

Table 4.1: Summary of High-level Revenue and Expenditure

SUMMARY					
Description	Budget 2005/06	Adj Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
	Rm	Rm	Rm	Rm	Rm
Consolidated Operating					
Total Revenue By Source	(7,921)	(8,317)	(8,449)	(9,148)	(9,828)
Operating Expenditure by Vote	7,279	7,396	7,900	8,476	9,051
(SURPLUS)/DEFICIT (1)	(642)	(922)	(549)	(672)	(777)
Cash flow					
Net cash from Operating	1,264	1,169	1,127	1,325	1,499
Borrowing long term	400	400	500	550	500
Capital program – total	1,641	1,974	1,725	1,926	2,077
Capital from internal funds	953	1,056	1,200	1,360	1,476
Capital from internal funds %	58%	54%	70%	71%	71%

Note 1: The surplus is appropriated to fund the proposed capital budget

4.2 BACKGROUND

The departure point for the current financial planning process was the approval of the time schedule by Council on 28 July 2005.

A set of comprehensive financial planning and annual TIDP review guidelines were compiled and distributed to all strategic units/departments. In addition to the distribution of the financial planning and annual TIDP review guidelines, various detailed training sessions were undertaken with all departmental support staff in order to ensure continued skills transfer and understanding of the planning process.

The outcome of the above mentioned process was the submission of the Draft 2006/07 MTREF on 17 February 2006 which preceded the community consultation process in accordance with the requirements of the MFMA.

The appointment of a new Executive Mayor, as well as Mayoral Committee subsequent to the elections, resulted in the development of a **Five Year Strategic and Business Plan (5SBP)** which contains **strategic objectives** and **key performance areas**. The outcome of the development process was the need for alignment of the planning process and resource allocations to the imperatives of the strategic direction.

The following is a summary of the activities which followed the local government elections and essentially informed resource allocations;

- Political direction and the introduction of a five year city scorecard as contained in the Five Year Strategic and Business Plan (5SBP) document;
- Establishment of a clustering process, initiated by the Chief Operating Officer, evaluating strategic alignment and organisational performance;
- Business planning aligned to the new imperatives taking into consideration the costs of meeting the 5SBP targets;
- Budgeting and resource allocation within the business planning process, which was overseen by executive management and the mayoral committee on the budget; and
- Integrated development planning to ensure the needs resonate within the new political direction.

This chapter, read in conjunction with the Budget Policy Statement of the CTMM (Budget document) describes the process followed.

4.3 FINANCIAL STRATEGY

Long-Term Financial Strategy (LTFS)

The LTFS has essentially informed the compilation of the 2006/07 MTREF. With the review of the strategy, not only were the key imperatives of the MIIF modelled, but the mandatory requirements of the Restructuring Grant as well. A salient feature of the LTFS is the attentiveness to ultimate sustainability, not only from a municipal finance perspective, but also relating to service delivery and the ability of the community to pay for the services rendered.

City Development Strategy (CDS) and the TIDP

The City of Tshwane Metropolitan Municipality (CTMM) has followed a broad and robust process for arriving at the 2006/07 MTREF Budget for consideration and approval. At every stage in the sequence of events that have led up to the budget

