

ANNEXURE A

CITY OF CAPE TOWN

DRAFT BUDGET

For the financial period
2010/11 to 2012/13

MAY 2010

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B. GLOSSARY OF TERMS AND ABBREVIATIONS

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

Budget Steering committee – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

CoCT – City of Cape Town

CPI – Headline Consumer Price Index

DMTN – Domestic Medium Term Note

DORA – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

DORb – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Executive Management Team – A team comprising the City Manager and the Executive Directors and Chief Audit Executive. It reports to the City Manager.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

GDFI - Gross Domestic Fixed Investment

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MAYCO – Mayoral Committee

MFMA - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

MYPD – Multi Year Price Determination

NT – National Treasury

Operating Expenditure – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Portfolio Committee – In line with Section 79 of the Structures Act, the City's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SCM - Supply Chain Management

SDBIP – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

SFA – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

Subcouncils - The metropolitan area governed by the City is divided into subcouncils, each of which is made up of a number of wards. There are a total of 105 wards, each of which is represented by a councillor. A ward is, in turn, made up of a number of suburbs.

Vote – One of the main segments into which a budget is divided, usually at directorate level.

The 2010/2011 MTREF Budget Resolutions recommend that:

1. Recommended that the annual budget of the municipality for the financial year 2010/2011; and indicative allocations for the two projected outer years 2011/2012 and 2012/2013 and related policies be approved, as set out in the following schedules and annexures of Annexure A to this report:
 - a. *Operating revenue by source reflected in Table 36.*
 - b. *Operating expenditure by vote reflected in Table 3.*
 - c. *Operating expenditure by GFS classification reflected in Table 2.*
 - d. *Multi-year capital appropriations by vote reflected in Table 35 and Annexure 1.*
 - e. *Capital expenditure by GFS classification reflected in Table 5.*
 - f. *Capital funding by source reflected in Table 5.*
 - g. *Cash Flow statement as reflected in Table 7.*
 - h. *Salaries and Benefits of Political Office Bearers, Councillors and Senior Officials as reflected in Table 27 and Table 28.*
 - i. *Grants, Subsidies and Contributions to external entities in 2010/2011 as set out in Annexure 18.*
 - j. *Performance Indicators for 2010/2011 as set out in Table 12.*
 - k. *Assessment (property) rates as set out in Annexure 3.*
 - l. *Special Rating Areas/City Improvement District Levies and Budgets for 2010/2011 as set out in Annexure 4.*
 - m. *Revised Consumptive Tariffs, Rates and Basic Charges for Electricity Services, Water Services and Waste Management Services as set out in Annexure 5.*
 - n. *Tariffs, Fees and Charges Book incorporating miscellaneous tariffs, charges, rates and levies for 2010/2011 as set out in Annexure 6 (the exemptions in respect of the Integrated Rapid Transit System to be effective from 29 May 2010).*
 - o. *The Rates Policy as set out in Annexure 7.*
 - p. *The Tariff Policies as set out in Annexure 8.*
 - q. *Credit Control and Debt Collection Policy as set out in Annexure 9 (with effect from 01 June 2010).*
 - r. *Policy for the Allocation of Grant-In-Aid as set out in Annexure 10.*
 - s. *Integrated Development Plan as set out in Annexure 11.*
 - t. *Mayor's Special Fund as set out in Annexure 13.*
 - u. *Budgets for Municipal Entities reflected in Table 30 to Table 33.*
 - v. *Budgeted Financial Performance (revenue and expenditure) per directorate and department as per Annexure 19.*
 - w. *Operating and Capital ward allocation projects approved by Subcouncils as set out in Annexure 20.*
 - x. *The draft Funding and Reserves Policy as set out in Annexure 22.*

- y. *The proposed amendments to the draft capital and operating budgets as set out in Annexure 23.*
2. Service Delivery Plans / Business Plans with measurable targets be approved by the Executive Mayor in June 2010, following approval of the Budget.
 3. Unspent conditional grant allocations (National) as at the end of the 2009/2010 financial year, and appropriated or voted to 2010/2011 and future years, not be committed to expenditure until approval thereof is obtained from National Treasury, per directive of Budget Circular 48 (2009) and Circular 51 (2010).
 4. The National Treasury Circular 51 ("Municipal Budget Circular for the 2010/2011 MTREF") is annexed to this report.
 5. That the Capital Replacement Reserve: Ward Allocations be funded from savings identified in the 2009/2010 financial year to fund the Ward Allocation projects in the amount of R36.7 million for the 2010/2011 financial year.
 6. That the Portfolio Committees' budgetary input, served as references to Mayoral Committee under cover of separate report, be considered for budgetary incorporation.
 7. That budgetary input received during the public participation process during April / May 2010 reported under cover of separate report, be considered for budgetary incorporation.

2. EXECUTIVE SUMMARY

The preparation of the City of Cape Town's 2010/2011 Medium Term Revenue and Expenditure Framework (MTREF) was extremely challenging as it was influenced by several factors with considerable potential impacts on core service delivery cost and revenue components. Despite the reduced need for capital on 2010 projects, additional operating provisions were still required as the impact of the 2010 FIFA World Cup™ extends to two financial years.

Although the second half of 2009 saw the global economy recovering from the deepest recession since the Second World War, and economists were revising their outlook for 2010 upwards, the City took a conservative economic approach in the preparation for the 2010/2011 MTREF period. Factors supporting this approach included lower revenue collection, higher interest rates on increased long-term Council debt repayments, and lower interest rates on investments, resulting in reduced interest earnings.

Meeting the challenge to produce a sustainable, affordable budget, required reductions to certain budgetary provisions, such as the 2009/2010 operating budget for general expenses (R180 million) and vacancy provisions (R113 million). Budget allocations were also reduced for grants and subsidies to external bodies, international travelling and subsistence, and furniture, computer equipment and sundries.

The MTREF-based revenue and expenditure projections assumed inflation-linked annual adjustments of 5.6%, 5.8% and 5.8% respectively for the three-year budget period (2010/2011, 2011/2012 and 2012/2013). This remains within the boundaries of the inflation target of 3% - 6% but falls below the National Treasury's forecast of 5.7%, 6.2% and 5.9% for the three years respectively.

For the 2010/2011 financial year, the following key parameters were also applied to the City's financial framework:

- Revenue / tariff increases
 - Rates 7.7%
 - Electricity 24.6%
 - Water 10.0%
 - Sanitation 10.0%
 - Refuse 18.0%

- Salaries and Wages adjustments 8.4%
- General Expenses 5.6%
- Repairs & Maintenance 8.6%

Total revenue for the 2010/2011 financial year amounts to R19 320 million, which represents an increase of R2 693 million (or 16.2%) over 2009/2010.

Debt (EFF) financing of capital expenditure totals R1 091 million for the 2010/2011 financial year. This amount is lower than originally planned as the City's cash flow requirements outstripped the Domestic Medium Term Note (DMTN) programme, resulting in the curtailing of capital expenditure over the MTREF period.

Primary operating budget revenue and expenditure categories reflect the following year-on-year budget increases:

- Assessment Rates 9.3%

Percentage growth on revenue categories (year-on-year):

- Electricity 25.9%
- Water 10.1%
- Sanitation 10.1%
- Refuse 19.1%

Percentage growth on expenditure categories (year-on-year):

- Staff costs 13.6%
- General expenses 18.8%
- Repairs & Maintenance 4.7% *

The budget has been prepared in terms of guidelines obtained from the Budget Steering Committee and the National Treasury Circular 51 (February 2010).

* Internal Repairs & Maintenance reduced, overstated in current year; Primary Repairs & Maintenance growth of 9.8%

3. ANNUAL BUDGET TABLES

Budget schedules to be approved by resolution of Council:

Table A1 - Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousands									
Financial Performance									
Property rates	2,475,508	3,258,745	3,240,604	3,804,865	3,813,865	3,813,865	4,165,807	4,782,966	5,124,790
Service charges	5,236,324	5,785,099	6,943,215	8,800,686	8,778,943	8,778,943	10,611,556	12,738,903	15,449,703
Investment revenue	306,581	367,956	441,012	316,935	316,935	316,935	213,936	228,484	244,021
Transfers recognised - operational	1,550,105	1,773,881	2,281,920	1,228,777	1,293,991	1,293,991	1,478,282	1,901,076	2,019,982
Other own revenue	1,087,823	1,026,453	1,138,348	2,372,143	2,423,933	2,423,933	2,851,362	2,760,461	2,914,042
Total Revenue (excl. capital transfers and contributions)	10,656,340	12,212,134	14,045,099	16,523,407	16,627,667	16,627,667	19,320,944	22,411,889	25,752,537
Employee costs	3,639,323	4,153,345	4,537,568	5,658,841	5,677,623	5,677,623	6,451,722	7,106,403	7,843,071
Remuneration of councillors	65,938	70,934	77,629	86,260	86,260	86,260	92,296	98,573	105,276
Depreciation & asset impairment	723,305	809,719	864,825	993,691	1,035,727	1,035,727	1,151,158	1,243,017	1,315,661
Finance charges	283,630	274,801	396,168	540,448	540,448	540,448	739,507	816,661	904,642
Materials and bulk purchases	1,998,112	2,141,514	2,880,965	3,830,158	3,705,691	3,705,691	4,738,992	6,086,334	7,863,652
Transfers and grants	79,871	81,919	125,142	94,812	100,019	100,019	44,557	47,310	50,054
Other expenditure	3,245,939	4,525,883	4,989,002	5,560,827	5,715,919	5,715,919	6,136,285	6,847,797	7,419,141
Total Expenditure	10,036,117	12,058,115	13,871,299	16,764,996	16,861,687	16,861,687	19,354,518	22,246,096	25,501,497
Surplus/(Deficit)	620,223	154,019	173,801	(241,589)	(234,020)	(234,020)	(33,574)	165,793	251,040
Transfers recognised - capital	455,927	1,225,981	2,900,886	2,224,419	1,900,398	1,900,398	1,610,130	2,447,577	1,918,608
Contributions recognised - capital & contributed assets	43,026	49,675	61,455	70,441	84,013	84,013	64,379	54,200	42,600
Surplus/(Deficit) after capital transfers & contributions	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248
Capital expenditure & funds sources									
Capital expenditure	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845
Transfers recognised - capital	459,580	1,227,256	2,903,740	2,232,419	1,925,386	1,925,386	1,615,530	2,447,577	1,918,608
Public contributions & donations	43,026	48,399	58,601	62,441	59,025	59,025	58,979	54,200	42,600
Borrowing	893,913	1,242,470	1,609,436	2,908,076	2,621,350	2,621,350	1,090,877	1,009,908	999,940
Internally generated funds	556,904	584,273	488,566	999,528	987,903	987,903	782,309	715,136	769,696
Total sources of capital funds	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845
Financial position									
Total current assets	4,608,401	7,067,707	7,194,601	6,282,172	6,513,288	6,460,188	6,488,718	7,316,573	8,440,655
Total non current assets	10,759,905	12,855,248	16,834,824	21,953,261	21,443,035	21,443,035	23,940,366	27,082,084	29,695,574
Total current liabilities	3,876,791	5,476,955	5,113,890	6,377,947	5,289,200	5,236,099	4,669,775	4,695,415	4,536,700
Total non current liabilities	4,003,027	5,448,269	6,423,138	8,119,508	8,424,337	8,424,337	9,724,720	10,990,309	12,662,212
Community wealth/Equity	7,488,488	8,997,731	12,492,397	13,737,978	14,242,789	14,242,789	16,034,589	18,712,933	20,937,317
Cash flows									
Net cash from (used) operating	2,525,655	3,492,393	3,302,278	3,928,943	2,884,233	2,876,023	2,431,807	4,184,347	3,497,788
Net cash from (used) investing	(2,302,955)	(4,002,178)	(2,657,485)	(5,958,067)	(4,344,843)	(4,344,843)	(3,337,024)	(4,312,152)	(3,837,338)
Net cash from (used) financing	(68,294)	1,231,255	828,331	1,535,974	1,525,211	1,525,211	861,279	827,040	1,260,641
Cash/cash equivalents at the year end	437,356	1,158,826	2,631,950	2,730,149	2,696,552	2,688,342	2,644,405	3,343,640	4,264,731
Cash backing/surplus reconciliation									
Cash and investments available	3,022,285	4,770,948	4,064,670	2,965,809	2,982,644	2,982,644	3,046,993	3,911,258	5,037,416
Application of cash and investments	2,989,775	4,358,692	3,771,848	2,832,033	2,949,569	2,949,569	3,044,063	3,695,589	4,651,087
Balance - surplus (shortfall)	32,510	412,256	292,822	133,776	33,075	33,075	2,930	215,669	386,329
Asset management									
Asset register summary (WDV)	9,926,441	12,258,397	16,441,724	21,676,488	21,067,688	21,067,688	23,780,168	27,274,985	30,295,820
Depreciation & asset impairment	723,305	809,719	864,825	993,691	1,035,727	1,035,727	1,151,158	1,243,017	1,315,661
Renewal of Existing Assets	884,827	1,030,697	1,261,761	1,906,394	1,692,038	1,692,038	1,162,145	1,435,529	1,231,432
Repairs and Maintenance	-	-	-	-	-	-	1,590,466	1,730,381	1,882,659
Free services									
Cost of Free Basic Services provided	589,243	621,988	583,959	776,548	776,548	776,548	831,735	866,991	904,181
Revenue cost of free services provided	1,107,353	1,594,829	1,788,635	2,161,708	2,161,708	2,161,708	2,304,972	2,563,606	2,648,895
Households below minimum service level									
Water:	5,000	-	-	-	-	-	-	-	-
Sanitation/sewage:	44,000	36,000	50,000	24,000	24,000	24,000	17,000	22,000	40,000
Energy:	75,174	62,742	88,355	97,600	97,600	81,344	74,412	67,466	60,520

Table1: Budget Summary (Table A1)

* The 2006/07 and 2007/08 audited outcomes for the capital budget exclude adjustments that are not made on our financial system.

Table A2 - Budgeted Financial Performance (Revenue and Expenditure by standard classification)

Standard Classification Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue - Standard									
Governance and administration	4,306,936	5,291,170	5,682,072	6,210,885	6,294,565	6,294,565	7,088,120	7,703,951	8,270,181
Executive and council	2,147	5,637	8,364	2,043	2,634	2,634	2,158	2,278	2,406
Budget and treasury office	4,171,338	5,112,407	5,367,505	6,041,748	6,075,454	6,075,454	6,680,927	7,531,524	8,068,783
Corporate services	133,452	173,126	306,203	167,094	216,477	216,477	405,036	170,150	198,992
Community and public safety	916,300	1,671,642	3,087,032	1,885,636	1,877,446	1,877,446	1,621,488	1,741,408	1,883,073
Community and social services	26,005	42,359	77,380	82,699	87,918	87,918	91,999	92,347	58,352
Sport and recreation	170,994	876,847	1,926,565	671,893	661,683	661,683	136,475	61,419	90,063
Public safety	227,172	219,865	267,717	264,229	245,287	245,287	245,796	249,559	259,335
Housing	351,409	355,970	611,722	649,031	619,384	619,384	881,136	1,030,638	1,150,617
Health	140,720	176,601	203,648	217,783	263,174	263,174	266,081	307,445	324,705
Economic and environmental services	388,038	435,789	764,799	1,494,636	1,241,589	1,241,589	1,191,040	2,202,204	1,609,575
Planning and development	154,091	162,696	139,820	198,082	196,912	196,912	187,603	192,402	214,686
Road transport	230,319	260,631	609,438	1,260,876	1,006,045	1,006,045	975,356	1,992,948	1,377,100
Environmental protection	3,628	12,462	15,541	35,678	38,632	38,632	28,081	16,854	17,790
Trading services	5,544,019	6,089,187	7,473,538	9,227,109	9,198,478	9,198,478	11,094,804	13,266,102	15,950,916
Electricity	3,018,011	3,294,465	4,375,480	5,730,324	5,749,629	5,749,629	7,209,309	8,907,050	11,175,058
Water	1,263,894	1,426,810	1,456,287	1,681,391	1,645,173	1,645,173	1,849,115	2,069,053	2,270,743
Waste water management	705,793	846,053	1,027,195	1,085,878	1,073,159	1,073,159	1,161,107	1,272,497	1,380,883
Waste management	556,048	520,858	611,475	724,428	725,428	725,428	869,024	1,011,403	1,116,127
Other	272	1,002	3,100	5,089	5,089	5,089	6,249	6,099	8,105
Total Revenue - Standard	11,155,293	13,487,789	17,007,441	18,818,267	18,612,078	18,612,078	20,995,452	24,913,666	27,713,745
Expenditure - Standard									
Governance and administration	2,420,591	2,860,571	2,722,029	3,388,900	3,583,489	3,583,489	4,014,325	4,457,576	4,848,446
Executive and council	168,137	179,968	214,509	258,666	247,523	247,523	271,539	292,058	314,146
Budget and treasury office	1,100,828	1,213,275	1,028,335	1,505,683	1,683,374	1,683,374	1,871,526	2,161,731	2,376,998
Corporate services	1,151,626	1,467,328	1,479,186	1,624,550	1,652,592	1,652,592	1,871,260	2,003,787	2,157,302
Community and public safety	2,200,377	2,736,113	3,191,238	3,593,714	3,747,699	3,747,699	3,856,259	4,222,035	4,622,760
Community and social services	229,508	275,921	319,070	357,841	360,923	360,923	390,183	418,836	454,385
Sport and recreation	461,172	563,263	681,893	929,266	981,535	981,535	1,082,610	1,051,796	1,110,967
Public safety	835,667	1,010,576	1,124,687	1,234,134	1,244,168	1,244,168	1,260,522	1,379,595	1,504,312
Housing	388,745	562,621	685,938	645,007	692,256	692,256	621,934	810,862	944,531
Health	285,285	323,732	379,651	427,467	468,817	468,817	501,010	560,946	608,564
Economic and environmental services	905,770	1,114,035	1,219,192	1,602,056	1,573,045	1,573,045	1,729,892	1,928,363	1,974,087
Planning and development	258,412	292,711	340,712	425,101	436,099	436,099	433,017	452,664	490,083
Road transport	565,778	711,146	732,650	999,154	952,659	952,659	1,121,233	1,295,332	1,286,916
Environmental protection	81,581	110,178	145,831	177,801	184,287	184,287	175,642	180,367	197,089
Trading services	4,469,561	5,303,418	6,689,230	8,123,578	7,900,908	7,900,908	9,700,008	11,577,666	13,992,110
Electricity	2,470,703	2,759,604	3,597,245	4,826,247	4,636,617	4,636,617	5,965,938	7,460,004	9,418,468
Water	869,130	1,074,292	1,555,665	1,594,552	1,506,523	1,506,523	1,733,577	1,909,275	2,170,130
Waste water management	438,353	491,783	574,162	599,500	642,291	642,291	761,915	819,725	870,490
Waste management	691,375	977,740	962,158	1,103,278	1,115,477	1,115,477	1,238,578	1,388,661	1,533,022
Other	39,818	43,978	49,609	56,749	56,547	56,547	54,033	60,455	64,094
Total Expenditure - Standard	10,036,117	12,058,115	13,871,299	16,764,996	16,861,687	16,861,687	19,354,518	22,246,096	25,501,497
Surplus/(Deficit) for the year	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248

Table 2: Budgeted Financial Performance (Revenue and Expenditure by standard classification) (Table A2)

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue by Vote									
Vote 01 - Community Services	65,735	103,730	190,563	144,072	138,230	138,230	145,449	153,544	148,180
Vote 02 - Corporate Services	43,102	61,087	64,215	48,405	52,330	52,330	27,782	28,316	29,938
Vote 03 - Economic and Social Development	92,210	110,977	232,463	118,520	170,501	170,501	377,649	139,823	164,081
Vote 04 - Finance Services	587,091	537,968	584,224	475,462	484,665	484,665	393,008	408,170	434,724
Vote 05 - Health	138,997	176,610	203,596	217,777	263,168	263,168	266,075	307,439	324,698
Vote 06 - Housing	351,409	355,970	611,722	649,031	660,065	660,065	901,694	1,046,573	1,169,770
Vote 07 - Internal Audit	4	694	723	0	0	0	0	0	0
Vote 08 - Office of the City Manager	2,159	5,726	9,399	2,493	6,284	6,284	17,358	9,778	2,406
Vote 09 - Rates & Other	3,729,618	4,736,393	4,943,670	5,739,865	5,770,184	5,770,184	6,473,454	7,314,195	7,836,932
Vote 10 - Safety & Security	229,066	219,866	261,186	247,845	232,703	232,703	224,412	236,527	250,343
Vote 11 - Service Delivery Integration	135,878	820,565	1,823,115	652,087	-	-	-	-	-
Vote 12 - Strategy and Planning	103,721	111,478	96,922	128,576	126,733	126,733	120,849	123,120	143,705
Vote 13 - Transport, Roads and Major Projects	132,970	158,843	509,308	1,155,825	1,504,538	1,504,538	953,083	1,880,751	1,257,274
Vote 14 - Utility Services	5,543,332	6,087,881	7,476,333	9,238,310	9,202,679	9,202,679	11,094,639	13,265,430	15,951,693
Total Revenue by Vote	11,155,293	13,487,789	17,007,441	18,818,267	18,612,078	18,612,078	20,995,452	24,913,666	27,713,745
Expenditure by Vote to be appropriated									
Vote 01 - Community Services	624,537	799,049	931,419	1,057,932	1,069,158	1,069,158	1,112,741	1,206,180	1,311,824
Vote 02 - Corporate Services	778,553	911,806	906,336	930,162	1,298,820	1,298,820	1,495,628	1,596,474	1,715,453
Vote 03 - Economic and Social Development	178,730	204,352	234,616	268,657	272,916	272,916	280,427	303,174	325,905
Vote 04 - Finance Services	694,421	814,013	996,253	1,274,526	1,293,142	1,293,142	1,496,467	1,622,448	1,776,528
Vote 05 - Health	317,278	370,593	437,668	492,056	533,287	533,287	569,697	636,254	691,120
Vote 06 - Housing	388,745	562,621	685,938	645,007	767,354	767,354	677,320	865,480	1,004,203
Vote 07 - Internal Audit	15,421	18,084	23,641	29,406	29,415	29,415	30,644	33,527	36,685
Vote 08 - Office of the City Manager	167,700	190,030	229,152	275,602	285,508	285,508	311,035	334,987	360,820
Vote 09 - Rates & Other	469,009	569,817	222,380	429,989	592,094	592,094	623,533	798,109	878,817
Vote 10 - Safety & Security	782,940	941,827	1,049,027	1,155,374	1,170,164	1,170,164	1,168,229	1,279,388	1,395,495
Vote 11 - Service Delivery Integration	337,282	388,206	399,513	671,988	-	-	-	-	-
Vote 12 - Strategy and Planning	205,627	229,580	289,282	346,414	359,510	359,510	354,505	374,704	409,034
Vote 13 - Transport, Roads and Major Projects	613,156	782,614	721,169	991,648	1,224,581	1,224,581	1,445,944	1,521,936	1,499,551
Vote 14 - Utility Services	4,462,718	5,275,522	6,744,904	8,196,236	7,965,739	7,965,739	9,788,347	11,673,436	14,096,062
Total Expenditure by Vote	10,036,117	12,058,115	13,871,299	16,764,996	16,861,687	16,861,687	19,354,518	22,246,096	25,501,497
Surplus/(Deficit) for the year	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248

Table 3: Budgeted Financial Performance (revenue and expenditure by municipal vote) (Table A3)

Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Revenue By Source									
Property rates	2,406,886	3,182,895	3,163,360	3,739,165	3,748,165	3,748,165	4,095,376	4,700,909	5,037,106
Property rates - penalties & collection charges	68,622	75,850	77,244	65,700	65,700	65,700	70,430	82,057	87,684
Service charges - electricity revenue	2,669,057	2,922,573	3,979,645	5,270,275	5,286,961	5,286,961	6,638,174	8,217,105	10,360,692
Service charges - water revenue	1,017,645	1,231,444	1,281,671	1,507,653	1,477,653	1,477,653	1,659,871	1,861,278	2,064,503
Service charges - sanitation revenue	620,429	725,274	744,294	817,308	806,308	806,308	899,609	1,008,803	1,110,561
Service charges - refuse revenue	506,635	463,776	537,484	640,378	641,378	641,378	762,770	885,804	997,117
Service charges - other	422,558	442,033	400,121	565,072	566,642	566,642	651,133	765,913	916,830
Rental of facilities and equipment	182,766	214,371	219,609	230,516	230,516	230,516	244,503	253,415	265,747
Interest earned - external investments	306,581	367,956	441,012	316,935	316,935	316,935	213,936	228,484	244,021
Interest earned - outstanding debtors	187,365	167,747	215,721	176,160	179,660	179,660	210,860	223,838	237,699
Dividends received	-	-	-	-	-	-	-	-	-
Fines	180,753	159,224	183,283	185,458	172,065	172,065	180,569	191,357	202,496
Licences and permits	26,895	31,036	31,337	24,276	24,276	24,276	28,764	30,375	32,076
Agency services	104,960	112,654	109,222	115,993	115,993	115,993	115,993	123,881	132,304
Transfers recognised - operational	1,550,105	1,773,881	2,281,920	1,228,777	1,293,991	1,293,991	1,478,282	1,901,076	2,019,982
Other revenue	358,394	293,551	195,685	1,589,923	1,599,979	1,599,979	1,760,230	1,865,983	1,952,827
Gains on disposal of PPE	46,690	47,870	183,491	49,817	101,444	101,444	310,444	71,612	90,891
Total Revenue (excluding capital transfers and contributions)	10,656,340	12,212,134	14,045,099	16,523,407	16,627,667	16,627,667	19,320,944	22,411,889	25,752,537
Expenditure By Type									
Employee related costs	3,639,323	4,153,345	4,537,568	5,658,841	5,677,623	5,677,623	6,451,722	7,106,403	7,843,071
Remuneration of councillors	65,938	70,934	77,629	86,260	86,260	86,260	92,296	98,573	105,276
Debt impairment	396,556	708,643	771,801	668,059	753,924	753,924	1,007,716	1,135,138	1,254,814
Depreciation & asset impairment	723,305	809,719	864,825	993,691	1,035,727	1,035,727	1,151,158	1,243,017	1,315,661
Finance charges	283,630	274,801	396,168	540,448	540,448	540,448	739,507	816,661	904,642
Bulk purchases	1,998,112	2,141,514	2,880,965	3,830,158	3,705,691	3,705,691	4,738,992	6,086,334	7,863,652
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	491,248	596,506	674,675	719,490	703,183	703,183	1,670,749	1,871,127	2,074,747
Transfers and grants	79,871	81,919	125,142	94,812	100,019	100,019	44,557	47,310	50,054
Other expenditure	2,357,291	3,219,120	3,539,035	4,173,238	4,258,812	4,258,812	3,457,820	3,841,532	4,089,580
Loss on disposal of PPE	844	1,613	3,492	-	-	-	-	-	-
Total Expenditure	10,036,117	12,058,115	13,871,299	16,764,996	16,861,687	16,861,687	19,354,518	22,246,096	25,501,497
Surplus/(Deficit)	620,223	154,019	173,801	(241,589)	(234,020)	(234,020)	(33,574)	165,793	251,040
Transfers recognised - capital	455,927	1,225,981	2,900,886	2,224,419	1,900,398	1,900,398	1,610,130	2,447,577	1,918,608
Contributions recognised - capital	43,026	49,675	61,455	70,441	84,013	84,013	64,379	54,200	42,600
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1,119,176	1,429,674	3,136,142	2,053,270	1,750,391	1,750,391	1,640,934	2,667,570	2,212,248

Table 4: Budgeted Financial Performance (revenue and expenditure) (Table A4)

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 01 - Community Services	137,943	158,513	239,253	196,483	162,420	162,420	134,629	116,020	130,659
Vote 02 - Corporate Services	75,302	63,575	57,504	68,235	195,771	195,771	90,624	51,995	41,445
Vote 03 - Economic and Social Development	17,700	16,541	20,244	39,140	31,687	31,687	16,898	12,160	14,160
Vote 04 - Finance Services	11,993	14,317	10,779	26,222	19,743	19,743	7,614	10,215	9,009
Vote 05 - Health	18,356	24,434	17,951	27,009	26,314	26,314	11,984	11,075	6,954
Vote 06 - Housing	172,706	147,355	226,953	329,569	349,480	349,480	600,092	576,444	588,259
Vote 07 - Internal Audit	147	125	484	426	476	476	242	121	121
Vote 08 - Office of the City Manager	1,948	4,339	11,220	18,706	7,668	7,668	21,996	39,775	32,227
Vote 09 - Rates & Other	-	-	-	-	-	-	-	-	-
Vote 10 - Safety & Security	51,347	55,510	96,956	85,106	63,980	63,980	33,893	11,906	12,576
Vote 11 - Service Delivery Integration	428,616	1,088,153	2,143,625	1,385,153	-	-	-	-	-
Vote 12 - Strategy and Planning	32,244	39,012	95,849	110,369	79,558	79,558	74,174	46,060	60,840
Vote 13 - Transport, Roads and Major Projects	258,930	364,575	749,566	1,722,074	2,948,574	2,948,574	998,444	1,588,179	1,051,956
Vote 14 - Utility Services	746,191	1,125,949	1,389,960	2,193,972	1,707,995	1,707,995	1,557,103	1,762,870	1,782,638
Total Capital Expenditure - Vote	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845
Capital Expenditure - Standard									
Governance and administration	143,399	131,746	156,785	318,057	250,529	250,529	122,033	97,519	89,316
Executive and council	1,718	4,148	10,562	18,113	3,859	3,859	6,516	31,900	31,850
Budget and treasury office	10,274	8,238	8,749	7,207	9,096	9,096	8,626	2,891	1,710
Corporate services	131,407	119,360	137,474	292,737	237,575	237,575	106,891	62,728	55,756
Community and public safety	760,205	1,445,100	2,703,844	1,924,931	1,833,764	1,833,764	1,005,822	744,453	757,754
Community and social services	21,011	38,032	61,281	88,450	75,099	75,099	61,878	47,621	34,640
Sport and recreation	492,556	1,161,866	2,271,002	1,344,338	1,284,275	1,284,275	263,567	68,985	96,020
Public safety	56,405	73,709	127,474	135,966	102,442	102,442	73,355	45,279	42,176
Housing	172,706	147,355	228,936	329,569	345,888	345,888	595,038	571,493	577,965
Health	17,527	24,138	17,151	26,609	26,059	26,059	11,984	11,075	6,954
Economic and environmental services	303,745	398,948	836,976	1,802,633	1,830,305	1,830,305	874,828	1,643,758	1,124,777
Planning and development	39,565	40,941	74,752	81,830	53,507	53,507	49,508	54,302	72,140
Road transport	254,683	346,519	747,859	1,708,874	1,767,039	1,767,039	800,652	1,585,068	1,048,331
Environmental protection	9,497	11,488	14,365	11,929	9,759	9,759	24,669	4,389	4,305
Trading services	745,922	1,125,778	1,361,317	2,154,482	1,677,605	1,677,605	1,542,511	1,739,041	1,755,998
Electricity	327,090	537,568	496,871	831,740	711,724	711,724	736,015	670,380	672,327
Water	184,626	210,266	241,094	286,485	214,264	214,264	195,844	337,900	280,592
Waste water management	142,324	267,326	458,464	581,361	434,592	434,592	319,752	426,095	472,966
Waste management	91,882	110,618	164,889	454,895	317,025	317,025	290,901	304,666	330,112
Other	150	826	1,421	2,360	1,460	1,460	2,500	2,050	3,000
Total Capital Expenditure - Standard	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845
Funded by:									
National Government	309,680	1,071,282	2,423,827	1,818,393	1,527,662	1,527,662	1,044,350	1,925,488	1,430,217
Provincial Government	146,435	154,698	477,059	406,025	372,736	372,736	565,780	522,089	488,391
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	3,465	1,276	2,854	8,000	24,988	24,988	5,400	-	-
Transfers recognised - capital	459,580	1,227,256	2,903,740	2,232,419	1,925,386	1,925,386	1,615,530	2,447,577	1,918,608
Public contributions & donations	43,026	48,399	58,601	62,441	59,025	59,025	58,979	54,200	42,600
Borrowing	893,913	1,242,470	1,609,436	2,908,076	2,621,350	2,621,350	1,090,877	1,009,908	999,940
Internally generated funds	556,904	584,273	488,566	999,528	987,903	987,903	782,309	715,136	769,696
Total Capital Funding	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845

Table 5: Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

Table A6 - Budgeted Financial Position

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
ASSETS									
Current assets									
Cash	163,712	188,692	197,633	-	-	-	-	-	-
Call investment deposits	2,367,307	4,192,038	3,630,894	2,730,149	2,688,342	2,688,342	2,644,405	3,343,640	4,264,731
Consumer debtors	1,752,553	2,124,457	2,744,102	2,886,900	3,153,672	3,100,572	3,119,128	3,188,802	3,327,338
Other debtors	145,585	329,231	407,104	398,370	447,814	447,814	492,596	541,855	596,041
Current portion of long-term receivables	19,773	16,949	21,517	28,238	20,441	20,441	19,419	18,448	17,526
Inventory	159,471	216,340	193,351	238,515	203,019	203,019	213,169	223,828	235,019
Total current assets	4,608,401	7,067,707	7,194,601	6,282,172	6,513,288	6,460,188	6,488,718	7,316,573	8,440,655
Non current assets									
Long-term receivables	279,185	197,968	157,693	178,666	149,808	149,808	142,318	135,202	128,442
Investments	491,266	390,218	236,143	235,660	294,302	294,302	402,588	567,618	772,685
Investment property	99,468	95,076	91,546	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	9,790,463	12,142,997	16,316,621	21,538,935	20,998,925	20,998,925	23,395,461	26,379,264	28,794,447
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	71,920	20,083	32,821	-	-	-	-	-	-
Other non-current assets	27,603	8,906	-	-	-	-	-	-	-
Total non current assets	10,759,905	12,855,248	16,834,824	21,953,261	21,443,035	21,443,035	23,940,366	27,082,084	29,695,574
TOTAL ASSETS	15,368,306	19,922,955	24,029,425	28,235,433	27,956,324	27,903,224	30,429,084	34,398,657	38,136,229
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	217,216	411,916	479,862	263,702	263,183	263,183	199,645	168,714	186,105
Consumer deposits	214,449	237,591	235,526	261,944	242,592	242,592	266,851	293,536	322,890
Trade and other payables	3,111,917	4,271,429	3,857,713	5,239,290	4,215,597	4,162,496	3,595,703	3,583,059	3,332,091
Provisions	333,209	556,019	540,789	613,011	567,828	567,828	607,576	650,107	695,614
Total current liabilities	3,876,791	5,476,955	5,113,890	6,377,947	5,289,200	5,236,099	4,669,775	4,695,415	4,536,700
Non current liabilities									
Borrowing	2,038,052	3,047,812	3,811,963	5,550,677	5,546,787	5,546,787	6,447,345	7,278,629	8,492,525
Provisions	1,964,975	2,400,457	2,611,175	2,568,831	2,877,550	2,877,550	3,277,375	3,711,680	4,169,687
Total non current liabilities	4,003,027	5,448,269	6,423,138	8,119,508	8,424,337	8,424,337	9,724,720	10,990,309	12,662,212
TOTAL LIABILITIES	7,879,818	10,925,224	11,537,028	14,497,455	13,713,537	13,660,436	14,394,495	15,685,724	17,198,912
NET ASSETS	7,488,488	8,997,731	12,492,397	13,737,978	14,242,787	14,242,788	16,034,589	18,712,933	20,937,317
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	1,224,439	1,535,008	10,204,997	9,982,920	10,749,339	10,749,339	11,257,695	11,691,294	12,134,043
Reserves	6,264,049	7,462,723	2,287,400	3,755,058	3,493,450	3,493,450	4,776,894	7,021,638	8,803,274
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	7,488,488	8,997,731	12,492,397	13,737,978	14,242,789	14,242,789	16,034,589	18,712,933	20,937,317

Table 6: Budgeted Financial Position (Table A6)

Table A7 - Budgeted Cash Flows

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	9,073,652	10,563,748	10,054,795	14,325,512	14,506,712	14,559,812	17,124,634	19,953,052	23,063,085
Government - operating	1,550,105	1,773,806	2,281,920	1,228,777	1,293,991	1,293,991	1,478,282	1,901,076	2,019,982
Government - capital	498,953	1,275,655	2,900,886	2,294,860	1,984,411	1,984,411	1,674,508	2,501,777	1,961,208
Interest	224,942	261,317	404,132	493,095	496,595	496,595	424,796	452,322	481,720
Payments									
Suppliers and employees	(8,421,610)	(9,920,961)	(11,955,348)	(13,872,854)	(14,857,028)	(14,918,338)	(17,530,906)	(19,807,219)	(23,123,565)
Finance charges	(400,387)	(461,172)	(384,107)	(540,448)	(540,448)	(540,448)	(739,507)	(816,661)	(904,642)
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	2,525,655	3,492,393	3,302,278	3,928,943	2,884,233	2,876,023	2,431,807	4,184,347	3,497,788
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	54,215	60,719	187,747	49,817	101,444	101,444	310,444	71,612	90,891
Decrease (increase) other non-current receivables	17,616	84,041	35,707	8,059	8,961	8,961	8,512	8,087	7,683
Decrease (increase) in non-current investments	(405,379)	(1,027,192)	2,179,402	186,521	1,138,417	1,138,417	(108,286)	(165,030)	(205,067)
Payments									
Capital assets	(1,969,407)	(3,119,746)	(5,060,341)	(6,202,464)	(5,593,664)	(5,593,664)	(3,547,694)	(4,226,821)	(3,730,845)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2,302,955)	(4,002,178)	(2,657,485)	(5,958,067)	(4,344,843)	(4,344,843)	(3,337,024)	(4,312,152)	(3,837,338)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	29,293	1,434,790	1,240,230	2,048,662	2,042,321	2,042,321	1,100,000	1,000,000	1,400,000
Increase (decrease) in consumer deposits	37,467	23,142	(2,065)	12,474	7,066	7,066	24,259	26,685	29,354
Payments									
Repayment of borrowing	(135,054)	(226,677)	(409,834)	(525,162)	(524,176)	(524,176)	(262,980)	(199,645)	(168,713)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(68,294)	1,231,255	828,331	1,535,974	1,525,211	1,525,211	861,279	827,040	1,260,641
NET INCREASE/ (DECREASE) IN CASH HELD	154,406	721,470	1,473,124	(493,151)	64,601	56,391	(43,937)	699,235	921,091
Cash/cash equivalents at the year begin:	282,950	437,356	1,158,826	3,223,300	2,631,951	2,631,951	2,688,342	2,644,405	3,343,640
Cash/cash equivalents at the year end:	437,356	1,158,826	2,631,950	2,730,149	2,696,552	2,688,342	2,644,405	3,343,640	4,264,731

Table 7: Budgeted Cash Flows (Table A7)

Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	437,356	1,158,826	2,631,950	2,730,149	2,696,552	2,688,342	2,644,405	3,343,640	4,264,731
Other current investments > 90 days	2,093,663	3,221,904	1,196,577	-	(8,210)	-	-	-	-
Non current assets - Investments	491,266	390,218	236,143	235,660	294,302	294,302	402,588	567,618	772,685
Cash and investments available:	3,022,285	4,770,948	4,064,670	2,965,809	2,982,644	2,982,644	3,046,993	3,911,258	5,037,416
Application of cash and investments									
Unspent conditional transfers	793,151	1,712,382	889,821	1,019,205	1,111,176	1,111,176	1,191,728	1,276,832	1,372,696
Other working capital requirements	416,829	676,073	653,218	668,220	668,220	668,220	1,007,536	1,135,138	1,254,814
Reserves to be backed by cash/investments	1,779,794	1,970,237	2,228,809	1,144,608	1,170,173	1,170,173	844,801	1,283,619	2,023,577
Total Application of cash and investments:	2,989,775	4,358,692	3,771,848	2,832,033	2,949,569	2,949,569	3,044,063	3,695,589	4,651,087
Surplus(shortfall)	32,510	412,256	292,822	133,776	33,075	33,075	2,930	215,669	386,329

Table 8: Cash backed reserves/accumulated surplus reconciliation (Table A8)

Table A9 - Asset Management

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	1,068,595	2,071,701	3,798,582	4,296,070	3,901,626	3,901,626	2,385,549	2,791,291	2,499,413
Infrastructure - Road transport	199,226	198,235	453,967	1,202,229	1,147,589	1,147,589	696,062	1,288,196	622,589
Infrastructure - Electricity	188,368	236,884	233,096	375,026	303,379	303,379	486,103	352,997	492,595
Infrastructure - Water	29,634	72,742	155,289	216,174	139,037	139,037	156,237	276,773	226,578
Infrastructure - Sanitation	34,155	152,581	320,529	390,419	291,552	291,552	190,857	281,403	371,716
Infrastructure - Other	19,312	18,724	13,264	100,777	28,706	28,706	41,469	41,500	74,000
Infrastructure	470,695	679,165	1,176,144	2,284,625	1,910,263	1,910,263	1,570,728	2,240,869	1,787,478
Community	434,851	1,111,188	2,141,756	1,353,465	1,335,920	1,335,920	495,008	289,778	253,641
Heritage assets	3,987	1,443	294	1,060	1,320	1,320	30	-	-
Other assets	159,062	279,905	480,388	656,919	654,123	654,123	319,783	260,644	458,294
Total Renewal of Existing Assets	884,827	1,030,697	1,261,761	1,906,394	1,692,038	1,692,038	1,162,145	1,435,529	1,231,432
Infrastructure - Road transport	113,700	200,116	311,127	621,401	633,565	633,565	274,127	349,316	353,856
Infrastructure - Electricity	77,063	210,859	183,008	303,590	260,393	260,393	152,312	259,977	120,237
Infrastructure - Water	42,440	75,178	59,801	89,173	70,072	70,072	79,203	44,200	60,150
Infrastructure - Sanitation	223,385	139,437	142,308	208,222	158,881	158,881	144,342	195,135	141,866
Infrastructure - Other	50,759	71,620	99,531	279,904	216,503	216,503	182,563	205,312	196,882
Infrastructure	507,347	697,210	795,775	1,502,289	1,339,413	1,339,413	832,546	1,053,940	872,992
Community	175,612	136,039	231,905	160,488	129,458	129,458	159,516	168,520	238,633
Heritage assets	408	473	298	595	595	595	439	439	430
Other assets	201,460	196,975	233,783	243,023	222,572	222,572	169,644	212,631	119,378
Total Capital Expenditure									
Infrastructure - Road transport	312,926	398,351	765,094	1,823,630	1,781,154	1,781,154	970,189	1,637,512	976,445
Infrastructure - Electricity	265,431	447,743	416,104	678,615	563,772	563,772	638,415	612,974	612,833
Infrastructure - Water	72,074	147,920	215,090	305,347	209,109	209,109	235,440	320,973	286,728
Infrastructure - Sanitation	257,539	292,017	462,837	598,641	450,433	450,433	335,198	476,538	513,582
Infrastructure - Other	70,071	90,344	112,795	380,681	245,210	245,210	224,032	246,812	270,882
Infrastructure	978,042	1,376,375	1,971,919	3,786,915	3,249,677	3,249,677	2,403,274	3,294,809	2,660,469
Community	610,463	1,247,227	2,373,661	1,513,953	1,465,378	1,465,378	654,524	458,298	492,273
Heritage assets	4,395	1,915	591	1,655	1,915	1,915	469	439	430
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	360,522	476,879	714,171	899,942	876,695	876,695	489,427	473,275	577,672
TOTAL CAPITAL EXPENDITURE - Asset class	1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821	3,730,845
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	1,517,247	1,670,319	1,929,058	3,665,824	3,623,348	3,623,348	4,452,292	6,096,212	6,965,849
Infrastructure - Electricity	1,460,323	1,461,473	1,928,978	2,462,175	2,347,332	2,347,332	2,838,632	3,305,857	3,774,992
Infrastructure - Water	1,146,284	1,185,904	1,192,072	1,412,396	1,316,158	1,316,158	1,467,061	1,703,884	1,906,664
Infrastructure - Sanitation	578,890	717,107	710,198	1,250,149	1,101,940	1,101,940	1,378,274	1,796,344	2,252,053
Infrastructure - Other	1,173,694	1,668,089	2,865,017	3,234,258	3,098,787	3,098,787	3,310,697	3,546,029	3,806,352
Infrastructure	5,876,438	6,702,892	8,625,323	12,024,802	11,487,565	11,487,565	13,446,955	16,448,327	18,705,911
Community	1,442,697	2,722,564	4,498,332	5,966,430	5,917,855	5,917,855	6,474,798	6,887,413	7,334,002
Heritage assets	6,646	9,145	9,440	11,095	11,355	11,355	11,824	12,262	12,692
Investment properties	99,468	95,076	91,546	-	-	-	-	-	-
Other assets	2,429,272	2,708,637	3,184,262	3,674,161	3,650,913	3,650,913	3,846,591	3,926,983	4,243,215
Intangibles	71,920	20,083	32,821	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	9,926,441	12,258,397	16,441,724	21,676,488	21,067,688	21,067,688	23,780,168	27,274,985	30,295,820
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	723,305	809,719	864,825	993,691	1,035,727	1,035,727	1,151,158	1,243,017	1,315,661
Repairs and Maintenance by Asset Class	-	-	-	-	-	-	1,590,466	1,730,381	1,882,659
TOTAL EXPENDITURE OTHER ITEMS	723,305	809,719	864,825	993,691	1,035,727	1,035,727	2,741,625	2,973,398	3,198,321
% of capital exp on renewal of assets	82.8%	49.8%	33.2%	44.4%	43.4%	43.4%	48.7%	51.4%	49.3%
Renewal of Existing Assets as % of deprecn"	122.3%	127.3%	145.9%	191.8%	163.4%	163.4%	101.0%	115.5%	93.6%
R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%	6.6%	6.5%
Renewal and R&M as a % of PPE	9.0%	8.0%	8.0%	9.0%	8.0%	8.0%	12.0%	12.0%	10.0%

Table 9: Asset Management (Table A9)

Table A10 - Basic service delivery measurement

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Household service targets (000)									
Water:									
Piped water inside dwelling	704	732	733	757	757	757	792	852	923
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	104	115	142	146	146	146	150	154	159
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	808	847	875	903	903	903	942	1,006	1,082
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	5	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	5	-	-	-	-	-	-	-	-
Total number of households	813	847	875	903	903	903	942	1,006	1,082
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	722	754	779	811	811	811	852	903	961
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	5	13	4	16	16	16	17	19	19
Pit toilet (ventilated)	2	2	2	2	2	2	2	2	2
Other toilet provisions (> min.service level)	39	42	40	50	50	50	54	60	60
<i>Minimum Service Level and Above sub-total</i>	768	811	825	879	879	879	925	984	1,042
Bucket toilet	4	1	5	4	4	4	3	3	3
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	40	35	45	20	20	20	14	19	37
<i>Below Minimum Service Level sub-total</i>	44	36	50	24	24	24	17	22	40
Total number of households	812	847	875	903	903	903	942	1,006	1,082
Energy:									
Electricity (at least min.service level)	772	784	764	793	793	771	778	785	792
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	772	784	764	793	793	771	778	785	792
Electricity (< min.service level)	75	63	88	98	98	81	74	67	61
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	75	63	88	98	98	81	74	67	61
Total number of households	847	847	853	891	891	853	853	853	853
Refuse:									
Removed at least once a week	820	819	983	955	955	955	974	974	974
<i>Minimum Service Level and Above sub-total</i>	820	819	983	955	955	955	974	974	974
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	820	819	983	955	955	955	974	974	974

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Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	808	847	901	903	903	903	942	1,006	1,082
Sanitation (free minimum level service)	769	811	825	879	879	879	925	984	1,042
Electricity/other energy (50kwh per household per month)	386	412	419	424	424	424	429	442	455
Refuse (removed at least once a week)	484	476	465	475	475	475	484	494	504
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	207,883	218,278	331,346	365,140	365,140	365,140	387,048	410,271	434,887
Sanitation (free sanitation service)	130,543	137,070	34,613	38,074	38,074	38,074	40,358	42,779	45,345
Electricity/other energy (50kwh per household per month)	110,068	103,641		135,834	135,834	135,834	162,079	166,941	171,949
Refuse (removed once a week)	140,748	163,000	218,000	237,500	237,500	237,500	242,250	247,000	252,000
Total cost of FBS provided (minimum social package)	589,243	621,988	583,959	776,548	776,548	776,548	831,735	866,991	904,181
Highest level of free service provided									
Property rates (R'000 v value threshold)	0	0		0	0	0		-	-
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (Rand per household per month)	20	20	30	30	30	30	37	39	41
Electricity (kwh per household per month)	50	50	50	50	50	50	50	41	50
Refuse (average litres per week)	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L	240L & 85L
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	-	40,825	54,048	54,047	54,047	54,047	57,938	66,507	71,070
Property rates (other exemptions, reductions and rebates)	36,118	308,253	344,447	387,624	387,624	387,624	415,533	476,990	509,712
Water	207,883	218,278	331,346	365,140	365,140	365,140	387,048	410,271	434,887
Sanitation	130,543	137,070	34,613	38,074	38,074	38,074	40,358	42,779	45,345
Electricity/other energy	110,068	103,641	130,579	160,377	160,377	160,377	162,079	166,941	171,949
Refuse	140,748	163,000	178,000	207,500	207,500	207,500	233,000	237,660	242,413
Municipal Housing - rental rebates	121,769	131,645	176,871	241,506	241,506	241,506	196,026	206,295	217,178
Housing - top structure subsidies	360,223	492,117	538,731	707,440	707,440	707,440	812,989	956,161	956,341
Other									
Total revenue cost of free services provided (total social package)	1,107,353	1,594,829	1,788,635	2,161,708	2,161,708	2,161,708	2,304,972	2,563,606	2,648,895

Table 10: Basic service delivery measurement (Table A10)

4. OVERVIEW OF ANNUAL BUDGET PROCESS

a. Budget Process Overview

In terms of Section 24 of the MFMA, Council must, at least 30 days before the start of the financial year, consider the annual budget for approval. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

In line with the above requirements, the budget process for the 2010/2011 MTREF period proceeded according to the following timeline:

August 2009: A strategic session of the Mayoral Committee (Mayco) and the Executive Management team (EMT) investigated past performance trends of operating and capital budgets, identified budget realities going forward, and set the criteria and basis of the City's Budget Prioritisation Process.

September 2009: Service departments submitted their budget proposals for consideration to their Portfolio Committees.

October 2009 to January 2010: The EMT and the Budget Steering Committee considered various iterations of the MTREF forecasting model to ensure a sustainable future product.

January 2010: A forecasted three-year budget (MTREF Model) was submitted to Mayco for endorsement.

March 2010: The draft operating and capital budgets, based on the parameters and assumptions set out in the MTREF model, were tabled at the Council meeting.

April 2010: The Budget, IDP and tariff proposals were published for comment and consultation as part of the public participation process.

May 2010: Comments received as a result of the public participation process were submitted to the Budget Steering Committee and Mayco before Council considered the Budget for adoption.

b. Integration of the review of the IDP and the preparation of the Budget

The City's IDP is its principal strategic planning instrument that guides and informs its planning, management and development actions. This visionary framework is rolled out into objectives, key performance indicators (KPIs) and targets for implementation. These are then broken down into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources.

The IDP also informs the City's performance management system, as the KPIs are monitored and must be reported on every quarter.

The figure below visually represents the link between the IDP and the Budget and demonstrates how corporate strategy is cascaded towards through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the City.

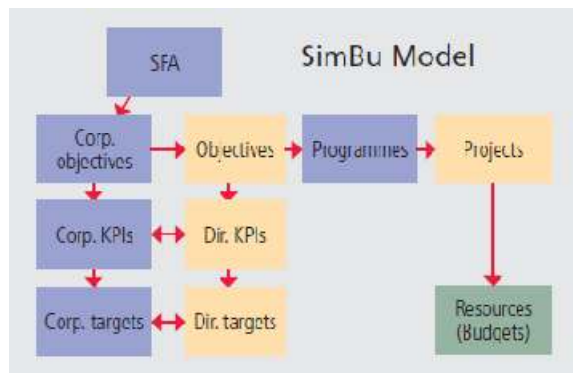


Figure 1: IDP and Budget link

c. Consultation with the community and key stakeholders

The fourth annual review of the Five Year Plan for the City commenced when Council adopted the Process Plan for the IDP and Budget at its meeting in June 2009.

The City's consultation process on its draft IDP review and budget was held from August to October 2009. Public awareness of the process was ensured through extensive regional and local print media advertising as well as invitations to ward forums. The first series of direct engagements occurred during August 2009 with consultation taking place at a subcouncil level via 19 public briefing sessions. Feedback forms and boxes were placed in accessible places such as municipal libraries and subcouncil offices for communities to give input into the 2010/2011 IDP review process.

E-Based consultation also took place, with e-mail notification given to all the organisations on the City's database. The opportunity to give electronic feedback was also communicated on the City's website and the City's call centre was engaged in collecting inputs via telephone, e-mail, fax and SMS.

Consultation at community organisational level involved the creation of various opportunities for input in partnership with the City's Social Development department. One example of such an opportunity is the City's encouragement of secondary school learners to participate in the process and encourage others (especially their parents) to do the same. Review sessions also took place with Municipal Entities, Strategic Business Partners and Neighbouring Municipalities between January and March 2010.

The tabled budget was provided to the National and Provincial Treasury for their assessment in accordance with S23 of the MFMA in April 2010.

5. OVERVIEW OF THE CITY'S INTEGRATED DEVELOPMENT PLAN

a. The Vision of the City

The City of Cape Town's long term vision is to achieve:

- A prosperous city in which City Government creates an enabling environment for shared growth and economic development.
- A city known for its effective and equitable service delivery.
- A city that distinguishes itself via a well-governed and efficiently run administration.

b. The 5-Year IDP and Strategic Focus Areas

On 1 July 2007, the City implemented a new five-year Integrated Development Plan (IDP) for the period July 2007 to June 2012. Eight strategic focus areas form the framework of the annually-reviewed IDP and function as internal strategic levers to facilitate shared growth and development and enhance urban efficiency and institutional effectiveness. The way in which the City's vision is supported by the eight strategic focus areas is shown in the figure below:



Figure 2: Strategic Framework

The complete Integrated Development Plan is attached as Annexure 11.

c. The Intergovernmental Development Agenda for Cape Town

The City engages with the Provincial and National Government in a structured and functional manner. Formal engagements take place on a quarterly basis at political level between the Provincial Cabinet and Mayco. At a technical and administrative level, engagements take place at sectoral (functional) level as well as via three formal engagements per year between the Provincial Heads of Department and the Executive Management Team of the City. This is aimed at ensuring that better planning, coordination and accountability are achieved, that the city's strategic objectives are enhanced, and that its resources are efficiently utilized.

The diagram below illustrates how the different strategy and policy instruments are aligned.

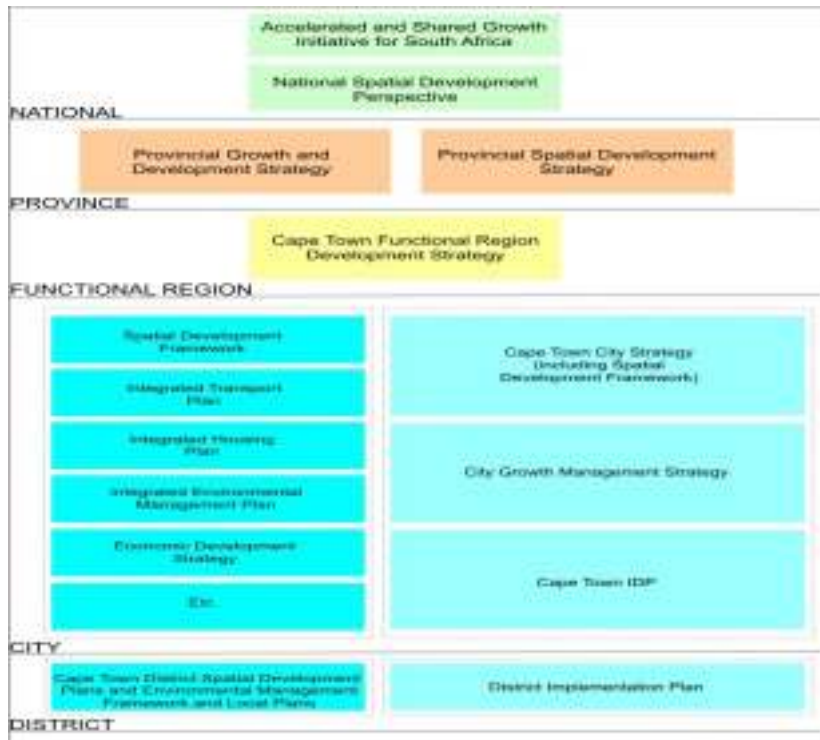


Figure 3: Alignment of Government Strategies

d. Measurable performance objectives and indicators

The City's measurable performance objectives, as reflected in Support Table SA7, are attached as Annexure 2.

6. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Key financial indicators and ratios

Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Borrowing Management										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	13.3%	15.3%	15.9%	19.7%	19.8%	19.9%	21.2%	21.2%	22.3%
Credit Rating		Aa-	Aa2	Aa2	Aa2	Aa2	Aa2	-	-	-
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.2%	4.2%	5.8%	6.4%	6.3%	6.3%	5.2%	4.6%	4.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	2.0%	78.5%	59.1%	52.4%	56.6%	56.6%	58.7%	58.0%	79.1%
Safety of Capital										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	105.2%	121.4%	92.4%	105.5%	96.3%	95.9%	89.8%	83.8%	82.1%
Gearing	Long Term Borrowing/ Funds & Reserves	32.5%	40.8%	166.7%	147.8%	158.8%	158.8%	135.0%	103.7%	96.5%
Liquidity										
Current Ratio	Current assets/current liabilities	1.2	1.3	1.4	1.0	1.2	1.2	1.4	1.6	1.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.3	1.4	1.0	1.2	1.2	1.4	1.6	1.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.7	0.8	0.7	0.4	0.5	0.5	0.6	0.7	0.9
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	106.1%	108.0%	92.4%	97.2%	98.5%	98.9%	100.2%	99.9%	99.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	20.6%	21.9%	23.7%	21.1%	22.7%	22.4%	19.5%	17.3%	15.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	70.3%(mass writeoff)	-17.2%	-	0.0%	0.0%	-16.5%	-	-	-
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.3%	91.2%	94.1%	96.1%	96.1%	96.1%	-	-	-
Funding of Provisions										
Provisions not funded - %	Unfunded Provs./Total Provisions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	8.9%	8.3%	8.4%	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.2%	34.0%	32.3%	34.2%	34.1%	34.1%	33.4%	31.7%	30.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.9%	34.8%	33.0%	34.9%	34.8%	34.8%	34.0%	32.3%	31.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9.0%	9.7%	9.8%	9.2%	9.1%	9.1%	11.6%	9.0%	8.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.4%	8.9%	9.0%	9.3%	9.5%	9.5%	9.8%	9.2%	8.6%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	18.7	12.8	11.6	15.0	15.0	15.0	27.4	31.5	36.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.3%	26.7%	30.5%	25.8%	28.2%	27.8%	24.2%	21.1%	18.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.8	1.7	3.3	2.8	2.8	2.8	2.2	2.3	2.5

Table 12: Performance Indicators (Support Table A8)

7. OVERVIEW OF BUDGET-RELATED POLICIES

Revenue Framework

Section 18 of the MFMA states that the budget can only be funded by realistically anticipated revenue to be collected, as well as cash backed accumulated funds from previous years and not committed for other purposes.

In addition, NT Circular 42 stipulates that the budget is to be managed in a full accrual manner, reflecting a transparent budget and accounting system approach.

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality, which are attached as annexures to this document.

Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source, as per the requirements of the MFMA (Chapter 4, S17 (1) (a) & (3) (b)).

1. Revenue related policies

General Tariff Policy

The Municipal System Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA include the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy. The General Tariff Policy and subsequent Water and Sanitation, Electricity and Waste Management Tariff Policies are attached as Annexure 8.

Credit Control and Debt Collection Policy

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law. The Policy also includes the Indigent Policy as per Annexure 9.

2. Budget related policies

The following budget related policies have been approved by Council, or have been reviewed / amended and/or are currently being reviewed / amended, in line with National Guidelines and Legislation.

Supply Chain Management Policy

Section 111 of the MFMA requires each Municipality and municipal entity to adopt and implement a supply chain management policy, which gives effect to the requirements of the Act. The Supply Chain Management policies for the City, Conenco and the Khayelitsha Community Trust are attached as Annexure 12.

Mayor's Special Fund

The Mayor's office regularly receives requests for grants, donations and financial assistance. While most of these are dealt with via the normal Grants in Aid Policy, some requests fall outside the ambit of this policy, and a special fund was established to deal with these. All allocations are subject to the guidelines as attached in Annexure 13. This particular matter

was also addressed in NT Circular 51 (annexure 21, page 8) and is covered in more detail in section 19 (7) of this document.

Rates Policy

A Draft Rates Policy was reviewed by the Budget Steering Committee during February and March 2010 and in accordance with Section 3 of the MPRA is attached as Annexure 7.

Grants in Aid (GIA) Policy

The revised GIA Policy was approved by Council in May 2009 and is attached as Annexure 10. This policy is in the process of being reviewed and will be submitted for approval to the Council meeting in May 2010.

The GIA Policy calls for two screenings of the applications prior to consideration by Council. The first screening is done at subcouncil level and involves both administrative and political input. The second screening is performed by the Integrated Grant Administrative Committee, advised and assisted by Council's internal legal advisors.

Notwithstanding the dictates of NT Circular 51, the GIA allocations are not detailed within the Budget but appear as globular provisions. The detailed provisions regarding beneficiaries will be reflecting in the May 2010 Budget submission.

Cash Management and Investment Policy

The City's Investment Policy, which deals with the management of the City's surplus cash resources and the investment thereof, was approved by Council in March 2009 and is attached as Annexure 14.

Asset Control Policy

The objective of the Asset Management Policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant and Equipment (Fixed assets). The Asset Control policy is attached as Annexure 15. This policy is in the process of being reviewed.

Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial- and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's System of Delegations. While no limits were placed on the amount of the virement *per se*, certain limitations are placed in terms of the City's System of Delegation. It furthermore provides for budgetary flexibility to be effected, per motivation and sundry technical and financial stipulations, within votes. The virement policy was adopted by Council on 26 August 2009 and is attached as Annexure 16.

Funding and Reserves Policy

The Funding and Reserves Policy is currently being finalised and an initial draft version is attached as Annexure 22.

8. OVERVIEW OF BUDGET ASSUMPTIONS

The MTREF model, which enables economic forecasts and the eventual medium-term fiscal framework, was compiled under harsh external economic conditions. Budgetary constraints and economic challenges meant that the City had to apply a combination of cost-saving interventions and higher than headline CPI revenue increases to ensure an affordable, credible and sustainable budget over the 2010/2011 MTREF.

While the biggest challenge remains the need to do more within an existing resource envelope (as reiterated in the NT Budget Circular 51 for the 2010/2011 MTREF), the City also faced the following challenges in preparing the 2010/2011 MTREF:

1. Higher interest payments due to an accelerated capital programme and higher short-term interest rates. The higher capital expenditure rate also increased depreciation charges on the City's operating budget beyond levels previously estimated.
2. The accelerated capital investment rate impacted on projected cash flow levels. Council's DMTN (Domestic Medium Term Note Programme) envisaged a R7 billion bond issue over a 5-year period. The first issue occurred in June 2008 (R1 billion), at which time the City's 2009/2010 three-year capital budget (EFF-spend) amounted to R7 billion. At the time of the second issue in June 2009 (R1.2 billion), the cash flow requirements outstripped the DMTN programme and the current capital budget had to be curtailed. One of the options to ensure financial sustainability over the short- to medium term was to rephase EFF-funded capital expenditure to reduce the cash flow requirements from internal (EFF-funded) resources, thereby bringing internal charges over the MTREF period to within affordable levels. For the 2010/2011 Capital Budget, preference was given to projects rephased from the 2009/2010 financial year. The Draft 2010/2011 three-year capital budget is based on the cash availability in accordance with the DMTN programme.
3. Lower interest earnings due to lower investment balances and lower interest rates on interest earned.
4. Two changes with regard to a new accounting treatment of depreciation were modelled with effect from the 2010/2011 financial year. Provision of depreciation for assets under construction and the full charge of the CRR-funded assets' depreciation (which is no longer off-set against the accumulated surplus as in previous years) were both fully provided for within the MTREF.
5. Lower than planned revenue collection ratios, which in turn required a re-assessment of previously modelled rates revenue for future years. The collection ratios of major revenue sources were consequently adjusted downwards to reflect realistic and sustainable flows over the three-year MTREF period.

The result of these financial and economic challenges was a substantial deficit starting position on the MTREF Rates-funded portion. Reversing this unacceptable deficit position required several iterative changes to the multi-year targets on both revenue and expenditure across all services, while simultaneously retaining the strategic links to, and focus on, the draft IDP and Budget Prioritisation Model.

Specific budget amendments incorporated in the MTREF included, *inter alia*, the following:

- general expenses reduction to the 2009/2010 base – R180 million
- vacancy provision reduction – R113 million
- grants and subsidies to external bodies reduction
- international travelling and subsistence provisions' reduction
- reduction in provisions for furniture, equipment and computer equipment

The above reductions were applied in a differentiated manner to services, thereby giving effect to the Budget Prioritisation Model and acknowledging the relative contributions of services to the IDP and Council's core strategies.

The Budget Steering Committee placed particular emphasis on the following aspects to influence the outcome of the financial / MTREF scenarios presented to it:

- a differentiated approach to consideration of budgetary amendments across services, thereby giving effect to the strategic intent of the Budget Prioritisation Model;
- further specific considerations to inform budgetary amendments or allocations were:
 - services which promote external service delivery;
 - services responsible for improvement to citizens' quality of living environment;
 - services responsible for hard infrastructure – based economic growth;
 - services responsible for revenue collection.
- the limited financial resources available for additional allocations meant that few new projects or initiatives were to receive budgetary allocations.

Financial modelling

In addition to the above, the following principles were applied to the MTREF in determining the affordability envelope:

- Higher than headline CPI revenue increases, to the extent that they affect and support Council's operational activities of relevant services.
- Assumption of a 100% capital expenditure implementation rate based on current spending patterns.
- Credible collection rates, based on collection achievements to date, incorporating improved success anticipated on selected revenue items.
- Higher than nationally projected inflation provisions for repairs and maintenance, to attain nationally benchmarked levels on this expenditure item, and ensure/enhance the preservation of the City's infrastructure.

Key Financial Indicators in the MTREF

Headline Consumer Price Index (CPI) – Inflation Outlook

Headline CPI projected over the MTREF is an average of CPI forecasts from various financial institutions and the Bureau of Economic Research (BER). The graph below illustrates the CPI projections adopted by the City over the MTREF.

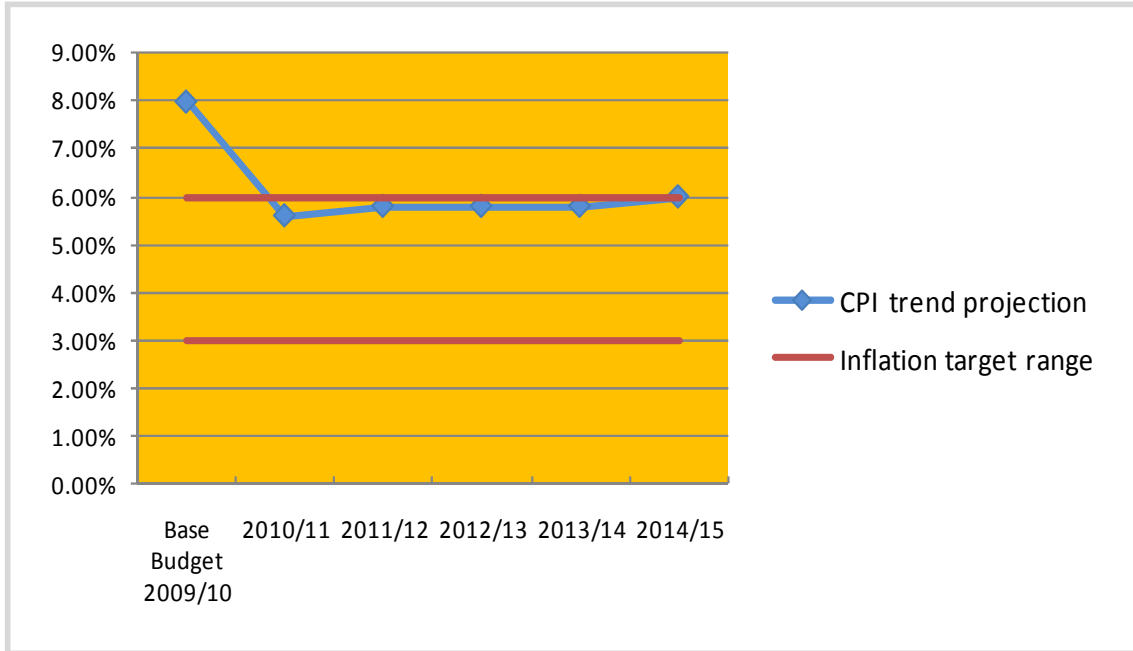


Figure 4: CPI projections adopted over the MTREF

The CPI increase for 2009/2010 budget was set at 8%. This is 2% higher than the inflation target range, to compensate for the low CPI projection in the previous year. CPI projection over the 2010 MTREF is 5.6% for 2010/2011 and 5.8% for the two outer years, both of which are within the boundaries of the inflation target range of 3% – 6%, but below the National Treasury’s forecasted CPI of 5.7%, 6.2% and 5.9% for 2010, 2011 and 2012 respectively.

EXPENDITURE FRAMEWORK

Salaries, wages and related staff costs

The City’s salary increases were modelled as follows:

	BASE BUDGET 2009/2010 %	2010/2011 %	2011/2012 %	2012/2013 %
Salary increases	13.00	8.40	7.78	7.78
Add: Increments	2.00	2.00	2.00	2.00

Table 13: Parameters applied to staff budget

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) provided the general salary adjustment guidelines for the period 2009/2010 to 2011/2012.

In 2009/2010 a salary increase of 13% (10.5% increase + 2.5% non-pensionable allowance) was implemented as per the regulation. The salary increase for 2010/2011 was based on the average CPI plus 1.5% for the period 1 February 2009 to 31 January 2010. Projected figures were used for the months where CPI figures were not yet available. The average percentage increase for 2011/2012 was calculated on the same basis except that 2% was added to the average projected CPI figures. In the absence of a formal agreement for 2012/2013, the same methodology was applied as for 2011/2012.

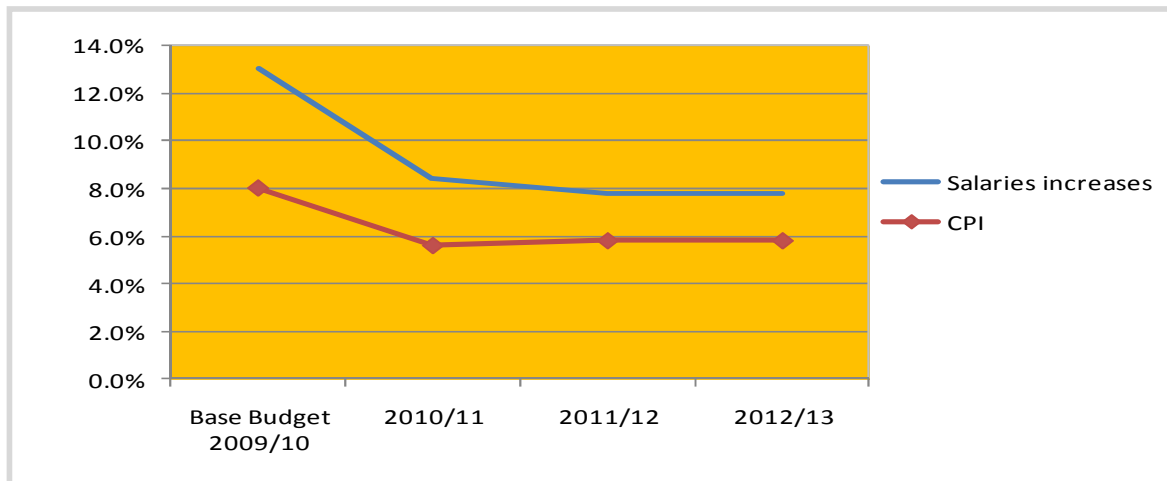


Figure 5: Correlation between CPI and the salary increases over the MTREF

The graph above shows the correlation between CPI and the salary increases over the MTREF. The increase in the salary budget was a contributing factor to the cost pressures experienced on the operating budget. To alleviate part of the strain, the staff budget was reduced by R113 million via vacancy cuts.

General expenses

Items within the general expenses category were increased in proportion to the projected CPI increases over the MTREF. However, as part of the initiative to attain an affordable budget, general expenses were reduced by R180 million. In addition, grants and subsidies to external bodies were reduced by R15 million.

Repairs and Maintenance

The National Treasury Municipal Budget Circular 51 for the 2010/2011 MTREF stated that municipalities must “secure the health of their asset base (especially the municipality’s revenue generating assets) by increasing spending on repairs and maintenance”. The City has, over the last three financial years, consistently increased the investment in repairs and maintenance above CPI. To further address backlogs in repairs and maintenance this budgeted figure was modelled at CPI + 3% over the 2010/2011 MTREF.

REVENUE FRAMEWORK

Service growth

The current unstable economic climate meant that a conservative 1% increase was projected for rates service growth for the 2010/2011 financial year. Electricity service growth remained stagnant at 0% over the 2011 MTREF as a result of energy saving plans. Similarly, lower consumption data resulted in water and sewerage services projecting a lower service growth of 0.5% for the 2010/2011 financial year. Further growth of 2.9% in Water and Sewerage resulted from changes in the tariffs sliding scales and revenue raising interventions. These interventions include, amongst others, the cleaning up of billing data, implementing meter replacement programmes, and eliminating faulty meters. Refuse service growth was modelled at 2% for the period, resulting from a combination of population- and City user-base growth.

Revenue growth parameters: Rates and trading services

To ensure an effective, efficient and well-run city, tariff increases are inevitable. The individual tariff increase proposals are considered against the backdrop of the overall 'package of tariffs' approach adopted in compiling and evaluating the affordability of the tariffs and charges that make up the total municipal account. The graph below depicts the revenue parameters projected for the 2010/2011 MTREF period.

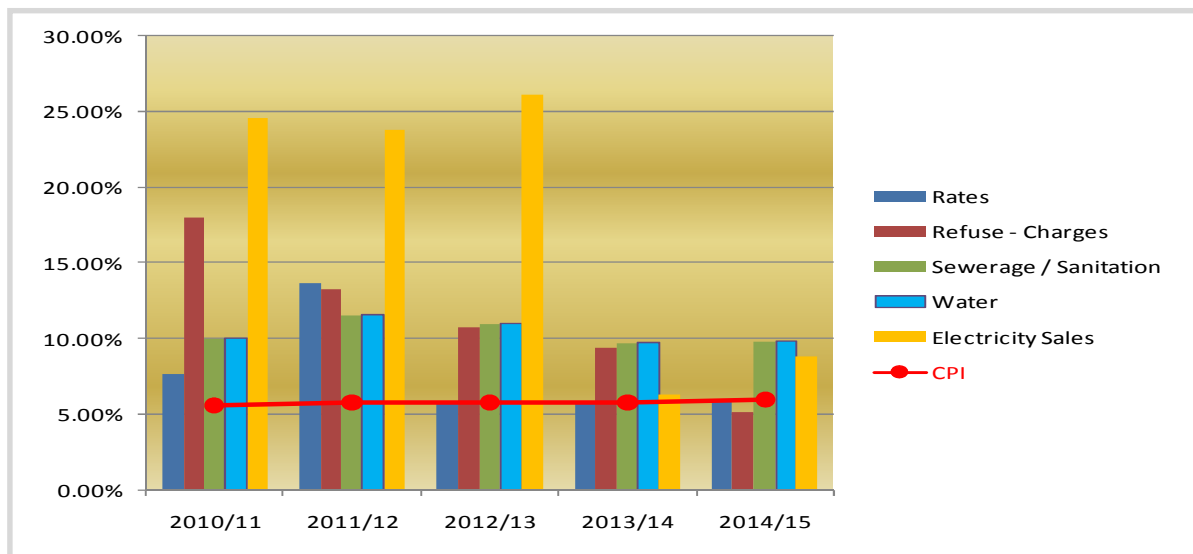


Figure 6: Revenue parameters projected for 2010/2011 MTREF period

After considering various scenario outcomes, the following revenue parameter increases were factored into the MTREF model for 2010/2011:

- *Rates*: Against the backdrop of the current economic climate and other cost pressures, the rates revenue increase was modelled at 7.73%. This above-CPI increase was required to achieve a balanced rates budget without impeding service delivery.
- *Electricity*: The initial electricity revenue parameter was based on the draft Eskom Multi Year Price Determination (MYPD) that proposed an annual 35% increase over the period 2010/2011 to 2012/2013. To ensure affordability for CoCT customers, the City's parameter increase was set at 29%, which was 6% lower than the Eskom proposed increase..

Subsequent to the approval of the MTREF parameters by Mayco, the Electricity service's proposed tariff increases were amended to 24.8%, 25.1% and 25.9% for the coming three financial years respectively. The City subsequently amended its revenue parameter to 24.6% for 2010/2011.

As a consequence, the utility will not be able to fund all infrastructure needs in 2010/2011 and a number of projects will therefore be postponed to future years

- *Refuse Removal:* This revenue parameter increase was modelled at 18%. The increase is as a result of the impact of the higher disposal tariff and will ensure adequate service delivery in future.
- *Water and Sanitation:* The revenue parameter adjustment for both water and sanitation was modelled at 10% for 2010/2011. While the revenue parameter increase is higher than CPI, it still affords the City little scope for new water and sanitation initiatives. As a result, certain projects have been delayed for implementation in future years. Further justification of these proposals is outlined under the various services chapters to follow.

In terms of the MTREF model, the revenue parameter increases are estimated to generate the following revenue:

REVENUE CATEGORY	BASE BUDGET 2009/2010 R'000	PROPOSED ORGANIC GROWTH PARAMETERS	Proposed REVENUE PARAMETER increases	2010/2011 Budgeted Revenue R'000
Rates	4 189 836	1.00%	7.73%	4 558 847
Refuse	531 257	2.00%	18.00%	639 421
Electricity	5 615 676	0.00%	24.6%	6 997 133
Water	1 476 675	0.50%	10%	1 648 843 ¹
Sanitation	806 308	0.50%	10%	905 344 ²

Table 14: Proposed revenue based on parameter increases

¹ Intervention of 0.6% and 2.3% included and 2010/2011 Budget reduced by R31m due to budget realignment taking into consideration the economic climate

² Intervention of 0.6% and 2.3% included and 2010/2011 Budget reduced by R12m due to budget realignment taking into consideration the economic climate

Collection rate

In accordance with relevant legislation and national directives, the City's projected revenue recovery rates are based on realistic and sustainable trends. The City's projected collection ratios are as per the table below.

SERVICE	BASE BUDGET 2009/2010 %	2010/2011 %	2011/2012 %	2012/2013 %
Property Rates	97.85%	95.00%	95.00%	95.00%
Electricity	95.95%	95.00%	95.00%	95.00%
Water	89.68%	89.50%	90.00%	90.50%
Sewerage	88.24%	90.50%	90.50%	90.50%
Refuse	90.72%	92.00%	92.00%	92.00%
Housing	46.82%	42.00%	44.60%	47.00%

Table 15: Projected collection rates

The total collection rate for 2010/2011 is projected at an average of 92.4% (excluding housing, which has an average collection rate of 42%) and is based on a combination of actual collection rates to date and the estimated outcomes for the current financial period. The collection ratio for Property Rates and Electricity declined by 2.85% and 1% respectively, which can be attributed to the inability of consumers to pay municipal accounts, as a result of the economic downturn. This meant that the City's provision for non-recovery, i.e. provision for bad debt, had to increase, contributing to the strain on the City's budget. Special provision is made to cater for the affect of a programme for the poor. The projections for the outer years remained stable.

General fuel levy

The Taxation Laws Amendment Act proposed that 23% of the revenue raised from the general fuel levy be allocated to metros. The 2010/2011 financial year will be the second year of the phasing-in of this sharing of the general fuel levy with metropolitan municipalities. Allocations will be based on a 50% share of the 2009/2010 RSC levy replacement grant and 50% of its share of overall fuel sales in metros, based on the latest available information from the South African Petroleum Industry Association (SAPIA).

The allocation for 2011/2012 will be based on a 25% share of the 2009/2010 RSC levy replacement grant and 75% of its share of overall fuel sales in metros. The 2012/2013 financial year will see the sharing of general fuel levy based solely on total fuel sales within the jurisdiction of a metro, based on the latest available fuel sales information.

The gazette

The gazette will only be enacted later during the year, however to allow municipalities to prepare a three year budget, National Treasury has issued an allocation letter outlining the City's provisional Fuel Levy Allocation for the 2011 MTREF. The allocations are as follows:

2010/2011 – R1.511 billion
 2011/2012 – R1.609 billion
 2012/2013 – R1.682 billion (Forecasted based on average year on year growth)

National Grants

Equitable Share

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each government to pay for these functions through own receipts and revenues.

The local government equitable share allocations supplement municipalities' own revenue sources for the provision of basic services to poor households within their areas of jurisdiction. The equitable share per municipality is calculated using the following equation:

Grant = BS + D + I – R ± C
Where
BS is the basic services component
D is the development component
I is the institutional support component
R is the revenue raising capacity correction
C is a correction and stabilisation factor

Table 16: Equitable Share Equation

Initiatives are currently being pursued to assess the application of the equation for the CoCT to ensure that the allocation received by the City is equitable and fair. The annual Division of Revenue Act (DORA) publishes the equitable share allocations. The following indicative allocations, as published in the 2010/2011 Division of Revenue Act, were modelled:

2010/2011 – R862 million
 2011/2012 – R998 million
 2012/2013 – R1 115 million

Interest rates

The interest projection over the 2010/2011 MTREF placed further pressure on the City's budget. The graph below shows the trend for the projected interest rates, compared to CPI over the MTREF. The negative relationship between interest earnings and loan servicing costs is clearly evident over the MTREF period.

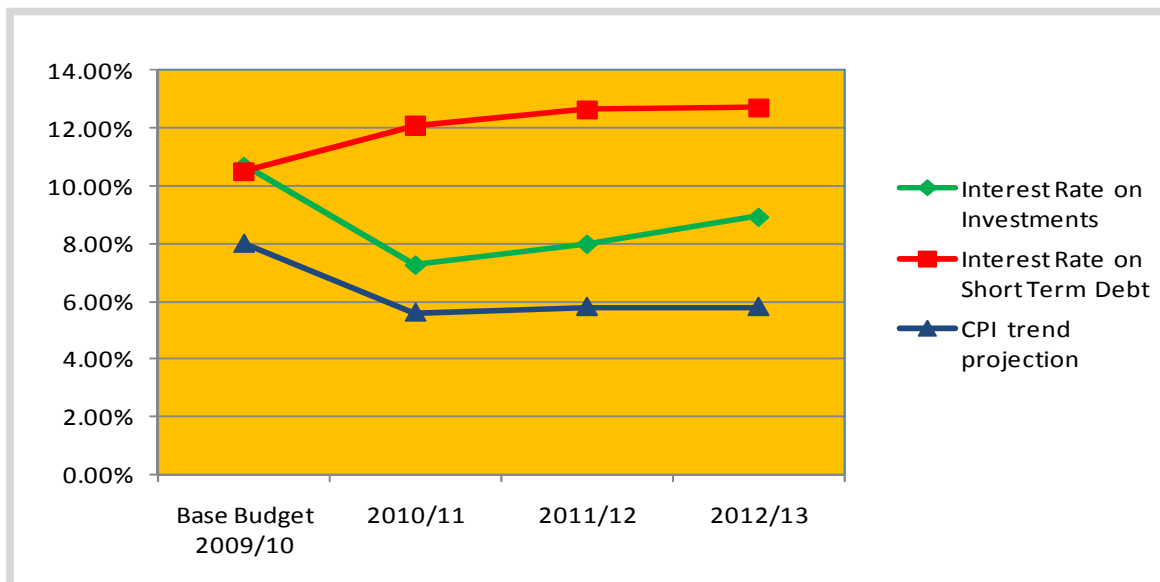


Figure 7: The trend for the projected interest rates over the MTREF compared to CPI

The interest rate on short-term borrowing grew from 10.5% to 12.08% over the last year, increasing interest expenditure by 1.58%. It is further projected to increase by an average of 0.32% over the MTREF as it is assumed that the average prime rate will stabilise in the same period. On the other hand, interest on investment has declined by 3.43% since last year, reducing interest income from 10.7% to 7.27%. It is expected to increase by an average of 0.32% over the MTREF.

Depreciation

Depreciation on new capital expenditure is calculated at a varying rate ranging between nine and 20 years, depending on the nature of the asset. Actual depreciation was modelled on existing assets. An annual capital expenditure implementation rate of 100% was factored into the model.

Capital expenditure (External Financing Fund component)

An acceleration in the 2009/2010 capital budget spending, especially for the 2010 FIFA World Cup™ construction, resulted in increased depreciation and interest costs on the City's 2009/2010 Operating Budget and impacted on projected cash flow levels. The City's medium-term borrowing programme was based on the MTREF-adopted capital investment programme over the medium term. The rapid rate of asset implementation achieved over the past two financial years necessitated a review of the current (3-year) programme.

One of the options pursued to ensure financial sustainability over the short- to medium term was to re-phase EFF-funded capital expenditure in order to reduce the cash flow requirements from internal (EFF-funded) resources. Preference will be given to projects rephased from the 2009/2010 financial year during the 2010/2011 budget process. The Draft 2010/2011 three-year capital budget is based on the cash availability in accordance with the DMTN programme.

Capital investment: Consequential operating impact

No additional or consequential operational costs flowing from Council's capital investment programme were provided for. It is assumed that these will be catered for via efficiency gains and the prioritisation of existing operational resources

Major parameters

The following table summarises the major parameters applied to the MTREF modelling, which informed the detailed compilation of the City's 2010/2011 - 2012/2013 budgets:

	2010/2011	2011/2012	2012/2013
	%	%	%
CPI	5.60	5.80	5.80
COLLECTION RATES:			
Rates	95.00	95.00	95.00
Electricity	95.00	95.00	95.00
Water	89.50	90.00	90.50
Sanitation	90.50	90.50	90.50
Refuse Removal	92.00	92.00	92.00
Refuse Disposal	92.00	92.00	92.00
Housing	42.00	44.60	47.00
REVENUE PARAMETERS (excluding organic growth):			
Rates	7.73	13.65	5.80
Electricity	24.60	23.80	26.10
Water	10.00	11.58	10.96
Sanitation	10.00	11.58	10.96
Refuse Removal	18.00	13.30	10.80
Refuse Disposal	38.50	19.80	10.50
REVENUE PARAMETERS (including organic growth):			
Rates	8.73	14.65	6.80
Electricity	24.60	23.80	26.10
Water	13.40	12.48	12.16
Sanitation	13.40	12.48	12.16
Refuse Removal	20.00	15.30	12.80
Refuse Disposal	40.50	21.80	12.50
EXPENDITURE PARAMETERS:			
Salary increase			
Salary increase (SALGA agreement)	8.40	7.78	7.78
Increment provision	2.00	2.00	2.00
General Expenses	5.60	5.80	5.80
Repairs & Maintenance	8.60	8.80	8.80
Interest rates			
Interest paid	12.08	12.64	12.72
Interest on investment	7.27	8.00	8.93
OTHER:			
Capital (EFF component) Expenditure	R1bn	R1bn	R1bn
Equitable Share Allocation	R862m	R998m	R1 115m
Fuel Levy	R1.511bn	R1.609bn	R1.682bn

Table 17: Summary of major parameters

9. OVERVIEW OF BUDGET FUNDING

Fiscal Overview

1. 2009/2010 and 2010/2011 to 2012/2013 projected financial performance

1.1. Operating Budget

The operating budget increased from R18 818 million in 2009/2010 to R19 354 million in 2010/2011, and is set to rise to R22 246 million in 2011/2012 and R25 501 million in 2012/2013 respectively. The growth is mainly attributable to:

- Repairs and Maintenance (Primary) of Infrastructure
- Operating Costs for the Integrated Rapid Transport system
- Indigent Relief - additional allocations for free basic services to Informal Settlements
- Higher than inflation increases to major expenditure components, such as the staff budget (salary level increases) and a rising interest payable commitment.

1.2. Capital Budget

The capital budget decreased from R5 594 million in 2009/2010 to R3 548 in 2010/2011.

The main contributing factor to this decrease is the re-phasing of EFF-funded capital expenditure to reduce the cash flow requirements from internal (EFF-funded) resources, thereby bringing internal charges over the MTREF period to within sustained and affordable levels.

The Draft 2010/2011 3-year Capital Budget is based on the cash availability in accordance with the Domestic Medium Term Note Program.

2. Medium Term Outlook: 2010/2011 to 2011/2012

Operating Budget

The operating budget will increase as follows in the medium term:

	2010/2011 R'm	2011/2012 R'm	2012/2013 R'm
Operating Budget	19 354	22 246	25 501

Table 18: Medium term operating budget

Capital Budget

The table below reflects the capital budget and funding sources in the medium term:

	2010/2011 R'm	2011/2012 R'm	2012/2013 R'm
Capital Budget	3 548	4 227	3 731
Funded as follows:			
National Grant Funding	1 044	1 926	1 430
Provincial Grant Funding	566	522	488
Other Grant Funding	65	54	43
Borrowings	1 091	1 010	1 000
Other City Funding	782	715	770

Table 19: Medium term capital budget and funding sources

The funding sources are put towards the following major projects on the capital budget:

National Grant Funded

- Integrated Rapid Transit Projects relating to Phase 1A
- Municipal Infrastructure projects to improve bulk infrastructure in support of housing opportunities
- Neighbourhood Development Partnership funding which aims to create economically viable institutionally and socially empowered, environmentally, people-centred neighbourhoods. Municipalities are encouraged to invest in public facilities and places to leverage private sector investment and improve the collateral value of property. Examples of this are the Lentegour & Mandalay Station Public Transport Interchange, a new multi-purpose centre, including a library in Harare, Khayelitsha and Harare Square Business Hub.

Provincial Grant Funded

- Integrated human settlement (Housing) projects and informal settlement upgrades, including Wallacedene, Bardale, Rental Upgrade Projects, Hostel Redevelopment project, etc.

City Funding

- 2010 Related infrastructure projects such as the Reconfiguration of the Green Point Common
- Development and rehabilitation of landfill infrastructure
- Electricity system infrastructure, reinforcements and refurbishments as well as new facility requirements, such as the Rosmead Avenue switching station reinforcement
- Replacement of water and sewer infrastructure, waste water treatment plants and water demand management projects like the Cape Flats Waste Water Treatment Works.

3. Sources of Funding

Rates, tariffs and other charges

Property Tax Rates

The proposed property rates are to be levied in accordance with existing Council policies (unless otherwise indicated) and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

A Draft Rates Policy was reviewed by the Budget Steering Committee in February and March 2010. The proposed average rates increase is 7.73% for all categories of properties while the estimated total rates income increased by a further 1% to take into account natural growth.

Property tax rates are based on values indicated in the General Valuation Roll 2009 (GV). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the GV, being July 2009.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 7.

Water and Sanitation

The proposed Water and Sanitation Tariffs for 2010/2011 are consistent with National Policy on the provision of free basic services, the National Strategic Framework for Water and Sanitation, and with Council's Indigent relief measures, Rates and Tariff Policies and Equitable Service Framework. The tariff increases are necessary to address essential operational requirements, maintenance of existing infrastructure, new infrastructure provision and to ensure the financial sustainability of the service.

The multi-year programme for the eradication of black bucket toilets still in service in the informal settlements, as well as the provision of an acceptable basic level of sanitation to these settlements, is still on track to be achieved by 2011/2012.

The progressive nature of the existing domestic stepped tariff structure, both for water and sanitation, is pro-poor and allows for the needs of the indigent.

Three sets of tariffs have been retained to make allowance for any restrictions that may need to be imposed. The normal tariff set relates to a saving level at least 10% below the Low Water Demand Curve. The tariff levels of reduction or restriction imposed by the City on its consumers are therefore not only linked to the level of restriction imposed by the Department of Water Affairs and Forestry on the City, but also to the level of demand from consumers.

It is proposed that the tariff step structure from the 2009/2010 financial year be amended as follows:

- The range of the 12 to 20kl tariff is to be widened down to 10.5kl to align it with the top end of the free water component, made up of 6kl free to all, plus the 4.5kl free to indigent households by way of the monthly indigent grant.
- The range of the 40 to 50kl tariff is to be widened down to 35 kl to further drive water saving for the high consumption user.

A 10.0% increase in general volumetric water tariffs is proposed, including the Bulk Water tariff. The water tariff for the Domestic Full category, where the step tariff is applied, will however only be increased by 9%. For sanitation tariffs, a similar 10% increase is proposed with the exception of the Domestic Full category, which will increase by 9% and the Domestic Cluster Category, where no increase will be effected.

Three sets of volumetric water and sanitation tariffs have been set to cater for the uncertainty in water resource availability and demand. The 20% and 30% restriction tariffs have also been refined.

A punitive monthly surcharge factor has been introduced on Industrial Effluent discharge having a pH balance and metal content that exceeds the limits set in the Sanitation By-Law.

In total the proposed Tariffs and Rates are cost-reflective and will provide the income to cover the costs of Water and Sanitation during the 2010/2011 financial year.

The consumptive tariff details are reflected in Annexure 5.

Electricity

The proposed revisions to the tariffs have been formulated in accordance with the City of Cape Town Tariff and Rates Policy and comply with Section 74 of the Municipal Systems Act as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

The Electricity Regulation Act requires that proposed revisions to the electricity consumption based tariffs be submitted to the Regulator for approval prior to implementation. Provisional approval will therefore be requested with the express proviso that any alterations required by Council will be submitted to the Regulator as soon as possible.

Guidelines for the municipal electricity tariff increase in July were issued by NERSA as being 15.33%. However, the bulk purchases increase to the City is budgeted to be 29%. This increase, together with increases in expenditure on Salaries and Wages, Repairs and Maintenance, and contributions to the Rate Account, require the electricity tariffs to increase by an average of 24.6%.

It is anticipated that NERSA will again impose an inflation-linked increase on the tariff applicable to the smaller domestic consumers. It is therefore proposed that the structure of the LifeLine tariff be altered to a 3-block Inclining Block Tariff, where the first block remains free (this is the FBE portion), the second block shows a 7.8% increase over the current LifeLine tariff, and the third block shows a 30.7% increase over the current LifeLine tariff, resulting in a maximum increase of 25% to any customer on this tariff.

It is also proposed that the crossover between the Domestic Low and the Domestic High tariffs be shifted from the current monthly average of 800kWh to a monthly average of 1500kWh. This will result in a 20.6% increase in the Domestic Low tariff, with customers seeing between this and 30.8% maximum increase at the crossover point. Customers remaining on the Domestic High tariff will also see a maximum 30.8% increase, declining to about 25% at higher consumption values.

The Time of Use Tariff sees an increase of 25% in Service Charge, a 24.6% increase on all energy components, and a 60.2% increase in Demand Charge. This apparently large increase translates to an 18.7% increase in demand for those customers changing from the Very Large Power User Tariff, which will make up almost all the customers on this tariff. It is anticipated that this tariff will be altered over a period of years and eventually replace the Large Power tariffs as well.

The Wheeling tariff is completely recalculated from a zero base, and now differentiates between firm and non-firm wheeling agreements.

The Green Energy Tariff will be discontinued and replaced by Green Energy Certificates which appear in the Miscellaneous Electricity Tariff Schedule.

The proposed revised lighting tariffs are shown in the Tariffs, Fees and Charges Book (Annexure 6).

The consumptive tariff details are reflected in Annexure 5.

Solid Waste Management

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees and other ad hoc services. It is proposed that the Collections Tariffs (Consumptive and Sundry) increase by 18% and Disposal by 38.5%.

In addition, the following new/changed Tariffs and amendments to the existing Tariff Policy are proposed:

New/Changed Tariffs

- The 85L Bin Tariff is to be removed from the Tariff Book as this service is no longer available
- A New Tariff to be introduced for the disposal of Builders Rubble @ R50/ton
- A New Tariff to be introduced for the disposal of Tyres following the Promulgation of the National Waste Tyre Regulations:
 - Whole Tyres – Ranging from R231.90 to R800.00 at the discretion of the Director or Delegated Authority
 - Half/Quarter Tyres – Ranging from R231.90 to R800.00 at the discretion of the Director or Delegated Authority
 - Shredded Tyres – Ranging from R231.90 to R800.00 at the discretion of the Director or Delegated Authority
- The rounding up and rounding down of quantities at Disposal facilities (tonnages) will be as follows: - (1) Any quantity up to 1.3 tons will be rounded to 1 ton. (2) Any quantity above 1.3 tons will be rounded up to the next Half Ton

- A New Tariff for Litter picking on Council property after events (Business Hours) – R73,28 per 85L bag
- A New Tariff Litter picking on Council property after events (after hours & weekends) – R121,32 per 85L bag
- Remove the following Tariff 1.3.6.3 that refers to the “Supply & Service of 660L, 770L & 1100L containers used for Internal Trade Waste or Events” and Replace with the following 2 Tariffs
 - A New Tariff (Item 1.3.6.6) for the once-off Supply & Servicing of 660/770L waste containers for Events & Informal Traders – R240-00 per service
 - A New Tariff (Item 1.3.6.7) for Additional Services of 660/770L waste Containers for Events & Informal Traders – R151-00 per service
- A New Tariff for the Replacement of a 660/770L container should it be damaged, lost or stolen – R1981.00
- A New Tariff for the Hire of Water Tanker Services for Events to Deliver Water or Wash down roads per 5000L or any part thereof (out of Business Hours subject to availability) – R671.44
- A New Tariff for the Removal & Reinstallation of Litterbins for Films & Events (per 5 x bins or less) – R130.95
- A New Tariff for the Special installation of Litterbins, Servicing thereof & Removal thereafter for Events (per 5 x bins or less) – R162.04
- The Service at the Drop-off facilities is free provided residents adhere to conditions for Usage:
 - Garden Waste – Vehicle Capacity = 1.3ton - Frequency = 3 Loads/Day/per Vehicle;
 - Garage Waste – Vehicle Capacity = 1.3ton - Frequency = 1 Loads/Day/per Vehicle;
 - Clean Builders Rubble Waste – Vehicle Capacity = 1.3ton - Frequency = 1 Loads/Day/per Vehicle;
 - Recyclable Materials – Vehicle Capacity = 1.3ton - Frequency = Unlimited;
 - Domestic Waste (Kitchen Waste) – is not accepted at Drop-off facilities

Changes in the Tariff Policy:

- Hostels & Guesthouses are now classified Non-Residential
- Area Cleaning no longer Supply or Service 1100L Containers
- Double-lockable 240L containers will be provided in baboon-infested areas as determined by the City of Cape Town in consultation with the Baboon Management Team of Nature Conservation
- In areas where the Double Lockable Bin Service is considered necessary, the prevailing Tariff will be applicable to all without exception.
- In the following instances, the completion of an application form by the registered Property Owner for the supply of services is required:
 - For New or Change in Level of Service required by Non-Residential Properties;
 - For the Change in the Level of Service required by Residential Properties
- In the case of change in ownership of the property, the old service level will be retained pending receipt of a New Service Level Agreement.
- Should the Owner, Body Corporate or Property Management Agent not be satisfied with the outcome of the Adjustment, he/she may Appeal (in writing) to the City Manager within 21 days in terms of Section 62 of the Municipal Systems Act.

The consumptive tariff details are reflected in Annexure 5.

Tariffs and Charges Book

Council is permitted to levy rates, tariffs, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance Management Act, No. 56 of 2003, 17 (a)(ii).

The Tariffs and Charges Book is attached as Annexure 6 and contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

A growth parameter of 5.6% was applied to all the miscellaneous tariffs. Any substantial deviations were motivated in the reports to the tariff schedules as considered by Portfolio Committees and Mayco. The consumptive tariffs are reflected in Annexure 5 together with the relevant motivations.

All Levies, Rates and Service Charges are determined in compliance with:

- Local Government Municipal Property Rates Act 2004
- Municipal Finance Management Act 56 of 2003
- Local Government Municipal Systems Act 32 of 2000

4. Investments

Monetary investments by type

Investment type R thousand	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Securities - National Government	20,909	26,024	31,650	31,532	31,532	31,532	36,900	36,900	36,900
Listed Corporate Bonds	1,474	1,512	-	-	-	-	-	-	-
Deposits - Bank	2,367,307	4,192,038	3,630,894	2,730,149	2,688,342	2,688,342	2,644,405	3,343,640	4,264,731
Guaranteed Endowment Policies (sinking)	31,534	35,609	40,224	45,877	45,877	45,877	51,291	57,920	65,426
TOTAL	2,421,224	4,255,183	3,702,768	2,807,558	2,765,751	2,765,751	2,732,596	3,438,460	4,367,057

Table 20: Monetary investments by type (Support Table A15)

Monetary investments by maturity date

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Days			Rand thousand	
Parent municipality					
ABSA	49	FIXED DEPOSIT	5/3/2010	10,000	94
SCMB	80	FIXED DEPOSIT	5/7/2010	15,000	232
ABSA	88	FIXED DEPOSIT	5/14/2010	15,000	259
ABSA	88	FIXED DEPOSIT	5/14/2010	20,000	345
ABSA	94	FIXED DEPOSIT	5/14/2010	20,000	366
FIRSTRAND	94	FIXED DEPOSIT	5/14/2010	15,000	274
FIRSTRAND	60	FIXED DEPOSIT	5/14/2010	25,000	288
INVESTEC	88	FIXED DEPOSIT	5/14/2010	30,000	521
INVESTEC	45	FIXED DEPOSIT	5/14/2010	30,000	240
NEDBANK	60	FIXED DEPOSIT	5/14/2010	20,000	133
NEDBANK	94	FIXED DEPOSIT	5/14/2010	15,000	276
NEDBANK	93	FIXED DEPOSIT	5/14/2010	10,000	182
SCMB	45	FIXED DEPOSIT	5/14/2010	40,000	316
ABSA	89	FIXED DEPOSIT	5/25/2010	25,000	436
ABSA	96	FIXED DEPOSIT	5/25/2010	25,000	470
ABSA	56	FIXED DEPOSIT	5/25/2010	50,000	497
FIRSTRAND	89	FIXED DEPOSIT	5/25/2010	10,000	173
FIRSTRAND	56	FIXED DEPOSIT	5/25/2010	50,000	495
NEDBANK	56	FIXED DEPOSIT	5/25/2010	40,000	399
SCMB	56	FIXED DEPOSIT	5/25/2010	30,000	297
INVESTEC	58	FIXED DEPOSIT	5/27/2010	30,000	312
NEDBANK	98	FIXED DEPOSIT	5/27/2010	25,000	480
NEDBANK	58	FIXED DEPOSIT	5/27/2010	50,000	516
SCMB	98	FIXED DEPOSIT	5/27/2010	25,000	479
NEDBANK	80	FIXED DEPOSIT	6/3/2010	20,000	312
INVESTEC	111	FIXED DEPOSIT	6/7/2010	30,000	666
ABSA	117	FIXED DEPOSIT	6/15/2010	20,000	464
ABSA	117	FIXED DEPOSIT	6/15/2010	10,000	232
ABSA	92	FIXED DEPOSIT	6/15/2010	25,000	447
FIRSTRAND	126	FIXED DEPOSIT	6/15/2010	15,000	373
INVESTEC	92	FIXED DEPOSIT	6/15/2010	25,000	454
NEDBANK	126	FIXED DEPOSIT	6/15/2010	15,000	373
NEDBANK	92	FIXED DEPOSIT	6/15/2010	20,000	360
NEDBANK	92	FIXED DEPOSIT	6/15/2010	25,000	451
SCMB	120	FIXED DEPOSIT	6/15/2010	40,000	947
SCMB	92	FIXED DEPOSIT	6/15/2010	25,000	448
SCMB	77	FIXED DEPOSIT	6/15/2010	50,000	691
ABSA	127	FIXED DEPOSIT	6/25/2010	50,000	1,270
ABSA	87	FIXED DEPOSIT	6/25/2010	50,000	787
FIRSTRAND	127	FIXED DEPOSIT	6/25/2010	25,000	626
INVESTEC	120	FIXED DEPOSIT	6/25/2010	10,000	240

continued on next page...

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Days			Rand thousand	
NEDBANK	127	FIXED DEPOSIT	6/25/2010	25,000	631
SCMB	127	FIXED DEPOSIT	6/25/2010	25,000	629
ABSA	107	FIXED DEPOSIT	6/30/2010	50,000	1,048
FIRSTRAND	91	FIXED DEPOSIT	6/30/2010	10,000	172
FIRSTRAND	91	FIXED DEPOSIT	6/30/2010	12,000	206
FIRSTRAND	91	FIXED DEPOSIT	6/30/2010	9,000	155
FIRSTRAND	91	FIXED DEPOSIT	6/30/2010	12,000	206
INVESTEC	132	FIXED DEPOSIT	6/30/2010	25,000	651
INVESTEC	107	FIXED DEPOSIT	6/30/2010	50,000	1,063
NEDBANK	107	FIXED DEPOSIT	6/30/2010	50,000	1,055
SCMB	107	FIXED DEPOSIT	6/30/2010	50,000	1,049
ABSA	122	FIXED DEPOSIT	7/15/2010	50,000	1,203
ABSA	107	FIXED DEPOSIT	7/15/2010	50,000	971
INVESTEC	80	FIXED DEPOSIT	7/15/2010	15,000	217
INVESTEC	122	FIXED DEPOSIT	7/15/2010	25,000	610
NEDBANK	122	FIXED DEPOSIT	7/15/2010	50,000	1,212
SCMB	122	FIXED DEPOSIT	7/15/2010	50,000	1,205
ABSA	130	FIXED DEPOSIT	7/23/2010	50,000	1,291
FIRSTRAND	115	FIXED DEPOSIT	7/23/2010	50,000	1,048
FIRSTRAND	88	FIXED DEPOSIT	7/23/2010	30,000	474
NEDBANK	130	FIXED DEPOSIT	7/23/2010	50,000	1,296
SCMB	130	FIXED DEPOSIT	7/23/2010	50,000	1,291
ABSA	95	FIXED DEPOSIT	7/27/2010	45,000	767
FIRSTRAND	119	FIXED DEPOSIT	7/27/2010	50,000	1,084
NEDBANK	95	FIXED DEPOSIT	7/27/2010	25,000	426
SCMB	92	FIXED DEPOSIT	7/27/2010	20,000	328
SCMB	92	FIXED DEPOSIT	7/27/2010	20,000	328
ABSA	151	FIXED DEPOSIT	8/13/2010	50,000	1,520
FIRSTRAND	151	FIXED DEPOSIT	8/13/2010	125,000	3,801
NEDBANK	151	FIXED DEPOSIT	8/13/2010	50,000	1,531
SCMB	151	FIXED DEPOSIT	8/13/2010	50,000	1,521
SCMB	136	FIXED DEPOSIT	8/13/2010	50,000	1,248
FIRSTRAND	163	FIXED DEPOSIT	8/25/2010	100,000	3,282
NEDBANK	148	FIXED DEPOSIT	8/25/2010	50,000	1,358
NEDBANK	121	FIXED DEPOSIT	8/25/2010	20,000	444
ABSA	150	FIXED DEPOSIT	8/27/2010	50,000	1,382
ABSA	146	FIXED DEPOSIT	9/15/2010	20,000	536
FIRSTRAND	146	FIXED DEPOSIT	9/15/2010	40,000	1,064
NEDBANK	146	FIXED DEPOSIT	9/15/2010	20,000	536
SCMB	146	FIXED DEPOSIT	9/15/2010	20,000	536
ABSA 2010 call account				198,333	
ABSA Bank call				130,000	
Nedbank call				90,000	
ABSA current account				142,857	
TOTAL INVESTMENTS AND INTEREST				3,234,190	56,595

Table 21: Monetary investments by maturity date (Support Table A16)

5. Long – Term investments and loans

The budget assumes the following new long-term borrowings:

YEAR	EXPECTED DATE OF ISSUE	AMOUNT
2010/2011	30-Mar-11	R1 100 million
2011/2012	30-Mar-12	R1 000 million
2012/2013	30-Mar-13	R1 400 million

Table 22: New long-term borrowings

The above loans will be raised by the issue of City of Cape Town municipal bonds which will be listed on the Johannesburg Stock Exchange under a R7 billion Domestic Medium Term Note Programme.

6. Cash backed accumulated surplus

Cash backed accumulated revenue surpluses are used to provide working capital and to temporarily fund capital expenditure in advance of external loan drawdowns. Operational cash flow deficits and surpluses are forecasted and managed on a daily basis within available cash resources and banking facilities.

All statutory funds and reserves, including unspent grants, are fully cash backed. Non-statutory reserves, including the General Insurance Fund and the Capital Replacement Reserve, are also fully cash backed. Long-term provisions are cash backed to the extent that actual expenditure is projected for the budget year.

7. Grant Allocations

National Allocations

The table below reflects the 2010 Division of Revenue Act grant allocations that have been included in this medium-term budget:

GRANT	2010/11 R'000	2011/12 R'000	2012/13 R'000
Equitable share formula	861,811	997,555	1,114,890
Financial Management Grant	1,000	1,250	1,250
2010 World Cup Host City Operating Grant	27,780	-	-
Public Transport Infrastructure & Systems Grant	850,000	1,600,000	900,000
Neighbourhood Development Partnership Grant	95,000	124,220	156,400
Municipal Infrastructure Grant	383,726	461,509	561,153
Electricity Demand Side Management Grant	20,000	26,000	-
Intergrated National Electrification Programme Grant	8,000	15,000	20,000
World Cup Stadiums Development Grant	77,000	-	-
2010 Interest Subsidy	45,000	-	-
Expanded Public Works Programme Incentive Grant	25,471	-	-

Table 23: National allocations

Provincial Allocations

The table below reflects the grants allocated in terms of the Provincial Gazette 6703 (dated 02 March 2010) that have been included in this medium-term budget:

GRANT	2010/11 R'000	2011/12 R'000	2012/13 R'000
Personal Primary Health Care Services	180,431	188,971	199,743
Integrated Nutrition	3,836	4,024	4,252
HIV and AIDS	56,211	60,146	64,957
Thusong (Multi-Purpose) Centres	1,000	1,000	1,000
Integrated Housing and Human Settlement Development Grant	764,449	904,806	902,007
Settlement Assistance	1,000	1,000	1,000
Accreditation Assistance	10,000	-	-
Fire-fighting assistance	335	-	-
Cape Metropolitan Transport Fund	9,400	9,900	9,900
Mobility Strategies	7,500	10,000	10,000
Library Services (conditional grant)	24,267	21,633	-

Table 24: Provincial allocations

10. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	1,289,986	1,498,565	1,804,254	757,298	847,710	847,710	1,046,000	1,286,969	1,310,654
Restructuring	12,786	49,131	58,857	19,964	22,671	22,671	5,555	-	-
Finance Management	3,176	1,633	-	750	1,200	1,200	1,000	1,250	1,250
Department of Water Affairs	1,739	-	4,271	6,000	2,475	2,475	-	-	-
Municipal Infrastructure Grant	1,718	1,188	-	3,328	3,328	3,328	4,619	5,002	5,867
2010 FIFA WC Host city Operating Grant	-	-	-	57,357	57,357	57,357	27,780	-	-
Public Transport Infrastructure & Systems Grant	-	450	-	53,000	92,807	92,807	147,273	304,604	215,013
Dept of Environ Affairs and Tourism	1,761	4,138	8,744	16,200	19,943	19,943	10,883	168	168
Expanded Public Works Programme	-	-	-	9,128	5,134	5,134	-	-	-
Equitable Share	299,914	334,517	486,734	591,572	642,796	642,796	847,566	974,445	1,085,356
RSC Levies	968,837	1,107,242	1,245,648	-	-	-	-	-	-
Housing Accreditation	55	266	-	-	-	-	820	1,500	3,000
Local Government SETA	-	-	-	-	-	-	504	-	-
Provincial Government:	107,094	162,181	395,343	407,294	401,415	401,415	405,494	583,207	679,428
Local Government and Housing - Fire-fighting Assistance	3,610	1,500	871	425	425	425	335	-	-
Sundry - Water	-	-	-	-	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-	-
Cultural Affairs and Sport - Library Services	317	10,031	14,696	17,020	17,413	17,413	15,990	21,633	-
Local Government and Housing - Housing	60,391	97,076	320,424	204,357	159,357	159,357	155,000	306,000	407,000
Local Government and Housing - Accreditation	-	-	-	-	-	-	1,000	2,000	3,000
Local Government and Housing - Settlement Assistance	-	-	-	-	-	-	393	433	476
Sustainable Transport	12,898	11,717	-	-	-	-	10,300	-	-
Other	7,082	-	-	1,567	1,567	1,567	-	-	-
Health - TB	3,785	4,523	-	11,432	6,132	6,132	9,185	9,635	10,184
Health - Global Fund	2,468	3,171	-	1,000	3,820	3,820	-	-	-
Health - ARV	8,404	20,986	-	20,110	48,363	48,363	47,509	60,146	64,957
Health - Nutrition	-	3,008	-	3,604	3,604	3,604	3,836	4,024	4,252
Health - Vaccines	7,013	7,952	59,352	21,676	36,776	36,776	31,979	44,727	47,277
Transport - WC Host City	-	-	-	3,000	-	-	-	-	-
Health - Comprehensive	276	65	-	123,103	123,103	123,103	128,321	134,609	142,282
2010 FIFA World Cup	848	2,153	-	-	850	850	-	-	-
Other	-	-	-	-	4	4	1,202	-	-
Table Mountain Biosphere	-	-	-	-	-	-	100	-	-
Mamre Fencing	-	-	-	-	-	-	94	-	-
Heritage Audit	-	-	-	-	-	-	250	-	-
Other grant providers:	33,956	14,324	26,263	32,279	36,656	36,656	26,788	30,900	29,900
DBSA	30,000	4,111	688	-	-	-	-	-	-
Sunwest International	467	-	-	2,300	700	700	350	-	-
Tourism	-	534	2,597	5,000	5,000	5,000	5,155	5,000	5,000
Carnegie	2,672	5,800	5,252	6,158	10,079	10,079	12,294	6,000	5,000
Mamre Trust	105	1	-	-	355	355	355	-	-
CMTF	-	-	-	16,556	14,655	14,655	6,100	19,900	19,900
Other	250	3,878	4,087	1,265	1,409	1,409	964	-	-
World Health Organisation	462	-	189	-	-	-	-	-	-
CID	-	-	216	-	1,450	1,450	-	-	-
Bill Gates	-	-	13,234	1,000	1,000	1,000	-	-	-
Happy Valley	-	-	-	-	15	15	-	-	-
Plumstead Cemetary	-	-	-	-	7	7	-	-	-
Glocal	-	-	-	-	350	350	-	-	-
MSF Funding	-	-	-	-	1,636	1,636	613	-	-
Baboon Management	-	-	-	-	-	-	300	-	-
Solar Energy	-	-	-	-	-	-	146	-	-
Cities for Climate Protection	-	-	-	-	-	-	329	-	-
Neil Desai Skills Development Project	-	-	-	-	-	-	37	-	-
ICLEI Carbon Taxes	-	-	-	-	-	-	144	-	-
Total operating expenditure of Transfers and Grants:	1,431,035	1,675,071	2,225,860	1,196,871	1,285,781	1,285,781	1,478,282	1,901,076	2,019,981

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Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand									
Capital expenditure of Transfers and Grants									
National Government:	304,826	1,070,399	2,453,437	1,818,393	1,527,662	1,527,662	1,044,350	1,925,488	1,430,217
Department of Environmental Affairs & Tourism: Marine & Coastal Management	180	-	-	-	70	70	-	-	-
Minerals and Energy: Electricity Demand Side Management (Eskom) Grant	-	-	-	4,000	3,509	3,509	17,544	22,807	-
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	7,937	15,376	22,076	8,772	8,772	8,772	7,018	13,158	17,544
National Government - Other: Previous years' DORA allocations	-	522	196	-	150	150	150	-	6,000
National Treasury: Local Government Finance Management Grant	120	170	4,235	1,016	1,066	1,066	-	-	-
National Treasury: Local Government Restructuring Grant	14,604	42,837	51,819	31,396	30,903	30,903	2,000	-	-
National Treasury: Neighbourhood Development Partnership Grant	-	6,244	49,292	57,551	65,000	65,000	95,000	124,220	156,400
National Treasury: Other	-	2,681	15,912	2,412	8,112	8,112	12,731	13,400	10,000
Provincial and Local Government: Municipal Infrastructure Grant (MIG Cities)	179,417	156,124	378,360	385,776	341,724	341,724	379,107	456,507	555,286
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant	99,875	813,964	1,601,122	545,337	545,337	545,337	55,000	-	-
Transport: Public Transport Infrastructure & Systems Grant	2,693	32,481	330,426	782,134	523,020	523,020	475,800	1,295,396	684,987
Provincial Government:	146,435	154,698	316,557	406,025	372,736	372,736	565,780	522,089	488,391
Cultural Affairs and Sport: Development of Sport and Recreation Facilities	2,792	972	212,000	2,954	3,629	3,629	-	-	-
Cultural Affairs and Sport: Library Services (Conditional Grant)	-	-	-	2,500	2,900	2,900	8,277	-	-
Health: Global Fund	-	-	-	2,804	2,842	2,842	-	-	-
Housing: Integrated Housing and Human Settlement Development Grant	87,915	76,040	-	230,857	253,745	253,745	536,963	515,089	481,391
Housing: Previous years' Gazetted allocations	11,855	2,088	-	28,715	21,051	21,051	-	-	-
Provincial Government: Previous years' Gazetted allocations	17,136	17,836	38,773	-	1,709	1,709	-	-	-
Local Government: Multi-Purpose Centres	823	9,302	419	2,809	2,809	2,809	-	-	-
Transport and Public Works: Cape Metropolitan Transport Fund	24,759	48,335	65,365	135,387	84,051	84,051	20,540	7,000	7,000
Transport and Public Works: Other	1,155	125	-	-	-	-	-	-	-
Other grant providers:	43,026	41,568	43,161	70,441	84,013	84,013	64,379	54,200	42,600
Other	43,026	41,568	43,161	70,441	84,013	84,013	64,379	54,200	42,600
Total capital expenditure of Transfers and Grants	494,286	1,266,665	2,813,156	2,294,860	1,984,411	1,984,411	1,674,508	2,501,777	1,961,208
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	1,925,322	2,941,735	5,039,015	3,491,731	3,270,192	3,270,192	3,152,790	4,402,853	3,981,190

Table 25: Expenditure on allocations and grant programmes (Support Table A19)

11. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Grants-in-Aid refer to transfers of municipal funds to organisations or bodies assisting the City in the exercise of its powers of function in terms of Section 17(3) (j) of the MFMA. These transfer payments must be processed and monitored in terms of Section 67 of the MFMA and do not constitute commercial or business contracts and transactions. Specific provision must be made in the City's annual operating budget for Grants-in-Aid in terms of the provisions contained in Section 17(3) (j) of the MFMA. These budget provisions may be made either by subcouncils, who may utilise their Operating Ward Allocation Budget, or Line Departments in their departmental Operating Budgets under Cost Element 457100 - Grants-in-Aid.

The power of the City to make Grants-in-Aid is regulated by Section 156 of the Constitution as read with Section 8 of the MSA. These provisions limit the power to make Grants-in-Aid to circumstances where it is reasonable and necessary for, or incidental to, the functions and exercise by the municipality of its powers.

The grants and allocations made by the municipality are attached as Annexure 18.

12. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Cash Receipts By Source																
Property rates	303,355	291,425	343,709	316,658	308,965	334,646	288,135	371,913	334,401	315,005	339,216	317,803	3,865,231	4,419,176	4,712,600	
Service charges - electricity revenue	502,390	482,632	569,220	524,421	511,680	554,210	477,182	615,929	553,804	521,682	561,778	528,235	6,403,164	7,952,379	10,068,057	
Service charges - water revenue	110,552	106,205	125,259	115,400	112,597	121,955	105,005	135,537	121,866	114,798	123,621	115,773	1,408,567	1,578,199	1,751,579	
Service charges - refuse revenue	173,954	167,113	197,094	181,582	177,171	191,897	165,226	213,267	191,756	180,634	194,518	182,201	2,216,414	2,521,570	2,847,919	
Service charges - other	5,278	5,070	5,980	5,509	5,375	5,822	5,013	6,470	5,818	5,480	5,902	11,536	73,253	70,805	74,607	
Rental of facilities and equipment	3,847	6,917	4,630	5,985	6,772	7,111	4,721	7,347	5,627	6,087	6,594	7,268	72,906	60,158	52,215	
Interest earned - external investments	14,202	13,347	14,003	13,403	12,961	14,067	13,574	15,696	17,407	15,682	15,683	28,911	188,936	201,784	215,505	
Fines	9,529	17,131	11,467	14,823	16,773	17,613	11,694	18,196	13,936	15,077	16,332	18,001	180,569	191,357	202,496	
Licences and permits	2,788	5,012	3,355	4,336	4,907	5,153	3,421	5,323	4,077	4,411	4,778	5,266	52,827	56,792	61,282	
Transfer receipts - operational	140,744	133,651	636,887	133,821	133,642	637,662	133,150	133,912	637,883	134,386	134,404	136,586	3,126,728	3,634,958	3,832,909	
Other revenue	30,007	30,007	30,007	30,007	30,007	30,007	30,007	30,007	30,007	30,007	30,007	30,503	360,579	123,760	145,333	
Cash Receipts by Source	1,296,646	1,258,509	1,941,611	1,345,946	1,320,850	1,920,143	1,237,128	1,553,598	1,916,580	1,343,249	1,432,832	1,382,084	17,949,175	20,810,937	23,964,504	
Other Cash Flows by Source																
Transfer receipts - capital	166,999	81,725	105,392	88,769	94,845	86,642	74,262	116,007	154,629	173,261	161,093	344,945	1,648,568	2,494,777	1,954,208	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	1,100,000	1,100,000	1,000,000	1,400,000	
Total Cash Receipts by Source	1,463,645	1,340,234	2,047,003	1,434,715	1,415,694	2,006,784	1,311,390	1,669,605	2,071,209	1,516,510	1,593,925	2,827,028	20,697,743	24,305,714	27,318,712	
Cash Payments by Type																
Employee related costs	448,041	458,426	470,970	477,533	684,022	497,255	494,572	513,957	494,020	541,081	527,283	552,162	6,159,321	6,797,796	7,517,394	
Interest paid	4,573	-	122,484	-	-	207,465	4,605	-	122,484	-	-	246,219	707,831	791,138	919,817	
Bulk purchases - Electricity	342,513	591,943	579,326	330,639	325,815	326,839	309,808	322,531	318,868	311,525	336,491	401,959	4,498,257	5,861,562	7,615,684	
Bulk purchases - Water & Sewer	-	9,149	39,476	26,412	24,117	23,498	26,591	24,735	24,735	24,735	25,145	57,272	305,866	323,681	372,613	
General expenses	481,268	324,828	351,562	373,651	402,805	434,095	292,072	384,961	469,317	541,750	416,284	433,920	4,906,513	5,379,048	5,755,748	
Cash Payments by Type	1,276,395	1,384,346	1,563,818	1,208,235	1,436,759	1,489,154	1,127,648	1,246,184	1,429,424	1,419,090	1,305,203	1,691,533	16,577,789	19,153,225	22,181,256	
Other Cash Flows/Payments by Type																
Capital assets	577,787	97,172	346,264	294,031	203,110	215,301	204,105	421,867	280,431	329,161	250,756	595,332	3,815,315	4,131,379	3,837,215	
Repayment of borrowing	1,639	-	45,000	-	-	119,479	1,607	-	45,000	-	-	135,851	348,576	321,876	379,150	
Other Cash Flows/Payments																
Total Cash Payments by Type	1,855,822	1,481,518	1,955,081	1,502,266	1,639,868	1,823,934	1,333,360	1,668,050	1,754,855	1,748,251	1,555,960	2,422,716	20,741,680	23,606,480	26,397,621	
NET INCREASE/(DECREASE) IN CASH HELD	(392,176)	(141,284)	91,922	(67,551)	(224,174)	182,851	(21,970)	1,555	316,354	(231,741)	37,965	404,312	(43,937)	699,235	921,091	
Cash/cash equivalents at the month/year begin:	(844,272)	(1,236,448)	(1,377,732)	(1,285,810)	(1,353,362)	(1,577,535)	(1,394,685)	(1,416,655)	(1,415,100)	(1,098,746)	(1,330,487)	(1,292,522)	(844,272)	(888,209)	(188,975)	
Cash/cash equivalents at the month/year end:	(1,236,448)	(1,377,732)	(1,285,810)	(1,353,362)	(1,577,535)	(1,394,685)	(1,416,655)	(1,415,100)	(1,098,746)	(1,330,487)	(1,292,522)	(888,209)	(888,209)	(188,975)	732,117	

Table 26: Monthly targets for revenue and cash flow (Support Table A30)

13. COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Disclosure of Salaries, Allowances & Benefits	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum						
Councillors						
Speaker	606,102	–	220,843	–	–	826,945
Chief Whip	568,221	–	208,217	–	–	776,438
Executive Mayor	757,628	–	290,216	–	–	1,047,844
Deputy Executive Mayor	606,102	–	220,843	–	–	826,945
Mayoral Committee	5,682,215	–	2,082,168	–	–	7,764,383
Total for all other councillors	58,943,385	–	22,110,475	–	–	81,053,860
Total Councillors	67,163,653	–	25,132,762	–	–	92,296,415
Senior Managers of the Municipality						
Municipal Manager (MM)	1,275,397	221,474	68,000	127,120	–	1,691,991
Chief Finance Officer	951,396	189,127	130,863	103,198	–	1,374,584
Executive Director - Community Services	1,009,044	149,920	97,800	103,198	–	1,359,962
Executive Director - Economic and Social Development	924,887	158,388	72,000	95,918	–	1,251,193
Executive Director - Safety and Security	928,342	138,978	109,212	95,552	–	1,272,084
Executive Director - Health	852,565	177,274	138,378	95,552	–	1,263,769
Executive Director - Service Delivery and Integration	1,197,314	193,974	13,800	114,870	–	1,519,958
Executive Director - Housing	1,028,930	171,587	29,800	101,002	–	1,331,319
Executive Director - Corporate Services	999,022	164,303	73,800	101,002	–	1,338,127
Executive Director - Strategy and Planning	1,168,011	–	62,306	101,002	–	1,331,319
Chief Audit Executive	1,076,646	–	80,070	95,340	–	1,252,056
Executive Director - Utility Services	1,079,923	166,541	61,800	107,474	–	1,415,738
Total Senior Managers of the Municipality	12,491,477	1,731,566	937,829	1,241,228	–	16,402,100
Municipal Entities						
Convenco						
Variable per meeting - Board meetings: Chairperson R3 222, Member R2 397	163,000	–	–	–	–	163,000
Chief Executive Officer (CEO)	1,415,000	–	–	–	–	1,415,000
Khayelitsha Community Trust						
Variable per meeting - Board meetings: Chairperson R3 222, Member R2 397	282,800	–	–	–	–	282,800
Chief Executive Officer (CEO)	575,698	–	90,000	–	–	–
Total for municipal entities	2,436,498	–	90,000	–	–	1,860,800
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	82,091,628	1,731,566	26,160,591	1,241,228	–	110,559,315

Table 27: Salaries, allowances & benefits (political office bearers/councillors/senior managers) (Support Table A23)

Summary of Employee and Councillor remuneration R thousand	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Salary	46,068	42,747	47,334	54,903	54,903	54,903	67,164	71,731	76,608
Pension Contributions	6,692	6,711	6,971	7,867	7,867	7,867			
Medical Aid Contributions	245	-	-	-	-	-	-	-	-
Motor vehicle allowance	11,516	17,228							
Cell phone allowance	-	2,102					2,745	2,932	3,131
Housing allowance	1,417	2,147		-	-	-	-	-	-
Other benefits or allowances	-	-	23,324	23,490	23,490	23,490	22,388	23,910	25,536
Sub Total - Councillors	65,938	70,935	77,629	86,260	86,260	86,260	92,296	98,573	105,276
% increase		7.6%	9.4%	11.1%	-	-	7.0%	6.8%	6.8%
Senior Managers of the Municipality									
Salary	9,006	10,191	11,135	10,967	10,967	10,967	12,491	13,713	15,054
Pension Contributions	1,143	1,392	1,557	1,225	1,225	1,225	1,390	1,526	1,675
Medical Aid Contributions	-	-	-	211	211	211	273	299	329
Motor vehicle allowance	735	847	938	792	792	792	796	873	959
Cell phone allowance	-	-	-	12	12	12	142	156	171
Performance Bonus	942	801	1,235	1,726	1,726	1,726	1,241	1,363	1,496
Other benefits or allowances	-	-	-	96	96	96	69	76	83
Sub Total - Senior Managers of Municipality	11,826	13,231	14,865	15,029	15,029	15,029	16,402	18,006	19,767
% increase		11.9%	12.3%	1.1%	-	-	9.1%	9.8%	9.8%
Other Municipal Staff									
Basic Salaries and Wages	2,505,804	2,638,848	2,922,923	3,736,029	3,794,343	3,794,343	4,249,716	4,689,158	5,189,487
Pension Contributions	318,575	374,654	439,886	665,054	613,619	613,619	763,177	837,778	919,713
Medical Aid Contributions	196,006	220,000	255,726	327,438	327,438	327,438	356,800	391,696	430,003
Motor vehicle allowance	130,114	150,770	154,677	164,581	165,080	165,080	156,992	172,345	189,201
Cell phone allowance	-	-	10,247	10,717	10,842	10,842	11,947	13,116	14,398
Housing allowance	43,025	50,580	55,926	56,657	56,654	56,654	48,531	53,277	58,488
Overtime	146,108	193,460	226,815	190,664	207,427	207,427	210,287	230,853	253,431
Performance Bonus	(21,607)	-	-	-	-	-	-	-	-
Other benefits or allowances	309,831	511,802	456,503	492,672	487,191	487,191	637,870	700,174	768,583
Sub Total - Other Municipal Staff	3,627,856	4,140,114	4,522,703	5,643,812	5,662,594	5,662,594	6,435,320	7,088,397	7,823,304
% increase		14.1%	9.2%	24.8%	0.3%	-	13.6%	10.1%	10.4%
Total Parent Municipality	3,705,620	4,224,280	4,615,197	5,745,101	5,763,883	5,763,883	6,544,018	7,204,976	7,948,346
		14.0%	9.3%	24.5%	0.3%	-	13.5%	10.1%	10.3%
Board Members of Entities									
Board Fees	102	329	321	408	392	392	446	378	404
Sub Total - Board Members of Entities	102	329	321	408	392	392	446	378	404
% increase		222.0%	(2.5%)	27.0%	(3.9%)	-	13.7%	(15.2%)	6.9%
Senior Managers of Entities									
Salary	-	858	1,694	2,282	2,175	2,175	2,559	2,777	3,013
Motor vehicle allowance	-	86	116	155	132	132	155	155	155
Sub Total - Senior Managers of Entities	-	944	1,810	2,437	2,308	2,308	2,714	2,932	3,168
% increase		-	91.6%	34.6%	(5.3%)	-	17.6%	8.0%	8.0%
Other Staff of Entities									
Basic Salaries and Wages	15,167	18,696	22,603	25,198	25,198	25,198	27,666	29,819	32,139
Sub Total - Other Staff of Entities	15,167	18,696	22,603	25,198	25,198	25,198	27,666	29,819	32,139
% increase		23.3%	20.9%	11.5%	-	-	9.8%	7.8%	7.8%
Total Municipal Entities	15,269	19,970	24,734	28,043	27,898	27,898	30,826	33,129	35,711
TOTAL SALARY, ALLOWANCES & BENEFITS	3,720,889	4,244,250	4,639,931	5,773,143	5,791,781	5,791,781	6,574,845	7,238,104	7,984,058
% increase		14.1%	9.3%	24.4%	0.3%	-	13.5%	10.1%	10.3%
TOTAL MANAGERS AND STAFF	3,654,849	4,172,986	4,561,981	5,686,476	5,705,129	5,705,129	6,482,102	7,139,154	7,878,378

Table 28: Councillor and board member allowances and employee benefits (Support Table A22)

14. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – INTERNAL DEPARTMENTS

In terms of Section 53 (1) (c) (ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Projections for each month of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Executive Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days of the date of approval of the budget. In addition, the Executive Mayor must ensure that the revenue and expenditure projections for each month, and the service delivery targets and performance indicators as set out in the SDBIP, are made public within 14 days of its approval.

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objectives of the City in quantifiable outcomes, which will be implemented by the administration for the financial period from 1 July 2010 to 30 June 2011 (the City's financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of the financial and non-financial performance of the municipality and allows the City Manager to monitor the performance of the Executive Directors, the Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the City Government.

For the 2010/2011 financial year, the SDBIP will be approved by the Executive Mayor following approval of the Budget.

15. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Description	Preceding Years	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework			Total Contract Value
	Total	Original Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Estimate
Expenditure Obligation By Contract						
ABSA BANK (42S/2007/08)	3,431	2,918	3,094	3,280	3,477	16,200
Total Operating Expenditure Implication	3,431	2,918	3,094	3,280	3,477	16,200

Table 29: Contracts having future budgetary implications (Support Table A33)

16. ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS (SDA) – MUNICIPAL ENTITIES

1. Cape Town Convention Centre Company Pty (Ltd)

Period of Agreement	No period stipulated but subject to annual review in terms of Section 93A of the Systems Act.
Service Provided	International conference centre
Expiry date of SDA	Not applicable
Monetary value	No current funding from the City

Ownership and control	<p>Shares: City of Cape Town - 50.2%, Provincial Government of Western Cape - 25.1% SunWest International Pty Ltd - 24.7%</p> <p>The City has voting rights of 66%.</p>
Oversight processes	Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance.
Mandate	Provide a world class international conference centre.
Funding over medium term	None at this stage. Expansion of exhibition area to Custom's House has been put on hold.
Summary of SDA	Sets out the obligations of Convensco and the City in respect of compliance and performance issues.
Link to IDP	Strategic Focus Area 1: Shared Economic Growth and Development
Past performance and future objectives	Has exceeded its targets in the past. Convensco is confident that it will maintain its present levels of bookings despite the world economic downturn, but numbers of delegates may decrease by up to 30%.

Besides the normal operating expenditure, maintenance and depreciation are major operating expenditure items on the Convensco budget. Being in the international service and hospitality business requires that the facilities are always up to international standards. The assets of the conference centre represent a major investment, which attracts substantial depreciation. There is also a policy for regular replacement of fixed assets to maintain the high standards, which results in high capital expenditure every year.

Operating Revenue by Source and Operating Expenditure by Type

CATEGORIES R Thousands	2006/07	2007/08	2008/09	Current Year			Medium Term Revenue and Expenditure Framework		
				2009/10			Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
				Audited Actual	Audited Actual	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast
Operating Revenue by Source									
Rental of facilities and equipment	(45,342)	(57,238)	(54,936)	(66,664)	(73,819)	(73,819)	(63,889)	(61,247)	(64,799)
Interest earned - external investments	(4,228)	(6,814)	(8,715)	(5,250)	(7,027)	(7,027)	(8,893)	(9,604)	(10,372)
Other Income	(57,445)	(74,356)	(68,379)	(66,598)	(70,937)	(70,937)	(72,217)	(76,498)	(81,037)
Total Operating Revenue	(107,015)	(138,408)	(132,030)	(138,512)	(151,783)	(151,783)	(144,999)	(147,349)	(156,208)
Operating Expenditure by Type									
Employee related Cost	15,299	29,264	23,916	26,503	26,503	26,503	29,080	31,343	33,782
Bad debts	463	68	277	229	229	229	242	256	271
Depreciation	25,245	6,794	18,303	14,378	18,785	18,785	19,837	20,987	22,205
Repairs and maintenance	5,837	23,234	22,509	25,686	27,088	27,088	30,588	34,838	39,977
Interest Paid	57	0	0	0	0	0	0	0	0
Contracted services	15,526	0	0	0	0	0	0	0	0
General expenses	35,402	47,023	52,888	58,387	61,636	61,636	53,397	56,507	59,797
Total Operating Expenditure	97,829	106,383	117,893	125,183	134,241	134,241	133,144	143,931	156,032
(Surplus) / Deficit	(9,186)	(32,025)	(14,137)	(13,329)	(17,542)	(17,542)	(11,855)	(3,418)	(176)

Table 30: Conenco - operating revenue by source and operating expenditure by type

Capital Expenditure by Type

CAPITAL EXPENDITURE BY CATEGORY R thousand	2006/07	2007/08	2008/09	Current Year			Medium Term Revenue and Expenditure Framework		
				2009/10			Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
				Audited Actual	Audited Actual	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast
OTHER ASSETS									
Other motor vehicles	358	-	-	-	-	-	-	-	-
Plant & equipment	1610	3664	3,209	2,548	3,179	3,179	3,092	6,068	5,682
Office equipment	931	1662	3,841	6,055	7,404	7,404	9,635	6,785	6,085
Other Land and Buildings	10181	19094	5,860	6,970	14,463	14,463	3,160	2,475	5,360
TOTAL CAPITAL EXPENDITURE	13,080	24,420	12,910	15,573	25,046	25,046	15,887	15,328	17,127

Table 31: Conenco - capital expenditure by Type

2. Khayelitsha Community Trust (KCT)

Period of Agreement	Renewable annually
Service Provided	The facilitation of the development of the Khayelitsha Central Business District (CBD)
Expiry date of SDA	Not applicable
Monetary value	R4,500m for 2010/2011, R 6,374m for 2011/2012, and R4,604m for 21012/2013 depending on business plan and budget approvals

Ownership and control	City of Cape Town (100%) as Trust founder
Oversight processes	Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance.
Mandate	To develop the Khayelitsha CBD
Funding over medium term	R4,500m for 2010/2011, R 6,374m for 2011/2012, and R4,604m for 2012/2013 depending on business plan and budget approvals
Summary of SDA	Sets out the obligations of KCT and the City in respect of compliance finance and performance issues.
Link to IDP	Strategic Focus Area 1: Shared Economic Growth and Development
Past performance and future objectives	KCT has performed poorly in the past, but implemented measures to rectify the situation. A major exercise was undertaken to focus their strategic goals and strengthen their operational capacity.

KCT does not have the staff complement to research, plan and execute all their projects and therefore acquires the required skills via consultant contracts. The cost of these consultants, and the various projects, represent a substantial portion of the annual operating budget.

Operating Revenue by Source and Operating Expenditure by Type

CATEGORIES R Thousands	2006/07	2007/08	2008/09	Current Year			Medium Term Revenue and Expenditure Framework		
				2009/10			Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
				Audited Actual	Audited Actual	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast
Operating Revenue by Source									
Rental of facilities and equipment	(140)	0	(192)	(182)	(182)	(182)	(187)	(191)	(196)
Interest earned - external investments	(46)	(529)	(380)	(450)	(450)	(450)	(450)	(219)	(105)
Grants & Subsidies (Conditional)	0	(10,023)	(7,837)	(6,574)	(6,866)	(6,866)	(4,500)	(6,374)	(4,604)
Total Operating Revenue	(186)	(10,552)	(8,409)	(7,206)	(7,498)	(7,498)	(5,137)	(6,784)	(4,905)
Operating Expenditure by Type									
Employee related Cost	88	984	1,015	1,281	1,153	1,153	1,463	1,585	1,716
Remuneration of Trustees	82	0	241	258	242	242	283	202	214
Depreciation	0	10	31	10	30	30	40	50	64
Repairs and maintenance	0	8	7	12	7	7	12	24	12
Interest Paid	112	0	124	24	24	24	32	39	38
Contracted services	0	3,812	3,358	8,363	7,266	7,266	4,305	2,388	218
General expenses	693	1,430	1,287	1,289	1,374	1,374	2,329	2,496	2,643
Total Operating Expenditure	975	6,244	6,063	11,237	10,096	10,096	8,464	6,784	4,905
(Surplus) / Deficit	789	(4,308)	(2,346)	4,031	2,598	2,598	3,327	0	0

Note: The surplus grant funding of 2008/09 was carried over to the 2009/2010 and 2010/2011 financial years, resulting in the deficit for 2010/2011 (i.e. the Grant Funding required from the City for 2010/2011 was reduced by that amount.)

Table 32: Khayelitsha Community Trust - operating revenue by source and operating expenditure by type

Capital Expenditure by Type

CAPITAL EXPENDITURE BY CATEGORY R thousand	2006/07	2007/08	2008/09	Current Year			Medium Term Revenue and Expenditure Framework		
				2009/10			Budget Year 2010/11	Budget Year 2011/12	Budget Year 2012/13
				Audited Actual	Audited Actual	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast
OTHER ASSETS									
Office equipment	0	166	2	50	50	50	28	37	30
TOTAL CAPITAL EXPENDITURE	0	166	2	50	50	50	28	37	30

Table 33: Khayelitsha Community Trust - capital expenditure by type

17. RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND CAPITAL BUDGET

Strategic Objective	Goal	Goal Code	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Economic development and job creation		A	274,094								
Integrated Access and Mobility		B	399,758								
Building Integrated Human Settlements		C	111,231								
Building Strong Communities		D	187,156								
Equitable & Effective Service Delivery		E	651,279								
Enabling Institutional Framework		F	201,168								
Financial Sustainability		G	128,737								
Shared Economic Growth and Development		H		1,192,331	2,468,234	1,675,095	1,937,742	1,937,742			
Sustainable Urban Infrastructure and Services		I		1,240,447	1,547,750	2,587,073	1,926,803	1,926,803			
Public Transport Systems		J		70,263	275,542	992,375	803,776	803,776			
Integrated Human Settlements		K		193,553	250,171	338,246	378,627	378,627			
Safety and Security		L		113,443	126,479	152,076	81,103	81,103			
Health, social and community development		M		95,452	122,759	100,643	111,674	111,674			
Good Governance and Regulatory Reform		N		196,908	269,408	356,957	353,939	353,939			
Shared Economic Growth and Development	1.3Grow & strengthen the City's tourism capability	O							2,850	1,000	2,500
	1.4Develop and grow LED & SMME opportunities	P							7,590	6,610	-
	1.5Prioritise skills dev. on need of local economy	Q							1,581	3,000	-
	1.8Hosting FIFA 2010 World Cup in Cape Town	R							318,689	186,653	10,000
	1.1Promote investment into Cape Town	S							44,784	59,418	22,985
	1.2Develop new & strengthen existing partnerships	T							3,000	4,000	4,500
Sustainable Urban Infrastructure and Services	2.1Reduce backlogs for basic services	U							315,141	354,848	273,544
	2.7Prioritise essent. large/bulk infrastr. progr.	V							1,117,317	1,179,893	1,352,034
	2.3Dev. demand mng. programs for utilities & trans	W							49,800	60,000	75,430
	2.4Reduce impact of floods on community livelihood	X							59,094	22,500	15,000
	2.2Conserve biodiversity & improve living environ.	Y							19,278	1,761	950
	2.5Safeguard health, protect natural aquatic etc.	Z							54,290	141,950	109,674
	2.6Manage and maintain the City's beach nodes	AA							3,500	13,500	22,000
	2.8Integration in infrastr., service plans & budget	AB							121,047	116,894	143,524

continued on next page...

Strategic Objective	Goal	Goal Code	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Energy efficiency for a sustainable future	3.1Reduce energy consumption below projection	AC							10,000	10,000	-
Public Transport Systems	4.2Improve public transport & secure new invest.	AD							411,804	1,146,971	750,187
	4.5Promote non-motorised transport (NMT))	AE							21,585	28,000	40,000
Integrated Human Settlements	5.1Transform dormitory suburbs	AF							79,841	81,673	125,464
	5.3Develop & Implement incremental housing progr.	AG							489,466	471,445	443,336
	5.4Development of new housing opportunities	AH							60,300	42,944	42,150
	5.6Redress land ownership inequity via Restitution	AI							-	50	-
	5.2Establish policy & spatial planning frameworks	AJ							1,200	1,400	1,400
Safety and Security	5.9Improve service delivery to internat. Standard	AK							8,500	16,100	16,600
	6.2Impr. urban design to reduce crime & emergency	AL							113	-	-
	6.3Dev. of CCTV network to ensure adequate cover	AM							5,769	1,500	1,500
	6.4Improve law enforcement via more visible action	AN							11,449	8,016	6,600
	6.5Fast, efficient & equitable emergency response	AO							18,676	5,390	7,976
	6.1Community & youth dev. progr. directed at safety	AP							80	-	-
	7.1Establishment of ECD facilities & partnerships	AQ							2,050	-	-
Health, social and community development	7.2Provide developmental progr. & events	AR							4,212	5,500	16,660
	7.3Promote sustainable Comm. & healthy lifestyles	AS							58,531	54,087	54,678
	7.5Prov. effective primary health care with Provin	AT							11,964	11,075	6,954
	7.7Provide effective environmental health services	AU							98	-	-
8. Good Governance and Regulatory Reform	8.1Enhance service deliv. via alternate mechanisms	AV							87,327	23,898	23,297
	8.2Optimise staff structure/strategy/policy/skills	AW							13,984	9,014	11,640
	8.3Improve service culture and workplace ethics	AX							1,936	14,433	5,910
	8.5Management of key financial areas	AY							47,031	40,525	38,889
	8.4Improve organisation & regulatory environment	AZ							6,260	20,391	20,231
	8.7Establishment of Ward Participatory Mechanisms	BA							270	250	-
	8.8Improvement of community satisfaction	BB							77,289	82,133	85,231
				1,953,422	3,102,398	5,060,343	6,202,464	5,593,664	5,593,664	3,547,694	4,226,821

Table 34: Reconciliation of IDP strategic objectives and budget (capital expenditure) (Support Table A6)

1. **Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:**

- **Budget and Treasury Office** - A budget office and Treasury office has been established in accordance with the MFMA.
- **Budgeting** - The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- **Financial reporting** - 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report** - The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Municipal Entities** - Four municipal entities were consolidated into the 2007/2008 Annual Financial Statements. It must be noted that the Philippi East Trading Centre and RED1 were discontinued during the 2007/2008 financial year.
- **Internship Programme** - The City, in participating in the Municipal Finance Management Internship Programme, has employed a number of interns to undergo training in various finance departments. Three interns completed their two-year training period at the end of March 2007 and have taken up permanent employment within the City's Finance department. Five interns are currently employed in the Treasury department.

Key issues addressed in National Treasury Circular 51: Municipal Budget Circular for the 2010 MTREF – refer Annexure 21

1. Municipalities' role in employment creation

Underemployment, precarious employment (in the informal sector) and unemployment will continue to grow, putting further pressure on already stressed wage levels. Hence, the percentage of the population living in poverty will continue to increase faster than that finding employment at a living wage

The major challenge remains to facilitate and encourage semi- and unskilled labour absorptive growth. While the financial services industry is the main driver of the city's economy, it is a high-end skills employer and does not create jobs at the scale needed to address employment challenges. Even the R800 million that has gone to SMME BEE contractors has not effectively addressed this challenge.

The City has recently completed a 5 year Public Private Partnership (PPP) with universities programme in which postgraduate interns have had the opportunity to gain meaningful research experience and local government exposure. Most of these graduate interns have gone on to be gainfully employed.

Expanded Public Works Programme (EPWP):

The creation of short-term job opportunities through the EPWP is identified as one of the top 20 Strategic Priorities (indicator 1A.4) in the City of Cape Town's Integrated Development Plan (IDP). A corporate job opportunity target is set for the medium-term cycle and revised annually. This target is proportionately distributed throughout line departments to ensure service delivery and capital projects create EPWP jobs wherever appropriate.

The annual targets for the current medium-term cycle are as follows:

- 2009/2010 : 18 000 EPWP Job Opportunities
- 2010/2011 : 16 000 EPWP Job Opportunities
- 2011/2012 : 16 000 EPWP Job Opportunities

The City is fully participating in the EPWP and has entered into a Memorandum of Agreement (MOA) with the National EPWP unit committing to an annual job creation target as part of the EPWP Incentive Grant Scheme.

The maximisation of labour intensive methods is driven through the SCM processes within the City. Job creation targets are specified in tender documents where possible to regulate the use of temporary labour.

An EPWP policy is currently being developed to drive implementation and compliance of the programme within the City. This is supported by the development and implementation of a policy on the Recruitment and Selection of Community Workers for temporary work for all council programmes and projects. The initiative aims to provide the low- and un-skilled labour force with fair access to community-based work and to protect local communities from both corruption and nepotism when attempting to access job opportunities.

To support the effective implementation of the EPWP, a fully capacitated unit was established in the City's Development Services Directorate. The unit is responsible for:

- the coordination and reporting of the programme throughout the City,
- capacity building through training and development workshops, and
- promoting the use of labour intensive methodology in capital and service delivery projects.

2. Procurement reforms and fighting corruption

Corruption

The City has a centralised procurement department that operates in accordance its Supply Chain Management (SCM) policies. In addition to these policies and procedures, the City makes use of an external service provider to verify the HDI status of vendors. The HDI status is used as part of the tender application scoring process. For suppliers of goods and services up to R200 000, the City's buyers are rotated on an annual basis.

Compliance

The City's SCM policy is drafted in accordance with the relevant legislation. The supply chain processes are linked to this policy and each process is followed and monitored through regular internal, external and ISO audits.

3. Eskom bulk tariff increases

Implementation of Inclining Block Tariff (IBT):

NERSA conceded that implementation challenges exist for municipalities and agreed that:

- the industry is not expected to implement IBT during the 2010/2011 financial year, and
- the 4 (four) block structure of the IBT and the energy rates per block detailed in the media statement of 24 February 2010 are '*mere guidelines and municipalities may deviate from them*'.

Eskom tariffs to municipalities and the "clawback" practice:

NERSA agreed to discuss the "clawback" practice whereby Eskom recovers its expected 12-month revenue stream from municipal bulk purchases over a nine month period (1 July to 31 March). It is expected that this would result in an average increase of 29% to municipalities with effect from 1 July 2010 compared with the 24.8% increase to other Eskom customers with effect from 1 April 2010.

Areas impacted by Eskom's increase in the 2010/2011 financial year include:

- Bulk Purchases - R996.3 million increase (29.0%)
- Vendors commission – R15.0 million increase (23.4%)
- Bad Debts provision – R86.9 million increase (55.7%)
- Contribution to Rates – R123.0 million increase (20.1%)

These items constitute 70.3% of the 2010/2011 budget and account for 76% of the required tariff increase.

The balance of the expenditure categories are in line with the MTREF modelling.

4. Cost reflective water tariffs

The City's water tariffs are cost reflective to the extent that the current cost of water is covered by current revenue (taking due cognisance of the current cross-subsidisation from sanitation). The water tariffs do not, however, allow for the cost of future infrastructure, as minimal provision is made for reserves to fund future projects. Changes to the pricing strategy approach (to spread the impact on consumers over a period of time) will depend on the overall approach of the City on "taxation in advance of need" (i.e. effectively CRR vs. EFF), against the background of cash backing or funding availability.

The water tariffs are already structured to protect basic levels of service and to encourage efficient and sustainable consumption. The City has further refined the level of the steps in the "block tariff" for 2010/2011 to address these requirements.

5. Implementation of the Municipal Property Rates Act

The ratios prescribed in the regulations have been complied with.

6. Providing clean water and managing waste water

In managing the provision of drinking water and the treatment of wastewater, the City of Cape Town performs the dual roles of Water Service Authority and Water Service Provider.

The City received Blue Drop status for the full supply area and was one of only 3 authorities in the country to receive 100% scoring.

Officially 7 (unofficially 9) of the City's 22 Waste Water Treatment Plants received Green Drop status.

Despite these accolades, there are still areas that require attention. The City does not dispose of raw, untreated wastewater, which means that attention must be paid to the challenges of complying with the standards. Water quality, and all other risks, are currently managed by means of the Bulk Water Branch as part of the integrated risk register for the City, which is fully up to date and reviewed on a regular basis. The draft "Water Safety Plan" is due to be collated and integrated for all relevant branches in the Water and Sanitation Department and will be concluded shortly.

In both instances, the biggest problem relates to inadequate asset management, particularly in terms of the refurbishment of aging infrastructure and maintenance of existing assets. The problem is exacerbated by rapidly expanding development, which is placing further pressure on the existing infrastructure. In addition, insufficient manpower capacity exists at operational and planning levels. Both asset management and manpower capacity are impacted by budgetary constraints.

A number of steps are already being taken to address these challenges. Both the Bulk Water and Waste Water Branches have a 10-year capital upgrade programme and are currently on track with the programme. From a Bulk Water perspective, the next infrastructure development is well underway in terms of planning, EIA process, land identification and

acquisition. Programmes are also in place to address the problem of inadequate asset management, but time and funds are required to ensure their success.

The 10-year capital programme is included in the capital projects submitted and reflected in the MTREF. Repairs and maintenance have been increased above the inflation targets in an attempt to address the increasing demands, while vacancy provision has been made to reduce the capacity constraints. Further capacity development is required, and must be aligned with ongoing growth.

7. Mayor's discretionary funds and similar discretionary budget allocations

R6.4 million is budgeted for Mayoral Projects in the 2010/2011 operating budget. This is for allocation to projects identified by the Mayor and Internal Departments and rests with the Governance and Interface department, which falls within the ambit of the City Manager.

Identification of projects

- The Mayor may identify project(s) on condition that they represent a local government competency and can be executed within the legal and financial framework applicable to local government.
- A line department may identify a worthy project for which they have no budget and submit a report to the Mayor for consideration, also on the basis of full compliance.

The following internal administrative procedures are followed in the allocation of funds:

- A written report or memorandum, setting out the project scope and required funding, is submitted to the Executive Mayor for approval.
- Where the Mayor identifies a feasible project, written approval must be obtained to allocate funding and proceed with the project from the Manager: Executive & Legislative Support.
- Once approved, an operating project is created for recording and monitoring purposes, before the funds are allocated.
- Requests for release of funds are received electronically as the projects progress.
- Funds are released by the Manager: Executive & Legislative Support in terms of the Council's approved systems of delegation, provided there is full compliance to the Supply Chain Management policy and procedures.
- Progress reports are submitted on a regular basis and monitored via Departmental Dashboards.

8. Unallocated ward allocations

A specific Subcouncil Ward Allocation provision for the 2009/2010 financial year of R52.5 million was allocated to subcouncils within the City. The amount was apportioned according to the number of wards in each subcouncil, with each ward receiving R500 000 (R300 000 for capital projects and R200 000 for operational projects). The same amount has been included in the draft Budget for 2010/2011.

Subcouncil Ward Allocation projects have become synonymous with addressing grassroots community needs. These needs are identified by the communities and submitted to the relevant subcouncil, after which a workshop is held with the various stakeholders to agree on the timely submission of proposed projects and a commitment from the technical implementers to determine the cost of the proposed projects. Subcouncils have the

responsibility to ensure that the Ward Allocations are spent on projects that are aligned to the IDP and reflect the strategies and objectives of the City.

A prioritised list of projects, is compiled for implementation during the following financial year. It is imperative that the compilation of these prioritised lists be finalised in consultation with ward constituents and other external interest groups.

A full schedule of Ward Allocation projects must be submitted to subcouncil meetings in January/February of each year for further inclusion and recommendation to the Executive Mayoral Committee and Council as part of the Draft Budget in March.

Subcouncil managers will monitor and drive the implementation of Ward Allocation projects in consultation with individual project managers and ensure that monthly progress reports are submitted.

9. New office buildings

The City has no new office buildings on its capital budget for the MTREF period.

10. Phasing in of formats and tables – Repairs and Maintenance

NT Circular 48 stipulated that repairs and maintenance 'must be broken-up into component expenditure types for the 2010/2011 budget' and not reported on as a subjective category. This was further emphasized in Circular 51, section 6.3.3.

In order for the City to be compliant, a rework of the repairs and maintenance subjective category had to be undertaken. A new allocation structure was created to allocate the budgetary provision by cost element or 'component expenditure' for the 2010/2011 budget process.

20. CAPITAL EXPENDITURE DETAILS

Municipal Vote/Capital project R thousand	Program/Project description	Project number	IDP Goal code	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
							Audited Outcome 2007/08	Adjusted Budget 2008/09	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
Parent municipality:													
Office of the City Manager	Various	Various		Various	Various	97,198	-	3,200	21,996	39,775	32,227	Multi	Various
Internal Audit	Various	Various		Various	Various	485	-	-	242	121	121	Multi	Various
Utility Services	Development of Additional Infrastructure	C05.01268-F3	Z	Infrastructure - Water	Dams & Reservoirs	275,874	-	13,360	47,640	121,600	93,274	Multi	New
	Belville WWTW - EFF	C06.30170-F1	U	Infrastructure - Sanitation	Sewerage Purification	82,220	3	-	5,000	50,000	20,000	9	New
	Belville WWTW-MIG	C06.30170-F2	U	Infrastructure - Sanitation	Sewerage Purification	148,275	30,275	15,000	55,000	48,000	-	9	New
	Cape Flats WWTW	C06.30185-F1	W	Infrastructure - Sanitation	Sewerage Purification	79,161	10,212	26,000	38,000	-	-	67	Renewal
	Fisantekraal WWTW-EFF	C06.42094-F1	V	Infrastructure - Sanitation	Sewerage Purification	58,902	18,716	28,000	7,000	-	-	105	New
	Fisantekraal WWTW-MIG	C06.42094-F2	V	Infrastructure - Sanitation	Sewerage Purification	82,645	26,945	47,100	8,600	-	-	105	New
	Northern Area Sewer Thomson	C07.00407-F1	V	Infrastructure - Sanitation	Reticulation	100,208	92	2,116	3,000	50,000	45,000	53	New
	Rosmead Avenue Reinforcement	C07.00617-F1	V	Infrastructure - Electricity	Transmission & Reticulation	154,094	-	17,684	135,731	678	-	63	New
	Retreat Reinforcement	C08.84047-F1	V	Infrastructure - Electricity	Transmission & Reticulation	68,577	16,122	51,605	850	-	-	71	Renewal
	Contemans Kloof Water Mains	C08.86024-F1	V	Infrastructure - Water	Reticulation	63,784	18,500	19,800	10,000	15,000	-	105	New
	Main Rd Upgrade M/Berg to Clovelly Rehab	C08.86038-F1	V	Infrastructure - Water	Reticulation	89,292	11,337	12,200	17,666	19,440	21,588	64	New
	Oakdale - Boston: Replace 33 kV Cables	C09.84040-F1	V	Infrastructure - Electricity	Transmission & Reticulation	63,504	-	-	7,715	55,789	-	Multi	Renewal
	Vanguard Transformer Replacement	C10.84029-F1	V	Infrastructure - Electricity	Transmission & Reticulation	56,215	-	-	-	41,000	15,215	Multi	Renewal
	Tamboerskloof Transformer Replacement	C10.84030-F1	V	Infrastructure - Electricity	Transmission & Reticulation	52,889	-	-	-	52,889	-	Multi	Renewal
	Oakdale Upgrade	C10.84044-F1	V	Infrastructure - Electricity	Transmission & Reticulation	54,625	-	16,893	37,000	732	-	Multi	New
	Zandvliet WWTW-Extension (MIG)	C10.86033-F2	U	Infrastructure - Sanitation	Reticulation	123,500	-	-	38,000	55,500	30,000	15	Renewal
	Second Meters on Existing Dwellings	C11.84062-F1	AY	Other assets	Plant & equipment	75,000	-	-	25,000	25,000	25,000	Multi	New
	Purchase of fleet	C11.85002-F1	U	Other Assets	General Vehicles	58,000	-	-	58,000	-	-	Corp Inf	Renewal
	Development of Landfill Infrastructure	C11.85022-F1	V	Various	Various	108,500	-	-	108,500	-	-	Multi	Renewal
	Development of Landfill Infrastructure	C11.85022-F2	V	Infrastructure - Other	Waste Management	71,384	-	-	71,384	-	-	Multi	Renewal
	Potsdam WWTW - Extension (EFF)	C11.86063-F1	V	Infrastructure - Sanitation	Sewerage Purification	60,000	-	-	-	30,000	30,000	4	New
	Potsdam WWTW - Extension (MIG)	C11.86063-F2	V	Infrastructure - Sanitation	Sewerage Purification	91,700	-	-	9,500	22,200	60,000	4	New
	Oakdale Phase 2	C12.84030-F1	V	Infrastructure - Electricity	Transmission & Reticulation	72,631	-	-	-	8,000	64,631	Multi	New
	Purchase of fleet	C12.85002-F1	U	Other Assets	General Vehicles	59,000	-	-	-	59,000	-	Corp Inf	Renewal
	Development of Landfill Infrastructure	C12.85022-F1	V	Various	Various	115,482	-	-	-	115,482	-	Multi	Renewal
	Development of Landfill Infrastructure	C12.85022-F2	V	Infrastructure - Other	Waste Management	88,630	-	-	-	88,630	-	Multi	Renewal
	Development of Landfill Infrastructure	C13.85000-F1	V	Various	Various	115,482	-	-	-	-	115,482	Multi	Renewal
	Development of Landfill Infrastructure	C13.85000-F2	V	Infrastructure - Other	Waste Management	80,000	-	-	-	-	80,000	Multi	Renewal
	Reh. and Closure of L/fill Sites	C13.85001-F1	V	Infrastructure - Other	Waste Management	74,000	-	-	-	-	74,000	Multi	New
	Purchase of fleet	C13.85002-F1	U	Other Assets	General Vehicles	59,000	-	-	-	-	59,000	Corp Inf	Renewal
	Various	Various		Various	Various	3,051,363	86,480	101,290	873,516	903,929	1,049,447	Multi	Various
Community Services	Various	Various		Various	Various	447,129	11,757	45,676	134,629	116,020	130,659	Multi	Various
Transport, Roads & Major Projects	Flood Alleviation - Lourens River	C05.01503-F1	X	Infrastructure - Road Transport	Storm Water	68,671	972	6,500	1,000	-	-	83	Renewal
	Lentegeur & Mandalay Station PTI's:Dsg	C06.41752-F2	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	61,300	300	4,000	17,000	15,000	25,000	Multi	Renewal
	Sheffield Rd Philippi:Plan and Design	C06.41911-F1	V	Infrastructure - Road Transport	Roads, Pavements, Bridges	106,000	-	-	-	-	6,000	35	New
	Atlantis Dev Corr	C07.00500-F2	V	Infrastructure - Road Transport	Roads, Pavements, Bridges	69,499	2,499	7,000	-	5,000	5,000	104	Renewal
	Mitchell's Plain Station TI	C07.01059-F2	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	97,713	24,500	17,560	14,800	14,220	25,000	78	Renewal

continued on next page...

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information	
							Audited Outcome 2007/08	Adjusted Budget 2008/09	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal
	Vlaakteplaas Bulk Roads & S/water	C08.04407-F2	V	Infrastructure - Road Transport	Roads, Pavements, Bridges	72,210	-	-	5,710	5,500	16,000	100	New
	Pelican Park: Strandfontein Rd Upgr_EFF	C08.10325-F1	V	Infrastructure - Road Transport	Roads, Pavements, Bridges	113,073	4,277	30,000	17,313	-	-	66	Renewal
	Pelican Park: Strandfontein Rd Upgr_MIG	C08.10325-F2	V	Infrastructure - Road Transport	Roads, Pavements, Bridges	103,300	-	19,800	14,500	24,000	20,000	66	Renewal
	Khayelitsha Rail Extension T1	C08.10502-F2	AD	Other assets	Other	105,763	17,351	23,800	15,000	20,000	25,000	95	Renewal
	IRT:Ingr Rapid Transit Syst(Ph1A):PTIF	C09.00313-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	73,322	-	-	59,925	12,615	782	Multi	New
	IRT: Control Centre:PTIF	C10.00093-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	137,000	-	-	57,000	80,000	-	Multi	New
	IRT:Feeder Stations:West Coast:PTIF	C10.00127-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	62,670	-	-	-	-	62,670	Multi	New
	Cape Town Stadium	C10.10104-F2	R	Community	Sportfields & stadia	600,337	-	545,337	55,000	-	-	54	New
	2010 Reconfiguration of Common	C10.10105-F1	R	Community	Sportfields & stadia	295,457	-	164,685	130,772	-	-	54	New
	IRT:WestCoastCorridor:PTIF	C10.10327-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	666,816	-	51,942	138,984	462,501	13,390	55	New
	IRT:InnerCityService:PTIF	C10.10350-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	159,910	-	10,000	34,200	62,700	53,010	Multi	New
	IRT:IntegratedFareManagement System:PTIF	C10.10582-F1	R	Infrastructure - Road Transport	Roads, Pavements, Bridges	269,295	-	13,295	73,433	172,567	10,000	Multi	New
	Sie C Transport Infrastructure D	C10.10584-F1	AE	Infrastructure - Road Transport	Roads, Pavements, Bridges	52,600	-	-	4,600	18,000	30,000	90	New
	IRT:Feeder Stations:Inner City:PTIF	C11.10501-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	71,140	-	-	1,140	50,000	20,000	Multi	New
	IRT: Trunk Stations:PTIF	C11.10502-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	91,200	-	-	-	45,600	45,600	Multi	New
	IRT:Prop Acquisition:InnerCity Depot:PTIF	C11.10503-F1	AD	Infrastructure - Road Transport	Roads, Pavements, Bridges	80,400	-	-	-	80,400	-	Multi	New
	IRT: VehicleAcquisition	C11.10546-F1	AD	Other Assets	General Vehicles	70,000	-	-	-	70,000	-	Corp Inf	New
	IRT: VehicleAcquisition	C11.10547-F1	AD	Other Assets	General Vehicles	245,283	-	-	-	-	245,283	Corp Inf	New
	Various	Various		Various	Various	1,625,469	20,422	53,708	358,068	450,076	449,220	Multi	Various
Finance Services	Various	Various		Various	Various	26,837	-	-	7,614	10,215	9,009	Multi	Various
Corporate Services	Radio Trunking Infrastructure	C07.00621-F1	AV	Other assets	Plant & equipment	50,553	1,196	-	2,000	1,000	1,000	Corp Inf	Renewal
	Dark Fibre Broadband Infrastructure	C10.16621-F1	AV	Other assets	Computers - hardware/equipment	110,072	-	67,778	42,294	-	-	Corp Inf	New
	Various	Various		Various	Various	171,198	1,762	23,736	46,330	50,995	40,445	Multi	Various
Health	Various	Various		Various	Various	62,261	4,412	13,547	11,984	11,075	6,954	Multi	Various
Safety & Security	Various	Various		Various	Various	67,393	1,646	6,966	33,893	11,906	12,576	Multi	Various
Housing	Nyanga Upgrading Project(PLF&UISP)	C06.41502-F1	AG	Various	Various	75,581	29	1,160	8,205	3,890	3,890	Multi	New
	Bardale / Fairdale: Develop 4000 Units	C06.41540-F1	AG	Various	Various	172,474	14,946	55,000	66,000	22,000	-	18	New
	Driftsands Housing Project	C07.00438-F1	AG	Various	Various	62,602	38	200	-	-	24,257	18	New
	Scottsdene CRU Project Phase 1	C10.15425-F1	AG	Community	Social Rental housing	121,930	-	41,158	63,078	6,425	11,269	Multi	New
	Uitsig CRU Project (790 units)	C10.15427-F1	AG	Community	Social Rental housing	80,480	-	14,317	36,829	29,333	-	Multi	New
	Woodlands CRU Project (100 units)	C10.15428-F1	AG	Community	Social Rental housing	82,760	-	1,198	31,894	39,462	10,206	Multi	New
	Manenberg CRU Project (1584 units)	C10.15430-F1	AG	Community	Social Rental housing	217,725	-	1,105	1,696	10,656	92,173	Multi	New
	Kew bwn CRU Project	C10.15431-F1	AG	Community	Social Rental housing	56,863	-	13,327	33,406	10,130	-	Multi	New
	Hanover Park CRU Project	C10.15433-F1	AG	Community	Social Rental housing	216,937	-	-	32,183	34,945	29,270	47	Renewal
	Heideveld CRU Project	C10.15434-F1	AF	Community	Social Rental housing	114,130	-	-	-	12,439	54,234	Multi	Renewal
	Marble Flats CRU Project	C10.15435-F1	AF	Community	Social Rental housing	122,916	-	-	30,192	35,337	31,496	Multi	Renewal
	Langa Hostels CRU Project (579 units)	C11.15418-F1	AG	Community	Social Rental housing	110,000	-	-	25,000	25,000	25,000	52	New
	Hostels Redevelopment CRU Programme	C11.15419-F1	AG	Community	Social Rental housing	120,000	-	-	-	-	40,000	Multi	New
	Various	Various		Various	Various	1,172,703	17,638	76,359	271,609	346,826	266,464	Multi	Various
Economic and Social Development Strategy and Planning	Various	Various		Various	Various	43,159	-	-	16,898	12,160	14,160	Multi	Various
	Various	Various		Various	Various	262,829	38,249	40,066	74,174	46,060	60,840	Multi	Various
Total Capital expenditure									3,547,694	4,226,821	3,730,845		

Table 35: Capital budget detail (support Table A36)

Note: Refer to Annexure 1 for details of all 2010/2011 capital projects.

21. OTHER SUPPORTING DOCUMENTS

Description	Vote 01 - Community Services	Vote 02 - Corporate Services	Vote 03 - Economic and Social Developmen	Vote 04 - Finance Services	Vote 05 - Health	Vote 06 - Housing	Vote 07 - Internal Audit	Vote 08 - Office of the City Manager	Vote 09 - Rates & Other	Vote 10 - Safety & Security	Vote 11 - Service Delivery Integration	Vote 12 - Strategy and Planning	Vote 13 - Transport , Roads and Major	Vote 14 - Utility Services	Total
R thousand															
Revenue By Source															
Property rates	-	-	-	-	-	-	-	-	4,095,376	-	-	-	-	-	4,095,376
Property rates - penalties & collection charges	0	-	-	0	-	-	-	-	70,430	-	-	-	-	0	70,430
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	6,638,174	6,638,174
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,659,871	1,659,871
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	899,609	899,609
Service charges - refuse revenue	4	-	-	-	-	-	-	-	-	151	-	-	-	762,615	762,770
Service charges - other	15,337	888	2,221	6,736	193	10,460	-	4	-	8,390	-	93,281	3,282	510,342	651,133
Rental of facilities and equipment	20,937	805	65,335	1	-	156,772	-	-	-	167	-	109	220	158	244,503
Interest earned - external investments	-	-	10	188,914	-	25,000	-	-	-	-	-	-	2	10	213,936
Interest earned - outstanding debtors	-	-	550	-	-	-	-	-	-	650	-	-	124	209,536	210,860
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	3,799	-	2	-	17	-	-	-	-	175,659	-	1,088	-	3	180,569
Licences and permits	376	-	174	-	33	-	-	-	-	27,148	-	943	90	-	28,764
Agency services	-	-	-	105,000	-	-	-	-	-	10,993	-	-	-	-	115,993
Other revenue	474	23,089	74	87,358	3,339	4,578	0	2,154	1,510,960	44	-	648	42,800	84,712	1,760,230
Transfers recognised - operational	29,218	1,000	6,749	5,000	261,448	172,736	-	-	796,687	1,210	-	12,781	191,453	-	1,478,282
Gains on disposal of PPE	-	2,000	301,444	-	-	2,000	-	-	-	-	-	-	-	5,000	310,444
Total Revenue (excluding capital transfers and contributions)	70,145	27,782	376,559	393,008	265,029	371,546	0	2,158	6,473,454	224,412	-	108,849	237,971	10,770,030	19,320,944
Expenditure By Type															
Employee related costs	678,847	798,752	125,189	424,198	384,568	214,261	27,762	124,714	24,968	948,208	-	286,636	406,038	2,007,581	6,451,722
Remuneration of councillors	-	-	-	-	-	-	-	92,296	-	-	-	-	-	-	92,296
Debt impairment	-	-	8,000	2,286	-	117,024	-	-	252,232	-	-	-	-	628,174	1,007,716
Depreciation & asset impairment	59,406	113,497	9,910	14,307	5,644	65,802	296	4,689	-	35,846	-	18,345	313,262	510,154	1,151,158
Finance charges	-	-	-	739,507	-	-	-	-	-	-	-	-	-	-	739,507
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	4,738,992	4,738,992
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	214,980	214,473	60,752	5,011	10,417	31,487	612	4,625	-	16,204	-	7,667	202,064	902,456	1,670,749
Transfers and grants	-	-	37,126	-	625	1,000	-	1,140	-	-	-	961	3,705	-	44,557
Other expenditure	159,509	368,907	39,449	311,158	168,442	247,745	1,974	83,570	346,333	167,970	-	40,897	520,876	1,000,990	3,457,820
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1,112,741	1,495,628	280,427	1,496,467	569,697	677,320	30,644	311,035	623,533	1,168,229	-	354,505	1,445,944	9,788,347	19,354,518
Surplus/(Deficit)	(1,042,596)	(1,467,846)	96,132	(1,103,459)	(304,668)	(305,773)	(30,644)	(308,878)	5,849,921	(943,816)	-	(245,656)	(1,207,974)	981,683	(33,574)
Transfers recognised - capital	68,863	-	1,000	-	1,046	530,148	-	15,200	-	-	-	12,000	706,563	275,309	1,610,130
Contributions recognised - capital	6,440	-	90	-	-	-	-	-	-	-	-	-	8,549	49,300	64,379
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(967,293)	(1,467,846)	97,222	(1,103,459)	(303,622)	224,374	(30,644)	(293,678)	5,849,921	(943,816)	-	(233,656)	(492,862)	1,306,292	1,640,934

Table 36: Financial Performance Budget (revenue source/expenditure type & dept.)(Support Table A2)

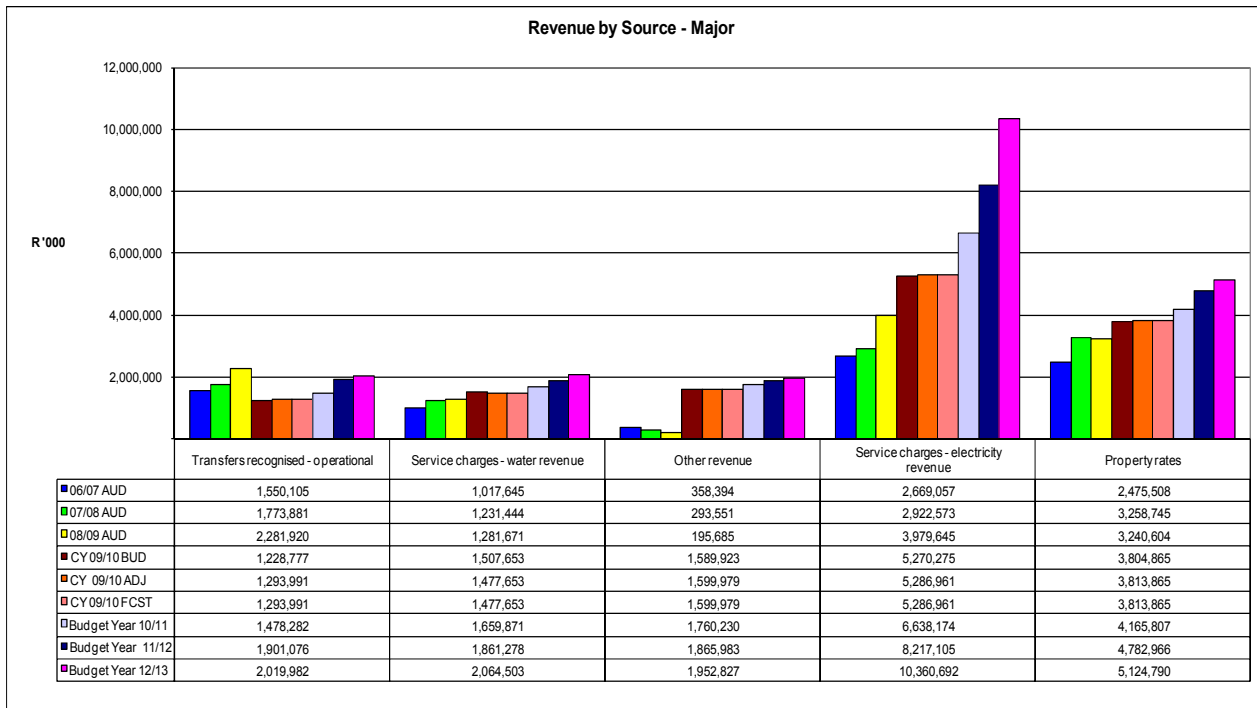


Figure 8: Revenue by Major Source (refer 'Minor' source for 'Other Revenue' allocation)

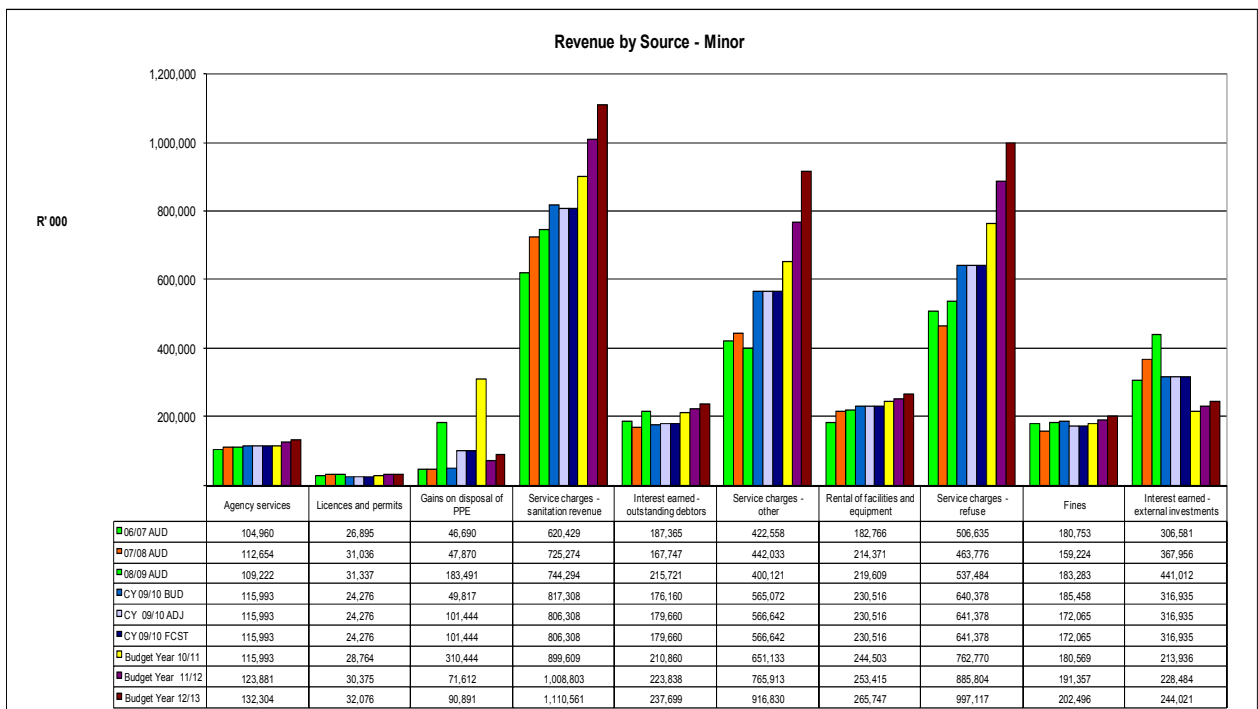


Figure 9: Revenue by Minor Source (Other)

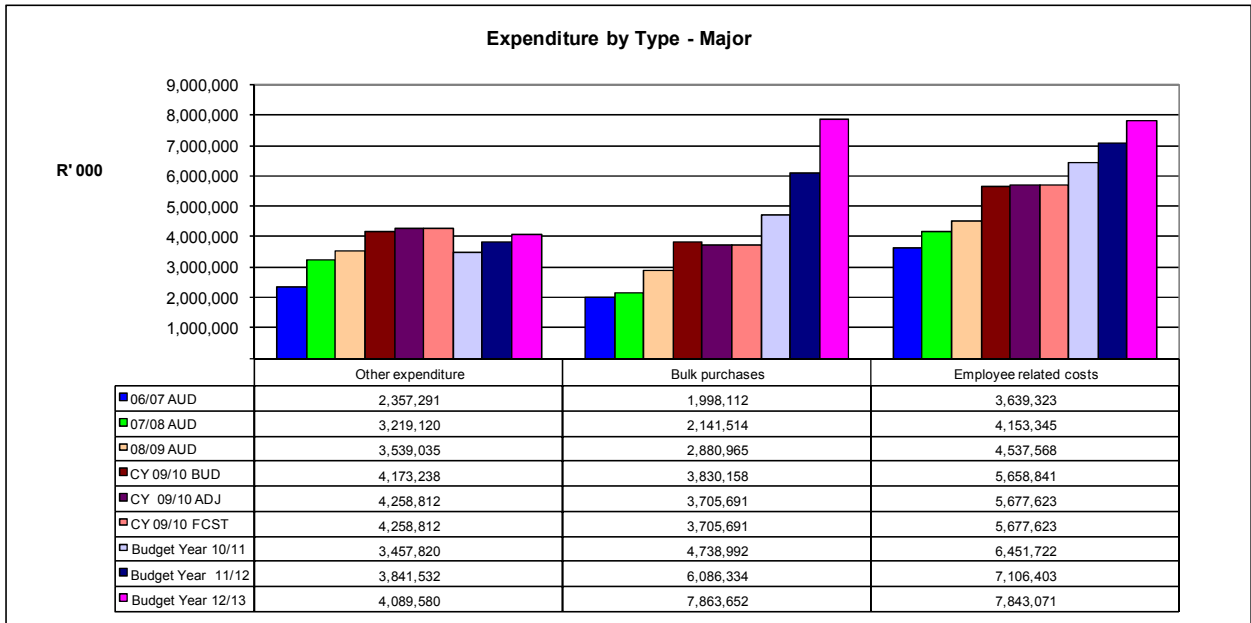


Figure 10: Operating expenditure by major type

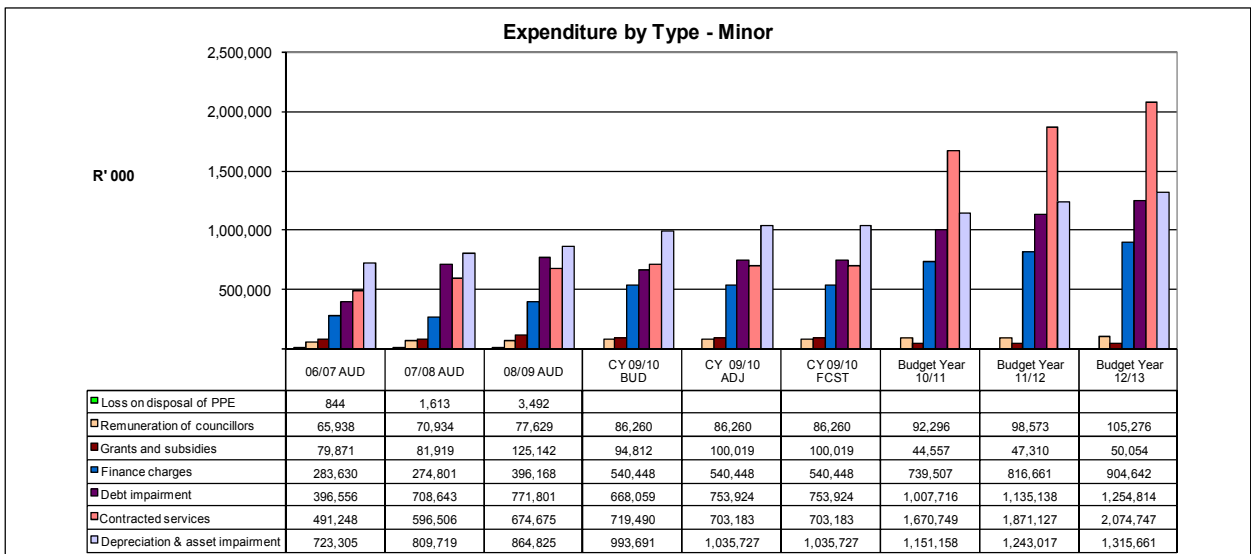


Figure 11: Operating expenditure by minor type

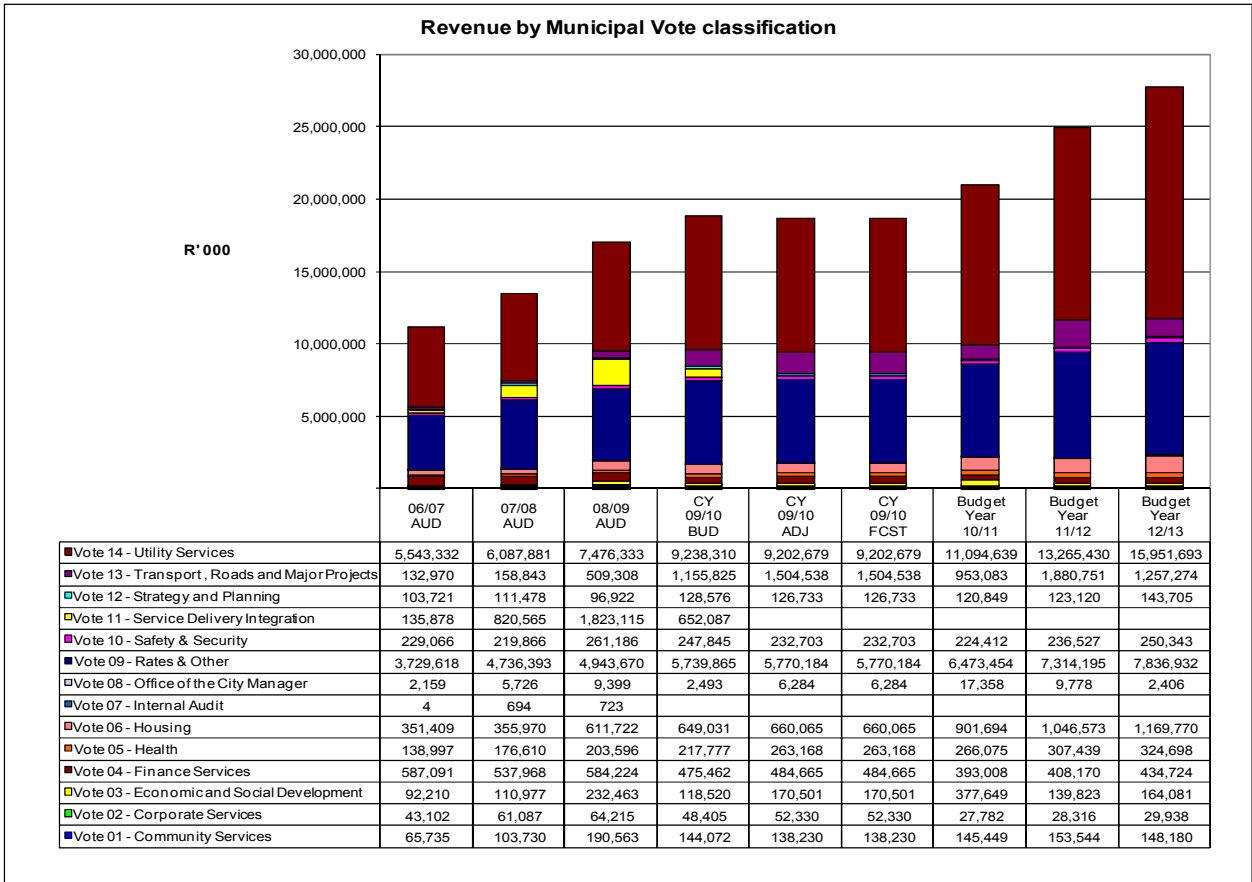


Figure 12: Revenue by municipal vote classification

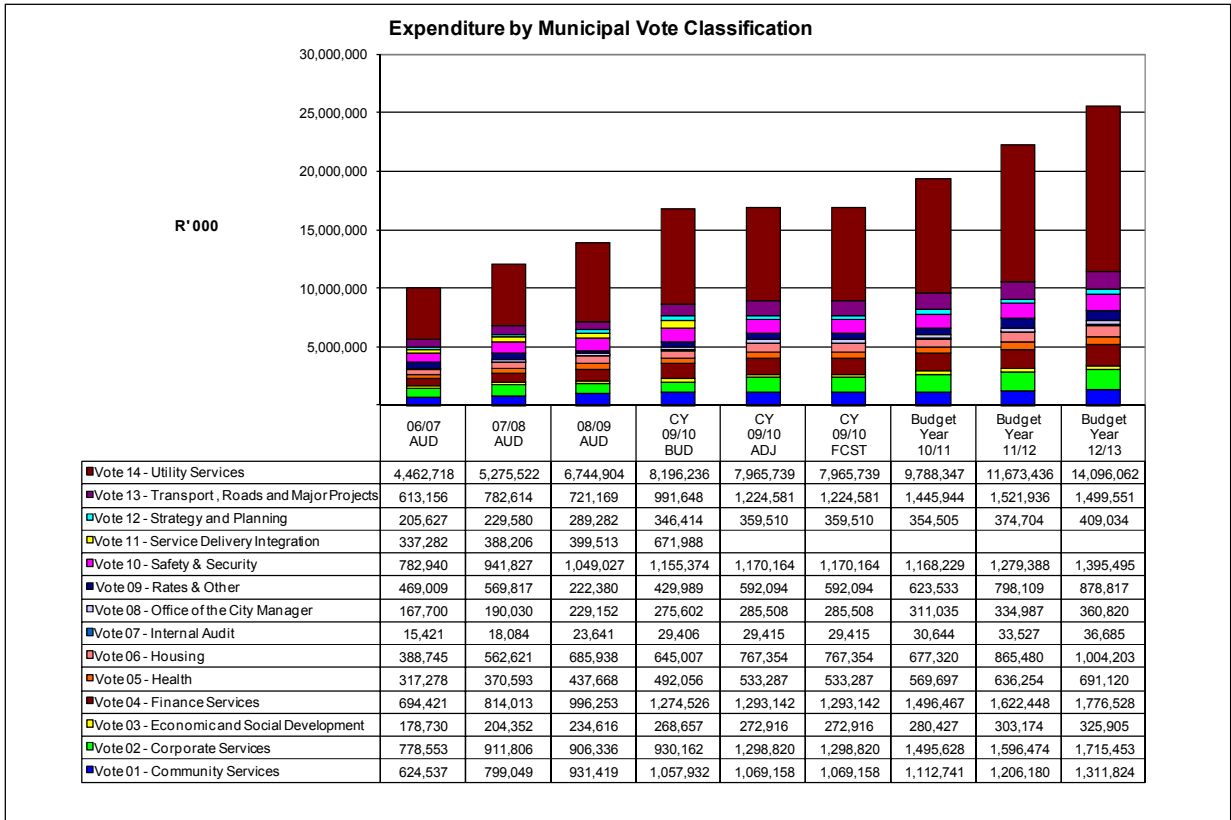


Figure 13: Expenditure by municipal vote classification

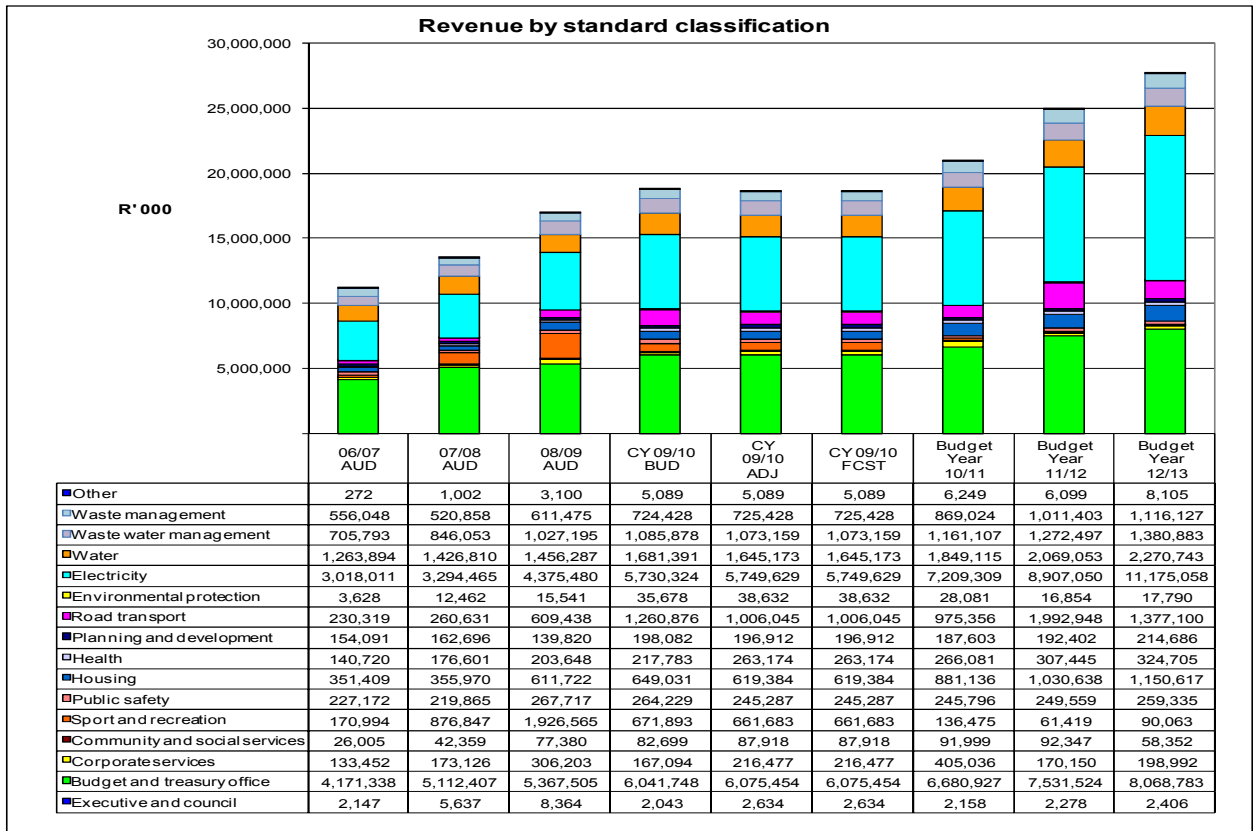


Figure 14: Revenue by standard classification

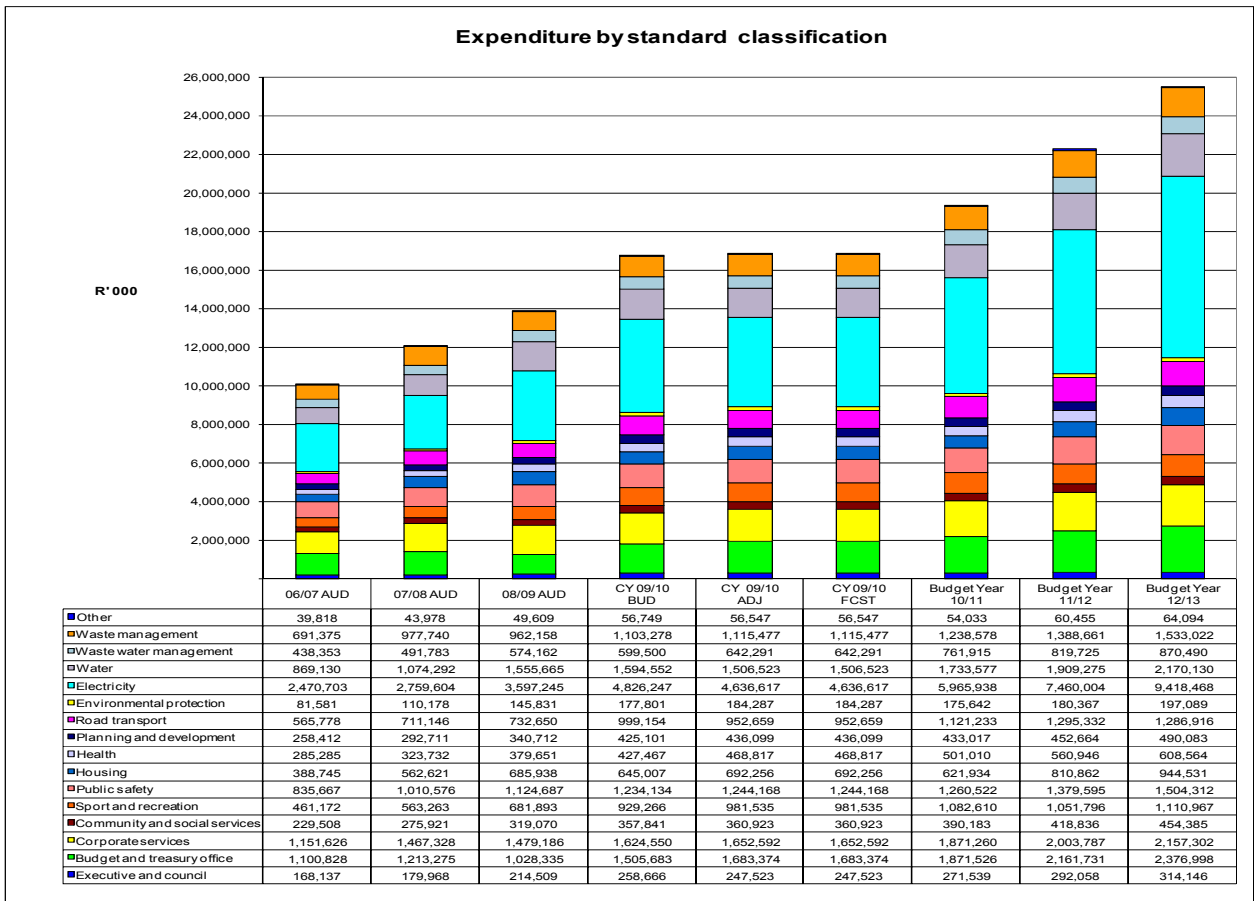


Figure 15: Expenditure by standard classification

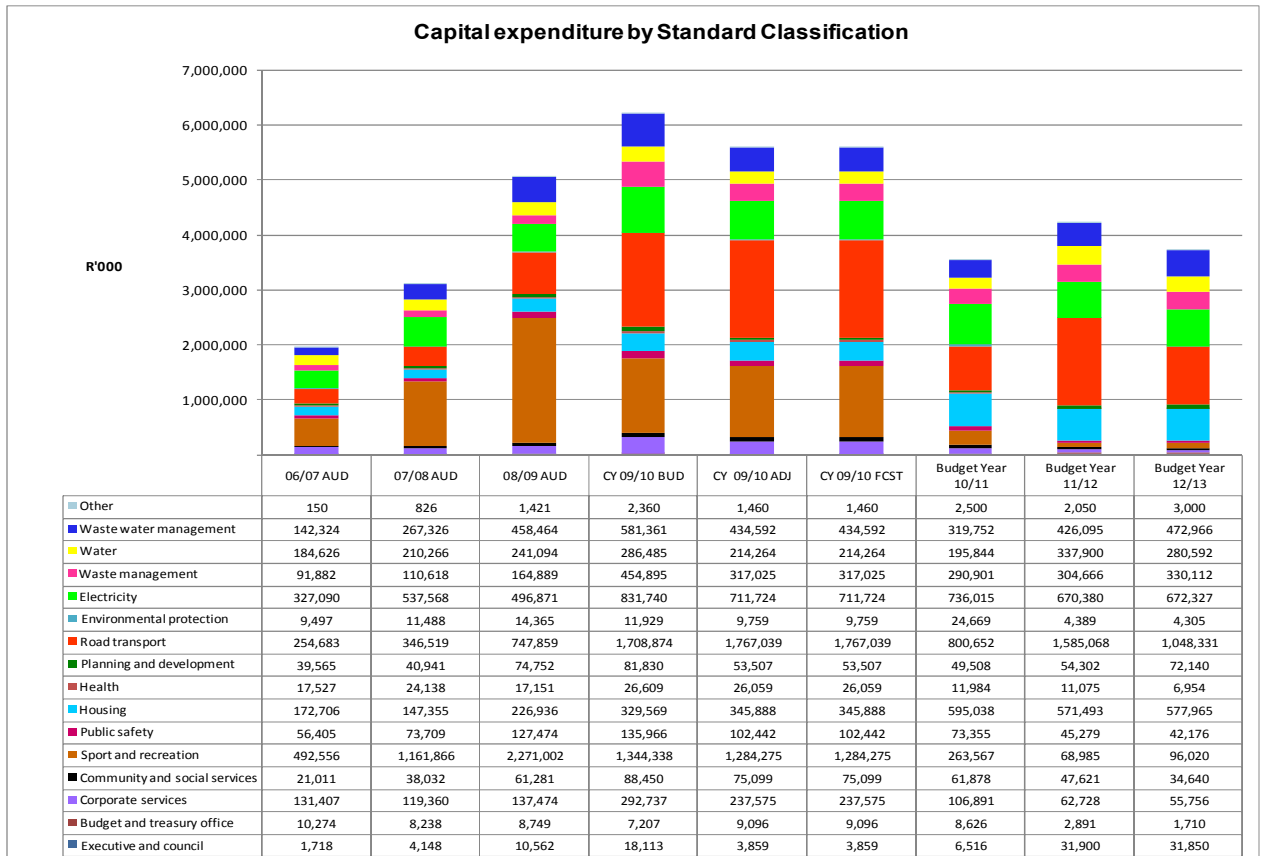


Figure 16: Capital expenditure by standard classification

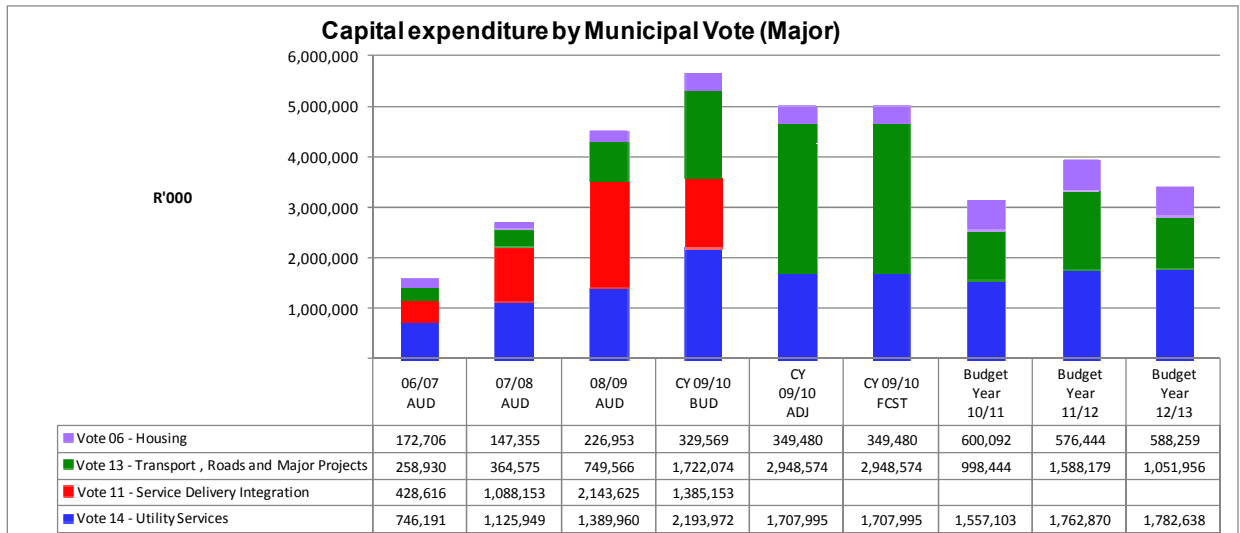


Figure 17: Capital expenditure by municipal vote – major

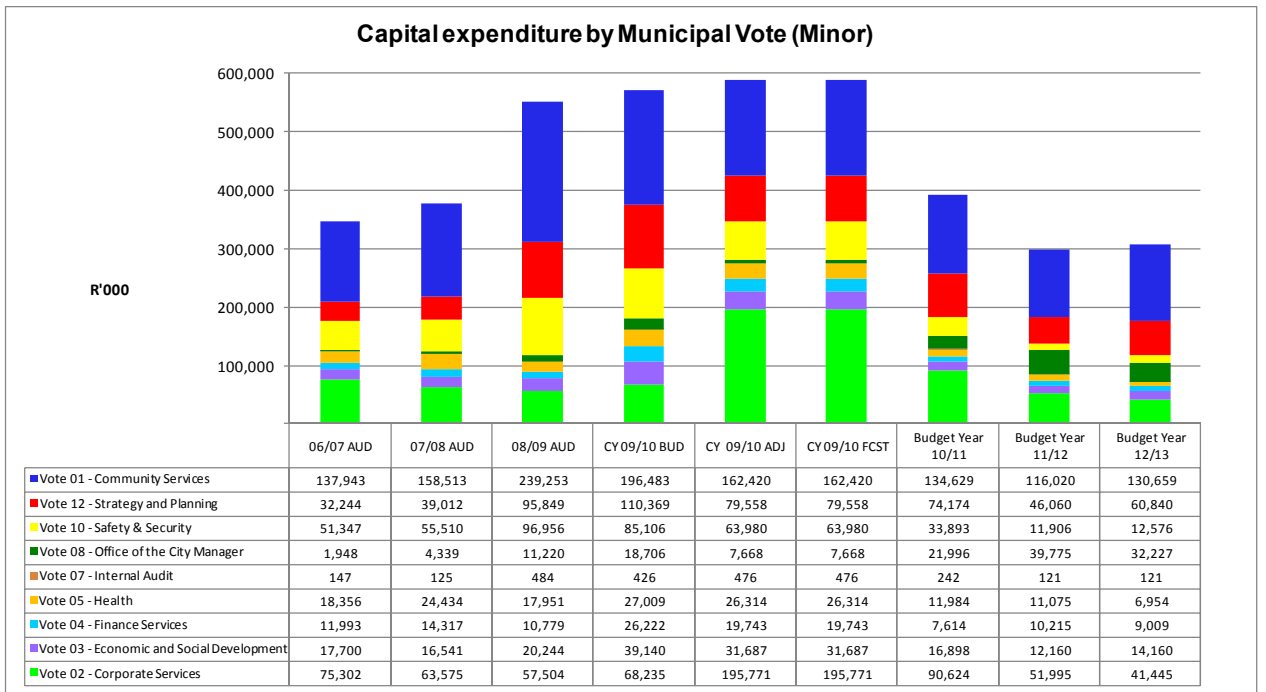


Figure 18: Capital expenditure by municipal vote – minor

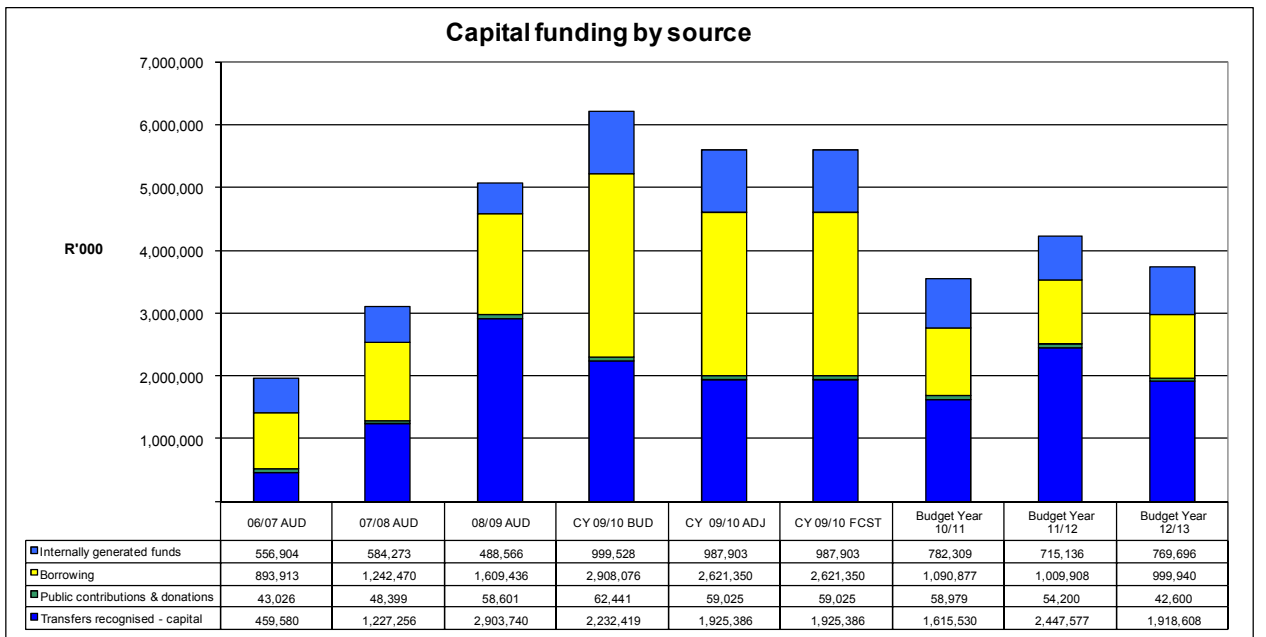


Figure 19: Capital funding by source