

Contents

About SACN	5
Mission and Vision	6
Members and Partners	7
Board Of Directors	8
Chairperson's Report	11
The CEO's Report	15
Performance Against Output Targets	16
Analysis of the Quality of Outputs	19
Analysis of Outcomes	20
Learning and Policy Impacts	23
Important Action Items for the Next Year	23
Programme Highlights	25
Annexes	37
Annual Financial Statements	46
Directors' Responsibilities and Approval	47
Report of the Independent Auditor	49
Report of the Directors	51
Statement of Financial Position	53
Statement of Profit or Loss and other Comprehensive Income	54
Statement of Changes in Equity	55
Statement of Cash Flows	55
Accounting Policies	56
Notes to the Annual Financial Statements	62
Detailed expenditure schedule	70

List of Figures

FIGURE 1: Outputs delivered (2003/04–2013/14)	17
FIGURE 2: Average rating from quality surveys completed for SACN learning events (2014/15)	19
FIGURE 3: Summary of people reached to date (2003/04–2014/15)	21
FIGURE 4: Breakdown of participants at SACN learning events (2014/15)	21
FIGURE 5: Breakdown of participation by member cities at learning events (2014/2015)	22

List of Tables

TABLE 1: SACN expenditure summary since 2009/10	16
TABLE 2: Summary of outputs delivered since 2009/10 (year-on-year)	17
TABLE 3: Summary of outputs by theme (2014/15)	18
TABLE 4: Results of quality surveys completed for SACN learning events	20
TABLE 5: Location of learning events (2014/15)	22

Abbreviations and Acronyms

ACC	African Centre for Cities
ACCSF	African Capital Cities Sustainability Forum
BNG	Breaking New Ground
CDS	City Development Strategy
COGTA	Ministry of Cooperative Governance and Traditional Affairs
CSP	City Support Programme
DBSA	Development Bank of Southern Africa
DEA	Department of Environmental Affairs
D_ZA	Designing South Africa
EPWP	Expanded Public Work Programme
ERLN	Economic Regions Learning Network
IBSA	India, Brazil and South Africa
IUDF	Integrated Urban Development Framework
KMRG	Knowledge Managers Reference Group
LGSETA	Local Government Sector Education and Training Authority
PEFA	Public Expenditure and Financial Accountability
PICC	Presidential Infrastructure Coordinating Commission
SACN	South African Cities Network
SALGA	South African Local Government Association
SECO	Swiss State Secretariat for Economic Affairs
SOCR	State of Cities Report
SPLUMA	Spatial Planning and Land Use Management Act
USRG	Urban Safety Reference Group





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) and eight 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
- Department of Public Works
- Department of Transport
- Department of Human Settlements
- Department of Environmental Affairs
- South African Local Government Association (SALGA)

Secretariat

- Sithole Mbanga
- Geci Karuri-Sebina
- Yolisa Dambuza
- Sadhna Bhana
- Sandiswa Tshaka
- Stacey-Leigh Joseph
- Geoffrey Bickford
- Gillian Maree
- Peter Magni
- Lebohang Mabala
- Khumo Sello
- Nwabisa Klaas

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

eThekweni 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)





CHAIRMAN'S REPORT

15 years of local government

The end of the 2014/15 financial year brings a mixture of excitement and anxiety because South Africa's local government fraternity is fast approaching a landmark: 15 years of transforming local government. Naturally, there are many achievements to celebrate but, equally, a recognition that much more still needs to be achieved.

The importance of partnerships

The South African Cities Network (SACN) is an integral part of South Africa's local government family, alongside organisations such as the national Ministry of Cooperative and Traditional Affairs (COGTA) and the South African Local Government Association (SALGA), the Municipal Demarcation Board and the Institute of Municipal Financial Officers, to mention but a few. We also pride ourselves on having established fraternal relations with the South African Property Owners' Association in a manner that cements interactions between the private and public sectors. These relations are especially important because of the need to transform the stubborn spatial form of our cities and municipalities, from socially segregated and economically inefficient spaces to ones that are non-racial and inclusive. It is, however, important that these relations go beyond the memoranda of agreements to produce qualitative and tangible results that benefit households, business and individuals.

Towards the SoCR 2016

The SACN is also approaching the penultimate year of its five-year business plan that ends in June 2016 and will culminate in the fourth edition of the State of Cities Report (SoCR), which will be the most holistic and comprehensive SoCR to date. Two publications released this year will contribute to the SoCR. The third edition of the State of City Finances report (to be released in November 2015) reflects the financial health of our member cities and reviews their financial performance in a constrained economic environment. The research suggests that our cities are becoming increasingly unaffordable to the majority of our citizens and that the gap between rich and poor continues to grow. The biggest challenge is how this gap will be closed, and what role municipal governments will play in confronting joblessness and economic development. Within this context, in March 2016 the SACN released another report focused on the implementation of the Expanded Public Work Programme at city level.

The fourth SoCR recognises the importance of cities as engines of national economic growth and places of social cohesion. It asserts that the country is more likely to succeed in advancing the objectives of the National Development Plan by focusing on long-term city development because, as the Integrated Urban Development Framework (IUDF) states, "by 2030, almost three-quarters (71.3%) of the country's population will be living in urban areas".

The SoCR will be released for public consumption at the end of the 2015/16 financial year, in time for the next local government elections. As previously, the SoCR will also outline the next research agenda for cities and the SACN in particular.

The triple challenges for cities

Last year's annual report highlighted that cities are facing the triple challenges of unprecedented urbanisation, the impact of climate change and increasing unemployment. Over the past year, the SACN has been able to make contributions on all three fronts. Firstly, we were part of the team that worked on the IUDF and thank COGTA for this opportunity. We look forward to being part of the IUDF's implementation. Secondly, in December 2014, we participated in the climate change negotiations that took place in Lima. These served as an important preparatory platform for the Paris 2015 negotiations that concluded in a legally binding agreement among countries, so that local governments could get on with the important task of tackling the impact of climate change. Lastly, we will be taking part in the Africities Summit 7 that will be hosted jointly by City of Johannesburg and SALGA in Sandton in December 2015. It is expected that these triple challenges will be debated extensively at the summit, which will also provide an opportunity for our counterparts on the African continent and beyond to evaluate and scrutinise our performance against the prescripts of the 1998 White Paper on Local Government and to provide critical feedback.

In keeping with past reports, we present an independently evaluated set of financial results for the SACN, which show that, despite the City of Cape Town's withdrawal of membership, the organisation is still a resilient and going concern and in good management hands. Nevertheless, the SACN Secretariat is rethinking its organisational model to ensure continued stability and longevity of its programmes.

In conclusion, we are grateful to the SACN Board, the Management Committee and the Audit Committee for their guidance during the past year. In addition, a special thank you to member municipalities and COGTA for their support and tenacity in knowledge generation for the transformation of local government and the improvement of ordinary citizens' lives.







CEO'S REPORT

In 2014/15, the programme spend against target budget was 96%, an increase from the 91% in 2013/14. Programme costs constituted 62% of expenses, compared to 38% for operational costs. There was an overspend on operational costs (115%), as a result of SARS expenses 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	2014/15
EXPENSES:						
Operational costs (including salaries)	4 422	4 652	6 154	8 316	12 091	14 585
Percentage	34	21	35	25	26	38
Programme costs	8 549	17 980	11 543	24 576	34 849	22 420
Percentage	66	79	65	75	74	62
Total expenses	12 971	22 632	17 697	32 892	46 940	37 005

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

- Measuring outputs delivered against targets defined in the 2014/15 business plan.
- Considering the quality of outputs and outcomes achieved.
- Reflecting on the lessons learned in the period.
- Outlining 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).

Figure 1 reflects the output performance visually, illustrating the current performance compared to previous financial years. The upward trend continues from last year, with a slight increase for both publications and events produced. **Knowledge exchange and learning events** increased to 50 (compared to 48 last year), while **knowledge products** (such as reports and publications) rose to 34, surpassing last year's record of 31.

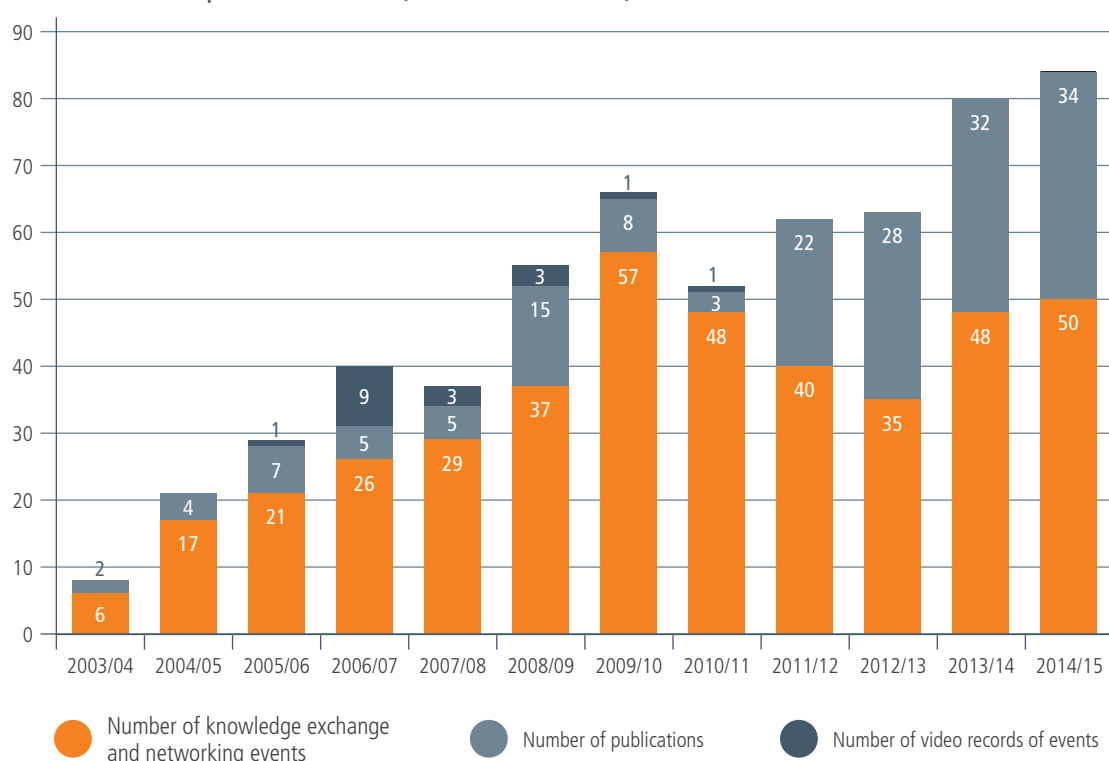
FIGURE 1: Outputs delivered (2003/04–2013/14)

Table 2 presents the summary of outputs to date. As indicated, SACN's output targets have continued to increase year-on-year, speaking to increasing productivity and ambition. However, the moderate outcome compared to targets may serve to temper the enthusiasm, as the organisation achieved 60% for knowledge exchange and learning events and 62% for knowledge products.

TABLE 2: Summary of outputs delivered since 2009/10 (year-on-year)

OUTPUTS	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 PLANNED	2014/15 ACTUALS
Number of knowledge exchange and learning events	57	48	40	44	48	82	50 (60%)
Number of knowledge products	8	3	22	28	31	54	34 (62%)
Total number of outputs	70	52	62	72	79	136	84 (62%)

The Secretariat will review this low achievement against targets to determine what interventions or adjustments are required to improve the delivery of outputs. The low achievement suggests that a more realistic approach to setting targets should be considered, especially as the targets for 2014/15 were almost double those of the previous year, which may have been overly ambitious. The fact that the final number of outputs were almost exactly in line with the previous year's performance suggests this may be a more realistic capacity threshold for the current Secretariat set-up.

Nevertheless, the 62% achieved was an improvement compared to last year's 43%. This increase is also partly explained by projects that are behind schedule (i.e. their outputs will be at the beginning of the new financial year's first quarter) and by cancelled or significantly revised projects, such as IBSA¹ and several of the sustainable cities projects.

Output analysis: Knowledge products and events

A cumulative listing of the knowledge products and events achieved during this period are presented as Annexes of this report.

The distribution of outputs by SACN theme during 2014/15 is reflected in Table 3.

TABLE 3: Summary of outputs by theme (2014/15)

	CDS	PRODUCTIVE	INCLUSIVE	WELL-GOVERNED	SUSTAINABLE	OTHER
Number of learning events	20	11	7	4	8	0
Number of publications	13	9	9	3	0	0
Number of video records of events	0	0	0	0	0	0
Total number of outputs	33	20	16	7	8	0

The Productive Cities area was a particular focus for activity in 2014/15, as shown by the 20 outputs achieved compared to seven in the previous year. Outputs continue to be highest in the City Development Strategy (CDS) thematic area, as has been the case historically, because of the scale and range of projects in this category.

Output analysis: Communications

SACN's communications focus for 2014/2015 was twofold: (i) to evaluate its brand and communication platforms, and (ii) to establish its communications process. Achievements during the past year included:

- The finalisation of the SACN photo library.
- The announcement of new TV and social media partners.
- The completion of the Urban Conference video.
- The launch of the new-look website.
- The dissemination of a monthly SACN newsletter.

¹ IBSA is a trilateral arrangement between India, Brazil and South Africa aimed at promoting South-South Cooperation and exchange.

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 2014/15, the event survey was administered for the following events:

- Infrastructure Dialogues: (i) The Integrated Urban Development Framework (IUDF); (ii) Financing Public Infrastructure – Understanding Problems and Finding Solutions: the case of student accommodation; (iii) Localisation; (iv) Municipal Water and Sanitation Infrastructure; (v) Pricing and Paying for Municipal Rates and Charges; (vi) Energy – Securing our Energy Future and Tapping Energy Efficiency as the “First Fuel”.
- Reference Groups: (i) Expanded Public Works Programme (EPWP); (ii) Urban Safety; (iii) Knowledge Managers; (iv) Urban Indicators.
- SA Township Economies Research Roundtable 1.
- 4th South African Urban Conference.
- Strategic Conversation – Differentiated Support to Local Government: special focus on secondary cities.
- Workshop on Youth Policy Field and Institutional Analyses at Municipal Level in South Africa
- Minibus Taxi Scenario Workshop.
- Built Environment Integration Study Workshop.

FIGURE 2: Average rating from quality surveys completed for SACN learning events (2014/15)

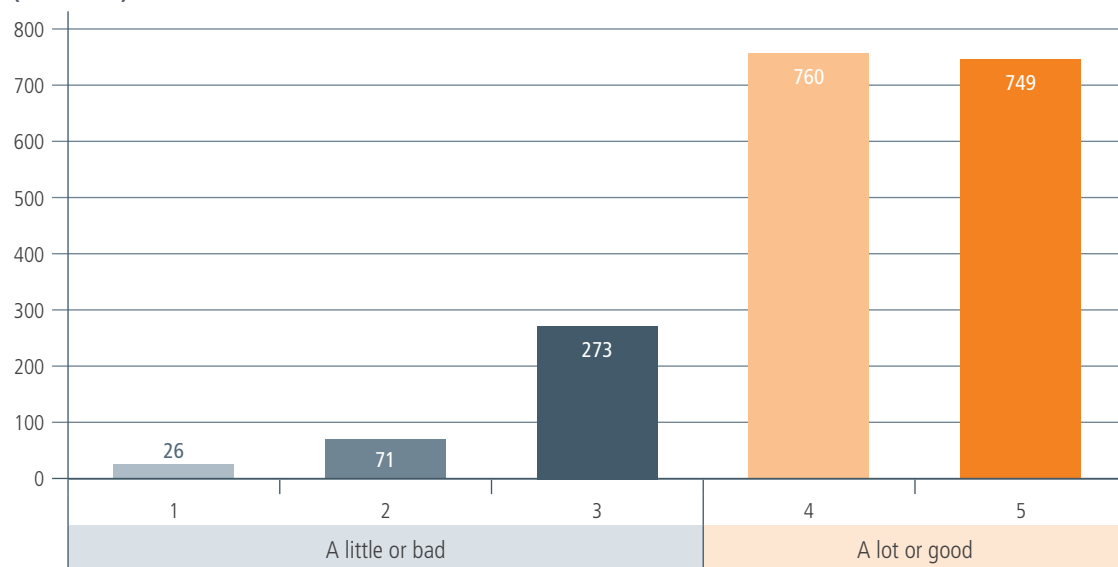


TABLE 4: Results of quality surveys completed for SACN learning events

QUESTIONS	SCORES				
	A little or bad		A lot or good		
	1	2	3	4	5
Question 1: Did you learn something new today?	2	9	48	129	125
Question 2: Did the information you received inspire you to do something new or different in your work?	4	18	53	118	123
Question 3: Will the information you received help you to do your job better?	3	10	45	132	123
Question 4: Invitation quality score?	8	13	47	113	129
Question 5: Preparatory information quality score?	3	14	45	133	118
Question 6: Venue and catering quality score	6	7	35	135	131
Total	26	71	273	760	749

As Figure 2 and Table 4 show, a high standard of quality continues to be maintained. Of the 1879 participants surveyed, over 80% (1509) rated the learning events 4/5 or 5/5 ("A lot or good").

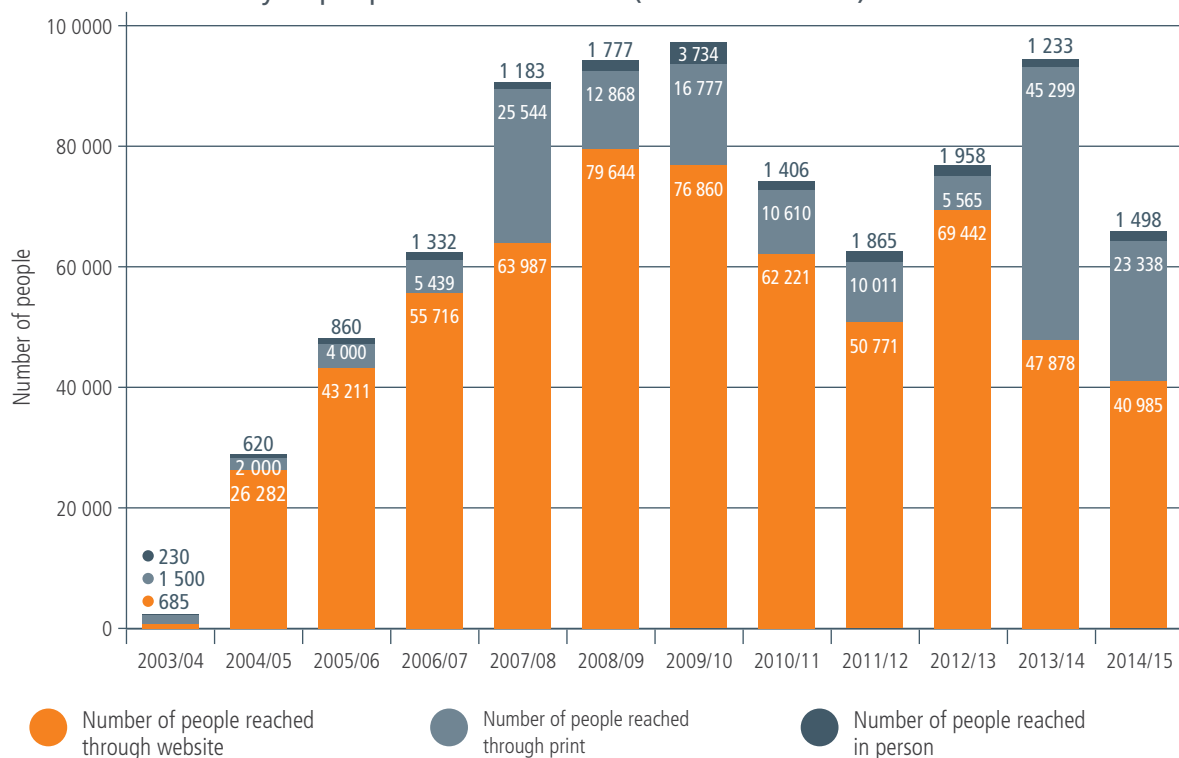
Analysis of outcomes

Performance outcomes for the SACN are measured by the number of people reached through knowledge dissemination, the profile of people reached, and networking outcomes.

Reach of knowledge dissemination strategies

SACN's knowledge dissemination reaches people through live events (in person), publications and through the website. In 2014/15, a total of 65 821 people were reached, or 70% of the 94 410 people reached in the previous year. The reduced reach is largely explained by a deliberate reduction in print-runs to reduce paper use, coupled with the instability of the SACN website over the period.

FIGURE 3: Summary of people reached to date (2003/04–2014/15)

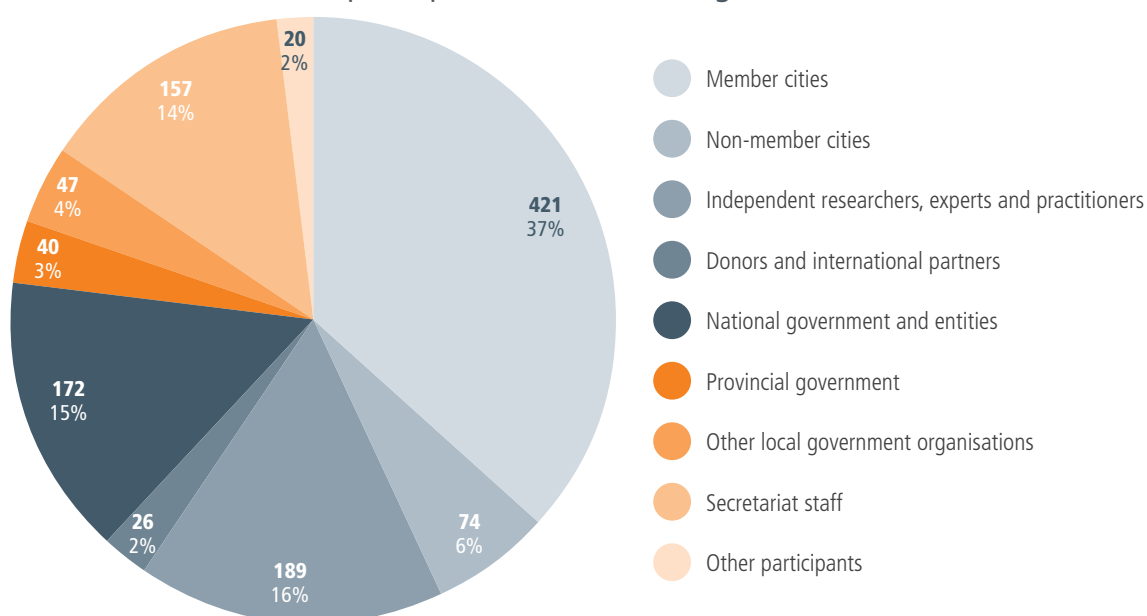


Profile of people reached through learning events

The 50 learning events hosted during 2014/15 accounted for 270 hours of learning.

The participation mix at SACN learning events is shown in Figure 4.

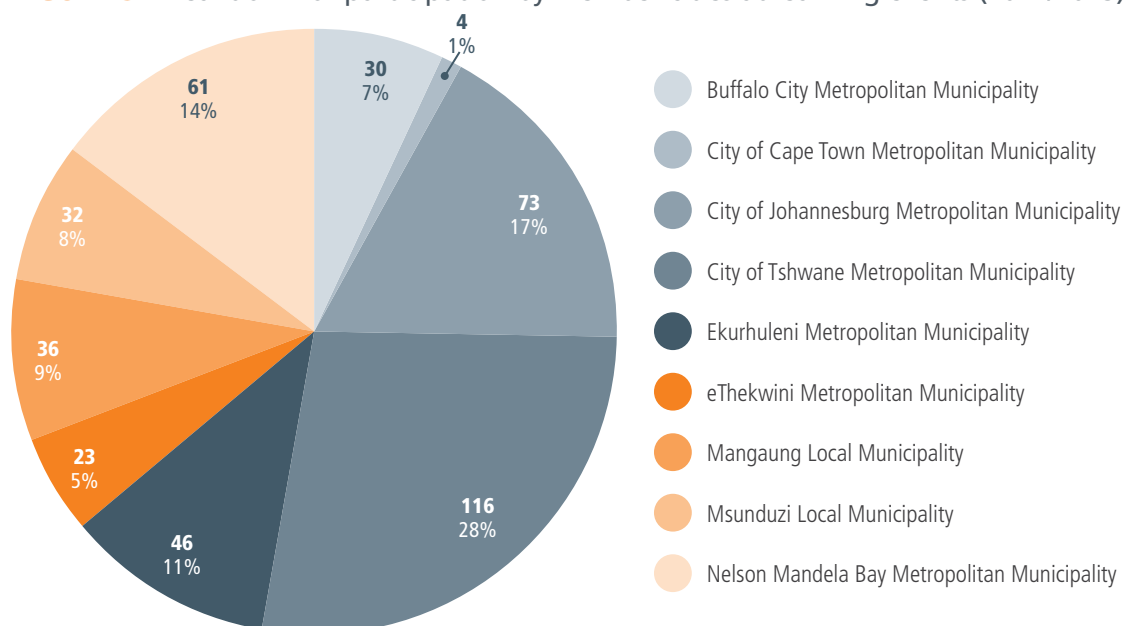
FIGURE 4: Breakdown of participants at SACN learning events (2014/15)



The participation of the member cities has increased appreciably (to 37% compared to an average of 20% in previous years).

When the participation between member cities is compared (Figure 5), a relatively even level of participation across the cities was maintained. The City of Joburg and City of Tshwane had the highest levels (45%) of participation, whereas the City of Cape Town had the lowest, which is to be expected because of its exit from the network at the end of 2013/14.

FIGURE 5: Breakdown of participation by member cities at learning events (2014/2015)



Efforts continued to be made to distribute events and activities among the member cities. Although cost considerations (for secretariat travel and venue hire) skewed hosting towards the City of Joburg, hosting by the City of Tshwane and Ekurhuleni increased significantly. The two cities hosted 20 events compared to just six events in 2013/14, while the City of Joburg hosted 22 events, compared to 31 events in 2013/14 (Table 5).

TABLE 5: Location of learning events (2014/15)

CITY	TOTAL EVENTS
Buffalo City	1
City of Joburg	22
City of Tshwane	11
Ekurhuleni	9
Ethekwini	2
Mangaung	1
Msunduzi	2
Nelson Mandela Bay	1
Sedibeng	1
Total	50

Learning and policy impacts

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

- A highly successful 4th Urban Conference, which attracted engagement and support from members and various strategic partners.
- Strategic participation and engagement in key national initiatives that advanced the SA Cities agenda, including the Integrated Urban Development Framework (IUDF), the City Support Programme (CSP), the South African Local Government Association (SALGA), Economic Regions Learning Network (ERLN), Africities 7, African Capital Cities Sustainability Forum (ACCSF) and COP21.
- Key urban sector partners (such as CSP, government agencies, universities and overseas development agencies) extensively consulted the SACN.

Important action items for the next year

SACN will continue focusing on the lessons from the financial year to ensure that plans and budgets are properly managed. Key points for future attention are:

- Continued emphasis on managing productivity and even spend.
- Stabilisation of the website platform.
- Delivery of project outputs that are lagging.
- Improved development and monitoring of metrics that speak more closely to the SACN's impacts, particularly its communications metrics.





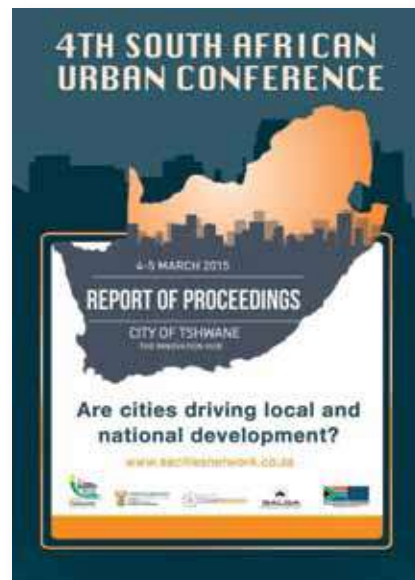


PROGRAMME HIGHLIGHTS

4th South African Urban Conference: Report of Proceedings

The 4th South African Urban Conference took place at the Innovation Centre, City of Tshwane on 4–5 March 2015. It was convened by the South African Cities Network (SACN) in partnership with the City of Tshwane, the national Department of Cooperative Governance), the South African Local Government Association (SALGA) and the Dialogue Facility of the European Union Delegation to South Africa. The conference brought together urban sector experts and stakeholders, who participated in an interactive and rigorous programme of dialogue and engagement, with the aim of:

- facilitating urban policy and planning dialogue with key urban development stakeholders, experts and partners (local and international);
- interrogating and enhancing preliminary data and findings towards the 2016 State of South African Cities Report (SOCR IV);
- contributing to strengthening of the Integrated Urban Development Framework (IUDF); and
- building up national content towards the African Capital Cities Sustainability Forum (ACCSF), held in June 2015, and AfriCities Summit 7, to be held in December 2015.



About 300 people from the public, private and academic sectors attended the conference and gave very positive feedback. For the delegates, some of the highlights were the networking opportunities and conversations, the discussions and knowledge sharing, and the calibre and relevance of debates.



Instagram competition

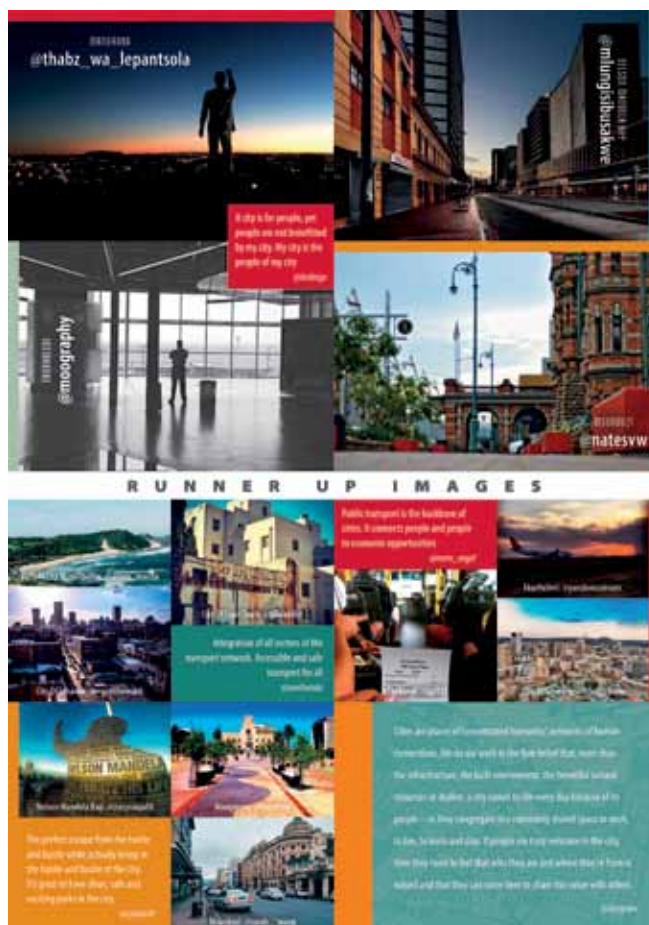
As part of the Urban Conference, the SACN organised an Instagram competition to encourage conversation around key urban issues. The overall response, particularly among the urban youth, was positive and enthusiastic. Instagrammers were encouraged to submit images relating to the overall theme of ...

My city, through my lens!

I have a vision for this city ... For my urban life and lifestyle. I want to be able to live, work and play as part of a wider community who can all do the same. How does ... or could ... my city provide the access, mobility, inspiration for us to have a fulfilling urban life?



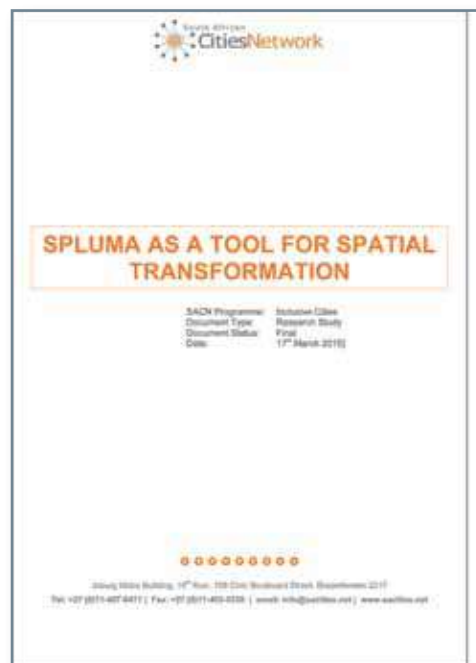
In addition, a specific theme was allocated to each participating municipality. The winner in each municipality received R5000 and the runner-up R2500.



SPLUMA as a tool for spatial transformation

In 2013, the Spatial Planning and Land Use Management Act (SPLUMA) was legislated. For the first time in 100 years, local government is responsible for local land development decisions. Between the enactment of SPLUMA and the finalisation of the regulations to the Act, the SACN contracted Andira Urban Service to analyse the Act and determine which aspects would facilitate the transformation of South African cities. The research highlighted two key aspects:

- The importance of the Municipal Spatial Development Framework in defining and realising new urban forms.
- The need for coordination between sector departments from all spheres of government in adopting the spatial vision of the municipality.



Reflecting on the assignment of the housing function to the local level: The metro experience

This report documents the history of devolution of the housing function, from accreditation to assignment. It also identifies the challenges experienced and reflects on the political, institutional and financial lessons learned that can be useful for similar devolution processes in the future. At the time that the project was undertaken, it was widely assumed that the assignment to several metros would be concluded relatively soon, and that financial support would be available to build the necessary capacity from mid-2014. Within this context, the project considered what kind of technical capacity and resources would be needed to ensure integrated human settlement planning and delivery at local level.

Recommendations emanating from this report include the following:

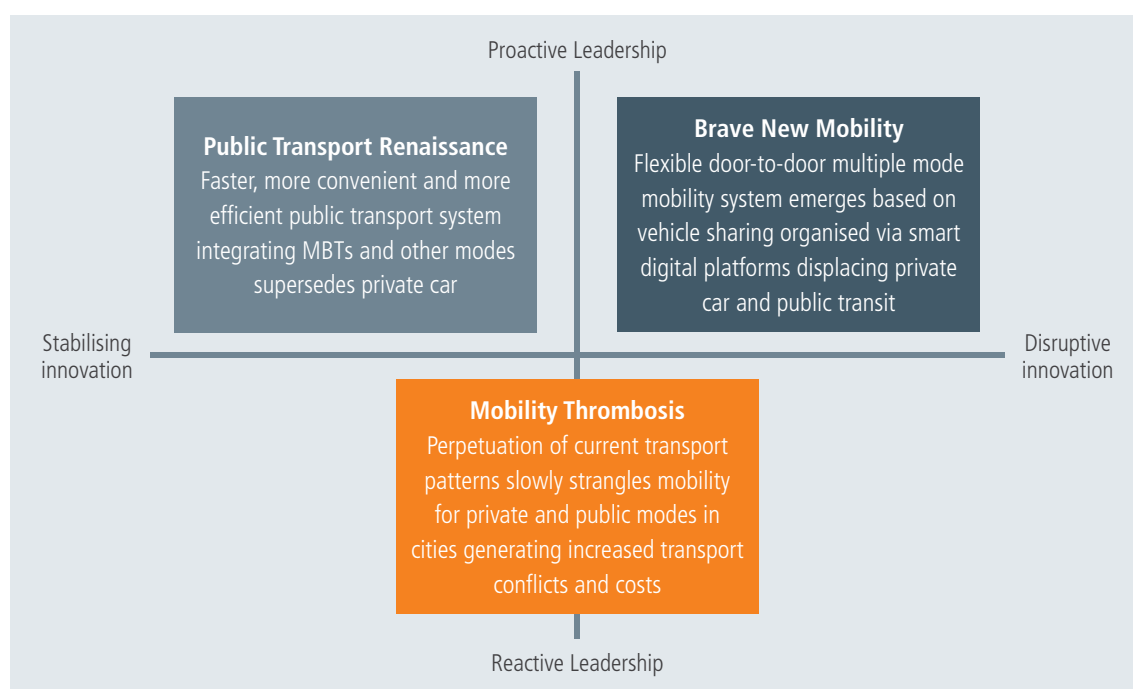
- The role of provinces needs to be clarified in relation to the assignment process.
- Agreements need to be put in place as soon as possible, as failure to do so has a significant negative impact on budgets and implementation at the municipal level.
- Clarity is needed around the nature of operational funding.
- Dedicated staff and resources are critical for devolving the human settlements function.
- Softer issues, such as increased human resources and finance staff, need to be considered and adequately addressed.



Move the City 2035 minibus taxi scenarios

This scenario and visioning project brought together representatives from the national minibus taxi (MBT) industry and municipal transport stakeholders to develop thinking around a different role for MBTs in the future of public transport. This thinking highlighted two considerations. Firstly, with devolution of the contracting and licensing to cities, an opportunity exists to shift the manner in which the state engages with the MBT industry. Secondly, given current passenger volumes, improving the services offered by MBTs will have the most strategic impact on people's travel experiences in cities. Three scenarios emerged of where the industry might find itself in 20 years' time.

Minibus Taxi Scenarios 2035



Graphic developed by the authors

The report concludes that working collaboratively, the stakeholders need to consider various issues:

- Reform of the regulations currently governing the industry.
- Inclusive participation of passengers and MBT industry employees/workers in the reforms.
- Partnerships between MBT industry and municipalities in order to develop new sets of operating models.
- Metropolitan municipalities to position themselves to play a proactive and leading role.
- Financing and resourcing the practical testing of new models.

Public transport skills study

A lack of skills and capacity is often cited as a key challenge in developing effective, integrated public transport systems in South Africa. However, there has been no substantive engagement around what skills and capacity levels are required or desired. This report begins a discussion around what skills are needed to transform South Africa's public transport landscape. It draws on international examples to expand understandings about the critical skills required to achieve rapid, integrated public transport networks. The report concludes with the following points:

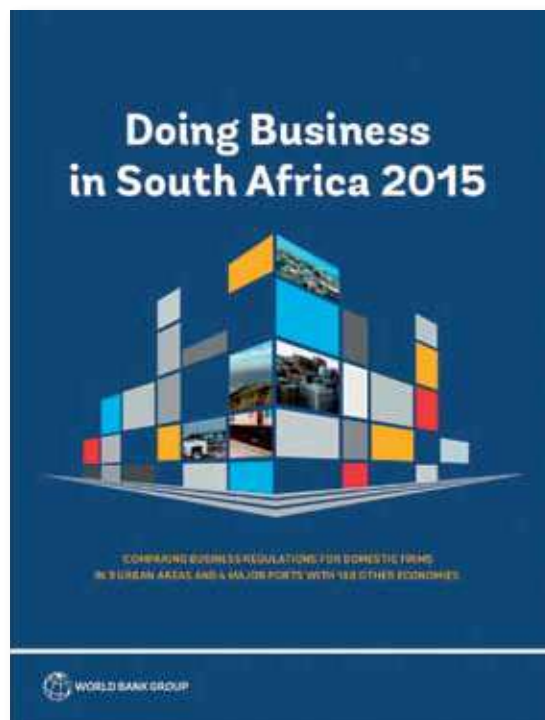
- Public transport is as much a human system as it is a mechanical system.
- The skills required for integrated rapid transit systems go beyond transport systems.
- There is a lack of information on skills required for integrated public transport systems.
- Integrated transport in the 21st century requires a multitude of stakeholders and actors to work together.

The report recommends that cities develop a list of desired skills, by asking what skills are required for a municipal transport system whose impact will go beyond merely transporting passengers from one point to another.



Doing business in South Africa 2015

In 2014–2015, the SACN collaborated with National Treasury, the Department of Trade and Industry, the Swiss State Secretariat for Economic Affairs (SECO) and the World Bank in producing the first sub-national *Doing Business in South Africa 2015* study. The report, which was launched in June 2015, benchmarked nine cities and four ports across six *doing business* topics: starting a business, dealing with construction permits, getting electricity, registering property, enforcing contracts and trading across borders. The purpose of this benchmarking was to promote competition and to enable a better business environment across South Africa's largest cities. The intention is to use this diagnostic as a baseline from which to design and implement reforms, and then to repeat the study in a few years to assess what improvements have been made.



The study concluded that municipalities could significantly improve their business climate by replicating good practices already being used successfully in other cities in South Africa. If a South African city adopted the good practices found across the nine cities in dealing with construction permits, getting electricity and enforcing contracts, it would surpass the average performance of the OECD (Organization for Economic Cooperation and Development) high-income economies in all three areas.

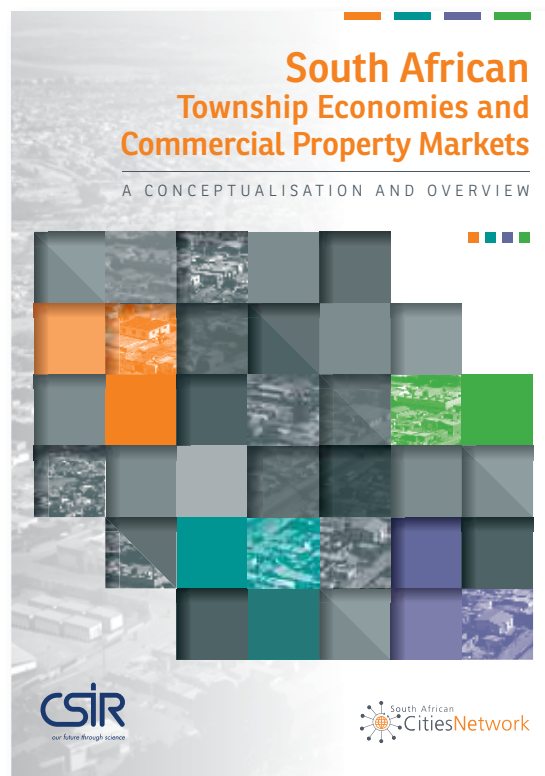
The report is available at <http://www.doingbusiness.org/reports/subnational-reports/south-africa>

Township economies and commercial property markets

Despite numerous studies on townships, research into township economies and related commercial real estate markets is limited. The majority of studies refer to the economy only as part of a broader discussion about other themes such as housing.

The objective of this report was to develop a conceptual framework that could be used to better understand township economies and related commercial real estate markets, and to review existing research on township economies. The report was not intended to be a definitive statement on township economies or a policy position, but rather a framework to stimulate and guide discussion and debate about township economies. In using this framework, it was hoped that the drivers, opportunities and constraints of such economies would be better understood, so that policy interventions to grow and manage these economies and markets could be more robust and conceptually grounded and, therefore, more effective.

This project was initiated by the SACN with the then-UrbanLandMark. We look forward to engaging in debates and discussions around the implications of this work with partners and roleplayers who share an interest in township economic development, stimulating knowledge generation on the subject, and taking this knowledge forward into more concrete action for the improvement of people's lives and prospects.



Greener cities in South Africa: Green Fund project

In 2014/15, the SACN, in partnership with the South African National Energy Development Institute (SANEDI) and Linkd Environmental Services, undertook research on how cities can contribute to greening the transport sector. This research, funded by the Green Fund, highlights multiple benefits of a robust green transport programme, including the contribution of compressed natural gas (CNG), biogas, and electric and bio-ethanol vehicles to the reduction of greenhouse gas emissions, which would assist in fighting the scourge of climate change.

This green transport revolution, driven at the national level by the SANEDI, received favourable attention from the cities of Johannesburg and Tshwane. In July 2015, Johannesburg unveiled 70 “clean and green buses” as part of its Metrobus fleet that will be re-fleeted with 250 buses (over 50% of its operating fleet), while in November 2015 Tshwane launched the first bus to be propelled by CNG in sub-Saharan Africa. According to the *State of Energy in Cities 2015*, the transport sector in a city environment is responsible for 70% of greenhouse emissions. With the launch of these green buses, a new benchmark has been set for providing sustainable mobility and connectivity through an enabling infrastructure and access to greener transportation options in South African cities and towns.



Urban food security

Having identified food insecurity as one of the potential city vulnerabilities, the SACN commissioned research into the current and future realities for urban food security in South Africa. The report argues that food security should be understood within the context of the wider food system. Urban household food security depends on the availability, accessibility and use of food, and is affected by the household's disposable income. This is because urban residents have to purchase most of their food (whereas people in rural areas can produce their own food). Urban food insecurity is characterised by low dietary diversity, high malnutrition and obesity, and distinct hunger seasons.

The research found that the informal food retail sector is more responsive to the food security needs of the poor than the supermarket sector. Although more expensive per unit, the informal food retail sector is by design more attuned to the retail needs of the poor. Poor households make small, frequent purchases because of limited disposable income, storage and refrigeration. Poor households also tend to get home after supermarkets have closed because of the current urban form and inadequate public transport. Informal sector food retailers have longer opening hours than supermarkets, while street vendors sell ready-to-eat foods that satisfy the needs of these communities.

As food security depends on the food system and broader systems, approaches to addressing food insecurity must extend beyond the individual and household to consider food systems at the neighbourhood, city and national scales. Given these dynamics, cities should play a wider role, beyond urban agriculture, to shape the characteristics and trends of the food system as a whole.



Infrastructure Dialogues Annual Compendium 2014–2015

This publication contains a review of the Infrastructure Dialogues held between May 2014 and March 2015. It starts by reviewing conversations that had taken place since 2012 in order to highlight the recurring issues that still require resolution. It then provides a summary of the six Infrastructure Dialogues that covered topics ranging from a 20-year review of infrastructure development and service delivery, to pricing and paying for municipal rates and charges.

The infrastructure sector is underpinned by three considerations. Firstly, the sector deals with assets that have a long lifespan, and so engagement in this sector requires a preservation mindset to ensure that money spent on infrastructure pays communities ongoing returns in the form of services. Secondly, infrastructure development is driven by economics of scale and efficiency and, critically, governmental performance determines the health of the sector. Thirdly, infrastructure outlasts the political-electoral cycle, and so it is essential to think long term about infrastructure choices and solutions selected.

The Infrastructure Dialogues are a high-level platform for various constituencies in the infrastructure sector where common issues are discussed. It represents a diverse partnership that is united in a common vision of a prosperous South Africa that has an effective and efficient infrastructure sector. Participants are committed to finding solutions to obvious infrastructural problems and to closing the gap between what was planned and what actually transpires.

<http://infrastructuredialogue.co.za/>





ANNEXES

Annexes

Learning events

The following learning events were completed during 2014/15:

NO	EVENT NAME	DATE	EVENT OBJECTIVE
1	Knowledge Managers Reference Group (KMRG) Meeting	02 Jul 14	To share experiences and methods of knowledge management between cities.
2	Strategic Conversation – Differentiated Support to Local Government: special focus on secondary municipalities	03 Jul 14	To present the state of existing work and thinking on different urban and semi-urban contexts and needs, and to discuss practical expressions to differentiation that may apply across urban strategies by interrogating questions such as: how can South Africa start to give practical expression to its intentions to recognise and support different urban contexts and needs?
3	SACN Input into 2013 Metropolis: Caring Cities – IUDF Panel of Experts Meeting	11 Jul 14	To finalise the document and discuss the next steps.
4	Infrastructure Dialogues: The Integrated Urban Development Framework	17 Jul 14	To orient the infrastructure stakeholders on the IUDF process and content, with a focus on its infrastructure-related aspects. These broadly relate to achieving integrated urban infrastructure planning and include considering key network and services infrastructure (integrated transport and mobility, energy, water and sanitation, storm-water drainage, solid waste management, social infrastructure (schools, clinics, hospitals, social welfare services), information and communication technologies, etc.). Also to explore the potential roles and means of engagement with non-governmental actors in seeking to “reap the urban dividend”.
5	South Africa Sub-national Public Expenditure and Financial Accountability (PEFA) Inception Workshop	25 Jul 14	To promote stable and sustainable public finances, one of the main areas of strategic focus and expertise of the Swiss State Secretariat for Economic Affairs (SECO). SECO believes that public finance management reforms should take place not only at the central level but also at the local level. Municipalities are responsible for a wide range of functions, and local government finances represent a considerable share of total public expenditure.
6	Municipal Reference Group Meeting on Spatial Planning and Land Use Management Act (SPLUMA) Implementation	08 Aug 14	To undertake a brief comparison between SPLUMA and the legislation/ draft bills in each province and to discuss briefly the implementation of SPLUMA.
7	Think Lab on Measuring the Impact of Safety Initiatives	13 Aug 14	To provide a safe-to-exchange e-space for government and civil society stakeholders to share experiences and ideas on how to measure the impact of safety initiatives.
8	SoCR IV Reference Group Meeting	14 Aug 14	To conclude, per chapter, a broad agreement regarding key messages/ issues and story line.
9	Urban Indicators Systematic Mapping Workshop	18 Aug 14	To provide institutional coordination mechanisms for the pragmatic development and management of performance indicators.
10	SACN Affordable Housing Session	19 Aug 14	To define institutional context and build capacity for the delivery of urban human settlements. To strategise the role of land and land use management in shaping or preventing the creation of sustainable human settlements.
11	Expanded Public Works Programme (EPWP) Reference Group Meeting	21 Aug 14	To share lessons.
12	Information Sharing Session on Climate Change and Sustainability	21 Aug 14	To share information on the climate change municipality.
13	3rd SA Urban Safety Reference Group	28 Aug 14	To continue peer-to-peer knowledge sharing among practitioners, to review and approve annual reference group workplans, and to learn about the host city’s urban safety and violence prevention context and approaches.
14	Infrastructure Dialogues: Financing Public Infrastructure – Understanding Problems and Finding Solutions: the case of student accommodation	15 Sep 14	To tackle the issue of funding student housing in a practical way, to understand the various factors that have to be considered when financing public infrastructure in South Africa.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
15	SoCR IV Meeting	15 Sep 14	To review chapter outlines of the SoCR, with the aim of highlighting and giving prominence to urban land issues, especially in the light of recent developments around spatial legislation and national urban policy.
16	SA City Futures Reference Group	15 Sep 14	To bring in the expanded group of stakeholders for a briefing on and review of the project's progress. This is a multi-stakeholder, experimental project conducted by SACN in partnership with Johannesburg Development Agency, UCT's Africa Centre for Cities (ACC), and The Architects' Collective.
17	Human Settlements and Public Transport Publications: Launch	18 Sep 14	To provide a forum (a seminar) where representatives from the public and private sectors and academia involved in the transformation of the built environment could debate key ideas from the two publications.
18	KMRG Meeting	09 Oct 14	To share experiences and methods of knowledge management among cities.
19	IUDF Consultative Roundtable for Metros and Secondary Cities	28 Oct 14	To present the Draft IUDF to cities for information and revision, as part of the IUDF public consultation process approved by Cabinet. The Department of Cooperative Government asked the SACN to convene the roundtable for metros and secondary cities.
20	Local Government Energy Support Network Meeting	30 Oct 14	To provide municipal partners with updated information and latest research on national and local policy, as well as local work underway relating to sustainable energy development; to provide municipal partners with support tools and material; and to provide an opportunity to network and build links among municipal partners and between local government and relevant stakeholders.
21	SACN Strategic Discussion on Spatial Transformation and Effective Public Transport	04 Nov 14	To frame the South African transport challenge and facilitate a discussion on moving towards an appropriate municipal strategy.
22	Infrastructure Dialogues: Localisation	13 Nov 14	To interrogate and reflect on the Infrastructure Development Act (No. 23 of 2014), as a means for the country's multi-trillion rand national infrastructure plan under the direction of the Presidential Infrastructure Coordinating Commission (PICC) to reverse the deindustrialisation trend by providing the much-needed stimulus for establishing new supplier industries and expanding/rejuvenating existing industries. This could be a way in which government can fulfil its responsibility to ensure that its significant spending on infrastructure over the coming years contributes to national development goals, such as industrial localisation, transformation, employment and skills development.
23	EPWP Reference Group Meeting	24 Nov 14	To share lessons.
24	SA Urban Safety Reference Group Meeting	02 Dec 14	To continue peer-to-peer knowledge sharing among practitioners and to learn about the host city's urban safety and violence prevention context and approaches.
25	SPLUMA Reference Group Meeting	23 Jan 15	To collate final local government comments on the SPLUMA regulations for submission to the Department of Rural Development and Land Reform; to define transitional procedures for the implementation of SPLUMA; to present the findings of SACN's research report "SPLUMA as a Tool for Spatial Transformation"; to discuss the role of the SPLUMA Reference Group.
26	Roadmap towards Aggregated Municipal Procurement for Green Transport	02 Feb 15	To form part of a research project, "Greener Cities in South Africa", funded by the Green Fund, an environmental finance mechanism implemented by the Development Bank of Southern Africa (DBSA) on behalf of the Department of Environmental Affairs (DEA).
27	Infrastructure Dialogues : Municipal Water and Sanitation Infrastructure	12 Feb 15	To interrogate how improvements to municipal water and sanitation infrastructure could take place in the near term, in support of improved access to basic services, human health and economic development; to explore what individual and collective actions are needed to realise the government's Back-to-Basics approach for municipal water and sanitation.
28	SA Township Economies Research Roundtable 1	24 Feb 15	To take stock of existing researchers and research on township development/economies, as a basis to support policy and planning efforts; to facilitate linkage and dialogue between policy, planning and knowledge production about township economic transformation; to consider/advance the proposal to identify, compile and produce a compendium of key current research on township economic transformation to help augment and direct ongoing research efforts.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
29	Workshop on Opportunities to Aggregate Municipal Green Transport Procurement	25 Feb 15	To form part of a research project, "Greener Cities in South Africa", funded by the Green Fund, an environmental finance mechanism implemented by the DBSA on behalf of the DEA.
30	SACN Instagram Competition Judging Workshop	25 Feb 15	To establish a social media profile (Instagram, a mobile photo sharing social media platform) in order to engage with a broader (more youthful) audience, source information and content and expand SACN's profile; to provide a brief for undertaking similar initiatives.
31	Urban Safety Reference Group (USRG) Meeting	02 Mar 15	To continue peer-to-peer knowledge sharing among practitioners and to learn about the host city's urban safety and violence prevention context and approaches.
32	4th South African Urban Conference	03 Mar 15	To hold a conference looking at the theme of cities driving local and national development.
33	Inter-Reference Group Meeting	03 Mar 15	To facilitate a networking reception to meet peers and other practitioner networks.
34	Green Transport and Energy Seminar	03 Mar 15	To form part of a research project, "Greener Cities in South Africa", funded by the Green Fund, an environmental finance mechanism implemented by the DBSA on behalf of the DEA.
35	IUDF-GIZ Focus Group Session	03 Mar 15	To further enhance the visibility of urban safety as a fundamental consideration in urban governance, planning and management in South Africa more generally and in the IUDF specifically; to verify, confirm and refine the core urban safety and violence and crime prevention content and recommendations contained in the draft IUDF document; to identify key actors and processes needed to realise urban safety and prevention interventions through the implementation of the IUDF.
36	KMRG Meeting	03 Mar 15	To share experiences and methods of knowledge management among cities.
37	Cityscapes Magazine: Launch	18 Mar 15	To launch the Cityscapes magazine, which accompanied the City Desired exhibition undertaken by the African Centre for Cities (ACC) as part of the Cityscapes project in 2014. The launch event coincided with the ongoing "30 days and a City" exhibition.
38	Infrastructure Dialogues: Pricing and Paying for Municipal Rates and Charges	19 Mar 15	To examine tariff setting, affordability, service levels and forces that would drive changes affecting both municipalities and their customers in the context of fluidity: service levels could change, technology is changing and politics is part of that mix.
39	EPWP Reference Group Meeting	19 Mar 15	To share lessons.
40	City Conversations: Launch	25 Mar 15	To facilitate engagement and dialogue between citizens and city officials on urban development about promoting sustainable cities, which is in line with SACN's objectives of facilitating knowledge sharing among member cities and practitioners within South Africa and across the world.
41	Green Transport Workshop	25 Mar 15	To present data from cities and map the way forward.
42	Urban Indicators Reference Group Meeting	25 Mar 15	To look at the use and costs associated with urban indicators, and to update the indicators. This is an SACN project in partnership with KPMG.
43	South African SoCR IV Reference Group Meeting	12 May 15	To convene where presentations will be made to discuss progress with SoCR IV development.
44	USRG Meeting	21 May 15	To continue peer-to-peer knowledge sharing among practitioners and to learn about the host city's urban safety and violence prevention context and approaches.
45	Food Security and Food Chains Research Studies	28 May 15	To engage and obtain feedback from key stakeholders on preliminary findings of the SACN research studies on food security and food value chains.
46	Workshop on Youth Policy Field and Institutional Analyses at Municipal Level in South Africa	02 June 15	To provide an opportunity to engage with a draft report that examined youth work within cities with a focus on: (i) advancing the discussion on existing structures pertaining to youth development at municipal level in South Africa (institutions, actors and networks); (ii) analysing political and legal framework conditions as well as relevant ongoing processes in three metropolitan municipalities (City of Joburg, Nelson Mandela Bay and Buffalo City); and to identify gaps or opportunities to help guide possible future research work.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
47	Built Environment Integration Study Workshop	03 June 15	To develop a strategic framework and guidelines for the integration of built environment functions in metropolitan municipalities in South Africa.
48	KMRG Meeting	09 June 15	To share experiences and methods of knowledge management among cities.
49	EPWP Reference Group Meeting	11 June 15	To share lessons.
50	Infrastructure Dialogues: Energy – Securing our Energy Future and Tapping Energy Efficiency as the “First Fuel”	25 June 15	To convene a panel discussion that raises possible energy efficiency solutions that respond to current challenges and to future risks and opportunities. To share lessons learned from energy efficiency initiatives in the private sector.

Publications

The following publications were completed in 2014/15.

NO	PUBLICATION	DATE	OBJECTIVE
1	South-South Learning on How to Make Cities Safer.	Jul 2014	Report of the study tour to Brazil and Colombia, which was organised so that national and local government officials with responsibilities relating to urban safety could learn more about effective concepts and strategies that have enhanced community safety in South America. The aim was to assist in strengthening city-level community safety approaches and strategies in South Africa, and to support the integration of safety as a core theme into the development and operationalisation of the national IUDF. The study tour also provided an ideal opportunity for the members of the newly formed SACN-hosted USRG to get to know each other better and to build a common strategy to elevate the urban safety agenda in South Africa.
2	Workplace Skills Planning in South Africa’s Largest Municipalities	Jul 2014	An evaluation of how and to what extent SACN member cities are using Workplace Skills Plans and Annual Training Reports to plan, implement, monitor, evaluate and measure the impact of skills development. The study was conducted on behalf of the Local Government Sector Education and Training Authority (LGSETA) in collaboration with the SACN and SALGA.
3	South African City Futures: Visualising the Futures of our Neighbourhoods.	Jul 2014	This project aims to encourage South African cities and their constituent neighbourhoods to start thinking differently about their future. The intention was to implement an innovative project that is part research and part radical co-creation, which combines the use of future thinking, multi-stakeholder dialogue and multiple forms of visualisation, to reflect on the future of urban neighbourhoods to 2030.
4	SA City Futures Project “FutureHood”	Jul 2014	A synthesis report that presents the project outputs (methodology tools, output reports and videos) for the five sites.
5	Infrastructure Dialogues: The Integrated Urban Development Framework	Jul 2014	A report on the Infrastructure Dialogue that was intended to orient the infrastructure stakeholders on the IUDF process and content, with a focus on its infrastructure-related aspects, i.e. integrated urban infrastructure planning, and key network and services infrastructure (integrated transport and mobility, energy, water and sanitation, storm water drainage, solid waste management, social infrastructure (schools, clinics, hospitals and social welfare services), information and communication technologies, etc.). In addition to considering the infrastructure implications of the IUDF, the Dialogue also specifically explored the potential roles and means of engagement with non-governmental actors in seeking to “reap the urban dividend”.
6	Urban Shelter: Citizen Rights – Understanding the Role of Cities	Jul 2014	A research report carried out in the context of the devolution of housing responsibilities and funding to local government. It raised the urgency of municipalities beginning to think through more programmatically how they would respond to their new roles and responsibilities, including the provision of housing within a broader human settlements and spatial transformation agenda. If, as the current research suggested, municipalities are not efficiently and effectively delivering certain housing typologies, how much more difficult would it be when devolution gives them greater responsibility? Or will devolution provide greater flexibility that allows them to respond more effectively to their local context?

NO	PUBLICATION	DATE	OBJECTIVE
7	Designing South Africa (D_ZA) Movement Durban Poster-zine	Aug 2014	Graphical output produced out of D_ZA initiative supported by SACN. The poster-zine was launched at the International Architects Congress, which was attended by thousands of people from around the world, and is a poster version of the movement narrative framed for the city of Durban.
8	The State of the Expanded Public Works Programme in South African Cities: 2012–2013	Aug 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 learned. The report outlines the progress and implementation of the EPWP by the cities in 2012/13, which was the fourth year of Phase II of the EPWP; consequently, this report summarises the key changes and features of this phase.
9	Infrastructure Dialogues: Financing Public Infrastructure – Understanding Problems and Finding Solutions: the case of student accommodation	Sep 2014	A report on the Infrastructure Dialogue that looked at ways of tapping private savings, leveraging funds, prioritising project selection, distributing risk, securing value for money, lowering the cost of financing and making performance transparent. This Dialogue challenged the participants to connect infrastructure financing techniques with the specifics of student accommodation; this one category encapsulated all the issues that must be solved in financing public infrastructure.
10	Infrastructure Dialogues 2013/14 Annual Compendium	Sep 2014	A summary of the Infrastructure Dialogues held during 2013/14. The purpose of the Infrastructure Dialogues is to provide, in a safe and collegial atmosphere, a high-level and regular platform for senior government officials, the private sector and civil society stakeholders in the infrastructure sector to discuss and share their views. The desired outcome of the collective outputs of the Dialogues is an improved climate for policy and decision-making, as well as strengthened cooperation within the infrastructure sector.
11	From Housing to Human Settlements – Evolving Perspectives	Sep 2014	A publication that explores the housing and human settlements context in South Africa and the challenges and opportunities that will affect the delivery of sustainable human settlements. This will be informed by an understanding of the city as a settlement made up of components that together add to its successful functioning and its ability to give effect to spatial transformation.
12	Draft Integrated Urban Development Framework	Sep 2014	The draft national framework that is designed to unlock the development synergy that comes from coordinated investments in people and places. The potential of urban areas is maximised when people, jobs, livelihood opportunities and services are aligned – this is referred to as the urban dividend. The IUDF marks a new deal for South Africa and should result in inclusive, resilient and liveable cities and towns.
13	Spatial Transformation of Cities – Conference Report	Sep 2014	This report reflects the discussions and engagements at the conference. A first important discussion revolved around the high level political context necessary for the kind of spatial transformation that would provide the required support through buy-in for change in our urban contexts. This was followed by panels that engaged within international and local contexts of urban spatial transformation. The second component of the conference looked at the practical implications, opportunities and challenges for the South African built environment.
14	Towards an Understanding of Intermediate Cities in South Africa	Sep 2014	This study took a deep look at six intermediate cities, with the aim of understanding what might be different or unique about them. It looked at their similarities and differences from each other and from metropolitan municipalities, which are the usual focus of attention. It also examined opportunities for support or intervention.
15	Reflecting on assignment of the housing function to the local level: The metro experience	Oct 2014	Over the last 20 years, the nature of housing delivery in South Africa has changed significantly. Not only did the “Breaking New Ground” (BNG) strategy in 2004 introduce the vision of human settlements, replacing the rather limited focus on housing; it also redefined the roles, responsibilities and processes in government, which included expanding the role of local government. The intention was to enable municipalities “to assume overall responsibility for housing programmes in their areas of jurisdiction, through a greater devolution of responsibility and resources to municipalities.” Moreover, municipalities would absorb the responsibilities within clear guidelines and through resources released from national government, aimed specifically at building the necessary capacity. The BNG anticipated a process of accrediting first the metros, then the secondary cities and, thereafter, all other municipalities.

NO	PUBLICATION	DATE	OBJECTIVE
16	Infrastructure Dialogues: Localisation – Driving Industrialisation through the National Infrastructure Plan	Nov 2014	A report on the Infrastructure Dialogue that brought together speakers from both government and the private sector to unpack the challenges and opportunities associated with driving industrialisation through infrastructure development, as well as how to achieve the country's key transformation objectives.
17	Know Your Block Toolkit: Work to Make a Great Place	Nov 2014	The toolkit's aim is to deepen community involvement in local spaces by exposing South Africans to planning and empowering them to improve their neighbourhoods. In so doing, it is hoped that citizens and organisations would be encouraged to drive change and take ownership of their neighbourhood by developing their own "Know your Block" projects.
18	SA Cities Growth Index Assessment Report	Jan 2015	This report discusses the results of the 2014 Index and acts as a barometer of the performance of cities on a range of specific criteria. It allows for internal comparison among cities in South Africa and external comparison with leading cities across the African continent and beyond. The report continues a discussion of the study commissioned by the SACN that used the same methodology as the African Cities Growth Index, based on the most recent data (at the time of writing) and assessing nine South African cities.
19	Infrastructure Dialogues: Municipal Water and Sanitation Infrastructure, Water demand, Water Conservation, Water Management, Water Treatment	Feb 2015	A report of the Infrastructure Dialogue that focused on how improvements to municipal water and sanitation infrastructure could take place in the near term, in support of improved access to basic services, human health and economic development.
20	Infrastructure Dialogues: Pricing and Paying for Municipal Rates and Charges	Mar 2015	A report of the Infrastructure Dialogue that examined tariff setting, affordability, service levels and forces that would drive changes affecting both municipalities and their residential and non-residential customers. It noted that the situation is fluid: service levels could change, technology is changing and politics is part of that mix.
21	South African Township Economies and Commercial Property Markets: A Conceptualisation and Overview	Mar 2015	The report reviews existing research based on a conceptual framework that can be used to better understand township economies and related commercial real estate markets. This report is not intended to be a definitive statement on township economies or a policy position, but rather a framework to stimulate and guide discussion and debate about township economies. In so doing, it is hoped that the drivers, opportunities and constraints of such economies will be better understood, so that policy interventions to grow and manage these economies and markets will be more robust, conceptually grounded and therefore more effective.
22	SACN Urban Conference Report	Mar 2015	The report of the 4th South African Urban Conference, which brought together urban sector experts and stakeholders who participated in an interactive and rigorous programme of dialogue and engagement, with the aim of: <ul style="list-style-type: none"> • facilitating urban policy and planning dialogue with key urban development stakeholders, experts and partners (local and international); • interrogating and enhancing preliminary data and findings towards the 2016 State of South African Cities Report (SoCR IV); • contributing to strengthening of the IUDF; and • building up national content towards the African Capital Cities Sustainability Forum (ACCSF) and 7th Africities Summit.
23	Msunduzi CDS (Draft)	Mar 2015	The overall intention of the CDS is to guide and manage urban development and growth, and to balance competing resources and land-use demands, by putting in place a long-term, logical development path that would shape the spatial form and structure of the city. In the context of climate change and resource depletion, the future growth path needs to underline the importance of sustainable growth. This proposed development path must be flexible and adaptive, as economic, environmental and social forces are unpredictable, and it is impossible to determine accurately how fast the city will grow.
24	Cityscapes, Issue No. 5 – Design will not save the city	Mar 2015	Cityscapes explores the link between academic research, the media and a range of urban-oriented practices, by engaging a spectrum of interests around cities and the urban environment. From 2015, Cityscapes was to be published as a collaboration between ACC, the Indian Institute of Human Settlements and a soon-to-be-announced Latin American partner, following 2015's collaboration with University of São Paulo Cidade.

NO	PUBLICATION	DATE	OBJECTIVE
25	Cityscapes, Issue No. 6 – City Desired	Mar 2015	Cityscapes explores the link between academic research, the media and a range of urban-oriented practices by engaging a spectrum of interests around cities and the urban environment. From 2015, Cityscapes was to be published as a collaboration between ACC, the Indian Institute of Human Settlements and a then soon-to-be-announced Latin American partner, following 2015's collaboration with University of São Paulo Cidade.
26	Public Transport Skills 2015	Mar 2015	This report begins a discussion around which skills are necessary to transform South Africa's public transport. A lack of skills and capacity is often cited as a key challenge to advancing the development of effective, integrated public transport systems in South Africa, but there is a stark absence of any substantive engagement around the required or desired skills and capacity. The report attempts to draw on international examples to expand understandings about the critical skills required to achieve rapid, integrated public transport networks in South Africa.
27	SPLUMA as a Tool for Spatial Transformation	Mar 2015	This study seeks to understand the extent to which SPLUMA could assist in achieving spatial transformation. The study's main finding was that SPLUMA could contribute to spatial transformation in South Africa. A key success factor, however, would be the degree to which intergovernmental cooperation is taken seriously and the level to which all spheres and sectors contribute to the strategic spatial planning and transformation.
28	Instagram Poster	May 2015	This poster showcases the images submitted to an Instagram competition that SACN ran as part of the build-up towards the 4th South African Urban Conference and the SoCR 2016. The competition ran across the nine big cities in South Africa (Buffalo City, Cape Town, Ekurhuleni, eThekweni, Joburg, Mangaung, Msunduzi, Nelson Mandela Bay, and Tshwane) from 4–20 February 2015. Under the theme "My City, through My Lens", young people were encouraged to submit images that reflected their experiences of living in the city, how they moved around and engaged with it, and what inspiration and action were necessary for their city to support a fulfilling urban life.
29	Doing Business in South Africa 2015	May 2015	The first sub-national report of the "Doing Business" series in South Africa that measures business regulations and their enforcement in nine urban areas and four major ports, and compares the cities against each other and with 188 other economies worldwide. The SACN collaborated with the National Treasury, the World Bank, SECO and the national Department of Trade and Industry to undertake and publish this diagnostic study.
30	Infrastructure Dialogues Annual Compendium 2014-2015	June 2015	The report distils the Infrastructure Dialogues that took place in 2014/15, presents the key themes and identifies issues that preoccupy those who are constructively involved in improving South Africa's infrastructure.
31	Infrastructure Dialogues: Energy – Securing our Energy Future and Tapping Energy Efficiency as the "First Fuel"	June 2015	The report of the Infrastructure Dialogue about energy that raised possible energy efficiency solutions, which respond to current challenges and to future risks and opportunities, and shared lessons learned from energy efficiency initiatives in the private sector.
32	Move the City 2035: Minibus Taxi Scenarios	June 2015	A report of the scenarios and visioning project, which brought together national taxi industry representatives and municipal transport stakeholders to discuss the future of the minibus taxi industry in providing improved transport services for commuters. The factors identified informed three scenarios containing a set of narratives on where the industry might find itself in 20 years' time. This project aims to develop thinking around a different role for the minibus taxi industry in public transport. An opportunity exists, with devolution of the contracting and licencing to cities, to shift the way the state engages with the minibus taxi industry. Considering current trends in passenger volumes, improving the services offered by the minibus taxi will provide the most strategic impact on people's travel experiences in cities.



ANNUAL

FINANCIAL STATEMENTS

For the Year Ended 30 June 2015

Index

Directors' Responsibilities and Approval	47
Report of the Independent Auditor	49
Report of the Directors	51
Statement of Financial Position	53
Statement of Profit or Loss and other Comprehensive Income	54
Statement of Changes in Equity	55
Statement of Cash Flows	55
Accounting Policies	56
Notes to the Annual Financial Statements	62
 <i>The following schedule has been attached for information purposes only and does not form part of the audited financial statements.</i>	
Detailed expenditure schedule	70

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 30 June 2015 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 2 & 3.

The annual financial statements set out on pages 7 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 18 May 2016 and were signed on its behalf by:



Mpho Parks Tau
CHAIRPERSON



Mr SM Mbanga
CHAIRPERSON



Report of the Independent Auditor

To the members of South African Cities Network (NPC)

We have audited the accompanying annual financial statements of South African Cities Network (NPC) which comprise the statement of financial position as at 30 June 2015, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 22.

Directors' responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 71 of 2008. This responsibility includes: designing, implementing and maintaining internal controls relevant for the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the annual 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 the directors, as well as evaluating the overall presentation of the annual 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 annual financial statements fairly present, in all material respects, the financial position of the South African Cities Network as at 30 June 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 71 of 2008.

Emphasis of Matters

Donations income

Without qualifying our opinion, we draw your attention to the fact that this organisation, in common with many other of similar size and organization, 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.

Registration for Value Added Tax (VAT)

We further draw your attention that the company has not complied with certain sections of the Value Added Tax Act for the period 1 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 and is currently waiting for the outcome of the application from SARS. The VAT liability reflected in the statement of financial position includes the management estimate of the VAT outstanding amount and the related penalties and interest upto the reporting date. The VAT liability is disclosed in note 23 to the financial statements.

Additional matter

We draw your attention to the matter below. Our opinion is not modified in respect of this matter.

Other reports required by the companies Act

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report, we have not identified material inconsistencies between the report and the audited financial statements. We have not audited the report and accordingly do not express an opinion on it.

Supplementary Information

Without qualifying our opinion, we also draw your attention to the fact that the supplementary information set out on pages 23 to 24 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.



Rakoma & Associates Incorporated

PER: EDGAR RAKOMA

CHARTERED ACCOUNTANT (SA)

REGISTERED AUDITOR

DIRECTOR

10/11/2016

BRYANSTON

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 2015.

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 deficit of the South African Cities Network NPC was R7 232 655 (2014: R556 429 surplus). During the year under review, the company acquired equipment to the value of R 179 482 (2014: R 202 092).

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 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 material 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
A Nel		T.Fosi		COGTA
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				Ekurhuleni Metropolitan Municipality
S.Mazibuko		M Siyonzana		Mangaung Municipality
M Mbambisa	June 2014 (appointed)	T Ngcolomba		Nelson Mandela Metropolitan Municipality
Z.C Ncitha	10 March 2012	T Tinta		Buffalo City Municipality
M.Mokoena		T.Fowler		City of Johannesburg
C.Ndlela		M.Nkosi		Msunduzi Municipality

Secretary

Secretarial services are performed by Yolisa Dambuza.

7. Auditors

Rakoma & Associates Inc. were appointed as the auditors in accordance with section 90 of companies Act. This is their first year of audit.

8. Physical address and registered offices

Joburg Metro Building
158 Civic Boulevard Street
Braamfontein, Johannesburg
2017

9. Postal address

P.O.Box 32160
Braamfontein
2017

Statement of Financial Position

	Notes	2015 R	2014 R
ASSETS		15 610 582	19 281 747
Non current assets		314 599	239 341
Equipment	4	314 599	239 341
Current assets		15 295 984	19 042 406
Trade and other receivables	5	37 134	17 522
Accrued income	6	13 069 318	10 539 346
Cash and cash equivalents	7	2 189 532	8 485 538
Total assets		15 610 582	19 281 747
RESERVES AND LIABILITIES		15 610 584	19 281 749
Reserves		(3 784 294)	3 448 361
Accumulated funds		(3 784 294)	3 448 361
Current liabilities		19 394 877	15 833 388
Trade and other payables	8	3 347 761	2 995 021
VAT	23	9 967 963	7 041 948
Deferred grant income	9	6 079 154	5 796 420
Total reserves and liabilities		15 610 584	19 281 749

Statement of Profit or Loss and other Comprehensive Income

	Notes	2015 R	2014 R
INCOME		29 772 982	47 598 291
Grants	10	16 536 071	34 990 045
Interest received	13	140 765	402 721
Subscriptions received	11	12 000 000	10 087 719
Other income	12	1 096 145	2 117 806
EXPENDITURE		37 005 636	47 041 862
Secretariat Costs		14 584 643	12 192 402
Networking and Strategic Input		387 262	381 927
Information Technology		341 623	250 913
Knowledge Management and Communications		1 154 794	1 232 681
City Development Strategies		7 728 793	19 709 687
Productive Cities		2 571 549	1 410 002
Inclusive Cities		2 093 173	2 103 749
Sustainable Cities		4 676 294	8 567 350
Well Governed Cities		3 467 505	1 193 152
(DEFICIT)/SURPLUS FOR THE YEAR		(7 232 655)	556 429
Other comprehensive Income/(Deficit)		—	—
TOTAL COMPREHENSIVE DEFICIT/(INCOME)		(7 232 655)	556 429

Statement of Changes in Equity

	Total accumulated funds R
Balance as at 01 July 2013	2 891 932
Surplus for the year	556 429
Opening balance as 01 July 2014	3 448 361
Surplus for the year	(7 232 655)
Balance at 30 June 2015	(3 784 294)

Statement of Cash Flows

	Note	2015 R	2014 R
Cash flows from operating activities			
Cash received from funders and subscribers		27 065 111	34 073 502
Cash paid to programmes, suppliers and employees		(33 368 878)	(31 239 718)
Cash generated from operations	14	(6 303 767)	2 833 784
Interest received	13	140 765	402 721
Net Cash inflows from operating activities		(6 163 002)	3 236 505
Cash flows utilised in investing activities		(133 004)	(202 092)
Purchase of equipment	4	(133 004)	(202 092)
Total cash movement for the year		(6 296 006)	3 034 413
Cash at the beginning of the year		8 485 539	5 451 126
Total cash at end of year	7	2 189 532	8 485 539

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 than those disclosed.

1.3 Property Plant and 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 using the straight line method over the useful life of assets:

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.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

Classification depends on the purpose for which the financial instruments were obtained incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets designated at fair value through profit and loss which shall not be classified out of the fair value through Profit and loss category.

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.

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 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 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. When there is objective evidence that the asset is impaired significant financial difficulties of the debtor probability that the debtor will enter bankruptcy or financial reorganisation and default in payments(30 days) are considered indicators that the trade receivables is impaired. The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 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.

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 Government Grants

Government grants are recognised when there is reasonable assurance that

- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the period necessary to match them with the related costs that they are intended to compensate

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists the repayment is recognised immediately as an expense.

1.12 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.

1.13 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.

1.14 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 2014)
- 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 January 2016 or later periods.

- IFRS 9 Financial Instruments (effective 1 January 2015)(revised in 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 2016 or later periods but are not relevant to its operations:

- IFRS 1 Government loans (effective 1 January 2014)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- 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 2016)
- IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2013 revised in 2016)

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

Reconciliation 2014–2015	Computer equipment R	Office equipment R	Furniture and fittings R	Total R
30 June 2015				
Net book value 30 June 2014	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)
Additions during the year	102 689	–	30 315	133 004
Depreciation for the year	(49 499)	(1 198)	(7 050)	(57 747)
Disposal of assets	–	–	–	–
Net book value 30 June 2015	185 011	–	129 587	314 599
At cost	501 210	119 508	172 264	792 982
Accumulated depreciation	(316 199)	(119 508)	(42 677)	(478 384)
30 June 2014				
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)	(370 245)
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	–	–	–	–
Net book value 30 June 2014	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)

5. Trade and Other Receivables

	2015 R	2014 R
Opening balance	17 522	17 522
Debtors	37 134	–
Write off	(17 522)	–
	37 134	17 522

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

6. Accrued Income

	2015 R	2014 R
Accrued income	13 069 318	10 539 346
	13 069 318	10 539 346

7. Cash and Cash Equivalents

	2015 R	2014 R
Bank balances	274 854	1 042 625
Investment balances	1 872 206	2 653 050
Short term deposits	40 973	4 788 363
Cash on hand	1 500	1 500
	2 189 532	8 485 538

8. Trade and Other Payables

	2015 R	2014 R
Trade payables	2 130 395	288 157
Garnishee	42 600	112 400
Other payables and accruals	694 265	1 294 538
Employee related accruals	480 500	1 299 926
	3 347 761	2 995 021

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

9. Deferred Grant Income

	2015 R	2014 R
City of Tshwane sustainability	—	3 544 961
Afri - Cities	6 079 154	—
Green Fund DBSA	—	1 799 620
EPWP	—	451 839
	6 079 154	5 796 420

10. Grants

	2015 R	2014 R
Department of Cooperative Governance and Traditional Affairs – NUDF	1 218 210	1 722 054
Received	1 218 210	1 722 054
Department of Cooperative Governance and Traditional Affairs	6 071 000	5 786 000
Received	6 071 000	5 786 000
Grant Income H.D.A	–	200 000
Deferred from 2010/2011	–	200 000
Tshwane Vision 2055	236 820	–
Received	236 820	–
GIZ income	1 525 000	–
Received	1 525 000	–
Grant Income Msunduzi CDS	–	200 000
Received	–	200 000
Rural Urban Linkages	30 000	–
Received	30 000	–
Mandela Bay Development Agency	45 000	50 000
Received	45 000	50 000
Grant income – Tshwane Sustainability	3 544 961	4 269 961
Received	3 544 961	4 269 961
Grant Income – H.D.A	290 000	200 000
Received	290 000	200 000
Grant Income – JDA	–	312 500
Received	–	312 500
Buffalo City Municipality – Municipal Transformation	–	11 611 660
Received	–	11 611 660
Deferred to 2014/2015	–	12 762 336
Grant Income – D.H.S	–	250 000
Received	–	250 000
Afri – Cities	1 000 163	–
Received	1 000 163	–
Deferral 2014/2015	–	–
Grant Income EPWP	967 503	–
Received	967 503	–
Income City Futures	–	172 470
Received	–	172 470
Green Fund – DBSA	1 538 077	449 906
Received	1 538 077	449 906
Deferred to 2014/2015	–	449 906
Local Government Seta	–	2 508 070
Received	–	2 508 070
Department of Cooperative Governance and Traditional Affairs – IUDF	–	2 551 879
Cogta IUDF	–	3 139 747
	69 337	–
BRICKS Project	25 934	16 686
C40 Support	43 403	1 749 112
	16 536 071	34 990 045

11. Subscriptions Received

	2015 R	2014 R
Buffalo City Municipality	1 500 000	877 192,98
City of Cape Town	–	1 315 789,47
Ekurhuleni Metropolitan Municipality	1 500 000	1 315 789,47
eThekweni Metropolitan Municipality	1 500 000	1 315 789,47
City of Johannesburg	1 500 000	1 315 789,47
Mangaung Municipality	1 500 000	877 192,98
Msunduzi Municipality	1 500 000	877 192,98
Nelson Mandela Metropolitan Municipality	1 500 000	877 192,98
City of Tshwane	1 500 000	1 315 789,47
	12 000 000	10 087 719

12. Other Income

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

	2015 R	2014 R
	1 096 145	2 117 806

13. Interest Received

	2015 R	2014 R
Interest received – call accounts	140 765	402 721
	140 765	402 721

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

Available-for-sale financial assets	140 765	402 721
-------------------------------------	----------------	----------------

14. Cash Generated from Operations

	2015 R	2014 R
Deficit/Surplus from operations	(7 232 655)	556 429
Adjustment for:		
– depreciation	57 747	50 391
– interest received	(140 765)	(402 721)
– increase (decrease) in deferred income	282 734	(3 198 306)
– decrease (increase) in accrued income	(2 529 972)	1 510 909
Operating cash flows before movements in working capital	(9 562 911)	4 913 315
	3 259 144	(2 079 531)
Decrease (increase) in accounts receivable	(19 611,0)	–
Increase (decrease) in accounts payable	3 278 755	(2 079 531)
	(6 303 767)	2 833 784

15. Directors' Remuneration

Executive 2015	For services as directors	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
Sithole Mbanga	2 074 256	–	–	–	2 074 256
	2 074 256	–	–	–	2 074 256

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

16. Operating Lease Commitments

The operating lease that was signed on the 1st of July 2010 expired in June 2015. As at reporting date, the new lease negotiation are still ongoing and no commitments have been disclosed.

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. Deficit for the Year

	2015 R	2014 R
The deficit for the year is arrived at after taking into account the following:		
Auditors' remuneration and other fees	203 080	226 871
Depreciation	57 747	50 391
Staff costs	10 484 063	10 299 022
Office rental	133 831	136 205
Lease payment made	133 831	136 205

19. Related Parties

2015	Relationship	Grant Received R	Subscription R	Accrued Income R	Deferred Income R	Total R
Department of Cooperative Governance and Traditional Affairs	Partner	(6 071 000)				(6 071 000,00)
Ekurhuleni Metropolitan Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
City of Tshwane	Member cities	–	(1 500 000)	–	–	(1 500 000)
eThekweni Metropolitan Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
Buffalo City Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
Mangaung Local Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
Nelson Mandela Metropolitan Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
City of Johannesburg	Member cities	–	(1 500 000)	–	–	(1 500 000)
Msunduzi Municipality	Member cities	–	(1 500 000)	–	–	(1 500 000)
Local Government Seta	Partner	–	–	–	–	–
Department of Human Settlements	Partner	–	–	–	–	–
Buffalo City Municipality – Municipal Transformation	Partner	–	–	–	–	–
Department of Cooperative Governance and Traditional Affairs – IUDF	Partner	(1 218 210)	–	–	–	–
Johannesburg Development Agency	Partner	–	–	–	–	–
Mandela Bay Development Agency	Partner	(45 000)	–	–	–	–

20. Financial Assets by Category

The accounting policies for financial instruments have been applied to the line items below:

30 June 2015

	Loans and receivables R	Total R
Trade and other receivables	37 134	37 134
Accrued income	13 069 318	13 069 318
Cash and cash equivalents	2 189 532	2 189 532
	15 295 984	15 295 984

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

21. Financial Liabilities by Category

The accounting policies for financial instruments have been applied to the line items below:

30 June 2015

	Financial liabilities at amortised cost R	Total R
Trade and other payables	13 315 723	13 315 723
Deferred income	6 079 154	6 079 154
	19 394 877	19 394 877

30 June 2014

Trade and other payables	10 036 968	10 036 968
Deferred income	5 796 419	5 796 419
	15 833 387	15 833 387

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

	2015 R	2014 R
Value Added Tax Payable to SARS	(9 967 963)	(7 041 948)

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

	2015 R	2014 R
Expenditure		
Secretariat Costs	14 584 643	12 192 402
Salaries	10 484 063	10 299 022
Office Consumables	777 844	1 039 258
Rent and services	133 831	136 205
Relocation Costs	—	—
Office refreshments	42 984	22 624
Office sundries	70 520	63 698
Interest and penalties on PAYE	—	—
Loss on disposal of computer equipment	—	—
Small assets write off	17 522	—
Postage and courier	74 828	58 755
Travel - local (staff)	109 566	339 075
Printing and stationery	77 702	129 085
Bank charges	15 008	73 900
Office insurance	50 990	40 379
Depreciation	57 747	50 391
Telephone and cellphone	127 147	125 147
Financial and Legal Fees	3 167 929	772 960
Audit fees and other financial services	203 080	226 871
Interest and penalties on VAT	2 719 699	443 538
Legal fees	245 151	102 550
Organisational Development	154 806	81 163
Organisational Development	75 306	37 386
Staff training and development	38 862	11 271
Annual report	40 638	32 506
Networking and Strategic Input	387 262	381 927
Management and Board Meetings	73 881	242 985
Governance Support	313 380	128 434
Local and international conferences	—	10 508
Information Technology	341 623	250 913
IT Support , Maintenance and internet	217 992	164 897
Software & licenses	123 631	86 016

	2015 R	2014 R
City Development Strategies	7 728 793	19 709 687
National Urban Development Framework	—	47 600
Integrated Urban Development Framework	1 636 949	3 298 347
State of Cities Report	1 819 939	27 509
Travel to support programmes	84 904	12 000
City Futures	564 384	383 278
Rural - Urban Interdependencies	433 352	3 078
Metropolitan Transformation - Buffalo City Municipality	—	12 158 913
Green Fund - DBSA	1 538 078	324 932
Indicators Project	853 768	465 942
Transport 1 Functional Study	—	294 908
Transport 2 Strategic Planning	—	385 798
Transport 3 Municipal Transport	—	413 353
Support to Programmes	49 383	196 895
Designing Democracy	100 000	—
Secondary Cities	87 549	418 345
Planning Africa	10 559	16 672
Msunduzi - CDS	408 546	469 963
Vulnerability	141 382	792 155
Balance carried forward	23 042 320	32 534 928

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	2015 R	2014 R
Balance brought forward	23 042 320	32 534 928
Productive Cities	2 571 549	1 410 001,75
Infrastructure Dialogues	265 168	113 276
EPWP	967 503	942 978
Rural Urban Linkages	248 633	—
African Urban Government	853 425	—
Tshwane Vision 2055	236 820	—
Public Transport	—	353 748
Inclusive Cities	2 093 173	2 103 749
Housing to human settlement	586 556	1 176 613,38
SAPOA Partnership	86 246	—
Performance of Land Use Management Systems	232 004	—
World Urban Forum	—	151 033,61
Spatial Planning and Land Use Management	336 723	344 929,01
Fiscal Impacts	704 971	142 435,00
Socio-political Stability	146 674	131 275,00
Metropolis – Caring Cities	—	157 462,70
Well Governed Cities	3 467 505	1 193 151,84
Urban Writers Programme	—	382 836
Land and City	255 102	—
State of City Finances	1 255 412	23 456
Human Capacity	240 000	541 714
Food Security	250 000	—
KMRG	10 372	245 146
Urban Conference	1 456 620	—
Sustainable Cities	4 676 294	8 567 350
Energy Efficiency and Renewable Energy Program	79 529	1 202 498
State of Waste Management in Cities	376 649	757 027
Afri – Cities	1 001 026	—
Non-Motorised Transport	—	65 900
City Scapes	188 449	159 006
C40 Support	—	2 230 926
Urban Safety	646 548	—
City of Tshwane sustainability	2 181 264	3 119 080
Climate Change	202 829	1 032 913
Knowledge Management and Communications	1 154 794	1 232 681
Internships	124 000	74 065
Public Relations	199 200	316 937
Publications	469 215	111 228
Learning sessions	19 673	279 012
Website maintenance	342 707	451 438
	37 005 636	47 041 861

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