



City of Cape Town

Annual Report
2007/8



CITY OF CAPE TOWN | ISIXENKO SASAKHANI | STAD KAAPSTAD

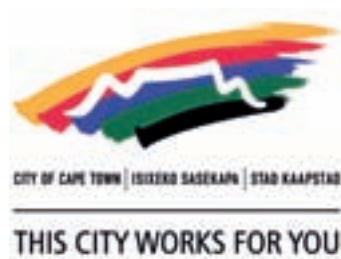
THIS CITY WORKS FOR YOU

City of Cape Town

Annual Report
2007/8



A : RAINBOW OVER CAPE TOWN CBD
B : THE PROTEA, OUR NATIONAL FLOWER



CONTENTS

	Page
FOREWORD BY THE EXECUTIVE MAYOR	6
INTRODUCTION BY THE CITY MANAGER	8
CHAPTER 1: INTRODUCTION AND OVERVIEW OF THE CAPE TOWN METROPOLITAN AREA	
The Integrated Development Plan	10
Cascading strategy into operations	10
City of Cape Town finances.....	10
Staff	11
2010 FIFA World Cup™	11
Challenges facing the City	
South African environment	11
Employment and job creation	11
Environment	12
Sustainable urban infrastructure and services	12
Public transport	12
Integrated human settlements	12
Housing backlog	12
Safety and security	12
Health, social and community development	12
Infrastructure	12
CHAPTER 2: PERFORMANCE HIGHLIGHTS 2007/2008	
Strategic focus area 1: Shared economic growth and development	
Overview	14
Small Business Week.....	14
Local economic development projects and job creation	15
Business Support.....	15
2010 FIFA World Cup™	15
Strategic focus area 2: Sustainable urban infrastructure and services	
Equitable services	17
Water demand management	17
Wastewater quality	18
Waste management.....	19
Electricity provision	20
Copper theft task team.....	20
Infrastructure management.....	20
Services for the poor	20

	Page
Roads and stormwater	21
Roads improvement programme	21
Roads operations and asset provisions	21
Winter readiness programme	21
Rietvlei dust management plan	22
Inland and coastal water quality	22
Inland water quality	22
Coastal water quality	22
 Strategy and planning	 23
Environmental resource management	23
Biodiversity management	24
Environmental and heritage management	24
Environmental management systems	24
Environmental strategy and partnerships	25
Environmental capacity building, sustainable livelihoods and communications	25
Resource conservation	25
Major programmes and projects	25
 Strategic focus area 3: Public transport systems	
Transport	26
Funding for transport projects	26
Integrated rapid transit system (IRT)	26
Promotion of non-motorised transport	27
 Strategic focus area 4: Integrated human settlements	
Housing	28
Housing breakdown 2007/8	28
Land acquisition for housing	29
Land restitution	30
Informal settlements	30
Incremental upgrade model	31
Urban Renewal Programme (URP)	32
Community facilities	33
 Strategic focus area 5: Safety and security	
Metropolitan police	35
Traffic operations and licensing services	35
Law enforcement	35
Specialised law enforcement services	35
Disaster risk management	36
Public Emergency Communication Centre	36
Fire and rescue service	37
Sports and recreation	37

Strategic focus area 6: Health, social and community development

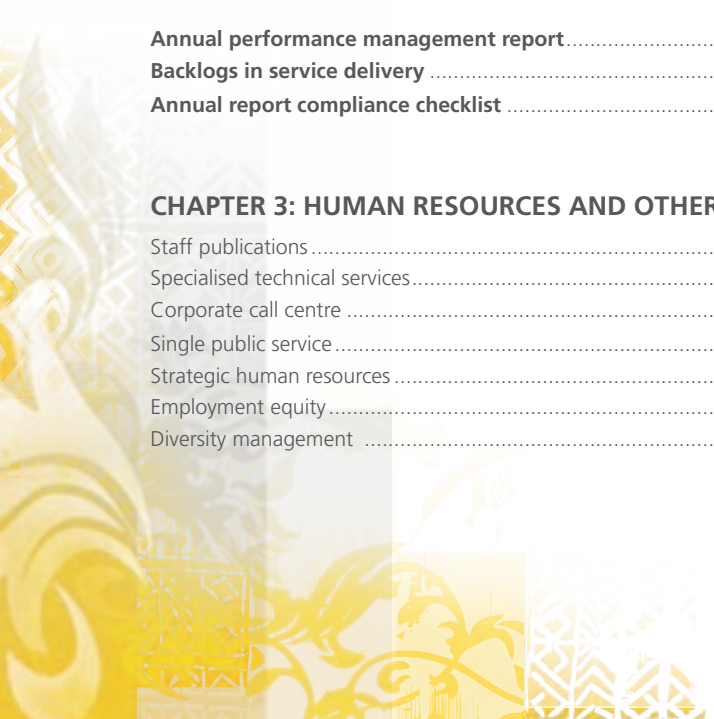
Economic and Social Development	38
Health	38
Alcohol- and drug-abuse strategy	38
Air pollution.....	38
Infant mortality rate	38
HIV/Aids and TB	39
Quality assurance.....	39
New facilities	39
Tribute: Dr Ivan Toms	39
Community developmental programmes and events	39
Sport, recreation and amenities events	40
Expanded Public Works Programme (EPWP)	41

Strategic focus area 7: Good governance and regulatory reform

City management	42
Community satisfaction survey.....	42
Ratings of individual services.....	44
Development priorities	45
Business community satisfaction survey.....	46
Enterprise risk management	48
Internal audit	48
Forensic services.....	48
Municipal entities	49
Cape Town International Convention Centre (CTICC).....	49
Khayelitsha Community Trust (KCT).....	50
Council partnerships	50
The Cape Town Partnership (CTP).....	50
Western Cape Investment and Trade Promotion Agency (WESGRO)	50
Cape Town Tourism (CTT).....	51
Cape Town Routes Unlimited (CTRU).....	52
Annual performance management report	52
Backlogs in service delivery	52
Annual report compliance checklist	52

CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT ISSUES

Staff publications	54
Specialised technical services.....	54
Corporate call centre	54
Single public service.....	54
Strategic human resources	54
Employment equity	55
Diversity management	56



Page

Disability.....	56
Gender equity.....	56
Staff costs.....	56
Pension funds.....	56
Medical aid schemes.....	56
Human resources-related costs.....	56
Skills development.....	57
Learnerships and apprenticeships.....	57
Grant recoupment.....	57
Adult basic education and training.....	57
Bursaries and corporate training and development projects.....	57
Employee wellness.....	57
Labour relations.....	58
Occupational health and safety.....	58
Electronic time and attendance.....	58
Information systems and technology.....	59
Governance and institutional arrangements.....	59
Alignment with Provincial and National Government.....	60
Governance structure of the City of Cape Town.....	60
Executive Mayor, Speaker and Mayoral Committee members.....	61
Mayoral Committee.....	61
Section 79 portfolio committees and chairpersons.....	61
Office of the Speaker.....	61
Subcouncils.....	62
Ward Participatory Mechanisms.....	62
Subcouncils and chairpersons.....	62
Executive Management.....	63
Executive Management Team.....	63

CHAPTER 4: FINANCIAL STATEMENTS AND RELATED INFORMATION

Financial statements.....	64
Auditor-General Audit Report on Financial Statements and Performance Information.....	160
Management comments and corrective action to be instituted on the matters raised in the report of the Auditor-General.....	164
Report of the Audit Committee.....	165

ANNEXURES

Annexure A: Annual Performance Management Report.....	167
Annexure B: Backlogs in Building Applications.....	188
Annexure C: Backlogs in Service Delivery.....	188
Annexure D: Annual Report Compliance Checklist.....	190



FOREWORD BY THE EXECUTIVE MAYOR



This report covers the second full year that the multi-party government of Cape Town has been in office.

During this year, we have continued the process of consolidating our organisation's new structure and filling vacancies to ensure that we can meet our service delivery objectives.

Our key objective, as set out in our five-year Integrated Development Plan (IDP), is to promote economic growth in Cape Town by creating a more attractive and enabling urban environment for investors and skilled workers, both of which are highly mobile in our global economy. This means investing in urban infrastructure and providing services to make this a cleaner, safer City.

By doing all we can to facilitate rapid economic growth, we aim to create more opportunities for all of our citizens, especially job opportunities.

To address development in this manner requires an efficient and financially stable administration.

For this reason, the multi-party government has conducted an extensive overhaul of the City's staff structure and financial systems over the past two years, a process which is still under way.

At the beginning of 2006, the amalgamation of seven municipalities into one Unicity (which started in 2000) had not yet resulted in a unified organisational structure within the municipal administration.

The City's staffing strategy included recruiting more skilled professional staff, and there was an overall 15% increase in professionals employed by the Council. All managers and staff have been placed in an approved management structure, with clear reporting lines, shifting the emphasis from support to operational. Three-quarters of the staff and management are now on standard local conditions of service and associated pay scales, and the Council aims to complete this process in 2008/9. In an international first for local government, the Council conducted a culture climate survey to measure staff loyalty and staff concerns. This has helped identify areas where the Council can intervene to improve staff morale, in turn improving service delivery.

A sustained debt management campaign has also been instituted, and the City's finances have improved significantly as a result, allowing us to increase rates and service rebates for poor residents and pensioners.

The work of the past year, together with the development of the new IDP focus on infrastructure-led economic growth, has helped to gear up the City for delivery, better equipping it to address the key developmental challenges facing Cape Town.

The positive results are already evident in this report.

In the 2007/8 financial year we invested R3,1 billion in infrastructure, an expenditure of 78% of our capital budget.

This is a major improvement on the City's annual average of R1 billion between 2000 and 2006, or 60% rate of expenditure.


It is also up 50% from the R2 billion invested in capital projects during the 2006/7 financial year, which represented a 77% rate of expenditure.

In addition, in the financial year under review we spent 100% of our operating budget, much of which is the result of filling critical vacancies in our administration, and introducing pay parity.

The City's increased capital expenditure can be attributed to more efficient administrative processes resulting from the past two years of organisational realignment.

Our procurement processes have also become more efficient.

In the financial year that has just ended, 431 tenders were issued and finalised – 24% more than the previous financial year. The time taken to finalise tenders has also dropped from 15 weeks in 2005 to 6½ weeks.



To our knowledge, we have also become the first South African local government whose Supply Chain Management Department has qualified for certification under the rigorous ISO 9001 international quality management standards.

We have therefore set a national benchmark for awarding contracts quickly, efficiently and transparently.

The 2007/8 financial year has seen the continued roll-out of major infrastructure projects like the new Green Point stadium in preparation for 2010, which is currently ahead of schedule, and new sewerage works and electricity distribution infrastructure.

In terms of law enforcement, we have cracked down on cable thieves and have started to implement our strategy to combat drug- and alcohol-related crime.

We have also made progress with the City's first comprehensive informal settlement upgrade master plan, which is designed to deliver essential services to all of Cape Town's 222 informal settlements.

As this report shows, there also remain a number of key developmental challenges in Cape Town that the City still needs to address.

Cape Town has grown from 800 000 people to approximately 3,4 million in the past 50 years, but some of our basic systems, including wastewater treatment, electricity reticulation and roads, have not been serviced for over 30 years.

Cape Town has had to cope with a 43% increase in solid waste disposal since 1999, and our existing landfill sites will be full in five years. Demand for the treatment of wastewater is growing by 7% per annum in rapidly growing parts of the City. We are in the process of investing R1 billion over the next three years to prevent public health and environmental disasters. Electricity reticulation is also in need of an upgrade, and we are currently spending hundreds of millions on building new substations. The number of cars on City roads is also increasing by 6% per annum.

Perhaps our most serious crisis, however, is the shortage of housing in this region. When apartheid ended in 1994, there were 28 000 shacks in Cape Town. Twelve years later, in 2006, there were 105 000 shacks and tens of thousands of people living in backyard structures like Wendy houses.

We need about 300 000 housing units to meet the full demand for formal houses in Cape Town, and this figure is increasing at a rate of about 16 000 units per year.

We therefore have to move fast to catch up on the backlogs and get ahead of the curve of population and economic growth, and increasing immigration.

Over the years ahead, the City will continue to improve its organisational capacity and its operations with this objective in mind.



Helen Zille

Executive Mayor of Cape Town





INTRODUCTION BY THE CITY MANAGER



The City's main planning instrument to guide its management and development is a five-year plan, the Integrated Development Plan (IDP). This plan is based on strategic focus areas and targets for the financial years 2007/8 to 2011/12. This is the first year (2007/8) in which the City's achievements can be evaluated against these five-year plan goals. The City has used the Service Delivery and Budget Implementation Plan (SDBIP) and the critical components of the balanced scorecard methodology to measure and report on its actual performance against output targets. In many instances, the City has not only met those stringent targets, but surpassed them.

This annual report also reflects on how the Council has been gearing up for the huge challenges and opportunities offered by the 2010 FIFA World Cup™. Many of the Council's achievements during this financial year have been with the long-term aim of maximising the potential of this momentous event, while leaving a lasting legacy to benefit all Capetonians.

Some of the Council's key successes in the past financial year have included record capital expenditure, improved operational management, more services for the poor, an improved balance sheet and enhanced perception ratings. *Rode's Report on the SA Property Market, 2008* described Cape Town as having "the only healthy CBD" in the country, and in 2008/9 Executive Mayor Helen Zille was judged the world's number one mayor by urban affairs think-tank City Mayors, leading a group of 820 mayors nominated by more than 74 000 voters worldwide.

A record R3,1 billion (78% of the capital budget) was spent – 94% if one includes contract and tender commitments (R0,62 billion) rolled over to 2008/9. Major backlogs were addressed in water and sewerage systems, roads, solid waste removal and electricity distribution. Housing projects have progressed, while sports facilities, parks, libraries, clinics, halls and beach amenities have been expanded. The City has spent R437 million on free basic services for the poor. A Council financial assets register has been drawn up, and there has been major investment in repairs and maintenance.

We are rapidly building capacity where it is most needed. The operating budget was 100% spent, and we have focussed on recruiting the right staff with the right skills, and placing them in the right positions to ensure long-term service delivery and customer satisfaction.

The Auditor-General has given an unqualified audit, and the Council's strong credit rating has been maintained: Aa2.za (long term)/Prime-1.za (short term) from Moody's.

Cape Town was rated the top city in the Middle East and Africa region by the prestigious *Travel & Leisure* magazine in New York; and the annual UK M&IT Trends & Spends survey put Cape Town at the top of the list of long-haul destinations favoured by UK-based events agencies, beating favourites such as New York. The International Congress and Convention Association currently ranks Cape Town as the 29th most popular city to host congresses and conventions. The popular *Lonely Planet* travel guide listed Cape Town as one of the top 10 world food cities in 2008 in its annual *Blue List* publication.

This is an exciting time in the history of Cape Town, and I believe we are well placed for infrastructure-led, sustainable economic growth.

Achmat Ebrahim
City Manager



CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE CAPE TOWN METROPOLITAN AREA



A : HOUSING DEVELOPMENT: SCOTTSDENE SHOW VILLAGE
B : CLAREMONT PUBLIC TRANSPORT INTERCHANGE
C : CELEBRATING ARBOR DAY, PHILIPPI



CHAPTER 1 | INTRODUCTION AND OVERVIEW

The Western Cape province boasts one of the most diverse, dynamic and innovative economies on the African continent. It is one of the most productive provinces in South Africa, with a 10% share of the population accounting for almost 15% of the country's gross domestic product (GDP). Its robust economic sectors range from agriculture, fishing and forestry to agri-business, boat-building and a dynamic services sector. New sectors such as biofuels and creative industries are making an increasingly important contribution. The construction sector is booming thanks to the 2010 FIFA World Cup™, while large numbers of domestic and international visitors are discovering this multi-faceted destination.

Cape Town is home to approximately 3,4 million people (65% of the provincial population) and attracts both business and tourism visitors due to its natural beauty, rich history and vibrant culture. It is the oldest city in South Africa, and the second largest, covering 2 461 km².

The city is the economic hub of the Western Cape, with an established and diverse economy that contributes 76% to regional GDP. About 93% of the businesses are small, accounting for about 50% of total output, and offering 40% of total formal employment. The largest growth areas are construction, transport and communication, finance and business services, trade, catering, accommodation and tourism. Cape Town's port is a key stopping point on one of the world's busiest trade routes, and as one of the largest deep-water ports in Africa, handles even the largest container vessels.

THE INTEGRATED DEVELOPMENT PLAN

Cape Town's vision is for a prosperous City with an enabling environment for shared growth and economic development. It must be known for effective, equitable service delivery and its well-governed, efficiently run administration.

The Council has implemented a five-year plan, the Integrated Development Plan (IDP), determining how it will spend its budget from 2007/8 until 2011/12. This principal strategic planning instrument is agreed upon between local government and the residents of Cape Town. Budget priorities are then set for the entire City to optimally deploy resources. It also informs the Council's contribution to joint undertakings with Provincial and National Government.

The basis of the five-year plan is infrastructure-led economic growth – using services and investments to make Cape Town more attractive to investors and skilled workers. The City must become more globally competitive because investors create jobs and help to drive development. This will create more opportunities for all Capetonians, including the poor and unemployed.

Seven strategic areas were agreed upon when the Council implemented the IDP on 1 July 2007:

- Shared economic growth and development;
- Sustainable urban infrastructure and services;
- Public transport systems;
- Integrated human settlements;
- Safety and security;
- Health, social and community development; and
- Good governance and regulatory reform.

The overall five-year plan is reviewed annually as new challenges and opportunities arise. In March 2008 an eighth focus area was added – i.e. energy efficiency for a sustainable future.

In order to measure and report on actual performance against its targets, the Council uses the Service Delivery and Budget Implementation Plan (SDBIP) and the critical components of the balanced scorecard methodology to cascade strategy down into the lower levels of the organisation. The Council has also aligned itself with national financial objectives by incorporating the national performance indicators into the corporate scorecard, which is monitored regularly. The Council performance highlights for 2007/8 will be reported within these parameters.

CASCADING STRATEGY INTO OPERATIONS

Corporate strategy is cascaded towards the lower levels of the organisation through the balanced scorecard methodology. It influences and shapes the operating and capital budgets of the different directorates and departments within the Council. The Council's visionary framework is unpacked into objectives, key performance indicators (KPIs) and targets for implementation. These are broken up into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects, which are then allocated budgets.

CITY OF CAPE TOWN FINANCES

The City again posted higher-than-expected net results in relation to budgeted amounts for the year ended 30 June 2008, given prevailing market conditions.

An increased focus to improve service delivery had a positive effect on the capital implementation programme, which grew from 77% in the previous year to just under 80% in the year under review.

The City focussed on a strong recovery drive of arrear debt from debtors as part of its endeavour to cope with increased demands being made on its financial resources by rapidly growing developmental challenges.

The financial activities of the year are reviewed in the financial statements of this report.

CHAPTER 1 | INTRODUCTION AND OVERVIEW



DARLING WIND FARM



RIETVLEI



BELLVILLE TRAIN STATION



STAFF

Council had 21 952 employees in July 2008, up from 21 368 in July 2007. In the course of 2007/8, 3 364 appointments were made overall, mainly through converting non-permanent staff to permanent staff. Professional skills were increased by 15% to 689 staff across all departments, while service and sales workers totaled 3 970 – mainly in the safety and security sector.

2010 FIFA WORLD CUP™

The Soccer World Cup is by far the world's largest sporting event, and its impact on the City will be monumental. The tournament should bring 400 000 visitors to South Africa, and will be broadcast to millions of television viewers. Cape Town will enjoy a great opportunity to showcase its natural beauty, infrastructure, culture and huge tourism potential to a global audience. Current investment will not only ensure that the world's biggest televised sporting event is a success, but the City will establish a lasting legacy to benefit its residents in the long term. Some business sectors such as the construction and materials industries are already booming – the iconic Green Point stadium alone will require 96 000 m³ of concrete and 5,2 million bricks.

Numerous initiatives totalling R10 billion will create a better functioning City. New developments, such as the Green Point stadium, designer hotels and leisure facilities, will change Cape Town's skyline, while much loved yet timeworn landmarks, such as the Grand Parade and City Hall, will receive much needed facelifts. The Integrated Transport Plan, a joint initiative with Province, is fueled by a R6,5 billion budget that will improve road and rail networks; buy new trains and buses; fund a R1,3 billion Cape Town International Airport expansion; offer better safety, park-and-ride facilities and pedestrian and cycling environments; and introduce a single ticket system. The first phase should be completed by March 2010, with another four phases to be implemented within 10 to 12 years.

CHALLENGES FACING THE CITY

SOUTH AFRICAN ENVIRONMENT

South Africa has, in the past 12 months, been buffeted by high oil and food prices, energy and political crises, higher interest rates, the crisis in Zimbabwe that led to an influx of refugees, as well as xenophobic attacks. While Cape Town's economic and social development indicators are relatively higher than other regions, it also has areas with high poverty levels. Khayelitsha is the metro suburb with the largest number of poor, inadequately housed and unemployed households. Mitchells Plain, with about 385 000 residents, and the Philippi East area south of the N2 also pose numerous challenges that are being addressed.

EMPLOYMENT AND JOB CREATION

Unemployment and the discrepancy between the skills available and the skills desperately needed in the economy remain the key economic challenges for the City. The number of employed people grew from 1,17 million in September 2005 to 1,26 million in September 2007, while people employed in the informal sector increased steadily from September 2005 to March 2007, and declined in September 2007. The official unemployment rate declined from 20,8% in September 2005 to 16,9% in September 2007. The main challenge to Cape Town's economy is the creation of productive employment opportunities to reduce poverty.

Source: Strategic Development Information & GIS. Labour Force Survey 2005 to 2007 data supplied by Statistics South Africa.

ENVIRONMENT

Cape Town's natural environment and beauty are among its strongest assets. The City has one of the highest proportions of floral endemic species in the world, with over 70% of the approximately 9 600 species that occur here found nowhere else. Some 300 km of coastline features sought-after beaches and an extremely rich and dynamic marine environment. However, growing patterns of resource use, consumption and pollution threaten the rich yet highly vulnerable ecology, landscapes and resource bases that underpin and sustain the region. The ability to absorb urban-generated waste is decreasing, while coastal water quality and freshwater ecosystems have declined.

SUSTAINABLE URBAN INFRASTRUCTURE AND SERVICES

With Cape Town's rapid growth from 800 000 people some 50 years ago to around 3,4 million at present, the City is suffering from a backlog in bulk infrastructure and provision of basic services. Informal settlements have mushroomed around the city periphery, and where there is existing infrastructure it has not been optimally maintained, especially in the past two decades.

PUBLIC TRANSPORT

Transforming and restructuring the current road-based public transport service, and establishing a single point of authority for transport, are priorities. Poor integration between different modes of public mobility, as well as basic safety issues, has to date meant increased reliance on private vehicles. The goal is a phased programme to implement an integrated rapid transit network across the city that will place over 75% of the population within 500 m of a high-quality public transport system.

INTEGRATED HUMAN SETTLEMENTS

Some 2,6 million houses have been delivered in South Africa since 1994, with 293 000 in the Western Cape. Despite this, Cape Town has attracted so many new residents that the number of Capetonians living in informal settlements has grown from 23 000 households in 1993 to approximately 150 000 households in 2008. Housing is one of the greatest challenges facing the Council, as many people reside in crowded shacks.

HOUSING BACKLOG

The housing backlog was approximately 300 000 in January 2007, including people in informal settlements, in backyards and on the integrated housing database. The Housing Directorate is delivering approximately 6 000–9 000 formal housing opportunities per year, which is a very small number when viewed against the backlog. This should, however, be viewed against the incremental upgrade approach of the City, where all informal settlements are provided with full essential services while formal programmes are then implemented to provide housing opportunities with fully serviced sites, top structures and permanent tenure over time.

SAFETY AND SECURITY

South Africa has a high incidence of crime, especially violent crime. Use of the extremely addictive drug tik (methamphetamine) has spread rapidly in City communities, and has been a key Council focus this year. Other safety-related issues have included vulnerability to fire, flooding and other natural and human-induced hazards.

HEALTH, SOCIAL AND COMMUNITY DEVELOPMENT

Cape Town is a city of both rich and poor. Total monthly household expenditure is under R1 200 for 36% of all households; another 19,1% spend R1 200–R2 500 per month. As the general health of any family is directly related to housing quality, many people in informal settlements suffer from diarrhoea, tuberculosis, pneumonia, HIV/Aids, bronchitis and other diseases exacerbated by poor living conditions. At the same time, there are notable improvements, such as the City attaining the highest cure rate for tuberculosis in the country.

INFRASTRUCTURE

Infrastructure backlogs put pressure on maintaining acceptable and affordable levels of service delivery. This is exacerbated by economic development and population growth pressures.

This annual report will highlight many of the Council's achievements in tackling these diverse challenges.





CHAPTER 2

PERFORMANCE HIGHLIGHTS 2007/2008

THIS SECTION WILL ANALYSE PERFORMANCE DURING THE 2007/8 FINANCIAL YEAR FOR EACH OF THE SEVEN STRATEGIC IDP FOCUS AREAS.



A : METRO RESCUE TRAINING, GRANDWEST
B : THE IVAN TOMS CLINIC, MFULENI
C : TRAINING AT EPPING FIRE STATION

STRATEGIC FOCUS AREA 1: SHARED ECONOMIC GROWTH AND DEVELOPMENT

STRATEGIC FOCUS AREA 1	SHARED ECONOMIC GROWTH AND DEVELOPMENT
Key mandates	Create an enabling environment for the economy to grow Prepare for 2010, and establish post-event legacy for long-term benefits
Key results	10 177 new jobs created R1,67 billion new direct investment 2010 Green Point stadium on track 61,3% electricity reinforcement done Detailed 2010 Transport Operations Plan 20% complete

OVERVIEW

The target of creating 9 500 new jobs was exceeded – 10 177 were generated, due to current and new investments yielding more work opportunities than expected. The target rand value of direct investments (R1,6 billion) was also bettered at R1,67 billion. This was due to successful strategic partnerships with City partners, such as the Western Cape Investment and Trade Promotion Agency (Wesgro).

A lease arrangement at one of the most popular central business district (CBD) tourist attractions, Greenmarket Square, was changed, and informal traders can now deploy funds (R200 000 per month) into developing their own businesses. A major programme to upgrade the Square is being implemented. The upgrading will increase visitor numbers and improve interactions between the formal and informal retail sectors and various stakeholders.

The Property Management Department has initiated a R1,6 million business improvement initiative to improve service delivery and streamline internal communication.

A staff development programme was implemented, aimed at meeting the need for departments to be appropriately skilled to deal adequately with socio-economic challenges faced by the City and its residents. The programme is also aimed at improving the level of service integration across the City, with a specific focus on improving impact at local level through alignment with the City's District Service Coordination Model.

As part of the small, medium and micro-sized enterprises (SMME) development focus, 144 unemployed people were trained in self-supporting skills ranging from radio and TV repairs to panel beating at the Nyanga Job Centre, a pilot project set up in old municipal offices. Apart from technical training, they also learnt business skills such as marketing, order processing and tendering.

Entrepreneurship development initiatives included the Council-hosted annual Small Business Week that provided networking opportunities for SMME enterprises. There were 7 769 visitors, over 800 people attended the workshops, and opportunities worth R722 million were generated.

SMALL BUSINESS WEEK

	DIRECT JOBS	INDIRECT JOBS
Small Business Week	n/a	7 690
Seminars at Small Business Week	n/a	823
Total	n/a	8 513

Some 28 secondary schools with 560 learners took part in an entrepreneurship project implemented by Northlink College, while a partnership initiative between the Council and the Raymond Ackerman Academy provided 78 youth with entrepreneurial skills training. The Business Support voucher programme helped 1 230 clients, while a further 7 600 clients were assisted through the Business Place (a network of walk-in centres for entrepreneurs) and Library Business Corners (business centres at libraries that offer publications and videos on small business, access to resources, and other assistance).

The Council allocated R800 000 to support the Khayelitsha Festival held in October, aimed at promoting sectors such as travel, tourism, health, leisure and lifestyle. It helped build the community's social and economic fabric, and drew together business, SMMEs, youth, community organisations and consumers.

During this period the decision was taken not to renew the existing service level agreement with Cape Town Routes Unlimited (CTRU) on expiry of the agreement at the end of 2007/8. A new agreement was entered into with Cape Town Tourism for the destination marketing of Cape Town for the 2008/9 financial year. An amount of R18 million was allocated through the Tourism Department's Grant-in-Aid budget for this purpose, in order to promote Cape Town as a leading global tourism destination.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

LOCAL ECONOMIC DEVELOPMENT PROJECTS AND JOB CREATION (SELECTED ITEMS)

LOCAL ECONOMIC DEVELOPMENT PROJECTS	DIRECT JOBS	INDIRECT JOBS
Gatesville Rylands F&V (to be constructed)	5	n/a
Somerset West night market	56	under way
Adderley Street night market	32	under way
City Improvement Districts x 13	667	under way
Bloekombos business facility	n/a	6
Business Support/SMME facility	n/a	251
Athlone meat market	9	under way
Urban agriculture	5	17
Value added complex: Philippi market	n/a	1
Wesbank uluntu plaza	n/a	10
Happy Valley uluntu plaza	n/a	24
Nyanga Job Centre	5	8
Nonkqubela informal market	n/a	20
Total	779	337

BUSINESS SUPPORT

BUSINESS SUPPORT	DIRECT JOBS	INDIRECT JOBS
Open for Business	n/a	7 649
School Entrepreneurship programme	n/a	560
Business Support voucher programme	n/a	1 230
Total	n/a	9 439

2010 FIFA WORLD CUP™

The Council's main objectives are to host a successful tournament and welcome fans to a safe, efficiently run Mother City, while creating an infrastructure legacy that will benefit locals and visitors long after the final whistle has been blown.

The City of Cape Town approved the budget for constructing the stadium on the Green Point common in March 2007. The construction of the stadium is funded by National Government (69%), the Provincial Government of the Western Cape (7%) and the City of Cape Town (24%). The Green Point common will also be reconfigured and rationalised into a quality leisure, recreation and trading facility to the benefit of the community.

National Treasury has granted over R81,5 million from April 2009 for related operational projects in support of the 2010 FIFA World Cup™ such as hosting the final draw, the green goal programme, and for sports development. Cost certainty is becoming clearer, as 87% of subcontracts were tendered, and 68% awarded. Approval of the roof contract was a milestone, with first components already delivered on site by September 2008.

June 2008 was month 15 out of the 34-month contract period, with an estimated 36% of the wet works completed. Parallel to this, the roof components were manufactured off-site. The construction of the stadium is on target for completion on 14 December 2009. Cost escalations have been identified as a major risk area, mainly due to market forces in the construction industry, in line with global trends and the impact of foreign exchange rates. While detailed cost estimates were compiled during the design phase, tenders came in higher than projected. This is a nationwide phenomenon being addressed by National Treasury in partnership with all host cities.

Cape Town will stage eight games, including one quarter-final and one semi-final game. It has also secured the final draw (the announcement of the final 32 teams taking part in the tournament, and the groups they will play in). This is a major coup for Cape Town, as more than 100 broadcasters from around the world will give live coverage to the event, which will be watched by millions of people across the globe, substantially raising the city's profile.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Tenders were called for a long-term, world-class operator to manage the stadium and ensure sustainability. The SAIL Group, together with Stade de France, was appointed as preferred bidder during the 2008/9 financial year with a view to finalise negotiations and their appointment by the end of 2008.

After an extensive public participation process, the Provincial Minister of Environment, Planning and Economic Development issued her final Record of Decision on the reconfiguration of the Green Point Common Urban Park on 30 June 2008. Detailed design work on the reconfiguration of the Metropolitan Golf Course and Urban Park commenced. Tenders have been received and construction is scheduled for completion by June 2010.

The Council was ahead of the 60% target for the electricity reinforcement project (at 61,3%) and is expected to exceed 88% by the end of December 2008. It should be completed by the end of June 2009. This is an example of the 2010 event being used to accelerate infrastructure development in the Cape Town area.



NEWLANDS: 90 MINUTES FOR MANDELA



ATHLONE STADIUM



CONSTRUCTION OF GREEN POINT STADIUM

The City has identified the Grand Parade as the preferred location for the official fan park; this is still to be confirmed by FIFA. It will be linked to the stadium by an upgraded pedestrian fan mile. The Fan Park Terms of Cooperation Agreement was signed between the Council and FIFA, detailing subjects such as media rights, safety and security. The Bellville Velodrome, Athlone soccer stadium and the Swartklip sports complex were selected as public viewing sites.

The Philippi and Athlone stadiums were recommended to FIFA as training venues. Confirmation of these is awaited from FIFA. The Council is working closely with the South African Police Services as well as other safety and security role players, e.g. private security companies, emergency services, and disaster and risk management, to ensure that safety protocols are in place. The first Draft Safety Plan has been approved. Additional full-time police have been recruited for 2010, including vehicles and equipment.

International teams will be encouraged to base themselves at Cape Town hotels. A list of potential base camp hotels has been obtained from the Local Organising Committee, and these are being investigated for compliance with 2010 requirements, e.g. distance radius from 2010 facilities. The Twelve Apostles Hotel has already been approved.

The Council has completed all its preparations for the Confederations Cup to be held in South Africa in 2009. While no matches of this tournament will be played in Cape Town, the Council helped FIFA recruit 30 volunteers.

The Council is involved in skills development in areas such as brand usage, vendor trading and tourism to ensure that the soccer events leave a strong socio-economic legacy. For the first time in FIFA history, bed-and-breakfast establishments will be included in the accommodation offering, and training has started to ensure service excellence.

The City has also developed a plan to support preparations for the 2010 FIFA World Cup™. The programme includes a soccer event strategy and a volunteer development programme. Trained volunteers were deployed to various major events during this period, creating a good platform for 2010 preparation.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

STRATEGIC FOCUS AREA 2: SUSTAINABLE URBAN INFRASTRUCTURE AND SERVICES

STRATEGIC FOCUS AREA 2	SUSTAINABLE URBAN INFRASTRUCTURE AND SERVICES
Key mandates	<ul style="list-style-type: none"> Ensure universal access to basic services Conserve natural resources Effective management of Council's infrastructure and resources
Key results	<ul style="list-style-type: none"> 100% of households with access to basic water supply 99% of households with access to basic solid waste removal services 92,5% of households with access to basic electricity supply 81% compliance with critical Department of Water Affairs and Forestry (DWA) water standards City cleanliness 77% Airspace saving in relation to volume of waste generated 16,6% Revised IMEP adopted by Council and implemented

Cape Town's population has grown from around 800 000 people 50 years ago to approximately 3,4 million, with many marginalised people from other provinces and the rest of the continent arriving daily. The City is suffering from a backlog in bulk infrastructure and provision of basic services, as well as the daunting task of repairing, upgrading and replacing old infrastructure while being faced with a critical shortage of technical and project management skills.

EQUITABLE SERVICES

Despite these challenges, the target of giving all Council settlements access to a basic water supply was achieved by installing standpipes. While the national standard for standpipe access is 200 m, the City achieved a 100 m standard. The very high 99% goal for access to basic solid waste removal was also attained.

The 91,8% target for access to basic electricity was surpassed (92,5%, or 2 696 connections above target) and the City is on track to achieve its ultimate five-year plan goal. The goal for basic sanitation was just missed – 97,1% versus 97,5% – but there was considerable progress in the final three months of the financial year. A bidder was approved for the supply and installation of concrete toilet top structures for two years, and this will ensure a sustainable supply in order to reach targets. Space remains a challenge, as the Council must negotiate with communities before setting up service points.

Water demand management

The Council has already exceeded the DWA requirement of a 20% reduction in unconstrained water demand. However, the Council set itself an even higher target of 27,4%, and reached 26%, which is unlikely to be exceeded. Pipe bursts are being reduced by introducing pressure management measures. The Council introduced a new computerised water demand management system with a device installed in households. A specific supply of water is measured out daily at a certain pressure and flow rate. This helps users to save water and manage monthly water bills, while the Council in turn manages debt better. The Council also fixes leaks free of charge on a once-off basis.

The Council allocated R38,8 million to replace water pipes, as many of its fibre-cement pipes made before 1985 are failing (although a significant number are still functioning efficiently). A centralised database to monitor pipe failings has been set up to ensure pipes are replaced only where needed. Some R50 million will have to be budgeted annually to replace old networks and maintain current service levels. The Council also opened two new Water and Sanitation Services offices in Gugulethu and Mitchells Plain to handle residents' water and sanitation account queries and service complaints.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Wastewater quality

Target compliance with four critical DWAF effluent standards (E. coli count, ammonia content, oxygen-demanding substances and total suspended solids) at 79% has been exceeded by 2% (at 81%) with upgrades completed in Potsdam and other water works treatment plants. The Council is on track to achieve the IDP target of 95% compliance with DWAF standards by 2012.

Wastewater final effluent quality: July 2007 to June 2008

WASTEWATER TREATMENT WORKS	DRY WEATHER FLOW \$ ML/MONTH	AVERAGE DAILY FLOW ML/D	PERCENTAGE COMPLIANCE AND MEAN VALUE								COMPLAINTS RECEIVED
			TSS mg/l		COD 75 mg/l @		NH ₃ 10 mg/l		E. coli 1000/100 MI		
			%	mg/l	%	mg/l	%	mg/l	%	NO. ¶	
1 Athlone	3,123	119	89	24	96	86	44	13	0	97,017	0
2 Bellville	1,554	52	84	20	88	56	65	10	0	110,208	0
3 Borchers Quarry	1,002	33	79	23	77	73	87	7,8	32	9,630	0
4 Cape Flats	4,525	172	36	42	48	89	84	7,0	80	446	0
5 Gordon's Bay	89	3,3	98	8	98	46	89	4,2	92	731	0
6 Klipheuwel	<1	<0,05	84	24	24	100	29	26	90	510	0
7 Kraaifontein	598	20	98	10	87	64	68	10	96	17	0
8 Llandudno	7	0,2	92	16	100	63	100	3,0	73	148	0
9 Macassar	895	31	96	7	98	45	98	2,8	91	19	0
10 Melkbosstrand	99	3,3	100	6	98	36	100	0,5	80	119	0
11 Millers Point	<1	<0,05	89	15	38	86	91	2,8	82	11,444	0
12 Mitchells Plain	982	34	98	8	98	41	98	2,4	49	1,589	0
13 Oudekraal	<1	<0,05	90	16	84	43	83	3,7	83	1,682	0
14 Parow	27	0,9	94	7	94	45	83	4,7	70	9,208	0
15 Potsdam	1,096	35	96	8	96	51	98	3,8	46	21,700	0
16 Scottsdene	312	10	89	17	91	47	90	4,3	77	836	0
17 Simon's Town	65	2,3	90	20	25	88	80	7,5	78	3,559	0
18 Wesfleur DOM	177	5,7	100	8	100	39	100	0,3	100	93	0
19 Wesfleur IND	114	3,9	85	15	55	80	100	1,0	29	995	0
20 Wildevoëllei	291	11,6	87	12	92	50	100	1,4	100	39	0
21 Zandvliet	1,748	59	96	14	98	55	23	19	85	26,708	0
TOTAL - LAND (ML)	16,704	598								TOTAL	0

YEAR Average Percentage Compliance	89		80		81		68	
YEAR Average Value		15		61		6,4		955

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

MARINE OUTFALLS:	DRY FLOW	ML
1 Camps Bay	72	2
2 Green Point	825	28
3 Hout Bay	190	6
TOTAL - SEA (MI)	1 087	36

GEOGRAPHICAL AREA:	RAIN MM
1 Wesfleur	422
2 Simon's Town	731
3 Kraaifontein	292
4 Athlone	861

NOTES
BOLD = Compliance >95%
BOLD = Mean exceeds limit
@ = relaxed to 130 mg/l for Athlone and 120 mg/l for Llandudno
§ average monthly flow during period November to April
= flow not measured - these are very small unmanned works
Percentage compliances are based on weekly samples taken
Mean values are based on weekly samples taken
¶ = E. coli mean is 50th percentile

REASON FOR NON-COMPLIANCE/COMMENTS	
Athlone	No active disinfection, detailed design of disinfection facility in progress
Bellville	Contract for disinfection equipment has been awarded.
Borcherds Quarry	In cooler weather, maturation ponds less effective in E. coli die-off
Cape Flats	Resuspension of algae and sludge in ponds by wind
Gordon's Bay	Chemical toilet waste from camp upset the works
Klipheuwel	Works overloaded, re-design of the operation of the unit is in progress
Llandudno	No bacterial samples taken
Millers Point	No bacterial samples taken
Mitchells Plain	In cooler weather, maturation ponds less effective in E. coli die-off
Potsdam	Commissioning of new plant and cloudy effluent adversely affected disinfection.
Scottsdene	Power dip tripped chlorinator (only two samples taken)
Wesfleur IND	No bacterial samples taken
Zandvliet	Works overloaded. Extensions operational July/August 2008

ACRONYMS

DWAF = Department of Water Affairs and Forestry
ML = Megalitres
ML/month = Megalitres per month
TSS = Total suspended solids
mg/l = milligrams per litre
COD = Chemical Oxygen Demand
NH ₃ = Free and saline ammonia
E. coli = <i>Escherichia coli</i>

95% compliance for the four critical parameters being used by the COCT is anticipated for 2012. This compliance has already been achieved if all the stipulated parameters were to be included in the indicator, as the others are consistently of a high standard.

Waste management

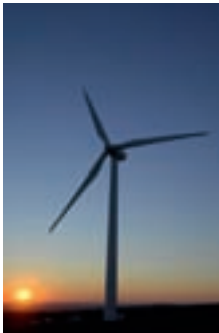
The 67% target for City cleanliness was exceeded by 10% (77%). The Council will divide this cross-cutting measurement into subcategories to ensure that the information is as useful as possible, to inform service delivery planning and operations of other City departments in addition to solid waste management. The solid waste department was the runner-up in the Cleanest City awards. The Council initiated an Integrated Waste Management By-law in line with national policy and soon-to-be-promulgated legislation that institutionalises the minimisation of waste.

The high priority of saving airspace in relation to the volume of generated waste was above target (16,55% vs 14,5%), thanks to successful recycling projects like Think Twice in the Atlantic area (Pinelands, Bloubergstrand, Melkbosstrand and Parklands) and Sea Point. This project encourages the voluntary separation of recyclable material from waste destined for a landfill. The Council first adopted the policy in 2006/7 and rolled it out in five areas in 2007/8. Households receive free, clear plastic bags and a pamphlet explaining what should be placed in the clear bag for recycling. These clear bags are collected by a private contractor ahead of the Council's regular waste-collection vehicles, and delivered to a recycling centre. By November 2007, 17 000 kg of waste had been collected from Philippi and Delft homes. There was also more chipping and composting of garden greenery.

The Council will nonetheless require a new waste disposal landfill site, and has applied to the Provincial Government for a site between Duinefontein and Atlantis.

During the year, Cape Town hosted the first Waste Minimisation summit to establish links and partnerships with the private sector to make waste minimisation a reality. The Council completed business planning for waste management during 2010, and held a series of workshops funded by the Konrad Adenauer Foundation, with input from FIFA 2006 organisers.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS



DARLING WIND FARM



KOEBERG INTERCHANGE



ELECTRICITY MAINTENANCE

Electricity provision

Following the mass roll-out of compact fluorescent light bulbs, part of Eskom's policy to address the energy crisis, the Council partnered with Eskom, Woolworths, Pick n Pay and the lighting industry to handle the ensuing hazardous waste.

Copper theft task team

The Copper Theft Task Team, known as the Copperheads, has been formed to combat the theft of copper cables and other Council property. The initial Non-Ferrous Metal Combat Team of five has been extended to about 18 members. A Revenue Loss Forum, disbanded due to restructuring, has been re-established and meets weekly to assess progress and operative measures.

Infrastructure management

An integrated, planned infrastructure management programme is being developed for electricity, sewerage, water, transport, roads and stormwater, and solid waste management. A consultant has been contracted to handle status quo assessments. Targets will be amended per the consultant's recommendations. The intention was to have the plan fully developed and approved by mid-2008, but this was delayed because of insufficient information and the scale of the task in relation to the size of the City.

The fifth annual customer perception survey of the Department of Water and Sanitation Services showed that Council customers were generally satisfied with the level and type of service they received. Council staff were generally perceived to be courteous. The vast majority of respondents were very satisfied with water quality, and businesses were increasingly aware of the need to conserve water. Follow-up with residents could, however, be improved.

The massive R1,3 billion Berg River dam project, boasting the highest concrete-faced, rock-filled dam wall in South Africa, was finished on budget and on time, and is now fully operational. It yields about 81million m³ of water annually, an 18% increase in the Western Cape water yield.

The largest bulk sewer pipeline to be built in the Western Cape in the last decade was opened in Delft in August. It was commissioned two years ago at a cost of R222 million, of which R186 million was contributed by the Provincial Government. The 15,5 km pipeline services 22 000 houses in the N2 Gateway project at Delft, and will provide capacity for 2,2 million residents in the Zandvliet wastewater treatment works, including Mfuleni, Blue Downs and Eerste River. It reduces maintenance costs for the Council's existing sewer system of 20 bulk sewers carrying effluent to 20 wastewater treatment works, while also facilitating new housing developments. Construction delivered 209 work opportunities, amounting to 170 500 hours, with 57 workers from Delft and Mfuleni receiving valuable in-service training.

The skills shortage in infrastructure and service delivery has partly been addressed by recruiting 100 technical apprentices and establishing ten mechanical learnerships within a fully ISO-certified Council training centre. This initiative is being duplicated in the water and sanitation sectors.

Services for the poor

Of 46,000 water restrictions (businesses as well as households), 12 000 were reconnected following payment or registration on the indigency database. Accumulated arrears of R1,1 billion were written off.

While the overall increase in rates and tariffs averaged 15%, the Council has boosted rebates and implemented an indigent policy to lessen the impact on the poor. Over 100 000 owners of properties valued at under R88 000 received a 100% rates rebate. Rates rebates for senior citizens and disabled people were increased from R3 000 per household to R5 000 per household.

The refuse removal subsidy now applies to properties valued at up to R300 000, up from R125 000. Shelters for the homeless pay only half the charges on the first 15 refuse container bins, and every occupant gets 0,75 kl of free water per month. Homes valued at up to R199 000 receive a grant of R30 per month (up 50%) and 6 kl of free water per month.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

ROADS AND STORMWATER

Roads improvement programme

Construction started on the Council-funded R12,5 million project for capacity improvements on the culvert under Main Road on the Diep River in Plumstead. This flood-alleviation measure will allow further development of the areas alongside the Diep River, such as the old Three Arts theatre site.

The Council-funded R37 million concrete road bridge over the Diep River in the Blaauwberg district was completed. The Council's commitment to the M12 project included the Potsdam Interchange on the N7 (completed by Province). Developers will provide road links from the interchange across the Diep River bridge linking with Sandown Road; and the Sandown Road link to the west to link up with the existing Sandown Road. The economic downturn and other factors have delayed these developments.

Some R10 million was spent during 2007/8 on the three-year, Council-funded R30 million Foreshore freeway bearing-replacement contract. The project includes the removal of existing bearings supporting freeway concrete viaducts on bridge pillars and refurbishing and replacing bearings. This contract still has 18 months to run.

Construction began on the R84 million Granger Bay Boulevard 2010 World Cup project. This includes raising the Green Point Circle on Western Boulevard to allow pedestrian access from Somerset Road to the Green Point stadium precinct; a dual carriageway between the Green Point Circle and Beach Road at the north-western entrance to the V&A Waterfront; and various major road improvements near the stadium. The project should be finished by November 2009, with funding from Province, the National Department of Transport (NDOT) and the Council.

Work began on the R235 million Hospital Bend upgrade scheme, also a 2010 project. It includes pre-selection schemes to manage traffic in both directions during peak periods; an additional inbound lane for public transport and general traffic from Main Road; the Anzio Road viaduct to bring traffic from Observatory onto the left side of inbound lanes; a viaduct from De Waal Drive for traffic bound for the southern suburbs; and separation of the De Waal- and Eastern Boulevard-bound traffic prior to merging to minimise weaving and improve flow. The project should finish in March 2010 using Province, NDOT and Council funds.



ROAD CONSTRUCTION, HOSPITAL BEND



RIVER CLEANING



N2 BMT LANE

Roads operations and asset provisions

The metro road-resurfacing projects totalled R50 million, and include extensive resurfacing and verge shaping in the Blackheath industrial area; ultra-thin friction course resurfacing on Jan Smuts Drive, Kewtown; resurfacing part of a major route between Voortrekker Road and Old Paarl Road on La Belle Road, Kaymor; resurfacing between Big Bay and Blaauwberg Road on Otto du Plessis Drive, Blaauwberg; resurfacing De Waal Drive inbound; extensive resurfacing with modified asphalt to delay the effects of grey water on Lansdowne Road, Khayelitsha; major link resurfacing to tie up with upgraded/newly constructed portions on Brackenfell Boulevard; and resurfacing a major economic link on Main Road, Rondebosch.

The Council's electronic fuel management system, called eFuel, has been introduced for Council vehicles: The vehicles are now refueled at designated commercial petrol stations using a card-free and cashless system to help combat rising fuel costs, losses from stolen or contaminated fuel, and tanks running dry.

The following stormwater management programmes were undertaken in addition to the capital works reported on elsewhere in this report:

Winter readiness programme

The winter readiness programme, which focuses on the pro-active cleaning of stormwater infrastructure and river systems before the winter rains, once again ensured minimal disruptions and losses attributable to flooding, despite the fact that the total rainfall for the year ending December 2007 was above the long-term average. Widespread incidents of flooding, affecting people's livelihoods, were however experienced in the informal settlements, many of which are located within flood-prone areas. In an effort to improve the City's disaster response-planning, flood risk assessments were undertaken to prioritise interventions required in the informal settlements for the 2008 winter season.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Rietvlei dust management plan

A temporary solution was implemented to address the dust problems experienced by residents downwind of the seasonal pans within the Rietvlei Wetland Reserve during the dry and windy summer months. This involved the purchase and operation of high-volume pumps to maintain water levels on the largest of the pans. These seasonal pans are a type of wetland that dries out naturally during summer.



STEENBRAS HYDRO LOWER DAM



BERG RIVER DAM

Inland and coastal water quality

The percentage of recreational water sampling points – such as swimming beaches and inland recreational water bodies – complying with DWAF standards was only 65%, below the bar of 89%. This drop was due to many factors beyond the Council's control, such as power outages making sewerage systems fail and overflow. Tests have shown that rain during the sampling time led to pollutant wash-off from the land, and this contributed significantly to the low compliance figures. Council authorities comment that it is surprising that there has not been a more significant decline in long-term compliance, given rampant development and population growth in many areas of Cape Town.

Major multi-project, capital-intensive remedial programmes are currently under way to improve water quality in the long term. These include the coastal water quality improvement project, the Zeekoeivlei rehabilitation project and Rietvlei water quality improvement measures.

Inland water quality

Four inland water bodies which are widely used for recreational activities are assessed in terms of DWAF's intermediate contact recreation guideline, which recommends that E. coli results should be less than 1 000 counts per 100 ml. The percentage of results complying with this guideline obtained for each of the four inland recreational water bodies over the 12-month winter and summer cycle (July 2007–June 2008) was as follows: Zandvlei (78%), Zeekoeivlei (79%) and Rietvlei (100%). Only 29% of results obtained for Milnerton lagoon were less than 1 000 E. coli counts/100 ml.

The most important Roads and Stormwater initiatives to improve inland water quality included:

- A tender document was prepared for pollution abatement investigations at Diep River/Milnerton. In the Bayside vicinity, design is still under way for a stormwater management and flood alleviation project.
- A R1,1 million contract was awarded for an underground pipe system laid on the invert of the existing canal to divert the low flow at the Island in Khayelitsha.
- The southern shore cut-off drain project in Zeekoeivlei is 90% complete; a contractor has been appointed and construction is under way in Gugulethu on the low-flow diversions project; weir gates have been installed at the vlei outlet; and an analysis of sediment samples to evaluate possible uses/disposal of vlei sediments revealed insufficient information to draw substantive conclusions on possible uses/disposal of sludge. Additional sampling took place from May to July 2008. When analytical results are available, the way ahead will be discussed with consultants.

Coastal water quality

There are 40 bathing beaches along the False Bay coastline and 28 beaches along the Atlantic coastline that are monitored on a fortnightly basis throughout the year. During the 12-month winter and summer cycle (July 2007– June 2008), 44 of the total 68 beaches (65%) complied with DWAF guidelines for full-contact recreation. Non-compliance generally occurred during the winter rainfall period, when land-based pollutants were washed into the stormwater system and then travelled via canals and rivers down to the coastline.

The first phase of the coastal water quality project (examining ways to improve water quality at bathing beaches) was completed at the end of May 2008. Pollution sources were listed and 11 beaches were prioritised for treating contaminated stormwater discharges to reduce bacteria loadings before the flow discharged into the sea. It is proposed that three beaches will have pilot end-of-pipe technologies implemented over 2008/9 and 2009/10 before full-scale implementation takes place at the 11 beaches. The pilot beaches will be Three Anchor Bay or Kalk Bay harbour (ultraviolet plant at an estimated cost of R640 000); Muizenberg station (sand filter, R460 000); and Horne Bay, a non-bathing beach (granular chlorination, R390 000). The prioritised beaches include Mnandi, Strandfontein Point, Green Point, Saunders Rock, Bakoven, Graaff's Pool, Rocklands and the Milnerton estuary and outlet.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

STRATEGY AND PLANNING

The Planning and Building Management Department handles service delivery of land-use management, building development management and customer interface. Its operations were decentralised throughout the metro during the year; by mid-July 2008, seven of eight district offices were open.

The Council exceeded its performance targets for building plan approvals and land-use applications in 2007. The target for plan approvals was achieving 95% within 30–60 days, and 72% for land-use applications within four to 17 months, depending on objections. Building plans worth R15 billion were approved in 2007, and finalisation rates were 102,1% (which include backlogs from the previous year). The finalisation rate for land-use approvals was 85,3%.

By the end of June 2008, 91 of 110 critical staff vacancies noted in October 2007 had been filled. Some land-use assessment backlogs caused by retirements and resignations were addressed by short-term specialist contract staff. This improved service delivery in two district offices, Blouberg and Table Bay, where 104 backlogs were reduced by 89% to only 11 items by June 2008. Based on these successes, contracts were also implemented in Helderberg from June 2008.

The budget to implement the Land Use Enforcement Policy (which deals with enforcing compliance with the Land-use Planning Ordinance No 15 of 1985, and provisions of the Zoning Scheme) was approved, and a further R8 million was approved for 2008/9.

The Spatial Planning and Urban Design Department (SPUD) provides City-wide and district strategic planning and design direction through preparing spatial planning and urban design framework policies to guide City development.

The first round of public meetings was held at subcouncil level between February and April as part of the public consultation process for the preparation of the City's Spatial Development Framework. Eight district Spatial Development Plans were completed. These aim to create the basis for sustainable long-term urban growth and development.

The Strategic Development Information and Geographic Information System (GIS) Department provides accurate spatial data and information to inform infrastructural and operational planning. It monitors development levels, development needs and priorities; measures developmental outcomes; develops systems and processes for improving integration/sharing of and access to development information; and guides Council's Corporate Information and Knowledge Management Strategy.



HOUT BAY, DISA RIVER MOUTH



PROVISION OF POTABLE WATER

Environmental resource management

The Environmental Resource Management (ERM) Department manages Cape Town's unique, diverse natural, urban and cultural environment, and drives policy and strategy throughout the City. Guided by national and provincial legislation, the IDP and the City's own environmental policy (the Integrated Metropolitan Environmental Policy), the ERM Department has taken the lead in driving environmental policy and strategy across the City and its line functions, while also managing the City's unique and rare biodiversity.

The staff component of the ERM Department has increased in size, with numerous critical vacancies filled. As a result, capacity has been boosted in the various branches.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS



THE TWELVE APOSTLES, CAMPS BAY



LOCAL VEGETATION, LION'S HEAD

Biodiversity management

The Biodiversity Management Branch is responsible for managing 24 nature reserves in the City, and must also ensure that the Biodiversity Strategy and Network, which includes an Alien Invasive Species Strategy, is implemented. Key projects this year included completing the ground-truthing of the Biodiversity Network (terrestrial component), aligned with national conservation targets and national and regional plans, and the completion of the desktop wetlands layer. The submission of this data provides the baseline information for the District Spatial Development Plans and the Environmental Management Frameworks. The Cape Flats 2 Partnership programme was institutionalised with the appointment of site managers for Atlantis, Harmony Flats and Mamre. A report on the status of biodiversity in Cape Town (the Local Action for Biodiversity (LAB) Report) was completed, and the Durban Commitment was signed as part of the City's involvement in the LAB Project, reaffirming the City's commitment to the conservation of biodiversity. The Branch also produced a nature reserve booklet, highlighting the City's 24 nature reserves. More than 94 000 person days of education and outreach programmes were organised.

City Parks also focused on issues relating to biodiversity and climate change. These included management plans for nature-sensitive areas, water-demand management plans and tree planting. Highlights included new boreholes at Zoarvlei, the Kuils River administrative building and Lentegeur, as well as initiating plans for grey water management in Macassar and Athlone.

Environmental and heritage management

The Environmental and Heritage Management (E&HM) Branch was involved in ongoing assessment of and guidance on development applications across the city. Highlights included an inter-governmental sand mining task team which was set up to tackle illegal sand mining; the construction of bird hides and a 'gateway' at the Two Rivers Urban Park; recognition for the conservation status of Die Hel, Die Oog and Meadowridge common; working with partners on the new slipway at Witsand, the Roundhouse building and the review of the Telecommunication Policy; as well as the implementation of management plans for the Blaauwberg Conservation Area, Blouvlei and Rietvlei wetlands.

Heritage advice pamphlets were prepared for the Bo-Kaap, Kalk Bay and Clifton bungalows; the Prestwich Memorial (re-internment ossuary, memorial garden and visitor centre) and the Church Square slavery memorial were completed; the Hurling Swaaiopomp, the Lion Gateway and director's house in the Company's Garden, and the Boshoff Gates were restored; the French Redoubt was fenced; work was undertaken with partners on the Granary Building and the Langa Initiation Site; heritage audits were prepared for Constantia and Newlands Village; all existing heritage surveys for the Council's Heritage Resources Inventory were captured, and 33 000 erven with heritage attributes were digitised; a slave walks brochure was prepared; and a specialist study was completed for restoring the Milnerton wooden bridge.

The Branch was also responsible for the review of the Outdoor Advertising and Signage By-law (14 workshops; evaluation of 3 000 public comments); the pilot poster pillar project; the appointment of poster-removal contractors; the establishment of a signage tracker; charging tariffs for new property marketing showhouse boards; the increase in registered agents from 189 to more than 3 000; taking court action against illegal nightclub posters; and impounding several illegal trailer signs together with Law Enforcement.

Environmental management systems

Within the Environmental Management Systems (EMS) Branch, the Environmental Management Programme (EMP) specifications for civil engineering construction activities and the Revegetation Specifications were updated. The Khayelitsha Air Pollution Strategy was set up under the leadership of City Health, and air pollution sources in Khayelitsha were surveyed, using trained local residents and funding by the Department of Environmental Affairs and Tourism. A R2 million National Treasury restructuring grant was received and will be used to develop an Environmental Compliance Strategy (ECS) in 2008/9. The EMS Branch also supplied other branches and directorates with up-to-date, accurate GIS environmental information, in addition to advising on EIA procedures for new capital projects.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Environmental strategy and partnerships

The Environmental Strategy and Partnerships Branch completed the key five-year Integrated Metropolitan Environmental Policy (IMEP) review process, which culminated in the Council endorsing and accepting the recommendations from the review that will set the City of Cape Town on a path towards a future of strong sustainability. This renewed commitment by the City to sustainable development is the foundation on which the ERM Department will continue to build global environmental best practice. In addition, the Branch has completed an expert technical study to assess the exposure of Council's commercial and residential infrastructure to the risk of rising sea levels caused by global climate change. The study went further to identify potential adaptation measures. Three key capital projects continue under Strategy and Partnerships, namely the two flagship conservation and development projects of the Blaauwberg Conservation Area and the False Bay Ecology Park (FBEP), and also the R6 million Expanded Public Works Programme (EPWP) project to upgrade the Witsand slipway.

Environmental capacity building, sustainable livelihoods and communications

A new Sustainable Livelihoods and Greening Programmes Unit was set up in the Environmental Capacity Building, Sustainable Livelihoods and Communications Branch. It undertook projects on sustainable livelihood development projects that focused on women and the environment, as well as community involvement in environmental management initiatives and national livelihood interventions. A Smart Living Handbook was produced, which covered the key themes of energy, water, waste and biodiversity, and provided practical demonstrations of how residents can change their lifestyles to reduce their impact on the environment. A Smart Living Staff Campaign and a Smart Living Business Pilot Project were rolled out. The year-long Youth Environmental School (YES) programme reached over 64 000 learners. Approximately 60 primary school educators were trained in environmental education as part of the curriculum. Some 27 interns were employed on annual contracts as part of the City's internship programme, and nine staff were given the opportunity to embark on an environmental education training and development practice learnership. There was input on the development of the Green Building Guidelines for the City, greening the Council's fleet tender specifications, and establishing strategic livelihood networks and partnerships with local and international organisations.

Resource conservation

The Resource Conservation Branch is involved with effective energy use, and is the custodian of the Energy and Climate Change Strategy and the State of Energy Report for the City. The second State of Energy Report was completed in 2007. In March 2008, Council decided to adopt 'Energy for a Sustainable City' as its third strategic focus area to be implemented in 2008/9. In response to this new focus area, a Section 80 Energy Committee was set up to address energy security, carbon mitigation and climate change impacts. The Branch has also been involved in retrofitting houses in Kuyasa, Khayelitsha; installing solar water heaters at various nature reserves; energy efficiency in Council buildings; the Council's agreement to buy power from the Darling wind farm; and further negotiations around the Solar Water Heater By-law.



SOLAR-POWERED TRAFFIC LIGHTS, LOTUS RIVER



KHAYELITSHA WETLANDS PARK



YES - YOUTH ENVIRONMENTAL SCHOOL PROGRAMME

Major programmes and projects

Several significant partnership projects were developed and coordinated within the Major Programmes and Projects Branch. The City's relationship with Table Mountain National Park was based on three high-level bilateral meetings and 10 sector-based Working Groups, which dealt with issues including fire management, visitor safety, baboon management and environmental education. An agreement was finalised with ICLEI – Local Governments for Sustainability – to house their Africa regional office, which coordinates the international Local Action for Biodiversity (LAB) project. Five 2010 FIFA Green Goal workshops were held, and a manager was appointed to coordinate the Green Goal Programme to ensure a positive environmental legacy for the City beyond the event. Other important partnership projects included the convening and coordination of action-oriented, multi-stakeholder steering committees for FBEP and the Blaauwberg Conservation Area.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

STRATEGIC FOCUS AREA 3: PUBLIC TRANSPORT SYSTEMS

STRATEGIC FOCUS AREA 3	PUBLIC TRANSPORT SYSTEMS
Key mandates	Improve public transport systems and services
Key results	N2 bus and minibus taxi (BMT) lane travel time reduced by 20 minutes for public transport users 8 km extra public transport lanes per annum

TRANSPORT

Some 600 000 passenger trips per day are currently taken on Cape Town’s minibuses or buses – 57% of the total peak hour public transport trips. The Council has a strategic transport vision of a full system network of high-quality rail and road services that will place at least 75% of Capetonians within 500 m of the service. The City is introducing a new multi-billion rand public transport system, with the first phase of an integrated rapid transit (IRT) system planned for March 2010. This will consist of a service between the CBD and the airport, throughout the inner City and surrounding areas, and through to the Green Point stadium precinct. There will be an extension up the Atlantis corridor to include the communities of Mamre, Atlantis, Doornbach and Du Noon. This first phase will cost R1,32 billion.

The next four phases, expected to be completed within 10 to 12 years, will serve the northern and southern suburbs, Mitchells Plain, Khayelitsha, Delft, Blue Downs and Stellenbosch.

During the 2007/8 financial year, the high-level Transport Operations Plan was completed. The detailed 2010 Transport Operations Plan was 20% complete – as intended – and is being used nationally as a benchmark.

The City is responsible for over 10 000 km of tarred road worth about R40 billion. Major work is being done ahead of 2010. Key 2007/8 developments included the City adding a lane for buses and minibus taxis to the N2 from Vanguard Drive to Borchers Quarry, slashing travel time for public transport users by 20 minutes, and by five minutes for other transport modes. The target was a 40-minute average cut, to be calculated after the next National Housing Survey is complete and metro-wide travel time measurement input is available.

A target of 5 km of critical and feeder commuter routes with dedicated public transport lanes was exceeded by 3 km. A total of 8 km (in the current year) was achieved because dedicated public transport lanes were added along the N2 corridor and Symphony Way. The second phase will involve changing this single-lane road between the N2 and Stellenbosch Arterial to multiple lanes in both directions, constructing a median strip and erecting a bridge over the N2.

Funding for transport projects

In 2007/8 the City was allocated R1 602 billion from the National Public Transport Infrastructure and Systems Grant (PTISG) to subsidise transport project upgrades, including R836 million for IRT and R766 million for 2010 transport projects.

Progress has been made with creating a single Transport Authority (TA), but imminent legislative changes relating to the TA must be reviewed.

Integrated rapid transit system (IRT)

The IRT system is a multi-modal initiative to transform Cape Town’s public transport services into a system that meets the access and mobility needs of all citizens, visitors, goods and services in an equitable and sustainable way.

The funding of and work on this massive overhaul kick in strongly from 2008/9, but 2007/8 planning costs included R5,3 million for the operations plan and R5 million for the business plan. The operations plan is the blueprint determining all subsequent planning, and includes aspects such as demand modelling, the operational definition (corridors, routes and sizing), traffic impact studies, and many more. The business plan determines the business and institutional structure for the system to be financially sustainable. It also includes work on transforming the existing bus and minibus industries into the new business model.

The project will be funded by contributions from the Council and National Government.

The delivery of Phase 1 of the IRT system will fulfil many of the City’s 2010 requirements. The inner-city and airport routes, in particular, are aligned with the requirements in the stadium-use agreement and the Record of Decision for Green Point stadium.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Other public transport infrastructure upgrades include the Khayelitsha Rail Extension project that came to R21 million during 2007/8, with contracts including the construction of the Walter Sisulu Road, its road-over-rail bridge and Lindela Road. Further phases are out to tender, with funds largely from the Neighbourhood Development Partnership Grant (NDPG).

The Mitchells Plain Station Transport Interchange project included R15 million expenditure, mainly from the NDPG, on the first phase of the southern terminal. Projects included pedestrianisation of part of Seventh Avenue, and providing an informal trading area with shelters. Further phases are out to tender.

The Claremont CBD Public Transport Interchange project was completed over two years at a total cost of R38 million. Contracts included the taxi interchange on Ralph Street, a taxi holding area in Old Stanhope Road, and a bus interchange on Newry Street. Provincial and Council funds were used for this project, undertaken in conjunction with the Claremont Improvement District company. This partner is funding construction of Claremont Boulevard adjoining the interchange facilities, and providing a bypass from Stanhope Road and Main Road in Newlands at the Letterstedt Road intersection.

Promotion of non-motorised transport

To promote non-motorised transport, the City undertook to implement a number of projects along Klipfontein Corridor, Symphony Way, with the primary focus on upgrading walking, cycling and public spaces. These projects included Spine Road, Khayelitsha; Hazel Road, Gatesville; Bosduif/Petunia Roads in Gatesville; NY1 Phase 1 and 2 in Gugulethu; and Liesbeeck Parkway in Mowbray. A further ten projects are in the design stage.

The City also signed a Memorandum of Understanding (MOU) with the Interface for Cycling (ICE) programme on a bicycle empowerment partnership, with capacity building a priority. A further partnership has been entered into with the Bicycling Empowerment Network (BEN) in a number of projects to encourage people to cycle to work and to school. BEN aims to help make conditions safer for cyclists, and to develop a culture of cycling, which will in turn alleviate poverty, improve mobility, and mitigate climate change.

The City has also set up a 24-hour Traffic Signal Fault Call Centre enabling the public to report faulty traffic lights. Each control box at the 1 300 intersections in the city has been fitted with an ID number, which speeds up the process of getting a repair crew to the problem site.



PUBLIC TRANSPORTATION, METRO RAIL



PROMOTING NON-MOTORISED TRANSPORT

As part of the Travel Demand Management Strategy and Programme to reduce congestion on roads and influence travel behaviour, pilot park-and-ride projects have been implemented in Kuils River and Helderberg. Commuters can now leave their cars in a safe area and change to road-based and rail public transport.

Other transport-related MTI projects during 2007/8 included refurbishing the Metropolitan Transport Information Call Centre and relocating it to the Paul Sauer building. The MTI now has the latest in telephony and computer equipment to ensure first-class service.

Bonteheuwel inaugurated the first ward-based transport users' forum in February. It identifies passenger transport problems, helps formulate transport policies, develops local projects, and monitors the results. Each forum will eventually be represented in a single Cape Town Transport Users' Forum.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

STRATEGIC FOCUS AREA 4: INTEGRATED HUMAN SETTLEMENTS

STRATEGIC FOCUS AREA 4	INTEGRATED HUMAN SETTLEMENTS
Key mandates	Improve and develop integrated human settlements Deliver housing opportunities
Key results	100% compliance with IDP housing programme Exceeded target with community facility maintenance Spatial Development Framework draft under way, and first round of public meetings held 6 439 new housing opportunities 60 informal settlements serviced in upgrade programme

HOUSING

Providing new housing is a huge challenge, while at least 48 000 existing structures must be moved to new sites to avoid high risks of floods, fire and the spread of disease. A new five-year housing plan was developed for the Council in 2007/8, and a total of 6 439 housing opportunities were achieved. This was below the original 10 200 target for the year, but above the revised June 2008 target of 6 000.

YEAR	HOUSING OPPORTUNITIES DELIVERED
2007/8	6 439
2006/7	7 519
2005/6	4 585
2004/5	3 469
2003/4	180

Housing breakdown 2007/8

Subsidy housing	3 173
Incremental stands	2 266
Land restitution	37
Social and rental housing	705
Gap housing	258
Total	6 439

The housing delivery was achieved despite many serious challenges, such as environmental impact assessment (EIA) processes, construction industry capacity, a shortage of professional project managers, and community interventions that slowed or stopped developments. The Council is exploring solutions, such as appointing lead consultants with professional teams to plan and implement projects, increasing administrative support for project managers, and appointing assistant project managers for training and mentoring.

Community interventions have also affected housing progress. Projects in Phoenix, Manenberg, Nonqubela and Khayelitsha, for example, were each delayed by five months. Solutions include stronger political buy-in and support, improving communication with councillors and civic leadership, development workshops to capacitate leadership on a project-for-project basis, and getting consensus upfront about allocation and products. New environmental regulations have resulted in previous approvals lapsing, and all processes having to be restarted, for example in Temperance Town, Pelican Park, Somerset West and Masiphumelele Phase 4. The Council is exploring acquiring in-house capacity and expertise to assist with EIA applications and monitoring, taking part on national task teams so that it is involved with policy changes, and regular policy discussions with Province. Reaction to tenders has also been poor, leading to retenders; some tenders are unsustainable due to poor cash flow and project planning. Solutions include education on tender process documentation, communication with the organised building industry, and smaller projects with combined tenders. Interaction by line departments has not been optimal. This is being addressed through various forums and building relationships and partnerships.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

The Council's housing plan has been revised and rewritten. It is now a five-year plan aligned with the new National Housing Breaking New Ground policies and programmes, the City's IDP, and the provincial Isidima initiative (the Western Cape Sustainable Human Settlement Strategy to fulfill Government's promise of creating "a home for all in the Western Cape").

The Council is tendering for contractors to handle maintenance of its housing rental properties, ensuring better service delivery and budget adherence. In the northern City area, annual tenders were put in place for repairs and replacement of doors, electrical maintenance and installation/replacement of geysers. In the south, the Council is working towards annual tenders for staircase repairs, walling replacement, electrical maintenance, replacement of gutters and downpipes, repair/replacement of doors, and installation/replacement of geysers. The Council also intends having annual tenders in place for plumbing maintenance, replacement of floor coverings and window frames, soft landscaping and tree felling around flats, and repair/replacement of flat roofs. In the central area, annual tenders will be awarded for repairs/replacement of doors, plumbing maintenance, welding (window servicing) and brickwork.

The Council received conditional level-one accreditation approval from the Provincial Minister for Housing in June 2008. This is the first step towards full accreditation, which will enable the Council to streamline and speed up its housing delivery.

A housing land acquisition process – using internal and external funding to acquire well-located land for the Council's multi-year housing development programme – has been implemented. This will also enable land to be banked for the next five to 15 years.

Land acquisition for housing

YEAR	ACQUISITION	USAGE
2007/8	70 ha acquired	Will provide for delivery according to the five-year financial plan for the next three years' projects
2008/9	100 ha acquired	Allows for projects in the five-year Integrated Housing Plan and up to seven years in future
Long term	8 000-10 000 ha to be acquired	To address backlog of 400 000 households, and for natural growth. Includes informal settlements where required. Could be partly addressed by unlocking pockets of Public Works and other state-owned land.

The existing housing estate offices' operations have been realigned to optimise customer service, despite limited resources. A key feature is setting up satellite offices that are open on certain weekdays.

The final proposal call was issued for the Scottsdene show village on 30 May 2008. This project plans to showcase models of innovative and affordable housing, catering for lower income groups (R3 500 to R10 000 per month salary range) not qualifying for government subsidies and requiring bonds, i.e. gap housing.

Agreement has been reached on, and the first R300 million received for, a multi-billion rand community residential unit project for upgrading and refurbishing the Council's housing rental stock. This will transform the built and social environment of Cape Town's rental stock, consisting of some 43 500 units.

The Housing Directorate is finalising a housing debtor management contract with a community-based group to ensure that all Council tenants have updated contracts and pay their monthly rent on time. This pilot project could be extended across the city.

The Dibanisa lintsapho Hostels To Homes hostel redevelopment programme provides family-sized rental units to people who previously had single beds in shared quarters in Langa, Nyanga and Gugulethu. Existing buildings have been remodelled and extended, with blocks added to provide extra floor space. A total of 492 units were completed in the 2006/7 financial year, 626 in 2007/8, and 96 are due for handover by mid-2009. During the year under review, community conflict prevented work from proceeding in Gugulethu, and these resources were allocated to the Nyanga programme.

A R208 million project to turn 564 apartheid era single-sex hostels into family units is under way in Langa, Gugulethu and Nyanga, and entire street blocks have been converted. This programme is seen as a case study that could be applied to 600 000 hostel beds countrywide, and is a useful reference for the N2 Gateway project that aims to deliver 22 000 housing units.

The R118 million Kuyasa housing project has done much to help relieve the housing shortage in Khayelitsha Site C. By the end of this financial year, 2 030 houses of 2 399 in Phase 2 had been completed on time and on budget. An essential element was the Council's Integrated Human Settlement Plan, which creates a supported community environment for households, rather than just a collection of houses. Most of the houses have two bedrooms and cover 36 m²; households that contributed towards construction received 42 m² houses. Many households have already started adding value by adding on to their starter homes – gardens have been added and houses painted creatively. Market stalls have been developed adjacent to the project, and several small businesses started. A new clinic has opened, providing residents with health care and business opportunities. There are also two schools, with a third planned. Public open spaces are being developed, green spaces preserved, and overhead mast lighting provided.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Land restitution

Considerable progress has been made on various land restitution claims: On the Gabriel Road restitution project, all units were completed by the end of June 2008, with 31 claimants taking occupation. The remaining five claimants are seeking finance. In Dido Valley, the Council is facilitating the allocation of housing units to 200 claimants as settlement of their land claims. Site planning has been completed, and the new housing department is managing the process of obtaining the necessary approvals.

The Council is negotiating with the Regional Land Claims Commission (RLCC) for a nominal payment for claimants removed from the area of the Claremont bowling green site. A service provider has drawn up a business plan for a medium-rise, medium-density apartment development as a cross-subsidisation model, with some units being sold off. Some 50 Claremont claimants have shown interest. The Council is cooperating with the Implementation Steering Committee on developing the Protea Village site for 86 claimant families. RLCC-appointed consultants have done substantial work in developing various financially viable land-use plans. These have been workshopped with the claimants. The legal action by the four surrounding residents proceeds slowly, and the RLCC has filed answering affidavits. In Welcome Estate, the RLCC's service provider has submitted a land-use application after substantial consultation with the claimants.

The Council is a member of the District Six Task Team, which has facilitated an open tender process for the National Bid Adjudication Committee to appoint a service provider to compile a business plan for the entire area. A service provider for the business plan has now been appointed by the National Tender Board. In Crawford, the Council is facilitating the release of a site for 40 claimants for alternative land as compensation; the RLCC has made a market-related offer of R13,8 million. For Erf 84603, Nooitgedacht/Retreat, stakeholders have asked the Council to facilitate site development, and a project steering committee has been set up. The release of the land has been approved by the Department of Public Works. There are 100 restitution beneficiaries, and the Council will finalise a list of 200 waiting list beneficiaries to be included on this site.

For Emavundleni, the RLCC has finished verifying claimants, who are taking part in workshops about different options for claims settlement. Ndabeni (Wingfield) claimants are divided on selling or developing the land, and disputing groups have lodged papers with the Land Claims Court. The Chief Land Claims Commissioner has asked for mediation to resolve the case and is managing the finalisation of the claimant list, and thereafter representation.

For the Solomons land claim, Council has approved the Section 42D agreement, which has been forwarded to the Land Claims Court to be made a court order. In Richmond Park, the Council agreed to the release of land for restitution, and the RLCC has finalised the list of 395 claimants. At Tramway Park in Sea Point, the claimants have appointed a developer for a cross-subsidisation development of 86 units; 36 will be free to claimants. The developer has submitted a planning application, which has been approved. At Goodwood Prison, the Department of Public Works has confirmed the release of a 30 ha site to accommodate about 300 claimants, and the RLCC is appointing a service provider to carry out a full feasibility and land-use study.



HOUSING DEVELOPMENT, DELFT



KHAYELITSHA

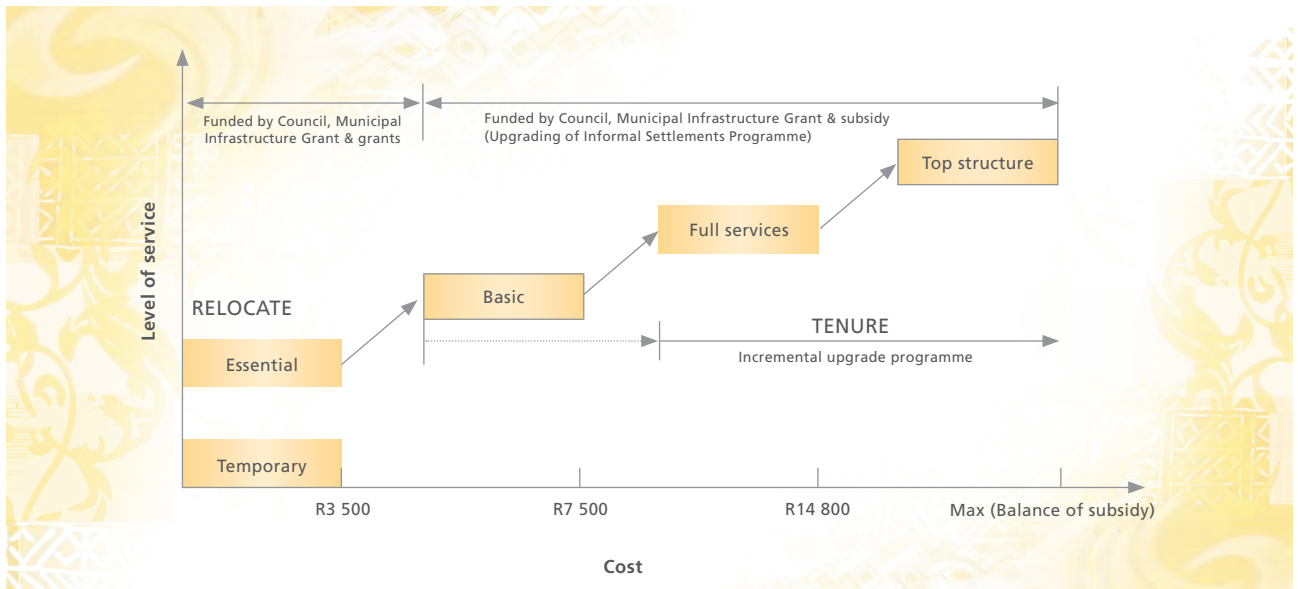
Informal settlements

There was full compliance with the Council's Informal Settlement Upgrade Programme – 60 informal settlements were serviced with water, sanitation and area lighting. This is well above the target of 50. Council managers believe the upgrade process strategy can be better integrated, and have appointed a consultant to develop a multi-year strategic plan.

In the Kosovo informal settlement, an in situ upgrade completed in August 2008 has given 5 500 households rudimentary services. In the Enkanini informal settlement, civil consultants have been appointed, and a site-and-services project for some 1 600 households is due for completion by August 2009. In Masiphumelele, a temporary resettlement area (TRA) for 352 households is being set up by the Informal Settlements Department (ISD) to make way for formal development, and construction is under way. In Uitsig, a TRA for 100 households is being established for formal housing development for backyarders. A services contract for 2 217 households has been completed in Sweethomes, while Nomzamo TRAs were established for some 230 households from Wag 'n Bietjie affected by fires. A TRA was established for 100 Maitland flood victim households. In Symphony Way a TRA was established for 840 households in the first phase, while planning is under way for a TRA of 800 sites in the second phase. Various small-scale interventions regarding access tracks and flood mitigation have been undertaken, such as Brown's Farm access tracks and Los Angeles flood-mitigation measures.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Incremental upgrade model



The City has an incremental upgrade approach, with informal settlements provided with full essential services. Formal programmes are then implemented to provide housing opportunities with fully serviced sites, top structures and permanent tenure over time.

Over the past decade, Government's response to informal settlements has been characterised by disaster management strategies, with programmes to eradicate informal settlements through large-scale capital-intensive structural interventions. New strategies include incremental in situ upgrades (see above illustration) that make improvements while maintaining communities' social networks and livelihood strategies.

There has been more high-level interaction and involvement between the Council and communities to avoid upgrade delays. The Housing Directorate, together with councillors, Mayco members and the Executive Mayor, held community and public meetings across Cape Town to discuss and give feedback on challenges and potential problem areas. Intergovernmental meetings between Province and Council are also convened on a monthly basis to discuss various housing matters.

The Council is also developing a fire-prevention strategy to reduce fires in informal settlements. Monthly meetings are being held between the Council, Province and relevant stakeholders to develop a business plan for Council approval. When this plan is complete, a Request for Proposals (RFP) tender will be issued for a roll-out plan and implementation.

Land invasion by the homeless remains the biggest challenge facing the Housing Directorate. The Council has adopted a zero-tolerance policy and has approved R8 million to set up a dedicated Anti-Land Invasion Unit (ALIU) to operate on a 24/7 basis. ALIU will consist of 57 staff members, comprising a head, 48 senior field officers, four principal field officers and four administrative staff working eight-hour shifts.

The Housing Directorate has appointed private demolitions and relocations contractors for large-scale operations for the next two years to save costs.

There are also two new senior project managers and a strategic planning consultant to champion the 20-year Upgrading Informal Settlements Programme strategy and the implementation of informal settlement upgrades.

The Housing Directorate management has attended several integration meetings between the Service Delivery Integration (SDI) Directorate and service provision line departments. Discussions dealt with budget alignment, programming, accountability, non-duplication and general coordination. The top 30 informal settlements are serviced as best as possible, although there is limited space for access and services between densely packed shacks.

Housing has finalised a service level agreement to regulate the relationship between itself and service provision line departments involved in informal settlement upgrades and maintenance. The agreement is a guide to providing services, and relies on a spirit of cooperation for success.

The Informal Settlements Corporate Coordinating Task Team was set up in August 2007 to discuss institutional, strategic and implementation issues around informal settlements. In January 2008, the task team set up sectoral working groups. The task team will take an oversight role, while sectoral working groups will ensure that work is done on the ground, e.g. regarding finance and services.

Since the Informal Settlements Sector was set up under the Housing Directorate in March 2007, appointments have included new heads of Engineering Services, Informal Settlements Planning and Informal Settlements Management.

A 24-hour response to all queries and enquiries has been established and maintained.

The municipality has completed an up-to-date database and an action plan to ensure that everyone who needs basic services will have fair access. Service provision must be carried out in an orderly way, according to a priority list based on factors such as the number of years the settlement has been in existence, fire and flood risk, and availability of water and sanitation.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

URBAN RENEWAL PROGRAMME (URP)

The National Urban Renewal Strategy, launched in 2001, aims to integrate the institutions, planning, management and funding of different spheres of government to respond more effectively to the development needs of disadvantaged urban communities. Focussing on areas of greatest social and economic deprivation, the Western Cape investment focus of the Urban Renewal Programme (URP) is mainly on implementing anchor projects in Khayelitsha and Mitchells Plain. While URP activities were initially undertaken by various Council departments, the Urban Renewal Unit has now been set up in the SDI Directorate, which is also responsible for the Extended Public Works Programme.

Khayelitsha anchor projects under the URP include the Khayelitsha CBD, a rail extension project, HIV/Aids programmes, and housing and land access. The Khayelitsha CBD project is to establish a mixed-use, vibrant CBD for 400 000 Khayelitsha residents and to empower them to seize opportunities related to the development. A 73 ha site adjacent to the station has been earmarked. The total development cost for the first phase is R451,6 million, and completed components include a cricket oval, swimming pool, magistrate's court, Home Affairs and Social Services offices, a retail centre, a transport interchange and a remembrance square.

The rail extension project, for which the SA Railway Commuter Corporation is responsible, will extend the Khayelitsha rail line for an additional 4,2 km, and will offer 200 000 Kuyasa and Mkhaza residents direct rail access. Completed components include four pedestrian bridges, three road-over-rail bridges, two stations, a rail track, cabling and electrification.

HIV/Aids projects include antiretroviral (ARV) availability at certain health facilities.

Completed housing projects and upgrades of existing informal settlement areas in Khayelitsha also included the Silvertown upgrade, in which roads were constructed through Silvertown at a cost of R18 million; Site C resolution of land ownership, in which town planning was completed and civil engineering work is in progress with a R31 million budget; the R35 million Erf 2633, Nonqubela/Makhaza upgrade project, with 800 households having returned to the sites; the R13 million Enkanini/Ezweletsha upgrade project; and the building of 509 Green Point houses with a housing budget of R91,5 million.

Mitchells Plain anchor projects include a CBD and transport interchange; the Lentegeur and Mandalay transport interchange; the Youth and Family Development Centre and Tafelsig public space upgrade; housing; and the Swartklip regional sports facility. The total development of the first phase of the Mitchells Plain CBD and public transport interchange project cost R451 million. Completed components include a promenade shopping centre, new road and pedestrian infrastructure, an administrative building and traffic licensing centre, bus and taxi terminals, closed-circuit television (CCTV) cameras and an informal market.



URBAN RENEWAL PROGRAMME RAIL UPGRADE, KHAYELITSHA

The R34 million Mitchells Plain public transport interchange southern terminal (Phase 2) includes a new bus terminus, public space improvements and landscaping, a new market, an ablution facility and road infrastructure upgrades.

The Lentegeur and Mandalay public transport upgrade includes developing an attractive station forecourt, and remodeling stations to make them accessible to disabled users. Completed components include the Western Cape Rehabilitation Centre, transport facilities to and around the hospital, special pedestrian access routes, and installing CCTV cameras. The Lentegeur western forecourt station and transport interchange development, budgeted at R64 million, includes upgrading the Merrydale Road corridor, constructing an informal traders' market and a bus and taxi terminal, building a new western station forecourt and Council chamber, and upgrading community facilities.

Mitchells Plain housing projects (with a total budget of R107 million for 1 845 units) included the Tafelsig housing project, of which R27 million was spent on civil works and R65 million on top structures. Some 205 housing units were built on the corner of Kilimanjaro and AZ Berman Streets. A budget of R15 million was allocated to the in situ upgrade of 493 informal settlement units at Freedom Park. Infrastructure services and 330 housing units were completed at the Morgen Village Phases 1 and 2.

The Tafelsig Youth and Family Development Centre was completed in May 2008 by a public/private partnership comprising the Council, the Nelson Mandela Foundation, BP SA, Mitsubishi and the Provincial Government. The Swartklip regional sports facility is an official FIFA 2010 public viewing site, and work has been completed on the first two construction phases at a cost of R24 million, building a multi-purpose indoor sport facility with fencing and CCTV cameras.

Apart from these anchor projects, the focus has been on laying the foundations for the local economic development of Khayelitsha and Mitchells Plain. This included economic profiles for the two areas, an investment atlas (public and private sector investment opportunities)

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

and a local economic development conference attended by over 120 delegates. A website to disseminate programme and project-specific information was launched by the Executive Mayor in March 2008.

A gala event at the V&A Waterfront in August recognised Western Cape organisations and communities that had contributed to building South Africa's productive capacity. The Council was represented by the URP Department and the Utility Directorate's Scientific Services in the public sector category. The URP Department was a runner-up, and won an award from the National Productivity Institute for being a finalist in the Western Cape Productivity Awards.



MAINTENANCE OF CITY PARKS



KHAYELITSHA WETLANDS PARK

COMMUNITY FACILITIES

There was considerable progress during 2007/8 in implementing uniform maintenance standards for all facilities. A maintenance and development plan was also developed to ensure that facilities were improved and met acceptable standards. The aim is to ensure that an equitable service is offered to ratepayers and visitors for all district and community parks, cemeteries, green belts, nature-sensitive areas, undeveloped parks and landscaped road verges.

An average of 83% of the city's parks were constantly up-to-date with mowing programmes, with only a few areas dropping to 50% during the spring months. This was due to the grass growth periods exacerbated by fluctuating weather conditions – heavy rains followed by very warm periods. These affected growth rates and the Department's ability to keep to its mowing cycles. There were also many challenges in procuring more external service providers, with procedural delays in appointments and vendor non-compliance. Crime hot spots in some city areas also impeded the work of staff and contractors.

An additional R30 million for primary repairs and maintenance was received to help address the backlog of ongoing and urgent maintenance required at facilities. Some of the major repairs and maintenance projects addressed with this funding included the Soetwater Resort (R1,8 million); the Good Hope Centre roof (R5,1 million); NY 49 sport complex (R900 000); and the Crossroads youth centre (R200 000).

Completed capital projects

Khayelitsha multi-purpose centre	R 20,2 m
Eyethu multi-purpose centre	R 6,9 m
The Mitchells Plain family and youth centre	R 10,1 m
Parow athletics track	R 3,1 m

Some 3 393 trees were planted during 2007/8. The 2006/7 survival rate was 76% (2 387 of 3 139), compared with 70% for 2005/6 (2 223 of 3 197 trees). Vandalism, wind damage and animals feeding off the bark and leaves were the main reasons for tree loss.

The development of the Khayelitsha Wetlands Park into a district park is on track. The pathways, buildings, lighting, hard surfacing around buildings and the parking area, the gateway structure, irrigation and a splash fountain were completed. The project created 195 job opportunities last year and an additional 20 people were employed from the community to do wetlands cleansing.

External funding from the Carnegie Corporation of New York and the Shuttleworth Foundation enabled the upgrading of libraries (Durbanville) and the building of new libraries (Central and Fisantekraal). Extensions were started on the Fish Hoek and Brackenfell libraries with Council funding, due for completion by end-2008. After 27 years in a temporary prefab building, the Claremont Library finally moved into its new home in Library Square. It was opened to the public in October 2007. This was a unique arrangement in that the developer – Corevest – received the right to develop the ground in the Claremont Civic Centre vicinity on condition that it provided library facilities in the new office block. The library occupies the ground and first floors of the aptly named Library Square building and has an area of 1 350 m².

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

The appointment of 93 additional contract library staff members, following the conditional grant awarded by the Western Cape Provincial Library Services, enabled the Department to maintain current open hours in some instances; in others, there was improved service delivery, e.g. increases in open hours for some libraries and opening the Milnerton Library auditorium and activity rooms after these were closed for over a year.

The maintenance of library collections (books, audiovisual materials, etc.) is a major challenge, considering the impact of exchange rates, as well as insufficient funding from the Provincial Library Service to provide materials to meet identified needs at Western Cape libraries. The Department has, however, been able to inter alia procure the following with Council funding:

- Basic minimum collections of music materials for libraries that have no, or sub-standard, music collections;
- A centralised purchase of specialist adult literacy materials, ensuring that all libraries can supply good-quality materials to this special usergroup;
- A centralised purchase of an additional 150 large-print titles, allowing distribution of 1 050 copies across the Department, for visually-challenged users; and
- Some 2 500 copies of 40 core picture book titles to replenish the stock of libraries frequently used by very young children.

With external funding from the Carnegie Foundation, 2 567 books and audiovisual materials were purchased for the Central Library.

Service delivery is increasingly dependent on effective and efficient information and communication technologies and there were improvements in the following areas: A new version of Smart Cape was developed, tested and rolled out from 2007 to the top 10 busiest sites, with the final site online in March 2008. These sites are the Bellville, Nazeema Isaacs, Kulani, Central, Khayelitsha, Town Centre Mitchells Plain, Fish Hoek, Masakhane, Wesfleur and Moses Mabhida libraries. There was positive feedback from the public and library staff that the new hardware and increased line speed made surfing the net a much more valuable, less frustrating experience. In November 2007 it was announced that the other 90 library sites would also receive new hardware and ADSL lines, with rollout from October 2008. A public access facility, consisting of 40 public access personal computers, has also been developed for the Central Library, with funding from the Carnegie Foundation.



CENTRAL LIBRARY - CHILDREN'S SECTION



CENTRAL LIBRARY - MUSIC SECTION

The CTA connectivity project, with 34 libraries acquiring infrastructure and hardware to connect to the Council network, started in 2006. (CTA refers to those libraries that fell under the old Cape Town Administration.) Problems and delays were experienced where, for example, no adequate Telkom infrastructure was available. Telkom line infrastructures for these libraries were completed by mid-2008 and these libraries now have full access to Council's e-mail, intranet, internet, etc. This has enabled the City to noticeably increase the efficiency of electronic communication with and amongst libraries.

Despite many challenges, and in particular the issue of the unfunded mandate not being resolved, the quality of services within the library services has been recognised, inter alia via the Provincial Award for the Best Children's and Youth Services received by Bonteheuwel Library and the Provincial Award for the Best Librarian/Library given to Wesfleur Library in 2007.

A membership of 751 406 library users was recorded at the end of June 2008, with circulation of library materials totaling nearly 12,5 million items for the financial year.

STRATEGIC FOCUS AREA 5: SAFETY AND SECURITY

STRATEGIC FOCUS AREA 5	SAFETY AND SECURITY
Key mandate	Foster a safe and secure environment
Key results	65% compliance with Metropolitan Police Plan Disaster Management Plan developed and approved

METROPOLITAN POLICE

The Metropolitan Police Plan is geared to build a safer city through key functional areas – crime prevention, traffic enforcement and by-law enforcement – and is committed to improving service delivery.

TRAFFIC OPERATIONS AND LICENSING SERVICES

A new light motor vehicle test track was constructed and commissioned at Kuils River driving licence testing centre. The new Ottery driving licence testing centre was upgraded, opened and commissioned in October last year. The first phase of the planned upgrade of Gallows Hill – the main front entrance – was completed, and there are also plans to upgrade its driving licence testing centre, subject to funding. The Lingeletu West driving licence testing centre in Khayelitsha was identified as one of the Western Cape pilot sites to be used by the National Department of Transport for its Re-engineering Business Process project, which included the trial run of the new electronic booking system.

The Traffic Service identified 20 locations where a high number of accidents have taken place and pedestrians are at high risk. Speed checks were conducted in certain areas by public demand. The Service increased peak patrols by allocating staff from the Public Transport and Speed Sections. Traffic safety enforcement was consistent and, despite staff constraints, the number of traffic notices issued remained constant.

The Safety Education Section assisted at busy school crossings and introduced a traffic school for learners at Hillstar.

During March 2008, there was a drive to take action against vehicle owners with the highest number of outstanding traffic warrants. The top ten taxis with 717 warrants, and private vehicles with 144 warrants, were all traced and apprehended by 12 May. One owner in George was apprehended with 156 warrants worth R92 400. During the week of 1–6 May 2008, the highest number of warrants, 1 026 worth R996 520, was processed.

A total of nearly R115 million for traffic violations owing to the Council was collected this year.

LAW ENFORCEMENT

New and existing by-laws to curb anti-social behaviour on the streets, and other offences such as illegal dumping and informal trading, were vigorously enforced. Some 18 750 notices were issued during the financial year.

The outbreak of xenophobic violence on 22 May 2008 placed a severe strain on the resources of the Law Enforcement Department, which had to contribute to the establishment of safe sites, as well as providing them with security services.

During the 2007/8 festive season, the Law Enforcement Department contributed greatly to safety on beaches and at resort areas. This contribution was widely regarded as a major success.

SPECIALISED LAW ENFORCEMENT SERVICES

The period under review saw the establishment of a number of specialised units, including the Copper Theft Unit, Anti-Land Invasion Unit, Displaced Peoples Unit and a Substance Abuse Unit.

The Substance Abuse Unit achieved remarkable successes in the combating of substance abuse in various communities in the City. Since its inception, 114 search warrants have been executed, 47 operations held and 72 arrests made. In collaboration with the City's Housing Department, 22 eviction notices were served at City housing premises.

Notwithstanding the obvious challenges facing all the new units, noticeable successes were achieved city-wide. The Anti-Land Invasion Unit has managed to prevent numerous land grab incidences in Khayelitsha and Elsies River, as well as in the Hout Bay and Soetwater/Ocean View areas, and was increased by an additional 30 new members by 1 December 2008. The Displaced Peoples Unit successfully eradicated the occupation of the major routes by vagrants and street people and was strengthened by an additional 11 members by 1 December 2008.

The four departments of Metro Police, Law Enforcement, Traffic and Specialised Services were divided into separate entities, with little disruption to service provision.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

DISASTER RISK MANAGEMENT

The Disaster Risk Management Centre (DRMC) is a branch of the City Emergency Services Department, which in turn is part of the City's Safety and Security Directorate. The DRMC aims to identify, prevent or reduce the occurrence of disasters, and to soften the impact of those that cannot be prevented. During major incidents and disasters the DRMC performs a coordination role, ensuring that multiple emergency and essential services work in an integrated and efficient manner. After major incidents, it ensures that communities and victims are assisted to recover from the participation crisis.

The Council has invested considerable funding to improve and enhance disaster risk management activities and interventions. The capital budget for 2007/8 was nearly R19,6 million, while the operating budget was nearly R33,8 million.

The operating budget was overspent by over R56,1 million as a result of the financial contribution to the xenophobia crisis. It is anticipated that the National Government will reimburse Council for these costs.

DRMC staff have increased to 55 as a result of the transfer of staff from the Ambulance Services.

The Council has approved R2,2 million for the second phase of the Additions and Alterations Project of the DRMC.

The Municipal Disaster Risk Management Plan was updated and revised in order to comply with quarterly targets and to support Council strategy.

The statutory appointment of the Head: DRMC, in terms of Section 45 of the Disaster Management Act, Act 57 of 2002, was approved by the City Manager.

The Disaster Risk Management Advisory Forum (DRMAF) was established and quarterly meetings have been held. The role of the DRMAF is to provide an oversight role for disaster risk management strategies and programmes.

The capabilities of the Disaster Risk Management Centre were tested with the outbreak of xenophobic violence on 22 May 2008, when over 20 000 foreign nationals were displaced. Emergency shelter was set up at five safe sites at Silverstroom Strand, Bluewaters, Harmony Park, Soetwater and Youngsfield military base in Ottery. In addition, 14 municipal halls and 33 other venues belonging to religious and private institutions were used for shelter. The Disaster Operations Centre of Council operated on a 24/7 basis for over a month to coordinate and oversee the operation. It cost the Council more than R75 million to manage this crisis.

PUBLIC EMERGENCY COMMUNICATION CENTRE

The Public Emergency Communication Centre (PECC) continued to provide an efficient and professional service. During the year, 518 752 calls were answered; 140 951 incidents were emergency or potential emergency situations, and there were also general service calls.

The City's new 24/7 helpline for drug and alcohol abuse, 0800 HELP 4 U, was instituted, with the PECC staff providing training, management and support. The contact centre consoles were replaced to accommodate further expansion and modernisation of the centre and systems.

Staff members attended external leadership courses, as well as courses on time management and attendance, diversity management, media training and various computer and SAP modules.

The Public Education and Awareness team works with students allocated via the City's cooperative student programme to assist with all branch initiatives. During the year a total of 133 interventions took place.

Highlights included representation on the Cape Town Tourism Safety and Security Forum, with other stakeholders, to create a platform where the safety and security needs of tourists and the general public were identified and addressed. This helps ensure that Cape Town remains a pleasurable and safe city to visit.

The PECC took part in the annual Somerset Hospital nurses' week and graduation ceremony, as well as the annual University of the Western Cape's Faculty of the Arts open day, where public education and awareness materials were displayed.

The Public Education and Awareness team also took part in various initiatives with NGOs, as well as the Provincial Social Services department. Together with the Fire and Rescue Service, the 107 Public Education and Awareness team assisted Reach for a Dream to help a little boy meet firemen, as it was his dream to become one.

The PECC continued to work closely with internal partners such as Fire and Rescue and Disaster Risk Management on public education.

Revised assessment criteria were introduced to enhance the development of contact centre staff.

Fibre cabling was installed to replace outdated systems, and network documentation was updated. A prototype replacement call-taking system was developed and is currently being tested. A microwave link was installed for a new trunked radio system. Local non-interruptible power supply systems were installed at consoles and building facilities. A trip authorisation procedure was implemented to better manage and control the use of branch vehicles.

The branch used the entire operating budget, and 98% expenditure was achieved on capital projects.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

FIRE AND RESCUE SERVICE

The Council has invested significantly to improve fire-fighting equipment and staffing. The capital budget for 2007/8 was R19 million, while the operating budget to improve staffing was R276 million, compared with R245 million in 2006/7.

Some 700 full-time fire fighters were deployed at 28 fire stations, while an additional 54 trained seasonal and 26 reservist fire fighters were brought in for the high fire season. Fifteen new fleet vehicles, nine fire engines, two water tankers and four rescue vehicles were acquired, while the Council is awaiting delivery of a new hydraulic platform and command bus for specialist use. Fire detection cameras (still in a pilot phase and due for final review in the new financial year) are being used for early fire spotting and response.

There was close liaison with SA National Parks, DWAF, the Working on Fire assistance programme, and the other City emergency and voluntary services during the large fires which occurred in January. Mutual aid agreements were established with surrounding municipalities, and assistance was provided to these during the high fire season. Agreements were also concluded with existing national key points within Cape Town's boundaries, e.g. Caltex and Koeberg.

The Fire and Rescue Service continued regular building inspection programmes to check compliance with fire and life safety laws, as well as inspecting event applications to ensure compliance with fire safety risk factors. Education programmes were also presented at fire stations and events.

Flood and fire kits issued 2008

MONTH	FLOOD KITS	FIRE KITS
January		258
February	400 (for Delft evictions)	500
March	272 (for Delft evictions)	350
April	220	264
May	253	147
June	341	224
July	405	61

SPORTS AND RECREATION

The Sports and Recreation Department deployed 254 lifeguards at municipal swimming pools and beaches over the festive season, while another 454 seasonal staff were brought in for Sport and Recreation programmes at 72 beaches, resorts and various facilities, including additional staff at 44 public toilets. During the festive season, the Council partnered for the third year with the Western Province Surf Lifesaving Association (WPSLA) to provide 154 lifeguards at 44 city beaches. This led to more effective beach management, and fatalities were reduced. The Council presented R3 million to the WPSLA, and donated a jet-ski to the Kogel Bay Lifesaving Club. Two new lifesaving clubs were established on the False Bay coast. Other initiatives included 700 uniformed Metro Police staff on duty; 240 traffic officers on duty in high-volume traffic areas; over 400 law enforcement officers patrolling beaches and popular tourist venues; shark spotters at 11 beaches; and over R17,5 million for cleaning.

Environmental Health's solid waste festive season readiness programme covered beaches, business areas, CBDs and scenic routes. Council spent R20 million on over 5 000 person weeks of temporary and casual workers, as well as full-time staff. City Health, in liaison with Scientific Services, increased its focus on monitoring the quality of drinking and recreational water. It also monitored food premises, and responded to environmental health complaints.

A multi-disciplinary City Events Operational Coordination committee, comprising City Services and the South African Police Services, was set up. This committee considered all applications for events, and inspected them for fire and life safety risks.

As part of the Delft Rescue Plan for about 800 families evicted from N2 Gateway houses, 1 000 enhanced building kits were bought and 840 structures were built in the Symphony Way TRA for the Delft evictees.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

**STRATEGIC FOCUS AREA 6:
HEALTH, SOCIAL AND COMMUNITY DEVELOPMENT**

STRATEGIC FOCUS AREA 6	HEALTH, SOCIAL AND COMMUNITY DEVELOPMENT
Key mandate	Facilitate the development of a healthy and socially inclusive society
Key results	21 partnerships implemented with NGOs to help HIV/Aids orphans Number of days when air pollution exceeds World Health Organisation (WHO) guidelines within target set Reduced the infant mortality rate (number infant deaths per 1 000 live births) Slowed the rate of increase of TB per 100 000 of Cape Town population Slowed the rate of increase of the City's antenatal HIV prevalence 11 partnerships implemented with Early Childhood Development (ECD) sector 19 strategic sporting partnerships and events 449 street people reintegrated with families 20 community drug committees established

ECONOMIC AND SOCIAL DEVELOPMENT

The City's grants-in-aid programme assists non-profit and community-based organisations (NGOs and CBOs) working to improve the quality of life of communities within the metropolitan area. Grants-in-aid totalling R2,3 million were made to 136 organisations whose work is aligned to the City's strategic priorities through programmes for street people, ECD, HIV/Aids, youth development, and alcohol and substance abuse.

The directorate designed and implemented a process aimed at providing an efficient, transparent mechanism which resulted in meeting the need for fairness and accountability.

Eleven partnerships were implemented in the ECD sector, well above the target of four. More than 200 delegates, representing NGOs and CBOs, Government and institutions, attended a conference to highlight best ECD practices, and to explore sustainable solutions. The construction of two new childcare facilities was delayed because of planning-related problems; this project was, however, completed in 2008.

As a result of the City's Street People Strategy, 449 street people were reintegrated with their families/communities of origin. This exceeded the target of 300 and can be attributed to the sound working relationships with NGOs.

HEALTH

Alcohol and drug abuse strategy

The Council unveiled a comprehensive three-year strategy to tackle alcohol and drug abuse. The aim is to bring together all current programmes, as well as to implement and test new programmes, in a coordinated way that can be measured and monitored. One substance-abuse treatment outpatient centre became operational at Tafelsig clinic. It provides services to alcohol and drug users and their families, including education, early intervention and referral. This service is based on the Matrix Model. The Council aims to treat 300 patients per year at each clinic, and inform many more. A new toll-free helpline for people affected by alcohol and drugs was also launched.

Air pollution

In 2007/8, air pollution exceeded WHO guidelines on 128 days out of an expected 144 days. This was an excellent outcome.

Infant mortality rate

City Health is committed to playing its part in reducing the infant mortality rate. There were 20,28 deaths of children under the age of one per 1 000 live births. This was better than the target of 20,60. This indicator is a good measure of the state of health in the City and compares very favourably with the national rate of more than 50.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

HIV/Aids and TB

Over the last five years the City has had the foresight to prioritise the fight against HIV/Aids and TB, recognising that, without a concerted, multi-sectoral response to moderate both the impact of the epidemics and to address the underlying causes, key developmental priorities in the City would be in jeopardy. The programme includes eight Sub-District Multi-Sectoral Action Teams (MSATs). These bring together all the local stakeholders involved in HIV/Aids and TB, i.e. NGOs, CBOs, local business, faith-based organisations, local officials, councillors and Subcouncil managers, to develop and drive a coordinated plan that addresses local needs. The City HIV/Aids and TB Coordinating Committee, chaired by the Mayoral Committee Member for Health, coordinates the multi-sectoral response. The committee brings together, on a quarterly basis, representatives of political parties, relevant Directorates and the Sub-District MSATs. The function of the committee is to drive the mainstreaming of HIV, Aids and TB.

The rate of increase in antenatal HIV prevalence was 15,9%, compared with an expected 18,5%. Daily HIV testing is done free of charge at all health facilities. The citywide "Get Tested" campaign will continue, with outreaches to shopping malls and other public places to encourage citizens to know their HIV status. Out of the 82 MSAT NGO/CBO contracts funded by the Global Fund, 21 had elements focussing on HIV/Aids orphans. This was well above the target of 11 for 2007/8.

The rate of increase of TB per 100 000 was slowed from a target of 980 to an actual of 876. A TB cure rate of New Smear Positive patients of 76% was achieved, the best in the country.

Quality assurance

City Health has a quality assurance programme where its facilities are accredited by an external organisation, the Council for Health Service Accreditation of South Africa (COHSASA). It has the highest number of accredited clinics in the country – 18. In addition, one of the 16 Environmental Health Offices has also been accredited. This ensures that standards are monitored and the quality of services is maintained and improved.

New facilities

These included Westbank, Bothasig and Ivan Toms Clinics.

Tribute: Dr Ivan Toms



DR IVAN TOMS

Former Executive Director: City Health, Dr Ivan Toms, died of meningococcal meningitis on 24 March 2008. Toms, who was born in 1953, studied medicine at the University of Cape Town before being conscripted for national service, which he performed as a non-combatant doctor. On his return to Cape Town, he played a leading role in setting up a clinic in Crossroads, where he was the only doctor. His experiences in the burgeoning squatter settlement led to his becoming a founder member of the End Conscription Campaign. In 1988 he was sentenced to a 21-month jail term for refusing to accept a military call-up, and served nine months at Pollsmoor Prison. Toms became national coordinator of the National Progressive Primary Healthcare Network in 1991, responsible for developing a national HIV/Aids programme. He moved into local government in 1996, and in 2002 was appointed Cape Town's Executive Director of Health, where he led the battle against tuberculosis and HIV/Aids. His stand against apartheid and his public service were recognised by South Africa's ex-President Thabo Mbeki, who presented him with the Order of the Baobab two years ago.

COMMUNITY DEVELOPMENTAL PROGRAMMES AND EVENTS

The institutional framework enabled liaison between local sports organisations/users and the City. This was a pioneering initiative that contributed to greater coordination at a local level, through the active District and Local Sport Councils. The Department paid nearly R1,15 million to six District Sport and Recreation Councils, as well as contributing funds to the Sport and Recreation Forum to assist with administration. These funds will be distributed through the District Sport and Recreation Councils for programmes and activities targeting youth not involved in organised sport, in line with business plans submitted and agreements entered into.

The Sport, Recreation and Amenities Department supported or presented approximately 500 events across the city. Major international, national and regional events included the UCI-B Cycling Championship; the Pick n Pay Argus Cycling Tour; the Old Mutual Two Oceans Marathon; the Lipton Cup sailing event; and the World Cadet and Senior Table Tennis Championships. These events had a positive impact on the City's economy and the community at large.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

SPORT, RECREATION AND AMENITIES EVENTS

CATEGORY	DESCRIPTION	MAJOR STAKEHOLDER
International	Major international events included the following: International Junior Cadet and Senior Table Tennis Championships, World Rope Skipping Championships, African Weightlifting Championships, UCI-B Cycling Championships, International Ski Congress, Prelim Confederation Draw, Special Olympics World Meeting, HAIF Sweden	Sport and Recreation South Africa, Lotto, Department of Cultural Affairs and Sport, Snow Sport SA, Cycling SA, Treble Entertainment, Subaru, Simano, Provincial Government, Drakenstein Municipality, Table Tennis SA, FIFA
National	Cape Town Festival of Running, Nedbank City of Cape Town Marathon, SA Darts Championships, Metropolitan Premier Cup, Old Mutual Two Oceans Marathon, Softball Championships, Pick n Pay Cycling Tour, SA Softball Championships	Sport federations, support groups, DCAS, volunteer groups, schools, Provincial Social Development Department, private stakeholders
Regional	Golden Games, Boxing (Baby Champs), Gugulethu Easter Festival, Kicking for Peace, Langa Easter Festival Move for Your Health, Sport Against Crime, Sport Day for Seniors, State of the Nation Address, JIVE Big Walk, Gymnastrade	Sport federations, SAPS, support groups, District and Local Sports Councils, volunteer groups, schools
Life skills	Some significant life skills programmes included: Drug awareness events, holiday programmes, youth programmes, Sport Against Crime and Gangsterism, and Learn to Swim programmes, crime awareness, Move for Your Health, fitness and awareness	Communities, private stakeholders, SAPS, sport federations, play leaders
Come and Play/ Recreational	Come and Play is a community-based programme that includes events and projects such as beach programmes, youth recreation programmes, holiday programmes, children's events, community festivals, fun runs, school projects, outings and parks sporting events, Golden Games Senior Ladies and Walk The Weekend Off	Communities, Provincial Social Development Department, mass participation programme, Red Cross Hospital, high schools, Score life guards, Ajax FC, community and play leaders
Other significant events	These include FIG Council Meeting, Football for Life, Keep Fit, Rhythm Nation, VDO View Line Table Bay Week, World Book Day	NGOs, communities, Sport Council, SA Army, Federation of International Gymnastics, University of the Western Cape, Sport and Recreation South Africa, VDO Company

A Freedom Day event was held in the Company's Garden, with 90 trees planted to commemorate the birthday of former President Nelson Mandela. The City also entered the Pietermaritzburg Flower Show for the first time in 20 years and received a silver laurel award for newcomers, followed by a gold medal at the Lourensford Flower Show in Somerset West.

There were more programmes and activities at the various libraries compared to the previous year:

PROGRAMMES/ACTIVITIES	2006/7	2007/8
School class visits	1 185	1 265
Displays	2 318	3 404
Holiday programme activities	381	549
Library orientations	464	554
Gender/women empowerment programmes	68	215
Story-telling	1 550	2 209

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

During the 2007/8 financial year, the City embarked on a total of 362 job creation projects through the national EPWP. The EPWP is one of Government's short- to medium-term national programmes aimed at providing additional work opportunities, coupled with training. These projects resulted in a total of 12 501 temporary job opportunities (against a target of 12 000) being created for local unemployed people, with an average employment period of 3,7 months. The overall EPWP targets achieved are youth 57%, women 26%, and people with disabilities 0,9%.

EPWP SELECTED ACHIEVEMENTS

EPWP SECTOR	PROGRAMME	DESCRIPTION	PROJECT NUMBER	TOTAL PROJECT SPEND (RM)	JOB OPPORTUNITIES/ ACHIEVEMENTS
Infrastructure	Municipal Infrastructure Grant	Basic infrastructure development/upgrades	15	R270,6 m	1 397
	Housing maintenance	Upgrading and maintenance of existing Council facilities	159	R47,8 m	2 780
Social	Sports and recreation	Part-time workers at holiday resorts, and seasonal life guards	12	R30,1 m	632
	Health	Khayelitsha Air Pollution Strategy (KAPS) – residents trained to conduct household and traffic surveys	1	R1,3 m	60
Environment and culture	City parks	Park upgrades and maintenance	35	R7,3 m	434
Draft employment policy	Selection of job seekers to work on community-based programmes and projects	Rolling out of policy Selection of registered community-based job seekers eligible to work for the City or for external service providers appointed by the City, on short- term community-based programmes and projects, by random selection method from an approved central electronic database.	1	Unspecified	Formation of a project task team (PT) to oversee implementation of the system and rolling out of the policy for the employment of community workers Roles and responsibilities of PT members clarified Pilot project is being implemented in two subcouncils, i.e. subcouncil 4 and 5



ROAD CONSTRUCTION



THE CITY OF CAPE TOWN NESTLES UP AGAINST TABLE MOUNTAIN



STRATEGIC FOCUS AREA 7: GOOD GOVERNANCE AND REGULATORY REFORM

STRATEGIC FOCUS AREA 7	GOOD GOVERNANCE AND REGULATORY REFORM
Key mandates	Ensure enhanced service delivery with efficient institutional arrangements Manage key financial and governance areas, such as income control, cash flow, indigent support, alternative income opportunities, asset and risk management Establish effective community engagement channels
Key results	50% career streams completed, and another 20% in process 78% capital budget spent – 93% implemented, considering commitments for contracts and tenders rolled over 100% Council operating budget spent Improved turnaround time of tender procurement processes Unqualified audit from Auditor General City credit rating maintained: Aa2.za (long term)/Prime-1.za (short term) from Moody's 105 functioning ward forums 45% of identified services ISO certified

The Council is committed to clean administration and sound corporate governance, with directorates headed by experienced executives. The Council has stayed well within its budget targets and has shown a prudent approach to revenue and expenditure, taking into account its service responsibilities. It applies sophisticated financial, debt and liquidity management practices, while reporting is comprehensive and timely.

The turnaround time for tender procurement processes has been cut to 6½ weeks – a considerable improvement on the envisaged eight weeks.

CITY MANAGEMENT

Effective community engagement channels were established, with 105 functioning ward forums set up and successful meetings taking place in 104 of them.

COMMUNITY SATISFACTION SURVEY

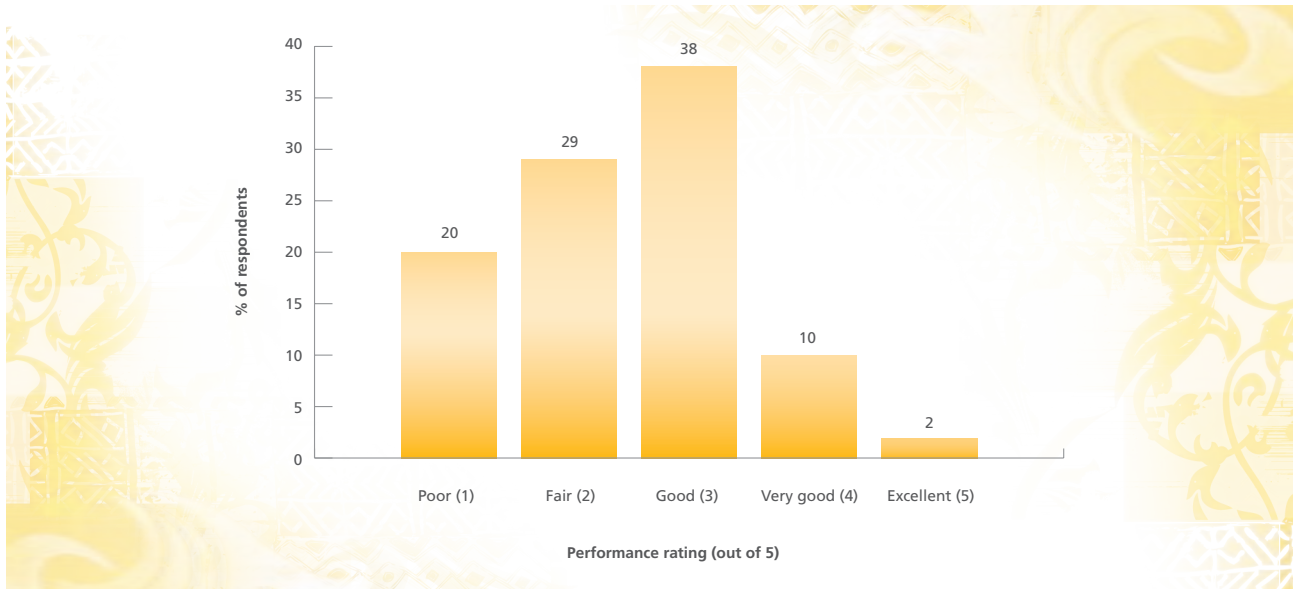
The City's long-term objectives are to contribute to the development of human and social capital; offer high quality services to all who live and work in it, as well as to tourists and holiday-makers; and to be known for its efficiency and effectiveness and clean and caring government. To underpin these objectives, the City has initiated a comprehensive quality improvement programme that includes a focussed process and system to identify and confirm residents' needs, as well as measure and improve satisfaction levels.

The City has conducted various surveys across the city over the past decade and a residents' perception/satisfaction survey was conducted this year as a benchmark. It was conducted between October and mid-December 2007 and involved 3 000 face-to-face interviews with household members. The sample was first stratified by health districts with a minimum sample size of 300 in each district.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

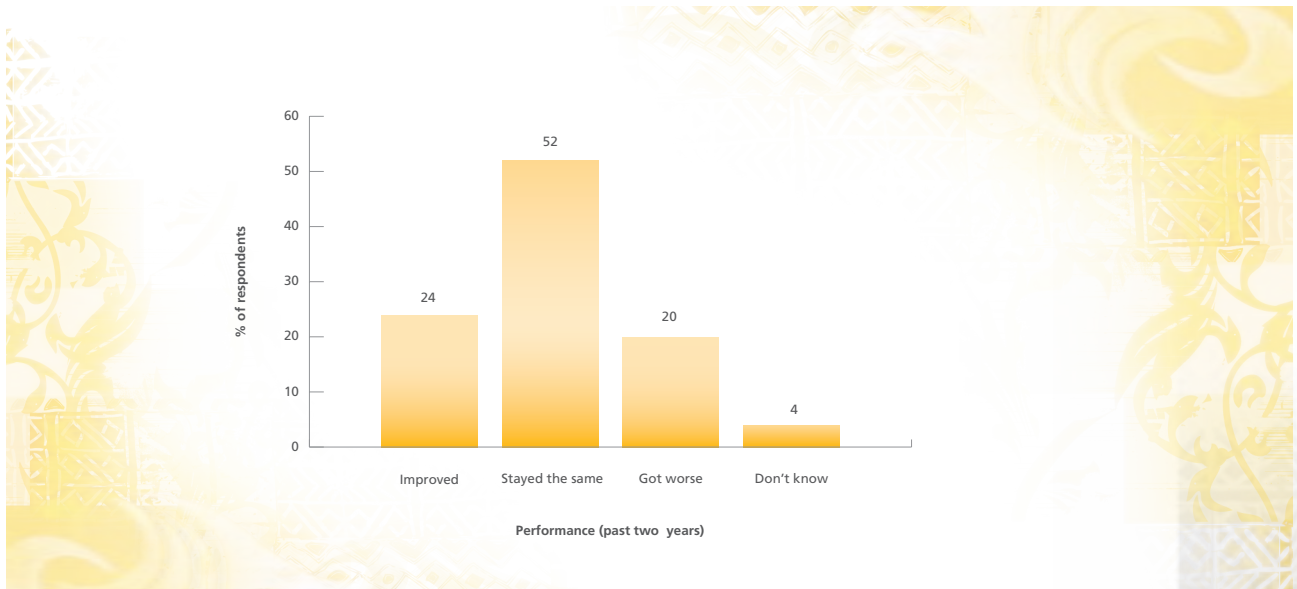
Overall perception

Respondents were asked to rate the overall performance of the Council. Half the residents sampled felt that the Council was doing a “good”, “very good” or “excellent” service delivery job; a further 29% thought that it was doing a “fair” job, while 20% rated performance as poor.



Perception of improvements/deterioration in service delivery

Respondents were asked whether the performance of the City had improved, stayed the same, or got worse in the last two years. Over half of the respondents (52%) felt that performance had remained the same for the past two years (2005–2007), with 24% registering a perceived improvement and 20% a deterioration.



Analysis by district indicated that most respondents in Khayelitsha (52%) believed services had improved over the past two years. In the Tygerberg and Western districts, 16% and 15% of respondents respectively felt that services had improved.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

DISTRICT	IMPROVED %	DETERIORATED %
Eastern	25	14
Khayelitsha	52	8
Klipfontein	23	17
Mitchells Plain	33	19
Northern	22	25
Southern	17	22
Tygerberg	16	28
Western	15	25

RATINGS OF INDIVIDUAL SERVICES

For each service area, a number of attributes were identified, e.g. in relation to water services the attributes measured were access to clean water, an uninterrupted water supply, the management of water restrictions and affordability. A total of 77 service attributes were measured. The average satisfaction scores ranged from a low of 2,1 in relation to “safe bicycle lanes are created” to a high of 3,5 in relation to “the provision of clean water”.

Within this range, the service areas scoring relatively well (3 and above) were the provision of basic services – water, electricity, sewerage, refuse removal. The provision of libraries, community centres and civic halls also performed well relative to other services.

Service attributes with relatively high scores (3 and above)

Most attributes relating to essential services (water, electricity, waste, sewerage, etc) as well as some of the community services (e.g. libraries, civic halls, beaches and nature reserves), were rated favourably among the communities interviewed.

Service attributes with medium scores between 2,6 and 2,9

Community services (beaches, pools, cemeteries, etc.), as well as transport and traffic and some of the environmental issues, were most prominent in this zone.

Service attributes with relatively low scores (2,5 and below)

Regulatory services, housing and health care were most prominent. Other key areas where there was perceived deterioration in service delivery included community safety, roads maintenance, parks and public spaces, and maintaining areas surrounding roads.

Service areas improved and deteriorated

Areas where more respondents registered an improvement in the past two years (2005–2007) included fire and emergency services, water, refuse removal, libraries, traffic control, sanitation and traffic lights.

Areas where the positives and negatives were roughly equal included cleanliness, road maintenance, street lights, stormwater control, civic halls, recreation and sports facilities, cemeteries and enforcing City by-laws.

Areas where the majority of respondents saw deterioration in service delivery in the past two years included clinics, parks, maintaining the areas surrounding roads, ensuring public and community safety, and maintaining Council houses and flats.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Service priorities

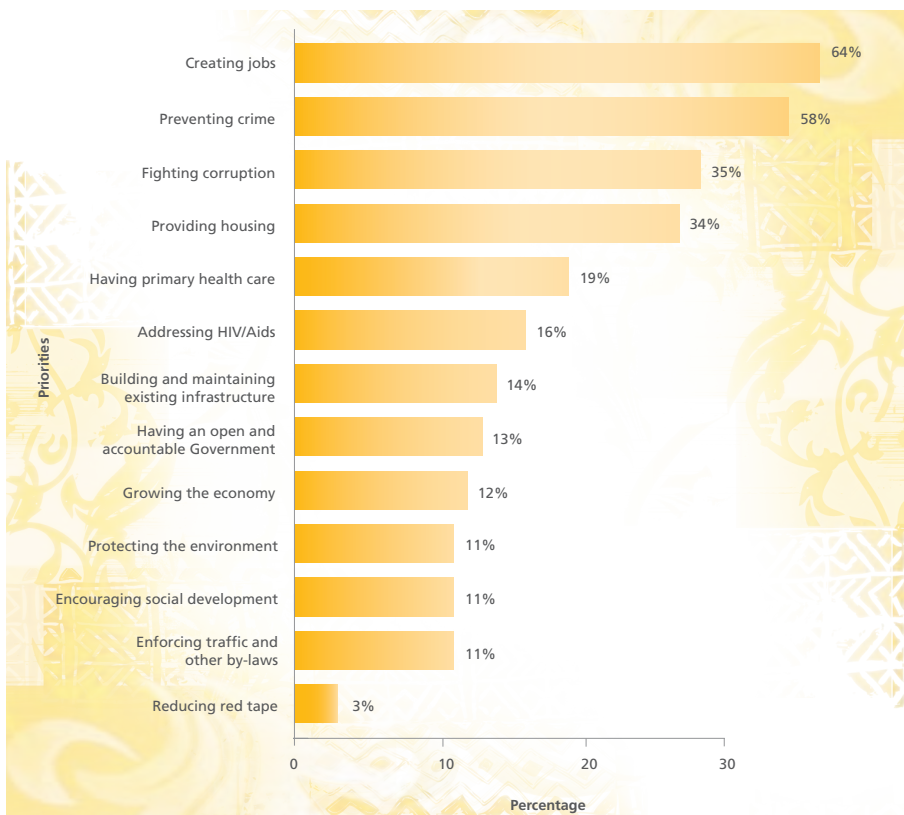
Respondents were requested, in response to an open-ended question, to identify the three issues relating to service delivery that most needed improvement. The most frequently mentioned issues were:

Service priorities

SERVICE AREA	% RESPONSES	ISSUES
Cleanliness of the urban environment	33%	Cleaning of roads/Cut bushes and grass/Keep parks clean and tidy/Regular refuse collection/Illegal dumping
Crime, safety and security	23%	Increase size of the police force/High crime rate/Increase safety of citizens/Crime related to drug abuse
Roads	29%	Roads need to be fixed or maintained/Roads need speed bumps/Fix roads with potholes/Provide pavements/Roads need to be tarred
Housing	18%	Build more houses/Maintenance of houses and flats
Recreational facilities	18%	More parks/Access to public libraries/Improve or upgrade sports fields
Street lights	17%	More and brighter street lights/Fix street lights
Health	13%	Improve health and medical services – long queues, poor service, no medicine/Lack of clinics and health facilities/Clinics and hospitals need more staff
Stormwater drains	11%	Maintenance of stormwater drains
Sewerage and sanitation	8%	Provision of flush toilets
Traffic and transport	7%	Traffic control, improve transport
Employment	6%	Unemployment is too high/Create more jobs
Electricity issues	5%	Provision of electricity

DEVELOPMENTAL PRIORITIES

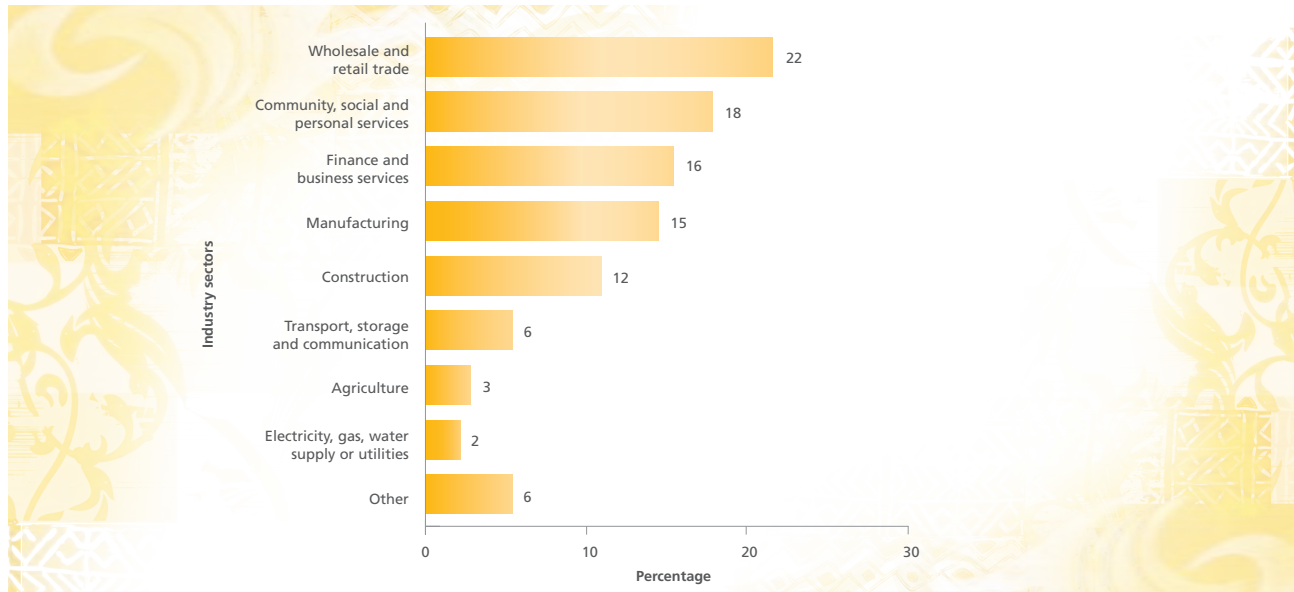
Respondents were questioned on what issues all Cape Town stakeholders should focus on. The list was defined and the priorities were based on percentage of respondents (i.e. creating jobs was identified by 64% of respondents as a developmental priority):



BUSINESS COMMUNITY SATISFACTION SURVEY

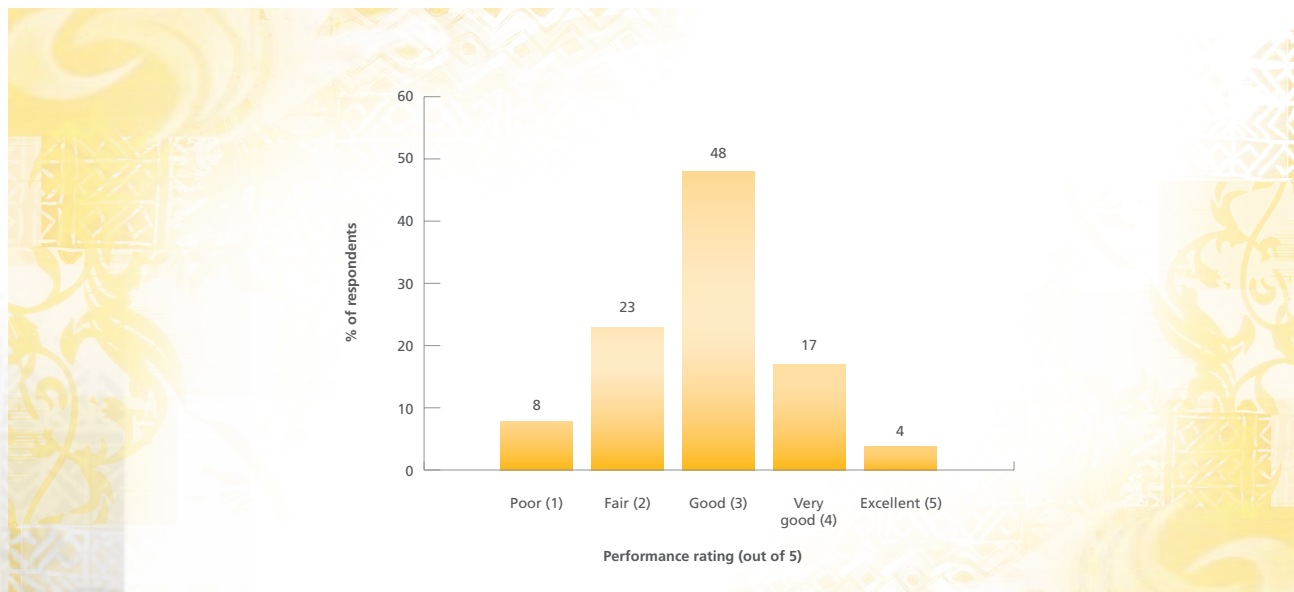
Phone interviews were conducted with 500 formal Cape Town businesses between January and February 2008 for the Council's business customer satisfaction survey for 2007/8.

Industry sectors surveyed for the City of Cape Town customer satisfaction survey



The majority of the businesses were small (fewer than 10 employees). A third had less than R1 million annual turnover, while about a fifth had R1 million to R3 million turnover.

Some 69% of the business sample (relative to 50% of households) felt that the Council was doing a "good", "very good" or "excellent" job in service delivery.



There was an almost equal proportion of businesses, both within the sector classification as well as by company size, that rated the Council as performing well or poorly. Overall scores did not differ significantly by company size, and compared favourably against similar global studies using the same methodology.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Service attributes with relatively high scores (3 and above)

Most of the attributes relating to essential services (water, electricity, waste, sewerage, etc.) rated favourably amongst the businesses interviewed.

SERVICE ATTRIBUTE	SCORE
Giving your business an uninterrupted water supply	3,9
Refuse being regularly removed from your place of work	3,7
Effectively providing sewerage and sanitation services in the area where you work	3,5
Sufficient street lighting in the area where you work	3,4
Sufficient access to your business being provided by the road networks	3,4
Water restrictions being effectively managed	3,3
Immediately attending to sewerage and sanitation problems	3,3
Water costs being charged at reasonable rates	3,2
Clear signage and line markings on the roads	3,1
Street lights being quickly fixed when they malfunction	3,1
The location of refuse drop-off sites in the area where you work being clearly communicated	3
Quickly attending to complaints regarding refuse removal	3
Immediately attending to electrical faults or equipment failures	3
Affordable electricity tariffs for your business	3

Service attributes with medium scores between 2,6 and 2,9

Planning and cleanliness issues were most prominent in this zone.

SERVICE ATTRIBUTE	SCORE
Easy access to public transport from your business premises	2,8
Planning and building regulations being enforced	2,8
Stormwater drains being regularly cleaned and kept blockage free in the area where you work	2,8
Stormwater flooding being prevented	2,8
Ensuring that the roads around your business area are regularly maintained, and potholes are fixed	2,7
Streets being regularly swept, and littering controlled	2,7
Acting on complaints about noise and other disturbances	2,7
Controlling illegal street trading	2,6
Building development and planning applications being approved with minimal delays	2,6

Only 17% of businesses had made applications for building or development planning in the past year (2007), although the majority regarded town planning and building development as "very important" or "extremely important".

Service attributes with relatively low scores (2,5 and below)

Transport, traffic, safety and communication around electricity were most prominent in the lowest performing service areas – not surprising, given the effect of load shedding on businesses in January 2008.

SERVICE ATTRIBUTE	SCORE
Affordable public transport being provided	2,5
Safe public transport being provided	2,4
Adequate measures being in place to address corruption within the City of Cape Town	2,5
There being a visible presence of traffic enforcement on roads	2,4
There being a visible presence of metro police in your area of business	2,2
There being public toilets in the vicinity of your business	2,2
The City communicating schedules about load shedding effectively	2,1

Biggest gaps in service delivery

The questionnaire also included an open-ended question asking businesses about the biggest gaps they encountered in service delivery. Responses were:

SERVICE DELIVERY GAPS ENCOUNTERED BY CAPE TOWN BUSINESSES	%
Electricity provision	19
Improve customer relations and communication	13
Improve roads	11
Improve public transport	9
Reduce/stop load shedding	8
Improve service delivery (in general)	7
Refuse collection (more regular)	7
Create a safer environment	7
Water provision	5
Nothing	12
Don't know	5

ENTERPRISE RISK MANAGEMENT

Enterprise risk management received the highest endorsement at the City from the Executive Mayor and the City Manager as the Accounting Officer. A Chief Risk Officer was appointed to oversee the implementation of an integrated risk management process for the City in conjunction with KPMG. Risk management is an iterative process, and the first phase has been completed with strategic risk workshops held with all 13 directorates, including initial awareness training on risk management. The next phases will include identifying risks at the level below the strategic, i.e. at a tactical level, and most importantly, to implement a process to ensure follow-up by management of their risk mitigation action plans to reduce the risk exposure of the City. The ultimate goal is to embed risk management in the processes and activities of the City's operations.

INTERNAL AUDIT

Internal Audit is an independent Directorate at the City of Cape Town. Internal Audit established various benchmarks during the financial year and has continued to build on its objective of being a unit adding value and contributing to the achievement of the City's goals. It has assisted the City in its endeavours to distinguish itself as a well-governed and efficiently run administration. During the 2007/8 financial year, audit efforts aligned to the risk-based audit plan were largely focussed on providing assurance regarding the adequacy and effectiveness of controls in the Human Resource Management processes. Audit assurance was also provided in areas such as Information Technology, Governance, Performance, Sustainability and Compliance. The significant audit areas have created a greater awareness of the importance of controls and compliance with legislation, policies and procedures within the organisation. This is evident from the achievement, in respect of a new corporate scorecard indicator introduced in the financial year, of a 48,57% management implementation rate of Internal Audit findings identified as a result of follow-up audits performed.

Internal Audit has contributed to further strengthening the governance mechanisms within the organisation by providing quality reports which the Audit Committee could use to effectively exercise its oversight responsibility.

Internal Audit supported the Standing Committee on Public Accounts (SCOPA) in successfully conducting the oversight process within the legislated timelines. SCOPA embarked on a number of investigations into unauthorised, fruitless and wasteful expenditure in terms of Section 32 (2) of the MFMA during the financial year. All were successfully completed and their recommendations were accepted by Council.

FORENSIC SERVICES

In accordance with international and national best practice, to provide a reactive forensic investigatory service at the request of the Executive Mayor and the City Manager in respect of issues to significant fraud, corruption, maladministration and/or negligence on the part of any City employee, agent, contractor, supplier, service provider and/or the like of any municipal entity as defined in the Local Governance Municipal Systems Act, which is owned, controlled and/or effectively managed by the City: provided that the Manager: Forensic Services shall also be required to report in such to the City's Audit Committee and/or any Risk Committee which may be established, to develop and implement and/or ensure the implementation of proactive anti-fraud/corruption policies and prevention measures on a City-wide basis and to monitor and review same, and to develop and implement and/or ensure the implementation of appropriate awareness, information and/or education programmes on a City-wide basis in relation to any of the above matters and to monitor and review same.

The purpose, objectives, demands and expectations vis-à-vis Forensic Services are to:

- Provide a reactive investigative forensic and advisory service;
- Manage the operation of the Fraud Hot Line;

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

- Prepare and conduct fraud awareness and anti-corruption surveys;
- Review and prepare fraud and anti-corruption policies;
- Conduct departmental fraud reviews; and
- Conduct fraud awareness training seminars.

MUNICIPAL ENTITIES

The City had two operational municipal entities at the time of reporting. Both of these partnership ventures by the City became municipal entities by virtue of the changes made to local government legislation.

Cape Town International Convention Centre (CTICC)

The CTICC, which opened in 2003 with facilities for both international conferences and small events, has been a catalyst for Foreshore investment. It won numerous accolades this year, including Global Convention Centre of the Year 2008 from business magazine *European CEO*, Conference and Exhibition Venue of the Year 2008 from *Business Britain*, and the award for best architectural design in the 2008 Best of Cape Town awards. In its 2007/8 financial year, the venue hosted over 500 events and welcomed nearly 549 000 delegates and visitors.

The Cape Town International Convention Centre Company (Convenco) exceeded its operational budget targets (revenue 131%, expenses 102%). Actual performance on capital budget expenditure was 85,8%. Targets were exceeded for international and national conventions, exhibitions and trade fairs, banquets, special events and other events. The CTICC has become the home of annual events such as the Good Food and Wine Show, Decorex, Design Indaba, the Cape Town Book Fair and Winex, among others. Important international conventions at the CTICC in 2008 included the International Parliamentarian Union, the World Congress on Anaesthesiology, and the World Economic Forum in Africa.

CTICC EVENTS SINCE OPENING IN 2003

EVENT TYPE	HISTORIC				CURRENT
	FY 2003/4	FY 2004/5	FY 2005/6	FY 2006/7	FY 2007/8
International conference <500 (exhib)	23	32	19	25	22 (7)
International conference 500–1,000 (exhib)	6	13	10	12	9 (4)
International conference >1,000 (exhib)	3	2	6	9	11 (8)
National conference <250	11	9	23	14	9
National conference 250–500	7	12	9	10	10
National conference >500	12	8	8	6	13
Exhibition	16	21	25	19	18
Trade fair	11	7	13	7	18
Banquet	49	62	58	69	71
Other event	163	187	260	312	296
Special event	16	14	23	26	26
Total	317	367	454	509	503

CTICC EVENTS AND DELEGATES 2007/8

EVENT TYPE	NUMBER OF EVENTS	DELEGATES AND VISITORS
International conference	42	33 134
National conference	32	16 696
Exhibition	18	313 534
Trade fair	18	51 288
Banquet	71	29 654
Other event	296	42 875
Special event	26	61 817
Total	503	548 998

The Cape Town International Convention Centre issues its own annual report.

Khayelitsha Community Trust (KCT)

The Khayelitsha Community Trust (KCT) was established in 2003 to facilitate the development of the Khayelitsha community by establishing commercial, residential and community facilities. The Trust relies solely on Council grants to function at this time – it received R10 million in June 2007.

The Trust appointed a full-time Chief Executive Officer from October 2007, who appointed the support of a financial manager and an administrative assistant at the end of the first calendar quarter of 2008. For the first time, the KCT no longer has to rely on Council administrative support. With the new appointments, the Trust has been inwards focused while setting up its offices, policies and procedures, and internal controls, concentrating on corporate governance issues.

The Trust has therefore not met most of the targets set out in its business plan, e.g. facilitating the upgrade of the bulk electricity supply and updating the development plan for the Khayelitsha CBD. The KCT now needs to adopt a major external focus in order to meet its mandate.

The show village for the housing development in Khayelitsha was completed in February 2008. Marketing will start once rezoning approval has been received, and construction will start once the demand and citizen requirements become known.

The Khayelitsha Community Trust issues its own annual report.

COUNCIL PARTNERSHIPS

The City is a major funder and supporter of several independent bodies that play a vital partnership role in activities such as creating jobs, boosting tourism and generating wealth.

The Cape Town Partnership (CTP)

The Cape Town Partnership (CTP) was founded in 1999 by the Council, the South African Property Owners Association, the Cape Town Regional Chamber of Commerce and Industry, and other stakeholders to develop, manage and promote the Cape Town Central City. The City allocated R6 million to the CTP this year.

During the year under review, the CTP launched an initiative urging businesses to “Power down to reduce power cuts” in response to South Africa’s energy crisis. This campaign took place within the framework of its Energy Efficiency Initiative, launched in 2007. This first South African city-level public-private partnership, created to reduce energy consumption in commercial buildings, was set up with the Sustainability Institute (linked to Stellenbosch University), with seed funding from the Dutch foundation Cordaid. A baseline study comparing electricity consumption of 20 commercial buildings in the Central City was completed, setting a benchmark for future energy consumption. It also completed a pilot study auditing seven buildings. The Partnership also joined the recently formed World Business Districts Network for Sustainable Development.

The CTP held networking sessions between various public and private partners through its Business Areas Network, business breakfasts and a new CEOs forum. They took many stakeholders on walks through the city to share information and show progress on new developments, plans and examples of effective urban management projects. There are more than 700 creative industries in the Central City and the CTP employs a full-time project coordinator for its Creative Cape Town (CCT) initiative – a social, economic and spatial programme using culture for Central City regeneration. In February 2008 the CTP launched its Creative Clusters Network in association with Woolworths. This provides a networking space for creatives to meet and discuss ideas four times a year. The CTP and the Cape Town Heritage Trust formed a Section 21 company this year to manage the restoration and development of the City Hall as a premier music and cultural tourism destination on behalf of the City.

Besides the ongoing work of the Partnership, the following longer-term plans are already under way:

The Partnership will set up a Sustainable City programme in 2009, expanding the current energy initiative to encompass areas like water efficiency, solid waste management, greening of new developments, and recycling.

The Partnership, together with the Central City Improvement District, will provide urban management support and security services for 2010 and will ensure effective use of public and private spaces in the Central City. Activities will showcase the history of the culturally rich city.

The CTP has started discussions with the private and public sectors to begin shaping an affordable housing strategy for the Central City. A radius of 10 km from the CBD is recommended for residential densification.

Western Cape Investment and Trade Promotion Agency (WESGRO)

Wesgro is the official investment and trade promotion agency for the Western Cape; the Council contributed R7,963 million of its 2007/8 R19 million budget. Wesgro held 22 exporter development workshops from April 2007 to June 2008. There were six outward missions, attended by 23 Western Cape business people, generating 162 leads and approximately R85,5 million. Three national pavilions were attended by 13 Western Cape companies. These generated 110 leads worth R12 million. There were 79 inward missions and 329 business meetings, leading to 1 042 trade leads and enquiries for the period April 2007 to June 2008. Two West African business networking forums were also held in the 2007/8 financial year.

Wesgro facilitated 42 projects in Cape Town, altogether worth R711,8 million (April 2007–March 2008). It also undertook eight investment-orientated outward missions, to the USA, Brazil, France/Belgium, China, the Netherlands, Korea, Germany and Italy. Investment promotion hosted a total of 59 inward missions from various countries.

CHAPTER 2 | PERFORMANCE HIGHLIGHTS

Tourism

Tourism is a key economic driver for economic development, and for creating opportunities for communities to become economically active. As Cape Town gears up for an unprecedented number of visitors during the 2010 FIFA World Cup™, meeting growth targets remains a focus. During 2007/8 the Council supported both Cape Town Tourism (CTT) and Cape Town Routes Unlimited (CTRU), although CTT's mandate has since been extended to include destination-marketing services for Cape Town.

WESTERN CAPE TOURISM

WESTERN CAPE TOURISM	2005 (RM AND M)	2006 (RM AND M)	2007 (RM AND M)
International arrivals	1,6 m	1,7 m	1,8 m
Domestic trips	3,0 m	3,2 m	Not available
Bed nights	16,8 m	19,8 m	20,1 m
Total spend	16,9 bn	19,8 bn	17,7 bn

Source: CTRU

The Western Cape had 1,8 million international arrivals in 2007, compared with 1,7 million in 2006 (5,88% growth). The total spend by international visitors was R17,7 billion in 2007 (10,6% decline from 2006). Bed nights were 20,1 million in 2007, up from 19,8 million in 2006 (1,48% increase).

Cape Town Tourism (CTT)

The main objective of CTT is to provide destination marketing and visitor services. It represents and works with the private tourism sector, while partnering with local and provincial government. During 2007/8, R10,7 million of its budget came from Council grant funding, and R7,4 million was self-generated. Membership grew by 11% in 2007/8 to 2 453 businesses, generating R1,9 million.

CTT deals with about three million enquiries annually through its network of 20 Visitor Information Centres (VICs). During 2007/8, in preparation for the 2010 FIFA World Cup™, the VIC network was upgraded and expanded to Table Mountain, Strand and Noordhoek. New VICs were explored for the V&A Waterfront, the CTICC and Gordon's Bay, and a prototype for mobile and unmanned VICs was developed. A multimedia platform with plasma and touchscreen kiosks was implemented at the airport, Burg Street, V&A Waterfront and Mandela Rhodes Place.

Dedicated business support was provided at all VICs, and more than 100 emerging businesses were supported monthly. A Membership Development Fund was established, and over 200 black emerging tourism businesses' membership fees were funded. Black and SMME members have grown by over 200% over the past two years.

More than 136 accommodation businesses were trained and supported for online booking. A customer care programme was introduced to monitor service delivery, and a winter educational programme was introduced to improve staff product knowledge. Monthly topical networking events were attended by at least 2 250 members. Joint Association Member Meetings (JAMMS) were initiated and more than 1 500 quality assurance inspections activated. Quarterly accommodation occupancy statistics per Cape Town area and accommodation type were provided.

Marketing and reservations values were tracked, with an estimated value of at least R12 million for the past year. CTT members met over 500 000 delegates and visitors; mobile VICs were stationed at all key local events; and over 50 events and conferences were supported. Numerous shows were attended to promote Cape Town members. These included Indaba 2008, World Travel Market 2007, Getaway Show 2007, ITB 2008, Vakantiebeurs Consumer Show 2008 in the Netherlands, London and Dublin Holiday Consumer Show 2008, and the Middle East Workshop with SA Tourism 2008.

Campaigns and special programmes included the 2007 Festive Season and Welcome Campaign developed with the Council. The first Cape Town on Sale was launched, offering 42 packages and 25 specials with four competitions. Some 52 Cape Talk radio talk shows were presented to promote unique visitor experiences, and the Best of Cape Town Awards were developed with Good Hope FM. The Decorex Designer Hotel Portal exposed designer accommodation in Cape Town. An SA Tourism call centre product knowledge campaign was held with CTT staff and members. The Southern Line Railway Route was supported, with Metrorail staff training through a service excellence programme, and the Cape Town Food and Wine Experience was strengthened.

Four local area marketing forums were established. A 2008 Cape Town Official Visitor's Guide was launched in London; a new Cape Town map was developed, featuring the Southern Line Rail Route; 60 000 local area wine and food maps were developed and distributed; and 450 trade directories, featuring over 1 200 businesses, were put on flash disks. Communications and public relations interventions included a bimonthly newsletter, monthly newsflashes, an SMS campaign, and electronic events specials flyers.

The 2010 FIFA World Cup™ requirements have major implications for CTT's visitor services. The key focus for the next two years is the development and implementation of an information and knowledge management system that will enable the CTT to efficiently answer enquiries from visitors, travel trade, media and members; convert more enquiries into reservations; and analyse information and visitor trends.

CTT is working closely with representatives from the Fédération Internationale de Football Association (FIFA), MATCH – the company appointed by FIFA to provide ticketing, accommodation and event information technology services, the Federated Hospitality Association of South Africa (FEDHASA), the Southern

African Tourism Service Association (SATSA), and National and Provincial Government bodies regarding 2010 requirements and plans. The objective is to provide a legacy for the World Cup by integrating existing SMMEs and BEE establishments in the accommodation and transport sector with the official FIFA booking system. Another objective is to leave a legacy of improved quality and service excellence for tourism businesses, particularly SMMEs.

Cape Town Routes Unlimited (CTRU)

CTRU, now known as the Destination Marketing Organisation, was set up to market the province and utilised Cape Town and the Western Cape as a winning destination brand. The City contributed R34 million in 2007/8, yielding the following interventions:

The Western Cape's quest to become the world's premier tourism destination and its role in hosting the 2010 FIFA World Cup™ were showcased at the World Travel Market (WTM) expo in London.

CTRU commissioned an AC Nielsen research survey, which showed that the Western Cape tourism brand enjoyed a higher profile than other provinces' in the domestic market. The Cape's natural beauty remains the main draw-card, but the province was also increasingly noted as a welcoming destination.

Business tourism has shown vigorous growth over the past few years: Cape Town occupied 29th position in the 2006 International Congress and Convention Association's (ICCA) Global Ranking Report. CTRU profiled the destination at major business tourism trade shows, including the Exhibition and Events Association of Southern Africa (EXSA), Markex, the South African Association for the Conference Industry (SAACI) and Back2Business. Some 24 major events were supported through marketing strategy, collateral, finance and media opportunities. Projects included the Old Mutual Two Oceans Marathon, the Cape Town Flower and Garden Show, Cape Town Fashion Week, and the Cape Minstrel Carnival, amongst others. The J&B Met alone generated more than R52 million of tourism revenue.

CTRU increased the effectiveness of trade marketing activities and generated international marketing opportunities with outbound tour operators and destination-marketing companies. Some 15 joint marketing agreements were concluded during the year, including joint partnerships with Malaysia and the Middle East. The Western Cape and Cape Town were profiled at key international marketing platforms, such as the Arabian Travel Market in Dubai, ITB in Berlin, the AsiaPacific Incentives and Meetings Expo in Melbourne, EIBTM in Barcelona, and the WTM.

CTRU produced destination leisure information, such as brochures, maps, guides, banners and posters for local and international marketing platforms. It distributed nearly 126 000 items of marketing collateral, such as 4 000 meeting planner guides; 3 000 incentive planner guides; 1 000 business tourism bags; destination maps in French, Japanese, Mandarin, Spanish, German and Italian; 2010 Soccer brochures in English, French, German and Spanish; and 2010 destination images on CDs and DVDs.

Nearly 90 overseas travel agents and tour operators – including leading UK operators such as Trailfinders and Travel 2 – visited Cape Town from May to June 2007. CTRU, in conjunction with Ecco Tours and South African Airways, facilitated and co-hosted an intensive week-long Travel Training Academy in Cape Town. CTRU led a delegation of 60 Cape Town and Western Cape representatives to the three-day annual international soccer exhibition, SOCCEREX, in Gauteng in November 2007. Fourteen organisations sold the Western Cape as a soccer-loving, World Cup-ready province.

The fifth annual Access the Destination workshop was hosted by CTRU in partnership with the Council, Airports Company South Africa and Province. It focussed on access-related issues, including domestic and international air capacity, airport infrastructure, road and rail transport, and the Western Cape's preparedness for 2010.

The City of Cape Town teamed up with Cape Town Tourism and the Cape Garden Route and Klein Karoo regions to expose emerging products to international consumer shows, to market the destination and their businesses as part of the South African pavilion at the Vakantebeurs in the Netherlands, the Antwerp Verkansie Skou in Belgium, and the Belfast Holiday Show and the Dublin Holiday Expo in Ireland, from 14 January to 27 January 2008.

Numerous joint initiatives were undertaken, including developing a Cruiselineer Tourism and Maritime Strategy with the Council and establishing the Golf Tourism Membership Forum.

ANNUAL PERFORMANCE MANAGEMENT REPORT

The annual performance management report of the Municipality is prepared in terms of Section 46 of the Municipal Systems Act and attached as Annexure A. It includes the Cape Town International Convention Centre (CTICC) and the Khayelitsha Community Trust (KCT).

BUILDING APPLICATIONS BACKLOGS

The table outlining the building applications backlogs is attached as Annexure B.

SERVICE DELIVERY BACKLOGS

The table outlining the service delivery backlogs is attached as Annexure C.

ANNUAL REPORT COMPLIANCE CHECKLIST

The table outlining the annual report compliance checklist is attached as Annexure D.



CHAPTER 3

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT ISSUES



A : CAPE POINT
B : ENTREPRENEURS AT SMALL BUSINESS WEEK
C : ADDERLEY STREET AT NIGHT



STAFF PUBLICATIONS

Council publications produced during 2007/8 kept staff and management up to date on developments. The staff newsletter, Contact, took top honours in a prestigious national competition for the second year running. Contact shared the overall grand prize for the best South African corporate publication for 2008 with Sanlam's Sandaba staff newspaper at the award ceremony of the SA Publication Forum's corporate publication competition in Midrand. Contact was also judged best newspaper, again in a shared award with Sanlam. It also received awards for excellence in writing, design and communication. City News, the Council's newsletter for Capetonians, was commended for excellence in communication, design and photography. The competition is the benchmark for corporate publications in South Africa and attracted over 130 entries. The Council was the only government entrant.

SPECIALISED TECHNICAL SERVICES

The coordination specialised technical services, which support all the directorates, continued to improve efficiencies during the year. Examples include the continued installation of on-board computers in the corporate fleet to manage vehicle usage, coordination of the outsourced security contract, and implementation of emergency management plans at corporate facilities. The Department has grown its base to more than 8 000 radio users (including external customers in the Western Cape), more than 15 000 vehicles and plant, and 87 corporate buildings.

CORPORATE CALL CENTRE

During the financial year 2007/8, the Corporate Call Centre answered 754 467 calls. Calls are answered in the language of the customer's choice, and customers are protected as all calls are recorded. Operating hours are flexible. There are ongoing initiatives to improve call centre efficiency.

SINGLE PUBLIC SERVICE

Implementation strategies were discussed and approved at political and executive levels, and there were multiple briefing sessions with line managers. The Council made full, written submissions to the South African Local Government Association. This matter remains under debate, as key principles that the Council believes undermine the Constitution and separation of powers remain in place.

STRATEGIC HUMAN RESOURCES

The Organisation Realignment Project stabilised the organisational structure by placing all managers and staff in an approved management structure with clear reporting lines, eliminating duplication, placing like with like, and shifting the emphasis from support to operations. Some 99% of staff concerns were finalised.

In an international first for local government, the Council conducted a culture climate survey through Markinor to measure staff loyalty and concerns. This has helped identify areas where staff are unhappy, and where the Council can intervene to improve staff morale, in turn improving service delivery. The Council has set targets in this regard and will conduct another culture climate survey in 2009 to measure progress.

The City's staffing strategy included recruiting more skilled professional staff, particularly in the fields of infrastructural development and planning. This was achieved through an overall 15% increase in the number of professionals employed by the Council, confirming that it remains an employer of choice.

Another major development has been the shift to business improvement. This focus aims to improve customer satisfaction, increase operational efficiency and effectiveness, and improve staff morale. Key successes have been the ISO certification of procurement processes, and the decrease in turnaround time for plan approvals in the Blaauwberg Planning Office.



CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

EMPLOYMENT EQUITY

All new appointments were subject to BEE assessment and compliance. The Council is satisfied that it is on track with Employment Equity (EE) implementation, given that 3 364 staff were appointed during the financial year and 97,2% were EE-compliant. The breakdown was:

Council staff profile 30 June 2008

Occupational category	FEMALE				FEMALE TOTAL	MALE				MALE TOTAL	GRAND TOTAL
	African	Coloured	Indian	White		African	Coloured	Indian	White		
Benchmark target/%	13,85%	23,80%	0,37%	8,08%	46,10%	15,89%	27,37%	0,55%	10,09%	53,90%	100,00%
Legislators, sen	46	86	3	64	199	65	161	11	256	493	692
	6,65%	12,43%	0,43%	9,25%	28,76%	9,39%	23,27%	1,59%	36,99%	71,24%	100,00%
Professionals	60	157	0	129	346	96	238	7	395	736	1 082
	5,55%	14,51%	0,00%	11,92%	31,98%	8,87%	22,00%	0,65%	36,51%	68,02%	100,00%
Technicians	236	334	7	229	806	229	834	7	551	1,621	2 427
	9,72%	13,76%	0,29%	9,44%	33,21%	9,44%	34,36%	0,29%	22,70%	66,79%	100,00%
Clerks	540	1 387	5	648	2 580	331	1 270	5	254	1 860	4 440
	12,16%	31,24%	0,11%	14,59%	58,11%	7,45%	28,60%	0,11%	5,72%	41,89%	100,00%
Service and sales	380	614	5	109	1 108	535	2 019	16	527	3 097	4 205
	9,04%	14,60%	0,12%	2,59%	26,35%	12,72%	48,01%	0,38%	12,53%	73,65%	100,00%
Craft and related	23	4	0	5	32	127	596	3	82	808	840
	2,74%	0,48%	0,00%	0,60%	3,81%	15,12%	70,95%	0,36%	9,76%	96,19%	100,00%
Plant and machine	20	29	0	5	54	354	1 274	5	67	1 700	1 754
	1,14%	1,65%	0,00%	0,29%	3,08%	20,18%	72,63%	0,29%	3,82%	96,92%	100,00%
Elementary occupations	247	528	2	5	782	1 860	3 828	6	36	5 730	6 512
	3,79%	8,11%	0,03%	0,08%	12,01%	28,56%	58,78%	0,09%	0,55%	87,99%	100,00%
Race/gender representation	7,07%	14,30%	0,10%	5,44%	26,91%	16,39%	46,56%	0,27%	9,88%	73,09%	100,00%
Grand total	1 552	3 139	22	1 194	5 907	3 597	10 220	60	2 168	16 045	21 952

	FEMALE		ALL STAFF		MALE	
	TOTAL		TOTAL		TOTAL	
Legislators, senior officials and managers	199	28,76%	692	71,24%	493	
Professionals	346	31,98%	1 082	68,02%	736	
Technicians and associated professions	806	33,21%	2 427	66,79%	1 621	
Clerks	2 580	58,11%	4 440	41,89%	1 860	
Service and sales workers	1 108	26,35%	4 205	73,65%	3 097	
Craft and related trades	32	3,81%	840	96,19%	808	
Plant and machine operators,	54	3,08%	1 754	96,92%	1 700	
Elementary occupations	782	12,01%	6 512	87,99%	5 730	
	5 907	26,91%	21 952	73,09%	16 045	

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

DIVERSITY MANAGEMENT

The Council implemented a two-day Diversity Management Programme, with 1 376 people attending workshops.

DISABILITY

The City has an approved disability strategy with key objectives to create an accessible environment for Council buildings and facilities for staff and citizens with disabilities, thereby recognising equal rights for people with disabilities and allowing them to fully participate in the mainstream economy. For the reporting period, 42 council buildings were audited, and recommendations were tabled to have the buildings universally accessible by means of lifts, ramps, proper signage, demarcated parking bays, ablution facilities for wheelchair users, and lowering of counters at housing and cash offices.

GENDER EQUITY

A gender forum for senior women (levels 1–3) was established in 2007, meeting on a monthly basis under the leadership of a female executive director. Awareness is raised through diversity management workshops and the monthly induction programme, which includes information on sexual harassment and gender stereotyping. Sixty women attended the Women in Leadership course during April and May 2008, aimed at senior women (levels 1–4).

STAFF COSTS

Staff costs as % of operating expenditure trends

YEAR	(R'000)	%
2007/8	R3 430 193 / R12 058 006	28,5%
2006/7	R3 010 652 / R10 028 479	30,0%
2005/6	R2 718 393 / R9 491 671	28,6%
2004/5	R2 674 246 / R8 925 609	30,0%
2003/4	R2 870 534 / R8 601 070	33,4%

PENSION FUNDS

The following five pension and/or retirement funds are used by the Council:

- Cape Joint Fund (retirement and pension)
- Cape Municipal Pension Fund
- SAMWU Provident Fund
- National Municipal Workers' Fund
- South African Local Authority Fund

MEDICAL AID SCHEMES

Staff may choose between the following five medical aid funds available in Council:

- SAMWUmed
- Key Health
- LA Health
- Bonitas
- Hosmed

HUMAN RESOURCES-RELATED COSTS

Information on employee-related costs and the remuneration of senior officials and councillors is included in the audited financial statements (Chapter 4).

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

SKILLS DEVELOPMENT

LEARNERSHIPS AND APPRENTICESHIPS

Eight new learnerships were implemented in 2008, including the Environmental Education Training and Development Practice learnerships (NQF 5). These learnerships were implemented after the closure of the Athlone power station, when a group of workers was transferred to the Environment Section. They lacked the necessary skills to be fully utilised in the Environment Section, so the City implemented the learnerships, a first for the City and the Western Cape.

The City also implemented apprenticeships in electrical engineering, another first. The Council currently has 59 learners on the programme, which will take at least two years to complete and will ease the skills shortage. The group comprises a mix of gender, race and age demographics.



ENERGY-SAVING INITIATIVES



ELECTRICITY INFRASTRUCTURE



ELECTRICITY TRAINING CENTRE

GRANT RECOUPMENT

The City recouped 100% of the claimable mandatory grant from the Local Government Sector Education Training Authority (LGSETA) for 2007/8 – nearly R11,7 million. Just under R400 000 was recouped from the discretionary grant for the implementation of learnerships. A discretionary grant for Adult Basic Education and Training (ABET), worth nearly R900 000, was approved. The City implemented 95% of training interventions identified in the previous Workplace Skills Plan.

ADULT BASIC EDUCATION AND TRAINING (ABET)

The City collectively received 11 ABET awards for outstanding achievements, reflecting the dedication and commitment of its learners.

BURSARIES AND CORPORATE TRAINING AND DEVELOPMENT PROJECTS

The Council granted 59 external bursaries in 2007, and 60 in 2008. External bursars received outstanding results in the following national diplomas: Accounting 12 distinctions, tourism 15 distinctions, internal audit 19 distinctions and marketing 12 distinctions, with the bursar nominated to attend a three-month study tour of Belgium. Internal bursars received 15 distinctions in National Diploma Public Management. The Education, Training and Development Department embarked on three large corporate projects during 2007/8, including financial life skills (283 employees), coaching and mentoring (330 employees), and induction (1 000 employees).

EMPLOYEE WELLNESS

An Employee Wellness Policy was approved in May 2008, providing a broad framework for corporate employee wellness and covering a spectrum of areas in this regard. A Competitive Sport Policy, offering guidelines on competitive sport opportunities for Council employees, was approved in June 2008.

The Council's Employee Wellness programme is geared to empower staff to live life to the full. The third annual Employee Wellness Week in May 2008 attracted 6 305 employees, who took part in numerous events, ranging from stress-relieving drumming sessions to an indoor seven-a-side soccer tournament. Under the theme "Living your Life", free testing was offered for cholesterol, blood pressure, diabetes, eyesight and other conditions. Some 385 people visited the HIV Voluntary Counselling and Testing (VCT) station. Issues such as living positively with HIV, dealing with workplace stress, sexual harassment, and finding support for alcohol and drug dependencies were highlighted through participative and awareness-building activities.

Various partnerships were put in place during 2007/8 by Employee Wellness to ensure Council staff have access to employee wellness services. This was done by engaging with the Community Development Directorate and professionals as providers in strategic relationships for interventions such as helping staff to stop smoking, and to develop financial wellness skills.

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

Through discussions, workshops and outreach awareness campaigns, the HIV/Aids Workplace Programme reached nearly 14 000 staff, 62% of Council employees, by means of the Peer Education Programme. Over 1 000 staff were tested for HIV/Aids this year through the VCT Programme, many of them during Employee Wellness Week. The Care Programme improves and extends the lives of staff, their life partners and children under 12 living with HIV/Aids, through treatment, care and support.

The Employee Assistance Programme, the clinical services division of Employee Wellness, offered counselling to any employee with psychological, sociological or inter-personal problems. Group preventative programmes have also been set up to raise awareness about substance abuse. Stress management courses were offered and are always in demand.

LABOUR RELATIONS

During 2007/8 the Labour Relations Unit successfully represented the City in 90% of all disputes/arbitrations held under the auspices of the Metro Bargaining Council. The unit also advised and assisted line management with all staff relocations resulting from the organisational realignment process, and successfully defended all disputes as a result of staff movements. Part of the labour relations strategy was to improve Council knowledge and skills in handling strikes. In this regard a workshop on the City's strike management process was conducted for senior line managers. The Labour Relations Unit provided the South African Local Government Association (SALGA) with extensive input on improving the functioning of the Disciplinary Procedure Collective Agreement. This informed SALGA's bargaining position in the negotiation on a new Disciplinary Procedure Collective Agreement.

Labour Relations training focussed primarily on enhancing the skills levels of chairpersons and initiators through labour relations workshops on policies, procedures and rules of evidence. Ongoing support was provided in concluding disciplinary tribunals for 126 Metro Police officers. The Labour Relation Unit, in conjunction with the Personnel Administration Department, reviewed the various incapacity practices within the City of Cape Town and established a new incapacity procedure applicable to all staff within the City. The unit also provided ongoing support for the time and attendance project, specifically with regard to ensuring compliance.

OCCUPATIONAL HEALTH AND SAFETY

Training in occupational health and safety has continued, improving investigations of incidents and empowering project and line managers, health and safety representatives, and Safety Committee members. A SAP-based Environmental Health and Safety (EHS) business solution is being implemented. A Driver of the Year (DOTY) competition was held, with qualifying vehicle drivers advancing to the national DOTY competition. One staff member was chosen to represent South Africa at the international DOTY competition in Italy. Medical surveillance programmes are ongoing throughout the organisation to monitor staff at risk. Noise surveys were completed in identified noise zones to ensure appropriate hearing protection.



IT SYSTEM - PAUL SAUER BUILDING



STAFF AT WELLNESS EVENT



TRAINING OF STAFF

ELECTRONIC TIME AND ATTENDANCE

The main objective of the electronic time and attendance system is to manage employees' attendance, absenteeism, leave and overtime more effectively, and thereby to realise direct savings of R38 million per annum. All time and attendance data will be managed on SAP. Therefore, accurate up-to-date management reports on attendance, absenteeism and sick leave profile reports can be extracted from SAP.

The system was introduced in 2006/7 at certain pilot sites. In 2007/8 the system was rolled out to 2 700 City employees, with the City Manager and Executive Management Team setting an example. Approximately 650 clocking devices need to be installed in order to roll out the project to all workplaces with six or more employees. By 30 June 2008, 502 devices had been installed and 320 employees trained as time administrators.

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

INFORMATION SYSTEMS AND TECHNOLOGY

The SAP-ERP system is the main transactional system for Council financial, human resource, revenue and logistic processes. Through this system, the Council manages its capital and operating budgets, procurement and infrastructure maintenance, and ensures that more than a million municipal accounts reach ratepayers every month. During the 2007/8 financial year, both the back-end infrastructure (which supports the 7 000 users of the SAP system) and the application itself were upgraded to the latest version. This ensures that the City administration continues to access a world-class transactional and business information system to support its operations.

A corporate performance management and balanced score dashboard reporting system was implemented to reflect the status of the corporate key performance indicators, in support of the Council's corporate performance management system. This gives executive management and decision makers a graphic representation of the current status and trends of these indicators in order to measure performance against targets.

In a Council web interface portal project worth R925 100, its old Internet site was migrated to the latest state-of-the-art web technology platform – Sharepoint MOSS 2007. This has many benefits, such as security, agility, responsiveness and user-friendliness. The new look and feel promotes a consistent, positive image to customers, and allows broad participation in local government decision-making. Content can be kept up to date more easily, and there is additional statistical reporting and information to better serve the public.



CAPE TOWN AT NIGHT FROM SIGNAL HILL

The second phase of the housing waiting list project, worth just under R60 000, transformed the manual maintenance of a list of people needing assistance in finding homes to a stable, online web-based application. It delivers additional functionality, automation and advanced reporting. The public can now verify their status on the housing waiting list via the Internet. New functionality also allows Housing Directorate clients to be contacted via SMS.

The four-month cash-receipting traffic-fines project worth R350 000 means traffic fines can now be paid at 170 additional point-of-sale terminals throughout the city and environs. Benefits include increased revenue collection and minimised third-party transaction costs. A seamless online validation interface with the Traffic Contraventions System has been developed and implemented, and a disaster recovery platform for the cash-receipting and traffic fines database established. The Council collected almost R9 million in the financial year through the cash offices alone.

A cash-receipting project worth R142 000 improved the cash-receipting system for building plans and land-use applications. It prevents any fraud between the Planning and Building Development and Revenue Departments.

Important enhancements were developed for the Planning and Building Development Department in the planning viewer. New functions include availability of Surveyor General diagrams, automation and generation of reports with maps. After locating and selecting a property spatially, the following information can be viewed: building plan applications, land-use applications, planning GIS information, rates clearance certificates and financial information.

IT supported Corporate Finance in implementing system changes necessitated by property tax legislation. Cape Town was one of the first local authorities in South Africa to implement the requirements of the new Municipal Property Rates Act, which, among other changes, allows for individual billing of sectional title units. These complex requirements required changes to both the SAP and LIS systems in time for the implementation of the new Act.

Within the City Insurance and Compensation for Occupational Injuries and Disease Act (COIDA) departments there was a need for a single, centralised system. The City's IT department explored several options and it was decided that a solution would be implemented within the SAP system to improve efficiency and effectiveness, reduce costs, and improve security and customer satisfaction. The first phase, to implement insurance and COIDA claims functionality, has been finalised, while support and maintenance for the second phase, the development of a risk management and underwriting solution, went live in March 2008.

GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

This section explains the framework of the institutional structures through which Council implements its strategies.

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

ALIGNMENT WITH PROVINCIAL AND NATIONAL GOVERNMENT

Cape Town's development plans are matched up with national and provincial initiatives to ensure optimal impact. Six critical elements play a part: the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA), the National Spatial Development Perspective (NSDP), the National Strategy for Sustainable Development (NSSD), the Provincial Growth and Development Strategy (PGDS), the Provincial Spatial Development Framework (PSDF) and the Intergovernmental Development Agenda for Cape Town. All these feed into and influence the Council's five-year plan, which in turn helps set budget priorities.



GOVERNANCE STRUCTURE OF THE CITY OF CAPE TOWN

The Executive Mayor is responsible for the executive arm of the City. Under her auspices, there is a Mayoral Committee (comprised of councillors) as well as various other committees. The Speaker is the custodian and chairperson of Council, and is responsible for the legislative arm of the City. Subcouncils, public participatory mechanisms and Section 79 committees fall under the auspices of the Speaker.



CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

EXECUTIVE MAYOR, SPEAKER AND MAYORAL COMMITTEE MEMBERS

Ald H Zille Executive Mayor
Ald D Smit Speaker

MAYORAL COMMITTEE

COUNCILLOR/ALDERMAN	PORTFOLIOS
Cllr C Williams	Executive Deputy Mayor until 31 October 2007
Cllr G Haskin	Amenities and Sport until 31 October 2007
Cllr S Grindrod	Economic, Social Development and Tourism
Cllr D Ximbi	Safety and Security
Cllr M Fienies	Health
Cllr E Thompson	Transport, Roads and Stormwater
Cllr M Nieuwoudt	Planning and Environment
Cllr D Plato	Housing
Cllr B Walker	Corporate Services and Human Resources
Cllr L Roelf	Utility Services from 27 March 2006 to 31 March 2008
Cllr C Justus	Utility Services from 1 May 2008 to date
Cllr I Neilson	Finance

SECTION 79 PORTFOLIO COMMITTEES AND CHAIRPERSONS

COMMITTEE	CHAIR
Utility Services	Cllr C Justus from 31 January 2007 to 30 April 2008
Utility Services	Cllr J Burger from 25 June 2008 to date
Corporate Services and Human Resources	Cllr S Pringle
Finance	Cllr I Iversen
Safety and Security	Cllr JP Smith
Amenities and Sport	Cllr G Cavanagh
Health	Cllr J Vos
Housing	Cllr N Ross
Economic, Social Development and Tourism	Cllr P Hill
Planning and Environment	Cllr B Watkyns
Transport, Roads and Stormwater	Cllr E Berry to May 2008
Transport, Roads and Stormwater	Cllr B Lee from June 2008

OFFICE OF THE SPEAKER

The Speaker's Office coordinated all processes flowing from the implementation of the subcouncils' delegations, matters relating to disciplinary investigations in terms of the codes of conduct of councillors and municipal employees, rules of meetings of political structures, and the Planning and General Appeals Committee.

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

SUBCOUNCILS

The municipality of Cape Town has 23 subcouncils, which are governed by a number of delegations of Council together with the Cape Town Subcouncil By-law 2003, as amended.

Delegations to subcouncils range from the assessment of service delivery performance within jurisdictional areas, IDP, budget and business planning, street naming, business licensing, land-use, planning and environmental matters, and public participation.

WARD PARTICIPATORY MECHANISMS

At the time of writing, the Ward Participatory Mechanisms (Forums), together with their terms of reference and delegations, were yet to be finalised.

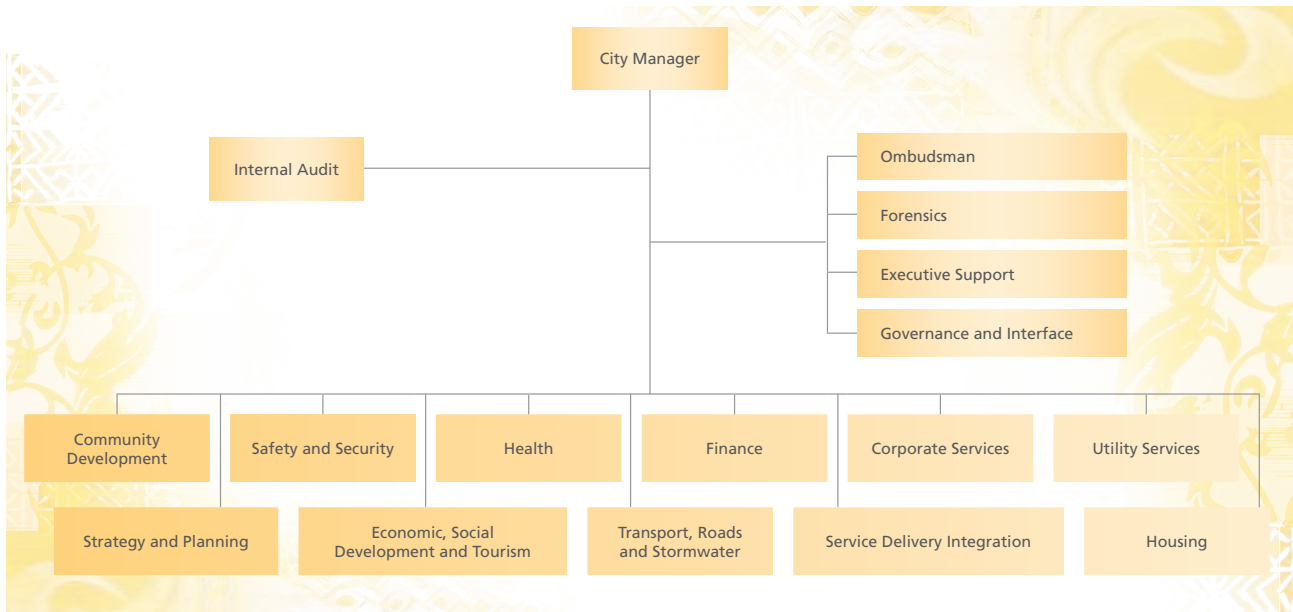
SUBCOUNCILS AND CHAIRPERSONS

SUBCOUNCIL	CHAIR
Blaauwberg	Cllr Vincent Bergh
Bergdal	Cllr Grant Twigg
De Grendel	Cllr James Vos
Tygerberg	Cllr Freddie Kearns
Central	Cllr Theresa Thompson
Bellville	Cllr Glen Kleinsmith
Koeberg	Cllr Gerald Siljeur
Helderberg	Cllr Demetrius Dudley
Nxele Makana	Cllr Tozama Bevu
Charlotte Maxeke	Cllr Masizole Mngasela
Looksmart Solwandle Ngudle	Cllr Lewis Dunn
Mitchells Plain	Cllr Grant Pascoe
David Mthetho Ntlanganiso	Cllr Bulabo Maboe
Miranda Ngculu	Cllr Archibald Figlan
Pinelands	Cllr Brian Watkyns
Good Hope	Cllr Jean-Pierre Smith
Athlone and District	Cllr Charlotte Williams
Rondevei	Cllr Basil Lee
South Peninsula	Cllr Demetri Qually
Protea	Cllr Owen Kinahan
Oostenberg	Cllr Wilma Brady
Lizo Nkonki	Cllr Piet Gouws
Adelaide Tambo	Cllr Trevor Trout

CHAPTER 3 | HR AND ORGANISATIONAL MANAGEMENT

EXECUTIVE MANAGEMENT

The Executive Management Team (EMT) steers the City to drive its strategic objectives.



EXECUTIVE MANAGEMENT TEAM

City Manager	Achmat Ebrahim
Chief Audit Executive	Zulpha Abrams
Community Development	Lokiwe Mtwazi
Economic, Social Development and Tourism	Mansoor Mohamed
Safety and Security	Last date of office of Dick Tshangela (former Executive Director: Safety and Security) 28 May 2008. Start date of acting Executive Director Heathcliff Thomas 28 May 2008.
Health	Last date of office of the late Dr Ivan Toms 20 March 2008. Start date of Dr Ivan Bromfield 2 June 2008.
Transport, Roads and Stormwater	Eddie Chinnappen
Service Delivery Integration	Mike Marsden
Housing	Hans Smit
Corporate Services	David Beretti
Utility Services	Bulumko V Msengana
Strategy and Planning	Piet van Zyl
Finance	Mike Richardson



CHAPTER 4

FINANCIAL STATEMENTS AND RELATED INFORMATION



A : HIV/AIDS AWARENESS EDUCATION
B : VOLVO OCEAN RACE
C : SUNSET OVER PRINCESS VLEI

C

TABLE OF CONTENTS

General information.....	66
Approval of consolidated financial statements.....	68
Report by the Chief Financial Officer.....	69
Statement of financial position.....	75
Statement of financial performance.....	76
Statement of changes in net assets.....	77
Cash-flow statement.....	79
Accounting policies.....	80
Notes to the Economic Entity's financial statements.....	91

APPENDICES:

(A) Schedule of external loans.....	144
(A)(1) Structured loans and finance leases descriptions.....	146
(B) Analysis of property, plant and equipment.....	148
(B)(1) Reconciliation of carrying value of property, plant and equipment.....	152
(C) Segmental analysis of property, plant and equipment.....	154
(D) Segmental statement of financial performance.....	155
(E)(1) Actual revenue and expenditure versus budget.....	156
(E)(2) Actual versus budget – acquisition of property, plant and equipment.....	157
(F) Disclosure of grants and subsidies in terms of Section 123 of the MFMA.....	158
(G) Analysis of provisions.....	159



GENERAL INFORMATION

EXECUTIVE MAYOR	Alderman H Zille
DEPUTY EXECUTIVE MAYOR	Councillor GCR Haskin
SPEAKER	Councillor JD Smit
CHIEF WHIP	Councillor AM Serritslev

MEMBERS OF THE MAYORAL COMMITTEE

Councillor S Sims	Mayoral Committee Member for Amenities and Sport
Councillor B Walker	Mayoral Committee Member for Corporate Services and Human Resources
Councillor SP Grindrod	Mayoral Committee Member for Economic, Social Development and Tourism
Councillor I Neilson	Mayoral Committee Member for Finance
Councillor M Fienies	Mayoral Committee Member for Health
Councillor D Plato	Mayoral Committee Member for Housing
Councillor M Nieuwoudt	Mayoral Committee Member for Planning and Environment
Councillor D Ximbi	Mayoral Committee Member for Safety and Security Services
Councillor CR Justus	Mayoral Committee Member for Trading Services and Infrastructure
Councillor E Thompson	Mayoral Committee Member for Transport, Roads and Stormwater

MEMBERS OF THE AUDIT COMMITTEE

Aglaak Mahmood	Chairperson
Bertina Engelbrecht	Deputy Chairperson
Ray Schur	Member
Mervyn Burton	Member

AUDITORS

The Auditor-General
Business Connexion Building Private Bag X1
Ring Road, Century Boulevard Chempet
Century City 7441 7442

BANKERS

ABSA Bank
1st Floor Tijgerpark IV PO Box 4453
Willie van Schoor Drive Tyger Valley
Tyger Valley 7530 7536

REGISTERED OFFICE

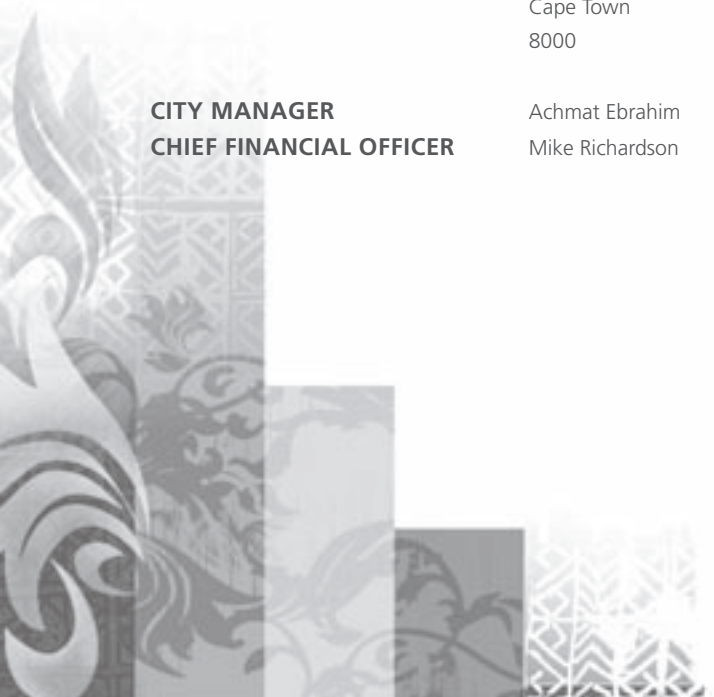
12 Hertzog Boulevard P O Box 655
Cape Town Cape Town
8000 8000

CITY MANAGER

Achmat Ebrahim

CHIEF FINANCIAL OFFICER

Mike Richardson



COUNCIL MEMBERS OF THE CITY OF CAPE TOWN**COUNCILLOR/ALDERMAN**

Abdullah, R	Grindrod, SP	Maxakato, FH	Rossouw, S
Abrahams, A	Groenewald, E	Mbaliswana, MG	Salwary, MI
Abrahams, AN	Gutuza, FS	Mcgluwa, JJ	Sasman, DP
Amira, D	Haskin, GCR	McKenzie, CL	Sass, GM
Anderson-Jardine, LO	Hassiem, W	Mdluli, VV	Sawant, E
Arendse, MG	Haywood, M	Mgayiya, NP	Schäfer, DA
Arendse, PS	Heber, B	Mgodeli, P	Schwella, W
Arendse, SWP	Hermans, J	Mgxekeni, TM	Serritslev, AM
Ariefdien, MG	Heuvel, JA	Middleton, JH	Sidinana, LT
Bala-Mjobo, BV	Hill, PAD	Mini, GB	Sikhutshwa, TR
Baskiti, M	Hlazo, MW	Mkutswana, MA	Siljeur, GR
Bayat, S	Holderness, N	Mngxunyeni, PM	Simons, JM
Beerwinkel, CF	Ipser, CW	Mnqasela, M	Sims, S
Bent, NL	Iversen, I	Mocke, D	Smit, D
Benya, L	Jackson, IR	Mofoko, NM	Smit, JD
Bergh, AV	Jacobs, BM	Mokoena, JM	Smith, DR
Berry, EA	Jacobs, J	Morkel, GN	Smith, J
Bevu, TN	Jacobs, NA	Mpongo, K	Solizwe, MT
Billie, NE	Jaftha, WD	Mrawu, R	Sonnenberg, EJ
Blaai, BC	Jeffreys, CB	Msuthu, NM	Sotashe, XR
Booi, PT	Jama, JS	Mthiya, TB	Steenkamp, FR
Bottoman, TN	Jelele, LD	Murudker, M	Stemela, HP
Brady, WE	Jespersen, GA	Mxolose, WS	Tabisher, C
Bredenhand, JC	Joko, B	Ncedana, M	Thee, JWP
Brenner, HI	Jonas, AS	Neilson, ID	Thomas, CR
Britz, MT	Jones, M	Nieuwoudt, MJ	Thompson, EL
Brynard, CA	Justus, CR	Njamela, JG	Thompson, TB
Burger, JHH	Kallie, A	Nkwele, WA	Timm, G
Carstens, EM	Kearns, F	Ntamo, GT	Traut, A
Cavanagh, GV	Kent, MEA	Ntloko, HN	Trout, TV
Chaaban, BJ	Kinahan, OM	Ntotoviyane, C	Truter, B
Chapple, PH	Klaas, MN	Nyameka, N	Tshambula, D
Christians, DJ	Kleinsmith, G	Nyanga, X	Twigg, GG
Claasen, CPV	Kotyi, PN	O'Connell, RA	Tyhalisisu, VKT
Claassen, HM	Kwayinto, EN	Oliver, MJ	Van Dalen, P
Clayton, CC	Labase, MM	Omar, AR	Van der Bijl, W
Cloete, P	Labuschagne, C	Orrie, A	Van Rensburg, LJ
Cortje-Alcock, BA	Landingwe, NJ	Otto, A	Van Rensburg, MJ
Daniels, CJ	Lategan, KH	Pascoe, GI	Van Wyk, J
Dase, N	Lee, BEH	Pearce, Y	Venter, JD
Davids, MM	Le Roux, B	Pick, UE	Vlotman, B
Dudley, DK	Ludidi, MT	Pieterse, D	Vos, J
Dunn, LR	Lukas, A	Pietersen, E	Walker, VM
Else, D	Maboee, BE	Plato, D	Watkins, BRW
Erasmus, JF	Mafilika, B	Pretorius, IJ	Willemse, JA
Esbach, BM	Magwentshu, ND	Pringle, SB	Williams, A
Fienies, MM	Makanda, M	Purchase, F	Williams, C
Figlan, AM	March, GW	Qually, DL	Williams, DC
Frans, J	Martin, FJ	Rau, R	Xazana, R
Gabriel, NA	Matha, MS	Raymond, FHL	Ximbi, DL
Gabriel, PJ	Matiwane, MP	Ridder, JC	Yiba, LPL
Gexa, NG	Matshikiza, AB	Robinson, AC	Zille, OH
Gophe, XO	Matshoba, MO	Roelf, LE	Zuma, BA
Gouws, PJH	Mavungavunga, VN	Ross, ND	
Green, AM	Mawela, XG	Rothman, LJ	



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements, which are set out on pages 75 to 159 in terms of Section 126(1) of the Municipal Finance Management Act, and which I have signed on behalf of the City.

I certify that the salaries, allowances and benefits of councillors, as disclosed in note 30 to these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in black ink, appearing to read 'Achmat Ebrahim'.

ACHMAT EBRAHIM
CITY MANAGER

DATE: 17 SEPTEMBER 2008



REPORT BY THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The Economic Entity (hereinafter 'the Entity') again posted higher-than-expected net results in relation to budgeted amounts for the year ended 30 June 2008, given the prevailing market conditions.

An increased focus on improved service delivery had a positive effect on the capital implementation programme, having grown from 77% in the previous year to just below 80% in the year under review.

The Entity focused on a strong arrear debt recovery drive as part of its endeavour to cope with increased demands on its financial resources due to rapidly growing developmental challenges.

The financial activities of the year are reviewed in this report.

2. OPERATING RESULTS

The overall summarised operating results for the Entity as at 30 June 2008 are shown below. The Statement of Financial Performance reflects a summary of income and expenditure, whilst the segmental operating results per service are shown in Appendix D to the annual financial statements.

	2007	2008			2007 TO 2008
	ACTUAL R'000	ACTUAL R'000	BUDGET R'000	VARIANCE R'000	GROWTH %
REVENUE					
Property rates	2,466,585	3,256,512	3,136,000	(120,512)	32,03
Service charges	5,253,016	5,889,869	5,877,785	(12,084)	12,12
Grants in lieu of RSC levies	968,837	1,107,242	1,107,242	(0)	14,29
Government grants and subsidies	544,494	666,039	752,259	86,220	22,32
Finance income	506,873	544,929	419,868	(125,061)	7,51
Other	1,229,532	1,234,472	1,235,052	580	0,40
	10,969,337	12,699,063	12,528,206	(170,857)	15,77
EXPENSES					
Employee-related costs	3,037,473	3,460,249	3,514,873	54,624	13,92
Impairment of debtors	386,409	708,336	558,639	(149,697)	83,31
Impairment of other assets	5,841	17,587	8,000	(9,587)	201,10
Depreciation and amortisation expense	735,694	799,537	895,113	95,576	8,68
Finance cost	478,720	483,575	314,806	(168,769)	1,01
Bulk purchases	1,998,112	2,141,514	2,164,272	22,758	7,18
Repairs and maintenance	969,354	1,193,233	1,216,477	23,244	23,10
Other expenses	2,478,914	3,393,939	3,408,841	14,902	36,91
	10,090,517	12,197,970	12,081,021	(116,949)	20,89
Surplus for the year	878,820	501,093	447,185		
Taxation	(7)	(1,764)	0		
Statement of Changes in Net Assets	(471,746)	(167,817)	(125,827)		
Net result for the year	407,067	331,512	321,358		
Accumulated surplus at beginning of the year	905,346	1,307,839			
Attributable to minority interest	(4,574)	(15,082)			
Accumulated surplus at end of the year	1,307,839	1,624,269			

Actual revenue has increased by approximately 15,8%, whilst expenditure increased by approximately 20,9% between the respective financial years.

A comparison of actual results to the approved budget, and explanations of material differences, are set out in the annual financial statements as per Appendix E(1).

Included in the Statement of Changes in Net Assets is a contribution of approximately R735,6 million made to the following funds and reserves.

	R'000
Contribution to capital replacement reserve	651,761
Contribution to the housing statutory fund	20,542
Contribution to the self-insurance reserve	63,285

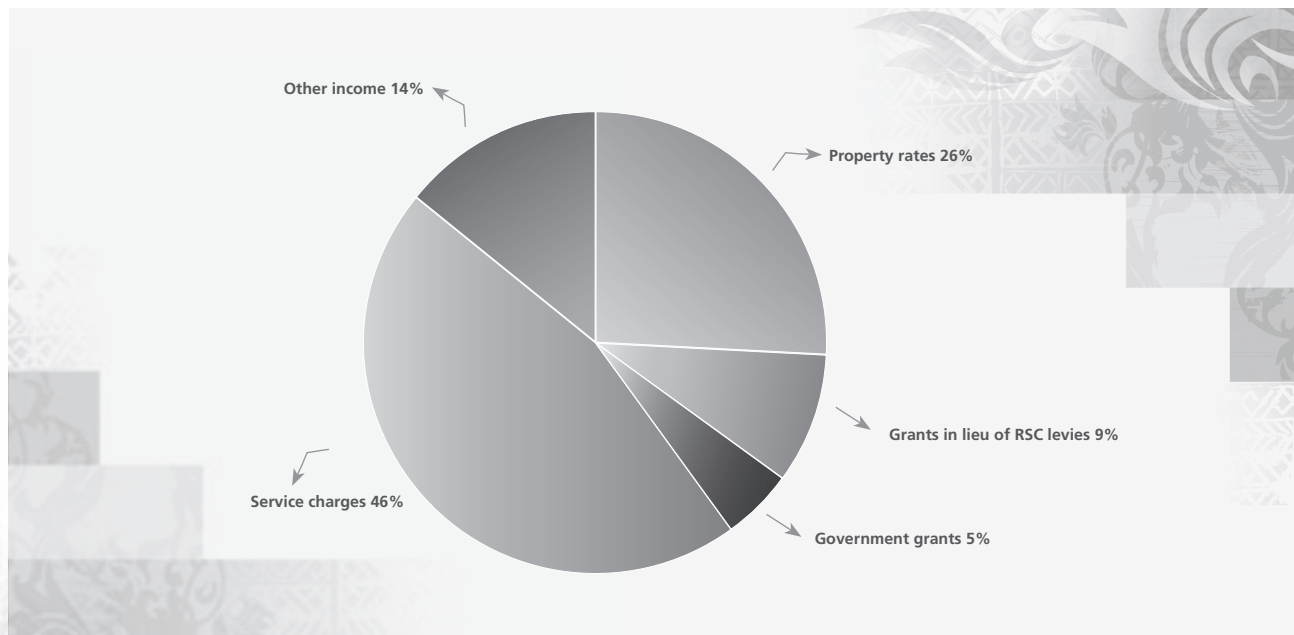
The increased reserve allocated to the capital replacement reserve was to support the capital renewal programme, in particular for water and electricity services.

2.1 OPERATING REVENUE

The major revenue streams that supported the programmes and activities of the Entity were:

- property rates;
- service charges, which were made up of:
 - electricity sales
 - water sales
 - wastewater management (sewerage and sanitation)
 - waste management (solid waste);
- government grants; and
- other

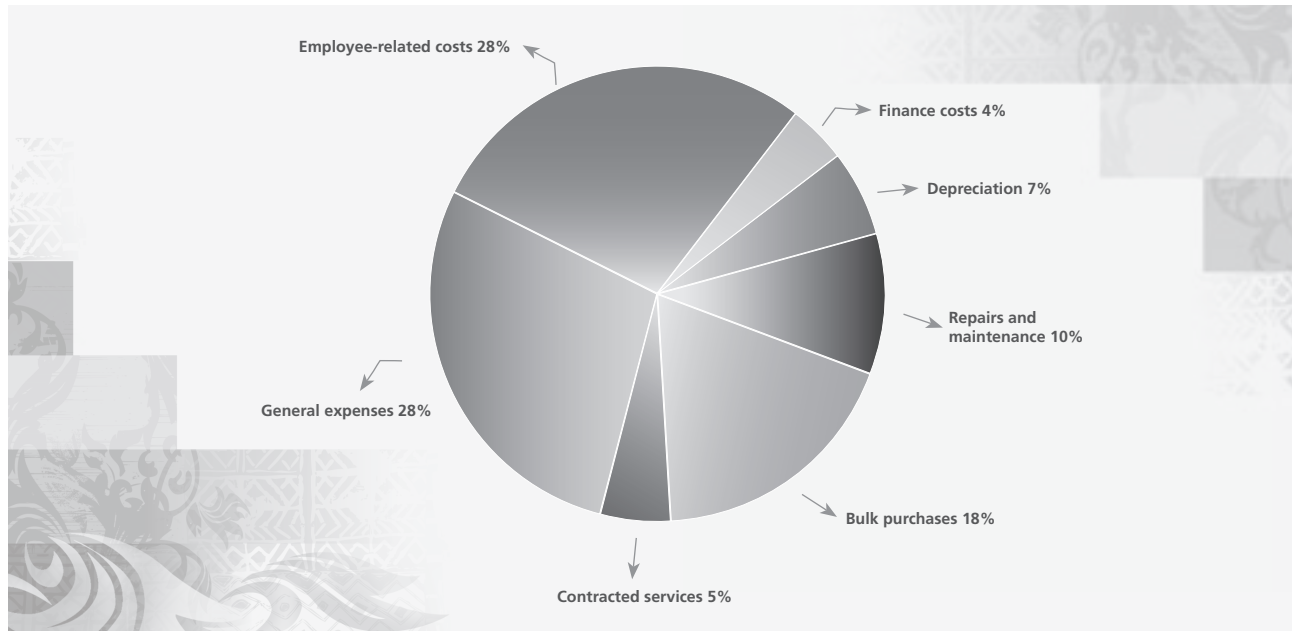
The Entity experienced a total revenue growth of 15,8% on the amounts realised in the previous financial year, which was approximately 0,9% above the amount targeted in this year's budget. The following graph indicates the main income categories.



Further detail of service charges is contained in note 22 to the financial statements.

2.2 OPERATING EXPENDITURE

The following graph indicates the main categories of expenditure for the year under review. The pro-active management control and containment of cost increases remains a key priority of the Entity.



Further detail is contained in notes 29 to 36 to the financial statements.

3. OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

3.1 RATES AND GENERAL SERVICES

RATES AND GENERAL SERVICES	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	7,203,224	7,020,522	(182,698)	6,100,612
Expenditure	(7,027,507)	(6,753,305)	274,202	(5,643,920)
Surplus for the year	175,717	267,217	91,500	456,692
Statement of Changes in Net Assets	40,643	177,344	136,701	(437,117)
Net results for the year	216,360	444,561	228,201	19,575

The lower-than-expected net results in relation to budgeted amounts were mainly due to the increased expenditure in the categories 'general expenses' and 'repairs and maintenance'.

3.2 HOUSING SERVICE

HOUSING SERVICE	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	355,566	386,744	31,178	318,595
Expenditure	(663,271)	(643,380)	19,891	(461,686)
Deficit for the year	(307,705)	(256,636)	51,069	(143,091)
Statement of Changes in Net Assets	82,554	68,988	(13,566)	29,614
Net results for the year	(225,151)	(187,648)	37,503	(113,477)

The higher-than-expected net results in relation to the budgeted amounts is mainly due to improved operational efficiency despite a lower-than-anticipated income.

3.3 TRADING SERVICES

ELECTRICITY SERVICE

ELECTRICITY SERVICE	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	3,486,538	3,524,062	37,524	3,175,589
Expenditure	(3,366,101)	(3,413,208)	(47,107)	(3,025,552)
Surplus for the year	120,437	110,854	(9,583)	150,037
Statement of Changes in Net Assets	(322)	1,265	1,586	(31,355)
Net results for the year	120,115	112,119	(7,997)	118,682

The higher-than-expected net results in relation to the budgeted amounts is mainly due to improved operational efficiency despite a lower-than-anticipated income.

3.4 WASTE MANAGEMENT (SOLID WASTE)

WASTE MANAGEMENT	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	1,185,856	1,101,869	(83,987)	951,063
Expenditure	(1,170,936)	(1,086,579)	84,357	(881,961)
Surplus for the year	14,920	15,290	370	69,102
Statement of Changes in Net Assets	(11,546)	(6,905)	4,641	(25,908)
Net results for the year	3,374	8,385	5,011	43,194

The lower-than-expected net results in relation to budgeted amounts are mainly due to the increased expenditure in the category 'general expenses'.

3.5 WATER SERVICE (WATER AND WASTEWATER MANAGEMENT)

WATER SERVICE	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	3,254,885	3,111,388	(143,497)	2,899,419
Expenditure	(2,789,655)	(2,820,611)	(30,956)	(2,582,107)
Surplus for the year	465,230	290,777	(174,453)	317,312
Statement of Changes in Net Assets	(279,147)	(366,518)	(87,371)	(3,000)
Net results for the year	186,083	(75,741)	(261,824)	314,312

The higher-than-expected surplus for the year in relation to budget was due to consumption levels being higher than anticipated, and the underspending on repairs and maintenance.

3.6 SUBSIDIARIES (CONTROLLED AND MUNICIPAL ENTITIES) AND JOINT VENTURE

SUBSIDIARIES AND JOINT VENTURE	ACTUAL 2008 R'000	BUDGET 2008 R'000	VARIANCE 2008 R'000	ACTUAL 2007 R'000
Income	224,343	248,932	81,688	171,093
Expenditure	(191,849)	(229,248)	(89,413)	(142,325)
Surplus for the year	32,494	19,684	(7,725)	28,768
Statement of Changes in Net Assets	0	0	0	(3,980)
Net results for the year	32,494	24,769	(7,725)	24,788

The higher-than-expected surplus for the year is a result of a prior year impairment reversal by the Cape Town International Convention Centre.

4. CAPITAL EXPENDITURE AND FINANCING

Capital expenditure incurred during the year amounted to R3,1 billion, which represented 78,6% (2007: 77,3%) of the approved capital budget. Although the total amount expended reflects an increased trend of 1,3%, expenditure still represents a considerably lower-than-planned implementation rate. An additional amount of R623 million was rolled over to supplement the capital budget of 2008/9.

CAPITAL EXPENDITURE PER SERVICE	ACTUAL 2008	BUDGET 2008	VARIANCE ACTUAL BUDGET % 2008	ACTUAL 2007
	R'000	R'000	R'000	R'000
Rates and general	1,887,375	2,451,550	(23,02)	1,061,566
Housing	116,484	267,931	(56,52)	171,752
Electricity	543,788	569,757	(4,56)	327,550
Water service (water and wastewater management)	487,195	596,293	(18,30)	327,068
Waste management (solid waste)	110,436	115,473	(4,36)	95,278
	3,145,278	4,001,004	(21,39)	1,983,214

The aforementioned fixed assets were financed from the following sources.

SOURCE OF FINANCE	ACTUAL 2008	BUDGET 2008	VARIANCE ACTUAL BUDGET % 2008	ACTUAL 2007
	R'000	R'000	R'000	R'000
Capital replacement reserve	571,720	646,298	(11,54)	538,415
External Finance Fund	1,242,470	1,664,301	(25,35)	893,913
Public contributions, grants and donations	1,275,656	1,643,367	(22,38)	502,605
Revenue	55,432	47,038	17,85	48,281
	3,145,278	4,001,004	(21,39)	1,983,214

A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix C and E2, whilst Appendix B and B1 contain detail according to asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

5. EXTERNAL LOANS, INVESTMENTS AND CASH

During the year under review, loans of R226,5 million were repaid, whilst interest to the value of R33,8 million was capitalised and loans of R1,4 billion were received.

Long-term investments as at 30 June 2008 amounted to R351,5 million, and short-term investments amounted to R3,2 billion, of which R514,6 million was set aside for the repayment of loans. Cash and cash equivalents increased by R741,8 million to R1,3 billion.

Additional information regarding loans, investments, and cash and cash equivalents is provided in notes 4, 15, 20 and Appendix A to the financial statements.

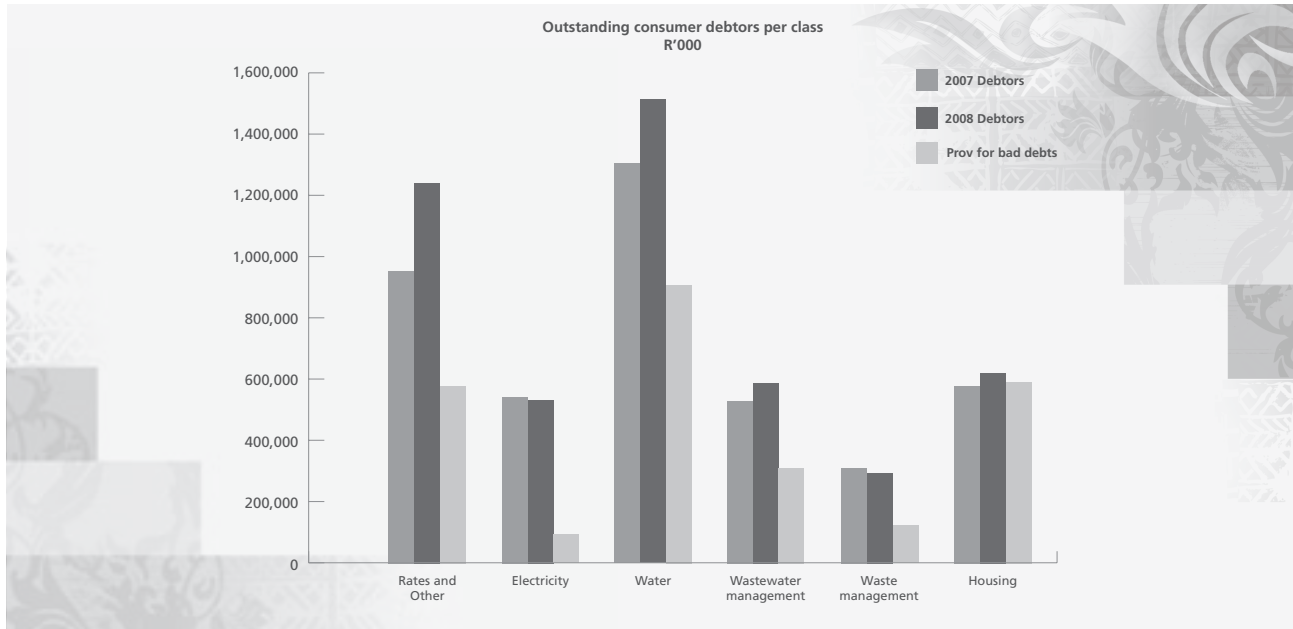
On 23 June 2008, the Entity issued its first publicly listed municipal bond, CCT01, for R1 billion as part of a R7 billion domestic medium-term note (DMTN) programme listed on the Bond Exchange of South Africa (BESA). The bond was well received by the investor community and is almost three times oversubscribed.

6. CONSUMER DEBTORS

Outstanding consumer debtors as at 30 June 2008 were R4,7 billion. The amounts included in the consumer debtor balances considered to be doubtful are covered by a provision for bad debts of R2,6 billion, which represents 54,8% of the total. An amount of R442,6 million was written off during the year under review.

Additional information regarding consumer debtors is contained in note 18 to the financial statements.

The outstanding consumer debtors as at 30 June 2008 are represented graphically below, also reflecting the coverage by the bad debts reserve.



7. IRREGULAR EXPENDITURE

The unresolved irregular expenditure reported in the 2006/7 financial year, and subsequently referred to SCOPA, is still being investigated and discussed within subcommittees appointed by SCOPA to determine any potential recoverability.

8. CAPE TOWN COMMUNITY HOUSING COMPANY (CTCHC)

The financial results of the CTCHC had not been audited at the time of the consolidation of the financial statements of the Entity. This was as a result of outstanding issues relating to a grant received, and the reversal of interest. Both these amounts have been charged to the Statement of Financial Performance. The board is awaiting the outcome of a legal opinion in this regard, after which the financial statements will be changed, if necessary, and signed.

9. EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to Her Worship the Executive Mayor, the Mayoral Committee, the Chairperson and the members of the Finance Portfolio Committee, the Audit Committee, SCOPA, the City Manager and Executive Management Team for their support and cooperation during the year.

A special word of gratitude to all finance staff, especially the accounting staff, for their contribution, as well as to the staff of the Auditor-General, the auditors appointed by him and their staff, for conducting the external audit and for their assistance, support and cooperation during the year.

Finally, a word of thanks to everybody for the hard work, sacrifices and concerted effort during the year to enable the Entity to finalise these financial statements within the prescribed period.

MIKE RICHARDSON
CHIEF FINANCIAL OFFICER

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
NET ASSETS AND LIABILITIES					
Net assets					
		3,792,753	3,291,929	3,594,938	3,114,092
Housing development fund	1	490,354	532,225	490,354	532,225
Reserves	2.1	1,569,997	1,358,814	1,569,576	1,357,428
Capital replacement reserve		908,673	807,493	908,673	807,493
Self-insurance reserve		660,903	549,935	660,903	549,935
Fair value reserve		421	1,386	0	0
Accumulated surplus		1,624,269	1,307,839	1,535,008	1,224,439
Minority interest	2.2	108,133	93,051	0	0
Non-current liabilities					
		10,884,274	8,390,417	10,852,339	8,381,439
Deferred income	3	5,407,326	4,374,523	5,402,793	4,374,396
Long-term liabilities	4	3,075,214	2,046,903	3,047,812	2,038,052
Non-current provisions	5	2,400,457	1,964,975	2,400,457	1,964,975
Derivative financial instruments		1,277	4,016	1,277	4,016
Current liabilities					
		5,528,513	3,921,488	5,475,678	3,872,775
Consumer deposits	6	245,627	221,703	237,591	214,449
Provisions	7	558,134	334,768	556,019	333,209
Payables	8	2,603,995	2,371,625	2,563,237	2,345,164
Unspent conditional grants and receipts	9	1,563,636	660,275	1,562,884	649,726
VAT	10	143,703	118,734	145,308	117,027
Taxation		1,879	146	0	0
Current portion of long-term liabilities	4	410,139	211,923	409,239	210,886
Current portion of derivatives		1,400	2,314	1,400	2,314
Total net assets and liabilities					
		20,205,540	15,603,834	19,922,955	15,368,306
ASSETS					
Non-current assets					
		12,984,872	10,859,408	12,846,342	10,740,276
Property, plant and equipment	11	12,299,957	9,929,390	12,142,997	9,790,463
Investment property	12	96,710	101,102	95,076	99,468
Intangible assets	13	20,103	71,954	20,083	71,920
Investments	15	351,450	452,498	390,218	491,266
Long-term receivables	16	216,652	296,490	197,968	279,185
Derivative financial instruments		0	7,974	0	7,974
Current assets					
		7,220,668	4,744,426	7,076,613	4,628,030
Assets classified as held for sale	14	242	980	242	980
Inventory	17	228,011	168,572	216,340	159,471
Trade receivables	18	2,123,694	1,750,837	2,124,457	1,752,553
Other receivables	19	341,275	157,581	329,231	145,585
Short-term investments	15	3,221,903	2,093,663	3,221,903	2,093,663
Current portion of long-term receivables	16	23,838	22,983	16,949	19,773
Current portion of derivatives		8,664	18,649	8,664	18,649
Cash and cash equivalents	20	1,273,041	531,161	1,158,827	437,356
Total assets					
		20,205,540	15,603,834	19,922,955	15,368,306

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
REVENUE					
Property rates	21	3,256,512	2,466,585	3,258,741	2,475,480
Service charges	22	5,889,869	5,253,016	5,749,773	5,154,618
RSC levies	23	20,475	137,481	20,475	137,510
Rental of letting stock and facilities	24	247,848	218,695	249,697	220,469
Finance income	25	544,929	506,873	535,703	496,744
Fines		159,225	180,753	159,225	180,753
Licences and permits		31,037	26,895	31,037	26,895
Income for agency services		112,654	104,960	112,654	104,960
Government grants and subsidies	26	1,773,281	1,513,331	1,767,663	1,512,496
Deferred income		324,261	259,723	324,261	259,723
Other income	27	284,807	220,377	273,076	217,091
Public contributions and donations	28	6,217	33,957	6,217	33,957
Gains on disposal of property, plant and equipment		47,948	46,691	47,870	46,691
Total revenue		12,699,063	10,969,337	12,536,392	10,867,387
EXPENDITURE					
Employee-related costs	29	3,460,249	3,037,473	3,430,193	3,010,652
Remuneration of councillors and board members	30	71,812	66,486	70,935	65,938
Impairment costs	31	725,923	392,250	743,652	401,350
Collection costs		143,935	143,634	143,935	143,634
Depreciation and amortisation expenses	32	799,537	735,694	774,709	710,044
Repairs and maintenance		1,193,233	969,354	1,185,860	963,530
Finance costs	33	483,575	478,720	482,476	479,421
Bulk purchases	34	2,141,514	1,998,112	2,141,514	1,998,112
Contracted services		649,396	536,071	596,506	491,248
Grants and subsidies paid	35	82,249	69,848	81,919	79,871
General expenses	36	2,444,925	1,662,006	2,404,694	1,683,835
Loss on disposal of property, plant and equipment		1,622	869	1,613	844
Total expenditure		12,197,970	10,090,517	12,058,006	10,028,479
SURPLUS					
Surplus from operations		501,093	878,820	478,386	838,908
Surplus/(deficit) from discontinued operations	53	497,046	878,835	478,386	838,908
RED1		4,047	(15)	0	0
Cape Town Community Housing Company		0	0	0	0
Philippi East Trading Centre Pty (Ltd)		4,036	0	0	0
		11	(15)	0	0
TAXATION	37	(1,764)	(7)	0	0
SURPLUS AFTER TAXATION FOR THE YEAR		499,329	878,813	478,386	838,908
Attributable to net assets holder of the controlling entity		484,247	874,239		
Attributable to minority interest	2.2	15,082	4,574		
SURPLUS FOR THE YEAR		499,329	878,813		

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

ECONOMIC ENTITY	HOUSING DEVELOPMENT FUND R'000	CAPITAL REPLACEMENT RESERVE R'000	SELF-INSURANCE RESERVE R'000	FAIR VALUE RESERVE R'000	MINORITY INTEREST R'000	ACCUMULATED SURPLUS R'000	TOTAL R'000
2007							
Balance at 1 July 2006	498,507	530,846	463,764		88,103	927,347	2,508,567
Correction of prior year error - note 38						(18,256)	(18,256)
Correction of prior year error - note 38						(3,649)	(3,649)
Correction of prior year error - note 38						(96)	(96)
Restated balance at 1 July 2006	498,507	530,846	463,764	0	88,103	905,346	2,486,566
Restated surplus for the year						874,239	878,813
Surplus at 30 June 2007 - previously reported					4,574	902,543	907,117
Correction of prior year error - note 38						(28,304)	(28,304)
Net effect on minority interest as a result of share buy-back					374	(996)	(622)
Reversal of 2007 disclosure journal - Sea Point						136	136
Contribution to fair value reserve				1,386		0	1,386
Transfer to CRR		809,496				(809,496)	0
Property, plant and equipment purchased	(5,566)	(532,849)				538,415	0
Contribution to self-insurance reserve			86,171			(160,521)	(74,350)
Transfer to Housing Development Fund	39,284					(39,284)	0
Balance at 30 June 2007	532,225	807,493	549,935	1,386	93,051	1,307,839	3,291,929
2008							
Net surplus for the year					15,082	484,247	499,329
Transfer from fair value reserve				(965)		0	(965)
Transfer to CRR		651,761				(651,761)	0
Property, plant and equipment purchased	(25,970)	(550,581)				576,551	0
Contribution to self-insurance reserve			110,968			(108,508)	2,460
Transfer to Housing Development Fund	(15,901)					15,901	0
Balance at 30 June 2008	490,354	908,673	660,903	421	108,133	1,624,269	3,792,753

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

MUNICIPALITY OF CAPE TOWN	HOUSING DEVELOPMENT FUND R'000	CAPITAL REPLACEMENT RESERVE R'000	SELF-INSURANCE RESERVE R'000	ACCUMULATED SURPLUS R'000	TOTAL R'000
2007					
Balance at 1 July 2006	501,627	530,846	463,764	871,553	2,367,790
Correction of prior year error - note 38				(18,256)	(18,256)
Restated balance at 1 July 2006	501,627	530,846	463,764	853,297	2,349,534
Restated surplus for the year				838,908	838,908
Surplus at 30 June 2007 - previously reported				867,934	0
Correction of prior year error - note 38				(29,026)	0
Transfer to CRR		809,496		(809,496)	0
Property, plant and equipment purchased	(5,566)	(532,849)		538,415	0
Contribution to self-insurance reserve			86,171	(160,521)	(74,350)
Transfer to Housing Development Fund	36,164			(36,164)	0
Balance at 30 June 2007	532,225	807,493	549,935	1,224,439	3,114,092
2008					
Net surplus for the year				478,386	478,386
Transfer to CRR		651,761		(651,761)	0
Property, plant and equipment purchased	(25,970)	(550,581)		576,551	0
Contribution to self-insurance reserve			110,968	(108,508)	2,460
Transfer to Housing Development Fund	(15,901)			15,901	0
Balance at 30 June 2008	490,354	908,673	660,903	1,535,008	3,594,938

*The insurance adjustment of R2,460 million relates to a COID provision made in the 2006/7 financial year by means of a disclosure journal.



CASH-FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and others		13,760,185	11,189,055	13,613,210	11,122,710
Cash paid to suppliers and employees		(10,044,404)	(8,659,276)	(9,920,961)	(8,421,610)
Cash generated by operations	39	3,715,781	2,529,779	3,692,249	2,701,100
Interest received		270,543	252,278	261,317	224,942
Interest paid		(462,271)	(224,618)	(461,172)	(400,387)
Taxation		(31)	(21)	0	0
NET CASH FROM OPERATING ACTIVITIES		3,524,022	2,557,418	3,492,394	2,525,655
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,145,278)	(1,983,214)	(3,119,746)	(1,969,407)
Proceeds on disposal of property, plant and equipment		60,156	55,069	59,981	55,195
Decrease / (Increase) in assets held-for-sale		738	(980)	738	(980)
Decrease in non-current receivables		78,983	7,177	84,041	17,616
(Increase) in investments		(1,027,192)	(403,537)	(1,027,192)	(405,379)
NET CASH FROM INVESTING ACTIVITIES		(4,032,593)	(2,325,485)	(4,002,178)	(2,302,955)
CASH FLOWS FROM FINANCING ACTIVITIES					
New loans raised, and interest capitalised		1,455,207	30,311	1,434,790	29,293
Loans repaid		(226,544)	(136,905)	(224,541)	(135,054)
Increase in consumer deposits		23,924	37,820	23,142	37,467
Deferred expenditure		(2,136)	0	(2,136)	0
NET CASH FROM FINANCING ACTIVITIES		1,250,451	(68,774)	1,231,255	(68,294)
NET INCREASE IN CASH AND CASH EQUIVALENTS	40	741,880	163,159	721,471	154,406
Cash and cash equivalents at beginning of the year		531,161	368,002	437,356	282,950
Cash and cash equivalents at end of the year		1,273,041	531,161	1,158,827	437,356

ACCOUNTING POLICIES OF THE ECONOMIC ENTITY TO ACCOMPANY ITS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practices (GRAP) and the standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash-flow statements
GRAP 3	Accounting policy, changes in accounting estimates, and errors
GAMAP 4	The effects of changes in foreign exchange rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

Accounting policy for material transactions, events or conditions not covered by the above GRAP and GAMAP standards has been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. This accounting policy and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP), including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 522 of 2007, exempted compliance with certain of the above-mentioned standards and aspects, or parts thereof. The Entity has opted not to apply any of the exemptions for the 2007/8 financial year, which is consistent with the basis of preparation adopted for the 2006/7 financial year. The Minister of Finance has further exempted municipalities from limiting the initial recognition of revenue as described in GAMAP 9. In terms of the deviation, municipalities must recognise revenue on a gross basis. The Entity has applied this exemption for the 2007/8 financial year, which represents a change in the accounting policy used for revenue in the 2006/7 financial year. Refer note 48 for more details.

The Minister of Finance has, in terms of Government Gazette 31021 dated 9 May 2008, promulgated the implementation of the new GRAP standards with effect from 1 July 2008. These GRAP standards will replace the current GAMAP standards. The Entity did not consider adopting these standards earlier, as its preliminary investigations indicated that the impact of the standards on the financial statements will be of little significance.

Details of the Entity's significant accounting policies are set out below, and are consistent with those applied in the previous financial year, except for the following:

- Adoption of AC 144 Financial Instruments: Disclosures. AC 144 supersedes the disclosure requirements of AC 125. One of the main disclosure requirements added by AC 144 is that an entity must group its financial instruments into classes of similar instruments, and when disclosures are required, make disclosures by class.
- The Entity reclassified interest paid and receivable under the heading "Finance costs" and "Finance income" respectively on the face of the Statement of Financial Performance.
- Bank deposits maturing within 12 months of balance sheet date have been reclassified from cash and cash equivalents to short-term investments to the value of R3,227 million (2007: R2,093 million). Cash and cash equivalents will in future only include call deposits and short-term bank deposits with a maturity of three months or less from inception.

- The Entity has, in accordance with the change in its accounting policy (refer note 48), restated its revenue and expenditure amounts. This resulted in a net increase in revenue and expenditure to the value of R336 652 million (refer note 22, 24 and 31).
- Deferred income arising as a result of the financing of assets out of grant income, and previously presented as an offset against depreciation expenditure, has now been reclassified as income, and the depreciation expenditure shows at its gross amount on the Statement of Financial Performance.

This resulted in an increase in revenue and expenditure to the value of R324 261 million.

In the process of applying the Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

- **Operating lease commitments – the Entity as lessor**

The Entity has entered into commercial property leases on its investment property portfolio. The Entity has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of trade receivables**

The calculation in respect of the impairment of debtors 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 based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

- **Property, plant and equipment**

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

- **Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 5 and 50 respectively. Provisions are discounted where the effect of discounting is material using actuarial valuations.

- **Held-to-maturity financial assets**

Management has reviewed the held-to-maturity financial assets in the light of its capital management and liquidity requirements and has confirmed the positive intention and ability to hold those assets to maturity.

1.1 CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealised gains and losses within the Entity are eliminated upon consolidation. Where appropriate, the accounting policy of controlled entities conforms to the policy adopted by the Entity.

1.2 SUBSIDIARIES

Subsidiaries are all controlled entities over which the Entity has ownership control or effective control to govern the financial and operating policies of such controlled entity so as to benefit from its activities. Controlled entities are fully consolidated from the date on which control is transferred to the Entity, and are carried at cost.



1.3 JOINT VENTURES

A joint venture is a contractual arrangement whereby the Entity and other parties undertake an economic activity that is subject to joint control.

The Entity reports its interest in jointly controlled entities using the proportionate consolidation method of accounting. The Entity's share of the assets, liabilities, income and expenses, and cash flows of jointly controlled entities are combined with the equivalent items in the Entity's financial statements on a line-by-line basis.

2. DEPARTURES AND DEVIATIONS

In accordance with an exemption received from National Treasury, the financial statements presented do not include the consolidated results of the Khayelitsha Community Trust and its related entities. The Trust's investments in such entities are accounted for as investments at cost in the financial statements of the Trust, in the consolidated statements of the City. Details of the financial results from draft financial statements for the Trust for the period ended 30 June 2008 are summarised below:

ENTITY	KBD MANAGEMENT R	KBD RETAIL PROP. R	KBD HOUSING R
Total assets	402,344	94,253,436	300
Total liabilities	831,340	101,875,928	49,434
Total revenue	145,580	20,267,087	0
Total expenditure	208,079	23,016,849	42,453

3. HOUSING FUNDS

The Housing Development Fund was established in terms of the Housing Act (Act 107 of 1997).

3.1 HOUSING DEVELOPMENT FUND

Sections 15(5) and 16 of the Housing Act (Act 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

In terms of Section 14(4)(d)(ii)(aa) read with, inter alia, Section 16(2), the Housing Act also provides 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.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed and invested in accordance with the investment policy of the Entity.
- The proceeds in the Fund are utilised for housing developments in accordance with the National Housing Policy, and also for housing development projects approved by the Provincial Minister of Housing.
- Any contributions to or from the Fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the Fund is disclosed as interest earned in the Statement of Financial Performance.

3.2 UNREALISED HOUSING PROCEEDS

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act (Act 107 of 1997), in terms of which all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account, which 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.

4. RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

4.1 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- 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.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

4.2 INSURANCE RESERVE

A general insurance reserve has been established and, subject to reinsurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance, and is transferred to the insurance reserve as a contribution via the Statement of Changes in Net Assets.

An actuarial valuation is obtained each year to assess the adequacy of the insurance reserve at year-end.

4.3 COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES (COID) RESERVE

The Entity has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the Compensation for Occupational Injuries and Diseases (COID) Act.

The certificate of exemption issued by the Commissioner, and as prescribed by the COID Act (Act 130 of 1993), requires that the Entity 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 Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability.

The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, or at fair value where assets have been acquired by grant or donation.

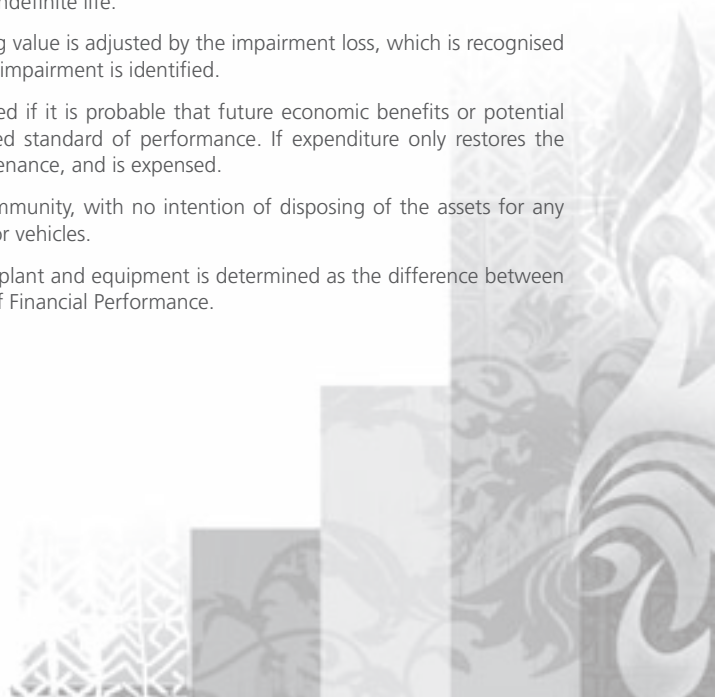
Heritage assets, which are culturally significant resources, and are shown at cost, are not depreciated, owing to the uncertainty regarding their estimated useful lives. Land is also not depreciated, as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.



5.1 DEPRECIATION RATES

Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually. The depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
INFRASTRUCTURE		OTHER	
Infrastructure	10-30	Buildings	20-40
Roads and paving	30	Specialist vehicles	10-15
Pedestrian malls	20-30	Other vehicles (revised)	5-10
Electricity	15-20	Office equipment (revised)	3-10
Water	15-20	Furniture and fittings (revised)	5-10
Sewerage	30	Watercraft	15
Housing		Bins and containers	5
		Specialised plant and	
Community	30	Equipment	10-15
Improvements	20-30	Other plant and	
Recreational facilities	10	Equipment (revised)	2-10
Security (revised)		Landfill sites	30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

5.2 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

5.3 INVESTMENT PROPERTIES

Investment properties are held to earn rental income, as well as for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment, where considered necessary. 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 property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 30 years.

5.4 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.

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.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets, estimated at three to five years.

5.5 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition only applies when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount, or fair value less cost to sell.

6. 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 plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

6.1 FINANCIAL ASSETS

The Entity classifies its financial assets according to the following categories:

- *Held to maturity*
- *Loans and receivables*
- *Available for sale*
- *Held for trading*

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- *Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.*
- *Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.*
- *Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have a quoted market price in an active market and for which fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.*
- *Held-for-trading financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.*

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

6.2 FINANCIAL LIABILITIES

The Entity measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

6.3 TRADE PAYABLES AND OTHER

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

7. INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost determined on the weighted average basis, or net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost or current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility.

8. ACCOUNTING FOR RENEWABLE ENERGY

This is a scheme administered by the Entity for voluntary participation by electricity consumers to promote green energy awareness. The instruments of the scheme are described generally as green certificates.

These rights are recorded at weighted average purchase cost net of the Eskom bulk charge.

Rights held are of the nature of intangible assets, and are disclosed as inventory in the Statement of Financial Position.

Excess assets held after annual acquittal cannot be carried forward to future years, and are recorded in the Statement of Financial Performance as an expense.

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value, and subsequently stated at amortised cost, less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

10. REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received, and other services rendered. Revenue is recognised, provided that the benefits can be measured reliably. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10.1 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 proportion basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, which charges different rate tariffs, is employed. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

10.2 Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

10.3 Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised, provided that the benefits can be measured reliably. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

10.4 Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the courts. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue when the summons is issued.

10.5 Various services are provided on a prepayment basis, in which case no formal billing takes place and revenue is recognised when received.

- 10.6 Income in respect of housing rental and instalment sale agreements is accrued monthly.
- 10.7 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 concerned.
 - Interest earned on unutilised conditional grants is allocated directly to the creditor, if the grant conditions indicate that interest is payable to the funder.
- 10.8 Dividends are recognised when the Entity's right to receive payment is established.
- 10.9 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.
- 10.10 Donations are recognised on a cash-receipt basis, or at fair value where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity.
- 10.11 Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.
- 10.12 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 measured reliably.
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably.
 - Prepaid electricity sold is only recognised as income once the related units are consumed.
- 10.13 Institutional and other subsidies received for housing are deferred, and recognised as income on the date of occupation of the applicable houses.
- 10.14 Revenue earned from providing end-user finance in terms of instalment sales is accrued on a time basis by reference to the principal outstanding, and at interest rates stipulated in the instalment sale agreement.

11. OFFSETTING

Financial assets and liabilities are offset, and the net amount is reported on the balance sheet 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.

12. CONDITIONAL GRANTS AND RECEIPTS (DEFERRED INCOME)

Income received from conditional grants, donations and subsidies is recognised to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

12.1 GRANTS AND RECEIPTS OF A REVENUE NATURE

Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

12.2 GRANTS AND RECEIPTS OF A CAPITAL NATURE

Income is reclassified as deferred income under non-current liabilities in the Statement of Financial Position to the extent that the criteria, conditions or obligations have been met, and is credited to the Statement of Financial Performance on a straight-line basis over the expected useful lives of the related asset.

13. 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 a reliable estimate can be made of the amount of the obligation.

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 as a finance cost in the Statement of Financial Performance.

14. ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash 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.

16. EMPLOYEE BENEFITS

16.1 RETIREMENT BENEFIT PLANS

The Entity provides retirement benefits for its employees and councillors. Defined Contribution (DC) 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 in which they become payable.

Defined benefit plans are post-employment benefit plans other than DC plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

16.2 POST-RETIREMENT PENSION FUNDS

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes to the funds monthly. These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the liabilities.

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 unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the corridor method. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

16.3 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 (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund upon retirement, in which case the member is liable for 30% of the medical aid membership fee and the Entity for the remaining 70%. Under an accrued rights position agreed to by Council, the age of internally appointed staff under the Entity's new conditions of service determines, on a sliding-scale basis, the post-retirement subsidy for medical aid. External appointments do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. In addition, the Entity will contribute annually for the next five years, with effect from 1 July 2003, towards funding the unrecognised transitional liability, which was calculated by means of the projected unit credit actuarial valuation method.

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 unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the corridor method. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

16.4 SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in 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 a reliable estimate can be made.

The Entity provides long-term incentives to eligible employees, payable upon completion of years of employment. The Entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

17. LEASES

17.1 THE ECONOMIC ENTITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Entity.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

17.2 THE ECONOMIC ENTITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

18. GRANTS-IN-AID

The Entity from time to time transfers money to individuals, organisations and other sectors of government. 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 in which the events giving rise to the transfer occur.

19. VALUE-ADDED TAX

The Entity accounts for value-added tax on the payment basis.

20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance, and, where recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000) and the Public Office Bearers Act (Act 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and, where recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and, where recovered, is subsequently accounted for as revenue in the Statement of Financial Performance.

23. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors denominated in foreign currency are reported at balance sheet date by applying the exchange rate on that date. Exchange differences arising on the settlement of creditors, or on reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or as expenses in the period in which they arise.

24. BORROWING COSTS

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

25. COMPARATIVE INFORMATION

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

26. DEFERRED TAXATION

Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences arising between the tax base of assets and liabilities, and their carrying values for financial reporting purposes. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except where in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised.



NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
1. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	244,356	207,244	244,356	207,244
Income	66,141	68,647	66,141	68,647
Land sales	11,345	651	11,345	651
Repayments long-term debtors	45,357	45,713	45,357	45,713
Repayments public organisations	75	2,884	75	2,884
Service contributions	5,939	6,068	5,939	6,068
Subsidy refunds and other	3,425	13,331	3,425	13,331
Add: Interest	20,541	9,619	20,541	9,619
Less: Expenditure	(43,290)	(29,674)	(43,290)	(29,674)
Funding capital projects	(25,970)	(5,566)	(25,970)	(5,566)
Funding operating projects	(17,320)	(24,108)	(17,320)	(24,108)
Less: Non-cash transfer to bad debt provision	(6,650)	(11,480)	(6,650)	(11,480)
Balance at end of the year	281,098	244,356	281,098	244,356
Realised housing proceeds are fully funded and invested in ring fenced financial instruments.				
Unrealised housing proceeds				
Balance at beginning of the year	287,869	294,383	287,869	294,383
Less: Loans realised	(31,957)	(22,774)	(31,957)	(22,774)
Long-term housing loans	(30,315)	(21,284)	(30,315)	(21,284)
Long-term loans public organisations	(1,642)	(1,490)	(1,642)	(1,490)
Transfer from/(to) impairment provision - selling schemes	(42,824)	16,260	(42,824)	16,260
Transfer from/(to) impairment provision - public organisations	(3,832)	0	(3,832)	0
Balance at end of the year	209,256	287,869	209,256	287,869
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors loan agreement.				
TOTAL HOUSING DEVELOPMENT FUND	490,354	532,225	490,354	532,225

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
2. RESERVES AND MINORITY INTEREST				
2.1 RESERVES				
Capital replacement reserve	908,673	807,493	908,673	807,493
Insurance reserve	660,903	549,935	660,903	549,935
Self-insurance reserve	624,177	521,502	624,177	521,502
COVID reserve	36,726	28,433	36,726	28,433
Fair value reserve - CTCHC	421	1,386	0	0
TOTAL RESERVES	1,569,997	1,358,814	1,569,576	1,357,428
The capital replacement reserve and the self-insurance reserve are fully funded and invested in ringfenced financial instruments.				
2.2 MINORITY INTEREST				
Balance at beginning of the year	93,051	88,103		
Transfer to minority for share buy-back	0	374		
Share of net surplus attributable to minority interest	15,082	4,574		
Balance at end of the year	108,133	93,051		
3. DEFERRED INCOME				
Assets financed from capitalisation fund	2,169,887	2,367,805	2,169,887	2,367,805
Assets financed from government grants	3,213,740	2,110,972	3,213,740	2,110,972
Assets financed from public contributions	192,769	150,531	192,769	150,531
Other - municipal entities	7,458	756	0	0
	5,583,854	4,630,064	5,576,396	4,629,308
Less: Current portion transferred to payables	(176,528)	(255,541)	(173,603)	(254,912)
TOTAL DEFERRED INCOME	5,407,326	4,374,523	5,402,793	4,374,396
Reconciliation of movement				
Balance at beginning of the year	4,630,064	4,387,388	4,629,308	4,386,426
Additions during the year	1,283,113	503,361	1,275,655	502,605
Income recognised during the year (transferred to Statement of Performance)	(329,323)	(260,685)	(328,567)	(259,723)
Balance at end of the year	5,583,854	4,630,064	5,576,396	4,629,308
Less: Current portion	(176,528)	(255,541)	(173,603)	(254,912)
Non-current portion	5,407,326	4,374,523	5,402,793	4,374,396

Deferred income represents grants received from Government, and capital contributions from customers, to construct and acquire capital assets.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
4. LONG-TERM LIABILITIES				
Local registered stock loans	1,009,264	11,400	1,009,264	11,400
Annuity loans	26,994	38,458	26,994	38,458
Other loans	2,280,083	2,028,907	2,251,781	2,019,021
Finance leases	169,012	180,061	169,012	180,059
Subtotal	3,485,353	2,258,826	3,457,051	2,248,938
Less: Current portion transferred to current liabilities	(410,139)	(211,923)	(409,239)	(210,886)
Local registered stock loans - transaction costs	143	0	143	0
Annuity loans	(12,766)	(11,464)	(12,766)	(11,464)
Other loans	(385,465)	(189,860)	(384,565)	(188,825)
Finance leases	(12,051)	(10,599)	(12,051)	(10,597)
TOTAL LONG-TERM LIABILITIES	3,075,214	2,046,903	3,047,812	2,038,052
(Refer Appendix A for more detail.)				

The capitalised lease liabilities are secured by items of leased plant to the carrying value of R161,45 million. R514,56 million (2007: R426,47 million) has been invested in specific ringfenced deposit accounts for the repayment of long-term liabilities. Refer note 15 and 41 for more detail.

Determination of fair value

The fair value of the long-term liabilities was determined by discounting their cash flows from the reporting date to their final maturity dates, at rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics. The fair value of long-term liabilities held at amortised cost amounted to R3,26 million (2007: R2,39 million).

Liquidity risk analysis

Contractual maturity analysis of total borrowings

At the reporting date, the Entity's liabilities have contractual maturities, which are summarised below:

2007/2008	0	482,752	0	482,752
2008/2009	758,587	580,861	758,587	580,861
2009/2010	748,146	537,690	748,146	537,690
2010/2011	552,948	380,681	552,948	380,681
2011/2012	452,840	271,538	452,840	271,538
2012/2013	412,140	236,015	412,140	236,015
2013/2014	422,684	246,592	422,684	246,592
2014/2015	356,531	183,265	356,531	183,265
2015/2016	317,013	146,378	317,013	146,378
2016/2017	425,836	257,942	425,836	257,942
2017/2018	257,459	90,856	257,459	90,856
2018/2019	196,887	33,091	196,887	33,091
2019/2020	175,404	14,203	175,404	14,203
2020/2021	158,434	0	158,434	0
2021/2022	155,740	0	155,740	0
2022/2023	1,137,572	0	1,137,572	0
	6,528,221	3,461,864	6,528,221	3,461,864

The Entity manages its liquidity risk in respect of the above by linking repayment of external borrowings to internal advances, to services that are repaid out of rates and tariffs via the depreciation charge on the underlying fixed assets financed out of the loans. In addition, ringfenced sinking fund deposits are created to meet the eventual capital redemption of those borrowings with a bullet (end-of-term) capital repayment.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Obligations under finance leases				
	Minimum lease payments			
Payable within one year	38,539	38,352	38,539	38,350
Payable within two to five years	213,192	251,787	213,192	251,787
Payable after five years	0	0	0	0
	251,731	290,139	251,731	290,137
Less: Future finance obligations	(82,719)	(110,078)	(82,719)	(110,078)
Present value of lease obligations	169,012	180,061	169,012	180,059
	Present value of minimum lease payments			
Payable within one year	12,051	10,599	12,051	10,597
Payable within two to five years	156,960	169,462	156,960	169,462
Payable after five years	0	0	0	0
	169,011	180,061	169,011	180,059
Less: Amounts due for settlement within 12 months	(12,051)	(10,597)	(12,051)	(10,597)
Amount due for settlement after 12 months	156,960	169,464	156,960	169,462

Refer Appendix A1 for descriptions of structured loans and finance leases.

5. NON-CURRENT PROVISIONS

Rehabilitation of landfill sites	397,357	272,513	397,357	272,513
Post-retirement medical aid benefits	1,803,197	1,520,680	1,803,197	1,520,680
Post-retirement pension benefits	12,338	12,052	12,338	12,052
Long-service leave benefits	187,565	159,730	187,565	159,730
TOTAL NON-CURRENT PROVISIONS	2,400,457	1,964,975	2,400,457	1,964,975

Rehabilitation of landfill sites

Provision is made in terms of the Entity's licensing stipulations of the landfill waste sites, for the estimated costs of rehabilitation of waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 7,9% (2007: 5,6%) and discounted to present value at the average borrowing cost of 11,715% (2007: 11,42%), hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are expected to be between 2009 and 2020.

Sensitivity analysis on the unfunded accrued liability (R million)

ASSUMPTION	CHANGE	LIABILITY	% CHANGE	RM CHANGE
Central assumption		438,757		
Inflation	+1%	451,374	+2.88%	12,617
	-1%	426,369	-2.82%	(12,388)
Discount rate	+1%	426,870	-2.71%	(11,887)
	-1%	451,331	+2.87%	12,574

Post-retirement medical aid benefits

The total liability in respect of post-retirement medical benefits amounts to R1,89 million as at 30 June 2008 (2007: R1,60 million). Provision for R1,89 million has been made (non-current R1,80 million, current R89,00 million) - refer notes 7 and 49. It is expected that approximately 4% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumption below.

Sensitivity analysis on the unfunded accrued liability (R million)

ASSUMPTION	CHANGE	IN-SERVICE	CONTINUATION	TOTAL	% CHANGE	RM CHANGE
Central assumption		995.16	1,130.15	2,125.31		
Health care inflation	+1%	1,224.38	1,248.34	2,472.72	+16%	347.41
	-1%	815.58	1,028.77	1,844.35	-13%	(280.96)
Post-retirement mortality	+1 year	1,029.20	1,174.22	2,203.42	+4%	78.11
Average retirement age	-1 year	1,070.84	1,130.15	2,201.00	+4%	75.69

Post-retirement pension benefits

An actuarial valuation as at 30 June 2008 has been performed of the Entity's unfunded liability in respect of revenue pension benefits to eligible employees and retirees of the City of Cape Town, and redundant employees to whom the City of Cape Town must contribute until they reach retirement age. The unfunded liability in respect of past service has been estimated at R14,50 million, of which R12,30 million relates to the non-current portion - refer note 49. It is expected that approximately 13% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumption below.

Sensitivity analysis on the unfunded accrued liability (R million)

ASSUMPTION	CHANGE	LIABILITY	% CHANGE	RM CHANGE
Central assumption				
Salary growth		16.244		
	+1%	16.746	+3%	0.502
Pension escalation	-1%	15.804	-3%	(0.440)
	+1%	17.689	+9%	1.445
Average retirement age	-1%	15.021	-8%	(1.223)
Withdrawal rates	-2 years	16.456	+1%	0.212
Post-retirement mortality	-50%	16.691	+3%	0.447
	-1 year	16.639	+2%	0.395

Long-service leave benefits

The long-service leave benefits provision relates to vested leave benefits to which employees may become entitled upon completion of ten years' service, and every five years thereafter. The provision is utilised when employees are entitled to these awards. It is expected that approximately 12% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumption below.

Sensitivity analysis on the unfunded accrued liability (R million)

ASSUMPTION	CHANGE	LIABILITY	% CHANGE	RM CHANGE
Central assumption		202.41		
General salary inflation	+1%	214.99	+6%	12.57
	-1%	191.01	-6%	(11.41)
Average retirement age	-2 years	186.28	-8%	(16.14)
	+2 years	213.80	+6%	11.39
Withdrawal rates	-50%	234.73	+16%	32.31

The movement in the non-current provisions are reconciled as follows:

	ECONOMIC ENTITY				
	LONG-SERVICE LEAVE BENEFITS R'000	RE-HABILITATION OF LANDFILL SITES R'000	POST-RETIREMENT MEDICAL AID BENEFITS R'000	POST-RETIREMENT PENSION BENEFITS R'000	TOTAL R'000
As at 30 June 2008					
Balance at beginning of the year	159,730	272,513	1,520,680	12,052	1,964,975
Interest cost	14,294	32,076	141,928	1,413	189,711
Service cost & transitional liability	18,937	126,545	231,074	391	376,947
Benefit payments	(17,165)	0	(77,485)	(2,018)	(96,668)
Actuarial loss	7,676	0	0	0	7,676
Transfer from operating account	18,940	7,623	76,000	2,700	105,263
Transfer to current provision	(14,847)	(41,400)	(89,000)	(2,200)	(147,447)
Balance at end of the year	187,565	397,357	1,803,197	12,338	2,400,457
As at 30 June 2007					
Balance at beginning of the year	0	289,569	1,241,630	12,448	1,543,647
Interest cost	14,290	35,446	127,680	1,163	178,579
Service cost & transitional liability	181,540	(64,879)	42,380	307	159,348
Benefit payments	0	0	184,080	0	184,080
Actuarial loss	(17,160)	0	(64,680)	(2,166)	(84,006)
Transfer from operating account	0	20,000	65,590	3,000	88,590
Transfer to current provision	(18,940)	(7,623)	(76,000)	(2,700)	(105,263)
Balance at end of the year	159,730	272,513	1,520,680	12,052	1,964,975

MUNICIPALITY OF CAPE TOWN

	LONG-SERVICE LEAVE BENEFITS	RE-HABILITATION OF LANDFILL SITES	POST-RETIREMENT MEDICAL AID BENEFITS	POST-RETIREMENT PENSION BENEFITS	TOTAL
	R'000	R'000	R'000	R'000	R'000
As at 30 June 2008					
Balance at beginning of the year	159,730	272,513	1,520,680	12,052	1,964,975
Interest cost	14,294	32,076	141,928	1,413	189,711
Service cost & transitional liability	18,937	126,545	231,074	391	376,947
Benefit payments	(17,165)	0	(77,485)	(2,018)	(96,668)
Actuarial loss	7,676	0	0	0	7,676
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Balance at end of the year	187,565	397,357	1,803,197	12,338	2,400,457
As at 30 June 2007					
Balance at beginning of the year	0	289,569	1,241,630	12,448	1,543,647
Interest cost	14,290	35,446	127,680	1,163	178,579
Service cost & transitional liability	181,540	(64,879)	42,380	307	159,348
Benefit payments	0	0	184,080	0	184,080
Actuarial loss	(17,160)	0	(64,680)	(2,166)	(84,006)
Transfer from operating account	0	20,000	65,590	3,000	88,590
Transfer to current provision	(18,940)	(7,623)	(76,000)	(2,700)	(105,263)
Balance at end of the year	159,730	272,513	1,520,680	12,052	1,964,975

ECONOMIC ENTITY

MUNICIPALITY OF CAPE TOWN

2008	2007	2008	2007
R'000	R'000	R'000	R'000

6. CONSUMER DEPOSITS

Electricity and water	237,591	214,449	237,591	214,449
Conference deposits: CTICC	8,036	7,254	0	0
TOTAL CONSUMER DEPOSITS	245,627	221,703	237,591	214,449

Guarantees held in lieu of electricity and water deposits were R28,50 million (2007: R27,00 million).

Electricity and water deposits are released when the owner/occupant of a property terminates the contract with the City of Cape Town to supply water and electricity to a property, or when certain contractual services are delivered.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
7. PROVISIONS				
Ambulance incentive	0	713	0	713
Staff parity	108,116	0	108,116	0
COVID claims	3,221	2,460	3,221	2,460
Insurance claims	813	1,038	813	1,038
Landfill sites	41,400	7,623	41,400	7,623
Legal fees	2,146	4,028	2,146	4,028
Post-retirement medical aid benefits	89,000	76,000	89,000	76,000
SARS	167	205	0	0
Post-retirement pension benefits	2,200	2,700	2,200	2,700
Performance bonuses	1,948	1,354	0	0
Long-service leave benefits	14,847	18,940	14,847	18,940
Staff leave	294,276	219,707	294,276	219,707
TOTAL PROVISIONS (Refer Appendix G for more detail.)	558,134	334,768	556,019	333,209

It is expected that the current provisions will be expensed during the next 12 months, except for leave provision where it is expected that 11% of the amount provided will be encashed, and the balance will be taken as vacation leave.

Staff parity

Provision has been made in terms of the organisational restructuring process of the City of Cape Town. The provision was based on the movement of staff to new salary scales, subject to various conditions.

Insurance and COVID claims

Provision has been made for outstanding insurance claims as at 30 June 2008 funded out of the General Insurance Reserve Fund. The assessment of claims is based on the assessed quantum of claims received.

Landfill sites

Current portion of long-term provision, which is due. Refer note 5.

Legal fees

Legal costs relating to the process of defending the City of Cape Town in Labour Appeal Court and Labour Court cases, of which the court dates have already been set. The calculations of these amounts are based on assessments by attorneys and/or the Director: Legal Services.

Post-retirement medical aid benefits

Current portion of long-term provision, which is due. Refer note 5.

SARS

The provision represents deferred taxation of the Khayelitsha Community Trust.

Post-retirement pension benefits

Current portion of long-term provision, which is due. Refer note 5.

Performance bonuses

Performance bonuses in respect of the Cape Town International Convention Centre.

Long-service leave benefits

Current portion of long-term provision, which is due. Refer note 5.

Staff leave

Annual leave accrued to City of Cape Town employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff at year end, based on the value of statutory and non-statutory leave.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
8. PAYABLES				
Trade creditors	1,502,647	1,203,104	1,487,919	1,195,172
Payments received in advance	522,802	494,243	522,802	494,243
RSC levies	0	22,658	0	22,658
Accrued interest	21,304	59,024	21,304	59,024
Inter-company advances	149,883	151,961	149,883	151,961
Third-party payments	139,224	121,041	139,224	121,041
Deferred income	176,528	255,541	173,603	254,912
Other creditors	91,607	64,053	68,502	46,153
TOTAL PAYABLES	2,603,995	2,371,625	2,563,237	2,345,164

Guarantees in lieu of retentions were R108,40 million (2007: R7,06 million).

An amount of R62,30 million was erroneously included in inter-company advances in 2007, and should have been included in unspent conditional grants and receipts. There is no impact on the restated surplus of 2007 in the Statement of Financial Performance. However, the amount was corrected on the face of the Statement of Financial Position.

Trade payables are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R94,4 million, which could be settled within the next 12 months.

Payments received in advance are non-interest bearing and are normally settled on 30-day terms.

Accrued interest is normally settled within the next 12 months.

CMTF advance reflects the transactions between the City of Cape Town and the CMTF, and is adjusted on a daily basis.

Third-party payments are non-interest bearing and are normally settled on 30-day terms.

Deferred income is normally settled within the next 12 months.

Other creditors are non-interest bearing and are normally settled on 30-day terms.

9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	1,466,446	554,455	1,466,446	554,455
MIG grants	60,913	0	60,913	0
National Government	1,079,034	299,761	1,079,034	299,761
PGWC - other	326,499	254,694	326,499	254,694
Other conditional receipts	97,190	105,820	96,438	95,271
Public contributions	97,190	105,820	96,438	95,271
TOTAL CONDITIONAL GRANTS AND RECEIPTS	1,563,636	660,275	1,562,884	649,726

These amounts are separately invested in terms of Section 12 of the MFMA. Refer note 26 and 28 for more detail of grants from National and Provincial Government, as well as public contributions.

The unspent portion of the conditional grant will be spent over the next two or three years, to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance for the 2010 projects and will be fully spent by the advent of the 2010 FIFA World Cup™.

The launching of projects in many instances is a protracted process due to interest group participation. No amounts are due for repayment to the donors, for the reasons set out above.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
10. VAT				
VAT payable	312,462	266,023	312,227	264,163
VAT receivable	(168,759)	(147,289)	(166,919)	(147,136)
TOTAL NET VAT PAYABLE	143,703	118,734	145,308	117,027

11. PROPERTY, PLANT AND EQUIPMENT

Economic Entity	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	3,093,894	1,544,262	1,549,632	2,957,456	1,420,955	1,536,501
Infrastructure	10,726,878	4,201,637	6,525,241	9,487,101	3,810,948	5,676,153
Community	2,135,586	180,906	1,954,680	959,888	165,011	794,877
Heritage	9,145	0	9,145	6,646	0	6,646
Leased assets	398,956	237,503	161,453	398,960	210,453	188,507
Housing rental developments	1,140,876	483,542	657,334	1,039,516	473,528	565,988
Other	2,859,452	1,416,980	1,442,472	2,496,163	1,335,445	1,160,718
TOTAL PROPERTY, PLANT AND EQUIPMENT	20,364,787	8,064,830	12,299,957	17,345,730	7,416,340	9,929,390

Municipality of Cape Town	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	2,558,355	1,138,618	1,419,737	2,437,392	1,016,958	1,420,434
Infrastructure	10,726,878	4,201,637	6,525,241	9,487,101	3,810,948	5,676,153
Community	2,135,586	180,906	1,954,680	959,888	165,011	794,877
Heritage	9,145	0	9,145	6,646	0	6,646
Leased assets	398,956	237,503	161,453	398,960	210,453	188,507
Housing rental developments	1,140,876	483,542	657,334	1,039,516	473,528	565,988
Other	2,798,943	1,383,536	1,415,407	2,445,159	1,307,301	1,137,858
TOTAL PROPERTY, PLANT AND EQUIPMENT	19,768,739	7,625,742	12,142,997	16,774,662	6,984,199	9,790,463

Refer Appendix B and B(1) for more detail.

The leased property, plant and equipment are encumbered as set out in note 4. Provision has been made for the estimated costs of restoring refuse landfill sites, included in other assets, as described in note 5.

The City of Cape Town is required to measure the residual value of an item of property, plant and equipment. Management has determined that all of its infrastructural assets have no active market value and the value of the amount at the end of their useful lives would therefore be nil or insignificant. During the current financial year, the City of Cape Town reviewed the estimated useful lives and residual values of property, plant and equipment.

PPE to the value of R1,78 million (cost: R19,64 million) was written off during the year. At the time of the preparation of these financial statements, the verification of certain assets to the value of R11,56 million was still in process. Fully depreciated assets at an original cost of R2,90 billion are currently still in use.

12. INVESTMENT PROPERTY

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Entity						
Vacant land	38,409	0	38,409	38,388	0	38,388
Land and buildings	91,876	33,575	58,301	91,875	29,161	62,714
	130,285	33,575	96,710	130,263	29,161	101,102

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town						
Vacant land	38,409	0	38,409	38,388	0	38,388
Land and buildings	90,242	33,575	56,667	90,241	29,161	61,080
	128,651	33,575	95,076	128,629	29,161	99,468

Rental income has been received on various properties during the year. Fair value is determined from property sales statistics and is the basis for property valuations for rating purposes.

Property valuations are conducted by independent valuers. The general valuation was implemented with effect from 1 July 2007. These valuations were used as basis for disclosure.

The fair value of the investment properties amounts to R328,87 million (2007: R294,63 million).

13. INTANGIBLE ASSETS

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Entity						
Computer software	265,099	244,996	20,103	263,760	191,806	71,954
	265,099	244,996	20,103	263,760	191,806	71,954

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town						
Computer software	265,043	244,960	20,083	263,726	191,806	71,920
	265,043	244,960	20,083	263,726	191,806	71,920

14. ASSETS CLASSIFIED AS HELD FOR SALE

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Entity						
Land held for sale	68	0	68	980	0	980
Land and buildings held for sale	317	143	174	0	0	0
	385	143	242	980	0	980

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town						
Land held for sale	68	0	68	980	0	980
Land and buildings held for sale	317	143	174	0	0	0
	385	143	242	980	0	980

Various properties have been presented as held for sale following a City of Cape Town Council decision to dispose of properties no longer required for municipal purposes. These properties are identified for sale as and when the need arises. These transactions are expected to yield income of approximately R107,20 million, and should be concluded by 2010. Only properties to be sold in the next 12 months, included in the property sales programme, are disclosed above.

15. INVESTMENTS

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000

15.1 Held to maturity

Listed

RSA Government stock at amortised cost	31,650	26,024	31,650	26,024
Eskom stock at amortised cost	0	1,512	0	1,512
Total listed investments	31,650	27,536	31,650	27,536

The fair value of the listed held-to-maturity investments is estimated at R28,7 million (2006: R27,9 million).

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Unlisted				
Bank deposits				
Fixed deposits: Sinking fund deposits for redemption of long-term loan liabilities	514,549	426,474	514,549	426,474
Other fixed deposits	4,012,089	2,380,595	4,012,089	2,380,595
Less: Provision for impairment - refer note 31	(14,800)	(14,800)	(14,800)	(14,800)
Total unlisted investments	4,511,838	2,792,269	4,511,838	2,792,269
HELD TO MATURITY	4,543,488	2,819,805	4,543,488	2,819,805
Less: Current portion included in short-term investments	(3,221,903)	(2,093,663)	(3,221,903)	(2,093,663)
Less: Current portion included in cash and cash equivalents - refer note 20	(970,135)	(273,644)	(970,135)	(273,644)
TOTAL HELD TO MATURITY	351,450	452,498	351,450	452,498
Contractual maturity analysis of non-current held-to-maturity investments				
2008/9	0	162,594	0	162,594
2009/10	208,853	168,422	208,853	168,422
2010/11	37,374	32,009	37,374	32,009
2011/12	29,680	24,545	29,680	24,545
2013/14	3,671	3,295	3,671	3,295
2014/15	31,649	26,024	31,649	26,024
2016/17	40,223	35,609	40,223	35,609
	351,450	452,498	351,450	452,498

15.2 Available for sale

Unlisted

Investment in municipal entities at cost

Cape Town International Convention Centre Company (Pty) Ltd (Convenco)

Less: Provision for impairment - refer note 31

			284,000	284,000
			(245,232)	(245,232)
	0	0	38,768	38,768

Objective indicators of impairment of the City's investment in Convenco exist, which oblige the City to calculate an impairment loss. The carrying amount of the City's investment in Convenco has been compared with its share of the present value of Convenco's estimated future cash flows discounted at a market-related rate of interest. As at 30 June 2008, this calculation yields an impairment loss of R231,30 million, which is less than the impairment loss of R245,23 million recognised at 30 June 2007. In accordance with AC 133 section 66 of SA GAAP, an impairment loss previously recognised cannot be reversed; the impairment provision at 30 June 2008 is therefore maintained at R245,23 million.

Regional Electricity Distributor (RED 1)

The City holds five ordinary shares of R1 each.

	0	0	0	0
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	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Investment in joint venture company				
Cape Town Community Housing Company (Pty) Ltd				
Original investment at cost	0	0	26,289	26,289
Less: Amounts previously written off	0	0	(10,000)	(10,000)
Less: Provision for impairment - refer note 31	0	0	(16,289)	(16,289)
Carrying value	0	0	0	0
TOTAL AVAILABLE FOR SALE	0	0	38,768	38,768
TOTAL INVESTMENTS	351,450	452,498	390,218	491,266

Determination of fair value

- (i) The fair value of listed investments was determined by reference to their quoted market price at the reporting date.
- (ii) The fair value of the unlisted investments was determined by discounting their future cash flows from the reporting date to their maturity dates, at rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics.

Collateral deposits for staff housing loans

Included in other fixed deposits (unlisted investments) above are fixed deposits with a carrying value of R690,000 (2007: R680,000) which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. No fixed deposits as security have been issued since the year 2000. The exposure to risk is minimised by an assurance policy taken out by the employee and ceded to the City of Cape Town to cover the guaranteed deposit.

Reclassification of comparative information

The current portion of the held-to-maturity investments above has been split into two components:

* Short-term investments

All investments maturing within 12 months of balance sheet date, other than those included under cash and cash equivalent below.

* Cash and cash equivalent

Call deposits and short-term bank deposits with a maturity of three months or less from inception.

The 2007 current portion of held-to-maturity investments, R2,37 billion, has been reclassified as: short-term investments R2,09 billion, and cash and cash equivalents R273,64 million. The reclassification was done on the grounds of better presentation.



	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
16. LONG-TERM RECEIVABLES				
Loans to employees	3,719	8,899	3,719	8,899
Sporting bodies	1,928	2,124	1,928	2,124
Public organisations	29,268	34,743	29,268	34,743
Public organisations	33,100	34,743	33,100	34,743
Less: Provision for impairment	(3,832)	0	(3,832)	0
Housing selling developments	205,181	273,315	179,988	253,127
Housing selling developments	298,392	324,727	264,688	295,003
Less: Provision for impairment	(93,211)	(51,412)	(84,700)	(41,876)
Other	394	392	14	65
	240,490	319,473	214,917	298,958
Less: Current portion transferred to current receivables	(23,838)	(22,983)	(16,949)	(19,773)
Loans to employees	(2,122)	(4,455)	(2,122)	(4,455)
Sporting bodies	(188)	(188)	(188)	(188)
Public organisations	(1,441)	(1,414)	(1,441)	(1,414)
Housing selling development loans	(20,081)	(16,913)	(13,192)	(13,703)
Other: Road widening and Epping Fresh Market credit facility	(6)	(13)	(6)	(13)
TOTAL NON-CURRENT RECEIVABLES	216,652	296,490	197,968	279,185
Reconciliation of bad debt provision				
Balance at beginning of the year	51,412	74,805	41,876	58,136
Transfers to/(from) provisions	45,631	(23,393)	46,656	(16,260)
Balance as at 30 June	97,043	51,412	88,532	41,876

Loans to employees

Staff of the City of Cape Town are entitled to various loans, e.g. car and computer loans, which attract interest at 8% to 17% per annum and which are repayable over a maximum period of six years. These loans were granted before the implementation of the MFMA, and the last of the loans are repayable by 2010.

Sporting bodies

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum and are repayable over a maximum period of 20 years.

Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present, these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

Housing selling development loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing, currently 13,5% per annum, and are repayable over 20 years.

Other - Road widening

A loan was made to a ratepayer for the amount due by him in respect of the construction of a road. This loan attracts interest at a rate of 15% per annum and is repayable over a maximum period of 10 years.

17. INVENTORY

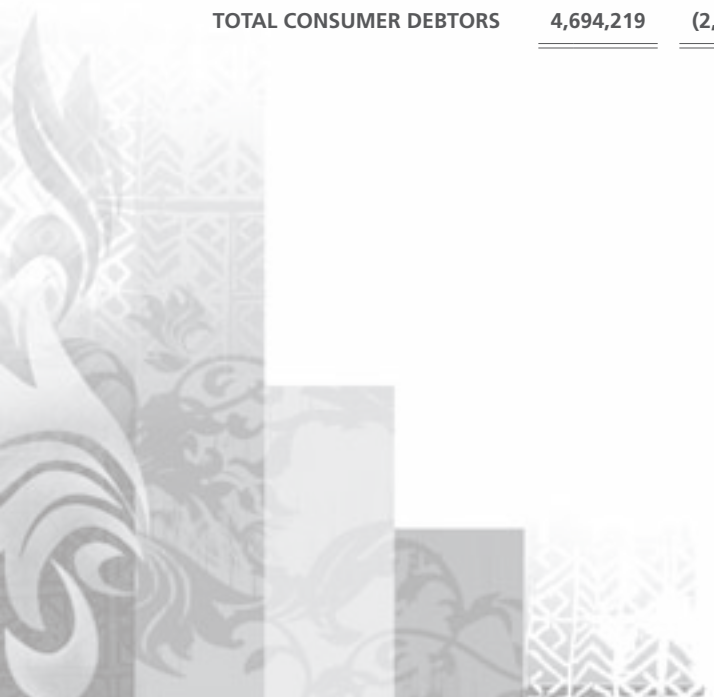
	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Consumable stores	176,779	115,486	175,683	114,780
Medical supplies	1,210	1,419	1,210	1,419
Spare parts	1,752	1,819	1,752	1,819
Meters	13,791	15,319	13,791	15,319
Water	5,802	4,945	5,802	4,945
Housing projects in progress	10,575	8,395	0	0
Other goods held for resale (plants, compost, refuse bins)	17,781	21,189	17,781	21,189
Green electricity certificates/rights	321	0	321	0
TOTAL INVENTORY	228,011	168,572	216,340	159,471

Inventory to the value of R1,62 million (2007: R7,11 million) was written off during the year.

Green electricity rights are rights to sell green units at a tariff to consumers upon their request. (Refer accounting policy - note 8)

18. TRADE RECEIVABLES

Economic Entity	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
	R'000	R'000	R'000	R'000	R'000	R'000
Service debtors	4,014,713	(1,981,392)	2,033,321	3,507,558	(1,874,940)	1,632,618
Rates and other	1,228,355	(566,752)	661,603	953,798	(368,432)	585,366
Trade: electricity	468,612	(102,159)	366,453	475,351	(141,861)	333,490
Water	1,481,761	(889,157)	592,604	1,321,872	(932,043)	389,829
Waste management	258,363	(137,495)	120,868	276,410	(151,577)	124,833
Wastewater management	577,622	(285,829)	291,793	461,170	(277,981)	183,189
RSC levies	0	0	0	18,957	(3,046)	15,911
Housing rental developments	310,377	(270,181)	40,196	225,659	(188,146)	37,513
Public organisations housing loans	2,967	(2,433)	534	4,320	(1,435)	2,885
Housing selling developments	366,162	(316,519)	49,643	343,759	(265,938)	77,821
TOTAL CONSUMER DEBTORS	4,694,219	(2,570,525)	2,123,694	4,081,296	(2,330,459)	1,750,837



	ANALYSIS OF TRADE RECEIVABLES AGEING IN DAYS					
	TOTAL R'000	CURRENT R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
Economic Entity as at 30 June 2008						
Rates and other	1,228,355	199,252	46,430	48,553	492,928	441,192
Provision for impairment	(566,752)	(36,030)	(7,256)	(8,238)	(74,036)	(441,192)
	661,603	163,222	39,174	40,315	418,892	0
Electricity	468,612	243,843	22,265	22,122	78,258	102,124
Provision for impairment	(102,159)	(24)	(2)	(2)	(7)	(102,124)
	366,453	243,819	22,263	22,120	78,251	0
Water	1,481,761	183,486	52,157	60,395	348,324	837,399
Provision for impairment	(889,157)	(14,731)	(4,122)	(4,823)	(28,082)	(837,399)
	592,604	168,755	48,035	55,572	320,242	0
Waste management	258,363	40,451	9,889	10,106	60,422	137,495
Provision for impairment	(137,495)	0	0	0	0	(137,495)
	120,868	40,451	9,889	10,106	60,422	0
Wastewater management	577,622	101,604	29,670	31,176	168,285	246,887
Provision for impairment	(285,829)	(12,208)	(3,449)	(3,656)	(19,629)	(246,887)
	291,793	89,396	26,221	27,520	148,656	0
Housing rental developments	310,377	34,899	8,059	8,400	82,630	176,389
Provision for impairment	(270,181)	(24,430)	(5,641)	(5,880)	(57,841)	(176,389)
	40,196	10,469	2,418	2,520	24,789	0
Public organisations housing loans	2,967	458	66	3	225	2,215
Provision for impairment	(2,433)	(133)	(19)	(1)	(65)	(2,215)
	534	325	47	2	160	0
Housing selling developments	366,162	26,832	3,236	3,120	39,817	293,157
Provision for impairment	(316,519)	(8,586)	(1,036)	(998)	(12,742)	(293,157)
	49,643	18,246	2,200	2,122	27,075	0
TOTAL	2,123,694	734,683	150,247	160,277	1,078,487	0

	ANALYSIS OF TRADE RECEIVABLES AGEING IN DAYS					
	TOTAL R'000	CURRENT R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
Economic Entity as at 30 June 2007						
Rates and other	953,798	196,399	40,583	74,146	376,631	266,039
Provision for impairment	(368,432)	(29,420)	(6,027)	(11,012)	(55,934)	(266,039)
	585,366	166,979	34,556	63,134	320,697	0
Electricity	475,351	253,749	16,698	28,360	62,945	113,599
Provision for impairment	(141,861)	(19,825)	(1,304)	(2,216)	(4,917)	(113,599)
	333,490	233,924	15,394	26,144	58,028	0
Water	1,321,872	199,913	49,070	114,153	208,240	750,496
Provision for impairment	(932,043)	(63,520)	(15,591)	(36,271)	(66,165)	(750,496)
	389,829	136,393	33,479	77,882	142,075	0
Waste management	276,410	71,592	13,714	22,985	43,152	124,967
Provision for impairment	(151,577)	(12,579)	(2,410)	(4,038)	(7,583)	(124,967)
	124,833	59,013	11,304	18,947	35,569	0
Wastewater management	461,170	94,567	22,324	44,302	77,219	222,758
Provision for impairment	(277,981)	(21,905)	(5,171)	(10,261)	(17,886)	(222,758)
	183,189	72,662	17,153	34,041	59,333	0
RSC levies	18,957	0	0	0	15,911	3,046
Provision for impairment	(3,046)	0	0	0	0	(3,046)
	15,911	0	0	0	15,911	0
Housing rental developments	225,659	46,517	8,308	8,292	77,259	85,283
Provision for impairment	(188,146)	(34,086)	(6,088)	(6,076)	(56,613)	(85,283)
	37,513	12,431	2,220	2,216	20,646	0
Public organisations housing loans	4,320	1,462	0	(978)	2,205	1,631
Provision for impairment	(1,435)	(312)	0	978	(470)	(1,631)
	2,885	1,150	0	0	1,735	0
Housing selling developments	343,759	32,974	3,443	2,878	40,556	263,908
Provision for impairment	(265,938)	(838)	(88)	(73)	(1,031)	(263,908)
	77,821	32,136	3,355	2,805	39,525	0
TOTAL	1,750,837	714,688	117,461	225,169	693,519	0

RSC Levies prescribed at 30 June 2008 and all outstanding debt were written off.

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 due date. The Economic Entity has provided fully for all receivables outstanding over 365 days. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Historically the trend has been that receivables outstanding in excess of 365 days are not recovered, except in the event of property being transferred and the amounts being outstanding for less than two years, when recovery can be enforced at rates clearance.

The Economic Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

Included in the outstanding balances are debtors to the value of R698,10 million, who have made arrangements to repay their outstanding debt over a re-negotiated period.

The outstanding debt of the 10 largest debtors represents 1,3% of the total outstanding debt.

Debtor balances at year-end represent the fair value of the debtors.

The carrying amount of financial assets represents the maximum credit exposure.

	ECONOMIC ENTITY	
	2008 R'000	2007 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	2,330,459	3,265,134
Contributions to provisions	651,395	384,263
Transfers to/(from) provisions	31,328	6,232
Bad debts written off	(442,657)	(1,325,170)
Balance as at 30 June	2,570,525	2,330,459

Municipality of Cape Town

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
	R'000	R'000	R'000	R'000	R'000	R'000
Service debtors	4,015,476	(1,981,392)	2,034,084	3,509,274	(1,874,940)	1,634,334
Rates and other	1,228,578	(566,752)	661,826	955,500	(368,432)	587,068
Trade: electricity	468,992	(102,159)	366,833	475,365	(141,861)	333,504
Water	1,481,856	(889,157)	592,699	1,321,872	(932,043)	389,829
Waste management	258,363	(137,495)	120,868	276,410	(151,577)	124,833
Wastewater management	577,687	(285,829)	291,858	461,170	(277,981)	183,189
RSC levies	0	0	0	18,957	(3,046)	15,911
Housing rental developments	310,377	(270,181)	40,196	225,659	(188,146)	37,513
Public organisations housing loans	2,967	(2,433)	534	4,320	(1,435)	2,885
Housing selling developments	366,162	(316,519)	49,643	343,759	(265,938)	77,821
TOTAL TRADE RECEIVABLES	4,694,982	(2,570,525)	2,124,457	4,083,012	(2,330,459)	1,752,553

ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS						
	TOTAL	CURRENT	31-60	61-90	91-365	+365
	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town as at 30 June 2008						
Rates and other	1,228,578	199,475	46,430	48,553	492,928	441,192
Provision for impairment	(566,752)	(36,030)	(7,256)	(8,238)	(74,036)	(441,192)
	661,826	163,445	39,174	40,315	418,892	0
Electricity	468,992	244,223	22,265	22,122	78,258	102,124
Provision for impairment	(102,159)	(24)	(2)	(2)	(7)	(102,124)
	366,833	244,199	22,263	22,120	78,251	0
Water	1,481,856	183,581	52,157	60,395	348,324	837,399
Provision for impairment	(889,157)	(14,731)	(4,122)	(4,823)	(28,082)	(837,399)
	592,699	168,850	48,035	55,572	320,242	0
Waste management	258,363	40,451	9,889	10,106	60,422	137,495
Provision for impairment	(137,495)	0	0	0	0	(137,495)
	120,868	40,451	9,889	10,106	60,422	0
Wastewater management	577,687	101,669	29,670	31,176	168,285	246,887
Provision for impairment	(285,829)	(12,208)	(3,449)	(3,656)	(19,629)	(246,887)
	291,858	89,461	26,221	27,520	148,656	0
Housing rental developments	310,377	34,899	8,059	8,400	82,630	176,389
Provision for impairment	(270,181)	(24,430)	(5,641)	(5,880)	(57,841)	(176,389)
	40,196	10,469	2,418	2,520	24,789	0
Public organisations housing loans	2,967	458	66	3	225	2,215
Provision for impairment	(2,433)	(133)	(19)	(1)	(65)	(2,215)
	534	325	47	2	160	0
Housing selling developments	366,162	26,832	3,236	3,120	39,817	293,157
Provision for impairment	(316,519)	(8,586)	(1,036)	(998)	(12,742)	(293,157)
	49,643	18,246	2,200	2,122	27,075	0
TOTAL	2,124,457	735,446	150,247	160,277	1,078,487	0

ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS						
TOTAL	CURRENT	31-60	61-90	91-365	+365	
R'000	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town as at 30 June 2007						
Rates and other	955,500	198,101	40,583	74,146	376,631	266,039
Provision for impairment	(368,432)	(29,420)	(6,027)	(11,012)	(55,934)	(266,039)
	587,068	168,681	34,556	63,134	320,697	0
Electricity	475,365	253,763	16,698	28,360	62,945	113,599
Provision for impairment	(141,861)	(19,825)	(1,304)	(2,216)	(4,917)	(113,599)
	333,504	233,938	15,394	26,144	58,028	0
Water	1,321,872	199,913	49,070	114,153	208,240	750,496
Provision for impairment	(932,043)	(63,520)	(15,591)	(36,271)	(66,165)	(750,496)
	389,829	136,393	33,479	77,882	142,075	0
Waste management	276,410	71,592	13,714	22,985	43,152	124,967
Provision for impairment	(151,577)	(12,579)	(2,410)	(4,038)	(7,583)	(124,967)
	124,833	59,013	11,304	18,947	35,569	0
Wastewater management	461,170	94,567	22,324	44,302	77,219	222,758
Provision for impairment	(277,981)	(21,905)	(5,171)	(10,261)	(17,886)	(222,758)
	183,189	72,662	17,153	34,041	59,333	0
RSC levies	18,957	0	0	0	15,911	3,046
Provision for impairment	(3,046)	0	0	0	0	(3,046)
	15,911	0	0	0	15,911	0
Housing rental developments	225,659	46,517	8,308	8,292	77,259	85,283
Provision for impairment	(188,146)	(34,086)	(6,088)	(6,076)	(56,613)	(85,283)
	37,513	12,431	2,220	2,216	20,646	0
Public organisations housing loans	4,320	1,462	0	(978)	2,205	1,631
Provision for impairment	(1,435)	(312)	0	978	(470)	(1,631)
	2,885	1,150	0	0	1,735	0
Housing selling developments	343,759	32,974	3,443	2,878	40,556	263,908
Provision for impairment	(265,938)	(838)	(88)	(73)	(1,031)	(263,908)
	77,821	32,136	3,355	2,805	39,525	0
TOTAL	1,752,553	716,404	117,461	225,169	693,519	0

RSC levies prescribed at 30 June 2008 and all outstanding debt were written off.

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 due date. The City of Cape Town has provided fully for all receivables outstanding over 365 days. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

Historically, the trend has been that receivables outstanding in excess of 365 days are not recovered, except in the event of property being transferred and the amounts being outstanding for less than two years, in which case recovery can be enforced at rates clearance.

The City of Cape Town is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

Included in the outstanding balances are debtors to the value of R698,10 million, who have made arrangements to repay their outstanding debt over a re-negotiated period.

The outstanding debt of the 10 largest debtors represents 1,3% of the total outstanding debt.

Debtor balances at year-end represent the fair value of the debtors.

The carrying amount of financial assets represents the maximum credit exposure.

	MUNICIPALITY of CAPE TOWN	
	2008 R'000	2007 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	2,330,459	3,265,134
Contributions to provisions	651,395	384,263
Transfers to/(from) provisions	31,328	6,232
Bad debts written off	(442,657)	(1,325,170)
Balance as at 30 June	2,570,525	2,330,459

In determining the recoverability of a trade receivable, the City of Cape Town considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

19. OTHER RECEIVABLES

Economic Entity	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
	R'000	R'000	R'000	R'000	R'000	R'000
Payments made in advance	10,062	0	10,062	6,566	0	6,566
Rates and other	126,633	(454)	126,179	79,780	(701)	79,079
Property rentals	34,012	(18,207)	15,805	25,579	(10,000)	15,579
Sporting bodies	598	0	598	418	0	418
Miscellaneous accounts	169,118	(12,351)	156,767	51,707	(12,351)	39,356
Government subsidies	31,864	0	31,864	16,583	0	16,583
TOTAL OTHER RECEIVABLES	372,287	(31,012)	341,275	180,633	(23,052)	157,581

	ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS					
	TOTAL R'000	CURRENT R'000	31-60 R'000	61-90 R'000	91-365 R'000	+365 R'000
Economic Entity as at 30 June 2008						
Payments made in advance	10,062	10,062	0	0	0	0
Provision for impairment	0	0	0	0	0	0
	10,062	10,062	0	0	0	0
Rates and other	126,633	110,573	2,514	968	5,890	6,688
Provision for impairment	(454)	(28)	0	0	(426)	0
	126,179	110,545	2,514	968	5,464	6,688
Property rentals	34,012	1,985	230	1,139	1,742	28,916
Provision for impairment	(18,207)	0	0	0	0	(18,207)
	15,805	1,985	230	1,139	1,742	10,709
Sporting bodies	598	164	0	12	10	412
Provision for impairment	0	0	0	0	0	0
	598	164	0	12	10	412
Miscellaneous accounts	169,118	156,231	107	99	41	12,640
Provision for impairment	(12,351)	(58)	0	0	0	(12,293)
	156,767	156,173	107	99	41	347
Government subsidies	31,864	25,358	2,785	3,721	0	0
Provision for impairment	0	0	0	0	0	0
	31,864	25,358	2,785	3,721	0	0
TOTAL	341,275	304,287	5,636	5,939	7,257	18,156



	ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS					
	TOTAL	CURRENT	31-60	61-90	91-365	+365
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Entity as at 30 June 2007						
Payments made in advance	6,566	6,566	0	0	0	0
Provision for impairment	0	0	0	0	0	0
	6,566	6,566	0	0	0	0
Rates and other	79,780	67,929	910	583	2,909	7,449
Provision for impairment	(701)	0	0	0	(701)	0
	79,079	67,929	910	583	2,208	7,449
Property rentals	25,579	587	1,573	(864)	(435)	24,718
Provision for impairment	(10,000)	0	0	0	0	(10,000)
	15,579	587	1,573	(864)	(435)	14,718
Sporting bodies	418	114	0	8	8	288
Provision for impairment	0	0	0	0	0	0
	418	114	0	8	8	288
Miscellaneous accounts	51,707	31,291	0	0	0	20,416
Provision for impairment	(12,351)	(58)	0	0	0	(12,293)
	39,356	31,233	0	0	0	8,123
Government subsidies	16,583	5,020	3,208	8,307	0	48
Provision for impairment	0	0	0	0	0	0
	16,583	5,020	3,208	8,307	0	48
TOTAL	157,581	43,520	4,781	7,451	(427)	23,177

Municipality of Cape Town

	AS AT 30 JUNE 2008			AS AT 30 JUNE 2007		
	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
	R'000	R'000	R'000	R'000	R'000	R'000
Payments made in advance	9,848	0	9,848	6,128	0	6,128
Rates and other	113,328	0	113,328	66,579	0	66,579
Property rentals	37,159	(18,207)	18,952	28,450	(10,000)	18,450
Sporting bodies	598	0	598	418	0	418
Miscellaneous accounts	166,934	(12,293)	154,641	49,720	(12,293)	37,427
Government subsidies	31,864	0	31,864	16,583	0	16,583
TOTAL OTHER RECEIVABLES	359,731	(30,500)	329,231	167,878	(22,293)	145,585

ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS						
TOTAL	CURRENT	31-60	61-90	91-365	+365	
R'000	R'000	R'000	R'000	R'000	R'000	

Municipality of Cape Town as at 30 June 2008

Payments made in advance	9,848	9,848	0	0	0	0
Provision for impairment	0	0	0	0	0	0
	9,848	9,848	0	0	0	0
Rates and other	113,328	106,640	0	0	0	6,688
Provision for impairment	0	0	0	0	0	0
	113,328	106,640	0	0	0	6,688
Property rentals	37,159	5,132	230	1,139	1,742	28,916
Provision for impairment	(18,207)	0	0	0	0	(18,207)
	18,952	5,132	230	1,139	1,742	10,709
Sporting bodies	598	164	0	12	10	412
Provision for impairment	0	0	0	0	0	0
	598	164	0	12	10	412
Miscellaneous accounts	166,934	154,047	107	99	41	12,640
Provision for impairment	(12,293)	0	0	0	0	(12,293)
	154,641	154,047	107	99	41	347
Government subsidies	31,864	25,358	2,785	3,721	0	0
Provision for impairment	0	0	0	0	0	0
	31,864	25,358	2,785	3,721	0	0
TOTAL	329,231	301,189	3,122	4,971	1,793	18,156

ANALYSIS OF TRADE RECEIVABLE AGEING IN DAYS						
TOTAL	CURRENT	31-60	61-90	91-365	+365	
R'000	R'000	R'000	R'000	R'000	R'000	R'000
Municipality of Cape Town as at 30 June 2007						
Payments made in advance	6,128	6,128	0	0	0	0
Provision for impairment	0	0	0	0	0	0
	6,128	6,128	0	0	0	0
Rates and other	66,579	59,624	(494)	0	0	7,449
Provision for impairment	0	0	0	0	0	0
	66,579	59,624	(494)	0	0	7,449
Property rentals	28,450	3,458	1,573	(864)	(435)	24,718
Provision for impairment	(10,000)	0	0	0	0	(10,000)
	18,450	3,458	1,573	(864)	(435)	14,718
Sporting bodies	418	114	0	8	8	288
Provision for impairment	0	0	0	0	0	0
	418	114	0	8	8	288
Miscellaneous accounts	49,720	29,304	0	0	0	20,416
Provision for impairment	(12,293)	0	0	0	0	(12,293)
	37,427	29,304	0	0	0	8,123
Government subsidies	16,583	5,020	3,208	8,307	0	48
Provision for impairment	0	0	0	0	0	0
	16,583	5,020	3,208	8,307	0	48
TOTAL	145,585	103,648	4,287	7,451	(427)	30,626

The average credit period on services rendered is 30 days from date of invoice. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
Reconciliation of impairment provision				
Balance at beginning of the year	22,994	31,839	22,293	31,839
Contributions to provisions	10,402	23,052	10,591	22,293
Bad debts written off	(2,384)	(31,839)	(2,384)	(31,839)
Balance as at 30 June	31,012	23,052	30,500	22,293

In determining the recoverability of other receivables, the City of Cape Town considers any change in the credit quality of the other receivable from the date the credit was initially granted up to the reporting date.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN		
	2008	2007	2008	2007	
	R'000	R'000	R'000	R'000	
20. CASH AND CASH EQUIVALENTS (BANK AND CASH)					
The City of Cape Town has the following bank accounts:					
Main bank account	40-5658-4470	158,849	128,788	158,849	128,788
Salary bank account	40-5658-4496	0	0	0	0
Cashier's bank account	40-5658-4527	0	0	0	0
General income bank account	40-5658-4569	0	0	0	0
RSC levies bank account	40-5542-0263	0	0	0	0
RSC levies agents bank account	40-5961-0446	0	0	0	0
Market bank account (holding account)	40-5089-3435	0	0	0	0
Traffic fines bank account	62073198816	17	35	17	35
		<u>158,866</u>	<u>128,823</u>	<u>158,866</u>	<u>128,823</u>
All accounts are with ABSA, except the traffic fines account, which is with First National Bank. All account balances are swept to the main account on a daily basis. The market bank account is currently a holding account to facilitate the receipt of sundry debtor payments.					
Bank statement balance at beginning of the year		<u>128,823</u>	<u>121,419</u>	<u>128,823</u>	<u>121,419</u>
Bank statement balance at end of the year		<u>158,866</u>	<u>128,823</u>	<u>158,866</u>	<u>128,823</u>
Cash book balance at beginning of the year		<u>257,517</u>	<u>225,002</u>	<u>163,712</u>	<u>139,950</u>
The municipal entities have separate bank accounts, which are not listed separately: Account balances are included in cash, as listed below.					
Petty cash/float		303	309	166	255
Cash		272,705	222,574	158,866	128,823
Cash in transit		29,898	34,634	29,660	34,634
Cash book balance at end of the year		<u>302,906</u>	<u>257,517</u>	<u>188,692</u>	<u>163,712</u>
Call and short-term bank deposits - note 15		<u>970,135</u>	<u>273,644</u>	<u>970,135</u>	<u>273,644</u>
TOTAL CASH AND CASH EQUIVALENTS		<u>1,273,041</u>	<u>531,161</u>	<u>1,158,827</u>	<u>437,356</u>

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
21. PROPERTY RATES				
Actual				
Residential				
Commercial	3,529,740	2,426,557	3,531,969	2,435,452
State				
Penalties	75,850	68,622	75,850	68,622
	<u>3,605,590</u>	<u>2,495,179</u>	<u>3,607,819</u>	<u>2,504,074</u>
Less: Income forgone	(349,078)	(28,594)	(349,078)	(28,594)
TOTAL PROPERTY RATES	<u>3,256,512</u>	<u>2,466,585</u>	<u>3,258,741</u>	<u>2,475,480</u>
Valuations				
Rateable properties	610,128,945	202,631,892	610,128,945	202,631,892
Non-rateable properties	<u>21,281,967</u>	<u>8,455,071</u>	<u>21,281,967</u>	<u>8,455,071</u>
Total property valuations	<u>631,410,912</u>	<u>211,086,963</u>	<u>631,410,912</u>	<u>211,086,963</u>

* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Valuations as at July 2007

Residential	443,830,433	139,473,863	443,830,433	139,473,863
Commercial	142,541,407	54,928,744	142,541,407	54,928,744
Agriculture	9,256,380	1,093,898	9,256,380	1,093,898
State	31,518,881	14,108,047	31,518,881	14,108,047
Municipal	<u>4,263,811</u>	<u>1,482,411</u>	<u>4,263,811</u>	<u>1,482,411</u>
Total property valuations	<u>631,410,912</u>	<u>211,086,963</u>	<u>631,410,912</u>	<u>211,086,963</u>

A general valuation on land and buildings is performed every four years. The last general valuation came into effect on 1 July 2007. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Rates are levied on an annual basis, with the final date for payment being 30 September. Interest at prime plus 1% per annum, as well as a collection fee, is levied on rates outstanding two months after due date.

22. SERVICE CHARGES

Sale of electricity	3,144,740	2,859,336	3,148,946	2,862,686
Sale of water	1,242,114	1,017,869	1,242,986	1,018,297
Waste management (solid waste)	423,145	475,232	423,145	475,515
Wastewater management (sewerage and sanitation)	750,920	636,688	751,548	637,906
Other	<u>364,277</u>	<u>301,594</u>	<u>218,475</u>	<u>197,917</u>
	<u>5,925,196</u>	<u>5,290,719</u>	<u>5,785,100</u>	<u>5,192,321</u>
Less: Income forgone	(35,327)	(37,703)	(35,327)	(37,703)
TOTAL SERVICE CHARGES	<u>5,889,869</u>	<u>5,253,016</u>	<u>5,749,773</u>	<u>5,154,618</u>

* Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
23. REGIONAL SERVICES LEVIES				
RSC levies was abolished as from 1 July 2006. The liability for RSC levies which accrued before 1 July 2006 remained payable until 30 June 2008.				
RSC levies - turnover	19,101	112,946	19,101	112,975
RSC levies - remuneration	1,374	24,535	1,374	24,535
TOTAL REGIONAL SERVICE LEVIES	20,475	137,481	20,475	137,510
24. RENTAL OF LETTING STOCK AND FACILITIES				
Rental agreements	227,943	198,619	227,904	198,596
Hire/rentals	19,905	20,076	21,793	21,873
TOTAL RENTALS	247,848	218,695	249,697	220,469
25. FINANCE INCOME				
Interest receivable - external investments (held to maturity)	440,686	343,275	431,696	333,146
Interest receivable - outstanding debtors	167,983	187,365	167,747	187,365
	608,669	530,640	599,443	520,511
Less: Interest transferred to external funds (trust funds, grants and donations)	(67,424)	(26,565)	(67,424)	(26,565)
Net finance income	541,245	504,075	532,019	493,946
Add: Gains on foreign exchange transactions	31	0	31	0
Gains on valuation of derivatives (held for trading)	3,653	2,798	3,653	2,798
TOTAL FINANCE INCOME	544,929	506,873	535,703	496,744
26. GOVERNMENT GRANTS AND SUBSIDIES				
Equitable share	327,577	295,542	327,577	295,542
RSC levy replacement	1,107,242	968,837	1,107,242	968,837
MIG projects	157,312	181,135	157,312	181,135
Provincial health subsidies	109,187	106,368	109,187	106,368
Metropolitan Transport Advisory Board	60,052	41,506	60,052	41,506
National projects	976,834	146,605	976,834	146,605
Provincial projects – other	256,827	214,716	256,827	214,716
Other	4,231	18,202	(1,387)	17,367
	2,999,262	1,972,911	2,993,644	1,972,076
Less: Deferred income	(1,225,981)	(459,580)	(1,225,981)	(459,580)
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	1,773,281	1,513,331	1,767,663	1,512,496

Equitable share

These grants are used to subsidise the provision of basic services to indigent communities.

RSC levy grant

A grant has been received which replaces the RSC levies.

MIG projects

Balance unspent at beginning of the year	0	0	0	0
Regrouping adjustments	0	25,461	0	25,461
Current year receipts	(218,055)	(193,340)	(218,055)	(193,340)
Adjustments	0	(147)	0	(147)
Conditions met - transferred to revenue	157,311	181,135	157,311	181,135
Amounts still to be claimed	(169)	(13,109)	(169)	(13,109)
Conditions still to be met - transferred to liabilities	(60,913)	0	(60,913)	0
- refer note 9				

This grant was used to fund the construction of infrastructural assets for the City of Cape Town. Other than the amount unspent, the conditions of the grant have been met. No funds have been withheld.

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Provincial health subsidies				
Balance unspent at beginning of the year	0	0	0	0
Current year receipts - included in public health vote (Appendix D)	(109,187)	(106,368)	(109,187)	(106,368)
Conditions met - transferred to revenue	109,187	106,368	109,187	106,368
Conditions still to be met - transferred to liabilities	0	0	0	0

The City of Cape Town renders health services on behalf of the Provincial Government and is refunded partially for expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There were no delays in payment of the subsidies, nor were any amounts withheld.

Provincial projects and MTAB				
Balance unspent at beginning of the year	(254,694)	(197,722)	(254,694)	(197,722)
Regrouping adjustment	830	25,141	830	25,141
Current year receipts	(334,275)	(371,451)	(334,275)	(371,451)
Interest earned	(9,853)	(6,361)	(9,853)	(6,361)
Adjustments	(36,915)	49,142	(36,915)	49,142
Conditions met - transferred to revenue	316,879	256,223	316,879	256,223
Amounts still to be claimed	(8,471)	(9,666)	(8,471)	(9,666)
Conditions still to be met - transferred to liabilities - refer note 9	(326,499)	(254,694)	(326,499)	(254,694)

The City of Cape Town received various grants from the PGWC for operational and capital projects. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

National Government projects				
Balance unspent at beginning of the year	(299,761)	(147,300)	(299,761)	(147,300)
Regrouping adjustment	1,265	119	1,265	119
Current year receipts	(1,709,428)	(297,312)	(1,709,428)	(297,312)
Interest earned	(39,866)	(3,260)	(39,866)	(3,260)
Adjustments	339	1,387	339	1,387
Conditions met - transferred to revenue	976,834	146,605	976,834	146,605
Amounts still to be claimed	(8,417)	0	(8,417)	0
Conditions still to be met - transferred to liabilities - refer note 9	(1,079,034)	(299,761)	(1,079,034)	(299,761)

These grants received from National Government are for operational and capital expenditure (such as budget reform, restructuring, urban renewal, etc.). Other than the amounts unspent, the conditions of the grants have been met. Refer Appendix F.

27. OTHER INCOME

Insurance recoveries	475	528	475	528
Bulk infrastructure levies	88,951	91,106	88,951	91,106
City improvement district levies	57,801	40,850	57,801	40,850
Skills development levy	11,699	14,311	11,699	14,311
Other income	125,881	73,582	114,150	70,296
TOTAL OTHER INCOME	284,807	220,377	273,076	217,091

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
28. PUBLIC CONTRIBUTIONS AND DONATIONS				
Public contributions: Consumer connections	41,568	40,121	41,568	40,121
Other	14,324	36,861	14,324	36,861
	<u>55,892</u>	<u>76,982</u>	<u>55,892</u>	<u>76,982</u>
Less: Deferred income	(49,675)	(43,025)	(49,675)	(43,025)
TOTAL PUBLIC CONTRIBUTIONS AND DONATIONS	<u>6,217</u>	<u>33,957</u>	<u>6,217</u>	<u>33,957</u>
Public contributions and other third-party funds				
Balance unspent at beginning of the year	(105,820)	(104,290)	(95,271)	(93,741)
Regrouping adjustment	377	972	377	972
Current year receipts	(53,470)	(88,449)	(53,470)	(88,449)
Interest earned	(2,863)	(1,330)	(2,863)	(1,330)
Adjustments	(1,056)	10,295	(1,056)	10,295
Conditions met - transferred to revenue	65,689	76,982	55,892	76,982
Amounts still to be claimed	(47)	0	(47)	0
Conditions still to be met - transferred to liabilities - refer note 9.	<u>(97,190)</u>	<u>(105,820)</u>	<u>(96,438)</u>	<u>(95,271)</u>
The City of Cape Town receives grants from various private funders for operational and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.				
29. EMPLOYEE-RELATED COSTS				
Salaries and wages	2,560,067	2,197,077	2,534,086	2,176,578
Social contributions - UIF, pensions and medical aid	656,995	567,849	654,964	563,244
Travel, car, accommodation, subsistence and other allowances	233,931	213,941	233,785	213,780
Housing benefits and allowances	50,581	43,025	50,581	43,025
Overtime payments	193,651	146,191	193,460	146,108
Staff parity provision	108,116	0	108,116	0
Performance bonus - net contribution	1,707	1,473	0	0
Long-service awards	24,236	180,322	24,236	180,322
	<u>3,829,284</u>	<u>3,349,878</u>	<u>3,799,228</u>	<u>3,323,057</u>
Expenditure recharged	(369,035)	(312,405)	(369,035)	(312,405)
Recharged to repairs and maintenance	(350,153)	(296,131)	(350,153)	(296,131)
Recharged to capital projects	(18,882)	(16,274)	(18,882)	(16,274)
TOTAL EMPLOYEE-RELATED COSTS	<u>3,460,249</u>	<u>3,037,473</u>	<u>3,430,193</u>	<u>3,010,652</u>

REMUNERATION OF EXECUTIVES

2008

	TOTAL	ANNUAL SALARY	PER-FORMANCE BONUS	CAR ALLOWANCE	SOCIAL CON-TRIBUTION
	R'000	R'000	R'000	R'000	R'000
City Manager	1,280	966	99	51	164
Finance	1,019	707	55	117	140
Health (Dr Toms until 25/03/2008)	771	486	110	92	83
Health (Dr Bromfield from 26/03/2008)	185	120	0	35	30
Integrated human settlement services	993	783	52	30	128
Service delivery integration	1,153	839	88	85	141
Economic and social development	922	688	42	72	120
Safety and security (Mr Tsangela until 31/05/2008)	790	703	0	0	87
Safety and security (Mr Thomas from 01/06/2008)	224	141	0	51	32
Community development	1,037	753	80	84	120
Corporate services	1,005	710	110	60	125
Strategy and planning	917	866	0	49	2
Transport, roads and stormwater	937	791	50	1	95
Utility services	1,079	824	84	48	123
Chief audit executive	919	814	31	72	2
Chief executive officer (KCT)	414	414	0	0	0
Financial manager (KCT)	148	148	0	0	0
	13,793	10,753	801	847	1,392

2007

	TOTAL	ANNUAL SALARY	PER-FORMANCE BONUS	CAR ALLOWANCE	SOCIAL CON-TRIBUTION
	R'000	R'000	R'000	R'000	R'000
City Manager	1,218	922	152	50	94
Finance	955	621	91	117	126
Health (from September 2006)	959	633	96	125	105
Integrated human settlement services	682	507	0	23	152
Service delivery integration (from November 2006)	1,104	767	121	85	131
Economic and social development (from November 2006)	664	513	0	60	91
Safety and security (from November 2006)	601	551	0	0	50
Community development	973	703	80	84	106
Corporate services	948	674	90	68	116
Strategy and planning	840	685	149	6	0
Transport, roads and stormwater (from November 2006)	553	516	0	0	37
Utility services	1,021	768	91	48	114
Chief audit executive	816	667	72	69	8
Executive management unit (until January 2007)	492	479	0	0	13
Chief executive officer (RED1)	1,672	932	719	0	21
Chief financial officer (RED1)	441	407	0	34	0
	13,939	10,345	1,661	769	1,164

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
30. REMUNERATION OF COUNCILLORS AND BOARD MEMBERS				
Executive Mayor	717	778	717	778
Deputy Executive Mayor	615	583	615	583
Speaker	571	596	571	596
Mayoral Committee members	5,425	5,204	5,425	5,204
Subcouncil chairpersons	11,162	11,924	11,162	11,924
Chief Whip	532	558	532	558
Councillors	45,202	39,358	45,202	39,358
Councillors' medical aid contributions	0	245	0	245
Councillors' pension contributions	6,711	6,692	6,711	6,692
Board members/directors/trustee fees *	877	548	0	0
TOTAL REMUNERATION OF COUNCILLORS AND BOARD MEMBERS	71,812	66,486	70,935	65,938

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are full-time employees. Each is provided with an office and administrative and secretarial support at Council's cost. The Executive Mayor has two full-time bodyguards, and all councillors have access to security in terms of the councillors' security policy. The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council-owned vehicles for ceremonial and official functions.

Subcouncil chairpersons are provided with an office and administrative and secretarial support at Council's cost. Councillors are provided with work stations/ward offices, which are appropriately equipped. Computers are provided to councillors either in their offices or at their homes.

A number of councillors were inadvertently provided with official vehicles while in receipt of a transport allowance. The incorrect payment is currently being recovered.

* Board member/director/trustee fees relate to fees i.r.o. the Cape Town International Convention Centre, Cape Town Community Housing Company and the Khayelitsha Community Trust.

31. IMPAIRMENT COSTS

Impairment of consumer and other debtors	708,336	386,409	708,643	392,448
Impairment of investment in subsidiary and joint venture	0	0	0	1,121
Impairment of property, plant and equipment	17,587	5,841	35,009	7,781
TOTAL IMPAIRMENT COSTS	725,923	392,250	743,652	401,350

Provision for impairment was made due to the decommissioning of land.

32. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of property, plant and equipment	741,950	678,988	717,141	653,353
Depreciation of investment property	4,414	4,389	4,414	4,389
Amortisation of intangible assets	53,173	52,317	53,154	52,302
TOTAL DEPRECIATION AND AMORTISED EXPENSE	799,537	735,694	774,709	710,044

33. FINANCE COSTS

Interest expense	275,897	282,929	274,798	283,630
Long-term borrowings (amortised cost)	248,602	254,091	247,516	254,797
Finance leases (amortised cost)	27,295	28,838	27,282	28,833
Interest cost relating to movement in non-current provision	189,711	178,579	189,711	178,579
Loss on valuation of derivatives (held for trading)	17,959	16,983	17,959	16,983
Amortisation of bond issue expenses	3	0	3	0
Loss on foreign exchange transactions	5	229	5	229
TOTAL FINANCE COST	483,575	478,720	482,476	479,421

Cash-flow sensitivity analysis for variable interest rate instruments attached to external borrowings

The following table shows the sensitivity of the net results for the year to a reasonably possible change in interest rates of +2% and -2% (2007: +/- 2%) while other variables are held constant:

	2008	
	R'000 +2%	R'000 -2%
Profit (or loss)	(160)	162

	2007	
	R'000 +2%	R'000 -2%
Profit (or loss)	(198)	200

The City of Cape Town does not account for fixed-rate financial instruments at fair value through profit or loss, and therefore a change in interest rates at balance sheet date would not affect profit or loss.

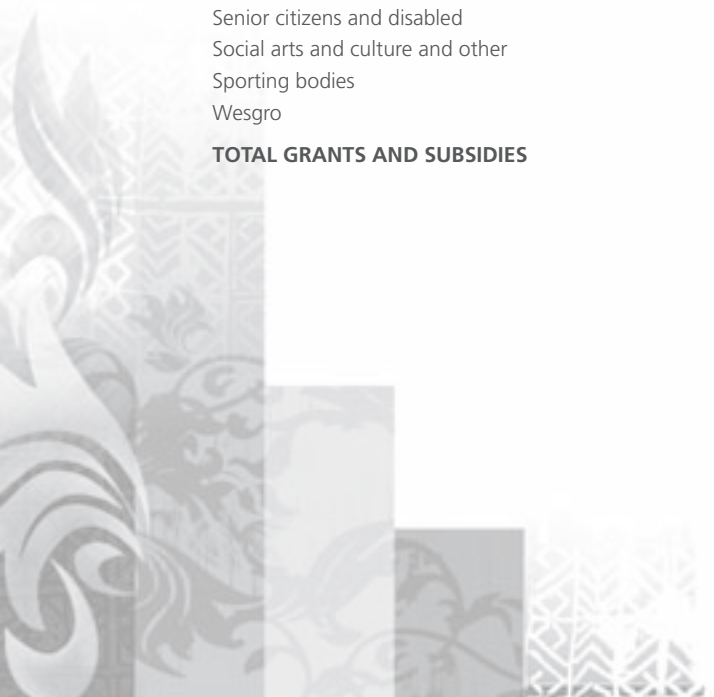
ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2008 R'000	2007 R'000	2008 R'000	2007 R'000

34. BULK PURCHASES

Electricity	1,913,979	1,768,416	1,913,979	1,768,416
Water	227,535	229,696	227,535	229,696
TOTAL BULK PURCHASES	2,141,514	1,998,112	2,141,514	1,998,112

35. GRANTS AND SUBSIDIES PAID

Ad hoc	5,119	825	4,789	825
Community upliftment	2,920	4,494	2,920	4,494
Destination marketing organisation and tourism	36,069	32,000	36,069	32,000
Economic promotion and job creation	7,809	2,467	7,809	2,467
Educational institutions and health forums	3,487	1,784	3,487	1,784
Khayelitsha Community Trust	0	0	0	10,023
Health and HIV/Aids/TB	128	793	128	793
Programmes, conferences and events	2,361	8,056	2,361	8,056
SA National Parks	0	3,270	0	3,270
Senior citizens and disabled	142	303	142	303
Social arts and culture and other	11,845	5,655	11,845	5,655
Sporting bodies	4,569	2,971	4,569	2,971
Wesgro	7,800	7,230	7,800	7,230
TOTAL GRANTS AND SUBSIDIES	82,249	69,848	81,919	79,871



36. GENERAL EXPENSES

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Chemicals	59,657	59,106	59,657	59,106
Communication and publication	17,911	18,933	17,755	18,714
Computer services and software	27,704	17,993	25,193	16,074
Consultants	44,360	25,261	42,119	21,555
Contributions - medical aid: Continued members	231,074	226,468	231,074	226,468
Electricity - Eskom payments	35,393	28,130	31,632	28,126
Fuel	124,034	105,556	123,889	105,398
Furniture and fittings	17,403	34,372	17,403	34,360
Hire charges	169,436	91,622	169,141	91,359
Legal fees	24,810	24,410	23,895	22,181
Levy: Skills development	28,269	24,131	28,269	24,105
Licences and permits	65,391	47,606	65,391	47,606
Materials and consumables	73,048	54,887	57,432	41,603
City Improvement Districts	4,852	(5,242)	56,212	38,789
Minor tools and equipment	31,163	6,856	31,163	6,856
Pharmaceutical supplies	22,526	22,865	22,526	22,865
Postage and courier	20,442	17,910	20,407	17,864
Printing and stationery	49,934	47,775	49,479	47,194
Rental	37,683	31,601	35,906	26,830
Scrapping of assets	1,616	7,109	1,616	7,109
Security services	175,300	131,687	171,831	128,575
Sewerage services - external disposals	22,084	24,988	22,084	24,988
Telecommunications	105,621	100,182	104,783	99,330
Training	29,293	27,465	28,675	27,465
Insurance: Claims	33,389	21,805	33,389	21,805
Insurance: Underwriting	20,920	23,445	19,842	22,460
Indigent relief	242,451	202,691	242,451	202,691
Operating grants and donations - projects	231,261	161,990	231,261	161,990
Contributions, transfers and other	550,961	127,026	493,280	136,991
	<u>2,497,986</u>	<u>1,708,628</u>	<u>2,457,755</u>	<u>1,730,457</u>
Expenditure recharged	(53,061)	(46,622)	(53,061)	(46,622)
Recharged to repairs and maintenance	(50,453)	(44,977)	(50,453)	(44,977)
Recharged to capital projects	(2,608)	(1,645)	(2,608)	(1,645)
TOTAL GENERAL EXPENSES	<u>2,444,925</u>	<u>1,662,006</u>	<u>2,404,694</u>	<u>1,683,835</u>

37. TAXATION

ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2008	2007	2008	2007
R'000	R'000	R'000	R'000

Deferred taxation

Cape Town International Convention Centre Company (Pty) Ltd

Deferred income taxes are calculated on all temporary differences under the balance sheet method using a tax rate of 28% (2007: 29%).

At beginning of the year	9,779	12,431
Statement of performance charge	0	84
Correction of debt allowance and prepayments	0	(65)
Correction of the provision for rates and taxes	0	(3,692)
Correction of deferred tax assets of previous year	(6,232)	1,021
Tax rate adjustment	(337)	0
Utilisation of previously recognised deferred tax asset	(1,508)	0
Deferred tax asset not recognised	0	0
At end of the year	1,702	9,779

The balance comprises:

Capital allowance (non-deductible temporary difference)	1,702	7,891
Assessed losses	0	1,888
	1,702	9,779

Cape Town Community Housing Company (Pty) Ltd: 100%

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

Taxable temporary differences		
Section 24 allowance	(2,519)	(2,019)
Deductible temporary differences	14,409	35,996
Accruals	235	351
Deferred revenue (institutional subsidies)	1,504	21,098
Deferred revenue (other)	0	171
Doubtful debt provision	13,289	14,890
Fixed assets	(41)	(51)
Revaluation of repossessed stock	(458)	(458)
Straight-lining of leases	(120)	(5)
Assessed loss	20,835	4,556
	32,725	38,533
Deferred taxation asset at 28% (2007: 29%)	9,163	11,175
Less: unprovided	(9,163)	(11,175)
Balance at end of the year	0	0

ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2008	2007	2008	2007
R'000	R'000	R'000	R'000

The deferred taxation asset of R9 162 951 (2007: R11 174 521) was not recognised due to the losses of R20 835 388 (2007: R4 556 222) since incorporation that can be carried forward against future taxable income.

Statement of performance charge

Taxation on income

South African normal

Current year : CTICC

Khayelitsha Community Trust

City Improvement Districts

1,752	13
(37)	(13)
49	7
1,764	7

38. CORRECTION OF ERROR

Loss on valuation of derivatives as at 30 June 2006 - COCT

Restatement of retained earnings as at 30 June 2006 - CTCHC

Restatement of retained earnings as at 30 June 2006 -
Sea Point CID

Restated balance at 1 July 2006

0	18,256	0	18,256
0	3,649	0	0
0	96	0	0
0	22,001	0	18,256

Gains on valuation of derivatives 2007 - COCT

Prepaid electricity sales 2007 - COCT

Restatement of interest expense 2007 - CTCHC

Restatement of operating results 2007 - Sea Point CID

Restatement of receivables 2007 - Sea Point CID

Roundings

Restated surplus changes for the year - 2007

0	(5,595)	0	(5,595)
0	34,621	0	34,621
0	(716)	0	0
0	51	0	0
0	(55)	0	0
0	(2)	0	0
0	28,304	0	29,026



	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
39. CASH GENERATED BY OPERATIONS				
Surplus for the year	501,093	878,820	478,386	838,908
Adjustment for:	2,664,922	135,028	2,661,962	320,038
- Insurance reserve	2,460	(74,350)	2,460	(74,350)
- Prior year adjustments insurance reserve	0	(22,861)	0	0
- Transfer to minority for share buy-back	0	374	0	0
- Fair value reserve	(965)	1,386	0	0
- Depreciation	799,537	735,679	774,709	710,044
- Impairment	17,587	5,841	35,009	7,781
- Impairment of investments	0	0	0	1,121
- Gain and loss on disposal of property, plant and equipment	(46 326)	(45 822)	(46 257)	(45 847)
- Loss on valuation of derivatives	14,306	32,441	14,306	14,185
- Contribution to provisions – current	658,848	415,890	658,292	416,649
- Contribution to bad debt provision	248,026	(944,287)	248,273	(944,221)
- Deferred income	1,032,803	251,164	1,028,397	251,999
- Investment income	(544,929)	(504,069)	(535,703)	(496,744)
- Interest paid	483,575	283,642	482,476	479,421
Operating surplus before working capital changes	3,166,015	1,013,848	3,140,348	1,158,946
(Increase)/decrease in inventories	(59,439)	(34,273)	(56,869)	(27,870)
(Increase)/decrease in trade receivables	(338,537)	1,228,744	(337,584)	1,252,860
(Increase)/decrease in other receivables	(191,654)	23,894	(191,853)	26,313
Increase/(decrease) in unspent conditional grants and receipts	903,361	210,963	913,158	210,963
Increase/(decrease) in payables	211,066	176,205	196,768	171,013
Increase/(decrease) in net VAT	24,969	(89,602)	28,281	(91,125)
Cash generated by operations	3,715,781	2,529,779	3,692,249	2,701,100
40. NET INCREASE IN CASH AND CASH EQUIVALENTS				
Balance at end of the year	1,273,041	531,161	1,158,827	437,356
Adjustment - Parow CID	0	30	0	0
Balance at beginning of the year	(531,161)	(368,032)	(437,356)	(282,950)
Net increase in cash and cash equivalents (Refer note 20)	741,880	163,159	721,471	154,406
41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term liabilities raised (Refer Appendix A)	1,400,000	0	1,400,000	0
Used to finance property, plant and equipment	2,743,736	1,734,538	2,743,736	1,734,538
2006/2007 and prior years	1,501,266	840,584	1,501,266	840,584
2007/2008	1,242,470	893,954	1,242,470	893,954
Total EFF (overdrawn)	(1,343,736)	(1,734,538)	(1,343,736)	(1,734,538)
Cash set aside for the repayment of long-term liabilities - refer notes 4 & 15	514,549	426,474	514,549	426,474
Cash overdrawn	(829,187)	(1,308,064)	(829,187)	(1,308,064)

42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN																																											
	2008 R'000	2007 R'000	2008 R'000	2007 R'000																																										
Unauthorised expenditure (CTICC)																																														
Opening balance	9,832	211																																												
Cost of sales	0	2,017																																												
Direct personnel	0	2,162																																												
Parking costs	0	1,062																																												
Maintenance expenditure	0	605																																												
Advisers	0	131																																												
Computer expenses	0	163																																												
Catering materials	0	905																																												
Interest expense	0	36																																												
Management fees	0	2,540																																												
Approved by Council	(9,832)	0																																												
Closing balance (awaiting authorisation)	0	9,832																																												
Fruitless and wasteful expenditure (CTICC)																																														
Opening balance	201	61																																												
Penalties SARS	3	82																																												
Interest SARS	0	58																																												
Approved by Council	(201)	0																																												
Closing balance (awaiting authorisation)	3	201																																												
Irregular expenditure (COCT)																																														
Opening balance	1,256	326,760	1,256	326,760																																										
Irregular expenditure current year	126,537	1,256	126,537	1,256																																										
Approved by Council	(527)	(326,760)	(527)	(326,760)																																										
Transfer to receivables for recovery	0	0	0	0																																										
Closing balance	127,266	1,256	127,266	1,256																																										
<table border="1"> <thead> <tr> <th>Incident</th> <th>Proceedings</th> <th>2008</th> <th>2007</th> <th>2008</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>Time theft</td> <td>Referred to SCOPA</td> <td>263</td> <td>263</td> <td>263</td> <td>263</td> </tr> <tr> <td>Duplicate wage payments</td> <td>Resolved by Council</td> <td>0</td> <td>527</td> <td>0</td> <td>527</td> </tr> <tr> <td>Arrear staff debtor</td> <td>Referred to SCOPA</td> <td>466</td> <td>466</td> <td>466</td> <td>466</td> </tr> <tr> <td>Labour brokers</td> <td>Report to be submitted to Council</td> <td>125,990</td> <td>0</td> <td>125,990</td> <td>0</td> </tr> <tr> <td>Deviation from SCM policy</td> <td>Report to be submitted to Council</td> <td>309</td> <td>0</td> <td>309</td> <td></td> </tr> <tr> <td>Splitting of orders</td> <td>Report to be submitted to Council</td> <td>238</td> <td>0</td> <td>238</td> <td>0</td> </tr> </tbody> </table>					Incident	Proceedings	2008	2007	2008	2007	Time theft	Referred to SCOPA	263	263	263	263	Duplicate wage payments	Resolved by Council	0	527	0	527	Arrear staff debtor	Referred to SCOPA	466	466	466	466	Labour brokers	Report to be submitted to Council	125,990	0	125,990	0	Deviation from SCM policy	Report to be submitted to Council	309	0	309		Splitting of orders	Report to be submitted to Council	238	0	238	0
Incident	Proceedings	2008	2007	2008	2007																																									
Time theft	Referred to SCOPA	263	263	263	263																																									
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Labour brokers	Report to be submitted to Council	125,990	0	125,990	0																																									
Deviation from SCM policy	Report to be submitted to Council	309	0	309																																										
Splitting of orders	Report to be submitted to Council	238	0	238	0																																									
Estimated irregular expenditure		127,266	1,256	127,266	1,256																																									

43. ADDITIONAL DISCLOSURES

43.1 MUNICIPAL FINANCE MANAGEMENT ACT

Section 124: Disclosures concerning councillors, directors and officials

Councillors' arrear consumer accounts (COCT)

The following councillors had arrear accounts for more than 90 days and have made signed arrangements to pay the outstanding amounts:

	TOTAL R	OUTSTANDING <90 DAYS R	OUTSTANDING >90 DAYS R
30 June 2008			
AV Bergh - Anavi Trust	8,043	4,888	3,155
WD Jaftha	14,690	611	14,079
M Murudker	51,678	3,125	48,553
Total councillor arrear consumer accounts	74,411	8,624	65,787
30 June 2007			
LO Anderson-Jardine	11,866	0	11,866
W Brady	7,736	0	7,736
AM Figlan	4,558	0	4,558
W Hassiem	156,960	0	156,960
IR Jackson	2,177	0	2,177
WD Jaftha	28,153	0	28,153
ND Magwetsu	4,130	0	4,130
RP Mravu	2,790	0	2,790
M Murudker	97,670	0	97,670
M Ncedana	493	0	493
AR Omar	3,293	0	3,293
JWP Thee	5,213	0	5,213
TV Trout	3,826	0	3,826
Total councillor arrear consumer accounts	328,865	0	328,865

Section 125: Other compulsory disclosures

	CON- TRIBUTIONS TO SALGA R'000	AUDIT FEES R'000	PAYE AND UIF R'000	PENSION AND MEDICAL AID DEDUCTIONS R'000
2008				
Opening balance	0	1,454	32,968	79,342
Current year subscription/fee	0	13,603	473,341	1,048,121
Amount paid - current year	0	(13,106)	(434,365)	(957,858)
Amount paid - previous years	0	(1,454)	(32,968)	(79,342)
Balance unpaid (included in creditors)	0	497	38,976	90,263
2007				
Opening balance	0	243	27,578	74,829
Current year subscription/fee	6,000	14,033	394,852	911,493
Amount paid - current year	(6,000)	(12,579)	(361,884)	(832,151)
Amount paid - previous years	0	(243)	(27,578)	(74,850)
Balance unpaid (included in creditors)	0	1,454	32,968	79,321

VAT

VAT output payables and VAT input receivables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2008	2007	2008	2007
R'000	R'000	R'000	R'000

43.2 SUPPLY CHAIN MANAGEMENT REGULATIONS - COCT

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Appointment of consultants	7,614	63,790	7,614	63,790
Information technology upgrade	23,571	7,547	23,571	7,547
Upgrade of electricity services	48,386	14,448	48,386	14,448
Extension of contract	405,290	22,639	405,290	22,639
Upgrade of road infrastructure	281,861	3,078	281,861	3,078
Supply and delivery of plant and equipment	339	754	339	754
Other	273,098	104,788	273,098	104,788
Total amount condoned by Council	1,040,159	217,044	1,040,159	217,044

Bids awarded to relatives of persons in service of the State

NAME	POSITION HELD IN STATE	VALUE: 01/07/2007 TO 30/06/2008 R'000
Grant Rigby – Zebra Bituminous surfacing/Isidima	TR & S - Principal Officer	15,805
Barbara Southworth – Barbara Southworth	Director: Spatial Planning & Urban Design	50
Bobbi Rasool/Bethlee West – CHM Vuwani Computer Solutions	IT Procurement Manager	3,177
Maritza Saligee – DEMMS Trading	Assistant Buyer/Buyer	43
Shana George – Baraka IT	IT Procurement Manager	26,856
		45,931

44. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for	758,921	3,321,408	757,977	3,317,999
Infrastructure	665,742	389,494	665,742	386,984
Community	72,432	2,878,357	72,432	2,878,357
Heritage	710	0	710	0
Housing Development Fund	292	3,032	292	3,032
Other	19,745	50,525	18,801	49,626
- Approved but not yet contracted for	474,234	319,085	470,401	319,085
Infrastructure	347,512	294,733	343,679	294,733
Community	16,859	7,885	16,859	7,885
Other	109,863	16,467	109,863	16,467
Total	1,233,155	3,640,493	1,228,378	3,637,084
This expenditure will be financed from:				
- External loans	658,347	307,835	658,347	307,835
- Asset-financing reserve	117,647	710,626	117,647	710,626
- Government grants	407,261	2,492,775	407,261	2,492,775
- Other sources	49,900	129,257	45,123	125,848
	1,233,155	3,640,493	1,228,378	3,637,084

45. OPERATING LEASE COMMITMENTS

The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

Land and buildings	144,662	138,391	39,669	31,909
Payable within one year	28,997	21,095	25,330	18,117
Payable within two to five years	24,389	23,634	14,339	13,792
Payable after two to five years	91,276	93,662	0	0
Vehicles and other equipment	61,663	94,890	61,663	94,890
Payable within one year	28,071	32,695	28,071	32,695
Payable within two to five years	33,419	61,979	33,419	61,979
Payable after five years	173	216	173	216
Future minimum sub-lease recoveries under non-cancellable operating leases	(132)	(357)	(132)	(357)
	206,193	232,924	101,200	126,442

In terms of the additional guidance to AC 105 of SA GAAP (leases), escalations in operating leases are no longer recognised in the periods in which they actually incur, but are now charged in the statement of financial performance on a straight-line basis over the term of the lease.

Minimum lease payments for the City of Cape Town, recognised as an expense during the period under review, amount to R65,98 million (2007: R61,13 million). Leased premises are contracted for the remaining periods of between one and four years, with renewable options available in certain instances.

Rental relating to full maintenance lease agreements for 65 refuse compactors is subject to adjustment and linked to prime rates of interest. Contingent rentals do not need to be included in lease payments to be recognised on a straight-line basis over the lease term. The decision has been taken to purchase new compactors on completion of the five-year term of the lease.

The City of Cape Town has significant current lease arrangements for photocopy and fax machines over a period of three years, without being subject to escalation. In terms of a recent Council policy decision, such leased equipment shall be purchased on termination of the relevant contract. In keeping with this policy, it has been decided to terminate lease agreements in respect of older equipment where the initial period has expired and the lease is continuing on a month-to-month basis.

ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
2008	2007	2008	2007
R'000	R'000	R'000	R'000

The Entity as lessor

At Statement of Financial Performance date, the Entity has contracted with tenants for the following future minimum lease payments:

Payable within one year	10,273	7,068	10,674	7,521
Payable within two to five years	33,183	26,250	33,640	27,468
Payable after five years	67,305	73,702	65,563	71,819
	110,761	107,020	109,877	106,808

The City of Cape Town lets its investment properties under operating leases. Property rental income earned during the year was R10,40 million (2007: R7,55 million). The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the Statement of Financial Performance date.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase in current year income of R320,056.

46. FINANCIAL RISK MANAGEMENT

Interest rate risk

The City of Cape Town is not exposed to interest rate risk on its financial liabilities. All of the City's interest-bearing external loan liabilities, as detailed in Appendix A, except for one loan of R10 million, are fixed interest rate loans. Interest rate swap agreements have been entered into in order to maximise economic benefits, while limiting exposure to fluctuating interest rates on its long-term liabilities. Similarly, with financial assets the City of Cape Town invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.

Liquidity risk

The City of Cape Town manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the City's main banker to cater for any unexpected temporary shortfall in operating funds. Standby credit facilities in the form of a R50 million overdraft facility are available with its main banker to cater for any unexpected temporary shortfall in operating funds. No use has been made of this facility at the reporting date.

Credit risk

The City of Cape Town manages credit risk in its borrowing and investing activities by dealing with only A-rated financial institutions, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the City's credit control and debt collection policy. The City's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in note 18 to the financial statements.

Fair value interest rate risk

The City of Cape Town is exposed to fair value interest rate risk on its external loan liabilities, which are all fixed interest rates. The fair value of these financial assets and liabilities are disclosed and compared with their carrying values in notes 4 and 15.

Currency risk

The City of Cape Town undertakes certain transactions denominated in foreign currencies, either directly through the import of goods and services, or indirectly through the award of contracts to local importers which are priced in foreign currency. The City of Cape Town manages any material direct exposure to foreign currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement in order to pre-determine the rand value of the contracted goods or services. The City was not a direct party to any outstanding forward exchange contracts at the reporting date.

47. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap agreements, based on notional amounts totalling R250 million, have been entered into as part of a structured external loan to the City of Cape Town over the life of the loan (1998-2010). These derivatives are classified as held-for-trading financial instruments, and fair-valued through profit or loss. Fair value was determined by discounting the remaining net cash flows under the swap agreements at ABSA Bank swap curve rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics.

48. CHANGES IN ACCOUNTING POLICY

During the 2007/2008 financial year, the City of Cape Town changed its accounting policy with respect to revenue recognition. In the previous period, the City disclosed its income net of revenue where it was not probable that the economic benefits or services potential associated with such revenue would flow to the City.

As a result of a notice by National Treasury, municipalities are now to disclose revenue on a gross basis in the Statement of Performance.

The effect of the change in accounting policy is as follows:

	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Increase in revenue		336,652		336,652
Service charges		261,440		261,440
Rental of letting stock		75,212		75,212
Increase in expenditure		(336,652)		(336,652)
Net effect on operating result		<u>0</u>		<u>0</u>

49. RETIREMENT BENEFIT INFORMATION

The City of Cape Town 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, and include both defined benefit and DC schemes. Contributions of R375,9 million (2007: R325,9 million) to the defined benefit and DC structures are expensed as incurred during the year under review.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation, as set out hereunder.

DEFINED BENEFIT (DB) SCHEMES

CAPE JOINT PENSION FUND

The DB section is a multi-employer plan, and the contribution rate payable is 27% (9% by the members and 18% by their councils). The fund was certified by the actuary as being in a sound financial condition as at 30 June 2007. The valuation disclosed an actuarial surplus of R200 million, and was funded 107,2%.

SALA PENSION FUND

The fund, a DB plan, is financially sound, and was 110% funded as at 30 June 2007.

DEFINED CONTRIBUTION (DC) SCHEMES

CAPE JOINT PENSION FUND

This scheme was established to accommodate the unique characteristics of contract employees and 'cost-to-company' employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The actuary report certified that the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed bonus philosophy and given normal circumstances. The report further indicated that the DC plan is funded on sound actuarial principles. The scheme was certified by the actuary as being in a sound financial condition as at 30 June 2007. The valuation disclosed funding of 105,3%.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the Fund in future. The actuary certified the fund as being in a sound financial position as at 30 June 2007.

MUNICIPAL COUNCILLORS' PENSION FUND

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15,00%) is sufficient to fund the benefits accruing from the Fund in the future.

The last actuarial valuation of the Fund was undertaken at 30 June 2005, and the actuary reported that the Fund as a whole is in a sound financial condition.

NATIONAL FUND FOR MUNICIPAL WORKERS

The Retirement and Pension Funds are both DC schemes. The last voluntary actuarial valuation of the Fund was performed on 30 June 2006. As at 30 June 2006 the interim results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions, plus investment returns less administration costs.

SOUTH AFRICAN MUNICIPAL WORKERS UNION (SAMWU) NATIONAL PROVIDENT FUND

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the Fund was performed at 30 June 2005, and certified it as being in a financially sound position. The next statutory valuation is due not later than 30 June 2008.

DEFINED BENEFIT (DB) AND DEFINED CONTRIBUTION (DC) SCHEMES**CAPE MUNICIPAL PENSION FUND**

The Cape Municipal Pension Fund operates as both a DB and DC scheme. The last actuarial valuation of the Fund was performed at 30 June 2007, and certified the Fund as being in a financially sound position. The next statutory valuation is due by 30 June 2009.

	TOTAL	DB SECTION	DC SECTION
In-service members	8,097	443	7,654
Pensioners	5,643	4,927	716
Membership 30 June 2007	13,740	5,370	8,370

	2008 RMillion	2007 RMillion
Past service position - DB section	4,719	3,735
Past service position - DC section	3,528	2,977
Total liabilities	8,247	6,712
Assets valued at market value	8,403	6,787
Actuarial surplus	156	75

Key financial assumptions	DB MEMBERS BEFORE RETIREMENT	DB MEMBERS IN RETIREMENT AND DB/DC PENSIONERS
Net discount rate	2.00%	3.00%
Actual employer contributions - DB section	20.25%	20.25%
Actual employer contributions - DC section	18.00%	18.00%
Normal retirement age	60 years	60 years

ORION PROVIDENT FUND

All full-time employees of the Cape Town Community Housing Company belong to the Orion Provident Fund, which is governed by the Pension Funds Act. The company makes all contributions on behalf of its employees. The company's contribution to the DC plans is charged to the income statement in the year to which it relates. During the year, the company contributed R505,633 (2007: R477,371). There is no liability for post-retirement benefits.

POST-EMPLOYMENT HEALTH CARE BENEFITS

The City recognises past service of employees and retired employees, 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 at 30 June were as follows:

In-service members 13 445 persons (2007: 14 560)

Continuation members 6 450 persons (2007: 6 443)

Post-employment health care benefits

Present value of unfunded liability

Unrecognised transitional liability

Unrecognised actuarial gain/(loss)

Net liability in Statement of Financial Position

	2008 RMillion	2007 RMillion
Present value of unfunded liability	2,125	1,774
Unrecognised transitional liability	0	(184)
Unrecognised actuarial gain/(loss)	(233)	6
Net liability in Statement of Financial Position	1,892	1,596

Amounts included in the Statement of Financial Performance

Service cost

Traditional liability recognised

Interest cost

Total included in Statement of Financial Performance

Service cost	47	42
Traditional liability recognised	184	184
Interest cost	142	128
Total included in Statement of Financial Performance	373	354

Movement in the liability recognised in the Statement of Financial Position

Balance at beginning of the year

Net expense recognised in the Statement of Financial Performance

Contributions paid

Balance at beginning of the year	1,596	1,307
Net expense recognised in the Statement of Financial Performance	373	354
Contributions paid	(77)	(65)
	1,892	1,596

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and actual contributions paid to members by the City of Cape Town.

Key financial assumptions

Discount rate

Health care cost inflation rate

Net effective discount rate

Replacement ratio

Expected retirement age - females

Expected retirement age - males

Discount rate	10.9%	8.0%
Health care cost inflation rate	9.7%	6.5%
Net effective discount rate	1.1%	1.4%
Replacement ratio	65.0%	65.0%
Expected retirement age - females	60 years	60 years
Expected retirement age - males	65 years	65 years

Health care arrangement assumptions

It was assumed that the employer's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to retiree members within the medical scheme are sustainable, and will continue. It was further assumed that the subsidy would continue until the last survivor's death, for eligible members and their spouses, and until age 21, if earlier, for dependent children.

Continuation of membership

It was assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's health care arrangements.

Family profile

It was assumed that 90% of in-service members will be married at retirement, and that husbands will be four years older than their wives. Retirees' actual marital status was used and the potential for remarriage was ignored.

Plan assets

There are currently no long-term assets to set aside off-balance sheet in respect of the employer's post-employment health care liability.

Post-retirement pension benefits

The City of Cape Town recognises past service of employees and retired employees, and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension at 30 June was as follows:

Eligible employees 52 persons (2007: 58)

Pensioners 191 persons (2007: 220)

Post-employment retirement pension benefits.

	2008 R'000	2007 R'000
Present value of unfunded liability	16,821	15,448
Interest costs	1,413	1,163
Current service costs	391	307
Actuarial gains/losses	(363)	2,068
Benefits paid	(2,019)	(2,165)
Net liability in balance sheet	16,243	16,821

Amounts included in the Statement of Financial Performance

Service costs	391	307
Interest costs	1,413	1,163
	1,804	1,470

Movement in the liability recognised in the Statement of Financial Position

Balance at beginning of the year	14,753	15,448
Net expense recognised in Statement of Financial Performance	1,804	1,470
Increase/decrease in redundancy benefit	0	0
Contributions paid	(2,019)	(2,165)
	14,538	14,753

Key financial assumptions

Discount rate	10.8%	8.4%
General salary inflation rate - employees	8.9%	6.2%
Net effective discount rate - employees	1.7%	2.1%
Pension increase rate - pensioners	3.9%	2.6%
Net effective discount rate - pensioners	6.6%	5.7%

50. CONTINGENT LIABILITY

Guarantees issued

The Development Bank of South Africa (DBSA) has made a loan to the Gugulethu Central Market Place (the Company) to the sum of R250 000. The City of Cape Town has issued an undertaking to the DBSA to take over the obligation of the Company in terms of the loan agreement, should the Company not be in a position to repay the loan. As at 30 June 2008, the Company was in arrears with its repayment of capital and interest to the DBSA to the sum of R371,706.

Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are being addressed through mediation. The maximum unforeseen liability is estimated at R72,87 million.

Outstanding insurance claims

The liability for outstanding insurance claims is estimated at R56,79 million.

Loan agreements

The rate of interest payable on the structured loans and finance leases is based on certain underlying assumptions relating to the lender's statutory costs, and the allowability of deductions for income tax purposes in connection with the loans. In the event of changes to the Income Tax Act or any other relevant legislation which impact on the loan structure costs, the lender is required to increase or decrease the future rate of interest payable on the loan or its remaining life in order to absorb the increase or decrease in costs.

Regional Electricity Distributor (RED 1)

The City of Cape Town issued a bank guarantee of R346,727 as security for the lease of property.

Philippi East Trading Company (Pty) Ltd

The City of Cape Town issued a bank guarantee of R79,028 as security to the master of the High Court for any outstanding debts.

Performance bonuses

The estimated liability for performance bonuses amounts to R23 million (2007: R19 million) and is only payable after the annual report has been tabled and approved by Council.

Cape Town International Convention Centre

An objection was lodged with SARS on 1 June 2007 in respect of the 2005 revised additional income tax assessment which was issued by SARS after a tax audit in November 2005. The outcome of this objection is uncertain at this stage, as SARS have not provided any comments on the objection. The objection was lodged on the grounds of a disallowance of a tax deduction of R12,748,144 in terms of Section 11(e) of the Act. A response to this objection was received from SARS on 25 March 2008 which states that R977,229 of the total disallowance is allowable as a deduction for the 2005 year. An appeal has since been lodged in respect of the balance of R11,770,915 of the items disallowed. The impact of the disallowance could result in taxes owed to SARS as follows:

2005: R4,127,084

2006: R4,296,606

2007: R4,340,563

2008: R4,232,541

Cape Town Community Housing Company (Pty) Ltd

At 30 June 2008, the company had a contingent liability in respect of bank guarantees amounting to R200,630 (2007: R200,630), arising in the ordinary course of business from which it is anticipated that no material liability will arise.

The company is also in the process of defending a capital amount of R6,019,688 claim from CSM Consulting Engineers (Pty) Ltd. At present the directors are uncertain of the outcome or date of finality of the matter.

Khayelitsha Community Trust

Audit fees

The Trust intends liaising with the Department of National Treasury about whether audit fees relating to prior years are payable by the Trust. Should it be found that the audit fees are payable, the Trust will be liable for additional audit fees amounting to R176,070.

Taxation

Leasehold improvements to the value of R89,550,000 were effected to the Trust's land by the lessee, KBD Management (Pty) Ltd. The Trust, as the lessor, may therefore be liable for additional tax of R35,820,000 (2007: R35,820,000).

The Trust is in the process of obtaining a tax directive from the South African Revenue Services about the exempt tax status of the Trust as a public benefit organisation, as well as the income tax status of grant funding received from the City of Cape Town, which has been considered exempt from normal tax. Should the grant funding be found to be taxable, the Trust would be liable for additional tax of R5,461,764 (2007: R5,461,764). However, should the grant funding received from the City of Cape Town be considered exempt by SARS, the Trust will not be liable for any income tax.

Value-added tax

At year end the Trust was not registered as a VAT vendor and is corresponding with SARS about whether registration is mandatory. Depending on the outcome of the above process, the Trust may proceed with registration as a VAT vendor. In that event the Trust would be liable for cumulative VAT payable and a consequent reduction in related income and expenditure amounting to R393,751 (2007: R955,154).

51. NON-COMPLIANCE WITH LEGISLATION (MFMA)**Cape Town International Convention Centre**

The upper limits of the remuneration packages of senior management of the Entity have not been determined by the parent municipality (City of Cape Town), as prescribed by Section 89(a) of the MFMA.

Senior management remuneration has not been disclosed, as required by Section 124(2) of the MFMA.

Khayelitsha Community Trust

A fraud-prevention policy, as required by Section 115(1)(b), was not yet in place.

A delegation-of-authority policy, as required by Section 106(2)(a), was not yet finalised.

The budget for the 2008 financial year was not approved by the board of trustees 30 days before the start of the financial year, as required by Section 87(4) of the MFMA.

52. RELATED PARTY DISCLOSURES**Councillors**

A number of councillors of the City hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. The following are considered to be such entities:

COUNCILLOR	POSITION HELD IN ENTITY	ENTITY	NATURE
L Anderson-Jardine	Managing Director	Sheen Industrial	
G Cavanagh	Divisional Sales Director	Lithotech Sales Cape	
D Christians	CFO	Advance South Africa Fair	
L Jelele	Director	Masibambane Recruitment	Staff recruitment
B Joko	Member	Sizisa Ukhanya Trading cc	Small business enterprise
C Justus	Non-executive Director	Communicare	Housing developers
A Lukas	Member	Seasons Find t/a Faras	Catering
F Purchase	Member	Regal Cycles cc	Small business enterprise
A Serritslev	Director	Eisleben Business Park (Pty) Ltd	City project
A Serritslev	Member	Cape Town Partnership	City improvement
A Serritslev	Member	Philippi Development Initiative	City project
L Yiba	Director	Dumani Travel & Services	Small business enterprise

Executive Management Team

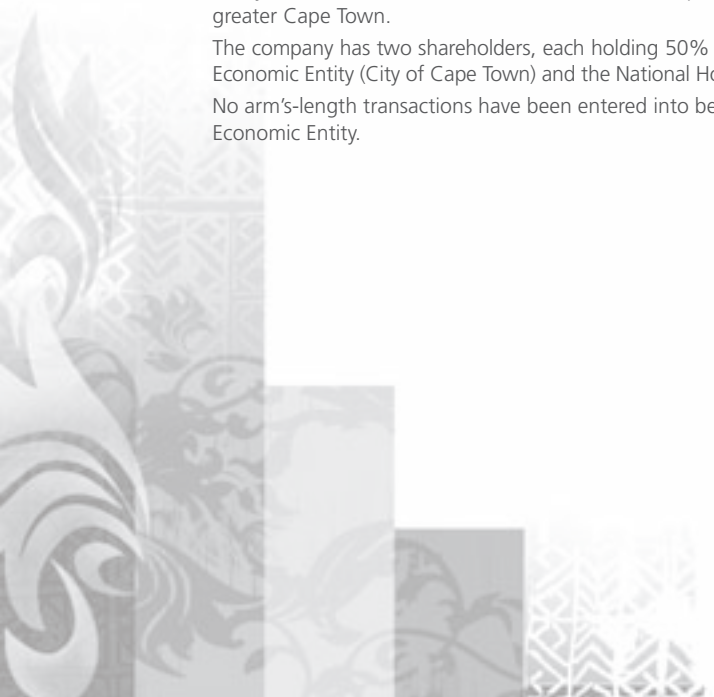
No inter-party business transactions took place between the City and key management personnel (City Manager and Executive Directors) and their close family members during the year under review.

Remuneration details are disclosed in note 29.

Subsidiary companies

The consolidated financial statements include the financial statements of the City of Cape Town and its subsidiaries, as listed below:

	EQUITY INTEREST PERCENTAGE 2008	EQUITY INTEREST PERCENTAGE 2007
<p>Cape Town International Convention Centre Company (Pty) Ltd</p> <p>The Convention Centre was established for Cape Town to become host to international conferences with the objective of promoting Cape Town as a tourism city.</p> <p>The Economic Entity is the controlling shareholder of CONVENCO. The other (minority) shareholders are PGWC and Sunwest International. The minority interest is reflected in the Statement of Financial Position.</p>	50.18%	50.18%
<p>Khayelitsha Community Trust</p> <p>The Trust was established to promote economic activities for the upliftment of the local community.</p> <p>The Trust has established its own related entities, namely KBD Management, KBD Retail and KBD Housing. No arm's-length transactions have been entered into between the Economic Entity and the Trust's related entities.</p> <p>Additional information is included in the accounting policy, paragraph 2.</p>	100.00%	100.00%
<p>City Improvement Districts</p> <p>These entities were established to enable projects at the initiative of local communities to provide services over and above the services provided by the City of Cape Town.</p>	100.00%	100.00%
<p>Regional Electricity Distributor (RED 1)</p> <p>The entity was originally established as an electricity distributor in the precinct of Cape Town. The entity is now in the process of liquidation.</p>	100.00%	100.00%
<p>Philippi East Trading Centre (Pty) Ltd</p> <p>The operations of the Philippi East Trading Centre were discontinued during the 2006/7 financial year.</p>		100.00%
<p>Joint venture</p> <p>Cape Town Community Housing Company (Pty) Ltd</p> <p>This joint venture was established to facilitate the provision of low-cost housing within the greater Cape Town.</p> <p>The company has two shareholders, each holding 50% of the shares. The shareholders are the Economic Entity (City of Cape Town) and the National Housing Finance Corporation Ltd (NHFC).</p> <p>No arm's-length transactions have been entered into between the joint venturer and the Economic Entity.</p>	50.00%	50.00%



	ECONOMIC ENTITY		MUNICIPALITY OF CAPE TOWN	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Aggregate value of interest in joint venture				
Non-current assets			18,429	17,163
Current assets			23,888	23,170
Non-current liabilities			26,093	15,699
Current liabilities			14,322	26,768
Revenue			10,841	14,962
Expenses			6,805	7,473
Net profit/(loss)			4,036	7,489
The following amounts relate to arm's-length transactions with the subsidiary companies for the year:				
Cape Town International Convention Centre Company (Pty) Ltd				
Receivables			3,910	1,715
Service charges			10,386	16,101
Khayelitsha Community Trust				
Receivables			1,420	1,420
Grant			0	10,023
City Improvement Districts				
Receivables			0	1
CID levies			51,364	44,031
Regional Electricity Distributor (RED 1)				
Inter-company advance			407	248
Fees and rentals			158	8,972
Cape Town Community Housing Company (Pty) Ltd (joint venture)				
Receivables			4,548	4,351
Service charges			0	35
Cape Metropolitan Transport Fund (administrator of the Fund)				
Funds on behalf of CTMTF	149,499	205,742	149,499	205,742
Grant received	122,369	41,506	122,369	41,506

53. DISCONTINUED OPERATIONS

In terms of Council resolution, the entities mentioned below were discontinued during the year under review. The financial activities for the financial year under review are as follows:

	CTCHC	RED 1	PHILIPPI EAST TRADING CENTRE
	2008	2008	2007
	R'000	R'000	R'000
Statement of Financial Performance to date of discontinuation			
Revenue	21,825	166	13
Expenditure	17,789	166	2
	4,036	0	11
Inter-departmental charges	0	0	0
Surplus/(deficit) for the year	4,036	0	11
Statement of Financial Position at date of discontinuation			
NET ASSETS AND LIABILITIES			
Net assets	(15,254)	0	161
Accumulated surplus/(deficit)	(21,711)	0	150
Surplus/(deficit) for the year	4,036	0	11
Share capital	2,000	0	0
Fair value reserve	421	0	0
Non-current liabilities	43,249	0	0
Debentures	24,289	0	0
Borrowings	18,960	0	0
Current liabilities	14,322	496	77
Payables	12,670	496	20
Unspent conditional grants	752	0	0
Current portion of long-term liabilities	900	0	0
Taxation	0	0	57
Advances COCT	0	0	0
Total net assets and liabilities	42,317	496	238

ASSETS

Non-current assets	18,429	75	0
Property, plant and equipment	741	123	0
<u>Less: Depreciation</u>	(636)	(48)	0
Intangible assets	56	0	0
<u>Less: Depreciation</u>	(36)	0	0
Long-term receivables	18,304	0	0
Current assets	23,888	421	238
Inventory	10,575	0	0
Receivables	3,660	407	0
<u>Less: Bad debt provision</u>	0	0	0
Current portion of long-term receivables	6,889	0	0
VAT claimable	262	14	0
Cash and cash equivalents	2,502	0	238
Total assets	<u>42,317</u>	<u>496</u>	<u>238</u>

Cash flow Statement at date of discontinuation

Cash flow from operating activities

Cash receipts	21,825	166	13
Cash payments	(17,789)	(166)	(2)
Cash generated by operations	<u>4,036</u>	<u>0</u>	<u>11</u>

Cash flow from financing activities

Increase in advance COCT	<u>0</u>	<u>0</u>	<u>0</u>
Net increase/decrease in cash and cash equivalents	<u>4,036</u>	<u>0</u>	<u>11</u>

54. EVENTS AFTER BALANCE SHEET DATE**CAPE TOWN COMMUNITY HOUSING COMPANY**

The City of Cape Town, at its Council meeting on 27 August 2008 and following a tender process, resolved to dispose of its holding of 2 million ordinary shares and 21,8 million sub-ordinated convertible non-voting debentures in the Cape Town Community Housing Company for an amount of R5 million. The City's investment in the Housing Company was fully impaired at 30 June 2008, and is carried at a nil value.

CAPE TOWN INTERNATIONAL CONVENTION CENTRE

Negotiations on the potential expansion of the Convention Centre may include proposals to change the number of shares issued, and/or the issue of new classes of shares, and/or the issue of debentures by the CTICC.

INTEGRATED RAPID TRANSIT SYSTEM

Council approved the implementation of Phase 1A of the integrated rapid transit system for the City of Cape Town.

The total funding for Phase 1 is estimated at R1,3 billion. The expected contribution from National Government PTIS grants is R900,82 million. The contribution from the City is R421,14 million.

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS	INTEREST RATE	LOAN NUMBER	REDEEMABLE DATE	BALANCE AS AT 30 JUNE 2007 R'000	RECEIVED DURING THE PERIOD R'000	CAPITALISED DURING THE PERIOD R'000	REDEEMED/WRITTEN OFF DURING PERIOD R'000	BALANCE AS AT 30 JUNE 2008 R'000	CARRYING VALUE OF PPE R'000	OTHER COSTS IN ACCORDANCE WITH THE MFMA R'000
LOCAL REGISTERED STOCK										
ABSA Investor Services	16.500%	830004515	2010	4,600				4,600	2,319	
Standard Bank Nominees	14.650%	830011508	2014	6,800				6,800	5,377	
CCT 01	12.570%	830014004	2023		1,000,000	(2,139)	(3)	1,000,000 (2,136)	954,571	
CCT 01 transaction costs									0	
Total local registered stock				11,400	1,000,000	(2,139)	(3)	1,009,264	962,267	0
ANNUITY LOANS										
ABSA Bank	11.150%	830000000	2010	21,688			6,457	15,231	27,042	
ABSA Bank	11.150%	830000450	2010	16,750			4,987	11,763	21,543	
Inca	15.250%	830000510	2007	20			20	0	0	
Total annuity loans				38,458	0	0	11,464	26,994	48,585	0
OTHER LOANS										
DBSA	10.590%	83001050	2018	390,035			50,874	339,161	362,088	
DBSA	12.250%	83001051	2015	220,811			38,967	181,844	220,586	
ABSA Bank	14.084%	830000440	2010	188,358		34,790		223,148	87,266	
Future Syndications	13.226%	830000910	2008	200,000				200,000	116,632	
Nedcor Bank	1.000%	830000920	2019	50				50	29	
FirstRand Bank	13.325%	830001690	2008	17,321			9,030	8,291	30,051	
FirstRand Bank	13.962%	830001700	2008	8,582			4,428	4,154	11,690	
FirstRand Bank	11.685%	830001710	2011	69,029			17,711	51,318	58,079	
FirstRand Bank	11.976%	830003504	2017	204,223			3,923	200,300	153,616	
FirstRand Bank	12.901%	830000880	2013	97,279			10,430	86,849	74,932	
ABSA Bank	10.900%	830007011	2018	220,000			20,000	200,000	218,202	
FirstRand Bank	10.204%	830009531	2018	230,000			20,000	210,000	220,533	
DBSA	5.000%	830012028	2020	52,000			4,000	48,000	51,463	
DBSA	9.420%	830012035	2020	121,333			9,333	112,000	123,838	
DBSA	9.639%	830013000	2022		200,000		6,667	193,333	193,493	
DBSA	10.565%	830013507	2022		200,000		6,667	193,333	196,533	
Total other loans				2,019,021	400,000	34,790	202,030	2,251,781	2,119,031	0

EXTERNAL LOANS	INTEREST RATE	LOAN NUMBER	REDEEMABLE DATE	BALANCE AT 30 JUNE 2007	RECEIVED DURING THE PERIOD	CAPITALISED DURING THE PERIOD	REDEEMED/WRITTEN OFF DURING PERIOD	BALANCE AT 30 JUNE 2008	CARRYING VALUE OF PPE	OTHER COSTS IN ACCORDANCE WITH THE MFMA
				R'000	R'000	R'000	R'000	R'000	R'000	R'000
FINANCE LEASES										
Nedbank	14.551%	860000860	2012	64,707			1,963	62,744	36,845	
Investec	14.343%	830000870	2011	29,696			5,092	24,604	25,967	
SCMB	15.209%	830000890	2011	84,252			2,588	81,664	35,606	
Bankfin	10.500%	63001	2007	1,404			1,404	0	0	
Total finance leases				180,059	0	0	11,047	169,012	98,418	0
CONTROLLED ENTITIES										
CTComm.Housing Comp.: NHFC	13.000%		2014	4,408		442	1,066	3,784		
CTComm.Housing Comp.: DIGH	7.120%		2016	1,536		95	423	1,208		
CTComm.Housing Comp.: DIGH	5.740%		2016	3,944		221	514	3,651		
CTComm.Housing Comp.: NHFC	15.500%			0	10,781	436		11,217		
CID Claremont Road Co.: DBSA			2011	0	8,442			8,442		
Total controlled entities				9,888	19,223	1,194	2,003	28,302	0	0
TOTAL EXTERNAL LOANS				2,258,826	1,419,223	33,845	226,541	3,485,353	3,228,301	0

APPENDIX A 1 STRUCTURED LOAN AND FINANCE LEASE DESCRIPTIONS AS AT 30 JUNE 2008

(i) ABSA Bank (830000440)

Structured unsecured 10-year loan. Original loan capital of R50 m plus interest (variable swapped into fixed) capitalised over 10 years, repayable on 30/06/2010. Deposits are made semi-annually into two sinking funds with ABSA Bank that, together with fixed interest capitalised over 10 years, will settle the loan liability on 30/06/2010.

(ii) Future Syndications (830000910)

Structured R200 m 10-year loan funded by ABSA Bank (R172 m), Standard Bank (R18 m) and FutureBank (Nedbank) (R10 m). Loan capital of R200 m repayable on 17/09/2008. Interest (fixed on R190 m, variable R10 m, in terms of interest rate swap agreements) is payable semi-annually. Deposits are made semi-annually into a sinking fund with ABSA Bank that, together with fixed interest capitalised over 10 years, will grow to R200 m by 17/09/2008 and be used to settle the loan capital liability on that date. The sinking fund deposit is ceded to Future Syndications as security for the performance of the City's obligations under the loan. The City has the right to prepay the full loan, on at least 30 days' notice, subject to being liable for all breakage/unwinding costs.

(iii) FirstRand Bank (830001690)

Structured R150 m 15-year loan repayable annually in reducing instalments of capital and fixed-rate interest, final redemption on 07/07/2008. Repayment liabilities are evidenced by a series of promissory notes issued by the City to FirstRand, and later sold on to INCA. The City has the right to prepay the full loan, subject to being liable for all breakage/unwinding costs, in the event of a material reduction in the assumed benefits payable to the City under the structure.

As part of the loan structure, the City has lent the sum of R150 m to FirstRand at a fixed rate of interest, repayable together with capitalised interest on 07/07/2008. In addition, the City has issued a 15-year bond to FirstRand, at the same fixed rate of interest as the City's R150 m loan to FirstRand, redeemable together with compound interest on 07/07/2008. The City does not disclose the separate asset and liability arising from these transactions on the balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly. The City has ceded its rights under its loan to FirstRand as security for its obligations to FirstRand under the original loan and any other indebtedness.

(iv) FirstRand Bank (830001700)

Structured R75 m 15-year loan repayable annually in reducing instalments of capital and fixed-rate interest, final redemption on 15/12/2008. Repayment liabilities are evidenced by a series of promissory notes issued by the City to FirstRand, and later sold on to INCA. The City has the right to prepay the full loan, subject to being liable for all breakage/unwinding costs, in the event of a material reduction in the assumed benefits payable to the City under the structure.

As part of the loan structure, the City lent the sum of R75 m to FirstRand at a fixed rate of interest, repayable together with capitalised interest on 15/12/2008. At the same time, the City issued a 15-year bond to FirstRand, at the same fixed rate of interest as the City's R75 m loan to FirstRand, redeemable together with compound interest on 15/12/2008. The City does not disclose the separate asset and liability arising from these transactions on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par.42 and contra out exactly.

The City has ceded its rights under its loan to FirstRand as security for its obligations to FirstRand under the original loan and any other indebtedness.

(v) FirstRand Bank (830001710)

Structured R125 m 15-year loan repayable semi-annually in equal instalments of capital and fixed-rate interest. The City has the right to prepay the full loan, subject to being liable for all breakage/unwinding costs, in the event of a material reduction in the assumed benefits payable to the City under the structure.

As part of the loan structure, the City sold moveable water assets with a market value of R125 m to FirstRand. FirstRand leased the assets back to the City over 15 years, with rentals payable during the years 2009–2011. At the same time, the City lent R125 m to FirstRand, repayable together with interest on the same dates and in the same amounts as the rental payable by the City under the lease agreement. The City does not disclose the separate asset and liability arising from these transactions on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly. The City has ceded its rights under its loan to FirstRand as security for its obligations to FirstRand under the original loan and any other indebtedness.

At the expiry of the lease, the City has the option to (a) hand back the assets to FirstRand, (b) request that the assets be sold, with the City having the first right of refusal and the sales proceeds refunded to the City as a rebate of rentals, or (c) enter into a new lease for a year.

(vi) FirstRand Bank (830003504)

Structured R220 m 15-year loan, R200 m of which is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 m payable in one instalment, together with capitalised fixed-rate interest, on 30/06/2017. Repayment liabilities relating to the R200 m are evidenced by a series of promissory notes issued by the City to FirstRand, and later sold on to INCA. The bullet repayment of the R20 m capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking fund investment policies purchased from Momentum Group. The City has the right to prepay the full loan, on at least 45 days' notice, subject to being liable for all breakage/unwinding costs.

As part of the loan structure, the City purchased two 15-year sinking fund policies from Momentum Group for an upfront premium of R220 m. R20 m of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, R200 m, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand for R200 m on Day 1 of the policies. The City has ceded and pledged the sinking fund policies to FirstRand as security for the City's obligations to FirstRand under the policies and any other debt liability.

The City does not disclose the separate asset and liability arising from the purchase and sale of the linked investment (unguaranteed) portfolio on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly.

(vii) FirstRand Bank (830009531)

Structured R300 m 15-year loan, R74,3 m of which is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,7 m payable in one instalment, together with capitalised fixed-rate interest, on 30/06/2018. Repayment liabilities relating to the R74,3 m are evidenced by a series of promissory notes issued by the City to FirstRand, and later sold on to Momentum Group. The bullet repayment of the R225,7 m capital and interest will be made out of a 15-year sinking fund investment policy purchased from Momentum Group. The City has the right to prepay the full loan, on 30 days' notice, subject to being liable for all breakage/unwinding costs.

As part of the loan structure, the City purchased a 15-year sinking fund policy from Momentum Group for a premium of R228,4 m, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand and FutureGrowth. In terms of a put option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand for a fixed-put option price of R894,6 m, payable on 30/06/2018. In addition, a variable put option price is payable by FirstRand to the City over the years 2009–2018. The City has ceded and pledged the sinking fund policy to FirstRand as security for the City's obligations to FirstRand under the put option agreement and any other debt liability.

The City does not disclose the separate asset and liability arising from the purchase and sale of the proceeds of the sinking fund investment on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly.

(viii) Nedbank (830000860)

Sale and leaseback structured R55,3 m 15-year loan funded by Nedbank through an Infrastructure Trust. Lease rentals equating to fixed-rate interest are payable semi-annually over 15 years; a bullet rental amount of R55,3 m is payable on 02/01/2012 out of the proceeds of a sinking fund. The City deposits semi-annually with Nedbank equal amounts that, together with compound interest over 15 years, will equate to the original loan capital on 02/01/2012. The City has ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital.

The City has the right to prepay the full lease, subject to being liable for all breakage/unwinding costs, in the event of a prejudicial reduction in the assumed benefits payable to the City under the structure.

At the expiry of the lease, the City has the option to (a) extend or assign the lease for a further period, or (b) repurchase the assets with the sales proceeds refunded to the City as a rebate of rentals.

(ix) Investec (830000870)

Sale and leaseback structured R54,8 m 15-year loan funded by Investec Bank. Lease rentals equating to loan fixed-rate interest plus capital are payable semi-annually over 15 years. Investec has granted the City the right to acquire the assets at the expiry of the lease at an agreed option price of R47,6 m. The City has deposited with Investec an amount that, together with compound interest over 15 years, will equate to the option price payable on 31/12/2011. The City does not disclose the separate asset and liability arising from the sinking fund deposit and the option price on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly.

The City has ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.

The City has the right to prepay the full lease, on at least 90 days' notice, subject to being liable for all breakage/unwinding costs, in the event of an increase in the lease rentals arising from a reduction in the assumed benefits payable to the City under the structure.

At the expiry of the lease, the City has the option to (a) exercise its call option to acquire the leased assets, or (b) return the leased assets to Investec.

(x) FirstRand (830000880)

Structured R150 m 15-year loan repayable semi-annually in equal instalments of capital and fixed-rate interest. Repayment liabilities are evidenced by a series of promissory notes issued by the City to FirstRand, and later sold on to Momentum Group. The City has the right to prepay the full loan, subject to being liable for all breakage/unwinding costs, in the event of a material reduction in the assumed benefits payable to the City under the structure.

As part of the loan structure, the City leased moveable electricity assets with a market value of R150 m to FirstRand for 20 years. Rental is payable in three instalments during 1998–2000, with a nominal annual rental thereafter. The rentals are payable into a deposit account with FirstRand, which attracts a fixed rate of interest. FirstRand leased the assets back to the City over 15 years, with rentals payable during the years 2003–2013 out of the deposit account, which will reduce to zero on 30/06/2013. The City has ceded its rights to repayment of the deposit to FirstRand as security for its obligations to FirstRand under the original loan and any other indebtedness. The City does not disclose the separate asset and liability arising from these transactions on its balance sheet. It applies set-off in respect of these two legs of the structure, as they meet the requirements for offsetting of IAS32 par. 42 and contra out exactly.

(xi) Standard Bank (830000890)

Sale and leaseback structured R59,3 m 15-year loan. The City sold moveable electricity assets to Standard Bank at the market value of R59,3 m. The City invested R5,8 m of the proceeds in a sinking fund deposit that, when compounded over 15 years at a fixed rate of interest, grows to the original loan capital amount of R59,3 m. Standard Bank leased the assets back to the City, with rentals equating to the loan fixed-rate interest payable annually over 15 years. A bullet rental amount of R59,3 m is payable on 24/06/2011 out of the sinking fund deposit. At the expiry of the lease, the City has the option to (a) hand back the assets to Standard Bank, (b) request that the assets be sold, with the City having the first right of refusal and the sales proceeds refunded to the City as a rebate of rentals, or (c) enter into a new lease.

The City has the right to prepay the full lease, on six months' notice, subject to being liable for all breakage/unwinding costs, in the event of an increase in the lease rentals arising from a reduction in the assumed benefits payable to the City under the structure.

Note: The rates of interest payable on the above structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the allowability of deductions by the lenders for income tax purposes in connection with these loans, in the event of changes to, or interpretation of, the Income Tax Act or any other relevant legislation which impacts on the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives in order to absorb the increase or decrease in costs.

**APPENDIX B - ECONOMIC ENTITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE R'000		
	OPENING BALANCE R'000	TRANSFERS/ADJUSTMENTS R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000	OPENING BALANCE R'000	TRANSFERS/ADJUSTMENTS R'000	ADDITIONS R'000		DISPOSALS R'000	CLOSING BALANCE R'000
Land and buildings											
Land	158,809	10,656	41,585	0	211,050	(1,040)	0	(34,992)	0	(36,032)	175,018
Buildings	2,798,647	44,812	39,525	(140)	2,882,844	(1,419,915)	2,484	(90,901)	102	(1,508,230)	1,374,614
	2,957,456	55,468	81,110	(140)	3,093,894	(1,420,955)	2,484	(125,893)	102	(1,544,262)	1,549,632
Infrastructure											
Assets under construction	1,153,750	(588,930)	1,077,882	0	1,642,702	0	0	0	0	0	1,642,702
Drains	369,246	33,617	11,687	0	414,550	(160,058)	0	(14,637)	0	(174,695)	239,855
Roads	2,582,235	196,859	82,170	0	2,861,264	(1,274,176)	0	(156,624)	0	(1,430,800)	1,430,464
Beach improvements	25,232	299	1,038	0	26,569	(17,204)	0	(308)	0	(17,512)	9,057
Sewerage mains & purif.	836,648	189,050	8,561	0	1,034,259	(282,779)	0	(51,673)	0	(334,452)	699,807
Electricity mains	437,947	78	2,868	0	440,893	(129,475)	0	(22,039)	0	(151,514)	289,379
Electricity peak load equip.	1,969,408	62,157	44,951	0	2,076,516	(980,772)	0	(67,549)	0	(1,048,321)	1,028,195
Water mains & purification	1,665,625	470	615	0	1,666,710	(749,768)	0	(3,178)	0	(752,946)	913,764
Reservoirs - water	393,163	31	386	0	393,580	(212,978)	0	(16,170)	0	(229,148)	164,432
Water meters and mains	53,847	83,342	32,646	0	169,835	(3,738)	0	(58,511)	0	(62,249)	107,586
	9,487,101	(23,027)	1,262,804	0	10,726,878	(3,810,948)	0	(390,689)	0	(4,201,637)	6,525,241
Community assets											
Assets under construction	559,305	(47,491)	1,182,810	0	1,694,624	0	0	0	0	0	1,694,624
Parks and gardens	10,594	7,396	2,206	0	20,196	(2,635)	0	(383)	0	(3,018)	17,178
Libraries	122,579	717	873	0	124,169	(42,685)	0	(3,330)	0	(46,015)	78,154
Recreation facilities	63,241	831	5,178	0	69,250	(21,754)	0	(1,977)	0	(23,731)	45,519
Civic buildings	204,169	15,884	7,557	(263)	227,347	(97,937)	(2,318)	(7,979)	92	(108,142)	119,205
	959,888	(22,663)	1,198,624	(263)	2,135,586	(165,011)	(2,318)	(13,669)	92	(180,906)	1,954,680
Heritage assets											
Painting & art galleries	6,646	60	2,452	(13)	9,145	0	0	0	0	0	9,145
	6,646	60	2,452	(13)	9,145	0	0	0	0	0	9,145
Leased assets											
Infrastructure and other	398,960	(3)	0	(1)	398,956	(210,453)	0	(27,051)	1	(237,503)	161,453
	398,960	(3)	0	(1)	398,956	(210,453)	0	(27,051)	1	(237,503)	161,453

	COST					ACCUMULATED DEPRECIATION					CARRYING VALUE R '000	
	OPENING BALANCE R '000	TRANSFERS/ADJUSTMENTS R '000	ADDITIONS R '000	DISPOSALS R '000	CLOSING BALANCE R '000	OPENING BALANCE R '000	TRANSFERS/ADJUSTMENTS R '000	ADDITIONS R '000	DISPOSALS R '000	CLOSING BALANCE R '000		
Other assets												
Assets under construction	228,948	(165,341)	176,271	0	239,878	0	0	0	0	0	0	239,878
Landfill sites	346,403	23,607	12,532	(645)	381,897	(67,574)	0	(36,941)	229	(104,286)	0	277,611
Office equipment	135,225	8,684	18,520	(8,214)	154,215	(83,942)	(151)	(6,061)	7,665	(82,489)	71,726	71,726
Furniture and fittings	101,806	20,613	32,148	(5,593)	148,974	(68,105)	(252)	(12,197)	4,946	(75,608)	73,366	73,366
Bins and containers	27,960	214	1,807	(5)	29,976	(21,606)	0	(3,895)	5	(25,496)	4,480	4,480
Emergency equipment	18,318	808	7,172	(573)	25,725	(12,052)	0	(2,754)	547	(14,259)	11,466	11,466
Motor vehicles	922,290	(313,076)	173,683	(43,179)	739,718	(634,953)	231,441	(45,553)	41,342	(407,723)	331,995	331,995
Fire engines	57,334	10,925	6,528	(262)	74,525	(29,824)	29,756	(29,798)	262	(29,604)	44,921	44,921
Refuse trucks	49,062	323,137	55,165	(30,426)	396,938	(29,798)	(267,779)	17,784	30,106	(249,687)	147,251	147,251
Computer equipment	608,159	6,095	83,247	(31,043)	666,458	(387,384)	(91)	(69,566)	29,447	(427,594)	238,864	238,864
Watercraft	658	(7)	520	(23)	1,148	(207)	0	(50)	23	(234)	914	914
	2,496,163	(84,341)	567,593	(119,963)	2,859,452	(1,335,445)	(7,076)	(189,031)	114,572	(1,416,980)	1,442,472	1,442,472
Housing rental stock												
	1,039,516	73,960	31,373	(3,973)	1,140,876	(473,528)	0	(13,190)	3,176	(483,542)	657,334	657,334
Total	17,345,730	(546)	3,143,956	(124,353)	20,364,787	(7,416,340)	(6,910)	(759,523)	117,943	(8,064,830)	12,299,957	12,299,957
Investment properties												
	130,263	22	0	0	130,285	(29,161)	0	(4,414)	0	(33,575)	96,710	96,710
Intangible assets												
	263,760	17	1,322	0	265,099	(191,806)	(17)	(53,173)	0	(244,996)	20,103	20,103
Assets held for sale												
	980	(33)	0	(562)	385	0	(129)	(14)	0	(143)	242	242
Total	17,740,733	(540)	3,145,278	(124,915)	20,760,556	(7,637,307)	(7,056)	(817,124)	117,943	(8,343,544)	12,417,012	12,417,012

**APPENDIX B - MUNICIPALITY OF CAPE TOWN
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE R'000		
	OPENING BALANCE R'000	TRANSFERS/ADJUSTMENTS R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000	OPENING BALANCE R'000	TRANSFERS/ADJUSTMENTS R'000	ADDITIONS R'000		DISPOSALS R'000	CLOSING BALANCE R'000
Land and buildings											
Land	158,809	10,656	41,585	0	211,050	(1,040)	0	(34,992)	0	(36,032)	175,018
Buildings	2,278,583	37,138	31,724	(140)	2,347,305	(1,015,918)	2,447	(89,217)	102	(1,102,586)	1,244,719
	2,437,392	47,794	73,309	(140)	2,558,355	(1,016,958)	2,447	(124,209)	102	(1,138,618)	1,419,737
Infrastructure											
Assets under construction	1,153,750	(588,930)	1,077,882	0	1,642,702	0	0	0	0	0	1,642,702
Drains	369,246	33,617	11,687	0	414,550	(160,058)	0	(14,637)	0	(174,695)	239,855
Roads	2,582,235	196,859	82,170	0	2,861,264	(1,274,176)	0	(156,624)	0	(1,430,800)	1,430,464
Beach improvements	25,232	299	1,038	0	26,569	(17,204)	0	(308)	0	(17,512)	9,057
Sewerage mains & purif.	836,648	183,720	8,365	0	1,028,733	(282,779)	0	(51,673)	0	(334,452)	694,281
Electricity mains	437,947	78	2,868	0	440,893	(129,475)	0	(22,039)	0	(151,514)	289,379
Electricity peak load equip.	1,969,408	62,154	44,951	0	2,076,513	(980,772)	0	(67,549)	0	(1,048,321)	1,028,192
Water mains & purification	1,665,625	470	615	0	1,666,710	(749,768)	0	(3,178)	0	(752,946)	913,764
Reservoirs - water	393,163	31	386	0	393,580	(212,978)	0	(16,170)	0	(229,148)	164,432
Water meters and mains	53,847	83,342	32,646	0	169,835	(3,738)	0	(58,511)	0	(62,249)	107,586
	9,487,101	(28,360)	1,262,608	0	10,721,349	(3,810,948)	0	(390,689)	0	(4,201,637)	6,519,712
Community assets											
Assets under construction	559,305	(47,491)	1,182,810	0	1,694,624	0	0	0	0	0	1,694,624
Parks & gardens	10,594	7,396	2,206	0	20,196	(2,635)	0	(383)	0	(3,018)	17,178
Libraries	122,579	717	873	0	124,169	(42,685)	0	(3,330)	0	(46,015)	78,154
Recreation facilities	63,241	831	5,178	0	69,250	(21,754)	0	(1,977)	0	(23,731)	45,519
Civic buildings	204,169	15,884	7,557	(263)	227,347	(97,937)	(2,318)	(7,979)	92	(108,142)	119,205
	959,888	(22,663)	1,198,624	(263)	2,135,586	(165,011)	(2,318)	(13,669)	92	(180,906)	1,954,680
Heritage assets											
Painting & art galleries	6,646	60	2,452	(13)	9,145	0	0	0	0	0	9,145
	6,646	60	2,452	(13)	9,145	0	0	0	0	0	9,145
Leased assets											
Infrastructure and other	398,960	5,330	196	(1)	404,485	(210,453)	0	(27,051)	1	(237,503)	166,982
	398,960	5,330	196	(1)	404,485	(210,453)	0	(27,051)	1	(237,503)	166,982

	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE R '000	
	OPENING BALANCE R '000	TRANSFERS/ ADJUSTMENTS R '000	ADDITIONS R '000	DISPOSALS R '000	CLOSING BALANCE R '000	TRANSFERS/ ADJUSTMENTS R '000	ADDITIONS R '000	DISPOSALS R '000		CLOSING BALANCE R '000
Other assets										
Assets under construction	219,492	(157,630)	163,693	0	225,555	0	0	0	0	225,555
Landfill sites	346,403	23,607	12,532	(645)	381,897	(67,574)	(36,941)	229	(104,286)	277,611
Office equipment	132,780	8,692	17,661	(8,213)	150,920	(82,683)	(5,684)	7,665	(80,861)	70,059
Furniture and fittings	78,775	20,613	29,587	(5,593)	123,382	(52,549)	(8,902)	4,946	(56,757)	66,625
Bins and containers	27,960	214	1,807	(5)	29,976	(21,604)	(3,895)	5	(25,494)	4,482
Emergency equipment	18,255	808	7,172	(573)	25,662	(12,040)	(2,754)	547	(14,247)	11,415
Motor vehicles	913,195	(312,797)	173,298	(42,960)	730,736	(629,023)	(44,410)	41,227	(401,044)	329,692
Fire engines	57,334	10,925	6,528	(262)	74,525	(29,824)	(29,798)	262	(29,604)	44,921
Refuse trucks	49,062	323,137	55,165	(30,426)	396,938	(29,798)	17,784	30,106	(249,687)	147,251
Computer equipment	601,245	6,097	81,904	(31,042)	658,204	(381,999)	(68,678)	29,447	(421,322)	236,882
Watercraft	658	(7)	520	(23)	1,148	(207)	(50)	23	(234)	914
	2,445,159	(76,341)	549,867	(119,742)	2,798,943	(1,307,301)	(183,328)	114,457	(1,383,536)	1,415,407
Housing rental stock										
	1,039,516	73,960	31,373	(3,973)	1,140,876	(473,528)	(13,190)	3,176	(483,542)	657,334
Investment properties										
	128,629	22	0	0	128,651	(29,161)	(4,414)	0	(33,575)	95,076
Intangible assets										
	263,726	0	1,317	0	265,043	(191,806)	(53,154)	0	(244,960)	20,083
Assets held for sale										
	980	(33)	0	(562)	385	0	(14)	0	(143)	242
Total	17,167,997	(231)	3,119,746	(124,694)	20,162,818	(7,205,166)	(809,718)	117,828	(7,904,420)	12,258,398

**APPENDIX B(1) - ECONOMIC ENTITY
RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

RECONCILIATION OF CARRYING VALUE	PROPERTY, PLANT AND EQUIPMENT										ASSETS HELD FOR SALE	INVESTMENT PROPERTY	INTANGIBLE ASSETS
	LAND AND BUILDINGS	INFRA-STRUCTURE	COMMUNITY	HERITAGE	OTHER	LEASED ASSETS	HOUSING	TOTAL	R'000	R'000			
Carrying values as at 1 July 2007	1,536,501	5,676,153	794,877	6,646	1,160,718	188,507	565,988	9,929,390	980	101,102	71,954		
Cost	2,957,456	9,487,101	959,888	6,646	2,496,163	398,960	1,039,516	17,345,730	980	130,263	263,760		
Accumulated depreciation	(1,420,955)	(3,810,948)	(165,011)	0	(1,335,445)	(210,453)	(473,528)	(7,416,340)	0	(29,161)	(191,806)		
Acquisitions	81,110	1,262,804	1,198,624	2,452	567,593	0	31,373	3,143,956	0	0	1,322		
Capital under construction							0	0	0	0	0		
Depreciation based on cost	(109,589)	(390,689)	(13,669)	0	(189,031)	(27,051)	(11,907)	(741,936)	(14)	(4,414)	(53,173)		
Carrying value of disposals	(38)	0	(171)	(13)	(5,391)	0	(797)	(6,410)	(562)	0	0		
Cost	(140)	0	(263)	(13)	(119,963)	(1)	(3,973)	(124,353)	(562)	0	0		
Accumulated depreciation	102	0	92	0	114,572	1	3,176	117,943	0	0	0		
Impairment losses	(16,304)	0	0	0	0	0	(1,283)	(17,587)	0	0	0		
Transfers	57,952	(23,027)	(24,981)	60	(91,417)	(3)	73,960	(7,456)	(162)	22	0		
Carrying values as at 30 June 2008	1,549,632	6,525,241	1,954,680	9,145	1,442,472	161,453	657,334	12,299,957	242	96,710	20,103		
Cost	3,093,894	10,726,878	2,135,586	9,145	2,859,452	398,956	1,140,876	20,364,787	385	130,285	265,099		
Accumulated depreciation	(1,544,262)	(4,201,637)	(180,906)	0	(1,416,980)	(237,503)	(483,542)	(8,064,830)	(143)	(33,575)	(244,996)		
Carrying values as at 1 July 2006	1,519,418	5,201,647	276,555	2,772	888,423	175,830	579,889	8,644,534	0	105,478	119,987		
Cost	2,910,757	8,717,102	422,096	2,772	2,128,887	289,201	1,032,233	15,503,048	0	130,250	259,491		
Accumulated depreciation	(1,391,339)	(3,515,455)	(145,541)		(1,240,464)	(113,371)	(452,344)	(6,858,514)	0	(24,772)	(139,504)		
Acquisitions	51,430	909,187	515,994	4,390	491,340	149	6,466	1,978,956	0	0	4,258		
Capital under construction	0	0	0	0	0	0	0	0	0	0	0		
Depreciation based on cost	(32,094)	(366,198)	(19,383)	0	(211,684)	(27,650)	(21,985)	(678,994)	0	(4,389)	(52,302)		
Carrying value of disposals	(696)	0	(1,810)	(21)	(6,817)	(49,420)	(553)	(59,317)	0	0	0		
Cost	(696)	0	(1,810)	(21)	(119,202)	(83,658)	(2,109)	(207,496)	0	0	0		
Accumulated depreciation	0	0	0	0	112,385	34,238	1,556	148,179	0	0	0		
Impairment losses	1,567	(68,483)	23,521	(495)	(544)	89,598	9,579	(5,841)	980	13	11		
Transfers	(3,124)												
Carrying values as at 30 June 2007	1,536,501	5,676,153	794,877	6,646	1,160,718	188,507	565,988	9,929,390	980	101,102	71,954		
Cost	2,957,456	9,487,101	959,888	6,646	2,496,163	398,960	1,039,516	17,345,730	980	130,263	263,760		
Accumulated depreciation	(1,420,955)	(3,810,948)	(165,011)	0	(1,335,445)	(210,453)	(473,528)	(7,416,340)	0	(29,161)	(191,806)		

**APPENDIX B(1) - MUNICIPALITY OF CAPE TOWN
RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

RECONCILIATION OF CARRYING VALUE	PROPERTY, PLANT AND EQUIPMENT										ASSETS HELD FOR SALE	INVESTMENT PROPERTY	INTANGIBLE ASSETS			
	LAND AND BUILDINGS	INFRA-STRUCTURE	COMMUNITY	HERITAGE	OTHER	LEASED ASSETS	HOUSING	TOTAL	R'000	R'000				R'000	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000				R'000	R'000	R'000
Carrying values as at 1 July 2007	1,420,434	5,676,153	794,877	6,646	1,137,858	188,507	565,988	9,790,463	980	99,468	71,920					
Cost	2,437,392	9,487,101	959,888	6,646	2,445,159	398,960	1,039,516	16,774,662	980	128,629	263,726					
Accumulated depreciation	(1,016,958)	(3,810,948)	(165,011)	0	(1,307,301)	(210,453)	(473,528)	(6,984,199)	0	(29,161)	(191,806)					
Acquisitions	73,309	1,262,804	1,198,624	2,452	549,867	0	31,373	3,118,429	0	0	1,317					
Capital under construction	0	0	0	0	0	0	0	0	0	0	0					
Depreciation based on cost	(90,483)	(390,689)	(13,669)	0	(183,328)	(27,051)	(11,907)	(717,127)	(14)	(4,414)	(53,154)					
Carrying value of disposals	(38)	0	(171)	(13)	(5,285)	0	(797)	(6,304)	(562)	0	0					
Cost	(140)	0	(263)	(13)	(119,742)	(1)	(3,973)	(124,132)	(562)	0	0					
Accumulated depreciation	102	0	92	0	114,457	1	3,176	117,828	0	0	0					
Impairment losses	(33,726)	0	0	0	0	0	(1,283)	(35,009)	0	0	0					
Transfers	50,241	(23,027)	(24,981)	60	(83,705)	(3)	73,960	(7,455)	(162)	22	0					
Carrying values as at 30 June 2008	1,419,737	6,525,241	1,954,680	9,145	1,415,407	161,453	657,334	12,142,997	242	95,076	20,083					
Cost	2,558,355	10,726,878	2,135,586	9,145	2,798,943	398,956	1,140,876	19,768,739	385	128,651	265,043					
Accumulated depreciation	(1,138,618)	(4,201,637)	(180,906)	0	(1,383,536)	(237,503)	(483,542)	(7,625,742)	(143)	(33,575)	(244,960)					
Carrying values as at 1 July 2006	1,387,481	5,201,647	276,555	2,772	871,635	175,830	579,889	8,495,809	0	99,844	119,964					
Cost	2,391,828	8,717,102	422,096	2,772	2,090,424	289,201	1,032,233	14,945,656	0	124,616	259,468					
Accumulated depreciation	(1,004,347)	(3,515,455)	(145,541)	0	(1,218,789)	(113,371)	(452,344)	(6,449,847)	0	(24,772)	(139,504)					
Acquisitions	50,295	909,187	515,994	4,390	478,668	149	6,466	1,965,149	0	0	4,258					
Capital under construction	0	0	0	0	0	0	0	0	0	0	0					
Depreciation based on cost	(12,777)	(366,198)	(19,383)	0	(205,360)	(27,650)	(21,985)	(653,353)	0	(4,389)	(52,302)					
Carrying value of disposals	(696)	0	(1,810)	(21)	(6,749)	(49,420)	(553)	(59,249)	0	0	0					
Cost	(696)	0	(1,810)	(21)	(119,088)	(83,658)	(2,109)	(207,382)	0	0	0					
Accumulated depreciation	0	0	0	0	112,339	34,238	1,556	148,133	0	0	0					
Impairment losses	(373)	0	0	0	0	0	(7,408)	(7,781)	0	0	0					
Transfers	(3,496)	(68,483)	23,521	(495)	(336)	89,598	9,579	49,888	980	4,013	0					
Carrying values as at 30 June 2007	1,420,434	5,676,153	794,877	6,646	1,137,858	188,507	565,988	9,790,463	980	99,468	71,920					
Cost	2,437,392	9,487,101	959,888	6,646	2,445,159	398,960	1,039,516	16,774,662	980	128,629	263,726					
Accumulated depreciation	(1,016,958)	(3,810,948)	(165,011)	0	(1,307,301)	(210,453)	(473,528)	(6,984,199)	0	(29,161)	(191,806)					

**APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	COST			ACCUMULATED DEPRECIATION					CARRYING VALUE R'000	BUDGET/ ADDITIONS R'000	
	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	TRANSFERS R'000	CLOSING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	TRANSFERS R'000			CLOSING BALANCE R'000
Executive and Council	16,022	7,848	(3,087)	7,864	28,646	(2,661)	2,744	(202)	(8,755)	19,891	13,360
Finance and administration	2,113,204	1,152,935	(38,974)	(8,774)	3,218,391	(134,972)	37,481	4,042	(1,172,932)	2,045,459	1,345,738
Planning and development	332,509	48,519	(858)	10,837	391,007	(13,147)	791	(120)	(109,748)	281,259	83,871
Health	144,963	25,335	(1,810)	1,961	170,448	(5,527)	1,725	(263)	(49,615)	120,833	29,708
Community and social services	460,725	39,435	(2,491)	5,041	502,711	(15,874)	2,210	(5,401)	(216,257)	286,454	91,217
Housing	1,356,490	116,484	(6,829)	(91,026)	1,375,118	(489,663)	5,094	(514)	(544,026)	831,093	267,931
Public safety	504,058	74,985	(3,719)	(20,869)	554,455	(30,303)	3,588	(1,377)	(260,792)	293,662	84,444
Sport and recreation	1,012,473	126,954	(3,653)	776	1,136,550	(31,387)	3,482	4,586	(361,075)	775,475	132,416
Environmental protection	2,066	74	(12)	374	2,502	(433)	11	(32)	(873)	1,628	5,576
Waste management	1,937,765	110,436	(20,872)	(1,107,493)	919,836	(55,191)	19,897	373,667	(344,895)	574,941	115,473
Wastewater management	1,254,989	271,242	(790)	12,202	1,537,643	(53,504)	789	(375,954)	(428,668)	1,108,974	326,237
Road transport	3,372,790	385,761	(3,778)	66,125	3,820,898	(172,100)	3,696	(389)	(1,670,246)	2,150,652	634,386
Water	1,416,611	215,953	(7,578)	1,132,469	2,757,454	(108,778)	7,290	(2,965)	(1,243,906)	1,513,550	270,056
Electricity	3,226,715	543,788	(30,243)	2,768	3,743,027	(126,692)	29,030	(2,426)	(1,492,019)	2,251,008	569,757
Other	16,617	0	0	(12,485)	4,132	(206)	0	(16)	(613)	3,519	2,030
CT International Convention Centre	568,078	24,420		(316)	592,182	(6,793)	0	316	(437,287)	154,895	28,804
Cape Town Comm. Housing Comp.	784	15	(1)	15	813	(74)	0	(16)	(689)	124	0
Khayelitsha Community Trust	1,634	166	0	0	1,800	(10)	0	0	(10)	1,790	0
City Improvement Districts	2,117	931	(220)	(8)	2,820	(708)	115	8	(1,090)	1,730	0
RED 1	123	0	0	0	123	(24)	0	0	(48)	75	0
TOTAL	17,740,733	3,145,278	(124,915)	(540)	20,760,556	(817,124)	117,943	(7,056)	(8,343,544)	12,417,012	4,001,004

Note 1: The balance as at 30 June 2008 for certain assets includes electricity and bulk water assets held under finance leases with a carrying value of R161,453 million.

**APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008**

2007		2008		2008	
ACTUAL INCOME R'000	ACTUAL EXPENDITURE R'000	SURPLUS/ (DEFICIT) R'000	ACTUAL INCOME R'000	ACTUAL EXPENDITURE R'000	SURPLUS/ (DEFICIT) R'000
4,208,577	1,018,933	3,189,644	5,211,087	1,470,737	3,740,350
5,560	222,657	(217,097)	8,614	256,980	(248,366)
1,149,438	1,249,900	(100,462)	1,178,670	1,507,279	(328,609)
147,476	314,744	(167,268)	167,007	366,455	(199,448)
143,022	316,593	(173,571)	173,717	343,652	(169,935)
(14,515)	513,449	(527,964)	50,344	650,328	(599,984)
318,595	461,686	(143,091)	355,566	663,271	(307,705)
237,000	881,399	(644,399)	221,838	1,047,789	(825,951)
62,965	297,370	(234,405)	36,225	325,675	(289,450)
630	63,762	(63,132)	1,603	81,052	(79,449)
951,063	881,961	69,102	1,185,856	1,170,936	14,920
954,028	795,251	158,777	1,087,290	898,674	188,616
159,654	735,026	(575,372)	152,349	922,483	(770,134)
1,945,391	1,786,856	158,535	2,167,595	1,890,981	276,614
3,175,589	3,025,552	150,037	3,486,538	3,366,101	120,437
805	41,231	(40,426)	1,534	45,054	(43,520)
13,445,278	12,606,370	838,908	15,485,833	15,007,447	478,386
2,577,891	2,577,891	0	2,949,441	2,949,441	0
10,867,387	10,028,479	838,908	12,536,392	12,058,006	478,386
0	(11,144)	11,144	236	10,023	(9,787)
10,867,387	10,017,335	850,052	12,536,628	12,068,029	468,599
CONTROLLED ENTITIES					
107,469	88,945	18,524	139,818	107,633	32,185
7,934	455	7,479	21,825	17,789	4,036
9	24	(15)	13	2	11
1,021	835	186	6,326	5,490	836
45,700	43,106	2,594	56,195	60,769	(4,574)
8,960	8,960	0	166	166	0
171,093	142,325	28,768	224,343	191,849	32,494
(69,143)	(69,143)	0	(61,908)	(61,908)	0
10,969,337	10,090,517	878,820	12,699,063	12,197,970	501,093
		(4,574)			(15,082)
		(7)			(1,764)
		874,239			484,247

Share of deficit of associate, accounted for under the equity method

Taxation

Total

**APPENDIX E(1)
ACTUAL REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

	ACTUAL REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008			EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 10%
	ACTUAL R'000	BUDGET R'000	VARIANCE R'000	
REVENUE				
Property rates	3,256,512	3,136,000	(120,512)	-3.84%
Service charges	5,889,869	5,877,785	(12,084)	-0.21%
Regional Services Council levies	20,475	12,700	(7,775)	-61.22%
Rental of letting stock and facilities	247,848	239,405	(8,443)	-3.53%
Interest receivable	544,929	419,868	(125,061)	-29.79%
Fines	159,225	161,018	1,793	1.11%
Licences and permits	31,037	32,042	1,005	3.14%
Income for agency services	112,654	110,828	(1,826)	-1.65%
Government grants and subsidies	1,773,281	1,859,501	86,220	4.64%
Deferred income	324,261	356,037	31,776	100.00%
Other income	284,807	279,169	(5,638)	-2.02%
Public contributions and donated PPE	6,217	0	(6,217)	100.00%
Gains on disposal of property, plant and equipment	47,948	43,853	(4,095)	-9.34%
Total revenue	12,699,063	12,528,206	(170,857)	-1.36%
EXPENDITURE				
Employee-related costs	3,460,249	3,514,873	(54,624)	-1.55%
Remuneration of councillors	71,812	70,735	1,077	1.52%
Impairment costs	725,923	566,639	159,284	28.11%
Collection costs	143,935	148,875	(4,940)	-3.32%
Depreciation and amortised expenses	799,537	895,113	(95,576)	-10.68%
Repairs and maintenance	1,193,233	1,216,477	(23,244)	-1.91%
Interest paid	483,575	314,806	168,769	53.61%
Bulk purchases	2,141,514	2,164,272	(22,758)	-1.05%
Contracted services	649,396	652,373	(2,977)	-0.46%
Grants and subsidies paid	82,249	84,273	(2,024)	-2.40%
General expenses - other (including abnormal expenses)	2,444,925	2,452,561	(7,636)	-0.31%
Loss on disposal of property, plant and equipment	1,622	24	1,598	6658.33%
Total expenditure	12,197,970	12,081,021	116,949	0.97%
NET SURPLUS FOR THE YEAR before taxation	501,093	447,185	(53,908)	-12.05%

APPENDIX E(2)
ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2008

	TOTAL ADDITIONS		BUDGET		VARIANCE		EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 5% VERSUS BUDGET
	ACTUAL R'000	R'000	R'000	R'000	R'000	%	
Executive and Council	7,848	7,848	13,360	5,512	41.26%	Orders have been placed for equipment and furniture. Subcouncil accommodation project is in its final stage.	
Finance and administration (service delivery integration included)	1,152,935	1,152,935	1,345,738	192,803	14.33%	The advance payment for the roof of the Green Point stadium was delayed due to unforeseen circumstances beyond our control. Reconfiguration of the Green Point common will commence in the following financial year, as it is dependent on the finalisation of the public participation process embarked on by the Provincial Minister.	
Planning and development	48,519	48,519	83,871	35,353	42.15%	Delays experienced with the delivery of furniture and equipment and roll-overs expected where tenders were secured but it was too late to implement projects.	
Health	25,335	25,335	29,708	4,373	14.72%	The under-expenditure is mainly due to the fact that two major projects had delays caused by site conditions and local labour action on site.	
Community and social services	39,435	39,435	91,217	51,782	56.77%	The under-expenditure can be attributed to programmes running behind schedule, and outstanding claims.	
Housing	116,484	116,484	267,931	151,447	56.52%	Various projects comprise this figure. Certain projects proceeded faster than initially envisaged, whilst other projects were slightly delayed. Also note the impact of delays in subsidy approvals and subsidy programme announcement by the National Housing Department. Also note that the City's internal funds, which form part of this figure, reflect a 94% spend, and that the City accessed 99% of its State subsidy allocation for 2007/8.	
Public safety	74,985	74,985	84,444	9,459	11.20%	Most projects completed, while funds are committed to others. Due to delivery delays, projects will be rolled over to the 2008/9 financial year. In some instances, delays in the tender process have resulted in funds only to be spent in the new financial year, funds to be rolled over to 2008/9 financial year.	
Sport and recreation	126,954	126,954	132,416	5,462	4.13%		
Environmental protection	74	74	5,576	5,502	98.68%	Delays experienced with the delivery of furniture and equipment, and roll-overs expected where tenders were secured but it was too late to implement projects.	
Waste management	110,436	110,436	115,473	5,037	4.36%		
Road transport	385,761	385,761	634,386	248,625	39.19%	Under-expenditure is largely due to the following: optimistic cash flows by project managers - especially evident in World Cup items where projects have been slow in getting under way, and were yet further delayed due to the delay in finalising the operations plan; poor contractor performance; late contract starts due to the delays in relocation of squatters from construction sites; cancellation of unacceptable tender offers and re-tendering; increased adjustment budgets; delays in approval of deviation requests delaying contract starts; significant and ongoing project management staff attrition.	
Water	487,195	487,195	596,293	109,099	18.30%	Difficulties experienced with the moving of informal households and bad weather caused delays during the construction phase. Land issues also caused delays in Helderberg, as land acquisition took longer than expected.	
Electricity	543,788	543,788	569,757	25,970	4.56%	Delivery of equipment shipped from abroad took longer than expected. Certain contracts progressed slowly due to over-commitments (took up more work than they could handle).	
Other (tourism)	0	0	2,030	2,030	100.00%	Unforeseen delays, projects will be completed in new financial year, funds to be rolled over.	
CONTROLLED ENTITIES							
Cape Town International Convention Centre (Pty) Ltd	24,420	24,420	28,804	4,384	15.22%		
Cape Town Community Housing Company (Pty) Ltd	15	15	0	(15)			
Philippi East Trading Centre (Pty) Ltd	0	0	0	0			
Khayelitsha Community Trust	166	166	0	(166)			
City Improvement Districts	931	931	0	(931)			
RED 1	0	0	0	0			
TOTAL	3,145,278	3,145,278	4,001,004	855,726	21.39%		

**APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA**

NAME OF GRANT	FUNDER	QUARTERLY RECEIPTS					TOTAL R'000	QUARTERLY EXPENDITURE					TOTAL R'000
		SEP R'000	DEC R'000	MAR R'000	JUN R'000	TOTAL R'000		SEP R'000	DEC R'000	MAR R'000	JUN R'000	TOTAL R'000	
CS-Amenities and recreation	PAWC CULTURAL	0	0	0	1,500	1,500	0	0	0	0	0	0	(1,500)
CS-Amenities and recreation	PAWC SOCIAL SERVICES	0	1,000	0	0	1,000	1,905	654	0	15	2,574	1,574	1,574
CS-Amenities and recreation	PAWC TRANSPORT & PUBLIC WORKS	0	30,000	0	0	30,000	2,161	7,059	1,457	4,582	15,259	(14,741)	(14,741)
CS-City health	PAWC HEALTH	4,976	13,118	10,951	10,415	39,460	3,310	12,947	12,283	11,100	39,640	180	180
CS-Emergency services	PAWC OTHER	0	0	1,500	0	1,500	0	0	0	1,500	1,500	0	0
CS-Open space nature conservation	PAWC HUMAN SETTLEMENT REDEVELOPMENT PROGRAMME	0	0	0	160	160	0	0	0	160	160	0	0
CS-Social development	PAWC CULTURAL AFFAIRS	2,346	2,347	4,694	0	9,387	2,231	2,484	1,551	3,097	9,363	(24)	(24)
DV-Economic development and tourism	PAWC HUMAN SETTLEMENT REDEVELOPMENT PROGRAMME	442	0	0	195	637	0	388	122	0	510	(127)	(127)
DV-Planning and environment	PAWC ENVIRONMENTAL AFFAIRS	229	0	0	0	229	0	0	0	0	0	(229)	(229)
DV-Planning and environment	PAWC OTHER	0	0	0	927	927	46	509	208	29	792	(135)	(135)
DV-Planning and environment	STATE DEPT OTHER	4,500	0	0	1,000	5,500	327	433	660	2,446	3,866	(1,634)	(1,634)
DV-Public housing	PAWC HOUSING	15,461	9,651	70,977	182	96,271	10,488	9,672	8,587	17,142	45,889	(50,382)	(50,382)
DV-Public housing	PROVINCIAL HOUSING	19,421	8,486	107,206	12,719	147,832	9,445	22,441	23,762	48,840	104,488	(43,344)	(43,344)
DV-Public housing	STATE HOUSING	0	1,500	0	0	1,500	0	110	10	146	266	(1,234)	(1,234)
DV-Transport, roads and stormwater	MTAB STATE	0	0	0	320,282	320,282	0	0	0	32,930	32,930	(287,352)	(287,352)
Electricity	DEPT. MINERALS AND ENERGY	0	10,764	1,980	460	13,204	5,032	10,431	(2,810)	2,724	15,377	2,173	2,173
Support services	MUNICIPAL INFRASTRUCTURE GRANTS	34,981	62,840	92,324	27,910	218,055	27,600	52,255	38,990	38,466	157,311	(60,744)	(60,744)
Support services	NATIONAL TREASURY	45,973	4,109	146,845	0	196,927	8,221	16,534	43,820	32,137	100,712	(96,215)	(96,215)
Support services	PAWC HOUSING	281	0	0	48	329	187	0	103	52	342	13	13
Support services	PAWC OTHER	0	0	48	0	48	0	0	0	0	0	(48)	(48)
Support services	STATE DEPT SPORT AND RECREATION	0	361,099	397,948	411,600	1,170,647	0	96,835	286,523	430,606	813,964	(356,683)	(356,683)
TS-Water services	STATE DWAF	479	0	888	0	1,367	220	404	407	1,324	2,355	988	988
SUBTOTAL		129,089	504,914	835,361	787,398	2,256,762	71,173	233,156	415,673	627,296	1,347,298	(909,464)	(909,464)
FUNDING DELAYED													
DV-Public housing	PROVINCIAL HOUSING	1,464	720	1,345	1,467	4,996	341	1,479	2,613	2,500	6,933	1,937	1,937
SUBTOTAL		1,464	720	1,345	1,467	4,996	341	1,479	2,613	2,500	6,933	1,937	1,937
GRAND TOTAL		130,553	505,634	836,706	788,865	2,261,758	71,514	234,635	418,286	629,796	1,354,231	(907,527)	(907,527)

Funding delayed

The City of Cape Town's and the Provincial Government of the Western Cape's building valuations differ.

Conditions met

All the conditions related to allocations made to the City of Cape Town have been met.

**APPENDIX G
ANALYSIS OF PROVISIONS AS AT 30 JUNE 2008**

	FOR PERIOD 30 JUNE 2007				FOR PERIOD 30 JUNE 2008			
	OPENING BALANCE R'000	CONTRIBUTION R'000	TRANSFERS R'000	CLOSING BALANCE R'000	OPENING BALANCE R'000	CONTRIBUTION R'000	TRANSFERS R'000	CLOSING BALANCE R'000
Ambulance incentive	713	0	0	713	713	0	(713)	0
Staff parity	0	0	0	0	0	108,116	0	108,116
Insurance claim	1,847	1,038	(1,847)	1,038	1,038	(1,038)	813	813
Medical aid	71,000	5,000	0	76,000	76,000	13,000	0	89,000
SARS	57,610	205	(57,610)	205	205	0	(38)	167
Performance bonus	2,116	0	(762)	1,354	1,354	1,948	(1,354)	1,948
COVID claims	2,379	2,460	(2,379)	2,460	2,460	3,221	(2,460)	3,221
Legal fees	600	4,028	(600)	4,028	4,028	2,146	(4,028)	2,146
Landfill sites	20,000	7,623	(20,000)	7,623	7,623	33,777	0	41,400
Revenue pension	3,000	2,700	(3,000)	2,700	2,700	0	(500)	2,200
Staff leave	180,941	38,766	0	219,707	219,707	74,569	0	294,276
Long-service leave benefits	0	18,940	0	18,940	18,940	0	(4,093)	14,847
	340,206	80,760	(86,198)	334,768	334,768	237,590	(14,224)	558,134



REPORT OF THE AUDITOR-GENERAL TO THE MUNICIPAL COUNCIL AND PROVINCIAL PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying consolidated financial statements of the City of Cape Town (municipality), which comprise the consolidated and separate statement of financial position as at 30 June 2008, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated cash-flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 143.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
 - selecting and applying appropriate accounting policies; and
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by Section 188 of the Constitution of the Republic of South Africa, 1996 read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and Section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used;
 - reasonableness of accounting estimates made by management; and
 - overall presentation of the financial statements.
7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the economic entity in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The economic entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

Opinion

10. In my opinion the financial statements present fairly, in all material respects, the consolidated financial position of the City of Cape Town as at 30 June 2008 and its consolidated financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in note 1 to the financial statements and in the manner required by the MFMA and DoRA.

Emphasis of matters

Without qualifying my audit opinion, I draw attention to the following matters:

Amendments to the applicable basis of accounting

11. In accordance with an exemption received from National Treasury, the consolidated financial statements only include the results of the Khayelitsha Community Trust (KCT) as a separate municipal entity and not the consolidated results of KCT and its related entities. KCT's investments in corporate statutory entities are accounted for as investments at cost in the financial statements of KCT and in the consolidated financial statements of the City of Cape Town. The audit opinion expressed relates only to the results of the separate financial statements of KCT included in the City's consolidated results. The results of KBD Management (Pty) Ltd and the related subsidiaries are detailed in accounting policy note 2 to the financial statements.

Irregular expenditure

12. As disclosed in note 42 to the financial statement, irregular expenditure to the amount of R126,5 million was incurred in the current year, as a proper tender process had not been followed by the City of Cape Town in that, among others, approval was not obtained from the appropriately delegated authority to deviate from the tender process.

Restatement of corresponding figures

13. As disclosed in notes 8 and 38 to the financial statements, the corresponding figures for 30 June 2007 have been restated as a result of errors discovered during 2008 in the financial statements of the City of Cape Town at, and for the year ended, 30 June 2007.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA)

Cape Town International Convention Centre Company (Pty) Ltd (CTICC)

14. The upper limits of the remuneration packages of senior management of the entity were not determined by the parent municipality, as prescribed by Section 89(a) of the MFMA.

15. Senior management remuneration was not disclosed, as required by Section 124(2) of the MFMA.

KCT

16. A financial and risk management system as required by Section 95(c)(i) of the MFMA was not in place.

17. The delegation of authority by the accounting officer, as required by Section 106(2)(a) of the MFMA, had not been finalised during the year under review.

Companies Act, 1973 (Act No. 61 of 1973)

CTICC

18. The number of directors appointed in the entity is in excess of the number of directors that is allowed in terms of the entity's articles of association and Section 209 of the Companies Act, 1973.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)

KCT

19. The entity held an investment in a corporate body, KBD Management (Pty) Ltd, in contravention of Section 93K of the Local Government: Municipal Systems Act, 2000. This investment was acquired prior to the promulgation of the amendment to the legislation.

Matters of governance

20. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:



		Economic Entity		Municipality of City of Cape Town	
		Yes	No	Yes	No
Matter of governance					
Audit committee					
•	The municipality had an audit committee in operation throughout the financial year.	•		•	
•	The audit committee operates in accordance with approved, written terms of reference.	•		•	
•	The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA.	•		•	
Internal audit					
•	The municipality had an internal audit function in operation throughout the financial year.	Not applicable		•	
•	The internal audit function operates in terms of an approved internal audit plan.	Not applicable		•	
•	The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA.	Not applicable		•	
Other matters of governance					
•	The annual financial statements were submitted for audit as per the legislated deadlines in Section 126 of the MFMA.	•		•	
•	The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		•		•
•	The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		•		•
•	No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	•		•	
•	The prior year's external audit recommendations have been substantially implemented.	•			•
•	The SCOPA resolutions have been substantially implemented.	Not applicable		•	

Unaudited supplementary schedules

21. The supplementary schedules set out on pages 144 to 149 do not form part of the annual financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on this information.

**OTHER REPORTING RESPONSIBILITIES
REPORT ON PERFORMANCE INFORMATION**

22. I have reviewed the performance information as set out on pages 167 to 187.

Responsibility of the accounting officer for the performance information

23. In terms of Section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

24. In terms of Section 121(4)(d) of the MFMA, the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.

Responsibility of the Auditor-General

25. I conducted my engagement in accordance with Section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.
26. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
27. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)**No reporting of performance information**

28. The entity did not report performance against predetermined objectives for RED 1 and Philippi East Trading (Pty) Ltd, as these municipal entities are currently dormant and in the process of winding down.

Non-compliance with regulatory requirements

29. The City of Cape Town did not enter into a service delivery agreement with the Cape Town International Convention Centre Company (Pty) Ltd, as required by Section 76 of the Local Government: Municipal Systems Act, 2000.

OTHER REPORTS**Investigations**

30. The prior year audit of payroll at the City of Cape Town indicated instances of irregular expenditure amounting to approximately R1,3 million. Disclosure of the individual items, together with council action in terms of Section 32(2)(b) of the MFMA, was made in note 42 to the financial statements. SCOPA established subcommittees to investigate time theft and arrear staff debtors with a view to resolving these matters. These matters had not been resolved at the date of this report.
31. The City of Cape Town had commissioned forensic investigations into several possible fraudulent and/or irregular acts by officials and suppliers. The monetary amount of the 10 highest priority cases totals R70,2 million. Investigations requested by SCOPA in the prior year resulting from audit findings amounting to R6,9 million were still under review at the date of this report.

Special audits

32. As requested by the City of Cape Town, an agreed-upon procedures audit was conducted during the year under review with regard to the municipality's domestic medium-term note programme (programme) and the issue of notes thereto. The procedures performed were in terms of the listing requirements as stipulated by the Bond Exchange of South Africa and included a review of the accuracy of the information presented in the programme memorandum supplied to prospective subscribers of the notes. The report covered information presented in the annual reports of the 2006/7 and 2005/6 reporting periods, and was submitted to the municipality on 23 May 2008.

APPRECIATION

33. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

Auditor-General

Pretoria

19 December 2008



AUDITOR-GENERAL

MANAGEMENT COMMENTS AND CORRECTIVE ACTION TO BE INSTITUTED ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2008 IN TERMS OF SECTION 121(4)(E) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003

The unqualified audit report contains certain issues for which comments are provided below, where relevant. The paragraph references correspond with the references in the Audit Report and paragraphs for which no comments are provided are noted.

Irregular Expenditure

12. Since 2003 the City called for tenders for labour brokers on five occasions in all, the first four of which were unsuccessful due to the stipulated responsiveness criteria not being met by tenderers. After the fourth attempt, authority was obtained from the City Manager on recommendation from the Supply Chain Bid Adjudication Committee for the deviation from the Supply Chain Management Policy for the period 1 July 2007 to 31 December 2007 whilst a tender was in the process of being prepared.

The tender was not yet ready by January 2008 and it was presumed that the deviation authorisation covered the extension on a monthly basis until the tender was ready. It has since been found that the presumption of the extension of the authorisation for the deviation was not correct. A report is now being prepared to Council to approve and condone the expenditure.

A tender has since been awarded for commencement on 1 October 2008

Restatement of corresponding figures

13. The restatements were due to a correction of error with regard to the unused portion of prepaid electricity sold as at the financial year end and a correction of amounts incorrectly classified as Payables instead of Unspent Conditional Grants and Receipts.

Non-compliance with applicable legislation

14. Noted, this matter is being addressed with the management of the Convention Centre.

15. Noted, this matter will be raised in the oversight report of the Annual Report.

16. This matter is being addressed by the Trust.

17. This matter is being addressed by the Trust.

18. Shareholders agreed at the AGM of the entity to increase the number of Directors. The Company Secretary is effecting the necessary changes.

No reporting of performance information

28. The entities are dormant and in the final stages of being deregistered. There is no performance on which to report.

Non-compliance with regulatory requirements

29. This matter has been corrected and the necessary Service Delivery Agreement has been approved and signed off by both parties.

Investigations

30. The investigations by SCOPA are continuing.

31. The investigations are ongoing.

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2008

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN

The Committee presents its report for the financial year ended 30 June 2008.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee, consisting of the members listed below, should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. The Committee's terms of reference require a minimum of five members. During the year under review, four Audit Committee meetings were held, as well as other meetings with the City Manager and Internal Audit. Although no specific meetings were held with the Auditor-General, they are in attendance at all Audit Committee meetings.

Name of member	Number of meetings attended
Mr AA Mahmood (Chairperson)	4
Ms BD Engelbrecht	3
Mr B Mahlangu (Resigned 14 April 2008)	3
Mr M Burton	4
Mr RS Schur	4

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, complied with its responsibilities arising from its terms of reference, including relevant legislative requirements.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

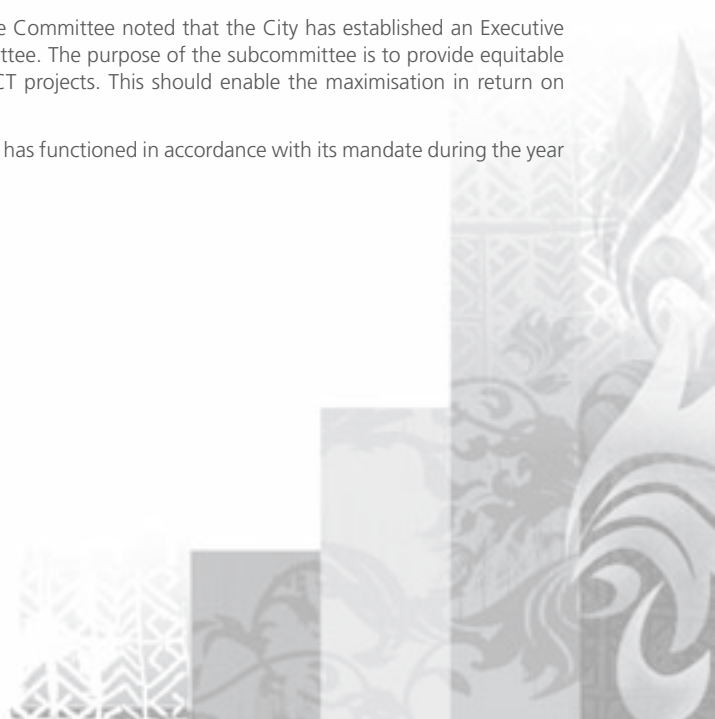
The Committee is pleased to note that the Auditor-General issued an unqualified audit opinion on the consolidated annual financial statements of the City for the year ended 30 June 2008. These financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy note 1 and in a manner required by the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). The Committee draws attention to the emphasis of matter and other matters paragraphs contained in the Auditor-General's report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

For the period under review, the risk-based internal audit plan focussed on HR and IT. The identified internal control weaknesses related mainly to human resource management processes and a lack of a formal IT strategy linking organisational objectives to IT initiatives. In addition, ineffective management controls over transactions, records and reconciliations were noted, as was non-compliance with documented policies and procedures due to the lack of staff awareness of existing and new policies. Inconsistent legacy policies were still in operation, highlighting the need to implement a harmonised City policy framework at pace.

Whilst the lack of a formal IT strategy has been highlighted as a weakness, the Committee noted that the City has established an Executive Management subcommittee to perform the function of an ICT Steering Committee. The purpose of the subcommittee is to provide equitable and effective delivery within and outside the organisation with reference to ICT projects. This should enable the maximisation in return on investment and ensure ICT governance.

The Committee notes that the Standing Committee on Public Accounts (SCOPA) has functioned in accordance with its mandate during the year under review. This has strengthened the oversight function within the City.



PERFORMANCE MEASUREMENT

The Committee notes continuous improvement in the method of reporting the performance of the City.

The Committee wishes to draw attention to the following areas, identified through internal audit reviews, which require focus:

- The IDP and Corporate SDBIP are aligned in terms of their focus areas and objectives. However, the alignment between the Corporate and Directorate SDBIPs, as well as the performance agreements of Executive Directors and the Directorate SDBIPs, is inadequate.
- Roles, responsibilities and corporate procedures pertaining to target setting, as well as review and retention of evidence for performance measurements, were not adequately defined and implemented.

The Committee acknowledges the finalisation of the remuneration policy for the City, but notes that the alignment of remuneration to staff performance has not yet been finalised. The Performance Management System should be cascaded to all levels of staff within the organisation.

RISK MANAGEMENT

The Committee notes the appointment of the City's Chief Risk Officer. The City appointed a specialist risk management service provider to commence the roll-out of Enterprise Wide Risk Management in the City. The Committee notes the progress made in the establishment of the Risk Committee for the City, which was approved by Council in October 2008.

A number of risk assessment workshops were held in the period under review, the outcomes of which have resulted in measured progress being made in identifying the City's key risks.

CONCLUSION

The Committee is pleased to note a number of improvements during the year in overall governance, internal control and risk management. The Committee concurs and accepts the conclusions of the Internal Audit Directorate in its control environment report and the report of the Auditor-General on the annual financial statements for the year ended 30 June 2008.

The Audit Committee recommends acceptance of the audited consolidated annual financial statements.

The Committee fully supports the City on its journey of improved service delivery and a successful 2010 FIFA Soccer World Cup™ event.



AA Mahmood

Chairperson of the Audit Committee

Date: 23 December 2008



ANNEXURES

ANNEXURE A: ANNUAL PERFORMANCE MANAGEMENT REPORT

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: 👍 - Meets or exceeds target 👎 - Currently does not meet target 🛑 - Information not available, or work on hold</p> <p>Strategic focus area 1: Shared economic growth and development</p>									
1A. Create an enabling environment for the economy to grow	1A.1 Number of direct job opportunities created (national key performance indicator)	>7 000	13 229	9 500	10 177	👍	Current and new investments yielded more jobs than expected.	Continue existing strategy based on existing achievements.	Positive result - previous investments producing new jobs.
	1A.2 Rand value of direct investment	> or = R2 billion	R1,16 bn	R1,6 bn	R1,67 bn	👍	Strategic partnerships with special purpose vehicles (SPVs), including Wesgro, resulting in target being exceeded.	Revise investment focus and targets on continuous basis.	Overall target was achieved.
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFAs requirements and the City's developmental objectives	1B.1 Conformity of agreed programme with the City's business plan	10% of stadium completed	13% of stadium completed	50% of stadium completed	36%	👎	Roof components are manufactured off-site, and are not included in measurement %. Roof approximately 10% complete.	Strict adherence to construction programme and project management oversight. Contractor legally bound to complete stadium within FIFA-prescribed period by Dec 2009. In future, only physical progress will be reported.	Indicator reflects budget spent, and not physical progress of the stadium. Stadium on track to be completed by December 2009. Beneficial occupation by FFA is October 2009.
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFAs requirements and the City's developmental objectives	1B.1 Conformity of agreed programme with the City's business plan	5% of new golf course completed	0% of new golf course completed. Awaiting approval of the site development plan (SDP) from the Provincial Minister	25% of new golf course completed	0%	👎	Approval for the Green Point (GP) site development plan was only received on 30 June '08 by Provincial Minister and therefore design and construction could not commence.	Accelerated detailed design and tender process under way for the appointment of contractor.	Golf course reconstruction on track to be completed by June 2010.
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFAs requirements and the City's developmental objectives	1B.1 Conformity of agreed programme with the City's business plan	100% funding in place for electricity reinforcement	1% electricity reinforcement completed	60% electricity reinforcement completed	61,33% electricity reinforcement completed	👍	Target was exceeded.	Reinforcement plan will be aggressively pursued.	Project on track. 88,4% expenditure expected till end Dec 2008, and 100% by end of June 2009 on completion of project.
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFAs requirements and the City's developmental objectives	1B.1 Conformity of agreed programme with the City's business plan	Appointment of consultant to do detailed 2010 Transport Operations Plan	Appointment of consultant in procurement phase to do detailed 2010 Transport Operations Plan	Detailed 2010 Transport Operations Plan 20% complete	20% complete	👍	Satisfactory progress been made towards the completion of the plan.	Operations plan will be adhered to.	Target met. Operations plan being used nationally as a benchmark.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p>									
<p>Strategic focus area 1: Shared economic growth and development</p>									
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFA's requirements and the City's developmental objectives	1B.1 Conformity of agreed programme with the City's business plan	Submission of draft GP common SDP to Provincial Minister	0% of the reconfiguration of the GP common completed. Awaiting approval of SDP from the Provincial Minister	5% of the reconfiguration of the GP common completed.	0%		Implementation delayed. Approval for the GP SDP was received on 30 June '08 by Provincial Minister and therefore the design and construction could not commence.	Accelerated design and tender processes for the appointment of contractor will be implemented.	Reconfiguration of the GP common will be completed by June 2010 in accordance with the Record of Decision (ROD).
1B. Preparations for hosting the 2010 FIFA World Cup™ in accordance with FIFA's requirements and the City's developmental objectives	1B.2 Long-term operator appointment to manage stadium	Advertisement of Request for Proposal (RFP) for operator	RFP for operator advertised	Operator appointed	Operator not appointed		Process restarted - new tenders were called for in May 2008, with closing date of 31 July 2008. Initial process cancelled due to tender's non-compliance. New closing date was 31 July 2008.	Operator will be appointed once tender adjudication is completed.	Tender closed 31 July 2008, and due process will be followed.
<p>Strategic focus area 2: Sustainable urban infrastructure and services</p>									
2A. Universal access to basic service	2A.1 Percentage of households with access to basic levels of sanitation (NKPI)		97,9%	97,5%	97,1%		The percentage variance is negligible in relation to the target. Bidder approved in April '08 for the supply and installation of concrete toilet top structures. Catch-up progress has been made over the last three months of the financial year.	Two-year supply contract for concrete toilet top structures will ensure a sustainable supply in reaching targets.	Space remains a challenge as the City has to negotiate with communities before placing service points.
2A. Universal access to basic service	2A.2 Percentage of households with access to basic water supply (NKPI)		100%	100%	100%		Ongoing installation of standpipes to promote access equality within all settlements.	City will continue with the planned action to adhere to City targets.	National standard for access to a standpipe is 200 m; City has achieved the standard of 100 m.
2A. Universal access to basic service	2A.3 Percentage of households with access to basic electricity supply (NKPI)		91,12%	91,8%	92,5%		Exceeded anticipated number of connections by 2 696 connections.	City to maintain electrification programme	Indicator on track to achieve five-year target.
2A. Universal access to basic service	2A.4 Percentage of households with access to basic solid waste removal services		99%	99%	99%		The target basic levels of service have been achieved and maintained.	City to maintain access programme.	The City has maintained the very high standard it set for itself in this regard.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 2: Sustainable urban infrastructure and services</p>									
2B. Conservation of natural resources	2B.1 Percentage reduction in unconstrained water demand		25.5%	27.4%	26%		<p>Dependent on weather/climate as well as natural growth. Furthermore, the natural growth was underestimated compared to the actual growth the previous year.</p> <p>Number of pipe bursts and the actual installation of pressure release valves, are some of the reasons for increased water loss.</p>	<p>Projects on budget w.r.t. Water Demand Strategy, and programmes are being implemented, e.g. Atlantis pressure-reduction scheme, leaks reduction projects, and retrofitting under way Citywide.</p> <p>Water Demand Management (WDM) projects being pursued within available budgets and resources.</p> <p>Reduce pipe bursts by implementing Pressure Management.</p>	<p>City has already exceeded DWAF requirement of a 20% reduction. However, the City has set a much more ambitious target of 27.4%. It is most unlikely for the City to exceed the 26% already achieved.</p>
2B. Conservation of natural resources	2B.2 Percentage compliance with four critical Dept of Water Affairs and Forestry (DWAF) effluent standards (E. coli count, ammonia content, oxygen-demanding substances, total suspended solids)		81.2%	79%	81%		<p>Completed upgrades in Potsdam and other Water Treatment Plants.</p>	<p>City to continue to comply with DWAF standards.</p>	<p>Target has been exceeded. City on track to achieve the five-year target of 95% compliance with DWAF standards.</p>
2B. Conservation of natural resources	2B.3 Percentage of recreational water sampling points (i.e. bathing beaches, vleis, lagoons, etc.) complying with applicable DWAF standards		87%	89%	65%		<p>The drop in compliance with applicable DWAF standards can be attributed to many extraneous factors, such as the effects of rain or even power outages, causing sewerage systems to fail and overflow into the natural environment. None of these are within the City's control. Investigations have indicated that washoff of pollutants from the land by rainfall events at time of sampling contributed significantly to the low compliance figures.</p>	<p>Major remedial programmes currently under way include: (a) coastal water quality improvement project, (b) Zeekoevlei rehabilitation project and (c) Rietvlei water quality improvement measures.</p>	<p>Despite the rampant development and population growth over the last decade, it is surprising that there has not been a more significant decline in long-term compliance. The nature of the remedial action will improve water quality in the longer term. The are or will be multi-project, involve significant capital investments.</p>

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold									
Strategic focus area 2: Sustainable urban infrastructure and services									
2B. Conservation of natural resources	2B.4 Cleanliness of the City (metropolitan cleanliness/photographic index shared indicator)		61%	67%	77%		Although the target has been exceeded, the overall index figure appears to be very high and requires unpacking in order to approach it more systematically.	The global figure will be unpacked i.t.o. sub-categories to improve the value of this indicator.	City to continue to improve this indicator to ensure reliable value-adding information.
2B. Conservation of natural resources	2B.5 Percentage of airspace saved in relation to the volume of waste generated		14,73%	14,5%	16,55%		The participation rates and recycled volumes in the Think Twice recycling project in the Atlantic area (Pinelands, Bloubergstrand, Melkbosstrand and Parklands), as well as the Sea Point recycling project, exceeded projections. Simultaneously, an increase in the chipping and composting of garden greens was recorded.	City to maintain the current strategy.	City to continue addressing the high-priority matter.
2B. Conservation of natural resources	2B.6 Revise Integrated Metropolitan Environmental Policy (IMEP), adopt and implement		Reviewing existing IMEP	Revised IMEP approved by Council, and implemented	Revised IMEP adopted by Council on 25 June 2008, and implementation started		IMEP was successfully adopted, as planned.	Implementation to continue according to planned strategy.	Implementation taking place via Executive Management Team (EMT) subcommittees; the key responsible departments have been identified, and role-out is in progress.
2C. Effective management of City's infrastructure and resources	2C.1 Development and implementation of an integrated, planned infrastructure maintenance programme i.r.o electricity, sewerage, water, transport, roads and stormwater, and solid waste disposal		New	Integrated infrastructure maintenance plan developed and approved	Initial target is no longer relevant, as it was set in June '07 with the information that was available at that stage. After December '07, a more realistic project plan was compiled that has informed the amended targets. An Australian consultant has been involved with assessments. 5 ptConsultants are complete with status quo assessment - report to be submitted as soon as rating of each department has been done (expected early August 2008).		Delayed start to project due to inadequate information available at that stage. Ongoing evolving nature of the project has impact as well.	Targets to be adjusted in new financial year to reflect project reality after the status quo report is concluded.	Amended target: 100% completion of project management plan for Utility Services asset management plan. 100% completion of status quo assessment. 100% completion in respect of defining methodology and format for capturing data (consistent with Institute of Municipal Engineering South Africa (IMESA) manual), including information technology platform assessment. 5% established asset register for Utility Services.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
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Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold

Strategic focus area 3: Public transport systems									
3A. Improve public transport system and services	3A.1 Reduction of average commuter travel time (home to work - peak period - public transport)		45 min	40 min	Travel time along the NZ bus and minibus taxi (BMT) lane reduced by 20 minutes for public transport users, and 5 minutes for other modes. Metrowide travel time not available.		Metrowide travel time not available. Measurement of metrowide travel time dependent on integration of the EMME3 model (completed) and the household survey results. The EMME3 model is a strategic transport model to simulate commuter traffic movement in morning peak hour.	Since the indicator is dependent on the National Household Survey, it cannot be measured annually. Therefore the indicator needs to be amended. However, in the next National Household Survey the travel time will be calculated.	
3A. Improve public transport system and services	3A.2 Cumulative kilometres of critical and feeder commuter routes, as per Annual Transport Plan, with dedicated public transport lanes		45 km	5 km on baseline of 45 km - total 50 km	53 km		Additional dedicated public transport lanes added along the NZ corridor and along Symphony Way.	Current strategy to be maintained.	The planned strategy will be followed to ensure that the positive results are maintained.
3A. Improve public transport system and services	3A.3 Progressive evolution towards a single point of authority for transport		Intergovernmental Transport Agreement drafted	Creation of a single Transport Authority (TA)	Inaugural meeting of Metropolitan Transport Planning Advisory Council held. Section 78(3) of the Municipal Systems Act now in progress. National Land Transport Bill 2008 currently debated in Parliament.		TA not fully established due to imminent changes to legislation that has a bearing on the strategy to establish the TA.	Review the current Transport Authority business plan, taking cognisance of proposed legislative changes.	

Strategic focus area 4: Integrated human settlements									
4A. Improve and develop integrated human settlements	4A.1 100% adherence to Integrated Human Development Programme		Framework plan approved	100% programme compliance	100% programme compliance		Programme revised and updated in compliance with new national housing programmes (Breaking New Ground) and the provincial Isidima programme.	Current strategy will be maintained.	Five-year Housing Plan was developed and finalised within directorate.
4A. Improve and develop integrated human settlements	4A.2 Maintain community facilities according to defined minimum maintenance standards		64%	80%	82% (City Parks = 83%; Sport, Recreation & Amenities (SR&A) = 79%)		Adherence to planned strategy resulted in exceeded target.	Planned strategy will be maintained.	Due to xenophobia crisis, some SR&A facilities could not be utilised and maintained to the extent intended. The Xenophobia Task Team is developing a plan for alternative accommodation for the people that are currently housed in these facilities.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 4: integrated human settlements</p>									
4A. Improve and develop integrated human settlements	4A.3 Percentage completion of the Spatial Development Framework (SDF) and District Spatial Development Plans (SDPs)		15% approvals to proceed with preparation of plans. City's intention to prepare the plans advertised to the public. First internal drafts of plans prepared.	30% Draft SDF & District SDPs submitted to Provincial Government of the Western Cape (PGWC) for provisional inspection prior to advertisement for final public comment	30% Draft SDF under way. First round of public meetings on preparation of SDF completed		Opportunities have arisen to combine Environmental Management Frameworks (EMFs) with District SDPs, which is an innovation and will lead to a better product and a more streamlined policy for decision-making.	Draft of District SDPs being reviewed internally with a view to four District SDPs being put out for public scrutiny between Sep and Nov 2008. Resolved to take whole product to Planning and Economic Development Portfolio Committee (PEPCO) versus only parts of the report. Process plan to be taken to PEPCO in Aug 2008; agreed that PEPCO Task Team to be set up to review products in Aug & Sep.	Funding was secured for EMFs for the four growth districts. The City has been successful in recently securing additional funds for EMFs for the four remaining districts. However, this means that four of the SDPs will need to be held back so that EMFs can be incorporated before going out to public consultation. Review of time frames considered in consultation with mayoral committee (Mayco) member and Portfolio Committee Chairperson.
4B. Delivery of housing opportunities	4B.1 Number of new housing opportunities provided per year		7 519	10 200 (6 000 revised target)	6 439		Initial target reduced due to many factors: - Project (PGWC) approval delays for new National Housing Programmes - Environmental Impact Assessment (EIA) delays - Shortage of project managers - Community's political interference - Construction industry's reduced capacity Reported to Housing Portfolio Committee, Feb 2008: Issues being addressed – target 2008/9 is 9 900 housing opportunities.	Engagement with PGWC to speed up approvals. Four Housing Project Manager posts were advertised, and the recommendation for two appointments are in process. Community-related issues resolved through Mayco member for Housing and Provincial Minister.	The City has now received conditional accreditation. More posts are being advertised. Housing delivery rate is increasing, as planned.
4B. Delivery of housing opportunities (Informal Settlement Upgrade Programme)	4B.2 100% implementation of Informal Settlement Upgrade Programme		Framework plan approved (including essential services)	100% compliance * Top 50 informal settlements to be serviced	100% compliance * 60 informal settlements were serviced		Targets have been met, with 60 informal settlements serviced.	Consultant appointed to develop multi-year strategies for incremental upgrade of informal settlements.	The current process for servicing informal settlements is not integrated, and is being reviewed to encompass a holistic multi-directorate upgrade programme approach.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 5: Safety and security</p>									
5A. Foster a safe and secure environment	5A.1 Percentage adherence to Metropolitan Police Plan		Plan completed and approved	100% compliance with plan	65% compliance with plan		The 65% compliance with the plan is not a true reflection of the achievement of the objectives set out for the Metro Police Plan. Several of the objectives were given a nil rating because the statistics were not available, but numerous initiatives have been undertaken to achieve the objectives. The weighting of these initiatives could result in a considerably higher percentage of compliance.	The enforcement departments will continuously strive to improve levels of service delivery.	Managed to maintain acceptable levels of service delivery in terms of crime prevention, traffic enforcement and by-law enforcement.
5A. Foster a safe and secure environment	5A.2 Percentage adherence to the implementation of Disaster Plans according to legislative requirements		Disaster Management Plan (DMP), as per statutory requirements, completed and approved	1. DMP developed and approved 2. 100% compliance with quarterly targets	1. DMP developed and approved 2. 100% compliance with quarterly targets		No variances. All objectives of Disaster Risk Management Plan (DRMP) have been sufficiently adhered to. 2008/9 DRMP finalised and approved.	Emergency Services will continue to strive for improved levels of service delivery.	Specific achievements against the plan include: (1) Appointment of head of Disaster Risk Management Centre (DRMC) (2) Establishment of Municipal DRMC (3) Establishment of Disaster Management Advisory Forum (DMAF) (4) Completion of Municipal DRMP



OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 6: Health, social and community development (Originally was Health, social and human capital development)</p>									
6A. Facilitating the development of a healthy and socially inclusive society	6A.1 Number of new childcare facilities provided in partnership with governmental and non-governmental organisations (NGOs)		New	2	0		In view of the capacity problems there were delays in the finalisation of the planning process. The project has commenced, however, and funds will be rolled over.	Contractor appointed. Construction to commence 15 August 2008.	Planned completion date: 15 September 2008.
6A. Facilitating the development of a healthy and socially inclusive society	6A.2 Number of partnerships implemented focussing on HIV/Aids orphans		9	11	21		Out of the 82 Multi-sectoral Action Team (MSAT) NGO/Community-based Organisation (CBO) contracts signed and monitored, 21 had elements focussing on HIV/Aids orphans.	Continue with the current strategy.	City Health has achieved well above the target it set for itself by targeting areas with high HIV incidence.
6A. Facilitating the development of a healthy and socially inclusive society	6A.3 Number of partnerships implemented with Early Childhood Development (ECD) sector		2	4 (excluding baseline of 2)	11		Target exceeded as a result of a focussed implementation plan and sound partnership agreements with NGOs in sector.	Continue sound working relationships with NGO sector to consolidate achievement.	Programmes included: 1. OD x four projects 2. HIV/Aids x four Projects 5. ICD x four District-based programmes 6. Training and development x 5 programmes 7 Establishment of community-based ECD forums x 9 8. ECD awareness programmes x 5 9. ECD sport and cultural activities x 2 programmes 10 ECD educational intervention programme x 1
6A. Facilitating the development of a healthy and socially inclusive society	6A.4 Number of local drug action committees established		2	8	20		Willingness of communities to participate in activities aimed at reducing consumption of alcohol and substance abuse enabled Department to exceed target.	To continue with current approach.	Committees established in following areas: Fish Hoek, Retreat, Hout Bay, Ocean View, Gugulethu, Manenberg, Hanover Park, Ravensmead, Sarepta.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
6A. Facilitating the development of a healthy and socially inclusive society	6A.5 Increase number of strategic sporting partnerships and events implemented		10	12	19	👍	12 events and partnerships achieved, as per plan, plus an additional seven events/partnerships established.	To continue with current approach.	The City has achieved well above the target it set for itself through partnerships with: -Argus Cycle Tour -Cape Town Marathon -Central Hockey Club -Goju RYU Karate -International Cycling Champs -Live Big Band -Metropolitan Cup (Soccer) -Old Mutual Marathon -Gymnastics Conference -WP Athletics -WP Surf Life-saving Association -SA World Weightlifting Champs -Santos Spectator Development -UCL Jnr World International Cycling Champs -Softball 2011 Strategic Workshop -International Ski Congress Dinner -Rope-skipping World Championships -ERM Conference -Volvo Ocean Race
	6A.6 Number of street people taken off the street		280	300	449	👍	Viable partnerships and sound working relationships with NGO sector enabled the Department to exceed target.	Continue sound working relationships with NGO sector to consolidate achievement.	449 street people were reintegrated with their families in communities of origin. The NGOs conduct regular home visits to further the rehabilitation process.
	6A.7 Number of days when air pollution exceeds WHO guidelines		132	144	128	👍	Air pollution exceeds World Health Organisation (WHO) guidelines on 128 days out of an expected 144 days.	Current strategies will be maintained and enhanced where possible.	This is an excellent Outcome well within the target of 144 days.
	6A.8 Reduction of the infant mortality rate (number infant deaths per 1,000 live births)		21,40	20,60	20,28	👍	There were 20,28 deaths of children under the age of one per 1,000 live births. This was better than the target of 20,60.	Current strategies will be maintained and enhanced where possible.	This indicator is a good measure of the state of health in the City and compares very favourable with the national rate of >50.
	6A.9 Slow the rate of increase of TB per 100,000 of Cape Town population		831	980	876	👍	The rate of increase of TB per 100,000 was slowed from a target of 980 to an actual of 876.	Current strategies will be maintained and enhanced where possible.	A TB Cure Rate of New Smear +ve patients of 76% was achieved, the best in the country.

Rating Key: 👍 - Meets or exceeds target 🗋️ - Currently does not meet target 🗋️ - Information not available, or work on hold

Strategic focus area 6: Health, social and community development (Originally was Health, social and human capital development)

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p>									
<p>Strategic focus area 6: Health, social and community development (Originally was Health, social and human capital development)</p>									
6A. Facilitating the development of a healthy and socially inclusive society	6A.10 Slow the rate of increase of the City's antenatal HIV prevalence		15,2%	18,50%	15,90%		The rate of increase in antenatal HIV prevalence was 15,90%, compared with an expected 18,50%.	Current strategies will be maintained and enhanced where possible.	This indicator is a good proxy for City Health's multi-sectoral response in the fight against the HIV/Aids epidemic.
6A. Facilitating the development of a healthy and socially inclusive society	6A.11 Number of job opportunities created through the Expanded Public Works Programme (EPWP) to contribute to the reduction of poverty and unemployment		6,204	12 000 (excluding the baseline)	12,501		The City treated job creation as a high priority. This focussed approach yielded the exceeded target.	Current strategies will be maintained and enhanced where possible.	EPWP is a national programme. The City will further entrench the job creation and training philosophy in its operations to facilitate people-skilling for economic development.
<p>Strategic focus area 7: Good governance and regulatory reform</p>									
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 1	Target met and exceeded, with additional career streams completed. 50% of career streams completed. Another 20% of career streams in the process of being completed.		Target met and exceeded, with additional career streams completed. Career streams completed: Engineering Professionals; Legal; Finance; HR; Forensics; Engineering Project Managers; Planning Professionals; Management Leadership Levels 1-4; Non-engineering Project Managers.	Currently in process of completing the Administration, Medical and Nursing, as well as Artisans career stream.	The overall progress has been satisfactory, given the nature, scope and size of the project. The delays in finalising the grade review is the one area which could have been completed more speedily. However, this opportunity was used by all directorates to improve the quality of existing job descriptions, so the additional time taken should produce better quality key performance area (KPA's). The projects listed here were very ambitious and were conducted under less than favourable conditions. To have achieved this much in such a short space of time was extraordinary delivery by all concerned, as the projects involved all directorates.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 2	Revised policy on managing org structure completed and submitted to Mayco. Approval delayed by Mayco debating aspects of policy.		Questions were raised by councillors on some of the recommendations; this required a revised report, providing more information and explanation.	Revised policy on managing organisational structure to be resubmitted to Mayco in August.	The overall progress has been satisfactory, given the nature, scope and size of the project. The delays in finalising the grade review is the one area which could have been completed more speedily. However, this opportunity was used by all directorates to improve the quality of existing job descriptions, so the additional time taken should produce better-quality KPAs.
	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 1	Policy approved and implementation on track and exceeded		Policy approved and implementation on track. Project deliverables exceeding targets.	The project will be refined and deliverables pursued.	The projects listed here were very ambitious and were conducted under less than favourable conditions. To have achieved this much in such a short space of time was extraordinary delivery by all concerned, as the projects involved all directorates.
	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 1	e-HR and e-Leave; 30% time and attendance rolled out		Deliverables have been achieved as per the targets.	Rollout of outstanding components of the programmes will be implemented in terms of targets.	The projects listed here were very ambitious and were conducted under less than favourable conditions. To have achieved this much in such a short space of time was extraordinary delivery by all concerned, as the projects involved all directorates.

Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold

Strategic focus area 7: Good governance and regulatory reform

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 7: Good governance and regulatory reform</p>									
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 2	Culture climate survey completed, including initiation of key intervention projects arising therefrom		Workshops held with directorate to discuss results and further interventions.	Key interventions, such as the Management Rejuvenation Programme, initiated and monitored at business improvement level.	The overall progress has been satisfactory given the nature, scope and size of the project. The delays in finalising the grade review is the one area which could have been completed more speedily. However, this opportunity was used by all Directorates to improve the quality of existing job descriptions, so the additional time taken should produce better-quality KPAs. The projects listed here were very ambitious and were conducted under less than favourable conditions. To have achieved this much in such a short space of time was extraordinary delivery by all concerned, as the projects involved all Directorates.
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.1 Development of and adherence to a comprehensive HR development strategy			100% compliance with plan specifications for Year 3	Personal development plan (PDP) project was placed on hold by Department of Provincial and Local Government (DPLG). In June, the City was given permission to go ahead with the City's skills audit, using its own service provider. Tender completed for competency assessment for Grades 14 and up. Tender for skills audit for Grades T15 and down in process.		The DPLG directive (national intervention that required all local authorities to do a skills audit) was binding on the City, preventing the City from proceeding unilaterally. Obtaining their written approval to proceed took months of careful negotiation, and was finally obtained in June this year.	The project will now proceed as planned, with as much time being made up as possible over this financial year.	This project will deliver enormous benefits to the City through providing individual PDPs for all employees.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.1 Development of and adherence to a comprehensive HR development strategy		Comprehensive HR development strategy, as per statutory requirements, completed and approved	100% compliance with plan specifications for Year 1	MAYCO and EMT had a number of interventions during the period 29 May to 20 June 2008. This sets out the action plan and time frames for finalising the budget, and also to fast-track the filling of vacancies. Included was the revision of delegations.		The City is bound by national regulations, and experienced difficulties in filling vacancies due to a range of reasons: Limited capacity in the corporate office, lack of institutional knowledge and resources within line departments, etc.	Executive Director (ED), EMT and MAYCO level have given effect to the following interventions: Vacancy provision and actual posts for new year approved and created on SAP Business processes streamlined; revision of delegations work in progress Project is being geared continuously to drive the speedy filling of vacancies.	Good governance and service delivery is dependent on a sound and streamlined staffing strategy, and addressing this matter is an ongoing priority for the City.
			Comprehensive HR development strategy, as per statutory requirements, completed and approved	Project completed		First quarterly HR dashboard presented to Corporate Services and Human Resources (CS&HR) Portfolio Committee (PC) on 6 May 2008. PC workshop held on 29 May to discuss HR dashboard. The next quarterly HR dashboard to be presented to the CS&HR PC in August 2008.	Continuous adherence to dashboard indicators.	Decision was taken not to establish an HR Standing Committee and to use the existing Portfolio Committee to play the oversight role.	
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.2 Development and implementation of Quality Management Programme		Quality Management Programme developed and approved	10% of identified services/functions ISO certified	This target was met and exceeded significantly. 45% of identified services are ISO certified.		This was a major achievement, primarily within Supply Chain Management (SCM) processes. Over and above this, the following work has been done: Framework for quality management developed. EMT has established a Corporate-wide Business Improvement (BI) Team, under the chair of the ED: Corporate Services. The EMT BI Committee will monitor all high-level BI projects. Under this Committee, the core corporate business processes have been identified for BI projects.	The City will continue with existing efforts. Training and capacity building for quality management and business improvement under way. All BI projects have been formally registered.	The purpose of this indicator was to drive BI initiatives across the City in order to improve service delivery. ISO certification was used as an indicator. To achieve this outcome, a full BI process had to be initiated, carried out and completed. The process of achieving ISO certification is a very arduous one, and the fact that so many new processes in SCM have been approved for certification is a major achievement. However, over and above this achievement, the project has resulted in BI initiatives being implemented across all core City business processes and across virtually every department. These initiatives will all result in improvement of service delivery and, in many cases, financial savings for the City.

Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold

Strategic focus area 7: Good governance and regulatory reform

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold									
Strategic focus area 7: Good governance and regulatory reform									
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.3 Improved turnaround time of tender procurement processes in accordance with procurement plan		7.2 weeks	8 weeks	6,5 weeks		Procurement processes were refined to accelerate turnaround times.	Continuous improvement of processes.	Improvements will impact positively in the coming financial year.
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.4 Development of and percentage adherence to project plan for Integrated Spatial Information System to link Geographic Information System (GIS), Land Information System (LIS) and SAP		Analysis of as-is business processes completed	Concept design completed - 50% completion of first phase of development and implementation of system	Additional funding has been secured, and service provider has been appointed		Work on hold, as previous tender processes failed due to none of the bidders having the necessary functional expertise. Tender was re-advertised for the full project (as opposed to the 1st phase only) to attract more bidders. In terms of quotations received for full project, the available budget did not cover the costs for the implementation of all three phases, and additional budget therefore needed to be secured before a service provider could be appointed.	Supplementary budget was approved on 28 May 2008 by Council, and consultants were appointed on 2 June 2008. The consultants and project will start in August 2008. 2007/8 project funds rolled over to 2008/9.	The consultants and project will start in August 2008. 2007/8 project funds rolled over to 2008/9.
7A. Ensuring enhanced service delivery with efficient institutional arrangements	7A.5 Percentage implementation of operating model		100% operating model developed and report completed. To be presented to EMT and MAYCO for discussion and adoption.	100% compliance with strategy specifications for Year 1	100% compliance with strategy specifications for Year 1		Implementation of the operating model is in line with set targets.	Continuous improvement of the model.	The system is continuously refined to improve operating efficiency.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 7: Good governance and regulatory reform</p>									
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.1 Net debtors to annual income (ratio of outstanding service debtors' to revenue actually received for services) (NKPI)		21,07%	20%	21,77%		Increase in debtors outstanding. Valuation objections not finalised by 30 June '08, therefore ratepayers paying lesser amount. Those finding it difficult to pay were given assistance via informal arrangements to pay less. Electrical Services & Water & Sanitation Departments can only restrict/disconnect 200 to 500 supplies per day.	Capacity building to improve debt collection. Speeding up of the General Valuation objections. Improve capacity of services to speed up connections.	As a result of present financial climate, debtors find it difficult to pay or adhere to arrangements. In addition, the delays in the filling of vacant posts (125) and promotional posts (72) in Revenue resulted in targets not being achieved.
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.2 Debt coverage by own billed revenue (NKPI)		4,51:1	4,31:1	3,21:1		Increase in external loans: R1 billion bond issue impacted on the ratio.	Billed revenue collections to be pursued.	Although the target was not attained, the actual ratio is still well within acceptable parameters. The final actual figures will only be available after 15 August 2008, and could show an improvement.
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.3 Percentage of City's annual capital budget spent (NKPI)		77%	95%	78%		The City has spent 78% of its capital budget, and if commitments for contracts and tenders that have been rolled over are taken into consideration, 93% of the budget has been implemented.	The City is implementing improved contract management methods to enhance budget expenditure.	The City spent a record R3,08 billion (78%) on capital projects. In addition, of the unspent portion, a further R0,63 billion has been committed by awarded tenders, which will be rolled over to the 2008/9 budget, bringing the total spend and commitment to 93% of the budget.
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.4 Percentage of City's operating budget spent		92%	98%	90% (100% after completion of financial statements confirmed by CFO)		Outstanding payments and financial year-end closing entries still need to be processed.	The City will pursue more efficiencies to ensure improved budget spending.	The implementation/expenditure/revenue rates recorded to date are subject to change during annual financial statements compilation period.



OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: 👍 - Meets or exceeds target 🗋️ - Currently does not meet target 🗋️ - Information not available, or work on hold</p> <p>Strategic focus area 7: Good governance and regulatory reform</p>									
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.5 Ratio of cost coverage maintained		3,01:1	2,60:1	4,67:1	👍	The indicator shows improvement, but can only be accurately calculated after 15 Aug '08, when final figures are made available.	Effective management of finances will be continued.	The final, actual figures will only be available after 15 August '08
	7B.6 Revenue collected as a percentage of billed amount		99,3%	95,5%	94,71%	👍	94,71% = 12-month moving average. 95,67% = 6-month moving average. 97,24% = monthly collection ratio for June '08. Valuation objections not finalised by 30 June '08, therefore ratepayers are paying lesser amount than the amount billed. When valuations are finalised, the collection ratio will improve. Those finding it difficult to pay were given assistance via informal arrangements to pay less. Electrical Services and Water & Sanitation Departments can only restrict/disconnect 200 to 500 supplies per day. As a result of present financial climate, debtors find it difficult to pay or adhere to arrangements. In addition, the delays in the filling of vacant posts (125) and promotional posts (72) in Revenue resulted in targets not being achieved.	The City will continue to pursue all measures to ensure improved debt collections.	The final, actual figures will only be available after 15 August '08. The target may still be achieved.

OBJECTIVE	INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/7 (2007/8 BASELINE)	PERFORMANCE TARGET 2007/8	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
<p>Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold</p> <p>Strategic focus area 7: Good governance and regulatory reform</p>									
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.7 Percentage reduction in the number of recurring findings emanating from internal audit		New	50%	48,57%		In certain instances, recurring audit findings were not addressed as per the original time frames communicated by management.	Report submitted to EMT to address recurring findings.	It is a new target, and with a baseline now established, targets can be set more accurately in future. This is now being monitored at EMT level.
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.8 Unqualified audit from Auditor-General (AG)		Unqualified audit received from AG	Unqualified audit received from AG	Unqualified audit received from AG		The AG was satisfied with the management of key financial areas.	The City will continue to maintain the high standards that were set.	The City has an excellent financial management ethic.
7B. Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset management and risk management	7B.9 Maintain City's credit rating		A1+ (short term) AA- (long term)	A1+ (short term) AA- (long term)	Maintained Aa2-za (long term)/Prime-1.za (short term) from Moody's.		The City's financials were well received by credit rating agencies. Credit rating from CA Ratings changed to Moody's. Rating has been maintained.	High financial management standards will be maintained.	The market responded well to the City's credit rating.
7C. Establish effective community engagement channels	7C.1 Number of functioning ward participatory structures		0	105	105		Ward forums were established in all wards. 104 ward forums have met successfully.	Ward forums will continue to be supported. Ward 52 still to hold a meeting.	Ward forums were all constituted in terms of the guidelines.
	7C.2 Community satisfaction score, measured in terms of the Likert scale (1-5)		New	3	2,4		The survey was based on an asymmetrical scale, and not the Likert scale, thus reflecting a figure that cannot be directly compared.	The target for 2008/9 will be based on established baseline of 2007/8 on the new scale, which is asymmetrical.	This is the first survey, which sets the baseline. The original targets were set in the absence of any clear idea of what the true baseline should be.





ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN INTERNATIONAL CONVENTION CENTRE (CTICC)

KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/07 (BASELINE FOR 2007/8)	PERFORMANCE TARGET 2007/8 (ANNUAL TARGET)	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Rating Key: 👍 - Meets or exceeds target 🙅 - Currently does not meet target 🙁 - Information not available, or work on hold								
% spend of operating budget	100%	100%	100%	Revenue: 131% Expenses: 102%	👍	As all the targets were exceeded, it has resulted in revenue exceeding expectations.	No remedial action required.	Revenue is budgeted on targets set, and the success of CTICC.
% spend of capital budget	100%	39, 58%	100%	85,8%	🙁	Tenders have been awarded, but payment is not yet due.	No remedial action required.	No comment.
International conventions	32	46	32	42	👍	Target exceeded.	No remedial action required.	Included 14th World Congress of Anaesthesiologists, with 7 300 delegates.
National conventions	30	30	30	32	👍	Target exceeded.	No remedial action required.	CTICC remains a competitive choice for national conventions.
Exhibitions	16	19	16	18	👍	Target exceeded.	No remedial action required.	Annual repeat exhibitions mirror the success of CTICC.
Trade fairs	13	7	13	18	👍	Target exceeded.	No remedial action required.	Another successful year for the number of trade fairs.
Banquets	54	69	55	71	👍	Target exceeded.	No remedial action required.	CTICC remains a competitive choice for banquets.
Special events	21	26	23	26	👍	Target exceeded.	No remedial action required.	Includes events such as the Jazz Festival.
Other events	178	312	182	296	👍	Target exceeded.	No remedial action required.	The versatility of CTICC as a venue is reflected in these results.

ANNUAL PERFORMANCE MANAGEMENT REPORT - KHAYELITSHA COMMUNITY TRUST (KCT)

KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/07 (BASELINE FOR 2007/8)	PERFORMANCE TARGET 2007/8 (ANNUAL TARGET)	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Rating Key: 👍 - Meets or exceeds target 👎 - Currently does not meet target 🙅 - Information not available, or work on hold								
% spend of operating budget	100%	0%	100%	61%	👍	Under-expenditure of 44% on legal fees. This was due to the employment of KCT staff, which resulted in the decrease of administration support costs from Webber Wentzel. KCT also made use of Khayelitsha local attorneys for drafting small contracts through request for quotation process.	Decrease the budget provision for legal fees to avoid large variances with actual expenditure.	No comment.
% spend of capital budget	100%	0%	100%	117%	👍	Establishment of office resulted in over-expenditure.	Adjustment budget rectification.	No comment.
Facilitate upgrading of bulk electricity supply	New	New	100%	48%	👍	The consultants for electrification in Khayelitsha were appointed in June 2008 through a process outsourced to Raubicon. Payment to Raubicon was done in July 2008. A payment of just over R3,8 million is expected to be made at receipt of invoice from the appointed consultant.	Make payment at receipt of invoice.	No comment.
Facilitate affordable residential development – Khayelitsha CBD	New	New	100%	62%	👍	The show village of the residential development has been completed. All construction costs of the show village were incurred by Rand Merchant Bank. The rezoning applications have been submitted to the Western Cape Department of Environmental Affairs & Development Planning, and awaiting approval.	Marketing to commence by SACS Property Solutions once rezoning approval has been received. Construction of units to commence thereafter.	No comment.
Update development plan – Khayelitsha CBD	New	New	100%	0%	👍	This cost was included in the adjustment budget. However, funds related to this adjustment budget were never transferred by the City to the KCT due to the fact that the funds would not have been entirely expended within the 2008 financial year. The project will need to commence in the 2009 financial year.	Make provision for this expenditure in the 2009 financial year, and appoint consultants to update the development plan.	As the consultants had not been appointed, a decision was taken not to release funds to the KCT.



KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/07 (BASELINE FOR 2007/8)	PERFORMANCE TARGET 2007/8 (ANNUAL TARGET)	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Implementation of Khayelitsha Business District development plan (infrastructure)	New	New	50%	0%		This cost was included in the adjustment budget. However, funds related to this adjustment budget were never transferred by the City to the KCT due to the fact that the funds would not have been entirely expended within the 2008 financial year. The Project will continue in the 2009 financial year.	Make provision for this expenditure in the 2009 financial year, and appoint consultants before end August 2008.	As the consultants had not been appointed, a decision was taken not to release funds to the KCT.
Initiate development of new municipal offices	New	New	100%	0%		This cost was included in the adjustment budget. However, funds related to this adjustment budget were never transferred by the City to the Trust due to the fact that the funds would not have been entirely expended within the 2008 financial year. The project will need to be completed in the 2009 financial year.	Make provision for this expenditure in the 2009 financial year and appoint consultants before end of 1st quarter of the 2009 financial year.	As the consultants had not been appointed, a decision was taken not to release funds to the Trust.
Initiate development of service station	New	New	100%	0%		This service was outsourced by KBD Management (Pty) Ltd (KManco) to Advent for the sourcing of information from oil companies. KManco requested Advent to submit a report verifying an invoice of R200,000 submitted by Advent. However, the report has not been submitted by Advent. The project must now be completed in the 2009 financial year.	The KCT has resolved to establish a sub-committee to take up the issue with Advent and Rand Merchant Bank.	No comment.
Initiate integrated CBD management	New	New	100%	0%		This cost was included in the adjustment budget. However, funds related to this adjustment budget were never transferred by the City to the KCT due to the fact that the funds would not have been entirely expended within the 2008 financial year. The project must be completed in the 2009 financial year.	Make provision for this expenditure in the 2009 financial year, and appoint consultants before end of 1st quarter of the 2009 financial year.	As the consultant had not been appointed, a decision was taken not to release funds to the KCT.

Rating Key:  - Meets or exceeds target  - Currently does not meet target  - Information not available, or work on hold

KEY PERFORMANCE INDICATOR	PERFORMANCE TARGET DURING PREVIOUS FINANCIAL YEAR 2006/7	ACTUAL PERFORMANCE DURING PREVIOUS FINANCIAL YEAR 2006/07 (BASELINE FOR 2007/8)	PERFORMANCE TARGET 2007/8 (ANNUAL TARGET)	ACTUAL PERFORMANCE 2007/8	RATING	REASON FOR VARIANCE	REMEDIAL ACTION	GENERAL COMMENT
Rating Key: - Meets or exceeds target - Currently does not meet target - Information not available, or work on hold								
Compile business strategy for the commercial facilities in KBD	New	New	100%	0%		This cost was included in the adjustment budget. However, funds related to this adjustment budget were never transferred by the City to the KCT due to the fact that the funds would not have been entirely expended within the 2008 financial year. The project must be completed in the 2009 financial year.	Make provision for this expenditure in the '09 financial year, and appoint consultants before end of 1st quarter of the '09 financial year.	As the consultant had not been appointed, a decision was taken not to release funds to the KCT.
Improve communication with relevant stakeholders	New	New	100%	48%		The actual performance includes payment of R62 417 made to the appointed marketing company in July 2008 for services rendered in the 2008 financial year. The appointment of marketing consultants has improved communication through the development of a website (which is still to be launched, but a test site is accessible); availability of an annual report, which was adopted at an AGM held in January 2008; and the establishment of relations with the community through the Khayelitsha Development Forum and the local municipality subcouncil.	Development of a marketing strategy to further enhance communication channels with all relevant stakeholders.	No comment.
Secure alternative sources of funding	New	New	Not applicable	Not applicable		This is a long-term project, which has not yet commenced.		The KCT needs to start raising its own funds to ensure sustainability.



ANNEXURE B: BACKLOGS IN BUILDING APPLICATIONS

	APPLICATIONS OUTSTANDING 1 JULY 2007	CATEGORY	NUMBER OF NEW APPLICATIONS RECEIVED 2007/8	TOTAL VALUE OF APPLICATIONS RECEIVED (RANDS)	APPLICATIONS OUTSTANDING 30 JUNE 2008
	390	Residential	9,674	R5,701,573,002	2,359
	474	Residential additions	12,972	R2,846,019,633	0
	10	Commercial	87	R1,143,148,550	3
	35	Industrial	244	R1,426,337,411	28
	251	Other	8,228	R444,182,468	280
TOTAL	1,160		31,205	R11,561,261,064	2,670

ANNEXURE C: BACKLOGS IN SERVICE DELIVERY

SERVICE DELIVERY BACKLOGS	2005/6			2006/7			2007/08		
	REQUIRED	BUDGETED	ACTUAL	REQUIRED	BUDGETED	ACTUAL	REQUIRED	BUDGETED	ACTUAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Water backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	0			0			0		
Backlogs to be eliminated (% of households (HH) identified as backlogs/total HH in municipality)	0%			0%			0%		
Spending on new infrastructure to eliminate backlogs	10,412	6,359	4,182	4,200	3,400	4,127	1,000	566	566
Spending on renewal of existing infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs	10,412	6,359	4,182	4,200	3,400	4,127	1,000	566	566
Spending on maintenance to ensure no new backlogs created	3,000	1,883	3,100	1,500	3,434	1,308	1,080	1,080	1,080
Sanitation backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	65,600			42,350			47,659		
Backlogs to be eliminated (% of HH identified as backlogs/total HH in municipality)	4,60%			2,13%			2,83%		
Spending on new infrastructure to eliminate backlogs	121,632	19,209	18,273	9,000	11,500	7,992	12,000	7,247	7,247
Spending on renewal of existing infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs	121,632	19,209	18,273	9,000	11,500	7,992	12,000	7,247	7,247
Spending on maintenance to ensure no new backlogs created	15,000	10,191	17,000	43,100	43,371	43,104	41,995	41,995	41,995

SERVICE DELIVERY BACKLOGS	2005/6			2006/7			2007/8		
	REQUIRED	BUDGETED	ACTUAL	REQUIRED	BUDGETED	ACTUAL	REQUIRED	BUDGETED	ACTUAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Refuse removal backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	35,000	20,000	33,933	0			0		
Backlogs to be eliminated (% of HH identified as backlogs/total HH in municipality)	0,5% (excl. growth)			0%			0%		
Spending on new infrastructure to eliminate backlogs	11,300	3,650	3,170	0	0	0	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs	100,000	300	300	0	0	0	0	0	0
Total spending to eliminate backlogs	111,300	3,950	3,470	0	0	0	0	0	0
Spending on maintenance to ensure no new backlogs created	13,375	3,000	2,700	0	0	0	71,000	32,000	71,000
Electricity backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	1,700	2,500	3,013	75,174	10,516	13,568	87,175	8,625	9,885
Backlogs to be eliminated (% of HH identified as backlogs/total HH in municipality)	11,11%			8,88%			9,98%		
Spending on new infrastructure to eliminate backlogs	216,116	216,116	199,280	166,629	166,629	157,530	296,227	296,227	273,170
Spending on renewal of existing infrastructure to eliminate backlogs	47,467	47,467	45,625	110,014	110,014	103,516	167,233	167,233	158,764
Total spending to eliminate backlogs	263,583	263,583	244,905	276,643	276,643	261,046	463,460	463,460	431,934
Spending on maintenance to ensure no new backlogs created	111,452	111,452	135,198	154,875	154,875	191,974	193,169	193,169	210,596
Roads backlogs									
Backlogs to be eliminated (Kilometres of road)	1,100 km of road (1)			1,400 km of road (1)			1,400 km of road (1)		
Backlogs to be eliminated (as a % of the total km of road)	11,80%			14,90%			14,90%		
Spending on new infrastructure to eliminate backlogs over 10 years	300,000	31,000 (2)	30,500	450,000	215,000	140,000	840,000	16,200	6,900
Spending on renewal of existing infrastructure to eliminate backlogs over 10 years	500,000	27,800 (3)	27,800	550,000	103,000	89,000	633,000	273,200	246,500
Total spending to eliminate backlogs over 10 years	800,000	58,800	58,300	1,000,000	318,000	229,000	1,473,000	289,400	253,400
Spending on maintenance to ensure no new backlogs created	1,100,000	113,000	113,000	1,200,000	173,000	166,000	1,560,000	248,800	240,200

1. This length of road is based on 400 000 households requiring road access, backlogs in road requirements for formal housing and gaps in the existing metro road network.
2. R31 m allowing for R8,5 m that has been rolled over in line with the Municipal Finance Management Act (MFMA) into the 2006/7 financial year.
3. R27,8 m allowing for R5,3 m that has been rolled over in line with the MFMA into the 2006/7 financial year.

ANNEXURE D: ANNUAL REPORT COMPLIANCE CHECKLIST

In accordance with chapter 12 of the Municipal Finance Management Act (MFMA)

NO	REQUIREMENTS	REFERENCE	COMPLIANCE
Required documentation to be included in the annual report			
1	Financial statements	Page 64 to 159	Yes
2	Auditor-General's audit report	Page 160 to 163	Yes
3	Annual performance report	Page 167 to 187	Yes
4	Assessment of any arrears on municipal taxes and service charges	Financial note 18	Yes
5	Assessment of performance against the measurable performance objectives for revenue collection	Financial notes 18 and 43	Yes
6	Corrective action taken or to be taken in response to issues raised in the audit reports	Page 164	Yes
7	Recommendations of the municipality's audit committee	Page 165 to 166	Yes
Disclosures on intergovernmental and other allocations			
8	Allocations received from an organ of state in the national or provincial sphere of government	Financial notes – appendix F	Yes
9	Allocations received from a municipal entity or another municipality	Financial note 26	Not applicable
10	Indication of how any allocations were spent	Financial notes – appendix F	Yes
11	Allocations made by the municipality to a municipal entity or another municipality	Financial note 35	Yes
12	Allocations made by the municipality to any other organ of state	Financial note 35	Yes
13	Indicate whether the municipality has complied with the conditions of any allocations made to the municipality	Financial note 26 and appendix F	Yes
14	Indicate the reasons for any non-compliance with conditions of any allocations made to the municipality	Financial note 26 and appendix F	Yes
15	Indicate whether funds destined for the municipality in terms of the annual Division of Revenue Act were delayed or withheld, and the reasons advanced to the municipality for such delay or withholding	Financial note 26 and appendix F	Yes
Disclosures concerning councillors, directors and officials			
16	The salaries, allowances and benefits of political office-bearers and councillors of the municipality, whether financial or in kind, including a statement by the accounting officer whether or not those salaries, allowances and benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution	Financial note 30	Yes
17	Any arrears owed by individual councillors to the municipality, or a municipal entity under its sole or shared control, for rates or services and which, at any time during the relevant financial year, were outstanding for more than 90 days, including the names of those councillors	Financial note 43	Yes
18	The salaries, allowances and benefits of the municipal manager, the chief financial officer, every senior manager and such categories of other officials as may be prescribed	Financial note 29	Yes
Other compulsory disclosures			
19	A list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year	Financial note 52	Yes
20	The total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year	Financial note 28 and appendix F	Yes
21	The total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the financial year	Financial note 43	Yes

NO	REQUIREMENTS	REFERENCE	COMPLIANCE
In respect of each bank account held by the municipality during the relevant financial year			
22	The name of the bank where the account is or was held, and the type of account	Financial note 20	Yes
23	Year opening and year end balances in each of these bank accounts	Financial note 20	Yes
24	A summary of all investments of the municipality or entity as at the end of the financial year	Financial note 15	Yes
25	Particulars of any contingent liabilities of the municipality or entity as at the end of the financial year	Financial note 50	Yes
26	Particulars of: <ul style="list-style-type: none"> • Any material losses and any material irregular or fruitless and wasteful expenditures, including, in the case of a municipality, any material unauthorised expenditure that occurred during the financial year, and whether this is recoverable; • Any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures and • Any material losses recovered or written off 	Financial note 42	Yes

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