

CITY OF CAPE TOWN

**DRAFT BUDGET
2009/2010 to 2011/2012**

MAY 2009

Table of contents

<u>No.</u>	<u>Section Description</u>	<u>Page</u>
	List of figures and tables	3 – 5
	Glossary	6 - 7
Part 1	Annual budget	
1	Resolutions	8 - 9
2	Executive summary	10 - 11
3	Annual budget tables	12 - 21
Part 2	Supporting documentation	
4	Overview of annual budget process	22 - 25
5	Overview of alignment of annual budget with Integrated Development Plan	26 - 29
6	Measurable performance objectives and indicators	30
7	Overview of budget-related policies	31 – 32
8	Overview of budget assumptions	33 – 38
9	Overview of budget funding	39 – 51
10	Expenditure on allocations and grant programmes	52
11	Transfers and grants made by the municipality	53
12	Councillor and board member allowances and employee benefits	54 – 55
13	Monthly targets for revenue, expenditure and cash flow	56
14	Annual budgets and service delivery and budget implementation plans – internal departments	57
15	Annual budgets and service delivery agreements – municipal entities	58 – 61
16	Contracts having future budgetary implications	62
17	Capital expenditure details	63 - 65
18	Legislation compliance status	66
19	Other supporting documents	67 - 78

A. List of figures and tables

<u>No</u>	<u>Description</u>	<u>Page</u>
Table 1	Budget Summary (Table A1)	12
Table 2	Budgeted Financial Performance (Revenue and Expenditure by standard classification) (Table A2)	13
Table 3	Budgeted Financial Performance (Revenue and Expenditure by municipal vote) (Table A3)	14
Table 4	Budgeted Financial Performance (Revenue and Expenditure) (Table A4)	15
Table 5	Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)	16
Table 6	Budgeted Financial Position (Table A6)	17
Table 7	Budgeted Cash Flows (Table A7)	18
Table 8	Cash backed reserves/accumulated surplus reconciliation (Table A8)	19
Table 9	Asset Management (Table A9)	20
Table 10	Basic service delivery measurement (Table A10)	21
Figure 1	IDP and Budget link – Strategy implementation and budgeting model	23
Table 11	IDP and Budget time schedule	25
Figure 2	Strategic Framework	26
Figure 3	Alignment of Government strategies	29
Table 12	Performance Indicators (Support Table A8)	30
Table 13	Affect of proposed tariff and rate increases	35
Table 14	Parameters applied to staff budget	35
Table 15	Summary of major parameters	38
Table 16	Medium term operating budget	39
Table 17	Medium term capital budget and funding sources	40
Table 18	Total municipal account for households	44
Table 19	Enhanced service delivery with efficient institutional arrangements	45
Table 20	Monetary investments by type (Support Table A15)	46
Table 21	Monetary investments by maturity date (Support Table A16)	47 - 49

<u>No</u>	<u>Description</u>	<u>Page</u>
Table 22	National Allocations	51
Table 23	Provincial Allocations	51
Table 24	Expenditure on allocations and grant programmes (Support Table A19)	52
Table 25	Councillor and board member allowances and employee benefits (Support Table A22)	54
Table 26	Salaries, allowances and benefits (Political office bearers, councillors and senior managers) (Support Table A23)	55
Table 27	Monthly targets for revenue and cash flow (Support Table A30)	56
Table 28	Convenco – Operating revenue by source and operating expenditure by type	59
Table 29	Convenco – Capital expenditure by type	59
Table 30	Khayelitsha Community Trust – Operating revenue by source and operating expenditure by type	61
Table 31	Khayelitsha Community Trust – Capital expenditure by type	61
Table 32	Contracts having future budgetary implications (Support Table A33)	62
Table 33	Capital expenditure details (Support Table A36)	63 – 65
Table 34	Financial performance budget (revenue source / expenditure type and department) (Support Table A2)	67
Figure 4	Revenue by major source	68
Figure 5	Revenue by minor source	68
Figure 6	Operating expenditure by major type	69
Figure 7	Operating expenditure by minor type	69
Figure 8	Revenue by municipal vote classification	70
Figure 9	Expenditure by municipal vote classification	70
Figure 10	Revenue by standard classification	71
Figure 11	Expenditure by standard classification	71
Figure 12	Capital expenditure by standard classification	72
Figure 13	Capital expenditure by municipal vote – major	72
Figure 14	Capital expenditure by municipal vote – minor	73
Figure 15	Capital funding by source	73
Figure 16	2009/10 Budget Year - Capital expenditure program per Vote	74
Figure 17	2009/10 MTREF (3 year total) - Capital expenditure program per Vote	74
Table 35	Reconciliation of IDP strategic objectives and budget (capital expenditure) (Support Table A6)	75 - 78

<u>No</u>	<u>Description</u>
Annexure 1	Multi Year Capital Appropriations By Vote
Annexure 2	Measurable Performance Objectives
Annexure 3	Property Tax Rates
Annexure 4	Special Rating Areas (SRA) / City Improvement District (CID) Levies and Budgets 2009/10
Annexure 5	Revised Consumptive Tariffs, Rates and Basic Charges For Electricity Services, Water Services and Waste Management Services
Annexure 6	Tariff, Fees and Charges Book
Annexure 7	Rates Policy
Annexure 8	Tariff Policy
Annexure 9	Credit Control and Debt Collection Policy
Annexure 10	Policy For The Allocation Of Grants-In-Aid
Annexure 11	Integrated Development Plan
Annexure 12	Supply Chain Management Policy
Annexure 13	Mayor's Special Fund
Annexure 14	Cash Management and Investment Policy
Annexure 15	Asset Control Policy
Annexure 16	Development Contributions Policy
Annexure 17	Transfers and Grants made by the municipality
Annexure 18	2009/10 Operating and Capital ward allocation projects
Annexure 19	Proposed amendments to the draft Capital and Operating Budgets

Adjustments Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It 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.

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. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

CoCT – City of Cape Town

CPI - Consumer Price Index

CPIX - Consumer Price Index Excluding Mortgage Costs

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.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist 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 sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.

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

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

TMA – Total Municipal Account

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

Strategic Objectives – The main priorities of a municipality as set out in the IDP
Budgeted spending must contribute towards achievement of these strategic objectives.

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

2009/2010 MTREF Budget Resolutions:

1. That the annual budget of the municipality for the financial year 2009/2010; and indicative allocations for the two projected outer years 2010/2011 and 2011/2012 and related policies be approved, as set out in the following schedules and annexures:
 - a. Operating revenue by source reflected in Table 34.
 - 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 33 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 25 and Table 26.
 - i. Transfers and grants made by the municipality in 2009/2010 as set out in Annexure 17.
 - j. Performance Indicators for 2009/2010 as set out in Table 12.
 - k. Property Tax Rates as set out in Annexure 3.
 - l. Special Rating Areas/City Improvement District Levies and Budgets for 2009/2010 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 2009/2010 as set out in Annexure 6.
 - 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 2009).
 - r. Policy for the Allocation of Grants-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 28, Table 29, Table 30 and Table 31.
 - v. Operating and Capital ward allocation projects approved by Subcouncils as set out in Annexure 18.
 - w. The proposed amendments to the draft Capital and Operating Budgets, as set out in Annexure 19.
2. That the Service Delivery Plans / Business Plans with measurable targets be approved by the Executive Mayor in June 2009 following approval of the Budget.
 3. That unspent conditional grant allocations (National) as at the end of the 2008/2009 financial year and appropriated or voted to 2009/2010 and future years not be committed to expenditure until approval thereof is obtained from National Treasury, per directive of Budget Circular 48 (2009).
 4. That the Capital Replacement Reserve: Ward Allocations be funded from savings identified in the 2008/2009 financial year to fund the Ward Allocation projects in the amount of R31.5 million for the 2009/2010 financial year.
 5. That the Portfolio Committees' budgetary input, served as references to Mayoral Committee under cover of separate report, be considered for budgetary incorporation.
 6. That budgetary input received during the public participation process during April / May 2009, reported under cover of separate report, be considered for budgetary incorporation.

2. Executive summary

Growth to the City's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies and revenue-related policies aimed at optimising and sustaining all income sources. It incorporates the significant financial obligations relating to mega projects such as the hosting of the 2010 Football World Cup and implementation of the Integrated Rapid Transport system, while the basis of primary revenue sources are subjected to considerable pressure, such as a generally weakening economic climate and reducing monetary allocations from other tiers of government.

The MTREF-based revenue and expenditure projections assumed inflation-linked annual adjustments of 8.0%, 5.7% and 5.8% respectively for the 3-year budget period of 2009/10, 2010/11 and 2011/12.

Further key parameters applied to the City's financial framework included the following for the 2009/10 financial year:

- Revenue / tariff increases
 - Rates 8.5%
 - Electricity 33.3%
 - Water 10.0%
 - Sanitation 7.0%
 - Solid Waste 10.0%

- Salaries and Wages adjustments 11.5%
- General Expenses 8%
- Fuel 30.5%
- Repairs & Maintenance 10.5%

Total revenue for the 2009/10 financial year amounts to R16 820 million, which represents an increase of R1 337 million (8.6 %) over 2008/09.

Debt (EFF) financing of capital expenditure totals R2 716 million. This amount represents an increase to originally planned values and is earmarked to address specific infrastructural capital investment aligned to IDP focus areas.

Primary Operating Budget revenue- and expenditure categories reflect the following year-on-year budget value increases:

- Property Tax Rates 13.8 %

Revenue increases to consumptive, tariff-based services are:

- Electricity 48.0 %
- Water 12.26%
- Sanitation 20.84%
- Solid Waste 15.0 %

Expenditure categories' growth:

- Staff costs 11.7%
- General expenses 34.6%
- Repairs & Maintenance 25.39%

Successful alignment of the City's service delivery priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of national and provincial governments is seen as critical if the City's is to achieve its developmental goals.

Main strategic focus areas are:

- Shared economic growth and development
- Sustainable urban infrastructure
- Energy Efficiency for a sustainable future
- Public transport systems
- Integrated human settlements
- Fostering of a safe and secure environment
- Health, social and human capital development
- Good governance and regulatory reform

3. Annual budget tables

The Budget schedules to be approved by resolution of Council:

Budget Summary

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Financial Performance									
Property rates	2,370,146	2,475,508	3,258,745	3,381,612	3,381,612	3,381,612	3,804,865	4,232,084	4,685,696
Service charges	4,908,491	5,236,324	5,785,099	6,439,658	7,049,733	7,049,733	8,800,686	10,511,734	12,518,401
Investment revenue	241,838	306,581	367,925	308,804	308,804	308,804	316,935	316,935	316,935
Transfers recognised - operational	556,455	1,550,105	1,773,806	2,094,894	2,289,348	2,289,348	1,228,777	1,391,660	1,488,116
Other own revenue	1,919,659	1,089,677	1,031,640	918,419	940,152	940,152	2,372,143	2,568,215	2,708,716
Total Revenue (excluding capital transfers and contributions)	9,996,589	10,658,194	12,217,215	13,143,388	13,969,649	13,969,649	16,523,407	19,020,628	21,717,864
Employee costs	2,947,267	3,285,175	3,780,345	4,753,765	4,646,866	4,646,866	5,431,986	6,314,494	6,927,991
Remuneration of councillors	51,801	65,938	70,934	75,608	79,279	79,279	86,260	92,065	98,326
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	993,691	1,049,181	1,110,034
Finance charges	349,325	283,630	274,801	380,236	380,236	380,236	540,448	635,958	774,432
Materials and bulk purchases	1,780,755	1,998,112	2,141,514	2,499,659	2,900,697	2,900,697	3,830,158	4,884,364	6,183,429
Transfers and grants	66,370	79,871	81,919	86,200	127,392	127,392	94,812	100,217	106,029
Other expenditure	4,227,828	3,601,944	4,904,978	4,783,458	5,044,212	5,044,212	5,787,642	6,084,971	6,630,321
Total Expenditure	10,345,107	10,037,974	12,064,210	13,532,855	14,330,976	14,330,976	16,764,996	19,161,250	21,830,562
Surplus/(Deficit)	(348,518)	620,220	153,005	(389,467)	(361,327)	(361,327)	(241,589)	(140,622)	(112,698)
Transfers recognised - capital	502,119	498,953	1,275,655	1,825,416	3,541,996	3,541,996	2,295,060	1,567,805	1,590,284
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586
Capital expenditure & funds sources									
Capital expenditure	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
Transfers recognised - capital	469,583	459,580	1,227,256	1,779,716	3,475,873	3,475,873	2,232,619	1,510,757	1,532,084
Public contributions & donations	34,861	43,026	48,399	45,700	66,123	66,123	62,441	57,049	58,200
Borrowing	791,307	893,913	1,242,470	1,560,670	1,861,723	1,861,723	2,907,606	1,961,379	2,140,938
Internally generated funds	225,357	556,904	584,273	523,006	611,292	611,292	999,528	671,621	435,381
Total sources of capital funds	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
Financial position									
Total current assets	4,189,653	4,608,401	7,067,707	5,857,837	6,304,179	6,304,179	6,301,338	6,496,537	7,643,474
Total non current assets	9,475,792	10,759,905	12,855,248	15,844,881	17,731,366	17,731,366	22,743,944	25,883,962	28,923,161
Total current liabilities	3,414,389	3,876,791	5,476,955	5,109,085	5,646,981	5,646,981	6,693,904	7,148,167	8,388,610
Total non current liabilities	3,760,869	4,003,027	5,448,269	6,159,953	6,210,164	6,210,164	8,119,508	9,573,277	11,041,385
Community wealth/Equity	6,490,187	7,488,488	8,997,731	10,433,680	12,178,400	12,178,400	14,231,871	15,659,054	17,136,640
Cash flows									
Net cash from (used) operating	1,977,054	2,525,655	3,492,394	1,457,523	3,993,438	3,993,438	3,947,839	2,459,721	3,219,675
Net cash from (used) investing	(3,277,861)	(2,302,955)	(4,002,178)	(3,911,427)	(5,996,575)	(5,996,575)	(5,957,797)	(4,140,793)	(4,100,898)
Net cash from (used) financing	(128,035)	(68,294)	1,231,255	743,571	845,708	845,708	1,535,974	1,249,395	1,313,392
Cash/cash equivalents at the year end	282,950	437,356	1,158,827	2,670,397	3,223,300	3,223,300	2,749,315	2,317,638	2,749,807
Cash backing/surplus reconciliation									
Cash and investments available	2,463,621	3,022,285	4,770,948	3,113,361	3,645,481	3,645,481	2,984,975	2,550,625	2,973,910
Application of cash and investments	1,640,617	2,916,658	4,349,354	2,949,265	3,101,776	3,101,776	2,678,062	2,339,056	2,539,216
Balance - surplus (shortfall)	823,004	105,627	421,594	164,096	543,705	543,705	306,913	211,569	434,694
Asset management									
Asset register summary (WDV)	15,370,987	17,238,393	20,257,688	-	-	-	-	-	-
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	993,691	1,049,181	1,110,034
Renewal of Existing Assets	-	-	-	1,315,222	1,527,683	1,527,683	1,896,439	1,259,776	1,244,702
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Free services									
Cost of Free Basic Services provided	455,814	589,243	621,988	729,259	729,259	729,259	810,296	438,525	514,183
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-
Households below minimum service level									
Water:	10,500	5,000	-	-	-	-	-	-	-
Sanitation/sewerage:	52,617	48,190	39,357	35,707	35,707	35,707	29,358	23,009	17,257
Energy:	94,102	75,174	62,742	97,600	97,600	97,600	90,589	83,578	76,567
Refuse:	-	-	-	-	-	-	-	-	-

Table1: Budget Summary (Table A1)

Budgeted Financial Performance (Revenue and Expenditure by standard classification)

Standard Classification Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Revenue - Standard									
<i>Governance and administration</i>	3,996,729	4,307,406	5,292,732	5,519,241	5,597,754	5,597,754	6,210,885	6,863,448	7,491,920
Executive and council	4,135	2,201	5,728	7,142	8,890	8,890	2,043	2,160	2,285
Budget and treasury office	3,876,267	4,171,367	5,112,429	5,350,266	5,404,315	5,404,315	6,041,748	6,717,931	7,341,019
Corporate services	116,327	133,838	174,576	161,834	184,549	184,549	167,094	143,357	148,616
<i>Community and public safety</i>	855,904	916,948	1,672,773	2,017,031	3,473,935	3,473,935	1,885,836	1,456,107	1,467,787
Community and social services	23,662	26,078	42,475	56,757	74,117	74,117	82,699	75,089	84,918
Sport and recreation	45,686	171,160	877,183	1,059,471	2,309,604	2,309,604	671,893	73,036	39,020
Public safety	216,272	227,440	220,124	243,431	269,461	269,461	264,229	269,384	283,780
Housing	442,872	351,546	356,145	470,855	611,159	611,159	649,231	765,888	761,774
Health	127,412	140,725	176,847	186,518	209,594	209,594	217,783	272,711	298,295
<i>Economic and environmental services</i>	424,194	388,058	435,998	636,937	938,034	938,034	1,494,636	1,414,973	1,514,012
Planning and development	152,393	154,098	162,773	224,908	208,299	208,299	198,082	258,191	286,399
Road transport	266,370	230,333	260,682	391,042	696,358	696,358	1,260,876	1,121,713	1,190,511
Environmental protection	5,431	3,628	12,542	20,986	33,378	33,378	35,678	35,068	37,101
<i>Trading services</i>	5,221,882	5,544,735	6,091,367	6,795,595	7,501,922	7,501,922	9,227,109	10,853,906	12,834,430
Electricity	2,773,569	3,018,313	3,294,947	3,825,341	4,323,255	4,323,255	5,730,324	6,990,699	8,509,007
Water	1,298,015	1,264,073	1,427,375	1,422,691	1,516,597	1,516,597	1,681,391	1,899,731	2,135,472
Waste water management	658,995	705,965	846,075	950,333	1,045,601	1,045,601	1,085,878	1,048,340	1,083,446
Waste management	488,237	556,112	521,916	592,147	611,247	611,247	724,428	909,757	1,100,813
Other	3,065	272	1,055	5,082	5,221	5,221	5,089	5,379	5,691
Total Revenue - Standard	10,498,708	11,157,147	13,492,870	14,968,804	17,511,645	17,511,645	18,818,467	20,588,434	23,308,148
Expenditure - Standard									
<i>Governance and administration</i>	2,780,649	2,422,448	2,866,665	3,043,617	3,081,248	3,081,248	3,388,900	3,735,961	4,097,313
Executive and council	173,344	168,137	179,968	250,394	240,613	240,613	258,666	283,444	304,765
Budget and treasury office	1,447,833	1,100,828	1,213,275	1,340,759	1,331,235	1,331,235	1,505,683	1,677,882	1,881,689
Corporate services	1,159,473	1,153,483	1,473,423	1,452,464	1,509,400	1,509,400	1,624,550	1,774,635	1,910,860
<i>Community and public safety</i>	2,135,783	2,200,377	2,736,113	2,971,546	3,227,381	3,227,381	3,593,714	3,969,021	4,252,654
Community and social services	206,496	229,508	275,921	324,621	334,797	334,797	357,841	402,793	437,509
Sport and recreation	441,271	461,172	563,263	674,893	662,177	662,177	929,266	993,663	1,045,330
Public safety	760,090	835,667	1,010,576	1,085,127	1,096,833	1,096,833	1,234,134	1,398,764	1,523,216
Housing	466,092	388,745	562,621	518,541	755,065	755,065	645,007	693,605	725,842
Health	261,833	285,285	323,732	368,365	378,509	378,509	427,467	480,196	520,756
<i>Economic and environmental services</i>	861,448	905,770	1,114,035	1,341,855	1,440,471	1,440,471	1,602,056	1,764,202	1,907,007
Planning and development	241,698	258,412	292,711	413,021	420,268	420,268	425,101	462,805	500,126
Road transport	552,098	565,778	711,146	799,985	862,791	862,791	999,154	1,101,564	1,189,394
Environmental protection	67,652	81,581	110,178	128,848	157,413	157,413	177,801	199,833	217,487
<i>Trading services</i>	4,567,227	4,509,378	5,347,396	6,175,837	6,581,876	6,581,876	8,180,327	9,692,065	11,573,588
Electricity	2,295,548	2,470,703	2,759,604	3,256,230	3,689,810	3,689,810	4,826,247	5,891,010	7,354,523
Water	1,033,500	869,130	1,074,292	1,469,563	1,368,922	1,368,922	1,594,552	1,823,001	1,997,876
Waste water management	451,716	438,353	491,783	447,776	519,169	519,169	599,500	662,963	733,929
Waste management	728,175	691,375	977,740	949,128	950,497	950,497	1,103,278	1,254,431	1,422,786
Other	58,289	39,818	43,978	53,141	53,478	53,478	56,749	60,661	64,474
Total Expenditure - Standard	10,345,107	10,037,974	12,064,210	13,532,855	14,330,976	14,330,976	16,764,996	19,161,250	21,830,562
Surplus/(Deficit) for the year	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586

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

Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Revenue by Vote									
Community Services	67,559	65,974	104,169	134,426	205,317	205,317	144,072	120,135	123,716
Corporate Services	35,727	43,440	61,983	48,527	64,367	64,367	48,405	26,627	28,049
Economic and Social Development	86,913	92,235	111,124	105,721	109,565	109,565	118,520	114,420	118,137
Finance Services	1,388,700	587,105	538,490	456,889	464,633	464,633	475,462	475,139	480,176
Health	120,084	139,002	176,910	186,513	209,589	209,589	217,777	272,705	298,289
Housing	442,872	351,546	356,145	470,855	611,159	611,159	649,231	765,888	761,774
Internal Audit	32	19	694	0	945	945	0	0	0
Office of the City Manager	2,694	2,214	5,829	8,797	10,995	10,995	2,493	2,160	2,285
Rates & Other	2,629,415	3,729,618	4,736,393	5,059,583	5,105,894	5,105,894	5,739,865	6,420,280	7,042,534
Safety & Security	223,834	229,333	220,112	235,181	258,334	258,334	247,845	259,285	273,675
Service Delivery Integration	7,503	135,909	820,599	1,010,513	2,202,631	2,202,631	652,087	102,328	86,370
Strategy and Planning	101,507	103,721	111,520	168,787	170,825	170,825	128,576	154,281	168,949
Transport , Roads & Stormwater	173,262	132,984	158,903	285,996	591,311	591,311	1,155,825	1,016,660	1,085,454
Utility Services	5,218,606	5,544,048	6,089,999	6,797,017	7,506,082	7,506,082	9,238,310	10,858,526	12,838,739
Total Revenue by Vote	10,498,708	11,157,147	13,492,870	14,968,804	17,511,645	17,511,645	18,818,467	20,588,434	23,308,148
Expenditure by Vote to be appropriated									
Community Services	607,792	624,537	799,049	929,417	936,296	936,296	1,057,932	1,186,043	1,289,492
Corporate Services	630,326	778,553	911,806	854,788	874,450	874,450	930,162	1,010,615	1,088,547
Economic and Social Development	169,492	178,730	204,352	251,275	283,727	283,727	268,657	293,925	315,422
Finance Services	1,087,875	696,278	820,107	1,029,877	1,035,833	1,035,833	1,274,526	1,448,199	1,651,664
Health	284,642	317,278	370,593	418,958	433,102	433,102	492,056	554,877	602,542
Housing	466,092	388,745	562,621	518,541	755,065	755,065	645,007	693,605	725,842
Internal Audit	21,834	15,421	18,084	27,025	28,119	28,119	29,406	33,723	36,819
Office of the City Manager	186,580	167,700	190,030	262,363	261,881	261,881	275,602	302,798	325,868
Rates & Other	514,129	469,009	569,817	467,708	459,628	459,628	429,989	447,166	463,239
Safety & Security	729,055	782,940	941,827	1,002,544	1,011,712	1,011,712	1,155,374	1,310,943	1,427,469
Service Delivery Integration	357,016	337,282	388,206	482,105	475,143	475,143	671,988	682,698	700,315
Strategy and Planning	184,145	205,627	229,580	304,498	325,839	325,839	346,414	391,686	426,446
Transport , Roads & Stormwater	590,435	613,156	782,614	790,116	850,321	850,321	991,648	1,092,398	1,179,275
Utility Services	4,515,694	4,462,718	5,275,522	6,193,638	6,599,861	6,599,861	8,196,236	9,712,575	11,597,620
Total Expenditure by Vote	10,345,107	10,037,974	12,064,210	13,532,855	14,330,976	14,330,976	16,764,996	19,161,250	21,830,562
Surplus/(Deficit) for the year	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586

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

Budgeted Financial Performance (revenue and expenditure)

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Revenue By Source									
Property rates	2,265,011	2,406,886	3,182,895	3,321,612	3,321,612	3,321,612	3,739,165	4,160,733	4,609,494
Property rates - penalties & collection charges	105,135	68,622	75,850	60,000	60,000	60,000	65,700	71,350	76,202
Service charges - electricity revenue	2,439,072	2,669,057	2,922,573	3,430,848	3,947,000	3,947,000	5,270,275	6,407,977	7,823,447
Service charges - water revenue	1,051,787	1,017,645	1,231,444	1,277,664	1,337,758	1,337,758	1,507,653	1,727,710	1,960,897
Service charges - sanitation revenue	564,161	620,429	725,274	717,501	744,501	744,501	817,308	872,255	930,696
Service charges - refuse revenue	452,500	506,635	463,776	520,819	538,319	538,319	640,378	825,909	1,016,194
Service charges - other	400,971	422,558	442,033	492,825	482,154	482,154	565,072	677,884	787,167
Rental of facilities and equipment	212,923	220,469	249,697	247,590	247,590	247,590	268,298	281,713	295,798
Interest earned - external investments	241,838	308,581	367,925	308,804	308,804	308,804	316,935	316,935	316,935
Interest earned - outstanding debtors	181,639	187,365	167,747	148,485	174,485	174,485	176,160	176,160	176,160
Dividends received									
Fines	174,977	180,753	159,224	170,998	170,998	170,998	185,458	211,707	223,986
Licences and permits	25,280	26,895	31,036	33,212	33,212	33,212	24,276	25,660	27,148
Agency services	104,263	104,960	112,654	115,993	115,993	115,993	115,993	115,993	115,993
Transfers recognised - operational	556,455	1,550,105	1,773,806	2,094,894	2,289,348	2,289,348	1,228,777	1,391,660	1,488,116
Other revenue	1,174,289	322,545	263,411	160,347	156,079	156,079	1,552,141	1,707,165	1,819,814
Gains on disposal of PPE	46,288	46,690	47,870	41,794	41,794	41,794	49,817	49,817	49,817
Total Revenue (excluding capital transfers and contributions)	9,996,589	10,658,194	12,217,215	13,143,388	13,969,649	13,969,649	16,523,407	19,020,628	21,717,864
Expenditure By Type									
Employee related costs	2,947,267	3,285,175	3,780,345	4,753,765	4,646,866	4,646,866	5,431,986	6,314,494	6,927,991
Remuneration of councillors	51,801	65,938	70,934	75,608	79,279	79,279	86,260	92,065	98,326
Debt impairment	953,745	396,556	708,643	550,108	579,783	579,783	668,059	693,632	810,660
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	993,691	1,049,181	1,110,034
Finance charges	349,325	283,630	274,801	380,236	380,236	380,236	540,448	635,958	774,432
Bulk purchases	1,780,755	1,998,112	2,141,514	2,499,659	2,900,697	2,900,697	3,830,158	4,884,364	6,183,429
Other materials									
Contracted services	534,657	491,248	596,506	569,008	620,981	620,981	719,490	780,501	874,310
Transfers and grants	66,370	79,871	81,919	86,200	127,392	127,392	94,812	100,217	106,029
Other expenditure	2,736,106	2,713,297	3,598,215	3,664,342	3,843,436	3,843,436	4,400,092	4,610,838	4,945,351
Loss on disposal of PPE	3,321	844	1,613	-	13	13	-	-	-
Total Expenditure	10,345,107	10,037,974	12,064,210	13,532,855	14,330,976	14,330,976	16,764,996	19,161,250	21,830,562
Surplus/(Deficit)	(348,518)	620,220	153,005	(389,467)	(361,327)	(361,327)	(241,589)	(140,622)	(112,698)
Transfers recognised - capital	502,119	498,953	1,275,655	1,825,416	3,541,996	3,541,996	2,295,060	1,567,805	1,590,284
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586
Taxation									
Surplus/(Deficit) after taxation	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586
Share of surplus/(deficit) of associate									
Surplus/(Deficit) for the year	153,601	1,119,172	1,428,660	1,435,949	3,180,669	3,180,669	2,053,470	1,427,184	1,477,586

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

Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Community Services	136,896	137,943	158,513	181,469	278,101	278,101	196,483	126,273	124,600
Corporate Services	51,488	75,302	63,575	39,283	58,352	58,352	68,235	30,525	30,660
Economic and Social Development	32,305	17,700	16,541	23,746	26,676	26,676	39,140	23,893	23,893
Finance Services	5,193	11,993	14,317	11,690	21,616	21,616	26,222	13,523	13,589
Health	10,971	18,356	24,434	15,303	26,005	26,005	27,009	13,196	13,274
Housing	186,329	172,706	147,355	261,701	359,425	359,425	329,769	427,781	403,323
Internal Audit	221	147	125	123	809	809	426	260	260
Office of the City Manager	5,160	1,948	4,339	31,501	15,550	15,550	18,706	33,000	33,000
Rates & Other	-	-	-	-	-	-	-	-	-
Safety & Security	32,314	51,347	55,510	85,355	114,907	114,907	84,636	28,762	28,762
Service Delivery Integration	51,524	428,616	1,088,153	1,160,544	2,555,588	2,555,588	1,385,153	160,625	38,475
Strategy and Planning	35,804	32,244	39,012	119,590	114,525	114,525	110,369	60,201	62,210
Transport, Roads & Stormwater	297,291	258,930	364,575	475,823	824,651	824,651	1,722,074	1,137,256	1,129,746
Utility Services	675,612	746,191	1,125,949	1,502,965	1,618,807	1,618,807	2,193,972	2,145,509	2,264,811
Capital multi-year expenditure sub-total	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
Single-year expenditure to be appropriated									
Community Services	-	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-	-
Economic and Social Development	-	-	-	-	-	-	-	-	-
Finance Services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Internal Audit	-	-	-	-	-	-	-	-	-
Office of the City Manager	-	-	-	-	-	-	-	-	-
Rates & Other	-	-	-	-	-	-	-	-	-
Safety & Security	-	-	-	-	-	-	-	-	-
Service Delivery Integration	-	-	-	-	-	-	-	-	-
Strategy and Planning	-	-	-	-	-	-	-	-	-
Transport, Roads & Stormwater	-	-	-	-	-	-	-	-	-
Utility Services	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
Capital Expenditure - Standard									
Governance and administration	112,901	143,399	131,746	221,910	221,361	221,361	317,727	117,840	118,048
Executive and council	5,093	1,718	4,148	31,315	14,865	14,865	18,113	32,850	32,460
Budget and treasury office	4,772	10,274	8,238	3,986	9,935	9,935	7,282	5,672	5,839
Corporate services	103,037	131,407	119,360	186,610	196,561	196,561	292,332	79,318	79,750
Community and public safety	369,348	760,205	1,445,100	1,634,863	3,280,905	3,280,905	1,924,991	755,599	607,546
Community and social services	29,550	21,011	38,032	41,789	62,516	62,516	80,213	37,183	44,771
Sport and recreation	109,265	492,556	1,161,866	1,196,145	2,679,234	2,679,234	1,352,574	211,176	79,915
Public safety	34,156	56,405	73,709	120,924	154,526	154,526	135,826	67,262	67,262
Housing	186,322	172,706	147,355	261,701	359,425	359,425	329,769	427,781	403,323
Health	10,055	17,527	24,138	14,303	25,205	25,205	26,609	12,196	12,274
Economic and environmental services	359,609	303,745	398,948	580,847	926,283	926,283	1,787,633	1,196,307	1,208,999
Planning and development	61,318	39,565	40,941	95,224	90,783	90,783	81,830	73,209	75,054
Road transport	293,322	254,683	346,519	473,623	819,041	819,041	1,693,874	1,112,856	1,123,696
Environmental protection	4,968	9,497	11,488	12,001	16,459	16,459	11,929	10,242	10,249
Trading services	679,249	746,073	1,126,604	1,471,472	1,586,461	1,586,461	2,117,842	2,131,059	2,232,011
Electricity	270,940	327,090	537,568	539,801	560,432	560,432	831,740	748,682	829,172
Water	261,171	184,626	210,266	189,133	258,490	258,490	294,485	579,944	659,225
Waste water management	106,298	142,324	267,326	477,627	559,674	559,674	588,361	452,456	392,825
Waste management	38,507	91,882	110,618	262,834	205,571	205,571	454,895	349,976	350,789
Other	2,333	150	826	2,077	2,294	2,294	2,360	-	-
Total Capital Expenditure - Standard	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
Funded by:									
National Government	252,564	309,680	1,071,282	1,308,402	2,838,592	2,838,592	1,818,393	1,066,740	1,191,586
Provincial Government	215,601	146,435	154,698	463,314	633,964	633,964	406,225	442,017	338,498
District Municipality									
Other transfers and grants	1,417	3,465	1,276	8,000	3,317	3,317	8,000	2,000	2,000
Transfers recognised - capital	469,583	459,580	1,227,256	1,779,716	3,475,873	3,475,873	2,232,619	1,510,757	1,532,084
Public contributions & donations	34,861	43,026	48,399	45,700	66,123	66,123	62,441	57,049	58,200
Borrowing	791,307	893,913	1,242,470	1,560,670	1,861,723	1,861,723	2,907,606	1,961,379	2,140,938
Internally generated funds	225,357	556,904	584,273	523,006	611,292	611,292	999,528	671,621	435,381
Total Capital Funding	1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603

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

Budgeted Financial Position

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand									
ASSETS									
Current assets									
Cash	2,054,467	163,712	188,692	-					
Call investment deposits	-	2,367,307	4,192,038	2,670,397	3,223,300	3,223,300	2,749,315	2,317,638	2,749,807
Consumer debtors	1,818,946	1,752,553	2,124,457	2,571,235	2,464,674	2,464,674	2,886,900	3,460,601	4,117,545
Other debtors	162,352	145,585	329,231	362,154	362,154	362,154	398,370	438,206	482,027
Current portion of long-term receivables	22,287	19,773	16,949	26,894	26,894	26,894	28,238	29,650	31,133
Inventory	131,601	159,471	216,340	227,157	227,157	227,157	238,515	250,441	262,963
Total current assets	4,189,653	4,608,401	7,067,707	5,857,837	6,304,179	6,304,179	6,301,338	6,496,537	7,643,474
Non current assets									
Long-term receivables	294,287	279,185	197,968	188,070	188,070	188,070	178,666	169,733	161,246
Investments	409,154	491,266	390,218	442,964	422,181	422,181	235,660	232,987	224,103
Investment property	103,844	99,468	95,076	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	8,495,809	9,790,463	12,142,997	15,213,848	17,121,115	17,121,115	22,329,618	25,481,242	28,537,812
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	119,964	71,920	20,083	-	-	-	-	-	-
Other non-current assets	52,734	27,603	8,906	-	-	-	-	-	-
Total non current assets	9,475,792	10,759,905	12,855,248	15,844,881	17,731,366	17,731,366	22,743,944	25,883,962	28,923,161
TOTAL ASSETS	13,665,445	15,368,306	19,922,955	21,702,718	24,035,545	24,035,545	29,045,283	32,380,498	36,566,635
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	137,477	217,216	411,916	475,913	525,162	525,162	263,702	200,360	168,040
Consumer deposits	176,982	214,449	237,591	249,471	249,471	249,471	261,944	275,041	288,793
Trade and other payables	2,762,042	3,111,917	4,271,429	3,799,882	4,288,528	4,288,528	5,555,247	6,029,105	7,255,933
Provisions	337,888	333,209	556,019	583,820	583,820	583,820	613,011	643,661	675,845
Total current liabilities	3,414,389	3,876,791	5,476,955	5,109,085	5,646,981	5,646,981	6,693,904	7,148,167	8,388,610
Non current liabilities									
Borrowing	2,217,222	2,038,052	3,047,812	3,715,506	3,765,717	3,765,717	5,550,677	6,850,317	8,182,277
Provisions	1,543,647	1,964,975	2,400,457	2,444,447	2,444,447	2,444,447	2,568,831	2,722,960	2,859,108
Total non current liabilities	3,760,869	4,003,027	5,448,269	6,159,953	6,210,164	6,210,164	8,119,508	9,573,277	11,041,385
TOTAL LIABILITIES	7,175,258	7,879,818	10,925,224	11,269,038	11,857,145	11,857,145	14,813,412	16,721,444	19,429,995
NET ASSETS	6,490,187	7,488,488	8,997,731	10,433,680	12,178,400	12,178,400	14,231,870	15,659,054	17,136,640
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	871,553	1,224,439	1,535,008	1,628,470	1,781,537	1,781,537	2,294,329	2,570,946	2,572,430
Reserves	5,618,634	6,264,049	7,462,723	8,805,210	10,396,863	10,396,863	11,937,541	13,088,108	14,564,210
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	6,490,187	7,488,488	8,997,731	10,433,680	12,178,400	12,178,400	14,231,871	15,659,054	17,136,640

Table 6: Budgeted Financial Position (Table A6)

Budgeted Cash Flows

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	8,247,276	9,073,652	10,563,748	9,991,566	10,703,946	10,703,946	14,219,039	16,401,993	18,919,072
Government - operating	556,455	1,550,105	1,773,806	2,094,894	2,289,348	2,289,348	1,228,777	1,391,660	1,488,116
Government - capital	502,119	498,953	1,275,655	1,825,416	3,541,996	3,541,996	2,295,060	1,567,805	1,590,284
Interest	203,121	224,942	261,317	457,289	483,289	483,289	493,095	493,095	493,095
Dividends									
Payments									
Suppliers and employees	(7,204,481)	(8,421,610)	(9,920,961)	(12,531,405)	(12,644,906)	(12,644,906)	(13,747,685)	(16,758,874)	(19,410,183)
Finance charges	(327,437)	(400,387)	(461,172)	(380,236)	(380,236)	(380,236)	(540,448)	(635,958)	139,290
Transfers and Grants	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,977,054	2,525,655	3,492,394	1,457,523	3,993,438	3,993,438	3,947,839	2,459,721	3,219,675
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	49,713	54,215	60,719	41,794	41,781	41,781	49,817	49,817	49,817
Decrease (Increase) in non-current debtors	39,197	17,616	84,041	8,618	8,618	8,618	8,059	7,521	7,004
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(1,833,308)	(405,379)	(1,027,192)	(52,746)	(31,963)	(31,963)	186,521	2,673	8,884
Payments									
Capital assets	(1,533,463)	(1,969,407)	(3,119,746)	(3,909,092)	(6,015,011)	(6,015,011)	(6,202,194)	(4,200,805)	(4,166,603)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(3,277,861)	(2,302,955)	(4,002,178)	(3,911,427)	(5,996,575)	(5,996,575)	(5,957,797)	(4,140,793)	(4,100,898)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	236,387	29,293	1,434,790	1,140,505	1,243,182	1,243,182	2,048,662	1,500,000	1,500,000
Increase (decrease) in consumer deposits	15,296	37,467	23,142	11,880	11,880	11,880	12,474	13,097	13,752
Payments									
Repayment of borrowing	(379,718)	(135,054)	(226,677)	(408,814)	(409,354)	(409,354)	(525,162)	(263,702)	(200,360)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(128,035)	(68,294)	1,231,255	743,571	845,708	845,708	1,535,974	1,249,395	1,313,392
NET INCREASE/ (DECREASE) IN CASH HELD	(1,428,842)	154,406	721,471	(1,710,333)	(1,157,430)	(1,157,430)	(473,985)	(431,677)	432,169
Cash/cash equivalents at the year begin:	1,711,792	282,950	437,356	4,380,730	4,380,730	4,380,730	3,223,300	2,749,315	2,317,638
Cash/cash equivalents at the year end:	282,950	437,356	1,158,827	2,670,397	3,223,300	3,223,300	2,749,315	2,317,638	2,749,807

Table 7: Budgeted Cash Flows (Table A7)

Cash backed reserves/accumulated surplus reconciliation

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Cash and investments available									
Cash/cash equivalents at the year end	282,950	437,356	1,158,827	2,670,397	3,223,300	3,223,300	2,749,315	2,317,638	2,749,807
Other current investments > 90 days	1,771,517	2,093,663	3,221,903	-	-	-	(0)	(0)	(0)
Non current assets - Investments	409,154	491,266	390,218	442,964	422,181	422,181	235,660	232,987	224,103
Cash and investments available:	2,463,621	3,022,285	4,770,948	3,113,361	3,645,481	3,645,481	2,984,975	2,550,625	2,973,910
Application of cash and investments									
Unspent conditional transfers	438,763	793,151	1,712,382	1,033,961	986,969	986,969	953,845	1,018,845	1,083,845
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	207,244	237,433	281,098	221,443	267,311	267,311	244,364	220,200	194,727
Other working capital requirements	-	549,454	816,236	925,563	925,563	925,563	882,436	601,537	795,000
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	994,610	1,336,620	1,539,638	768,298	921,933	921,933	597,417	498,474	465,644
Total Application of cash and investments:	1,640,617	2,916,658	4,349,354	2,949,265	3,101,776	3,101,776	2,678,062	2,339,056	2,539,216
Surplus(shortfall)	823,004	105,627	421,594	164,096	543,705	543,705	306,913	211,569	434,694

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

Asset Management

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	-	-	-	2,593,871	4,487,328	4,487,328	4,305,755	2,941,029	2,921,902
Infrastructure - Road transport	-	-	-	288,240	504,251	504,251	1,200,969	973,720	1,102,622
Infrastructure - Electricity	-	-	-	227,180	252,566	252,566	386,581	477,755	428,755
Infrastructure - Water	-	-	-	170,104	176,130	176,130	225,904	546,226	625,918
Infrastructure - Sanitation	-	-	-	317,164	349,964	349,964	382,149	301,942	266,975
Infrastructure - Other	-	-	-	64,900	14,829	14,829	100,777	23,000	56,000
Infrastructure	-	-	-	1,067,588	1,297,740	1,297,740	2,296,380	2,322,643	2,480,270
Community	-	-	-	1,148,676	2,522,193	2,522,193	1,355,465	225,426	105,386
Heritage assets	-	-	-	20	960	960	1,060	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	377,587	666,375	666,375	652,849	392,933	336,200
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	60	60	-	28	45
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	-	-	1,315,222	1,527,683	1,527,683	1,896,439	1,259,776	1,244,702
Infrastructure - Road transport	-	-	-	316,431	369,942	369,942	621,401	354,997	246,848
Infrastructure - Electricity	-	-	-	235,290	199,427	199,427	292,035	139,718	310,671
Infrastructure - Water	-	-	-	37,876	63,254	63,254	91,173	72,970	60,229
Infrastructure - Sanitation	-	-	-	186,200	219,164	219,164	208,222	165,855	158,800
Infrastructure - Other	-	-	-	111,096	107,891	107,891	279,904	302,800	289,900
Infrastructure	-	-	-	886,894	959,678	959,678	1,492,734	1,036,340	1,066,448
Community	-	-	-	202,180	281,170	281,170	160,488	117,047	90,204
Heritage assets	-	-	-	526	536	536	595	439	439
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	225,622	286,298	286,298	242,623	105,950	87,612
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	-	-	-	604,671	874,194	874,194	1,822,370	1,328,718	1,349,470
Infrastructure - Electricity	-	-	-	462,471	451,993	451,993	678,615	617,472	739,426
Infrastructure - Water	-	-	-	207,980	239,384	239,384	317,077	619,196	686,148
Infrastructure - Sanitation	-	-	-	503,364	569,128	569,128	590,371	467,797	425,775
Infrastructure - Other	-	-	-	175,996	122,720	122,720	380,681	325,800	345,900
Infrastructure	-	-	-	1,954,481	2,257,419	2,257,419	3,789,115	3,358,983	3,546,718
Community	-	-	-	1,350,856	2,803,363	2,803,363	1,515,953	342,473	195,590
Heritage assets	-	-	-	546	1,496	1,496	1,655	439	439
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	603,208	952,673	952,673	895,472	498,882	423,812
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	60	60	-	28	45
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	-	-	-	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805	4,166,603
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	2,712,082	2,839,385	3,163,526						
Infrastructure - Electricity	2,821,615	2,824,317	2,934,559						
Infrastructure - Water	2,024,721	2,112,822	2,230,311						
Infrastructure - Sanitation	895,175	930,109	1,127,720						
Infrastructure - Other	871,117	1,564,029	2,098,785						
Infrastructure	9,324,709	10,270,661	11,554,900	-	-	-	-	-	-
Community	1,588,952	2,121,780	3,425,460	-	-	-	-	-	-
Heritage assets	3,338	6,646	9,145	-	-	-	-	-	-
Investment properties	103,844	99,468	95,076	-	-	-	-	-	-
Other assets	4,230,180	4,667,918	5,153,024	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	119,964	71,920	20,083	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	15,370,987	17,238,393	20,257,688	-	-	-	-	-	-
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	921,762	723,305	809,719	953,929	1,152,294	1,152,294	993,691	1,049,181	1,110,034
Repairs and Maintenance by Asset Class									
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	921,762	723,305	809,719	953,929	1,152,294	1,152,294	993,691	1,049,181	1,110,034
% of capital exp on renewal of assets	0.0%	0.0%	0.0%	50.7%	34.0%	34.0%	44.0%	42.8%	42.6%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	137.9%	132.6%	132.6%	190.8%	120.1%	112.1%
R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 9: Asset Management (Table A9)

Basic service delivery measurement

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Household service targets (000)									
Water:									
Piped water inside dwelling	653	677	704	732	732	732	767	793	824
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	84	96	104	115	115	115	117	110	118
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	737	773	808	847	847	847	884	902	943
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	11	5	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	11	5	-	-	-	-	-	-	-
Total number of households	748	778	808	847	847	847	884	902	943
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	662	692	722	754	754	754	792	811	852
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	5	6	5	13	13	13	14	16	17
Pit toilet (ventilated)	1	1	2	2	2	2	2	2	2
Other toilet provisions (> min.service level)	27	30	39	42	42	42	46	50	54
<i>Minimum Service Level and Above sub-total</i>	695	730	769	811	811	811	855	879	926
Bucket toilet	3	3	2	1	1	1	1	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	50	46	38	35	35	35	29	23	17
<i>Below Minimum Service Level sub-total</i>	53	48	39	36	36	36	29	23	17
Total number of households	748	778	808	847	847	847	884	902	943
Energy:									
Electricity (at least min.service level)	753	772	784	793	793	793	800	807	814
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	753	772	784	793	793	793	800	807	814
Electricity (< min.service level)	94	75	63	98	98	98	91	84	77
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	94	75	63	98	98	98	91	84	77
Total number of households	847	847	847	891	891	891	891	891	891
Refuse:									
Removed at least once a week	730	820	819	835	835	835	852	869	887
<i>Minimum Service Level and Above sub-total</i>	730	820	819	835	835	835	852	869	887
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	730	820	819	835	835	835	852	869	887
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	737	773	808	847	847	847	884	902	943
Sanitation (free minimum level service)	695	730	769	811	811	811	855	879	926
Electricity/other energy (50kwh per household per month)	369	386	412	424	424	424	437	450	463
Refuse (removed at least once a week)	399	484	476	477	477	477	502	529	558
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	197,984	207,883	218,278	259,814	259,814	259,814	267,805	-	-
Sanitation (free minimum level service)	124,326	130,543	137,070	154,278	154,278	154,278	164,484	-	-
Electricity/other energy (50kwh per household per month)	-	110,068	103,641	135,834	135,834	135,834	160,377	208,490	271,037
Refuse (removed once a week)	133,503	140,748	163,000	179,333	179,333	179,333	217,630	230,035	243,147
Total cost of FBS provided (minimum social package)	455,814	589,243	621,988	729,259	729,259	729,259	810,296	438,525	514,183
Highest level of free service provided									
Property rates (R'000 value threshold)	0	0	0	0	0	0	0	0	0
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	0
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	0
Sanitation (Rand per household per month)	20	20	20	30	30	30	30	30	0
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	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)									
Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity/other energy									
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-	-	-	-

Table 10: Basic service delivery measurement (Table A10)

4. Overview of annual budget process

a. Planning process used to prepare the annual budget

The MFMA requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of a budget. The new National Treasury Budget Regulations gives further effect to this by prescribing that the mayor of a municipality must establish a budget steering committee to assist in discharging the mayor's budget preparation responsibilities.

Compilation of the City's annual budget commenced with the establishment of a Budget Committee, constituted with proportionate political representation largely reflective of the Council. The Committee's terms of reference included the following:

- To provide guidance on budget principles;
- To consider draft budget informants and parameters (Operating and Capital);
- To review directorates' budget input via budget hearings; and
- To review and advise on the outcome of MTREF scenario models

Following consideration of budget proposals from, inter alia, service departments and portfolio committees, the budget committee submitted the draft MTREF model (forecasted three year budget) to MAYCO for endorsement in November 2008.

Amidst global financial volatility and other unforeseen budget impacts the MTREF forecasted model was subsequently updated and presented to the Budget Committee for consideration in March 2009.

Final consideration of the draft budget and related policies by the Budget Committee took place during May 2009.

b. Process used to integrate the review of the IDP and preparation of the Budget

The figure below illustrates how the IDP strategic focus areas have been unpacked into strategic responses, objectives and programmes for budgeting and operational implementation. This diagram explains how corporate strategy is cascaded towards the lower levels of the organisation by means of a variant of the Balanced Scorecard methodology, and how it influences and shapes the operating and capital budgets of the different directorates and departments within the City.

It shows how the City's visionary framework is unpacked into objectives, Key Performance Indicators (KPIs) and targets for implementation. These are then broken up into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects, which are then allocated a budget. This concept also includes the City's performance management system, as the KPIs that are contained in the SDBIPs are monitored and reported on quarterly.

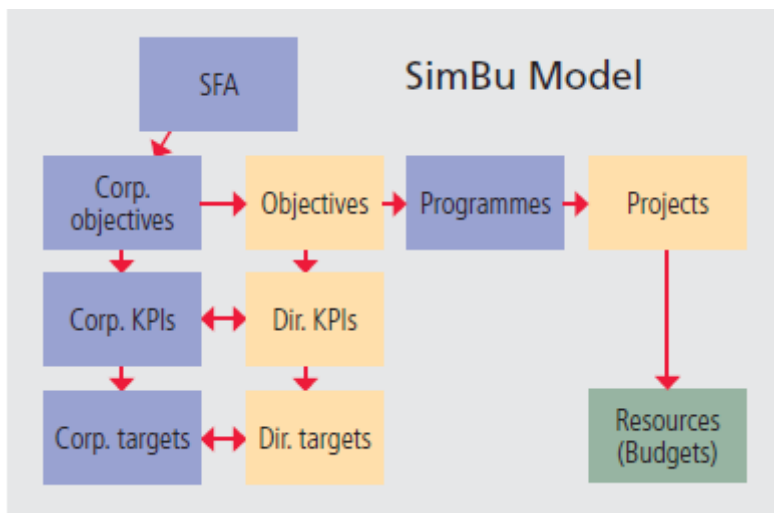


Figure 1: IDP and Budget link - SIMBU (Strategy Implementation and Budgeting Model)

c. Process of consultation with the community and key stakeholders

The review of the Five Year Plan for the City of Cape Town commenced when Council adopted the Process Plan for the IDP and Budget at its meeting in August 2008. This flowed from consultation sessions held at various levels of civil society including inter alia comments from the public via Sub council meetings as required by the Municipal Systems Act. The Process Plan set the framework for further engagements with various stakeholders to ensure adoption of the 2009/10 IDP and Budget by the end of May 2009. The City's consultation process on its draft IDP review and budget was held during the month of October 2008, where various community organisations and representatives have come forward to give input on the strategic focus areas and challenges facing the City.

Public awareness of the process was attained with extensive advertising both in the print media, regional and locally as well as on radio informing communities of their need to participate in the processes.

The first of such direct engagements occurred during October 2008.

- Consultation at Sub-Council level
 - Capacity building workshops were held during August / September to educate ward forums members on Integrated Development Planning in preparation for the October 2008 public engagement process.
 - 28 Sub-Council meetings and 5 public hearings were held during October 2008. These were mainly attended by ward forum members and representatives of organisations.
 - Posters were used as advertising tool to inform communities of the IDP public participation process.
 - Feedback forms and feedback boxes placed in accessible places such as Municipal libraries and Sub-Council offices for communities to give input on the 09/10 IDP review process.
 - Copies of the simplified version of the City's 5 year plan (IDP) were placed in all libraries, sub-council and administration buildings.

- E-Based consultation
 - Notification was given to all the organisations on the city's database via e-mail
 - The opportunity to comment and give input was communicated on the website with feedback forms electronically available.
 - The city's call centre was engaged in collecting inputs via telephone, e-mail and fax.

- Consulting with the Business Sector

A presentation was done at the Small Business Week in August in preparation of the October engagement process, while direct engagement on the draft budget took place with the Cape Chamber of Commerce during April 2009.

- Engagement with Higher Learning Institutions

Learners and academics of the Universities of Cape Town and Western Cape were briefed on the forthcoming IDP and budget events during July 2008.

 - Various opportunities in partnership with the City's Social Development department were created and are ongoing where capacity is built with community organisations to assist the sectors with which they are involved to participate in all IDP engagements. An example includes secondary schools, where the learners are briefed and encouraged to participate, while encouraging others (inter alia their parents) to also participate.

The attendance to these events totalled approximately 2000.

Sessions with the Municipal Entities, Strategic Business Partners and Neighbouring Municipalities have taken place between January and March 2009.

The draft IDP has followed a similar route to seek comment on the proposed drafts during April 2009.

The tabled budget was provided to National Treasury and Provincial Treasury for their assessment, in accordance with S23 of the MFMA, in April 2009.

d. Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]

The IDP and Budget time schedule of the 2009/2010 budget cycle was approved by Council on 27 August 2008, 10 months before the start of the budget year in compliance with legislative directives.

Date	Activity	Participants
27 August 2008	Process Plan approved.	Council
25 November 2008	MTREF and Revenue projections considered and endorsed.	Mayco
March 2009	Draft IDP, Operating and Capital Budgets to be presented for consideration.	Executive Management Team and Mayoral Committee
March 2009	First draft of the IDP, budgets and tariff structure to be presented for consideration and recommendation to Council.	Mayco
30 March 2009	First draft of IDP, budgets and tariff structure to be presented for adoption.	Council
April 2009	Public participation.	Subcouncils and other stakeholders
27 May 2009	Final approval of IDP and Budget.	Council

Table 11: IDP and Budget Time Schedule

5. Overview of alignment of annual budget with Integrated Development Plan

a. The Vision of the City

The City's long term vision:

- 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 as a well-governed and efficiently run administration

b. The 5-Year IDP and Strategic Focus Areas

The following figure illustrates the City's IDP strategy in graphic terms. The shared growth and development strategic focus area is of primary importance, as it aims to contribute towards the achievement of national Gross Geographical Product (GGP) targets. This will be done by strengthening the pillars of urban efficiency, which necessitates establishing the required infrastructure and resources, and improving institutional effectiveness.



Figure 2: Strategic Framework

The complete Integrated Development Plan is attached as Annexure 11.

c. Proposed amendments to the Integrated Development Plan

The State of the City incorporated the public perception survey results that is now showing that the creation of jobs, prevention of crime and fighting corruption, housing and primary health care are the prime priorities for communities.

- Strategic Focus Area 1 - Shared Economic Growth and Development:

A new economic development strategy was introduced focussing on:

- Driving investment into Cape Town
- Develop and strengthening of partnerships
- Grow and strengthen the City's tourism capability and destination marketing
- Promote the use of LED tools to grow SMME's and develop enterprise
- Prioritise skills development based on the needs of the local economy
- Develop the City's creativity and knowledge innovation industry

- Strategic Focus Area 2 - Sustainable Urban Infrastructure and Services

- This strategy remained more or less the same as last year
- Introduction of an infrastructure development programme with bulk services to create the platform for economic growth
- Upgrading and focussed investment in new strategic infrastructure
- Improved maintenance of the City's assets
- Implementation of the project management system of the City.

- Strategic Focus Area 3 - Energy Efficiency for a Sustainable Future

- This is a new SFA introducing an improved strategy for energy for a sustainable City.
- Throughout the IMEP Review process a number of key issues emerged, including:
 - The need for environmental accountability and commitment across city line functions;
 - The need for coordinated and integrated approaches to effect positive change in complex issues;
 - The need for an increased commitment to resource conservation and resource efficiencies; and
 - The need for the City as an organisation to lead by example.
- Four objectives were set:
 - Reduction in energy consumption in the Cape Metropolitan Area below projected unconstrained energy consumption
 - Monitoring and Review of the City energy and climate change strategy
 - Energy Security and Carbon Mitigation
 - Communications and Education

- Strategic Focus Area 4 - Public Transport Systems

- The most important initiative for the City is the introduction of the Road based public transport programme that will be implemented in four phases over the next 5-10 years depending on funding as well as the non motorised transport system.

- Strategic Focus Area 5 - Integrated Human Settlements

- The Integrated Human settlement strategy was improved with an acceleration of the Upgrade of informal settlements programme for the City.

- **Strategic Focus Area 6 - Safety and Security**

Safety and Security has improved their indicators and will focus on achieving the following:

- Increase focus on the combating of minor crimes and by-law offences;
- Continued development of the City's CCTV surveillance network;
- Increase efficiency of Traffic and Law Enforcement Departments and all specialised units;
- Contribute effectively to the City's comprehensive Alcohol and Drug Combating Strategy;
- Increase the number of fire response facilities and their staffing level capacities to provide adequate protection to the ever-increasing and expanding risk profile of the City;
- Develop proactive disaster risk reduction and response plans;
- Expansion of City Emergency Services Emergency Call-Taking Centre.

- **Strategic Focus Area 7 - Health, Social and Community Development**

This strategic focus area's strategies remained more or less intact with mainly statistical and factual improvements.

- **Strategic Focus Area 8 - Good Governance and Regulatory Reform**

This strategic focus area was rewritten to a large extent especially with the refinement of the Human Resource section of the document, an increased focus on business improvement and organisational efficiency. The focus of the transformation plan is to change the institutional arrangements, processes, managerial practices and culture in order to maximise service delivery. This will be done by focusing on the following areas:

- To shift the organisation to high performance based on best practice benchmarking and through the alignment of people strategies to business strategies;
- To guide and drive the process of changing to a high performance organisation through the key strategic programmes;
- To measure the value gained by revised business systems and processes, investment in employees, the percentage alignment of people strategies to business strategies and the extent to which the organisation measures up to international and national best practice benchmarks;
- To optimise the way in which information and communication technology is used to enable business change; and
- To identify and prioritise key levers that will have the greatest impact on improved service delivery.

The Organisational Development and Training plan is based on the seven habits of high-performing organisations:

- 1 Embedding of high-performance quality management systems and practices;
- 2 Ongoing strategising that focuses on a challenging desired future through the IDP process;
- 3 Development of business partners (internal & external) required to achieve desired destiny;
- 4 Development of transformational leaders;
- 5 Aligning people strategies to business strategies;
- 6 Realising potential of people; and
- 7 Broad-based change management initiatives.

d. Cape Town's planning aligned with provincial and national government

Cape Town’s development plan needs to align with National and Provincial initiatives to ensure optimal impact from the combined efforts of government. In this regard there are six critical elements: Accelerated and Shared Growth Initiative-South Africa (ASGI-SA), National Spatial Development Perspective (NSDP), National Strategy for Sustainable Development (NSSD), Provincial Growth and Development Strategy (PGDS), Provincial Spatial Development Framework (PSDF) and the Intergovernmental Development Agenda for Cape Town. All of these feed into and influence the City’s IDP. The diagram below provides an illustration of how the different strategy and policy instruments are aligned.

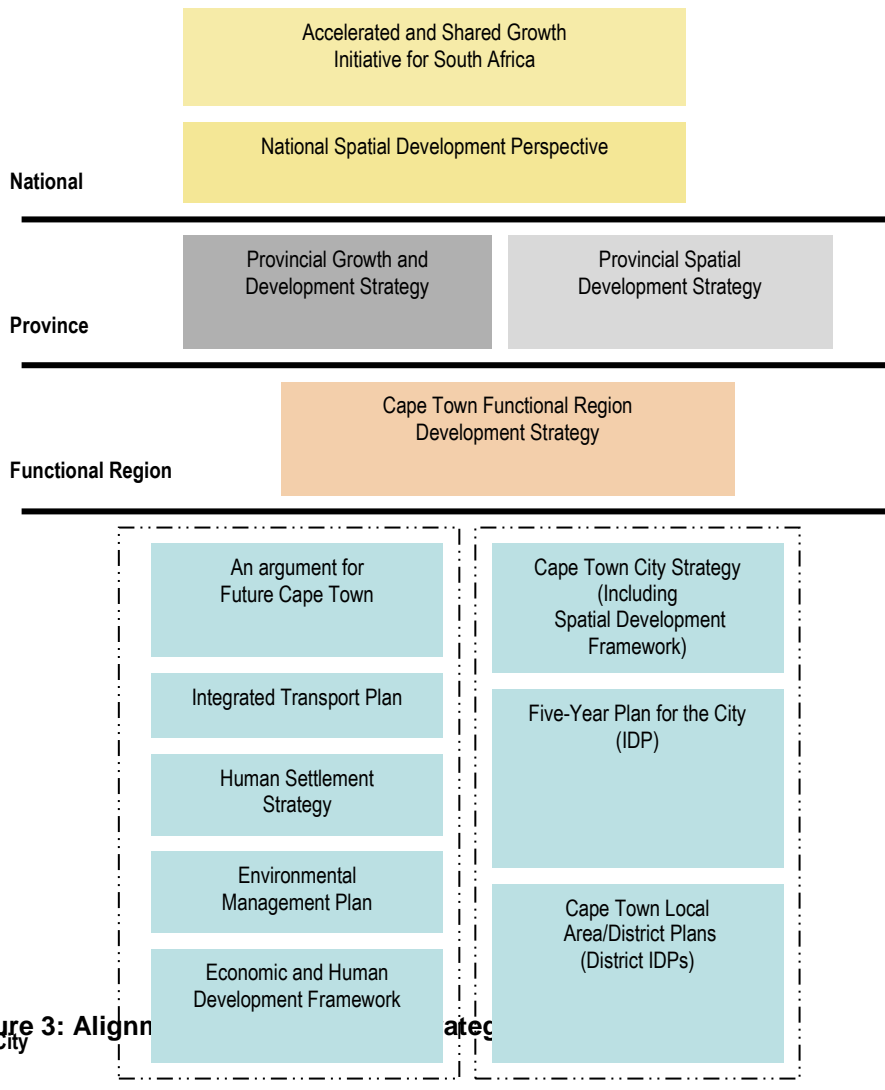


Figure 3: Alignment

6. Measurable performance objectives and indicators

a. Key financial indicators and ratios

Description of financial indicator	Basis of calculation	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
<u>Borrowing Management</u>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	16.2%	13.3%	15.3%	17.1%	15.7%	15.7%	19.1%	21.2%	22.4%
Credit Rating		A+	Aa-	Aa2	Aa2	Aa2	Aa2			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	7.0%	4.2%	4.2%	5.8%	5.5%	5.5%	6.4%	4.7%	4.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	23.3%	2.0%	78.5%	54.7%	50.3%	50.3%	52.4%	57.0%	58.2%
<u>Safety of Capital</u>										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	110.6%	105.2%	121.4%	108.0%	97.4%	97.4%	104.1%	106.8%	113.4%
Gearing	Long Term Borrowing/ Funds & Reserves	39.5%	32.5%	40.8%	42.2%	36.2%	36.2%	46.5%	52.3%	56.2%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.2	1.2	1.3	1.1	1.1	1.1	0.9	0.9	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.2	1.3	1.1	1.1	1.1	0.9	0.9	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.7	0.8	0.5	0.6	0.6	0.4	0.3	0.3
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		92.4%	106.1%	108.0%	108.0%	108.0%	96.0%	96.4%	96.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.0%	20.6%	21.8%	24.0%	21.8%	21.8%	21.1%	21.5%	22.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	-10.9%	70.3%(mass writeoff)	-17.2%	0.0%	0.0%	-16.5%	-	-	-
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	91.9%	90.3%	91.2%	0.0%	0.0%	0.0%	-	-	-
<u>Funding of Provisions</u>										
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%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	7.9%	8.9%	8.3%	9.3%	9.3%	9.3%	0.0%	0.0%	0.0%
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)	29.5%	30.8%	30.9%	36.2%	33.3%	33.3%	32.9%	33.2%	31.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.2%	31.6%	31.7%	37.0%	34.0%	34.0%	33.6%	33.8%	32.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	12.7%	9.4%	8.9%	10.2%	11.0%	11.0%	9.3%	8.9%	8.7%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	26.2	18.7	12.1	12.4	12.4	12.4	20.2	25.4	29.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.7%	24.2%	26.6%	29.4%	26.7%	26.7%	25.7%	26.1%	26.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.8	1.8	3.6	4.1	4.1	2.9	2.1	2.1

Table 12: Performance Indicators (Support Table A8)

b. Measurable performance objectives and indicators

The City's visionary framework is unpacked into objectives, Key Performance Indicators (KPIs) and targets for implementation. These are then broken up into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects, which are then allocated a budget. This concept also includes the City's performance management system, as the KPIs that are contained in the SDBIPs are monitored and reported on quarterly.

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

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 and cash-backed accumulated funds from previous years, not committed for other purposes.

Furthermore, National Treasury Circular 42 stipulates that the budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach.

The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved policies for main 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, 17 (1) (a) & (3) (b)).

a. 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 includes 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.

b. 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 City's Supply Chain Management Policy was adopted at Council on 27 March 2008. Annexure 12 refers.

Mayor's Special Fund

The Mayor receives regular requests for grants, donations and financial assistance. Most of these are dealt with through the normal Grants in Aid Policy, but some deserving requests fall outside the ambit of the Policy. A special fund has been created by the City and subject to the guidelines as attached to this report, the Mayor is authorised to decide on the use of the Fund for grants to such exceptional beneficiaries. Annexure 13 refers.

Rates Policy

In 2005, the Unicity initiated a process to prepare a General Valuation Roll of all property in terms of the Local Government: Municipal Property Rates Act 6 of 2004 (MPRA) as at 2 July 2006 and was implemented on 1 July 2007. A Rates Policy in accordance with Section 3 of the MPRA is attached as Annexure 7.

Grants in Aid Policy

A Grant in Aid Policy was developed and approved by Council in May 2008. This policy has subsequently been reviewed and updated as per Annexure 10.

Cash Management and Investment Policy

The City Council, at its meeting on 30 August 2006, approved the City's investment policy that deals with the management of the City's surplus cash resources and the investment thereof. Subsequently, certain paragraphs in the policy required amendment due to investment operational changes over the past two years. These amendments were approved at the Council meeting to be held on 30 March 2009. The policy 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 & Equipment (Fixed assets). This policy is attached as Annexure 15.

8. Overview of budget assumptions

Municipalities' long-term financial viability depends largely on the extent to which improved and sustainable revenue capacity on the one hand and sound financial management of its resources on the other hand can be achieved. These imperatives necessitate proper multi-year financial planning. Future impacts of revenue and expenditure streams and the financial implications for the community at large (i.e. the potential influence on property tax rates, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions, programmes, projects and sundry service delivery actions.

A municipality's MTREF typically represents a 3 – 5 year financial plan and integrates the financial relationships of various revenue and expenditure streams of proposals considered for inclusion in the IDP. It provides guidance for the development of current budgets and assesses financial impacts on outer years' budgets by incorporating capital expenditure outcomes, operating expenditure trends, optimal asset management plans and the consequential impact on rates, tariffs and other service charges.

The MTREF model aims to determine the future revenue and expenditure parameters within which the city should operate and to facilitate a balanced budget which is affordable, sustainable and ultimately identifies the consequential financial impact of planned capital projects on the municipality's operational budget.

The outcomes of the MTREF modelling performed incorporates the strategic focus areas of the current draft IDP as well as core economic, financial and technical data obtained at local and national level. The ensuing paragraphs outline the assumptions made and modelled, and supported by the Budget Committee:

The principles applied to the MTREF in determining the affordability envelope included:

- (a) Inflation-linked revenue parameters, to the extent that it affects and supports Council's operational activities of relevant services.
- (b) Higher than inflation Repairs and Maintenance provisions to attain nationally benchmarked levels to ensure and enhance preservation of the City's infrastructure.
- (c) Higher increases to selected cost elements subjected to higher than average inflationary pressure, e.g. fuel provisions.
- (d) A 100% capital expenditure implementation rate assumed and factored to the model
- (e) Credible collection rates based on collection achievements to date and incorporating improved success anticipated in selected revenue items.

CPIX

The nationally adopted and amended inflation target measure, i.e. headline CPI, which is expected to average 6% in 2009 and decline gradually over the next three years per the National 2008 Medium Term Budget Policy Statement, was used to apply proper values to multi-year modeled projections. (The target band for headline CPI will remain unchanged at 3 - 6 percent.)

Based on the above and informed by projections of the Bureau for Economic Research, an inflation provision of 6% was modeled for 2009/10, with a further 2% added to accommodate the 2008/09 shortfall (6.5% provided). An 8% CPIX allowance was consequently provided for 2009/10, with 5.7% and 5.8% for the two outer years of 2010/11 and 2011/12 respectively.

Interest Rates

Borrowing interest rates were factored at a prime rate of 10.5%. It was assumed that the average prime rate will stabilise at this level for the forecasted period. Investment interest rate was assumed at 10.7%.

Organic Service Growth

Water and Sewerage services' annual organic growth is projected at 2.7% and Refuse / Solid Waste at 2%, resulting from a combination of the City's population and user base growth.

A moderate 1% in organic Property Tax Rates revenue growth is projected for the 2009/10 financial year, resulting from the downturn in the activities of the formal development industry.

Electricity service growth is factored at 0%, as the implementation of an energy savings plan factors organic growth to this base imprudent.

Collection Rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. The City's collection rate is set at an average of 94.6% (excluding Housing service with average collection rate of 54%) and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period. Adequate provision is made for non-recovery. Whilst collection rates will vary between different services and be based on current trends, special provision was made to cater for the implementation affect of an improved indigent programme.

Major tariffs and charges: Rates and Trading Services

To ensure effective and efficient, well-run city services, tariff increases are inevitable in the current economic climate. Individual tariff increase proposals are considered in context of the overall "package of tariffs approach" adopted in compiling and evaluating the affordability of the component tariffs and charges which constitute the Total Municipal Account (TMA).

The following revenue parameter increases were factored in the MTREF model and determined the affordability levels for the compilation of the 2009/10 Operating Budget. (The primary determining factors for revenue parameter increases are headline inflation projections and additional revenue requirements to cover essential operational aspects.)

Tariff adjustments

An average Property Tax Rates tariff increase of 8.5% was modelled.

The Electricity tariff adjustment is 33.3%, largely due to the anticipated 27% increase for Eskom bulk purchases. In the absence of NERSA's ruling on the 2009/10 tariff increase, this percentage is higher than the 25% level recommended in National Treasury's budget guidelines for the 2009/10 financial year. An additional provision was made to cater for the 2 cents Environmental Levy (A 2 cents per kWh levy on the sale of all non renewable generated electricity will be implemented 1 July 2009.)

Water and Sewerage tariffs adjustments are 10% and 7% respectively, while Refuse and Disposal Charges are modelled to increase by 10%.

The abovementioned tariff amendments, plus organic service growth, are estimated to realise the following revenue increases:

Revenue Category	2008/09 Budget	Proposed revenue parameter including organic growth	2009/10 Budgeted Revenue
	R'000	%	R'000
Property Tax Rates	3 715 832	9.50%	4 068 836
Refuse	489 800	12.00%	548 576
Electricity	4 121 546	33.30%	5 494 020
Water*	1 308 045	12.70%	1 514 150
Sanitation**	729 007	9.70%	819 721

*R40m added to the Water service 2008/09 base budget

**R20m added to the Sanitation service 2008/09 base budget

Table 13: Affect of proposed tariff and rate increases

Salaries, Wages and Related Staff Cost Expenses

In the absence of a SALGBC agreement and based on the current CPIX rate, a higher than CPIX provision was modelled for 2009/10 staff costs. The parameters applied to project the staff budget were as follows:

	2009/10	2010/11	2011/12
Salary increase	11.5%	9.2%	7.7%
Increments	2.0%	2.0%	2.0%
Staff attrition	-5.0%	-	-

Table 14: Parameters applied to staff budget

The parameter applied to councillors' remuneration was CPIX plus 1% for the MTREF period.

General Expenses

In reviewing the departmental spending performance and consideration of the inflationary affect on this expenditure category, a CPIX factor was applied.

Fuel

Oil prices peaked at US\$145 per barrel in July 2008. Based on a combination of high fuel prices, a volatile R/\$ exchange rate and high actual expenditure in the 2008/09 financial year, a 30% increase on fuel expenditure element was factored into the MTREF model.

Repairs and Maintenance

Based on relevant National Treasury data publications, the average municipal spend on Repairs & Maintenance is 7.3%. The City's target in this regard is set between 10% and 15%, to address backlogs. The City's current allocations represent 7.6% of budget. This percentage should, however, be viewed in context of an overall budget quantum which increased substantially over the last two budget years as a result of added 2010 World Cup provisions.

In order to achieve the above targets, CPIX + 2.5% (2009/10) and CPIX + 3% (outer years) were factored into the MTREF.

In addition to the above, the Budget Committee voted additional requests for Repairs & Maintenance amounting to R53 million to address specific service areas. The Repairs & Maintenance to budget ratio for the 2009/10 financial year was consequently modeled at 9%.

Capital expenditure (EFF component)

The MTREF model incorporates proposed EFF-funded capital budget expenditure of future years and calculates its affordability and consequential impact on future operating budgets. The proposed EFF-quanta were set at R2 908 million, R1 961 million and R2 141 million respectively for 2009/10, 2010/11 and 2011/12 financial years. The 2009/10 provision includes roll-overs from the 2008/09 financial year approved via the mid-year review in January 2009.

Capital investment

No further 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.

Depreciation

Depreciation on new capital expenditure is calculated at a varying rate ranging between 9 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 to the model.

Regional Services Council (RSC) Replacement Grant

RSC levies were abolished on 1 July 2006. Since the abolishment, National Treasury has provided a Replacement Grant as an interim measure, while investigating replacement alternatives.

The 2009 Division of Revenue Act proposes the introduction of a new Replacement Grant, to be funded from a portion of the general fuel levy. The Replacement Grant calculation is based on a combination of the current RSC levy replacement grant allocation and a percentage of fuel sales for the 6 metros. It is proposed to be phased in over a 3 year period. All Metros are guaranteed a minimum growth rate of 4% from the 2008/09 allocation for the 2009/10 financial year, should the fuel sales calculation be less than the RSC levy replacement grant share. In the event of fuel sales being higher than the RSC levy replacement grant used as basis of calculation, additional funds will be provided as a top up. For the 2010/11 financial year a 60% RSC levy replacement share and 40% fuel sales will be applied and a 25% RSC levy replacement share and 75% fuel sales will be applied in 2011/12. The phase in would be completed and the grant calculation will be 100% based on fuel sales of the metro area from the 2012/13 financial year.

In terms of the 2009 DORA and based on the above Replacement Grant formula, the indicative annual allocation to the City are as follows:

2009/10 – R1 372 million

2010/11 – R1 517 million (provisional indicative amounts projected by NT)

2011/12 – R1 619 million (provisional indicative amounts projected by NT)

Equitable Share Grant

The equitable share allocations supplement municipalities' own revenues for the provision of basic services to poor households. In terms of the 2009 DORA the annual allocations to the City are as follows:

2009/10 - R 609 million

2010/11 - R 818 million

2011/12 - R 911 million

SUMMARY – MAJOR PARAMETERS

The table below outlines the major parameters applied to the City's MTREF modelling and which informed detailed compilation of the 2009/10 – 2011/12 budgets:

	2009/10	2010/11	2011/12
	%	%	%
CPIX	8.00	5.70	5.80
Collection rates:			
Rates	96.89	96.89	96.89
Electricity	97.50	97.50	97.50
Water	92.00	93.00	94.00
Sanitation	90.00	92.00	94.00
Refuse	97.00	97.00	97.00
Housing	54.00	56.80	56.80
Parameters applied (including organic growth):			
Property Tax Rates	9.50	6.70	6.80
Electricity	33.30	21.60	22.10
Water	12.70	14.60	13.45
Sanitation	9.70	6.80	6.70
Refuse	12.00	25.00	21.80
Salaries, Wages and related costs	11.50	9.20	7.70
General Expenses	8.00	5.70	5.80
Repairs and Maintenance	10.50	8.70	8.80
Fuel	30.00	5.70	5.80
Capital Expenditure (EFF component)	R2 908m	R1 961m	R2 141m

Table 15: Summary of major parameters

Fiscal Overview

1. 2008/2009 Budget and 2009/2010 to 2010/2012 projected financial performance

1.1. Operating Budget

The Operating budget increased from R17.5 billion in 2008/09 to R18.8 billion in 2009/10, R20.5 billion in 2010/11 and R 23.3 billion in 2011/12 respectively. The growth is mainly attributable to:

- Repairs and Maintenance of Infrastructure
- Cost of Bulk Purchases (Water and Electricity)
- Employee related costs due to the financial impact of Pay Parity
- Impact of the increased capital spending on the operating expenditure (e.g. 2010 Soccer World Cup)

1.2. Capital Budget

The capital budget totalled R3 972 million in 2007/2008. This was funded by National and Provincial Grants in the amounts of R1 286 million and R296 million respectively. R2 328 million was funded from the City of Cape Town's internal sources, whilst the balance of R59 million was funded from other external grants.

The 2008/2009 capital budget totalled R 6 015 million.

2. Medium Term Outlook: 2009/2010 to 2011/2012

Operating Budget

Table 16 reflects the increases in the operating budget in the medium term:

	2008/09 R'm	2009/2010 R'm	2010/2011 R'm	2011/2012 R'm
Operating Budget	17 511	18 818	20 588	23 308

Table 16: Medium term operating budget

Capital Budget

Table 17 reflects the capital budget as well as the funding sources in the medium term:

	2008/09 R'm	2009/2010 R'm	2010/2011 R'm	2011/2012 R'm
Capital Budget	6 015	6 202	4 201	4167
Funded as follows:				
National Grant Funding	2 839	1 818	1 067	1 192
Provincial Grant Funding	634	406	442	339
Other Grant Funding	69	71	59	60
City Funding	2 473	3 907	2 633	2 576

Table 17: Medium term capital budget and funding sources

The funding streams mainly encompass the following major projects on the Capital Budget:

National Grant Funded

- 2010 Related infrastructure projects such as the Stadium, Reconfiguration of the Green Point Common, road infrastructure around the Stadium, etc.
- Municipal Infrastructure projects largely on the poor
- Integrated Rapid Transit Projects relating to Phase 1A.

Provincial Grant Funded

- Integrated housing and human settlement development projects

City Funding

- Development and rehabilitation of landfill infrastructure
- Electricity system infrastructure, reinforcements and refurbishments as well as new facility requirements
- Replacement of water and sewer infrastructure, waste water treatment plants and water demand management projects
- Counter funding for the Integrated Rapid Transit Projects relating to Phase 1A

3. Sources of Funding

Rates, tariffs and other charges

Property Tax Rates

The proposed property tax 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 Committee during February and March 2009. This Committee was established to, inter alia, oversee the Total Municipal Account Modelling process, whereby the impact of all Council charges on a household is assessed for affordability. The proposed rates increase is 8.5% for residential properties and 15.8% for “non-residential” properties whilst the estimated total rates income is increased by a further 1% to take into account natural growth.

Property Tax Rates are based on values indicated in the new General Valuation Roll 2006 (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 2006.

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 2009/10 are consistent with National Policy on the extension 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 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. It is also designed to discourage high water consumption levels, which have an impact on the size of both the water and sanitation portions of a consumer’s bill. It enables all consumers to adjust their consumption levels to ensure affordability.

The City’s Urban Agriculture Policy of 2007 is now being implemented and calls for a free 10 kl of water per month to each qualifying Vulnerable Subsistence farming group.

It is proposed that the tariff step structure from the 2008/09 financial year be retained, with a proposed 10.0% increase in volumetric water tariffs generally with the exception of the Bulk Water Tariff on which there is no increase necessary this year and a proposed 7,0% increase in sanitation tariffs generally with the exception of the Domestic Cluster Category on which there is no increase this year. The reason for the different tariff levels on Water versus Sanitation is to better apportion the income in relation to the cost of the service portion and hence eliminate the existing cross-subsidy from sanitation to water, a legacy of the fact that prior to 2007/08, sanitation charges were not based solely on volume of water consumed but also on property value.

Because the volumetric sanitation tariffs are now solely dependant on water consumption, three sets of volumetric sanitation tariffs have also been set to cater for the uncertainty in water resource availability and demand. The volumetric tariff structure mirrors the water tariff structure.

The Miscellaneous Tariffs are levied by Water and Sanitation for the provision of various services by the Department. Some of these tariffs which no longer accurately reflected the actual cost have been evaluated to achieve alignment. It is envisaged that this initiative will be refined over the next few years until all the miscellaneous tariffs accurately reflect the actual cost per transaction.

The successful installation of flow-control device that prevent water losses will continue to be rolled out to more households. For suburbs and households into which such devices are pro-actively installed by the City, no charge will be levied.

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 2009/10 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).

Domestic consumers charged at the Domestic 2 (Low Consumption with FBE) Tariff and purchasing less than 400 kWh per month on average as well as the City's Eskom supplied domestic consumers purchasing less than 400 kWh per month on average will continue to receive the free basic supply of 50 kWh per month. Note that national guidelines allow for the provision of the free basic supply of 50 kWh per month to be made available to consumers using less than 150 kWh per month.

Guidelines for the municipal electricity tariff increase in July are normally published by NERSA in the previous December. In the absence of the guidelines, National Treasury has indicated that the City should prepare its budget using an assumed Eskom bulk increase. This increase, together with increases in expenditure on Salaries and Wages, Repairs and Maintenance, contributions to the Rate Account and the 2c per kWh environmental levy require the electricity tariffs to increase by an average of 33.5 %. A further increase to the Eskom bulk tariff which may need to be reflected in the City's tariffs may be brought into effect by NERSA before July 2009.

Present electricity tariffs were approved by Council in May 2008 and implemented with effect from 1 July 2008. Very late approval of an additional Eskom tariff increase by NERSA resulted in the City's approved tariffs being higher than the NERSA approved tariffs in three instances. It is proposed to apply the percentage tariff increase to be approved by the City for 2009/10 to the NERSA approved 2008/09 tariffs.

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 to increase the NERSA approved Domestic 2 (Low consumption with FBE) Tariff by 10 %. The resulting shortfall in revenue from the sale of electricity to these consumers can be financed by increasing the average tariff increase for all other consumers from 33.5 % to 36.0%

Domestic 3 (Three Phase) Tariff will be discontinued due to the high number of complaints received and the difficulty of applying the tariff in an equitable manner across the City. It is proposed that new Domestic consumers with an installed capacity of 100 Amperes or more will be treated as commercial customers. Consumers who are currently being charged at the Domestic 3 Tariff will be automatically transferred to the most appropriate Domestic High or Small Power User 1 Tariff.

The time-of-use tariff introduced in 2008 is increased by approximately 33% to encourage more of the larger consumers to make use of this tariff. It is further proposed that the peak energy period will no longer apply on Saturdays. It is anticipated that this tariff will continue to be altered over a period of years and eventually replace the Large and Very Large Power User Tariffs.

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

The consumption based lighting tariffs have now been moved from the Street Lighting Schedule to the consumption based tariff schedule where they correctly belong.

The increases are in accordance with guidelines established in the Medium Term Revenue and Expenditure Framework.

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, transfer station 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) and Other Sundry Tariffs be increased by 10%.

In addition, the following new tariffs and amendments to existing tariffs are proposed:

- Definition for “Vacant Land” brought in line with the Property Rates Policy;
- Definition for “240L Container” extended to include: “The Container would be replaced at no cost to the Customer when damaged or stolen and negligence can not be proven. In the case of a stolen container a SAPS case number must be supplied”;
- A New 100% Indigent Relief Rebate to be introduced in terms of Section 27 of the Credit Control & Debt Management Policy;
- A single tariff has been introduced for Waste Disposal at Transfer Stations & Landfill Sites;
- New Tariffs have been introduced to render a Collection Service for Special Events over Weekends;
- The Adhoc collection of Garden Refuse must be requested 5 working days prior to the normal refuse collection day to coincide with such date;
- Unsifted Compost may be made available free of charge, at the discretion of the Director or Delegated Authority, and the recipient may not sell such compost.

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.

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. Total Municipal Account (TMA)

The affect of the proposed tariff and rate increases on households' TMA is illustrated below:

1. BASE INFORMATION						
	1		2		3	
Land Value (Rand)	60 000		494 000		3 784 000	
Electricity (kWh)	324		597		1481	
Water (kL)	10		20		45	
Sanitation (kl)	7		14		31.5	
Waste Services (containers)	240l, once a week		240l, once a week		240l, once a week	
2. AMOUNT PAYABLE						
	1		2		3	
	Current	Proposed	Current	Proposed	Current	Proposed
	30.6.2008	01.7.2009	30.6.2008	01.7.2009	30.6.2008	01.7.2009
	R	R	R	R	R	R
Assessment Rates	0.00	0.00	166.80	181.01	1518.44	1647.80
Electricity	135.52	147.69	339.63	461.90	776.70	1056.36
Water	13.32	14.64	76.78	84.44	352.13	387.29
Sanitation	11.23	12.01	64.55	69.09	229.26	245.28
Solid Waste	0.00	0.00	58.11	63.93	58.11	63.93
VAT	22.41	24.41	75.47	95.11	198.27	245.40
Indigent	-30.00	-30.00	0.00	0.00	0.00	0.00
Total	152.48	168.75	781.35	955.48	3132.91	3646.06
Increase/Decrease Rand	16.27		174.13		513.15	
%	10.67%		22.29%		16.38%	

Table 18: Total municipal account for households

4. Savings and efficiencies

CORPORATE OBJECTIVE / INDICATOR	BASELINE 30.6.2007	TARGET 30.6.2008	BASELINE 30.6.2008	TARGET 30.6.2009	TARGET 30.6.2010	TARGET 30.6.2011	TARGET 30.6.2012
1 Improved average turnaround time of tender procurement processes in accordance with procurement plan	7.2 weeks	8 weeks	6.5 weeks	8 weeks	7 weeks	7 weeks	6 weeks
2 Retention of skills as measured by staff turnover				5 to 8% overall turnover	5 to 8% overall turnover	5 to 8% overall turnover	5 to 8% overall turnover
				8 to 12% within skilled categories	8 to 12% within skilled categories	8 to 12% within skilled categories	8 to 12% within skilled categories
3 Staff availability as measure by % absenteeism	New	New	New	New	≤ 4% average for the period 1 July 2009 to 30 June 2010	≤ 4% average for the period 1 July 2010 to 30 June 2011	≤ 4% average for the period 1 July 2011 to 30 June 2012
4 Percentage budget spent on implementation of WSP (NKPI)		100%		90%	90%	90%	90%
5 Percentage improvement in the positive employee climate as per annual Culture Climate Survey	New	25%	25%	28%	31%	34%	37%
6 Percentage of capital projects meeting original planned milestones	New	New	New	80%	85%	90%	90%
7 Percentage improvement in the time taken to close notifications in terms of the Corporate Works Management process	New	New	New	100% of C3 notification process implemented including geo-coding and correspondence functionality	12% reduction in time taken to close notifications (measured against the baseline) 22 days	10% reduction in time taken to close notifications (measured against the baseline) 20 days	10% reduction in time taken to close notifications (measured against the baseline) 18 days
	7.2 weeks	8 weeks	6.5 weeks	8 weeks	7 weeks	7 weeks	6 weeks

Table 19: Ensuring enhanced service delivery with efficient institutional arrangements

5. Investments

Monetary investments by type

Investment type	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand									
Parent municipality									
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	2,245,257	2,771,460	4,486,414	3,781,980	3,223,000	3,223,000	2,749,315	2,317,638	2,749,807
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	31,534	35,609	40,224	45,877	45,877	45,877	51,291	57,920	65,426
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Municipal Bonds	-	-	-	-	-	-	-	-	-
Municipality sub-total	2,299,175	2,834,605	4,558,288	3,859,389	3,300,409	3,300,409	2,837,506	2,412,458	2,852,133
Entities									
Securities - National Government	-	-	-	-	-	-	-	-	-
Listed Corporate Bonds	-	-	-	-	-	-	-	-	-
Deposits - Bank	-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners	-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits	-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates	-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks	-	-	-	-	-	-	-	-	-
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	2,299,175	2,834,605	4,558,288	3,859,389	3,300,409	3,300,409	2,837,506	2,412,458	2,852,133

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 Bank	336	Fixed Deposit	2009/05/15	30,000	3,694
ABSA Bank	318	Fixed Deposit	2009/05/15	25,000	2,951
ABSA Bank	302	Fixed Deposit	2009/05/15	15,000	1,620
ABSA Bank	101	Fixed Deposit	2009/05/15	20,000	598
ABSA Bank	10	Fixed Deposit	2009/05/15	20,000	45
ABSA Bank	336	Fixed Deposit	2009/05/25	25,000	3,107
ABSA Bank	117	Fixed Deposit	2009/05/27	10,000	345
ABSA Bank	118	Fixed Deposit	2009/06/03	20,000	682
ABSA Bank	30	Fixed Deposit	2009/06/03	20,000	135
ABSA Bank	120	Fixed Deposit	2009/06/05	30,000	1,041
ABSA Bank	349	Fixed Deposit	2009/06/15	25,000	3,275
ABSA Bank	335	Fixed Deposit	2009/06/15	50,000	6,115
ABSA Bank	345	Fixed Deposit	2009/06/25	10,000	1,264
ABSA Bank	345	Fixed Deposit	2009/06/25	20,000	2,528
ABSA Bank	148	Fixed Deposit	2009/07/03	30,000	1,265
ABSA Bank	104	Fixed Deposit	2009/07/15	20,000	499
ABSA Bank	155	Fixed Deposit	2009/07/15	20,000	817
ABSA Bank	149	Fixed Deposit	2009/07/24	30,000	1,121
ABSA Bank	113	Fixed Deposit	2009/07/24	40,000	1,084
ABSA Bank	150	Fixed Deposit	2009/07/27	20,000	750
ABSA Bank	153	Fixed Deposit	2009/08/03	30,000	1,151
ABSA Bank	190	Fixed Deposit	2009/08/14	30,000	1,605
ABSA Bank	153	Fixed Deposit	2009/08/25	20,000	704
ABSA Bank	153	Fixed Deposit	2009/08/25	10,000	352
ABSA Bank	183	Fixed Deposit	2009/08/27	25,000	1,097
ABSA Bank	178	Fixed Deposit	2009/09/07	20,000	875
ABSA Bank	186	Fixed Deposit	2009/09/15	20,000	915
ABSA Bank	183	Fixed Deposit	2009/10/15	10,000	417
ABSA Bank	183	Fixed Deposit	2009/10/15	10,000	417
ABSA Bank	213	Fixed Deposit	2009/10/15	20,000	1,030
ABSA Bank	182	Fixed Deposit	2009/10/15	15,000	621
ABSA Bank	219	Fixed Deposit	2009/10/23	10,000	530
ABSA Bank	189	Fixed Deposit	2009/10/23	10,000	430
ABSA Bank	218	Fixed Deposit	2009/11/25	20,000	988
Calyon Credit Agricole CIB	118	Fixed Deposit	2009/06/25	10,000	304
Firstrand	318	Fixed Deposit	2009/05/15	20,000	2,361
Firstrand	101	Fixed Deposit	2009/05/15	15,000	448
Firstrand	10	Fixed Deposit	2009/05/15	10,000	22
Firstrand	109	Fixed Deposit	2009/05/25	30,000	954
Firstrand	25	Fixed Deposit	2009/05/25	30,000	176
Firstrand	118	Fixed Deposit	2009/05/27	15,000	526
Firstrand	30	Fixed Deposit	2009/06/03	20,000	135
Firstrand	130	Fixed Deposit	2009/06/15	30,000	1,127
Firstrand	94	Fixed Deposit	2009/06/25	30,000	684
Firstrand	91	Fixed Deposit	2009/06/30	10,000	224
Firstrand	91	Fixed Deposit	2009/06/30	12,000	269
Firstrand	91	Fixed Deposit	2009/06/30	9,000	202
Firstrand	91	Fixed Deposit	2009/06/30	12,000	269
Firstrand	160	Fixed Deposit	2009/07/15	30,000	1,371
Firstrand	104	Fixed Deposit	2009/07/15	30,000	748
Firstrand	152	Fixed Deposit	2009/07/27	10,000	382
Firstrand	122	Fixed Deposit	2009/08/07	20,000	575
Firstrand	122	Fixed Deposit	2009/08/07	15,000	431
Firstrand	178	Fixed Deposit	2009/08/07	15,000	680
Firstrand	153	Fixed Deposit	2009/08/25	10,000	354
Firstrand	149	Fixed Deposit	2009/08/27	25,000	860

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	
Parent municipality					
Firstrand	178	Fixed Deposit	2009/09/07	15,000	657
Firstrand	212	Fixed Deposit	2009/09/25	60,000	3,014
Firstrand	182	Fixed Deposit	2009/10/15	15,000	621
Firstrand	189	Fixed Deposit	2009/10/23	10,000	430
Firstrand	212	Fixed Deposit	2009/11/13	20,000	958
Firstrand	212	Fixed Deposit	2009/11/13	25,000	1,198
Firstrand	218	Fixed Deposit	2009/11/25	20,000	988
Investec Bank Limited	7	Fixed Deposit	2009/05/15	10,000	16
Investec Bank Limited	100	Fixed Deposit	2009/05/15	10,000	296
Investec Bank Limited	10	Fixed Deposit	2009/05/15	10,000	23
Investec Bank Limited	68	Fixed Deposit	2009/05/25	10,000	184
Investec Bank Limited	25	Fixed Deposit	2009/05/25	20,000	118
Investec Bank Limited	125	Fixed Deposit	2009/06/15	15,000	511
Investec Bank Limited	42	Fixed Deposit	2009/06/15	20,000	190
Investec Bank Limited	94	Fixed Deposit	2009/06/25	10,000	232
Investec Bank Limited	104	Fixed Deposit	2009/07/15	15,000	378
Investec Bank Limited	149	Fixed Deposit	2009/07/24	10,000	378
Investec Bank Limited	147	Fixed Deposit	2009/07/24	10,000	373
Investec Bank Limited	129	Fixed Deposit	2009/08/14	20,000	615
Investec Bank Limited	163	Fixed Deposit	2009/08/14	20,000	826
Investec Bank Limited	174	Fixed Deposit	2009/09/03	30,000	1,294
Investec Bank Limited	212	Fixed Deposit	2009/09/25	10,000	505
Investec Bank Limited	213	Fixed Deposit	2009/10/15	20,000	1,045
Investec Bank Limited	183	Fixed Deposit	2009/10/15	20,000	842
Nedbank	336	Fixed Deposit	2009/05/15	20,000	2,476
Nedbank	101	Fixed Deposit	2009/05/15	15,000	450
Nedbank	99	Fixed Deposit	2009/05/15	30,000	875
Nedbank	10	Fixed Deposit	2009/05/15	10,000	23
Nedbank	9	Fixed Deposit	2009/05/15	10,000	20
Nedbank	364	Fixed Deposit	2009/05/22	20,000	2,673
Nedbank	364	Fixed Deposit	2009/05/22	10,000	1,336
Nedbank	336	Fixed Deposit	2009/05/25	50,000	6,260
Nedbank	198	Fixed Deposit	2009/05/27	20,000	1,329
Nedbank	118	Fixed Deposit	2009/05/27	10,000	356
Nedbank	117	Fixed Deposit	2009/05/27	10,000	348
Nedbank	127	Fixed Deposit	2009/06/12	30,000	1,112
Nedbank	94	Fixed Deposit	2009/06/25	20,000	461
Nedbank	96	Fixed Deposit	2009/07/07	20,000	466
Nedbank	160	Fixed Deposit	2009/07/15	30,000	1,374
Nedbank	155	Fixed Deposit	2009/07/15	15,000	615
Nedbank	106	Fixed Deposit	2009/07/17	40,000	1,028
Nedbank	152	Fixed Deposit	2009/07/27	20,000	768
Nedbank	156	Fixed Deposit	2009/08/07	20,000	786
Nedbank	129	Fixed Deposit	2009/08/14	20,000	615
Nedbank	185	Fixed Deposit	2009/08/14	15,000	707
Nedbank	179	Fixed Deposit	2009/08/25	20,000	863
Nedbank	183	Fixed Deposit	2009/08/27	10,000	440
Nedbank	178	Fixed Deposit	2009/09/07	15,000	662
Nedbank	186	Fixed Deposit	2009/09/15	20,000	922
Nedbank	186	Fixed Deposit	2009/09/15	20,000	922
Nedbank	215	Fixed Deposit	2009/09/30	50,000	2,548
Nedbank	213	Fixed Deposit	2009/10/15	40,000	2,077
Nedbank	183	Fixed Deposit	2009/10/15	15,000	632
Nedbank	219	Fixed Deposit	2009/10/23	30,000	1,602
Nedbank	189	Fixed Deposit	2009/10/23	10,000	435
Nedbank	218	Fixed Deposit	2009/11/25	25,000	1,239
Standard Bank of SA Ltd	100	Fixed Deposit	2009/05/15	30,000	879
Standard Bank of SA Ltd	99	Fixed Deposit	2009/05/15	30,000	867
Standard Bank of SA Ltd	336	Fixed Deposit	2009/05/25	25,000	3,118
Standard Bank of SA Ltd	25	Fixed Deposit	2009/05/25	10,000	58

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	
Parent municipality					
Standard Bank of SA Ltd	25	Fixed Deposit	2009/05/25	30,000	175
Standard Bank of SA Ltd	118	Fixed Deposit	2009/05/27	15,000	526
Standard Bank of SA Ltd	117	Fixed Deposit	2009/05/27	10,000	345
Standard Bank of SA Ltd	61	Fixed Deposit	2009/06/03	30,000	446
Standard Bank of SA Ltd	349	Fixed Deposit	2009/06/15	30,000	3,930
Standard Bank of SA Ltd	130	Fixed Deposit	2009/06/15	30,000	1,127
Standard Bank of SA Ltd	125	Fixed Deposit	2009/06/15	20,000	675
Standard Bank of SA Ltd	99	Fixed Deposit	2009/07/10	25,000	593
Standard Bank of SA Ltd	160	Fixed Deposit	2009/07/15	30,000	1,368
Standard Bank of SA Ltd	181	Fixed Deposit	2009/08/25	25,000	1,079
Standard Bank of SA Ltd	149	Fixed Deposit	2009/08/27	25,000	862
Standard Bank of SA Ltd	181	Fixed Deposit	2009/08/27	30,000	1,302
Standard Bank of SA Ltd	186	Fixed Deposit	2009/09/15	10,000	456
Standard Bank of SA Ltd	186	Fixed Deposit	2009/09/15	30,000	1,368
Standard Bank of SA Ltd	186	Fixed Deposit	2009/09/15	30,000	1,368
Standard Bank of SA Ltd	210	Fixed Deposit	2009/09/25	30,000	1,493
Standard Bank of SA Ltd	182	Fixed Deposit	2009/10/15	20,000	828
Standard Bank of SA Ltd	189	Fixed Deposit	2009/10/23	10,000	430
Standard Bank of SA Ltd	212	Fixed Deposit	2009/11/13	30,000	1,438
Standard Bank of SA Ltd	218	Fixed Deposit	2009/11/25	15,000	739
ABSA BANK		Current account		69,953	
ABSA BANK		Call deposit		70,000	
ABSA BANK		Call deposit-2010		21,870	
INVESTEC BANK LIMITED		Call deposit		20,000	
STANLIB		Call deposit		247,857	
Municipality sub-total				3,252,679	134,750
Entities					
Entities sub-total				-	-
TOTAL INVESTMENTS AND INTEREST				3,252,679	134,750

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

6. Long – Term investments and loans

The budget assumes the following new long-term borrowings:

June 2009	R1 200 million
December 2009	R500 million
June 2010	R1 500 million
June 2011	R1 500 million

The above loans will be raised by the issue of City of Cape Town municipal bonds, which is to be listed on the Bond Exchange of South Africa under a R7 billion Domestic Medium Term Note Programme.

7. 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.

8. Grant Allocations

National Allocations

The table below reflects the 2009 Division of Revenue Act grant allocations that have been included in the City's medium term budget:

Grant	2009/10 R'000	2010/11 R'000	2011/12 R'000
Equitable share formula	609,313	817,886	910,454
Financial Management Grant	750	1,000	1,250
2010 World Cup Host City Operating Grant	57,357	27,780	-
Public Transport Infrastructure & Systems Grant	332,500	647,270	800,000
Neighbourhood Development Partnership Grant	57,551	59,605	90,570
Municipal Infrastructure Grant	341,774	403,172	346,132
Electricity Demand Side Management Grant	4,000	20,000	20,000
Integrated National Electrification Programme Grant	10,000	41,824	50,000
World Cup Stadiums Development Grant	814,496	122,000	-
Expanded Public Works Programme Incentive Grant	5,134	-	-

Table 22: National allocations

Provincial Allocations

The table below reflects the grants allocated in terms of the Provincial Gazette 6607 (dated 24 February 2009) that have been included in this medium term budget:

Grant	2009/10 R'000	2010/11 R'000	2011/12 R'000
Personal Primary Health Care Services	158,246	174,431	187,898
Integrated Nutrition	3,604	3,973	4,279
Global Fund	1,000	-	-
HIV and AIDS	26,813	34,808	38,289
Multi-Purpose Centre	-	1,000	1,000
Integrated Housing and Human Settlement Development Grant	663,499	764,449	901,690
Fire-fighting assistance	500	-	-
Cape Metropolitan Transport Fund	9,300	9,400	9,900
Mobility Strategies	10,000	10,000	10,000
Library Services (conditional grant)	19,520	21,347	23,912

Table 23: Provincial allocations

10. Expenditure on allocations and grant programmes

Description	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	-	-	-	1,768,037	1,917,195	-	757,298	929,462	999,111
Restructuring				56,855	85,855	-	19,964	-	-
Finance Management				1,000	3,663	-	750	793	839
Department of Water Affairs				6,000	11,541	-	6,000	6,342	6,710
Municipal Infrastructure Grant				3,025	3,025	-	3,328	3,517	3,721
2010 FIFA WC Host city Operating Grant				-	-	-	57,357	27,780	-
Public Transport Infrastructure & Systems Grant				-	58,630	-	53,000	56,021	59,270
Dept of Environ Affairs and Tourism				7,100	22,100	-	16,200	17,123	18,117
Expanded Public Works Programme				-	-	-	9,128	-	-
Equitable Share				448,410	486,733	-	591,572	817,886	910,454
RSC Levies				1,245,648	1,245,648	-	-	-	-
Provincial Government:	-	-	-	282,718	323,493	-	407,294	430,510	455,480
Local Government and Housing - Fire-fighting Assistance				1,500	1,500	-	425	449	475
Sundry - Water				-	48	-	-	-	-
Social Services				300	300	-	-	-	-
Cultural Affairs and Sport - Library Services				15,356	15,356	-	17,020	17,990	19,034
Local Government and Housing - Housing				104,325	134,325	-	204,357	216,006	228,534
Sustainable Transport				141	141	-	-	-	-
Other				5,258	5,365	-	1,567	1,656	1,752
Health - TB				8,120	8,120	-	11,432	12,084	12,784
Health - Global Fund				4,032	4,032	-	1,000	1,057	1,118
Health - ARV				20,266	26,969	-	20,110	21,256	22,489
Health - Nutrition				3,308	3,308	-	3,604	3,809	4,030
Health - Vaccines				7,400	11,316	-	21,676	22,912	24,240
Transport - WC Host City				-	-	-	3,000	3,171	3,355
Health - Comprehensive				112,712	112,712	-	123,103	130,120	137,667
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	22,775	27,297	-	32,279	30,631	32,407
DBSA				1,655	1,655	-	-	-	-
Private				700	2,577	-	2,300	-	-
Tourism				5,000	5,000	-	5,000	5,285	5,592
Carnegie				400	2,937	-	6,158	6,509	6,887
Mamre Trust				300	300	-	-	-	-
CMTF				13,169	13,169	-	16,556	17,500	18,515
Other				1,483	1,483	-	1,265	1,337	1,415
World Health Organisation				68	68	-	-	-	-
CID				-	108	-	-	-	-
Gates				-	-	-	1,000	-	-
Total operating expenditure of Transfers and Grants:	-	-	-	2,073,531	2,267,985	-	1,196,871	1,390,603	1,486,998
Capital expenditure of Transfers and Grants									
National Government:	-	-	-	1,308,402	2,838,592	2,838,592	1,818,393	1,066,740	1,191,586
Minerals and Energy: Electricity Demand Side Management (Eskom) Grant				-	-	-	4,000	20,000	20,000
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant				25,544	23,044	23,044	8,772	36,688	43,860
National Government: Other				250	6,179	6,179	2,412	250	100
National Government: Previous years' Dora allocations				200	257	257	-	6,000	-
National Treasury: Local Government Finance Management Grant				72	4,514	4,514	1,016	-	-
National Treasury: Local Government Restructuring Grant				39,943	64,020	64,020	31,396	-	-
National Treasury: Neighbourhood Development Partnership Grant				75,685	61,350	61,350	57,551	59,605	90,570
Provincial and Local Government: Municipal Infrastructure Grant (MIG Cities)				296,489	432,468	432,468	385,776	296,628	254,800
Sport & Recreation SA: 2010 Fifa World Cup Stadiums Development Grant				768,919	1,965,161	1,965,161	545,337	-	-
Transport: Public Transport Infrastructure & Systems Grant				101,300	281,599	281,599	782,134	647,569	782,256
Provincial Government:	-	-	-	463,314	633,964	633,964	406,225	442,017	338,498
Cultural Affairs and Sport: Development of Sport and Recreation Facilities				213,600	216,287	216,287	2,954	-	-
Cultural Affairs and Sport: Library Services				-	-	-	2,500	4,646	-
Health: Global Fund				1,600	9,495	9,495	2,804	-	-
Local Government and Housing: Integrated Housing and Human Settlement Development Grant				168,414	281,719	281,719	239,057	347,471	320,998
Local Government and Housing: Previous years' Gazetted allocations				10,000	9,130	9,130	20,715	10,000	-
Provincial Government: Previous years' Gazetted allocations				23,000	39,877	39,877	-	-	-
Social Development: Multi-Purpose Centres				200	3,044	3,044	2,809	-	-
Transport and Public Works: Cape Metropolitan Transport Fund				46,500	74,412	74,412	135,387	79,900	17,500
District Municipality:									
Other grant providers:	-	-	-	53,700	69,441	69,441	70,441	59,049	60,200
Other				53,700	69,441	69,441	70,441	59,049	60,200
Total capital expenditure of Transfers and Grants	-	-	-	1,825,416	3,541,996	3,541,996	2,295,060	1,567,805	1,590,284
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	-	-	3,898,947	5,809,982	3,541,996	3,491,931	2,958,409	3,077,282

Table 24: Expenditure on allocations and grant programmes (Support Table A19)

11. Transfers 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 Sub Councils, 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 17.

12. Councillor and board member allowances and employee benefits

Summary of Employee and Councillor remuneration R thousand	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Councillors (Political Office Bearers plus Other)									
Salary	35,241	46,068	42,747	47,102	50,773	50,773	54,903	58,598	62,582
Pension Contributions	4,602	6,692	6,711	7,152	7,152	7,152	7,867	8,396	8,968
Medical Aid Contributions	1,087	245	-	-	-	-	-	-	-
Motor vehicle allowance	9,863	11,516	17,228	19,021	19,021	19,021	20,923	22,332	23,851
Cell phone allowance	-	-	2,102	2,333	2,333	2,333	2,567	2,739	2,925
Housing allowance	1,008	1,417	2,147	-	-	-	-	-	-
Other benefits or allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Councillors	51,801	65,938	70,935	75,608	79,279	79,279	86,260	92,065	98,326
% increase		27.3%	7.6%	6.6%	4.9%	-	8.8%	6.7%	6.8%
Senior Managers of the Municipality									
Salary	8,434	9,006	10,191	10,967	10,967	10,967	11,904	13,273	14,560
Pension Contributions	556	1,143	1,392	1,225	1,225	1,225	1,665	1,935	2,122
Medical Aid Contributions	-	-	-	211	211	211	250	290	319
Motor vehicle allowance	660	735	847	792	792	792	799	799	799
Cell phone allowance	-	-	-	-	12	12	129	129	129
Housing allowance	-	-	-	-	-	-	-	-	-
Performance Bonus	930	942	801	1,726	1,726	1,726	1,734	2,050	2,189
Other benefits or allowances	-	-	-	96	96	96	58	66	72
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	10,580	11,826	13,231	15,017	15,029	15,029	16,539	18,542	20,190
% increase		11.8%	11.9%	13.5%	0.1%	-	10.0%	12.1%	8.9%
Other Municipal Staff									
Basic Salaries and Wages	2,051,293	2,167,572	2,284,730	3,499,841	3,383,700	3,383,700	3,738,120	4,344,076	4,765,512
Pension Contributions	291,192	318,575	374,654	386,750	388,564	388,564	664,614	772,426	847,351
Medical Aid Contributions	190,123	196,006	220,000	264,937	264,937	264,937	327,399	380,439	417,340
Motor vehicle allowance	121,645	130,114	150,770	150,423	152,242	152,242	164,574	191,364	210,004
Cell phone allowance	-	-	-	-	2,336	2,336	10,600	13,338	13,547
Housing allowance	44,325	43,025	50,580	48,392	48,390	48,390	56,657	65,835	72,221
Overtime	117,136	146,108	193,460	162,794	167,763	167,763	190,664	221,551	243,042
Performance Bonus	-	(21,607)	-	-	-	-	-	-	-
Other benefits or allowances	139,233	309,831	511,802	251,550	249,824	249,824	286,878	333,353	365,690
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	2,954,947	3,289,624	3,785,996	4,764,687	4,657,776	4,657,776	5,439,506	6,321,382	6,934,707
% increase		11.3%	15.1%	25.9%	(2.2%)	-	16.8%	16.2%	9.7%
Total Parent Municipality	3,017,328	3,367,388	3,870,162	4,855,312	4,752,084	4,752,084	5,542,305	6,431,989	7,053,223
		11.6%	14.9%	25.5%	(2.1%)	-	16.6%	16.1%	9.7%
Board Members of Entities									
Salary	-	-	-	-	-	-	-	-	-
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	-	-	-	-	-	-	-	-	-
Cell phone allowances	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Board Fees	-	103	329	340	355	355	362	312	330
Other benefits and allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	-	103	329	340	355	355	362	312	330
% increase		-	219.9%	3.3%	4.4%	-	2.1%	(13.8%)	5.6%
Senior Managers of Entities									
Salary	-	-	858	2,287	2,131	2,078	2,228	2,366	2,518
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	-	-	86	-	155	131	168	188	204
Cell phone allowances	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Other benefits or allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	-	-	945	2,287	2,287	2,209	2,397	2,554	2,722
% increase		-	-	142.1%	-	(3.4%)	8.5%	6.6%	6.6%
Other Staff of Entities									
Basic Salaries and Wages	-	-	40	134	134	136	115	125	135
Pension Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor vehicle allowance	-	-	10	-	-	-	30	32	35
Cell phone allowances	-	-	-	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Other benefits or allowances	-	-	-	-	-	-	-	-	-
In-kind benefits	-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities	-	-	50	134	134	136	145	157	170
% increase		-	-	167.1%	-	1.5%	6.7%	8.3%	8.3%
Total Municipal Entities	-	103	1,324	2,761	2,776	2,700	2,904	3,023	3,222
TOTAL SALARY, ALLOWANCES & BENEFITS	3,017,328	3,367,491	3,871,486	4,858,073	4,754,860	4,754,784	5,545,209	6,435,012	7,056,445
% increase		11.6%	15.0%	25.5%	(2.1%)	(0.0%)	16.6%	16.0%	9.7%
TOTAL MANAGERS AND STAFF	2,965,527	3,301,450	3,800,222	4,782,125	4,675,226	4,675,150	5,458,587	6,342,635	6,957,789

Table 25: Councillor and board member allowances and employee benefits (Support Table A22)

Disclosure of Salaries, Allowances & Benefits 1.	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.			2.	3.
Councillors							
Speaker	-	566,451	-	206,399			772,850
Chief Whip	-	531,048	-	194,598			725,646
Executive Mayor	-	708,065	-	271,229			979,294
Deputy Executive Mayor	-	566,451	-	206,399			772,850
Mayoral Committee	-	5,664,512	-	1,591,952			7,256,464
Total for all other councillors	-	46,866,292	-	28,886,433			75,752,725
Total Councillors	-	54,902,819	-	31,357,010			86,259,829
Senior Managers of the Municipality							
Municipal Manager (MM)	-	1,154,218	203,895	68,000	177,506	-	1,603,619
Chief Finance Officer	-	847,729	169,131	130,863	144,103	-	1,291,826
Executive Director - Community Services	-	913,135	141,032	97,800	144,103	-	1,296,070
Executive Director - Economic and Social Development	-	842,266	143,902	85,800	133,936	-	1,205,904
Executive Director - Safety and Security	-	551,524	409,966	-	-	-	961,490
Executive Director - Health	-	754,297	159,762	138,999	133,426	-	1,186,484
Executive Director - Transport Roads and Stormwater	-	951,503	115,204	13,800	133,937	-	1,214,444
Executive Director - Service Delivery and Integration	-	992,889	148,995	61,800	150,073	-	1,353,757
Executive Director - Housing	-	936,222	153,295	43,800	141,036	-	1,274,353
Executive Director - Corporate Services	-	903,120	149,027	63,600	141,036	-	1,256,783
Executive Director - Strategy and Planning	-	1,069,172	-	48,506	141,037	-	1,258,715
Chief Audit Executive	-	980,370	-	80,070	133,129	-	1,193,569
Executive Director - Utility Services	-	1,007,924	174,609	99,072	160,401	-	1,442,006
Total Senior Managers of the Municipality	-	11,904,369	1,968,818	932,110	1,733,723	-	16,539,020
A Heading for Each Entity							
Convenco							-
Board meetings - R1 000 per meeting	-	-	-	-	-	-	-
Committee meetings - R500 per meeting	-	-	-	-	-	-	-
Khayelitsha Community Trust							-
Chairperson - R3 011 per meeting	-	-	-	-	-	-	-
Member - R2 240 per meeting	-	-	-	-	-	-	-
Chief Executive Officer (CEO)							-
Convenco		1,260,000	-	-	-	-	1,260,000
Khayelitsha Community Trust		446,305	-	155,375	-	-	601,680
							-
Total for municipal entities	-	1,706,305	-	155,375	-	-	1,861,680
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	-	68,513,493	1,968,818	32,444,495	1,733,723	-	104,660,529

Table 26: Salaries, allowances & benefits (political office bearers/councillors/senior managers) (Support Table A23)

13. Monthly targets for revenue, expenditure and cash flow

MONTHLY CASH FLOWS	Budget Year 2009/10												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Cash Receipts By Source																
Property rates	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	12,033	14,134	16,464	
Property rates - penalties & collection charges													-			
Service charges - electricity revenue													-			
Service charges - water revenue													-			
Service charges - sanitation revenue													-			
Service charges - refuse revenue													-			
Service charges - other													-			
Rental of facilities and equipment	38	38	38	38	38	38	38	38	38	38	38	38	454	491	525	
Interest earned - external investments	29	34	26	22	19	20	23	21	27	25	22	20	288	275	248	
Interest earned - outstanding debtors													-			
Dividends received													-			
Fines													-			
Licences and permits													-			
Agency services	145	145	145	145	145	145	145	145	145	145	145	145	1,740	1,010	1,010	
Transfer receipts - operational	816	172	192	205	343	156	152	466	203	201	262	226	3,393	2,907	3,030	
Other revenue	8	8	8	8	8	8	8	8	8	8	8	8	101	104	108	
Cash Receipts by Source	2,039	1,399	1,411	1,420	1,555	1,370	1,369	1,682	1,424	1,419	1,479	1,441	18,009	18,922	21,384	
Other Cash Flows by Source																
Transfer receipts - capital	457	-	-	-	349	-	-	566	-	-	-	-	1,372	1,517	1,619	
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing	-	-	-	-	-	1,000	-	-	-	-	-	1,000	2,000	1,500	1,500	
Increase (decrease) in consumer deposits													-			
Decrease (Increase) in non-current debtors													-			
Decrease (increase) other non-current receivables													-			
Decrease (increase) in non-current investments													-			
Total Cash Receipts by Source	2,496	1,399	1,411	1,420	1,904	2,370	1,369	2,247	1,424	1,419	1,479	2,441	21,380	21,939	24,504	
Cash Payments by Type																
Employee related costs	457	457	457	457	457	457	457	457	457	457	457	457	5,479	6,365	6,981	
Remuneration of councillors													-			
Collection costs													-			
Interest paid													-			
Bulk purchases - Electricity	351	459	432	269	260	251	239	248	245	240	259	247	3,500	4,477	5,719	
Bulk purchases - Water & Sewer	-	24	24	24	24	24	24	24	24	24	24	48	290	371	431	
Other materials													-			
Contracted services	145	145	145	145	145	145	145	145	145	145	145	145	1,740	1,010	1,010	
Grants and subsidies paid - other municipalities													-			
Grants and subsidies paid - other													-			
General expenses	402	402	402	402	402	402	402	402	402	402	402	804	4,826	5,081	5,493	
Cash Payments by Type	1,355	1,487	1,460	1,297	1,288	1,279	1,266	1,276	1,273	1,268	885	1,701	15,835	17,304	19,634	
Other Cash Flows/Payments by Type																
Capital assets	598	903	399	477	434	423	321	264	416	422	421	492	5,572	4,597	4,584	
Repayment of borrowing	6	-	24	-	-	329	6	-	23	-	-	378	767	767	767	
Other Cash Flows/Payments													-			
Total Cash Payments by Type	1,959	2,390	1,883	1,774	1,722	2,031	1,594	1,540	1,713	1,690	1,306	2,572	22,174	22,668	24,985	
NET INCREASE/(DECREASE) IN CASH HELD	537	(990)	(472)	(354)	182	340	(225)	707	(289)	(271)	172	(131)	(794)	(728)	(482)	
Cash/cash equivalents at the month/year begin:	537	537	(454)	(926)	(1,280)	(1,097)	(758)	(983)	(275)	(564)	(835)	(662)	-	(794)	(1,522)	
Cash/cash equivalents at the month/year end:	537	(454)	(926)	(1,280)	(1,097)	(758)	(983)	(275)	(564)	(835)	(662)	(794)	(794)	(1,522)	(2,004)	

Table 27: Monthly targets for revenue and cash flow (Support Table A30)

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 –
 - (i) Revenue to be collected, by source; and
 - (ii) 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 after the 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 after 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 2009 to 30 June 2010 (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 over 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.

The SDBIP for the 2009/2010 financial year will be approved by the Executive Mayor in June 2009 following approval of the Budget.

15. Annual budgets and service delivery agreements – municipal entities

a. Cape Town Convention Centre Company Pty (Ltd)

Period of Agreement:	No period stipulated but subject to annual review in terms of S 93A of the Systems Act
Service Provided:	International conference centre
Expiry date of Service Delivery Agreement:	Not applicable
Monetary value	No current funding from the City Of Cape Town

Executive Summary

Ownership and control:	<u>Shares:</u> City of Cape Town - 50.2%, Provincial Government of Western Cape - 25.1% SunWest International Pty Ltd - 24.7% The City of Cape Town has voting rights of 66%.
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:	Capital contribution will be required for the expansion of the conference centre after 2010
Summary of SDA:	Sets out the obligations of Conenco 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. Conenco 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 Conenco 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 are 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. The need was identified to expand the exhibition and conference space with the effect that expenditure on buildings is also substantial.

Operating Revenue by Source and Operating Expenditure by Type

CATEGORIES	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
	Pre Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Operating Revenue by Source							
Rental of facilities and equipment	(57,238)	(54,062)	(55,466)	(55,466)	(68,239)	(76,151)	(63,253)
Interest earned - external investments	(6,814)	(3,003)	(4,146)	(4,146)	(4,354)	(4,571)	(4,800)
Other Income	(74,356)	(59,226)	(62,002)	(62,002)	(68,787)	(68,357)	(71,775)
Total Operating Revenue	(138,408)	(116,291)	(121,614)	(121,614)	(141,380)	(149,079)	(139,828)
Operating Expenditure by Type							
Employee related Cost	29,264	25,311	28,535	28,535	29,962	25,572	26,851
Bad debts	68	211	212	212	223	234	245
Depreciation	6,794	27,051	26,306	26,306	27,622	29,002	30,453
Repairs and maintenance	23,234	26,972	27,447	27,447	28,819	30,260	31,773
General expenses	47,023	43,193	45,588	45,588	49,150	50,026	53,301
Total Operating Expenditure	106,383	122,738	128,088	128,088	135,776	135,094	142,623
(Surplus) / Deficit	(32,025)	6,447	6,474	6,474	(5,604)	(13,985)	2,795

Note: Depreciation charge of 2007/08 includes reversal of R17 421 985 impairment of assets.

Table 28: Convenco - operating revenue by source and operating expenditure by type

Capital Expenditure by Type

CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
					Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
	Pre Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
Plant & equipment	3,664	8,500	6,711	6,711	9,000	10,500	11,000
Office equipment	1,662	9,079	2,775	2,775	2,200	3,000	3,500
Other Land and Buildings	19,094	7,000	11,941	11,941	7,000	8,000	9,000
TOTAL CAPITAL EXPENDITURE	24,420	24,579	21,427	21,427	18,200	21,500	23,500

Table 29: Convenco - capital expenditure by Type

b. Khayelitsha Community Trust

Period of Agreement:	Renewable annually
Service Provided:	The facilitation of the development of the Khayelitsha Central Business District
Expiry date of Service Delivery Agreement:	Not applicable
Monetary value	R6,574m for 2009/2010, R 4,793m for 2010/2011, and R3,558m for 21011/2012 depending on business plan and budget approvals

Executive Summary

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:	R6,574m for 2009/2010, R 4,793m for 2010/2011, and R3,558m for 21011/2012 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. The City has intervened and KCT will revisit its mandate to ensure future performance.

Khayelitsha Community Trust does not have the staff complement to research, plan and execute all their projects and therefore contract the required skills of consultants. The cost of these consultants and the costs of the various projects is a substantial portion of the operating budget.

Operating Revenue by Source and Operating Expenditure by Type

CATEGORIES	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Pre Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
					Budget R'000	Budget R'000	Budget R'000
Operating Revenue by Source							
Rental of facilities and equipment		(140)	(140)	(273)	(182)	(186)	(191)
Interest earned - external investments	(529)	(326)	(326)	(412)	(450)	(220)	(105)
Capital, Grants and Donations							
Grants & Subsidies (Conditional)	(10,023)	(7,837)	(7,837)	(7,837)	(6,866)	(4,452)	(3,472)
Total Operating Revenue	(10,552)	(8,303)	(8,303)	(8,522)	(7,498)	(4,858)	(3,768)
Operating Expenditure by Type							
Employee related Cost	984	1,461	1,461	1,383	1,539	1,590	1,718
Depreciation	10	-	-	30	40	50	64
Repairs and maintenance	8	12	12	6	12	24	12
Interest Paid		142	142	39	24	32	39
Contracted services	3,812	5,765	5,765	5,353	8,483	1,702	395
General expenses	1,430	908	908	1,762	1,307	1,445	1,521
Total Operating Expenditure	6,244	8,288	8,288	8,573	11,405	4,843	3,749
(Surplus) / Deficit	(4,308)	(15)	(15)	51	3,907	(15)	(19)

Note: The surplus grant funding of 2007/08 was carried over to the 2008/09 and 2009/10 financial years, resulting in the deficit of 2009/10. (i.e. the Grant Funding required from the City for 2009/10 was reduced by that amount.)

Table 30: Khayelitsha Community Trust - operating revenue by source and operating expenditure by type

Capital Expenditure by Type

CAPITAL EXPENDITURE BY CATEGORY	Preceding Year 2007/08	Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Pre Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009/10	Budget Year 2010/11	Budget Year 2011/12
					Budget R'000	Budget R'000	Budget R'000
Office equipment	166	15	15	10	50	15	20
TOTAL CAPITAL EXPENDITURE	166	15	15	10	50	15	20

Table 31: Khayelitsha Community Trust - capital expenditure by type

16. Contracts having future budgetary implications

Description	Preceding Years	Current Year 2008/09	2009/10 Medium Term Revenue & Expenditure Framework			Forecast 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Total Contract Value
	R thousand	Total	Original Budget	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>ABSA BANK (42S/2007/08)</i>	678	2,754	2,918	3,094	3,280	3,477	-	-	-	-	-	-	16,201
Total Operating Expenditure Implication	678	2,754	2,918	3,094	3,280	3,477	-	-	-	-	-	-	16,201
Capital Expenditure Obligation By Contract													
<i>JEFFARES & GREEN (PTY)Ltd - (72C/2007/08)</i>	2,078	789	-	-	-	-	-	-	-	-	-	-	2,868
Total Capital Expenditure Implication	2,078	789	-	-	-	-	-	-	-	-	-	-	2,868
Total Parent Expenditure Implication	2,756	3,543	2,918	3,094	3,280	3,477	-	-	-	-	-	-	19,068
- Entities:													
Revenue Obligation By Contract													
<i>Contract 1</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Contract 1</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 32: Contracts having future budgetary implications (Support Table A33)

17. Capital expenditure details

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework			Project information	
				Audited Outcome 2007/08	Adjusted Budget 2008/09	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12	Ward location	New or renewal
Office of the City Manager	Various	Various	85,156	–	4,027	18,706	33,000	33,000	Multi	Various
Internal Audit	Various	Various	1,108	–	369	426	260	260	Multi	Various
Utility Services	N2 Gateway Projects	C0500651F2	229,979	19,050	4,279	335	–	–	Multi	Renewal
	Development of Additional Infrastructure	C0501268F2	1,862,441	387	1,500	–	138,500	409,000	Multi	New
	Development of Additional Infrastructure	C0501268F3	251,937	–	–	38,937	213,000	–	Multi	New
	Repl&Upgr Sew Pumps Citywide	C0501348F2	81,866	1,935	23,600	3,000	–	–	Multi	Renewal
	New Specialised Area Cleaning Vehicles	C0601607F1	98,235	21,933	49,097	6,537	–	–	Multi	Renewal
	Melkbos Wastewater Treatm	C0630134F1	184,596	287	1,111	5,000	53,000	75,000	23	Renewal
	Bellville WaterWasteTreatment Works	C0630170F1	146,417	6,620	4,200	39,000	50,000	50,000	9	New
	Bellville WWTW-MIG	C0630170F2	150,800	–	30,800	35,000	50,000	35,000	9	New
	Athlone Wastewater Treatm	C0630201F1	62,142	12,000	17,000	4,400	9,700	3,000	49	Renewal
	Infrastructure Replace/Re	C0630220F2	346,133	11,886	19,009	10,241	17,015	25,000	Multi	Renewal
	Potsdam Wastewater Treatm	C0630328F1	171,707	47,034	28,500	3,500	–	–	4	Renewal
	Fisantekraal WWTW-EFF	C0642094F1	105,686	3,000	31,000	64,500	15,000	–	105	New
	Fisantekraal WWTW-MIG	C0642094F2	77,500	–	27,000	50,500	–	–	105	New
	Development of Landfill Infrastructure	C0642387F1	157,238	40,421	58,700	8,134	–	–	Multi	Renewal
	Northern Area Sewer Thornton	C0700407F1	149,711	–	300	20,000	40,000	40,000	53	New
	Rosmead Avenue Reinforcement	C0700617F1	141,858	–	–	51,545	76,737	13,577	63	New
	Roggebaai Upgrade	C0741934F1	167,516	77,787	52,008	25,334	–	–	Multi	Renewal
	De Grendel Reservoir	C0800214F1	129,000	–	150	2,000	18,000	35,000	1	New
	Trappies Sewerage System	C0811114F1	97,936	–	5,837	–	5,000	5,000	100	New
	SPS Unit new generator transformer	C0884005F1	58,000	–	8,000	20,207	30,000	–	Multi	Renewal
	Retreat Reinforcement	C0884047F1	64,708	–	16,127	48,231	350	–	67	Renewal
	2010: CBD Elect Infrastr Re-inforcement	C0884060F1	126,139	88,166	25,935	12,648	–	–	Multi	Renewal
	Athlone Treated effluent	C0886011F1	52,280	9,280	15,000	8,000	10,000	10,000	49	New
	Contermans Kloof Water mains	C0886024F1	63,984	484	18,500	20,000	10,000	15,000	105	New

continued on next page...

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework			Project information	
				Audited Outcome 2007/08	Adjusted Budget 208/09	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12	Ward location	New or renewal
	Main Rd Upgrade M/Berg to Clovelly Rehab	C0886038F1	131,052	7,061	14,127	21,417	25,974	27,694	64	New
	Oakdale - Boston: Replace 33 kV Cables	C0984040F1	63,500	-	-	-	14,715	48,786	Multi	Renewal
	New Building Complex Bloemhof	C0984065F1	77,296	-	7,618	35,000	35,000	-	3	New
	Cape Flats Collector Sewer	C0986001F1	72,491	-	110	-	2,881	30,000	Multi	New
	Tamboerskloof Transformer Replacement	C1084030F1	75,000	-	-	-	-	47,832	Multi	Renewal
	Bofors Upgrade	C1084031F1	75,000	-	-	-	-	47,000	Multi	Renewal
	Oakdale Upgrade	C1084044F1	55,862	-	-	33,985	21,145	732	Multi	New
	Koeberg Rd Switching Station Ph 2	C1084050F1	146,113	-	-	-	-	5,090	Multi	New
	Development of Landfill Infrastructure	C1085022F1	219,900	-	-	219,900	-	-	Multi	Renewal
	Reh. and Closure of L/fill Sites	C1085024F1	75,000	-	-	75,000	-	-	Multi	New
	Cape Flats WWTW-Refurbish Structures	C1086014F1	57,000	-	-	-	-	7,000	67	Renewal
	Zandvliet WWTW-Extension	C1086033F1	110,800	-	-	-	500	300	15	New
	Replace & Upgrade Water Network	C1086071F2	50,054	-	-	50,054	-	-	Multi	Renewal
	Development of Landfill Infrastructure	C1185022F1	250,000	-	-	-	250,000	-	Multi	Renewal
	Development of Landfill Infrastructure	C1285022F1	232,000	-	-	-	-	232,000	Multi	Renewal
	Reh. and Closure of L/fill Sites	C1285024F1	53,000	-	-	-	-	53,000	Multi	New
	Various	Various	3,999,542	39,309	300,904	1,281,569	1,058,992	1,049,800	Multi	Various
Community Services	Various	Various	572,211	21,034	104,811	196,483	126,273	124,600	Multi	Various
Transport , Roads & Stormwater	WC:Traffic Management Centre:PTIF	C0700007F2	60,000	-	25,000	35,000	-	-	Multi	New
	WC:N2:HospB:Psi:Eb:PTIF	C0701053F1	100,000	20,000	30,000	50,000	-	-	Multi	Renewal
	WC:N2:HospB:Psi:Eb:EFF	C0701053F2	103,500	23,722	42,468	35,310	-	-	Multi	Renewal
	Mitchell's Plain Station TI	C0701059F2	78,714	1,632	25,000	22,582	15,000	15,000	78	Renewal
	Pelican Park: Strandfontein Rd Upgr_EFF	C0810325F1	69,483	1,483	5,000	30,687	17,313	15,000	66	Renewal
	Pelican Park: Strandfontein Rd Upgr_MIG	C0810325F2	57,000	-	2,000	10,000	20,000	25,000	66	Renewal
	Khayelitsha Rail Extention TI	C0810502F2	65,495	4,612	22,283	20,800	6,600	12,000	95	Renewal
	WC:Ped Imprments to Somerset Rd:PTIF	C0810510F1	71,000	937	15,000	43,563	20,000	-	54	Renewal
	Integrated Rapid Transit Syst(Ph1A):PTIF	C0900313F1	722,056	-	-	23,500	166,000	532,556	Multi	New
	Integrated Rapid Transit Syst(Ph1A):CRR	C0900313F2	60,000	-	-	25,000	35,000	-	Multi	New
	WC:Green Point Precinct Ifra Relat Upgra	C0900453F1	80,000	-	-	80,000	-	-	54	Renewal
	IRT:Klipfontein Corridor:PTIF	C0900487F1	70,000	-	-	14,000	56,000	-	Multi	New

continued on next page...

Municipal Vote/Capital project R thousand	Program/Project description	Project number	Total Project Estimate	Prior year outcomes		2009/10 Medium Term Revenue & Expenditure Framework			Project information	
				Audited Outcome 2007/08	Adjusted Budget 208/09	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12	Ward location	New or renewal
	IRT:PropertyAcquisition:CRR	C0900497F2	75,010	-	-	75,010	-	-	Multi	New
	IRT:VehicleAcquisition:PTIF	C0900498F1	200,000	-	-	100,000	50,000	50,000	Multi	New
	IRT:PropertyAcquisition:PTIF	C1010320F1	184,700	-	-	50,000	85,000	49,700	Multi	New
	IRT:WestCoastCorridor:PTIF	C1010327F1	522,500	-	-	202,500	170,000	150,000	Multi	New
	IRT:West Coast Corridor:CRR	C1010337F2	125,000	-	-	115,000	10,000	-	Multi	New
	IRT:InnerCityService:PTIF	C1010350F1	80,000	-	-	80,000	-	-	Multi	New
	IM: Reconstruct Roads Metro	C1010410F1	69,530	-	-	-	69,530	-	Multi	Renewal
	Various	Various	1,833,120	93,095	258,494	709,122	416,813	280,489	Multi	Various
Finance Services	Various	Various	60,295	2,446	9,786	26,222	13,523	13,589	Multi	Various
Corporate Services	Radio Trunking Infrastructure	C0700621F1	50,557	18,357	1,200	-	2,000	2,000	Corp Inf	Renewal
	Various	Various	175,456	2,369	13,564	68,235	28,525	28,660	Multi	Various
Health	Various	Various	81,536	12,062	21,514	27,009	13,196	13,274	Multi	Various
Safety & Security	Various	Various	189,234	4,069	52,871	84,636	28,762	28,762	Multi	Various
Housing	Bardale / Fairdale: Develop 4000 Units	C0641540F1	190,828	1,849	19,000	20,000	60,000	52,000	18	New
	Pelican Park Phase 1 Housing Project	C0641511F1	85,000	-	-	15,000	30,000	40,000	67	New
	Various	Various	1,176,981	33,285	68,465	294,769	337,781	311,323	Multi	Various
Service Delivery Integration	2010 Greenpoint Stadium	C0716301F4	660,000	-	220,000	440,000	-	-	54	New
	2010 Greenpoint Stadium	C0716301F2	3,074,000	813,964	1,965,161	545,337	-	-	54	New
	2010 Reconfiguration of Common	C0716302F1	353,000	393	57,150	200,457	95,000	-	54	New
	Dark Fibre Broadband Infrastructure	C0800389F1	118,366	-	55,642	107,778	2,294	2,294	Corp Inf	New
	Various	Various	196,960	1,981	5,300	91,581	63,331	36,181	Multi	Various
Economic and Social Development	Various	Various	108,654	6,929	14,412	39,140	23,893	23,893	Multi	Various
Strategy and Planning	Various	Various	308,466	10,609	80,483	110,369	60,201	62,210	Multi	Various
Total Capital expenditure						6,202,194	4,200,805	4,166,603		

Table 33: Detailed Capital Budget (support Table A36)

Refer to Annexure 1 for details of all 2009/10 capital projects.

18. Legislation compliance status

Compliance with the MFMA implementation requirements have 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 of Cape Town in participating in the Municipal Finance Management Internship Programme has employed a number of interns undergoing training in various finance departments. Three of the interns completed their two-year training period at the end of March 2007 and have taken up permanent employment within Finance. One intern is currently employed in the Treasury department.

19. Other supporting documents

Financial Performance Budget (revenue source/expenditure type & department)

Description	Community Services	Corporate Services	Economic and Social Development	Finance Services	Health	Housing	Internal Audit	Office of the City Manager	Rates & Other	Safety & Security	Service Delivery Integration	Strategy and Planning	Transport, Roads & Stormwater	Utility Services	Total
R thousand															
Revenue By Source															
Property rates	-	-	-	-	-	-	-	-	3,739,165	-	-	-	-	-	3,739,165
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	65,700	-	-	-	-	-	65,700
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	5,270,275	5,270,275
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,507,653	1,507,653
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	817,308	817,308
Service charges - refuse revenue	4	-	-	-	-	-	-	-	-	143	-	-	-	640,231	640,378
Service charges - other	14,379	841	2,103	6,378	183	11,110	-	4	-	14,056	-	88,334	3,731	423,953	565,072
Rental of facilities and equipment	19,918	767	62,224	1	-	184,540	-	-	-	159	-	104	315	271	268,298
Interest earned - external investments	-	-	10	283,287	-	33,600	-	-	-	20	-	-	-	18	316,935
Interest earned - outstanding debtors	-	-	500	-	-	-	-	-	-	660	-	-	-	175,000	176,160
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	2,512	-	2	-	16	-	-	-	-	181,854	-	1,030	-	43	185,458
Licences and permits	356	-	165	-	31	-	-	-	-	22,731	-	893	100	-	24,276
Agency services	-	-	-	105,000	-	-	-	-	-	10,993	-	-	-	-	115,993
Other revenue	485	21,696	70	75,039	3,162	(33,683)	0	2,039	1,371,610	39	169	613	40,558	70,345	1,552,141
Transfers recognised - operational	26,578	11,398	5,537	4,376	209,947	204,357	-	-	563,389	3,225	99,481	21,732	72,556	6,200	1,228,777
Gains on disposal of PPE	-	2,000	40,817	-	-	2,000	-	-	-	-	-	-	-	5,000	49,817
Total Revenue (excluding capital transfers and contributions)	64,233	36,702	111,428	474,081	213,338	401,924	0	2,043	5,739,865	233,880	99,650	112,707	117,260	8,916,297	16,523,407
Expenditure By Type															
Employee related costs	630,229	355,147	101,982	374,390	337,642	164,372	25,152	100,750	13,498	881,528	161,060	263,951	356,023	1,666,263	5,431,986
Remuneration of councillors	-	-	-	-	-	-	-	86,260	-	-	-	-	-	-	86,260
Debt impairment	-	-	7,560	1,934	-	115,816	-	-	79,809	-	-	-	-	462,940	668,059
Depreciation & asset impairment	66,666	59,575	15,502	13,219	8,857	44,967	267	3,208	-	35,605	54,161	15,609	217,678	458,376	993,691
Finance charges	-	-	-	540,448	-	-	-	-	-	-	-	-	-	-	540,448
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	3,830,158	3,830,158
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	18,843	13,219	3,494	7,623	5,182	2,821	1,443	3,523	-	4,141	75,167	11,272	23,722	549,039	719,490
Transfers and grants	-	-	87,723	-	592	1,000	-	702	-	-	3,886	910	-	-	94,812
Other expenditure	342,193	502,220	52,396	336,912	139,783	316,032	2,543	81,158	336,682	234,101	377,714	54,673	394,225	1,229,460	4,400,092
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	1,057,932	930,162	268,657	1,274,526	492,056	645,007	29,406	275,602	429,989	1,155,374	671,988	346,414	991,648	8,196,236	16,764,996
Surplus/(Deficit)	(993,699)	(893,460)	(157,229)	(800,445)	(278,718)	(243,083)	(29,406)	(273,558)	5,309,875	(921,494)	(572,338)	(233,708)	(874,388)	720,061	(241,589)
Transfers recognised - capital	79,840	11,703	7,092	1,381	4,439	247,307	-	450	-	13,965	552,437	15,869	1,038,565	322,012	2,295,060
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(913,859)	(881,757)	(150,137)	(799,064)	(274,279)	4,224	(29,406)	(273,108)	5,309,875	(907,529)	(19,901)	(217,839)	164,177	1,042,074	2,053,470

Table 34: Financial Performance Budget (revenue source/expenditure type & dept.)(Support Table A2)

Budget related charts

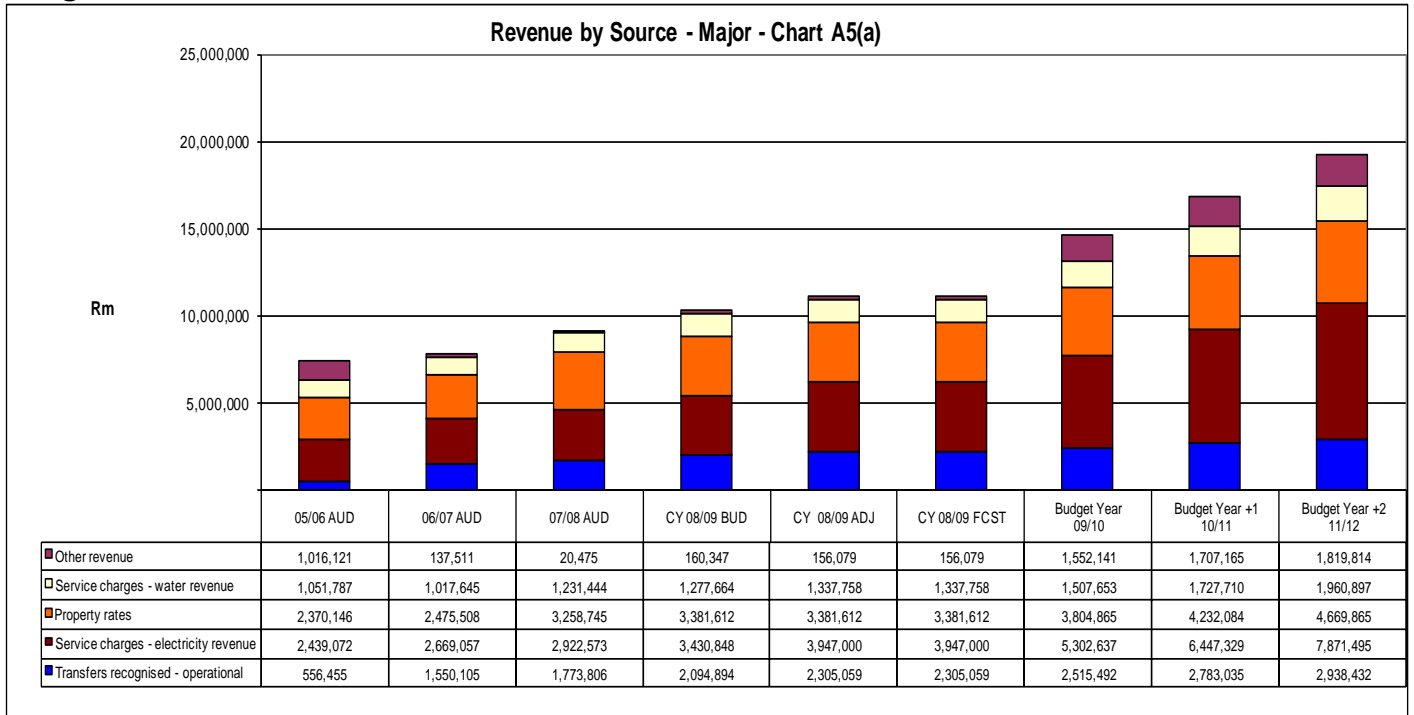


Figure 4: Revenue by Major Source (refer 'Minor' source for 'Other Revenue' allocation)

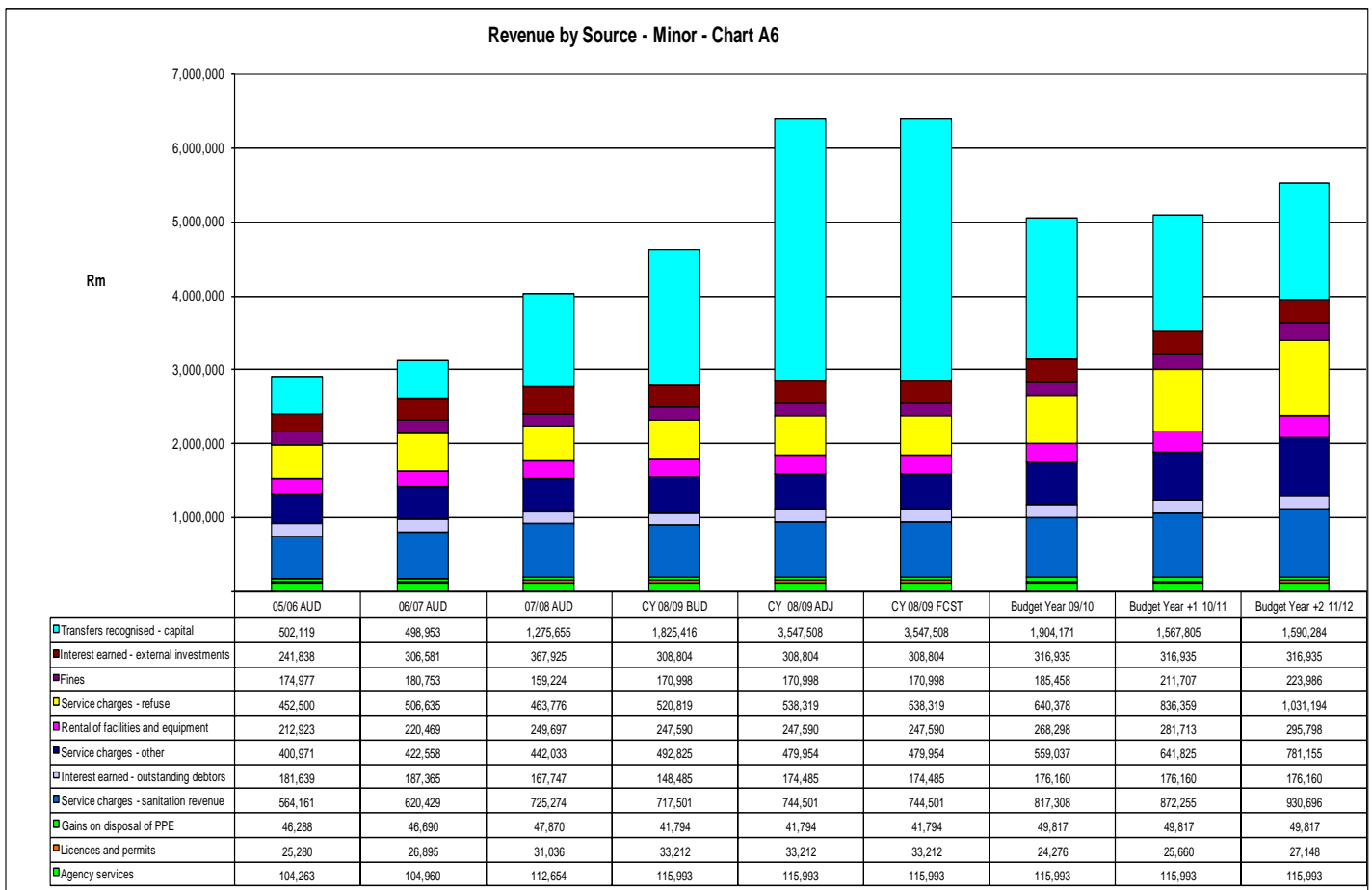


Figure 5: Revenue by Minor Source (Other)

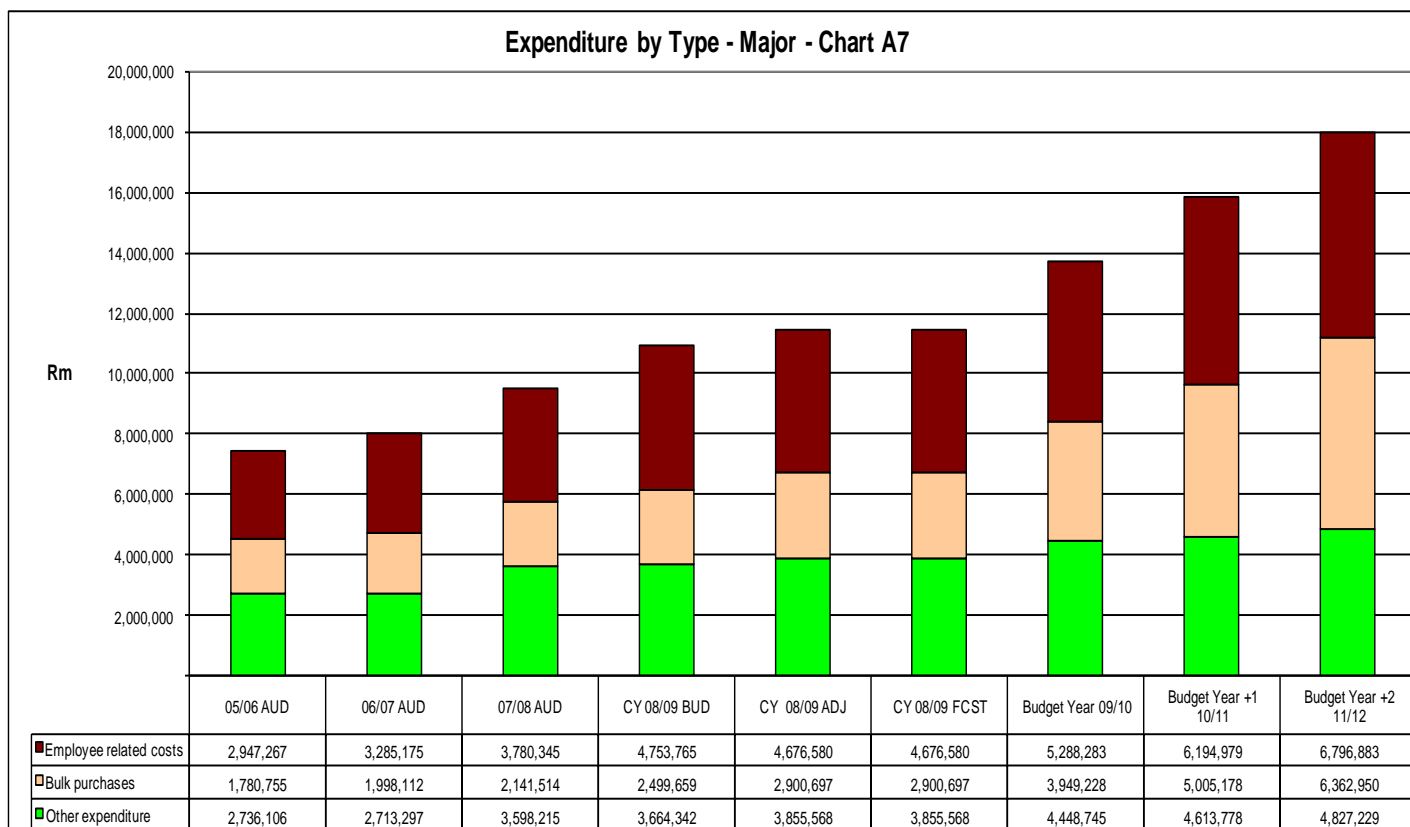


Figure 6: Operating expenditure by major type

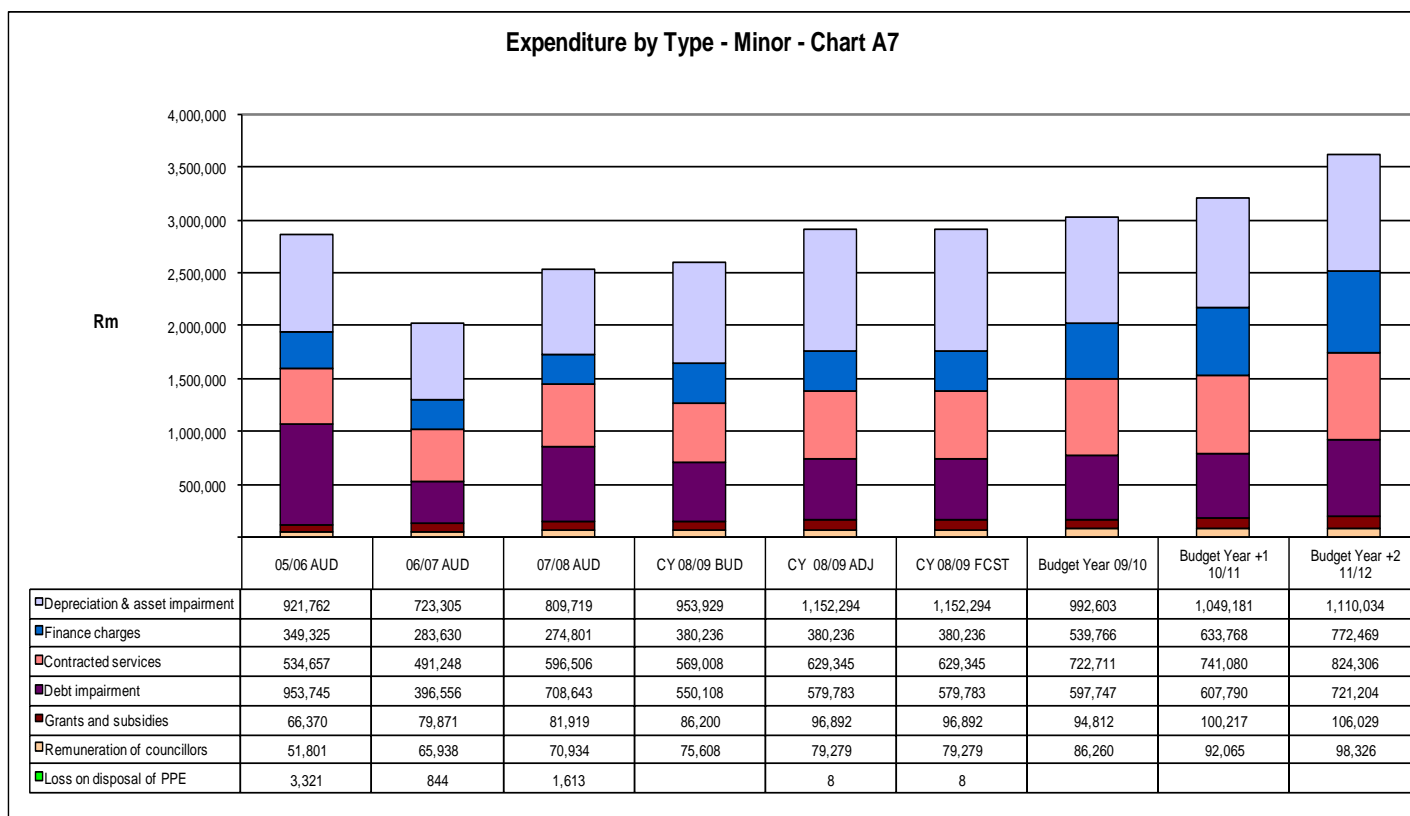
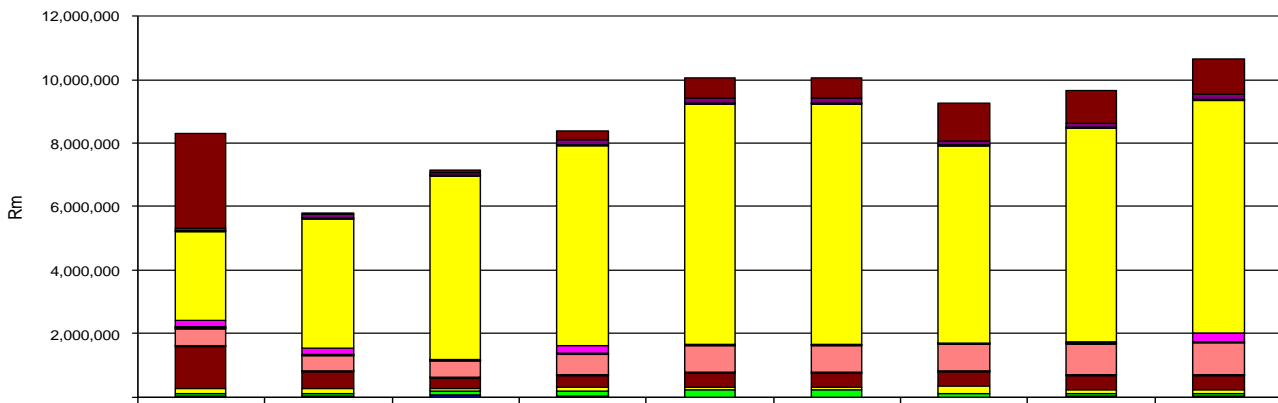


Figure 7: Operating expenditure by minor type

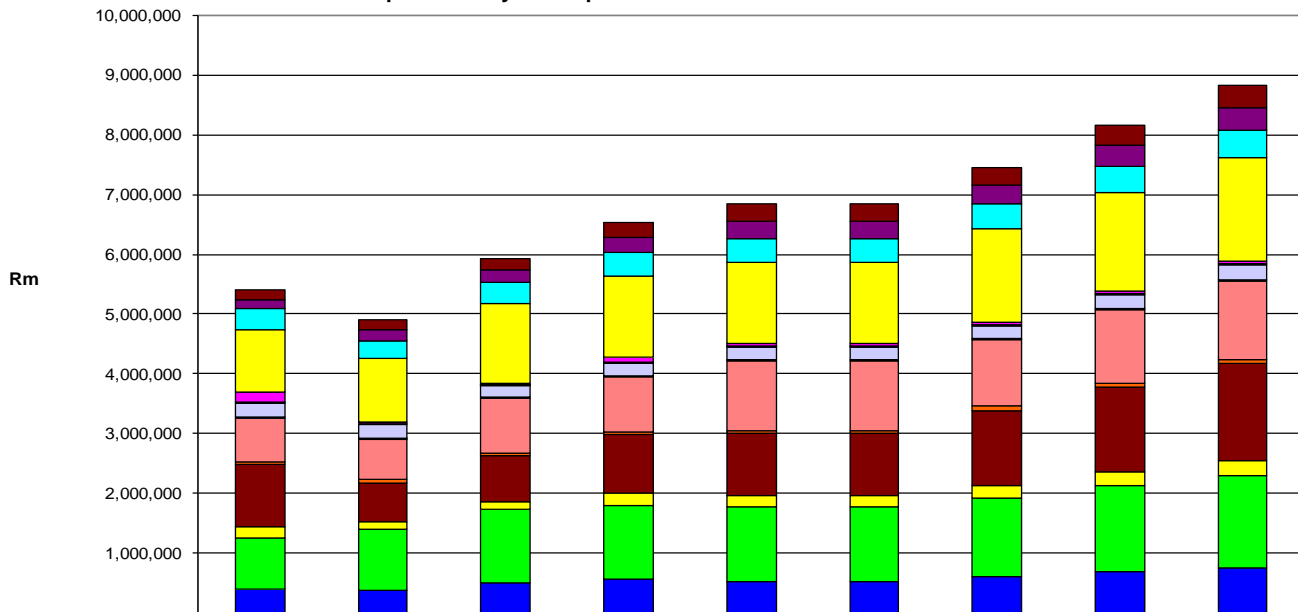
Revenue by Municipal Vote classification - Chart A1



	05/06 AUD	06/07 AUD	07/08 AUD	CY 08/09 BUD	CY 08/09 ADJ	CY 08/09 FCST	Budget Year 09/10	Budget Year +1 10/11	Budget Year +2 11/12
Utility Services	2,951,099	47,620	77,012	292,501	617,224	617,224	1,173,476	1,016,787	1,085,589
Transport , Roads & Stormwater	100,851	100,346	101,686	151,703	162,946	162,946	137,645	136,386	180,061
Strategy and Planning	7,037	5,774	7,604	7,981	8,252	8,252	12,924	3,995	4,210
Service Delivery Integration	2,811,409	4,083,817	5,767,160	6,292,918	7,539,877	7,539,877	6,181,986	6,728,402	7,309,732
Safety & Security	169,053	213,337	62	224,674	27,117	27,117	8,441	5,591	267,528
Rates & Other	12	1	16						
Office of the City Manager	43,284	5,935	3,441	4,378	14,938	14,938	3,695	3,430	3,630
Internal Audit	6	4	72						
Housing	562,950	490,544	532,983	667,692	819,835	819,835	867,927	1,015,198	1,024,936
Health	399	311	375	570	980	980	616	651	688
Finance Services	1,344,201	548,550	347,902	404,160	469,946	469,946	479,100	480,041	485,363
Economic and Social Development	160,397	171,532	108,753	100,136	103,369	103,369	216,960	107,568	110,891
Corporate Services	83,990	88,057	122,896	149,421	218,091	218,091	109,562	73,460	73,043
Community Services	64,037	62,044	99,289	91,278	48,925	48,925	46,346	72,647	78,083

Figure 8: Revenue by municipal vote classification

Expenditure by Municipal Vote - Chart A2a



	05/06 AUD	06/07 AUD	07/08 AUD	CY 08/09 BUD	CY 08/09 ADJ	CY 08/09 FCST	Budget Year 09/10	Budget Year +1 10/11	Budget Year +2 11/12
Utility Services	155,916	176,077	194,727	249,104	284,300	284,300	307,458	345,093	374,973
Transport , Roads & Stormwater	155,916	176,077	194,727	249,104	284,300	284,300	307,458	345,093	374,973
Strategy and Planning	348,210	292,551	366,006	381,965	398,981	398,981	412,681	441,040	472,940
Service Delivery Integration	1,044,104	1,077,059	1,328,086	1,371,427	1,367,832	1,367,832	1,572,254	1,655,304	1,722,203
Safety & Security	169,582	19,790	25,460	75,986	37,414	37,414	44,163	50,031	54,380
Rates & Other	6,397	19,930	4,228	2,344	1,422	1,422	7,350	8,405	9,167
Office of the City Manager	242,752	216,777	211,144	221,682	228,278	228,278	213,543	233,643	254,296
Internal Audit	7,378	16,281	10,821	12,518	12,676	12,676	12,970	14,639	15,891
Housing	743,356	689,742	922,393	924,981	1,166,253	1,166,253	1,119,843	1,229,832	1,308,094
Health	35,126	47,701	39,852	50,527	51,311	51,311	68,551	61,560	66,901
Finance Services	1,050,210	648,063	766,434	975,097	1,039,457	1,039,457	1,261,728	1,429,346	1,630,410
Economic and Social Development	179,449	125,104	133,707	210,511	194,082	194,082	204,741	227,323	245,127
Corporate Services	859,039	1,036,465	1,232,331	1,224,778	1,242,118	1,242,118	1,319,512	1,443,843	1,558,073
Community Services	411,704	380,925	510,876	584,948	540,267	540,267	615,636	697,050	759,535

Figure 9: Expenditure by municipal vote classification

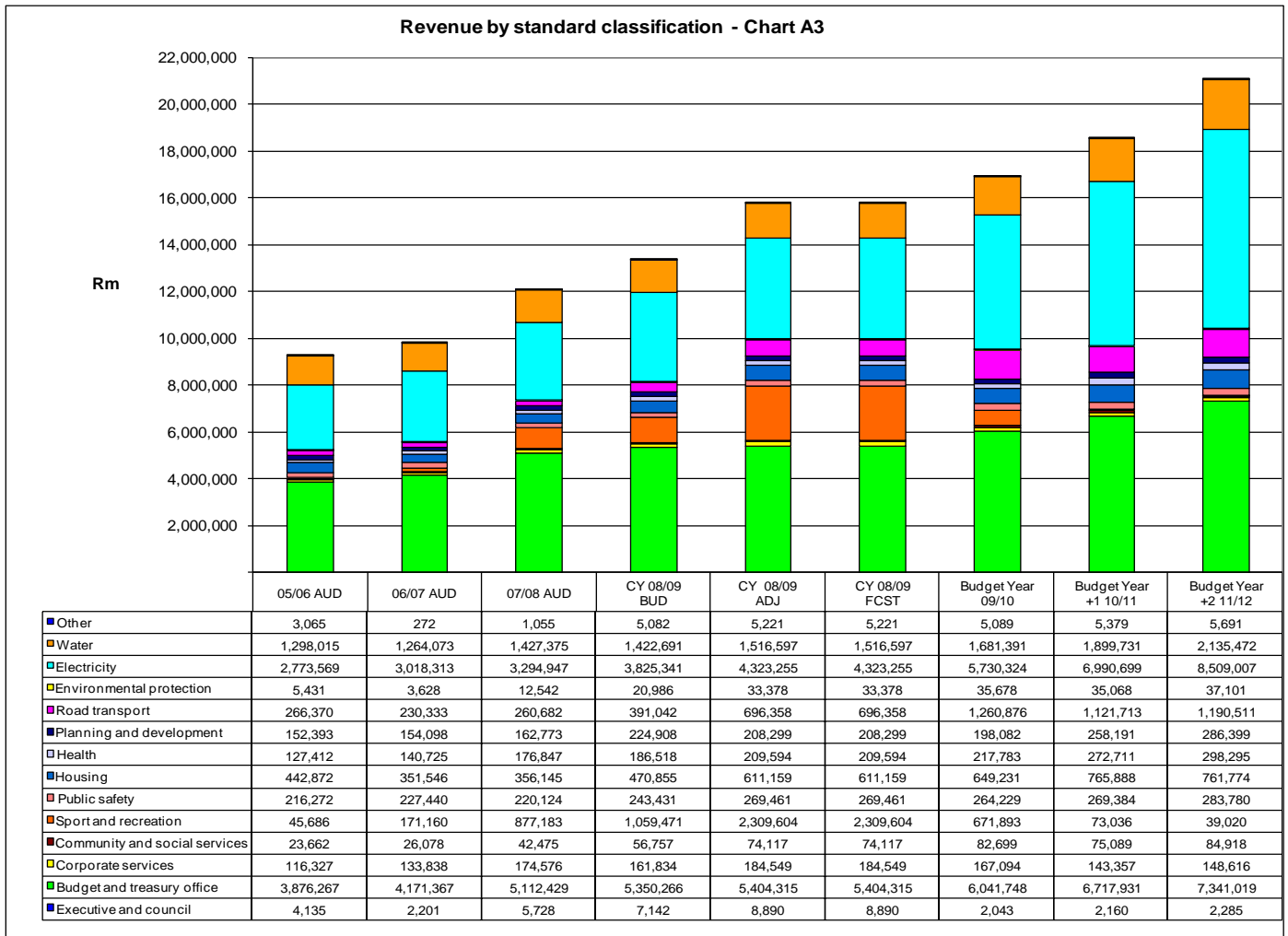


Figure 10: Revenue by standard classification

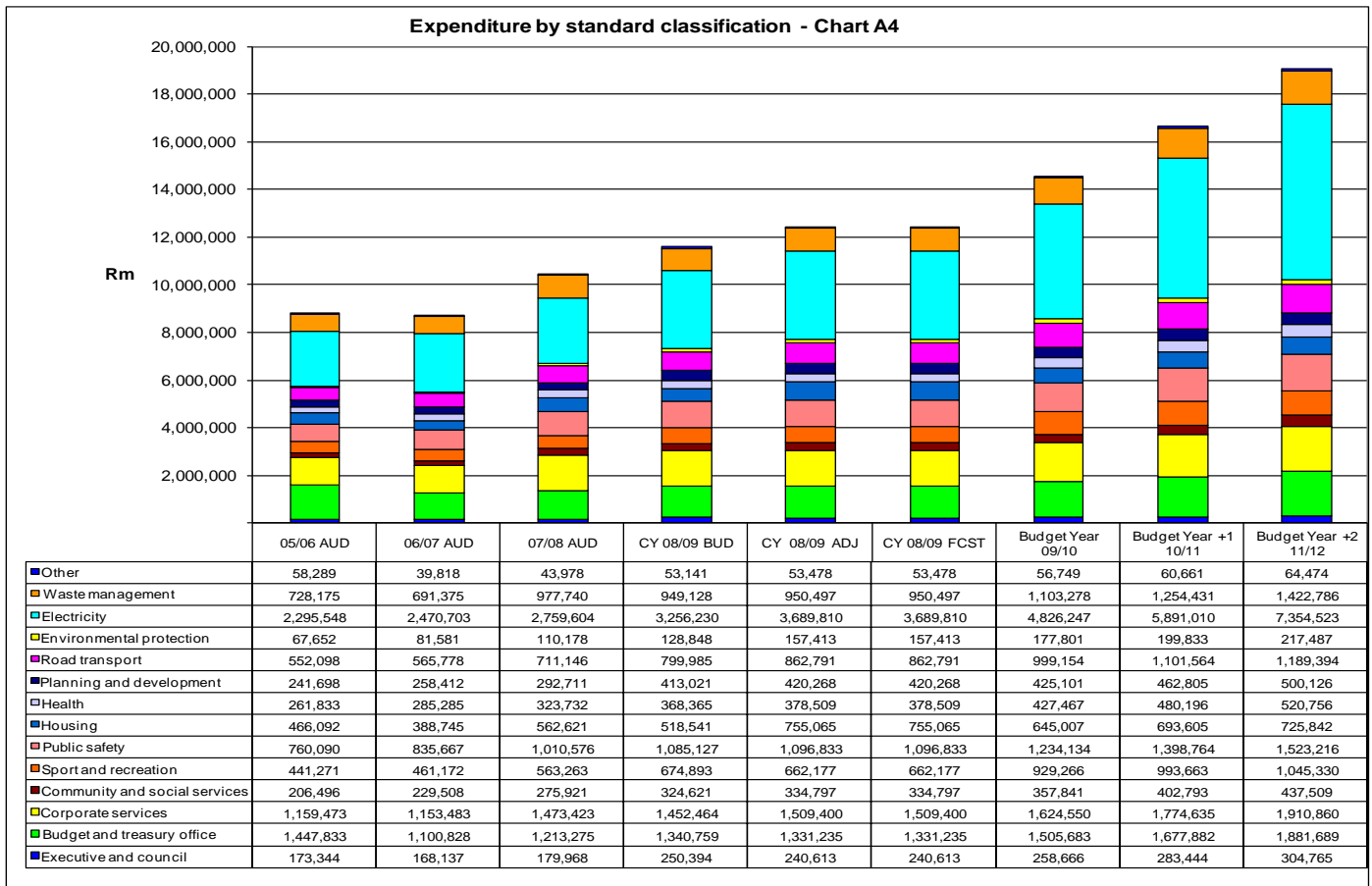


Figure 11: Expenditure by standard classification

Capital expenditure by Standard Classification - Chart A11

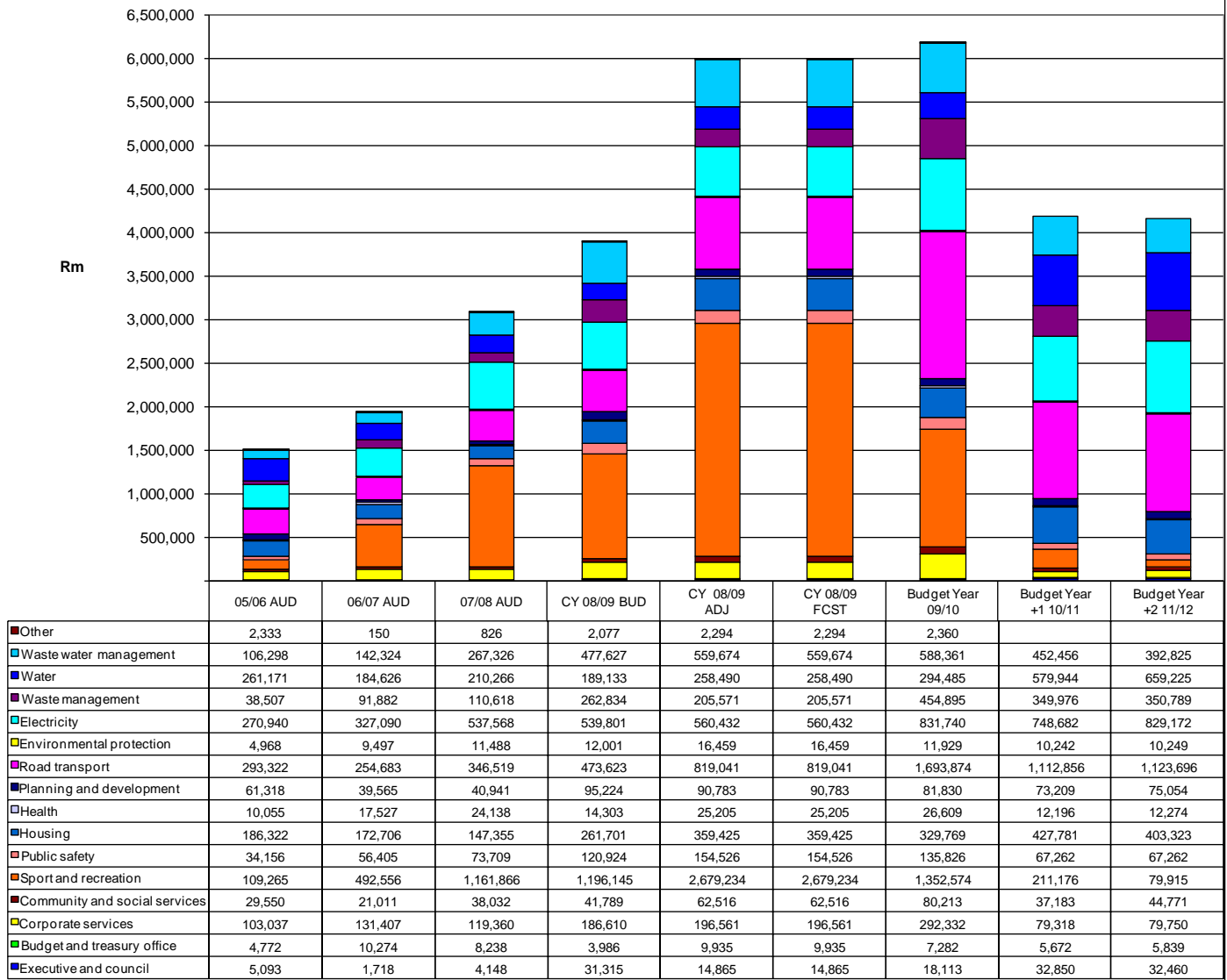


Figure 12: Capital expenditure by standard classification

Capital expenditure by Municipal Vote (Major) - Chart A9

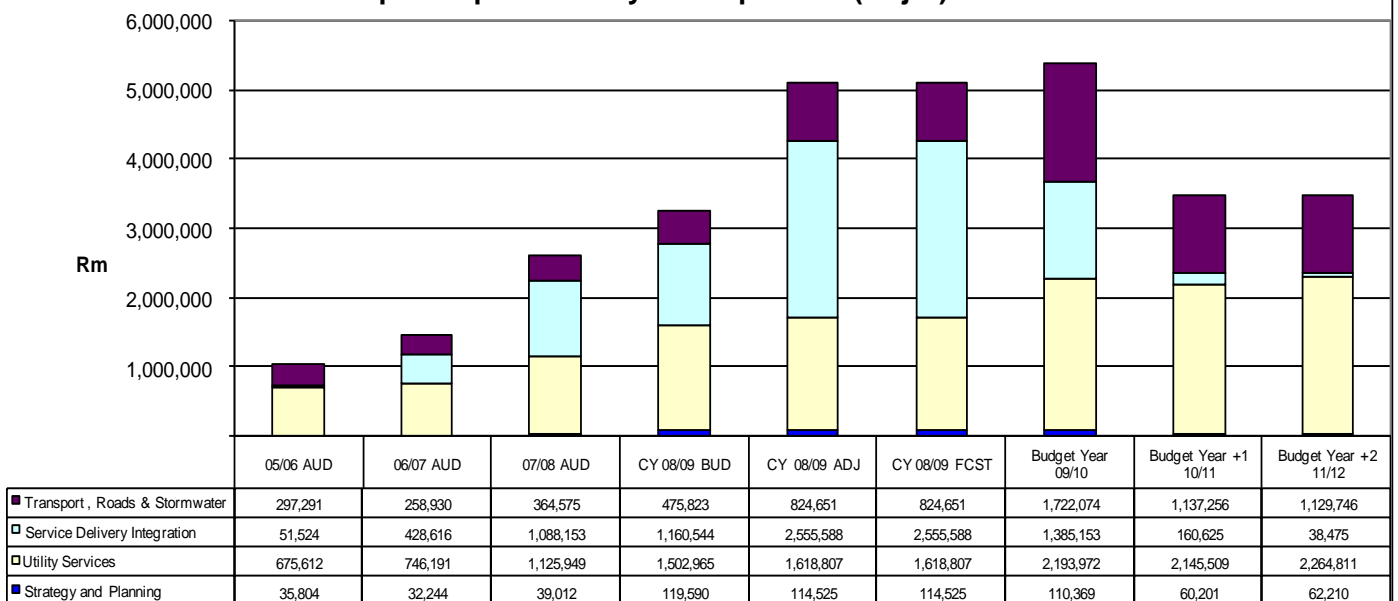


Figure 13: Capital expenditure by municipal vote – major

Capital expenditure by Municipal Vote (Minor) - Chart A10

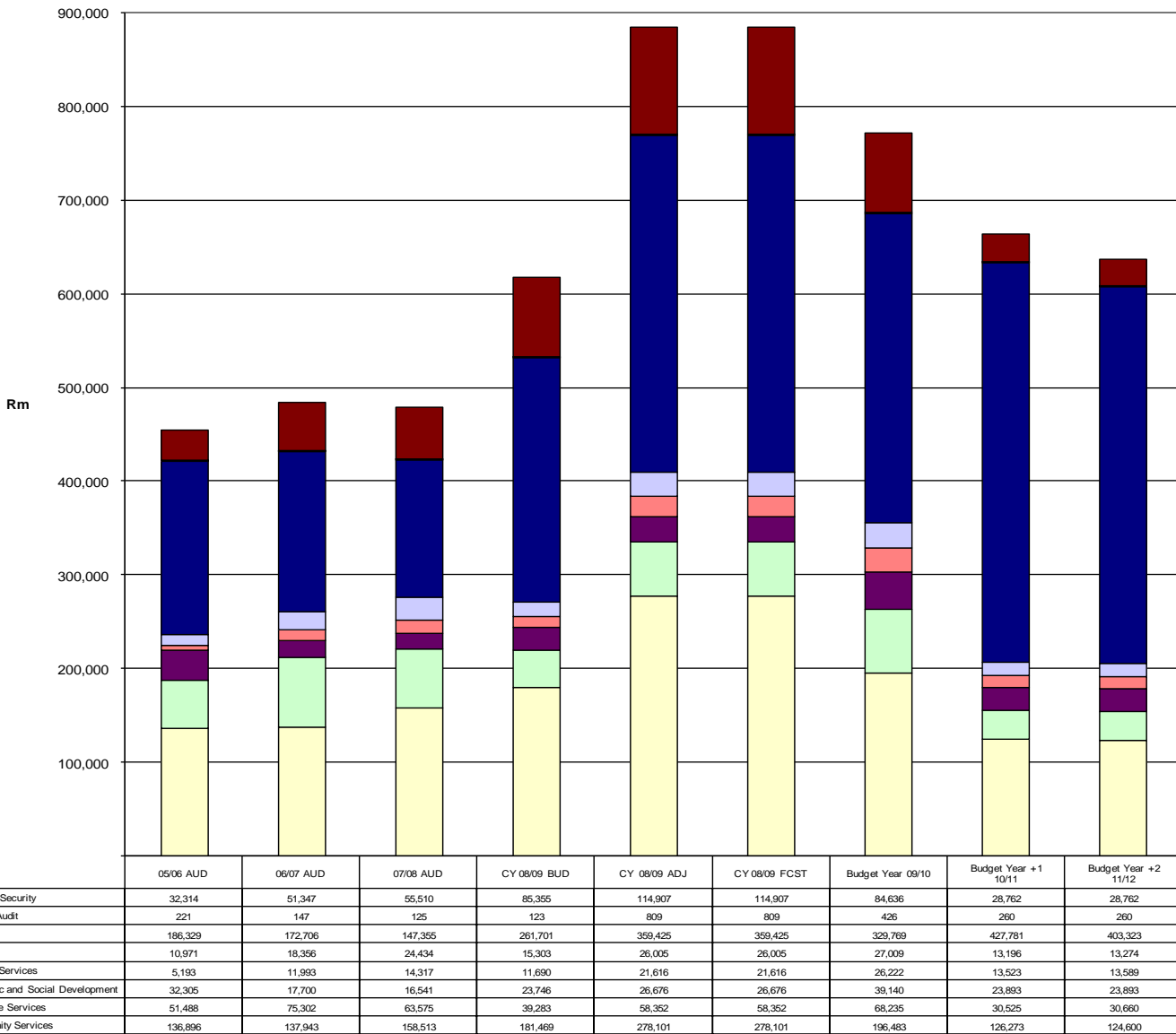


Figure 14: Capital expenditure by municipal vote – minor

Capital funding by source - Chart A13

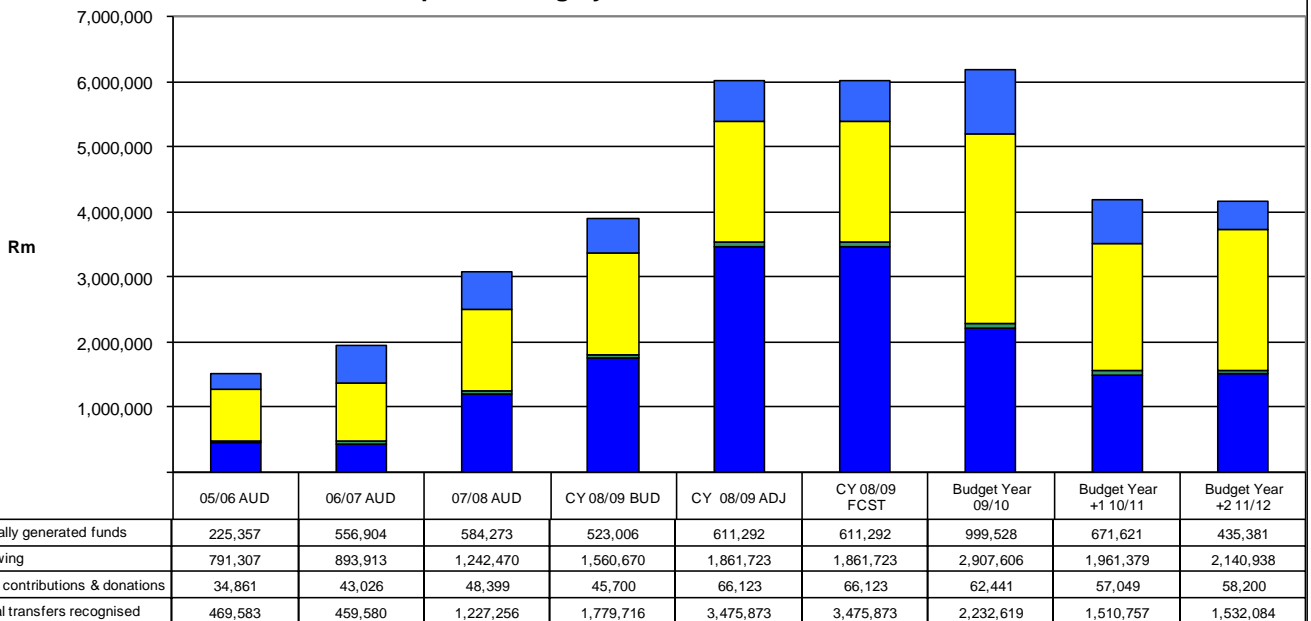


Figure 15: Capital funding by source

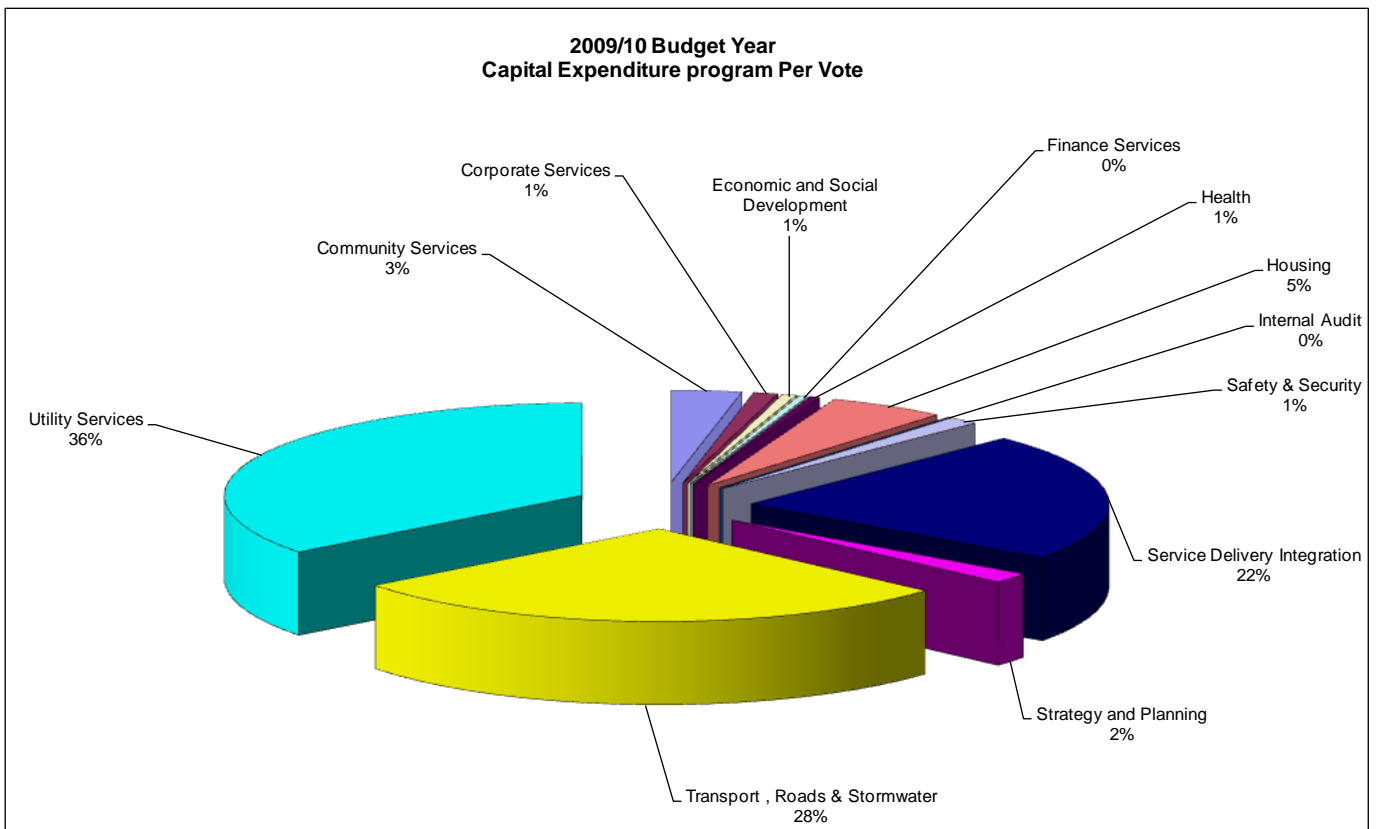


Figure 16: 2009/10 Budget Year - Capital expenditure program per Vote

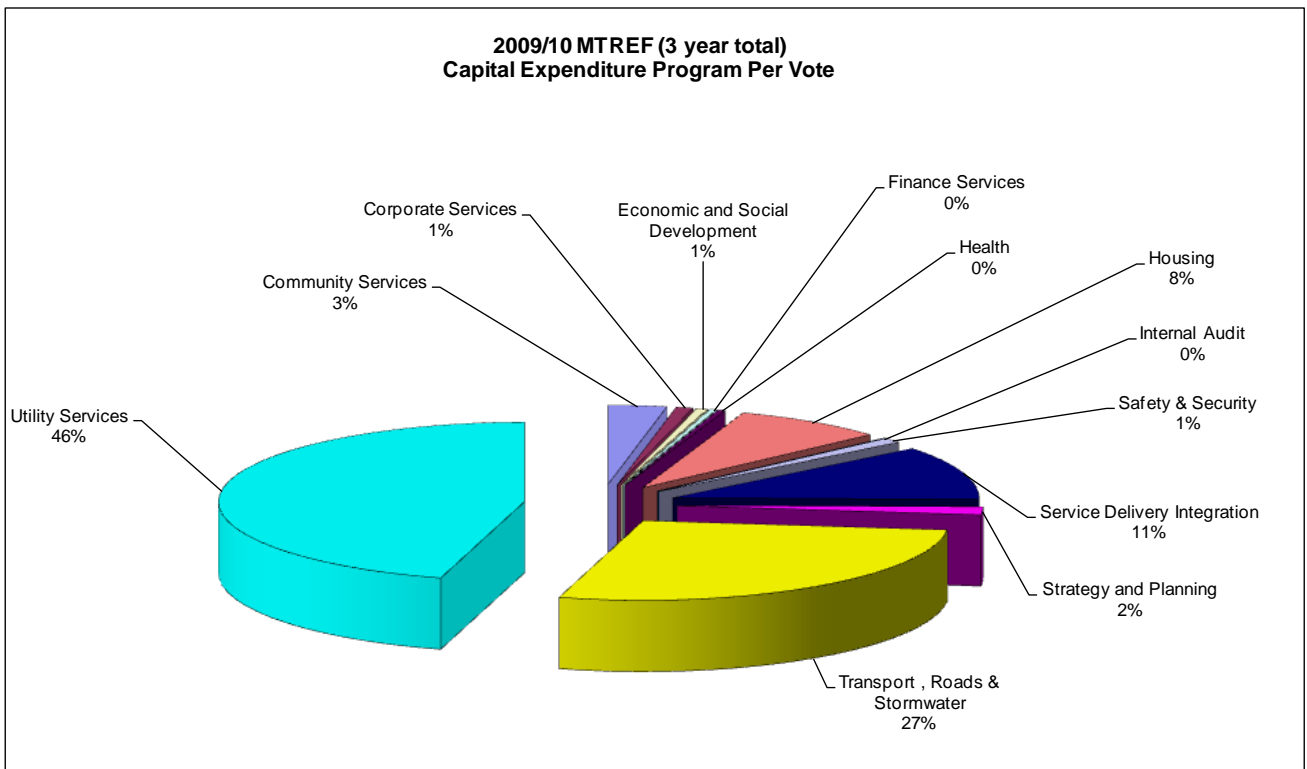


Figure 17: 2009/10 MTREF (3 year total) - Capital expenditure program per Vote

Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand										
Creating Integrated Human Settlements		282,818	-	-	-	-	-			
Economic Growth and Job Creation		109,689	-	-	-	-	-			
Building Strong Communities		94,981	-	-	-	-	-			
Access and Mobility		161,561	-	-	-	-	-			
Equitable Services		509,121	-	-	-	-	-			
Enabling Institutional Framework		141,262	-	-	-	-	-			
Financial Sustainability		221,675	-	-	-	-	-			
Economic development and job creation		-	274,094	-	-	-	-			
Integrated Acces and Mobility		-	399,758	-	-	-	-			
Building Integrated Human Settlements		-	111,231	-	-	-	-			
Building Strong Communities		-	187,156	-	-	-	-			
Equitable & Effective Service Delivery		-	651,279	-	-	-	-			
Enabling Institutional Framework		-	201,168	-	-	-	-			
Financial Sustainability		-	128,737	-	-	-	-			
Shared Economic Growth and Development		-	-	1,192,331	1,383,817	-	-			
Sustainable Urban Infrastructure and Services		-	-	1,240,447	1,691,831	-	-			
Public Transport Systems		-	-	70,263	55,341	-	-			
Integrated Human Settlements		-	-	193,553	404,224	-	-			
Safety and Security		-	-	113,443	118,317	-	-			
Health, social and community development		-	-	95,452	17,648	-	-			
Good Governance and Regulatory Reform		-	-	196,908	237,913	-	-			
Shared Economic Growth and Development	1.1 - Drive development facilitation to proactively assist investors and those wanting to set up/expand businesses in Cape Town					14,317	14,317	8,116	5,009	8,868
	1.2 - Develop new and strengthen existing partnerships					60	60	-	-	23,893
	1.3 - Grow and strengthen the City's tourism capability					46,767	46,767	25,104	16,729	6,000
	1.4 - Develop and grow LED and particularly SMME opportunities					12,203	12,203	12,890	-	-
	1.5 - Prioritise skills development based on the needs of the local economy					748	748	10,635	23,893	-
	1.6 - Improve the processing of building plans and land use applications to well within the statutory time frames					80	80	380	-	-
	1.7 - Develop the City's creativity and knowledge and innovation base industry					130	130	-	-	-
	1.8 - Prepare for hosting of the FIFA 2010 World Cup in the City of Cape Town in accordance with FIFA's requirements and the City's developmental objectives					2,817,343	2,817,343	1,619,970	233,118	3,000

continued on next page...

Strategic Objective	Goal	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand										
Sustainable Urban Infrastructure and Services	2.1 - Reduce backlogs in line with national objectives for basic services.					349,061	349,061	315,855	276,033	242,727
	2.2 - Conserving biodiversity and improving quality living environments through greening, education and access					13,912	13,912	14,562	10,274	8,669
	2.3 - Develop demand management programmes for water, electricity, waste and transport and reduce attendant pollutants					30,717	30,717	75,644	254,150	41,150
	2.4 - Reduce impact of flooding on community livelihoods and regional economies					36,164	36,164	45,627	45,000	57,000
	2.5 - Safeguard human health, protect natural aquatic environments, and improve and maintain recreational water quality					805	805	1,368	-	-
	2.6 - Manage and maintain the City's beach nodes					310	310	1,700	-	3,500
	2.7 - Large or bulk infrastructure programmes that are essential must receive priority					1,429,760	1,429,760	2,116,260	1,890,292	2,175,510
	2.8 - Develop an integrated programme approach to infrastructure and service planning and budgeting					11,122	11,122	12,058	6,904	4,919
Public Transport Systems	4.2 - Improve public transport services and secure new investment in Transport infrastructure					268,483	268,483	911,361	655,859	851,326
	4.5 - Promote non-motorised transport (NMT)					28,238	28,238	81,014	40,500	11,000
Integrated Human Settlements	5.1 - Transform dormitory suburbs into areas which support a greater mix of land uses, offer a range of amenities and are socially mixed facilities					28,497	28,497	26,984	27,196	33,148
	5.2 - Establish policy and spatial planning frameworks that will facilitate the development of integrated human settlements					-	-	-	-	2,632
	5.3 - Development and implementation of an incremental housing programme					101,350	101,350	237,873	329,046	304,863
	5.4 - Development of new housing opportunities					234,087	234,087	70,500	74,676	76,042
	5.5 - Increase rental stock through social housing partnerships					-	-	-	2,632	-
	5.6 - Redress land ownership inequities by providing Housing based on Restitution claim settlements					598	598	2,000	5,890	10,500
	5.7 - Facilitate gap housing programmes through partnerships with Banks and private sector developers					-	-	-	2,632	2,632
5.9 - Improve service delivery standards towards comparable international standards					1,093	1,093	-	-	-	

continued on next page...

Strategic Objective	Goal	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
R thousand										
Safety and Security	6.1 - Community and youth development programmes directed at personal, traffic and pedestrian safety					-	-	1,090	-	-
	6.2 - The improvement of urban design to reduce crime and emergencies					14,542	14,542	49,494	40,133	40,738
	6.3 - The on-going development of the CCTV network to ensure adequate covering of key economic and transport locations as well as crime 'hot spots'					9,466	9,466	7,252	6,000	6,000
	6.4 - Improve law enforcement (traffic policing, licensing services and general law enforcement) through more visible actions					22,232	22,232	15,957	9,250	13,260
	6.5 - Fast, efficient and equitable emergency responses to safeguard and protect life, property, livelihoods and the ever increasing environment from fires and other related emergencies					100,864	100,864	63,696	23,629	16,558
	6.6 - Development of Disaster Risk Assessment and development of pro-active disaster prevention and response plans					7,906	7,906	10,347	5,340	8,306
Health, social and community development	7.1 - Establishment of Early Childhood Development (ECD) facilities and partnerships					1,977	1,977	6,860	-	-
	7.2 - Provide developmental programmes and events that impact positively on the social fabric of communities and visitors in the City					24	24	200	-	-
	7.3 - Promotion of sustainable communities and healthy lifestyles through the promotion of community based sport, recreation and library services, programmes and initiatives					66,302	66,302	71,629	53,995	60,262
	7.4 - Implementation of programmes to address the plight of Street People					2,432	2,432	970	-	-
	7.5 - Provision of effective primary health care services in close collaboration with Provincial Health Services with a special emphasis on maternal and child health care and HIV/AIDS/STI and TB with a focus on Aids orphans					25,091	25,091	26,519	12,196	11,274
	7.7 - Provision of effective environmental health services including Air Quality Management and Pollution Control programmes (Including noise pollution)					1,140	1,140	505	1,000	2,000

continued on next page...

Strategic Objective	Goal	2005/06	2006/07	2007/08	Current Year 2008/09			2009/10 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2009/10	Budget Year +1 2010/11	Budget Year +2 2011/12
Good Governance and Regulatory Reform	8.1 - Optimise the staff structure, strategies and policies and promote skills development					1,561	1,561	820	439	-
	8.2 - Enhance service delivery through alternative service delivery mechanisms					141,416	141,416	213,562	68,034	69,038
	8.3 - Improve the service culture and workplace ethics					12,534	12,534	26,183	3,226	1,880
	8.4 - Improve the organisational and regulatory environment					26,234	26,234	30,887	-	100
	8.5 - Management of key financial areas and governance such as income control, cash flow, indigent support, alternative income opportunities, asset and risk management					60,702	60,702	53,396	38,381	35,307
	8.6 - Establishment of representative Ward Participatory Mechanisms					200	200	-	-	-
	8.7 - Improvement of community satisfaction					94,542	94,542	32,928	39,350	34,500
			1,521,108	1,953,422	3,102,398	3,909,092	6,015,011	6,015,011	6,202,194	4,200,805

Table 35: Reconciliation of IDP strategic objectives and budget (capital expenditure) (Support Table A6)

