ANNEXURE 1: Integrating Frameworks

Introduction

The first role of the IDP process, as a tool of local government, has been to bring order and coherence to its work and to allow municipalities to present themselves as leaders of local development. The IDP is intended to be a development plan for the municipal area that guides the activities of all spheres of government as well as other stakeholders. Most municipalities have found it very difficult to engage effectively with other spheres of government regarding the IDP. To achieve its developmental goals in practice, it has to find a place within the broader system of intergovernmental planning and budgeting. Without this link, the IDP is simply confined to the narrow range of activities over which municipalities exert direct control, and the capital budgets which they influence.

South Africa is creating a new model of a developmental state within a market economy. This recognises that the State itself has limited power to determine the path of development directly, but that it can usefully act to direct and encourage the private sector, parastatal bodies and civil society to share a positive approach to trade, investment, training and regional initiatives to transform the social and economic character of the country. If government can give clear signals on the sort of initiatives it will encourage and support with consistency and commitment, it will create greater confidence in the other social partners.

This defines the important role of integrating frameworks to guide development. Such frameworks are themselves the result of consultation and consensus building between government and civil society. Indeed, they become stronger, the more they are the product of rigourous engagement. Municipalties need to engage in debates on the wider trajectory of national, provincial and sectoral development and to align their IDPs with the emerging trends. The IDPs both gain strength and direction from these frameworks and they make them more robust in turn, by using them as guides to policies and programmes. This section outlines a number of key frameworks. These include current national and provincial thinking on development, emerging spatial thinking in the City, the Equitable Services Framework and the City Indigent Policy.

Alignment with national government strategy and thinking

As more people become urbanised, the City is an increasingly important locus of political and economic power. City government has increasingly complex roles to play, as a regulator of all manner of interactions from economic to cultural, as an entity that provides or marshals together an enormous variety of services and as a lobbyist of National Government. A successful country, is a country with successful cities.

Cape Town is the third largest metropolitan area in South Africa in terms of population. Its 2,9-m inhabitants compare with figures of 3,2-m in Johannesburg and 3,1-m in eThekwini. In terms of employment, it ranks second, with 0,94-m workers, compared with 1,09-m in Johannesburg and 0,78-m in eThekwini. 6% of South Africa's population live in Cape Town. The City accounts for 10% of national employment and 6% of national unemployment.

The City of Cape Town is a key implementor of government policy as well as of the wishes of its electorate. To fulfil its vision of creating a City for all, a City in which no-one is left out, Cape Town has to make major demands on the National Government for resources. The City population is growing faster than the national average as people from rural areas, and other, less-successful urban areas, come in search of opportunity and a better life. The City lacks the resource base to provide for the flood of new, largely poor, immigrants – many of whom are unable to find work in our slow economy.

The newly-forged structures of local government in South Africa have been given an explicit developmental role, of promoting democracy, equity and prosperity. This task is made particu-larly difficult by our history, by the structures of society and space which we have inherited from apartheid. National Government is still developing a clear view on the particular role of South Africa's cities in meeting the development challenges of the next decade of freedom. In this environment, it becomes one of the tasks of South Africa's metropoles to outline the attitude National Government should have towards the cities and to demonstrate in practice the ways they can leverage additional contributions to national goals.

A useful perspective on how a metropole such as Cape Town can position itself in this regard is suggested by the recent publication of the Presidency "Towards a Ten-year Review". The review is positive and upbeat in demonstrating the advances made since 1994. But it is also severe in pointing to widespread trends, which, if they continue, signal disaster. Each of these weaknesses has relevance for local government and together they provide a context for considering the national framework within which the Cape Town IDP should locate itself.

The Review states that if we are to make continued progress towards the fundamental objective of our country and of state policy - a united, non-racial, non-sexist and democratic society - then we need a major intervention to reinforce the consolidation of democracy with measures aimed at integrating all of society into a growing economy from which all can benefit. This requires:
- a framework defining a shared destiny, as a basis for social partnership;
- better performance by the state;
- addressing consequences of the social transition; and
- improving the Southern African environment and implementing NEPAD.

A framework defining a shared destiny, as a basis for social partnership
The framework suggested harks back to the RDP, and to the UN Millennium Declaration, with its goals and targets to decrease poverty and hunger by half, ensure universal primary education, reduce child and maternal mortality, combat HIV/Aids and other major diseases, ensure environmental sustainability and develop a global partnership for development.

Such an encompassing framework is needed not only to direct and unify government action, but to crowd in the participation of civil society. It ties in directly with efforts from the SA Cities Network to promote city strategy as an adjunct to the IDP, to provide a city context for the IDP and municipal budgets that sets out to involve business, faith-based organisations, labour, civil society as well as other levels of government in contriving a collective approach to urban development.

Better performance by the State
The improved functioning of the State in its broadest institutional definition needs to be addressed. Over the past nine years, a major new architecture of institutions has been created for the State, spanning the three spheres of government. This has led to a situation in which the formal institutions of the State are still undergoing significant growing pains. Many face the danger of being in a permanent and debilitating state of flux. Government needs to develop instruments to intervene swiftly in cases where there is poor performance.

Local government is at the 'coalface' of service delivery and in many cases has been identified as the source of weakness. The larger cities, despite their own internal problems of transformation, often have the ability to lead delivery at local level. They need to work with provincial and national levels of government, and, where appropriate, to involve the private sector, in applying the resources of the State to promote development.

Addressing consequences of the social transition
More people are moving to the urban areas. Households are shrinking in size and consequently household numbers are increasing. The end of apartheid has led to a new "Great Trek" which ends in the cities. At the same time, the economy is undergoing structural change. There are fewer jobs for less-skilled people, fewer jobs in manufacturing, balanced by some expansion in the tertiary sector – including informal trading.

The National Spatial Development Perspective (NSDP), which anticipated much of the social transition, provides a framework for government to focus its efforts on localities that will have the greatest impact in terms of development and poverty alleviation. In these areas, programmes that stimulate economic activity have the most potential to succeed although, given the high numbers of new migrants particularly in urban areas, government will also have

to dramatically increase its provision of basic services, skills development and social grants to ease the transition. Further, within these areas, there will also be a need to place greater emphasis on overcoming the spatial disjuncture between home and work by promoting more compact designs that increase residential densities and reduce long-distance commuting. The NSDP will therefore assist government in dealing with the social transition by focusing its activities where it will achieve most impact. In addition to ongoing economic programmes, a massive Public Works Programme is critical. The challenge is to ameliorate the social and other costs of the transition.From a city perspective, the need is to engage National and Provincial Government on these spatial and sectoral issues, which already inform much of Cape Town's strategy for the future.

Improving the Southern African environment and implementing NEPAD
South Africa's development is dependent on increased security and stability, democracy and economic growth and development in southern Africa and the rest of the continent. In pursuing both its foreign policy and development objectives, South Africa will be challenged to find the appropriate balance between leadership and collective effort, the locomotive effect and the lowest common denominator, asserting with pride the fact of South Africa being an integral part of the continent and avoiding being defined by Africa's worst problems.

A city such as Cape Town, known for its attractiveness as a holiday and conferencing destination, winning new recognition for the regeneration of the inner city and surrounding areas, and recently named as one of the "Rising Urban Stars" in a recent projection of the winning global cities for the 21st century, can provide just the sort of positive example indicated. Successful cities attract investors and students and retain their own skilled and experienced citizens as they expand. The Ten-year Review presents a challenging framework for the future, but one which fits closely with Cape Town's IDP and emerging city strategy.

Alignment with provincial thinking and strategies

Cape Town is the powerhouse of the Western Cape. It produces three quarters of the gross regional product; 64% of the population of the Western Cape Province live in the City. Cape Town accounts for two-thirds of the employment within the Province and some 73% of the unemployed are based in the City. This makes it vital that there is congruence between the policies and actions of the City and those of the Province. Following the National Growth and Development Summit Agreement that was signed in June 2003, the Western Cape Provincial Growth and Development Summit was held in Cape Town on 14 November 2003. The summit produced an agreement which has the potential significantly to improve co-ordination between the different levels of government and between government and social partners in business, labour and the community.

The Integrated Development Plan is recognised as being the primary tool for local government to impact upon development issues. The IDPs are driven by popular participation 'from the bottom up'. They strongly reflect community needs and aspirations. But they are often framed in isolation from the strategies of the Province, the National Government and private sector investors. IDPs are more effective if they are part of a wider city strategy, which itself is properly informed by national and provincial policy directions and economic imperatives. The City of Cape Town already has extensive interaction with the Province in many areas of development and public service. The Cape Town Convention Centre, the Destination Marketing Organisation and health services are example of areas in which the IDP can demonstrate alignment with provincial policies.

The newly signed Framework Agreement on Growth and Development in the Western Cape formalises interaction in a wide range of areas and adds to the strength of the mix the involvement of community, labour and business. The platform for dialogue and interaction will be the Western Cape Provincial Development Council (PDC), whose statute will be amended to allow it to deal with the new responsibilities. The summit generated agreements that cover a wide canvas. These include the following under five main headings:

Job creation

The aim is to create 100 000 jobs by 2008 in the priority sectors to halve the level of unemployment by 2014. The following priority sectors were identified for the Western Cape:
- Agriculture including aqua-culture with the associated value chains
- Fishing and mariculture
- Clothing and textiles and leather industry
- Metals and engineering (including boat building and ship repair)
- Oil and gas
- Furniture
- Cultural industries (including crafts & jewellery)
- Tourism
- Call centres and foreign business process outsourcing centres
- Information and communication technology (ICT)
- Film industry.

Sectoral strategies will be clarified in a process to be co-ordinated by the PDC in early 2004. Focus areas for the Expanded Public Works Programme (EPWP) in the Western Cape will be identified by a Public Works Forum.

Investment

The summit proposed increasing the levels of investment in social and economic infrastructure through Public Investment Initiatives (PIIs). The goal is to increase investment in infrastructure to 2,5% of the Gross Regional Product (GRP) by 2008. In addition the aim is to attract R5 billion in new investment into the priority economic sectors by 2006. A new Provincial Strategic Infrastructure Plan (PSIP) is to be developed by June 2004. The PSIP is linked to the formulation of a Provincial Spatial Development Framework, which identifies geographic areas where investment should be directed. This clearly provides a direct link to the IDPs of Cape Town and other local authorities. Similarly, the City will be involved in the Integrated Transport Plan (ITP) that has been developed by Provincial Government and will be tabled for discussion. This will cover both passenger and goods transportation issues.

Enterprise development

Small, medium and micro enterprises (SMMEs) were identified as a key driver for job creation and the advancement of broad-based black economic empowerment. The local procurement of goods by the public and private sectors is also a powerful strategy and can be supported by the Proudly South African Campaign. It was agreed that an incubator system will be piloted involving at least 100 SMMEs and co-operatives.

Human resource development

Skills development and education is central to the realisation of the new growth and development path being charted. This is an issue which falls beyond the direct scope of IDPs, but it is critical for city and regional strategy, and for the emergence of the Western Cape as a world-class region.

Governance and local development

Effective provincial-municipal co-operative planning and budgeting will be facilitated through a provincial growth and development strategy (PGDS) that is aligned with the annual municipal integrated development plans (IDPs). This will make sector development strategies at the local level more effective and impact positively on the Integrated Rural Development Strategy and Urban Renewal Programme. The summit also noted the great importance of securing an alignment of parastatal and state-owned enterprises delivery in support of PGDS.

The level of co-ordination between Province and City has always been uneven. There is not one reason for this and a single initiative and new co-ordinating platform is unlikely to solve the problem. However, the way in which national and provincial approaches to growth and development have come together in 2003 provides the most hopeful scenario for effective common action since 1994. The City of Cape Town has much to gain from this integration between the plans of

different levels of government. It is also a vital part of the City's corporate strategy – to share resources and reduce costs. And it ties in neatly with the provincial slogan, "iKapa eliHlumayo - the Growing and Developing Cape".

Spatial thinking

The problem

From a spatial perspective, Cape Town is currently inequitable and not integrated because citizens do not have equitable access to the opportunities offered by the City. The opportunities of the City can be broadly defined as that of "nature" and "urban" ones. An equitable city – again from a spatial perspective – will be one where all people have relatively easy access to a broadly similar range of "nature" and "urban" opportunities – public facilities, special places, events, and so on.

In Cape Town, currently:
- You need to be relatively wealthy in order to enjoy what the City has to offer, both in terms of its attractions of nature and its rich history of urban experiences and "mass" of urban facilities.
- The poorest residents live furthest from urban, economic and environmental opportunities.
- The poor and others face long travel times, in turn, requiring the support of massive transport subsidies.
- Current development trends reinforce the existing spatial pattern, or in short, spatial inequity and associated costs, are becoming worse.

Policies and practices towards managing the City have been largely reactive, in that they have simply and continuously reinforced historical investment patterns. Little effort has gone into, and little success has been achieved, in creating a significantly new pattern of opportunities. As the City has grown outwards, it has become increasingly inaccessible, inequitable and inconvenient for the majority of people. The challenge now is to:
- Make existing opportunities more accessible to the majority of citizens.
- Create a new pattern of opportunities and special places, particularly where few exist.

Preconditions for increased accessibility to opportunity and a new pattern of opportunities
In increasing access to existing opportunity and creating a new pattern of opportunities, the following preconditions exist:
- Investment in public services and facilities (so-called "public goods") should lead or drive the creation of a new set of opportunities.

- New urban opportunities should be based on clustering or agglomeration – all public goods cannot be provided to the level of the individual household, agglomeration in itself becomes an attractor for further opportunity, and maximises opportunities for economies of scale (for example, three different public facilities clustered together potentially attract additional services and can also share space, staff, and so on).
- The location of clusters of new opportunity is very significant – activities serving the public require accessible locations. At the same time, location is a differential concept – some locations are accessible to larger areas than others and are therefore ideal for the highest order of goods and services (fewer of which exist in the City but which serves the largest number of people and biggest areas).
- A new set of urban opportunities must recognise that movement on foot describes the reality of the majority of citizens' lives in Cape Town. To have meaning, opportunities need to be available within walking distance from where people live or, alternatively, by public transport.

Operationalising this thinking

To operationalise the above approach, it is necessary to define a hierarchy of accessible places – the places where, and between which, public investment should be focused in order to achieve greater equity. Previous work in Cape Town indicates that a three-tier hierarchy of places is appropriate (this, for example, allows for an acceptable walking distance to lower tier places). The lowest level places, accessible by foot, will have a cluster of basic public facilities as well as a public transport interchange giving access to higher order places (which offers higher order facilities). The second level places will have more public facilities and facilities of higher specialisation as well as access to higher level public transport systems. The highest level places will contain the major city institutions and facilities and provide access to other regions and places.

The hierarchy of places needs to be determined conceptually in the first instance and then adjusted to reflect the realities of the existing movement system (while maintaining the original logic relationships between different places in the hierarchy).The precise make-up of facilities to be provided at different places depends on its level in the hierarchy as well as need in the particular area. In some cases, places in the hierarchy will coincide with existing centres. In others, new investment, or considerable creative action will be required.

A key characteristic of the places in the hierarchy, whether the lowest order or higher order ones, is balance between different uses and activities. This ensures convenience in living and "support opportunities" for different activities. By implication, it means that the balance required in each centre need to be determined, and from that, the focus for new investment and effort. For example, it could be argued that in many of the older and wealthier parts of the City, there are sufficient public facilities and commercial opportunity. Achieving balance here may

mean providing more housing at relatively high densities, in this way providing more opportunity for people to benefit from existing urban opportunities. Similarly, in parts of the "new" City, one can argue that there are sufficient densities and large numbers of people, but a lack of facilities. In pursuit of balance, the challenge here is to create more "collective" public opportunity.

The need for equity of access does not only apply to urban opportunities – it is just as important to provide equity of access to nature. Some of the opportunities of nature are fixed in space (for example, Table Mountain). Other opportunities, however, can and should be created. The way to approach this is to think about created nature spaces (like parks) in the same hierarchical way as urban opportunities. For example, every major place or centre should have a major park, whereas every small centre in the hierarchy will have a smaller nature space, square or communal sports field.

Using the system in management decision-making
The system provides a powerful guide in directing public investment decision-making in the City, both in terms of the nature and location of investment. It also indicates where energy should be focused, where public landholdings should be dealt with carefully (so as not to inhibit the development of places), where the private sector should be provided with incentives, and so on.

The system is directly related to and supports other predominantly "non-spatial" dimensions of the City's work. For example:
- In relation to finance and the City budget, the hierarchy of places and actions associated with them should receive priority.
- The hierarchy of places should be where "government meets the people", the places where facilities are located as well as where citizens can make contact with local government (thus, they should be spatial focus of the Cape Town Connect system).
- Community facilities should focus on the hierarchy of places and be clustered together in order to realise economies of scale. Similarly, these should be the places from which "softer" community services are launched, including life-support initiatives, campaigns, and so on. They should also be the focus for special events and celebrations.
- The City should use its advocacy and regulatory and other resources (including land and incentives) to motivate private business and other community services to locate in these places. Private business should respond to these places, given the City's lead role and faith in them through public investment.
- Given the very nature of these places as integrated, multi-functional places, their "making" is critically dependent on inter-disciplinary thinking and work. In this way, they contribute to establishing a work culture and competencies needed by the City.

The system and urban renewal

Given the political focus and "topical nature" of urban renewal, the relationship between the approach to spatial strategy and urban renewal deserves special attention. The two approaches are different but not necessary mutually exclusive. The approach to spatial strategy, in short, probably takes a longer term view, indicating how, over time, a fragmented, inequitable city can be managed towards greater equity. The current approach to urban renewal is more short term, dealing with "hot-spot" issues, where there is attempt to improve the quality of peoples' lives and access to opportunity whether or nor their communities are ideally located in terms of a "sober" model of urban intervention or not. The same would apply to the current focus on informal settlement upgrade.

Ideally, all urban renewal effort should focus firstly on places identified in terms of the "equity hierarchy". Political reality, and the sheer desperation of a large number of citizens, however, demand a different approach – an approach where short-term life-line needs and the longer term management of the City towards equity is dealt with at the same time. The issue is one of different starting points – we need to develop a logical approach to manage the City spatially towards equity over time, whilst, at the same time, dealing with issues of desperate need, wherever that manifests spatially. The management challenge is to be aware of the two somewhat distinct needs, and to ensure that the one approach is not favoured at the exclusion of the other. In a sense, one would hope to deal with hot-spot issues promptly, paving the way for focusing on the longer term issues. An associated challenge is to manage the City in such a way that new work – the creation of new communities – does not create the hot-spots of tomorrow, in that way deferring a more logical longer term focus for generations to come.

Where to start

The spatial thinking outlined above is dependent on a number of key initiatives, including:

- A set of overarching development objectives, including informed direction in relation to the shape of the budget (in other words, the proportionate allocations for the City's different investment needs).
- A review of the City's "menu" of services, determining what kind of facilities and services the City will invest in, as well as what level of service is to be provided.

An interim instrument to ensure alignment

A new system for planning and budgeting cannot be introduced in one swoop and within a short time frame. Projects have long lead times, and many projects will have to run their course as a new system is introduced. It is also to be expected that the introduction of a new system will throw up new challenges, responses to which, in turn, will enrich the new system over time. It is therefore necessary to develop interim measures to ensure that daily decision-making is aligned as far as possible with the new thinking.

This instrument can take the form of a checklist, where every investment decision is subjected to questioning in terms of the principles underlying the new approach, including, for example, clustering, integration, multi-functionality, accessibility to people on foot, and so on.

Equitable services thinking

To ensure that the backlogs and discrepancies that exist in service levels across the City are addressed within a reasonable period of time while staying within affordability limits, the Council has prepared an Equitable Service Framework.

The framework adopts a broad view of equity. There is evidence to suggest that the focus on country-wide, universal, basic service access has possibly resulted in an over-emphasis on provision of basic service infrastructure, at the neglect of social facilities, community services, and city-wide development initiatives. We also know that the challenge of equity in this new context deals less with the coverage of basic services than with the provision of more equitable access to a wider range of municipal services and the creation of a more equitable society. Equity becomes much more of a challenge within this new context and requires a targeted approach, focused on the needs of Cape Town as a whole, areas and communities within the City, as well as individual households. A broad view of equity allows for a more sophisticated understanding about the needs of communities.

The Equitable Service Framework also proposes a balance between different interrelated, and often conflictual, general principles relating to municipal service delivery, including:
- That all residents should receive a universal basic package of municipal services.
- That the services all communities receive must be affordable on aggregate for the City as a whole and for individual households. It follows that only services that can be built (capital expenditure), operated, and maintained (recurrent expenditure) sustainably can be provided.
- That communities should have some choice and discretion in determining what range of municipal services they want and can afford. It follows that some areas may opt for a higher level of service for which they are prepared to pay a premium, while other communities may opt for lower levels of services for which they should receive a discount.
- That a balance must be maintained between city-wide, area, and household needs. Equity can thus not be expressed solely in terms of individual household services and area facilities, but must also take into account that some city-wide facilities, infrastructure, and services are required for the benefit of all.

- That the municipality should ensure universal access to services, but should not attempt to compete with alternative service providers, i.e. provincial, parastatal, or private. For example, a private clinic catering to paying customers can be complemented by a municipal clinic providing health care access to the poor. It follows that where the market already provides access to service, the municipality should focus on broadening access to those communities that cannot afford private services. There is no point for the municipality to provide or duplicate services and facilities in areas predominantly serviced through non-municipal service providers.
- That efficiency in service provision be maintained. There will be many instances where certain kinds of service provision may be indicated by equity or other considerations but which may not be justified because of efficiency implications. The provision of full services to inaccessible rural parts of the metropolitan area or to temporary informal settlements in unsafe areas would be examples of this.

The framework is being taken forward through a series of service reviews, which will seek to define the service menu of the City, service levels, service gaps and appropriate mechanisms for delivering different services.

Indigent policy

There are a significant number of households who cannot afford to pay their municipal accounts. Council has introduced a range of measures and tariff structures to give significant relief to the poor, enabling them to reduce their municipal accounts to very low levels, or even zero. Free basic electricity, water, sanitation and refuse collection services are combined with a blanket indigent grant of R20 per month towards the municipal accounts of residential property valued up to R100 000.

The completion and submission of the draft report, "Indigent Policy: Including the Poor in the City of Cape Town's Income Strategy" is a significant step towards the finalisation of a comprehensive policy. This addresses specifically the introduction of a targeted indigent grant or basic allocation for poor households and sets out a consultation process to deal with arrears and sanctions.

The new indigent philosophy and strategies of Council focuses on the need to develop policies which actively demonstrate care for the poor. During 2003/4 progressive consumptive tariff structures were derived from the City indigent proposals. Tariff modeling was done on information from a consumer behaviour study of more than 600 billing districts across the Cape Town area.

These provide a foundation for the further development of an Indigent Policy Framework that will integrate the following developmental and service-related strategies during 2004/5:

- The concept of the "Total Municipal Account" in the policy development combined modeling of tariffs and rates and affordability – both for the public and Council.
- Replacing or complementing blanket indigent grants and free basic allocation of services by a targeted approach.
- Implementation of pilot projects for the utilisation of pre-paid water and electricity technology, linked with the policy on cut-offs and evictions.
- Integration of initiatives from the City Indigent Policy with the Equitable Services Framework looking at the broader service menu of Council.
- Implementation plan for the upgrading of informal settlements and addressing service delivery backlogs as well as policy development for dealing with backyard shacks and hostels.
- Protocols for engaging the community and mechanisms dealing with billing and income collection.
- Broad community consultation and buy-in on the provision of basic services, service levels, payment, sanctions and the development of a Service Charter.
- Integrated framework for the sustainable development of the City taking into consideration the social indicators, consumer behaviour, urban and spatial framework, economic opportunities, community services and mobility plan.
- Integration with MTIEF and institutional arrangements.
- Partnerships with communities, organisations and Provincial and National Government.

Risk management

Background
The City of Cape Town has adopted the King II Report on Corporate Governance and thereby wishes to comply with the risk management concepts as embodied in the report. In addition the Municipal Finance Management Bill/Act will compel the City to adopt a risk management strategy. "Enterprise-wide" risk management has become the goal of organisations that wish to apply appropriate risk management practices. This provides a strategic approach to risk management by any organisation.

However, it must be noted that risk management is an iterative process and that the risk management process evolves over time. Risk may also be broken into 3 major categories, namely: strategic, operational and process (hazard) risk. Each level may require different risk management strategies.

Occupational health and safety

This level of risk management is well embedded at the City as the trade unions have been very effective in dealing with safety in the workplace. Various managers have been appointed as responsible persons for occupational health and safety in their particular areas. Compliance to various safety standards have been established, e.g. NOSA.

Financial risk management initiative

The Finance Directorate manages the self-insurance policy and fund for the City. They have recently requested tenders to assist with the identification of risks from an insurance perspective and for assistance with the management of the general insurance fund. This risk management process will identify a strategy with regard to asset management, e.g. self-insure or financing of the risk.

Fraud risk prevention

The City's Internal Audit Services have embarked on various initiatives to mitigate the level of fraud risk in the organisation. The major initiatives include a toll free fraud hotline to enable whistle-blowing; a corruption perception index and a fraud prevention plan that identifies the key fraud risks and the proposed fraud response plans.

Routine internal audit reviews also identify weaknesses in internal controls and produce recommendations for management to consider in improving their control environment. Internal audit coverage also provides assurance on key IT-related risks as the City can be regarded as an IT-dependent entity.

The establishment of an independent audit committee (that meets at least quarterly) also assists in improving the governance and control structures thereby reducing the risk that the organisation will not meet its objectives. The audit committee has requested a fully integrated risk assessment to determine an internal audit coverage plan.

Process risk identification

Various pilot programmes have been set-up in the Electricity and Water Directorates. Internal Audit Services facilitate workshops with management who identify key process risks in their "business units". Management then also identify risk mitigation plans to address the risks that have been identified.

Environmental risk management

Various initiatives, e.g. environmental impact assessments are undertaken to identify various environmental risks. These include the risk that the environment is exposed to by the City's very own operations, e.g. waste-water treatment outflows. Reports are produced annually on the status of environmental risk management.

Project risk management

The City's standard project methodology (X-pert systems) for key priority projects also encompasses a project risk management methodology. Project sponsors and managers are then able to identify risk management tactics to mitigate project risk.

Strategic risk management

The top management team has defined key factors in determining the probability and impact of events. These were applied to determine the risk involved during the capital rephasing process. A more scientific approach to prioritising capital expenditure was enabled by applying risk management principles.

Conclusion

The City has implemented various initiatives that form part of a City-wide risk management strategy. An integrated risk management strategy will combine the various risk management initiatives to provide an integrated City-wide view of risk management in the City. Management will be able to implement risk mitigation plans to address the key risks that are identified at the process, operational and strategic levels.