



2014

ANNUAL REPORT

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ABOUT SACN

MISSION AND VISION

The South African Cities Network (SACN) is:

- An established network of South African cities and partners that encourages the exchange of information, experience and best practices on urban development and city management.
- An initiative of the Minister for Cooperative Governance and Traditional Affairs (CoGTA, formerly DPLG) and nine city municipalities, in partnership with the South African Local Government Association (SALGA).

The goals of the SACN are to:

- Promote good governance and management of South African cities.
- Analyse strategic challenges facing South African cities, particularly in the context of global economic integration and national development.
- Collect, collate, analyse, disseminate and apply the experience of large city government in a South African context.
- Promote a shared-learning partnership between different spheres of government to support the governance of South African cities.

MEMBERS AND PARTNERS

Members

- Buffalo City Metropolitan Municipality
- City of Johannesburg Metropolitan Municipality
- City of Tshwane Metropolitan Municipality
- Ekurhuleni Metropolitan Municipality
- eThekweni Metropolitan Municipality
- Mangaung Metropolitan Municipality
- Msunduzi Local Municipality
- Nelson Mandela Bay Metropolitan Municipality

Partners

- Department of Cooperative Governance and Traditional Affairs (DCoG)
- Department of Public Works
- Department of Transport
- Department of Human Settlements
- Department of Environmental Affairs
- South African Local Government Association (SALGA)

Secretariat

- Sithole Mbanga
- Yolisa Dambuza
- Letlhogonolo Dibe
- Sadhna Bhana
- Sandiswa Tshaka
- Geci Karuri-Sebina
- Stacey-Leigh Joseph
- Geoffrey Bickford
- Gillian Maree
- Godfrey Musvoto

BOARD OF DIRECTORS

CHAIRPERSON OF THE SACN BOARD



MP Tau

SACN CHIEF EXECUTIVE OFFICER



SMM Mbanga

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS



A Nel



T Fosi
(alternative)



CX George

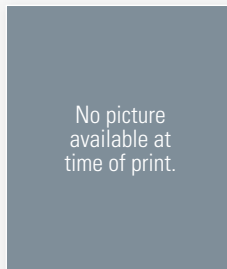
SALGA

DEPARTMENT OF PUBLIC WORKS



JP Cronin

DEPARTMENT OF TRANSPORT



MN Mokonyama
(alternative)

DEPARTMENT OF HUMAN SETTLEMENTS



ZA Kota-Fredericks

BUFFALO CITY MUNICIPALITY



ZC Ncitha



Temba Tinta
(alternative)

CITY OF JOHANNESBURG



M Mokoena



T Fowler
(alternative)



J Ngobeni



K Ramokgopa
(alternative)

CITY OF TSHWANE

ETHEKWINI METROPOLITAN MUNICIPALITY



S Sithole



S Cele
(alternative)

EKURHULENI METROPOLITAN MUNICIPALITY



K Ngema

MANGAUNG METROPOLITAN MUNICIPALITY



S Mazibuko



Mxolisi Siyonzana

MSUNDUZI LOCAL MUNICIPALITY



C Ndlela



M Nkosi
(alternative)

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY



Mpilo Mbambisa



Thando Ngcolomba
(alternative)



CHAIRPERSON'S REPORT

A New Urban Agenda

In mid-2016, the United Nations will host Habitat III, a bi-decennial conference on housing and sustainable urban development. The conference aims to revive international political commitment to sustainable urbanisation and to focus on a 'New Urban Agenda', building on the previous conference held in Istanbul in 1996.

Habitat III takes place after COP21 (which will be held in 2015 in Paris), another milestone event at which countries will hopefully affirm their commitment to **conclude a new climate agreement** that will come into effect during 2020.

These conferences are important developments for local government generally, and especially for urban municipalities that are members of the South African Cities Network (SACN).

SACN's Medium-Term Strategic Framework

The above developments support the SACN's 2011–2016 medium-term strategic framework and business plan, which clearly articulates the three key challenges facing South African local governments:

- i. The need for qualitative spatial transformation.
- ii. Climate change and urbanisation.
- iii. The electorate's negative image of local government.

The third challenge is important, as the perception continues to be that municipalities are not performing as expected. The SACN believes that this misperception needs to be dealt with in a balanced and holistic manner, without giving excuses where these do not exist, and as speedily as possible, through proper communication with the electorate. The truth is that our local authorities are doing the best they can under difficult circumstances and dynamics.

Notwithstanding these challenges, the SACN continues to make progress in many areas.

During 2013/14, we published research products that focused on the role of transport and human settlements in spatial transformation. These important reflections on past implementation also look forward, in anticipation of the devolution of these functions to local government, and show how past experiences can enable pitfalls to be avoided.

The SACN has been part of the team driving the Integrated Urban Development Framework (IUDF), which was successfully launched this year. The clear message from the IUDF is that urbanisation needs to be managed better. Over the next 12 months, the IUDF will be subjected to further roundtable discussions and debate by many social partner organisations, public and private stakeholders, and by the

business community. Special consultations will be held with sector departments, rural and semi-rural local and district municipalities, and state-owned entities. We wish to commend the Ministry and the national Department of Cooperative Governance and Traditional Affairs (DCoG) for their leadership and Deputy Minister Andries Nel, for his able championing of the IUDE.

Over the past couple of years, the SACN has been engaging with national government about the urgent need to find alternative means of financing city governments, especially given the growing urban populations. Remarkable progress has been achieved, and the Minister of Finance has committed to implementing the City Support Programme.

Having managed to build consensus on the matter of sustainable city financing, we are now shifting our attention to the need for nuanced urban management tools, data collection and information collation. This coming year, we hope to announce a joint initiative, whereby SACN member cities will share data collection, an initiative that will be driven by the Urban Indicators Reference Group. It seems clear to us that the more we work together, the more we create efficiencies that lead to better results. In this regard, I would like to thank the persistence of Board members and their respective municipalities.

Unity in Dealing with the Urban Agenda

All municipalities will gain significantly from the successful implementation of our programmes and especially of the IUDE. Since its inception, the SACN has been aware of the need for South Africa to deal with the challenges of urbanisation in a united manner, informed by evidence-based practice that continually influences and injects change to national policy. We believe that the largest and most urbanised municipalities in South Africa should be at the forefront of confronting the twin challenges of the apartheid spatial form and the rapidly growing urban population. Despite the City of Cape Town's resolution to disengage from SACN-driven initiatives from the beginning of the 2014/15 financial year, we wish to convey a message to the Council of the inappropriateness of their decision and continue to call upon the Mayor and the City to provide reason(s) for their position.

Looking Forward

In addition to many programmatic events, in 2015 two important events will take place: the South African Urban Development Conference in March and the continental AFRICITIES Summit in December. These events are of great political and strategic significance to local government in South Africa, providing municipalities with the platform to be able to inform South Africa's position in preparation for both HABITAT III and COP21.

The IUDF project has demonstrated how local governments and their provincial and national government counterparts can work together to develop policy. It has also tested the parameters of interaction beyond the boardroom to involve practical engagement with practitioners, which we believe will provide a strong foundation for implementing the National Development Plan.

Despite not securing sufficient monetary resources, the SACN Secretariat has been vigilant in implementing our business plan. I would like to express my sincere gratitude to all members of the SACN Board for their several and joint contributions to the activities of the Network, both as municipalities and as individuals. I also thank all those individuals, who are not on the Board or employed by member municipalities, for their diligent work on the various governance committees of the SACN, notably the Audit Committee. In particular, I thank the DCoG for guiding the SACN's organisational management, and the South African Local Government Association (SALGA) for supporting the organisation's audit function.

Finally, the Board has taken the bold step of ensuring that the programmatic work of the SACN is primarily funded by its member cities and supported by the DCoG and all sector departments. As a result, we have reconfigured our organisational funding formula to ensure that, at all times, municipalities are the dominant funders of their own research projects.

We look forward to another successful year and wish the same for all leaders and employees of our member municipalities and our strategic partners.

CHIEF EXECUTIVE OFFICER'S REPORT

In 2013/2014, the programme spend achieved was 91%, an appreciable increase from the previous year's performance of 75%. Expenditure on operational costs was 111%, an overspend that resulted from changes to employee costs, which were not projected for the year.

TABLE 1: SACN expenditure summary since 2009/10

	AUDITED RESULTS				
R Thousand	2009/10	2010/11	2011/12	2012/13	2013/14
Expenses					
Operational costs (including salaries)	4 422	4 652	6 154	8 316	12 091
Percentage	34	21	35	25	26
Programme costs	8 549	17 980	11 543	24 576	34 849
Percentage	66	79	65	75	74
Total expenses	12 971	22 632	17 697	32 892	46 940

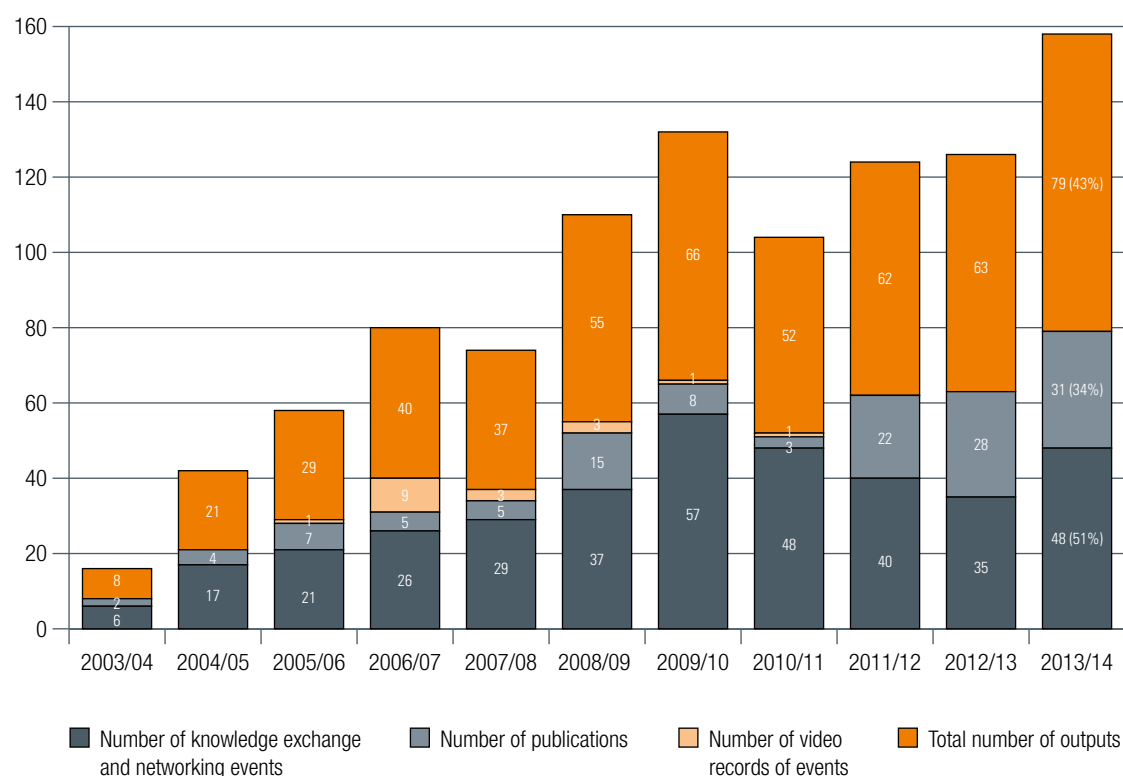
This report considers the extent to which the SACN has met expectations by:

- Measuring outputs delivered against targets defined in the 2013/14 business plan.
- Considering the quality of outputs and outcomes achieved.
- Reflecting on the lessons learned in the period and the way forward.

PERFORMANCE AGAINST OUTPUT TARGETS

The SACN defines two primary categories of outputs: learning events (which are outputs of the knowledge sharing and dissemination function) and publications (which are outputs of the knowledge generation function).

As Figure 1 shows, the upward trend continues from last year, with an increase of about 10% for both publications and events produced. Knowledge and learning events increased to 48 (compared to 44 last year), while the number of publications rose to 31 (surpassing last year's record of 28).

FIGURE 1: Outputs delivered (2003/04 to 2013/14)

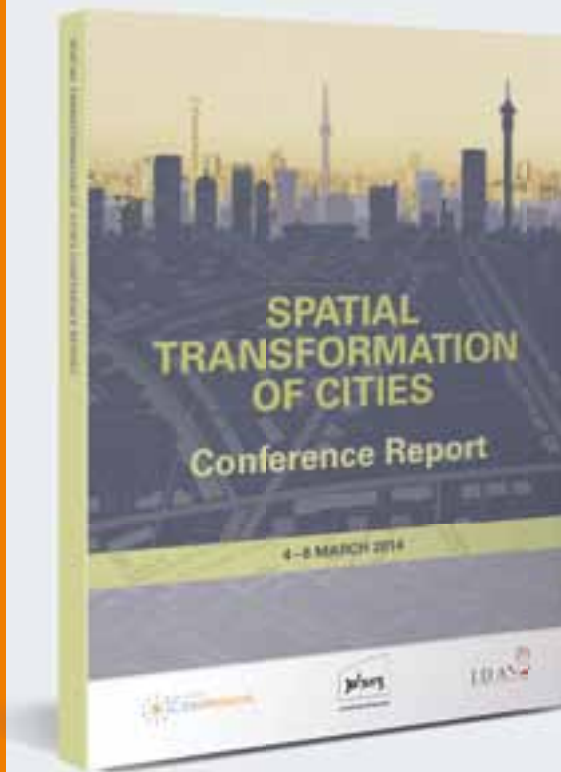
However, as Table 2 illustrates, the outputs represented only 43% of the ambitious targets set for 2013/14. At 34%, the percentage achieved for publications is quite low, although this is to a certain extent expected, as outputs typically lag expenditure because of research processes and contract delivery. The Secretariat continues to work on strengthening project planning and management in order to improve delivery against targets.

TABLE 2: Outputs delivered (2003/04 to 2013/14)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of knowledge exchange and networking events	6	17	21	26	29	37	57	48	40	35	48
Number of publications	2	4	7	5	5	15	8	3	22	28	31
Number of video records of events			1	9	3	3	1	1	0	0	0
Total number of outputs	8	21	29	40	37	55	66	52	62	63	79

The SACN started tracking social media coverage in the fourth quarter of 2013/14. During this period, the SACN received a total of 322 social media mentions, engaging primarily on Twitter (with 299 hits), followed by Facebook with 16 hits.

SPATIAL TRANSFORMATION OF CITIES CONFERENCE



The transformation of the urban built environment's spatial form and functioning is essential for achieving inclusive, sustainable, productive and well-governed cities in South Africa. The National Development Plan (NDP) has provided a set of spatial principles towards this end: spatial justice, spatial sustainability, spatial resilience, spatial quality and spatial efficiency. Yet what does this mean, and how can cities achieve spatial transformation?

In an attempt to answer this question, the SACN partnered with the City of Johannesburg to host the Spatial Transformation of Cities Conference: Johannesburg as a Laboratory. The conference took place from 4 to 6 March 2014.

Using the City of Johannesburg as a case study, the conference sought to unpack what transforming urban space means in practical terms. The following key themes were identified:

- Settlement planning. How can the private and public sectors improve their settlement location and investment decisions in order to achieve a more rational, integrated and inclusive urban spatial form and function?
- Land. How can land investments and interventions be steered and disciplined to ensure land ownership and development that reflect a transformative and integrated city agenda?
- Mobility and access. How can mobility and access be more integrated, while recognising future social and environmental costs and constraints for urban residents and the strategic role of public transport investment in urban spatial transformation?
- What are the key enablers for effective decision making that encourage spatial transformation as part of a longer term urban growth and change?

The conference was aimed at

- Showcasing and interrogating thinking and practical work undertaken by cities like Johannesburg to contribute to practice-based learning ('the city as laboratory').
- Gaining knowledge and insight at the city scale by considering examples and lessons from Johannesburg and other cities in South Africa and beyond.
- Deepening mutual understanding and learning of the spatial transformation challenges and strategies.
- Building the capacity of learning institutions, such as built environment schools in universities, thematic industry associations and learning networks that include the Sustainable Cities Collective and Economies of Regions Learning Network (ERLN).
- Contributing to informing national and local urban and spatial development policies and plans.

A further conference outcome was to provide lessons and insights into how policy is translated and implemented at the local level and the challenges that cities face.

City Challenge

On Day 1, delegates took part in the City Challenge, an activity designed to enable them to engage with the city, as an introduction to the conference. Participants had to use public transport to make their way through the city, perform certain tasks along the road and reflect on the urban character and activities.

Panel Discussions

The first discussion, on the politics of transforming space, took place between the Executive Mayor of Johannesburg, Parks Tau and the Deputy Minister for Cooperative Governance and Traditional Affairs, Andries Nel. Questions considered included:

- What are the desirable spatial outcomes of South African cities?
- How do we conceptualise and encourage a different kind of future urban lifestyle?
- What does the inclusive, productive, and sustainable city look like?

This discussion highlighted the tension between the long-term vision and short-term realities facing cities. Another challenge for cities is the misalignment between the spheres of government, which has both institutional and financial implications.

The political conversation was followed by two panels, the first presenting international experiences and the second reflecting on the local context and key transformation issues. These include the need for more innovative design, affordable and efficient public transport that facilitates mobility and access, and the resources (e.g. available land and efficient land use management) necessary to give effect to the spatial vision.

'How to' Workshops

The 'how to' workshops covered three primary themes: land, human settlements and transport. Practitioners and relevant stakeholders were invited to participate in facilitated discussions to unpack what these themes mean within the context of spatial transformation.

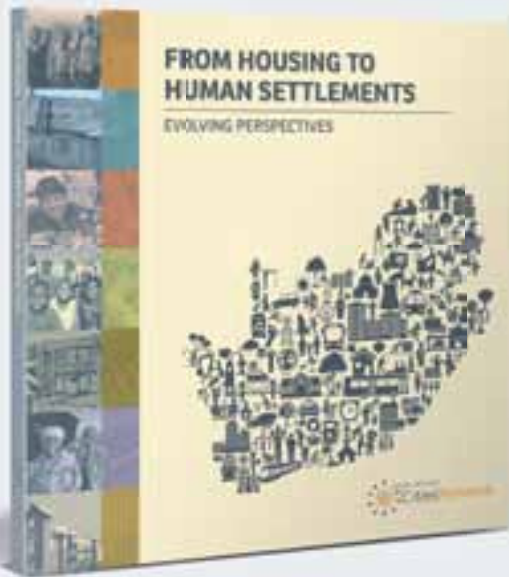
Breakfast Sessions

The conference also allowed for additional sessions, hosted by invited partners who included the South African Property Owners Association (SAPOA). The three breakfast sessions covered the following areas: understanding the informal city; reflecting on design, access and innovation across the city; and strengthening partnerships between the public and private sector.

In addition to the City of Johannesburg, the primary partner with the SACN, other partners at the conference included:

- SA-EU Strategic Partnership Dialogue Facility
- Housing Development Agency (HDA)
- University of Johannesburg
- Wits School of Architecture and Planning
- Council for Scientific and Industrial Research (CSIR)
- South African Planning Institute (SAPI)
- South African Property Owners Association (SAPOA)
- Gauteng Institute for Architecture (GIFA)
- Department of Cooperative Governance and Traditional Affairs (DCoG)
- National Treasury (NT)
- National Planning Commission (NPC)

FROM HOUSING TO HUMAN SETTLEMENTS: Evolving Perspectives



Despite the delivery of more than three million subsidised houses over the past two decades, government's housing policy has been criticised for (among others): the poor location of housing projects, the lack of diversity in the housing product and the growing backlog. Recognising the need for a more holistic approach, in 2004 the Comprehensive Plan for the Development of Sustainable Human Settlements (more commonly known as Breaking New Ground) was introduced.

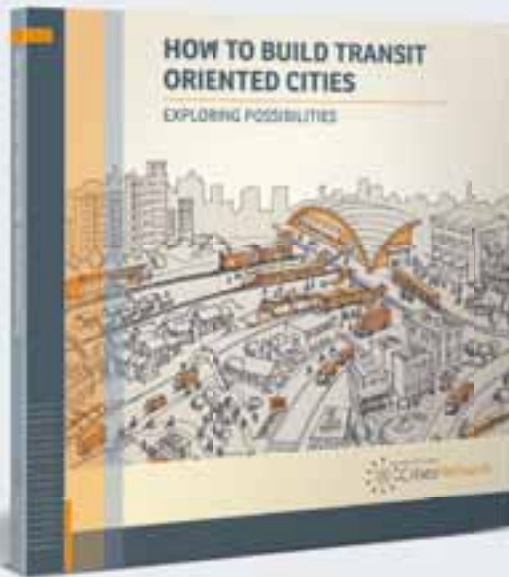
While this broader approach is accepted, for the most part the system and tools have not undergone a similar transition from housing to human settlements. In order to unpack what is required for developing sustainable human settlements, the SACN commissioned research for a publication entitled *Housing to Sustainable Human Settlements: Evolving Perspectives*. The publication explores the various complexities and challenges of the human settlements sector in South Africa. It attempts to articulate what moving from housing to human settlements means, in order to contribute to our understanding of the human settlements sector and its impact on urban governance and transformation.

The publication is aimed at human settlements practitioners and, in particular, urban planners, policy makers and analysts concerned with the question of how human settlements can assist in transforming the built environment and addressing the historical spatial legacy in South African cities. Topics covered include a reflection on the policy, legislative and financial frameworks governing and informing human settlements formation; the growth and performance in the subsidised housing market over time; and options for better understanding of (and interventions in) human settlements.

To trace the evolution from housing to human settlements, a timeline was designed that includes the key strategic and policy focus and context, as well as a breakdown of the key implementation strategies and the overall implications for municipalities.

The publication and the timeline were launched, together with the public transport publication, at a seminar co-hosted with the Tshwane Metro Municipality on 18 September 2014.

HOW TO BUILD TRANSIT ORIENTED CITIES: Exploring Possibilities



Public transport has the ability to serve as a catalyst for the spatial transformation of cities that were designed to meet the needs of automobiles. As a result of building automobile-dependent cities, urban areas now face the adverse environmental and social effects of sprawl and inefficient land use patterns. Post-apartheid South Africa's attempts to address the apartheid legacy have also had the unfortunate and unintended consequence of exacerbating and further entrenching these inefficient and unequal spatial patterns. However, over the past decade, significant emphasis

has been placed on public transport improvements, leading to the development of the Gautrain, Rea Vaya BRT and MyCiTi bus rapid transit (BRT) systems. Given the future expenditure committed to further improvements of public transport, all indications are that South African cities will continue to see high levels of investment into improving public transport infrastructure and systems.

The SACN commissioned a book project to unpack what needs to be done to realise the transformative potential of public transport interventions and promote public transport-oriented lifestyles. South African urban policy has explicitly committed to improve the coordination of land use and transport, while attempting to address the spatial and socioeconomic inequalities inherited from apartheid. The publication *How to Build Transit Oriented Cities: Exploring Possibilities* thus begins to engage with 'how to' move forward in transforming our cities through improved land use and transport integration. It examines a range of issues that affect how this transformation will be achieved. The publication is aimed at transport specialists in the public and private sectors, as well as policy makers and others involved in transforming the built environment.

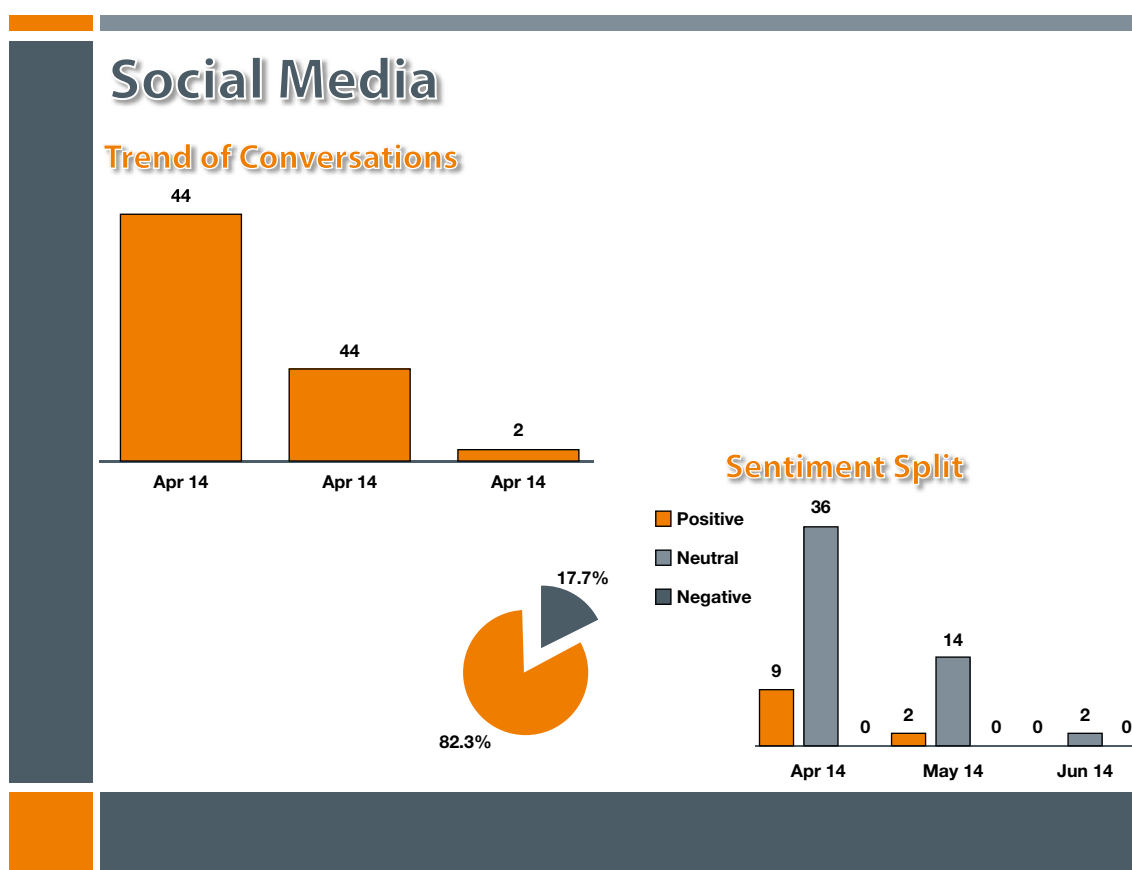
The publication was launched, together with the sustainable human settlements publication, at a seminar co-hosted with the Tshwane Metro Municipality on 18 September 2014.

PUBLIC TRANSPORT INFOMERCIAL



The video illustrates the transition journey that South African public transport is in the midst of. It highlights South Africa's roots in a transport system split across all government levels, focused on commuters and situated in a context of exacerbated exclusionary sprawl. This context led to the growth of the minibus taxi industry. In 1994 the new government inherited a fragmented public transport system, dominated by minibus taxis. The video highlights the policy intent to devolve all public transport functions to the metropolitan municipal level. It is widely accepted that local government is best placed to deliver integrated public transport networks that respond most appropriately to the needs of users. Furthermore, local governments are responsible for the land development functions, and aligning public transport with land use planning is an essential element for driving more sustainable urban growth. Above all, the video highlights that South Africa is on the right path but in the early transformative stages of this journey, which presents many inherent challenges that will need to be overcome in order to advance the sustainable growth agenda.

FIGURE 2: Social media coverage



Output Analysis

Tables 3 and 4 list the learning events and publications that were completed during 2013/14.

TABLE 3: Learning events in 2013/14

NO	EVENT NAME	DATE	EVENT OBJECTIVE
1	SACN Strategic Conversation with the Metropolis Board	15-Jul-13	To frame the SACN's input into the conference taking place on 16 July.
2	Film Screening Brazil Without Poverty – Garapa	16-Jul-13	To screen a film about the two main programmes for overcoming extreme poverty that are currently being implemented by the Brazilian federal government.
3	2013 Metropolis – Caring Cities	16-Jul-13	To introduce the Metropolis 2013 theme of 'Caring Cities' at the opening plenary session, using coordinated inputs from the SACN nine member cities.
4	Participative Planning: South–South Learning Exchange	24-Jul-13	To exchange lessons in South Africa with a delegation of municipal leaders from Kerala Province in India, hosted by the World Bank.
continues ...			

NO	EVENT NAME	DATE	EVENT OBJECTIVE
5	Waste Management Reference Group (WMRG) Meeting	06-Aug-13	To provide an update on the progress (and challenges) of the State of Waste Management in Cities Report, a WMRG project initiated in 2012/13.
6	State of City Finances 2013 – Press Briefing	07-Aug-13	To launch the State of City Finances 2013.
7	Infrastructure Dialogues - Regenerative Cities: An Ideal We Can't Afford	22-Aug-13	To stimulate discussions and a sharing of different perspectives between senior government, private sector and civil society stakeholders in the infrastructure sector.
8	25th City Water Managers' Forum	28-Aug-13	To discuss a 10-year perspective on water services in the cities and to reflect on the format and future arrangements for the forum.
9	Secondary Cities and Differentiation – 2nd Session	03-Sep-13	To brainstorm the differentiated approach in policy making and implementation and to craft a national research agenda on 'secondary cities' by determining how the differentiation rationale and agenda can be advanced through continued and new research on secondary cities.
10	Public Transport Reference Group (PTRG) Meeting	03-Sep-13	To create a platform where metro officials responsible for the transport function are able to engage, share and learn from one another.
11	Expanded Public Works Programme (EPWP) Reference Group Meeting	05-Sep-13	To share knowledge between EPWP managers in cities, with the participation and contribution of DM Cronin.
12	RE/EE Project Workshop – Lessons Learnt	06-Sep-13	To consolidate the outcomes of previous studies, take previous studies and research further and identify different RE and EE-related actions currently performed by metros.
13	Knowledge Management Reference Group (KMRG) Meeting	26-Sep-13	To share experiences and methods of knowledge management between cities.
14	Urban Shelter Rights Seminar	30-Sep-13	To create a platform where metro officials responsible for the delivery of sustainable human settlements are able to engage, share and learn from each other's experiences in dealing with this issue.
15	SACN Strategic Conversation on Urban Land and Migration	15-Oct-13	To highlight and give prominence to urban land issues, especially in light of recent developments around spatial legislation and national urban policy.
16	Board Meeting - 1 of 2013/14	16-Oct-13	To report on progress made in achieving the organisation's annual objectives.
17	Infrastructure Dialogues – Maintenance of Public Infrastructure	31-Oct-13	To stimulate discussions and a sharing of different perspectives between senior government, private sector and civil society stakeholders in the infrastructure sector.
18	EPWP Reference Group Meeting	13-Nov-13	To share lessons learnt.
19	Secondary Cities and Differentiation – 3rd Session	14-Nov-13	To advance discussions about differentiation from 2nd Session and to review draft outputs of the Secondary Cities study being undertaken by the University of Free State.
continues ...			

NO	EVENT NAME	DATE	EVENT OBJECTIVE
20	Transit Oriented Development (TOD) Panel Discussion	14-Nov-13	To discuss, together with various stakeholder representatives who will be instrumental in achieving TOD futures, what the TOD concept means for South African cities.
21	City Development Strategies in South Africa: Learning from Practice	19-Nov-13	To explore the vertical alignment of long-term plans developed by local, provincial and national government and the strategic use of longer term financial planning in city development strategies.
22	Inaugural Meeting of the City Development Commission	20-Nov-13	To describe the strategy process and content in order to provide useful context within which Msunduzi can develop its own city development strategy, ensuring integration with other local, provincial and national plans.
23	WMRG Meeting	28-Nov-13	To provide an update on the progress (and challenges) of the State of Waste Management in Cities Report, a WMRG project initiated in 2012/13.
24	KMRG Meeting	02-Dec-13	To share experiences and methods of knowledge management between cities.
25	Knowledge Exchange on Smart Cities	03-Dec-13	To convene senior city officials within a safe and informed space, where the cities can engage with each other to build and share knowledge, and set mutual agendas. Guest presentations were made by key 'smart city' vendors and experts, including IBM, Siemens and CSIR.
26	City Land Use Management Forum	05-Dec-13	To discuss the Spatial Planning and Land Use Management Act (SPLUMA) Regulations, the Infrastructure Development Bill and the Integrated Urban Development Framework (IUDF) and provide guidance on a clear, well-thought-out way forward.
27	State of the Cities (SoCR) IV 2016 – 1st Reference Group Meeting	16-Jan-14	To discuss how the SoCR IV will restate or review the urban development vision for the next strategic planning period for cities, analyse performance against key strategic benchmarks and provide targeted solutions for member cities.
28	Climate Change Business Seminar	20-Jan-14	To address public-private collaboration as a prerequisite for building a sustainable future.
29	IUDF Panel of Experts Meeting	21-Jan-14	To discuss and finalise the key messages and policy levers for the draft IUDF.
30	Infrastructure Dialogues – Infrastructure Development Bill: What Will the Legislation Build?"	06-Feb-14	To stimulate discussions and a sharing of different perspectives between senior government, private sector and civil society stakeholders in the infrastructure sector.
31	PTRG Meeting	14-Feb-14	To discuss which research is currently most useful for cities and how to strengthen the work currently being done by SACN.
32	Urban Safety and Violence Prevention (USVP) Reference Group Meeting	26-Feb-14	To share and learn about the challenges and solutions to urban violence in South Africa and other countries in the global South, and to discuss the study tour to Brazil and Columbia in March/April 2014, organised jointly by SACN and GIZ, as part of the 'Inclusive Violence and Crime Prevention Programme'.
33	Spatial Transformation of Cities Conference 2014	05-Mar-14	To convene key role players in the urban space economy in order to showcase and interrogate, gain knowledge and insight at the city scale, deepen mutual understanding and learning regarding challenges and strategies for spatial transformation, build the capacity of learning institutions, and interrogate and improve national and local urban and spatial development policies and plans.
continues ...			

NO	EVENT NAME	DATE	EVENT OBJECTIVE
34	Housing to Human Settlements (HHS) Reference Group Meeting	18-Mar-14	To discuss the first drafts of the chapters for the the publication From Housing to Human Settlements.
35	EPWP Reference Group Meeting	19-Mar-14	To share lessons learnt.
36	Infrastructure Dialogues - Laying Foundations for Growth or Pouring Resources into a Bottomless Pit?	19-Mar-14	To stimulate discussions and a sharing of different perspectives between senior government, private sector and civil society stakeholders in the infrastructure sector.
37	City Water Managers' Forum	26-Mar-14	To discuss a 10-year perspective on water services in the cities and to reflect on the format and future arrangements for the forum.
38	Strategic Conversation on Water Management in Cities, particularly the Water-Energy-Food Nexus	27-Mar-14	To bring city mayors, city managers, and other key stakeholders together in order to examine key evidence, issues and approaches relating to strategy, planning, leadership and governance of cities.
39	KMRG Meeting	03-Apr-14	To share experiences and methods of knowledge management between cities.
40	Local Government Energy Support Network Meeting	15-Apr-14	To provide municipal partners with updated information and latest research on national and local policy, with support tools and materials, as well as an opportunity to network and to build links among municipal partners, and to launch the urban energy support web platforms..
41	State of the Cities IV 2016 – 2nd Reference Group Meeting	17-Apr-14	To discuss how the SoCR IV will restate or review the urban development vision for the next strategic planning period for cities, analyse performance against key strategic benchmarks and provide targeted solutions for member cities.
42	Urban Shelter Workshop	12-May-14	To create a platform where metro officials responsible for the delivery of sustainable human settlements are able to engage, share and learn from each other's experiences in dealing with urban shelter rights and what that means for urban development and city transformation.
43	Infrastructure Dialogues – Infrastructure after 20 years of Democracy	15-May-14	To reflect on what past infrastructure activities relating to human settlements, basic services and network infrastructure can do to improve future performance, using The Presidency's Twenty Year Review South Africa 1994-2014 as a point of departure.
44	Urban Safety and Violence Prevention (USVP) Reference Group Meeting	19-May-14	To serve as a platform for peer-to-peer learning and knowledge sharing among practitioners from the SACN member cities on urban safety and violence prevention.
45	Urban Vulnerabilities and Youth Workshop	21-May-14	To advance discussions about urban socio-political stability and the youth, by allowing a few research organisations to share their current work, identifying gaps or opportunities and helping guide future research work.
46	SPLUMA Forum	06-June-14	To learn and share knowledge between development planning (spatial planning and land use) practitioners and managers from the member cities.
47	EPWP Reference Group Meeting	12-June-14	To share lessons learnt.
48	African Urban Policy and Planning Workshop	18-June-14	To discuss the challenges and opportunities of urban development, based on the national urban policies and community-based planning experiences, and how lessons from these experiences can contribute to our understanding and strategies for urban development and management on the continent.

TABLE 4: Publications in 2013/14

NO	PUBLICATION	DATE	OBJECTIVE
1	Urban Indicators 2013 – Study Findings	Jul 2013	Part of the scoping and planning stage, this study's objective was to look at coordination mechanisms for developing and managing indicators; to develop approaches and methods for collecting and analysing data, as well as the costs of such institutional mechanisms. SACN recognises the importance of monitoring the performance of cities within the fast-changing dynamics of contemporary South Africa where the majority of people now live in metropolitan areas.
2	Urban Indicators 2013 – Business Plan	Jul 2013	Part of the scoping and planning stage, the business plan defines and describes the key activities, tasks and timelines needed to enable the SACN to accomplish its objectives and to ultimately produce the SoCR 2016.
3	Workplace Skills Planning in South Africa's Largest Municipalities: An Evaluation of the LGSETA Mandatory Grant Process	Jul 2013	As the LGSETA has not undertaken an extensive evaluation of its processes, outcomes and impacts since its establishment, this study was aimed at developing an understanding of how and to what extent SACN member cities are using Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) to plan, implement, monitor, and evaluate skills development. Ultimately, its aim is to enable LGSETA stakeholders to formulate strategies that will strengthen the impact of mandatory grants on local government skills development, thus enhancing the relationship between skills development and the cities' ability to fulfill their legislative mandate.
4	South African Urban Strategies Alignment Study	Aug 2013	The study analyses how various long-range development strategies and plans of relevance to South Africa's large (primary and secondary) cities align (or not) and reflects upon national urban development and settlement planning.
5	State of City Finances 2013 – Towards Sustainable Municipal Finances	Aug 2013	The latest report to consider the state and health of finances of SACN members, a topic that the SACN has been reporting on for many years. The report updates the financial indicators contained in the 2011 State of City Finances report and looks at other issues, such as the green economy, tariff increases and their effect on municipal finances, and the housing assignment process (and its effect on the bottom line).
6	Infrastructure Dialogues - Regenerative Cities: An Ideal We Can't Afford?	Sep 2013	This dialogue lays out various critical ideas and perspectives on the 'regenerative city' as an ideal, to test its relevance for South Africa and what it means practically for private and public sector policies, strategies and actions. The challenges (and opportunities) for private enterprise, industrial growth, urban policy, planning, design, engineering, development and management are all questions at varying levels of comprehension and resolution. In the usual Infrastructure Dialogue spirit, the aim of this dialogue is to contribute to practical, multi-stakeholder debate and recommendations for action.
<i>continues ...</i>			

NO	PUBLICATION	DATE	OBJECTIVE
7	State of Waste Management in Cities 2013	Sep 2013	This report analyses the capabilities, scope, nature, status and challenges of waste management services in the member cities. Primary data for the project came from a number of agreed-upon waste management indicators (as agreed to by the WMRG and populated by cities themselves). Complementary data was collected from other secondary sources such as the national government and Statistics South Africa (StatsSA) community surveys. In addition, interviews were held with city officials, representatives from organised local government and, the Department of Environmental Affairs (DEA). City planning documents that were analysed included integrated development plans, service delivery and budget implementation plans, spatial development frameworks and annual reports.
8	Cityscapes No.4	Oct 2013	The theme for this issue was 'Re-thinking urban things'. Cityscapes is a magazine on urban matters produced in partnership with the African Centre for Cities. The SACN is a co-sponsor, as a way of ensuring that content from city governments is included, and that SACN stakeholders are included in its dissemination.
9	Consolidated of Lessons Learnt for EE and RE Initiatives Within Cities	Oct 2013	The publication contains recommendations for the nine categories of lessons learnt, which were identified based on information gathered through a literature review, a legislative analysis and a workshop where practical information was gathered.
10	Infrastructure Dialogues – Maintenance of Public Infrastructure: How to Master the Art of Taming Contradictory Forces	Nov 2013	This dialogue reflects the results of presentations and ensuing discussions, which highlighted the complex nature of the many issues and challenges, and drew attention to the opportunities and practical remedies for improving maintenance that are available to municipalities. These included considering long-term integrated planning, actively linking plans and budgets, encouraging inter-departmental alignment and coordination, cooperating with and harnessing private sector resources. What also emerged clearly from the discussions was the need for more innovative arrangements when engaging both with the private sector as delivery partner and with communities as recipients or consumers of the services.
11	Secondary Cities Case Study: Emalahleni	Oct 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
12	A Fundraising Strategy for a National Conference on Non-Motorised Transport (NMT)	Oct 2013	The strategy focuses on integrated and sustainable green mobility within cities. It was developed after identifying the need to facilitate a national platform to promote awareness on NMT.
13	Secondary Cities Case Study: Emfuleni	Dec 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
14	Secondary Cities Case Study: George	Dec 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
<i>continues ...</i>			

NO	PUBLICATION	DATE	OBJECTIVE
15	Secondary Cities Case Study: Polokwane	Dec 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
16	Secondary Cities Case Study: Umhlathuze	Dec 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
17	Secondary Cities Case Study: City of Matlosana	Dec 2013	One of six studies that identifies key issues relating to intermediate (or secondary) cities in South Africa. The overall aim of the project is to start a policy debate regarding secondary cities.
18	Towards an Integrated Urban Development Framework: Discussion Document	Dec 2013	This document presents the rationale for a national urban development policy. SACN is acting as the secretariat to the Department of Cooperative Governance and partners and was extensively involved in the document's development, editing and production.
19	Waste Management Governance Models	Dec 2013	This report explores how cities approach waste management by analysing different models applied in three of South Africa's cities: completely outsourced (Johannesburg), completely in-house (eThekweni), and a mixture of in-house and a substantial number of big contractors (Tshwane).
20	Climate Change in Joburg	Feb 2014	This special publication produced for the C40 Summit profiles the climate change action response by both government and communities.
21	The State of Expanded Public Works Programme (EPWP) in South African Cities	Mar 2014	This report is the latest in the State of the EPWP reports produced periodically by the SACN. It reflects on how the SACN member cities have performed and maps out challenges experienced and lessons learnt.
22	The Informal City Reader	Mar 2014	Part of The Rockefeller Foundations' Informal City Dialogues (ICDs), this book chronicles stories from the informal realm. These stories are a running narrative of the lives of informal workers and settlers in the city, offering a window into the lives of street vendors, waste-pickers, and even home-based beer brewers.
23	Public Transport Functional Study	June 2014	This report serves as the foundation to the SACN public transport research programme. It provides a status quo analysis of the state of public transport and mobility in South African cities. As cities become increasingly responsible for the public transport function, the report distils the critical issues facing cities and provides useful guidance for further research.
24	How to Build Transit Oriented Cities: Exploring Possibilities	June 2014	This book explores what is needed to achieve transit-oriented city growth and provides useful insights for cities striving to restructure apartheid spatial patterns. It does this in light of the unprecedented levels of investment in public transport systems over the last five years, although the land development response envisioned to accompany investment has been limited.
25	Public Transport Investment Assessment Framework	June 2014	This report explores how cities can more effectively begin to assess whether public transport investments are yielding desired land development returns and should be read in conjunction with the How to Build Transit Oriented Cities publication.
26	From Housing to Human Settlements: Evolving Perspectives	June 2014	This book explores and attempts to articulate what moving from housing to human settlements means, in order to contribute to our understanding of the human settlements sector and its impact on urban governance and transformation. It reflects on the policy, legislative and financial frameworks that govern and inform how human settlements are planned and delivered in South Africa.
continues ...			

NO	PUBLICATION	DATE	OBJECTIVE
27	Municipal Financial Turnarounds: Learning from the Practice	June 2014	The report tells the stories of some municipal turnarounds and looks at: what went wrong, what corrective measures were introduced and the key factors that allowed for a successful turnaround to take place. The purpose of the study is to document financial turnaround processes and identify common or contrasting elements in order to extract lessons for other municipalities.
28	Migration, Mobility and Urban Vulnerabilities – Implications for Urban Governance in South Africa	June 2014	The research report explores the challenges and opportunities associated with migration and mobility into and within South African cities, and the implications for urban governance. It identifies and analyses the links between these challenges/vulnerabilities and the current forms of urban instability. This has been done through a consolidation of existing research produced by the African Centre for Migration & Society (ACMS), the University of the Witwatersrand and a review of relevant literature.
29	City of Tshwane Carbon-Footprint Report	June 2014	The report looks at developing the City of Tshwane's GHG Emission Inventory that will assist the city in monitoring and evaluating the mitigation and adaptation actions identified in its Green Economy Strategic Framework and guide the city's climate change response programme.
30	A Guideline on How to Conduct GHG Baseline Reports	June 2014	The guidelines provides municipalities with a generic approach for conducting carbon footprint estimates in order to determine their baseline for effective mitigation measures.
31	State of Environment for the City of Joburg Report	June 2014	The report gathers information on the environmental profile and hotspots in order to influence the city's policy development such as the Integrated Development Plan, Spatial Development Framework and the Regional Spatial Development Framework. This will enhance sustainable development and the responsible use of natural resources at local level.

Output Analysis

The distribution of outputs by SACN theme during 2013/14 is reflected in Table 5.

TABLE 5: Summary of outputs by theme (2013/14)

	CDS	PRODUCTIVE	INCLUSIVE	WELL GOVERNED	SUSTAINABLE	OTHER
No. of learning events	20	0	14	6	8	0
No. of video records of events	0	0	0	0	0	0
No. of publications	15	0	6	5	5	0
Total number of outputs	35	0	20	11	13	0

The majority (41%) of learning events and publications (nearly 50%) predictably were under the CDS theme, which included this year the secondary cities work and the Infrastructure Dialogues series. In keeping with the increased outputs this year, the inclusive, well-governed and sustainable themes all saw an increase in numbers produced. In 2014/15, the productive cities theme will be a particular focus for expanded activity.

STUDIES ON AFRICAN URBAN POLICY AND PLANNING



In 2013, SACN entered a partnership with the Khanya-African Institute of Community-Driven Development (Khanya-aicdd). The collaborative aimed to undertake a series of reflective studies based upon Khanya-aicdd's practice and experience in participatory planning in South Africa and several other African countries. These studies looked at approaches in diverse politico-administrative contexts across the African continent.

The first phase was an initial research process, comparing the legislative and institutional context in South Africa, Nigeria, Uganda, Ghana, Zimbabwe, Kenya and Ethiopia. Some of these countries have experience with community-based planning (CBP), a tool developed by Khanya-aicdd, while others have adopted other approaches. The study's intention was to examine and learn from these approaches and experiences, in order to continue to improve and innovate CBP.

The move towards decentralised governance has seen the promotion of transformed local development planning, such as integrated development plans in South Africa, district plans in Uganda and municipal rural development plans in Brazil. These integrated and multi-sectoral plans guide spending allocations and the general equitable distribution of resources in communities.

With the restructuring of local government in democratic South Africa, local governance structures have increased responsibility and accountability towards local communities. CBP has been suggested as a way to overcome the inherent challenges that exist in creating effective vertical planning systems, as well as horizontal integration across sectors.

Integral to CBP is the use of participatory methodologies to gain an understanding of the current situation, develop objectives and plan for action. Such methodologies are mostly based on analysing the livelihoods of a variety of social groups, to be able to identify and build on the diversity of community, and to use the information uncovered to drive the planning process.

The study found that the following elements affect the success of a CBP process: the planning process; methodologies; facilitation and training; the link with community-managed and owned resources; accountability, monitoring and evaluation; the linkage to the local government planning system; and continuous learning and adaptation.

RESEARCH REPORT:

Towards a New Growth Path in Africa: A Study of National Urban Policy Response to Urbanisation



This paper is a comparative study of four African countries and their policy approaches for managing rapid urbanisation and urban development. The national urban policies (NUPs) from two developed countries were also examined, with the aim of identifying lessons for African countries. The study found that many African countries do not have an integrated urban policy as proposed by the UN-Habitat. Nigeria and Ghana have such a policy, while South Africa and Kenya are in the process of formulating and adopting policies.

The study identified various aspects as being important for city development. (1) Investment in infrastructure: the rapid growth in many cities has outpaced existing infrastructure, and so investing in infrastructure would enable cities to respond to future demographic, environmental and economic changes. (2) The upgrading of informal settlements is a way of achieving sustainable development. (3) The informal trade sector, which in the past was viewed negatively by most African countries, is being recognised as an important part of the city's economy, as noted in Ghana and Nigeria.

The study also found that the lack of investment in cities and poor planning, poor urban governance and issues of city boundaries have all negatively affected city management. What is clear from the research is that the decentralisation of power has been more on paper than in practice in many African cities.

The paper suggests that proper devolution of powers, a clear definition of city boundaries and financing will enable cities and towns in Africa to play a more decisive role in delivering services and managing urban space.

COLLABORATIVE PARTNERSHIPS

At the World Urban Forum in Medellín, the SACN presented sessions on African urban policy and on urban safety, in partnership with the South African national delegation (through the Department of Cooperative Governance) and the GIZ. <http://wuf7.unhabitat.org/>



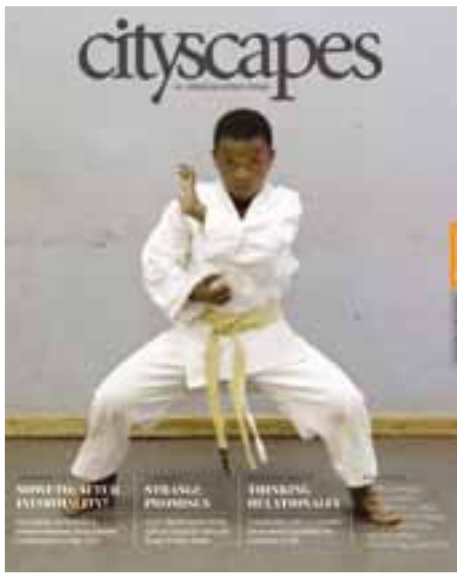
World Urban Forum **Urban Equity in Development – Cities for Life** Medellín, Colombia | 5-11 April 2014



South African City Futures: Visualising the Futures of our Neighbourhoods is a project about doing things differently, encouraging South African cities and their constituent neighbourhoods to start thinking differently about their future. This innovative, part-research, part-radical co-creation project combines futures thinking, multi-stakeholder dialogue and multiple forms of visualisation to reflect on the future of urban neighbourhoods to 2030.

SA City Futures is an initiative of urban partners: SACN, African Centre for Cities (at UCT), the CSIR, the Architects' Collective, the Johannesburg Development Agency (JDA) and the Mandela Bay Development Agency (MBDA). <http://cityfutures.co.za/>

CityScapes



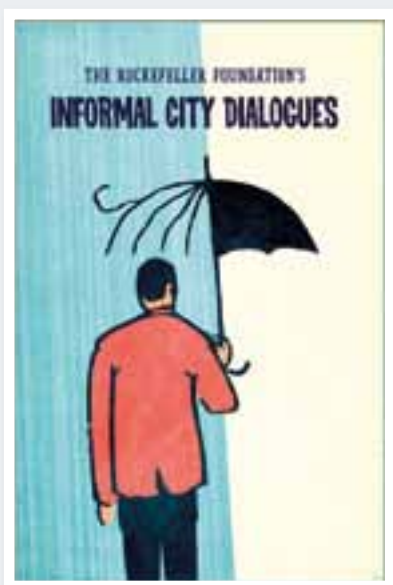
The SACN continues to give some funding, support and advice for the production of the urban magazine Cityscapes, which describes itself as 'a hybrid of forms, simultaneously invested in scholarly discourse around contemporary urbanism in Africa and the global south, as much as individual everyday experiences and activities of the multitude of actors that are actively involved in shaping cities across the continent and the rest of the developing world'. In particular, the SACN encourages the journal to include the perspectives of governance actors, in addition to other categories of informants. <http://www.cityscapesdigital.net/>

infrastructureDialogues



The SACN continues to host the Infrastructure Dialogues jointly with the Development Bank of Southern Africa (DBSA), the National Business Initiative, the Department of Economic Development and the Performance Monitoring and Evaluation Department in the Presidency. The Dialogue initiative was launched in 2009 as a partnership between the Business Trust and the DBSA. <http://www.infrastructuredialogue.co.za/>

THE INFORMAL CITY READER.za



Informality contributes significantly to urban life and economies, and to the city fabric. The multiple actors in informality cannot be excluded from city politics but, like other users of the city, need to have the opportunities and capacities to share equitably in social and economic benefits. To engage with the subject of informality and cities, in 2013 the SA Cities Network (with partners Rockefeller Foundation and Next City) joined a global dialogue on the informal city to glean lessons for South Africa.

Started in 2011, the **Informal City Dialogues (ICD)** is a Rockefeller Foundation project that draws attention to the need for a developmental view of developing world cities. The resulting **Informal City Reader** tells stories of practices in third world cities, particularly how people navigate the city and the extent to which informality has helped (each of) them.



The **Informal City Reader.za** is the South African edition of the international Informal City Reader. Multidisciplinary people working with the informal sector in South Africa were invited to make inputs from a local perspective, contextualising the international material and issues, and looking at how the ICD findings might inform more successful South African city strategies and practices. It is hoped that this is the start of a meaningful conversation, which broadens our conception of urban informality and provides important lessons for how SA city governments treat 'the second economy'.

During the Spatial Transformation Conference held in March 2013, the SACN convened a session about the informal city. There was a robust and exploratory debate, between local and international panellists (practitioners and researchers) and participants, about acknowledging and engaging more usefully with informality. The session was a dialogue about the role of informality in urban spatial transformation, highlighting ideas and requirements for how various role players can engage more effectively with the informal in the context of urban citizenship, development, management and governance.



ANALYSIS OF THE QUALITY OF OUTPUTS

The quality of outputs is measured through a sample survey of the views of participants at learning events, and by considering informal and anecdotal feedback received from partners and members.

During 2013/14, the event survey was administered for the following events:

- Reference Group meetings: (i) waste management, (ii) public transport and (iii) knowledge management.
- Infrastructure Dialogues: (i) regenerative cities, (ii) maintenance of public infrastructure, (iii) infrastructure bill and (iv) infrastructure after 20 years of democracy.
- Knowledge Exchange on Smart Cities.
- Spatial Transformation of Cities Conference.
- 25th City Water Managers' Forum.
- Strategic Conversation on Water Management in Cities, particularly the water-energy-food nexus.
- African Urban Policy and Planning Workshop.

FIGURE 3: Average rating from quality surveys completed for SACN learning events (2013/14)

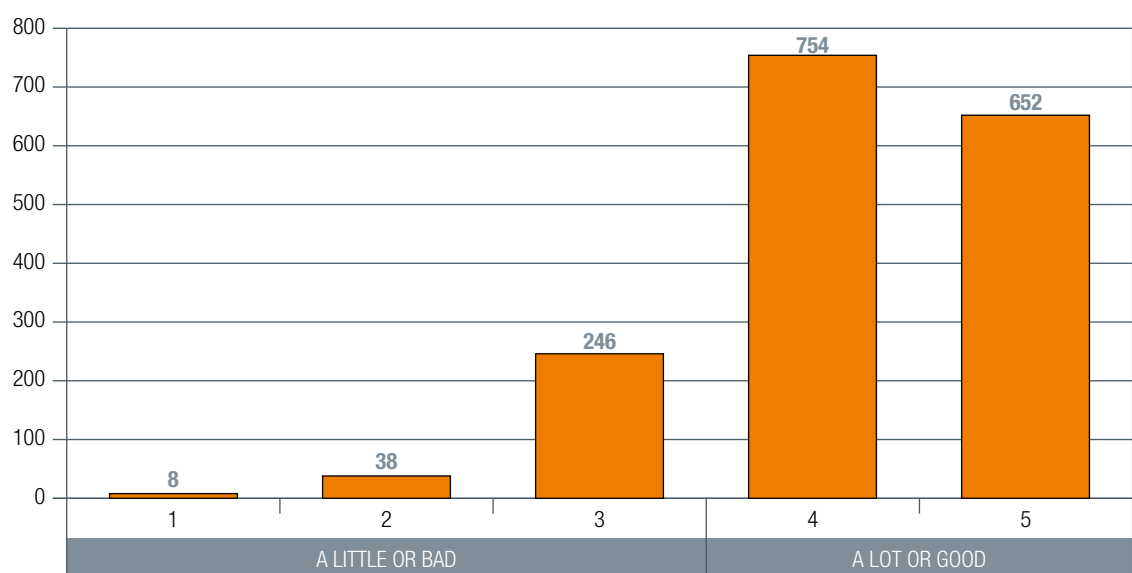


TABLE 6: Results of quality surveys completed for SACN learning events (2013/2014)

QUESTIONS	SCORES				
	A little or bad		A lot or good		
	1	2	3	4	5
Question 1: Did you learn something new today?	0	7	49	119	108
Question 2: Did the information you received inspire you to do something new or different in your work?	0	9	50	126	98
Question 3: Will the information you received help you to do your job better?	1	5	48	136	93
Question 4: Invitation quality score?	3	7	32	114	127
Question 5: Preparatory information quality score?	2	8	40	137	96
Question 6: Venue and catering quality score	2	2	27	122	130
Total	8	38	246	754	652

As Figure 3 and Table 6 show, a high standard of quality continues to be maintained. Of the 1698 participants surveyed, 1406 (or 83%) rated the learning events 4/5 or 5/5 ('A lot or good'), up from 81% last year. The ratings are generally high for the questions related to learning and value.

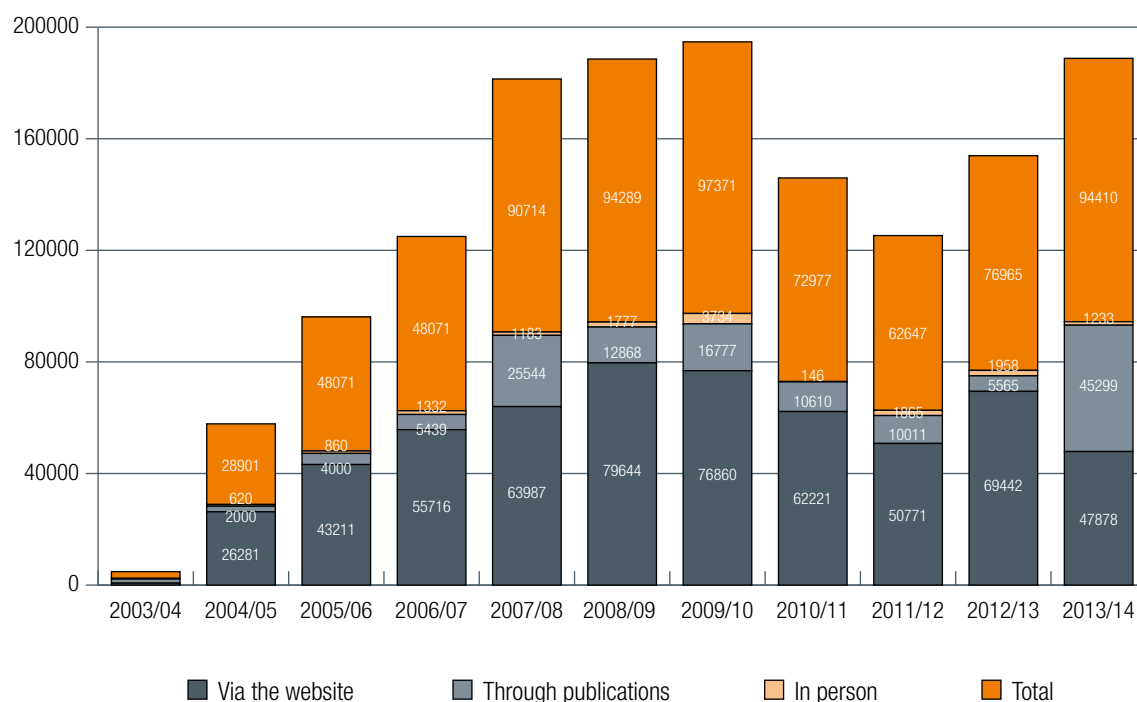
ANALYSIS OF OUTCOMES

Performance outcomes for SACN are measured in terms of the number of people reached, the profile of people reached, and networking outcomes.

Reach of knowledge dissemination strategies

SACN's knowledge dissemination reaches people through live events, through publications and through the website. A total of 94 410 people were reached compared to 76 965 last year, an increase of over 20%. The number of people reached through publications was the highest in the organisation's existence and eight times higher than last year.

FIGURE 4: Summary of people reached to date

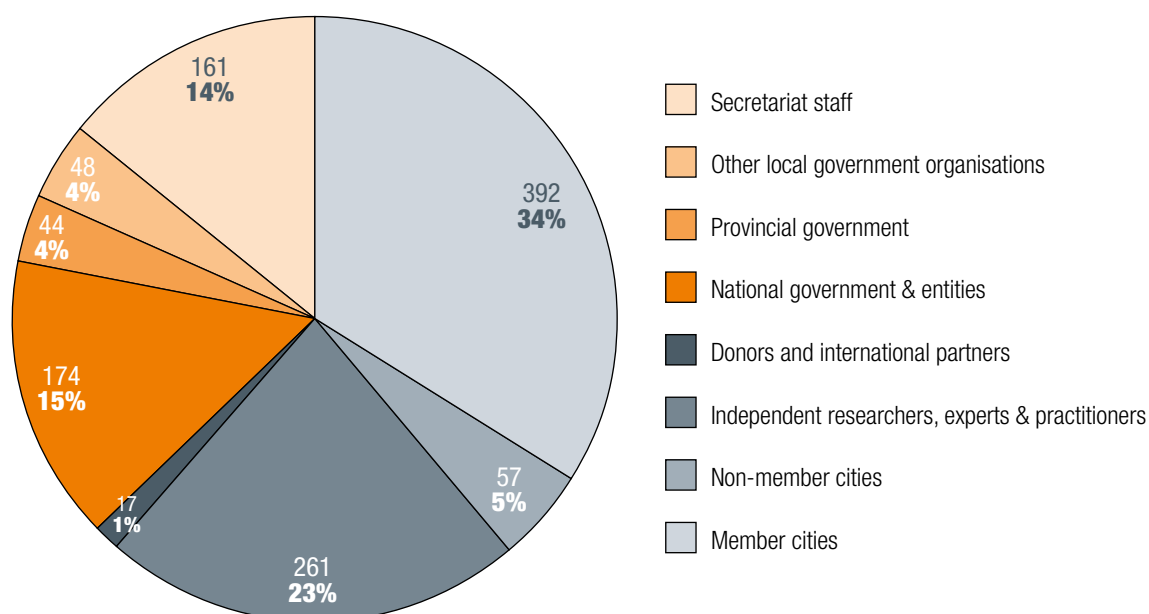


The 48 learning events hosted during 2013/14 accounted for 251 hours of learning.

Profile of people reached through learning events

The participation mix at SACN learning events is shown in Figure 5.

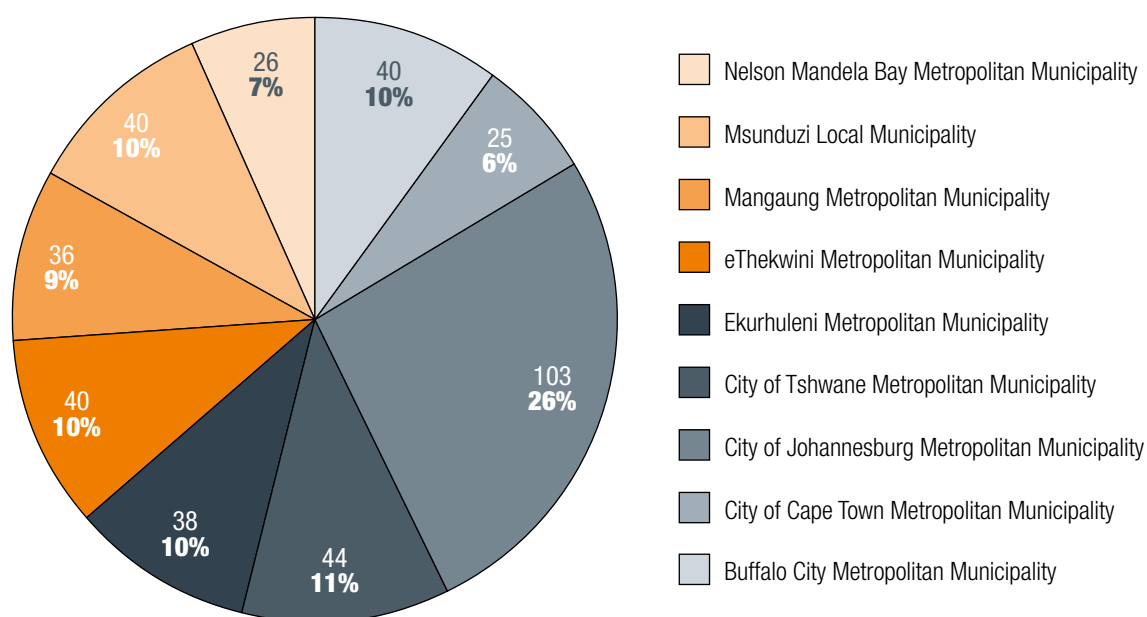
FIGURE 5: Breakdown of participants at SACN learning events during 2013/14



Participation by SACN member cities has gone up appreciably this year compared to last year. This also reflects, in small measure, the participation of the Secretariat team that has grown.

When the participation between member cities is compared (Figure 6), a relatively even level of participation across the cities is found, with Nelson Mandela Bay and Cape Town having the lowest levels of participation.

FIGURE 6: Breakdown of participation by member cities at learning events during 2013/2014



Although the City of Joburg continues to dominate, efforts continue to be made to distribute events and activities across the member cities, as Table 7 shows.

TABLE 7: Location of learning events during 2013/14

CITY	TOTAL EVENTS
Buffalo City	1
City of Cape Town	3
City of Joburg	31
City of Tshwane	4
Ekurhuleni	2
Ethekwini	3
Msunduzi	2
Nelson Mandela Bay	2
Total	48

LEARNING AND POLICY IMPACTS

Some of the policy and learning impacts that emerged from the SACN activities this year were:

- A range of SACN studies contributed to and were cited in the development of the Integrated Urban Development Framework.
- The National Research Task Team session fed into the conceptualisation and thinking behind a Green Paper for housing, which the national Department of Human Settlements has begun to undertake.
- The SACN's secondary cities work was recognised and contributed to differentiation dialogues by partners: SALGA, DPME, CoGTA, Treasury, and the Municipal Demarcation Board.
- A wide range of local stakeholders were drawn in to engage with developments within the IBSA initiative.
- A hugely successful, innovative and partnership-driven Spatial Transformation of Cities Conference 2014 held with the City of Johannesburg and the Johannesburg Development Agency. The conference was hailed for its innovation and wealth of content, and is being used as a model for the design of AfriCities 2015 to be held in Johannesburg.
- The laying of the platform for interaction between the private sector (specifically SAPOA) and SACN cities that emerged from the SACN strategic conversation with various city mayors and officials.
- Successful multi-stakeholder dialogue on land issues with the SACN Board, which is helping to elevate the importance and urgency of the issue. SACN is now cooperating with HDA, SALGA and CoGTA to advance the agenda.
- The SACN secretariat and Board members successfully participated in the Johannesburg hosting of Metropolis: Caring Cities.
- The Msunduzi CDS reference group resulted in the city embarking on a CDS formulation process, using the lessons learnt from the session held with the council management.
- A very successful launch and coverage of the State of Cities Finances report through the combination of a strong product and message, and support from SACN's new communications person.

IMPORTANT ACTION ITEMS FOR THE NEXT YEAR

The SACN will be dealing with a number of important projects and programmes in the new financial year. Specific emphasis will be placed on:

- delivering project outputs that are lagging,
- the Productive Cities thematic area, and
- managing even spend.



CLIMATE CHANGE

The SACN continues to support its member cities in their implementation of national policy on climate change. This year saw the start of research into the level of city resilience to climate change effects. It focuses on three member cities – Mangaung, Johannesburg and Ekurhuleni, with particular emphasis on food security, water and transport. This research will be reported on in the next financial year.

Within the same context, in February 2014 the SACN supported the City of Johannesburg in hosting the fifth biennial C40 Cities Climate Leadership Group Mayors Summit, a first on the African continent. The theme was 'Towards resilient and liveable megacities – demonstrating action, impact and opportunity'. The hosting of this summit resonated well with the 'Africa rising' mood that is geared towards projecting a positive image of the continent. The event brought together C40 mayors from around the world to advance urban solutions to global climate change through individual efforts, as well as international engagement and collaboration.

At the summit, the C40 released the second volume of its global report *Climate Action in Megacities*, which contains the results of a three-year seminal research effort – under the leadership of C40 Chair, New York City Mayor Michael R. Bloomberg – to gather and benchmark data on the actions and powers of cities to address the sources and risks of climate change. The report documents the progress made and leadership of cities on this critical issue.

WASTE MANAGEMENT



The State of Waste Management in Cities report, which was completed in the second quarter of 2013, provides useful baseline data on how the member cities manage waste in their respective spaces. The report relied on primary data (selected key waste management indicators) from 2011/12 that was populated by the cities themselves. However, a huge challenge in drawing up the trends was the availability and reporting of data by the different cities. Nevertheless, what is evident is the key disposal method of solid waste in cities – landfilling – is unsustainable.

Waste management in most of SACN member cities has improved tremendously over time, with waste collection in all cities above the national average of 65%. Since 2001, waste collection has increased markedly, with Mangaung recording an increase of more than 10% between 2001 and 2011.

However, Integrated Waste Management Plans (IWMPs) remain an area of concern, as their status and existence are not at the desired level. In short, some cities are still operating under first generation IWMPs, which were developed and approved in 2005, while some operate on draft/unofficially approved plans. IWMPs are key tools for strengthening waste governance in municipalities. Therefore, cities need to review old IWMPs and finalise and get council approval of the incomplete IWMPs. Although it does not obviously follow, the research found, to some degree of accuracy, that cities with IWMPs perform much better than those without. The three best performing cities – City of Johannesburg, City of Cape Town and Nelson Mandela Bay Metropolitan Municipality – have up-to-date and functioning IWMPs.

A follow-through of this work was to model the implications of poor waste management, in particular how the common method of disposal (i.e. landfilling) exacerbates the impacts of climate change. The research found that growing city populations lead to an increased standard of living and demand for food, water and energy. This translates into a tremendous growth in the volumes of waste generated in cities, which have a direct impact on the production of greenhouse gases. The modelling shows that, at the current rate, the landfill space available to cities is shrinking and finding suitable land to continue using landfills is going to be a constant struggle. What is needed is a concerted effort by all stakeholders to embrace new ways of thinking about sustainable waste management e.g. reduce, reuse, recycle, recover and lastly dispose.



ENERGY

Over the past five years, SACN's energy portfolio has focused on renewable energy and energy efficiency. This focus is framed around South Africa's need to reduce its share of global greenhouse gas emissions. Such a reduction requires a transition in the energy mix, managing demand for energy and patterns of energy use, and effecting structural economy-wide changes towards a low carbon trajectory.

As major consumers of power, cities have significant opportunities to implement renewable energy and energy efficiency, by diversifying supply mix and managing demand and patterns of energy use. Cities also own and operate land, buildings and infrastructure, such as landfills and sewage treatment plants, which provide opportunities for harvesting renewable energy resources.

Currently at city level, renewable energy technologies and energy efficiency interventions have a low level of penetration. To some extent this can be attributed to the barriers to implementation contained in the current legislation, where the municipality's mandate is not clearly defined. Section 34 of the Electricity Regulation Act specifies that additional new generation capacity can only be added to the national grid through a ministerial determination. This ministerial determination specifies the capacity required, where it is required and what type of generation should be used. Such a determination has not been made for municipalities. This ambiguity continues in the Integrated Resources Plan, which also does not address the share of generation capacity allocated to municipalities.

The Municipal Finance Management Act (MFMA) limits a municipality's procurement ability. It is based on procurement of the least-cost options. As electricity

generated from renewable energy sources would inevitably be higher than that produced by Eskom, procuring 'green' electricity is problematic from the MFMA point of view. A second restriction is that contracts longer than three years are not allowed, whereas 20-year power purchase agreements are needed because of the life-time of green energy plants.

In addition to the legislative challenges, other significant issues are good planning, target setting, coordination and institutionalisation within municipalities, which need to improve in order to support large uptake of energy efficiency and renewable energy. The lack of capacity and funding is another challenge that must be addressed.



SOCIO-POLITICAL INSTABILITY

Complex challenges for urban governance and planning arise from the various forms of socioeconomic and political instability, and urban vulnerabilities that exist in our cities. These include ethnic tensions; violent political rivalries; violent service delivery protests; xenophobic violence; livelihood insecurity; poor health outcomes; and a lack of access to services and opportunities, which have led to an urban penalty for some city residents.

This is a new area of focus for the SACN, and two pieces of work have been completed to date: a literature review and a research report completed by the African Centre for Migration Studies (ACMS) at Wits entitled 'Migration, mobility and urban vulnerabilities: Implications for urban governance in South Africa'.

Apart from the physical expansion of urban places, South African cities are home to new, emerging spaces that require appropriate governance responses. For example, peripheral informal settlements face challenges such as the lack of essential services and inequality. To this end, understanding mobility trends and patterns (both into and within cities), and the associated implications, allows appropriate responses to be outlined.

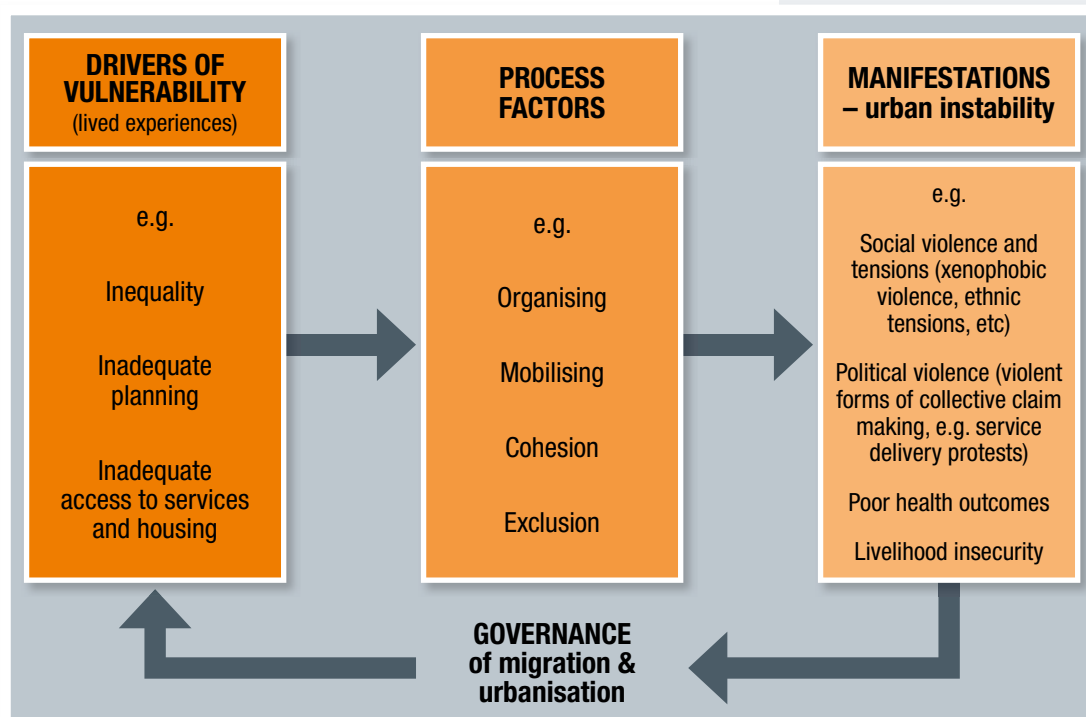
Cities are assumed to be spaces of improved access to livelihood opportunities and basic services. While true at an aggregate level, intra-urban inequalities exist and lead to a penalty for the urban poor. Healthy migration is good for development. However, when not managed properly, migration and mobility lead to numerous forms of social, economic, political and security vulnerabilities, for not only migrants but also residents of any given locality.

Governance mechanisms at a city level are key drivers of urban vulnerabilities. When there is a lack of proactive urban planning, deliberate discriminatory/exclusionary policies and practices, and a lack of conflict resolution mechanisms, city governance may:

- cause or contribute to urban vulnerabilities,
- exacerbate urban vulnerabilities and tensions, and
- fail to prevent tensions from escalating into open conflicts and violence among groups or against the state (socio-political instabilities).

Recommendations to local government include driving governance responses that ensure urban vulnerabilities do not manifest as socio-political, urban instabilities or violence. Improved responses will (1) address the underlying drivers of urban vulnerability and (2) mediate processes that determine whether urban vulnerability leads to manifestations of instability.

The next phase of this work will have a youth focus. This is based on a growing concern that the youth are one of the most vulnerable groups in our cities and is supported by the contribution of youth unemployment to the overall national unemployment figures. The SACN would like to examine to what extent issues of youth are reflected in socio-political instability and urban vulnerabilities, and what this means for urban governance.





ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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The following schedule has been attached for information purposes only and does not form part of the audited financial statements.

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Certificate by secretary

I confirm that South African Cities Network has complied with all its statutory requirements.



Yolisa Dambuza
COMPANY SECRETARY

Financial statements prepared by:



Yolisa Dambuza
FINANCIAL ACCOUNTANT

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to February 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 53 to 55.

The annual financial statements set out on pages 53 to 78, which have been prepared on the going concern basis, were approved by the board of directors on 3 March 2015 and were signed on its behalf by:



Mpho Parks Tau
CHAIRPERSON



Mr SM Mbanga
CHIEF EXECUTIVE OFFICER

REPORT OF THE INDEPENDENT AUDITOR

To the members of South African Cities Network (NPC)

Report on the Financial Statements

We have audited the annual financial statements of South African Cities Network (NPC) that comprise the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 59 - 75.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position South African Cities Network (NPC) as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that this organisation, in common with many other of similar size and organisation, derives income from voluntary donations which cannot be fully controlled until they are entered in the accounting records, and are not therefore susceptible to independent audit verification.

Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

The company has not complied with the sections of the Value Added Tax (VAT) Act for the period 01 June 2006 to date. The company is not yet registered for VAT and did not declare and pay any output VAT to the South African Revenue Service (SARS). In 2011 the company obtained an instruction from SARS to register for VAT and declare and pay over VAT. The company completed their application process in terms of registering for VAT and is currently waiting for the outcome of the application from SARS. The VAT liability reflected in the statement of financial position includes the calculated VAT amount (capital) and the calculated penalties and interest. Refer to the VAT liability disclosed in note 23 to the financial statements.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended insert year end date here, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The report is the responsibility of the respective preparers. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on 76 to 78 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



SizweNtsalubaGobodo Inc
Alex Philippou

DIRECTOR
REGISTERED AUDITOR

11 August 2015

*221 Garsfontein Road
Summit Place Office Park, Building 4
Pretoria, Gauteng*

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report on the financial statements of South African Cities Networks NPC (SACN) for the year ended 30 June 2014.

1. Main Business and Operations

The South African Cities Network was established in 2002 by the South African Minister for the Department of Cooperative Governance and Traditional Affairs (former Department of Provincial and Local Government) in collaboration with the mayors of South Africa's largest cities and the South African Local Government Association (SALGA), as a non-profit company, with the mandate to:

- promote good governance and management in South African cities
- Analyse strategic challenges facing South African cities, particularly in the context of global economic integration and national development challenges
- Collect, collate, analyse, assess, disseminate, and apply the experience of large city government in a South African context, and
- Promote shared learning partnerships between different spheres of government to support the management of South African Cities

General Overview

The SACN is a not-for-profit voluntary membership organisation. In order to achieve its objectives, the SACN works with a broad range of organisations including national and provincial government, private sector organisations, universities and research institutes, regional and global networks dealing with city and urban issues and other non-governmental organisations.

2. Financial Results

The net surplus of the South African Cities Network NPC was R556 429 (2013: R1 357 920 surplus).

During the year under review, the company acquired equipment to the value of R202 092 (2013: R65 543).

3. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The City of Cape Town has terminated its membership from the South African Cities Network. This has resulted in a R1 500 000 decrease in the networks revenue. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient

borrowing facilities to meet its foreseeable cash requirements. Other than the pending SARS matter described in note 23 to the annual financial statements, the directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

4. Events after reporting period

The directors are not aware of any event which occurred after the reporting date and up to the date of this report.

5. Company Secretary Statement

I hereby certify that the South African Cities Network has complied with all its statutory requirements.

6. Directorate

BOARD MEMBERS	APPOINTMENT / RESIGNATION DATE	ALTERNATE DIRECTORS	APPOINTMENT / RESIGNATION DATE	DESIGNATION / AFFILIATION
M.P Tau				Chairperson
S.M.M Mbanga				Chief Executive Officer
Y. Carrim	June 2013(resigned)	T.Fosi		CoGTA
A Nel	July 2013 (appointed)			
C.X George				SALGA
		M.N Mokonyama		Department of Transport
J.P Cronin				Department of Public Works
Z.A Kota-Fredericks				Department of Human Settlements
S.Sithole		S.Cele		eThekweni Metropolitan Municipality
J.Ngobeni		K.Ramokgopa		City of Tshwane
K.Ngema		O.Nkoane	July 2013 (resigned)	Ekurhuleni Metropolitan Municipality
S.Mazibuko		M Siyonzana	July 2013 (appointed)	Mangaung Municipality
I.Tsatsire	March 2013 (resigned)	N.Sihlwayi	June 2013 (resigned)	Nelson Mandela Metropolitan Municipality
M Mbambisa	June 2014 (appointed)	T Ngcolomba	June 2013 (appointed)	Nelson Mandela Metropolitan Municipality
Z.C Ncitha	10 March 2012			Buffalo City Municipality
M.Mokoena		T.Fowler		City of Johannesburg
I.Nielson		A.E Abraham	July 2013 (resigned)	City of Cape Town
		G. Ras	July 2013 (appointed)	City of Cape Town
C.Ndlela		M.Nkosi		Msunduzi Municipality

Secretary

Secretarial services are performed by Yolisa Dambuza.

7. Auditors

SizweNtsalubaGobodo Inc. will continue in office in accordance with section 90 of the Companies Act.

8. Physical address and registered offices

Joburg Metro Building
158 Loveday Street
Braamfontein
Johannesburg

9. Postal address

P.O.Box 32160
Braamfontein
2017

STATEMENT OF FINANCIAL POSITION

	Notes	2014 R	2013 R
Assets		19 281 750	17 606 544
Non current assets		239 341	87 641
Equipment	4	239 341	87 641
Current assets		19 042 406	17 518 903
Trade and other receivables	5	17 522	17 522
Accrued income	6	10 539 346	12 050 255
Cash and cash equivalents	7	8 485 538	5 451 125
Total assets		R19 281 750	17 606 544
Reserves and liabilities		19 281 750	17 606 544
Reserves		3 448 361	2 891 932
Accumulated funds		3 448 361	2 891 932
Current liabilities		15 833 388	14 714 614
Trade and other payables	8	2 995 021	6 831 700
VAT	23	7 041 948	5 284 799
Deferred grant income	9	5 796 420	2 598 114
Total reserves and liabilities		19 281 750	17 606 544

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2014 R	2013 R
Income		47 598 291	34 059 824
Grants	10	34 990 045	28 443 060
Interest received	13	402 721	293 585
Subscriptions received	11	10 087 719	4 774 844
Other income	12	2 117 806	548 335
Expenditure		47 041 862	32 701 904
Secretariat Costs		12 192 402	7 734 320
Networking and Strategic Input		381 927	500 689
Information Technology		250 913	149 894
Knowledge Management and Communications		1 232 681	571 507
City Development Strategies		19 709 687	18 919 447
Productive Cities		1 410 002	484 131
Inclusive Cities		2 103 749	806 881
Sustainable Cities		8 567 350	987 123
Well Governed Cities		1 193 152	2 547 912
Surplus / (deficit) for the year		556 429	1 357 920
Other comprehensive Income / (Deficit)		—	—
Total comprehensive income / (deficit)		556 429	1 357 920

STATEMENT OF CHANGES IN EQUITY

	Total accumulated funds R
Balance as at 01 July 2012	1 534 012
Surplus for the year	1 357 920
Opening balance as 01 July 2013	2 891 932
Surplus for the year	556 429
Balance at 30 June 2014	3 448 361

STATEMENT OF CASH FLOWS

	Note	2014 R	2013 R
Cash flows from operating activities			
Cash received from funders and subscribers		48 706 480	22 273 287
Cash paid to programmes, suppliers and employees		(52 805 934)	(24 362 736)
Cash generated from operations	14	2 833 784	(2 089 449)
Interest received	13	402 721	293 585
Net Cash inflows from operating activities		3 236 505	(1 795 864)
Cash flows utilised in investing activities		(202 092)	(67 042)
Purchase of equipment	4	(202 092)	(65 543)
Proceeds from disposal of assets		—	(1 500)
Total cash movement for the year		3 034 413	(1 862 906)
Cash at the beginning of the year		5 451 126	7 314 031
Total cash at end of year	7	8 485 539	5 451 125

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in all material respects.

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Accounting Convention

The company is registered under the Companies Act 71 of 2008, as a non profit company and as such no part of its income or property shall be transferred to members, directly or indirectly. All reserves of the company are consequently non-distributable.

1.2 Significant Judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

There are no significant judgements and estimates made by management other those disclosed.

1.3 Equipment

The cost of an asset is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of tangible assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of tangible assets, the carrying amount of the replaced part is derecognised.

Assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all assets to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Computer equipment	3 years
Furniture and fittings	5 years
Office equipment	5 years

The depreciation charge for each period is recognised in profit or loss, unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognising of an item of property, plant and equipment is included in the equipment fund when the item is derecognised. The gain or loss arising from the derecognising of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial Instruments

1.4.1 Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

1.4.2 Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instruments.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

1.4.3 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

1.4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

1.5 Trade and Other Receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss.

1.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Impairment of Assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Trade and Other Payables

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

1.9 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Leases are classified as either operating or finance leases at the inception of the lease.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is discounted.

Any contingent rents are expensed in the period they are incurred.

1.11 Revenue

Income from grants and subscriptions are accounted for in the period to which it relates. All other income is brought to account as and when received.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Employee Benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Project Accounting And Expense Allocation

In terms of its contractual obligations to donors, the company's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are either apportioned on the basis of management estimates, or accounted for in the management systems fund or recovered through either the levy of a project implementation, consulting or administration fee.

Accrued and deferred grant income is based on the balance of the project fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

2. Members' Guarantee

In terms of the company's memorandum and articles of association, the guarantee of each member in the event of the company being wound up is R 1.

At the balance sheet date, the guarantee value amounted to R9.

3 New Standards And Interpretations

3.1 Standards, Interpretations and Amendments Effective and Adopted in the Current Year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- IFRS 7 Disclosures – Offsetting financial assets and liabilities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS1 Presentation of items of other comprehensive income (effective 1 July 2012)
- Annual improvements to IFRSs 2009-2011 cycle

3.2 Standards, Interpretations and Amendments not yet Effective but Relevant

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2013 or later periods.

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IAS 32 Offsetting financial assets and financial liabilities (effective 1 January 2014)

3.3 Standards, Interpretations and Amendments Effective but not Relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2013 or later periods but are not relevant to its operations:

- IFRS 1 Government loans (effective 1 January 2013)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IAS 19 Employee Benefits-Recognition and Disclosure (effective 1 January 2013)(revised in 2011)
- IAS 27 Separate Financial Statements (effective 1 January 2013)(as revised in 2011)
- IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2013)(revised in 2011)

Management is currently reviewing the impact of these standards on the company.

It is unlikely that the amendments will have a material impact on the company's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Equipment

	Computer equipment R	Office equipment R	Furniture and fittings R	Total R
30 June 2014				
Net book value 30 June 2012	74 323	3 888	9 430	87 641
At cost	316 370	119 508	22 008	457 886
Accumulated depreciation	(242 047)	(115 620)	(12 578)	(370 245)
Additions during the year	82 151		119 941	202 092
Depreciation for the year	(24 653)	(2 690)	(23 049)	(50 392)
Disposal of assets	–	–	–	–
At cost	–	–	–	–
Accumulated depreciation	–	–	–	–
Net book value 30 June 2013	131 821	1 198	106 322	239 341
At cost	398 521	119 508	141 949	659 978
Accumulated depreciation	(266 700)	(118 310)	(35 627)	(420 637)
30 June 2013				
Net book value 30 June 2012	48 162	6 681	12 489	67 332
At cost	259 654	119 508	22 008	401 170
Accumulated depreciation	(211 492)	(112 827)	(9 519)	(333 838)
Additions during the year	65 543	–	–	65 543
Depreciation for the year	(35 845)	(2 792)	(3 059)	(41 696)
Disposal of assets	(3 176)	–	–	(3 176)
At cost	(8 467)	–	–	(8 467)
Accumulated depreciation	5 291	–	–	5 291
Net book value 30 June 2013	74 323	3 888	9 430	87 641
At cost	316 370	119 508	22 008	457 886
Accumulated depreciation	(242 047)	(115 620)	(12 578)	(370 244)

5 Trade and Other Receivables

	2014 R	2013 R
Deposits	15 390	15 390
Prepayments	2 133	2 133
	17 522	17 522

The carrying value of trade and other receivables reflects the approximate fair value at year end.

6 Accrued Income

	2014 R	2013 R
Accrued income	10 539 346	12 050 255
	10 539 346	12 050 255

7 Cash and Cash Equivalents

	2014 R	2013 R
Bank balances	1 042 625	740 127
Investment balances	2 653 050	—
Short term deposits	4 788 363	4 709 498
Cash on hand	1 500	1 500
	8 485 538	5 451 125

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the entity, and earn interest at the respective short-term deposit rates.

8 Trade and Other Payables

	2014 R	2013 R
Trade payables	288 157	5 266 510
Operating lease smoothing	10 257	—
Garnishee	112 400	—
Other payables and accruals	1 294 538	869 484
Employee related accruals	1 289 669	695 707
	2 995 021	6 831 700

The carrying value of trade and other payables reflect the approximate fair value at year end.

Leave pay accrual

Leave pay is provided for when it accrues to employees, with reference to services rendered up to the balance sheet date.

The leave pay accrual is included in the employee related accruals above and is made up as follows:

Opening balance	363 693	184 663
Additions during the year	15 591	179 030
Utilised during the year	—	—
Closing balance	379 284	363 693

9 Deferred Grant Income

	2014 R	2013 R
City of Tshwane sustainability	3 544 961	316 809
Green Fund DBSA	1 799 620	722 054
EPWP	451 839	1 209 860
Johannesburg Development Agency		100 000
Mangaung Local Municipality		249 391
	5 796 420	2 598 114

10 Grants

	2014 R	2013 R
Department of Cooperative Governance and Traditional Affairs - NUDF	1 722 054	-
Received	1 722 054	316 809
Deferred to 2014/2015	—	(316 809)
Department of Cooperative Governance and Traditional Affairs	5 786 000	5 540 000
Received	5 786 000	3 693 334
Accrued 2014/2015	—	1 846 666
Grant Income - Department of Public Works	200 000	317 740
Deferred from 2010/2011	200 000	200 000
Deferred to 2014 /2015	—	(682 260)
Grant Income Msunduzi CDS	200 000	100 000
Received	200 000	200 000
Deferred to 2014/2015	—	(100 000)
Mandela Bay Development Agency	50 000	—
Received	50 000	—
Grant income - Tshwane Sustainability	3 705 039	—
Received	7 250 000	—
Deferred 2014/2015	(3 544 961)	—
Grant Income - H.D.A	200 000	869 000
Received	200 000	869 000
Deferred to 2014/2015	—	—
Grant Income - JDA	312 500	—
Received	312 500	—
Buffalo City Municipality - Municipal Transformation	14 292 450	17 669 180
Received	14 292 450	12 762 659
Deferred to 2014/2015	—	4 906 521
Grant Income - D.H.S	250 000	—
Received	250 000	249 391
Deferred to 2013 / 2014	—	(249 391)
Income City Futures	172 470	—
Received	172 470	—
Brics Policy Centre	16 686	—
Received	16 686	—
Green Fund - DBSA	699 853	—
Received	2 499 473	—
Deferred to 2014/2015	(1 799 620)	—
Local Government Seta	1 298 210	947 140
Received	1 298 210	858 790
Accrued 2014 / 2015	—	1 298 210
Deferred to 2014/2015	—	(1 209 860)
Department of Cooperative Governance and Traditional Affairs - IUDF	3 313 072	3 000 000
Cogta IUDF	3 313 072	3 000 000
C40 Support	2 971 711	—
Received	1 222 599	—
Accrued 2014 / 2015	1 749 112	—
	34 990 045	28 443 060

11 Subscriptions Received

	2014 R	2013 R
Buffalo City Municipality	877 193	321 538
City of Cape Town	1 315 789	739 538
Ekurhuleni Metropolitan Municipality	1 315 789	554 654
eThekweni Metropolitan Municipality	1 315 789	739 538
City of Johannesburg	1 315 789	739 538
Mangaung Municipality	877 193	321 538
Msunduzi Municipality	877 193	321 538
Nelson Mandela Metropolitan Municipality	877 193	482 308
City of Tshwane	1 315 789	554 654
	10 087 719	4 774 844

12 Other Income

	2014 R	2013 R
	2 117 806	548 336

Other income mainly consist of recoveries. These recoveries relate to project management fees, supervision fees and fees for attending meetings.

13 Interest Received

	2014 R	2013 R
Interest received – call accounts	402 721	293 586
	402 721	293 586

The following is an analysis of investment revenue earned per financial asset category:

Available-for-sale financial assets	402 721	293 586
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14 Cash Generated from Operations

	2014 R	2013 R
Surplus (Deficit) from operations	556 429	1 357 920
Adjustment for:		
– depreciation	50 391	41 696
– other non-cash item		360
– profit (loss) on disposal of assets	–	4 676
– interest received	(402 721)	(293 585)
– increase (decrease) in deferred income	3 198 306	1 334 225
– increase (decrease) in provision for deferred compensation	–	–
– decrease (increase) in accrued income	1 510 909	(11 492 952)
Operating cash flows before movements in working capital	4 913 315	(9 047 661)
	(2 079 531)	6 958 212
Decrease (increase) in accounts receivable	–	–
Increase (decrease) in accounts payable	(2 079 531)	6 958 212
	2 833 784	(2 089 449)

15 Directors' Remuneration

				2014 R	2013 R
Executive 2014	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	2 323 811	–	–	–	2 323 811
	2 323 811	–	–	–	2 323 811

				2014 R	2013 R
Executive 2013	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	1 582 424	–	–	–	1 582 424
	1 582 424	–	–	–	1 582 424

16 Operating Lease Commitments

	2014 R	2013 R
Minimum lease payments due:		
– within one year	145 885	138 695
– in third to fifth year inclusive	531 168	349 249
	677 053	487 944

Operating lease payments represent rentals payable by the company for its office space. Leases were negotiated for terms of 3 to 5 years and rentals escalate by 10% per annum. The lease agreement was renewed for a period of five years starting 1 July 2010. The company has commitments in respect of operating lease charges for premises and office equipment.

17 Taxation

No provision for taxation has been made as the company has qualified for exemption from income tax in terms of section 10(1) (cN) as read with section 30 of the Income Tax Act.

18 Surplus for the Year

	2014 R	2013 R
The surplus for the year is arrived at after taking into account the following:		
Auditors' remuneration and other fees		
– South African Cities Network annual audit	226 871	167 143
– World Bank audit	–	–
Depreciation	50 391	41 696
Staff costs	10 299 022	6 435 207
Office rental	136 205	152 567
Lease payment made	136 205	152 567
Deferred payment	–	–
Profit/(loss) on disposal of computer equipment	–	4 676

19 Related Parties

2014	Relationship	Grant Received	Subscription	Accrued Income	Deferred Income	Total
Department of Cooperative Governance and Traditional Affairs	Partner	(11 441 274)	–	(1 846 666)	–	(13 287 940)
Ekurhuleni Metropolitan Municipality	Member cities	–	(1 315 789)	(77 652)	–	(1 393 441)
City of Tshwane	Member cities	(3 544 961)	(1 315 789)	(1 577 652)	–	(6 438 402)
eThekweni Metropolitan Municipality	Member cities	–	(1 315 789)	(103 535)	–	(1 419 325)
Mangaung Local Municipality	Member cities	–	(877 193)	(366 553)	–	(1 243 746)
Nelson Mandela Metropolitan Municipality	Member cities	–	(877 193)	(1 052 769)	–	(1 929 962)
Buffalo City Municipality	Member cities	–	(877 193)	(1 478 603)	–	(2 355 796)
City of Johannesburg	Member cities	–	(1 315 789)	(1 186 889)	–	(2 502 678)
Msunduzi Municipality	Member cities	–	(877 193)	(45 015)	–	(922 208)
City of Cape Town	Member cities	–	(1 315 789)	(790 043)	–	(2 105 833)
Local Government Seta	Partner	–	–	(1 298 210)	–	(2 596 419)
Department of Human Settlements	Partner	(250 000)	–	–	–	(250 000)
Buffalo City Municipality – Municipal Transformation	Partner	(6 377 976)	–	–	–	(6 377 976)
Department of Cooperative Governance and Traditional Affairs – IUDF	Partner	(3 139 747)	–	–	–	(3 139 747)
Johannesburg Development Agency	Partner	(312 500)	–	–	–	(312 500)
Mandela Bay Development Agency	Partner	(50 000)	–	(50 000)	–	(100 000)

20 Financial Assets by Category

	2014 R	2013 R
The accounting policies for financial instruments have been applied to the line items below:		
30 June 2014	Loans and receivables R	Total R
Trade and other receivables	17 522	17 522
Accrued income	10 539 346	10 539 346
Cash and cash equivalents	8 485 538	8 485 538
	19 042 406	19 042 406
30 June 2013		
Trade and other receivables	17 523	17 523
Accrued income	12 050 255	12 050 255
Cash and cash equivalents	5 451 125	5 451 125
	17 518 903	17 518 903

21 Financial Liabilities by Category

	2014 R	2013 R
The accounting policies for financial instruments have been applied to the line items below:	Financial liabilities at amortised cost	Total
30 June 2014	R	R
Trade and other payables	10 036 968	10 036 968
Deferred income	5 796 419	5 796 419
	15 833 388	15 833 388
30 June 2013		
Trade and other payables	12 116 500	12 116 500
Deferred income	2 598 114	2 598 114
	14 714 614	14 714 614

22 Going Concern

There are no current conditions or events that may effect the going concern of the company. The need for knowledge sharing and management strategies across the cities exists and remains a major focus of the company, its partners and donors.

23 Value Added Tax

	2014 R	2013 R
Value Added Tax Payable to SARS	7 041 948	5 284 799

In 2011 the company obtained instruction from South African Revenue Services (SARS) to be registered for Value Added Tax (VAT). Currently, the company is not yet registered for VAT and, as such, did not declare any VAT outputs on income received to date. In 2011, the company applied for the voluntary disclosure program (VDP) at SARS. Following numerous written and verbal communication, as well as after various meetings with SARS, the directors have been informed that the VDP application was still being processed. Due to the delay the directors have escalated the matter with the Ministry and Department of Co-operative Government and Traditional Affairs (COGTA) and are awaiting feedback. The liability reflected in the statement of financial position is based on the calculated VAT amount (capital) as well as the calculated penalties and interest. SARS can at their discretion waive the penalties or they can levy 200% additional taxes as stated in the VAT Act. Refer to the emphasis of matter paragraph in the audit report.

DETAILED EXPENDITURE SCHEDULE

	2014 R	2013 R
Expenditure		
Secretariat Costs	12 192 402	7 734 320
Salaries	10 299 022	6 435 207
Office Consumables	1 039 258	703 869
Rent and services	136 205	152 567
Relocation Costs	—	11 340
Recruitment Fees	—	57 456
Office refreshments	22 624	14 255
Office sundries	63 698	17 372
Interest and penalties on PAYE	—	—
Contingency fees	—	84 916
Loss on disposals of computer equipment	—	4 676
Postage and courier	58 755	40 246
Travel - local (staff)	339 075	60 309
Printing and stationery	129 085	74 948
Bank charges	73 900	10 108
Office insurance	40 379	30 535
Depreciation	50 391	41 696
Telephone and cellphone	125 147	103 447
Financial and Legal Fees	772 960	345 631
Audit fees and other financial services	226 871	167 143
Interest and penalties on VAT	443 538	178 487
Legal fees	102 550	—
Organisational Development	81 163	249 612
Organisational Development	37 386	209 673
Staff training and development	11 271	39 939
Annual report	32 506	—
Networking and Strategic Input	381 927	500 689
Management and Board Meetings	242 985	219 090
Governance Support	128 434	281 599
Local and international conferences	10 508	—
Information Technology	250 913	149 894
IT Support , Maintenance and internet	164 897	138 363
Software & licenses	86 016	11 532

	2014 R	2013 R
City Development Strategies	19 709 687	18 919 447
National Urban Development Framework	47 600	—
Intergrated Urban Development Framework	3 298 347	299 357
State of Cities Report	27 509	59 946
Travel to support programmes	12 000	223 666
City Futures	383 278	553 757
Rural - Urban Interdependencies	3 078	123 595
Metropolitan Transformation - Buffalo City Municipality	12 158 913	16 968 286
Green Fund - DBSA	324 932	—
Indicators Project	465 942	599 894
Transport 1 Functional Study	294 908	—
Transport 2 Strategic Planning	385 798	—
Transport 3 Municipal Transport	413 353	—
Support to Programmes	196 895	—
Secondary Cities	418 345	66 212
Planning Africa	16 672	24 734
Msunduzi - CDS	469 963	—
Vulnerability	792 155	—
Balance carried forward	32 534 928	27 304 350

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	2014 R	2013 R
Balance brought forward	32 534 928	27 304 350
Productive Cities	1 410 002	484 131
Infrastructure Dialogues	113 276	201 147
EPWP	942 978	232 983
Public Transport	353 748	50 000
Inclusive Cities	2 103 749	806 881
Housing to human settlement	1 176 613	—
State of Land Use in South Africa - Indicators	—	—
Performance of Land Use Management Systems	—	218 935
World Urban Forum	151 034	—
Spatial Planning and Land Use Management	344 929	37 354
IBSA	142 435	274 072
Socio-political Stability	131 275	684
Metropolis - Caring Cities	157 463	275 836
Well Governed Cities	1 193 152	2 547 912
Urban Writers Programme	382 836	—
Sustainable Municipal Finance in Southern Africa	—	—
State of City Finances	23 456	934 862
Human Capacity	541 714	1 025 454
KMRG	245 146	519 196
Municipal Barometer	—	68 400
Sustainable Cities	8 567 350	987 123
Energy Efficiency and Renewable Energy Program	1 202 498	—
State of Waste Management in Cities	757 027	315 512
Non-Motorised Transport	65 900	482 061
City Scapes	159 006	—
C40 Support	2 230 926	—
City of Tshwane sustainability	3 119 080	—
Climate Change	1 032 913	189 550
Knowledge Management and Communications	1 232 681	571 507
Internships	74 065	53 524
Public Relations	316 937	179 577
Publications	111 228	51 721
Learning sessions	279 012	—
Website maintenance	451 438	286 684
	47 041 861	32 701 904

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