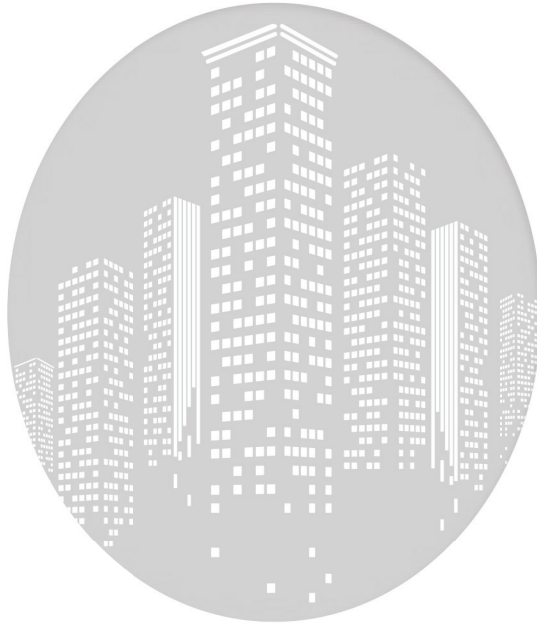




ANNUAL REPORT

2020





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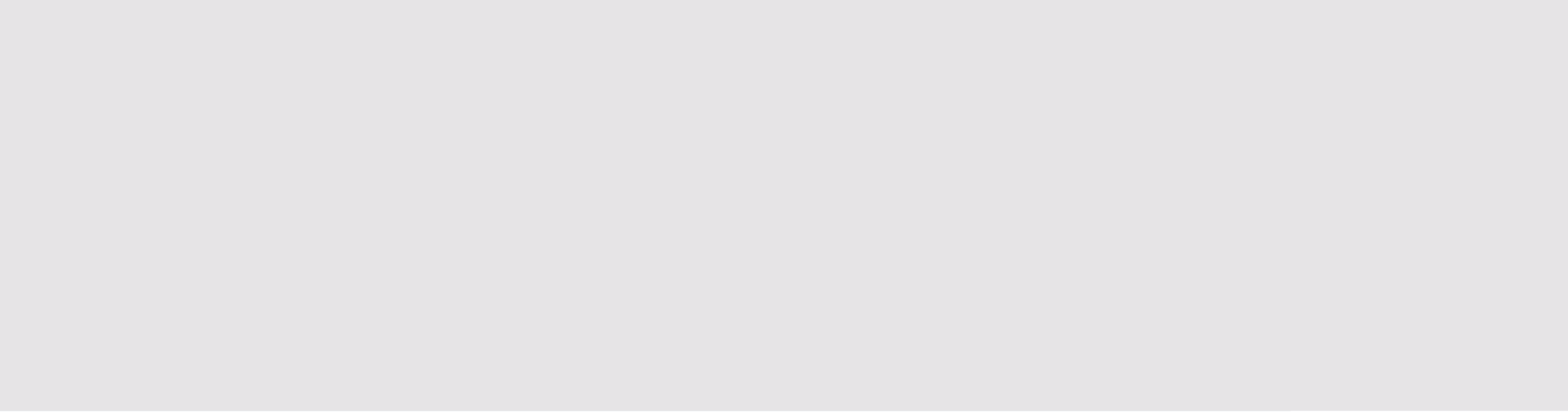
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# Abbreviations and Acronyms

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<b>BEITT</b>	Built Environment Integration Task Team
<b>BMZ</b>	German Federal Ministry for Economic Cooperation and Development
<b>CDFC</b>	Common Data Framework for Cities
<b>CDS</b>	City Development Strategy
<b>COGTA</b>	Ministry of Cooperative Governance and Traditional Affairs
<b>COJ</b>	City of Johannesburg
<b>CSP</b>	City Support Programme
<b>DDM</b>	District Development Model
<b>EPWP</b>	Expanded Public Works Programme
<b>ESI</b>	Environmental Sustainability Issue
<b>ESS</b>	Environmental Sustainable Strategy
<b>GCR</b>	Gauteng City Region
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>ICM</b>	Intermediate City Municipality
<b>IDP</b>	Integrated Development Planning
<b>ISS</b>	Institute for Security Studies
<b>IUDF</b>	Integrated Urban Development Framework
<b>MFMA</b>	Municipal Finance Management Act
<b>NDP</b>	National Development Plan
<b>NUA</b>	New Urban Agenda
<b>PEP</b>	Public Employment Programme
<b>SACCD</b>	South African Council of Cities
<b>SACN</b>	South African Cities Network
<b>SALGA</b>	South African Local Government Association
<b>SDG</b>	Sustainable Development Goal
<b>SEA</b>	Sustainable Energy Africa
<b>SOC</b>	State of Cities
<b>SOCRG</b>	State of Cities Reference Group
<b>SOCR</b>	State of Cities Report
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act
<b>UCLG</b>	United Cities and Local Government
<b>UEN</b>	Urban Energy Network
<b>USRG</b>	Urban Safety Reference Group
<b>VCP</b>	Violence and Crime Prevention







# ABOUT **SACN**

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 GOVERNANCE.



#### THE SACN OVERALL MISSION IS:

- To promote good governance and management of South African cities.
- To analyse strategic challenges facing South African cities, particularly in the context of global integration and national development.
- To collect, collate, analyse, assess, disseminate and apply the experience of large city governments in a South African context.
- To promote a shared-learning partnership between different actors to support the governance of South African cities.



#### THE KEY AREAS OF FOCUS FOR THE SACN ARE:

- Enabling shared learning as the basis of inter-sphere partnerships.
- Updating leaders on current and emerging changes and trends in urban policy nationally and internationally.
- Promoting innovation and strategic thinking between cities and other spheres of government.
- Fostering co-operation and exchange of best practice.
- Generating options and make recommendations to network partners.
- Mobilising the capacity of cities to support local government and national development.

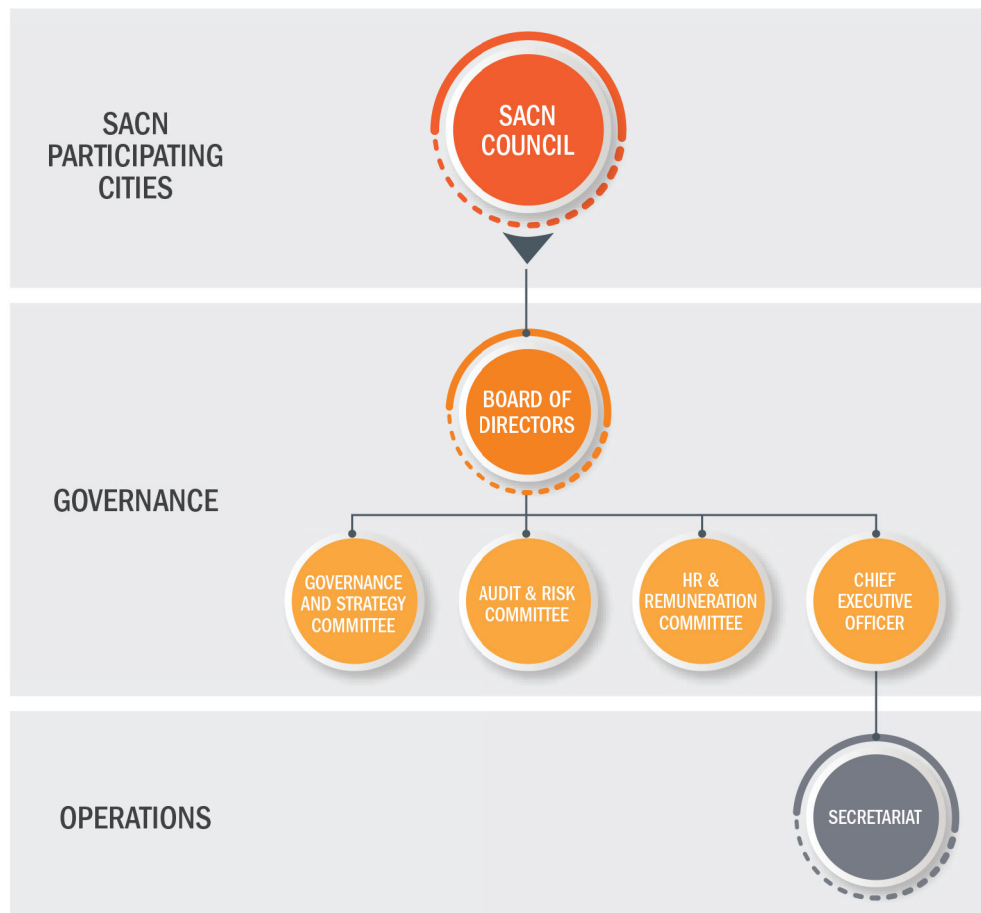
The SACN defines its work according to the thematic logic of the Integrated Urban Development Framework (IUDF): That high performing cities are productive, inclusive and sustainable, well-governed, and guided by long-term city development strategies.

Based on a five-year business plan, SACN implements an annual programme of activities that focuses on generating, disseminating and applying knowledge; providing peer-to-peer learning platforms and facilitating engagements; supported by targeted communications and stakeholder engagements.

## SACN GOVERNANCE

The SACN's governance model comprises a Council (made up of the political and executive leadership of participating cities, or "Council Organisations"), a Board of Directors and a Secretariat. The governance model is predicated on a set framework of policies and procedures put in place to ensure good corporate governance by the SACN's Council, Board and Secretariat.

**FIGURE 1:** SACN's governance structure



The **Council** is responsible for directing the strategic research agenda and related business activities of the SACN. It is constituted in accordance with an approved Council Protocol Framework, which delineates its duties, powers and function. The Council meets at least twice a year and held its last Annual General Meeting for 2019/20 in November 2019.

The role of the **Board of Directors** is to represent and promote effectively the interests of the Council Organisations. The Board directs and supervises the management of the business and affairs of the company. Its duties, powers and functions are contained in the company's Memorandum of Incorporation and the Board Charter. The Board has established the following sub-committees to facilitate efficient decision-making:

- The **Audit and Risk Committee** consists of three members all of whom, whenever possible, must be non-executive members. The committee provides a forum for the effective communication between the board and the external and internal auditors. It reviews the annual and mid-year financial statements (prior to their approval by the Board), the effectiveness of management information systems and systems of internal control, and the efficiency and effectiveness of the external and internal audit functions.
- The **Human Resources and Remuneration Committee** consists of three non-executive members. The committee deals with all human resource-related matters, reviews the remuneration packages of all members and senior management annually and makes recommendations to the board.
- The **Governance and Strategy Committee** consists of three non-executive members. The committee is responsible for the efficient functioning of the SACN Board of Directors, providing advice and assistance to the Board in its oversight of the operations of the company, and the effective implementation of organisational strategy.

In accordance with the SACN Board Charter, Board and sub-committees, the following governance meetings were held in the 2019/2020:

BOARD AND SUB-COMMITTEES' MEETINGS	MEETING DATES
<b>Board of Directors</b>	06 August 2019 05 November 2019 19 February 2020 27 March 2020 22 May 2020
<b>Board Strategy and Risk Workshops</b>	07 October 2019 30 April 2020
<b>Governance and Strategy Committee</b>	29 July 2019 28 October 2019 07 February 2020 08 May 2020
<b>Human Resources and Remuneration</b>	29 July 2019 24 October 2019 08 May 2020
<b>Audit and Risk Committee</b>	23 July 2019 25 October 2019 17 February 2020 04 May 2020

The **Secretariat** is tasked with executing company strategy under the direction of the Board. The Secretariat is constituted by the company's CEO, the executive management team and the rest of the staff complement.

## Board of Directors

**Ms. Yolisa Kani**  
(Non-Executive Director and Chairperson)

**Dr Modjadji Malahlela**  
(Non-Executive Director)

**Mr Ashraf Adam**  
(Non-Executive Director)

**Ms. Nontando Ngamlana**  
(Non-Executive Director)

**Mr Sithole Mbanga**  
(Executive Director and CEO)

## Audit and Risk Committee

**Mr Lwazi Kuse**  
(Independent member and Chairperson)

**Ms. Kone Gugushe**  
(Independent member)

**Ms. Nokuthula Selamolela**  
(Independent member)

**Ms. Nontando Ngamlana**  
(Non-Executive Director)

## Secretariat

Sithole Mbanga

Stacey-Leigh Joseph

Sadhna Bhana

Danga Mughogho

Monique Damons

Siphelele Ngobese

Siphelelisiwe Ntombela

Jokudu Guya

Tlholohelo Mokgere

Fleshia Mokwana

Makhosazane Nxumalo

Thuletho Zwane

Luncedo Njezula

Yolisa Dambuza

Geoffrey Bickford

Liteboho Makhele

Nomfundo Dlamini

Kayla Hanna Brown

Jonathan Wilson

Kopano Ntsoane

Clement Mhlele

Jean Chang

Shaun Watson







# CHAIRPERSON'S **REPORT**

# Foreword by the Chairperson of the South African Cities Network Board of Directors

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MS. YOLISA KANI



## CITIES ARE ABOUT PEOPLE.

They are the anchors of any country's economy and, importantly, they are centres of innovation and societal cohesion. Therefore, strong and capable cities, towns and regions, with good local governance, are essential for strengthening and consolidating South Africa's 27-year young democracy.



The 1998 White Paper on Local Government established local government for two main reasons: To deliver services and to drive development on a scale that will undo and transform the stubborn apartheid legacy. However, the pace of change needed for meaningful socio-economic transformation is slow. New technology and artificial intelligence may enable us to leapfrog challenges of service delivery, but the approach must be fully inclusive of all in society in order to avoid creating economic, gender and racial divisions between those who can and those who cannot afford access.

Since its establishment in 2002, the South African Cities Network (SACN) has worked tirelessly to contribute meaningfully towards making city governments work for their citizens and the world at large, by producing evidence-based policy proposals through knowledge generation, dissemination and application. The evidence shows that cities require additional support in order to govern, especially in a period of volatility, emergency and uncertainty.

The Covid-19 health emergency has not only imposed an emergency governance paradigm on municipal institutions, but also exposed the reality that South Africa needs to sharpen its tools for managing urban development. Local government's challenges go beyond the fight against apartheid's legacy and are compounded by the impact of climate change. Therefore, we must rethink and re-imagine the sustainability of our municipalities.

The key to creating a capable and competitive developmental state, as enshrined in city integrated development plans, is perpetuating unity of purpose in the local government fraternity, while advancing the principles of inclusive urban and economic development. There is an unfortunate perception, across society, that local government



is a total failure. And yet the SACN's research reveals sprouts of success that need to be harvested timeously and collectively. Three essential ingredients for better governed institutions that work for communities and the country are:

- mastering the art of partnering with civil society and citizens,
- recalibrating the city governance model, and
- reengineering economic productivity model.

The SACN's Board of Directors has created a pathway for the Secretariat to design a more responsive organisational business model that embraces both continuity and change. The strategic plan for 2021–2030 coincides with the target timelines of the United Nations Sustainable Development Goals (SDGs), the New Urban Agenda (NUA), and our country's National Development Plan (NDP).

The Board of Directors is committed to carry forward the SACN Council's resolve to maintain cohesion among participating member cities, and to ensure that the SACN provides quality support to cities, the urban development agenda and especially the country's development.

By putting in place good governance arrangements, we have laid a solid foundation for a strong organisation that accounts to – and is responsible to – both its members and humanity, and is a true partner in sustainable city governance.



---

Blanche Yolisa Kani

# Foreword by the Chairperson of the South African Cities Network Council

COUNCILLOR XOLA PAKATI

“

THE YEAR 2019/20 HAS BEEN A FULL AND PRODUCTIVE YEAR FOR THE SOUTH AFRICAN CITIES NETWORK (SACN).

”

The year kicked off with several significant and comprehensive internal reforms aimed at reinforcing the organisation’s governance and fiduciary responsibilities. The SACN Council was strengthened and a new Board of Directors and an independent Audit and Risk Committee were appointed. This revised governance architecture makes the SACN more transparent and accountable to its stakeholders and partners.

Building on these reforms and with an eye to the future, the SACN undertook a strategic review and evaluation, as the basis for developing a long-term organisational sustainability strategy. This process has revealed both the challenges and opportunities facing SACN, as it nears the end of its 2016–2021 business plan. The final sustainability strategy report is due for completion in the first quarter of 2020/21 and will be used as the foundation for the SACN’s next five-year (2021–2026) strategic business plan.

Since its inception, the SACN has functioned as a network of cities. In line with its mandate and mission, its role has always been to complement and supplement the broader city institutional arrangements and linkages. This past year saw the SACN consolidate its position as a trusted partner in urban knowledge generation, dissemination and application, as evidenced by the many knowledge products produced and knowledge exchange and learning engagements championed by the organisation.

Nevertheless, despite the work done by the SACN and other organisations in the local government space, South African cities face very serious spatial, economic, environmental and social challenges. In the last half of this financial year, a debilitating pandemic put further strain on city governance and financial resources. Yet with crisis comes opportunity. Guided by the Integrated Urban Development Framework (IUDF), now is the time to proceed with speed to re-imagine and bring to life inclusive, well-governed, productive and sustainable cities where citizens participate freely and fully in urban life.

Throughout 2019/20, the emphasis was on developing clear stakeholder engagement strategies, as the SACN recognises the importance of cultivating sound relationships and collaborative partnerships to further the urban agenda. Therefore, we would like to take this opportunity to thank our stakeholders and partners for walking this journey with us.

We are forever indebted to our cities who not only fund the SACN but also direct the strategic research agenda and related business activities of the organisation.

To the Board of Directors and the Audit and Risk Committee, none of the outcomes shared in this report would have been achieved without your vital leadership and commitment in directing and guiding the affairs of the organisation.

Finally, to the Secretariat, thank you for your activism and dedication to the urban movement. The goal to deliver sustainable cities and communities requires nothing less than the single-mindedness that you have displayed in bringing about transformative change in urban life.

Thank you!

A handwritten signature in black ink, appearing to read 'P. Pakati' with a small star or dot above the 'i'.

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Councillor Xola Pakati



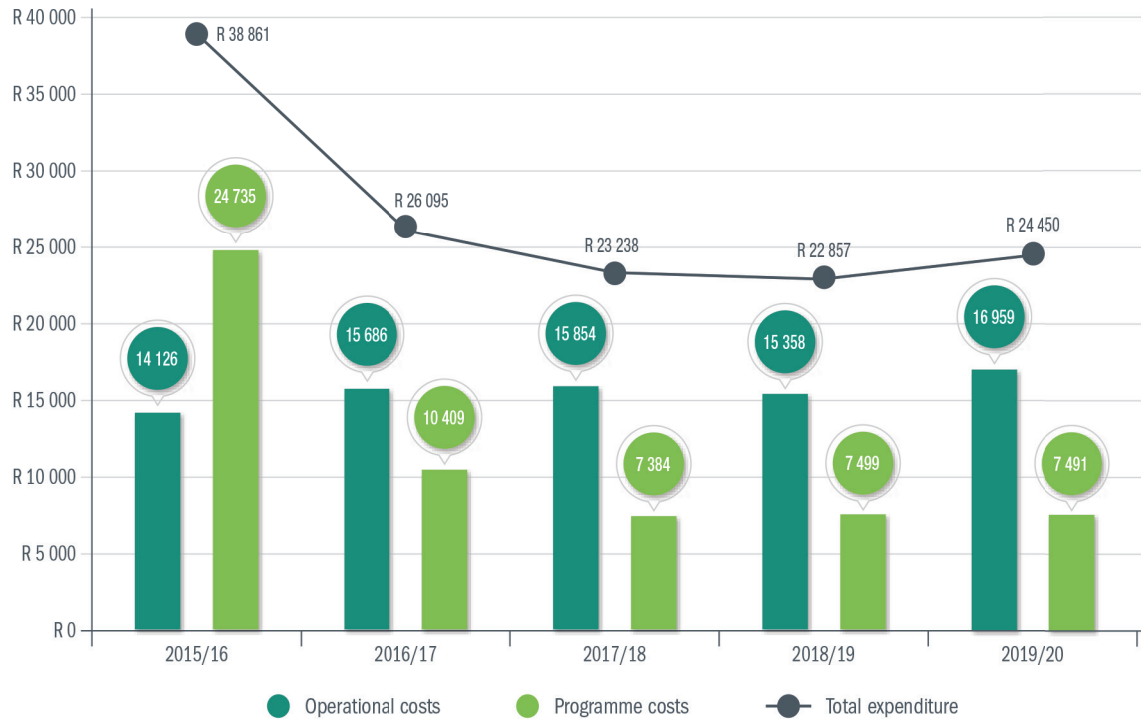


# THE CEO'S **REPORT**

# Expenditure Performance

Figure 1 shows the year-on-year expenditure since 2015/16. The fluctuation in expenditure is due to both to irregularity in SACN's funding sources and the nature of the SACN's work, where expenditure throughout the five-year cycle varies according to the status of new and ongoing projects.

**FIGURE 2:** Year-on-Year expenditure (2015/16-2019/20)



Over the past four years, the ratio between operations and programmatic expenditure has reversed – from the traditional ratio of 1:2 to 2:1. This is due to the SACN having a stable operating cost but a reduced budget for implementing projects. The network's funding also depends on the number of externally funded projects or donor funded projects on an annual basis. As can be observed from the graph in figure 1, expenditure over time has steadily declined due to the irregularity in funding sources of the network. This has resulted in a downward trend in the graph. In the 2019/20 financial year, there is a slight improvement in total expenditure when compared to the prior two years.

One of the impacts of the decline in funding, and in turn programmatic expenditure, is a negative effect on the overhead ratio. SACN has strived to keep its Programmatic-Operational ratio at around 70%. This ratio was effectively inverted in 2016/17 because of having a stable operating cost, but reduced budget available for implementation of projects.

## Procurement

The SACN is committed to contributing to building industry capacity and transformation in line with national objectives. In 2019/20, procurement was split fairly evenly among small companies, individual experts and large companies, with the majority of service providers being black owned or institutions. Progress was made on gender representation – over one third of service providers were female owned. In keeping with the SACN's mandate and core objective, the bulk of the contracts were for research and production services.

The rest of this report considers the extent to which the SACN has met expectations by:

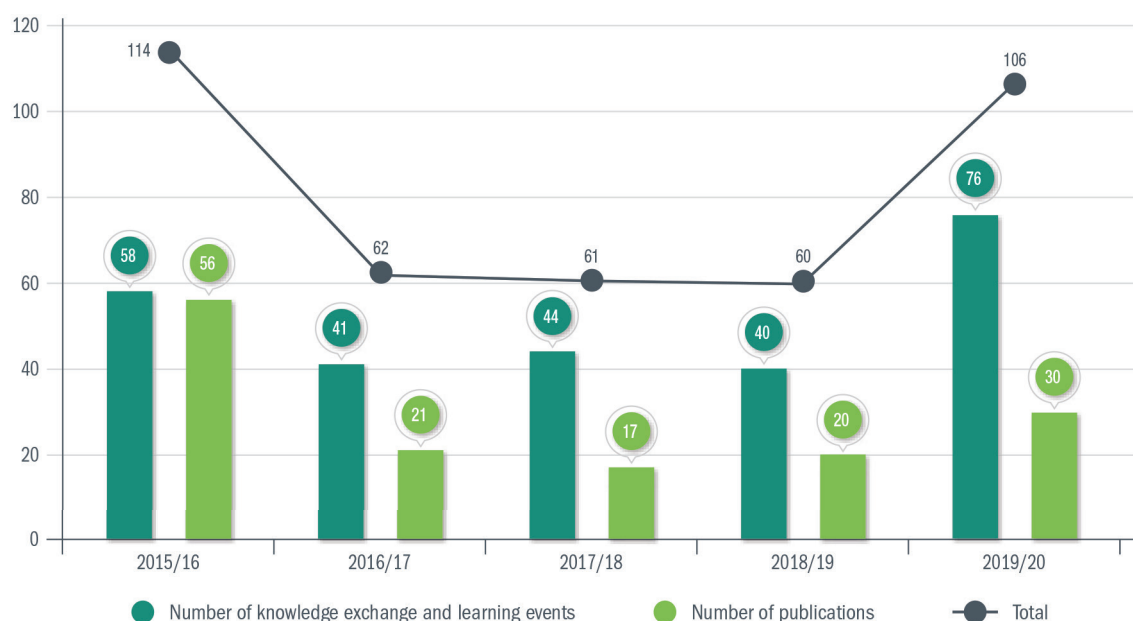
- measuring outputs delivered against targets defined in the 2018/19 business plan,
- considering the quality of outputs and outcomes achieved, and
- reflecting on the lessons learned in the period.

## Programmatic Performance

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

Figure 3 shows the SACN's outputs over the past five years. Performance in 2019/20 was higher than in the previous three years, despite the difficult operating environment in the last two quarters of 2019/20 due to the Covid-19 pandemic. This was the result of research projects coming to a close, as well as greater emphasis on learning events, in particular from the built environment programme.

**FIGURE 3:** Summary of outputs delivered since 2014/15



## Output analysis

Table 1 shows the distribution of outputs by SACN theme during 2019/20. A cumulative listing of the knowledge products and events achieved during this year are presented as Appendices I and II of this report.

**TABLE 1:** Summary of outputs by theme (2019/20)

OUTPUTS	CDS	INCLUSIVE CITIES	PRODUCTIVE CITIES	SUSTAINABLE CITIES	WELL-GOVERNED CITIES	TOTAL
No of learning events	20	32	15	5	4	76
No of publications	3	9	14	2	2	30
Total number of outputs	23	41	29	7	6	106

Outputs were highest in the Inclusive Cities theme, mainly due to the work of the Built Environment Task Team and the Urban Safety Reference Group. Over the past year, the programmes team has been strategically revising its projects, looking at how to ensure better absorption and application of the knowledge produced. As a result, and also because of the reduced financial resources, the SACN has focused more on events and peer-learning platforms, to encourage better uptake and use of its work. This approach is also reflected in the design and conceptualisation of the State of Cities V project, which takes off in the 2020/21 financial year.

## Communications Performance

### Media and social media

Twitter remains the SACN's most popular social media platform followed by Facebook. The year also saw real growth in the SACN's LinkedIn page, with followers increasing almost seven-fold since the start of the year. As planned, the SACN website was revamped in 2019/20, although the launch of the new website was problematic, which affected website numbers in the fourth quarter. Technical errors, such as incomplete information, website downtime affected the overall functionality and access of the website but were rectified by the end of the year.



**TABLE 2:** Summary of SACN Communication reach (2017/18 and 2018/19)

COMMUNICATION OUTPUTS	2018/19	2019/20
<b>BROADCAST</b>		
Radio interviews	21	6
TV interviews	9	3
<b>PRINT &amp; ONLINE</b>		
Articles	42	5
Op-eds/ Thought pieces	4	2
<b>FACEBOOK</b>		
Likes	18 040	18 679
Engagement Rate	9 195	2 010
Posts Reach	89 668	36 197
Page Views	3 099	2 437
Actions on Page	21	13
<b>TWITTER</b>		
Number of followers	20 491	25 418
Number of tweets posted	427	187
Engagements	5 426	4 311
Impressions	452 500	452 500
<b>WEBSITE</b>		
Visitors	18 892	15 657
New visitors	17 193	12 172
Bounce rate	60,82%	57,04%
Return visitors	3 632	3 824
Sessions	25 673	20 331

Members of the Secretariat attended social media and op-ed writing training during the year. Linked to this, the SACN is in the process of developing a more strategic and focused social media strategy to make its presence more effective on these channels. In addition, more multimedia content, including videos, podcasts and interactive features, are being introduced, which will bring the YouTube channel and SoundCloud to the fore.

## SACN newsletter

This year, the SACN launched its new digital newsletter. Currently just under 1000 subscribers receive this quarterly newsletter, which covers launches, events and seminars hosted by the SACN. Subscribers include city practitioners, academia, civil society and NGOs.

# Analysis of the Quality of Outputs

The quality of SACN's 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. Participants are asked to rate the event on a scale of 1–5 (from “bad” to “good”) based on the following aspects:

1. Did you learn something new today?
2. Did the information you received inspire you to do something new or different in your work?
3. Will the information you received help you to do your job better?
4. Invitation quality.
5. Preparatory information.
6. Venue and catering quality.

During 2019/2020, the event survey was administered at 29 events (up from 24 events in 2018/19) that were attended by 770 participants. Of these participants, 43% completed a survey.

**TABLE 3:** Results of quality surveys completed for SACN learning events (2019/20)

NO.	EVENT NAME	DATE	THEME	TOTAL NUMBER OF PARTICIPANTS	NUMBER OF RESPONDENTS	A LITTLE BAD (1-2)	A LOT GOOD (3-5)
1	SACN Built Environment Integration Task Team	08-Jul-19	Inclusive Cities	15	10		100
2	South African Council of Cities Data (SACCD)	19-Jul-19	CDS	29	15	1	99
3	SACN BEITT Environment Practice Report Workshop – City of Joburg	15-Aug-19	Inclusive Cities	8	6		100
4	EPWP Reference Group Meeting	25-Sep-19	Productive Cities	30	21	2	98
5	Municipal Finance Data storytelling workshop	01-Oct-19	Well-Governed Cities	18	7	12	88
6	International Relations Forum	03-Oct-19	CDS	18	9	6	94
7	Common Data Framework for Cities (CDFC)- Ekurhuleni	08-Oct-19	CDS	29	22	11	89
8	Common Data Framework for Cities (CDFC) – eThekweni	17-Oct-19	CDS	14	6	3	97
9	SACN BEITT Environment Practice Report Workshop -eThekweni	25-Oct-19	Inclusive Cities	14	7	2	98
10	Urban Safety Reference Group Meeting	29-Oct-19	Productive Cities	18	9	4	96
11	Municipal Finance Data Storytelling workshop	05-Nov-19	Well-Governed Cities	24	10	2	98
12	Common Data Framework for Cities (CDFC) – BCM	06-Nov-19	CDS	27	9	44	56

NO.	EVENT NAME	DATE	THEME	TOTAL NUMBER OF PARTICIPANTS	NUMBER OF RESPONDENTS	A LITTLE BAD (1-2)	A LOT GOOD (3-5)
13	Common Data Framework for Cities (CDFC) – Nelson Mandela Bay	07-Nov-19	CDS	20	24	8	92
14	Integrated Development Planning (IDP) Guidelines Review: Development of Metro-specific guidelines	19-Nov-19	Inclusive Cities	18	12	4	96
15	Integrated Development Planning (IDP) Guidelines Review: Development of Metro-specific guidelines	21-Nov-19	Inclusive Cities	15	6		100
16	Inaugural Meeting of the City Communicators Forum	20-Nov-19	CDS	24	12	4	96
17	Sustainability Practices – Inception Workshop	26-Nov-19	Sustainable Cities	28	13	4	96
18	EPWP Reference Group Meeting	29-Jan-20	Productive Cities	30	20	1	99
19	South African Council for City Data Council Meeting	29-Jan-20	CDS	26	21	2	98
20	Built Environment Integration Task Team Meeting	06-Feb-20	Inclusive Cities	28	8		100
21	BEITT Citopoly Schedule	25-Feb-20	Inclusive Cities	13	5		100
22	BEITT – SPLUMA MFMA Roundtable	06-Mar-20	Inclusive Cities	6	4		100
23	Urban Governance Paper series	08-Apr-20	Well-Governed Cities	114	25	14	86
24	eThewini Visualisation session – The city as a creature	24-Apr-20	Inclusive Cities	45	19		100
25	SACCD: Learning from COVID-19: How have cities in South Africa used data and analytics to respond in a time of crisis?	08-May-20	CDS	37	6	8	92
26	COVID-19 on public space in SA cities	26-May-20	Productive Cities	55	12	15	85
27	Urban Safety Reference Group meeting – Part 2	10-Jun-20	Productive Cities	24	7	5	95
28	Covid-19 and Public Space: Verification of the draft policy brief	18-Jun-20	Productive Cities	22	1		100
29	EPWP Reference Group Meeting	26-Jun-20	Productive Cities	21	6		100
Totals				770	332	8%	95%

As Table 3 shows, the SACN continues to increase its quality standard: 95% of participants rated the learning events at 3 or higher, up from 92% in 2018/19 and 88% in 2017/18. This illustrates how, despite the lack of funding and the difficult environment in which the SACN has operated during this financial year, those who engage with the work continue to find learning and value in what the SACN does.

# Analysis of Outcomes

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

## Profile of people reached through learning events

In 2019/20, the SACN hosted 76 learning events. Attendance by non-member cities and provincial government departments increased compared to the previous year, which is positive and shows that the SACN is doing relevant work and increasing its reach. Another positive development was the consistent participation of member municipalities within a difficult political and administrative climate. There was a more even spread of participants across member cities, as well as an increase in participation by non-member cities. This is encouraging, as by participating regularly and actively, cities can derive value and benefit from the work of the SACN and be able to drive more effectively a collective urban agenda.

As Figure 3 illustrates, member cities represent a third of the participants at SACN learning events, which is an increase compared to the previous year.

**FIGURE 4:** Breakdown of participants at SACN learning events (2019/20)

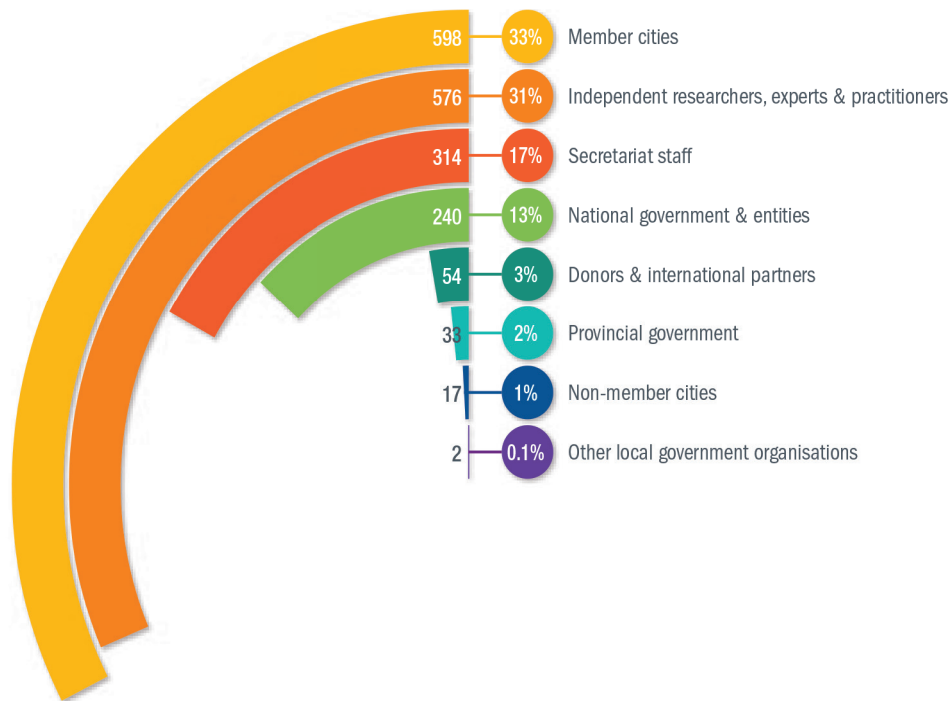
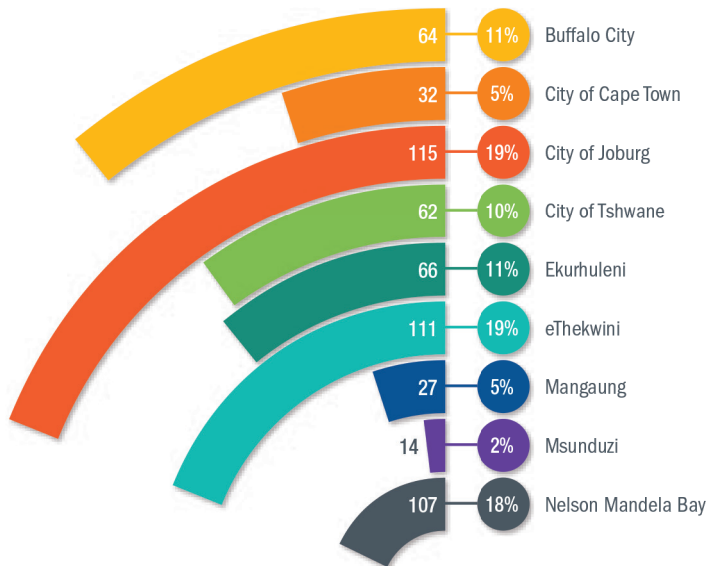


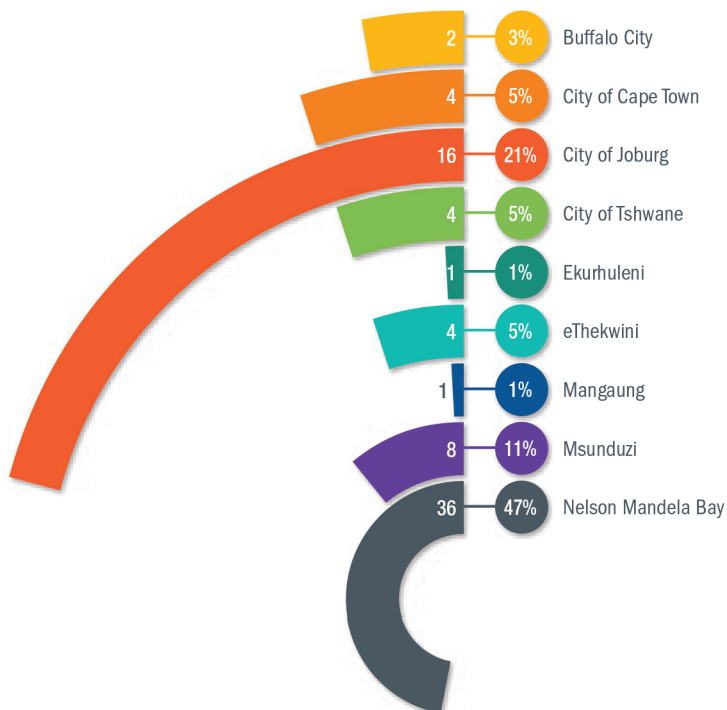
Figure 4 indicates the comparative participation between member cities. There was a reasonable level of participation across most of the cities, with eThekweni and City of Joburg leading in participation.

**FIGURE 5:** Breakdown of participants at SACN learning events (2019/20)



Over the last two quarters of 2019/20, virtual engagements became the norm, as the country went into lockdown in response to the Covid-19 pandemic. Although moving to a virtual environment brought challenges, it also resulted in greater and more evenly spread participation of member cities.

**FIGURE 6:** Location of learning events (2019/20)



## Learning and Policy Impacts

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Among the policy and learning impacts to emerge in 2019/20 were:

- Maintaining a level of media and stakeholder presence and output in preparation for our new 5-year strategic business cycle.
- Visibility through Habitat III (New Urban Agenda), United Cities and Local Government (UCLG) and Metropolis activities.
- Strategic alignment of new SACN Business Plan and Strategic Framework 2021 with the IUDF, New Urban Agenda and District Development Model.

## Important Action Items for the Next Financial Year

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Key points for future attention are:

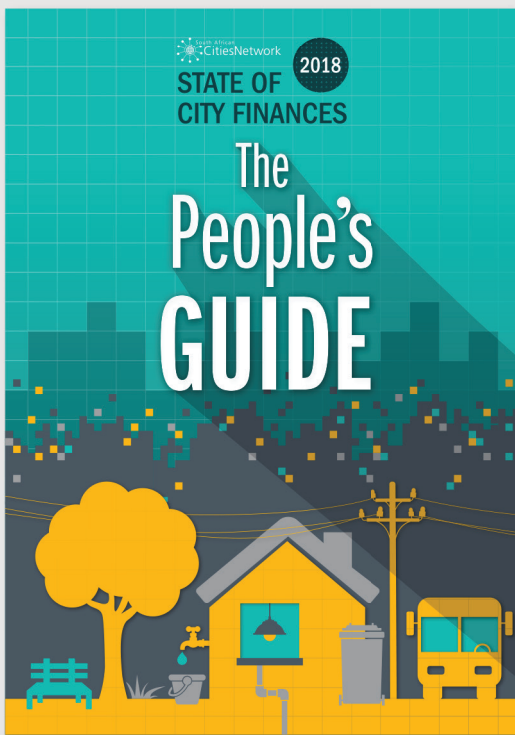
- Developing a fundraising strategy and implementation for the network.
- Successfully publishing, launching and disseminating the State of Cities Report V to participating municipalities, stakeholders and public audiences.



# PROGRAMME HIGHLIGHTS

The SACN's dedicated Programmes team focuses on research and knowledge production for cities. Its work is guided by the Strategic Framework, which underpins the content developed and collated for the SOCR that is published every five years. The projects highlighted in this report were undertaken by the Programmes team in line with the Strategic Framework 2019/20 to promote best practice on urban development and good governance.

## People's Guide to the State of City Finances Report



 [READ THE COMPLETE REPORT HERE](#)

The People's Guide seeks to inform a broader audience about the key messages contained in one of the SACN's flagship publications, the State of City Finances that was published in October 2018. The Guide also provides an overview of the state of finances in nine of South Africa's largest cities: Johannesburg, Cape Town, eThekweni, Tshwane, Ekurhuleni, Nelson Mandela Bay, Mangaung, Buffalo City and Msunduzi. The Guide provides an overview of the common trends across the cities, as well as individual city profiles that include nine indicators and data on population, area and affordability of municipal bills.

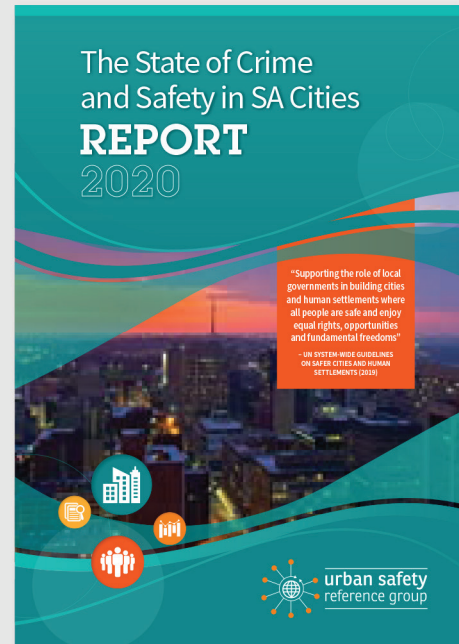
As part of the People's Guide's dissemination process, in October and November 2019, the SACN held two municipal finance data storytelling workshops, at the Tshisimani Centre for Activists in Cape Town and at Tshimologong in Johannesburg. The aim of the workshops was to have a conversation about data, accountability and transparency, based on the State of City Finances 2018. Participants included representatives from civil society organisations that advocate for good governance, and greater accountability and transparency in the use of public funds at local level; civic technologists, data scientists and programmers; managers of public sector financial data portals; and communicators, journalists and storytellers. Through the engagement, participants developed an understanding of city budgeting and finances, and the impact of municipal finances on urban livelihoods.



## The State of Crime and Safety in SA Cities Report 2020

This report is an interim update on city-level crime statistics, with the aim of enabling continuity in evidence-based planning and implementation by city administrations and others involved in promoting safer cities. It is a flagship product of the Urban Safety Reference Group (USRG), the first institutionalised forum in South Africa aimed at enabling practice-based learning about urban safety and violence prevention. The USRG is a valuable platform for peer-to-peer learning and knowledge sharing among practitioners from SACN participating cities and other government role-players in urban safety and violence prevention.

Established in 2014, the USRG is convened by the SACN, with the support of the Inclusive Violence and Crime Prevention (VCP) Programme. The VCP Programme is a joint South African-German intervention steered by the South African Department of Cooperative Governance and various other departments, and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).



[READ THE COMPLETE REPORT HERE](#)

## The Strengthening Urban Economies Paper Series

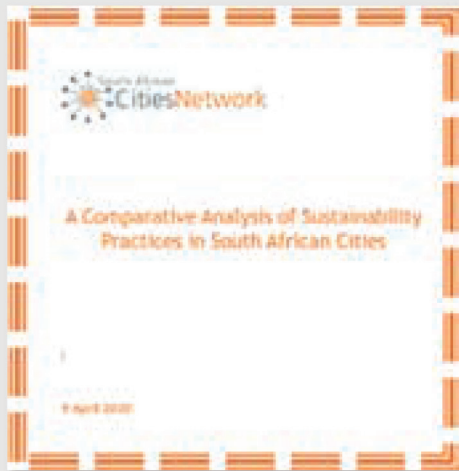
Despite being responsible for most of the country's economic activity and employment, South African cities are not as competitive, productive or inclusive as they should be. Although cities are attuned to the importance of their economies, they have not established clarity and governance of their specific economic roles and functions. This is in part due to different understandings of what local economic development entails. For some, it is about promoting small businesses and skills development, while for others it is about being strategic economic development actors.

Under the theme of Strengthening Urban Economies, these working papers explore how to grow urban economies through improving local conditions for diverse enterprise development and growth, ensuring inclusive economic infrastructure and services, and building innovation-driven economies. Topics covered include the urban space economy, the urban informal economy, sustainable cities, township economies and special economic zones.



[READ THE PAPER SERIES HERE](#)

## A Comparative Analysis of Sustainability Practices in South African Cities

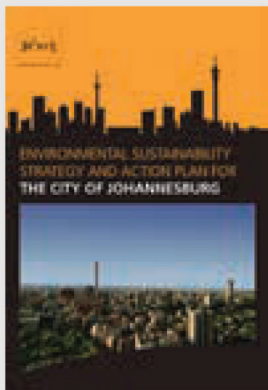


A COPY OF THE REPORT IS AVAILABLE FROM THE SACN

The transition to sustainable cities remains severely constrained by the pressures of rapid urbanisation, increasing climate change impacts, economic stagnation and exclusion, and limited investment in infrastructure maintenance. Yet, despite these challenges, South African cities have made some strides in expanding sustainability practices into city planning and management.

This report seeks to articulate a common understanding by city practitioners of the concept and practices of sustainability and establish the extent to which sustainability practices are being embedded in city planning and development processes and across all city operations in the eight participating cities. The report analyses the transformative change taking place in the institutional and governance structures of cities, as they transition towards sustainability, highlighting the various actors, enablers, barriers and constraints to accelerating the transition.

## Environmental Sustainability Strategy and Action Plan for the City of Johannesburg



A COPY OF THE REPORT IS AVAILABLE FROM THE SACN

The SACN supported the City of Johannesburg (CoJ) in developing an Environmental Sustainable Strategy (ESS) that responds to Outcome 2 of the CoJ Growth and Development Strategy 2040: To provide a resilient, liveable, sustainable urban environment – underpinned by infrastructure supportive of a low-carbon economy.

The ESS provides coherent guidance across all city operations on becoming a resilient, liveable and sustainable city. The accompanying Action Plan identifies prioritised goals and focus areas, with clear roles and responsibilities. The ESS contains nine environmental sustainability issues, which were identified using the drivers, pressures, state, impacts and responses framework for proactive integration into specific programmes and plans across the CoJ. The value of this framework is that it links cause with effect and impact, and highlights where responses are inappropriate.

## City of Johannesburg Climate Action Plan Roundtable

The Roundtable was convened to address the City of Johannesburg's research & innovation gaps in the areas of energy, climate change and air quality, through collaboration between the City and academia and research institutions. Its aim was to strengthen ties and leverage the intellectual capital and expertise of higher education institutions and research organisations.

The Roundtable forms part of the City's Climate Action Plan's broader stakeholder engagement process. Inputs gathered in these deliberations will be included in the plan that is aimed at moving the City of Johannesburg forward towards a carbon neutral and resilient city.



A COPY OF THE REPORT IS AVAILABLE FROM THE SACN

## Water Resilient Cities Event Report

In November 2019, the third Water Resilient Cities learning event took place. The event's aim was to support cities in their efforts towards water resilience and was organised by the SACN and the South African Local Government Association (SALGA), together with their partners, the GIZ's Natural Resources Stewardship programme, the USAID-funded Water, Sanitation and Hygiene Finance programme, and the World Bank Water Research Group 2030.

Under the theme of Water as a Strategic Enabler for Economic Development in Cities, the event brought into focus how investing in improved water resources and water services management can enable local economic development, and applying circular economy approaches in the water value chain, particularly energy capture, can improve utility and city revenues. At the event, city experiences with applying disruptive technology (the smart city drive), and best practices in water security planning from Zambia, Uganda and Tanzania were shared. In addition, the convening partners collaborated with C40 Cities Finance Facility, which focuses on access to finance for climate change mitigation and resilience projects in cities.



A COPY OF THE REPORT IS AVAILABLE FROM THE SACN

## Urban Energy Network Discussions on Municipal Independent Power Producers Procurement Regulations



The discussions were led by the Urban Energy Network (UEN), which comprises the SACN, SALGA and Sustainable Energy Africa (SEA), in partnership with National Treasury's Cities Support Programme (CSP) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The aim was to gain insight into the state of readiness of metropolitan municipalities to procure electricity directly from independent Power Producers or develop their own power generation capacity; to understand the challenges and barriers, and to discuss approaches/mechanisms for municipalities to procure energy sustainability in the best interests of the country. The information will enable the UEN and its partners to contribute meaningfully to the Department of Mineral Resources and Energy's regulatory development process, and to elevate concerns and challenges internally.



A COPY OF THE REPORT IS AVAILABLE FROM THE SACN

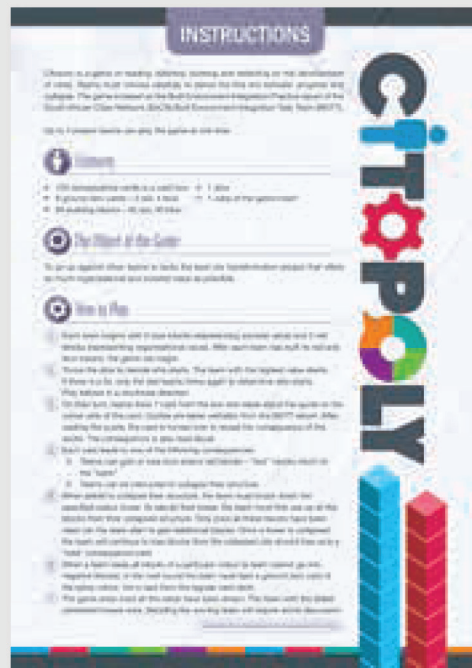
# Built Environment Integration Task Team (BEITT) Engagements



The Built Environment Integration Task Team is a group of city practitioners that forms the reference point for the Built Environment programme. Insights that emerge from engagement with the BEITT determine where further research is needed, thereby ensuring that the research produced is relevant to practitioners' experiences.

In 2019/20, the BEITT launched the Built Environment Integration Practice Report, which provides insights into the experience of city practitioners in implementing built environment projects, through case studies. Accompanying the report were practitioner video profiles and Citopoly, a game that the BEITT developed as a way to interact constructively with the issues raised in the report and to generate urban practitioner reflections on the state of built environment practices in cities. These products were the result of a concerted effort to package knowledge products in more creative and accessible ways in order to have a wider impact with the work.

Throughout the year, the BEITT continued with authentic and meaningful practitioner engagement to inform relevant knowledge generation. With the outbreak of Covid-19, engagements were held virtually and more frequently, with the aim of creating a safe and light space for reflecting and sharing as practitioners navigated this time of uncertainty.



 [READ ABOUT THE BEITT'S WORK HERE](#)





# ANNEXES

# OUTPUTS: Learning Events

The following learning events were held in 2019/20

EVENT NO.	EVENT NAME	DATE	EVENT OBJECTIVE	THEME	EVENT TYPE	NO. OF PARTICIPANTS
1	Built Environment Integration Task Team (BEITT)	08-Jul-19	To take stock of the work done to date and plan activities for the next cycle; to afford participants insights and understanding of their personal strengths and skills; to build a collective sense of the skills deficits in each city; to understand what cities are doing / should be doing to invest in skills that enhance built environment transformation.	Inclusive Cities	Reference Group Meeting	15
2	Predatory Cities: Learning from US Experience	11-Jul-19	To discuss Prof. Atuahene's recent paper on Predatory Cities and reflect on lessons for South African cities.	Inclusive Cities	Seminar	22
3	South African Council of Cities Data (SACCD)	19-Jul-19	To confirm the rationale for the SACCD, and the SACDD structure, roles and responsibilities; to develop and confirm the SACCD's implementation strategy; to agree on the vision and expected outcomes of a successful SACCD.	CDS	Meeting	29
4	Rethinking Local Economic Development in Intermediate Cities Report Launch	26-Jul-19	To launch the latest (and fifth) volume of SACN's intermediate city municipalities (ICMs) publications, share the learning from the report and discuss implications for policy related to ICMs.	Productive Cities	Launch	32
5	State of Cities Reference Group (SOCRG)	02-Aug-19	To agree upon the terms of reference and expectations of the SOCRG; to engage with the proposed concept for SOC V and provide guidance on the project's direction and strategy.	CDS	Reference Group Meeting	16
6	Expanded Public Works Programme (EPWP) Reference Group Workshop	05-Aug-19	To review research undertaken on information systems and the future of public employment programmes (PEPs) at city level; to propose projects for the next 9–12 months; to begin to identify case studies for the 2018/19 annual report.	Productive Cities	Reference Group Meeting	12
7	BEITT Environment Practice Report Workshop – City of Joburg	15-Aug-19	To engage constructively with the story and lessons revealed by the case study analysis, and harvest recommendations from city practitioners for solutions and actions related to emerging issues.	Inclusive Cities	Workshop	8
8	The Struggle to be Ordinary	16-Aug-19	To launch the film that raises awareness of the intersection of gender, disability and basic services in informal settlements in South Africa	CDS	Launch	48
9	BEITT Environment Practice Report Workshop – City of Tshwane	22-Aug-19	To engage constructively with the story and lessons revealed by the case study analysis, and harvest recommendations from city practitioners for solutions and actions related to emerging issues.	Inclusive Cities	Workshop	9
10	BEITT Environment Practice Report Workshop – Nelson Mandela Bay	23-Aug-19	To engage constructively with the story and lessons revealed by the case study analysis, and harvest recommendations from city practitioners for solutions and actions related to emerging issues.	Inclusive Cities	Workshop	12
11	EPWP Reference Group	25-Sep-19	To report on quarterly performance and facilitate city inputs into the 2018/19 Annual State of Expanded Public Works Report; to adapt supporting research work on PEPs; to discuss EPWP M&E framework and city performance indicators in Q1; to conduct site visits.	Productive Cities	Reference Group Meeting	30
12	Municipal Finance Data Storytelling Workshop	01-Oct-19	To have a conversation with a diverse audience about data, accountability and transparency, based on the State of City Finances 2018; to enable participants to understand the links between urban policy goals and municipal finance, the intergovernmental fiscal framework, city budgeting and finances, and the impact of municipal finances on urban livelihoods; to raise awareness of online sources of municipal data, and how to explore/analyse this data.	Well-Governed Cities	Workshop	18
13	International Relations Forum	03-Oct-19	To help cities draw insights from each other and share learning on international relations matters; to assist individual (and the collective of) cities formulate a unified international relations vision, strategic goals and objectives.	CDS	Reference Group Meeting	18
14	Common Data Framework for Cities (CDFC) – City of Ekurhuleni	08-Oct-19	To inform and workshop all aspects of the CDFC Framework, in order to assist the city with its respective data needs.	CDS	Working Session	29



EVENT NO.	EVENT NAME	DATE	EVENT OBJECTIVE	THEME	EVENT TYPE	NO. OF PARTICIPANTS
15	BEITT Meeting	15-Oct-19	To collectively review the impact of the BEITT journey to date; to agree on actions and methodology in order to move from strategy to action; to deepen the collective knowledge of challenges facing the City of Tshwane and propose ideas for action to influence everyday practice.	Inclusive Cities	Reference Group Meeting	20
16	CDFC – eThekweni	17-Oct-19	To inform and workshop all aspects of the CDFC Framework, in order to assist the city with its respective data needs.	CDS	Workshop	14
17	BEITT Environment Practice Report Workshop – eThekweni	25-Oct-19	To engage constructively with the story and lessons revealed by the case study analysis, and harvest recommendations from city practitioners for solutions and actions related to emerging issues.	Inclusive Cities	Workshop	14
18	Urban Safety Reference Group (USRG)	29-Oct-19	The USRG's standing objectives are of knowledge sharing among safety practitioners and national partners and together raising the profile of the urban safety agenda through policy engagement and dissemination of its knowledge products. The objective of the USRG 2-day Strategy Session were to develop a comprehensive programme of work for this Group's next phase (Phase IV : 2020–2021)	Productive Cities	Reference Group Meeting	18
19	World Cities Day	31-Oct-19	Reinvigorating the IJDF – Co-designing process to activate the Urban Vision.	CDS	Conference	37
20	3rd Water Resilient Cities Learning Event	04-Nov-19	This learning event is designed to: 1)Discuss how local economic development can be spurred by investment in water resources. 2) Highlight the approaches that can improve revenue for utilities and cities 3) Put a spotlight on the role of disruptive technology and 4) Encourage peer-to-peer learning and knowledge sharing across the region and beyond.	Sustainable Cities	Reference Group Meeting	70
21	Municipal Finance Data Storytelling Workshop	05-Nov-19	Facilitate the engagement of a diverse audience with data from the SACN State of City Finances 2018 and have a conversation about data, accountability and transparency. Participants should gain a basic understanding of the significance of the links made between urban policy goals and municipal finance, and the intergovernmental fiscal framework in the SACN State of City Finances 2018. For participants to develop an understanding of city budgeting and finances, and the impact of municipal finances on urban livelihoods. Raise awareness of online sources of municipal data; metro data and how this data can be explored and analysed.	Well-Governed Cities	Workshop	24
22	CDFC – Buffalo City	06-Nov-19	To inform and workshop all aspects of the CDFC Framework, in order to assist the city with its respective data needs.	CDS	Workshop	27
23	CDFC – Nelson Mandela Bay	07-Nov-19	To inform and workshop all aspects of the CDFC Framework, in order to assist the city with its respective data needs.	CDS	Workshop	20
24	CDFC – City of Joburg	08-Nov-19	To inform and workshop all aspects of the CDFC Framework, in order to assist the city with its respective data needs.	CDS	Workshop	16
25	Integrated Development Planning (IDP) Guidelines Review: Development of metro-specific guidelines	19-Nov-19	To provide the opportunity for city practitioners to share and reflect on existing IDP processes and outcomes, to identify gaps in the current process that can be improved upon, and to give input to the review of the guidelines for metros.	Inclusive Cities	Workshop	18
26	IDP Guidelines Review: Development of metro-specific guidelines	21-Nov-19	To provide the opportunity for city practitioners to share and reflect on existing IDP processes and outcomes, to identify gaps in the current process that can be improved upon, and to give input to the review of the guidelines for metros.	Inclusive Cities	Workshop	15
27	City Communicators Forum Inaugural Meeting	20-Nov-19	To improve and expand the SACN's approach and collaboration with the communications function of the different cities; to ensure that capacity is available at city level to communicate strategically and pro-actively on urban development and city management matters.	CDS	Forum	24
28	Sustainability Practices Inception Workshop	26-Nov-19	To understand how sustainability is interpreted and implemented in cities, gather sustainability stories, and map sustainability governance in order to identify the building blocks of sustainability practices in cities.	Sustainable Cities	Workshop	28
29	IDP Guidelines Review: Development of metro-specific guidelines	04-Dec-19	To provide the opportunity for city practitioners to share and reflect on existing IDP processes and outcomes, to identify gaps in the current process that can be improved upon, and to give input to the review of the guidelines for metros.	Inclusive Cities	Workshop	25

EVENT NO.	EVENT NAME	DATE	EVENT OBJECTIVE	THEME	EVENT TYPE	NO. OF PARTICIPANTS
30	IDP Guidelines Review: Development of metro-specific guidelines	05-Dec-19	To provide the opportunity for city practitioners to share and reflect on existing IDP processes and outcomes, to identify gaps in the current process that can be improved upon, and to give input to the review of the guidelines for metros.	Inclusive Cities	Workshop	27
31	EPWP Reference Group Meeting	29-Jan-20	To report on quarterly performance and facilitate city inputs into the 2018/19 Annual State of Expanded Public Works Report; to adapt supporting research work on PEPs; to discuss EPWP M&E framework and city performance indicators in Q2; to conduct site visits; to discuss linkages with the USRG and develop open public space projects.	Productive Cities	Reference Group Meeting	30
32	SACCD Meeting	29-Jan-20	To review the CDFC roadshow since October 2019; to get feedback from cities on their data environments and they fit within the broader urban data network; to review the most recent updates to the CDFC, the SCODA design, EDGE, and the Codebook; to finalise SACCD terms of reference and agree on its structure, relevant working groups, and roles and responsibilities.	CDS	Workshop	26
33	First Writers Workshop: Urban Innovation	27-Jan-20	To engage with the authors of the urban innovation papers to understand their proposals and further develop their arguments; to generate discussion, share ideas and gain a holistic understanding of the project outcomes and the smart cities environment; to provide writing and content support.	CDS	Workshop	10
34	Introductory meeting with NRF	31-Jan-20	To discuss alignment of the proposed research to SACN's strategic objectives.	CDS	Meeting	20
35	BEITT Meeting	06-Feb-20	To discuss developments in individual cities and showcase the work done to date, through launching Citopoly, practitioner profiles and case studies; to understand good community engagement practice; to consider the implications of the district development model (DDM) on the BEITT's work.	Inclusive Cities	Reference Group Meeting	28
36	BEITT Product Launch	06-Feb-20	To launch the BEITT's products (the Built Environment Integration Practice Report, Citopoly and the practitioner profile videos) at a games and video evening, where participants got to watch the videos and play Citopoly.	Inclusive Cities	Launch	48
37	BEITT Citopoly	25-Feb-20	To play Citopoly, as a way to interact constructively with the story and lessons from the built environment practice report; to generate urban practitioner reflections on the state of city built environment practice.	Inclusive Cities	Meeting	13
38	Second Writers Workshop: Urban Innovation	26-Feb-20	To test out the developed arguments from the first drafts of the papers, provide further insights for authors in developing narratives, and consider the alignment of the papers to ensure a coherent output.	CDS	Workshop	14
39	First Writers Workshop: State of Cities (SOC)	27-Feb-20	To begin the SOC engagement and development of individual city reports process, and provide test the SOC composite report chapter concepts	CDS	Workshop	20
40	BEITT SPLUMA/MFMA Roundtable	06-Mar-20	To allow practitioners to share their experiences of MFMA and SPLUMA (interpretation of the two legislation and how they co-exist in municipalities in practice); to harvest project examples of where the tension has impacted; to outline a way forward for the project.	Inclusive Cities	Meeting	6
41	BEITT Citopoly – Western Cape	12-Mar-20	To play Citopoly, as a way to interact constructively with the story and lessons from the built environment practice report; to generate urban practitioner reflections on the state of city built environment practice.	Inclusive Cities	Meeting	19
42	BEITT Citopoly – University of Cape Town	13-Mar-20	To play Citopoly, as a way to interact constructively with the story and lessons from the built environment practice report; to generate urban practitioner reflections on the state of city built environment practice.	Inclusive Cities	Meeting	5
43	EPWP Meeting with Researchers	24-Mar-20	To discuss with the researchers the “how to” guide on running effective EPWP programme at city level, and the meta-analysis of EPWP cities case studies to be undertaken, in order to assess thematic patterns, best practice, opportunities, challenges and gaps (crucial areas not covered).	Productive Cities	Meeting	9
44	EPWP Meeting with the Support Team	24-Mar-20	To review the support services that will be required to produce the next two SACN-EPWP annual reports (2019/20 and 2020/21).	Productive Cities	Meeting	9

EVENT NO.	EVENT NAME	DATE	EVENT OBJECTIVE	THEME	EVENT TYPE	NO. OF PARTICIPANTS
45	Sustainability Practices in South African Cities	26-Mar-20	To report back on the findings of the Comparative Analysis of Sustainability Practices in Cities, and reflect on the interviews with city officials; to identify not only concepts and approaches, but also actors and specific roles that could direct a new, re-generative approach to sustainability in cities.	Sustainable Cities	Workshop	10
46	Township Economies Workshop	01-Apr-20	To obtain feedback and guidance on the joint SACN/GPG township economies project being carried out by a research team from Northwest and Wits Universities.	Productive Cities	Workshop	60
47	BEITT Virtual Check-Ins	03-Apr-20	To check-in virtually with BEITT members and ask two questions: What are you learning about yourself during lockdown? How can SACN serve you?	Inclusive Cities	Reference Group Meeting	13
48	Urban Governance Papers	08-Apr-20	To discuss the urban governance papers that cover four broad governance themes: positive rights and service delivery; accountability, democracy and participation; administration, finance and governance; and private sector and innovation.	Well-Governed Cities	Meeting	114
49	Communication and Covid-19 Webinar	09-Apr-20	To discuss the question: "How are cities in South Africa communicating the outbreak of Covid-19 to ensure urban health security?"	CDS	Workshop	32
50	BEITT Virtual Check-Ins	09-Apr-20	To connect through a meditative practice and experience the power of presence, journaling and shifting to a caring and connected practice.	Inclusive Cities	Reference Group Meeting	14
51	BEITT Meeting	21-Apr-20	To hold the first-ever virtual meeting of the BEITT via Zoom, using various offline activities with the aim of keep the meeting short, light and fun while still relevant and focused on where cities are currently at.	Inclusive Cities	Reference Group Meeting	15
52	Visualisation Session (The City as a Creature) – eThekwin	24-Apr-20	To curate a process for the multidisciplinary co-production of visuals and media that reflect what spatially transformed South African cities could look like, based on the collective and combined perspective of various city factors..	Inclusive Cities	Working Session	45
53	BEITT Meeting	06-May-20	To host a special city-led session to discuss ideas for post-Covid-19 recovery.	Inclusive Cities	Reference Group Meeting	13
54	SACCD: Learning from Covid-19	08-May-20	To discuss how cities in South Africa use data and analytics to respond in a time of crisis; to share knowledge about the success factors of responses to Covid-19; to understand the challenges, blockages, and systems/capacity issues that have hindered city ability to respond with agility, as well as the assistance required by cities from various urban data stakeholders; to arrive at a consensus on how the SACCD can assist cities moving forward.	CDS	Reference Group Meeting	37
55	BEITT Virtual Check-Ins	15-May-20	To connect through a meditative practice and experience the power of presence, journaling and shifting to a caring and connected practice: The space to breathe, the space to be.	Inclusive Cities	Reference Group Meeting	9
56	USRG Meeting – Part 1	19-May-20	To provide a safe and light space for practitioners to reflect and share about navigating in this time of uncertainty.	Productive Cities	Reference Group Meeting	19
57	CFO City Finances	20-May-20	To develop an understanding of what Covid-19 means for municipal finances and what lessons can be learnt; to reflect and strategise towards a collective city perspective on the future of municipal financing.	Well-Governed Cities	Meeting	12
58	BEITT Virtual Check-In	22-May-20	To create a safe and light space for practitioners to reflect and share as together we navigate this time of uncertainty.	Inclusive Cities	Reference Group Meeting	9
59	Covid-19 and Public Space in South African Cities Webinar	26-May-20	To discuss the important role of public spaces and how public spaces highlight unresolved spatial inequality, especially given the worsened socio-economic situation due to the Covid-19 pandemic; to examine public space as a potential resource for enhancing the health and wellbeing of communities.	Productive Cities	Meeting	55
60	BEITT Virtual Check-Ins	29-May-20	To create a safe and light space for practitioners to reflect and share about navigating in this time of uncertainty.	Inclusive Cities	Reference Group Meeting	9

EVENT NO.	EVENT NAME	DATE	EVENT OBJECTIVE	THEME	EVENT TYPE	NO. OF PARTICIPANTS
61	The State of ICMs Webinar	03-Jun-20	To profile, analyse and discuss the socio-economic characteristics of the ICMs, the profiling report of all 39 ICMs and the Emalaheni, Matjhabeng and Newcastle case studies.	Productive Cities	Workshop	25
62	BEITT Meeting	05-Jun-20	To take forward the conversation on post-Covid19 recovery, by focusing on the theme "Data for Decision-Making".	Inclusive Cities	Reference Group Meeting	14
63	USRG Meeting – Part 2	10-Jun-20	To provide a safe and light space for practitioners to reflect and share about navigating in this time of uncertainty.	Productive Cities	Reference Group Meeting	24
64	BEITT Meeting	12-Jun-20	To take forward the conversation on post-Covid19 recovery, by focusing on the theme "From Participation to Partnership".	Inclusive Cities	Reference Group Meeting	11
65	Covid-19 and Public Space Policy Brief	18-Jun-20	To obtain short inputs from relevant stakeholders and verify the draft policy brief that calls call for more action on public space.	Productive Cities	Meeting	22
66	CoJ Climate Action and Implementation Plan Thought Leadership Roundtable	19-Jun-20	To collaborate with academia and research institutions in order to address the City of Joburg's research and innovation gaps in the areas of energy, climate change and air quality.	Sustainable Cities	Meeting	39
67	BEITT Meeting	19-Jun-20	To take forward the conversation on post-Covid19 recovery, by focusing on the theme, "Built Environment's Role in Economic Recovery".	Inclusive Cities	Reference Group Meeting	17
68	City Communicators Reference Group	24-Jun-20	To discuss the interventions that cities have put in place in response to service delivery, urban health and safety, economic recovery plans and efforts, and public participation strategies.	CDS	Reference Group Meeting	27
69	SOC Interim Meeting	24-Jun-20	To share and discuss the emerging governance narratives, storylines, insights, messages etc across these SoC components; to share the composite report draft chapters and interim progress reports for city engagements.	CDS	Meeting	21
70	EPWP Reference Group	26-Jun-20	To report on quarterly performance and facilitate city inputs into the 2018/19 Annual State of Expanded Public Works Report.	Productive Cities	Reference Group Meeting	21
71	BEITT Meeting	26-Jun-20	To take forward the conversation on post-Covid19 recovery, by focusing on the theme, digitising local government.	Inclusive Cities	Reference Group Meeting	12
72	Smart Cities Roundtable	30-Jun-20	To provide the background on SACN projects conducted over the past year; to engage with key institutions on collaborating to support South African cities.	CDS	Meeting	28
73	The State of EPWP in South African Cities Launch	26-Jun-20	To launch the State of EPWP in South African Cities Annual Report in partnership with the National Department of Public Works and Infrastructure and participating metros.	Productive Cities	Launch	39
73	Urban Energy Network (UEN) Target Consultation with Cities	20-Apr-20	To gain insights from SACN, SALGA, SEA, National Treasury's Cities Support Programme into the readiness of municipalities to move into the electricity supply space, understand the challenges and discuss approaches/mechanisms for achieving municipal procurement of energy that is sustainable and in the best interests of the country.	Sustainable Cities	Reference Group Meeting	33
74	Visualisation Session – City of Joburg	08-Jun-20	To curate a process for the multidisciplinary co-production of visuals and media that reflect what spatially transformed South African cities could look like, based on the collective and combined perspective of various city factors.	Inclusive Cities	Working Session	37
75	Visualisation Session – City of Tshwane	10-Jun-20	To curate a process for the multidisciplinary co-production of visuals and media that reflect what spatially transformed South African cities could look like, based on the collective and combined perspective of various city factors.	Inclusive Cities	Working Session	29
76	Visualisation Session – City of Ekurhuleni	12-Jun-20	To curate a process for the multidisciplinary co-production of visuals and media that reflect what spatially transformed South African cities could look like, based on the collective and combined perspective of various city factors.	Inclusive Cities	Working Session	22

## OUTPUTS: Publications

The following publications were completed in 2019/2020:

NO	PUBLICATION NAME	DATE	PUBLICATION OBJECTIVE	THEME
1	Rethinking LED: “Local Economic Development” in Intermediate Cities	26-Jul-19	The latest (fifth) of SACN's series of exploratory studies into intermediate city municipalities (ICM), which includes action research into the institutional LED context of three local municipalities: Mangaung, Rustenburg and Sol Plaatje.	Productive Cities
2	2018–2019 A Compendium of the Infrastructure Dialogues	01-Aug-19	This compendium is a distillation of the infrastructure dialogues held in 2018–2019, presenting the key themes and identifying issues that preoccupy all who are constructively involved in improving South Africa's infrastructure.	Well-Governed Cities
3	Urban Governance Paper Series	01-Nov-19	The papers explore different issues that affect the ability to cities to deliver on their mandate, ranging from institutional strength and capacity, to financial management and administrative efficiency, and people, power and politics. They cover four broad governance themes: positive rights and service delivery; accountability, democracy and participation; administration, finance and governance; and private sector and innovation.	Well-Governed Cities
4	Built Environment Integration Practice Report	06-Feb-20	The report provides insights into the practical experience, through practitioner accounts and synthesised case studies, of implementing built environment projects. The analysis was based on a framework developed by the research team, informed by the National Treasury's City Support Programme's transversal management project and dialogue interviews, and revealed lessons and systemic issues.	Inclusive Cities
5	Strengthening Urban Economies Paper Series	17-Feb-20	The papers highlight the complex and interwoven nature of urban economies in South Africa. They explore topics that include growing urban economies, through improving local conditions for diverse enterprise development and growth; ensuring inclusive economic infrastructure and services, and building innovation-driven economies.	Productive Cities
6	Township Economic Development in the Gauteng Province: National and provincial law perspectives	20-Feb-20	The research paper explores the governance instruments and possibilities in South African law for the revitalising and enabling township economic growth and development generally; the division of functions and powers among the three government spheres within the constitutional framework of cooperative government and intergovernmental relations; and the steps to take in order to revitalise and enable township economic development in the Gauteng City Region (GCR).	Productive Cities
7	Discussion Paper on a South African Approach to Smart, Sustainable Cities and Settlements	30-Jun-20	The discussion paper reflects on what “smart” means (and could mean) for cities and settlements in South Africa. It is written in response to the national “Smart City Framework” proposed by COGTA in February 2020, and offers a city perspective of cities, as contribution to the national conversation about smart cities in South Africa.	CDS
8	Smart Cities Paper Series: Smart Governance in South African Cities	30-Jun-20	The papers use practical examples and experiences to work towards an understanding of what a smart city means for South African cities through smart governance. Smart governance is a central theme. Used to explore how the smart city approach can benefit South African cities. Themes covered include data and evidence, participatory citizenship, open data, and ethics and values.	CDS
9	Institute for Security Studies (ISS) – crime stats	18-Jun-20	The report discusses comparative sets of recorded crime rates and 21 indicators of crime and violence. The goal is to point to the key crime concerns and drivers that should form part of that city's crime and safety planning.	Productive Cities
10	Public Space Policy Brief	18-Jun-20	The policy brief argues that local policy must be developed from the ground up, rather than draw on international best practice, and that a one-size-fits-all national policy is too vague to be meaningfully implemented in different local contexts. Integrated, holistic and participatory approaches are required that focus on prevention and socio-economic circumstances. It highlights that shifts towards collaborative approaches are emerging, despite the ongoing challenges of alignment between policy and practice, implementation, and widespread state incapacity.	Productive Cities

NO	PUBLICATION NAME	DATE	PUBLICATION OBJECTIVE	THEME
11	Enhancing the Role of Local Government in Building Safer Communities in South Africa	18-Jun-20	The discussion document aims to build an understanding of the policy and legislative frameworks and dynamics surrounding the role of local government in promoting community safety. It draws attention to the relevant guidelines and concepts that are required to re-shape the structure, capacity and financing mechanisms for local government to play a more effective role in building safer communities. Its intention is to generate a discussion that is anchored in “whole-of-government” and “whole-of-society” principles necessary for a preventative approach to social crime and violence.	Productive Cities
12	Municipal By-laws as Instruments for Township Economic Development in Gauteng	19-Jun-20	The research paper concludes the mapping of the legal landscape commenced in the previous paper, by reviewing provisions contained in the current bylaws of all municipalities in Gauteng that may have a direct or indirect impact on township economic development. It questions the potential of bylaws, as a form of legal instrument, to contribute to the revitalisation of township economic growth.	Productive Cities
13	Profiling of Intermediary Cities Report	04-Jun-20	The report profiles intermediate cities according to the various categories in South Africa and develops summary profiles for each of the intermediate cities.	Productive Cities
14	Economic Transitions in Intermediate Cities Policy Brief	03-Jun-20	Several South African ICMs have already experienced economic transitions (Emfuleni, City of Matlosana, Matjhabeng, Merafong City) while others might experience such transitions in future (Rustenburg, Emalahleni, Steve Tshwete and uMhlathuze). This policy brief focuses on these transitions in Emalahleni, Matjhabeng and Newcastle.	Productive Cities
15	Governance and Planning in Intermediate Cities Policy Brief	03-Jun-20	The policy brief considers the status of governance and planning in all 39 ICMs and makes a set of recommendations.	Productive Cities
16	Coal's Dark Future: Emalahleni Case Study	03-Jun-20	The case study includes a historical background of Emalahleni, the benefits and burdens of the coal industry, the effects of rapid growth in the area, what the future and possible scenarios for Emalahleni look like and the governance implications.	Productive Cities
17	Gold Lost its Shine: Matjhabeng Case Study	03-Jun-20	The case study discusses mining decline in South Africa, the history of gold mining in Matjhabeng, the consequences of its decline, how to revamp the economy through the new LED strategy and lessons for governance.	Productive Cities
18	From Steel to Services: Newcastle Case Study	03-Jun-20	The case study discusses the economic profile and diversification of Newcastle (manufacturing, coals, steel, chemical, clothing and textile industries); explores governing economic development and economic transitions, political instability and national economic recovery; and evaluates governance in Newcastle.	Productive Cities
19	The State of the Expanded Public Works Programme in South African Cities – 2018–19	26-Jun-20	The report highlights the progress and implementation of the EPWP by the cities in 2018–19 (part of Phase III of the EPWP). It provides an overview of EPWP Phase III targets, the institutional arrangements that are in place and challenges faced during implementation, as well as individual city reports and best-practice case studies from selected EPWP RG member cities.	Productive Cities
20	A Comparative Analysis of Sustainability Practices in Cities	09-Apr-20	The report compares the extent to which cities are progressing in embedding sustainability into their planning, development and operations, highlights the enablers and barriers of sustainability practices in cities, and explores the institutional and governance changes required to help cities accelerate their transition to sustainability.	Sustainable Cities
21	Environmental Sustainability Strategy (ESS) and Action Plan for the City of Johannesburg	25-Jun-20	The ESS provides coherent guidance across all the operations of the City of Johannesburg, confirming the commitment to becoming a resilient, liveable and sustainable city. The accompanying Action Plan identifies prioritised goals and focus areas with clear roles and responsibilities for implementation.	Sustainable Cities
22	Space, Public Transport and Decent Work in Cape Town	01-Jun-20	The paper addresses economic participation and mobility, which are core parts of the sustainable development goals, the New Urban Agenda (NUA) and South Africa's National Development Plan.	Inclusive Cities
23	How Cities Can Ease Spatial Inequalities in Early Childhood Development and Enhance Collective Well-being	01-Jun-20	The paper explores how cities can ease spatial inequalities in early childhood development and thus enhance collective well-being.	Inclusive Cities

NO	PUBLICATION NAME	DATE	PUBLICATION OBJECTIVE	THEME
24	Towards Neighbourhood Wellbeing: Rethinking the Community Centre.	01-Jun-20	The paper looks at how focusing on neighbourhoods may leverage the aspects of community life that supported livelihoods beyond the home.	Inclusive Cities
25	The Spatial Determinants of Well-being: A geographic perspective on gendered violence through the spatial analysis of uneven development in Khayelitsha.	02-Jun-20	The paper examines the relationship between vulnerable demographic profiles and the built environment, and propagates that unequal development manifests as gendered, sexed, ableist and racialised spatial violence.	Inclusive Cities
26	Understanding Good Community Engagement Practice – BEITT Meeting Report	07-Feb-20	The report reflects discussions by the BEITT on understanding good community engagement practice from the perspective of community, city and NGOs, by exploring the work done in South End and Baakens and discovering asset-based community planning.	Inclusive Cities
27	Shifting Practice in a Time of Crisis – BEITT Meeting Report	21-Apr-20	The report reflects discussions by the BEITT on the impact of Covid-19, and how Covid-19-related challenges are also opportunities to instil lasting and impactful changes into the system of built environment delivery in local government.	Inclusive Cities
28	Elevating the Salvokop Voice – BEITT Meeting Report	15-Oct-19	The report reflects discussions by the BEITT on engaging with communities in more meaningful and sustained ways, when the system rewards producing documents or things (houses, roads etc.) and spending the budget, not the process of achieving tasks nor developmental impacts. Salvokop is an example of a community suffering from the inability of government to effectively work together and with communities for development.	Inclusive Cities
29	Skills and Capacity for Spatial Transformation – BEITT Meeting Report	07-Jul-19	The report reflects discussions by the BEITT on skills, which are about the lived experiences and individual strengths of people of teams, not just qualifications and titles. It highlights that built environment practitioners have an incredible range of experience and ability that are not being drawn into the work of city institutions, and identifies skills that are strengths (e.g. strategic thinking) and skills that need developing (e.g. relationship building and influencing) in order to get things done.	Inclusive Cities
30	Ekurhuleni GDS Review	30-Jun-20	The report is a review of the City of Ekurhuleni's performance relative to the vision and strength of its Growth and Development Strategy 2055, which came to the end of its first phase in 2020.	CDS







**ANNUAL**

FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

## General Information

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Rendering of professional services to government agencies and municipalities to promote good governance and management in South African cities.
<b>Directors</b>	Blanche Yolisa Kani S.M.M. Mbanga Ashraf Mohamed Adam Modjadji Mehildah Malahlela Nontando Christine Zintle Ngamlana
<b>Registered office</b>	Joburg Metro Building 158 Civic Boulevard street Braamfontein Johannesburg 2017
<b>Business address</b>	Joburg Metro Building 158 Civic Boulevard street Braamfontein Johannesburg 2017
<b>Postal address</b>	P.O. Box 32160 Braamfontein Johannesburg 2017
<b>Auditors</b>	Mazars Registered Auditors
<b>Level of assurance</b>	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The financial statements were internally compiled by: Sophia Hajee CA(SA) under the supervision of Yolisa Dambuza



## Contents

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The reports and statements set out below comprise the financial statements presented to the shareholder:

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Directors' Report	46
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Statement of Comprehensive Income	53
Statement of Changes in Equity	54
Statement of Cash Flows	54
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The following supplementary information does not form part of the financial statements and is unaudited:

Detailed Income Statement	68
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### Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

**Published**  
 08 March 2021

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 2021 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 auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 49.

The financial statements set out on page 53, which have been prepared on the going concern basis, were approved by the board of directors on 08 March 2021 and were signed on its behalf by:

#### Approval of financial statements

A handwritten signature in black ink, appearing to read 'S.M.M. Mbanga', written over a horizontal line. The signature is stylized and includes a flourish at the end.

S.M.M. Mbanga

## Directors' Report

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The directors have pleasure in submitting their report on the financial statements of South African Cities Network (NPC) and its associates for the year ended 30 June 2020.

### 1 Nature of business

South African Cities Network (NPC) was established in 2002 by the South African Minister for Department of Cooperative Governance and Traditional Affairs (former Department of 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 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 South African context, and
- Promote shared learning partnerships between different spheres of government to support the management of South African cities.

There have been no material changes to the nature of the company's business from the prior year.

### 2 Review of financial results and activities

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. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The company recorded a loss after tax for the year ended 30 June 2020 of R(5 884 269). This represented a decrease of 128% from the profit after tax of the prior year of R20 751 221.

Company revenue increased by 6% from R43 936 053 in the prior year to R46 640 290 for the year ended 30 June 2020.

Company cash flows from operating activities decreased by 100% from R25 323 093 in the prior year to R36 223 for the year ended 30 June 2020.

Full details of the financial position, results of operations and cash flow of the company are set out in these financial statements.



### 3 Directors

The directors in office at the date of this report are as follows:

DIRECTORS	OFFICE	DESIGNATION
Blanche Yolisa Kani	Chairperson	Non-executive Independent
S.M.M. Mbanga	Chief Executive Officer	Executive
Ashraf Mohamed Adam	Board member	Non-executive
Modjadji Mehildah Malahlela	Board member	Non-executive
Nontando Christine Zintle Ngamlana	Board member	Non-executive

There have been no changes to the directorate for the period under review.

### 4 Events after the reporting period

The financial statements were authorised for issue on Friday, 29 January 2021 by the board of directors of the company

The board of directors is aware of the covid-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board of directors is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the company. The financial estimate cannot be determined reliably as the extent of covid-19 is unknown.

Subsequent to year end, one municipality has withdrawn its funding.

Apart from the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

### 5 Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The 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 directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Please refer to note 4 above, the financial estimate cannot be determined reliably as the extent of covid-19 is unknown.

The company is confident that funding from the current municipalities is sufficient for the company to continue its operations as a going concern. Covid-19 had no impact on the funding we are receiving from the municipalities and from COGTA. One municipality has withdrawn as per note 4 above. Further grant funding is expected from COGTA for IUDF and DPW for the EPWP project. There is also funding expected from GIZ for Urban safety and from AFD for built environment project.

## 6 Auditors

Mazars was appointed as auditors for the company for 2020.

## 7 Secretary

The company secretary is Pelisa Manqoyi.

## 8 Date of authorisation for issue of financial statements

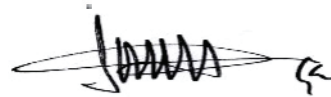
The financial statements have been authorised for issue by the directors on Monday, 08 March 2021. No authority was given to anyone to amend the financial statements after the date of issue.

The financial statements set out on page 53, which have been prepared on the going concern basis, were approved by the board of directors on 08 March 2021, and were signed on its behalf by:

### Approval of financial statements



Blanche Yolisa Kani  
NON-EXECUTIVE INDEPENDENT  
Monday, 08 March 2021



S.M.M. Mbanga  
EXECUTIVE  
Monday, 08 March 2021





# Independent Auditor's Report

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To the Directors of South African Cities Network NPC

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of South African Cities Network NPC set out on pages 53 to 68, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Cities Network NPC as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – impact of the outbreak of covid-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 46, and the consideration in the going concern basis of preparation in note 16 on page 66.

Since the balance sheet date, the company has assessed the impact of COVID-19 on the annual financial statements and considered the potential impact on the business. While it is envisaged that there will be no impact on the performance of the company as at financial year end, the full impact of COVID-19 cannot be reasonably estimated at this time. The notes referred to elaborate on the directors' determination as to why COVID-19 is not considered an adjusting subsequent event.

Management will continue to assess the financial impact of COVID-19 and its impact on the company's financial condition, liquidity, operations, suppliers, industry and workforce, while placing the health and safety of employees first.

## **Emphasis of matter – non-registration of VAT**

We draw attention to note 5 to the financial statements which indicates 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 Africa Revenue Service (SARS). In 2011 the company obtained an instruction for 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 on the statement of financial position includes the management estimate of the VAT outstanding amount, the related penalties and interest up to the reporting date. Our opinion is not modified in respect of this matter

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "South African Cities Network NPC Annual Financial Statements for the ended 30 June 2020", which includes the Directors' Report, as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Other matter

The financial statements of South African Cities Network NPC for the year ended 30 June 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 23 September 2020.

## Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mazars

Partner: Daniel Tekie

REGISTERED AUDITOR

Date: 09 April 2021

Address: Pretoria



Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222

**PARTNERS:** MV Ninan (National Co-CEO), MC Olckers (National Co-CEO), SJ Adlam, JC Combrink, GJ De Beer, G Deva, Y Dockrat, JJ Eloff, MH Fisher, GD Jackson, D Keeve, R Murugan, MV Patel, S Ranchhoojee, DM Tekie, S Truter, S Vorster

A full list of national partners is available on request or at [www.mazars.co.za](http://www.mazars.co.za)



## Statement of Financial Position

### AS AT 30 JUNE 2020

Figures in Rand	Notes	2020	2019 Restated*
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	2	1 026 500	392 967
<b>Current assets</b>			
Trade and other receivables	3	9 135 237	14 936 117
Cash and cash equivalents	4	31 819 587	32 727 836
<b>Total assets</b>		<b>41 981 324</b>	<b>48 056 921</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		14 402 741	20 287 010
<b>Current Liabilities</b>			
Trade and other payables	5	24 847 225	18 512 990
Deferred income	6	2 731 358	9 256 921
<b>Total Equity and Liabilities</b>		<b>41 981 324</b>	<b>48 056 921</b>

## Statement of Comprehensive Income

Figures in Rand	Notes	2020	2019 Restated*
Revenue	7	46 640 290	43 936 053
Other income	9	872 541	297 868
Operating expenses		(55 374 437)	(24 748 547)
<b>Operating (loss) profit</b>	11	<b>(7 861 606)</b>	<b>11 19 485 374</b>
Investment revenue	10	1 977 337	1 265 847
<b>Total comprehensive gain (deficit) for the year</b>		<b>(5 884 269)</b>	<b>20 751 221</b>

\* See note 18

## Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2018	(464 211)	(464 211)
<b>Total comprehensive income for the year Restated*</b>	20 751 221	20 751 221
Opening balance as previously reported	20 852 774	20 852 774
Prior period error	(565 764)	(565 764)
Balance at 01 July 2019 Restated*	20 287 010	20 287 010
<b>Total comprehensive loss for the year</b>	(5 884 269)	(5 884 269)
Balance at 30 June 2020	14 402 741	14 402 741

## Statement of Cash Flows

Figures in Rand	Notes	2020	2019 Restated*
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	13	(1 941 114)	24 057 246
Interest income		1 977 337	1 265 847
<b>Net cash from operating activities</b>		36 223	25 323 093
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(944 472)	(628 744)
<b>Total cash movement for the year</b>		(908 249)	24 694 349
Cash at the beginning of the year		32 727 836	8 033 487
<b>Total cash at end of the year</b>	4	31 819 587	32 727 836

\* See note 18



## Accounting Policies

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### 1 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

##### Key sources of estimation uncertainty

###### Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

###### Impairment testing

The company reviews and tests the carrying value of property, plant and equipment, investment property on the cost model and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

###### Value added tax

The company is not yet registered for VAT and , as such, did not declare any VAT outputs on income received to date. The VAT amount as reflected on the financial statements is based on management best estimate of the amount payable including penalties and interest.

## 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment 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 property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.





An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.3 Financial instruments

### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

### Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

## **1.4 Tax**

### **Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

This entity is a non-profit organisation and, as a result tax is not levied on any profit.

## **1.5 Impairment of assets**

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

## **1.6 Revenue: Government grants**

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.



## 1.7 Revenue: Subscriptions

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Deferred income and government grants are recognised until such time as the services is rendered or the grant's performance conditions are met, the grant is recognised as deferred income in the statement of financial position.

## 2 Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	814 747	(231 423)	583 324	171 872	(163 981)	7 891
Office equipment	125 146	(114 729)	10 417	125 146	(112 070)	13 076
IT equipment	1 017 592	(584 833)	432 759	715 995	(343 995)	372 000
<b>Total</b>	<b>1 957 485</b>	<b>(930 985)</b>	<b>1 026 500</b>	<b>1 013 013</b>	<b>(620 046)</b>	<b>392 967</b>

### Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	7 891	642 875	(67 442)	583 324
Office equipment	13 076	–	(2 659)	10 417
IT equipment	372 000	301 597	(240 838)	432 759
	<b>392 967</b>	<b>944 472</b>	<b>(310 939)</b>	<b>1 026 500</b>

### Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Depreciation	Impairment loss	Closing balance
Furniture and fixtures	32 870	–	(24 979)	–	7 891
Office equipment	–	13 295	(219)	–	13 076
IT equipment	156 153	615 449	(166 613)	(232 989)	372 000
	<b>189 023</b>	<b>628 744</b>	<b>(191 811)</b>	<b>(232 989)</b>	<b>392 967</b>

### 3 Trade and other receivables

	2020	2019
Trade receivables	7 644 800	14 270 097
Staff advances	1 490 437	666 020
	<b>9 135 237</b>	<b>14 936 117</b>

### 4 Cash and cash equivalents

	2020	2019
Cash and cash equivalents consist of:		
Cash on hand	1 500	1 500
Bank balances	1 454 590	640 369
Investment accounts	30 363 497	32 085 967
	<b>31 819 587</b>	<b>32 727 836</b>

### 5 Trade and other payables

	2020	2019
Trade payables	4 643 647	1 029 212
VAT	17 940 138	15 041 220
Accrued leave pay	1 068 690	386 020
Accrued bonus	776 594	773 354
Payroll accruals	411 136	695 460
Accrued expense	7 020	587 724
	<b>24 847 225</b>	<b>18 512 990</b>

#### Reconciliation of property, plant and equipment – 2020



## Value added tax

In 2011 the company obtained instruction from the 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 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.

The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company other than the non-compliance with the Value Added Tax Act.

## 6 Deferred income

	2020	2019
Deferred income	<b>2 731 358</b>	<b>9 256 921</b>

## 7 Revenue

Figures in Rand	2020	2019
Buffalo City Municipality	3 370 348	2 762 122
Ekurhuleni Metropolitan Municipality	3 770 348	2 762 122
eThekweni Metropolitan Municipality	3 746 190	2 762 122
City of Johannesburg	3 770 348	2 762 122
Mangaung Municipality	3 370 348	2 762 122
Msunduzi Municipality	3 370 348	2 762 122
Nelson Mandela Metropolitan Municipality	3 370 348	2 762 122
City of Tshwane	3 370 348	2 762 122
Government grants	18 501 664	21 839 077
	<b>46 640 290</b>	<b>43 936 053</b>

## 8 Grants

Figures in Rand	2020	2019
Department of Cooperative Governance and Traditional Affairs	14 082 627	8 035 373
GlZ Income	92 000	350 000
City of Johannesburg – CDS	–	436 050
City of Johannesburg – Climate Change	–	1 103 637
Grant – AFD	496 172	–
Grant Income EPWP	220 114	1 000 000
Grant Income – NRF Chairs	–	5 735 200
Grant Income – Step	–	750 000
Grant Income – SCODA	–	750 000
Grant Income – International	–	282 150
Grant Income – Building	–	200 000
Grant Income – Strengthening	–	400 000
Grant Income – Spacial	–	400 000
Grant Income – Coastal Cities	–	200 000
Grant Income – Future Cities	–	200 000
Grant Income – Implementing	–	200 000
Green Fund – DBSA	731 472	21 467
The South African Council for Planners	–	32 610
The National Treasury	1 840 000	1 500 000
Urban Conference	–	35 000
Income – SALGA	200 000	–
COGTA – IUDF	831 279	207 590
Income – Tshimolong	8 000	–
	<b>18 501 664</b>	<b>21 839 077</b>



## 9 Other income

Figures in Rand	2020	2019
Recoveries	453 130	175 164
Reversal of accruals	419 411	122 704
	<b>872 541</b>	<b>297 868</b>

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

## 10 Investment revenue

Figures in Rand	2020	2019
<b>Interest revenue</b>		
Call account	1 977 337	1 265 847

## 11 Operating (loss) profit

Operating (loss) profit for the year is stated after accounting for the following:

Figures in Rand	2020	2019
Impairment on property, plant and equipment	–	232 989
Profit on exchange differences	15 914	–
Depreciation on property, plant and equipment	310 939	191 810
Employee costs	17 520 143	14 446 613
Auditor's remuneration	395 696	159 123
City Development Strategies	3 897 029	2 092 783
Knowledge management and communication	429 353	505 402
Networking and strategic input	1 913 349	143 384
Office Consumables	684 354	367 462
Organisational development	3 517 528	1 411 476
Sustainable cities	879 368	1 661 907
Well governed cities	–	493 877

## 12 Taxation

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

## 13 Cash (used in) generated from operations

Figures in Rand	2020	2019
(Loss) profit before taxation	(5 884 269)	20 751 221
<b>Adjustments for:</b>		
Depreciation and amortisation	310 939	191 810
Interest received	(1 977 337)	(1 265 847)
Impairment loss	–	232 989
<b>Changes in working capital:</b>		
Trade and other receivables	5 800 880	(2 627 069)
Prepayments	–	21 226
Trade and other payables	6 334 235	5 728 499
Deferred income	(6 525 562)	1 024 417
	<b>(1 941 114)</b>	<b>24 057 246</b>

## 14 Related parties

### Relationships

<b>Partners</b>	Department of Co-operative Governance and Traditional Affairs Mandela Bay Development Agency
<b>Members</b>	Ekurhuleni Metropolitan Municipality City of Tshwane eThekweni Metropolitan Municipality Buffalo City Municipality Mangaung Municipality Nelson Mandela Metropolitan Municipality City of Johannesburg Msunduzi Municipality



## South African Cities Network (NPC)

(Registration number: 2002/031754/08)

Non-Profit Company No: 032-488 NPO)

Financial Statements for the year ended 30 June 2020



## Related party balances and transactions with entities with control, joint control or significant influence over the company

### Related party transactions

Figures in Rand	2020	2019
<b>Grants received</b>		
Department of Co-operative Governance and Traditional Affairs	7 765 000	8 035 373
<b>Revenue received</b>		
Ekhurhuleni Metropolitan Municipality	3 770 348	2 762 122
City of Tshwane	3 370 348	2 762 122
eThekweni Metropolitan Municipality	3 746 190	2 762 122
Buffalo City Municipality	3 370 348	2 762 122
Mangaung Local Municipality	3 370 348	2 762 122
City of Johannesburg	3 770 348	2 762 122
Msunduzi Municipality	3 370 348	2 762 122
Nelson Mandela Metropolitan Municipality	3 370 348	2 762 122

## Related party balances and transactions with key management

### Related party balances

Figures in Rand	2020	2019
<b>Compensation paid to key management</b>		
L. Njezula	1 540 755	1 090 368
S. Joseph	1 473 120	1 310 152
Y. Dambuza	1 473 079	1 308 441
<b>Advances made to directors and key management</b>		
S.M.M Mbanga	503 140	213 480
Y. Dambuza	663 111	365 888
L. Njezula	127 539	7 099
S. Joseph	3 076	-

## 15 Directors' remuneration

Executive			
	Emoluments	Travel Allowance	Total
<b>2020</b>			
S.M.M. Mbanga	2 967 260	96 000	3 063 260
<b>2019</b>			
S.M.M. Mbanga	2 764 518	96 000	2 860 518

Non-executive		
	Directors' fees	Total
<b>2020</b>		
Blanche Yolisa Kani	108 500	108 500
Ashraf Mohamed Adam	106 500	106 500
Modjadji Mehildah Malahlela	45 500	45 500
Nontando Christine Zintle Ngamlana	109 500	109 500
	<b>370 000</b>	<b>370 000</b>

### 2019

There were no emoluments paid to non-executive directors in the 2019 period as non-executive directors were appointed in June 2019 with their first meeting held in July 2019 relating to 2020 financial year end.

## 16 Going concern

We draw attention to the fact that at 30 June 2020, the company had accumulated profits of R 14 402 741 and that the company's total assets exceed its liabilities by R 14 402 741.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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 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 directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.



Please refer to note 17 below, the financial estimate cannot be determined reliably as the extent of covid-19 is unknown.

The company is confident that funding from the current municipalities is sufficient for the company to continue its operations as a going concern. Covid-19 had no impact on the funding we are receiving from the municipalities and from COGTA. One municipality has withdrawn as per note 4 above. Further grant funding is expected from COGTA for IUDF and DPW for the EPWP project. There is also funding expected from GIZ for Urban safety and from AFD for built environment project..

## 17 Events after the reporting period

The financial statements were authorised for issue on Monday, 08 March 2021 by the board of directors of the company.

The board of directors is aware of the covid-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board of directors is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the company. The financial estimate cannot be determined reliably as the extent of covid-19 is unknown.

Subsequent to year end, one municipality has withdrawn its funding.

Apart from the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

## 18 Prior period errors

The entity had paid out bonuses in the current year pertaining to prior period employees' performances but has not raised a provision for bonuses. The opening balance retained earnings and the provision for bonuses has been corrected as per the below:

The entity did not reverse 2018 deferred income in the 2019 financial year, this resulted in the decrease of deferred income in the current year and a decrease in retained earnings as presented below:

Figures in Rand	2020	2019
<b>Statement of Financial Position</b>		
Increase in Provision for Bonusses	–	(773 354)
Decrease in deferred income	–	207 591
<b>Profit or Loss</b>		
Decrease in Retained Earnings	–	565 764

## Detailed Income Statement

Figures in Rand	Notes	2020	2019 Restated*
<b>Revenue</b>			
Subscriptions received		28 138 626	30 739 766
Government grants		18 501 664	13 196 287
	7	<b>46 640 290</b>	<b>43 936 053</b>
<b>Other income</b>			
Recoveries		453 130	175 164
Other income		419 411	122 704
		<b>872 541</b>	<b>297 868</b>
<b>Operating expenses</b>			
Auditors remuneration		(395 696)	(159 123)
Bad debts		(16 680 743)	–
City development strategies		(3 897 029)	(2 092 783)
Depreciation		(310 939)	(424 799)
Employee costs		(17 520 143)	(14 446 613)
Financial and legal fees		(307 160)	(13 881)
Inclusive cities		(6 025 492)	(772 288)
Information technology		(1 034 620)	(489 788)
Insurance		(40 115)	(40 138)
Knowledge management and communications		(429 353)	(505 716)
Networking and strategic input		(1 913 349)	(143 384)
Office consumables		(684 354)	(384 268)
Organisational development		(3 517 528)	(1 411 476)
Placement fees		(332 500)	(17 746)
Productive cities		(1 075 703)	(1 655 846)
Profit and loss on exchange differences		(15 914)	–
Staff welfare		(24 549)	(14 811)
Sustainable cities		(879 368)	(1 661 907)
Travel – local		(274 930)	(20 103)
Travel – overseas		(14 952)	–
Well governed cities		–	(493 877)
		<b>(55 374 437)</b>	<b>24 748 547)</b>
<b>Operating (loss) profit</b>	11	<b>(7 861 606)</b>	<b>19 485 374</b>
Investment income	10	1 977 337	1 265 847
<b>Total comprehensive (loss) income for the year</b>		<b>(5 884 269)</b>	<b>20 751 221</b>

\* See note 18

The supplementary information presented does not form part of the financial statements and is unaudited





South African

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