 681)</b>	<b>-</b>	<b>14 588</b>	<b>(3 089 834)</b>	<b>3 235 768</b>
<b>Housing rental stock</b>	<b>3 329 058</b>	<b>5 735</b>	<b>34 937</b>	<b>-</b>	<b>(4 779)</b>	<b>3 364 951</b>	<b>(1 262 209)</b>	<b>-</b>	<b>(106 659)</b>	<b>-</b>	<b>4 118</b>	<b>(1 364 750)</b>	<b>2 000 201</b>
<b>TOTAL PPE</b>	<b>84 626 719</b>	<b>(31 288)</b>	<b>5 547 928</b>	<b>-</b>	<b>(436 671)</b>	<b>89 706 688</b>	<b>(31 445 978)</b>	<b>516</b>	<b>(2 903 078)</b>	<b>97 410</b>	<b>403 759</b>	<b>(33 847 371)</b>	<b>55 859 317</b>
<b>Heritage assets</b>													
Paintings and museum items	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
	<b>10 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 268</b>
<b>Investment property</b>													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(63 109)	-	(1 714)	-	-	(64 823)	59 678
	<b>642 643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642 643</b>	<b>(63 109)</b>	<b>-</b>	<b>(1 714)</b>	<b>-</b>	<b>-</b>	<b>(64 823)</b>	<b>577 820</b>
<b>Intangible assets</b>													
Assets under construction	-	-	5 652	-	-	5 652	-	-	-	-	-	-	5 652
Acquisition of rights	561 441	-	-	-	-	561 441	(494 996)	-	(50 162)	-	-	(545 158)	16 283
Computer software	1 397 175	54 082	99 027	-	(40 835)	1 509 449	(834 335)	(516)	(110 598)	-	40 798	(904 651)	604 798
	<b>1 958 616</b>	<b>54 082</b>	<b>104 679</b>	<b>-</b>	<b>(40 835)</b>	<b>2 076 542</b>	<b>(1 329 331)</b>	<b>(516)</b>	<b>(160 760)</b>	<b>-</b>	<b>40 798</b>	<b>(1 449 809)</b>	<b>626 733</b>
<b>TOTAL OTHER</b>	<b>2 611 527</b>	<b>54 082</b>	<b>104 679</b>	<b>-</b>	<b>(40 835)</b>	<b>2 729 453</b>	<b>(1 392 440)</b>	<b>(516)</b>	<b>(162 474)</b>	<b>-</b>	<b>40 798</b>	<b>(1 514 632)</b>	<b>1 214 821</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>87 238 246</b>	<b>22 794</b>	<b>5 652 607</b>	<b>-</b>	<b>(477 506)</b>	<b>92 436 141</b>	<b>(32 838 418)</b>	<b>-</b>	<b>(3 065 552)</b>	<b>97 410</b>	<b>444 557</b>	<b>(35 362 003)</b>	<b>57 074 138</b>

<sup>1</sup> See note 38 for more details.

# ANNEXURE B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS - CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
<b>Land and buildings</b>													
Vacant land	1 399 065	-	129 318	-	(12)	1 528 371	(280 826)	-	-	(25 413)	-	(306 239)	1 222 132
Land and buildings	3 287 104	131 469	105 106	-	(7)	3 523 672	(847 774)	(341)	(67 210)	-	-	(915 325)	2 608 347
	<b>4 686 169</b>	<b>131 469</b>	<b>234 424</b>	<b>-</b>	<b>(19)</b>	<b>5 052 043</b>	<b>(1 128 600)</b>	<b>(341)</b>	<b>(67 210)</b>	<b>(25 413)</b>	<b>-</b>	<b>(1 221 564)</b>	<b>3 830 479</b>
<b>Infrastructure</b>													
Assets under construction	3 707 170	(1 658 367)	1 477 364	-	-	3 526 167	-	-	-	-	-	-	3 526 167
Telecommunications	1 404 686	26 591	88 399	-	(7)	1 519 669	(448 129)	(37)	(95 465)	-	1	(543 630)	976 039
Drains	1 668 588	49 237	33 693	-	-	1 751 518	(608 444)	-	(61 691)	-	-	(670 135)	1 081 383
Roads	15 720 889	370 015	361 665	-	(1 426)	16 451 143	(5 121 124)	(61)	(524 995)	(2 223)	1 215	(5 647 188)	10 803 955
Beach improvements	189 979	-	2 354	-	-	192 333	(45 850)	-	(5 900)	-	-	(51 750)	140 583
Sewerage mains and purification	6 846 511	532 754	531 241	-	-	7 910 506	(2 640 009)	(72)	(181 727)	-	-	(2 821 808)	5 088 698
Security	1 787 852	10 109	189 256	-	(1 841)	1 985 376	(859 354)	849	(155 242)	-	725	(1 013 022)	972 354
Electricity peak-load equipment and mains	11 853 022	211 073	557 330	-	-	12 621 425	(3 761 185)	(40)	(266 473)	-	-	(4 027 698)	8 593 727
Water mains and purification	6 454 766	209 719	401 467	-	-	7 065 952	(2 407 344)	-	(169 325)	(698)	-	(2 577 367)	4 488 585
Reservoirs - water	1 668 438	28 542	45 713	-	-	1 742 693	(491 160)	-	(25 370)	-	-	(516 530)	1 226 163
	<b>51 301 901</b>	<b>(220 327)</b>	<b>3 688 482</b>	<b>-</b>	<b>(3 274)</b>	<b>54 766 782</b>	<b>(16 382 599)</b>	<b>639</b>	<b>(1 486 188)</b>	<b>(2 921)</b>	<b>1 941</b>	<b>(17 869 128)</b>	<b>36 897 654</b>
<b>Community assets</b>													
Assets under construction	102 181	(63 607)	39 241	-	-	77 815	-	-	-	-	-	-	77 815
Parks and gardens	354 110	3 748	2 743	-	-	360 601	(89 787)	-	(11 939)	-	-	(101 726)	258 875
Libraries	354 831	2 288	99	-	-	357 218	(102 987)	-	(6 410)	-	-	(109 397)	247 821
Recreational facilities	1 433 655	35 487	65 108	-	-	1 534 250	(681 090)	(61)	(47 083)	-	-	(728 234)	806 016
Civic buildings	3 058 537	18 124	114 358	-	(171)	3 190 848	(883 668)	751	(52 240)	-	64	(935 093)	2 255 755
	<b>5 303 314</b>	<b>(3 960)</b>	<b>221 549</b>	<b>-</b>	<b>(171)</b>	<b>5 520 732</b>	<b>(1 757 532)</b>	<b>690</b>	<b>(117 672)</b>	<b>-</b>	<b>64</b>	<b>(1 874 450)</b>	<b>3 646 282</b>
<b>Other assets</b>													
Assets under construction	387 618	(134 100)	203 547	-	-	457 065	-	-	-	-	-	-	457 065
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 255 877	155 119	192 965	-	-	1 603 961	(752 918)	-	(32 154)	-	-	(785 072)	818 889
Furniture, fittings and equipment	1 374 165	5 795	148 175	-	(15 750)	1 512 385	(988 873)	(131)	(101 089)	-	14 109	(1 075 984)	436 401
Bins and containers	72 975	294	5 697	-	(1 264)	77 702	(51 803)	-	(5 886)	-	1 242	(56 447)	21 255
Emergency equipment	87 833	70	533	-	(862)	87 574	(53 386)	-	(9 941)	-	665	(62 662)	24 912
Motor vehicles and watercraft	2 388 736	-	290 094	-	(108 989)	2 569 841	(963 221)	-	(224 187)	(1 937)	91 216	(1 098 129)	1 471 712
Plant and equipment	1 374 125	28 020	64 372	-	(10 139)	1 456 378	(893 529)	(244)	(107 369)	-	8 815	(992 327)	464 051
Specialised vehicles	2 468 464	(616)	270 313	-	(19 276)	2 718 885	(1 048 123)	43	(155 328)	(71)	15 814	(1 187 665)	1 531 220
Computer equipment	2 591 623	1 273	185 151	-	(229 064)	2 548 983	(1 957 712)	(183)	(227 258)	-	226 938	(1 958 215)	590 768
	<b>12 002 665</b>	<b>55 855</b>	<b>1 360 847</b>	<b>-</b>	<b>(385 344)</b>	<b>13 034 023</b>	<b>(6 710 814)</b>	<b>(515)</b>	<b>(863 212)</b>	<b>(2 008)</b>	<b>358 799</b>	<b>(7 217 750)</b>	<b>5 816 273</b>

# ANNEXURE B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AND OTHER ASSETS - CITY OF CAPE TOWN

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	
<b>Living resources</b>													
Animals	1 225	-	-	-	(58)	1 167	(649)	-	(192)	-	57	(784)	383
	<b>1 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58)</b>	<b>1 167</b>	<b>(649)</b>	<b>-</b>	<b>(192)</b>	<b>-</b>	<b>57</b>	<b>(784)</b>	<b>383</b>
<b>Service concession assets</b>													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Cape Town Stadium	4 864 991	(60)	945	-	(156)	4 865 720	(2 118 315)	43	(180 942)	-	95	(2 299 119)	2 566 601
Buses and depots	1 478 416	-	-	-	(18 534)	1 459 882	(760 469)	-	(44 739)	-	14 493	(790 715)	669 167
	<b>6 343 407</b>	<b>(60)</b>	<b>945</b>	<b>-</b>	<b>(18 690)</b>	<b>6 325 602</b>	<b>(2 878 784)</b>	<b>43</b>	<b>(225 681)</b>	<b>-</b>	<b>14 588</b>	<b>(3 089 834)</b>	<b>3 235 768</b>
<b>Housing rental stock</b>	<b>3 329 058</b>	<b>5 735</b>	<b>34 937</b>	<b>-</b>	<b>(4 779)</b>	<b>3 364 951</b>	<b>(1 262 209)</b>	<b>-</b>	<b>(106 659)</b>	<b>-</b>	<b>4 118</b>	<b>(1 364 750)</b>	<b>2 000 201</b>
<b>TOTAL PPE</b>	<b>82 967 739</b>	<b>(31 288)</b>	<b>5 541 184</b>	<b>-</b>	<b>(412 335)</b>	<b>88 065 300</b>	<b>(30 121 187)</b>	<b>516</b>	<b>(2 866 814)</b>	<b>(30 342)</b>	<b>379 567</b>	<b>(32 638 260)</b>	<b>55 427 040</b>
<b>Heritage assets</b>													
Paintings and museum items	10 268	-	-	-	-	10 268	-	-	-	-	-	-	10 268
	<b>10 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 268</b>
<b>Investment property</b>													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(63 109)	-	(1 714)	-	-	(64 823)	59 678
	<b>642 643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>642 643</b>	<b>(63 109)</b>	<b>-</b>	<b>(1 714)</b>	<b>-</b>	<b>-</b>	<b>(64 823)</b>	<b>577 820</b>
<b>Intangible assets</b>													
Assets under construction	-	-	5 652	-	-	5 652	-	-	-	-	-	-	5 652
Acquisition of rights	561 441	-	-	-	-	561 441	(494 996)	-	(50 162)	-	-	(545 158)	16 283
Computer software	1 382 575	54 082	95 397	-	(33 417)	1 498 637	(824 385)	(516)	(107 471)	-	33 400	(898 972)	599 665
	<b>1 944 016</b>	<b>54 082</b>	<b>101 049</b>	<b>-</b>	<b>(33 417)</b>	<b>2 065 730</b>	<b>(1 319 381)</b>	<b>(516)</b>	<b>(157 633)</b>	<b>-</b>	<b>33 400</b>	<b>(1 444 130)</b>	<b>621 600</b>
<b>TOTAL OTHER</b>	<b>2 596 927</b>	<b>54 082</b>	<b>101 049</b>	<b>-</b>	<b>(33 417)</b>	<b>2 718 641</b>	<b>(1 382 490)</b>	<b>(516)</b>	<b>(159 347)</b>	<b>-</b>	<b>33 400</b>	<b>(1 508 953)</b>	<b>1 209 688</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>85 564 666</b>	<b>22 794</b>	<b>5 642 233</b>	<b>-</b>	<b>(445 752)</b>	<b>90 783 941</b>	<b>(31 503 677)</b>	<b>-</b>	<b>(3 026 161)</b>	<b>(30 342)</b>	<b>412 967</b>	<b>(34 147 213)</b>	<b>56 636 728</b>

<sup>1</sup> See note 38 for more details.

# ANNEXURE C: DISCLOSURE OF BANK ACCOUNTS AND INVESTMENTS IN TERMS OF SECTION 125(2) (A) AND (B) OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2022	2021	2020
<b>CITY OF CAPE TOWN</b>			
<b>BANK ACCOUNTS HELD WITH</b>			
<b>Nedbank</b>			
Main bank	275 930	189 554	242 494
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
<b>Amortised cost</b>	<b>275 930</b>	<b>189 554</b>	<b>242 494</b>
<b>ABSA</b>			
IRT bank	-	5 581	7 882
<b>Amortised cost</b>	<b>-</b>	<b>5 581</b>	<b>7 882</b>
<b>Amortised cost - see note 10</b>	<b>275 930</b>	<b>195 135</b>	<b>250 376</b>
<b>CONTROLLED ENTITIES</b>			
<b>CTICC</b>			
<b>BANK ACCOUNTS</b>			
ABSA Bank - current	2	25	31
ABSA Bank - CTICC east - current	-	-	1
ABSA Bank - exh serv - current	4	7	21
ABSA Bank Treasury	-	-	1
ABSA Bank - Convenco	-	-	1
Nedbank - CTICC main current	1 432	1 297	1 613
Nedbank - CTICC payroll	17	37	129
Nedbank - CTICC east	6	2	35
Nedbank - CTICC merchant services	16	32	12
Nedbank - CTICC e-commerce	-	1	1
<b>Amortised cost</b>	<b>1 477</b>	<b>1 401</b>	<b>1 845</b>
<b>Cape Town Stadium (RF) SOC LTD</b>	<b>5 518</b>	<b>-</b>	<b>-</b>
<b>TOTAL BANK BALANCES</b>	<b>282 925</b>	<b>196 536</b>	<b>252 221</b>

	2022	2021	2020
<b>CITY OF CAPE TOWN</b>			
<b>BANK ACCOUNTS MANAGED BY FUND MANAGERS</b>			
<b>Nedbank</b>			
City of Cape Town	180	702	883
City of Cape Town	66	139	63
City of Cape Town	15 857	1 206	1 394
City of Cape Town	2 328	1 823	1 463
City of Cape Town	9 626	4 102	5 301
City of Cape Town	1 227	601	679
City of Cape Town	215	277	229
City of Cape Town	1 717	617	647
City of Cape Town	136	94	460
City of Cape Town	9	426	286
<b>Fair value - see note 10</b>	<b>31 361</b>	<b>9 987</b>	<b>11 405</b>
<b>CONTROLLED ENTITIES</b>			
<b>CTICC</b>			
<b>INVESTMENT ACCOUNTS</b>			
Nedbank - call deposit	-	-	-
ABSA Bank - call deposit	-	-	-
First National Bank - RMB investment	-	-	-
Stanlib - bank	8 825	3 623	30 462
Investec - bank	10 520	3 493	37 012
ABSA Bank - call deposit	-	-	-
Nedgroup - money market fund	7 094	3 174	34 915
Nedgroup - corporate money market	7 812	3 099	32 274
ABSA Bank - call account	174	168	162
ABSA Bank - CTICC money market fund	12 010	3 744	33 915
ABSA Bank - guarantee	-	-	-
Nedbank - CTICC daily call deposit	2 544	3 280	229
<b>Amortised cost</b>	<b>48 979</b>	<b>20 581</b>	<b>168 969</b>

## ANNEXURE C: DISCLOSURE OF BANK ACCOUNTS AND INVESTMENTS IN TERMS OF SECTION 125(2) (A) AND (B) OF THE MFMA (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

The City had the following short-term debt facilities with its main banker:

	2022	2021
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	150 000	150 000
Guarantee facility (non-cash-covered)	30 000	30 000
Letter of credit	16 000	16 000
Business travel card	2 000	2 000

The short-term debt facilities are reviewed annually and can be explained as follows:

### GENERAL BANKING FACILITY

This facility allows the City quick access to funds should an immediate drawdown into the City's bank account be required.

### GUARANTEE FACILITY (CASH-COVERED)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. The facility is cash-covered, which means that the client provides cash cover, which is held in an interest-bearing investment account and is then ceded to the bank.

### GUARANTEE FACILITY (NON-CASH-COVERED)

Through this facility, the bank guarantees a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

### LETTER OF CREDIT

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

### BUSINESS TRAVEL CARD

The travel card facility is used for all the City's travel expenses (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc.) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded onto the account/card.



# ANNEXURE D: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS									
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Operating	Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
		Conditions met -transferred to revenue							
<b>NATIONAL GOVERNMENT</b>									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(293)	-	(209)	-	209	-	-	(293)
City Public Employment Programme (PEP)	NT Intergovernmental Relations	-	(161 000)	6 635	154 365	-	-	-	-
Contributed Assets	Department Water and Sanitation	-	-	(432)	-	432	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(149)	(220)	-	55	-	-	-	(314)
DME - INEP	Energy	(5)	-	-	-	-	-	-	(5)
Energy Efficiency Electricity Demand Side Management	Energy	-	(10 000)	12	1 084	8 904	-	-	-
Equitable Shares Covid 19 Relief	National Treasury	(144 562)	-	1 827	142 735	-	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(49 772)	1	49 072	699	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	(518 140)	57 363	6 243	449 154	-	-	(5 380)
Infrastructure Skills Development	National Treasury	(1 534)	(12 000)	1 640	9 318	1 081	-	-	(1 495)
Integrated City Development Grant	National Treasury	(6 046)	-	1 963	-	3 976	-	-	(107)
Municipal Disaster Recovery Grant	Department of Corporate Governance	(30)	-	-	-	-	-	-	(30)
National Skills Fund	Department of Higher Education and Training	(2 409)	(21 325)	-	18 543	-	-	-	(5 191)
Neighbourhood Development Programme	National Treasury	(7 950)	(10 399)	8 217	-	10 132	-	-	-
Philippi Agri-Hub	General Budget Support Allocation	-	(9 472)	48	9 558	-	-	(134)	-
Programme and Project Preparation Support	National Treasury	-	(70 890)	7 612	61 954	-	-	-	(1 324)

NATIONAL AND PROVINCE GRANT FUNDS									
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Operating	Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
		Conditions met -transferred to revenue							
<b>NATIONAL AND PROVINCE GRANT FUNDS</b>									
Public Transport Network Grant	Transport	(15 385)	(948 640)	152 483	468 579	307 787	-	-	(35 176)
Public Transport Network Grant - BFI	Transport	(14 368)	-	(78 533)	-	92 901	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(1 459)	-	-	-	59	-	-	(1 400)
Special Projects	Environmental Affairs	-	-	47	-	-	-	(47)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	-	-	20	-	-	-	(20)	-
Tirelo Boshha Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(111 078)	(972 431)	171 366	113 551	751 509	-	-	(47 083)
<b>TOTAL DORA ALLOCATION</b>		<b>(305 343)</b>	<b>(2 785 289)</b>	<b>330 060</b>	<b>1 036 057</b>	<b>1 626 843</b>	-	<b>(201)</b>	<b>(97 873)</b>
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		(320)	-	-	-	-	-	-	(320)
National Skills Fund: Interest account		(44)	-	-	-	-	(113)	-	(157)
Natural Resource Management: Interest account		(12)	-	-	-	-	-	-	(12)
Neighbourhood Development Programme: Interest account		(3 511)	-	-	-	-	(375)	-	(3 886)
Peninsula Wetlands Rehabilitation Project: Interest account		(17)	-	-	-	-	(1)	-	(18)
Philippi Agri-Hub: Interest account		-	-	-	33	-	(33)	-	-
Public Transport Infrastructure Systems Grant: Interest account		(188 497)	-	11 388	3 860	-	(7 650)	-	(180 899)
Public Transport Infrastructure Grant: Interest account		(43 554)	-	-	-	-	(1 783)	-	(45 337)

# ANNEXURE D: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS										
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Conditions met -transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Capital			
Public Transport Network Grant: Interest account		(127 251)	-	-	-	-	(25 403)	-	(152 654)	
Public Transport Network Grant - BFI: Interest account		(1 541)	-	-	-	-	(117)	-	(1 658)	
Public Transport Network Operations Grant: Interest account		(17 790)	-	-	-	-	(728)	-	(18 518)	
Smart Living Handbook: Interest account		(118)	-	-	-	-	(5)	-	(123)	
<b>TOTAL INTEREST EARNED</b>		<b>(382 901)</b>	<b>-</b>	<b>11 388</b>	<b>3 893</b>	<b>-</b>	<b>(36 208)</b>	<b>-</b>	<b>(403 828)</b>	
<b>TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS</b>										
		<b>(688 244)</b>	<b>(2 785 289)</b>	<b>341 448</b>	<b>1 039 950</b>	<b>1 626 843</b>	<b>(36 208)</b>	<b>(201)</b>	<b>(501 701)</b>	
<b>PROVINCE</b>										
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)	
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	(152)	269	-	-	-	(5 695)	
Contributed Assets: IT equipment	Health	-	-	(2 000)	-	2 000	-	-	-	
Community Residential Units	Human Settlements	(234)	-	-	-	-	-	-	(234)	
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	13 340	-	-	-	(13 340)	-	
Delft The Hague / Roosendal Eindhoven	Human Settlements	-	-	(36 169)	50 906	-	-	(14 737)	-	
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	6 732	-	-	-	(6 732)	-	
Edward Road Energy Efficient Project	Human Settlements	(4 215)	-	-	-	-	(173)	-	(4 388)	
EHP Nyanga, Dunoon and Atlantis	Human Settlements	(3 584)	-	(126)	-	-	-	-	(3 710)	
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	50 538	(50 538)	-	-	-	-	
Eradication of Registration Backlog	Human Settlements	(8)	-	-	-	-	-	-	(8)	
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)	

NATIONAL AND PROVINCE GRANT FUNDS										
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Conditions met -transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Capital			
Facilitation Grants	Human Settlements	(32)	-	-	-	-	(1)	-	(33)	
Financial Management Capacity Building Grant	Treasury	(7)	(250)	-	169	-	(8)	-	(96)	
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	1 881	-	-	-	(1 881)	-	
Fisantekraal , Greenville, Phase 3	Human Settlements	-	-	2 168	26 564	-	-	(28 732)	-	
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(4)	-	-	-	-	-	-	(4)	
Glenhaven Social Housing Project	Human Settlements	-	-	-	-	-	-	-	-	
Government Grant Community Development Workers	WCG Local Government	(1 647)	(1 001)	-	1 925	-	-	-	(723)	
Green Point Phase 2 Housing	Human Settlements	(736)	-	736	-	-	-	-	-	
Greenville Housing Ph 4 Tops	Human Settlements	-	-	-	9 063	-	-	(9 063)	-	
Gugulethu Housing Infill Project	Human Settlements	(23 261)	-	(27 968)	29 878	-	-	-	(21 351)	
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)	
Harare Infill Housing	Human Settlements	-	-	(46 886)	92 676	-	-	(45 790)	-	
Hazendal Infill - Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)	
Heideveld Housing Infill	Human Settlements	(1 491)	-	-	-	-	-	-	(1 491)	
HIV/AIDS Community Based Response Projects	Health	(15 305)	(273 247)	-	300 980	-	-	(12 428)	-	
Housing Settlements Development Grant	Human Settlements	(59 845)	(171 430)	152 191	-	-	-	-	(79 084)	
HP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	1 965	-	-	-	-	-	
IDA Projects: Urban Engineering	Human Settlements	(285)	-	-	12 344	-	-	(12 059)	-	
Informal Settlements	Human Settlements	-	(1 500)	-	1 233	-	-	-	(267)	
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)	
K9 Unit	Community Safety	(1 239)	(349)	-	1 588	-	-	-	-	
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	907	-	-	-	(907)	-	



# ANNEXURE D: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA

FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

NATIONAL AND PROVINCE GRANT FUNDS										
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Conditions met -transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Capital			
Khayelitsha Site C Subsidies	Human Settlements	(5 622)	-	-	-	-	(231)	-	(5 853)	
Kleinvllei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)	
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)	
Law Enforcement Officers	Community Safety	(1 135)	(4 629)	-	2 209	2 668	(83)	-	(970)	
Law Enforcement Officers - LEAP	Community Safety	(176 665)	(165 250)	3 173	313 950	19 216	(5 914)	-	(11 490)	
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(4 410)	(5 338)	1 000	6 031	-	(159)	-	(2 876)	
Library Metro Grant	Cultural Affairs and Sport	(416)	(5 400)	-	-	5 725	(91)	-	(182)	
Local Government Public Employment Support (PEP)	PAWC Local Government	-	(17 600)	-	14 315	-	-	-	(3 285)	
Metropolitan Land Transport Fund	Transport and Public Works	(71)	(10 000)	-	10 019	-	(37)	-	(89)	
Mitchells Plain TAZ	Human Settlements	(276)	-	276	-	-	-	-	-	
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	(1 737)	2 795	-	-	-	(1 071)	
Morningstar Infill IRDP	Human Settlements	(166)	-	-	111	-	-	-	(55)	
Municipal Library Support Fund	Cultural Affairs and Sport	-	(8 533)	-	8 533	-	(23)	-	(23)	
NHRC Enrolment Fees	Human Settlements	-	-	4 196	305	-	-	(4 501)	-	
Nutrition Supplement Programme	Health	-	(3 289)	463	3 987	-	-	(1 161)	-	
Occupancy Survey	Human Settlements	(278)	-	-	-	-	-	-	(278)	
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	290	-	-	-	(31)	
People's Housing Process project	Human Settlements	(65 669)	-	(21 147)	39 485	-	(2 429)	-	(49 760)	
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)	
Pooke se Bos Housing Project	Human Settlements	-	-	-	2 591	-	-	(2 591)	-	
Public Library Fund	Cultural Affairs and Sport	(400)	(43 116)	-	43 431	-	(425)	-	(510)	

NATIONAL AND PROVINCE GRANT FUNDS										
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current -year receipts	Adjust-ments	Conditions met -transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Capital			
Ruo Emoh Housing Development	Human Settlements	(214)	-	214	-	-	-	-	-	-
Sir Lowry's Pass HSDG Project	Human Settlements	-	-	-	305	-	-	(305)	-	-
Somerset West Housing Project	Human Settlements	-	-	(953)	-	-	-	-	(953)	-
Sport and Recreation	Cultural Affairs and Sport	-	-	-	-	-	-	-	-	-
TB Crisis Plan	Health	(698)	(41 026)	-	32 715	-	-	-	(9 009)	-
Title Deeds Restoration	Human Settlements	-	(12 400)	-	-	-	-	-	(12 400)	-
Tourism Safety Law Enforcement Unit	Community Safety	(86)	(1 834)	(1 747)	3 667	-	-	-	-	-
Vaccines	Health	(15 916)	(124 577)	-	112 443	-	-	-	(28 050)	-
Valhalla Park Integrated Housing Project	Human Settlements	-	-	(15 000)	15 000	-	-	-	-	-
Vrygrond	Human Settlements	(18)	-	-	-	-	-	-	(18)	-
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	(1 370)	(7 500)	-	8 870	-	-	-	-	-
<b>TOTAL PROVINCE TRANSFERS AND GRANTS</b>		<b>(407 910)</b>	<b>(898 269)</b>	<b>85 895</b>	<b>1 098 109</b>	<b>29 609</b>	<b>(9 574)</b>	<b>(154 227)</b>	<b>(256 367)</b>	
<b>Analysis of grants and subsidies</b>										
Total National Government transfers and grants		<b>(688 244)</b>	<b>(2 785 289)</b>	<b>341 448</b>	<b>1 039 950</b>	<b>1 626 843</b>	<b>(36 208)</b>	<b>(201)</b>	<b>(501 701)</b>	
Total Province transfers and grants		<b>(407 910)</b>	<b>(898 269)</b>	<b>85 895</b>	<b>1 098 109</b>	<b>29 609</b>	<b>(9 574)</b>	<b>(154 227)</b>	<b>(256 367)</b>	
		<b>(1 096 154)</b>	<b>(3 683 558)</b>	<b>427 343</b>	<b>2 138 059</b>	<b>1 656 452</b>	<b>(45 782)</b>	<b>(154 428)</b>	<b>(758 068)</b>	

<sup>1</sup> The balance unspent at beginning and end of the year excludes VAT.

# ANNEXURE E: APPROPRIATION STATEMENT (RECONCILIATION: BUDGET AND IN-YEAR PERFORMANCE)

FOR THE YEAR ENDED 30 JUNE 2022

All amounts indicated in Rand thousands (R'000)

	2021/22					2021/22					2020/21				
	Original budget	Budget adjustments (i.t.o. s 28 and s 31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s 31 of the MFMA)	Virement (i.t.o. Council-approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance of final budget	Actual outcome as %	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised i.t.o. s 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>FINANCIAL PERFORMANCE</b>															
Property rates	10 984 132	(317)	10 983 815	-	-	10 983 815	10 651 974	-	-	97	97	-	-	-	-
Service charges	22 396 466	(53 423)	22 343 043	-	-	22 343 043	23 028 637	-	-	103	103	-	-	-	-
Investment revenue	855 344	40 804	896 148	-	-	896 476	978 894	-	-	109	114	-	-	-	-
Transfers recognised - operational	5 710 848	419 879	6 130 727	-	-	6 131 536	5 820 598	-	-	96	103	-	-	-	-
Other own revenue	7 691 887	2 608 362	10 300 249	-	-	10 317 741	11 268 739	-	-	109	147	-	-	-	-
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>47 638 677</b>	<b>3 015 305</b>	<b>50 653 982</b>	-	-	<b>50 672 611</b>	<b>51 748 842</b>	-	-	<b>515</b>	<b>564</b>	-	-	-	-
Employee costs	15 668 389	237 097	15 905 486	-	15 640	15 920 098	15 311 807	-	-	96	98	-	-	-	-
Remuneration of councillors	180 983	-	180 983	-	-	181 084	166 101	-	-	92	92	-	-	-	-
Debt impairment	2 716 859	(345 159)	2 371 700	-	-	2 371 700	2 715 039	-	-	120	105	-	-	-	-
Depreciation and asset impairment	3 064 593	59 978	3 124 571	-	-	3 119 472	3 095 894	-	-	99	101	-	-	-	-
Finance charges	794 747	(6 043)	788 704	-	(613)	788 091	776 622	-	-	99	98	-	-	-	-
Materials and bulk purchases	14 890 661	1 957 099	16 847 760	-	72 250	16 921 665	17 346 967	-	-	103	117	-	-	-	-
Transfers and grants	473 121	96 871	569 992	-	(29 796)	540 196	406 842	-	-	77	88	-	-	-	-
Other expenditure	10 782 063	963 154	11 745 217	-	(57 481)	11 679 772	10 862 491	-	-	94	102	-	-	-	-
<b>Total expenditure</b>	<b>48 571 416</b>	<b>2 962 997</b>	<b>51 534 413</b>	-	-	<b>51 522 078</b>	<b>50 681 763</b>	-	-	<b>779</b>	<b>799</b>	-	-	-	-
Surplus/(deficit)	(932 739)	52 308	(880 431)	-	-	(849 467)	1 067 079	-	-	-	(136)	-	-	-	-
Transfers recognised - capital	3 272 826	(1 328 857)	1 943 969	-	-	1 943 969	1 863 800	-	-	96	57	-	-	-	-
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	2 480	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>2 340 087</b>	<b>(1 276 549)</b>	<b>1 063 538</b>	-	-	<b>1 094 502</b>	<b>2 933 359</b>	-	-	<b>96</b>	<b>(79)</b>	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>2 340 087</b>	<b>(1 276 549)</b>	<b>1 063 538</b>	-	-	<b>1 094 502</b>	<b>2 933 359</b>	-	-	<b>96</b>	<b>(79)</b>	-	-	-	-
<b>CAPITAL EXPENDITURE AND FUNDS SOURCES</b>															
Transfers recognised - capital	3 066 644	(1 333 391)	1 733 253	-	-	1 733 253	1 654 036	-	-	95	54	-	-	-	-
Public contributions and donations	72 198	(12 862)	59 336	-	-	59 336	47 095	-	-	79	65	-	-	-	-
Borrowing	2 500 000	(1 300 000)	1 200 000	-	-	1 200 000	994 517	-	-	83	40	-	-	-	-
Internally generated funds	2 687 097	429 168	3 116 265	-	-	3 115 493	2 740 918	-	-	88	102	-	-	-	-
<b>Total sources of capital funds</b>	<b>8 325 939</b>	<b>(2 217 085)</b>	<b>6 108 854</b>	-	-	<b>6 108 082</b>	<b>5 436 566</b>	-	-	<b>89</b>	<b>65</b>	-	-	-	-
<b>CASH FLOWS</b>															
Net cash from (used) operating	5 647 569	(1 295 408)	4 352 161	-	-	4 410 660	5 923 330	-	-	133	103	-	-	-	-
Net cash from (used) investing	(8 411 512)	2 147 818	(6 263 694)	-	-	(6 289 922)	(5 348 759)	-	-	85	63	-	-	-	-
Net cash from (used) financing	2 145 615	(1 229 440)	916 175	-	-	916 175	(371 494)	-	-	(41)	(17)	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>5 194 177</b>	<b>(374 463)</b>	<b>7 147 855</b>	-	-	<b>7 167 674</b>	<b>8 351 396</b>	-	-	<b>116,51</b>	-	-	-	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(618 328)</b>	<b>(374 463)</b>	<b>(995 358)</b>	-	-	<b>(963 087)</b>	<b>203 077</b>	-	-	-	-	-	-	-	-

# ANNEXURE F: BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE - 2021

All amounts indicated in Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>AAE CATERING</b>		239	239
Y Ebrahim	Regional operations manager		
<b>ADVOCC CC</b>		19	19
I Zimri	Department of Health		
<b>AGL BUILDING REPAIRS AND MAINTENANCE SUP</b>		76	76
G Elloker	Clerk		
<b>ALFALACH ENGINEERING CC</b>		680	680
L Martin	Department of Transport		
<b>ANLO PRINT &amp; MAIL CC</b>		328	328
N Taylor	Administrative officer		
<b>ASEP ELECTRICAL</b>		9 192	9 192
Z September	Teacher		
<b>ATHLONE AUTO TRANSMISSIONS</b>		503	503
N Joseph	Province: Director		
<b>BARENDS F</b>		127	127
T Barends	SAP developer		
<b>BATTERY CENTRE MITCHELLS PLAIN</b>		110	110
F Badernhost	Stellenbosch Municipality: Councillor		
<b>BERGSTAN SOUTH AFRICA CONSULTING &amp; DEVELOPMENT ENGINEERS</b>		6 599	6 599
J Beukes	Department of Social Development		
<b>BOB C IMPORT/EXPORT AGENCIES CC</b>		200	200
C Padiachy	Clerk		
<b>BOKAMOSO ENTERPRISE SOLUTIONS</b>		325	325
M Thobejane	Department of Land Affairs		
<b>BOL CONSULTING</b>		51	51
K Loff	Project manager		
<b>BOWMAN GILFILLAN INC (LEGAL AND LAND)</b>		3 671	3 671
E Barnard	Telkom		
H Ben-David	Captain		
O Bhayat	Mayco member		
M de Villers	Project and process manager		
Mr Deokiram	Logistics manager		
C Dyer	NDE: Deputy director		
S February	Educator		
CB Franklyn	Specialist scientist		
Q Green	Johannesburg City Power: Finance Director		
M Low	Head		
G Mellem	Teacher		
T Mtshali	Deputy principal		
S Naicker	Head		
P Naidoo	Doctor		
M Nyali	Teacher		
S Pillay	Educator		
RR Ramdenee	Vice-president		
T Sass	Head: Compliance and Probity		
B Sepuba	Special recruitment		
E Tipru	Senior application analyst		

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
<b>BOWMAN GILFILLAN INC (LEGAL AND LAND) (CONTINUED)</b>			
M van Aardt	Medical doctor		
E van den Berg	School psychologist		
J van den Heuvel	Magistrate		
A Visser	Integration (default position)		
S Zondo	Operations manager		
<b>BRAINPLAY</b>		798	798
Mr Pieterse	Teacher		
<b>C &amp; A FRIEDLANDER INC</b>		4 091	4 091
AW Bell	Higher education		
<b>CHARMLU BUILDERS</b>		356	356
C Absolom	Administrative clerk		
<b>CLIFFE DEKKER HOFMEYR INCORPORATED</b>		729	729
B Rapuleng	Communications officer		
P van Wyk	Registrar of the Deputy Judge President of the Gauteng High Court		
<b>COEUR INVESTMENTS</b>		5 352	5 352
P Bell	Sports facilitator		
<b>COMPUTER SPECIALISTS (PTY) LTD</b>		4 057	4 057
N Orrie	Senior superintendent: Wastewater		
<b>CONLOG</b>		5 021	5 021
N Moodley	Department of Health: Director		
<b>CPR TRUCK REPAIRS</b>		4	4
B Manuel	Urban Management Support Services		
<b>CSV CONSTRUCTION (PTY) LTD</b>		18 009	18 009
Mrs Davids	Province: Training post		
<b>DELTA REWINDS</b>		196	196
L van Wyk	Teacher		
<b>DEMOCRATIC PACKAGING CC</b>		652	652
V van der Heever	Teacher		
<b>DEO FAVENTE PTY LTD</b>		138	138
C Snell	EPWP supervisor		
<b>DESIGNTEC PRINTING CC</b>		804	804
M Mshweshwe	Manager		
<b>DS GXILISHE</b>		46	46
B Gxilishe	Senior administrator		
S Gxilishe	Teacher		
<b>EAS INFRASTRUCTURE ENGINEERS</b>		3 559	3 559
J Brown	Coordinator		
<b>ELEMENT CONSULTING ENGINEERS</b>		9 966	9 966
R Rossouw	Teacher		
<b>EPI USE AFRICA (PTY) LTD</b>		11 955	11 955
J Alberts	Deputy principal		
E Janse van Rensburg	Senior manager		
<b>ERNST AND YOUNG ADVISORY SERVICES</b>		37 552	37 552
M Makhakhe	Medical doctor		
Deepa-Bhana Nathoo	Gauteng Department of Health		
<b>ESO INDUSTRIES</b>		18	18
S Johnathan	South African Police Service		

## ANNEXURE F: BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE - 2021 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>EVERY FLUSH TOILET HIRE</b>		101	101
N Stimela	Warrant officer		
<b>FAYDIES CORPORATE GIFTS</b>		3 803	3 803
MF Votersen	Manager: Finance		
<b>FG JACOBS TRANSPORT CC</b>		16 103	16 103
HC Poole	Teacher		
<b>FIKELELA LABOUR SERVICES</b>		2 664	2 664
D Joseph	Member of Parliament		
<b>FLEET TECH</b>		406	406
S Willemsse	Administrative officer: Finance		
<b>FRIDGECOR</b>		2 510	2 510
M Samsodien	Assistant professional officer		
<b>G NKOMO INCORPORATED</b>		28	28
M Nkomo	State prosecutor		
<b>GAVA KASSIEM</b>		4	4
A Kassiem	Media coordinator		
<b>GIBB</b>		48 482	48 482
D Alderman	Educator		
R Beharie	Senior engineer		
I Brink	Educator		
S Cilliers	Educator		
L Cloete	Lecturer		
J Gooch	Head		
T Gqobo	Technician		
C Hering	Electrical engineer		
S Jafta	Assistant manager		
D Kiewiet	Manager		
U Lekonyana	Department of NT: Deputy director		
N Mkhize	Accounting clerk		
L Mkhumuzi	Senior rates clerk		
A Moon	Head		
K Naidoo	Head		
D O'Reilly	Warrant officer		
V Sicwebu	Manager		
S Singh	Human resource officer		
<b>GLOBREACH (PTY) LTD</b>		168	168
M Manci	Major-general		
<b>GREENRO SOLUTIONS (PTY) LTD</b>		3 518	3 518
N Thabeng	Forensic analyst		
<b>HATCH AFRICA</b>		403	403
V Goba	Department of Health: Director		
<b>HAYES INCORPORATED</b>		3 345	3 345
F Akherwaray	Support assistant		
<b>HEROLD GIE</b>		5 453	5 453
K Meyer	Senior clerk		
<b>HRK CAPE (PTY) LTD</b>		260	260
T Saban	EPWP		
<b>HYGIENE SERVICE</b>		14 662	14 662
S Zini	Safety and Security		

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>IKAMVA YOUTH ENTREPRENEURSHIP DEVELOPMENT</b>		24	24
T Mouton	Health inspector		
<b>IKAPA RETICULATION</b>		18 069	18 069
S Davids	Teacher		
<b>IKAPA RETICULATION AND FLOW CC</b>		2 223	2 223
Unknown - retired	Teacher		
<b>INTUITIVE DATA (PTY) LTD</b>		200	200
T Nharaunda	Senior accountant		
<b>ISIDIMA CIVILS PTY LTD</b>		18 423	18 423
S Manuel	Administrative officer		
<b>ISUZU TRUCK CENTRE</b>		169 782	169 782
E Jacobs	Senior clerk		
<b>ITHALOMSO</b>		48 300	48 300
S Fumba	GIS admin		
Y Ndevu	Clerk		
<b>JC ACTIVE ELECTRICAL</b>		50	50
C van der Vendt	Clerk		
<b>JG AFRIKA (PTY) LTD</b>		25 102	25 102
R Maharaj	Planner		
<b>JVZ CONSTRUCTION (PTY) LTD</b>		18 230	18 230
R Matthee	Correctional Services		
<b>KEMANZI (PTY) LTD</b>		4 053	4 053
J du Toit	Traffic inspector		
<b>KEMP EN GENOTE</b>		3 257	3 257
M Williams	Legal advisor		
<b>KEPTRA TRADING</b>		2 317	2 317
R Marais	Province's Education Department		
<b>LIKHONA LETHU SERVICES</b>		24 031	24 031
Z Rafu	Sergeant		
<b>LILIAN4ZONKE</b>		9 694	9 694
F Monk	Subcouncil manager		
N Monk	EPWP		
<b>LINDOL HYGIENE SERVICES (PTY) LTD</b>		2 086	2 086
NS Jantjies	Educator		
<b>LJA CONSTRUCTION CC</b>		13 800	13 800
L Arries	Teacher		
<b>MAGUGA ATTORNEYS</b>		1 683	1 683
T Mgegwana	Police officer		
<b>MALHERBE TUBB FAURE INC T/A MHI ATTORNEY</b>		2 597	2 597
J Rossouw	Administrative officer		
<b>MARISWE (PTY) LTD</b>		297	297
Aletta Fongoqa	Professional nurse		
Gerhard Munnik	Project manager		
J Sindane	Chief of staff		
Nelmarie van Wyk	Teacher		
<b>MARKET TOYOTA CULEMBORG</b>		3	3
E Jacobs	Senior clerk		
<b>MASIBAMBANE RECRUITMENT (PTY) LTD</b>		360	360
V Williams	Stores clerk		

# ANNEXURE F: BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE - 2021 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>MASSIVE QUANTUM (PTY) LTD</b>		134	134
F Hendricks	Administrative officer		
<b>MGWEVHA PROJECTS AND SERVICES (PTY) LTD</b>		278	278
N Nmabena	Integrated (default position)		
<b>MICHLO ENGINEERING</b>		79	79
G Neves	Teacher		
<b>MISS FACILITIES MANAGEMENT</b>		6	6
L Muller	Administrative officer		
<b>MITCHELL PROJECTS</b>		54	54
T Mitchell	Artisan		
<b>NAEEM'S TRUCK &amp; COACH</b>		298	298
Z Smith	Employee		
<b>NCC ENVIRONMENTAL SERVICES (PTY) LTD</b>		685	685
C Rhoda	Transport		
<b>NEOTERIC TRADING SERVICES</b>		109	109
S Jacobs	Cape Agulhas Municipality: Director		
<b>NIYALWA</b>		154	154
M Sakwe	Quantity surveyor		
<b>NORTON ROSE FULBRIGHT SOUTH AFRICA</b>		1 828	1 828
G Adams	Deputy principal		
S Clay	Educator		
E Maubane	HR administrator		
F Nonhlanhla	Telecommunications operator		
C Sunpath	Medical doctor		
H Sunpath	Chief technical advisor		
<b>PARKERS BUS SERVICE</b>		18	18
R Parker	Teacher		
<b>PATHCARE</b>		99	99
C Maas Loftus	Doctor		
<b>PEGASYS</b>		64 294	64 294
P Grey	Professional officer		
D Quin	Senior crime analyst		
E Warambwa	Professional engineer		
B Weston	Scientific manager		
<b>PERAGON CLEANING SOLUTIONS</b>		4	4
M Manci	General		
<b>PISTON POWER CHEMICALS (PTY) LTD</b>		10 222	10 222
N Andhee	Educator		
<b>PROFESSIONAL EMERGENCY CARE CC</b>		95	95
J Bodmer	Metro paramedics		
<b>PSA AFRICA (PTY) LTD</b>		1 255	1 255
T Frost	Department of Justice		
<b>PURPLE ROSE DISTRIBUTORS CC</b>		36	36
C Hector	Quality assessor		
M Hector	Medical doctor		
<b>RED ANT SECURITY</b>		63 546	63 546
N Lesiela	Design and development practitioner		
<b>REEDS BELLVILLE</b>		424	424
E Jacobs	Senior clerk		

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>REEDS CLAREMONT</b>		477	477
E Jacobs	Senior clerk		
<b>REEDS N1 CITY</b>		287	287
E Jacobs	Senior clerk		
<b>ROAD SMART ASPHALTING</b>		62 722	62 722
AC Pamplin	Colonel		
<b>RONI ENGINEERS</b>		41 344	41 344
J Kotze	Education		
<b>ROYAL HASKONINGDHV (PTY) LTD</b>		1 581	1 581
L Dladla	Department of Health: Deputy director		
T Sithole	City of Johannesburg		
<b>SAN BUILDING</b>		32 618	32 618
B Ascott	Principal professional officer		
<b>SANCCOB</b>		360	360
P Cilliers	SAP ERP analyst		
L Roberts	State veterinarian		
<b>SITSOL TRADING</b>		228	228
C Sitzer	Administrative clerk		
<b>SOL PARTNERS</b>		7	7
N Mazaza	Department of Education		
<b>SOLAR DISTRIBUTORS AFRICA</b>		29 664	29 664
A Martin	Law Enforcement operational coordination		
<b>SPILL TECH</b>		357	357
S Goosen	Transnet		
<b>STEDONE DEVELOPMENTS</b>		36 865	36 865
L Dube	Department of Transport		
<b>STELMED</b>		9 223	9 223
C Combrinck	Educator		
<b>SUCCIDO ENTERPRISES</b>		22	22
L Kramm	Administrator		
<b>TEMPUS DYNAMICS</b>		2 475	2 475
M Mvalo	Professional officer		
<b>THE OIL CENTRE</b>		441	441
LB Mdyogolo	Teacher		
<b>TJEKA TRAINING MATTERS (PTY) LTD</b>		1 111	1 111
B Ntlanti	Clerk		
<b>TOXSOLUTIONS KITS AND SERVICES CC</b>		256	256
G Pearson	Employee		
<b>TRAFFIC MANAGEMENT TECHNOLOGIES</b>		32 010	32 010
G Aspeling	Principal mechanical engineer		
<b>TRANSPORT TELEMATICS AFRICA</b>		23 608	23 608
J Groenewald	Finance officer		
<b>TREE CUTTING PEOPLE</b>		46	46
T Hlwatika	Clinical nurse		
<b>TRENDCORE SUPPLIES</b>		152	152
S Mepomie	Colonel		
<b>TURNER AND TOWNSEND (PTY) LTD</b>		10 225	10 225
E Barnard	Risk manager		
T Bulmer	Chief physiotherapist		
M Low	Head		
P Naidoo	Doctor		
S Naicker	Head		

## ANNEXURE F: BIDS AWARDED TO FAMILY OF EMPLOYEES IN THE SERVICE OF THE STATE - 2021 (CONTINUED)

All amounts indicated in Rand thousands (R'000)

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>UNAKO HOLDINGS (PTY) LTD</b>		115	115
T Vapi	Correctional officer		
<b>VAN DER SPUY &amp; PARTNERS (CAPE)</b>		783	783
M van Zyl	Educator		
<b>VINZEIGH LEUKES TRADING</b>		218	218
J Fortuin	Department of Rural Development		
<b>VONDO TRADING</b>		6 475	6 475
N Nevondo	Department of Human Settlements		
<b>WEBBER WENTZEL</b>		14 719	14 719
J Abraham	Lorraine Primary School: Secretary		
J Botha	Teacher		
N Dias	Senior legal advisor		
B Mahlangu	School principal		
E Meyer	Government Employees Pension Fund		
K Nonyane	Senior planning technician		
H Prinsloo	Principal risk analyst		
S Qolohle	National Treasury: Director		
L Seftel	City of Johannesburg		
Dr D Singh	Department of Education		
P Singh	Department of Education		
JCL Smit	Beaufort West Municipality: Director		
A Smith	Senior cabin crew member		
I Thekiso	South African Social Security Agency		
A Truter	Chief education specialist		
C Truter	School principal		
E Watson	Board of directors: Member		
<b>WHILE ITS DAY</b>		11	11
C Hector	Building assessor		
M Hector	Medical doctor		
<b>WILSTAN BOOK SUPPLIES</b>		1 117	1 117
V Beukes	Senior professional officer		
<b>WRP CONSULTING ENGINEERS (PTY) LTD</b>		299	299
Katlego Mamphitha	SABC		
Zelmane van Rooyen	Department of Public Works		
<b>YIZA APHA TRADING</b>		275	275
A Kelland	Senior clerk		
<b>ZELUNGA INVESTMENTS</b>		330	330
N Biyase	Assistant technical officer		
T Biyase	Cleaner		
N Zakhe	Administrative officer		
<b>ZUTARI (PTY) LTD</b>		177 008	177 008
HC Ahlschlager	Legal representative		
T Mncube	Specialist category manager: Supply chain		
K Nadasen	National Department of Public Works: Director		
		<b>1 222 961</b>	

Connected person	Position held in state	ECONOMIC ENTITY	CITY OF CAPE TOWN
		2021	2021
<b>INDIVIDUALS</b>			
M Brink	Medical doctor	111	
P Naidoo	City of Cape Town: Project manage	1 353	
Y Phosa	Parliamentary committee chairperson	30	
M Selepe	City of Tshwane: deputy director	-	
		1 494	
<b>TOTAL</b>		<b>1 224 455</b>	<b>1 222 961</b>



# APPENDICES

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# APPENDIX A: 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✘								
Objectives	KEY PERFORMANCE INDICATOR	2020/21 (previous financial year)			2021/22 (current financial year)			
		Target	Actual	Status	Target	Actual	Status	
THE OPPORTUNITY CITY ▲	1.1 Positioning Cape Town as a forward-looking, globally competitive business city	1.A Percentage of building plans approved within 30-60 days	95%	98,0%	■	96%	96%	▲
		1.B Percentage of rates clearance certificates issued within ten working days	90%	92,63%	■	90%	96,44%	✓
		1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	0,70%	0,23%	✓	<0,70%	0,18%	✓
	1.2 Leveraging technology for progress	1.D Broadband infrastructure programme (BIP)	Approved detailed design of BIP	Approved detailed design of BIP	▲	Implementation of programme will commence in line with approved detailed design	Implementation of programme will commence in line with approved detailed design	▲
	1.3 Economic inclusion	1.E Number of Mayor's job creation programme (MJCP) opportunities created (national key performance indicator (NKPI))	28 000	34 306	✓	25 000	40 600	✓
		1.F Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	90%	88,44%	●	90%	94,75%	■
1.4 Resource efficiency and security	1.G Percentage compliance with drinking-water quality standards	98%	99,11%	■	98%	98,96%	■	
	1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	4,50	18,49	✓	5	19,49	✓	
THE SAFE CITY ▼	2.1 Safe communities	2.A Number of areas in which additional closed-circuit television (CCTV) cameras have been installed	5	5	▲	0	0	▲
		2.B Community satisfaction survey (score 1-5) - safety and security	2,8	2,5	✘	2,7	2,8	■

Reason for variance	Remedial action
On target	Maintain the momentum
Well above. Relevant staff worked overtime to ensure that revenue clearance certificates are processed on time.	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
On target	Maintain the momentum
Well above. The target was reduced during the year due to the uncertainties associated with the Covid-19 lockdown, regulations and restrictions. The targets will be adjusted after the current financial year once performance has been ascertained following budget reductions.	Maintain the momentum
Above target	Maintain the momentum
Above target	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
On target	Maintain the momentum
Above target	Maintain the momentum



# APPENDIX A: 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✘							
Objectives	KEY PERFORMANCE INDICATOR	2020/21 (previous financial year)			2021/22 (current financial year)		
		Target	Actual	Status	Target	Actual	Status
3.1 Excellence in basic service delivery	3.A Community satisfaction survey (score 1-5) - Citywide	2,8	2,5	✘	2,7	2,7	▲
	3.B Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service (NKPI)	<0,7%	0,16%	✓	<0,7%	0,26%	✓
	3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	<0,7%	0,21%	✓	<0,7%	0,29%	✓
	3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	<0,3%	0,04%	✓	<0,2	0,04%	✓
	3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	<0,2%	0,003%	✓	<0,1%	0,004%	✓
	3.F Percentage adherence to Citywide service requests	90%	85,46%	●	90%	85,35%	●
	3.G Number of human settlement opportunities provided (top structures)	2 050	2 587	✓	2 430	2 517	■
	3.H Number of human settlement opportunities provided (formal sites serviced)	2 800	2 363	✘	1 940	1 423	✘
3.2 Mainstreaming basic service delivery to informal settlements and backyard dwellers	3.I Number of water service points (taps) provided to informal settlements (NKPI)	700	799	✓	700	801	✓
	3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	2 500	3 422	✓	2 500	6 540	✓
	3.K Percentage of areas of informality receiving waste removal and area cleaning services (NKPI)	99,00%	99,79%	■	99%	99,79%	■
	3.L Number of service points (toilet and tap with handbasin) provided to backyarders	350	357	■	400	476	✓
	3.M Number of subsidised electricity connections installed (NKPI)	1 500	1 721	✓	1 500	1 503	■
	3.N Number of sites serviced in informal settlements	1 350	1 274	●	800	829	■
	3.O Number of community services facilities in informal settlements	0	0	▲	0	0	▲

THE CARING CITY

Reason for variance	Remedial action
On target	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
Well above target. Applications are being processed timeously. A higher-than-anticipated number of applications were received and processed.	Maintain the momentum
Delays in service delivery due to a combination of factors, including gang violence, ongoing vandalism and theft of City infrastructure in areas, material shortages, and fleet management: - Unavailability of fleet vehicles (vehicles stolen, hijacked and torched, and not replaced as yet) - Fleet repairs and maintenance	Security staff to be seen enforcing the rule of law. Prosecute scrap-metal dealers and thieves found in possession of stolen City property. Outsource repairs and maintenance for vehicles.
Above target	Maintain the momentum
Missed target due to community protest action at the Greenville phase 4 housing project.	The protest action issues were resolved, and the balance of the sites will be practically completed by the end of August 2022.
Well above target. Overachievement due to good contractor performance.	Maintain the momentum
Well above target. Overachievement due to good contractor performance.	Maintain the momentum
Above target	Maintain the momentum
Well above target. Overachievement due to good contractor performance.	Maintain the momentum
Above target	Maintain the momentum
Above target	Maintain the momentum
The project is technically ready for implementation, with all the planning and design being completed. Continuation depends on the outcome of the funding application submitted to National Treasury.	Maintain the momentum

# APPENDIX A: 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✘								
Objectives	KEY PERFORMANCE INDICATOR	2020/21 (previous financial year)			2021/22 (current financial year)			
		Target	Actual	Status	Target	Actual	Status	
THE INCLUSIVE CITY	4.1. Dense and transit-oriented growth and development	4.A Catalytic land development programme (CLDP)	Biennial target	Biennial target	▲	Planning and enablement of CLDP projects for implementation	Planning and enablement achieved, and various CLDP projects are ongoing	▲
	4.2. An efficient, integrated transport system	4.B Number of passenger journeys per kilometre operated (MyCiTi)	0,73	0,8	■	0,94	0,97	■
		4.C Total number of passenger journeys on MyCiTi	10 200 000	10 901 143	■	12 500 000	14 258 883	✓
	4.3. Building integrated communities	4.D Percentage of employees from employment equity (EE) target (designated) groups employed at the three highest levels of management (NKPI)	75%	74,20%	●	75%	75,24%	■
4.E Number of Strengthening Families programmes implemented		12	16	✓	16	17	■	
THE WELL-RUN CITY	5.1. Operational sustainability	5.A Opinion of independent rating agency	High investment rating	High investment rating	▲	High investment rating	High investment rating	▲
		5.B Opinion of the Auditor-General	Clean audit	Unqualified opinion	●	Clean audit		
		5.C Percentage of capital budget spent (NKPI)	90%	88,51%	●	90%	89,03%	●
		5.D Percentage spent on repairs and maintenance	95%	90,33%	●	95%	97,84%	■
		5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	1,81	1,82	■	2,1	1,84	✓
		5.F Net debtors to annual income (NKPI)	22,97%	17,15%	✓	21,50%	16,61%	✓
		5.G Debt (total borrowings) to total operating revenue (NKPI)	25,02%	23%	■	24,20%	19,78%	✓

Reason for variance	Remedial action
On target	Maintain the momentum
Above target	Maintain the momentum
Well above target. MyCiTi passenger journeys have recovered at a much faster rate due to the multiplier effect of the N2 Express service reinstatement and easing of Covid-19 restrictions. N2 Express passenger journeys were not included in the Q3 and Q4 projections and target amendments, as the reinstatement of the N2 Express service was still uncertain at the time of setting these targets.	N2 Express passenger journeys to be included in future projections and targets.
Above target	Maintain the momentum
Above target	Maintain the momentum
On target	Maintain the momentum
Results will only be available November/December 2022 after the finalisation of the audit process by the Auditor-General.	
See note 38.6 to the City's annual financial statements for detailed reasons for variance per directorate (vote).	Engagement with directors and responsible project managers is ongoing to ensure that tracking and monitoring of projects occur within the prescribed timeframes, and that corrective actions are processed timeously to ensure maximum spend. Unspent committed funds for 2021/22 will be rolled over to 2022/23 in the August 2022 adjustments budget. Citywide action: A working group established by the City Manager meets on a monthly basis to review all the City's capital expenditure and corporate contracts.
Above target	Maintain the momentum
Well above target	Maintain the momentum
Well above target	Maintain the momentum
Well above target	Maintain the momentum

## APPENDIX B: DEFINITIONS FOR 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN

INDICATOR	IDP REF	INDICATOR DEFINITION
1.A Percentage of building plans approved within 30-60 days	1.1	Percentage of applications approved within statutory timeframes (30-60 days). The objective is to improve approval times. This improvement will be in the trend in the course of the five-year term of the IDP, but will be targeted annually as the weighted average percentage achieved for the specific year. The approval of building plans is measured within the statutory timeframes of 30 days for structures of <500 m <sup>2</sup> , and 60 days for structures of >500 m <sup>2</sup> . See section A7 of the National Building Regulations Act 103 of 1977.
1.B Percentage of rates clearance certificates issued within ten working days	1.1	Percentage of rates clearance certificates issued within ten working days, only once the correct payments and required documentation have been received and verified as correct.
1.C Number of outstanding valid applications for commercial electricity services, expressed as a percentage of commercial customers	1.1	Number of outstanding valid commercial applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of the number of commercial customers for the service.
1.D Broadband infrastructure programme (BIP)	1.2	Measures the business and management review of the BIP, which is to be approved by the delegated authority. The BIP will follow the project management processes adopted by the City.
1.E Number of Mayor's job creation programme (MJCP) opportunities created (NKPI)	1.3	Number of work opportunities created through the MJCP. A work opportunity is paid work of a temporary nature, created for an individual for any period of time, within the employment conditions of the Code of Good Practice for Special Public Works Programmes. Proxy measure for NKPI.
1.F Percentage budget spent on implementation of Workplace Skills Plan (NKPI)	1.3	The Workplace Skills Plan outlines the planned education, training and development interventions for the City. Its purpose is to formally plan and allocate budget for appropriate training interventions that will address the needs arising out of local government's skills sector plan, the IDP, the individual departmental staffing strategies, individual employees' personal development plans, and the employment equity plan. Proxy measure for NKPI.
1.G Percentage compliance with drinking-water quality standards	1.4	Measures the potable-water sample pass rate according to the SANS 241 standard.
1.H Small-scale embedded generation (SSEG) capacity legally installed and grid-tied, measured in megavolt-ampere (MVA)	1.4	Total amount of power that can be generated by new installations of smaller renewable-energy generators, such as rooftop solar photovoltaic connected to the electricity grid on the consumer's side of the electricity meter.
2.A Number of areas in which additional closed-circuit television (CCTV) cameras have been installed	2.1	Number of new areas identified where the City's CCTV surveillance cameras have been installed. The camera network is part of the City's crime prevention initiatives and will assist with safety in public and private spaces.
2.B Community satisfaction survey (score 1-5) - safety and security	2.1	A statistically valid, scientifically defensible score from the annual survey of how residents perceive the overall performance of the City's safety and security services. The measure is given against a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.

INDICATOR	IDP REF	INDICATOR DEFINITION
3.A Community satisfaction survey (score 1-5) - Citywide	3.1	A statistically valid, scientifically defensible score from the annual survey of how residents perceive the overall performance of the City's services. The measure is given against a non-symmetrical Likert scale, where 1 is poor, 2 is fair, 3 is good, 4 is very good, and 5 is excellent. The objective is to improve the current customer satisfaction level.
3.B Number of outstanding valid applications for water services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Number of outstanding valid applications (downpayments received) for water services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (water services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.C Number of outstanding valid applications for sewerage services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Number of outstanding valid applications (downpayments received) for sewerage services (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Billing equates to active contract accounts (sewerage services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.D Number of outstanding valid applications for electricity services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Number of outstanding valid applications (downpayments received) for electricity services (meter and prepaid) (where valid applications translate into an active account), expressed as a percentage of total number of active billings for the service. Proxy measure for NKPI.
3.E Number of outstanding valid applications for refuse collection services, expressed as a percentage of total number of billings for the service (NKPI)	3.1	Number of outstanding valid applications (external service requests) for new refuse collection services at the end of a reporting period, expressed as a percentage of total number of active billings for formal residential refuse collection services as at the end of the same reporting period. Billing equates to active contract accounts (formal kerbside refuse collection services) for domestic customers, as extracted from the City's SAP database. Proxy measure for NKPI.
3.F Percentage adherence to Citywide service requests	3.1	Measures the percentage adherence to Citywide service standards based on external notifications, which are service requests from the public. The service request must be addressed within the approved timeframes.
3.G Number of human settlement opportunities provided (top structures)	3.2	Top structures are any built structure providing shelter to a household in a human settlement development through any national housing programme, where the main source of funding is the Human Settlements Development Grant (HSDG) in terms of the Division of Revenue Act (DoRA). A human settlement opportunity means incremental access to and/or delivery of one of the following housing products: (A) Subsidy housing (Breaking New Ground), which provides a minimum 40 m <sup>2</sup> house (B) People's Housing Process (PHP), the beneficiaries of which maximise their housing subsidy by building or organising the building of their homes themselves (C) Social housing, comprising new rental units delivered by the City's social housing partners (D) Rental housing, comprising community residential units and the upgrade and redevelopment of existing rental units and hostels (E) Gap housing, meaning a serviced site or affordable units for sale
3.H Number of human settlement opportunities provided (formal sites serviced)	3.2	A serviced site is any property providing municipal services (road, water and sewerage) on an individual basis to a household, including high-density residential sites as well as other non-residential sites associated with integrated human settlements development, where the main source of funding is the Urban Settlements Development Grant (USDG) and the Informal Settlements Upgrading Partnership Grant (ISUPG) in terms of the Division of Revenue Act (DoRA).
3.I Number of water service points (taps) provided to informal settlements (NKPI)	3.2	Number of taps provided in informal settlements during the period in review, although some taps may have been vandalised or removed after provision. Proxy measure for NKPI.

## APPENDIX B: DEFINITIONS FOR 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CITY OF CAPE TOWN (continued)

INDICATOR	IDP REF	INDICATOR DEFINITION
3.J Number of sanitation service points (toilets) provided to informal settlements (NKPI)	3.2	Reflects the number of toilets provided in informal settlements during the period in review. However, some toilets may have been vandalised or removed after provision. Proxy measure for NKPI.
3.K Percentage of areas of informality receiving waste removal and area cleaning services (NKPI)	3.2	Percentage of areas of informality receiving waste removal and area cleaning services for the period in review. Areas of informality will include informal settlements, backyarder settlements, rental stock settlements, small farmer settlements, incremental development areas/temporary relocation areas/re-blocked settlements. The above services are rendered through contracted services that employ local labour. Waste removal is the activities and actions required to manage waste from inception to its final disposal. This includes the collection, transport, treatment and disposal of waste, together with monitoring and regulation of the waste management process. An area cleaning service is delivered on a 'boundary-to-boundary' basis on public property and terrain that the Council is responsible for. Roads, conservation areas and properties that have been legislated as other government departments' responsibility may receive a service on a contract with a service provider or, in the case of a government department, in terms of a service level agreement. Proxy measure for NKPI.
3.L Number of service points (toilet and tap with handbasin) provided to backyarders	3.2	Number of service points (complete unit comprising a toilet and tap with a handbasin) provided to backyarders during the period in review, although certain service points may have been vandalised or removed after provision.
3.M Number of subsidised electricity connections installed (NKPI)	3.2	Number of subsidised connections installed per annum in informal settlements, for backyarders at City rental stock (pilot) and at low-cost housing. Proxy measure for NKPI.
3.N Number of sites serviced in informal settlements	3.2	Measures access to the incremental upgrade of informal areas, which provides a serviced site with or without tenure, in accordance with the informal settlements upgrading programme as part of the National Housing Code. A serviced site is a site to which road, water and sewerage services have been provided.
3.O Number of community services facilities in informal settlements	3.2	Number of either permanent or temporary community services facilities newly developed in informal settlements. Community services facilities include sport, recreational, park, library, early childhood development and clinic facilities.
4.A Catalytic land development programme (CLDP)	4.1	Measures the progress made on formulating and implementing the City's CLDP. The CLDP responds to changing market conditions to unlock urban development opportunities and give effect to the City's objective of dense and transit-oriented development in prioritised precincts. To this end, it sets out a dynamic programme of projects and subprojects with associated implementation actions over the medium to longer term. The first target (2019/20) was to deliver a clearly articulated programme setting out the various prioritised projects and subprojects, and defining the baselines, objectives, scope of work, work plans, deliverables, milestones, targets and timeframes for each of those projects and their components, along with the resourcing and budgetary requirements and implications. The second target (2021/22) is to undertake said planning and enablement actions on various of the identified projects.
4.B Number of passenger journeys per kilometre operated (MyCiTi)	4.2	Measures efficiency improvements in the usage of MyCiTi buses. The aim is to have more passengers travelling per kilometre scheduled on the MyCiTi system.

INDICATOR	IDP REF	INDICATOR DEFINITION
4.C Total number of passenger journeys on MyCiTi	4.2	Measures total MyCiTi passenger journeys undertaken, as the efficiency of an integrated transport system is determined in part by an increase in passenger journeys. A passenger journey is calculated from the first boarding of a bus at a feeder stop or main station to the last exit from a bus at a feeder stop or main station, including any transfers between buses (single journey).
4.D Percentage of employees from employment equity (EE) target (designated) groups employed at the three highest levels of management (NKPI)	4.3	Percentage of employees from EE target (designated) groups employed at the three highest levels of management, in compliance with the City's approved EE plan and the EE Act. Management level 1 - City Manager and executive directors Management level 2 - portfolio managers and directors Management level 3 - managers Proxy measure for NKPI.
4.E Number of Strengthening Families programmes implemented	4.3	Strengthening Families is a structured, evidence-based life skills programme that improves family relationships and reduces vulnerability to substance abuse. The programme is presented in the form of facilitated sessions with parents, youth, and finally also with the family as a unit.
5.A Opinion of independent rating agency	5.1	This refers to a credit rating report that reflects the City's creditworthiness to repay long-term and short-term liabilities. Credit ratings provide an analysis of the City's key financial data and are performed by an independent agency. The aim is to achieve the highest rating possible for local government, which is also subject to the country's sovereign rating.
5.B Opinion of the Auditor-General	5.1	Measures good governance and accounting practices, as evaluated by the Auditor-General in determining their opinion. An unqualified (or 'clean') audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with Generally Recognised Accounting Practice. Alternatively, the auditor would issue a qualified audit opinion, either in whole or in part, over the financial statements if these have not been prepared in accordance with Generally Recognised Accounting Practice, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.
5.C Percentage of capital budget spent (NKPI)	5.1	Percentage reflecting year-to-date spend in relation to the total budget, less any contingent liabilities relating to the capital budget. The total budget is the Council-approved adjusted budget at the time of measurement. Contingent liabilities are only identified at year-end. Proxy measure for NKPI.
5.D Percentage spent on repairs and maintenance	5.1	Percentage reflecting year-to-date spend (including second costs) in relation to the total repairs and maintenance budget. Note that 'in-year reporting' during the financial year will be indicated as a trend (year-to-date spend). Maintenance is the actions required for an asset to achieve its expected useful life. Planned maintenance includes asset inspection and measures to prevent known failure modes, and can be time or condition based. Repairs are actions undertaken to restore an asset to its previous condition after failure or damage. Expenses on repairs and maintenance are considered operational expenditure. Primary repairs and maintenance costs are those incurred for labour and materials provided by outside suppliers. Secondary repairs and maintenance costs are incurred for labour provided in-house.
5.E Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	Indicates the ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month. Proxy measure for NKPI.
5.F Net debtors to annual income (NKPI)	5.1	Measures the net amounts due to the City that are realistically expected to be recovered. Proxy measure for NKPI.
5.G Debt (total borrowings) to total operating revenue (NKPI)	5.1	Provides assurance that sufficient revenue will be generated to repay liabilities. Proxy measure for NKPI.

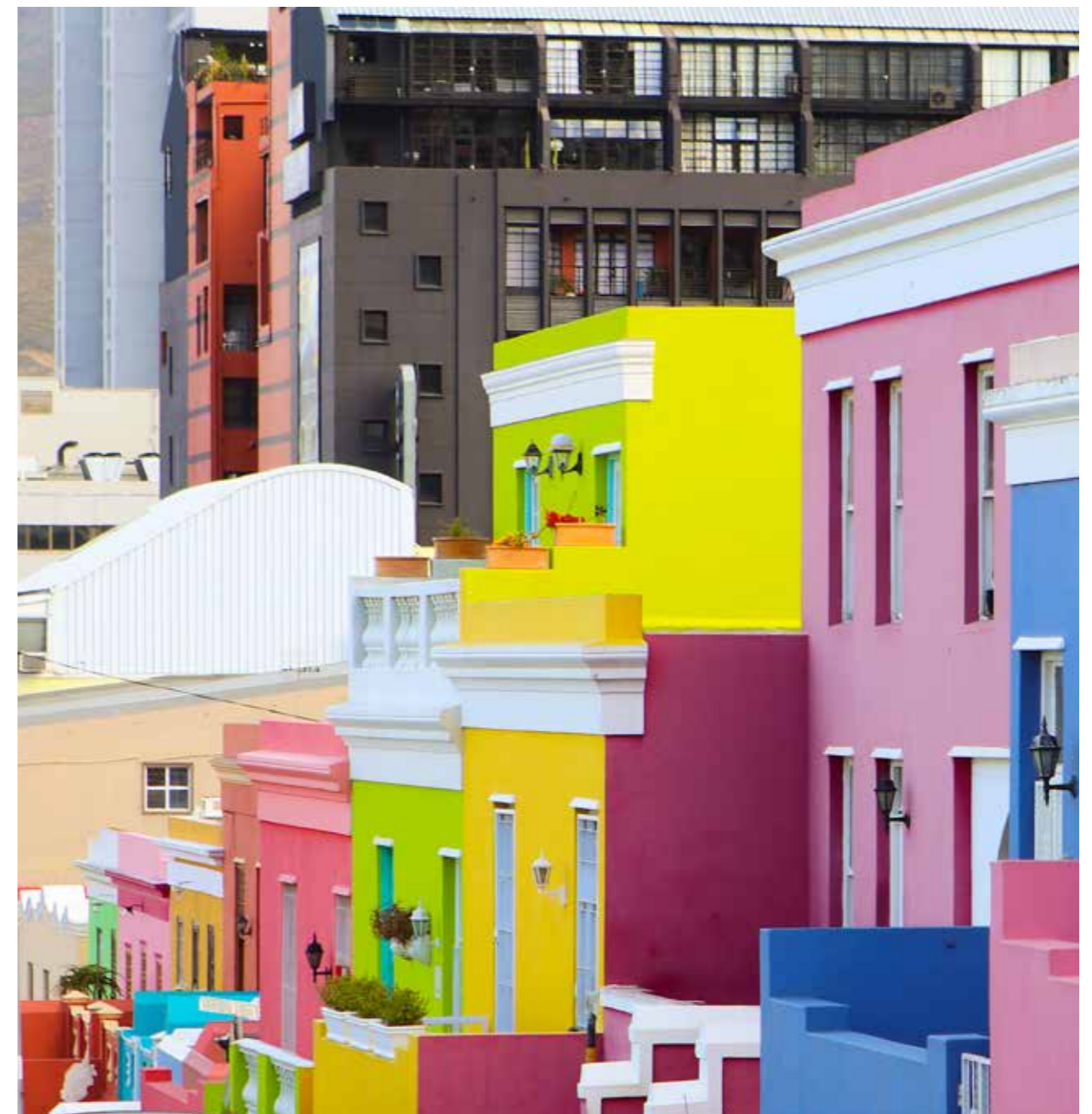
# APPENDIX C: 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✘										
No	KEY PERFORMANCE INDICATOR	2020/21 (previous financial year)		Status	2021/22 (current financial year)		Status		Reason for variance	Remedial action
		Target	Actual		Target	Actual				
<b>Strategic focus area 1: Opportunity city</b>										
<b>Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city</b>										
1	Number of international events hosted	0	0	▲	4	5	✓		Well above target. The number of events increased as the lockdown regulations were eased and eventually lifted in the course of the year.	Maintain the momentum
2	Number of events hosted	28	53	✓	135	226	✓		Well above target. The number of events increased as the lockdown regulations were eased and eventually lifted in the course of the year.	Maintain the momentum
3	Percentage broad-based black economic empowerment (B-BBEE) spend	60%	88%	✓	60%	88%	✓		Well above target. The supply chain management processes are effective in procuring from B-BBEE suppliers.	Maintain the momentum
<b>Corporate objective 1.3: Economic inclusion</b>										
4	Percentage of annual total salary costs spent on training permanent and temporary staff	3%	3%	▲	4%	4,5%	✓		Well above target. Training spend exceeded budget, as compliance and minimum municipal training was conducted during the year.	Maintain the momentum
5	Number of student opportunities provided	4	5	✓	1	1	▲		On target	Maintain the momentum
6	Number of graduate opportunities provided	5	5	▲	1	2	✓		Well above target. An additional graduate was employed in the final quarter.	Maintain the momentum
<b>Strategic focus area 4: Inclusive city</b>										
<b>Corporate objective 4.3: Building integrated communities</b>										
7	Percentage of executive committee, management committee and leadership positions held by persons from designated groups	75%	80%	■	75%	86%	✓		Well above target. The target was exceeded through the filling of vacancies, resignations of non-EE functionaries, and the retention of current EE staff.	Maintain the momentum
<b>Strategic focus area 5: Well-run city</b>										
<b>Corporate objective 5.1: Operational sustainability</b>										
8	Percentage minimum aggregate score for all CTICC internal departments and external suppliers	75%	91%	✓	75%	87%	✓		Well above target. Staff are delivering excellent customer service for events held.	Maintain the momentum
9	Maintain five-star tourism grading through effective management of maintenance and quality service delivery	Achieved five-star rating from SA Tourism	Achieved five-star rating from SA Tourism	▲	Achieve five-star rating from Tourism Grading Council	Achieved five-star rating from Tourism Grading Council	▲		On target	Maintain the momentum
10	Percentage achievement of annual budgeted operating profit/loss	100%	68%	✓	100%	40%	✓		Well above target. An improvement in the trading environment as lockdown regulations were eased and eventually lifted in the course of the year resulted in more and larger events. This, in turn, led to higher revenues and good cost savings achieved for the year. As a result, a 60% reduction in the budgeted loss was achieved.	Maintain the momentum
11	Percentage of total capital projects for the year completed or committed	95%	96%	■	90%	92%	■		Above target	Maintain the momentum
12	Percentage of total capital expenditure spent	100%	100%	▲	N/A*	N/A*				Maintain the momentum
13	Unqualified audit report	Clean audit** report for 2019/20 financial year	Clean audit report for 2019/20 financial year achieved	▲	Clean audit report for 2020/21 financial year	Clean audit report for 2020/21 financial year achieved	■		Above target	Maintain the momentum
14	Number of senior managers registered for Municipal Finance Management Act competency course	7	17	✓	7	12	✓		Well above target. Municipal minimum competency courses were targeted during the year to ensure that they were completed.	Maintain the momentum
15	Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	0 times	2 times	✓	1 time	4,5 times	✓		Well above target. The improvement can be ascribed to higher revenues earned, cost savings achieved, as well as client deposits received for contracted events.	Maintain the momentum
16	Net debtors to annual income (NKPI)	9%	0%	✓	5%	1,7%	✓		Well above target. Higher revenue for the period resulted in lower percentage, as debtors are in line with forecast figures.	Maintain the momentum
17	Debt (total borrowings) to total operating revenue (NKPI)	0%	0%	▲	0%	0%	▲		On target	Maintain the momentum
<p>* CTICC 2 expansion project completed.</p> <p>** An unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.</p>										

## APPENDIX D: DEFINITIONS FOR 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CTICC

INDICATOR	IDP REF	INDICATOR DEFINITION
Number of international events hosted	1.1	Total number of international events hosted at the CTICC. International events are at least two days long (one night) and have a minimum of 40 delegates, the majority of who are from outside South Africa.
Number of events hosted	1.1	Total number of events hosted at the CTICC.
Percentage broad-based black economic empowerment (B-BBEE) spend	1.1	Measures expenditure with B-BBEE suppliers in terms of the B-BBEE Act. B-BBEE suppliers are those with a valid B-BBEE rating certificate or, in the case of exempted micro-enterprises and qualifying small enterprises, an affidavit.
Percentage of annual total salary costs spent on training permanent and temporary staff	1.3	Percentage of annual total salary costs spent on training permanent and temporary staff.
Number of student opportunities provided	1.3	Number of students employed at the CTICC in the financial year.
Number of graduate opportunities provided	1.3	Number of graduates employed at the CTICC in the financial year.
Percentage of executive committee, management committee and leadership positions held by persons from designated groups	4.3	Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the CTICC's approved employment equity plan. Level 1 - executive directors Level 2 - senior managers Level 3 - managers
Percentage minimum aggregate score for all CTICC internal departments and external suppliers	5.1	Customer centricity and service excellence are measured independently by the level of service the CTICC offers its external clients, and are recorded as a percentage.
Maintain five-star tourism grading through effective management of maintenance and quality service delivery	5.1	Measures the standard of the CTICC as a world-class venue. Defined as a five-star rating by South African Tourism.
Percentage achievement of annual budgeted operating profit/(loss)	5.1	Measures the operating profit/(loss) achieved. Operating profit/(loss) is earnings before interest, taxation, depreciation and amortisation.
Percentage of total capital projects for the year completed or committed	5.1	Percentage of total capital projects completed or committed for the financial year.
Percentage of total capital expenditure spent	5.1	Measures the total capital expenditure relating to the CTICC 2 expansion programme, as a percentage.
Unqualified audit report	5.1	Measures good governance and accounting practices, as evaluated by the Auditor-General in determining their opinion. An unqualified (or 'clean') audit opinion is where the auditor, having completed the audit, has no reservation as to the fairness of presentation of financial statements and their conformity with Generally Recognised Accounting Practice. Therefore, the audit report contains no material findings on compliance with laws and regulations and predetermined objectives. Alternatively, the auditor would issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with Generally Recognised Accounting Practice, or the auditor could not audit one or more areas of the financial statements.

INDICATOR	IDP REF	INDICATOR DEFINITION
Number of senior managers registered for Municipal Finance Management Act competency course	5.1	Measures the total number of senior managers registered for the Municipal Finance Management Act (MFMA) competency course.
Cash/cost coverage ratio (excluding unspent conditional grants) (NKPI)	5.1	Indicates the CTICC's ability to meet at least monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue during that month.
Net debtors to annual income (NKPI)	5.1	Measures the net amounts due to the CTICC that are realistically expected to be recovered. Net debtors are gross debtors, less impairments and refunds.
Debt (total borrowings) to total operating revenue (NKPI)	5.1	Provides assurance that sufficient revenue will be generated to repay liabilities.



# APPENDIX E: 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

RATING KEY: Well above target ✓ Above target ■ On target ▲ Below target ● Well below target ✘											
No	KEY PERFORMANCE INDICATOR	2020/21 (previous financial year)		Status	2021/22 (current financial year)		Status			Reason for variance	Remedial action
		Target	Actual		Target	Actual					
<b>Strategic focus area 1: Opportunity city</b>											
<b>Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city</b>											
1	Percentage reduction in grant allocation from the City	7%	0,73%	▲	1%	14,33%	✓			Well above target. As a result of the the stadium generating sufficient income as outlined below, significantly less of the City's grant was required than initially anticipated.	Maintain the momentum
2	Percentage achievement of projected revenue	70%	67%	▲	90%	118,97%	✓			Well above target. The stadium hosted 145 events during 2021/22, which resulted in additional income earned. This can be attributed to the lifting of Covid-19 restrictions on the number of spectators allowed at events.	Maintain the momentum
3	Percentage compliance with approved repairs and maintenance programme	100%	100%	✓	100%	100%	▲			On target	Maintain the momentum
4	Percentage compliance with Occupational Health and Safety Act (OHSA) 85 of 1993 and its regulations	100%	100%	▲	100%	100%	▲			On target	Maintain the momentum
5	Number of events hosted	New indicator - not reported in 2020/21			135	145	■			Above target	Maintain the momentum
6	Number of spectators in attendance at the stadium	New indicator - not reported in 2020/21			57 000	226 996	✓			Well above target. Due to the lifting of the national disaster regulations pertaining to Covid-19, the stadium was able to host events at a greater capacity, contributing to an increase in the total number of spectators and/or event participants.	Maintain the momentum
7	Percentage implementation and evaluation of event commercial service providers	New indicator - not reported in 2020/21			100%	100%	▲			On target	Maintain the momentum
<b>Corporate objective 1.3: Economic inclusion</b>											
8	Number of training interventions completed per annum, as per Workplace Skills Plan (WSP) Please note: Indicator changed from "percentage" in 2020/21 to "number" in 2021/22	40%	52%	✓	70	73	■			Above target	Maintain the momentum
<b>Strategic focus area 4: Inclusive city</b>											
<b>Corporate objective 4.3: Building integrated communities</b>											
9	Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the entity's approved employment equity (EE) plan (NKPI)	80%	50%	✘	80%	50%	✘			The top three levels of management are not currently fully representative as per the set target. This is because historical appointments are still occupying positions at these levels in the current structure.	As vacancies in the top three levels of management occur, the employment strategy will focus on reaching the 80% target.
<b>Strategic focus area 5: Well-run city</b>											
<b>Corporate objective 5.1: Operational sustainability</b>											
10	Percentage absenteeism	≤5%	4%	✓	≤5%	2,28%	✓			Well above target. Absenteeism is less than the threshold set. This is due to a continued focus on and management of this important matter.	Maintain the momentum
11	Percentage declarations of interest completed	100%	100%	▲	100%	100%	▲			On target	Maintain the momentum
12	Opinion of the Auditor-General	Clean audit*	Clean audit	▲	Clean audit	Clean audit	▲			On target	Maintain the momentum
* An unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives.											

## APPENDIX F: DEFINITIONS FOR 2021/22 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM

INDICATOR	IDP REF	INDICATOR DEFINITION
Percentage reduction in grant allocation from the City	1.1	Percentage reduction in the grant allocation received from the City, measuring the grant allocation planned versus the allocation transferred to CTS for the current year.
Percentage achievement of projected revenue	1.1	Measures achievement of annual projected revenue as per the latest approved budget.
Percentage compliance with approved repairs and maintenance programme	1.1	Measures achievement of the planned outputs in terms of the approved repairs and maintenance programme as per the service delivery agreement between CTS and the City. Repairs and maintenance include preventive maintenance, corrective maintenance, reactive maintenance, emergency maintenance as well as damage repair after events. All repairs and maintenance are covered from the operating budget.
Percentage compliance with Occupational Health and Safety Act (OHSA) 85 of 1993 and its regulations	1.1	Measures compliance with the Occupational Health and Safety Act's regulations on event and non-event days, as well as by contractors at the stadium.
Number of events hosted	1.1	Total number of events hosted at the stadium, combining the three categories of bowl events, non-bowl events, and film/still shoots.
Number of spectators in attendance at the stadium	1.1	Total number of spectators attending events hosted at the stadium, whether bowl events, non-bowl events, or film/still shoots.
Percentage implementation and evaluation of event commercial service providers		Measures the implementation of the commercial event overlay that culminates in revenue generation. 'Commercial event overlay' comprises (i) the appointment of five service providers, (ii) compliance with procedures and requirements, (iii) full reporting by appointed service providers, and (iv) evaluation of each service provider by CTS.
Number of training interventions completed per annum, as per Workplace Skills Plan (WSP)	1.3	Measures the implementation of the commercial event overlay that culminates in revenue generation. 'Commercial event overlay' comprises (i) the appointment of five service providers, (ii) compliance with procedures and requirements, (iii) full reporting by appointed service providers, and (iv) evaluation of each service provider by CTS.
Percentage of people from employment equity (EE) target groups employed at the three highest levels of management, in compliance with CTS's approved EE plan (NKPI)	4.3	Percentage of people from EE target groups employed at the three highest levels of management, in compliance with CTS's approved EE plan.
Percentage absenteeism	5.1	The actual number of days absent due to sick, unpaid/unauthorised leave, expressed as a percentage of the number of working days in relation to the number of staff employed. Sick, unpaid/unauthorised leave includes the categories of normal sick leave, unpaid unauthorised leave, leave in lieu of sick leave, and unpaid leave in lieu of sick leave.
Percentage declarations of interest completed	5.1	Total number of completed declarations of interest as a percentage of total number of staff. The target is cumulative over the year. Each employee needs to complete the declaration of interest at least once a year (or whenever circumstances change), as prescribed by the applicable legislation and CTS board decisions in line with City policies.
Opinion of the Auditor-General	5.1	Measures good governance and accounting practices, as evaluated by the Auditor-General in determining their opinion. An unqualified (or 'clean') audit opinion is where the auditor, having completed the audit, has no reservations as to the fairness of presentation of financial statements and their conformity with Generally Recognised Accounting Practice. Alternatively, the auditor could issue a qualified audit opinion of the financial statements, either in whole or in part, if the statements have not been prepared in accordance with Generally Recognised Accounting Practice, or the auditor could not audit one or more areas of the financial statements. Future audit opinions will cover the audit of predetermined objectives.





## APPENDIX G: ABBREVIATIONS USED IN THIS REPORT

<b>AARTO</b>	Administrative Adjudication of Road Traffic Offences	<b>DBSA</b>	Development Bank of Southern Africa	<b>IPP</b>	independent power producer	<b>PRASA</b>	Passenger Rail Agency of South Africa
<b>AFD</b>	Agence Française de Développement	<b>DC</b>	defined-contribution (scheme)	<b>IPTN</b>	Integrated Public Transport Network	<b>Province</b>	Western Cape provincial government
<b>AGSA</b>	Auditor-General of South Africa	<b>DCCP</b>	Dassenberg Coastal Catchment Partnership	<b>IRM</b>	integrated risk management	<b>PTI</b>	public transport interchange
<b>APAC</b>	Audit and Performance Audit Committee	<b>DMTN</b>	domestic medium-term note	<b>IRT</b>	integrated rapid transit	<b>PTNG</b>	Public Transport Network Grant
<b>ARV</b>	antiretroviral (treatment)	<b>DoRA</b>	Division of Revenue Act	<b>ISDG</b>	Infrastructure Skills Development Grant	<b>PV</b>	photovoltaic
<b>ASB</b>	Accounting Standards Board	<b>DRMC</b>	Disaster Risk Management Centre	<b>ISUPG</b>	Informal Settlements Upgrading Partnership Grant	<b>REIPPP</b>	renewable-energy independent power producers programme
<b>B-BBEE</b>	broad-based black economic empowerment	<b>DSDF</b>	district spatial development framework	<b>IT</b>	information technology	<b>RiskCo</b>	Risk Management Committee
<b>BCM</b>	business continuity management	<b>DTIC</b>	Department of Trade, Industry and Competition	<b>JSE</b>	Johannesburg Stock Exchange	<b>SALA</b>	South African Local Authorities (Pension Fund)
<b>BCP</b>	business continuity plan	<b>EAP</b>	Employee Assistance Programme	<b>KCT</b>	Khayelitsha Community Trust	<b>SALGA</b>	South African Local Government Association
<b>BioNet</b>	Biodiversity Network	<b>ECD</b>	early childhood development	<b>King IV</b>	2016 King Report on Corporate Governance for South Africa	<b>SANS</b>	South African National Standard
<b>BIP</b>	broadband infrastructure project	<b>EMF</b>	environmental management framework	<b>KZN</b>	KwaZulu-Natal	<b>SAP</b>	Systems, Applications and Products
<b>BPO</b>	business process outsourcing	<b>EMS</b>	Emergency Medical Services	<b>LAN</b>	local area network	<b>SAPS</b>	South African Police Service
<b>CAG</b>	Combined Assurance and Governance	<b>EMT</b>	Executive Management Team	<b>LED</b>	light-emitting diode	<b>SARS</b>	South African Revenue Service
<b>CAR</b>	core applications refresh (project)	<b>EODB</b>	Ease of Doing Business (index)	<b>LUW</b>	liveable urban waterways	<b>SCM</b>	supply chain management
<b>CCPHC</b>	Comprehensive Personal Primary Healthcare (Unit)	<b>EPC</b>	energy performance certificate	<b>Mayco</b>	Mayoral Committee	<b>SDBIP</b>	service delivery and budget implementation plan
<b>CID(s)</b>	city improvement district(s)	<b>EPIC</b>	Emergency Police Incident Control (system)	<b>MFMA</b>	Local Government: Municipal Finance Management Act	<b>Seda</b>	Small Enterprise Development Agency
<b>CIDMS</b>	Cities Infrastructure Delivery and Management System	<b>EPWP</b>	Expanded Public Works Programme	<b>MPAC</b>	Municipal Public Accounts Committee	<b>SEZ</b>	special economic zone
<b>CIP</b>	conservation implementation plan	<b>ERP</b>	Enterprise Resource Planning	<b>MPRA</b>	Local Government: Municipal Property Rates Act	<b>SFA</b>	strategic focus area
<b>City</b>	City of Cape Town (as opposed to "city")	<b>ESRI</b>	Environmental Systems Research Institute	<b>mSCOA</b>	Municipal Standard Chart of Accounts	<b>SIU</b>	Special Investigating Unit
<b>CLDP</b>	catalytic land development programme	<b>FAS</b>	foetal alcohol syndrome	<b>MSDF</b>	Municipal Spatial Development Framework	<b>SME</b>	small and medium-sized enterprise
<b>CMTF</b>	Cape Metropolitan Transport Fund	<b>FMIC</b>	Facilities Management Interaction Centre	<b>NACS</b>	nominal annual compounded semi-annually	<b>SMME</b>	small, medium and micro-sized enterprise
<b>COID</b>	compensation for occupational injuries and diseases	<b>GPC</b>	Global Protocol for Community-Scale Greenhouse Gas Emissions Inventories	<b>NCMS</b>	Northern Corridor Modernisation Study	<b>SOA</b>	scheme of arrangement
<b>Covid-19</b>	coronavirus disease of 2019	<b>GRAP</b>	Generally Recognised Accounting Practice	<b>NDHS</b>	National Department of Human Settlements	<b>SPV</b>	special-purpose vehicle
<b>CPI</b>	consumer price index	<b>HDI</b>	Human Development Index	<b>NDPW</b>	National Department of Public Works	<b>SRO</b>	school resource officer
<b>CPMP</b>	coastal precinct management plan	<b>HWC</b>	Heritage Western Cape	<b>NGO</b>	non-governmental organisation	<b>SSEG</b>	small-scale embedded generation
<b>CRR</b>	capital replacement reserve	<b>ICASA</b>	Independent Communications Authority of South Africa	<b>NHRB</b>	National Health Research Board	<b>Stats SA</b>	Statistics South Africa
<b>CSI</b>	corporate social investment	<b>ICT</b>	information and communications technology	<b>NMT</b>	non-motorised transport	<b>TB</b>	tuberculosis
<b>CTICC</b>	Cape Town International Convention Centre Company SOC Limited (RF)	<b>IDP</b>	Integrated Development Plan	<b>NTE</b>	night-time economy	<b>tCO<sub>2</sub>e</b>	tons of carbon dioxide equivalent
<b>CTS</b>	Cape Town Stadium	<b>IGRAP</b>	Interpretation of the Standards of Generally Recognised Accounting Practice	<b>OCO</b>	Office of the City Ombudsman	<b>TOD</b>	transit-oriented development
<b>DAMS</b>	Development Application Management System	<b>IJR</b>	Institute for Justice and Reconciliation	<b>PAAC</b>	protected-area advisory committee	<b>UIF</b>	Unemployment Insurance Fund
<b>DB</b>	defined-benefit (scheme)	<b>IOZ</b>	incentive overlay zone	<b>PAYE</b>	pay-as-you-earn	<b>UPS</b>	uninterruptible power supply
				<b>PCDR</b>	public contributions and donations reserve	<b>USAID SAEP</b>	United States Agency for International Development's South African Energy Programme
				<b>PECC</b>	Public Emergency Communication Centre	<b>USDG</b>	Urban Settlements Development Grant
				<b>PFMA</b>	Public Finance Management Act	<b>VAT</b>	value-added tax
				<b>PPE</b>	property, plant and equipment	<b>WCWSS</b>	Western Cape water supply system
						<b>WISP</b>	Western Cape Industrial Symbiosis Programme

## APPENDIX H: FIGURES AND TABLES IN THIS REPORT

### FIGURES

- Figure 1:** The relationship between the City's five strategic focus areas and 11 value creation priorities
- Figure 2:** Public participation statistics
- Figure 3:** The IDP implementation process within the City's value creation framework
- Figure 4:** The City's implementation plan within the framework of its operational systems
- Figure 5:** Critical elements informing the City's integrated annual report
- Figure 6:** New term-of-office City vision and strategic priorities
- Figure 7:** Percentage of samples meeting water quality standard compared to 98% target
- Figure 8:** Water mains bursts per month, 2006–2022
- Figure 9:** Updated timing and total supply capacity of the New Water Programme brought online
- Figure 10:** Scope of incentive overlay zone (IOZ) project
- Figure 11:** The City's facilities management strategy
- Figure 12:** The City's governance and combined assurance value chain
- Figure 13:** The City's innovation framework
- Figure 14:** King IV outcomes, principles and practices
- Figure 15:** The City's governance structure

### TABLES

- Table 1:** Key value creation inputs and outputs
- Table 2:** Overview of the City's functional structure
- Table 3:** Major City projects by directorate
- Table 4:** Business support project achievements until the end of June 2022
- Table 5:** Water and sewerage reticulation pipeline replaced
- Table 6:** Climate projects partially funded by the City's green bond
- Table 7:** Key City projects and initiatives to conserve Cape Town's biodiversity
- Table 8:** Bulk sewer replacement and refurbishment projects
- Table 9:** City water demand interventions
- Table 10:** Progress with urban waste management projects as at 30 June 2022
- Table 11:** Housing initiatives forming part of the City's human settlements programme
- Table 12:** The City's public transport interchange (PTI) categories
- Table 13:** Progress with public transport interchange projects as at 30 June 2022
- Table 14:** Public transport interchange projects for the five years from 2021/22
- Table 15:** Functional and structural assessment criteria for Blue Downs integration zone
- Table 16:** The City's staff complement
- Table 17:** The City's skills interventions and projects in 2021/22

## APPENDIX I: MFMA CIRCULAR 63 APPENDICES

In line with MFMA Circular 63, the City is required to make the following appendices available as part of its annual reporting:

### FUNCTIONS OF MUNICIPALITY

Information about the functions of the municipality is available on page 170 of the City's financial statements.

### WARD REPORTING AND WARD INFORMATION

Information about all City wards is available at [https://www.capetown.gov.za/Work and business/Meet-the-city/City-Council/Wards](https://www.capetown.gov.za/Work%20and%20business/Meet-the-city/City-Council/Wards)

### SUPPLY CHAIN MANAGEMENT ISSUES

#### 1. Legality of SCM Regulations

The decision by the courts to declare the Preferential Procurement Regulations to be invalid had caused ambiguity within the national government procurement environment. However, the City continued complying with the SCM Policy to prevent disruptions in service delivery. The City has made proposals to National Treasury regarding improvements which can be made to legislation to make the SCM processes less onerous and simple.

#### 2. Irregular Expenditure

Irregular expenditure is caused as result of non-compliance with legislation. Irregular expenditure does not necessarily mean that there has been fraud and corruption, nor that the City has not received value for money. The City however prides itself on good governance, and as such is implementing many corrective actions to reduce and eliminate irregular expenditure.

### RECOMMENDATIONS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

The full recommendations of the Audit and Performance Audit Committee can be found on page 176 to 183.

### LARGE PROJECTS, AGREEMENTS AND PARTNERSHIPS

Information relating to the City's largest projects, agreements and contracts as well as public-private partnerships is available at [www.capetown.gov.za](http://www.capetown.gov.za).

### SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not applicable. The City is not aware of any backlogs at schools and clinics. For more information, see the annual performance management report on page 348.

### SERVICE BACKLOGS WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR PROVIDING THE SERVICE

Not applicable. The City is not aware of any service backlogs experienced by the community where another sphere of government is responsible for providing the service.

### RECIPIENTS OF LOANS AND GRANTS

Details of all recipients of City's loans and grants are available on page 330.

### CITY'S BY-LAWS

Information about all City By-laws is available at [https://www.capetown.gov.za/Work and business/Meet-the-city/City-Council/Policies-by-laws-and-publications](https://www.capetown.gov.za/Work%20and%20business/Meet-the-city/City-Council/Policies-by-laws-and-publications)

### CITY'S WEBSITE WHERE INFORMATION IS AVAILABLE

The City's website where information is available is <https://www.capetown.gov.za>

### MUNICIPAL OVERSIGHT COMMITTEES

Information about the City's committees is available at [https://www.capetown.gov.za/Work and business/Meet-the-city/City-Council/The-City-Council#Heading2](https://www.capetown.gov.za/Work%20and%20business/Meet-the-city/City-Council/The-City-Council#Heading2)

## INFORMATION PERTAINING TO THE IMPLEMENTATION OF AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM AND ORGANISATIONAL DEVELOPMENT

Information is reflected in the City's Integrated Development Plan (IDP) at IDP\_2022-2027.pdf (capetown.gov.za)

## REVENUE COLLECTION BY VOTES AND BY SOURCE BASED ON PRIOR YEAR AND CURRENT YEAR ACTUAL COLLECTIONS

Information is reflected in the City's financial statements note 37 (Budget information)

## CAPITAL EXPENDITURE (A) ON NEW ASSETS PROGRAMME AND (B) ON UPGRADE/RENEWAL PROGRAMMES

Information is reflected in the City's published budget at <https://www.capetown.gov.za/Work-and-business/Meet-the-city/The-City-budget/the-citys-budget-2022-2023>



# APPENDIX J: ANNUAL REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2022

## 1. AUTHORITY, ACCOUNTABILITY AND REPORTING

The Municipal Public Accounts Committee (MPAC) was established as an oversight committee in terms of section 79 of the Municipal Structures, Act 117 of 1998 and, in terms of section 32(2) of the Municipal Finance Management, Act 56 of 2003 (MFMA), is authorised to investigate the recoverability of unauthorised, irregular, and fruitless and wasteful expenditure of the City as instructed by Council or the City Manager.

MPAC is directed by Council or the City Manager and is authorised to investigate any matter referred. This includes instructing other councillors, management and other employees of Council to be present at meetings and have access to any information they require from any councillor or employee. MPAC ensures that all existing City internal alternative dispute resolution processes have been exhausted before proceeding with investigations.

On 27 January 2022 Council approved the appointment of the current MPAC and the Terms of Reference, and changes to the committee were approved at various subsequent Council meetings.

MPAC is also governed by the City's System of Delegations. Council makes amendments to the membership as deemed necessary.

MPAC has no executive powers but their findings and recommendations are reported to Council. Reports from the various task teams are considered at the MPAC meetings and a report, containing recommendations, is submitted to Council for final decision making. The immediate reporting line of MPAC is to Council, via the Speaker. Where necessary, follow-up is performed via the outstanding matters schedule to determine if action has been taken to implement recommendations.

Quarterly reporting on MPAC's activities, as per the Annual Oversight Work Plan, was succinctly presented to Council for two of the four quarters. No quarterly report was issued for quarter 2 (October 2021 to December 2021) due to Council recess for the 2021 municipal elections. MPAC hereby presents its annual report for the financial year ended 30 June 2022, which replaces the fourth quarter's report, and is a cumulative activity statement for the year ended 30 June 2022.

## 2. MEMBERSHIP AND MEETING ATTENDANCE

2021/22 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE*
<b>CURRENT MPAC MEMBERS</b>		
Cllr Y Adams (Chairperson) (CMC)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	100%
Cllr K Southgate (DA) (Deputy Chairperson previous term)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	93%
Cllr A van Zyl (DA) (Current Deputy Chairperson)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	93%
Cllr J Witbooi (DA)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	100%
Cllr N Rheeder (DA)	24 February 2022 to 30 June 2022	88%
Ald B Watkyns (DA)	27 January 2022 to 30 June 2022	100%
Ald J van der Merwe (DA)	26 May 2022 to 30 June 2022	100%
Cllr A Moses (DA)	27 January 2022 to 30 June 2022	100%
Cllr B Majingo (ANC)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	100%
Cllr L Phakade (ANC)	27 January 2022 to 30 June 2022	91%

2021/22 MPAC MEMBERS	MEMBERSHIP DURATION	MEETING ATTENDANCE*
Cllr F Botha-Rossouw (FF+)	1 July 2021 to 30 September 2021 27 January 2022 to 30 June 2022	100%
Cllr S Little (GOOD)	27 January 2022 to 30 June 2022	100%
Cllr L Ntshuntshe (EFF)	27 January 2022 to 30 June 2022	82%
PREVIOUS MPAC MEMBERS		
Cllr E Anstey (DA)	1 July 2021 to 30 September 2021	100%
Ald S Moodley (DA)	1 July 2021 to 30 September 2021	100%
Cllr C Fry (DA)	1 July 2021 to 30 September 2021	67%
Cllr J Mbolombo (DA)	1 July 2021 to 30 September 2021	100%
Cllr N Grose (DA)	27 January 2022 to 24 February 2022	33%
Cllr T Gqada (DA)	27 January 2022 to 24 February 2022	33%
Cllr A McKenzie (DA)	24 February 2022 to 31 March 2022	100%
Cllr D Khatshwa (ANC)	1 July 2021 to 30 September 2021	67%
Cllr B Ngcani (ANC)	1 July 2021 to 30 September 2021	100%
Cllr L Mazwi (EFF)	1 July 2021 to 30 September 2021	100%

\* Application for leave of absence from a meeting of a Council committee must be addressed to the Chief Whip in terms of Part 4 Delegation 1(1) of the Council's System of Delegations.

Representatives from Forensic Services, Internal Audit, Combined Assurance and Governance, Legal Services, the Office of the Speaker and the Office of the City Manager were present at MPAC meetings. A representative from the Auditor-General of South Africa (AGSA) is a standing invitee to all MPAC meetings and attends where they deem it necessary. In addition, various task team meetings were held during the year to consider items referred to MPAC by Council and the City Manager.

### 3. RESPONSIBILITY

MPAC's Annual Oversight Work Plan defines its activities for the year to ensure that it complies with its responsibilities arising from its mandate, delegations and Terms of Reference. The following activities were completed in the execution of its assigned functions and responsibilities:

#### (A) MEETINGS

Eight (8) ordinary and six (6) special meetings were held during the 2021/22 financial year.

NO.	ORDINARY MPAC MEETINGS	NO.	SPECIAL MPAC MEETINGS
1.	27 July 2021	1.	4 February 2022
2.	10 August 2021	2.	8 February 2022
3.	14 September 2021	3.	25 February 2022
4.	22 February 2022	4.	4 March 2022
5.	8 March 2022	5.	15 March 2022
6.	12 April 2022	6.	29 March 2022
7.	10 May 2022		
8.	14 June 2022		

In order to facilitate cross-cutting reviews, sixty-two (62) task team meetings were held during the year (refer to task teams below). During some of the task team meetings more than one matter was dealt with.

#### (B) OVERSIGHT PROCESS

The 2020/21 annual reports for the City of Cape Town and its municipal entities were separately tabled at Council. MPAC considered the 2020/21 annual reports and raised issues of concern to be addressed by the executive management of the City of Cape Town and its municipal entities. MPAC engaged with the City Manager and Executive Management Team on 4 March 2022 and with the CEOs of the City's municipal entities on 8 February 2022.

After considering responses to the questions, on 15 March 2022 and 12 April 2022 MPAC recommended that Council adopt the oversight reports and approve the annual reports without reservations. This was completed within the legislated timeframes and was approved by Council on 31 March 2022 (C 38A/03/22) and 28 April 2022 (C 26/04/22) for the municipal entities and City of Cape Town respectively.

#### (D) TRAINING AND CAPACITY BUILDING

EVENT DATE	EVENT DESCRIPTION
1 February 2022	MPAC induction and training session
15 February 2022	Workshop on the National Treasury MPAC Toolkit
1 March 2022	Information session on the annual report oversight process
8 March 2022	Presentation by the Economic Growth Directorate on the City's property management processes
12 May 2022	SCM: Ethical Dilemma Workshop

### 4. CONCLUSION

Eight (8) ordinary and six (6) special meetings and sixty-two (62) task team meetings were held during the 2021/22 financial year. This was no different from previous years and the number of meetings suggests that councillors who serve on MPAC work exceptionally hard to complete complicated tasks.

I would like to thank all those councillors involved with MPAC, but I must mention especially the Executive Committee Support and Internal

#### (C) REPORTING

- (i) The following reports as per the Annual Oversight Work Plan were tabled at Council:
  - ✓ Two Annual Oversight Reports for 2020/21
  - ✓ Annual Report of the Municipal Public Accounts Committee for the year ended 30 June 2021
  - ✓ Quarterly Report of the Municipal Public Accounts Committee as at 30 September 2021
  - ✓ Quarterly Report of the Municipal Public Accounts Committee as at 31 March 2022
- (ii) For the 2021/22 financial year fifty-seven (57) MPAC investigations, amounting to R983 536 941,23 of which R5 450 601,53 was fruitless and wasteful expenditure, were completed and reported to Council in terms of section 32 of the MFMA.
- (iii) As at 30 June 2022, ninety-two (92) MPAC matters, referred for investigation in terms of section 32 of the MFMA, are in progress or being finalised or were finalised after year-end by the MPAC task teams.

Audit for handling the volume of work that MPAC produces. MPAC remains grateful for the sound advice that we receive from the representatives from the City Manager's Office and the Office of the Speaker.



**COUNCILLOR YAGYAH ADAMS**  
MPAC Chairperson

# APPENDIX K: CITY OF CAPE TOWN TREND WATCHLIST

## INTRODUCTION

The list of trend watch indicators is intended as a reference for determining the impact of the City's strategic approach, as enshrined in the IDP 2017-2022. The 12 indicators on the list are linked to the 11 priorities of the IDP and are the issues the City wishes to influence in the long term. The 2021/22 year is the fifth and final year of the IDP 2017-2022 update for which trend watch indicators are reported following the establishment of a baseline in 2017/18.

The new, Council-approved IDP 2022-2027 may contain some new priorities. Therefore, the trend watch indicators tracked over the 2017-2022 period may either be discontinued or replaced by another set of indicators to be monitored.

## OVERVIEW

Proxy indicators were used for three<sup>26</sup> of the 12 indicators on the list in the absence of a directly matching indicator. Review of the proxy indicators will continue as required until better-suited (proxy) indicators are identified and the relevant data becomes available. Some of the proxy indicators presented may also require further refinement, as outlined in the respective data comments.

## INDICATOR AND DATA NOTES

Six<sup>27</sup> of the indicators in the table below are composite indicators, comprising more than one data component. To assist the reader, a status report as at June 2022, status overview notes as well as data comments provide further detail.

For the reporting year 2021/22, four of the 12 trends were not updated. Two of these - trend indicators 4 and 5 - the City have been unable to report on over the past few years, as neither data nor a proxy is available. Engagements with potential data custodians and the search for possible data sources will continue in the year ahead. The remaining two are trend 1, Ease of doing business, and trend 11, Integrated communities. For the former, the data source has been discontinued at both national and

subnational reporting levels, while the latter relies on Census 2022 data, which is yet to be released.

The remaining eight indicators were all updated using predominantly 2021/22 data, with the exception of trend 10, which was updated from 2016 to 2018 data. Where older data is used, indicator data custodians have noted the complexity of the indicator or index as well as the challenge of undertaking an annual update of the trend watch indicator.

## DATA NOTES

### ✓ Covid-19 data impacts

The year 2021/22 saw the world emerging from the Covid-19 pandemic, which not only disrupted the status quo for many, but also destabilised countries, thus affecting cities' socioeconomic governance and relations. This disruptive event made countries even more vulnerable to threats such as an increase in illicit economies and transnational illegal trade. The availability of data for eight of the City's 12 trend indicators in 2021/22 compared to six in the previous year could be an indication that the administration is not merely reverting to a business-as-usual model, but is striving to build back better.

### ✓ Data availability

In summary, eight<sup>28</sup> indicators have been updated for this reporting year. The remaining four<sup>29</sup> could not be updated due to the unavailability of data.

### ✓ Data trends

It is important to note that, in some instances, when data is updated for a particular year, this causes a retrospective revision of data for previous years as well. This would be the case with data from Census 2022, for instance. As a result, data for the previous years may be slightly different from what was previously reported.

26 Trend indicators 4, 5 and 11

27 Trend indicators 1, 2, 5, 6, 9 and 10.

28 Trend indicators 2, 3, 6, 7, 8, 9, 10 and 12.

29 Trend indicators 1, 4, 5 and 11.

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 1: Opportunity city	Objective 1.1: Positioning Cape Town as forward-looking, globally competitive city	Ease-of-Doing-Business (EODB) index	The index measures the competitiveness of the regulatory environment for business operations. In other words, it measures how conducive the regulatory environment is to business. It is considered to reflect how Cape Town is positioning itself as a forward-looking, competitive city in the longer term.	No updated data available for this indicator. Data provided below reflects figures previously submitted for trend watch 2018/19 reporting year. <ul style="list-style-type: none"> <li>Getting electricity: DTF (distance to frontier) score of 79,81</li> <li>Enforcing contracts: DTF score of 54,71</li> <li>Dealing with construction permits: DTF score of 75,48</li> <li>Registering a property: DTF score of 54,69</li> </ul>	June 2022: Data discussion below applies to 2018 World Bank report data. Even though a slight improvement in the overall score was noted, South Africa dropped two places in the 2017/18 reporting year. For "Getting electricity" and "Dealing with construction permits", the City retained high DTF scores. That said, Cape Town's scores dropped in the three areas previously reported. "Enforcing contracts" was not included in the 2015 World Bank Doing Business report, which served as the basis for the EODB index report for the 2017/18 financial year. Of the nine South African metros, Cape Town ranked first for "Getting electricity" and "Dealing with construction permits". For both "Enforcing contracts" and "Registering a property", Cape Town ranked seventh out of the nine metros. ,	Data at subnational level updated at medium-term (not annual) intervals. The indicator for this trend could not be updated. The World Bank's sub-Saharan African regional profile was last published in 2020, and no subnational reports for South Africa have been published since 2018. With reference to Cape Town data, at the time of report completion, no updated data was available to assist with the compilation of this annual report. The latest data available is the published report used in the 2018/19 trend watch update. Therefore, the national EODB score is unchanged. The DTF helps assess the absolute level of regulatory performance over time. It measures the distance of each economy to the "frontier", which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. For this reporting year, South Africa's EODB score for 2022 remains at 67,0 - as reported in the 2020 cycle. As previously reported, this score increased by 0,97 from the 2019 to 2020 report. South Africa is still ranked 84th out of 190 economies, having dropped two places. The rankings are benchmarked to 1 May 2019. On 16 September 2021, the World Bank Group management decided to discontinue the Doing Business report. All previous Doing Business and Subnational Doing Business reports and the website will continue to be publicly available as an archive of knowledge and data.

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 1: Opportunity city	Objective 1.2: Leveraging technology for progress	Digital readiness	This indicator reflects the level of preparedness to embrace technology. The City's strategy is to utilise technology to achieve progress. It tracks the user's access to the internet and is indicative of households' preparedness to access opportunities using digital technology. The term impact is for Cape Town to be recognised as the most digital city in Africa.	<ul style="list-style-type: none"> <li>City fibre roll-out by end 2021/22 spanned 1 147 km (installed from 2009/10 to June 2021/22), and 407 City buildings have now been connected to fibre-optic infrastructure</li> <li>286 public WiFi hotspots made available across Cape Town by June 2022 (since 2014/15)</li> <li>Internet use by Cape Town households: 90,60%</li> </ul>	<p>June 2022: The City's broadband infrastructure programme (fibre roll-out) was on hold for a while, but coverage has increased by 7 km since the last 2020/21 update. All City buildings as well as bus stations cameras and other infrastructure vital for service delivery are to be connected to the fibre-optic cable network. A total of 407 City buildings frequented by residents have been connected to fibre-optic infrastructure. Over 250 000 unique users connect to the internet every week using these WiFi zones, most of them at the City's libraries. Overall positive progress by City in terms of its own infrastructure roll-out, i.e. fibre and public WiFi hotspots.</p>	<p>These are proxy indicators. Digital readiness 3 sub-indicators were all updated. The Western Cape digital readiness methodology was reviewed and adapted for the metro level, using available data. It should be noted that the "connectivity data" (i.e. broadband and WiFi hotspots) represents only the City's supplied infrastructure and excludes all private-sector infrastructure networks and hotspots. For "Internet use by Cape Town households", the 2021 General Household Survey (GHS) data is the latest available at present. Since the sample for the 2021 GHS was small, the results should be interpreted with caution.</p>

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Unemployment rate	This tracks the unemployment rate in Cape Town using the expanded (broad) definition of unemployment. The definition includes everyone who wants a job, irrespective of whether or not they have actively tried to obtain it. The aim is economic inclusion, which will improve Cape Town residents' quality of life and levels of self-determination in the long term.	<ul style="list-style-type: none"> <li>Broad unemployment rate: 30% (2022)</li> </ul>	<p>June 2022: The annual average broad unemployment rate increased by 1,8 percentage points from 2020 to 2021, reflecting a deterioration in the economic context over this period. The increase in the broad unemployment rate is still linked to the Covid-19 pandemic and the associated lockdown, which hampered individuals' job-searching activities.</p>	<p>The broad unemployment rate (also referred to as expanded unemployment) measures the number of unemployed people in the labour force who are actively looking for a job, and the non-searching work seekers (which includes discouraged work seekers and those not economically active), as a percentage of the entire broad labour force.</p>

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 1: Opportunity city	Objective 1.3: Economic inclusion	Number of small and medium-sized enterprises (SMEs)	SMEs can drive job creation and economic growth, and are recognised as a key component of economic inclusion strategies and of realising the long-term impact of creating a conducive environment for economic growth.	<ul style="list-style-type: none"> <li>Data not available</li> </ul>	June 2022: No data available to report on this trend. The indicator report remains unchanged.	While National Treasury's City Support Programme managed to access South African Revenue Service data at a metro level, and a report on the insights gathered from this data was published, the raw data is outdated. The City's Economic Research Branch continues to follow up on requests to access the data. The available City data reflects only certain subsets of SME business activities in Cape Town, such as the City's informal trading permit information. Therefore, this indicator remains unchanged, but engagements to find potential additional data sources for the future are ongoing.
SFA 1: Opportunity city	Objective 1.4: Natural resources and environmental sustainability	Resource use per gross value added (GVA)	This tracks the use of natural key resources (including energy and water) in relation to the contribution of the Cape Town economy. The City has prioritised resource efficiency and security. The measure should give some indication of the long-term impact of maintaining an appropriate balance between economic development and the preservation of the natural environment.	<ul style="list-style-type: none"> <li>Total GVA: (constant 2010 prices): R268,9 billion (2020)</li> <li>Petrol: 167 (2013)</li> <li>Water: 104,95 (2014); 112,25 (2015)</li> <li>Electricity: 101 (2013)</li> <li>Population: 117 (2014 &amp; 2015)</li> </ul>	June 2022: Updated data not available for any of the five sub-indicators. The status as at 2016 remains the latest available.	This is a proxy indicator. All indicator data remains as at 2016. This indicator will provide a baseline for a medium-term review. The data source does not report usage/consumption data. Therefore, the City is unable to provide data updates on the petrol, water and electricity indicators. This requires some intensive investigation. For instance, data on total petrol sales for Cape Town (but more likely for the Western Cape) is difficult to obtain.

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 2: Safe city	Objective 2.1: Safe communities	Residents' perception of safety (community satisfaction survey)	This indicator tracks residents' perceptions about general safety and security in Cape Town. The City has prioritised community safety and strives to foster an improved sense of personal safety in public and private spaces.	<ul style="list-style-type: none"> <li>18,9% of residents feel safe walking alone after dark (2020/21)</li> <li>50,6% of residents feel safe walking alone during the day (2020/21)</li> </ul>	June 2022: The percentage of Cape Town residents feeling safe walking alone at night decreased from 29% in 2019/20 to 18,9% in 2020/21. The percentage of Cape Town residents feeling safe walking alone during the day also decreased from 64,1% in 2019/20 to 50,6% in 2020/21.	Analysis of the available data reflects a negative change. Residents' feelings of safety walking alone at night and during the day decreased from the previous reporting year. It should be noted that the decreased sense of safety could be linked to the Governance, Public Safety and Justice Survey sample size for 2020/21, which was significantly smaller than in previous years.
SFA 2: Safe city	Objective 2.1: Safe communities	Overall crime rate	This looks at whether the relevant government, within a global context, is fulfilling its obligation to protect its citizens and guarantee their right to public security. The desired long-term impact is to change the perception of Cape Town as a dangerous, violent space.	Overall crime rate in Cape Town for 2020/21 (for all 62 police precincts): 4 294 per 100 000 population	Cape Town's overall crime rate per 100 000 population decreased from 5 864 in 2019/20 to 4 294 in 2020/21 (a decrease of 26,8%).  Although Cape Town's overall crime rate per 100 000 population is decreasing, it is still significantly higher than that of South Africa.	SAPS crime statistics for 2020/21 were used. Stats SA's 2019 mid-year population estimates were used as a denominator.

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 3: Caring city	Objective 3.1: Excellence in basic service delivery	Residents' satisfaction with overall services	This focuses on residents' perceptions of the general quality of services provided. In the longer term, residents must believe that their needs are being met.	Average score in the annual survey of residents' satisfaction with the City's overall services: 2,7	June 2022: Residents' overall satisfaction has increased slightly. The City has faced strain on service delivery because of Covid-19 as well as repeated protests around housing and services. The administration has also taken active steps to address the issues highlighted in the 2018/19 report.	The performance score of 2,7 is in response to the question of how well residents think the City is fulfilling its role as a provider of municipal services. Results are from fieldwork conducted from 5 May to 27 June 2022. Residents' average satisfaction is measured against a Likert scale, where 1 means poor, 2 means fair (being the mid-point), 3 means good, 4 means very good, and 5 means excellent. The survey is based on a sample of 3 000 residents who are representative of the city, at a 95% confidence level.

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 3: Caring city	Objective 3.2: Mainstreaming basic service delivery to informal settlements and backyard dwellers	Access to basic services	This tracks the levels of access to basic services to assess whether basic service delivery initiatives are reaching all those in need. The City has prioritised mainstreaming basic service delivery to informal settlements and people living in backyards, which should in the long term improve living conditions and care for the vulnerable and poor.	<ul style="list-style-type: none"> <li>Number of water service points (taps) provided to informal settlements: 801</li> <li>Number of sanitation service points (toilets) provided to informal settlements: 6 484</li> <li>Percentage of informal settlements receiving a door-to-door refuse collection service: 99,79%</li> <li>Number of service points (toilets and tap with hand basins) provided to backyarders: 476</li> <li>Number of subsidised electricity connections installed (informal settlements and backyarders): 1 503 (2021/22)</li> </ul>	<p>June 2022:</p> <ul style="list-style-type: none"> <li>Number of water service points remains above the target of 700.</li> <li>Number of sanitation service points remain significantly above the target of 2 500. The provision of these sanitation services has doubled since the previous reporting year.</li> <li>Door-to-door refuse removal remains on target (just above 99%).</li> <li>Compared to the previous reporting year's target of 350, the 2021/22 target increased to 400, with the provision of service points remaining well above the new target.</li> <li>Number of subsidised electricity connections are above the target of 1 500. This indicator shows a decrease from the previous year, with fewer new installations. However, service delivery remained above target.</li> <li>The City increased the provision of services above the set annual targets.</li> </ul>	Data is based on actual services supplied by the City in the 2021/22 reporting year. All five indicators have been updated.



IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 4: Inclusive city	Objective 4.1: Dense and transit-oriented growth and development  Objective 4.2: An efficient, integrated transport system	Transport costs as a percentage of income	The City's aim is to prioritise dense and transit-oriented growth and development to achieve a fiscally sustainable public transport system, thereby overcoming apartheid spatial planning. A further priority is efficient, integrated public transport.	<ul style="list-style-type: none"> <li>Public transport: 40% (2018),</li> <li>Private transport: 51% (2018)</li> </ul>	<p>June 2022: The City allocated R218,9 million (after top-up, rollovers and budget adjustments) to congestion relief work in the 2019/20 financial year.</p> <p>There is currently a backlog in road infrastructure development in the Cape Town metro, and the total programme budget is insufficient to fund all identified and required congestion alleviation projects.</p> <p>Due to the lack of proper rail infrastructure in Cape Town, the usage percentage for private transport and other means of public transport has nearly doubled compared to the 2016 rates.</p> <p>The household travel survey 2022 results have not yet been published.</p>	<p>The household travel survey, through which the City's Transport Department gathers this type of information, had been affected by the pandemic and national lockdown, as the data collection methodology requires one-on-one engagement. Work resumed in the course of the reporting year when Covid-19 regulations permitted.</p> <p>The public transport indicator is subdivided into the following modal split for 2018:</p> <p>rail: 6%; buses – Golden Arrow Bus Service: 7%; buses – MyCiti: 3%; minibus taxis: 24%; non-motorised transport: 9%. The drop to 6% in rail usage may be due to the breakdown of rail infrastructure in Cape Town.</p> <p>This indicator measures the direct cost of transport as a ratio (percentage) of total monthly individual income. The trend is measured citywide, using a weighted average of direct transport costs as a ratio to individual income across all income groups, for both private and public transport. Individual income from Census 2011 was used. This was escalated based on the consumer price index for one year (2012).</p> <p>This indicator is complicated to calculate and will be updated intermittently – possibly every three years – instead of annually.</p>

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS
SFA 4: Inclusive city	Objective 4.3: Building integrated communities	Integrated communities	This indicator tracks the levels of integration in residential communities. The City has prioritised building integrated communities and aims for a long-term impact of more socially diverse communities.	About 2,58% of Cape Town's small areas have more than 20% of all three population groups living there (Census 2011).	<p>June 2022:</p> <p>The City will only be able to update this indicator once the Census 2022 data is received. For now, therefore, the status remains unchanged.</p> <p>Using a basic indicator of integration, only a small percentage of areas in Cape Town are integrated. However, compared to the 1996 and 2001 Census data, there appeared to be a slight increase in cross-population group integration in 2011.</p>	<p>This is a proxy indicator.</p> <p>The percentage mixture of population groups is used as a basic indicator of integration or "social diversity".</p> <p>Census 2011 is used, at a small-area spatial level. A small area is the lowest geographical level at which the 2011 Census data was made available. The three population groups are black African, coloured and white. The coloured population group includes Asians.</p> <p>It is not possible to use more recent Stats SA data, as the data is not available at the required spatial level. This indicator will be updated with 2022 Census data</p>

IDP STRATEGIC FOCUS AREA	IDP OBJECTIVE	TREND	ASSESSMENT DESCRIPTION	PROGRESS AS AT 30 JUNE 2022	STATUS OVERVIEW	2021/22 DATA COMMENTS									
SFA 5: Well-run city	Objective 5.1: Operational sustainability	Credit ratings by the rating agencies	Independent credit ratings reflect an independent opinion on an institution's creditworthiness to repay its liabilities. This will indicate the City's operational sustainability, with the ultimate aim of financial sustainability in the long term.	<table border="1"> <tr> <td>City of Cape Town, April 2022</td> <td>Global-scale rating</td> <td>National-scale rating</td> </tr> <tr> <td>Long-term</td> <td>Ba3</td> <td>Aa3.za</td> </tr> <tr> <td>Short-term</td> <td>NP</td> <td>Prime-1.za</td> </tr> </table>	City of Cape Town, April 2022	Global-scale rating	National-scale rating	Long-term	Ba3	Aa3.za	Short-term	NP	Prime-1.za	<p>The credit profile of the City (Ba3/NP stable) reflects its moderate financial performance, supported by prudent financial management as well as a large and diversified economic base.</p> <p>The City has consistently reported robust operating surpluses, with stronger liquidity than that of its South African peers rated by Moody's (Ba2 stable). Although debt is expected to rise gradually over the medium term, it will likely remain lower than that of most of the City's peers in the country.</p> <p>The City's credit profile is constrained by capital spending pressure relating to infrastructure backlogs and population growth. It is further constrained by the structurally weak economic environment and the after-effect of the coronavirus restrictions. This is expected to moderate the City's operating performance</p>	<p>This indicator is based on the ratings methodology used by Moody's Investor Service.</p>
City of Cape Town, April 2022	Global-scale rating	National-scale rating													
Long-term	Ba3	Aa3.za													
Short-term	NP	Prime-1.za													

## APPENDIX L: 2022 INTEGRATED GOVERNANCE REPORT

### INTRODUCTION

The King IV Report on Corporate Governance for South Africa, 2016 (King IV) highlights the importance of integrated thinking and integrated reporting in the execution of good corporate governance. Integrated thinking actively considers the relationships between an organisation's various operational and business units, and the capital/resources (financial, manufactured, intellectual, human, social and relational, and natural) it uses or affects. Integrated reporting, a process founded on integrated thinking, relates to a report about value creation issued periodically. In the spirit of King IV, and to enhance the City of Cape Town's (City) integrated reporting processes, an integrated governance report is compiled each year as a supplement to the integrated annual report. This supplementary report focuses on governance and assurance related matters and connects the detailed information from other reports that highlights the governance, risk management and control-related matters that could significantly affect the organisation's ability to create value.

The City is committed to implementing and institutionalising good corporate and ethical governance, as it underpins all the municipality's efforts to deliver sustainable services and achieve its vision of being a City of Hope. One of the ways to achieve this is by embedding combined assurance through the implementation of the combined assurance model, which aims at minimise assurance fatigue and provide both management and governance/ oversight structures with a single, holistic view of the adequacy of the assurance coverage and the effectiveness of the control environment across the City. This means all the levels of assurance providers (i.e. line management, specialised functions, independent internal assurance providers (IAPs) and external assurance providers) collaborate and co-ordinate their work to avoid duplication of assurance efforts and lessen the assurance burden placed on line management.

To enhance good governance, the City has made strides in fostering collaboration between the different levels of assurance providers, as

described in the City's approved Assurance Governance Framework (AGF) and through its combined assurance processes documented in the Combined Assurance Standard Operating Procedures (SOP). Key collaborative processes and outputs included, inter alia, the Integrated Combined Assurance Plan (ICAP), Integrated Combined Assurance Report (ICAR), the Combined Assurance Forum and quarterly meetings with the independent internal assurance providers (IAPs) and the Audit General of South Africa (AGSA). More detail on the embedding of combined assurance is provided further on in the report.

### KING IV

The adoption of King IV by Council (item C 03/12/17) re-affirms the City's commitment to continued good corporate governance, ethical leadership, its values, and fair and transparent operational procedures and reporting. King IV introduced a Municipal Supplement to provide high-level guidance and direction on how the King IV Code should be interpreted and applied by municipalities. In keeping with the principles of the King IV report, the supplement is primarily aimed at the governing body (defined as Council in the King IV local government supplement), it being the focal point of corporate governance within the organisation. Good governance is essential to ensure the success of the municipality and to protect and advance interests of those whom it serves. In addition, it enhances the functioning of leadership structures and, by providing arrangements that enable the Council to govern the municipality to meet its objectives.

King IV follows a principle-and-outcome based approach to good governance. This means that each outcome is linked to specific principles, which are underwritten by a set of practices. In total 17 principles are listed in the King IV report but only 16 principles are applicable in the City, as principle 17 relates to institutional investors only. Figure 1 below depicts the King IV governance outcomes and summary of the linked principle.

Figure 1: King IV Governance Outcomes



## MAKING GOVERNANCE AN ENABLER TO IMPROVED AND SUSTAINABLE SERVICE DELIVERY

Per King IV, governance is defined as effective and ethical leadership aimed towards achieving ethical culture, good performance, effective control and legitimacy. One of the ways the City aims to achieve good governance, is through the implementation of the organisational AGF and the combined assurance model depicted therein. The framework defines the principles reflecting the City's governance arrangements by means of the delegation and assignment of appropriate levels of authority and responsibility to the various role players in the assurance value chain. It clarifies the roles within the City from a governance perspective and aims to, amongst other outcomes, promote effective assurance coverage of the significant organisational risks and material matters. The combined assurance model supports the AGF and aims to incorporate, enhance and optimise the integration, coordination and alignment of governance and assurance processes

across the City; as well as providing comfort to stakeholders that an effective control environment is in place to mitigate the City's strategic risks.

Good governance ensures that sound decisions are made at the right time about the right things, based upon a good understanding of the exposure to risks, and assurance that the information upon which the decisions are being made is reliable.

### GOVERNANCE STRUCTURES

The role of the City's different oversight/governance committees regarding combined assurance is described below:

- ✓ Council and Council committees. - As elected public representatives, members and committees of Council are accountable to the public. Therefore, Council takes an interest in combined assurance to the extent necessary to obtain reasonable assurance that risk governance is properly integrated with the City's business activities and culture. This enables risk and opportunities to be considered during strategic planning and

implementation to achieve the organisational objectives as detailed in the Integrated Development Plan (IDP), and to promote effective service delivery.

- ✓ Independent oversight advisory committees - These committees provide the City's political leadership and administrative management with assurance and advice on the City's internal controls, risk management and governance matters.
- ✓ Internal advisory committees - These committees provide the administrative management with assurance and advice on the City's internal controls, risk management and governance matters.

In line with legislative requirements, the City has established key governance committees such as the Audit and Performance Audit Committee (APAC), the Risk Management Committee (RiskCo) and the Municipal Public Accounts Committee (MPAC),

all of which are mandated with oversight functions relating to ensuring good corporate and ethical governance.

Further details on the establishment and functioning of these committees are provided in the City's Integrated Annual Report under the section labelled "governance structures".

### ETHICAL GOVERNANCE

The first two principles of King IV deal with ethical governance, which includes ethical leadership and ethical culture. The City has an Ethics Code aligned to the Municipal Systems Act (including the Municipal Staff Members Code of Conduct included therein), the provisions of regulation 46 & 47 of the Municipal Supply Chain Regulations, the City values as well as the King IV principles. The code defines the City's objectives and corresponding principles of good conduct. Continuous communication, regular awareness campaigns and training sessions are conducted regarding the Ethics Code of the City. Additionally, the City Manager issued a Directive in July 2021 requiring all City employees to acknowledge their Municipal Systems Act Employee Code of Conduct on a yearly basis. The City has an in-house Ethics function mandated to drive the process of protecting, nurturing and enhancing the ethical culture of the organisation.

### COMBATTING FRAUD AND CORRUPTION

In line with Principle 3 of King IV to be a responsible corporate citizen, the City remains steadfast in its commitment to help combat fraud and corruption within the City's metropolitan areas and to promote a culture of ethics in local government. The City continues to show zero tolerance for fraud, corruption and other criminal activities, maladministration and/or negligence. Both the Forensic Services (FS) department and the Ethics function are responsible to provide support and contribute to combatting fraud, corruption, unethical behaviour and related activities and, in so doing, enhances good corporate and ethical governance. Opportunities for people to perpetrate acts of fraud, corruption and unethical behaviour continue to be minimised through proactive anti-fraud and corruption initiatives. Staff and members of the public can report suspected fraudulent activities via email to CCT@thehotline.co.za or fraud.hotline@capetown.gov.za, via the fraud hotline (0800 323 130) or visit the FS offices on third floor, 44 Wale Street. An independent service provider manages a full-time fraud hotline, which is available 24 hours a day, 7 days a week in English, Afrikaans or IsiXhosa, to internal and external City stakeholders to report any irregularities and suspicious or unethical behaviour.

The authority to institute Forensic and Ethics investigations in the City's administration vests with the City Manager who is delegated by the Council System of Delegations. The FS department and Ethics function reports the outcome of investigations to the City Manager as the custodian of the delegation. Furthermore, FS and Ethics (as part of RCE department) reports administratively reporting lines and reports functionally to APAC as a governance oversight committee to ensure the independence and objectivity of their operations.

### CONSEQUENCE MANAGEMENT

The King IV Report on Corporate Governance for South Africa, 2016 (King IV), which was adopted by Council on 5 December 2017

(item C 03/12/17) specifies, amongst others, the principles relating to effective ethical leadership and ethical culture. The Municipal Supplement to King IV recognises the Municipal Council as the governing body in local government. The Council should promote effective leadership through deliberations and taking decisions and actions based on the principles underpinning good governance. The City is committed to improved governance and in doing so, is taking steps to

enhance effective consequence management by motivating its employees to perform their duties honestly, carefully, responsibly and ethically.

Consequence management promotes accountability and allows corrective measures to be applied through the formalisation of consequence management processes. Consequence management processes identifies, addresses, monitors and reports on deliberate action(s) or inaction(s) by City officials that result in, inter alia, non-compliance, financial misconduct, unethical, malicious or other improper conduct, illegal acts, negligence, etc. Effective consequence management will:

- ✓ assist management in identifying and addressing failure to provide quality and sustainable service delivery; and
- ✓ add value and improve operational performance thus making good governance a key enabler to service excellence.

### RISK GOVERNANCE

Principle 11 of King IV specifies that risk be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV municipal supplement highlights that Council must assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation.

The City follows an integrated approach to risk management, as encapsulated in the Integrated Risk Management (IRM) SOP. IRM is the City-wide application of risk management, which includes risk identification, assessment, management, monitoring and reporting thereon. Effective risk management assists in the achievement of the City's objectives per the IDP.

Per section 62 of the Municipal Financial Management Act (MFMA) the City Manager is responsible for risk management, which includes accountability at an administrative level. The RiskCo has been constituted by the City Manager to provide the appropriate forum and governance structure to assist the City Manager and management in discharging their risk management responsibilities.

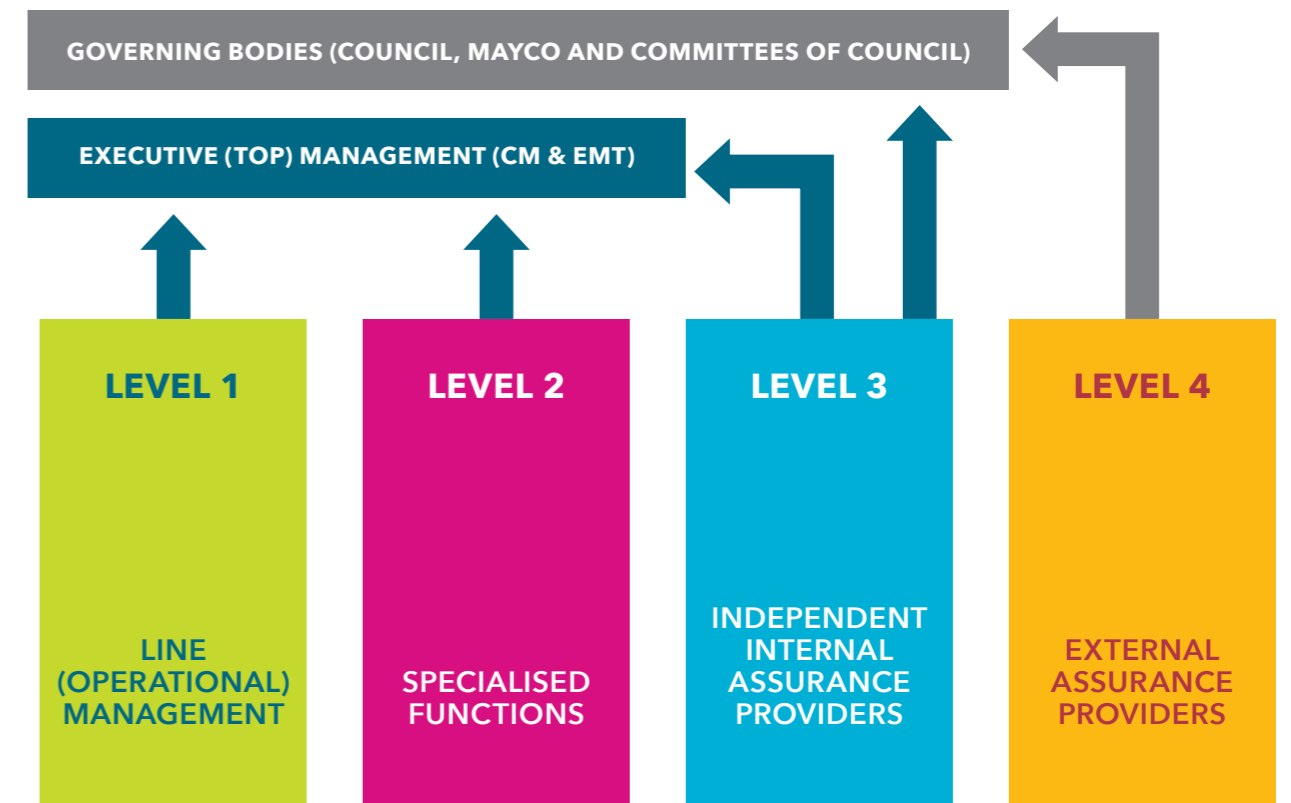
The Chairperson of RiskCo issues an annual report, which is included in the City's integrated annual report as Appendix O. The report highlights the purpose of RiskCo, its activities undertaken during the year and the key strategic risks, controls and actions identified and reported.

The City has an IRM function within the Risk, Continuity and Ethics (RCE) department that facilitates the embedding of risk management in the organisation.

### COMBINED ASSURANCE

Practices of principle 15 of King IV requires that the governing body ensures a combined assurance model be applied to provide a coordinated approach to all assurance activities. With the recent macro restructuring approved by Council effective from 1 February 2022, Probity was dissolved into five departments; namely Combined Assurance and Governance (CAG), FS, RCE, Internal Audit (IA) and Office of the City Ombudsman (OCO). The job title of the Portfolio Manager: Probity was also re-designated as the Director: Combined Assurance and Governance, who remained responsible for driving the combined assurance programme in the City. The Director: CAG coordinates and drives combined assurance in the City, which includes mobilising, monitoring and reporting on the outcomes of the thereof. Combined assurance is a coordinated approach to receiving assurance that the City's strategic risks are being managed appropriately. This is achieved through a robust model that makes optimal use of all assurance resources, both internally and externally. Combined assurance also allows for integrated reporting on the work performed by the different assurance levels (levels 1-4), the nature of the assurance provided (control self-assessment, advisory, assurance), and the extent of assurance services and functions provided at the City. This provides both management and oversight/governance structures such as Council, APAC and the RiskCo with a single, holistic view of the adequacy of assurance coverage across the City. The City's combined assurance model comprises of the following four levels of assurance providers as depicted in Figure 2 below, each with unique roles in ensuring good corporate and ethical governance practices:

Figure 2: Four levels of assurance



✓ **Role of level-1 assurance providers:** The City's administrative leadership consists of the City Manager and the EMT, who are appointed in terms of section 57 of the Municipal Systems Act, with EMT reporting directly to the City Manager. In terms of section 62 of the MFMA, the City Manager is ultimately accountable for risk management, governance and internal controls, and for the institutionalisation of good corporate governance and ethics at the City. Section 78, in turn, states that each senior manager of a municipality, and each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of financial management and internal control established for the municipality is carried out diligently. In setting the tone from the top, the City Manager promotes accountability, integrity and other ethical values to create a positive control environment and instil a culture of ethics. By understanding their responsibilities and performing their duties ethically and with due care, all City officials have a role to play as the first level of assurance.

✓ **Role of level-2 assurance providers:** These are the corporate specialised functions in the City that assist management with developing processes and controls to manage risks and issues; identify known and emerging risks; and monitor and report on risk and compliance matters in their respective areas of expertise. They also advise oversight bodies on the control environment and how it may be improved.

✓ **Role of level-3 assurance providers:** These are independent IAPs, each with their unique role and mandate to ensure and promote good and ethical corporate governance in the City by providing independent and objective assurance services in line with legislation, professional standards and leading practices. It should be noted Ethics function has dual functional role within the City where their role insofar as it relates to investigations approved by the City Manager falls under the ambit of a level 3 assurance provide. These assurance providers have also continued performing their duties during the pandemic and national lockdown, with a shift in focus to Covid-19-related risks and controls.

- ✓ **Role of level-4 assurance providers:** External assurance providers such as the AGSA and regulatory inspectors are required to provide assurance in accordance with their industry and sector codes, guidelines and applicable legislation. The City's integrated annual report contains the extract of the audit opinion from the AGSA report on the 2021/22 financial statements.

### EMBEDDING OF COMBINED ASSURANCE

Combined assurance effectively coordinates the efforts of management and other internal and external assurance providers, increases their collaboration and develops a shared and holistic view of the organisational risk profile. In embedding combined assurance, the following activities were completed in the past year:

#### 1. COMBINED ASSURANCE FORUM

The forum continues to contribute to the good governance practices within the City by setting the direction for the implementation of the combined assurance model. Through the forum, collaboration between assurance providers has been enhanced, and professional relationships have been strengthened. Furthermore, there has been an increase in dialogue amongst members

outside the forum. This was noted during meetings and from communications received by the CAG department requesting content from the presentations and contact information of presenters. Four meetings were held during the 2021/22 financial year with various speakers (both internal and external) invited to present on current governance matters affecting the City. Table 1 below reflects topics discussed at the forum for the period under review.

#### 2. ASSURANCE GOVERNANCE FRAMEWORK

In the course of conducting daily business operations, the City is exposed to a variety of risks that are significant and require comprehensive controls and on-going oversight. One of the ways to achieve the governance outcomes as described in King IV is through the implementation of the organisational Assurance Governance Framework (Framework) and the combined assurance model depicted therein. The Framework aims to embed good governance and combined assurance principles throughout the organisation and formalise the coordination and integration of existing assurance efforts to provide a cohesive and comprehensive view of assurance across the organisation.

**Table 1: Combined Assurance forum presentations**

TOPIC	ASSURANCE PROVIDER
Combined Assurance	Combined Assurance and Governance (level-2)
City-wide Consequence Management Reporting 2020/202	Combined Assurance and Governance (level-2)
Fire Fighting: Fire season and the Proactive and Reactive Measures in Place	Chief Fire Fighting (level-2)
Sewerage Services: Current Challenges and the Proactive and Reactive Measures to Address these	Water Distribution (level-2)
Catalytic Land Development Programme	Urban Catalytic and Investment (level-2)
Compliance Reporting	Combined Assurance and Governance (level-2)
Audit Outcomes: 2020/2021 AGSA Management Report:	AGSA (level-4)
Refuse Collection	Waste Services (level-2)
The Importance of Flexible Working in an Integrated Transport System	Transport Planning and Network (level-2)
Urban Catalytic Investment	Urban Catalytic and Investment (level-2)
Water Quality Management	Bulk Water (level-2)
Electricity Infrastructure Capacity Across the City	Electricity Generation and Infrastructure (level-2)
Efforts to Enhance Staff Safety during the Covid-19 Pandemic	Resilience (level-2)
Concerns in Lockdown Impacting Residents	Office of the City Ombudsman (level-3)
Ethical Culture in Leadership from a King IV Perspective	Combined Assurance and Governance (level-2)

**Table 2: Collaboration between assurance providers**

NAME OF ASSURANCE PROVIDER	PURPOSE OF THE MEETING
FS and AGSA	Request for information from AGSA to FS i.e. RF1129 of 2019/20: Final case registers.
RCE, OCM and other various departmental representatives (e.g. HR, IT, etc.)	Provided input/ feedback/ confirmation to the various action plans as depicted on the Anti-Corruption Strategy Action Plan relating to the Annual Declarations made by staff towards the Ethics Code of City of Cape Town.
IRM, BCM, directorate risk champions, directorate BCM nodals and other departmental representatives	Risk champion and BCM nodals meeting to discuss IRM and BCM related matters.
IA and AGSA	To share the adjusted annual audit plan and obtain input thereto.
IA and FS	
IA and OCO	
IA and CAG	
IA and RCE	
Resilience and IRM	To discuss the Water Strategy and the presentation relating thereto.
Resilience; HR; OHS; IRM; Communications; SCM; Legal Services; City Call Centre; Fleet Management and IT	Pandemic Business Continuity Coordinating Committee (PBCCC) meetings to discuss the Future of Work post COVID-19.
IA & AGSA	To discuss and obtain input to the draft Strategic and Operational Internal Audit Plan 2021/22.

#### 3. COLLABORATIONS BETWEEN ASSURANCE PROVIDERS

In line with the principles of combined assurance, the IAPs regularly collaborate, interact and share information with each other and the organisation. Thus, to further embed combined assurance, CAG compiled an assurance provider interaction register reflecting collaborations between the different levels of assurance providers in the City in an effort to optimise assurance coverage, reduce duplication of efforts and reduce client fatigue. The register does not record daily functional interactions between assurance providers. Interactions reported is depicted as follows in table 2:

#### OUTCOMES FROM INTERNAL ASSURANCE PROVIDER ENGAGEMENTS

Principle 15 of King IV states that the governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and

external reporting. Per the Assurance Governance Framework and the combined assurance model depicted therein, governance and assurance efforts are undertaken during the year by the various levels of assurance providers. Below is a summary of some of the key assurance efforts undertaken during 2021/22 and the related outcomes (where applicable).

#### LEVEL-1: LINE MANAGEMENT

Line management, as level-1 assurance providers, play a critical role in the effective functioning of the combined assurance model. As a collective, the administrative leadership of the City, which include the City Manager and senior management, are responsible and accountable for risk mitigation and maintaining an effective system of internal control. In keeping with their daily operational responsibilities and to improve the control environment, line management has applied the following measures to provide assurance towards mitigating the City's strategic risks and improving internal control processes:

### STRATEGIC, EXECUTIVE AND DEPARTMENTAL RISK REGISTERS

In line with the City's integrated risk management approach, significant risks, opportunities and controls are identified and reported by line management. The top strategic risks facing the City are recorded on the City of Cape Town's Corporate Risk Register (CCTCRR), which is signed-off by the City Manager as the owner of the City's strategic risk register. Relevant Executive Director(s) are assigned accountability for the implementation of action plans to improve the effectiveness of controls mitigating these risks. The CCTCRR is prepared annually and periodically reviewed and updated during the year due to the changing risk landscape. Executive risks, that could impact a directorate achieving its tactical objectives, are recorded on Executive Risk Registers and are signed-off by the respective Executive Director, as the officials responsible for risk mitigation within their respective operational areas. Departmental risk registers are also completed, with risk mitigation focussed on the risks at a departmental level that can impact a department achieving its operational objectives. The completion of City risk registers is facilitated by the IRM function within Risk, Continuity and Ethics (RCE).

### TRANSVERSAL RISK REGISTERS (TRR)

Transversal risk registers consider risks that affect the ability of the City and line departments to meet its respective objectives, having an impact across the City (transversal) but mostly impacts a specific category. The City currently has five transversal risk registers which include the following categories: Staff Safety; Financial, Environmental, Information Technology and Fraud. These risk registers require oversight by specialist internal assurance providers (level-2). For the action plans recorded in transversal risk registers, an Executive Director is identified as the lead action owner to provide feedback on the action plans agreed upon. Transversal risk registers are updated at least twice per financial year with additional reviews of the implementation of action plans.

### ANNUAL ACCOUNTABILITY AND RESPONSIBILITY RETURNS

Section 78 of the MFMA states that each senior manager of a municipality, and each official of a municipality exercising financial management responsibilities, must take all reasonable steps in their areas of responsibility to ensure that the system of financial management and internal control established for the municipality is carried

out diligently. To promote accountability and integrity as well as to create a positive control environment, line management responsible for the maintenance of an effective system of internal controls, are required to complete an Annual Accountability and Responsibility Return, declaring compliance with requirements of, amongst others, Section 78 of the MFMA for the financial year.

### LEVEL-2: SPECIALISED FUNCTIONS

The specialised functions in the City assist management and line functions with risk assessment, mitigation and compliance in their respective areas of expertise. They also assist management, who are responsible for implementing control activities, by inter alia, developing policies, procedures, techniques and mechanisms to manage risks identified relating to their respective functional areas. The relationship between these corporate specialist functions and the Combined Assurance and Governance (CAG) department is key to enabling the embedding of combined assurance in the City. Strengthened relationships lead to improved co-ordination of assurance efforts, thus avoiding duplication of assurance efforts and optimising assurance coverages across the City. One of the key contributions by the corporate specialised functions, is the completion of level-2 combined assurance certificates, which are used in the compilation of the ICAP and ICAR. The combined assurance certificates for 2021/22 were signed-off by the level-2 assurance providers, confirming the perceived control effectiveness ratings of controls on the CCTCRR for which they are reflected as assurance providers.

During the year, there have been numerous initiatives undertaken by the City's various corporate specialised functions to foster and embed combined assurance. To address the aftermath of the pandemic, the Resilience department has continued its efforts in ensuring the City remained resilient and is able to continue with service delivery.

### HOW THE CITY REMAINED RESILIENT DURING THE PANDEMIC

Management and employees have worked, and continue to work, tirelessly to provide essential services to City residents during the various levels of the national lockdown. PBCCC, chaired by the Director Resilience, continued to meet throughout 2021/2022, although by the end of the financial year the lockdown levels had begun to wind down, and a decision was made to conclude all matters



for which the committee was responsible and thus the committee was dissolved late in July 2022. The PBCCC retained its operational structure of distributed leadership, meaning the members took collective responsibility for developing recommendations in support of Occupational Health and Safety predominantly, but also Future of Work proposals. The Committee oversaw the production of a range of advisories and directives to the organisation. The most notable event it guided was the directive issued the City Manager for all staff who were working remotely to return to work on 1 February 2022, although guided by risk assessments in particular work places.

In addition, the Committee oversaw the following key deliverables during the Covid-19 pandemic:

- ✓ A campaign to support the voluntary uptake of the Covid-19 vaccination among staff. It deliberated extensively on whether a vaccine mandate should be instituted, including the ethical, legal and operational considerations, eventually deciding not to recommend such a mandate.
- ✓ A vaccination data project in order to understand the extent of the uptake thereof by staff, although by the end of the financial year it had not been implemented. With the lifting of the state of disaster in March 2022, and the subsequent lifting of a range of remaining restrictions, including the mandatory requirement of wearing a mask in public in June 2022, the need for the continued existence of the Committee was considerably reduced. Many lessons have been learnt from the establishment of the PBCCC. There is a strong case to be made for a new Corporate Business Continuity Committee to be established in the future.

During 2021/2022 the Resilience department, in partnership with the Western Cape Economic Development Partnership, organised five future casting events. These events, were held online, each tackled a significant urban risk. The format included presentations by various experts, and moderated discussions by a facilitator. The audience, included stakeholders from government, civil society, academia and business. The key aim of these events was for stakeholders to be aware of emerging urban risks so that collective responses could be developed. The topics during the year included the mental health consequences of climate change, the change nature of risks in the urban environment, the impact of geo-politics on local urban risk, heatwaves and flooding.

The Resilience department also organised four training sessions on urban resilience for City staff during the year. This course covers the definition of “resilience”, the prioritised shocks and stresses for Cape Town, how to map shocks and stresses spatially, and how to develop a resilience plan for a plausible shock.

#### SUPPLY CHAIN MANAGEMENT (SCM)

The SCM department manages the supply and acquisition of goods and services to, or on behalf of the City. These include tenders for construction works, consultant services, the disposal of goods no longer needed and the selection of contractors to assist in the provision of municipal services. SCM also ensures that the City’s supply chain process are sound, sustainable and accountable.

One of the ways this is executed is through the establishment of the Top 300 SCM forum. The forum was established with the aim of embedding a system of standardization of processes by ensuring all officials in the Bid Specification Committee/ Bid Evaluation Committee understands the implementation, interpretation and application of the SCM policy and relevant prescripts in a uniform manner.

This will ensure an improvement the quality of the reports that serve at Bid Adjudication Committee for approval.

SCM as an assurance provider, strives to promote good governance whilst enabling service delivery. The Top 300 SCM forum is one mechanism used by the SCM department to strengthen the internal control environment to ensure compliance to the relevant laws and regulations governing the supply chain processes of local government. The Top 300 SCM forum, together with the various other interventions instituted by the SCM department, has proven to be an affective mechanism in the City’s strive towards a clean audit. This is evident by the improved audit outcomes over the past three financial years. The same effects are also demonstrated through the steady increased demand plan achievement rate over the past three financial years.

#### LEGAL COMPLIANCE

King IV principle 13 states that the governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the municipality being ethical and a good corporate citizen. The City continues to coordinate efforts in assisting institutions by providing the required

information. The South African Human Right Commission (SAHRC) and the Public Protector South Africa (PPSA) may request any organ of state to co-operate in mutual trust and good faith by supplying it with information in the exercise of their functions and responsibilities. The SAHRC and PPSA submit all enquiries / complaints received from members of the public to the City Manager. The City Manager has appointed a designated team within the Legal Services Department (Legal Services) as the nodal point to receive, investigate and prepare formal responses on behalf of the City in relation to enquiries / complaints against the City. As at 30 June 2022 the status of SAHRC and PPSA matters were as follows:

#### A. SAHRC

A total of 94 enquiries / complaints for investigation were received and recorded since 1 April 2019, although it has investigated matters since 1 November 2016. Of the 94 complaints, 29 matters were reported as closed by SAHRC and the remaining 65 are currently active. Of the 65 active matters, 57 were internally investigated and have been completed with the outcomes formally submitted to SAHRC. The City awaits the SAHRC’s further enquiry / response thereto. The eight remaining matters are currently in progress and still being investigated by the City as per figure 3 depicted below.

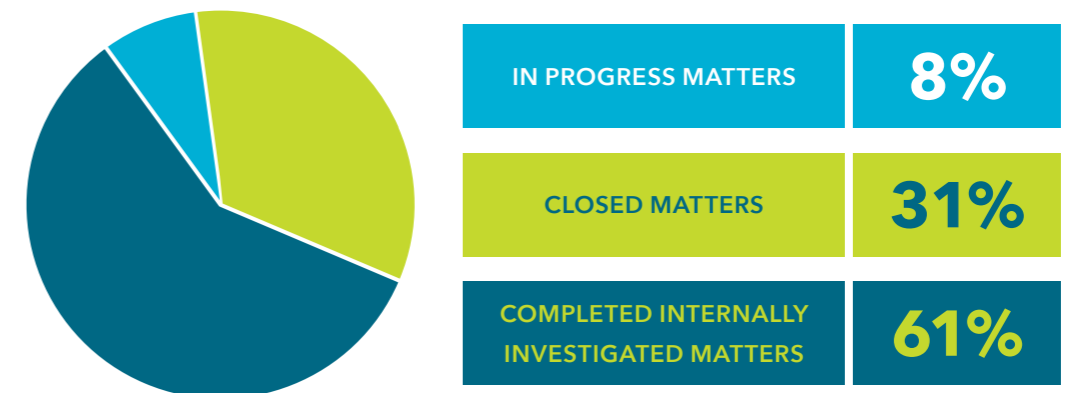


Figure 3: SAHRC status of deliverables at 30 June 2022.

#### B. PPSA

A total of 181 enquiries / complaints for investigation were received and recorded since 1 November 2016, of which 116 matters were reported as closed by PPSA. The remaining 65 matters are still active with 56 matters internally

investigated and completed with the outcomes formally submitted to PPSA. The City awaits the PPSA’s further enquiry / response / feedback. The remaining nine matters are currently in progress and still being investigated by the City as depicted in figure 4 below.



Figure 4: PPSA status of deliverables at 30 June 2022

It should be noted since the establishment of the designated unit in Legal Services, no adverse findings have been made against the City following the SAHRC and PPSA investigations.

#### COMBINED ASSURANCE AND GOVERNANCE (CAG) DEPARTMENT

The CAG department is responsible for the execution of combined assurance responsibilities. This includes consolidating and reporting relevant information in order to provide a holistic and concise view of governance and combined assurance matters to key stakeholders.

#### Internal Control Model

To enhance the internal control environment, the City is developing an internal control model and the related frameworks. The City Manager appointed the Chief Financial Officer (CFO) as the Project Sponsor to champion the adoption of an internal control model, developing related framework(s), monitoring the application thereof as well as reporting thereon. The CAG department will assist the CFO and,

is responsible for recommending an appropriate control model to Council for adoption. These responsibilities also include developing related control frameworks based on the adopted model, as well as the change management processes encompassing the rollout and awareness campaigns.

#### Assurance Governance Framework

In the course of conducting daily business operations, the City is exposed to a variety of risks that are significant and require comprehensive controls and on-going oversight. One of the ways to achieve the governance outcomes as described in King IV is through the implementation of the organisational Assurance Governance Framework (Framework) and the combined assurance model. The Framework aims to embed good governance and combined assurance principles throughout the City and formalise the coordination and integration of existing assurance efforts to provide a cohesive and comprehensive view of assurance across the organisation. During the 2021/22 financial year, the CAG department in collaboration with internal assurance providers reviewed the framework to be aligned to the latest organisational developments post macro structure changes that came to effect 1 February 2022.

#### Consequence Management Reporting

To help give effect to ethical leadership as highlighted in King IV, the approved Consequence Management SOP provides a simplified guide, reflecting the administrative processes and procedures that is required when implementing Consequence Management in the City. As required by section 6.3.2 of the SOP, a Consequence Management Register (CMR), which serves as a management and monitoring tool, was developed and reflects the steps taken in respect of Positive Reinforcement and/or Remedial Responses and Reprimand actions to bring about change in behaviour. Per the SOP and guidelines, the custodians of the CMR in the City must submit the required information to the CAG department on a quarterly basis for analysis and reporting to the City Manager.

#### Annual Accountability and Responsibility Returns

An analysis of the Annual Accountability and Responsibility Returns completed by line management for the 2021/22 financial year, was performed by the CAG function to determine the level of compliance with the requirements of the legislation. The results were communicated to the respective EDs for action, were required. A report reflecting a summary and overall results was issued to the City Manager on 17 December 2021. There were no reportable issues of non-compliance reported.

#### Integrated Combined Assurance Plan (ICAP)

The CCTCRR was used as the primary source document for the compilation of the 2022/2023 ICAP. The ICAP reflects the perceived control effectiveness based on the interactions between IRM and EMT (level-1), and the confirmed corporate specialised functions mapped as the level-2 assurance provider for the existing controls documented on the CCTCRR. Furthermore, it reflects the planned assurance to be provided by the various independent IAPs as the level-3 assurance providers (i.e. Internal Audit, Ethics, Forensic Services and the Office of the City Ombudsman through the audit plan and/or authorised investigations. The results of the final ICAP was reported to EMT and APAC respectively.

#### Integrated Combined Assurance Report (ICAR)

Whilst the ICAP is forward looking assessing the planned assurance coverage for 2022/2023, the ICAR is backward looking. It provides management and the governance oversight structures such as Council, the APAC and the RiskCo with a

single, holistic view of the adequacy of assurance coverage provided across the City and the effectiveness of the control environment. Turn to the section called "Monitoring the City's Control Environment for 2021/22" for the outcomes of the ICAR.

#### INTEGRATED RISK MANAGEMENT (IRM) (WITHIN RCE)

IRM's core mandate is to facilitate the required risk management processes to enable line management to more effectively manage risks in their respective areas of operations so as to achieve the organisational objectives.

#### In 2021/22:

**131 risk registers, including the CCTCRR, transversal, executive and tactical risk registers were completed and signed off across the City.**

#### Category Matrix

The risk and contributing factor category matrix is based on the strategic and departmental risks. The purpose of this matrix is to establish which of the 18 contributing factor categories (left) are impacting the most on the 12 risk categories (top). Table 3 below summarises the risk categories on the matrix.

Risks are categorised and consolidated so that overarching areas are highlighted. These highlighted areas may not have an impact individually, but could collectively have an adverse effect on the achievement of the organisational objectives. A large number of identified risks or contributing factors do not necessarily point to a problem, but is a sign of proactive identification and appropriate management of risks. The top five risk categories based on the number of contributing factors are service delivery, operations, compliance, financial and safety and security. The top five contributing factors are resources, processes and procedures, external stakeholders, health and safety, and compliance. For more information, related to risk management efforts of the organisation, refer to Appendix O: Annual Report of the Risk Management Committee.

#### BUSINESS CONTINUITY MANAGEMENT (WITHIN RCE)

Business Continuity Management (BCM) is a holistic process that identifies potential threats to an organisation, and the impact on business operations if those threats are realised. The process provides a framework for building organisational resilience and an effective response that safeguards the interests of the organisation's key stakeholders, reputation, brand and value-creating processes. The BCM Unit continuously engages with line management regarding the implementation of business continuity through a seven-step model comprising:

- ✓ business impact analysis (BIA);
- ✓ a threat profile;
- ✓ a BCM response plan;
- ✓ a business continuity plan (BCP);
- ✓ testing of plans;
- ✓ monitoring and review; and
- ✓ reporting

During the 2021/22 financial year, the BCM unit completed 32 BIAs and 34 BCPs across the City. An additional nine BIAs and eight BCPs were submitted for approval during the 2021/22 financial year. This is as a result of ad-hoc requests for a review of old Business Impact Analysis results prior to developing Business Continuity Plans. The status of the deliverables as at 30 June 2022 per directorate is depicted in figure 3 below:

During the financial year under review, BCM has undertaken various ad-hoc projects. A city wide BCM coverage project within the City was undertaken to confirm which directorates have taken part in a BIA and BCP development since inception of the function. The project scope was all BIAs and BCPs signed off and submitted for approval. The outcomes noted were that BCM coverage on BIAs is 60% with 53% for BCPs. During analysis of the outcomes it was evident that more coverage is required to improve the City's readiness of any potential threats.

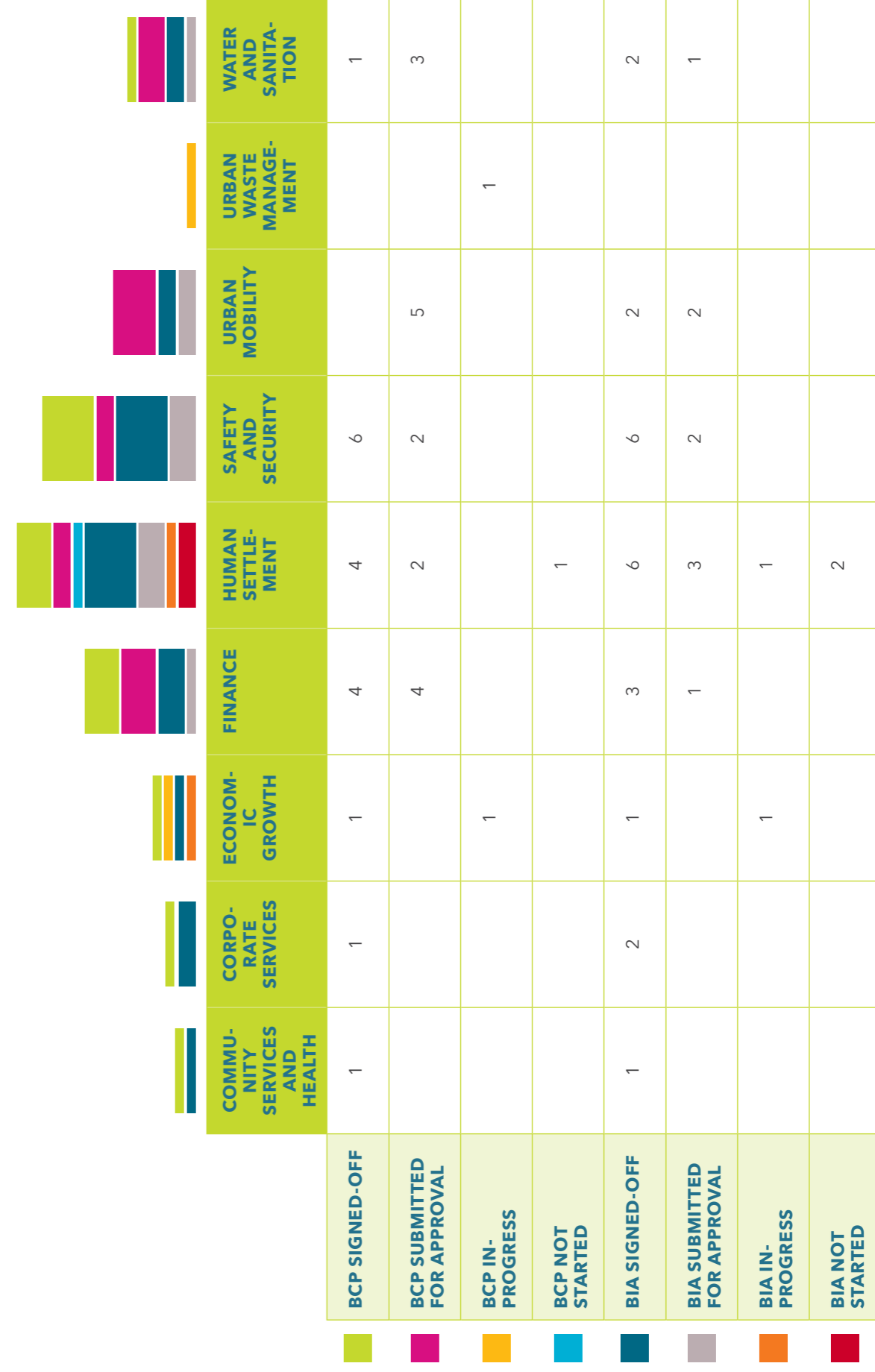
The second project undertaken by BCM was the City's readiness survey. The objective of the survey was to determine the level of continuity readiness within the City; improve the BCM standard operating procedure and determine the need for training and awareness initiatives. The results from the survey were as follows:



Table 3: Category Matrix

CATEGORIES OF CONTRIBUTING FACTORS											ASSETS	COM-PLI-ANCE	ENVI-RON-MEN-TAL	ETHICS AND COR-RUP-TION	FINAN-CIAL	HU-MAN-CAP-ITAL	KNOW-LEDGE-AND-INFOR-MATION	OPERA-TIONS	REPU-TATION	SAFETY AND SEC-U-RITY	SER-VICE-DEL-LIVERY	SOCIAL/SOCIO-ECO-NOMIC	GRAND TOTAL
AUTHORITY/STRUCTURE/MANDATE											3	18	5	1	5	8	2	26	4	3	24	6	105
CITY DEPENDENCY											9	22	4	1	21	4	24	44	10	7	49	7	202
COMPLIANCE											26	101	3	3	12	8	4	30	10	9	22	2	230
ECONOMY											-	-	-	4	24	-	-	3	3	5	3	2	44
ENVIRONMENT											1	3	36	-	4	-	-	1	3	4	9	5	66
EXTERNAL STAKEHOLDERS											14	18	6	2	33	3	6	54	24	36	85	3	284
HEALTH, SAFETY AND SECURITY											17	10	5	1	14	7	-	15	8	135	36	3	251
INFRASTRUCTURE											63	9	1	-	8	-	3	7	1	7	23	3	125
IT SYSTEMS											2	3	-	2	4	-	29	20	8	2	19	-	89
LEADERSHIP											-	5	1	2	4	-	2	6	3	4	8	-	35
MAINTENANCE											15	-	-	-	-	-	1	4	1	-	2	-	23
MONITOR, REVIEW AND REPORTING											1	4	-	1	4	1	3	6	1	1	5	1	28
PLANNING											9	13	2	1	19	3	1	25	8	2	44	21	148
PROCESSES AND PROCEDURES											22	62	7	7	45	21	23	96	30	9	93	10	425
RESOURCES											60	43	8	1	71	66	10	92	17	30	98	4	500
SOCIAL											3	4	-	1	-	-	-	3	-	4	8	5	28
UNETHICAL BEHAVIOUR AND CRIMINAL ACTIVITIES											7	7	2	42	6	1	1	4	20	30	8	2	130
URBANISATION											4	-	1	-	4	-	-	-	-	1	16	3	29
GRAND TOTAL											256	322	81	69	278	122	109	436	151	289	552	77	2 742

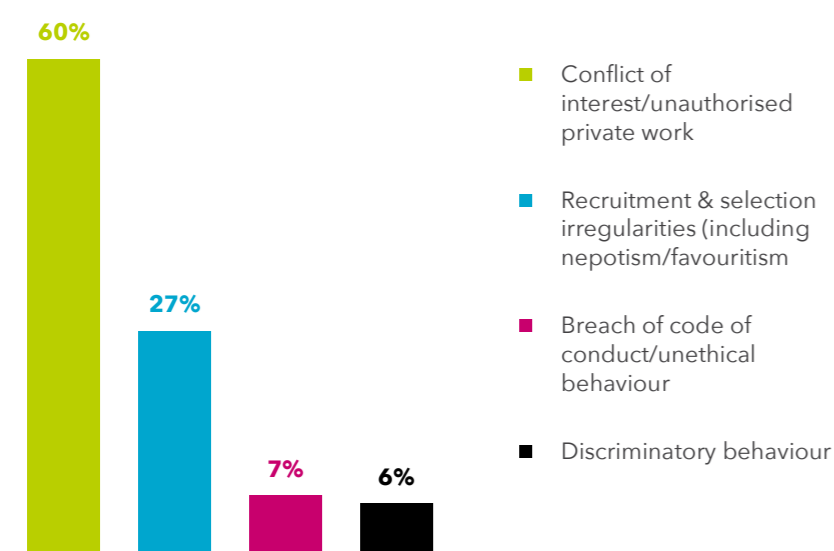
Figure 5: BIA and BCP status as at 30 June 2022



- ✓ **BCM Readiness:** It was noted that the number of responses received does not represent a full view of the organisation and that the level of BCM readiness cannot be fully determined/assigned based on the survey results alone. Note that a BCM audit is planned for the new financial year which may provide a more accurate reflection of readiness in the City.
- ✓ **The BCM SOP:** The BCM SOP is undergoing a review to enhance procedures and provide additional guidance to business areas, with the completion of the revised SOP expected in the new financial year.
- ✓ **Value creating activities:** While no new information was derived from the survey to direct focus on value creating activities, the survey indicated areas that are working well and highlighted gaps in the current approach.
- ✓ **BCM training and awareness:** The survey results indicated a need for training and awareness in the City and actions towards this will be incorporated in the new financial year.

BCM facilitates discussions with various stakeholders to determine the City's readiness regarding extended power outages. These collaborations are held to enable broader consultations and information sharing across directorates and are chaired by the Executive Director: Future Planning and Resilience. The objective is to determine the "as-is" environment; how the City has provisioned for an extended load shedding; the lack of fuel supply and identify areas of improvement.

### LEVEL-3: INDEPENDENT INTERNAL



**OUTCOMES**  
Number of recommendations from the 15 reports issued:

- 10 for closure (i.e. no action required, paucity of information, etc.)
- 5 for corrective action (i.e. disciplinary, counselling)
- 7 for control/business improvements/error corrections

### ASSURANCE PROVIDERS

Principle 15 of King IV states that the Council should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports. The current organisational approach to the implementing combined assurance takes into account the functions and responsibilities of all levels of assurance providers. Level-3 assurance providers include Internal Audit (IA); Forensic Services (FS) and Office of the City Ombudsman (OCO). Note that the mandate, authority, and scope of work of these assurance services are indicated in their respective By-laws, functional delegations, Charters and Standard Operating Procedures (SOPs). A summary of the assurance outcomes of engagements completed in 2021/22 follows below:

### ETHICS INVESTIGATIONS (WITHIN RCE)

The core mandate of Ethics is to drive processes that protect, nurture, enhance and institutionalise a culture of ethics at the City, including investigating allegations of unethical behaviour and facilitating the implementation of the City's ethics action plan and associated programmes and practices.

In 2021/22:

**15 ethics investigations were completed.**

Ethics investigations are specific instances / allegations connected to an individual(s) in order to determine, by means of interviews and/or physical evidence collection whether the allegations are supported or not, after which recommended corrective action or closure of the matter is made. Figure 6 below depicts both a summary and categorised breakdown of ethics matters addressed in the reporting period.

### INTERNAL AUDIT (IA)

The internal audit function is a requirement of the Municipal Finance Management Act, Act 56 of 2003 (MFMA). Section 62 of the MFMA requires amongst others, that the accounting officer of a municipality must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of

Practices Framework (IPPF). The core mandate of IA is to provide assurance and advisory services with regard to the effective and efficient functioning of risk management, governance and internal controls. In the reporting period, IA executed the risk-based IA operating plan, which the Mayoral Committee had approved, and also completed all planned audit projects (assurance and advisory) for the financial year.

In 2021/22:

**96 audit deliverables were completed, of which 35<sup>1</sup> were assurance engagements, 22 were follow-up engagements, and 31 were advisory engagements. The remaining 8 deliverables related to auxiliary governance services provided by IA.**

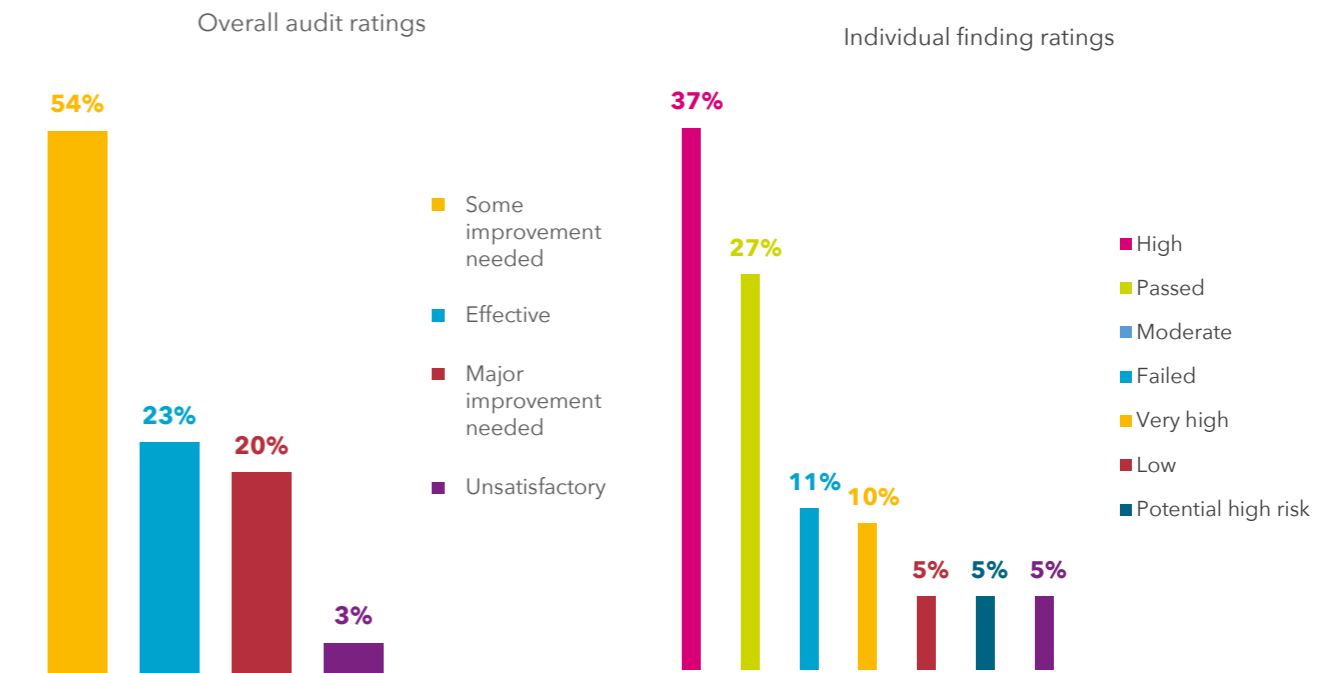


Figure 7: Summary of audit outcomes as at 30 June 2022

internal audit operating in accordance with any prescribed norms and standards. To this extent, IA operates in accordance with the Institute of Internal Auditors' (IIA's) International Professional

Below, figure 7 depicts a graphic representation of the outcomes of the 35 assurance engagements completed:

<sup>1</sup> Limited to deliverables where components and principles of COSO (the Committee of Sponsoring Organisations of the Treadway Commission Internal Control Framework) are linked to audit opinions. Audit opinions are generally provided for assurance projects only, so the deliverables considered here exclude advisory results. Other exclusions relate to engagements such as follow-ups and performance audit engagements, which are accounted for under the assurance deliverables. However, due to their nature and methodology, no audit opinion is given and related conclusions are reported to APAC as required in terms of the relevant methodologies.

A year-on-year comparison in respect of the number of times root causes were cited in IA assurance reviews is listed in the table below. The outcomes of the comparison are reflected as follows in table 4:

## FORENSIC SERVICES

The City has adopted a zero tolerance for fraud, corruption and other related criminal activity, maladministration and/or negligence. FS investigates all such allegations and, where applicable makes recommendations in respect of appropriate consequence management action that line management must implement as well and where applicable matters are reported to external

bodies such as, inter alia to the South African Police Service (SAPS), Competitions Commission (Comp Com), South African Revenue Services (SARS).

In 2021/22:

**87 FS investigations were completed, of which 63 were full forensic investigations.**

A categorised breakdown of the types of allegations investigated and reported on relating to the 87 cases is reflected in figure 8 below:

Figure 8: Summary of FS category breakdown



The outcomes of these investigations are summarised in table 5 below:

Table 5: Summary of FS investigation outcomes

OUTCOMES OF FULL INVESTIGATIONS	NUMBER
Recommendations for counselling/disciplinary/corrective action	35
Recommendations for control/business improvements	44
Recommendations referred to Legal Services	27
Recommendations for closure (i.e. no action required, paucity of information, etc.)	29
Recommendation for further investigation, either by line management or through converting a preliminary into a full investigation	22
Recommendations reported to SAPS/Commissioner: Compensation Fund/Competition Commission/BBBEE Commission/SARS/SA Council for the Architectural Profession/PSIRA (criminal investigation)	18
Recommendations referred to MPAC/Financial Misconduct Board	9
Recommendations relating to policymaking/standard operating procedures	6
Recommendations relating to employee resigning with no further action	13
Recommendations referred to Executive Mayor/Speaker/Council	3
Recommendations relating to recovery of money/fine	4

Recommendations per reports issued by FS are aimed at improving governance in the City, aiding in the fight against fraud and corruption, mitigating identified risks, and addressing control weaknesses. The scope of work of FS, according to the FS Charter includes, but is not limited to, the provision of the following services/functions:

- ✓ Leading, developing and/or ensuring the implementation of anti- fraud/corruption policies and prevention measures;
- ✓ Conducting appropriate proactive, detection, awareness, and education programmes on financial crimes and maladministration, fraud prevention and deterrence;
- ✓ Facilitating the operation of an independent fraud hotline. This is to enable employees and whistle blowers external to the City (including customers and suppliers) to report concerns about possible improprieties in matters of financial reporting, compliance with laws and regulations or other matters that may have a direct or indirect effect on financial reporting, with the City's Whistle Blowing Policy;
- ✓ Fostering open and effective communication with line management, the Mayoral Committee (MayCo), Executive Management Team (EMT), the Audit and Performance Audit Committee (APAC), and other relevant (internal and external) stakeholders, such as Municipal Public Accounts Committee (MPAC) and the Speaker of Council;

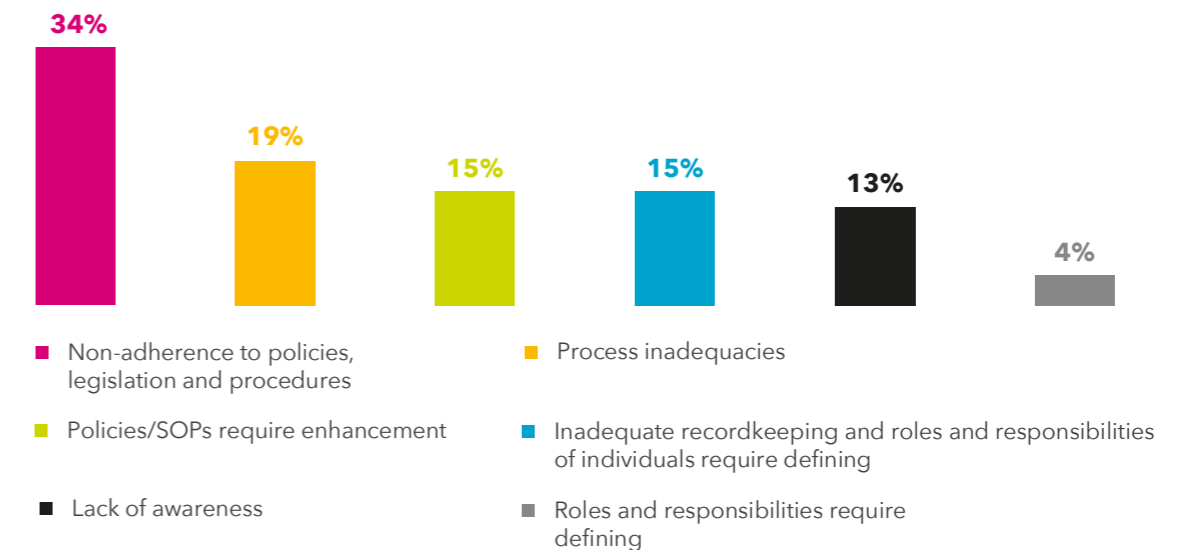
- ✓ Providing a reactive forensic service relating to alleged maladministration and/ or negligence committed on the part of any employee, municipal entity agent, contractor, supplier, and service provider to the City;
- ✓ Investigating alleged economic crime (e.g. fraud, theft, corruption, or other related criminal activity);
- ✓ As part of the reactive forensic service, undertaking a preliminary enquiry/assessment (as and when necessary), into any matter that may give rise to a formal investigation with a view to establishing whether, on reasonable grounds, a forensic investigation is warranted;
- ✓ Where required, providing litigation support in respect of forensic investigations; and
- ✓ Reporting in an effective and timely manner to the appropriate levels of management and the City's governance structures.

In addition, FS conducts training interventions, workshops and the promotion of the fraud hotline. Increased awareness results in a decrease in unlawful activities and an increase in the reporting of any such incidents

**In 2021/22: control issues were identified in 28 of the 63 full FS investigations completed.**

The control issues identified for the financial year are categorised and broken down by percentage as depicted in figure 9 below:

Figure 9: Summary of control issues



In 28 of the 63 full investigations completed by FS in 2021/22. Table 6 below depicts the root causes for control issues:

**Table 6: FS root causes analysis**

ROOT CAUSE	2021/22	2020/21
Non-compliance to legislation, policy and procedure	37%	34%
Process inadequacies	23%	19%
Inadequate records management	8%	15%
Policies/ SOPS etc. require enhancement	22%	15%
Lack of training/ awareness	8%	13%
Roles and responsibilities not defined	2%	4%

## OFFICE OF THE CITY OMBUDSMAN (OCO)

In line with King IV recommendations for alternative dispute resolution mechanisms, the Office of the City Ombudsman (OCO) investigates and helps resolve public complaints against the administration. The OCO renders an independent, impartial, unbiased, non-prejudicial and apolitical service, which includes alternative dispute resolution, advocacy, relationship management and communication. The Office of the City Ombudsman, in turn, serves as the office of last resort to resolve public complaints about the City in an independent, impartial, unbiased, non-prejudicial and apolitical manner. The City Ombudsman can be contacted on [ombudsdirect@capetown.gov.za](mailto:ombudsdirect@capetown.gov.za), via SMS to 44781 or visited in person on their main office on the third floor of the Cape Town Civic Centre.

The quick-access, easy and affordable SMS service proved to be successful in bringing services to all the residents, with the office recording a total number of 434 complaints lodged as at 30 June 2022. In addition to addressing reactive matters (complaints, management and investigation functions), the OCO also performs advocacy and awareness initiatives to promote OCO services through, *inter alia* interviews with local radio stations.

**Table 7: Summary of financial impact as at 30 June 2022**

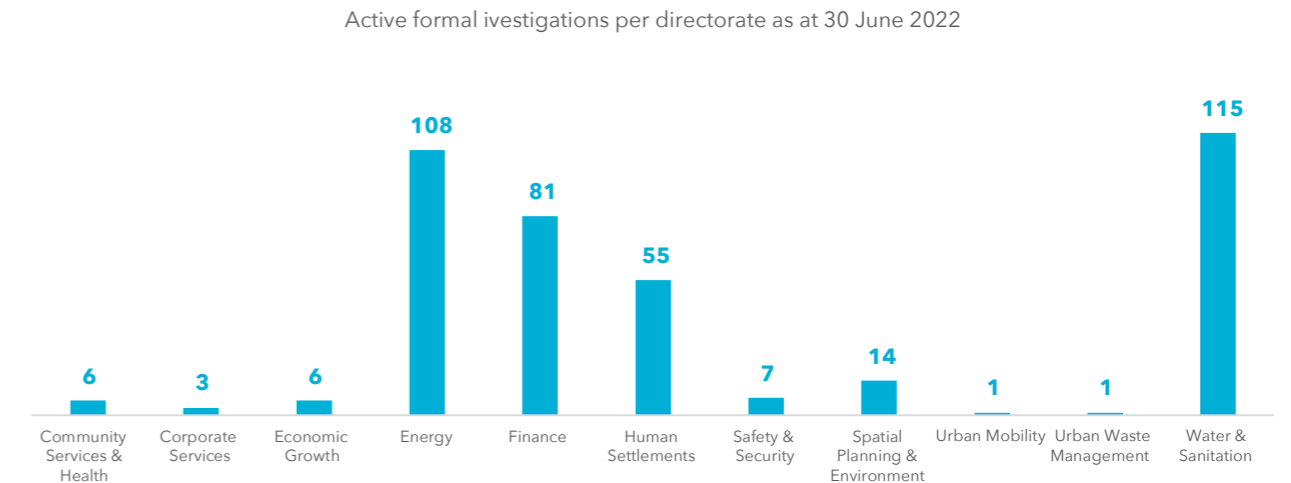
	NUMBER	RAND VALUE
Findings ( <i>in favour of the City</i> )	255	R4 405 182,10
Recommendations ( <i>in favour of complainants</i> )	75	R3 988 303,53

In the reporting year, the OCO received 1 540 complaints, of which 689 complaints were redirected or escalated to City departments, with 434 received via SMS service and 161 were scheduled for formal investigation whilst 60 complaints still need to be assessed. The remaining 196 did not fall within the Ombudsman's mandate. All the aforementioned matters, except the latter i.e. jurisdiction is yet to be determined, were referred to the appropriate regulatory body (e.g. Office of the Public Protector, Eskom, Ombudsman for Banking Services South Africa), the relevant Appeal Authority or the responsible line department for resolution.

As at 30 June 2022, there were 397 formal investigations in progress and the figure 10 reflects a breakdown per directorate.

During the 2021/22 financial year, 322 formal investigations were completed which had financial implications for either the City or the complainants. The financial impact of findings in favour of the City and recommendations accepted and implemented in favour of the complainants is reflected in the table 7.

**Figure 10: Investigation in progress as at 30 June 2022**



The majority of completed investigations related to the following:

- ✓ The **water charges billed and account adjustments disputes** as a result of the water restriction period;
- ✓ **Defective meter disputes** as a result of line department through the 2019/11/061 EDG directive, is able to backdate for three years for electricity used but not paid for;
- ✓ **Electricity meter tampering fines** deducted from prepaid electricity purchases; and
- ✓ Negotiating sustainable **payment arrangements** with the City as a result of financial difficulties experienced by consumers. Consequently, a lower and more affordable collection arrangement plan would be recommended.

## LEVEL-4: AUDITOR GENERAL SOUTH AFRICA

The AGSA compiles an annual management report to the accounting officer on audit findings and other key audits observed. For the 2021/22 financial year, the City received a financially unqualified audit opinion which stated that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

## MONITORING OF THE CITY'S CONTROL ENVIRONMENT FOR 2021/22

Improvements to the City's internal control environment are monitored through various mechanisms, including formal reporting on the status of the control environment by independent IAPs, and the inclusion of key performance indicators (KPI) on the personal scorecards of executive directors and key operational indicators (KOI) on directorate SDBIPs. Key activities to monitor control improvements for 2021/22 are set out in the paragraphs that follow.

## INTEGRATED COMBINED ASSURANCE REPORT (ICAR)

The CAG department compiled the ICAR that provides management and the governance oversight structures such as Council, the APAC and the RiskCo with a single, holistic view of the adequacy of assurance coverage across the City and the effectiveness of the control environment. The objectives of the ICAR was to assess and report on how adequately the assurance processes in the City were executed by the relevant assurance providers and how adequately the City mitigated the risks reflected on the 2021/22 CCTCRR. It provides the organisation with a holistic view of the outcome of these processes. The approved CCTCRR dated 29 March 2022 was used as the source. The ICAR includes the outcomes from all assurance activities (provided by all four levels of assurance). Based on the results reported in the ICAR, integrated assurance has been provided on the controls, across all levels of assurance, in mitigating the strategic

risks of the City for 2021/22 financial year. Where assurance was obtained, the mitigation of the risks for the City is deemed adequate and a satisfactory outcome was obtained.

### ANNUAL STATEMENT ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

In line with the requirements of King IV, Internal Audit issues an annual statement on the effectiveness of the City's governance, risk management and controls processes to stakeholders such as the EMT and APAC. Based on the results of the work performed by Internal Audit during the 2021/22 financial year, the annual statement provided the City leadership with an overall opinion of the control environment, indicating some improvements needed and control areas that needed to be enhanced.

### RISKCO REPORT

The RiskCo has compiled and submitted a report on its activities for the financial year to the APAC. The report covers key responsibilities as stipulated in its approved terms of reference, and advises City Manager on matters relating, but not limited, to risk management and combined assurance. The RiskCo report is included in the City's integrated annual report as Appendix O.

### APAC REPORT

APAC submits a report on its activities to the Executive Mayor, Mayoral Committee and Council at the end of each financial year. The report covers key responsibilities as stipulated in its approved terms of reference, and advises Council on matters relating, but not limited, to governance, risk management and internal controls. The APAC report forms part of the City's integrated annual report.

### PROACTIVE VERIFICATION OF EMPLOYEE QUALIFICATION

The City continuously strives to provide a service of excellence through accountability, trust and upholding the highest standards of integrity. The City Manager tasked the Ethics function, in conjunction with Human Resources (HR), to embark on a pro-active exercise of verifying City employee qualifications, on an ongoing basis and to be reported on quarterly to City Manager.

This exercise is aimed at validating the qualifications disclosed by employees when they are appointed and /or promoted within the City and furthermore this is in accordance with the City's zero tolerance towards fraudulent and unethical behaviour. In the spirit of ensuring a good governance and setting the tone at the top, the qualifications of the Executive Management Team and Directors were validated. As at 30 June 2022, 4138 qualifications were verified. From these verification results, nine City employees were found to have fraudulent qualifications. All are no longer City employees and the City has reported six to the South African Police Services (SAPS), with the remaining three in progress of being reported to SAPS for criminal prosecution.

### PERCENTAGE INTERNAL AUDIT RECOMMENDATIONS RESOLVED

Internal Audit verifies the implementation status of its recommendations through a formalised follow-up process, checking whether corrective actions stemming from previous audits and agreed to by line management have been adequately and effectively implemented. The results of follow-up audits are used every quarter to measure the KOI "Percentage Internal Audit recommendations (findings) resolved" for the various directorates. As at 30 June 2022, table 8 reflects outcomes of each directorate with an average of 77% on this indicator, against a target of 75%.

### CORRECTIVE ACTIONS TAKEN STEMMING FROM INDEPENDENT INTERNAL ASSURANCE PROVIDERS ENGAGEMENTS

The KPI "Percentage independent internal assurance providers' recommendations implemented" measures the progress made by responsible line managers in implementing recommendations made by the independent internal assurance providers. Additionally, the KPI is on EDs personal scorecards and the results of which are discussed with the City Manager during individual performance reviews/ discussions.

The results in respect of this KPI are reported to the relevant oversight bodies to ensure that the responsible officials are held accountable, that timely and appropriate actions are taken, and that inaction is dealt with. Performance for 2021/22 is illustrated in the table 9.

Table 8: Status of follow-up audits as at 30 June 2022

DIRECTORATE	NO. OF RECOMMENDATIONS			CUMULATIVE % INTERNAL AUDIT RECOMMENDATIONS RESOLVED
	ORIGINAL AUDIT	RECURRING	RESOLVED	
Community Services and Health	32	12	20	63%
Corporate Services	136	27	109	80%
Economic Growth	19	2	17	89%
Energy	15	9	-6	40%
Finance	88	11	77	88%
Future Planning and Resilience	29	-	29	100%
Human Settlements	41	7	34	83%
Office of the City Manager	3	-	3	100%
Safety and Security	34	25	9	26%
Spatial Planning and Environment	20	2	18	90%
Urban Mobility	9	2	7	78%
Urban Waste Management	63	17	46	73%
Water and Sanitation	18	5	13	72%
<b>Total</b>	<b>507</b>	<b>119</b>	<b>388</b>	<b>77%</b>

Table 9: KPI results as at 30 June 2022

DIRECTORATE	TOTAL NO. OF RECOMMENDATIONS	NO. OF RECOMMENDATIONS IMPLEMENTED	% RECOMMENDATIONS IMPLEMENTED	TARGET
Community Services and Health	72	60	83%	85%
Corporate Services	199	171	86%	
Economic Growth	28	26	93%	
Energy	50	41	82%	
Finance	185	174	94%	
Future Planning and Resilience	40	40	100%	
Human Settlements	61	53	87%	
Office of the City Manager	15	15	100%	
Safety and Security	52	27	52%	
Spatial Planning and Environment	24	22	92%	
Urban Mobility	14	12	86%	
Urban Waste Management	75	58	77%	
Water and Sanitation	187	182	97%	
<b>Total</b>	<b>1002</b>	<b>881</b>	<b>88%</b>	

## PERCENTAGE DECLARATIONS OF INTEREST COMPLETED

The updated standard operating procedure for private work and declarations of interest requires all employees graded at post level T14 and above, Supply Chain Management conflicted employees as well as all employees (irrespective of T-grade) involved in certain key business processes to submit a declaration of interest at least once per

financial year. Employees graded at T13 and below are required to declare at least once every three years and/or when their circumstances change. The 2021/22 financial year is year three of the three-year cycle. The Ethics function monitors and reports throughout the year on the overall statistics in respect of declarations of interest completed. The results as at 30 June 2022 are reflected in table 10.

AS AT 30 JUNE 2022	
Staff at level T14 and above	99.88% (target 100% per year)
Staff at level T13 and below	97% (target 100% by end of 2021/22)
SCM-conflicted employees on the City's database	0 outstanding with 99 resolved (target of zero per year)

The breakdown by directorate is as follows:

**Table 10: Declaration of Interest summary as at 30 June 2022**

DIRECTORATE	% COMPLETION FOR LEVEL T14 AND ABOVE	% COMPLETION FOR LEVEL T13 AND BELOW	SCM-CONFLICTED STAFF ON CITY'S DATABASE
Community Services and Health	99.63%	100%	-
Corporate Services	100%	99%	-
Economic Growth	100%	99%	-
Energy	99%	84%	-
Finance	100%	100%	-
Future Planning and Resilience	100%	100%	-
Human Settlements	100%	99%	-
Office of the City Manager	100%	100%	-
Safety and Security	100%	99.98%	-
Spatial Planning and Environment	100%	100%	-
Urban Mobility	100%	100%	-
Urban Waste Management	100%	96%	-
Water and Sanitation	100%	94%	-
<b>Overall City compliance</b>	<b>99.88%</b>	<b>97%</b>	<b>0 outstanding 99 resolved</b>

## ASSESSMENT OF INDEPENDENT INTERNAL ASSURANCE PROVIDERS

Independent internal assurance providers must execute their respective mandate in an independent and objective manner, and provide assurance and/or advisory services that add value to the City and improve organisational processes. This is governed by certain legislative requirements and relevant external professional bodies' standards and best practices. Against this backdrop, each independent internal assurance provider is responsible for implementing a quality assurance and improvement programme that enables the monitoring and evaluation of:

- ✓ the adequacy, effectiveness and efficiency of their respective methodologies;
- ✓ compliance with legislation, policies and procedures;
- ✓ conformance to leading practices; and
- ✓ value-add of services.

An internal quality assurance review of Internal Audit was completed by its Quality Assurance Unit during 2021/22. A rating of "Generally conformed" was achieved, which is regarded as the highest rating according to the standards of the Institute of Internal Auditors.

## CITY'S KEY GOVERNANCE INTERVENTIONS AND ENHANCEMENTS

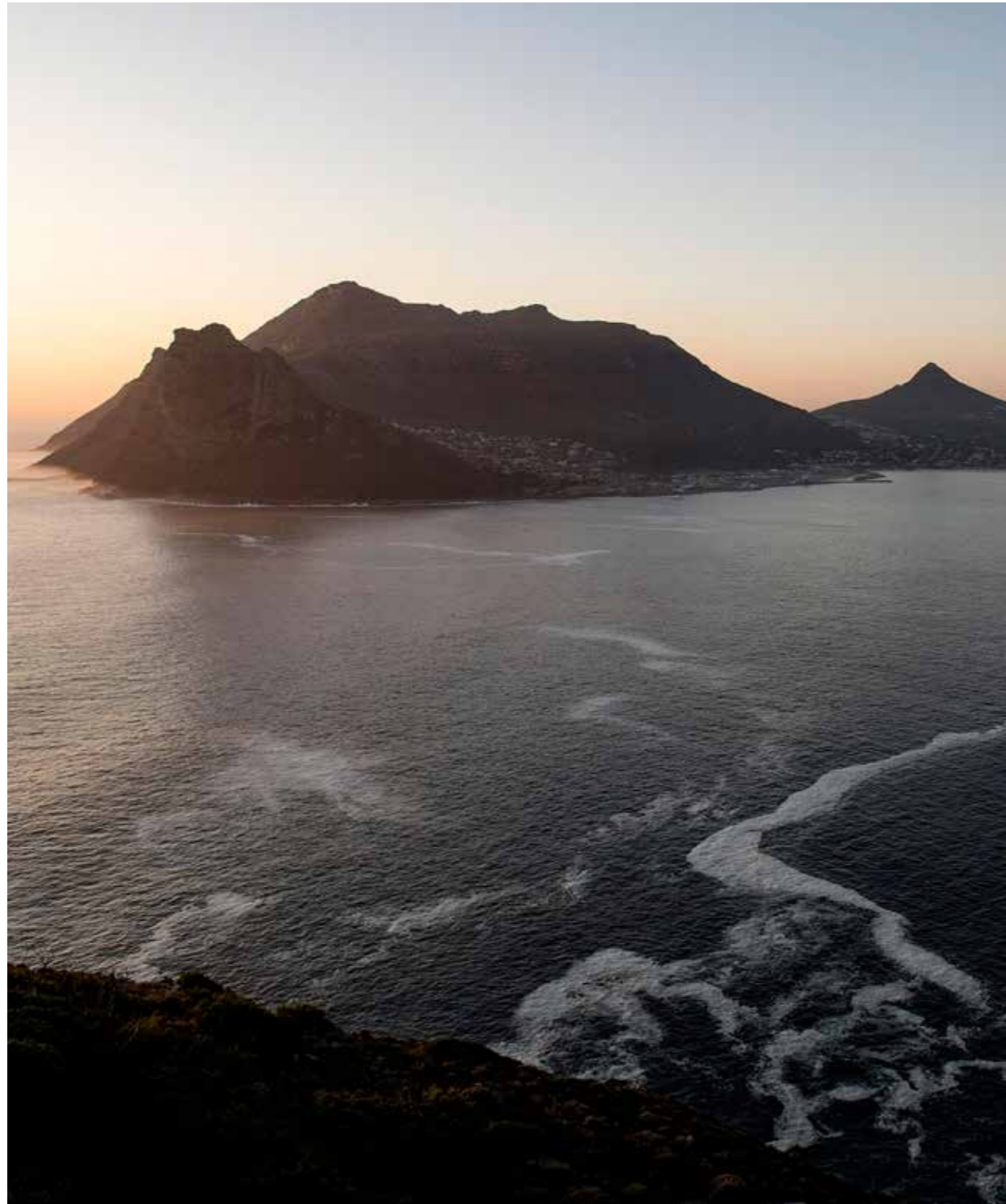
Key governance interventions embarked on by the assurance providers, are as follows:

- ✓ **Top 300 SCM committee** where a system of standardisation of processes to ensure appropriate interpretation, understanding and application of SCM policies.
- ✓ The completion of the annual **Compliance Report**. This report provides an overview of the City's compliance to legislation as monitored and/or reported on by the assurance providers i.e. Supply Chain Management, Budget, Treasury, Occupational Health and Safety, Environmental Management; Disaster Risk Management, Integrated Risk Management, Covid-19 Compliance Committee and Combined Assurance and Governance; Internal Audit and Forensic Services.
- ✓ Establishment of **OCO satellite offices** to ensure accessibility by public.

- ✓ **Proactive verifications** of qualifications for City employees.
- ✓ **Collaboration and coordination of assurance efforts** by the different levels of assurance providers in the City.
- ✓ **Monitoring and reporting compliance** on the City's Code of Conduct.
- ✓ The **FS Fraud Prevention Policy, Fraud Response Plan and Whistle Blowing Policy** was reviewed and was approved by Council on 27 October 2022.
- ✓ To enhance the internal control environment, the City has commenced a project to develop an **internal control model and related frameworks**. The City Manager appointed the Chief Financial Officer (CFO) as the project sponsor, in collaboration with identified internal assurance providers to champion the adoption of an internal control model, including developing related framework(s), monitoring the application thereof and reporting thereon.
- ✓ The completion of the **consequence management register analysis and consequence management reports**. The CMR report provides the City Manager with a holistic view of how consequence management (remedial responses/ reprimands and positive reinforcement) is being instituted within the City.
- ✓ **Revising of the AGF** in accordance with the new macro structure as at 1 February 2022.
- ✓ An **Integrated Combined Assurance Plan** (forward looking for 2021/22) and an **Integrated Combined Assurance Report** (backward looking for 2021/22) was compiled. These reports provided a holistic view of the consolidated and integrated assurance provided across the difference assurance levels in mitigating the strategic risk reflected in the corporate risk register. The results of the ICAP and ICAR were reported to the City Manager, RiskCo and APAC.
- ✓ Reporting on **integrated governance interventions/projects** and their outcomes to City leadership.
- ✓ **Governance awareness campaigns and training sessions** hosted by the independent internal assurance providers across the City.
- ✓ Training sessions on **Urban resilience** to equip City staff on how to respond to shocks and stresses.

- ✓ The **Pandemic Business Continuity Coordinating Committee** established in mid-March 2020 continues to navigate the national disaster regulations, and how the City should adjust to changes in regulations. The Committee oversaw the campaign to support the voluntary uptake of the Covid-19 vaccination among staff. It deliberated extensively on whether a

vaccine mandate should be instituted, including the ethical, legal and operational considerations, eventually deciding to not recommend a mandate. The Committee oversaw a vaccination data project in order to understand the extent of the uptake, although by the end of the financial year it had not been implemented.



## APPENDIX M: B-BBEE COMPLIANCE PERFORMANCE REPORT

### SECTION A: DETAILS OF ENTITY

Name of Entity	City of Cape Town
Registration Number	N/A
Physical Address	12 Hertzog Boulevard, Cape Town, 8000
Telephone Number	(021) 400 1330
Email Address	mogamat.abass@capetown.gov.za
Type of Entity	Metropolitan Municipality
Industry/Sector	Local Government
Relevant Code of Good Practice	Amended Codes Specialised Generic Scorecard
Name of Verification Agency	JSBEE SOLUTIONS
Name of Technical Signatory	Joe Seretloe

### SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS


B-BBEE Elements	Target Score Including	Bonus Points	Actual Score Achieved
Ownership	e.g. 25 points	n/a	n/a
Management control	e.g. 19 points	n/a	17,39
Skills Development	e.g. 20 points	0,00	14,64
Enterprise and Supplier Development	e.g. 40 points	2,90	36,14
Socioeconomic Development	e.g. 5 points	n/a	5,00
Total Score	e.g. 109 points	n/a	73,17
Priority Elements Achieved	YES/NO and specify them	Yes - Skills Development, Enterprise Development, and Enterprise and Supplier Development - Preferential Procurement No - ESD - Supplier Development	
Empower Supplier Status	YES/NO and specify them	Yes	
Final B-BBEE Status Level	7		

**SECTION C: FINANCIAL REPORT**

**1. BASIC ACCOUNTING DETAILS:**

a. Accounting Officer's Name:	Mr. Lungelo Mbandazayo		
b. Address:	12 Hertzog Boulevard, Cape Town, 8000		
c. Accounting Policy: (Your accounts are done?)	Weekly	Monthly	Other (specify)
			Annually
d. Have the attached Annual Financial Statements (AFS) and Integrated Annual Report (IAR) been approved by the entity?	Yes		

**2. DOCUMENTS ATTACHED**

a. AFS including Balance Sheet and Income and Expenditure Report are part of this document			
i) IAR is part of this document			
b. Entity Annual Turnover	R45,6 bn		
c. Sign-off and Date	2022/09/21		
Signature			

**MANAGEMENT CONTROL**

Number of directors/managers:

Categories	Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of female & male (F & M))	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)
Board	239	A = 76 C = 100 I = 4	F = 63 M = 121	n/a	Western Cape	n/a
Exec directors	8	A = 2 C = 3 I = 0	F = 2 M = 4	n/a	Western Cape	n/a
Non-exec directors	231	A = 74 C = 97 I = 8	F = 62 M = 117	n/a	Western Cape	n/a
Senior management	85	A = 16 C = 24 I = 9	M = 31 F = 18	n/a	Western Cape	M = 3 F = 1
Middle management	2 469	A = 529 C = 1 079 I = 99	M = 1 029 F = 683	n/a	Western Cape	M = 30 F = 11
Junior management	8 539	A = 2 807 C = 4 668 I = 91	M = 4 251 F = 3 315	n/a	Western Cape	M = 94 F = 73
Dividends declared	n/a					
(A-Africans, C-Coloureds and I-Indians)						



Total leviable amount and number of black persons trained:

Total leviable amount: R15 267 111 000							
Categories	Number for each category	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each province)	Disability (indicate number in terms of F & M)	
Black employees	A = 652 D = 1 187 E = 3 428 F = 3 040 G = 8 247	A = 7 069 C = 8 982 I = 255	M = 8 896 F = 7 365	n/a	Western Cape	M = 69 F = 35	
Black non-employees	G = 15 416	A = 8 424 C = 6 904 I = 37	M = 5 576 F = 9 840	n/a	Western Cape	M = 16 F = 23	
Black People on internship, apprenticeship, learnership	D = 1 187	A = 710 C = 460 I = 8	M = 517 F = 661	n/a	Western Cape	M = 0 F = 0	
Unemployed black people on any programme under the learning programme matrix	A = 39	A = 12 C = 21 I = 1	M = 14 F = 20	n/a	Western Cape	M = 3 F = 1	
Black people absorbed at end of learnership, internship and apprenticeship	0	A = 0 C = 0 I = 0	M = 0 F = 0	n/a	Western Cape	M = 0 F = 0	

3. ENTERPRISE AND SUPPLIER DEVELOPMENT

Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value:

Value of the 2% of Net Profit After Tax (NPAT) or 0,2% of allocated budget for supplier development, as well as 1% NPAT of 0,1% of allocated budget for enterprise development.

Total procurement spend:	R27 032 028 363	Total value spend: R28 440 000 568.00 (excl. VAT)			
Total number of suppliers: 1 725					
Total number of EME suppliers: 571	Total value spend: R1 135 579 390.85	% Black ownership n/a	269	% Black women ownership n/a	126
Total number of QSE suppliers: 485	Total value spend: R4 022 604 643.77	% Black ownership n/a	390	% Black women ownership n/a	217
Total number of large suppliers: 669	Total value spend: R21 873 844 328.38	% Black ownership n/a	184	% Black women ownership n/a	232
Supplier development: Target R41 088 380.00	Total value spend: R7 448 356.00	% Black ownership n/a		% Black women ownership n/a	
Enterprise development: Target R20 544 190.00	Total value spend: R29 782 451.54	% Black ownership n/a		% Black women ownership n/a	

Total spend and number of black participants, race classification, gender, geographical indication and value:

Total value of 1% NPAT or 0,1% of allocated budget: R20 544 190.00				
Number of participants	Race classification (indicate number in terms of A, C & I)	Gender (indicate number in terms of F & M)	Geographical indication (indicate number in each province)	
n/a	n/a	n/a	GP	n/a
n/a	n/a	n/a	MP	n/a
n/a	n/a	n/a	FS	n/a
n/a	n/a	n/a	LP	n/a
95	n/a	n/a	WC	n/a
n/a	n/a	n/a	EC	n/a
n/a	n/a	n/a	NC	n/a
n/a	n/a	n/a	KZN	n/a
n/a	n/a	n/a	NW	n/a
Total value spend: R56 907 406.30				
(A-Africans, C-Coloureds and I-Indians)				



## APPENDIX N: CITY OF CAPE TOWN COST CONTAINMENT INFORMATION

	2021/22 BUDGET	TOTAL EXPENDITURE	SAVINGS	
MEASURES	R'000	R'000	R'000	COMMENT
Use of consultants	8 985 112	8 462 190	522 922	<p>This category includes EPWP/Mayor's job creation programme (MJCP) staff, all non-permanent staff, i.e. temporary contract staff, including library staff, health workers, seasonal workers, apprenticeships and learnerships, as well as contracted services, i.e. professional services, advisory services and contractors.</p> <p>The use of consultants include expenditure relating to various repairs and maintenance programmes, outsourced administrative support and medical staff, as well as the use of professional and advisory services.</p> <p>Requests for the use of consultants must be supported by the relevant executive director or senior manager.</p>
Vehicle used for political office bearers	-	-	-	No provision against this category for 2021/22.
Travel and subsistence	17 990	12 023	5 967	The City's travel management policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.
Domestic accommodation	1 366	169	1 197	The City's Travel Management Policy sets out the applicable cost containment measures, which are strictly adhered to within the City.
Sponsorships, events and catering	289 397	254 347	35 050	<p>Sponsorships (consists of grants-in-aid and sponsorships): All grant-in-aid applications are subject to a screening process to ensure that recommended grants comply with the City's grant-in-aid and other relevant policies. Sponsorships are allocations made to organisations that support the City's strategic objectives and memorandum of agreement (MOA), indicating clear deliverables are signed with all organisations. Payments are made in tranches based on outcomes of agreed deliverables.</p> <p>Events: An ad hoc committee facilitates the selection of events and recommends to the Executive Mayor which events the City may support in terms of the IDP and the City's events policy.</p> <p>Catering: The City's catering and beverage provision policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.</p> <p>The expenditure largely relates to payments for certain annual and ad hoc allocations to support specific programmes or events, which are aligned with the City's IDP and strategic objectives.</p>
Communication	93 649	70 916	22 734	The City, as far as possible, uses newspapers whose readership are predominantly within the City's geographical area, and also focuses on community newspapers. The function is centralised within the Future Planning and Resilience Directorate and managed by the Communications Department in order to ensure stricter controls.
Other related expenditure items - conferences and seminars	3 040	1 154	1 886	The City's standing operating procedure for attendance of seminars, external meetings/workshops and conferences sets out the cost containment measures, which are strictly adhered to by the administration.

	2021/22 BUDGET	TOTAL EXPENDITURE	SAVINGS	
MEASURES	R'000	R'000	R'000	COMMENT
Other related expenditure items - overtime	946 382	956 858	-10 476	<p>The overtime policy sets out the applicable cost containment measures, which are strictly adhered to by the administration.</p> <p>These cost containment measures include:</p> <ul style="list-style-type: none"> <li>- Guidelines for administration of overtime work on Sundays and public holidays;</li> <li>- Approval of overtime work and payment by officials with delegated authority;</li> <li>- Strict implementation of administrative measures for managing and controlling overtime including an application and approval process; and</li> <li>- Responsibility and accountability by every director to monitor and review provisions and to ensure that spending of overtime is justified.</li> </ul> <p>The bulk of the overtime was spent within: Water and Sanitation, due to staff attending to various breakdowns at various water and sanitation facilities, emergencies due to network-related failures, attending to C3 notifications after hours, vacancies within the directorate, Water Law Enforcement staff having to escort operational staff after hours and staff working overtime on the legacy data clean-up project. The directorate is busy fast tracking filling of vacancies.</p> <p>Urban Waste Management Directorate as a result of the number of vehicle breakdowns has been higher than anticipated as a result of backlogs related to vehicle repairs at vendors. The City is in the process of finalising tenders that will ensure quicker turnaround times.</p>
Other related expenditure items - office furniture	14 176	9 485	4 691	The City's corporate office furniture and associated equipment policy seeks to exercise frugality by utilising existing redundant office furniture before new office furniture may be procured. The policy stipulates that the relevant delegated official must scrutinise the City's 'used furniture inventory' before any new furniture may be procured, and must sign a declaration form confirming that this process has been followed.
<b>Total</b>	<b>10 351 113</b>	<b>9 767 141</b>	<b>583 972</b>	
	10 336 937	9 757 656		

# APPENDIX O: 2021/22 RISK MANAGEMENT COMMITTEE ANNUAL REPORT

## RISK GOVERNANCE

The King IV Report on Corporate Governance for South Africa, 2016 (King IV) was adopted by Council on 5 December 2017 (item C 03/12/17). Principle 11 of King IV specifies that risk be governed in a manner that supports the organisation in setting and achieving strategic objectives. The King IV Municipal Supplement indicates that, in the local government sector, Council, as the governing body, assumes responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. In line with practice 50 (principle 8) of King IV, this annual report reflects on the activities of the Risk Management Committee (RiskCo) for the financial year ending 30 June 2022.

The City follows an integrated approach to risk management per the City's assurance governance framework. Integrated risk management (IRM) is defined as the Citywide application of risk management and includes risk identification, assessment, management, monitoring and reporting. Effective risk management assists in the achievement of the City's objectives as per its Integrated Development Plan.

Section 62 of the Municipal Finance Management Act assigns the responsibility for risk management at an administrative level to the City Manager. In line with practice 62 (principle 8) of King IV, the City Manager has established the RiskCo as the appropriate forum and governance structure to perform oversight over risk management and governance in the City, while risk management is facilitated by an established IRM function in the Risk, Continuity and Ethics Department.

## ROLES AND RESPONSIBILITIES

RiskCo has been operational since December 2008 and functions in accordance with terms of reference as approved by the City Manager. The RiskCo terms of reference are aligned with the King IV principles of sound corporate

governance practices, and the committee operates accordingly. The RiskCo assists the City Manager and the Executive Management Team in discharging their risk management responsibilities. RiskCo advises on matters relating to risk governance and reports to the Audit and Performance Audit Committee (APAC) on a quarterly basis. In accordance with its terms of reference, RiskCo is not a decision-making committee and is not responsible for the municipal entities of the City.

Several internal functions report to RiskCo and provide information to help execute the RiskCo mandate effectively. These functions include, but are not limited to, IRM, business continuity management and combined assurance. These three functions all used to report administratively to the Probity portfolio manager. Since the implementation of the recent macro-realignment on 1 February 2022, however, the head of Risk, Continuity and Ethics (reporting to RiskCo on IRM and business continuity management) and the director of Combined Assurance and Governance (reporting to RiskCo on combined assurance) have direct reporting lines to the City Manager.

## MEMBERSHIP AND MEETINGS HELD

RiskCo members are appointed by the City Manager in accordance with the approved RiskCo terms of reference. In line with practice 63 of principle 8 of King IV, the APAC chair or an alternative APAC member is included in the RiskCo to provide feedback to the APAC, which, in turn, reports to Council on risk governance.

As stipulated by its terms of reference, RiskCo meets on a quarterly basis. During the 2021/22 financial year, these meetings took place on 12 July 2021, 11 October 2021, 14 February 2022 and 16 May 2022.

The table below lists the RiskCo members and their attendance or representation at the meetings for the 2021/22 financial year. It is noteworthy that all directorates were represented at all of the RiskCo meetings for the year in review.

MEMBER	NUMBER OF MEETINGS ATTENDED	MEMBER	NUMBER OF MEETINGS ATTENDED
Director of Combined Assurance and Governance (chair) (prior to 1 February 2022: Probity portfolio manager)	4	Executive director: Human Settlements	4
APAC chair or alternative APAC member	4	Executive director: Safety and Security	4
Executive director: Community Services and Health	4	Executive director: Spatial Planning and Environment	4
Executive director: Corporate Services	4	Executive director: Urban Mobility (prior to 1 February 2022: Transport)	4
Executive director: Economic Growth (prior to 1 February 2022: Economic Opportunities and Asset Management)	4	Executive director: Urban Management <b>Note:</b> The Urban Management Directorate was only represented at the meetings of 12 July and 11 October 2021, as the Directorate was abolished on 1 February 2022 as part of the realignment.	2
Executive director: Energy (prior to 1 February 2022: Energy and Climate Change)	4	Executive director: Water and Sanitation	4
Executive director: Finance	4	Executive director: Urban Management <b>Note:</b> A new directorate was established as from 1 February 2022, and therefore, it was only represented at the meetings of 14 February and 16 May 2022.	2
Executive director: Future Planning and Resilience	2		
		<b>Note:</b> A new directorate was established as from 1 February 2022, and therefore, it was only represented at the meetings of 14 February and 16 May 2022.	

**Note:** Attendance includes executive directors, acting executive directors appointed by the City Manager in the interest of continuity of operational demands, as well as persons other than the appointed members (e.g. the risk champion of the particular directorate).

Guided by the RiskCo terms of reference, the chief audit executive, chief of Forensic Services, chief of Risk, Continuity and Ethics, the City Ombudsman, the director of Organisational Performance Management, the director of Policy and Strategy, the manager of Combined Assurance and Governance as well as the strategic advisor to the City Manager are standing invitees to RiskCo meetings.

## KEY FOCUS OF RISKCO DURING THE FINANCIAL YEAR

The RiskCo agenda is informed by an approved annual RiskCo workplan. Meetings are appropriately minuted and the information packs/content are shared with RiskCo members and standing attendees in a timely manner. The key focuses of the RiskCo during the year included the following:

## KEY STRATEGIC RISKS

RiskCo regularly reviews the City's corporate risk register, which focuses on the City's strategic risks, the key controls in place, as well as the action plans to effectively manage such risks.

The key strategic risk themes in the risk register as at 30 June 2022 are listed below, along with the key controls and action plans in place to address the strategic risk themes.

STRATEGIC RISK THEMES	KEY CONTROL(S)	ACTION PLANS
Governance and legal compliance	Monitoring and review of, and obtaining assurance on, the risk and control environment in accordance with the transversal assurance governance framework	Realignment of City structures to align with the new City objectives and ensure establishment of directorate governance structures, processes and procedures Establishment of mechanisms to ensure that staff are trained and that necessary processes and procedures are designed to comply with the Protection of Personal Information Act (POPIA)
Crime and safety incidents	Monitoring and review of crime, health and safety incidents and responses by the Disaster Risk Management Advisory Forum Activation of Land Invasion Joint Operation Committee (JoC) Establishment of City land/housing invasion interdict processes Detailed monitoring and review of staff (and those visiting City premises) for safety risk identification and mitigation on the transversal staff safety risk register	Roll-out of the law enforcement advancement programme (LEAP) (safety plan) Developing a renewal and regeneration strategy Support model: Business improvement overview to be completed (including social strategy)
Infrastructure and property	Providing guidance on infrastructure development adequacy via the Municipal Spatial Development Framework (MSDF) Corporate Project, Programme and Portfolio Management Department's monitoring and review of project implementation and expenditure Cyclical property asset performance assessment in accordance with economic growth roll-out plan and report	Review and approval of the MSDF in line with the revision of the IDP and new term of office Development and approval of an infrastructure planning and delivery framework Infrastructure: Annual publication of infrastructure report based on service delivery and budget implementation plans, including how to deal with infrastructure challenges
Health risks to staff, citizens and tourists	Coordinating programmes, the roll-out of the Covid-19 dynamic operational framework and decision-making by the Covid Coordination Committee (CCC) Detailed monitoring and review of staff (and those visiting City premises) for safety risk identification and mitigation on the transversal staff safety risk register	Support model: Business improvement overview to be completed (including social strategy)
Metropole, urbanisation/migration (service delivery)	Monitoring and review of Resilience Strategy implementation Forward planning, monitoring and review of City's economic performance in relation to the Economic Growth Strategy and its implementation plan	Development and approval of a service sustainability framework plan Development of an Inclusive Economic Growth Strategy Development of a Human Settlements Implementation Plan (including a plan on informality) Finalisation of district plans

STRATEGIC RISK THEMES	KEY CONTROL(S)	ACTION PLANS
Inter-governmental collaboration	Monitoring and review of compliance with section 41 and other relevant sections of the Constitution, section 44 of the Municipal Finance Management Act, as well as the South African Intergovernmental Relations Framework Act 13 of 2005	Enhancement of collaboration with various stakeholders as and when needed (e.g. with Eskom on load-shedding)
Skills/competencies	Monitoring the implementation of the various directorates' staffing strategies and succession plans Monitoring and reviewing the development and implementation of the annual workplace skills plan Monitoring the implementation of the Transversal Attraction, Development and Retention Strategy	Completing staff competency assessment - phase 1: service delivery model and Future of Work action plans Strategic workforce planning - identification of future skills needs
Financial resilience and economic stability	Monitoring and reviewing financial performance versus targets on the corporate scorecard (including debt to income, consumer debtors to income, cost coverage indicators, and collection ratio) Forward planning, monitoring and review of City's economic performance in relation to the Economic Growth Strategy and its implementation plan	Development of an Inclusive Economic Growth Strategy (IEGS) Completion of the economic risk matrix and scenario planning
Effects of climate change and pollution on resources and services	Monitoring and reviewing the implementation of the Climate Change Strategy Detailed risk monitoring and review of climate change and pollution, as well as the identification and mitigation of other environmental risks on the transversal environmental risk register	Roll-out of the City's climate adaptation action plans (phase II & III)
Energy security	Electricity network black-start <sup>301</sup> plan and procedures for City supply areas (business continuity plan for energy and climate change) Roll-out of small-scale embedded generation programme	Independent power producers: phase II procurement programme Implementation of phase I of the load-shedding mitigation programme
Technology and cybersecurity	Monitoring and review of the corporate Information Systems and Technology (IS&T) security and architecture action plan through the Information Security Steering Committee Detailed monitoring and review of IT risks for identification and mitigation on the transversal IS&T risk register	Establishment of a technology sector plan Continuation of the core application review refresh project

<sup>301</sup> A black start is the process of restoring a power station or part of the grid to operation without relying on the external transmission network to recover from a total or partial shutdown.

## TRANSVERSAL RISK REGISTERS

In the 2021/22 financial year, RiskCo had oversight over the existing transversal risk registers.

The transversal risk registers differ from the executive and departmental risk registers in that they:

- ✓ are topic-specific rather than organisational structure-specific;
- ✓ are signed off by assurance providers as opposed to risk owners; and
- ✓ consider risk matters affecting and managed across various directorates.

The following transversal risk registers are being maintained:

- ✓ Environment
- ✓ Information Systems and Technology (IS&T)
- ✓ Finance
- ✓ Fraud
- ✓ Staff safety

## EXECUTIVE RISKS

Executive Directors manage risks that could impact on their operations. These risks can be long or short term in nature, and could potentially have an impact on the City's goals and/or the directorates' key performance indicators. During 2021/2022 financial year, the Executive Risk Registers were submitted to RiskCo twice (July 2021 and February 2022) and was intended to be from a collective oversight perspective and focus on the risks rated 70% to 100% in terms of the residual risk rating (i.e. after controls to mitigate the occurrence of the risk has been taken into account).

## INDEPENDENT ASSESSMENT OF THE MATURITY OF INTEGRATED RISK MANAGEMENT

During the 2020/21 financial year, a consulting firm was sourced to conduct an independent maturity assessment of the City's IRM function. The objective was to identify additional value-adding areas for implementation and to position IRM as a strategic advisor within the administration.

The consulting firm found the IRM function to be sound in terms of the fundamental risk procedures and operational focus applied. According to the consultant's report, 75% of the key risk management elements (six of the eight) are at 'managed' level,

which indicates that these elements are under control. Actioning the recommendations made could further elevate these risk management functions to 'embedded' or 'integrated', which would be positive for the City's maturity.

In collaboration with the Executive Management Team and RiskCo, the head of Risk, Continuity and Ethics facilitated the drafting of detailed action plans based on the consulting firm's high-level recommendations. RiskCo proceeded to monitor the implementation of these action plans on a quarterly basis during the 2021/22 financial year. All action plans were implemented, and monitoring concluded at the RiskCo meeting of May 2022.

## EFFECTIVENESS OF RISKCO AND INTEGRATED RISK MANAGEMENT

In line with their approved terms of reference, RiskCo members assess the committee's performance every second year. The latest assessment was completed on 30 June 2021.

As of 2021, RiskCo combines its own self-assessment actions with an assessment of the IRM function. The collective monitoring of the action plans towards improving both RiskCo itself and the performance of the IRM function better enables RiskCo to provide advice and oversight on IRM at the City.

During 2021/22, 72% of these action plans were completed. The remaining two plans are due for completion by December 2022 and relate to:

- ✓ the amendments to the risk acceptance level, which were completed during the 2021/22 financial year and are due to serve before Council for approval in 2022/23; and
- ✓ the decentralised implementation of risk tolerance levels.

## CONCLUSION

RiskCo is satisfied that the City responsibly discharges its risk management responsibilities, and that the RiskCo activities carried out in 2021/22 assisted in the effective fulfilment of the committee's roles and responsibilities as per its approved terms of reference.

## LINDIWE NDABA

*Chair: Risk Management Committee*



## APPENDIX P: LIST OF REFERENCES TO WORLD BANK INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

FRAMEWORK REFERENCE	DESCRIPTION	PAGE REFERENCE
2B	Value creation, preservation or erosion for the organisation and for others	24
2C	The capitals	26
2D	Process through which value is created, preserved or eroded	26
3A	Strategic focus and future orientation	34
3B	Connectivity of information	7
3C	Stakeholder relationships	Throughout the City's IAR
3D	Materiality	20
3E	Conciseness	6
3F	Reliability and completeness	7
3G	Consistency and comparability	7
4A	Organisational overview and external environment	12
4B	Governance	162
4C	Business model	25
4D	Risks and opportunities	7
4E	Strategy and resource allocation	7
4F	Performance	7
4G	Outlook	34 to 39
4H	Basis of preparation and presentation	20



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