

2016

ANNUALREPORT

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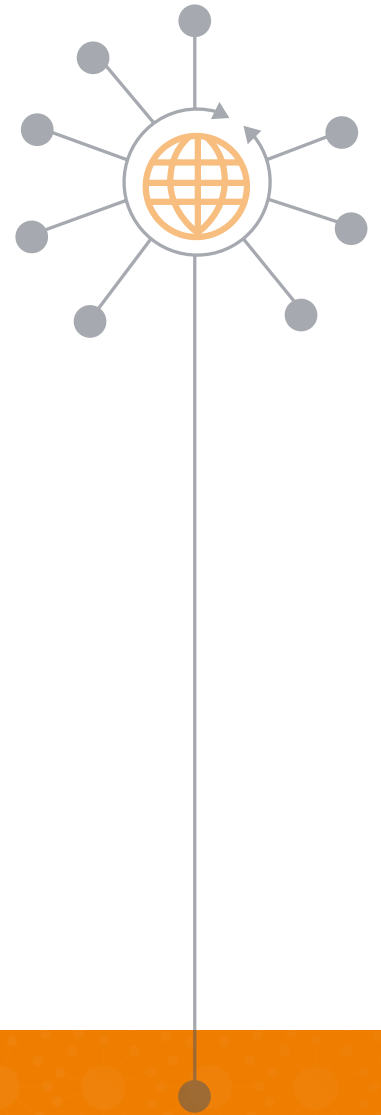
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ABBREVIATIONS AND ACRONYMS

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

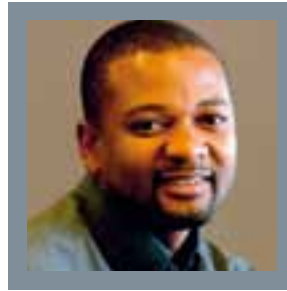
BOARD OF DIRECTORS

Chairperson of the SACN Board



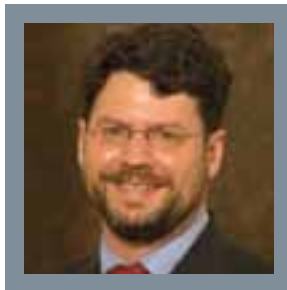
MP Tau

SACN Chief Executive Officer



SMM Mbanga

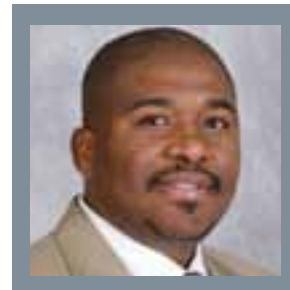
Department of Cooperative Governance and Traditional Affairs



A Nel



T Fosi (alternative)



CX George

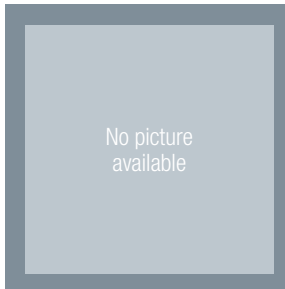
SALGA

Department of Public Works



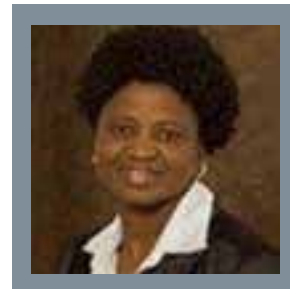
JP Cronin

Department of Transport



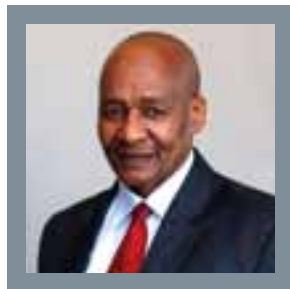
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Department of Human Settlements

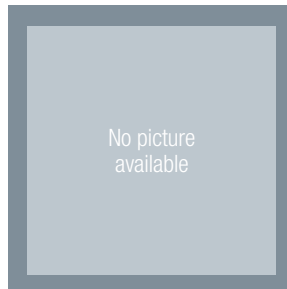


ZA Kota-Fredericks

Buffalo City Municipality



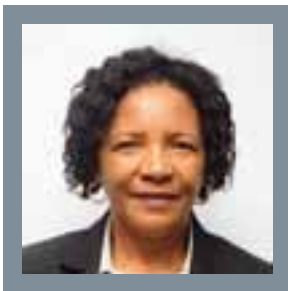
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N Ncunyana

BOARD OF DIRECTORS

City of Johannesburg

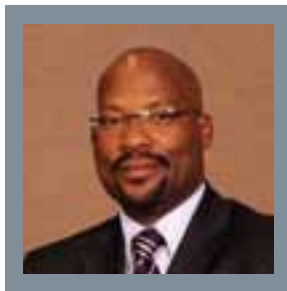


M Mokoena

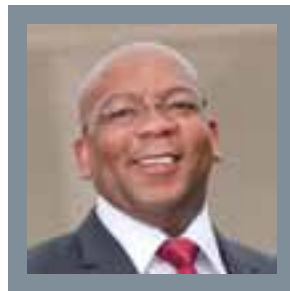


T Fowler (alternative)

City of Tshwane



J Ngobeni



K Ramokgopa (alternative)

eThekweni Metropolitan Municipality

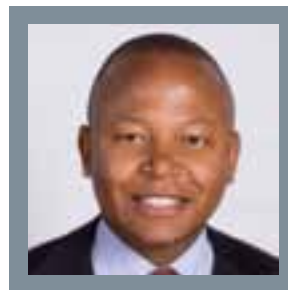


S Sithole



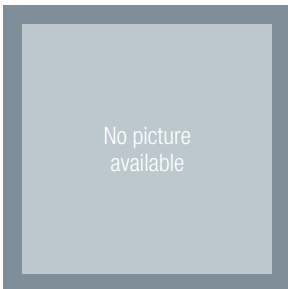
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Ekurhuleni Metropolitan Municipality

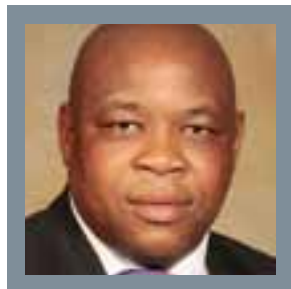


K Ngema

Mangaung Metropolitan Municipality



T Mea

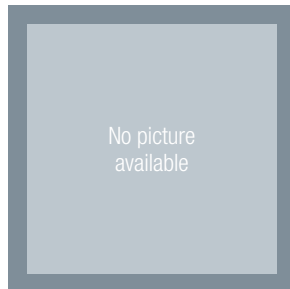


M Siyonzana

Msunduzi Local Municipality



C Ndlela

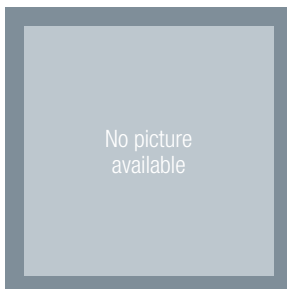


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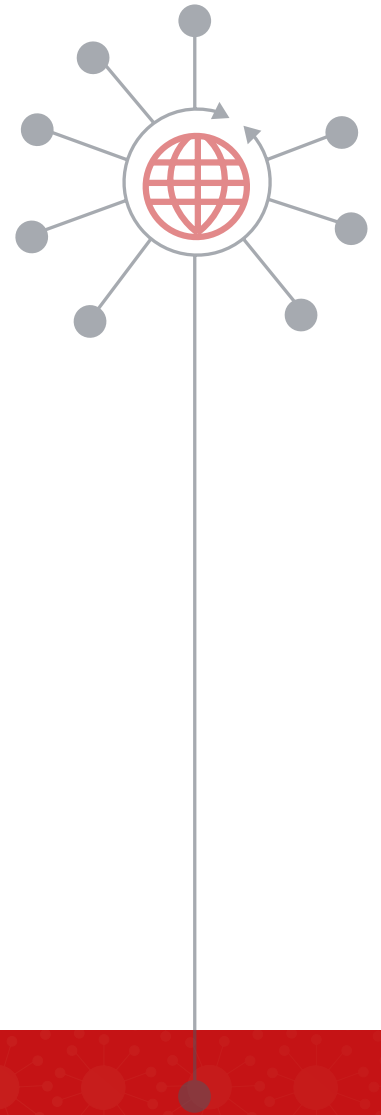
Nelson Mandela Bay Metropolitan Municipality



J Mettler



P Ndoni (alternative)



CHAIRPERSON'S REPORT

2011 to 2016

The end of the 2015/16 financial year marks the end of SACN's five-year phase of work, which culminated in the launch of the State of the Cities Report (SoCR). Over this period, the SACN continued to contribute extensively to the knowledge and understanding of the role of cities in South Africa. The end-of-term review confirmed that internal and external stakeholders (including SACN member cities) support and find value in the organisation's work, particularly the knowledge products that address the complexities of local government and metropolitan areas. Its work is deemed to be of a high standard and relevant to the challenges facing local urban regions. For stakeholders, the SACN also plays an important 'lobbying' role, providing a voice for cities in the national sphere, where rural development has traditionally held significant political and policy support, at the expense of urban debates.

The next five-year phase promises to be as exciting and innovative as the past five years. The organisational review has provided important insights and direction, which will assist in improving the value-add that the SACN brings to its members and within the broader local government, urban context.

15 years of local government

In 2015, the local government fraternity reached a milestone: 15 years of transformation. Over the past year, we have had many occasions to question what local government has achieved, and to identify key gaps and opportunities. Most importantly, we have paused to reflect on the kinds of cities (and country) that we want to build in South Africa. Our cities have seen protests by young people demanding a better future and, while the protests were directed at national government and at knowledge institutions, local government is not immune – everything takes place at a local level. If we are to provide a different, more inclusive, transformed city, especially for young people, the way in which we think of, shape, invest in and reimagine our cities is key. The next 15 years in the local government sector will be crucial, as we move towards strengthening the role of cities as drivers of local and national development, and as inclusive, sustainable, productive and well-governed spaces.

The State of South African Cities Report 2016

The year 2016 saw the launch of the most holistic and comprehensive SoCR to date. The fourth edition of the SoCR recognises the importance of cities as engines of national economic growth and places of social cohesion. It places cities at the centre of transformative development and contains the following key messages:

1. Cities are important: they are driving growth and development.
2. They are performing, but under dynamic and difficult circumstances and with mixed results.
3. Our systems and institutions need to be reconfigured to support cities.
4. Spatial transformation continues to be the key lever for achieving inclusive, sustainable growth and development.
5. Everyone has a role to play: spheres of government, private sector, the knowledge industry and civil society.

SoCR IV also begins to outline the SACN research areas for the next five years (2016–2021). The overarching goal for this period is that ***by 2021, cities should be empowered through institutional reconfiguration and the decentralisation of powers and authority for their effective and efficient management.***

The global challenge for cities

Over the last decade, the importance of urban local governance has been emphasised repeatedly – in South Africa, the SACN has driven much of this advocacy. The role of cities is more important than ever before. In October 2016, global leaders and activists will confirm the new sustainable development goals (SDGs) and the New Urban Agenda at Habitat III in Quito, Ecuador. With urban development taking centre stage, over the next 20 years, the world's gaze will be on the ability of cities to achieve the SDGs and drive the global urban agenda. Therefore, ensuring that cities have support and resources for more efficient, inclusive and sustainable development will be crucial.

South African cities may share the challenges of their African counterparts but they have some unique characteristics, including:

- demographic change and urbanisation
- the important need for differentiation, particularly where functions given to metros include those relating to the key built environment
- the need to improve municipal capacity
- increasing inequality and exclusivity of cities

What the past 15 years have shown is that achieving transformational local government is a slow journey of discovery, involving shared learning and experimentation.

Very high on the agenda is the need to support and drive the local economy and strengthen the role of cities as engines of growth. Cities, therefore, must consider both the local and global contexts in which they operate. The SACN's work aims to support cities to balance these sometimes competing local and global objectives.

At a national level, the SACN continues to be part of the team working on the Integrated Urban Development Framework and will continue to support its implementation. It will also work towards strengthening its relationships with other actors involved in the local government space, including the private sector, the South African Local Government Association (SALGA) and key national departments such as National Treasury.

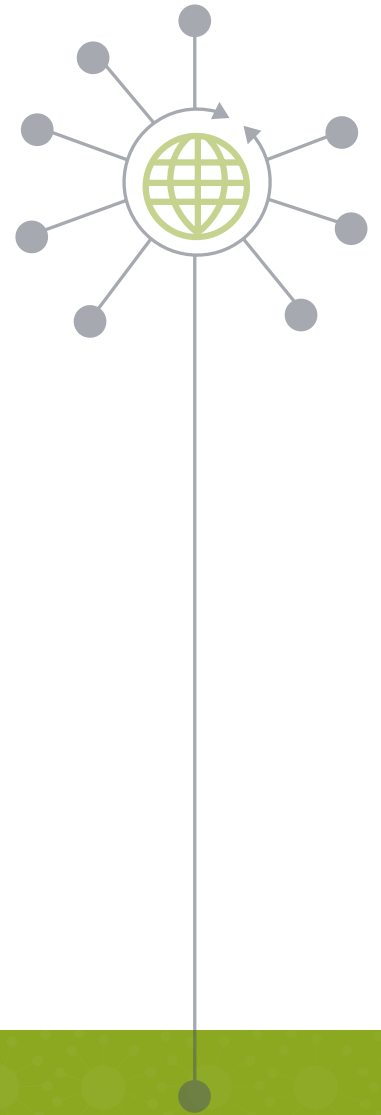
At a continental level, in December 2015, the SACN participated in the Africities Summit 7, hosted jointly by the City of Johannesburg and SALGA in Sandton. The summit provided a forum for extensive debate on the challenges facing Africa, as well as an opportunity for our African counterparts to evaluate and scrutinise our performance against the prescripts of the 1998 White Paper on Local Government and to provide critical feedback.

Conclusion

In keeping with past reports, we present an independently evaluated set of financial results, which show that the SACN remains a resilient and going concern, and is in the hands of good management. To ensure financial sustainability, the SACN is also considering alternative funding models. Over the next five years, the organisation will continue to assess and improve its structure and the work it does. We encourage all our stakeholders and member cities to continue engaging with this organisation and its work going forward.

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 the Department of Cooperative Governance and Traditional Affairs for their support and tenacity in generating knowledge that contributes to the transformation of local government and the improvement of the lives of ordinary citizens.





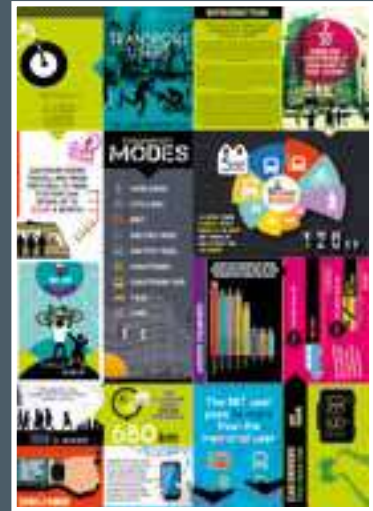
THE CEO'S REPORT

Understanding Transport Performance

The SACN commissioned a series of studies to better understand public transport systems from various perspectives.

User experience poster

Transport data rarely reflect the daily travel realities faced by people and neglect the experience and voice of users. The study tracked, mapped and interrogated the weekly travel experience of 10 users of different transport modes, and compiled the results into a poster. Given the extent of cell phone data now available, the project shows what kind of information municipal transport departments could potentially use to better understand how people travel daily.



Transit oriented density framework

As cities emphasise the need for higher residential densities and for effective and sustainable public transport services, this study looks at urban density that supports public transport ridership and how it can be measured. The report proposes a ten-point framework that can be used to understand the extent to which density levels support public transport use.



Impact of bus rapid transit (BRT) on neighbourhoods

An explicit objective of investing in BRT systems is to galvanise the transformation of surrounding neighbourhoods into compact, mixed-use areas that cater for diverse income groups. However, without a systematic assessment, it is not possible to know whether or not investment in these public transport systems leads to a change in the fabric and function of neighbourhoods. Building on a 2013 study by the University of the Witwatersrand, the SACN commissioned a study to assess the neighbourhood impacts of BRT investment in Soweto (Johannesburg). The report provides some important lessons for other cities currently investing in BRT systems.



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EXPENDITURE PERFORMANCE

In 2015/16, operational spend was on par with budget, but programme spend (92%) was slightly lower than last year's performance of 95%. Therefore, the operational ratio was slightly higher than planned (36% instead of 34%), which is something that management will continue to monitor closely.

TABLE 1: SACN expenditure summary since 2010/11

	AUDITED RESULTS						
R Thousand	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Percentage of budget
EXPENSES:							
Operational costs (including salaries)	4 652	6 154	8 316	12 091	14 585	14 126	
Percentage	21	35	25	26	38	36%	98%
Programme costs	17 980	11 543	24 576	34 849	22 420	24 735	
Percentage	79	65	75	74	62	64%	92%
Total expenses	22 632	17 697	32 892	46 940	37 005	38 861	

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

- measuring outputs delivered against targets defined in the 2015/16 business plan,
- considering the quality of outputs and outcomes achieved,
- reflecting on the lessons learned over the year, and
- outlining the way forward.

PERFORMANCE AGAINST OUTPUT TARGETS

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

Figure 1 reflects the output performance visually and illustrates this year's performance compared to previous financial years. This year, SACN exceeded the outputs of all prior years, especially for publications. Compared to last year, **knowledge exchange and learning events** increased from 50 to 62, while **knowledge products** (such as reports and publications) jumped from 34 to 53.

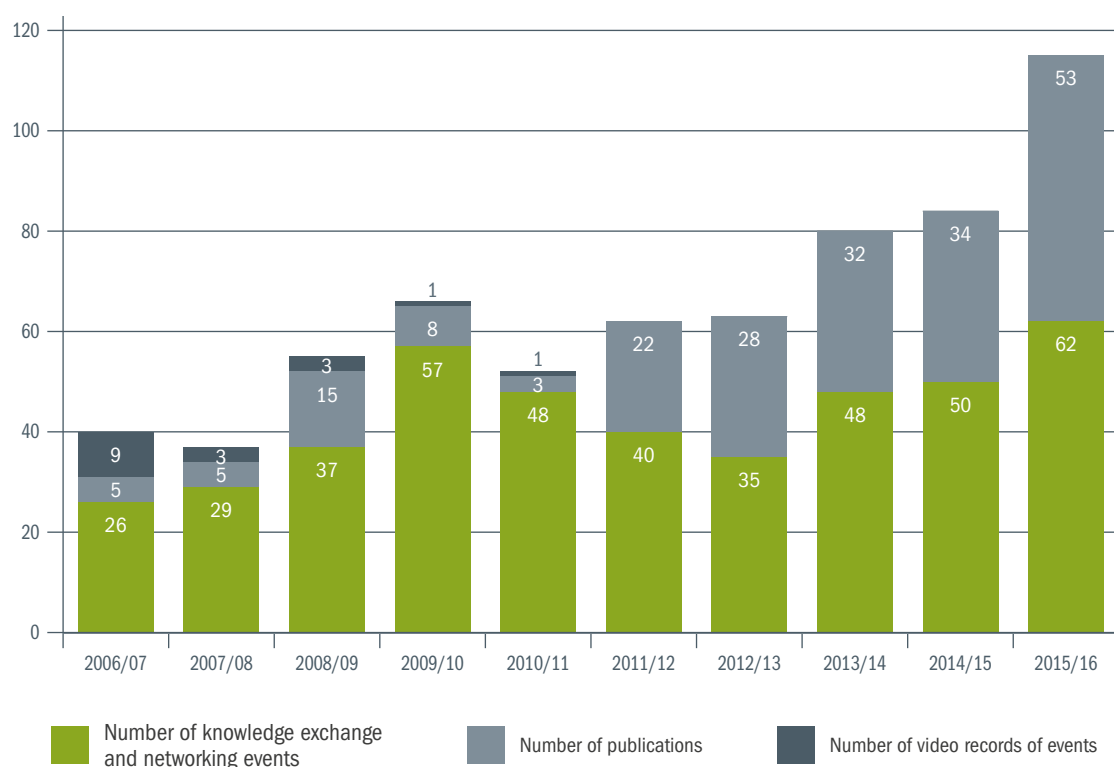
FIGURE 1: Outputs delivered (2006/07-2015/16)

Table 2 shows that the organisation worked hard to deliver adequately against its targets, succeeding notably with knowledge products, producing 53 publications (nearly 60% more than the previous year) and the highest output ever attained by SACN. However, only 75% of the learning events target was reached. This result reflects the rationalisation of some planned events because of affordability (attendance), the Secretariat's focus on the production of the State of Cities Report (SoCR) and the decision to carry out SoCR planned consultations electronically instead of through a series of workshops.

TABLE 2: Summary of outputs delivered (2010/11-2015/16)

OUTPUTS	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 PLANNED	2015/16 ACTUALS
Number of knowledge exchange and learning events	48	40	44	48	50	82	62 (76%)
Number of knowledge products	3	22	28	31	34	54	53 (99%)
Total number of outputs	52	62	72	79	84	136	115 (85%)

City Finances

Sound financing and financial management are essential for effective municipalities. City governments operate under extreme pressure because of current urbanisation rates and prevailing municipal revenue models, which rely on fees-for-service and formal property rates payments. Cities need to develop appropriate mechanisms that respond to demands for basic services (including historical backlogs) at the same time as growing their economies.

Cities could also be placed under even more pressure if the additional responsibilities associated with the much-awaited devolution of key built environment (BE) functions are not carefully planned for. Global experience shows that these functions are not neat, full-cost-recovery services. Therefore, it is unrealistic, when devolving such functions, to expect cities to be both self-funding and capable of developing inclusive, accessible environments, all at the same time.

The theme of the State of City Finances 2015 is *doing the basics right* (efficient and effective financial management) and *innovation* (finding new ways of expanding municipal revenues). The report tracks and monitors important trends over five years, tells some important stories about the state of finances in cities, discusses the dynamic issues that influence city finance (and can affect long-term growth) and provides recommendations for capitalising on revenue-raising opportunities and mitigating revenue threats. A Citizens' Guide that accompanies the report provides a snapshot and 'easy to understand' outline of the State of City Finances 2015.



Alternative Municipal Financing Model

As the State of City Finances 2015 makes clear, the current financing model for South African city governments needs to be reviewed urgently. This task is exceptionally challenging given the limited skills and capacity that exist in the country. The SACN commissioned a panel of international and local experts to discuss various alternative financing models that could be applied to South Africa. The meeting at the Rockefeller Foundation's Bellagio centre proved very fruitful and demonstrated that alternative models are entirely possible. The Alternative (Metro) Municipal Finance Model report will be published in the next financial year.



Strategic Framework to Enhance Built Environment (BE) Integration

Integrating the BE functions, to achieve spatial transformation of South Africa's cities, continues to be a challenge. In 2015/16, with the assistance of a panel of practitioners, the SACN looked at how local government can transform spatially without the devolution of the human settlements function. The objective was to take a pragmatic, operational view of the role of the metros in guiding and enabling integrated spatial interventions that will result in transformed urban areas with more equitable, just and sustainable access to cities. The study included a review of the necessary administrative and technical arrangements within local government, and an approach to coordinating relevant actors involved in an integrated BE function. Using the framework, a roadmap was developed to guide metros to move from the status quo of 'fragmented Metro level BE functions, and a disjointed and uncoordinated external BE environment' towards 'more integrated and coordinated Metro level BE functions, working in concert with a coordinated and focused external BE environment'.



Output analysis: knowledge products

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

The distribution of outputs by SACN by theme during 2015/16 is reflected in Table 3.

TABLE 3: Summary of outputs by theme (2015/16)

	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

Outputs continue to be the highest in the City Development Strategy (CDS) thematic area, as has been the case historically due to the scale and range of projects in this category. This is to be expected in any SoCR reporting year. In 2015/16, Sustainable Cities achieved well beyond the previous year's performance, more than doubling the number of publications (17 compared to 8 last year), while Productive Cities and Inclusive Cities improved their overall outputs.

Output analysis: communications

In 2015/16, the focus was on strengthening relationships with the media, through one-on-one meetings with the SABC, eNCA and the Times, and increasing exposure across media platforms, including online (News24, IOL, Times Live), television (eNCA, SABC, ANN7 and CNBC Africa) and radio (PowerFM, ClassicFM, SABC, Talk Radio 702). In addition, the SACN hosted two media workshops for the communications units of our partners, to assist city communicators to engage confidently with the media.

Significant media and policy attention was achieved. Media coverage was strongly linked to SACN's participation in events, such as attendance at the BRICS conclave in India about safety in cities (April 2016) or Sustainability Week (May 2016), and the launch of publications. The launch of the SoCR Report in June resulted in extensive exposure in both traditional and social media.

Through stronger relationships with newsrooms and journalists, the SACN aims to ensure more accurate reporting on matters relating to urban local government. Table 4 shows the SACN's communications' reach compared to the year's targets.

TABLE 4: Summary of SACN's Communications' reach

COMMUNICATION OUTPUTS	TARGETS 2015/16	ACTUALS 2015/16
1. Number of pages/page views (depreciated)	100,000	49,324
2. Number of unique visitors	10,000	8,240
3. Newsletter	6	0
4. Number of newsletter subscribers	1500	898
5. TV &radio	12TV/	19 x TV
	24 radio	26 x radio
6. Stakeholder engagement	10	31
7. Thought piece	6	7
8. SACN Facebook (Likes)	10000 Likes	11903
9. SACN Twitter (Tweets; cumulative)	105 per month	4658
10. SACN LinkedIn (Followers)	56 -5600	115
11. SACN Instagram (Followers)	1000	1188
12. SACN YouTube (Subscribers)	1000	1
13. Other:		
• Website banners		3
• City conversations		1
• SACN Website revamp		

The launch of the SACN's new website in February 2016 inadvertently led to some hiccups in the website statistics during part of the year (February–April), and not all the statistics could be salvaged. This explains the low number of page views and visitors. Facebook and Twitter continue to be the primary platforms of engagement and attract steady attention to our content.

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 2015/16, the event survey was administered for the following events:

- Strategic Conversations: Enhancing Built Environment Integration at Metro Level
- Infrastructure Dialogues: (i) Towards Sustainable African Cities, (ii) Financing Government's Capital Programme, (iii) Township Economies
- Reference Groups: (i) Urban Safety, (ii) Waste Management, (iii) Spatial Planning and Land Use Management (SPLUMA), (iv) Expanded Public Works Programme (EPWP), (v) Urban Indicators, and (vi) Knowledge Management
- Africities sessions: (i) informal economy, (ii) City to city learning in Africa, (iii) BRICS and African cities: the emerging themes, (iv) Modern slavery, human trafficking and climate change, (v) Africa's infrastructure build programme - making a better life for Africa's city residents, (vi) Africa exchange on state of cities reporting
- Workshop on Exploring the Future of Sustainable Public Transport
- Workshop on the Experiences of Integrating Waste Pickers in Cities and in the World

FIGURE 2: Average rating from quality surveys completed for SACN learning events during 2015/16

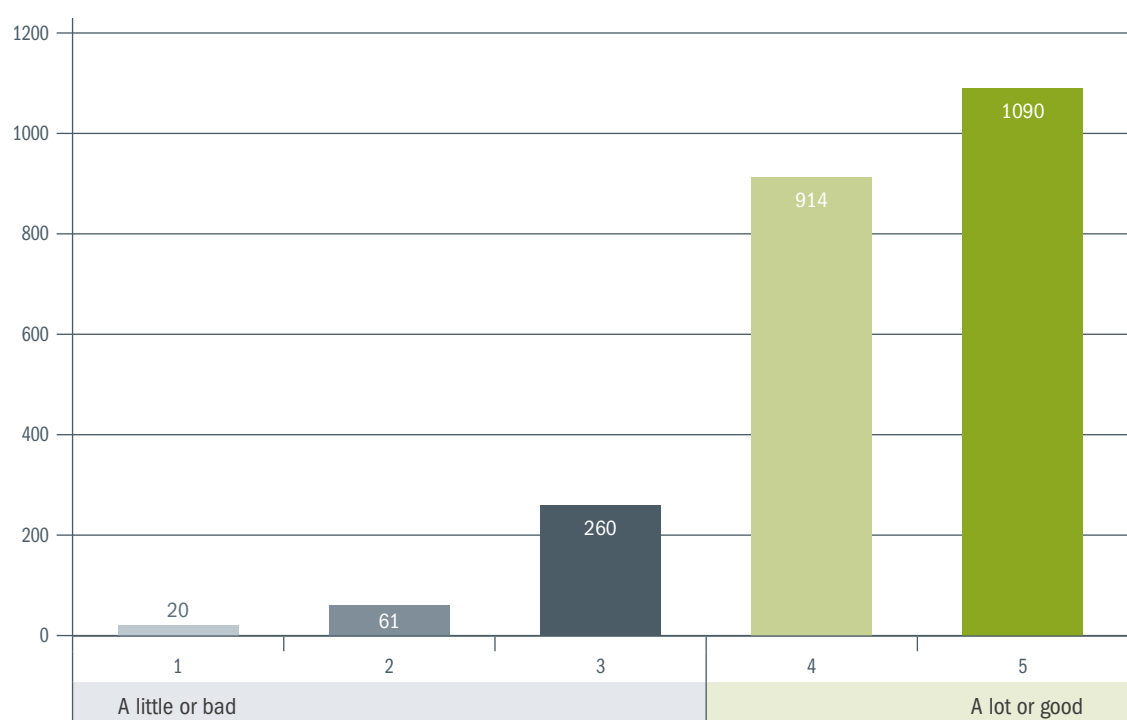


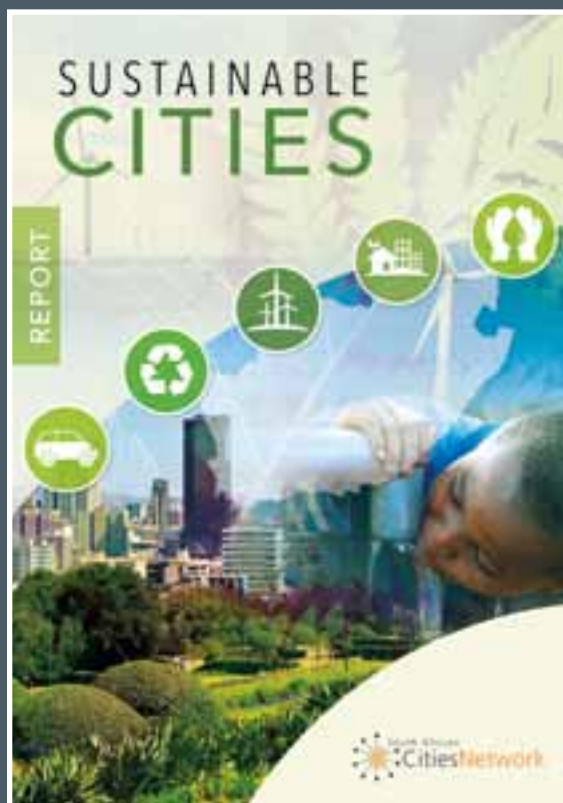
TABLE 5: Results of quality surveys completed for SACN learning events

QUESTIONS	SCORES				
	A little or bad			A lot or good	
	1	2	3	4	5
Question 1: Did you learn something new today?	3	4	41	148	195
Question 2: Did the information you received inspire you to do something new or different in your work?	1	3	50	151	186
Question 3: Will the information you received help you to do your job better?	3	11	43	160	174
Question 4: Invitation quality score?	5	16	43	153	174
Question 5: Preparatory information quality score?	3	15	42	160	171
Question 6: Venue and catering quality score	5	12	42	142	190
Total	20	61	261	914	1090

As Figure 2 and Table 5 show, a high standard of quality continues to be maintained. Of the 2346 participants surveyed, over 85% (2004 participants) rated the learning events 4/5 or 5/5 (“a lot or good”). The ratings on learning and value are generally high.

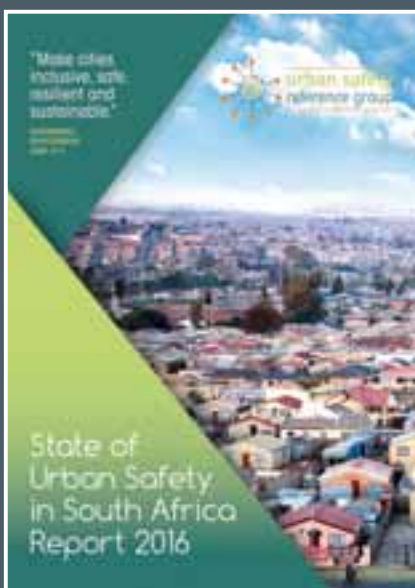
Sustainable Cities

Sustainability needs to be viewed holistically, as a fundamental concept that straddles the different city departments and an integral part of a city's growth and development strategies. Sustainability is a journey, not a destination, and cities must create their unique path for transitioning towards sustainability, based on their needs and available resources. This publication provides a snapshot of research undertaken by SACN to understand cities' vulnerabilities, preparedness for and performance in driving local and national development. Cities can reduce their level of vulnerabilities through good management of natural resources, such as land, water and energy. The research covers sustainable energy, water and waste management, food security, climate change and green transport. The report also looks at cross-cutting issues – those areas that enable or (if neglected) could have a negative impact on city vulnerabilities, i.e. human capacity, socio-political stability and rural-urban linkages.



Cities are complex, dynamic and constantly evolving. The pace of change will only increase, as new technologies rapidly shift the context in which cities operate. The journey towards long-term sustainability is difficult and challenging, and will require building resilience and spatial transformation to support development and an improved quality of life. Strengthening collaboration, forming partnerships and working together are critical in the journey to sustainability. Full-cycle data management has a direct influence on improved service delivery. To this end, the report proposes the six capitals model as a tool for cities to organise data. This model acknowledges that all other forms of capital (financial, manufactured, human, intellectual, and social and relationship) depend on natural capital to function optimally. With data and knowledge, cities will be able to manage scarce resources efficiently and to increase their contribution to local and national development.

Urban Safety Report

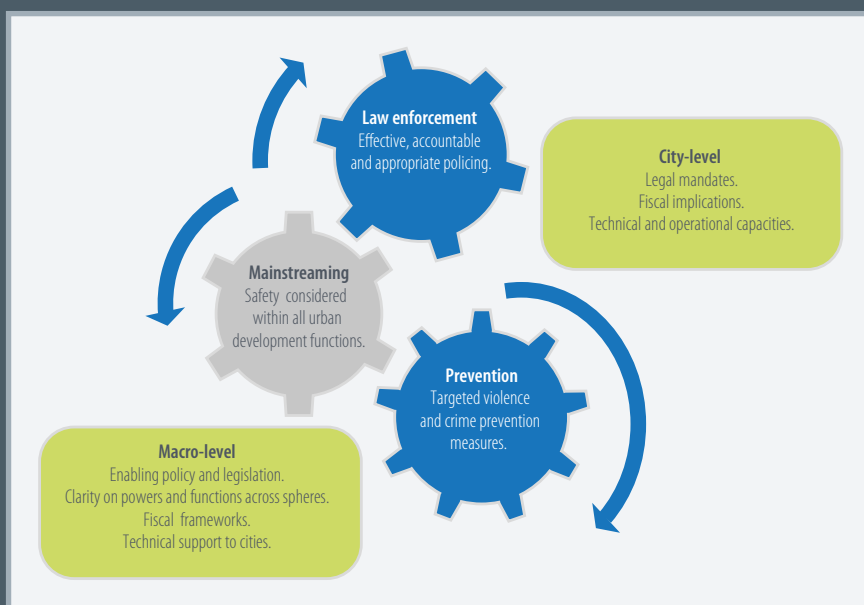


Cities have distinct safety challenges and often high rates of crime, which have implications for growth, development and quality of life. In South Africa, the legacy of apartheid-era planning and other socioeconomic factors mean that low-income areas, such as townships and informal settlements, suffer from particularly poor levels of safety. This uneven spatial distribution of safety affects the overall inclusivity, efficiency and functioning of cities.

The report presents, possibly for the first time, a consolidated city-level reading of the state of crime and violence in South Africa. It examines city-level safety and security trends, with the overall objective of providing a sound evidence base (aggregated to city level). This is intended to inform policy and practice, and to strengthen the case for improved fiscal allocations to the urban safety functions of cities. Addressing the social, economic, spatial

and political drivers of violence and crime will require well-resourced and integrated approaches that go beyond conventional security and policing. Targeted interventions should be supported by consistent, long-term urban safety policies. These need to be comprehensive, cross-sectoral and must set out the competencies, responsibilities and accountability of local governments, other spheres of government and other role-players such as civil society.

Cities and metros need to drive the urban safety agenda and to prioritise cross-sectoral approaches that include the policing, planning, BE and social development sectors. Such integrated approaches are needed to address the social, economic, spatial and political drivers of violence and crime in cities. Cities also need a clear mandate for their direct role in the production of safer cities, supported by resource allocation and policy development – all of which are critical to the success of integrated violence and crime prevention approaches.



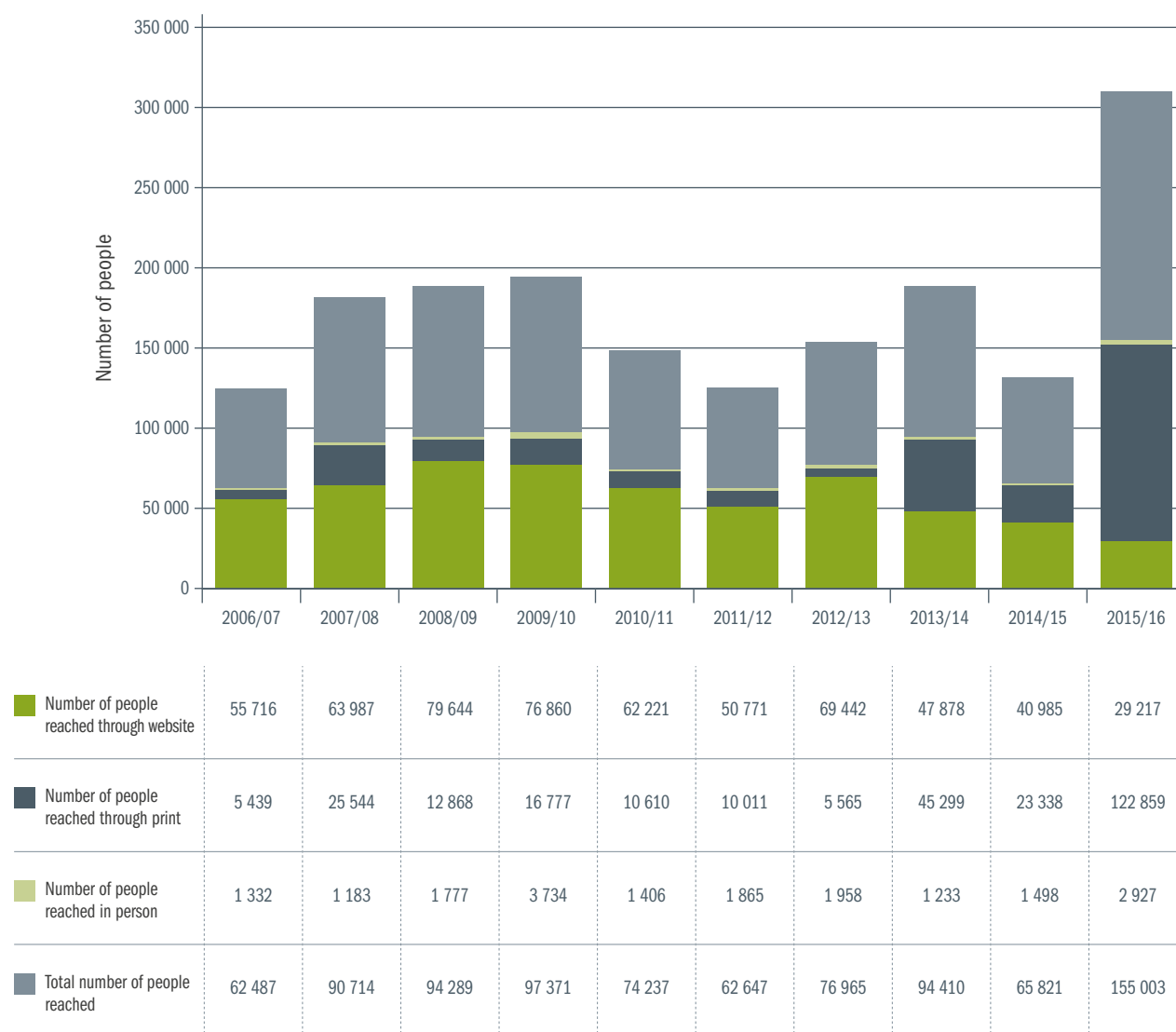
ANALYSIS OF OUTCOMES

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

Reach of knowledge dissemination strategies

SACN's knowledge dissemination reaches people through live events (in person), publications and the website. This year, a total of 155 003 people were reached, well more than double the 65 821 people reached last year (Figure 3). The number of people reached through the website was lower than last year, which is explained by the instability of the website during the start of the year and the hiccups experienced with the launch of the website, resulting in problems gathering website statistics. However, the high publication output led to an unprecedented reach.

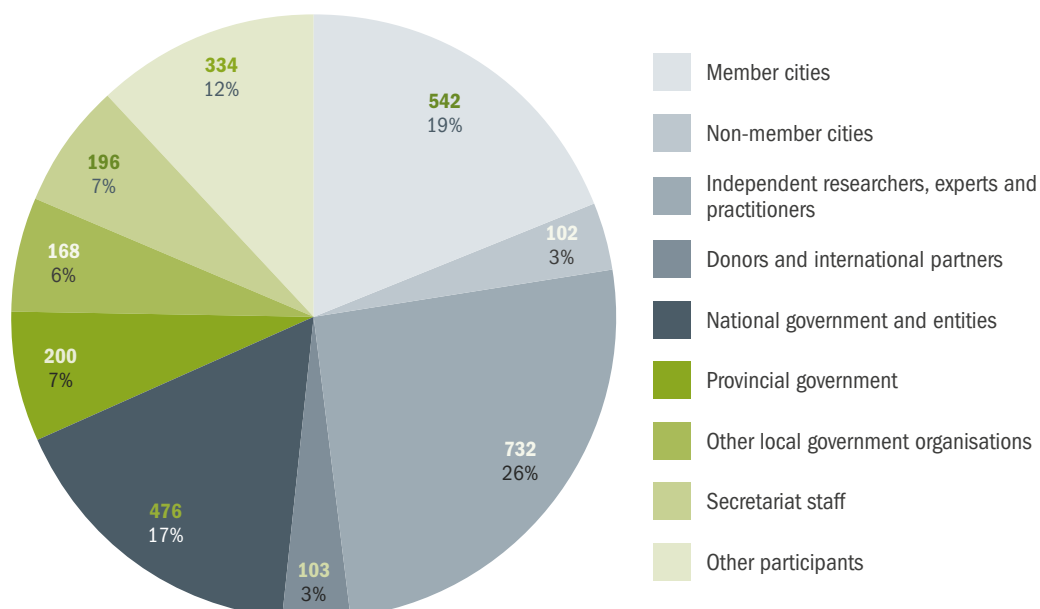
FIGURE 3: Summary of people reached to date



Profile of people reached through learning events

The participation mix at SACN learning events is shown in Figure 4. The 62 learning events hosted during 2015/16 accounted for 292 hours of learning.

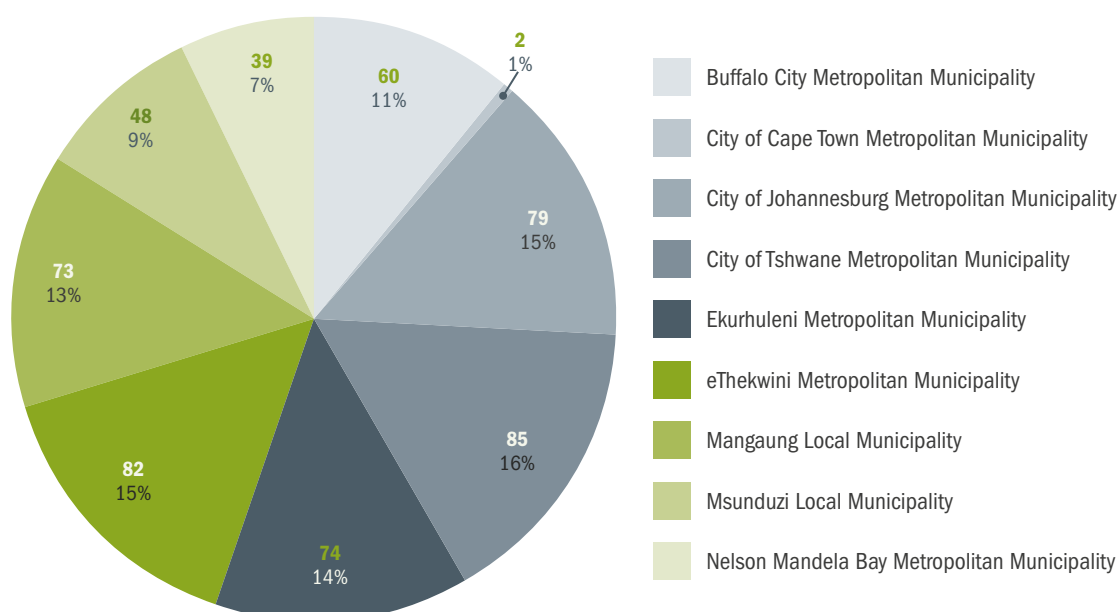
FIGURE 4: Breakdown of participants at SACN learning events (2015/16)



The relatively low participation of local government compared to other spheres of government and independents is noted, and will be the subject of greater attention in the forthcoming strategic period.

When the participation of member cities is compared (Figure 5), a reasonable spread of participation across the cities was maintained. The exception is the City of Cape Town, which is no longer a member of the SACN.

FIGURE 5: Breakdown of participation by member cities at learning events (2015/2016)



Although efforts were made to distribute events and activities across the member cities, cost considerations mean that the majority of events were held in Johannesburg, where the Secretariat is located (Table 5).

TABLE 6: Location of learning events (2015/16)

CITY	TOTAL EVENTS
Buffalo City	1
City of Cape Town	1
City of Joburg	31
City of Tshwane	3
Ekurhuleni	11
Ethekwini	6
Mangaung	2
Msunduzi	1
Nelson Mandela Bay	2
Total	58

LEARNING AND POLICY IMPACTS

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

- Successful public interactions on sustainable public transport and inclusive urban development (avoiding gentrification)
- The successful launch of the 4th SoCR report, with accompanying products: The People's Guide, and SA Cities Open Data Almanac (SCODA)
- Significant media and policy attention

IMPORTANT ACTION ITEMS FOR THE NEXT YEAR

SACN will continue focusing on ensuring that plans and budgets are properly managed. The key action items are:

- To increase outreach and participation of member cities in particular
- To influence public discourse about the important role of cities
- To empower member cities to make their case as a collective for the resources and support necessary for urban development
- To stabilise the website platform
- To improve the development and monitoring of metrics that speak more closely to SACN's impacts, particularly communications

SACN/SAPOA Partnership

A key message from SoCR 2016 was that the need for all city actors, including government, private sector and knowledge institutions, to cooperate and align their actions. The SACN has built a mutually beneficial relationship with the South African Property Owners Association (SAPOA) representing the property industry. The organisations have signed a Memorandum of Understanding, attend each other's forums, share a common platform in the press and undertake joint research. SAPOA participated in the Spatial Planning and Land Use Management Act (SPLUMA) Reference Group, which comprised planning officials from the member cities. The SACN attended SAPOA's annual convention.



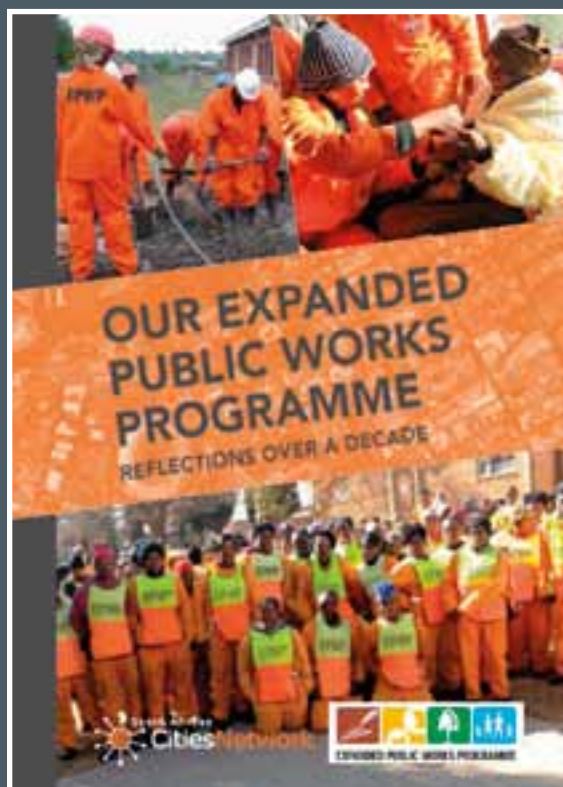
Over the past year, SAPOA and SACN jointly published three press articles, which reflected on the effective implementation of the new SPLUMA planning legislation and considered the legal challenges faced by the private sector in the implementation of the Act and its associated regulations. The two organisations also undertook a joint research project into transit orientated development (TOD) implementation in South Africa over the past 10 years, looking specifically at TOD implementation in three cities: Tshwane (PRASA rail stations), Johannesburg (Gautrain stations) and Cape Town (MyCiTi bus stations). The report emphasised the need for coordinated action between the private and public sector in realising the potential of development around public transport stations.

Our Expanded Public Works Programme: Reflections over a Decade

The year 2016 marked over a decade of implementation of the Expanded Public Works Programme (EPWP), government's primary response to persistently high levels of unemployment, endemic poverty, and deep social and economic inequality. With the EPWP about to enter its third phase of implementation, the national Department of Public Works and the SACN published a book that reflected on the past decade of EPWP.

The EPWP has achieved much, both in addressing unemployment and in refining policy and practice. The targets for the creation of work opportunities were met. Innovations were introduced with experience, including the setting of minimum wages and moves towards standardising the beneficiary selection process. The EPWP's objectives were more clearly defined, and much creative thinking went into analysing the way the EPWP relates to the specificities of the South African economy where markets alone cannot be expected to absorb the unemployed. The Community Work Programme is an example of an initiative that has given substance to ideas about recognising the social value of community work beyond the limitations of the market economy.

Although this book highlights these evolving successes of the EPWP, it is not simply a celebration of the programme. Challenges, such as drops in labour intensity and the number of training days over the period of implementation, are acknowledged as examples of shortcomings that need to be addressed. However, the book emphasises that public employment programmes are here to stay, given poor economic growth prospects and the structural character of unemployment in South Africa. It concludes by emphasising the need for strong political support, clear objectives, and comprehensive monitoring and evaluation.

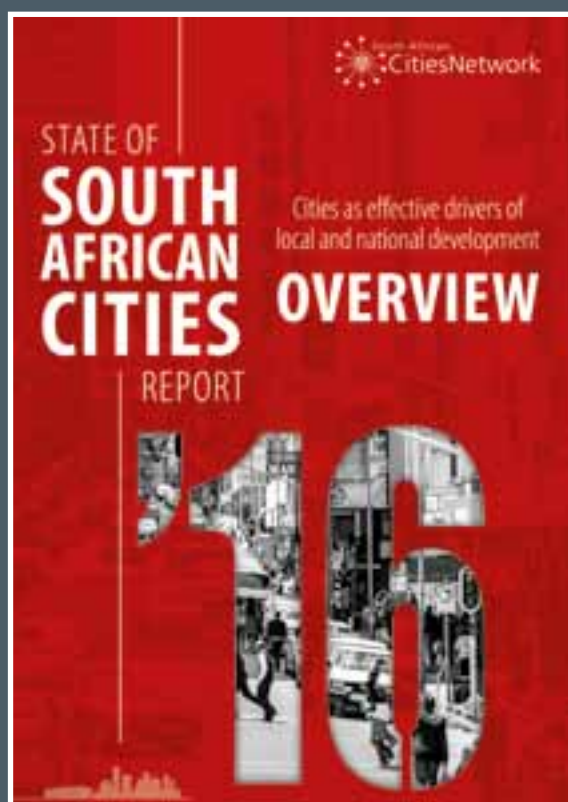


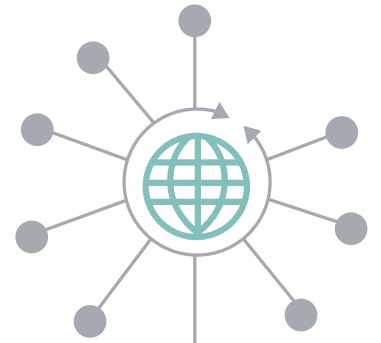
THE 4TH STATE OF SOUTH AFRICAN CITIES REPORT: Cities as effective drivers of local and national development

Every five years, the SACN releases its flagship output, the State of South African Cities Report (SoCR). The SoCR monitors city development and service delivery performance against local benchmarks and strategies, national urban development priorities, and international development targets.

This report influences national policy and strategy through messages about what is required to achieve the desired urban development outcomes. It is also used to advise and inform the plans and strategies of cities, by generating specialised and technical evidence and insights. The report contains data tables and maps presenting relevant data and statistics, and includes an almanac of downloadable data corresponding with the SACN's thematic areas, within which cities' progress is tracked and analysed over time.

The 4th SoCR was launched on 22 June 2016 in the City of Johannesburg at a well-attended, high profile event. The report (and its supporting products) has been well-received. Dissemination efforts will continue throughout 2016/2017 as part of the orientation and agenda-setting of the new city administrations.





ANNEXES

REPORT

Annexure 1: Output detail: Learning events

The following learning events were completed in 2015/16:

NO	EVENT NAME	DATE	EVENT OBJECTIVE
1	Strategic Conversations: Enhancing Built Environment Integration at Metro Level – Session 2	02-Jul-15	To present and discuss the framing of the roadmap and the implementation plan.
2	Urban Indicators Reference Group (UIRG) meeting	07-Jul-15	To discuss the use and costs associated with urban indicators. The SACN has partnered with KPMG to conduct the Urban Indicators project.
3	Strategic Conversations: Enhancing Built Environment Integration at Metro Level – Session 3	14-Jul-15	To present and discuss the draft Strategic Framework and Implementation Roadmap that was the outcome of Session 2.
4	Integrated Urban Development Framework (IUDF) focus group session	14-Jul-15	To hold a roundtable discussion on integrated transport and mobility, in partnership with South African Local Government Association (SALGA) and Cooperative Governance and Traditional Affairs (COGTA) to inform the IUDF Transport and Mobility lever.
5	Cities Green Transport Workshop	29-Jul-15	To engage cities on a South African Cities Green Transport Programme and Implementation Plan to reduce greenhouse gas (GHG) emissions from transport, with a focus on accelerating the greening of public transport.
6	Spatial Planning and Land Use Management (SPLUMA) Reference Group Meeting	30-Jul-15	To share cities' experiences in implementing SPLUMA. These discussions will inform the work of the SPLUMA Reference Group for the next three years.
7	Infrastructure Dialogues: Towards Sustainable African Cities	30-Jul-15	To discuss the creation of "the Africa that we want", i.e. sustainable African cities that promote integration, inclusion and economic growth, by interrogating critical issues and trends such as urbanisation, integrated city planning and management, and infrastructure development and maintenance.
8	SoCR IV Joint Writers Workshop II	06-Aug-15	To engage with the content and key messaging of the SoCR, and to take ownership of the process and product by advising and directing the SACN Board and SoCR management team.
9	Urban Safety Reference Group (USRG) meeting	13-Aug-15	To continue peer-to-peer knowledge sharing among practitioners; to review and approve annual reference group work-plans; to learn urban safety and violence prevention context and approaches from host city.
10	Expanded Public Works Programme (EPWP) Reference Group meeting	03-Sep-15	To share lessons among cities.
11	South Africa sub-national Public Expenditure and Financial Accountability workshop	03-Sep-15	To compile a comprehensive report analysing the overall performance of the public finance management (PFM) systems in three metropolitan municipalities; to compile a systemisation report identifying structural PFM weaknesses at subnational level and implications at national level; to evaluate to what extent institutional mechanisms contribute to planning and implementing PFM reforms.
12	Waste Management Reference Group meeting	22-Sep-15	To advance the beneficiation of waste, especially the job creation and economic development potential, through learning and sharing within the South African cities; to discuss ways of improving the governance and administration of municipal waste.
13	Infrastructure Dialogues – Township Economies	29-Sep-15	To unpack the challenges and opportunities associated with revitalising township economies through infrastructure development.
14	Urban Land Seminar – Dialogue 1: History and evolution of the land response	02-Oct-15	To engage on the key issues and themes highlighted in the Urban Land Paper Series 1, which looks at how urban land can contribute practically toward achieving spatial transformation within cities and translate this understanding into practice.
15	UIRG meeting	07-Oct-15	To discuss the use and costs associated with urban indicators. The SACN has partnered with KPMG to conduct the Urban Indicators project.
16	Knowledge Management Reference Group (KMRG) meeting	08-Oct-15	To share experiences and methods of knowledge management among cities.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
17	Urban Land Seminar – Dialogue 2: The politics and social value of land	12-Oct-15	To engage on the key issues and themes highlighted in the Urban Land Paper Series 1, which looks at how urban land can contribute practically toward achieving spatial transformation within cities and translate this understanding into practice.
18	Urban Land Seminar – Dialogue 3: Land for spatial transformation	30-Oct-15	To engage on the key issues and themes highlighted in the Urban Land Paper Series 1, which looks at how urban land can contribute practically toward achieving spatial transformation within cities and translate this understanding into practice.
19	SPLUMA Reference Group meeting	04-Nov-15	To discuss the challenges when dealing with applications, appeals and objections that were submitted prior to 1 July in line with the Development and Facilitation Act (DFA) No. 67 of 1995 that is repealed by SPLUMA.
20	Urban Land Seminar - Dialogue 4: Land markets and translating policy into practice	11-Nov-15	To engage on the key issues and themes highlighted in the Urban Land Paper Series 1, which looks at how urban land can contribute practically toward achieving spatial transformation within cities and translate this understanding into practice.
21	2015 State of City Finances (SoCF) Report launch	11-Nov-15	To launch the 2015 SoCF, which focuses on the challenges that cities face in balancing “getting the basics right”, through efficient and effective financial management, and innovating municipal revenue systems for effective and affordable service delivery.
22	EPWP Reference Group meeting	23-Nov-15	To share lessons among cities.
23	USRG meeting	27-Nov-15	To continue peer-to-peer knowledge sharing among practitioners; to review and approve annual reference group work-plans; to learn urban safety and violence prevention context and approaches from host city.
24	Africities 2015: Modern-day slavery, human trafficking and climate change	30-Nov-15	To hear the voices of the faith community in Africa on issues of modern-day slavery, human trafficking and climate change; to raise awareness of the 2030 Agenda for Sustainable Development Goals; to hear the challenges experienced by vulnerable and affected people; to explore potential solutions to these issues; and to encourage the political leadership of cities to become more involved in tackling modern-day slavery, human trafficking and climate change.
25	Africities 2015: BRICS and African cities: the emerging themes	30-Nov-15	To develop a platform to discuss the emerging findings and themes; to construct a clear sense of existing and potential relationships between BRICS and African cities; and to provide a starting point or catalyst for a conversation around research that has been conducted.
26	Africities 2015 – City-to-city peer learning	30-Nov-15	To present the main methodologies and formats used in decentralised cooperation, with a particular focus on the example of Nampula; to review methodologies implemented for peer learning; and to discuss the possibility of new learning experiences with possible peer cities and networks.
27	Africities 2015 – Green building	30-Nov-15	To build awareness of the green building business case and to encourage cities to lead, legislate and facilitate green building.
28	Africities 2015 – The changing role of human resources	30-Nov-15	To discuss how HR practitioners can be instrumental in developing human capital, monitoring and evaluation of HR policies and legislation, leadership and talent management, institutional design and systems, and Pan-African best practices and innovations.
29	Africities 2015 – Africa’s infrastructure build programme: making a better life for Africa’s city residents	30-Nov-15	To discuss infrastructure problems with a view to finding solutions for a better life for Africa’s urban residents, using the Infrastructure Dialogues roundtable format.
30	Africities 2015 – State of African cities reporting	30-Nov-15	To assist in the implementation of effective SoCR processes in other African countries; to share knowledge on the state of practice in SoCR in Africa; to interrogate these experiences and outcomes in relation to the Africities themes; and to explore future directions and imperatives for SoCR practice in Africa.
31	Africities 2015 – Informal economy	30-Nov-15	To share in-depth experiences of progressive and sustainable street trading management; to discuss the principles and practices that can inform the challenge of managing street trading in African cities; to develop and debate a draft charter consolidating shared principles and practices framing inclusive models of street trading management.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
32	Africities 2015 – Breaking down barriers for youth	30-Nov-15	To demonstrate how the <i>Vulindlele 'eJozi</i> (VeJ) programme, with its mix of adaptive workforce preparation and digitised vocational training, is cutting a path where globally leading urban research is pointing; to identify lessons learned.
33	Africities 2015 – Enhancing urban green spaces for a sustainable future	30-Nov-15	To provide a platform for Africans with rich experiences on the continent to have in-depth discussions on how best green spaces can be conserved to contribute significantly to a successful African future.
34	Africities 2015 – Transport and mobility	30-Nov-15	To share experiences of improving and transforming urban transport systems; to explain the Johannesburg Declaration on EcoMobility in Cities and encourage African cities to consider endorsing it, in the run up to the COP21 deliberations in Paris and the UN Conference on Housing and Sustainable Urban Development (HABITAT III) in Quito/Ecuador in October 2016.
35	Africities – African C40 cities	30-Nov-15	To discuss how African C40 cities are leading in tackling climate change; to demonstrate the commitment of African cities to addressing climate change; to celebrate the climate actions from Africa that were nominated for the 2015 C40 Climate Leadership Awards; to promote the Compact of Mayors and to launch the C40 Climate actions in Megacities report to be launched in Paris.
36	Africities – Land-based financing of urban infrastructure	30-Nov-15	To contribute to a better understanding of urban infrastructure and how it is provided and financed; to increase understanding of land-based financing and how best to implement this group of capital financing instruments; to move towards an agreement on continent-wide arrangements.
37	Africities – Sustainable energy in urban Africa: The role of local government	30-Nov-15	To contextualise the challenges and opportunities regarding sustainable energy and African urbanisation; to share knowledge developed by urban energy programmes such as SE4All, GiZ, SAMSET, ICLEI, UN-Habitat, etc.; to support the recognition and resourcing of the key role played by local government in sustainable energy in sub-Saharan Africa with associated recommendations/declaration.
38	KMRG meeting	18-Feb-16	To share experiences and methods of knowledge management among cities.
39	Infrastructure Dialogues – Financing Government's Capital Programme: Toward sustainable municipal financing for the future	15-Mar-16	To share experiences and perspectives surrounding new ways of developing successful, viable and sustainable financial models for cities; to present the Alternative [Metropolitan] Municipal Financing Models initiative; to provide insights on key issues, challenges and opportunities for sustainable municipal finance that could enable South Africa's infrastructure and societal development objectives to be achieved.
40	Focus Group Discussion - Beyond Gentrification	15-Mar-16	To discuss the initial findings of a research project aimed at investigating, exploring and establishing a conceptual framework for inclusive and equitable models of urban regeneration; to interrogate the research and data gathered; and to assist with strengthening the research and findings.
41	Built Environment Integration Study Workshop	15-Mar-16	To present the Strategic Framework to Enhance Built Environment Integration; to present a proposed roadmap to address current disjointed and uncoordinated built environment interventions to move metros towards more integrated spatial outcomes; to find ways of taking forward this work and applying it within the SACN's member cities.
42	Local Economic Development Capabilities Study stakeholder workshop	16-Mar-16	To workshop with local authorities the four case studies conducted as part of an institutional study on economic development capabilities within local government.
43	SEA-SALGA-SACN Urban Energy Network	16-Mar-16	To provide municipal partners with updated information and the latest research on national and local policy and local work underway relating to sustainable energy development; to provide municipal partners with support tools and materials; to provide an opportunity to network and build links amongst municipal partners and between local government and relevant stakeholders.
44	EPWP Reference Group meeting	17-Mar-16	To share lessons among cities.

NO	EVENT NAME	DATE	EVENT OBJECTIVE
45	Launch of “Expanded Public Works Programme – Reflections on Over a Decade”	18-Mar-16	To launch the book about South Africa's main national public employment programme, and the role played by cities. The book, which is authored by various experts, contains reflections on what has been achieved in 12 years of the EPWP and lessons learned, and consolidates some of the key suggestions and pathways for the future of the programme.
46	Workshop on the experiences of integrating waste pickers	12-Apr-16	To share the experiences of integrating waste pickers in cities and across the world, for the development of guidelines for integrating waste pickers.
47	State of the Cities' Infrastructure Report (SOCIR) workshop	13-Apr-16	To discuss the SOCIR scoping report, to be part of SACN's next five-year programme beginning in July 2016.
48	USRG meeting	20-Apr-16	To continue peer-to-peer knowledge sharing among practitioners; to review and approve annual reference group work-plans; to learn urban safety and violence prevention context and approaches from host city.
49	SoCR Launch workshop 1	13-May-16	To prepare SACN partners for the launch of the forthcoming SoCR.
50	KMRG meeting	16-May-16	To share experiences and methods of knowledge management among cities.
51	South African Local Government Climate Change Dialogue	27-May-16	To have a dialogue about cooperation between the R20 Regions of Climate Change and the South African Local Government Programme for Climate Change; to identify the key areas of cooperation; to sign a cooperation agreement on climate change response at the local level, opening the door for each municipality to then have a binding agreement on a case-by-case basis.
52	Beyond Gentrification workshop	30-May-16	To discuss the final research report, which investigates and explores a conceptual framework for inclusive and equitable models of urban regeneration; to provide input to Professor Bernadette Atuahene (author of We Want What's Ours, an incisive and critical study on South Africa's Land Restitution programme) and her new programme of work that investigates the right of the urban poor in Johannesburg and Detroit, USA.
53	Workshop on Energy Performance Contracting	1-June-16	To discuss energy performance contracting in municipal buildings.
54	SoCR Launch workshop 2	1-June-16	To prepare SACN partners for the launch of the forthcoming SoCR.
55	EPWP Reference Group Meeting	9-June-16	To share lessons.
56	Exploring the Future of Sustainable Public Transport Programme	14-June-16	To discuss sustainable public transport; to launch a series of research products.
57	SoCR IV Launch	22-June-16	To launch the SoCR IV, a report that presents a five-year perspective on the performance and conditions of South Africa's largest cities, with a focus on the member cities of the SACN, and that proposes strategic and innovative interventions to transform our cities into more inclusive, sustainable, productive and well-governed spaces.
58	SoCR - Free State Province Regional Launch	28-June-16	To ensure maximum exposure to, and engagement with, the SoCR at a regional launch in Mangaung, hosted by the SACN in partnership with the regional office of SALGA and the Mangaung Metro Municipality.
59	Food System Scenarios as a Planning Tool workshop	28-June-16	To engage relevant stakeholders on food systems in order to explore scenarios as a planning tool for municipalities.
60	USRG Meeting	28-June-16	To continue peer-to-peer knowledge sharing among practitioners; to review and approve annual reference group work-plans; to learn urban safety and violence prevention context and approaches from host city.
61	State of Urban Safety in South Africa 2016 Report Launch	29-June-16	To launch the first annual compendium of research and practice findings in the management of violence and crime prevention in South African cities.
62	Infrastructure Dialogues: Catalytic Infrastructure	30-June-16	To outline the evidence to date on the wider economic impacts of major public investments in transport; to reflect on how the private sector has responded; and to float ideas on what might increase the catalytic impact of such projects.

Annexure 2: Output detail: Publications

The following publications were completed in 2015/16:

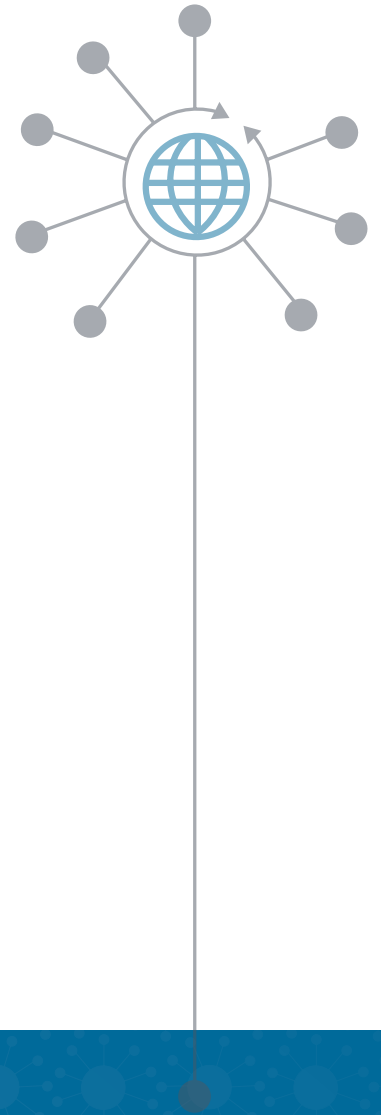
NO	PUBLICATION	DATE	OBJECTIVE
1	Move the City 2035 – Minibus Taxi Scenarios	Jul 2015	This report is based on the outcomes of a scenarios exercise hosted by the SACN that brought together mobility thought leaders from national government, the cities, the minibus taxi industry and civil society. The report explores the major global and local trends affecting the future of public transport and assesses the potential of technology, leadership, incentives, regulatory reform and other interventions to improve service quality, safety and efficiency in the minibus taxi industry and its integration with other parts of the public transport system.
2	Series of Papers on Rural-Urban Linkages: Agro-food value chain	Jul 2015	The report assesses the agro-food value chains in South Africa's rural and urban areas, and accentuates the interdependencies, using 1–2 food items to demonstrate the existence of a full value chain that occurs in both rural and urban areas. It also analyses the dynamics (internal and external to the selected value chains) that could impact on policy developments for either rural or urban spaces, and identifies entry points for interventions that can enhance innovation, address imbalances and improve profitability, especially at the lower end of the value chain.
3	The State of Expanded Public Works Programme – 2013-14	Jul 2015	This report compares EPWP implementation outputs to programme targets, expenditure and sector performance. It also tracks the progress and experiences of the nine SACN member cities across the previous annual reporting periods within Phase II of the EPWP, investigating the institutional arrangements and organisational capacity within each city, identifying the changes implemented and the resulting successes and challenges. The report sets out to identify key relationships and correlations that affect the performance of EPWP, reporting on best practices, challenges faced and lessons learnt.
4	MOVEMENT Cape Town	Sep 2015	Sponsored by SACN and edited by Zahira Asmal (of DESIGNING_ZA), this is the second of three anthologies presenting thoughts from urban thinkers and writers on the economic, political, spatial, social and cultural movements that have created South Africa's three big cities. The publications offer interesting insights for residents and compelling narratives for tourists and visitors, and seek to redefine the static and singular narratives of our cities. MOVEMENT Durban was presented in 2014 as a graphic poster zine, and MOVEMENT Johannesburg will be released by the end of 2015.
5	A study on current and future realities for urban food security in South Africa	Jul 2015	This report is about the high levels of urban food insecurity, as highlighted in a South African National Health and Nutrition Examination Survey. Ever-increasing food prices and other price shocks suggest that levels of urban food insecurity are unlikely to improve. Although municipalities have no direct mandate to address insecurity, the report urges municipalities to develop an overarching approach and strategy to address food insecurity, informed by a systems perspective. This would start with the development of a Food Charter and a stakeholder engagement platform and would ultimately lead to an Urban Food Strategy.
6	Policy Brief – Towards democratic urban food systems governance	Sep 2015	This policy brief calls for national government to recognise local government's mandate for food security and for provincial government to provide more scope for local government to drive (rather than just implement) the provincial urban food security agenda. Local governments should seek to maximise their food security programming and interventions within their existing mandates and develop over-arching food security and food system strategies, which address sustainability issues and vulnerabilities. Food systems governance should be recognised as an intervention with multiple benefits and returns on investment.

NO	PUBLICATION	DATE	OBJECTIVE
7	Policy Brief – Looking beyond urban agriculture	Sep 2015	This policy brief makes two sets of recommendations: to increase the viability of urban agriculture, and to encourage municipalities to think beyond urban agriculture. This will require municipalities to develop outcome and impact monitoring and evaluation, to partner with relevant NGOs, facilitate access to land and protect land for urban production. Municipalities should view urban agriculture as part of the wider food system, strengthen linkages between urban agriculture and other parts of the urban food system, seek to develop alternative food security programmes and policies within their existing mandates, and develop food security strategies that address the multiple drivers of food insecurity in order to achieve food security for all.
8	Policy Brief – Retail planning as a means to support food security	Sep 2015	This policy brief argues for integrated (formal and informal sector) food retail planning to be a component of any food security strategy; incentivising the sale of healthy foods near transport hubs; and for municipalities to engage informal trader associations to co-develop appropriate means to ensure food safety.
9	South Africa Township Economies and Commercial Property Markets: a conceptualisation and overview	Sep 2015	This study uses a conceptual framework to understand township economies and related commercial real estate markets, and to review relevant existing research. It examines the drivers, opportunities and constraints of different economic activities within townships. Although generalisations are made, the study recognises that townships are highly heterogeneous as a result of their locations, histories and current dynamics.
10	SoCR IV: CH 2 – Spatial Transformation	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
11	SoCR IV: CH 3 – Productive Cities	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
12	SoCR IV: CH 4 – Inclusive Cities	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
13	SoCR IV: CH 5 – Sustainable Cities	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
14	SoCR IV: CH 6 – Well-Governed Cities	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
15	SoCR IV: CH 7 – Finance & Innovation	Sep 2015	Input paper towards SoCR IV based on synthesising thematic research and data.
16	SACN Strategic Evaluation	Sep 2015	Review report by Pegasys Consulting, which included an institutional evaluation and review towards informing SACN's Strategic Framework and Plan for 2016–2026.
17	The Urban Land Paper Series – Volume 1	Oct 2015	These papers explore the debates and processes related to land in South Africa cities, with the aim of providing a deeper insight for government as a whole, and local government in particular, in order to enable a restoratively just, equitable and sustainable development outcome.
18	SoCR IV: CH 8 – Enabling Environment	Nov 2015	Input paper towards 2016 SoCR based on synthesising thematic research and data.
19	State of City Finances 2015	Nov 2015	The theme of this edition of the SoCF is basics + innovation. It calls upon cities to address gaps and inefficiencies in the current system, while keeping a close eye on the complexity of their future role. It also suggests that the system must simultaneously confront the need to rethink how cities are financed and funded, so that they are able to sustain themselves and to drive critical agendas, such as green growth, the provision of sustainable human settlements and improved mobility through affordable and integrated public transport.
20	Sustainable Cities Report	Nov 2015	This publication provides a consolidated summary of 2013/14–2014/15 research in the Sustainable Cities portfolio. In essence, it is a snapshot of the key sectors and cross-cutting issues explored in the research reports and papers. The aim is to create awareness of SACN research and to stimulate continued dialogue on the issues covered.

NO	PUBLICATION	DATE	OBJECTIVE
21	The State of Urban Safety in South Africa 2016 (teaser flyer)	Dec 2015	One of the core objectives of the report is to document and track the responses to violence and crime in South Africa's cities, with the goal of city inhabitants' becoming, and feeling, safer. Based on the data generated through the report, as well as additional evaluation research, in time the report is intended to support local governments and other relevant actors to better measure and understand the impacts of policies and initiatives aimed at making communities and cities safer. This will guide improvements to strategies, the development of required capacities, and direct investments in violence and crime prevention in a more targeted manner.
22	The SA Cities Urban Safety Reference Group (flyer)	Dec 2015	Although local practitioners and many government officials in South Africa face similar challenges in addressing urban safety, there have been few opportunities for a structured exchange on urban safety issues among cities, and with relevant national government stakeholders. The USRG was established in early 2014 as a way to rectify this gap.
23	SACN Open Data Almanac for Cities: Status Quo Report	Dec 2015	The report found that metropolitan municipalities in South Africa have a significant reporting burden to manage within a complex monitoring and reporting environment, submitting well over 100 reports per year to national and provincial departments, regulators and other entities. The report looked at a range of indicator reporting systems to understand their value to cities.
24	SACN Open Data Almanac for Cities: Cost Benefit Assessment Report	Dec 2015	Currently municipalities purchase the data and analysis required separately from various service providers, paying exorbitant amounts for data to fulfil regular reporting and other planning requirements. This report provides scenarios for acquiring the data directly and analysing the data through a central system, and benefitting from economies of scale
25	SACN Open Data Almanac for Cities: Concept Paper and system design	Dec 2015	This report outlines the design and possible implementation of a future system for the SACN Centralised Urban Indicators' Database for Metropolitan Cities (currently in the format of the SoCR data almanac) and is accompanied by a set of project diagrams to aid the development of the new system.
26	Accelerating the Transition into Green Transport in South African Cities	Dec 2015	This research report, funded by the Development Bank of South Africa (DBSA) Green Fund, encourages cities to actively reduce GHG emissions associated with the transport sector, in particular public transport. It makes a business case for cities to support the existing private sector-driven momentum for compressed natural gas powered mini-bus taxis.
27	Policy Brief - Accelerating the transition into green transport	Dec 2015	This policy brief highlights the support required to create an enabling regulatory and stable environment for long-term investment, including viewing gas as a vehicle fuel and ensuring that regulation does not make it uncompetitive as an alternative to petrol.
28	Technical Report - Accelerating the transition into green transport	Dec 2015	The report makes a technical and economic case for introducing cleaner technologies for public transport such as electric, gas and bio-ethanol vehicles.
29	Business Case - Accelerating the transition into green transport	Dec 2015	This report makes a business case for cities to support the existing private sector-driven momentum for compressed natural gas powered mini-bus taxis, as part of the objective to encourage cities to actively reduce GHG emissions associated with the transport sector, in particular public transport.
30	Built Environment (BE) Integration Roadmap	Jan 2016	The BE Integration roadmap was developed to determine and strengthen the role of metros in guiding and enabling spatial interventions that will result in more equitable, just and sustainable spatial outcomes.
31	Financing Government's Capital Programme: Toward sustainable municipal financing for the future	Mar 2016	A report of the discussions that took place at the 37th Infrastructure Dialogue, at which a panel representing National Treasury, DBSA, and the City of Tshwane shared experiences and perspectives surrounding new ways of developing successful, viable and sustainable financial models that pertain to this sphere of governance.

NO	PUBLICATION	DATE	OBJECTIVE
32	The State of Expanded Public Works Programmes in South African Cities – 2014-2015	Mar 2016	The fifth in a series of annual reports that reflect on how the SACN member cities have performed over year. The cities' progress are monitored against benchmarks established in previous reports.
33	Our Expanded Public Works Programme – Reflections on over a decade.	Mar 2016	This book, which was commissioned by the SA Cities EPWP Reference Group, reflects upon what has been achieved in 12 years of EPWP, both by way of addressing unemployment, and in policy and practice. The edited volume of papers concludes by making suggestions for the future of the programme.
34	State of Water in Cities: Analysis of water resource and its management in cities	Mar 2016	This report is a summary of a 2014 State of Water report and highlights key indicators, performance and city concerns for water across a number of M&E indicators.
35	Green(er) Cities: The What, Why And How?	Mar 2016	This report captures the “what, why and how” regarding green infrastructure planning, resource efficiencies and sustainability. Key concepts are clarified within a city planning context and several examples and integrative approaches of international and local case studies are included, in an attempt to unpack the practical means of embedded sustainability as part of city planning. This research is intended as a point of departure in building a case for green(er) cities.
36	The Citizens Guide to the State of City Finances 2015	Mar 2016	Aims to inform a broader audience about the key messages emerging from the 2015 SoCF report, which is the latest in a series of reports published since 2006. The guide is not a summary of the main report but rather a translation of the content into meaningful city specific messages. Nine standard city finances indicators, which first appeared in the 2011 guide, are used to analyse and explain the state of finances in the nine cities.
37	South African Local Government Response to Climate Change	Mar 2016	This publication showcases local government's response to climate change, emphasising the role it ought to play in combating climate change. Developed during COP21, it also reflects on the Paris Agreement in the context of local government.
38	Beyond Gentrification Report	Jun 2016	This report investigates ways in which South African cities and urban development practitioners can move beyond the impacts of gentrification, towards better inclusivity and transformation.
39	Developing a Collective Approach to Mixed Use Development in Transit Orientated Development (TOD) Precincts	Jun 2016	This report provides a 10-year review of TOD experiences in developing land close to public transport stations in three cities: Cape Town (Bus – MyCiTi), Johannesburg (Rail – Gautrain) and Tshwane (Rail – PRASA). Based on these experiences, guidelines for the public and private sector are proposed that seek to improve the spatial planning, land use management and urban management of TOD precincts.
40	State of the Cities Infrastructure Report (SOCIR) – Scoping Study	Jun 2016	This study looked at what issues should be addressed in a SOCIR, the work done to date on the state of city infrastructure (in South Africa and internationally), and how to measure and report on the state of city infrastructure.
41	The State of Urban Safety in South Africa Report 2016	Jun 2016	The first annual compendium of research and practice findings in the management of violence and crime prevention in South African cities produced by the SACN's USRG.
42	The State of South African Cities Report (SoCR) 2016	Jun 2016	The fourth edition of the SoCR took as its theme: cities as effective drivers of local and national development, and is the product of the accumulated wisdom of five years of knowledge generation and engagement by the SACN and the broader fraternity of urban development practitioners, scholars and analysts. Its aim is to improve our understanding of the role of cities and what is required to ensure their success.
43	The SoCR People's Guide	Jun 2016	The People's Guide is aimed at disseminating the main messages of the SoCR to a broader audience.

NO	PUBLICATION	DATE	OBJECTIVE
44	Transport User Experience Poster	Jun 2016	This poster seeks to elevate the lived experiences and voices of people using transport systems on a daily basis, by capturing a visual story of the daily travel experience of five people using different modes of transport in the city of Johannesburg during transport month.
45	Transit Oriented Density Framework	Jun 2016	This report unpacks the concept of density and its relationship to transport, to inform a framework for assessing the extent to which areas in cities are transit-oriented. The framework is applied to case study sites in the cities of Johannesburg, Tshwane and Ekurhuleni. The report is accompanied by a pull-out poster and video outlining and explaining the framework.
46	BRT Impacts at a Neighbourhood Level Volume 2	Jun 2016	This study assesses the impact at community and neighbourhood level of introducing a Bus Rapid Transit (BRT) system in Soweto, through <i>Rea Vaya</i> Phase 1A. It is a repeat of the 2013 study that assessed the impacts of the Diepkloof Station and includes an additional station, Thokoza Park.
47	The Environmental Perspective of Rural-Urban Linkages in South Africa	Jun 2016	The paper analyses sustainable resource efficient flows and uses an example of water resource from the Lesotho Highlands Scheme into SA urban areas to underscore the linkage between rural and urban spaces, as well as the importance of sustainably managing the resource for the benefit of the two spaces.
48	Framework for the Development of Guidelines on Waste Picker Integration	Jun 2016	This framework is based on the workshop report and a review of international literature. It aims to catalyse and influence a national process of developing guidelines on integrating waste pickers, which would be led by the Department of Environmental Affairs and include all relevant stakeholders including waste pickers.
49	Workshop Report – Towards waste picker integration	Jun 2016	A report on the workshop held to gather experiences from cities/ municipalities and across the world on integrating waste pickers into municipal waste management systems.
50	Proposal for Future Research and Engagements to Support Waste Picker Integration	Jun 2016	This proposal is about how to take forward collaborative work on waste picker integration at a local level and how to develop national guidelines in line with the 2011 National Waste Management Strategy.
51	Use of Energy performance contracting by municipalities in South Africa	Jun 2016	This report explains the online tool for municipalities that is intended to enhance implementation of energy efficiency in municipal buildings. http://www.energycontractsupport.org/
52	Brochure – Use of energy performance contracting by municipalities in South Africa	Jun 2016	This brochure is a simple, step-by-step guide to energy performance contracting.
53	Online portal on energy performance contracting by municipalities	Jun 2016	To provide an interactive platform on energy performance contracting.



ANNUAL FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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

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Certificate by secretary

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



Yolisa Dambuza
COMPANY SECRETARY

Financial statements prepared by:



Yolisa Dambuza
FINANCIAL ACCOUNTANT

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the company's cash flow forecast for the year to 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 16 February 2017 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 2016, 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 2016 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

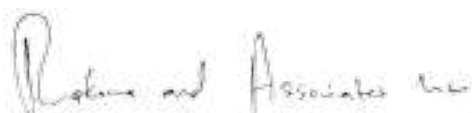
We draw your attention to the matter below. Our opinion is not modified in respect of this matter.

Other reports required by the companies Act

As part of our audit of the financial statements for the year ended 30 June 2016, 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 71 to 72 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: COLLINS MALUNGA

CHARTERED ACCOUNTANT (SA)

REGISTERED AUDITOR

DIRECTOR

28/02/2017 FOURWAYS



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 2016.

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 R3 693 900 (2015: R8 732 653 deficit).

During the year under review, the company acquired equipment to the value of R107 600 (2015: R133 004).

3. Going concern Issue

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 change in political leadership of three metros technically has not had an impact on the going concern status of the organisation as none of the municipalities have resigned. 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. The current liabilities of the entity exceed the assets by R8 978 193 (2015: R5 284 294) and has incurred an accumulated loss

of R8 978 193 (2015: R5 284 294). Other than the pending SARS matter described in note 23 to the annual financial statements, the directors are not aware of any material noncompliance 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
J.P Cronin				Department of Public Works
		M.N Mokonyama		Department of Transport
Z.A Kota-Fredericks				Department of Human Settlements
S Sithole		S Cele		eThekweni Metropolitan Municipality
J Ngobeni		K Ramokgopa		City of Tshwane
T Mea	May 2016	M Siyonzana		Mangaung Municipality
J Mettler	June 2016	D Jordaan		Nelson Mandela Metropolitan Municipality
K Ngema				Ekurhuleni Metropolitan Municipality
Alfred Mtsi	May 2016	N Ncunyana	May 2016	Buffalo City Municipality
M Mokoena		T Fowler		City of Johannesburg
C Ndlela		B Zulu	June 2016	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
Braamfontein
Johannesburg
2017

9. Postal address

P.O.Box 32160
Braamfontein
2017



Statement of Financial Position

			Restated
	Notes	2016 R	2015 R
Assets		10 121 313	14 110 583
Non current assets		343 119	314 599
Equipment	4	343 119	314 599
Current assets		9 778 194	13 795 984
Trade and other receivables	5	354 561	37 134
Accrued income	6	7 626 129	11 569 318
Cash and cash equivalents	7	1 797 504	2 189 532
Total assets		10 121 313	14 110 583
Reserves and liabilities		10 121 315	14 110 584
Reserves		(8 978 191)	(5 284 294)
Accumulated funds		(8 978 191)	(5 284 294)
Current liabilities		19 099 506	19 394 877
Trade and other payables	8	3 043 920	3 347 761
VAT	23	12 290 662	9 967 963
Deferred grant income	9	3 764 924	6 079 154
Total reserves and liabilities		10 121 315	14 110 584

Statement of Profit or Loss and other Comprehensive Income

			RESTATED
	Notes	2016 R	2015 R
INCOME		38 548 622	2 8 272 984
Grants	10	23 403 190	1 5 036 073
Interest received	13	238 096	140 765
Subscriptions received	11	13 200 000	12 000 000
Other income	12	1 707 336	1 096 145
EXPENDITURE		42 242 522	37 005 636
Secretariat Costs		1 5 280 690	14 584 643
Networking and Strategic Input		1 820 431	387 262
Information Technology		395 204	341 623
Knowledge Management and Communications		868 892	1 154 794
City Development Strategies		6 595 566	7 728 793
Productive Cities		1 868 771	2 571 549
Inclusive Cities		134 834	2 093 173
Sustainable Cities		13 733 981	4 676 294
Well Governed Cities		1 544 151	3 467 505
(DEFICIT)/SURPLUS FOR THE YEAR		(3 693 900)	(8 732 653)
Other comprehensive Income/(Deficit)		—	—
TOTAL COMPREHENSIVE DEFICIT/(INCOME)		(3 693 900)	(8 732 653)

Statement of Changes in Equity

	Total accumulated funds R
Balance as at 01 July 2014	3 448 361
Deficit for the year	(8 732 653)
Opening balance as 01 July 2015 – Restated	(5 284 292)
Deficit for the year	(3 693 900)
Balance at 30 June 2016	(8 978 191)

Statement of Cash Flows

			RESTATED
	Note	2016 R	2015 R
Cash flows from operating activities			
Cash received from funders and subscribers		42 137 250	27 065 111
Cash paid to programmes, suppliers and employees		(42 413 583)	(33 368 878)
Cash generated from operations	14	(276 333)	(6 303 767)
Interest received	13	238 096	140 765
Net Cash inflows from operating activities		(4 663 989)	(6 163 002)
Cash flows utilised in investing activities		(107 600)	(133 004)
Purchase of equipment	4	(107 600)	(133 004)
Total cash movement for the year		(4 556 389)	(6 296 006)
Cash at the beginning of the year		2 189 532	8 485 539
Total cash at end of year	7	1 797 504	2 189 532

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 are 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 Prior Period error

Prior Period error are omissions from, and misstatements in entity financial statements for one or more periods arising from a failure to use, or misuse of, reliable information that was available when the financial Statements for those periods were authorised for issue; and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statement.

1.15 Project Accounting and Expense Allocation

In terms of its contractual obligations to donors, the company's policy is to allocates 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 2015–2016	Computer equipment R	Office equipment R	Furniture and fittings R	Total R
30 June 2015				
Net book value 30 June 2015	185 011	–	129 607	314 618
At cost	501 210	119 508	172 284	793 002
Accumulated depreciation	(316 199)	(119 508)	(42 677)	(478 384)
Additions during the year	90 280	17 320	–	107 600
Depreciation for the year	(69 635)	(2 338)	(7 109)	(79 082)
Disposal of assets	–	–	–	–
Net book value 30 June 2016	205 656	14 981	122 498	343 119
At cost	591 490	136 828	172 284	900 602
Accumulated depreciation	(385 834)	(121 846)	(49 786)	(557 466)

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	–	129 588	314 599
At cost	501 210	119 508	172 265	792 983
Accumulated depreciation	(316 199)	(119 508)	(42 677)	(478 384)

5. Trade and Other Receivables

	2016 R	2015 R
Opening balance	37 134	17 522
Debtors	317 427	37 134
Write off	–	(17 522)
	354 561	37 134

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

6. Accrued Income

	2016 R	2015 R
Accrued income	7 626 129	11 569 318
	7 626 129	11 569 318

7. Cash and Cash Equivalents

	2016 R	2015 R
Bank balances	501 708	274 854
Investment balances	1 274 189	1 872 206
Short term deposits	20 107	40 973
Cash on hand	1 500	1 500
	1 797 504	2 189 533

8. Trade and Other Payables

	2016 R	2015 R
Trade payables	1 655 300	2 130 395
Garnishee	—	42 600
Other payables and accruals	755 868	694 265
Employee related accruals	632 752	480 500
	3 043 920	3 347 761

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

9. Deferred Grant Income

	2016 R	2015 R
Expanded Public Works Programme (EPWP)	184 180	384 336
City of Johannesburg – Africities	2 408 601	5 031 639
City of Johannesburg – Climate Change	1 172 144	663 180
	3 764 924	6 079 154

10. Grants

	2016 R	2015 R
Department of Cooperative Governance and Traditional Affairs – IUDF	–	1 218 210
Department of Cooperative Governance and Traditional Affairs	6 286 000	6 071 000
City of Tshwane – Tshwane Vision 2055	–	236 820
GIZ income	1 019 580	1 525 000
Msunduzi Municipality – Peer Review	500 000	–
Sustainable Transactions – Rural Urban Linkages	–	30 000
Mandela Bay Development Agency	–	45 000
City of Tshwane – Tshwane Sustainability	3 093 180	3 544 961
Housing Development Agency – Urban Conference	–	290 000
City of Johannesburg – Climate Change	2 157 856	–
Deferred from 2014/2015	663 180	663 180
Received	2 666 820	–
Deferred to 2016/2017	(1 172 144)	(663 180)
City of Johannesburg – Afri-Cities	5 598 971	1 000 163
Deferred from 2014/2015	5 031 475	6 031 802
Received	2 976 097	–
Deferred to 2016/2017	(2 408 601)	(5 031 639)
Department of Public Works – EPWP	1 100 156	967 504
Deferred from 2014/2015	384 336	451 839
Received	900 000	900 000
Deferred to 2016/2017	(184 180)	(384 336)
United Cities and Local Government of Africa	1 613 211	–
DBSA – Green Fund	302 542	3 8 077
City of Tshwane – Municipal funding	1 300 000	–
South African Local Government Association	150 000	–
BRICS Policy Center	–	25 934
Department of Human Settlements	–	43 403
GIZ - Urban Conference	281 694	–
	23 403 190	15 036 073

11. Subscriptions Received

	2016 R	2015 R
Buffalo City Municipality	1 650 000	1 500 000
Ekurhuleni Metropolitan Municipality	1 650 000	1 500 000
eThekweni Metropolitan Municipality	1 650 000	1 500 000
City of Johannesburg	1 650 000	1 500 000
Mangaung Municipality	1 650 000	1 500 000
Msunduzi Municipality	1 650 000	1 500 000
Nelson Mandela Metropolitan Municipality	1 650 000	1 500 000
City of Tshwane	1 650 000	1 500 000
	13 200 000	12 000 000

12. Other Income

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

	2016 R	2015 R
	1 707 336	1 096 145

13. Interest Received

	2016 R	2015 R
Interest received – call accounts	238 096	140 765
	238 096	140 765

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

Available-for-sale financial assets	238 096	140 765
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14. Cash Generated from Operations

	2016 R	2015 R
Deficit/Surplus from operations	(3 693 900)	(8 732 655)
Adjustment for:		
– depreciation	79 082	57 747
– interest received	(238 096)	(140 765)
– increase (decrease) in deferred income	(2 314 230)	282 734
– decrease (increase) in accrued income	4 243 189	(1 029 972)
Operating cash flows before movements in working capital	(1 923 955)	(9 562 912)
	1 647 622	3 259 144
Decrease (increase) in accounts receivable	371 236	(19 611)
Increase (decrease) in accounts payable	2 018 858	3 278 755
	(276 333)	(6 303 768)

15. Directors' Remuneration

Executive 2016	For services as directors	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
Chief Executive Officer	2 349 042	–	–	–	2 349 042
	2 349 042	–	–	–	2 349 042

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

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

	2016 R	2015 R
The deficit for the year is arrived at after taking into account the following:		
Auditors' remuneration and other fees	155 149	203 080
Depreciation	79 082	57 747
Staff costs	10 581 885	10 484 063
Office rental	157 106	133 831
Lease payment made	—	133 831

19. Prior Period Error

The accrued income was overstated in the 2014/2015 by R1 500 000 due to an invoice amount being duplicated. The invoice has been adjusted for in this period retrospectively.

	2016 R	2015 R
The effect of the prior year error on 2014/2015 results are shown below.		
Financial Position		
Decrease in Accrued Income	—	(1 500 000)
Statement of Profit and Loss		
Income in Income	—	(1 500 000)

20. Related Parties

2016	Relationship	Grant Received R	Subscription R	Accrued Income R	Deferred Income R	Total R
Department of Cooperative Governance and Traditional Affairs	Partner	(6 286 000)	–	–	–	(6 286 000)
Ekurhuleni Metropolitan Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
City of Tshwane	Member cities	–	(1 650 000)	–	–	(1 650 000)
eThekweni Metropolitan Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
Buffalo City Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
Mangaung Local Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
Nelson Mandela Metropolitan Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
City of Johannesburg	Member cities	–	(1 650 000)	–	–	(1 650 000)
Msunduzi Municipality	Member cities	–	(1 650 000)	–	–	(1 650 000)
Local Government Seta	Partner	–	–	–	–	–
Department of Human Settlements	Partner	–	–	–	–	–
Buffalo City Municipality – Municipal Transformation	Partner	–	–	–	–	–
Johannesburg Development Agency	Partner	–	–	–	–	–
Mandela Bay Development Agency	Partner	–	–	–	–	–

21. Financial Assets by Category

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

30 June 2016

	Loans and receivables R	Total R
Trade and other receivables	354 561	354 561
Accrued income	7 626 129	7 626 129
Cash and cash equivalents	1 797 504	1 797 504
	9 778 194	9 778 194

30 June 2015

	Loans and receivables R	Total R
Trade and other receivables	37 134	37 134
Accrued income	11 569 318	11 569 318
Cash and cash equivalents	2 189 532	2 189 532
	13 795 984	13 795 984

22. Financial Liabilities by Category

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

30 June 2016

	Financial liabilities at amortised cost R	Total R
Trade and other payables	3 043 920	3 043 920
Deferred income	3 764 924	3 764 924
	6 808 844	6 808 844

30 June 2015

Trade and other payables	3 347 761	3 347 761
Deferred income	6 079 154	6 079 154
	9 426 915	9 426 915

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

	2016 R	2015 R
Value Added Tax Payable to SARS	(12 290 662)	(9 967 963)

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

	2016 R	2015 R
Expenditure		
Secretariat Costs	15 516 382	14 584 643
Salaries	10 581 885	10 484 063
Office Consumables	945 523	777 844
Rent and services	157 106	133 831
Office refreshments	65 783	42 984
Office sundries	18 430	70 520
Interest and penalties on PAYE	154 366	—
Loss on disposal of computer equipment	—	—
Small assets write off	—	17 522
Postage and courier	87 582	74 828
Travel – local (staff)	81 917	109 566
Printing and stationery	24 951	77 702
Bank charges	21 930	15 008
Office insurance	51 157	50 990
Depreciation	79 082	57 747
Telephone and cellphone	203 219	127 147
Financial and Legal Fees	2 550 001	3 167 929
Audit fees and other financial services	155 149	203 080
Interest and penalties on VAT	2 032 985	2 719 699
Legal fees	361 866	245 151
Organisational Development	1 203 281	154 806
Organisational Development	808 450	75 306
Staff training and development	375 166	38 862
Annual report	19 665	40 638
Networking and Strategic Input	1 820 431	387 262
Management and Board Meetings	197 006	73 881
Governance Support	10 214	313 380
Local and international conferences	1 613 211	—
Information Technology	395 204	341 623
IT Support, Maintenance and internet	335 885	217 992
Software & licenses	59 320	123 631

	2016 R	2015 R
City Development Strategies	6 595 566	7 728 793
Public Transport	401 808	–
Integrated Urban Development Framework	1 363 262	1 636 949
State of Cities Report	2 784 251	1 819 939
Travel to support programmes	277 643	84 904
City Futures	–	564 384
Rural – Urban Interdependencies	–	433 352
Green Fund - DBSA	424 725	1 538 078
Indicators Project	5 432	853 768
State of Municipal infrastructure Scoping report	207 700	–
Economic Development	378 343	–
Beyond Gentrification	174 053	–
Support to Programmes	15 133	49 383
Designing Democracy	–	100 000
Secondary Cities	–	87 549
Planning Africa	123 286	10 559
Msunduzi – CDS	439 930	408 546
Vulnerability	–	141 382
Balance carried forward	24 091 892	23 042 320

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	2016 R	2015 R
Balance brought forward	24 091 892	23 042 320
Productive Cities	1 868 771	2 571 549
Infrastructure Dialogues	101 401	265 168
EPWP	1 136 906	967 503
Rural Urban Linkages	50 000	248 633
African Urban Government	–	853 425
Tshwane Vision 2055	580 465	236 820
Public Transport	–	–
Inclusive Cities	134 834	2 093 173
Housing to human settlement	–	586 556
SAPOA Partnership	100 000	86 246
Performance of Land Use Management Systems	–	232 004
World Urban Forum	–	–
Spatial Planning and Land Use Management	4 834	336 723
Fiscal Impacts	30 000	704 971
Socio-political Stability	–	146 674
Metropolis – Caring Cities	–	–
Well Governed Cities	1 544 151	3 467 505
Municipal Financial models	746 798	–
Land and City	142 229	255 102
State of City Finances	615 873	1 255 412
Human Capacity	–	240 000
Food Security	–	250 000
KMRG	39 251	10 372
Urban Conference	–	1 456 620
Sustainable Cities	13 733 981	4 676 294
Energy Efficiency and Renewable Energy Program	329 825	79 529
State of Waste Management in Cities	275 000	376 649
Afri – Cities	7 630 371	1 001 026
City Scapes	–	188 449
BE Institutions	127 220	–
Bricks Urban Comp Studies	214 377	–
Urban Safety	463 692	646 548
City of Tshwane sustainability	2 535 640	2 181 264
Climate Change	2 157 856	202 829
Knowledge Management and Communications	868 892	1 154 794
Internships	122 668	124 000
Public Relations	206 484	199 200
Publications	28 275	469 215
Learning sessions	11 117	19 673
Website maintenance	500 348	342 707
	42 242 522	37 005 636

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