



# City of Cape Town Budget

2010/11  
2012/13



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



Capetonians proudly embraced the experience of hosting the 2010 FIFA World Cup

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# Foreword by Alderman Dan Plato

Executive Mayor



Ald. Dan Plato

## **SPEECH BY ALDERMAN DAN PLATO, EXECUTIVE MAYOR OF CAPE TOWN AT THE ADOPTION OF THE 2010/11 BUDGET AT THE COUNCIL MEETING ON 25 MAY 2010**

Speaker, I would like firstly to thank all the officials and councillors for showing their support for our national soccer team and for Cape Town by dressing in your supporters' jerseys. I encourage the whole of Cape Town to get into the World Cup spirit in order to ensure a successful tournament.

Today this Council will be asked to vote on the final budget for 2010/2011.

Our Executive Deputy Mayor, Alderman Ian Neilson, will provide you with the full details of the budget.

Speaker, I would like to thank all the residents who provided comments during the public participation period. This was a valuable contribution to the budgetary process. I also extend my gratitude to all the staff who have worked tirelessly in ensuring that the budget plan comes to fruition.

On behalf of the City of Cape Town I welcome Cllr Brett Herron as the new Mayoral Committee Member for Community Services. Councillor, I am certain that you will be a valuable addition to the team.

Speaker, City Manager, Achmat Ebrahim, has extended his sick leave for another month. On behalf of the City I wish him a speedy recovery. In the interim, Mike Richardson will be Acting City Manager and I would like to extend him our support during a very important time for Cape Town.

Speaker, for the sixth consecutive year the City received an unqualified audit opinion, an indication of the City's robust financial systems. The reputation of the City regarding sound accounting practice has led to the Accountant-General entering into an agreement with the City to train its personnel.

National Treasury felt that the confirmation of the City's credit rating by Moody's International, an independent rating agency, was a further vote of confidence in the City's finances.

Speaker, Treasury concurred with the findings of the independent empowerment survey that the City had done well in the delivery of services to its residents and was well ahead of its peers in dealing with infrastructure backlogs. It was noted that the provision of housing and transport infrastructure are still a challenge, but it was understood that the backlogs were mostly in informal settlements and exacerbated by the migration of people from the rural areas and other provinces looking for job opportunities.

The reduction in overall water demand by 26,6% in 2008/09 was acknowledged as being well ahead of the 20% target set by the Department of Water and Environmental Affairs. Treasury was concerned that the relatively low delivery of access to basic electricity was due to Eskom not delivering according to its mandate.

The spending levels as reflected in both the 2008/09 audit outcome as well as the 2009/10 mid-year assessment were considered good and an indication of sound planning and adequate capacity to spend by the City.

Generally, the overall view was that the financial performance of the municipality over the 2008/09 financial year was satisfactory, resulting in an unqualified audit opinion. This achievement, followed by good spending on the capital and operating budgets for 2009/10, resulted in actual service delivery performance of Cape Town being good, in many cases over the minimum standard required.

Speaker, I would like to congratulate all the City's officials for their hard work and commitment to good governance. We are well aware that there is room for much improvement, but this is an indication that we are moving in the right direction.



The City's MyCiTi bus service was launched shortly before the 2010 FIFA World Cup

Speaker, we are at the crossroads with the provision of toilets in Makhaza in Khayelitsha.

On the one hand the community confirms repeatedly they want the City to continue with the provision of the toilets. On the other hand they bow to pressure from the ANC Youth League and other disruptive elements to disown the work and vandalise the equipment.

We can no longer continue on this path of confrontation and sabotage. Money that is badly needed for service delivery is wasted through damage for the benefit of certain agendas.

After a meeting with the Ward Councillor, representatives of the ANC Youth League and the Ward Development Forum, I undertook a personal survey of all the households with unenclosed toilets. I was assisted by Cllr Stuart Pringle, the Subcouncil Chairperson and staff from the Housing Directorate. More than 95% of the residents accepted the City's offer of material and support to erect the enclosures.

A follow-up meeting with the ANC Youth League, the Ward Councillor and Subcouncil Chairperson was held to give personal feedback of the results of the survey. It was decided at that meeting that the erection of the enclosures by the City would proceed after the community had been informed of the outcome.

Yesterday we started with this process with the support of the vast majority of the community, only to have the structures damaged yet again. Speaker, we cannot continue in this way. I am therefore asking the ANC as the governing party to confirm publicly by close of business on Thursday 27 May, that they will constrain its Youth League. They must prevent the League from intimidating the community and from organising this resistance and damage to public property paid for with public money. They must allow the City to proceed with service delivery as demanded by the community.

Speaker, on Wednesday last week I, with members of the National and Local Transport Portfolio Committee, Mayoral Committee and the media, inspected our key integrated rapid transit (IRT) system World Cup infrastructure. We took a tour on our new buses and visited the airport, civic and stadium stations. In describing the visit later that evening I used the word 'AWESOME'. We have achieved so much in such a short period of time and I am so proud of the team. Although the project's focus is currently on meeting a component of Cape Town's World Cup Transport Services, this is a project that will be much greater than our World Cup commitments. The roll-out of a reliable public transport system has the potential to transform our city, connect Capetonians to opportunities and unite previously divided communities. It is for this reason that we have named the new system, MyCiTi.

The name MyCiTi was chosen because we want to encourage a sense of belonging and ownership when Capetonians are passengers or refer to the service. It identifies a user-friendly service that transports people safely, conveniently and reliably, as well as helping them avoid being stuck in traffic. It aims to make users feel proud to live in a world-class city with modern facilities. MyCiTi aims to offer people greater choice and quality in their own public transport system.

As the IRT rolls out across Cape Town in the coming years, it aims to be much more than a transport system. It aims to give citizens a sense of control, ownership, greater choice, mobility and access to opportunities.

Although the primary benefit of the IRT service will be for passengers, the wider benefit will ultimately extend to all residents and visitors as the service will unlock economic opportunities and make the city more accessible.

The IRT will add value to Cape Town by making it a better place to live and work in. It makes Cape Town a better place in which to invest resources, both human and financial. The name MyCiTi is multilingual, easy to use for Capetonians and visitors alike, and unique to Cape Town with its play on the city's name.

## Message from Alderman Dan Plato Executive Mayor continued

The slogan, 'siyajikeleza, laat wiel, going places' is obviously related to transport, but it also represents other themes central to the IRT service including a sense of achievement and of going places in one's life. The slogan extends to Cape Town itself, as a city that is ready to go and compete on the international stage.

The airport city shuttle service and inner city distribution service of MyCiTi launches on Saturday 29 May, at 4 am. I will be travelling on the bus with Cllr Elizabeth Thompson later on that day to celebrate the launch of this service. I would like to encourage all City staff who are travelling from Cape Town International Airport on City business to use the airport city shuttle as well as the inner city service, which will allow users of the service to move around Cape Town's CBD.

However, criticism of this important project continues. Unsubstantiated accusations have been made with regard to the procurement of professional service providers and contractors.

All appointments for the integrated rapid transit project have been made in accordance with the City's supply chain management policy, and the Municipal Finance Management Act. The IRT project has been the subject of a forensic audit and a due diligence study. No incidence of irregular practice has come to light.

I would also like to report that the value of work awarded to historically disadvantaged individuals working on the IRT project, and measured in terms of the supply chain management policy's preferential procurement system, is 40%.

Speaker, I request that should anyone have any substantive concerns or evidence of irregular procurement activities that they bring this to the attention of the City Manager immediately in order for him to investigate.

Speaker, Metro Police and Traffic Services have been hard at work with numerous operations having been successfully executed over the past few months. In April alone, Traffic Services made 184 arrests for people driving under the influence, 32 for reckless driving, 154 for taxi-related offences and 21 for other types of offences.

During the course of Metro Police duties, which included roadblocks, vehicle patrols and various other operations, a total of 392 arrests were made. Of these arrests, 81 were for the possession of narcotics and 196 were for driving while under the influence.

Metro Police officials also issued 12 599 traffic fines of which 2 190 were for taxi-related infringements.

Law Enforcement issued 610 fines of which 312 were for offences relating to public places.

Metro Police also recovered eight stolen vehicles and confiscated various dangerous weapons and ammunition.

Speaker, the last eight months in which the Vice Squad has been operating have demonstrated to Cape Town the undeniable linkages between prostitution, human trafficking, organised crime syndicates, and drugs and other crime, as well as the undeniable exploitation of vulnerable women and increasingly younger prostitutes, including child prostitution.

It has become clear that the City has to act to protect the women and children in the city from exploitation and crime and to curb the growth in human trafficking and the commensurate growth in the organised crime groups who drive this and benefit from it.

We must curb the growth of these crime syndicates and trafficking rings. We have gone to great lengths to protect our citizens from this growing international scourge, which has now become the most lucrative organised criminal activity in the world and has even surpassed drug smuggling. In years to come this investment will prove to have been invaluable and other cities in South Africa will regret not having taken timely action.

Speaker, I would like to congratulate the entire Safety and Security Directorate for its efforts.

Speaker, I am pleased to inform you that significant progress has been made in the allocation of church sites in Khayelitsha and other areas in the metro. City officials have been working tirelessly over the last two months to prepare the sites for disposal by public tender. To date all 45 Ikapa church site applications have been forwarded to the City's Planning and Building Development Management Department for zoning and subdivision. Of these, 10 sites have been forwarded to Province for processing in terms of environmental legislation.



Site inspections for the 68 sites in Khayelitsha have been completed and the remaining processes are being carried out. Another 16 sites are ready for tender, but the City cannot proceed on 11 of these sites because they are illegally occupied. City officials will be hosting a workshop with church leaders tomorrow to explain to them the very strict legislation governing the disposal of City-owned land. The workshop will also seek to find a solution to the 11 sites currently illegally occupied. The City will make it clear that the sale of land by public tender cannot proceed if the sites remain illegally occupied.

Speaker, the City is calling on all illegal occupiers of land to please vacate it so that the City can proceed with the process of public tender.

Speaker, the last remaining displaced foreigners left the Youngsfield Military Base last month after the closure of the Blue Waters site near Strandfontein the week before.

The 64 people at Youngsfield left without incident. All municipal services have been stopped, security withdrawn and all rental tents, toilets and other equipment cleared from the site.

The Metro Police have handed the Blue Waters camp site back to the City's Sport, Recreation and Amenities Department to repair damage estimated at over R8 million before reopening it as a holiday resort for residents.

Youngsfield was established with four other safety sites after the outbreak of xenophobic violence in May 2008. Of the 64 people who remained at Youngsfield, 58 accepted a cash payout of R1 000 from the City to assist them with relocation; five accepted offers of legal assistance and one refused all offers made. The South African National Defence Force reclaimed its military base on 29 April.

No children were separated from their parents and food parcels were distributed to all those who left willingly. There were no incidents of violence.

Speaker, the efficiency of this operation was due to the cooperative efforts of the Housing and Safety and Security Directorates. I thank them for this.

Speaker, there are a mere 16 days left before the World Cup. We are confident that we will host a spectacular tournament.

Speaker, Cape Town will launch its World Cup activities with a wonderful street parade and concert on the Grand Parade on 10 June. This is the day before our first match. I invite Capetonians and visitors to join in, have fun, walk tall and show our support for Bafana Bafana.

We have a Fan Fest on the Grand Parade in Cape Town, a Fan Walk to link it to the stadium and four fan jols. This is Cape Town's name for public viewing areas. The fan jols will be at OR Tambo Sports Hall in Khayelitsha, the Swartklip Sports Hall in Mitchells Plain, the Bellville Velodrome and Vygieskraal Stadium in Athlone. I urge Councillors, Capetonians and visitors to visit all these places and to experience all the faces and places of Cape Town.

Speaker, this is our last Council Meeting before the World Cup. It is time to take stock of our journey that started in 2004 when South Africa won the bid.

It was just more than four years ago when the decision was taken to build the Cape Town Stadium in Green Point. Cape Town was named as a semi-final host city, but did not have the required 68 000-seater stadium and we could not upgrade an existing stadium to this capacity.

The City's World Cup Team faced a difficult and challenging task. We had to build a new world-class stadium, upgrade our air, rail and road infrastructure, public spaces and facilities. We had to devise detailed transport, security and operational plans. The plans and the facilities had to be tested. We had to host several major events, including the Final Draw in December 2009.

There were three public approval processes before construction work on the stadium could start. Some people were strongly opposed to the building of the stadium and its location. The City was taken to court, but the challenge fizzled out. All host cities faced cost overruns on their stadiums. This was the result of an overheated construction industry, rising material costs and conservative percentages for escalation and contingencies determined by the Treasury.

## Message from Alderman Dan Plato Executive Mayor continued

South Africa and Cape Town faced tough questions from critics as well as local and international media. We were grilled about readiness, ability, crime, transport, electricity supplies, strikes, location, viability, budgets, benefits and the legacy of the event. Some of the challenges seemed almost insurmountable.

Speaker, our work is not done. We have to sustain the momentum of a successful World Cup. We must consolidate and optimise almost R14 billion of infrastructure that Cape Town has gained. We must reap the harvest of more tourism and investment from this global marketing exposure. Our stadium operator Sail/Stadefrance will have to work hard to attract world-class sport and entertainment events to make our beautiful stadium a success.

We overcame and achieved what we had to in order to host the World Cup. The stadium was delivered on time after only 33 months of construction. Our stadium has been hailed as the 'perfect venue' for the World Cup and our Final Draw as 'the best ever' by none other than Jerome Valcke, Secretary-General of FIFA.

Our residents and visitors supported the four test events in the stadium and left with glowing compliments.

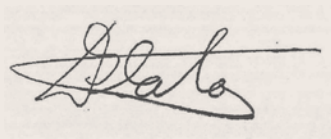
I would like to extend my personal gratitude to Ian Neilson, who chaired the Mayoral World Cup Subcommittee with leadership, courage and determination. I would like to thank Mike Marsden, who steered the City World Cup Project Team through very tough times and milestones of achievement, as well as his three World Cup Directors, the project team and all the line departments who will deliver this great event through their services.

They were ably supported by the Mayoral Subcommittee, the City Manager in particular and the Executive Management Team.

I am sure that I speak on behalf of this Council and the residents of this great city when I say to you: you have done Cape Town proud. You have made Africa's greatest city ready to host the world.

I now table the budget for 2010/2011.

Thank you.

A handwritten signature in black ink, appearing to read 'Dan Plato', written over a light-colored rectangular background.

**Alderman Dan Plato**

Executive Mayor of Cape Town



Local artist Fancy Galada with Zakumi, the official mascot of the 2010 FIFA World Cup

# Foreword by Alderman Ian Neilson

Executive Deputy Mayor and Mayoral  
Committee Member for Finance



Ald. Ian Neilson

The City of Cape Town's 2010/11 budget is the first to follow the 2010 FIFA World Cup. Having linked budget headline expenditure to this event for the past four years, we enter this new period with a fresh focus.

In preparation for the World Cup, public attention has been directed to matters such as the building of the Cape Town Stadium, but the majority of the City's budget has remained focused on the delivery of basic services, i.e. water, sanitation, electricity, refuse removal and roads.

When the current administration came into office it was faced with a severe backlog in bulk services as well as repairs and maintenance (which was underprovided for), a low debt collection rate and a structurally flawed budget. The latter was caused by a decade of income stream development from an inadequate base, with poor adjustment for inflation. It was the Eskom scenario all over again ... waiting to implode.

The City had to make a choice – tinker with politically popular below-inflation increases or opt for a progressive increase to achieve the required income streams. This would not only help catch up on backlogs but would build new levels of service delivery to provide for population growth and to support economic development.

We chose the latter option. After all, economists say that the single most successful contribution that governments can make to economic growth is the provision of infrastructure. Thus the City's major economic development platform is built on the provision of strong and reliable infrastructure, good governance and facilitating regulation. Our programme has been ambitious but successful.

Our first action was to push our debt collection ratio up to 95%. It dipped during the recent recession but we are back on target and growing! Our revenue collection now exceeds R1,2 billion per month.

We have driven an increase in rates and service charges significantly above inflation for the past four years. This was essential to push our income streams to the level necessary to deliver services required by a modern city, which seeks to be the leading metropolis in Africa. We expect to have delivered around R19 billion of new capex during our five-year period of office, in comparison to R7 billion in the previous Council term. In addition, we have doubled repairs and maintenance spend from R0,8 billion per year to R1,6 billion per year.

Meanwhile, the City has driven a strong anti-corruption approach over the past four years to ensure that it gets the best value for money possible within the legislative system it adheres to.

The positive results of our investment are clear. Road developments such as the Hospital Bend upgrade are complete and the state of wastewater treatment plants has improved. We have increased our standards achievement from 65% four years ago to 82% this year. When the new Fisantekraal Wastewater Treatment Works is completed later this year, we can expect further significant improvements in this regard.

Nevertheless, the City is facing a number of strong pressures on its input costs. This means that it is unable to limit rates and tariff increases to a CPI increase without facing a significant deterioration in service delivery. The City's inflation is higher than that of household inflation.



Cost pressures include:

- a national wage settlement of 13% (As salaries are 33% of the City budget, this has a major impact.);
- major increases in bulk charges, such as a 28,9% increase in Eskom electricity supply; and
- a reduction in funding from the national fiscus, especially the City's share of the fuel levy.

All options for delaying or postponing expenditure have been investigated and some projects have been postponed. We have further leveraged our future income streams through borrowings. We have raised R4,2 billion for capex on the bond market to date.

However, there are limits to what can be achieved. We are not blind to the difficult financial circumstances that many people find themselves in, so we have increased rebates for the most vulnerable members of society.

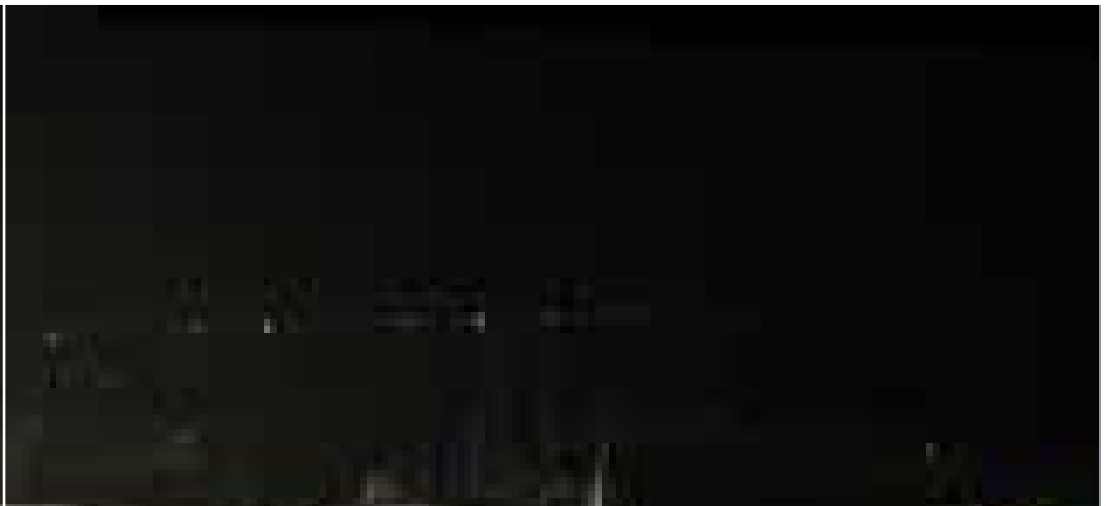
A key shift in focus is towards public transport. The Integrated Rapid Transit Project – including the MyCiti bus system – is the post-World Cup headline project. Increasingly, City expenditure shifts will be towards the integration of the City and the need to address future energy shortages and climate change issues. We must base our actions on the needs of future generations.

**Alderman Ian Neilson**

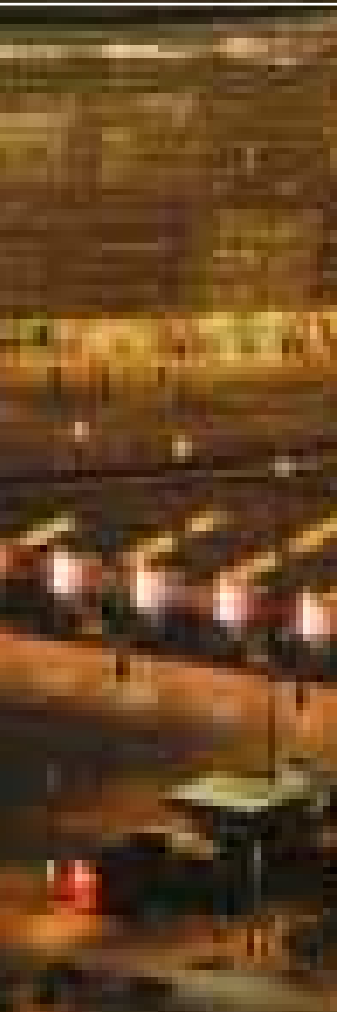
Executive Deputy Mayor and Mayoral Committee Member: Finance

Cape Town is the first African city to build a stadium with a glass roof





# Annual Budget



FOREWORD & INTRODUCTION

ANNUAL BUDGET

SUPPORTING DOCUMENTATION

OTHER SUPPORTING DOCUMENTS

# Executive summary



The preparation of the City of Cape Town (City) 2010/11 MTREF was extremely challenging, as it was influenced by several factors with considerable potential impacts on core service delivery cost and revenue components. Despite the reduced need for capital on 2010 projects, additional operating provisions were still required, as the impact of the 2010 FIFA World Cup™ extends to two financial years.

Although the second half of 2009 saw the global economy recovering from the deepest recession since World War II and economists were revising their outlook for 2010 upwards, the City took a conservative economic approach in the preparation for the 2010/11 MTREF period. Factors supporting this approach included lower revenue collection, higher interest rates on increased long-term Council debt repayments and lower interest rates on investments, resulting in reduced interest earnings.

Meeting the challenge to produce a sustainable, affordable budget required reductions in certain budgetary provisions, such as the 2009/10 operating budget for general expenses (R180 million) and vacancy provision (R113 million). Budget allocations were also reduced for grants and subsidies to external bodies, international travel and subsistence, and furniture, computer equipment and sundries.

The MTREF-based revenue and expenditure projections assumed inflation-linked annual adjustments of 5,6%, 5,8% and 5,8% respectively for the three-year budget period (2010/11, 2011/12 and 2012/13). This remains within the boundaries of the inflation target of 3%–6%, but falls below National Treasury's forecast of 5,7%, 6,2% and 5,9% for the three years respectively.

For the 2010/11 financial year, the following key parameters were also applied to the City's financial framework:

- Revenue/tariff increases
  - Rates 7,7%
  - Electricity 24,6%
  - Water 10,0%
  - Sanitation 10,0%
  - Refuse 18,0%
- Salaries and wages adjustments 8,4%
- General expenses 5,6%
- Repairs and maintenance 8,6%

Total revenue for the 2010/11 financial year amounts to R19 475 million, which represents an increase of R2 608 million (or 15,5%) over 2009/10.

Debt (External Financing Fund/EFF) financing of capital expenditure totals R1 091 million for the 2010/11 financial year. This amount is lower than originally planned, as the City's cash flow requirements outstripped the domestic medium-term note (DMTN) programme, resulting in the curtailing of capital expenditure over the MTREF period.





Cape Town is one of the leading metropolitan municipalities in South Africa

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

- Assessment rates 12,6%

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

- Electricity 25,9%
- Water 10,1%
- Sanitation 10,1%
- Refuse 19,1%

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

- Staff costs 13,6%
- General expenses 18,8%
- Repairs and maintenance 4,7%<sup>1</sup>

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

<sup>1</sup> Internal repairs and maintenance reduced, overstated in current year; primary repairs and maintenance growth of 9,8%

# Annual Budget Tables



**TABLE 1: BUDGET SUMMARY**

Description	2006/7 Audited outcome	2007/8 Audited outcome	2008/9 Audited outcome	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Financial performance</b>									
Property rates	2 475 508	3 258 745	3 240 604	3 804 865	3 813 865	3 813 865	4 286 861	4 858 788	5 197 076
Service charges	5 236 324	5 785 099	6 943 215	8 800 686	8 778 943	8 778 943	10 611 556	12 738 903	15 449 703
Investment revenue	306 581	367 956	441 012	316 935	316 935	316 935	213 936	228 484	244 021
Transfers recognised – operational	1 550 105	1 773 881	2 281 920	1 228 777	1 299 313	1 299 313	1 478 282	1 901 076	2 019 982
Other own revenue	1 087 823	1 026 453	1 138 348	2 372 143	2 423 933	2 423 933	2 851 362	2 760 461	2 914 042
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>10 656 340</b>	<b>12 212 134</b>	<b>14 045 099</b>	<b>16 523 407</b>	<b>16 632 989</b>	<b>16 632 989</b>	<b>19 441 998</b>	<b>22 487 711</b>	<b>25 824 823</b>
Employee costs	3 639 323	4 153 345	4 537 568	5 658 841	5 636 432	5 636 432	6 502 939	7 139 236	7 886 402
Remuneration of councillors	65 938	70 934	77 629	86 260	86 260	86 260	92 296	98 573	105 276
Depreciation and asset impairment	723 305	809 719	864 825	993 691	1 035 727	1 035 727	1 190 680	1 284 832	1 359 901
Finance charges	283 630	274 801	396 168	540 448	540 448	540 448	739 507	816 661	904 642
Materials and bulk purchases	1 998 112	2 141 514	2 880 965	3 830 158	3 705 691	3 705 691	4 738 992	6 086 334	7 863 652
Transfers and grants	79 871	81 919	125 142	94 812	100 969	100 969	44 557	47 310	50 054
Other expenditure	3 245 939	4 525 883	4 989 002	5 560 787	5 761 483	5 761 483	6 166 600	6 848 972	7 403 857
<b>Total expenditure</b>	<b>10 036 117</b>	<b>12 058 115</b>	<b>13 871 299</b>	<b>16 764 996</b>	<b>16 867 009</b>	<b>16 867 009</b>	<b>19 475 572</b>	<b>22 321 918</b>	<b>25 573 783</b>
<b>Surplus/(deficit)</b>	<b>620 223</b>	<b>154 019</b>	<b>173 801</b>	<b>(241 589)</b>	<b>(234 020)</b>	<b>(234 020)</b>	<b>(33 574)</b>	<b>165 793</b>	<b>251 040</b>
Transfers recognised – capital	455 927	1 225 981	2 900 886	2 224 419	1 900 398	1 900 398	1 635 800	2 393 315	1 919 653
Contributions recognised – capital and contributed assets	43 026	49 675	61 455	70 441	84 013	84 013	64 379	54 200	42 600
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>
<b>Surplus/(deficit) for the year</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>
<b>Capital expenditure and funds sources</b>									
<b>Capital expenditure</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>
Transfers recognised – capital	459 580	1 227 256	2 903 740	2 232 419	1 934 686	1 934 686	1 641 200	2 393 315	1 919 653
Public contributions and donations	43 026	48 399	58 601	62 441	59 025	59 025	58 979	54 200	42 600
Borrowing	893 913	1 242 470	1 609 436	2 908 076	2 621 350	2 621 350	1 115 877	1 078 239	1 386 770
Internally generated funds	556 904	584 273	488 566	999 528	987 437	987 437	791 309	715 136	769 696
<b>Total sources of capital funds</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>
<b>Financial position</b>									
Total current assets	4 608 401	7 067 707	7 194 601	6 282 172	6 513 288	6 316 798	6 785 281	7 675 484	8 762 918
Total non-current assets	10 759 905	12 855 248	16 834 824	21 953 261	21 443 035	21 441 548	23 960 664	27 074 887	30 095 012
Total current liabilities	3 876 791	5 476 955	5 113 890	6 377 947	5 289 200	4 978 642	4 991 398	5 107 826	5 320 319
Total non-current liabilities	4 003 027	5 448 269	6 423 138	8 119 508	8 424 337	8 424 538	9 724 720	10 990 309	12 662 212
Community wealth/equity	7 488 488	8 997 731	12 492 397	13 737 978	14 242 789	14 355 167	16 029 826	18 652 236	20 875 400



**TABLE 1: BUDGET SUMMARY CONTINUED**

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Cash flows</b>									
Net cash from (used) operating	2 525 655	3 492 393	3 302 278	3 928 943	2 889 555	2 731 146	2 892 220	4 209 085	3 857 254
Net cash from (used) investing	(2 302 955)	(4 002 178)	(2 657 485)	(5 958 067)	(4 353 678)	(4 343 356)	(3 407 165)	(4 326 471)	(4 288 213)
Net cash from (used) financing	(68 294)	1 231 255	828 331	1 535 974	1 525 211	1 525 211	861 277	827 043	1 260 641
Cash/cash equivalents at the year-end	437 356	1 158 826	2 631 950	2 730 149	2 693 039	2 544 952	2 891 284	3 600 941	4 430 623
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	3 022 285	4 770 948	4 064 670	2 965 809	2 982 644	2 828 932	3 294 021	4 168 959	5 266 708
Application of cash and investments	2 989 775	4 358 692	3 771 848	2 832 033	2 949 569	3 397 494	3 293 104	4 107 032	4 716 056
Balance – surplus (shortfall)	32 510	412 256	292 822	133 776	33 075	(568 562)	917	61 927	550 652
<b>Asset management</b>									
Asset register summary (written-down value (WDV))	9 926 441	12 258 397	16 441 724	21 676 488	21 067 688	21 067 688	23 780 168	27 274 985	30 295 820
Depreciation and asset impairment	723 305	809 719	864 825	993 691	1 035 727	1 035 727	1 190 680	1 284 832	1 359 901
Renewal of existing assets	884 827	1 030 697	1 261 761	1 906 394	1 718 143	1 718 143	1 167 632	1 447 966	1 260 086
Repairs and maintenance	–	–	–	–	–	–	1 590 466	1 730 381	1 882 659
<b>Free services</b>									
Cost of free basic services provided	589 243	621 988	583 959	776 548	776 548	776 548	831 735	866 991	904 181
Revenue cost of free services provided	1 107 353	1 594 829	1 788 635	2 161 708	2 161 708	2 161 708	2 304 972	2 563 606	2 648 895
<b>Households below minimum service level</b>									
Water	5 000	–	–	–	–	–	–	–	–
Sanitation/sewage	44 000	36 000	50 000	24 000	24 000	24 000	17 000	22 000	40 000
Energy	75 174	62 742	88 355	97 600	97 600	81 344	74 412	67 466	60 520

# Annual Budget Tables continued

**TABLE 2: BUDGETED FINANCIAL PERFORMANCE** (revenue and expenditure by standard classification)

Standard classification description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Revenue – standard</b>									
<b>Governance and administration</b>	4 306 936	5 291 170	5 682 072	6 210 885	6 294 565	6 294 565	7 209 174	7 779 774	8 342 468
Executive and Council	2 147	5 637	8 364	2 043	2 634	2 634	2 158	2 278	2 406
Budget and Treasury office	4 171 338	5 112 407	5 367 505	6 041 748	6 075 454	6 075 454	6 801 981	7 607 346	8 141 069
Corporate services	133 452	173 126	306 203	167 094	216 477	216 477	405 036	170 150	198 992
<b>Community and public safety</b>	916 300	1 671 642	3 087 032	1 885 636	1 882 767	1 882 767	1 647 158	1 687 147	1 884 118
Community and social services	26 005	42 359	77 380	82 699	87 918	87 918	91 999	92 347	58 352
Sport and recreation	170 994	876 847	1 926 565	671 893	661 683	661 683	136 475	61 419	90 063
Public safety	227 172	219 865	267 717	264 229	245 287	245 287	245 796	249 559	259 335
Housing	351 409	355 970	611 722	649 031	619 384	619 384	906 807	976 377	1 151 662
Health	140 720	176 601	203 648	217 783	268 496	268 496	266 081	307 445	324 705
<b>Economic and environmental services</b>	388 038	435 789	764 799	1 494 636	1 241 589	1 241 589	1 191 040	2 202 204	1 609 575
Planning and development	154 091	162 696	139 820	198 082	196 912	196 912	187 603	192 402	214 686
Road transport	230 319	260 631	609 438	1 260 876	1 006 045	1 006 045	975 356	1 992 948	1 377 100
Environmental protection	3 628	12 462	15 541	35 678	38 632	38 632	28 081	16 854	17 790
<b>Trading services</b>	5 544 019	6 089 187	7 473 538	9 227 109	9 198 478	9 198 478	11 094 804	13 266 102	15 950 916
Electricity	3 018 011	3 294 465	4 375 480	5 730 324	5 749 629	5 749 629	7 209 309	8 907 050	11 175 058
Water	1 263 894	1 426 810	1 456 287	1 681 391	1 645 173	1 645 173	1 849 115	2 069 053	2 270 743
Wastewater management	705 793	846 053	1 027 195	1 085 878	1 073 159	1 073 159	1 161 107	1 272 497	1 380 883
Waste management	556 048	520 858	611 475	724 428	725 428	725 428	869 024	1 011 403	1 116 127
<b>Other</b>	272	1 002	3 100	5 089	5 089	5 089	6 249	6 099	8 105
<b>Total revenue – standard</b>	11 155 293	13 487 789	17 007 441	18 818 267	18 617 400	18 617 400	21 142 176	24 935 226	27 787 077
<b>Expenditure – standard</b>									
<b>Governance and administration</b>	2 420 591	2 860 571	2 722 029	3 388 900	3 584 187	3 584 187	3 980 568	4 396 428	4 771 916
Executive and Council	168 137	179 968	214 509	258 666	247 423	247 423	273 039	293 645	315 826
Budget and Treasury office	1 100 828	1 213 275	1 028 335	1 505 683	1 684 258	1 684 258	1 802 999	2 039 316	2 234 673
Corporate services	1 151 626	1 467 328	1 479 186	1 624 550	1 652 505	1 652 505	1 904 530	2 063 468	2 221 418
<b>Community and public safety</b>	2 200 377	2 736 113	3 191 238	3 593 714	3 755 104	3 755 104	3 904 621	4 245 119	4 647 884
Community and social services	229 508	275 921	319 070	357 841	360 923	360 923	396 659	425 372	461 559
Sport and recreation	461 172	563 263	681 893	929 266	990 143	990 143	1 085 024	1 055 723	1 115 186
Public safety	835 667	1 010 576	1 124 687	1 234 134	1 234 678	1 234 678	1 294 422	1 392 216	1 518 043
Housing	388 745	562 621	685 938	645 007	695 256	695 256	621 934	810 862	944 531
Health	285 285	323 732	379 651	427 467	474 105	474 105	506 582	560 946	608 564
<b>Economic and environmental services</b>	905 770	1 114 035	1 219 192	1 602 056	1 570 366	1 570 366	1 783 320	1 986 153	2 038 429
Planning and development	258 412	292 711	340 712	425 101	433 286	433 286	433 017	452 664	490 083
Road transport	565 778	711 146	732 650	999 154	952 759	952 759	1 167 833	1 346 033	1 342 078
Environmental protection	81 581	110 178	145 831	177 801	184 321	184 321	182 470	187 456	206 268
<b>Trading services</b>	4 469 561	5 303 418	6 689 230	8 123 578	7 900 806	7 900 806	9 753 030	11 633 763	14 051 461
Electricity	2 470 703	2 759 604	3 597 245	4 826 247	4 636 615	4 636 615	5 965 938	7 460 004	9 418 468
Water	869 130	1 074 292	1 555 665	1 594 552	1 506 918	1 506 918	1 733 577	1 909 275	2 170 130
Wastewater management	438 353	491 783	574 162	599 500	641 796	641 796	761 915	819 725	870 490
Waste management	691 375	977 740	962 158	1 103 278	1 115 477	1 115 477	1 291 600	1 444 758	1 592 373
<b>Other</b>	39 818	43 978	49 609	56 749	56 547	56 547	54 033	60 455	64 094
<b>Total expenditure – standard</b>	10 036 117	12 058 115	13 871 299	16 764 996	16 867 009	16 867 009	19 475 572	22 321 918	25 573 783
<b>Surplus/(deficit) for the year</b>	1 119 176	1 429 674	3 136 142	2 053 270	1 750 391	1 750 391	1 666 605	2 613 308	2 213 293

**TABLE 3: BUDGETED FINANCIAL PERFORMANCE** (revenue and expenditure by municipal vote)

Vote description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Revenue by vote</b>									
Community services	65 735	103 730	190 563	144 072	138 230	138 230	145 449	153 544	148 180
Corporate services	43 102	61 087	64 215	48 405	52 330	52 330	27 782	28 316	29 938
Economic and social development	92 210	110 977	232 463	118 520	170 501	170 501	377 649	139 823	164 081
Financial services	587 091	537 968	584 224	475 462	484 665	484 665	393 008	408 170	434 724
Health	138 997	176 610	203 596	217 777	268 490	268 490	266 075	307 439	324 698
Housing	351 409	355 970	611 722	649 031	660 065	660 065	927 365	992 311	1 170 815
Internal audit	4	694	723	–	–	–	–	–	–
Office of the City Manager	2 159	5 726	9 399	2 493	6 284	6 284	17 358	9 778	2 406
Rates and other	3 729 618	4 736 393	4 943 670	5 739 865	5 770 184	5 770 184	6 594 508	7 390 017	7 909 219
Safety and security	229 066	219 866	261 186	247 845	232 703	232 703	224 412	236 527	250 343
Service delivery integration	135 878	820 565	1 823 115	652 087	–	–	–	–	–
Strategy and planning	103 721	111 478	96 922	128 576	126 733	126 733	120 849	123 120	143 705
Transport, roads and major projects	132 970	158 843	509 308	1 155 825	1 504 538	1 504 538	953 083	1 880 751	1 257 274
Utility services	5 543 332	6 087 881	7 476 333	9 238 310	9 202 679	9 202 679	11 094 639	13 265 430	15 951 693
<b>Total revenue by vote</b>	<b>11 155 293</b>	<b>13 487 789</b>	<b>17 007 441</b>	<b>18 818 267</b>	<b>18 617 400</b>	<b>18 617 400</b>	<b>21 142 176</b>	<b>24 935 226</b>	<b>27 787 077</b>
<b>Expenditure by vote to be appropriated</b>									
Community services	624 537	799 049	931 419	1 057 932	1 069 158	1 069 158	1 131 631	1 227 523	1 335 054
Corporate services	778 553	911 806	906 336	930 162	1 298 820	1 298 820	1 528 628	1 631 388	1 752 393
Economic and social development	178 730	204 352	234 616	268 657	272 916	272 916	280 427	303 174	325 905
Financial services	694 421	814 013	996 253	1 274 526	1 294 026	1 294 026	1 497 452	1 622 448	1 776 528
Health	317 278	370 593	437 668	492 056	538 608	538 608	575 397	636 254	691 120
Housing	388 745	562 621	685 938	645 007	767 354	767 354	677 320	865 480	1 004 203
Internal audit	15 421	18 084	23 641	29 406	29 415	29 415	30 644	33 527	36 685
Office of the City Manager	167 700	190 030	229 152	275 602	285 408	285 408	312 535	336 574	362 499
Rates and other	469 009	569 817	222 380	429 989	592 094	592 094	544 020	664 813	724 654
Safety and security	782 940	941 827	1 049 027	1 155 374	1 160 672	1 160 672	1 192 399	1 305 895	1 424 566
Service delivery integration	337 282	388 206	399 513	671 988	–	–	–	–	–
Strategy and planning	205 627	229 580	289 282	346 414	359 610	359 610	361 205	381 792	418 213
Transport, roads and major projects	613 156	782 614	721 169	991 648	1 233 189	1 233 189	1 492 544	1 572 636	1 554 714
Utility services	4 462 718	5 275 522	6 744 904	8 196 236	7 965 739	7 965 739	9 851 369	11 740 413	14 167 250
<b>Total expenditure by vote</b>	<b>10 036 117</b>	<b>12 058 115</b>	<b>13 871 299</b>	<b>16 764 996</b>	<b>16 867 009</b>	<b>16 867 009</b>	<b>19 475 572</b>	<b>22 321 918</b>	<b>25 573 783</b>
<b>Surplus/(deficit) for the year</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>

# Annual Budget Tables continued

**TABLE 4: BUDGETED FINANCIAL PERFORMANCE** (revenue and expenditure)

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Revenue by source</b>									
Property rates	2 406 886	3 182 895	3 163 360	3 739 165	3 748 165	3 748 165	4 206 430	4 766 575	5 098 593
Property rates – penalties and collection charges	68 622	75 850	77 244	65 700	65 700	65 700	80 430	92 213	98 483
Service charges – electricity revenue	2 669 057	2 922 573	3 979 645	5 270 275	5 286 961	5 286 961	6 638 174	8 217 105	10 360 692
– water revenue	1 017 645	1 231 444	1 281 671	1 507 653	1 477 653	1 477 653	1 659 871	1 861 278	2 064 503
– sanitation revenue	620 429	725 274	744 294	817 308	806 308	806 308	899 609	1 008 803	1 110 561
– refuse revenue	506 635	463 776	537 484	640 378	641 378	641 378	762 770	885 804	997 117
– other	422 558	442 033	400 121	565 072	566 642	566 642	651 133	765 913	916 830
Rental of facilities and equipment	182 766	214 371	219 609	230 516	230 516	230 516	244 503	253 415	265 747
Interest earned – external investments	306 581	367 956	441 012	316 935	316 935	316 935	213 936	228 484	244 021
– outstanding debtors	187 365	167 747	215 721	176 160	179 660	179 660	210 860	223 838	237 699
Fines	180 753	159 224	183 283	185 458	172 065	172 065	180 569	191 357	202 496
Licences and permits	26 895	31 036	31 337	24 276	24 276	24 276	28 764	30 375	32 076
Agency services	104 960	112 654	109 222	115 993	115 993	115 993	115 993	123 881	132 304
Transfers recognised – operational	1 550 105	1 773 881	2 281 920	1 228 777	1 299 313	1 299 313	1 478 282	1 901 076	2 019 982
Other revenue	358 394	293 551	195 685	1 589 923	1 599 979	1 599 979	1 760 230	1 865 983	1 952 827
Gains on disposal of property, plant and equipment (PPE)	46 690	47 870	183 491	49 817	101 444	101 444	310 444	71 612	90 891
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>10 656 340</b>	<b>12 212 134</b>	<b>14 045 099</b>	<b>16 523 407</b>	<b>16 632 989</b>	<b>16 632 989</b>	<b>19 441 998</b>	<b>22 487 711</b>	<b>25 824 823</b>
<b>Expenditure by type</b>									
Employee-related costs	3 639 323	4 153 345	4 537 568	5 658 841	5 636 432	5 636 432	6 502 939	7 139 236	7 886 402
Remuneration of councillors	65 938	70 934	77 629	86 260	86 260	86 260	92 296	98 573	105 276
Debt impairment	396 556	708 643	771 801	668 059	753 924	753 924	967 716	1 089 278	1 205 835
Depreciation and asset impairment	723 305	809 719	864 825	993 691	1 035 727	1 035 727	1 190 680	1 284 832	1 359 901
Finance charges	283 630	274 801	396 168	540 448	540 448	540 448	739 507	816 661	904 642
Bulk purchases	1 998 112	2 141 514	2 880 965	3 830 158	3 705 691	3 705 691	4 738 992	6 086 334	7 863 652
Contracted services	491 248	596 506	674 675	719 490	723 846	723 846	1 763 709	1 977 110	2 190 529
Transfers and grants	79 871	81 919	125 142	94 812	100 969	100 969	44 557	47 310	50 054
Other expenditure	2 357 291	3 219 120	3 539 035	4 173 238	4 283 713	4 283 713	3 435 175	3 782 584	4 007 493
Loss on disposal of PPE	844	1 613	3 492	–	–	–	–	–	–
<b>Total expenditure</b>	<b>10 036 117</b>	<b>12 058 115</b>	<b>13 871 299</b>	<b>16 764 996</b>	<b>16 867 009</b>	<b>16 867 009</b>	<b>19 475 572</b>	<b>22 321 918</b>	<b>25 573 783</b>
<b>Surplus/(deficit)</b>	<b>620 223</b>	<b>154 019</b>	<b>173 801</b>	<b>(241 589)</b>	<b>(234 020)</b>	<b>(234 020)</b>	<b>(33 574)</b>	<b>165 793</b>	<b>251 040</b>
Transfers recognised – capital	455 927	1 225 981	2 900 886	2 224 419	1 900 398	1 900 398	1 635 800	2 393 315	1 919 653
Contributions recognised – capital	43 026	49 675	61 455	70 441	84 013	84 013	64 379	54 200	42 600
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>
<b>Surplus/(deficit) after taxation</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>
<b>Surplus/(deficit) attributable to municipality</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>
<b>Surplus/(deficit) for the year</b>	<b>1 119 176</b>	<b>1 429 674</b>	<b>3 136 142</b>	<b>2 053 270</b>	<b>1 750 391</b>	<b>1 750 391</b>	<b>1 666 605</b>	<b>2 613 308</b>	<b>2 213 293</b>

**TABLE 5: BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
R in thousands									
<b>Capital expenditure – vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Community services	137 943	158 513	239 253	196 483	162 420	162 420	134 629	116 020	130 659
Corporate services	75 302	63 575	57 504	68 235	195 771	195 771	124 624	120 326	128 276
Economic and social development	17 700	16 541	20 244	39 140	31 267	31 267	16 898	12 160	14 160
Financial services	11 993	14 317	10 779	26 222	19 743	19 743	7 614	10 215	9 009
Health	18 356	24 434	17 951	27 009	26 314	26 314	11 984	11 075	6 954
Housing	172 706	147 355	226 953	329 569	349 480	349 480	625 763	522 182	589 304
Internal audit	147	125	484	426	476	476	242	121	121
Office of the City Manager	1 948	4 339	11 220	18 706	7 713	7 713	21 996	39 775	32 227
Safety and security	51 347	55 510	96 956	85 106	63 980	63 980	33 893	11 906	12 576
Service delivery integration	428 616	1 088 153	2 143 625	1 385 153	–	–	–	–	–
Strategy and planning	32 244	39 012	95 849	110 369	79 558	79 558	74 174	46 060	60 840
Transport, roads and major projects	258 930	364 575	749 566	1 722 074	2 957 784	2 957 784	998 444	1 588 179	1 051 956
Utility services	746 191	1 125 949	1 389 960	2 193 972	1 707 995	1 707 995	1 557 103	1 762 870	2 082 638
<b>Total capital expenditure – vote</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>
<b>Capital expenditure – standard</b>									
<b>Governance and administration</b>									
Executive and Council	1 718	4 148	10 562	18 113	3 859	3 859	6 516	31 900	31 850
Budget and Treasury office	10 274	8 238	8 749	7 207	11 133	11 133	7 626	2 891	1 710
Corporate services	131 407	119 360	137 474	292 737	235 544	235 544	140 891	131 058	142 586
<b>Community and public safety</b>	<b>760 205</b>	<b>1 445 100</b>	<b>2 703 844</b>	<b>1 924 931</b>	<b>1 753 275</b>	<b>1 753 275</b>	<b>1 032 492</b>	<b>690 191</b>	<b>758 799</b>
Community and social services	21 011	38 032	61 281	88 450	73 438	73 438	62 878	47 621	34 640
Sport and recreation	492 556	1 161 866	2 271 002	1 344 338	1 205 517	1 205 517	263 567	68 985	96 020
Public safety	56 405	73 709	127 474	135 966	102 374	102 374	73 355	45 279	42 176
Housing	172 706	147 355	226 936	329 569	345 888	345 888	620 708	517 231	579 010
Health	17 527	24 138	17 151	26 609	26 059	26 059	11 984	11 075	6 954
<b>Economic and environmental services</b>	<b>303 745</b>	<b>398 948</b>	<b>836 976</b>	<b>1 802 633</b>	<b>1 919 561</b>	<b>1 919 561</b>	<b>874 828</b>	<b>1 643 758</b>	<b>1 124 777</b>
Planning and development	39 565	40 941	74 752	81 830	53 181	53 181	49 508	54 302	72 140
Road transport	254 683	346 519	747 859	1 708 874	1 856 251	1 856 251	800 652	1 585 068	1 048 331
Environmental protection	9 497	11 488	14 365	11 929	10 130	10 130	24 669	4 389	4 305
<b>Trading services</b>	<b>745 922</b>	<b>1 125 778</b>	<b>1 361 317</b>	<b>2 154 482</b>	<b>1 677 667</b>	<b>1 677 667</b>	<b>1 542 511</b>	<b>1 739 041</b>	<b>2 055 998</b>
Electricity	327 090	537 568	496 871	831 740	711 787	711 787	736 015	670 380	672 327
Water	184 626	210 266	241 094	286 485	217 564	217 564	195 844	337 900	580 592
Wastewater management	142 324	267 326	458 464	581 361	431 291	431 291	319 752	426 095	472 966
Waste management	91 882	110 618	164 889	454 895	317 025	317 025	290 901	304 666	330 112
<b>Other</b>	<b>150</b>	<b>826</b>	<b>1 421</b>	<b>2 360</b>	<b>1 460</b>	<b>1 460</b>	<b>2 500</b>	<b>2 050</b>	<b>3 000</b>
<b>Total capital expenditure – standard</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>
<b>Funded by</b>									
National government	309 680	1 071 282	2 423 827	1 818 393	1 527 662	1 527 662	1 045 900	1 925 488	1 430 217
Province	146 435	154 698	477 059	406 025	382 036	382 036	589 900	467 827	489 436
Other transfers and grants	3 465	1 276	2 854	8 000	24 988	24 988	5 400	–	–
<b>Transfers recognised – capital</b>	<b>459 580</b>	<b>1 227 256</b>	<b>2 903 740</b>	<b>2 232 419</b>	<b>1 934 686</b>	<b>1 934 686</b>	<b>1 641 200</b>	<b>2 393 315</b>	<b>1 919 653</b>
<b>Public contributions and donations</b>	<b>43 026</b>	<b>48 399</b>	<b>58 601</b>	<b>62 441</b>	<b>59 025</b>	<b>59 025</b>	<b>58 979</b>	<b>54 200</b>	<b>42 600</b>
<b>Borrowing</b>	<b>893 913</b>	<b>1 242 470</b>	<b>1 609 436</b>	<b>2 908 076</b>	<b>2 621 350</b>	<b>2 621 350</b>	<b>1 115 877</b>	<b>1 078 239</b>	<b>1 386 770</b>
<b>Internally generated funds</b>	<b>556 904</b>	<b>584 273</b>	<b>488 566</b>	<b>999 528</b>	<b>987 437</b>	<b>987 437</b>	<b>791 309</b>	<b>715 136</b>	<b>769 696</b>
<b>Total capital funding</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>

# Annual Budget Tables continued

**TABLE 6: BUDGETED FINANCIAL POSITION**

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	163 712	188 692	197 633	–	–	–	–	–	–
Call investment deposits	2 367 307	4 192 038	3 630 894	2 730 149	2 688 342	2 544 952	2 891 284	3 600 941	4 430 623
Consumer debtors	1 752 553	2 124 457	2 744 102	2 886 900	3 153 672	3 100 572	3 168 812	3 290 412	3 483 709
Other debtors	145 585	329 231	407 104	398 370	447 814	447 814	492 596	541 855	596 041
Current portion of long-term receivables	19 773	16 949	21 517	28 238	20 441	20 441	19 419	18 448	17 526
Inventory	159 471	216 340	193 351	238 515	203 019	203 019	213 169	223 828	235 019
<b>Total current assets</b>	<b>4 608 401</b>	<b>7 067 707</b>	<b>7 194 601</b>	<b>6 282 172</b>	<b>6 513 288</b>	<b>6 316 798</b>	<b>6 785 281</b>	<b>7 675 484</b>	<b>8 762 918</b>
<b>Non-current assets</b>									
Long-term receivables	279 185	197 968	157 693	178 666	149 808	149 808	142 318	135 202	128 442
Investments	491 266	390 218	236 143	235 660	294 302	283 980	402 737	568 018	836 085
Investment property	99 468	95 076	91 546	–	–	–	–	–	–
PPE	9 790 463	12 142 997	16 316 621	21 538 935	20 998 925	21 007 760	23 415 609	26 371 667	29 130 486
Intangible	71 920	20 083	32 821	–	–	–	–	–	–
Other non-current assets	27 603	8 906	–	–	–	–	–	–	–
<b>Total non-current assets</b>	<b>10 759 905</b>	<b>12 855 248</b>	<b>16 834 824</b>	<b>21 953 261</b>	<b>21 443 035</b>	<b>21 441 548</b>	<b>23 960 664</b>	<b>27 074 887</b>	<b>30 095 012</b>
<b>Total assets</b>	<b>15 368 306</b>	<b>19 922 955</b>	<b>24 029 425</b>	<b>28 235 433</b>	<b>27 956 324</b>	<b>27 758 346</b>	<b>30 745 945</b>	<b>34 750 371</b>	<b>38 857 931</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Borrowing	217 216	411 916	479 862	263 702	263 183	262 982	199 643	168 714	186 105
Consumer deposits	214 449	237 591	235 526	261 944	242 592	242 592	266 851	293 536	322 890
Trade and other payables	3 111 917	4 271 429	3 857 713	5 239 290	4 215 597	3 905 240	3 917 328	3 995 470	4 115 710
Provisions	333 209	556 019	540 789	613 011	567 828	567 828	607 576	650 107	695 614
<b>Total current liabilities</b>	<b>3 876 791</b>	<b>5 476 955</b>	<b>5 113 890</b>	<b>6 377 947</b>	<b>5 289 200</b>	<b>4 978 642</b>	<b>4 991 398</b>	<b>5 107 826</b>	<b>5 320 319</b>
<b>Non-current liabilities</b>									
Borrowing	2 038 052	3 047 812	3 811 963	5 550 677	5 546 787	5 546 988	6 447 345	7 278 629	8 492 525
Provisions	1 964 975	2 400 457	2 611 175	2 568 831	2 877 550	2 877 550	3 277 375	3 711 680	4 169 687
<b>Total non-current liabilities</b>	<b>4 003 027</b>	<b>5 448 269</b>	<b>6 423 138</b>	<b>8 119 508</b>	<b>8 424 337</b>	<b>8 424 538</b>	<b>9 724 720</b>	<b>10 990 309</b>	<b>12 662 212</b>
<b>Total liabilities</b>	<b>7 879 818</b>	<b>10 925 224</b>	<b>11 537 028</b>	<b>14 497 455</b>	<b>13 713 537</b>	<b>13 403 181</b>	<b>14 716 118</b>	<b>16 098 135</b>	<b>17 982 531</b>
<b>Net assets</b>	<b>7 488 488</b>	<b>8 997 731</b>	<b>12 492 397</b>	<b>13 737 978</b>	<b>14 242 787</b>	<b>14 355 166</b>	<b>16 029 826</b>	<b>18 652 236</b>	<b>20 875 400</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated surplus/(deficit)	1 224 439	1 535 008	10 204 997	9 982 920	10 749 339	10 749 339	11 257 755	11 691 354	12 134 103
Reserves	6 264 049	7 462 723	2 287 400	3 755 058	3 493 450	3 605 828	4 772 071	6 960 881	8 741 297
Minorities' interests	–	–	–	–	–	–	–	–	–
<b>Total community wealth/equity</b>	<b>7 488 488</b>	<b>8 997 731</b>	<b>12 492 397</b>	<b>13 737 978</b>	<b>14 242 789</b>	<b>14 355 167</b>	<b>16 029 826</b>	<b>18 652 236</b>	<b>20 875 400</b>



TABLE 7: BUDGETED CASH FLOWS

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Cash flow from operating activities</b>									
<b>Receipts</b>									
Ratepayers and other	9 073 652	10 563 748	10 054 795	14 325 512	14 506 712	15 007 737	17 090 513	20 005 804	23 105 680
Government – operating	1 550 105	1 773 806	2 281 920	1 228 777	1 299 313	1 299 313	1 478 282	1 901 076	2 019 982
– capital	498 953	1 275 655	2 900 886	2 294 860	1 984 411	1 984 411	1 700 179	2 447 515	1 962 253
Interest	224 942	261 317	404 132	493 095	496 595	496 595	424 796	452 322	481 720
<b>Payments</b>									
Suppliers and employees	(8 421 610)	(9 920 961)	(11 955 348)	(13 872 854)	(14 857 028)	(15 516 462)	(17 062 043)	(19 780 971)	(22 807 738)
Finance charges	(400 387)	(461 172)	(384 107)	(540 448)	(540 448)	(540 448)	(739 507)	(816 661)	(904 642)
<b>Net cash from/(used in) operating activities</b>	<b>2 525 655</b>	<b>3 492 393</b>	<b>3 302 278</b>	<b>3 928 943</b>	<b>2 889 555</b>	<b>2 731 146</b>	<b>2 892 220</b>	<b>4 209 085</b>	<b>3 857 254</b>
<b>Cash flows from investing activities</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	54 215	60 719	187 747	49 817	101 444	101 444	310 444	71 612	90 891
Decrease (increase) in other non-current receivables	17 616	84 041	35 707	8 059	8 961	8 961	8 512	8 087	7 683
Decrease (increase) in non-current investments	(405 379)	(1 027 192)	2 179 402	186 521	1 138 417	1 148 739	(118 757)	(165 281)	(268 067)
<b>Payments</b>									
Capital assets	(1 969 407)	(3 119 746)	(5 060 341)	(6 202 464)	(5 602 499)	(5 602 499)	(3 607 364)	(4 240 889)	(4 118 720)
<b>Net cash from/(used in) investing activities</b>	<b>(2 302 955)</b>	<b>(4 002 178)</b>	<b>(2 657 485)</b>	<b>(5 958 067)</b>	<b>(4 353 678)</b>	<b>(4 343 356)</b>	<b>(3 407 165)</b>	<b>(4 326 471)</b>	<b>(4 288 213)</b>
<b>Cash flows from financing activities</b>									
<b>Receipts</b>									
Borrowing long term/refinancing	29 293	1 434 790	1 240 230	2 048 662	2 042 321	2 042 321	1 100 000	1 000 000	1 400 000
Increase (decrease) in consumer deposits	37 467	23 142	(2 065)	12 474	7 066	7 066	24 259	26 685	29 354
<b>Payments</b>									
Repayment of borrowing	(135 054)	(226 677)	(409 834)	(525 162)	(524 176)	(524 176)	(262 982)	(199 642)	(168 713)
<b>Net cash from/(used in) financing activities</b>	<b>(68 294)</b>	<b>1 231 255</b>	<b>828 331</b>	<b>1 535 974</b>	<b>1 525 211</b>	<b>1 525 211</b>	<b>861 277</b>	<b>827 043</b>	<b>1 260 641</b>
<b>Net increase/(decrease) in cash held</b>	<b>154 406</b>	<b>721 470</b>	<b>1 473 124</b>	<b>(493 151)</b>	<b>61 088</b>	<b>(86 999)</b>	<b>346 332</b>	<b>709 657</b>	<b>829 682</b>
Cash/cash equivalents at the beginning of the year	282 950	437 356	1 158 826	3 223 300	2 631 951	2 631 951	2 544 952	2 891 284	3 600 941
Cash/cash equivalents at the year-end	437 356	1 158 826	2 631 950	2 730 149	2 693 039	2 544 952	2 891 284	3 600 941	4 430 623

# Annual Budget Tables continued

## TABLE 8: CASH-BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Cash and investments available</b>									
Cash/cash equivalents at the year-end	437 356	1 158 826	2 631 950	2 730 149	2 693 039	2 544 952	2 891 284	3 600 941	4 430 623
Other current investments > 90 days	2 093 663	3 221 904	1 196 577	–	(4 697)	–	–	–	–
Non-current assets – investments	491 266	390 218	236 143	235 660	294 302	283 980	402 737	568 018	836 085
<b>Cash and investments available</b>	<b>3 022 285</b>	<b>4 770 948</b>	<b>4 064 670</b>	<b>2 965 809</b>	<b>2 982 644</b>	<b>2 828 932</b>	<b>3 294 021</b>	<b>4 168 959</b>	<b>5 266 708</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	793 151	1 712 382	889 821	1 019 205	1 111 176	1 559 101	1 534 160	1 648 122	1 769 055
Other working capital requirements	416 829	676 073	653 218	668 220	668 220	668 220	1 007 536	1 135 138	1 254 814
Reserves to be backed by cash/investments	1 779 794	1 970 237	2 228 809	1 144 608	1 170 173	1 170 173	751 408	1 323 772	1 692 187
<b>Total application of cash and investments</b>	<b>2 989 775</b>	<b>4 358 692</b>	<b>3 771 848</b>	<b>2 832 033</b>	<b>2 949 569</b>	<b>3 397 494</b>	<b>3 293 104</b>	<b>4 107 032</b>	<b>4 716 056</b>
<b>Surplus (shortfall)</b>	<b>32 510</b>	<b>412 256</b>	<b>292 822</b>	<b>133 776</b>	<b>33 075</b>	<b>(568 562)</b>	<b>917</b>	<b>61 927</b>	<b>550 652</b>

## TABLE 9: ASSET MANAGEMENT

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Capital expenditure</b>									
<b>Total new assets</b>	<b>1 068 595</b>	<b>2 071 701</b>	<b>3 798 582</b>	<b>4 296 070</b>	<b>3 884 356</b>	<b>3 884 356</b>	<b>2 439 732</b>	<b>2 792 923</b>	<b>2 858 634</b>
Infrastructure – road transport	199 226	198 235	453 967	1 202 229	1 227 589	1 227 589	698 307	1 288 196	622 589
– electricity	188 368	236 884	233 096	375 026	304 929	304 929	486 103	352 997	492 595
– water	29 634	72 742	155 289	216 174	128 628	128 628	156 718	276 773	526 578
– sanitation	34 155	152 581	320 529	390 419	287 052	287 052	191 338	281 403	371 716
– other	19 312	18 724	13 264	100 777	28 706	28 706	41 469	41 500	74 000
Infrastructure	470 695	679 165	1 176 144	2 284 625	1 976 904	1 976 904	1 573 935	2 240 869	2 087 478
Community	434 851	1 111 188	2 141 756	1 353 465	1 254 885	1 254 885	515 684	237 830	257 782
Heritage assets	3 987	1 443	294	1 060	1 320	1 320	30	–	–
Other assets	159 062	279 905	480 388	656 919	651 247	651 247	350 083	314 224	513 374
<b>Total renewal of existing assets</b>	<b>884 827</b>	<b>1 030 697</b>	<b>1 261 761</b>	<b>1 906 394</b>	<b>1 718 143</b>	<b>1 718 143</b>	<b>1 167 632</b>	<b>1 447 966</b>	<b>1 260 086</b>
Infrastructure – road transport	113 700	200 116	311 127	621 401	642 508	642 508	274 127	349 316	353 856
– electricity	77 063	210 859	183 008	303 590	261 193	261 193	152 312	259 977	120 237
– water	42 440	75 178	59 801	89 173	74 574	74 574	79 203	44 200	60 150
– sanitation	223 385	139 437	142 308	208 222	160 081	160 081	144 342	195 135	141 866
– other	50 759	71 620	99 531	279 904	216 859	216 859	182 563	205 312	196 882
Infrastructure	507 347	697 210	795 775	1 502 289	1 355 215	1 355 215	832 546	1 053 940	872 992
Community	175 612	136 039	231 905	160 488	130 093	130 093	160 753	166 206	235 537
Heritage assets	408	473	298	595	595	595	439	439	430
Other assets	201 460	196 975	233 783	243 023	232 239	232 239	173 894	227 381	151 128
<b>Total capital expenditure</b>	<b>312 926</b>	<b>398 351</b>	<b>765 094</b>	<b>1 823 630</b>	<b>1 870 098</b>	<b>1 870 098</b>	<b>972 435</b>	<b>1 637 512</b>	<b>976 445</b>
Infrastructure – road transport	265 431	447 743	416 104	678 615	566 122	566 122	638 415	612 974	612 833
– electricity	72 074	147 920	215 090	305 347	203 202	203 202	235 921	320 973	586 728
– water	257 539	292 017	462 837	598 641	447 133	447 133	335 679	476 538	513 582
– sanitation	70 071	90 344	112 795	380 681	245 566	245 566	224 032	246 812	270 882
– other	978 042	1 376 375	1 971 919	3 786 915	3 332 120	3 332 120	2 406 482	3 294 809	2 960 469
Infrastructure	610 463	1 247 227	2 373 661	1 513 953	1 384 979	1 384 979	676 437	404 036	493 318
Community	4 395	1 915	591	1 655	1 915	1 915	469	439	430
Heritage assets	360 522	476 879	714 171	899 942	883 486	883 486	523 977	541 605	664 502
Other assets	1 953 422	3 102 398	5 060 343	6 202 464	5 602 499	5 602 499	3 607 364	4 240 889	4 118 720
<b>Total capital expenditure – asset class</b>	<b>1 953 422</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>6 202 464</b>	<b>5 602 499</b>	<b>5 602 499</b>	<b>3 607 364</b>	<b>4 240 889</b>	<b>4 118 720</b>

TABLE 9: ASSET MANAGEMENT CONTINUED

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Asset register summary – PPE (WDV)</b>									
Infrastructure – road transport	1 517 247	1 670 319	1 929 058	3 665 824	3 623 348	3 623 348	4 452 292	6 096 212	6 965 849
– electricity	1 460 323	1 461 473	1 928 978	2 462 175	2 347 332	2 347 332	2 838 632	3 305 857	3 774 992
– water	1 146 284	1 185 904	1 192 072	1 412 396	1 316 158	1 316 158	1 467 061	1 703 884	1 906 664
– sanitation	578 890	717 107	710 198	1 250 149	1 101 940	1 101 940	1 378 274	1 796 344	2 252 053
– other	1 173 694	1 668 089	2 865 017	3 234 258	3 098 787	3 098 787	3 310 697	3 546 029	3 806 352
Infrastructure	5 876 438	6 702 892	8 625 323	12 024 802	11 487 565	11 487 565	13 446 955	16 448 327	18 705 911
Community	1 442 697	2 722 564	4 498 332	5 966 430	5 917 855	5 917 855	6 474 798	6 887 413	7 334 002
Heritage assets	6 646	9 145	9 440	11 095	11 355	11 355	11 824	12 262	12 692
Investment properties	99 468	95 076	91 546	–	–	–	–	–	–
Other assets	2 429 272	2 708 637	3 184 262	3 674 161	3 650 913	3 650 913	3 846 591	3 926 983	4 243 215
Intangibles	71 920	20 083	32 821	–	–	–	–	–	–
<b>Total asset register summary – PPE (WDV)</b>	<b>9 926 441</b>	<b>12 258 397</b>	<b>16 441 724</b>	<b>21 676 488</b>	<b>21 067 688</b>	<b>21 067 688</b>	<b>23 780 168</b>	<b>27 274 985</b>	<b>30 295 820</b>
<b>Expenditure other items</b>									
Depreciation and asset impairment	723 305	809 719	864 825	993 691	1 035 727	1 035 727	1 190 680	1 284 832	1 359 901
Repairs and maintenance (R&M) by asset class	–	–	–	–	–	–	1 590 466	1 730 381	1 882 659
<b>Total expenditure other items</b>	<b>723 305</b>	<b>809 719</b>	<b>864 825</b>	<b>993 691</b>	<b>1 035 727</b>	<b>1 035 727</b>	<b>2 781 147</b>	<b>3 015 212</b>	<b>3 242 560</b>
% of capital expenditure on renewal of assets	82,8%	49,8%	33,2%	44,4%	44,2%	44,2%	47,9%	51,8%	44,1%
Renewal of existing assets as % of depreciation	122,3%	127,3%	145,9%	191,8%	165,9%	165,9%	98,1%	112,7%	92,7%
R&M as a % of PPE	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	6,8%	6,6%	6,5%
Renewal and R&M as a % of PPE	9,0%	8,0%	8,0%	9,0%	8,0%	8,0%	12,0%	12,0%	10,0%

# Annual Budget Tables continued

**TABLE 10: BASIC SERVICE DELIVERY MEASUREMENT**

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
In thousands									
<b>Household service targets</b>									
<b>Water</b>									
Piped water inside dwelling	704	732	733	757	757	757	792	852	923
Using public tap (at least minimum service level)	104	115	142	146	146	146	150	154	159
<i>Minimum service level and above sub-total</i>	808	847	875	903	903	903	942	1 006	1 082
No water supply	5	–	–	–	–	–	–	–	–
<i>Below minimum service level sub-total</i>	5	–	–	–	–	–	–	–	–
<b>Total number of households</b>	813	847	875	903	903	903	942	1 006	1 082
<b>Sanitation/sewerage</b>									
Flush toilet (connected to sewerage)	722	754	779	811	811	811	852	903	961
Chemical toilet	5	13	4	16	16	16	17	19	19
Pit toilet (ventilated)	2	2	2	2	2	2	2	2	2
Other toilet provisions (> minimum service level)	39	42	40	50	50	50	54	60	60
<i>Minimum service level and above sub-total</i>	768	811	825	879	879	879	925	984	1 042
Bucket toilet	4	1	5	4	4	4	3	3	3
No toilet provisions	40	35	45	20	20	20	14	19	37
<i>Below minimum service level sub-total</i>	44	36	50	24	24	24	17	22	40
<b>Total number of households</b>	812	847	875	903	903	903	942	1 006	1 082
<b>Energy</b>									
Electricity (at least minimum service level)	772	784	764	793	793	771	778	785	792
<i>Minimum service level and above sub-total</i>	772	784	764	793	793	771	778	785	792
Electricity (< minimum service level)	75	63	88	98	98	81	74	67	61
<i>Below minimum service level sub-total</i>	75	63	88	98	98	81	74	67	61
<b>Total number of households</b>	847	847	853	891	891	853	853	853	853
<b>Refuse</b>									
Removed at least once a week	820	819	983	955	955	955	974	974	974
<i>Minimum service level and above sub-total</i>	820	819	983	955	955	955	974	974	974
<b>Total number of households</b>	820	819	983	955	955	955	974	974	974
<b>Households receiving free basic service (FBS)</b>									
Water (6 kilolitres per household per month)	808	847	901	903	903	903	942	1 006	1 082
Sanitation (free minimum level service)	769	811	825	879	879	879	925	984	1 042
Electricity/other energy (50 kWh per household per month)	386	412	419	424	424	424	429	442	455
Refuse (removed at least once a week)	484	476	465	475	475	475	484	494	504

TABLE 10: BASIC SERVICE DELIVERY MEASUREMENT CONTINUED

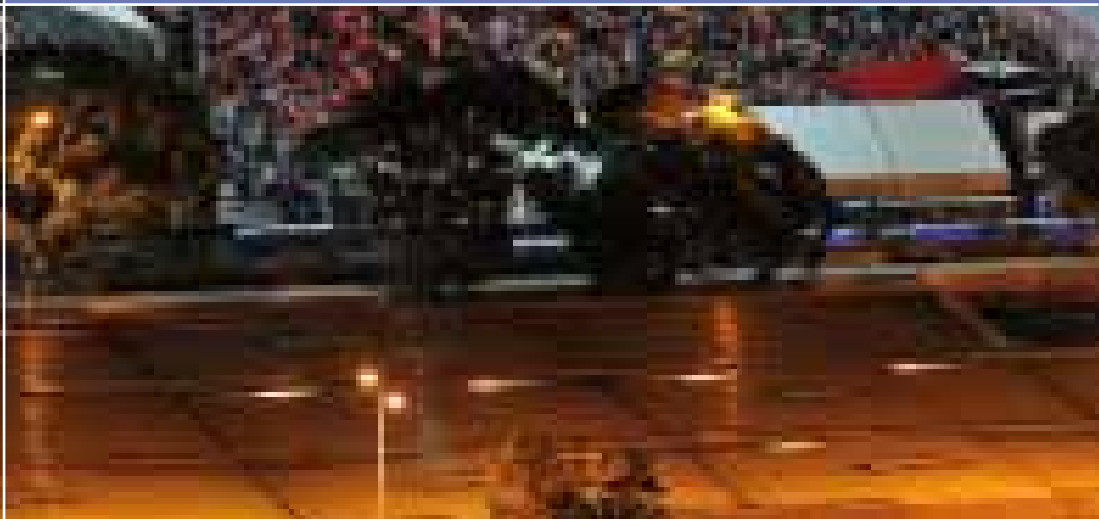
Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Cost of free basic services provided (R in thousands)</b>									
Water (6 kilolitres per household per month)	207 883	218 278	331 346	365 140	365 140	365 140	387 048	410 271	434 887
Sanitation (free sanitation service)	130 543	137 070	34 613	38 074	38 074	38 074	40 358	42 779	45 345
Electricity/other energy (50 kWh per household per month)	110 068	103 641	–	135 834	135 834	135 834	162 079	166 941	171 949
Refuse (removed once a week)	140 748	163 000	218 000	237 500	237 500	237 500	242 250	247 000	252 000
<b>Total cost of FBS provided (minimum social package)</b>	<b>589 243</b>	<b>621 988</b>	<b>583 959</b>	<b>776 548</b>	<b>776 548</b>	<b>776 548</b>	<b>831 735</b>	<b>866 991</b>	<b>904 181</b>
<b>Highest level of free service provided</b>									
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	4	4	4	4	4	4	4	4	4
Sanitation (rand per household per month)	20	20	30	30	30	30	37	39	41
Electricity (kWh per household per month)	50	50	50	50	50	50	50	41	50
Refuse (average litres per week)	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ	240 ℓ & 85 ℓ
<b>Revenue cost of free services provided (R in thousands)</b>									
Property rates (R15 000 threshold rebate)	–	40 825	54 048	54 047	54 047	54 047	57 938	66 507	71 070
Property rates (other exemptions, reductions and rebates)	36 118	308 253	344 447	387 624	387 624	387 624	415 533	476 990	509 712
Water	207 883	218 278	331 346	365 140	365 140	365 140	387 048	410 271	434 887
Sanitation	130 543	137 070	34 613	38 074	38 074	38 074	40 358	42 779	45 345
Electricity/other energy	110 068	103 641	130 579	160 377	160 377	160 377	162 079	166 941	171 949
Refuse	140 748	163 000	178 000	207 500	207 500	207 500	233 000	237 660	242 413
Municipal housing – rental rebates	121 769	131 645	176 871	241 506	241 506	241 506	196 026	206 295	217 178
Housing – top-structure subsidies	360 223	492 117	538 731	707 440	707 440	707 440	812 989	956 161	956 341
<b>Total revenue cost of free services provided (total social package)</b>	<b>1 107 353</b>	<b>1 594 829</b>	<b>1 788 635</b>	<b>2 161 708</b>	<b>2 161 708</b>	<b>2 161 708</b>	<b>2 304 972</b>	<b>2 563 606</b>	<b>2 648 895</b>

An estimated 450 000 people enjoyed the soccer at the FIFA Fan Fest on the Grand Parade, Cape Town's oldest public space





# Supporting Documentation



# Overview of annual budget process



## A. BUDGET PROCESS OVERVIEW

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

In line with the above requirements, the budget process for the 2010/11 MTREF period proceeded according to the following timeline:

**August 2009:** A strategic session of the MAYCO and the Executive Management Team (EMT) investigated past performance trends of operating and capital budgets, identified budget realities going forward and set the criteria and basis of the City's budget prioritisation process.

**September 2009:** Service departments submitted their budget proposals for consideration to their portfolio committees.

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

**January 2010:** A three-year budget forecast (MTREF model) was submitted to MAYCO for endorsement.

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

**April 2010:** The budget, Integrated Development Plan (IDP) and tariff proposals were published for comment and consultation as part of the public participation process.

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

## B. INTEGRATION OF THE IDP REVIEW AND THE PREPARATION OF THE BUDGET

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

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

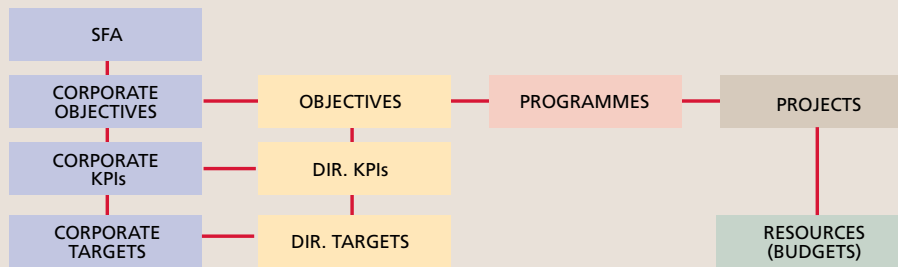
The figure below visually represents the link between the IDP and the budget, and demonstrates how corporate strategy is cascaded through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the City.





Inside Cape Town Stadium

Figure 1: Integrated Development Plan (IDP) and budget link



### C. CONSULTATION WITH THE COMMUNITY AND KEY STAKEHOLDERS

The fourth annual review of the City's IDP, also known as its Five-year Plan, commenced when Council adopted the process plan for the IDP and budget at its meeting in June 2009.

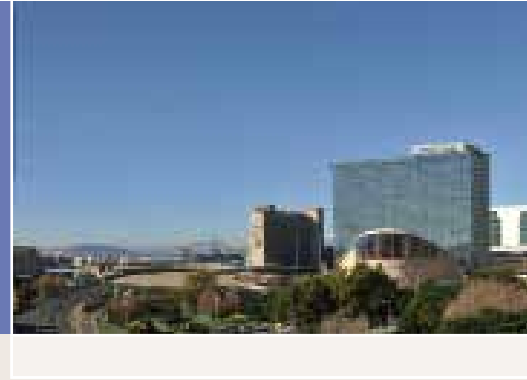
The City's consultation process on its draft IDP review and budget took place from August to October 2009. Public awareness of the process was ensured through extensive regional and local print media advertising, as well as invitations to ward forums. The first series of direct engagements occurred during August 2009, with consultation taking place at 19 public briefing sessions at subcouncil level. Feedback forms and boxes were placed in accessible spots, such as municipal libraries and subcouncil offices, for communities to give input into the 2010/11 IDP review process.

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

Consultation at community organisational level involved the creation of various opportunities for input in partnership with the City's Social Development Department. One example of such an opportunity is the City's encouragement of secondary-school learners to participate in the process and to urge others (especially their parents) to do the same. Review sessions also took place with municipal entities, strategic business partners and neighbouring municipalities between January and March 2010.

The tabled budget was provided to National and Provincial Treasury for their assessment in accordance with Section 23 of the MFMA in April 2010.

# Overview of the City's Integrated Development Plan (IDP)



## A. THE CITY'S VISION

The City's long-term vision is to achieve:

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

## B. THE FIVE-YEAR IDP AND STRATEGIC FOCUS AREAS (SFAS)

On 1 July 2007, the City implemented a new five-year IDP for the period July 2007 to June 2012. Eight SFAs form the framework of the annually reviewed IDP, and function as internal strategic levers to facilitate shared growth and development and enhance urban efficiency and institutional effectiveness. The figure below illustrates how the eight SFAs support the City's vision:

Figure 2: Strategic framework

<b>Visionary goals:</b>
a) A prosperous city
b) Effective and equitable service delivery
c) A well-governed and efficiently run administration
<b>Strategic focus areas:</b>
1. Shared economic growth and development
2. Sustainable urban infrastructure and services
3. Energy efficiency for a sustainable future
4. Public transport systems
5. Integrated human settlements
6. Safety and security
7. Health, social and community development
8. Good governance and regulatory reform
<b>URBAN INSTITUTIONAL EFFICIENCY EFFECTIVENESS</b>



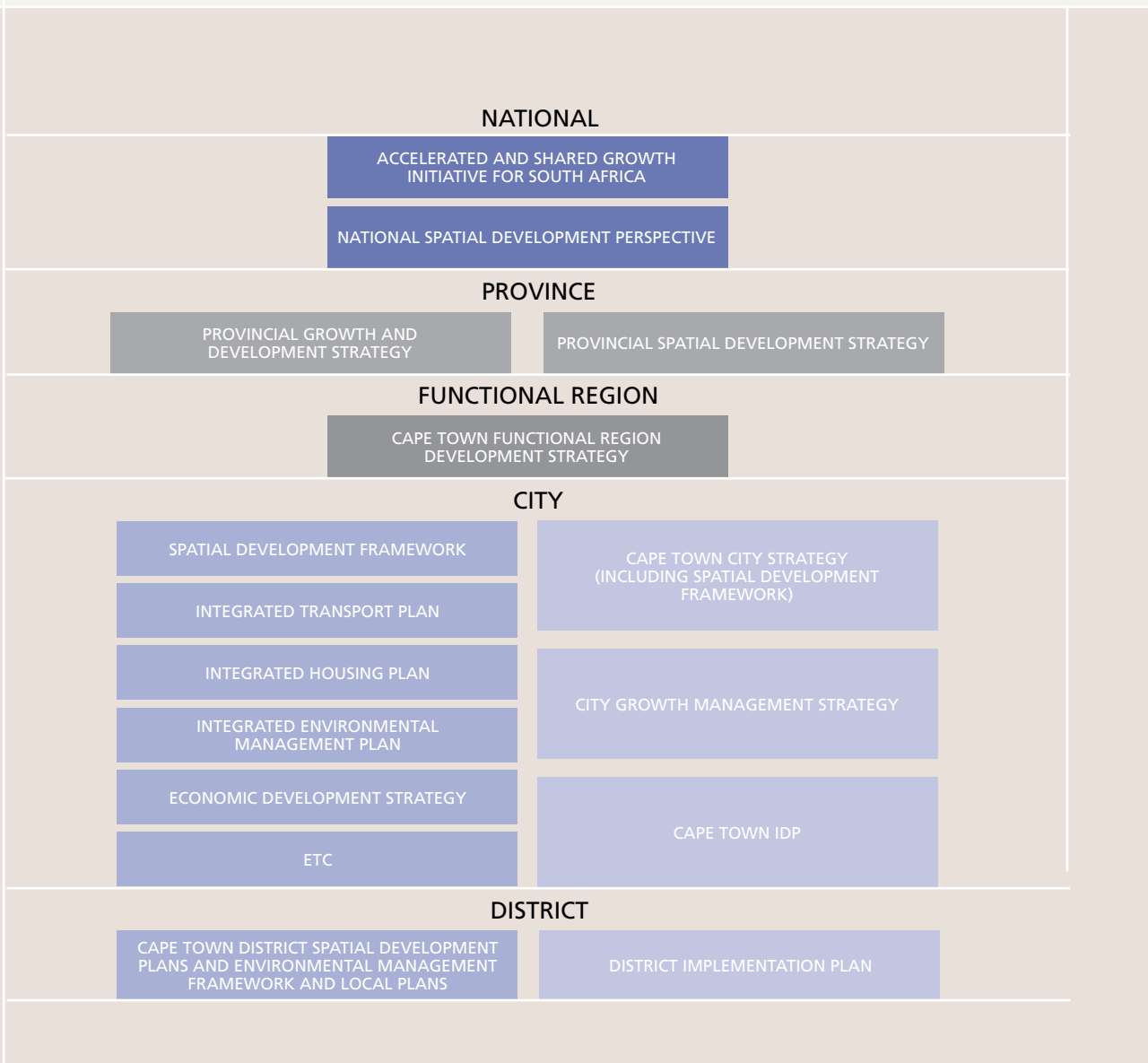
Cape Town aims to be a prosperous city with shared growth and economic development

### C. THE INTERGOVERNMENTAL DEVELOPMENT AGENDA FOR CAPE TOWN

The City engages with the Provincial Government of the Western Cape (Province) and National Government in a structured and functional manner. Formal engagements at a political level take place quarterly between the Provincial Cabinet and MAYCO. At a technical and administrative level, there are several sectoral (functional) engagements, as well as three formal engagements per year between the Province's Heads of Department and the City's EMT. This is aimed at ensuring that better planning, coordination and accountability are achieved; that the City's strategic objectives are enhanced; and that its resources are efficiently utilised.

The diagram below illustrates the alignment between the different strategy and policy instruments:

Figure 3: Alignment of government strategies



# Measurable performance objectives and indicators



**TABLE 12: PERFORMANCE INDICATORS AND BENCHMARKS**

Description of financial indicator	Basis of calculation
<b>Borrowing management</b>	
Borrowing to asset ratio	Total long-term borrowing/total assets
Credit rating	
Capital charges to operating expenditure	Interest and principal paid/operating expenditure
Borrowed funding of 'own' capital expenditure	Borrowing/capital expenditure excluding transfers and grants and contributions
<b>Safety of capital</b>	
Debt to equity	Loans, creditors, overdraft and tax provision/funds and reserves
Gearing	Long-term borrowing/funds and reserves
<b>Liquidity</b>	
Current ratio	Current assets/current liabilities
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities
Liquidity ratio	Monetary assets/current liabilities
<b>Revenue management</b>	
Annual debtors' collection rate (payment level %)	Last 12 months' receipts/last 12 months' billing
Outstanding debtors to revenue	Total outstanding debtors to annual revenue
Longstanding debtors recovered	Debtors > 12 months recovered/total debtors > 12 months old
<b>Creditors' management</b>	
Creditors' system efficiency	% of creditors paid within terms (within MFMA's 65(e))
<b>Funding of provisions</b>	
Provisions not funded – %	Unfunded provisions/total provisions
<b>Other indicators</b>	
Electricity distribution losses <sup>2</sup>	% volume (units purchased and generated less units sold)/units purchased and generated
Water distribution losses <sup>2</sup>	% volume (units purchased and own source less units sold)/total units purchased and own source
Employee costs	Employee costs/(total revenue - capital revenue)
Remuneration	Total remuneration/(total revenue - capital revenue)
Repairs and maintenance (R&M)	R&M/(Total revenue excluding capital revenue)
Finance charges and depreciation (FC&D)	FC&D/(Total revenue - capital revenue)
<b>IDP regulation financial viability indicators</b>	
i. Debt coverage	(Total operating revenue - operating grants)/debt service payments due within financial year)
ii. Outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality



The City's Integrated Metropolitan Environmental Policy aims to protect Cape Town's unique beauty

	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
	13,3%	15,3%	15,9%	19,7%	19,8%	20,0%	21,0%	20,9%	21,9%
	Aa-	Aa2	Aa2	Aa2	Aa2	Aa2	-	-	-
	4,2%	4,2%	5,8%	6,4%	6,3%	6,3%	5,1%	4,6%	4,2%
	2,0%	78,5%	59,1%	52,4%	56,6%	56,6%	57,7%	55,8%	64,9%
	105,2%	121,4%	92,4%	105,5%	96,3%	93,4%	91,8%	86,3%	86,1%
	32,5%	40,8%	166,7%	147,8%	158,8%	153,8%	135,1%	104,6%	97,2%
	1,2	1,3	1,4	1,0	1,2	1,3	1,4	1,5	1,6
	1,2	1,3	1,4	1,0	1,2	1,3	1,4	1,5	1,6
	0,7	0,8	0,7	0,4	0,5	0,5	0,6	0,7	0,8
	106,1%	108,0%	92,4%	97,2%	98,5%	101,9%	99,2%	99,4%	99,2%
	20,6%	21,9%	23,7%	21,1%	22,7%	22,4%	19,7%	17,7%	16,4%
	70,3% (mass write-off)	(17,2%)		0,0%	0,0%	(16,5%)	-	-	-
	90,3%	91,2%	94,1%	96,1%	96,1%	96,1%	-	-	-
	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	8,9%	8,3%	8,4%	9,3%	9,3%	9,3%	9,3%	9,3%	9,3%
	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	34,2%	34,0%	32,3%	34,2%	33,9%	33,9%	33,4%	31,7%	30,5%
	34,9%	34,8%	33,0%	33,7%	34,6%	34,6%	34,1%	32,3%	31,1%
	9,0%	9,7%	9,8%	9,2%	9,1%	9,1%	10,5%	8,9%	8,4%
	9,4%	8,9%	9,0%	9,3%	9,5%	9,5%	9,9%	9,3%	8,8%
	18,7	12,8	11,6	15,0	15,0	15,0	27,6	31,7	36,6
	24,3%	26,7%	30,5%	25,8%	28,2%	27,8%	24,3%	21,6%	19,6%
	0,8	1,7	3,3	2,8	2,8	2,6	2,3	2,5	2,6

# Overview of budget-related policies



## REVENUE FRAMEWORK

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

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

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality.

Council is further required to adopt budgetary provisions based on realistic anticipated revenue from each revenue source for the budget year, as per the requirements of the MFMA [Chapter 4, Section 17(1)(a) and (3)(b)].

### a. Revenue-related policies

#### General Tariff Policy

The Local Government: Municipal Systems Act (Act 32 of 2000) requires Council to adopt a tariff policy. The general financial management functions covered in Section 62 of the MFMA also include the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration in determining this policy.

#### Credit Control and Debt Collection Policy

This policy has been formulated in terms of Sections 96(b) and 98 of the Municipal Systems Act and the Credit Control and Debt Collection Bylaw.

### 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 (SCM) Policy

Section 111 of the MFMA requires each municipality and municipal entity to adopt and implement a SCM policy, which gives effect to the requirements of the Act.

#### Mayor's Special Fund

The Mayor's Office regularly receives requests for grants, donations and financial assistance. While most of these are dealt with via the normal GIA Policy, some requests fall outside its ambit and a special fund was therefore established to deal with these. This particular matter was also addressed in National Treasury Circular 51 and is covered in more detail in Section 19(7) of this document.

#### Rates Policy

A Draft Rates Policy was reviewed by the Budget Steering Committee during February and March 2010, and in accordance with Section 3 of the Local Government: Municipal Property Rates Act (MPRA) (Act 6 of 2004). This policy was approved by Council in May 2010.

#### GIA Policy

The revised GIA Policy was approved by Council in May 2009. This policy was reviewed and approved at Council in May 2010.



The City funds a wide range of services to communities

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

Notwithstanding the dictates of National Treasury Circular 51, the GIA allocations are not detailed in the budget, but appear as globular provisions. The detailed provisions regarding beneficiaries was reflected in the May 2010 budget documentation submitted to Council.

#### **Cash Management and Investment Policy**

The City's investment policy, which deals with the management and investment of the City's surplus cash resources, was approved by Council in March 2009.

#### **Asset Control Policy**

The objective of the Asset Control Policy is to prescribe the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). This policy is being reviewed.

#### **Virement Policy**

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

#### **Funding and Reserves Policy**

The Funding and Reserves Policy is being finalised.

# Overview of budget assumptions



The MTREF model, which projects future financial years' financial outcomes and the eventual medium-term fiscal framework of the municipality, was compiled under harsh external economic conditions. Budgetary constraints and economic challenges meant that the City had to apply a combination of cost-saving interventions and higher-than-headline CPI revenue increases to ensure an affordable, credible and sustainable budget over the 2010/11 MTREF period.

While the biggest challenge remains the need to do more within the existing resource envelope (as reiterated in National Treasury Budget Circular 51 for the 2010/11 MTREF), the City also faced the following challenges in preparing the 2010/11 MTREF:

1. Higher interest payments due to an accelerated capital programme and higher short-term interest rates. The higher capital expenditure rate also increased depreciation charges on the City's operating budget beyond levels previously estimated.
2. The accelerated capital investment rate impacted on projected cash flow levels. Council's DMTN programme envisaged a R7 billion bond issue over a five-year period. The first issue occurred in June 2008 (R1 billion), at which time the City's 2009/10 three-year capital budget (EFF-spend) amounted to R7 billion. At the time of the second issue in June 2009 (R1,2 billion), the cash flow requirements outstripped the DMTN programme, and the current capital budget had to be curtailed. One of the options to ensure financial sustainability in the short to medium term was to rephase EFF-funded capital expenditure to reduce the cash flow requirements from internal (EFF-funded) resources, thereby bringing internal charges over the MTREF period to within affordable levels. For the 2010/11 capital budget, preference was given to projects rephased from the 2009/10 financial year. The 2010/11 three-year capital budget is based on the cash availability in accordance with the DMTN programme.
3. Lower interest earnings due to lower investment balances and lower interest rates on interest earned.
4. Two changes with regard to a new accounting treatment of depreciation were modelled with effect from the 2010/11 financial year. Provision for depreciation of assets under construction, and the full charge of the CRR-funded assets' depreciation (which is no longer off-set against the accumulated surplus as in previous years), were both fully provided for within the MTREF.
5. Lower-than-planned revenue collection ratios, which in turn required a reassessment of previously modelled rates revenue for future years. The collection ratios of major revenue sources were consequently adjusted downwards to reflect realistic and sustainable flows over the three-year MTREF period.

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

Specific budget amendments incorporated in the MTREF included the following:

- A reduction in general expenses to the 2009/10 base – R180 million
- A reduction in vacancy provision – R113 million
- A reduction in grants and subsidies to external bodies
- A reduction in international travel and subsistence provision





The City is involved in various youth development projects

- A reduction in provision for furniture, computers and other equipment.

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

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

- A differentiated approach to the consideration of budgetary amendments across services, thereby giving effect to the strategic intent of the budget prioritisation model.
- Further specific considerations to inform budgetary amendments or allocations, namely:
  - services that promote external service delivery;
  - services responsible for an improvement in citizens' quality of life;
  - services responsible for hard-infrastructure-based economic growth; and
  - services responsible for revenue collection.
- The limited financial resources available for additional allocations meant that few new projects or initiatives were to receive budgetary allocations.

### Financial modelling

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

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

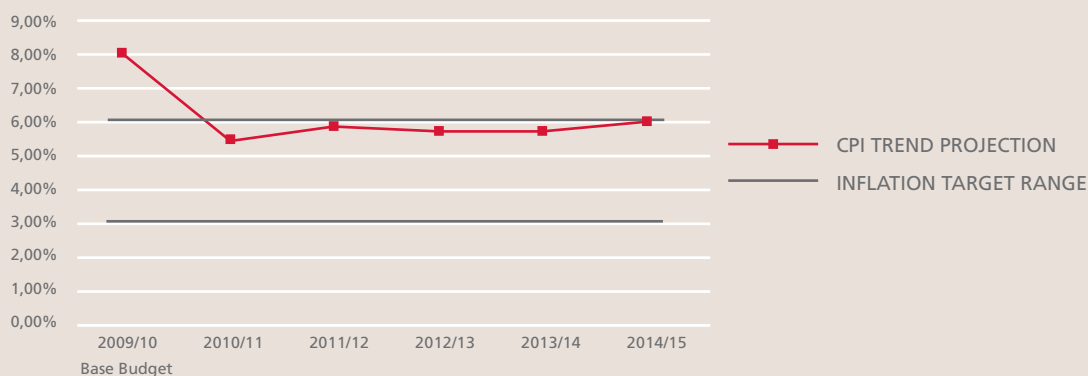
# Overview of budget assumptions continued

## Key financial indicators in the MTREF

### Headline CPI – inflation outlook

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

Figure 4: Consumer price index (CPI) projections adopted over the Medium-term Revenue and Expenditure Framework (MTREF) period



The CPI increase for the 2009/10 budget was set at 8%. This is 2% higher than the inflation target range, to compensate for the low CPI projection in the previous year. CPI projection over the 2010 MTREF is 5,6% for 2010/11 and 5,8% for the two outer years, both of which are within the boundaries of the inflation target range of 3% – 6%, but below National Treasury’s forecast CPI of 5,7%, 6,2% and 5,9% for 2010, 2011 and 2012 respectively.

## EXPENDITURE FRAMEWORK

### Salaries, wages and related staff costs

The City’s salary increases were modelled as follows:

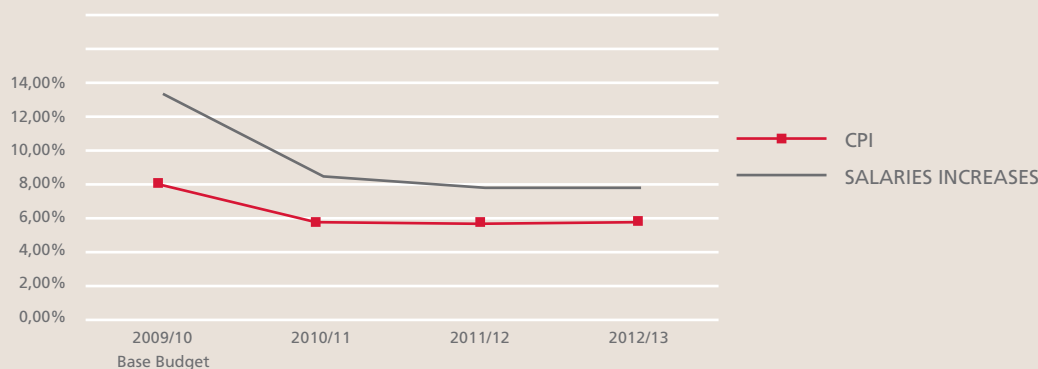
TABLE 13: PARAMETERS APPLIED TO STAFF BUDGET

	Base budget 2009/10 %	2010/11 %	2011/12 %	2012/13 %
Salary increases	13,00	8,40	7,78	7,78
Add: Increments	2,00	2,00	2,00	2,00

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) provided the general salary adjustment guidelines for the period 2009/10 to 2011/12.

In 2009/10, a salary increase of 13% (10,5% increase + 2,5% non-pensionable allowance) was implemented as per the regulation. The salary increase for 2010/11 was based on the average CPI plus 1,5% for the period 1 February 2009 to 31 January 2010. Projected figures were used for the months where CPI figures were not yet available. The average percentage increase for 2011/12 was calculated on the same basis, except that 2% was added to the average projected CPI figures. In the absence of a formal agreement for 2012/13, the same methodology was applied as for 2011/12.

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



The graph above shows the correlation between CPI and the salary increases over the MTREF period. The increase in the salary budget contributed to the cost pressures on the operating budget. To alleviate some of the strain, the staff budget was reduced by R113 million through cutting the vacancy provision.

### General expenses

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

### Repairs and maintenance

National Treasury Municipal Budget Circular 51 for the 2010/11 MTREF stated that municipalities must 'secure the health of their asset base (especially the municipality's revenue-generating assets) by increasing spending on repairs and maintenance'. The City has, over the last three financial years, consistently increased the investment in repairs and maintenance above CPI. To address backlogs in repairs and maintenance even further, this budgeted figure was modelled at CPI plus 3% over the 2010/11 MTREF period.

## REVENUE FRAMEWORK

### Service growth

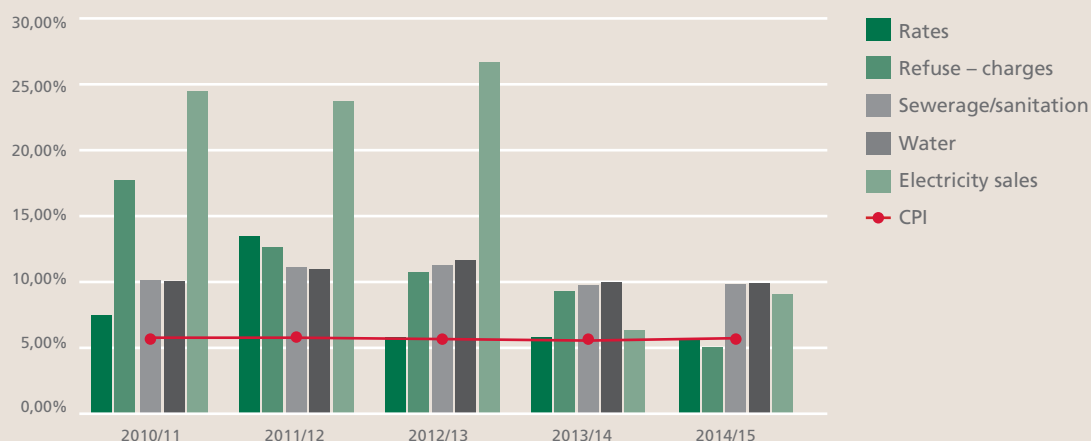
The current unstable economic climate meant that a conservative 1% increase was projected for rates service growth for the 2010/11 financial year. Electricity service growth remained stagnant at 0% over the 2011 MTREF as a result of energy-saving plans. Similarly, lower consumption data resulted in water and sewerage services projecting a lower service growth of 0,5% for the 2010/11 financial year. Further growth of 2,9% in water and sewerage resulted from changes in the tariff sliding scales and revenue-raising interventions. These interventions include, among others, the cleaning up of billing data, implementing meter replacement programmes, and eliminating faulty meters. Refuse service growth was modelled at 2% for the period, resulting from a combination of population and City user-base growth.

### Revenue growth parameters: Rates and trading services

To ensure an effective, efficient and well-run city, tariff increases are inevitable. The individual tariff increase proposals are considered against the backdrop of the overall 'package of tariffs' approach adopted when compiling and evaluating the affordability of the tariffs and charges that make up the total municipal account. The graph on page 42 depicts the revenue parameters projected for the 2010/11 MTREF period.

# Overview of budget assumptions continued

Figure 6: Revenue parameters projected for 2010/11 MTREF period



After considering various potential outcomes, the following revenue parameter increases were factored into the MTREF model for 2010/11:

- Rates: Against the backdrop of the current economic climate and other cost pressures, the rates revenue increase was modelled at 7,73%. This above-CPI increase was required to achieve a balanced rates budget, without impeding service delivery.
- Electricity: The initial electricity revenue parameter was based on the draft Eskom multi-year price determination (MYPD), which proposed an annual 35% increase over the period 2010/11 to 2012/13. To ensure affordability for City customers, the City's parameter increase was set at 29%, which was 6% lower than the proposed Eskom increase.

Subsequent to the approval of the MTREF parameters by MAYCO, the electricity service's proposed tariff increases were amended to 24,8%, 25,1% and 25,9% for the 2010/11 to 2012/13 financial years respectively. The City subsequently amended its revenue parameter to 24,6% for 2010/11.

As a consequence, the utility will not be able to fund all infrastructure needs in 2010/11, and a number of projects will therefore be postponed to future years.

- Refuse removal: This revenue parameter increase was modelled at 18%. The increase is as a result of the impact of the higher disposal tariff and will ensure adequate service delivery in future.
- Water and sanitation: The revenue parameter adjustment for both water and sanitation was modelled at 10% for 2010/11. While the revenue parameter increase is higher than CPI, it still affords the City little scope for new water and sanitation initiatives. As a result, certain projects have been delayed for implementation in future years. Further justification of these proposals is outlined under the various services chapters to follow.

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

**TABLE 14: PROPOSED REVENUE BASED ON PARAMETER INCREASES**

Revenue category	Base budget 2009/10 R'000	Proposed organic growth parameters	Proposed revenue parameter increases	2010/11 Budgeted revenue R'000
Rates	4 189 836	1,00%	7,73%	4 558 847
Refuse	531 257	2,00%	18,00%	639 421
Electricity	5 615 676	0,00%	24,60%	6 997 133
Water	1 476 675	0,50%	10,00%	1 648 843 <sup>2</sup>
Sanitation	806 308	0,50%	10,00%	905 344 <sup>3</sup>

<sup>2</sup> Intervention of 0,6% and 2,3% included and 2010/11 budget reduced by R31 million due to budget realignment, taking into consideration the economic climate

<sup>3</sup> Intervention of 0,6% and 2,3% included and 2010/11 budget reduced by R12 million due to budget realignment, taking into consideration the economic climate



The rates revenue increase was set with the current economic climate in mind without impeding service delivery

## Collection rate

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

**TABLE 15: PROJECTED COLLECTION RATES**

Service	Base budget			
	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Property rates	97,85%	96,00%	95,00%	95,00%
Electricity	95,95%	95,00%	95,00%	95,00%
Water	89,68%	89,50%	90,00%	90,50%
Sewerage	88,24%	90,50%	90,50%	90,50%
Refuse	90,72%	92,00%	92,00%	92,00%
Housing	46,82%	42,00%	44,60%	47,00%

The total collection rate for 2010/11 is projected at an average of 92,4% (excluding housing, which has an average collection rate of 42%), and is based on a combination of actual collection rates to date and the estimated outcomes for the current financial period. The collection ratio for property rates and electricity declined by 2,85% and 1% respectively, which can be attributed to the inability of consumers to pay municipal accounts as a result of the economic downturn. This meant that the City's provision for non-recovery, i.e. provision for bad debt, had to increase, contributing to the strain on the City's budget. Special provision is made for the effect of a programme for the poor. The projections for the outer years remained stable.

## General fuel levy

The Taxation Laws Amendment Act (Act 17 of 2009) proposed that 23% of the revenue raised from the general fuel levy be allocated to metros. The 2010/11 financial year will be the second year of the phasing-in of this sharing of the general fuel levy with metropolitan municipalities. Allocations will be based on a 50% share of the 2009/10 Regional Services Council (RSC) levy replacement grant and 50% of its share of overall fuel sales in metros based on the latest available information from the South African Petroleum Industry Association (SAPIA).

The allocation for 2011/12 will be based on a 25% share of the 2009/10 RSC levy replacement grant and 75% of its share of overall fuel sales in metros. The 2012/13 financial year will see the sharing of general fuel levy based solely on total fuel sales within the jurisdiction of a metro according to the latest available fuel sales information.

The Government Gazette stipulating these allocations is only expected later in the year. However, to allow municipalities to prepare a three-year budget, National Treasury has issued an allocation letter outlining the City's provisional fuel levy allocation for the 2011 MTREF. The allocations are as follows:

2010/11 – R1,511 billion

2011/12 – R1,609 billion

2012/13 – R1,682 billion (forecast based on average year-on-year growth)

## NATIONAL GRANTS

### Equitable share

The Constitution of the Republic of South Africa (Act 108 of 1996) provides that each sphere of government is entitled to an equitable share of revenue raised nationally, to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each government to pay for these functions through own receipts and revenues.

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

**TABLE 16: EQUITABLE SHARE EQUATION**

$$\text{Grant} = \text{BS} + \text{D} + \text{I} - \text{R} \pm \text{C}$$

where

BS is the basic services component

D is the development component

I is the institutional support component

R is the revenue-raising capacity correction

C is a correction and stabilisation factor

Initiatives are being pursued to assess the application of the equation for the City, to ensure that the City receives an equitable and fair allocation. The annual Division of Revenue Act (DORA) publishes the equitable share allocations. The indicative allocations, as published in the 2010/11 DORA, were modelled as follows:

2010/11 – R862 million

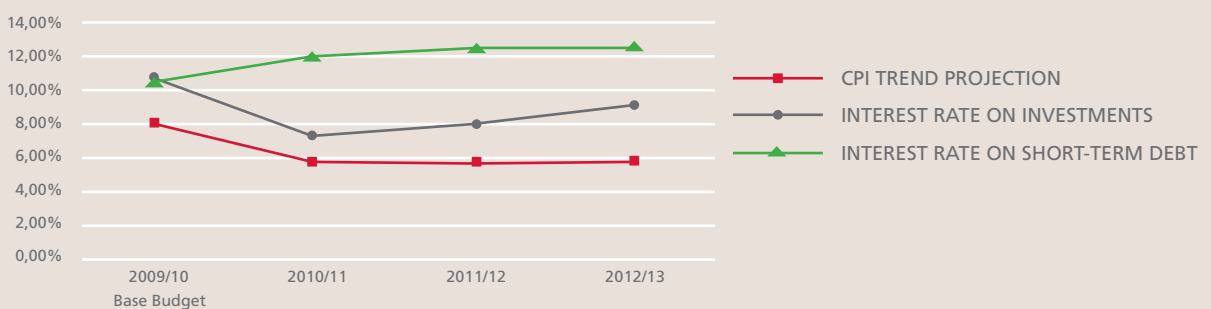
2011/12 – R998 million

2012/13 – R1 115 million.

### Interest rates

The interest projection over the 2010/11 MTREF period placed further pressure on the City's budget. The graph below shows the trend for the projected interest rates, compared to CPI over the MTREF. The negative relationship between interest earnings and loan servicing costs is evident.

Figure 7: Trend for projected interest rates over MTREF period compared to CPI





Thousands of Capetonians supported Bafana Bafana and proudly flew the South African flag throughout the tournament

The interest rate on short-term borrowing grew from 10,5% to 12,08% over the last year, increasing interest expenditure by 1,58%. It is projected to increase further by an average of 0,32% over the MTREF period, as it is assumed that the average prime rate will stabilise in the same period. On the other hand, interest on investment has declined by 3,43% since last year, reducing interest income from 10,7% to 7,27%. It is expected to increase by an average of 0,32% over the MTREF period.

### **Depreciation**

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

### **Capital expenditure (EFF component)**

An acceleration in the 2009/10 capital budget spending, especially for 2010 FIFA World Cup™ construction, resulted in increased depreciation and interest costs on the City's 2009/10 operating budget, and impacted on projected cash flow levels. The City's medium-term borrowing programme was based on the MTREF-adopted capital investment programme over the medium term. The rapid rate of asset implementation achieved over the past two financial years necessitated a review of the current (three-year) programme.

One of the options pursued to ensure financial sustainability in the short to medium term was to rephase EFF-funded capital expenditure in order to reduce the cash flow requirements from internal (EFF-funded) resources. Preference will be given to projects rephased from the 2009/10 financial year during the 2010/11 budget process. The draft 2010/11 three-year capital budget is based on cash availability in accordance with the DMTN programme.

### **Capital investment: Consequential operating impact**

No additional or consequential operating 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 operating resources.

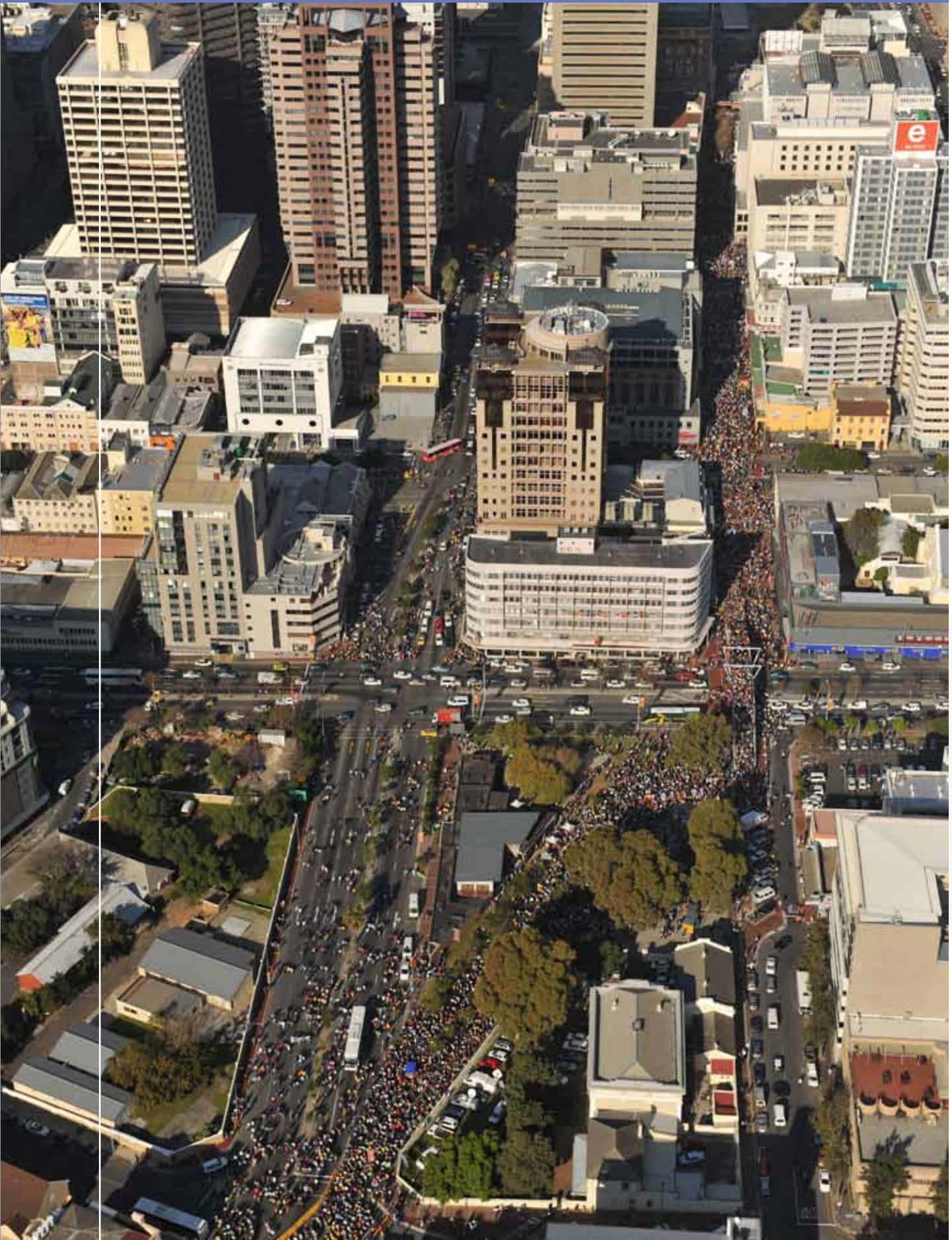
# Overview of budget assumptions continued

## Major parameters

The following table summarises the major parameters applied to the MTREF modelling, which informed the detailed compilation of the City's 2010/11 – 2012/13 budgets:

<b>TABLE 17: SUMMARY OF MAJOR PARAMETERS</b>			
	2010/11	2011/12	2012/13
	%	%	%
<b>CPI</b>	5,60	5,80	5,80
<b>Collection rates</b>			
Rates	96,00	95,00	95,00
Electricity	95,00	95,00	95,00
Water	89,50	90,00	90,50
Sanitation	90,50	90,50	90,50
Refuse removal	92,00	92,00	92,00
Refuse disposal	92,00	92,00	92,00
Housing	42,00	44,60	47,00
<b>Revenue parameters (excluding organic growth)</b>			
Rates	7,73	13,65	5,80
Electricity	24,60	23,80	26,10
Water	10,00	11,58	10,96
Sanitation	10,00	11,58	10,96
Refuse removal	18,00	13,30	10,80
Refuse disposal	38,50	19,80	10,50
<b>Revenue parameters (including organic growth)</b>			
Rates	8,73	14,65	6,80
Electricity	24,60	23,80	26,10
Water	13,40	12,48	12,16
Sanitation	13,40	12,48	12,16
Refuse removal	20,00	15,30	12,80
Refuse disposal	40,50	21,80	12,50
<b>Expenditure parameters</b>			
Salary increase			
Salary increase (SALGBC agreement)	8,40	7,78	7,78
Increment provision	2,00	2,00	2,00
General expenses	5,60	5,80	5,80
Repairs and maintenance	8,60	8,80	8,80
Interest rates			
Interest paid	12,08	12,64	12,72
Interest on investment	7,27	8,00	8,93
<b>Other</b>			
Capital (EFF component) expenditure	R1 billion	R1 billion	R1 billion
Equitable share allocation	R862 million	R998 million	R1 115 million
Fuel levy	R1,511 billion	R1,609 billion	R1,682 billion





Cape Town's fan walk was a huge success with an estimated 580 000 people using the 2,6 km pedestrian route

# Overview of budget funding



## FISCAL OVERVIEW

### A. 2009/10 AND 2010/11 TO 2012/13 PROJECTED FINANCIAL PERFORMANCE

#### i) Operating budget

The operating budget increased from R16 867 million in 2009/10 to R19 475 million in 2010/11 and is set to rise to R22 321 million in 2011/12 and R25 573 million in 2012/13 respectively. The growth can mainly be attributed to:

- repairs and maintenance (primary) of infrastructure;
- operating costs for the IRT system;
- indigent relief – additional allocations for free basic services in informal settlements; and
- higher-than-inflation increases in major expenditure components, such as the staff budget (salary level increases) and a rising interest-payable commitment.

#### ii) Capital budget

The capital budget decreased from R5 594 million in 2009/10 to R3 607 million in 2010/11.

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

The draft 2010/11 three-year capital budget is based on cash availability in accordance with the DMTN programme.

### B. MEDIUM-TERM OUTLOOK: 2010/11 TO 2011/12

#### Operating budget

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

**TABLE 18: MEDIUM-TERM OPERATING BUDGET**

	2010/11 R million	2011/12 R million	2012/13 R million
Operating budget	19 475	22 321	25 573



National grant funding will enable the City to improve bulk infrastructure

## Capital budget

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

**TABLE 19: MEDIUM-TERM CAPITAL BUDGET AND FUNDING SOURCES**

	2010/11 R million	2011/12 R million	2012/13 R million
Capital budget	3 607	4 241	4 119
<b>Funded as follows:</b>			
National grant funding	1 046	1 926	1 430
Provincial grant funding	590	468	489
Other grant funding	64	54	43
Borrowings	1 116	1 078	1 387
Other City funding	791	715	770

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

### National grant funding

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

### Provincial grant funding

- Integrated human settlement (housing) projects and informal settlement upgrades, including Wallacedene, Bardale, rental upgrades, hostel redevelopment, etc.

### City funding

- 2010-related infrastructure projects, such as the reconfiguration of Green Point Common
- The development and rehabilitation of landfill infrastructure
- Electricity system infrastructure, reinforcements and refurbishments, as well as new-facility requirements, such as the Rosmead Avenue switching station reinforcement
- Replacement of water and sewer infrastructure, wastewater treatment plants, and water demand management projects such as the Cape Flats Wastewater Treatment Works.

## C. SOURCES OF FUNDING

### Rates, tariffs and other charges

#### Property tax rates

Property rates are levied in accordance with existing Council policies (unless otherwise indicated) and both the MPRA and MFMA.

The Budget Steering Committee reviewed the Draft Rates Policy in February and March 2010. The proposed average rates increase is 7,73% for all categories of properties, while the estimated total rates income increased by a further 1% to take natural growth into account.

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

Rebates and concessions are granted to certain categories of property use and/or property owners.

#### Water and sanitation

Water and sanitation tariffs for 2010/11 are consistent with national policy on the provision of free basic services, the national Strategic Framework for Water Services, and Council's indigent relief measures, rates and tariff policies, and equitable service framework. The tariff increases are necessary to address essential operating requirements, maintenance of existing infrastructure, new infrastructure provision, and to ensure the financial sustainability of the service.

The multi-year programme for the eradication of black-bucket toilets still in service in the informal settlements, as well as the provision of an acceptable basic level of sanitation to these settlements, is still on track to be achieved by 2011/12.

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

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

The stepped tariff structure of the 2009/10 financial year was amended as follows:

- The range of the 12–20 kℓ tariff was widened down to 10,5 kℓ to align it with the top end of the free-water component, made up of 6 kℓ free to all, plus the 4,5 kℓ free to indigent households by way of the monthly indigent grant.
- The range of the 40–50 kℓ tariff was widened down to 35 kℓ to encourage further water savings for the high-consumption user.

A 10,0% increase in general volumetric water tariffs, including the bulk water tariff, was proposed. The water tariff for the Domestic Full category, where the stepped tariff is applied, was however increased by only 9%. For sanitation tariffs, a similar 10% increase was proposed, with the exception of the Domestic Full category, which increased by 9%, and the Domestic Cluster category, where no increase occurred.

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

A punitive monthly surcharge factor has been introduced on industrial effluent discharge with a pH balance and metal content above the limits set in the Sanitation Bylaw.

In total, the proposed tariffs and rates are cost-reflective, and will provide the income to cover the costs of water and sanitation during the 2010/11 financial year.



Tariff increases are necessary to address operating requirements, maintenance, sustainability and to provide new infrastructure

## Electricity

The tariff revisions have been formulated in accordance with the City's Tariff and Rates Policy, and comply with Section 74 of the Municipal Systems Act, as well as the recommendations of the National Energy Regulator of South Africa (NERSA).

The Electricity Regulation Act (Act 4 of 2006) requires that proposed revisions to the electricity consumption-based tariffs be submitted to NERSA for approval prior to implementation. Provisional approval was requested, with the express proviso that any alterations required by Council would be submitted to NERSA as soon as possible.

NERSA issued a guideline of 15,33% for the municipal electricity tariff increase in July. However, the bulk purchases increase to the City is budgeted at 29%. This increase, together with increases in expenditure on salaries and wages, repairs and maintenance, and contributions to the rates account, necessitated an average electricity tariff increase of 24,6%.

It is anticipated that NERSA will again impose an inflation-linked tariff increase for smaller domestic consumers. It is therefore proposed that the structure of the Lifeline tariff be altered to a three-block inclining block tariff (IBT), where the first block remains free (this is the free basic electricity portion), the second block shows a 7,8% increase on the current Lifeline tariff, and the third block shows a 30,7% increase on the current Lifeline tariff, resulting in a maximum increase of 25% to any customer charged at this tariff.

It was also proposed that the crossover between the Domestic Low and the Domestic High tariffs be shifted from the current monthly average of 800 kWh, to a monthly average of 1 500 kWh. This resulted in a 20,6% increase in the Domestic Low tariff, with customers experiencing an increase of between 20,6% and a maximum of 30,8% at the crossover point. Customers remaining on the Domestic High tariff will also see a maximum 30,8% increase, declining to about 25% at higher consumption values.

The Time of Use tariff sees an increase of 25% in the service charge, a 24,6% increase in all energy components, and a 60,2% increase in the demand charge. This apparently large increase translates to an 18,7% increase in demand for those customers changing from the Very Large Power User tariff, which will make up almost all the customers on this tariff. It is anticipated that this tariff will be altered over a number of years, and eventually replace the Large Power User tariffs as well.

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

The green energy tariff will be discontinued and replaced by green energy certificates, which appear in the Miscellaneous electricity tariff schedule.

## Overview of budget funding continued

### Solid waste management

Solid waste tariffs are levied to recover the cost of services provided directly to customers and include collection fees, disposal fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees, and other *ad hoc* services. The collections tariffs (consumptive and sundry) increased by 18% and disposal by 38,5%.

In addition, the following new/changed tariffs and amendments to the existing tariff policy were approved:

#### New/changed tariffs

- The 85 l bin tariff was removed from the tariff book, as this service is no longer available.
- A new tariff was introduced for the disposal of builder's rubble at R50 per ton.
- A new tariff was introduced for the disposal of tyres, following the promulgation of the National Waste Tyre Regulations of 2009:
  - whole tyres – ranging from R231,90 to R800,00, at the discretion of the Director or delegated authority;
  - half/quarter tyres – ranging from R231,90 to R800,00, at the discretion of the Director or delegated authority; and
  - shredded tyres – ranging from R231,90 to R800,00, at the discretion of the Director or delegated authority.
- The rounding up and rounding down of quantities at disposal facilities (tonnages) is as follows: (1) Any quantity up to 1,3 tons will be rounded to 1 ton. (2) Any quantity above 1,3 tons will be rounded up to the next half ton.
- A new tariff for litter picking on Council property after events (business hours) – R73,28 per 85 l bag.
- A new tariff for litter picking on Council property after events (after hours and over weekends) – R121,32 per 85 l bag.
- Removed tariff 1.3.6.3, which refers to the 'supply and service of 660 l, 770 l and 1 100 l containers used for internal trade waste or events' and replaced with the following two tariffs:
  - A new tariff (Item 1.3.6.6) for the once-off supply and servicing of 660/770 l waste containers for events and informal traders – R240,00 per service.
  - A new tariff (Item 1.3.6.7) for additional servicing of 660/770 l waste containers for events and informal traders – R151,00 per service.
- A new tariff for the replacement of a 660/770 l container, should it be damaged, lost or stolen – R1 981,00.
- A new tariff for the hire of water tanker services for events, to deliver water or wash down roads, per 5 000 l or any part thereof (outside business hours, subject to availability) – R671,44.
- A new tariff for the removal and reinstallation of litter bins for films and events (per five bins or fewer) – R130,95.
- A new tariff for the special installation, servicing and removal of litter bins for events (per five bins or fewer) – R162,04.
- The service at the drop-off facilities is free, provided that residents adhere to conditions of use:
  - garden waste – vehicle capacity = 1,3 ton; frequency = three loads/day/vehicle;
  - garage waste – vehicle capacity = 1,3 ton; frequency = one load/day/vehicle;
  - clean builder's rubble – vehicle capacity = 1,3 ton; frequency = one load/day/vehicle;
  - recyclable materials – vehicle capacity = 1,3 ton; frequency = unlimited; and
  - domestic waste (kitchen waste) – not accepted at drop-off facilities.

#### Changes in the tariff policy:

- Hostels and guesthouses are now classified as non-residential.
- The Area Cleaning Branch no longer supplies or services 1 100 l containers.

- Double-lockable 240 l containers will be provided in baboon-infested areas, as determined by the City in consultation with the Baboon Management Team of Nature Conservation.
- In areas where the double-lockable bin service is considered necessary, the prevailing tariff will be applicable to all, without exception.
- In the following instances, registered property owners will be required to complete an application form for service delivery:
  - for a new or amended level of service required by non-residential properties; and
  - for an amended level of service required by residential properties.
- Should property ownership change, the old service level will be retained, pending receipt of a new service level agreement.
- Should the owner, body corporate or property management agent not be satisfied with the outcome of the adjustment, he/she may appeal in writing to the City Manager within 21 days, in terms of Section 62 of the Municipal Systems Act.

### Tariffs, fees and charges book

Council is permitted to levy rates, tariffs, fees and charges in accordance with the MPRA, Section 75A of the Municipal Systems Act, and Section 17(a)(ii) of the MFMA.

The tariffs, fees and charges book contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

A growth parameter of 5,6% was applied to all the miscellaneous tariffs. Any substantial deviations were motivated in the reports attached to the tariff schedules, as considered by portfolio committees and MAYCO.

## D. INVESTMENTS

### Monetary investments by type

**TABLE 20: MONETARY INVESTMENTS BY TYPE**

Investment type	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
R in thousands									
Securities – National Government	20 909	26 024	31 650	31 532	31 532	31 532	36 900	36 900	36 900
Listed corporate bonds	1 474	1 512	–	–	–	–	–	–	–
Deposits – bank	2 367 307	4 192 038	3 630 894	2 730 149	2 688 342	2 544 952	2 891 284	3 600 941	4 430 623
Guaranteed endowment policies (sinking)	31 534	35 609	40 224	45 877	45 877	45 877	51 291	57 920	65 426
<b>Total</b>	<b>2 421 224</b>	<b>4 255 183</b>	<b>3 702 768</b>	<b>2 807 558</b>	<b>2 765 751</b>	<b>2 622 361</b>	<b>2 979 475</b>	<b>3 695 761</b>	<b>4 532 949</b>

# Overview of budget funding continued

## Monetary investments by maturity date

**TABLE 21: INVESTMENT PARTICULARS BY MATURITY DATE**

Investments by maturity Name of institution and investment ID	Period of investment Days	Type of investment	Expiry date of investment	Monetary value R'000	Interest to be realised R'000
<b>Parent municipality</b>					
Nedbank	105	Fixed deposit	03/06/2010	20 000	416
Investec	109	Fixed deposit	07/06/2010	30 000	648
SCMB	84	Fixed deposit	07/06/2010	15 000	245
ABSA	117	Fixed deposit	15/06/2010	20 000	468
ABSA	77	Fixed deposit	15/06/2010	10 000	139
ABSA	41	Fixed deposit	15/06/2010	25 000	181
Firststrand	92	Fixed deposit	15/06/2010	15 000	270
Firststrand	92	Fixed deposit	15/06/2010	25 000	454
Investec	77	Fixed deposit	15/06/2010	25 000	349
Investec	43	Fixed deposit	15/06/2010	20 000	154
Nedbank	92	Fixed deposit	15/06/2010	15 000	274
Nedbank	53	Fixed deposit	15/06/2010	20 000	190
Nedbank	92	Fixed deposit	15/06/2010	25 000	463
SCMB	77	Fixed deposit	15/06/2010	40 000	567
SCMB	54	Fixed deposit	15/06/2010	25 000	248
SCMB	21	Fixed deposit	15/06/2010	50 000	190
SCMB	29	Fixed deposit	15/06/2010	20 000	106
SCMB	28	Fixed deposit	15/06/2010	15 000	77
ABSA	35	Fixed deposit	25/06/2010	50 000	319
ABSA	31	Fixed deposit	25/06/2010	50 000	282
ABSA	136	Fixed deposit	25/06/2010	30 000	805
Firststrand	39	Fixed deposit	25/06/2010	25 000	170
Investec	127	Fixed deposit	25/06/2010	10 000	251
Nedbank	86	Fixed deposit	25/06/2010	25 000	406
SCMB	86	Fixed deposit	25/06/2010	25 000	406
ABSA	91	Fixed deposit	30/06/2010	50 000	860
Firststrand	91	Fixed deposit	30/06/2010	10 000	172
Firststrand	44	Fixed deposit	30/06/2010	12 000	93
Firststrand	92	Fixed deposit	30/06/2010	9 000	151
Firststrand	65	Fixed deposit	30/06/2010	12 000	140
Investec	92	Fixed deposit	30/06/2010	25 000	419
Investec	107	Fixed deposit	30/06/2010	50 000	1 077
Nedbank	107	Fixed deposit	30/06/2010	50 000	1 077
SCMB	69	Fixed deposit	30/06/2010	50 000	629
ABSA	58	Fixed deposit	15/07/2010	50 000	528
ABSA	55	Fixed deposit	15/07/2010	50 000	501
ABSA	149	Fixed deposit	15/07/2010	10 000	298
Firststrand	122	Fixed deposit	15/07/2010	25 000	602
Investec	59	Fixed deposit	15/07/2010	15 000	155
Investec	140	Fixed deposit	15/07/2010	25 000	700
Nedbank	147	Fixed deposit	15/07/2010	50 000	1 450
SCMB	122	Fixed deposit	15/07/2010	50 000	1 212
SCMB	80	Fixed deposit	15/07/2010	20 000	289
SCMB	122	Fixed deposit	15/07/2010	20 000	488
ABSA	81	Fixed deposit	23/07/2010	50 000	749
Firststrand	66	Fixed deposit	23/07/2010	50 000	606



**TABLE 21: INVESTMENT PARTICULARS BY MATURITY DATE CONTINUED**

Investments by maturity Name of institution and investment ID	Period of investment Days	Type of investment	Expiry date of investment	Monetary value R'000	Interest to be realised R'000
Firststrand	130	Fixed deposit	23/07/2010	30 000	760
Nedbank	164	Fixed deposit	23/07/2010	50 000	1 618
SCMB	130	Fixed deposit	23/07/2010	50 000	1 273
ABSA	134	Fixed deposit	27/07/2010	45 000	1 181
Firststrand	159	Fixed deposit	27/07/2010	50 000	1 579
Nedbank	134	Fixed deposit	27/07/2010	25 000	661
SCMB	134	Fixed deposit	27/07/2010	20 000	532
SCMB	134	Fixed deposit	27/07/2010	20 000	535
ABSA	112	Fixed deposit	13/08/2010	50 000	1 005
Firststrand	151	Fixed deposit	13/08/2010	125 000	3 827
Nedbank	102	Fixed deposit	13/08/2010	50 000	922
Nedbank	136	Fixed deposit	13/08/2010	20 000	499
SCMB	109	Fixed deposit	13/08/2010	50 000	1 000
SCMB	113	Fixed deposit	13/08/2010	50 000	1 037
Firststrand	92	Fixed deposit	25/08/2010	100 000	1 669
Nedbank	99	Fixed deposit	25/08/2010	50 000	902
Nedbank	96	Fixed deposit	25/08/2010	20 000	350
ABSA	92	Fixed deposit	27/08/2010	50 000	838
ABSA	131	Fixed deposit	15/09/2010	20 000	459
ABSA	212	Fixed deposit	15/09/2010	25 000	1 045
ABSA	184	Fixed deposit	15/09/2010	10 000	358
ABSA	169	Fixed deposit	15/09/2010	20 000	607
ABSA	133	Fixed deposit	15/09/2010	20 000	470
Firststrand	121	Fixed deposit	15/09/2010	40 000	849
Firststrand	209	Fixed deposit	15/09/2010	25 000	1 035
Firststrand	184	Fixed deposit	15/09/2010	10 000	361
Investec	184	Fixed deposit	15/09/2010	10 000	363
Investec	135	Fixed deposit	15/09/2010	10 000	240
Nedbank	121	Fixed deposit	15/09/2010	20 000	431
Nedbank	184	Fixed deposit	15/09/2010	15 000	548
Nedbank	142	Fixed deposit	15/09/2010	15 000	379
Nedbank	142	Fixed deposit	15/09/2010	10 000	253
SCMB	184	Fixed deposit	15/09/2010	20 000	742
SCMB	169	Fixed deposit	15/09/2010	10 000	310
SCMB	146	Fixed deposit	15/09/2010	20 000	536
Nedbank	128	Fixed deposit	23/09/2010	25 000	583
ABSA	127	Fixed deposit	25/09/2010	25 000	578
ABSA Bank call account				38 000	
Investec call account				10 000	
Nedbank call account				120 000	
ABSA current account				608 021	
<b>Total investments and interest</b>				<b>3 294 021</b>	<b>50 611</b>

## Overview of budget funding continued

### E. LONG-TERM INVESTMENTS AND LOANS

The budget assumes the following new long-term borrowings:

**TABLE 22: NEW LONG-TERM BORROWINGS**

Year	Expected date of issue	Amount
2010/11	30 March 2011	R1 100 million
2011/12	30 March 2012	R1 000 million
2012/13	30 March 2013	R1 400 million

The above loans will be raised by the issue of municipal bonds, which will be listed on the JSE Limited under a R7 billion DMTN programme.

### F. CASH-BACKED ACCUMULATED SURPLUS

Cash-backed accumulated revenue surpluses are used to provide working capital and temporarily to fund capital expenditure in advance of external loan drawdowns. Operating cash flow deficits and surpluses are forecast 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 CRR, are also fully cash-backed. Long-term provisions are cash-backed to the extent that actual expenditure is projected for the budget year.

### G. GRANT ALLOCATIONS

#### National allocations

The table below reflects the 2010 DORA grant allocations that have been included in this medium-term budget:

**TABLE 23: NATIONAL ALLOCATIONS**

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



The V&A Waterfront attracts many visitors contributing to Cape Town's economy

## Provincial allocations

The table below reflects the grants allocated in terms of Provincial Gazette 6703 (dated 2 March 2010) that have been included in this medium-term budget:

**TABLE 24: PROVINCIAL ALLOCATIONS**

Grant	2010/11 R'000	2011/12 R'000	2012/13 R'000
Personal primary health care services	180 431	188 971	199 743
Integrated nutrition	3 836	4 024	4 252
HIV and Aids	56 211	60 146	64 957
Thusong (multi-purpose) centres	1 000	1 000	1 000
Integrated Housing and Human Settlement Development Grant	764 449	904 806	902 007
Settlement assistance	1 000	1 000	1 000
Accreditation assistance	10 000	–	–
Firefighting assistance	335	–	–
Cape Metropolitan Transport Fund	9 400	9 900	9 900
Mobility strategies	7 500	10 000	10 000
Library services (conditional grant)	24 267	21 633	–

# Expenditure on allocations and grant programmes



**TABLE 25: EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>EXPENDITURE</b>									
<b>Operating expenditure of transfers and grants</b>									
<b>National Government</b>	1 289 986	1 498 565	1 804 254	757 298	847 710	847 710	1 046 000	1 286 969	1 310 654
Restructuring	12 786	49 131	58 857	19 964	22 671	22 671	5 555	–	–
Finance management	3 176	1 633	–	750	1 200	1 200	1 000	1 250	1 250
Department of Water Affairs	1 739	–	4 271	6 000	2 475	2 475	–	–	–
Municipal Infrastructure Grant	1 718	1 188	–	3 328	3 328	3 328	4 619	5 002	5 867
2010 FIFA World Cup Host City Operating Grant	–	–	–	57 357	57 357	57 357	27 780	–	–
Public Transport Infrastructure and Systems Grant	–	450	–	53 000	92 807	92 807	147 273	304 604	215 013
Department of Environmental Affairs and Tourism	1 761	4 138	8 744	16 200	19 943	19 943	10 883	168	168
Expanded Public Works Programme	–	–	–	9 128	5 134	5 134	–	–	–
Equitable share	299 914	334 517	486 734	591 572	642 796	642 796	847 566	974 445	1 085 356
RSC levies	968 837	1 107 242	1 245 648	–	–	–	–	–	–
Housing accreditation	55	266	–	–	–	–	820	1 500	3 000
Local Government Sectoral and Education Training Authority (SETA)	–	–	–	–	–	–	504	–	–
<b>Provincial Government</b>	107 094	162 181	395 343	407 294	401 415	401 415	405 494	583 207	679 428
Local government and housing – firefighting assistance	3 610	1 500	871	425	425	425	335	–	–
Cultural affairs and sport – library services	317	10 031	14 696	17 020	17 413	17 413	15 990	21 633	–
Local government and housing – housing	60 391	97 076	320 424	204 357	159 357	159 357	155 000	306 000	407 000
– accreditation	–	–	–	–	–	–	1 000	2 000	3 000
– settlement assistance	–	–	–	–	–	–	393	433	476
Sustainable transport	12 898	11 717	–	–	–	–	10 300	–	–
Other	7 082	–	–	1 567	1 567	1 567	–	–	–
Health – tuberculosis	3 785	4 523	–	11 432	6 132	6 132	9 185	9 635	10 184
– Global Fund	2 468	3 171	–	1 000	3 820	3 820	–	–	–
– antiretrovirals	8 404	20 986	–	20 110	48 363	48 363	47 509	60 146	64 957
– nutrition	–	3 008	–	3 604	3 604	3 604	3 836	4 024	4 252
– vaccines	7 013	7 952	59 352	21 676	36 776	36 776	31 979	44 727	47 277
Transport – World Cup Host City	–	–	–	3 000	–	–	–	–	–
Health – comprehensive	276	65	–	123 103	123 103	123 103	128 321	134 609	142 282
2010 FIFA World Cup	848	2 153	–	–	850	850	–	–	–
Other	–	–	–	–	4	4	1 202	–	–
Table Mountain Biosphere	–	–	–	–	–	–	100	–	–
Mamre fencing	–	–	–	–	–	–	94	–	–
Heritage audit	–	–	–	–	–	–	250	–	–



The City received a national grant as a 2010 FIFA World Cup host city to help fund the event

**TABLE 25: EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES** continued

Description	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
R in thousands									
<b>EXPENDITURE continued</b>									
<b>Other grant providers</b>	33 956	14 324	26 263	32 279	36 656	36 656	26 788	30 900	29 900
Development Bank of Southern Africa (DBSA)	30 000	4 111	688	–	–	–	–	–	–
Sunwest International	467	–	–	2 300	700	700	350	–	–
Tourism	–	534	2 597	5 000	5 000	5 000	5 155	5 000	5 000
Carnegie	2 672	5 800	5 252	6 158	10 079	10 079	12 294	6 000	5 000
Mamre Trust	105	1	–	–	355	355	355	–	–
Cape Metropolitan Transport Fund (CMTF)	–	–	–	16 556	14 655	14 655	6 100	19 900	19 900
Other	250	3 878	4 087	1 265	1 409	1 409	964	–	–
World Health Organisation	462	–	189	–	–	–	–	–	–
CID	–	–	216	–	1 450	1 450	–	–	–
Bill Gates	–	–	13 234	1 000	1 000	1 000	–	–	–
Happy Valley	–	–	–	–	15	15	–	–	–
Plumstead Cemetery	–	–	–	–	7	7	–	–	–
Glocal	–	–	–	–	350	350	–	–	–
Médecins Sans Frontières (MSF) funding	–	–	–	–	1 636	1 636	613	–	–
Baboon management	–	–	–	–	–	–	300	–	–
Solar energy	–	–	–	–	–	–	146	–	–
Cities for Climate Protection	–	–	–	–	–	–	329	–	–
Neil Desai Skills Development Project	–	–	–	–	–	–	37	–	–
ICLEI: Carbon taxes	–	–	–	–	–	–	144	–	–
<b>Total operating expenditure of transfers and grants</b>	<b>1 431 035</b>	<b>1 675 071</b>	<b>2 225 860</b>	<b>1 196 871</b>	<b>1 285 781</b>	<b>1 285 781</b>	<b>1 478 282</b>	<b>1 901 076</b>	<b>2 019 981</b>
<b>Capital expenditure of transfers and grants</b>									
National Government	304 826	1 070 399	2 453 437	1 818 393	1 527 662	1 527 662	1 045 900	1 925 488	1 430 217
Department of Environmental Affairs and Tourism: Marine and coastal management	180	–	–	–	70	70	–	–	–
Minerals and Energy: Electricity Demand-side Management (Eskom) Grant	–	–	–	4 000	3 509	3 509	17 544	22 807	–
Minerals and Energy: Integrated National Electrification Programme (Municipal) Grant	7 937	15 376	22 076	8 772	8 772	8 772	7 018	13 158	17 544
National Government – other: Previous years' DORA allocations	–	522	196	–	150	150	150	–	6 000
National Treasury: Local Government Finance Management Grant	120	170	4 235	1 016	1 066	1 066	–	–	–
National Treasury: Local Government Restructuring Grant	14 604	42 837	51 819	31 396	30 903	30 903	3 550	–	–
National Treasury: Neighbourhood Development Partnership Grant	–	6 244	49 292	57 551	65 000	65 000	95 000	124 220	156 400
National Treasury: Other	–	2 681	15 912	2 412	8 112	8 112	12 731	13 400	10 000
Provincial and Local Government: Municipal Infrastructure Grant (MIG Cities)	179 417	156 124	378 360	385 776	341 724	341 724	379 107	456 507	555 286
Sport and Recreation SA: 2010 FIFA World Cup Stadiums Development Grant	99 875	813 964	1 601 122	545 337	545 337	545 337	55 000	–	–
Transport: Public Transport Infrastructure and Systems Grant	2 693	32 481	330 426	782 134	523 020	523 020	475 800	1 295 396	684 987
<b>Provincial Government</b>	<b>146 435</b>	<b>154 698</b>	<b>316 557</b>	<b>406 025</b>	<b>382 036</b>	<b>382 036</b>	<b>589 900</b>	<b>467 827</b>	<b>489 436</b>
Cultural Affairs and Sport: Development of sport and recreation facilities	2 792	972	212 000	2 954	3 629	3 629	–	–	–
Cultural Affairs and Sport: Library services (conditional grant)	–	–	–	2 500	2 900	2 900	8 277	–	–
Health: Global Fund	–	–	–	2 804	2 842	2 842	–	–	–
Housing: Integrated Housing and Human Settlement Development Grant	87 915	76 040	–	230 857	253 745	253 745	561 083	460 827	482 436
Housing: Previous years' gazetted allocations	11 855	2 088	–	28 715	21 051	21 051	–	–	–
Province: Previous years' gazetted allocations	17 136	17 836	38 773	–	1 709	1 709	–	–	–
Local Government: Multi-purpose centres	823	9 302	419	2 809	2 809	2 809	–	–	–
Transport and Public Works: CMTF	24 759	48 335	65 365	135 387	93 351	93 351	20 540	7 000	7 000
Transport and Public Works: Other	1 155	125	–	–	–	–	–	–	–
<b>Other grant providers</b>	<b>43 026</b>	<b>41 568</b>	<b>43 161</b>	<b>70 441</b>	<b>84 013</b>	<b>84 013</b>	<b>64 379</b>	<b>54 200</b>	<b>42 600</b>
Other	43 026	41 568	43 161	70 441	84 013	84 013	64 379	54 200	42 600
<b>Total capital expenditure of transfers and grants</b>	<b>494 286</b>	<b>1 266 665</b>	<b>2 813 156</b>	<b>2 294 860</b>	<b>1 993 711</b>	<b>1 993 711</b>	<b>1 700 179</b>	<b>2 447 515</b>	<b>1 962 253</b>
<b>Total expenditure of transfers and grants</b>	<b>1 925 322</b>	<b>2 941 735</b>	<b>5 039 015</b>	<b>3 491 731</b>	<b>3 279 492</b>	<b>3 279 492</b>	<b>3 178 461</b>	<b>4 348 591</b>	<b>3 982 235</b>

# Allocations and grants made by the municipality



GIAs are transfers of municipal funds to organisations or bodies that assist the City in the exercise of its functions 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 GIAs in terms of the provisions contained in Section 17(3)(j) of the MFMA. These budget provisions may be made either by subcouncils, who may utilise their operating ward allocation budget, or line departments in their departmental operating budgets under cost element 457100: GIAs.

The City's power to allocate GIAs is regulated by Section 156 of the Constitution, as read with Section 8 of the Municipal Systems Act. These provisions limit the power to allocate GIAs to circumstances where it is reasonable, and necessary for, or incidental to, the exercise of the municipality's functions and powers.



Italy vs Paraguay on 14 June 2010 – a match played in heavy rain

# Monthly targets for revenue, expenditure and cash flow



**TABLE 26: MONTHLY TARGETS FOR REVENUE AND CASH FLOW**

Monthly cash flows	Budget year 2010/11					
	July	August	September	October	November	December
R in thousands						
<b>Cash receipts by source</b>						
Property rates	303 355	291 425	343 709	316 658	308 965	334 646
Service charges – electricity revenue	502 390	482 632	569 220	524 421	511 680	554 210
– water revenue	110 552	106 205	125 259	115 400	112 597	121 955
– refuse revenue	173 954	167 113	197 094	181 582	177 171	191 897
– other	5 278	5 070	5 980	5 509	5 375	5 822
Rental of facilities and equipment	3 847	6 917	4 630	5 985	6 772	7 111
Interest earned – external investments	14 202	13 347	14 003	13 403	12 961	14 067
Fines	9 529	17 131	11 467	14 823	16 773	17 613
Licences and permits	2 388	2 012	2 355	2 336	2 907	2 153
Agency services	9 666	9 666	9 666	9 666	9 666	9 666
Transfer receipts – operational	140 744	133 651	636 887	113 821	113 642	637 662
Other revenue	30 007	30 007	30 007	30 007	30 007	30 007
<b>Cash receipts by source</b>	<b>1 305 912</b>	<b>1 265 175</b>	<b>1 950 277</b>	<b>1 333 612</b>	<b>1 308 516</b>	<b>1 926 809</b>
<b>Other cash flows by source</b>						
Transfer receipts – capital	166 999	81 725	105 392	88 769	94 845	86 642
Borrowing long term/refinancing	–	–	–	–	–	–
<b>Total cash receipts by source</b>	<b>1 472 911</b>	<b>1 346 900</b>	<b>2 055 669</b>	<b>1 422 381</b>	<b>1 403 360</b>	<b>2 013 450</b>
<b>Cash payments by type</b>						
Employee-related costs	448 041	458 426	470 970	477 533	684 022	497 255
Interest paid	4 573	–	122 484	–	–	207 465
Bulk purchases – electricity	342 513	591 943	579 326	330 639	325 815	326 839
– water and sewer	–	9 149	39 476	26 412	24 117	23 498
General expenses	481 268	324 828	351 562	373 651	402 805	434 095
<b>Cash payments by type</b>	<b>1 276 395</b>	<b>1 384 346</b>	<b>1 563 818</b>	<b>1 208 235</b>	<b>1 436 759</b>	<b>1 489 154</b>
<b>Other cash flows/payments by type</b>						
Capital assets	577 787	97 172	346 264	294 031	203 110	215 301
Repayment of borrowing	1 639	–	45 000	–	–	119 479
<b>Total cash payments by type</b>	<b>1 855 822</b>	<b>1 481 518</b>	<b>1 955 081</b>	<b>1 502 266</b>	<b>1 639 868</b>	<b>1 823 934</b>
<b>Net increase/(decrease) in cash held</b>	<b>(382 910)</b>	<b>(134 618)</b>	<b>100 588</b>	<b>(79 885)</b>	<b>(236 508)</b>	<b>189 517</b>
Cash/cash equivalents at the beginning of the month/year	(844 272)	(1 227 182)	(1 361 800)	(1 261 212)	(1 341 097)	(1 577 605)
Cash/cash equivalents at the month-end/year-end	(1 227 182)	(1 361 800)	(1 261 212)	(1 341 097)	(1 577 605)	(1 388 088)





An Integrated Transport Plan informs the management and development of Cape Town's transport systems

	Budget year 2010/11						2010/11 Medium-term Revenue and Expenditure Framework		
	January	February	March	April	May	June	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
	288 135	371 913	334 401	315 005	339 216	431 272	3 978 699	4 482 241	4 771 391
	477 182	615 929	553 804	521 682	561 778	537 563	6 412 492	7 963 074	10 079 479
	105 005	135 537	121 866	114 798	123 621	125 748	1 418 543	1 589 635	1 763 793
	165 226	213 267	191 756	180 634	194 518	192 980	2 227 192	2 538 873	2 866 376
	5 013	6 470	5 818	5 480	5 902	11 652	73 370	70 938	74 749
	4 721	7 347	5 627	6 087	6 594	14 202	79 841	68 108	60 706
	13 574	15 696	17 407	15 682	15 683	24 991	185 017	201 784	215 505
	11 694	18 196	13 936	15 077	16 332	18 001	180 569	191 357	202 496
	2 421	2 323	2 077	2 411	2 778	2 603	28 764	30 375	32 076
	9 666	9 666	9 666	9 666	9 666	9 666	115 993	123 881	132 304
	113 150	113 912	637 883	114 386	114 404	119 100	2 989 242	3 510 165	3 701 520
	30 007	30 007	30 007	30 007	30 007	30 956	361 031	124 278	145 887
	1 225 794	1 540 264	1 924 247	1 330 915	1 420 498	1 518 735	18 050 753	20 894 710	24 046 284
	74 262	116 007	154 629	173 261	161 093	508 101	1 811 724	2 565 307	2 086 642
	-	-	-	-	-	1 100 000	1 100 000	1 000 000	1 400 000
	1 300 056	1 656 271	2 078 875	1 504 176	1 581 591	3 126 835	20 962 477	24 460 017	27 532 926
	494 572	513 957	494 020	541 081	527 283	603 379	6 210 538	6 830 629	7 560 725
	4 605	-	122 484	-	-	246 219	707 831	791 138	919 817
	309 808	322 531	318 868	311 525	336 491	336 828	4 433 126	5 762 653	7 491 038
	26 591	24 735	24 735	24 735	25 145	57 272	305 866	323 681	372 613
	292 072	384 961	469 317	541 750	416 284	651 296	5 123 889	5 611 874	6 005 992
	1 127 648	1 246 184	1 429 424	1 419 090	1 305 203	1 894 994	16 781 250	19 319 976	22 350 186
	204 105	421 867	280 431	329 161	250 756	266 336	3 486 319	4 108 507	3 973 908
	1 607	-	45 000	-	-	135 851	348 576	321 876	379 150
	1 333 360	1 668 050	1 754 855	1 748 251	1 555 960	2 297 181	20 616 145	23 750 359	26 703 243
	(33 304)	(11 779)	324 020	(244 075)	25 631	829 654	346 332	709 658	829 682
	(1 388 088)	(1 421 392)	(1 433 171)	(1 109 151)	(1 353 226)	(1 327 595)	(844 272)	(497 940)	211 718
	(1 421 392)	(1 433 171)	(1 109 151)	(1 353 226)	(1 327 595)	(497 940)	(497 940)	211 718	1 041 400

# Councillor and board member allowances and employee benefits



**TABLE 27: SALARIES, ALLOWANCES AND BENEFITS (POLITICAL OFFICE BEARERS, COUNCILLORS AND SENIOR MANAGERS)**

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



The City offers its staff competitive salaries and benefits

**TABLE 28: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS**

Summary of employee and councillor remuneration	2006/7 Audited outcome	2007/8 Audited outcome	2008/9 Audited outcome	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
<b>Councillors (political office bearers plus other)</b>									
Salary	46 068	42 747	47 334	54 903	54 903	54 903	67 164	71 731	76 608
Pension contributions	6 692	6 711	6 971	7 867	7 867	7 867	–	–	–
Medical aid contributions	245	–	–	–	–	–	–	–	–
Motor vehicle allowance	11 516	17 228	–	–	–	–	–	–	–
Cellphone allowance	–	2 102	–	–	–	–	2 745	2 932	3 131
Housing allowance	1 417	2 147	–	–	–	–	–	–	–
Other benefits or allowances	–	–	23 324	23 490	23 490	23 490	22 388	23 910	25 536
<b>Subtotal – councillors</b>	<b>65 938</b>	<b>70 935</b>	<b>77 629</b>	<b>86 260</b>	<b>86 260</b>	<b>86 260</b>	<b>92 296</b>	<b>98 573</b>	<b>105 276</b>
<b>% increase</b>	–	7,6%	9,4%	11,1%	–	–	7,0%	6,8%	6,8%
<b>Senior managers of the municipality</b>									
Salary	9 006	10 191	11 135	11 904	11 904	11 904	12 491	13 713	15 054
Pension contributions	1 143	1 392	1 557	1 665	1 665	1 665	1 390	1 526	1 675
Medical aid contributions	–	–	–	250	250	250	273	299	329
Motor vehicle allowance	735	847	938	799	799	799	796	873	959
Cellphone allowance	–	–	–	129	129	129	142	156	171
Performance bonus	942	801	1 235	1 734	1 734	1 734	1 241	1 363	1 496
Other benefits or allowances	–	–	–	58	58	58	69	76	83
<b>Subtotal – senior managers of municipality</b>	<b>11 826</b>	<b>13 231</b>	<b>14 865</b>	<b>16 539</b>	<b>16 539</b>	<b>16 539</b>	<b>16 402</b>	<b>18 006</b>	<b>19 767</b>
<b>% increase</b>	–	11,9%	12,3%	11,3%	–	–	(0,8%)	9,8%	9,8%
<b>Other municipal staff</b>									
Basic salaries and wages	2 505 804	2 638 848	2 922 923	3 738 120	3 753 015	3 753 015	4 300 933	4 721 991	5 232 817
Pension contributions	318 575	374 654	439 886	664 614	612 018	612 018	763 177	837 778	919 713
Medical aid contributions	196 006	220 000	255 726	327 399	327 399	327 399	356 800	391 696	430 003
Motor vehicle allowance	130 114	150 770	154 677	164 574	165 153	165 153	156 992	172 345	189 201
Cellphone allowance	–	–	10 247	10 600	10 725	10 725	11 947	13 116	14 398
Housing allowance	43 025	50 580	55 926	56 657	56 654	56 654	48 531	53 277	58 488
Overtime	146 108	193 460	226 815	190 664	207 444	207 444	210 287	230 853	253 431
Performance bonus	(21 607)	–	–	–	–	–	–	–	–
Other benefits or allowances	309 831	511 802	456 503	286 878	487 485	487 485	637 870	700 174	768 583
<b>Subtotal – other municipal staff</b>	<b>3 627 856</b>	<b>4 140 114</b>	<b>4 522 703</b>	<b>5 439 506</b>	<b>5 619 893</b>	<b>5 619 893</b>	<b>6 486 537</b>	<b>7 121 230</b>	<b>7 866 634</b>
<b>% increase</b>	–	14,1%	9,2%	20,3%	3,3%	–	15,4%	9,8%	10,5%
<b>Total parent municipality</b>	<b>3 705 620</b>	<b>4 224 280</b>	<b>4 615 197</b>	<b>5 542 305</b>	<b>5 722 692</b>	<b>5 722 692</b>	<b>6 595 236</b>	<b>7 237 809</b>	<b>7 991 676</b>
	–	14,0%	9,3%	20,1%	3,3%	–	15,2%	9,7%	10,4%

# Councillor and board member allowances and employee benefits continued

**TABLE 28: COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS**

continued

Summary of employee and councillor remuneration	2006/7 Audited outcome	2007/8 Audited outcome	2008/9 Audited outcome	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
R in thousands									
<b>Board members of entities</b>									
Board fees	102	329	321	408	392	392	446	378	404
<b>Subtotal – board members of entities</b>	102	329	321	408	392	392	446	378	404
<b>% increase</b>	–	222,0%	(2,5%)	27,0%	(3,9%)	–	13,7%	(15,2%)	6,9%
<b>Senior managers of entities</b>									
Salary	–	858	1 694	2 282	2 175	2 175	2 559	2 777	3 013
Motor vehicle allowance	–	86	116	155	132	132	155	155	155
<b>Subtotal – senior managers of entities</b>	–	944	1 810	2 437	2 308	2 308	2 714	2 932	3 168
<b>% increase</b>	–	–	91,6%	34,6%	(5,3%)	–	17,6%	8,0%	8,0%
<b>Other staff of entities</b>									
Basic salaries and wages	15 167	18 696	22 603	25 198	25 198	25 198	27 666	29 819	32 139
<b>Subtotal – other staff of entities</b>	15 167	18 696	22 603	25 198	25 198	25 198	27 666	29 819	32 139
<b>% increase</b>	–	23,3%	20,9%	11,5%	–	–	9,8%	7,8%	7,8%
<b>Total municipal entities</b>	15 269	19 970	24 734	28 043	27 898	27 898	30 826	33 129	35 711
<b>Total salary, allowances and benefits</b>	3 720 889	4 244 250	4 639 931	5 570 347	5 750 590	5 750 590	6 626 062	7 270 937	8 027 388
<b>% increase</b>	–	14,1%	9,3%	20,1%	3,2%	–	15,2%	9,7%	10,4%
<b>Total managers and staff</b>	3 654 849	4 172 986	4 561 981	5 483 680	5 663 938	5 663 938	6 533 319	7 171 987	7 921 708



Cape Town and its residents put their best foot forward to welcome the world

# Annual budgets and Service Delivery and Budget Implementation Plans (SDBIPs) – internal departments



In terms of Section 53(1)(c)(ii) of the MFMA, an 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) Monthly projections of:
- revenue to be collected, by source; and
  - operating and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter
- (c) Other matters prescribed.

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

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

For the 2010/11 financial year, the SDBIP was approved by the Executive Mayor on 22 June 2010.

# Contracts with future budgetary implications



**TABLE 29: CONTRACTS WITH FUTURE BUDGETARY IMPLICATIONS**

Description	Preceding years	Current year 2009/10	2010/11 Medium-term Revenue and Expenditure Framework			Total contract value
			Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13	
R in thousands	Total	Original budget				Estimate
<b>Parent municipality</b>						
<b>Expenditure obligation by contract</b>						
ABSA Bank (42S/2007/08)	3 431	2 918	3 094	3 280	3 477	16 200
<b>Total operating expenditure implication</b>	3 431	2 918	3 094	3 280	3 477	16 200
<b>Capital expenditure obligation by contract</b>						
Jeffares & Green (Pty) Ltd – (72C/2007/08)	2 868	–	–	–	–	–
<b>Total capital expenditure implication</b>	2 868	–	–	–	–	–
<b>Total parent expenditure implication</b>	6 299	2 918	3 094	3 280	3 477	16 200

# Annual budgets and service delivery agreements (SDAs) – municipal entities



## A. CAPE TOWN CONVENTION CENTRE COMPANY (PTY) LTD (CONVENCO)

Period of agreement	No period stipulated, but subject to annual review in terms of Section 93A of the Municipal Systems Act
Service provided	International conference centre
Expiry date of SDA	Not applicable
Monetary value	No current funding from the City
Ownership and control	Shares: City – 50,2% Province – 25,1% SunWest International (Pty) Ltd – 24,7%  The City has a 66% voting right.
Oversight processes	The Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance.
Mandate	Provide a world-class international conference centre
Funding over medium term	None at this stage. Expansion of exhibition area to Customs House has been put on hold.
1.1.5 Summary of SDA	Sets out the obligations of Convenco and the City in respect of compliance and performance issues
Link to IDP	SFA 1: Shared economic growth and development
Past performance and future objectives	Has exceeded its targets in the past. Convenco 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 Convenco budget, being in the international service and hospitality business requires that the facilities always comply with international standards. The assets of the Cape Town International Convention Centre represent a major investment, which attracts substantial depreciation. There is also a policy for regular replacement of fixed assets to maintain the high standards, which results in high capital expenditure every year.





The Cape Town International Convention Centre played host to the FIFA World Cup Final Draw last year

**TABLE 30: CONVENCO – OPERATING REVENUE BY SOURCE AND OPERATING EXPENDITURE BY TYPE**

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

**TABLE 31: CONVENCO – CAPITAL EXPENDITURE BY TYPE**

Capital expenditure by category	2006/07	2007/08	2008/09	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited actual	Audited actual	Audited actual	Approved budget	Adjusted budget	Full-year forecast	Budget year 2010/11 budget	Budget year 2011/12 budget	Budget year 2012/13 budget
R in thousands									
<b>Other assets</b>									
Other motor vehicles	358	–	–	–	–	–	–	–	–
Plant and equipment	1 610	3 664	3 209	2 548	3 179	3 179	3 092	6 068	5 682
Office equipment	931	1 662	3 841	6 055	7 404	7 404	9 635	6 785	6 085
Other land and buildings	10 181	19 094	5 860	6 970	14 463	14 463	3 160	2 475	5 360
<b>Total capital expenditure</b>	<b>13 080</b>	<b>24 420</b>	<b>12 910</b>	<b>15 573</b>	<b>25 046</b>	<b>25 046</b>	<b>15 887</b>	<b>15 328</b>	<b>17 127</b>

## Annual budgets and service delivery agreements (SDAs) – municipal entities continued

### B. KHAYELITSHA COMMUNITY TRUST (KCT)

Period of agreement	Renewable annually
Service provided	The facilitation of the development of the Khayelitsha central business district (CBD)
Expiry date of SDA	Not applicable
Monetary value	R4,5 million for 2010/11 R6,374 million for 2011/12 R4,604 million for 2012/13 All depending on business plan and budget approvals
Ownership and control	City (100%) as trust founder
Oversight processes	The Shareholding Management Department is a dedicated unit to monitor performance and ensure compliance.
Mandate	To develop the Khayelitsha CBD
Funding over medium term	R4,5 million for 2010/11 R6,374 million for 2011/12 R4,604 million for 2012/13 All 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	SFA 1: Shared economic growth and development
Past performance and future objectives	KCT performed poorly in the past, but has implemented measures to rectify the situation. A major exercise was undertaken to focus its strategic goals and strengthen its operating capacity.

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

**TABLE 32: KHAYELITSHA COMMUNITY TRUST – OPERATING REVENUE BY SOURCE AND OPERATING EXPENDITURE BY TYPE**

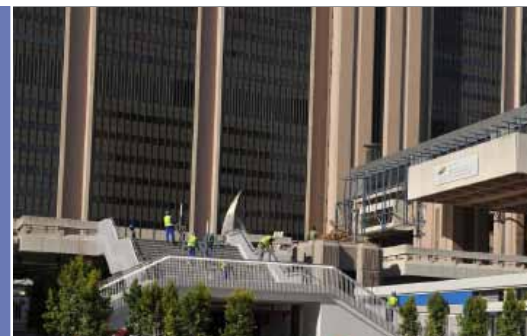
CATEGORIES	2006/07	2007/08	2008/09	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited actual	Audited actual	Audited actual	Approved budget	Adjusted budget	Full-year forecast	Budget year 2010/11 budget	Budget year 2011/12 budget	Budget year 2012/13 budget
R in thousands									
<b>Operating revenue by source</b>									
Rental of facilities and equipment	(140)	–	(192)	(182)	(182)	(182)	(187)	(191)	(196)
Interest earned – external investments	(46)	(529)	(380)	(450)	(450)	(450)	(450)	(219)	(105)
Grants and subsidies (conditional)	–	(10 023)	(7 837)	(6 574)	(6 866)	(6 866)	(4 500)	(6 374)	(4 604)
<b>Total operating revenue</b>	<b>(186)</b>	<b>(10 552)</b>	<b>(8 409)</b>	<b>(7 206)</b>	<b>(7 498)</b>	<b>(7 498)</b>	<b>(5 137)</b>	<b>(6 784)</b>	<b>(4 905)</b>
<b>Operating expenditure by type</b>									
Employee-related cost	88	984	1 015	1 281	1 153	1 153	1 463	1 585	1 716
Remuneration of trustees	82	–	241	258	242	242	283	202	214
Depreciation	–	10	31	10	30	30	40	50	64
Repairs and maintenance	–	8	7	12	7	7	12	24	12
Interest paid	112	–	124	24	24	24	32	39	38
Contracted services	–	3 812	3 358	8 363	7 266	7 266	4 305	2 388	218
General expenses	693	1 430	1 287	1 289	1 374	1 374	2 329	2 496	2 643
<b>Total operating expenditure</b>	<b>975</b>	<b>6 244</b>	<b>6 063</b>	<b>11 237</b>	<b>10 096</b>	<b>10 096</b>	<b>8 464</b>	<b>6 784</b>	<b>4 905</b>
<b>(Surplus)/deficit</b>	<b>789</b>	<b>(4 308)</b>	<b>(2 346)</b>	<b>4 031</b>	<b>2 598</b>	<b>2 598</b>	<b>3 327</b>	<b>–</b>	<b>–</b>

Note: The surplus grant funding of 2008/09 was carried over to the 2009/10 and 2010/11 financial years, resulting in the deficit for 2010/11 (i.e. the Grant Funding required from the City for 2010/11 was reduced by that amount).

**TABLE 33: KHAYELITSHA COMMUNITY TRUST – CAPITAL EXPENDITURE BY TYPE**

Capital expenditure by category	2006/07	2007/08	2008/09	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited actual	Audited actual	Audited actual	Approved budget	Adjusted budget	Full-year forecast	Budget year 2010/11 budget	Budget year 2011/12 budget	Budget year 2012/13 budget
R in thousands									
<b>Other assets</b>									
Office equipment	–	166	2	50	50	50	28	37	30
<b>Total capital expenditure</b>	<b>–</b>	<b>166</b>	<b>2</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>28</b>	<b>37</b>	<b>30</b>

# Reconciliation of IDP strategic objectives and capital budget



**TABLE 34: RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND BUDGET (CAPITAL EXPENDITURE)**

Strategic objective	Goal
R in thousands	
Economic development and job creation	
Integrated access and mobility	
Building integrated human settlements	
Building strong communities	
Equitable and effective service delivery	
Enabling institutional framework	
Financial sustainability	
Shared economic growth and development	
Sustainable urban infrastructure and services	
Public transport systems	
Integrated human settlements	
Safety and security	
Health, social and community development	
Good governance and regulatory reform	
1. Shared economic growth and development	Grow and strengthen the City's tourism capability
	Develop and grow local economic development (LED) and small, medium and micro-sized enterprise (SMME opportunities)
	Prioritise skills development
	Host a successful FIFA 2010 World Cup in Cape Town
	Increase direct investment in the local economy
	Develop new and strengthen existing partnerships
2. Sustainable urban infrastructure and services	Prioritise large bulk infrastructure programmes
	Demand management programmes (utilities and transport)
	Reduce impact of floods on community livelihoods
	Conserve biodiversity and improve living environment
	Safeguard health, protect natural aquatic systems, etc.
	Integrate infrastructure, service plans and budget
	Improve maintenance of City infrastructure
	Increase access to electricity
	Increase access to basic refuse collection service
	Minimise waste
	Reduce water demand
	Increase access to water
	Increase access to sanitation
3. Energy efficiency – sustainable future	Reduce energy consumption
4. Public transport systems	Improve public transport and secure new investors/ment
	Promote non-motorised transport (NMT)
	Increase commuters using public transport



The Cape Town Civic Centre, the City's administrative head quarters

Goal code	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
A	274 094								
B	399 758								
C	111 231								
D	187 156								
E	651 279								
F	201 168								
G	128 737								
H		1 192 331	2 468 234	1 675 095	1 857 405	1 857 405			
I		1 240 447	1 547 750	2 587 073	1 935 316	1 935 316			
J		70 263	275 542	992 375	883 436	883 436			
K		193 553	250 171	338 246	379 707	379 707			
L		113 443	126 479	152 076	81 115	81 115			
M		95 452	122 759	100 643	111 441	111 441			
N		196 908	269 408	356 957	354 080	354 080			
O							10 880	8 050	8 500
P							26 360	17 510	5 000
Q							1 330	1 000	1 000
R							212 838	-	-
S							1 877	1 986	2 500
T							100	100	4 500
U							1 116 031	1 131 434	1 557 670
V							21 278	23 807	2 000
W							62 462	28 000	31 500
X							20 648	1 761	950
Y							8 050	5 200	8 500
Z							6 299	3 989	4 730
AA							279 802	500 078	413 513
AB							151 218	165 358	178 744
AC							1 000	-	-
AD							1 250	-	-
AE							7 100	10 000	9 000
AF							2 800	6 300	-
AG							28 500	30 981	9 000
AH							20 000	11 000	1 000
AI							473 113	1 277 616	765 187
AJ							29 476	40 234	50 000
AK							18 000	24 500	-

# Reconciliation of IDP strategic objectives and capital budget continued

**TABLE 34: RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND BUDGET  
(CAPITAL EXPENDITURE)**

Strategic objective	Goal	
R in thousands		
5. Integrated human settlements	Transform dormitory suburbs	
	Establish policy and spatial planning frameworks	
	Maintain community facilities at required standard	
	Increase subsidised housing opportunities	
	Upgrade of erven in informal settlements programme	
6. Safety and security	Improve urban design to reduce crime and emergency	
	Develop closed-circuit television (CCTV) network for adequate cover	
	Improve law enforcement via more visible action	
	Improve response time of the Fire and Rescue Service	
	Reduce the occurrence of vehicle accidents	
	Disaster risk assessment, prevention and response plans	
	Develop single emergency number	
7. Health, social and community development	Provide effective primary health care with Province	
8. Good governance and regulatory reform	Optimise staff structure/strategy/policy/skills	
	Enhance service delivery via alternate mechanisms	
	Improve service culture and workplace ethics	
	Management of key financial areas	
	Improve organisational and regulatory environment	
	Establish representative ward mechanisms	
	Improve customer satisfaction	
	Increase levels of employee morale	
	Create new assets for public benefit	
Total		

	Goal code	2006/7	2007/8	2008/9	Current year 2009/10			2010/11 Medium-term Revenue and Expenditure Framework		
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13
	AL							332 677	250 487	350 769
	AM							1 200	1 400	1 400
	AN							134 629	116 020	130 659
	AO							301 546	296 713	231 226
	AP							500	500	40 500
	AQ							9 642	4 931	4 500
	AR							5 769	3 000	–
	AS							4 442	4 306	6 390
	AT							13 540	2 250	3 758
	AU							5 113	1 300	400
	AV							1 212	1 120	1 880
	AW							3 861	320	537
	AX							11 784	11 075	6 954
	AY							5 111	2 011	1 925
	AZ							164 718	144 260	146 518
	BA							89	80	80
	BB							18 136	10 701	9 504
	BC							71 829	89 472	111 485
	BD							200	250	–
	BE							440	3 230	2 730
	BF							400	–	150
	BG							20 117	8 560	14 060
		1 953 422	3 102 398	5 060 343	6 202 464	5 602 499	5 602 499	3 607 364	4 240 889	4 118 720

# Legislation compliance status



The MFMA implementation requirements have been substantially adhered to through the following activities:

- **Budget and Treasury office** – A Budget office and Treasury office have 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 monthly, quarterly and annual reporting requirements to the Executive Mayor, MAYCO, Council, Provincial Treasury 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 2007/8 annual financial statements. However, Philippi East Trading Centre and RED1 were discontinued during the 2007/8 financial year.
- **Internship programme** – By participating in the Municipal Finance Management Internship Programme, the City has employed a number of interns to undergo training in various finance departments. Three interns completed their two-year training period at the end of March 2007, and have taken up permanent employment in the City's Finance Department. Five interns are currently employed in the Treasury Department.





The old and the new – special World Cup signage in front of Cape Town's stately City Hall

# National Treasury directives



Key issues addressed in National Treasury Circular 51: Municipal budget circular for the 2010 MTREF

## A. MUNICIPALITIES' ROLE IN EMPLOYMENT CREATION

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

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

The City recently completed a five-year programme of a public-private partnership (PPP) with universities, in which postgraduate interns have had the opportunity to gain meaningful research experience and local government exposure. Most of these graduate interns have gone on to be gainfully employed.

### Expanded Public Works Programme (EPWP)

The creation of short-term job opportunities through the EPWP is identified as one of the top 20 strategic priorities in the City's IDP. A corporate job opportunity target is set for the medium-term cycle and revised annually. This target is proportionately distributed throughout line departments to ensure that service delivery and capital projects create EPWP jobs wherever appropriate.

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

- 2009/10: 18 000 EPWP job opportunities
- 2010/11: 16 000 EPWP job opportunities
- 2011/12: 16 000 EPWP job opportunities

The City is fully participating in the EPWP and has entered into a memorandum of agreement (MOA) with the National EPWP Unit, committing to an annual job creation target as part of the EPWP incentive grant scheme.

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

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

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

- the coordination and reporting of the programme throughout the City;



The City Council is one of the biggest employers in Cape Town

- capacity building through training and development workshops; and
- promoting the use of labour-intensive methodology in capital and service delivery projects.

## B. PROCUREMENT REFORMS AND FIGHTING CORRUPTION

### Corruption

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

### Compliance

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

## C. ESKOM BULK TARIFF INCREASES

### Implementation of IBT

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

- the industry is not expected to implement IBT during the 2010/11 financial year; and
- the four-block structure of the IBT, and the energy rates per block detailed in the media statement of 24 February 2010, are 'mere guidelines and municipalities may deviate from them'.

### Eskom tariffs to municipalities and the 'clawback' practice

NERSA agreed to discuss the 'clawback' practice, whereby Eskom recovers its expected 12-month revenue stream from municipal bulk purchases over a nine-month period (1 July to 31 March). It is expected that this would result in an average increase of 29% to municipalities with effect from 1 July 2010, compared with the 24,8% increase to other Eskom customers with effect from 1 April 2010.

Areas affected by Eskom's increase in the 2010/11 financial year include the following:

- bulk purchases – R996,3 million increase (29,0%)
- vendors' commission – R15 million increase (23,4%)
- bad debts provision – R86,9 million increase (55,7%)
- contribution to rates – R123 million increase (20,1%)

These items constitute 70,3% of the 2010/11 budget and account for 76% of the required tariff increase.

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

### **D. COST-REFLECTIVE WATER TARIFFS**

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

The water tariffs are already structured to protect basic levels of service, and to encourage efficient and sustainable consumption. The City has further refined the level of the steps in the IBT for 2010/11 to address these requirements.

### **E. IMPLEMENTATION OF THE MPRA**

The ratios prescribed in the regulations have been complied with.

### **F. PROVIDING CLEAN WATER AND MANAGING WASTEWATER**

In managing the provision of drinking water and the treatment of wastewater, the City performs the dual roles of water service authority and water service provider.

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

Officially, seven (unofficially nine) of the City's 22 wastewater treatment plants received Green Drop status.

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

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

A number of steps are already being taken to address these challenges. Both the Bulk Water and Waste Water branches have a 10-year capital upgrade programme, and are well on track. From a bulk water perspective, the next infrastructure development is well under way in terms of planning, environment impact assessment processes, land identification and acquisition. Programmes are also in place to address the problem of inadequate asset management, but time and funds are required to ensure their success.

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

### **G. MAYOR'S DISCRETIONARY FUNDS AND SIMILAR DISCRETIONARY BUDGET ALLOCATIONS**

R6,4 million is budgeted for Mayoral projects in the 2010/11 operating budget. This is for allocation to projects identified by the Mayor and internal departments, and rests with the Governance and Interface Department, which falls under the jurisdiction of the City Manager.

#### **Identification of projects**

- The Mayor may identify project(s) on condition that they represent a local government competency and can be executed within the legal and financial framework applicable to local government.

- A line department may identify a worthy project for which it has no budget and submit a report to the Mayor for consideration, also on the basis of full compliance.

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

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

## H. UNALLOCATED WARD ALLOCATIONS

A specific subcouncil ward allocation provision for the 2009/10 financial year of R52,5 million was allocated to the City's subcouncils. The amount was apportioned according to the number of wards in each subcouncil, with each ward receiving R500 000 (R300 000 for capital projects and R200 000 for operating projects). The same amount has been included in the budget for 2010/11.

Subcouncil ward allocation projects have become synonymous with addressing grassroots community needs. These needs are identified by the communities and submitted to the relevant subcouncil, after which a workshop is held with the various stakeholders to agree on the timely submission of proposed projects, and a commitment from the technical implementers to determine the cost of the proposed projects. Subcouncils have the responsibility to ensure that the ward allocations are spent on projects that are aligned with the IDP, and reflect the City's strategies and objectives.

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

A full schedule of ward allocation projects must be submitted to subcouncil meetings in January/February of each year, for further recommendation to MAYCO and Council as part of the draft budget in March.

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

## I. NEW OFFICE BUILDINGS

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

## J. PHASING-IN OF FORMATS AND TABLES – REPAIRS AND MAINTENANCE

National Treasury Circular 48 stipulated that repairs and maintenance 'must be broken up into component expenditure types for the 2010/11 budget' and not reported on as a subjective category. This was further emphasised in Circular 51, Section 6.3.3.

Therefore, in order for the City to be compliant, it had to rework the repairs and maintenance category. A new allocation structure was created to allocate the budgetary provision by cost element or 'component expenditure' for the 2010/11 budget process.

# Capital expenditure details



**TABLE 35: DETAILED CAPITAL BUDGET**

Municipal vote/ capital project						
R in thousands	Programme/project description	Project number	IDP goal code	Asset class	Asset sub-class	
Parent municipality:						
Office of the City Manager	Various	Various		Various	Various	
Internal Audit	Various	Various		Various	Various	
Utility Services	Development of additional infrastructure	C05.01268-F3	U	Infrastructure – water	Dams and reservoirs	
	Bellville Wastewater Treatment Works (WWTW) – EFF	C06.30170-F1	U	Infrastructure – sanitation	Sewerage purification	
	Bellville WWTW – MIG	C06.30170-F2	U	Infrastructure – sanitation	Sewerage purification	
	Cape Flats WWTW	C06.30185-F1	U	Infrastructure – sanitation	Sewerage purification	
	Fisantekraal WWTW – EFF	C06.42094-F1	U	Infrastructure – sanitation	Sewerage purification	
	Fisantekraal WWTW – MIG	C06.42094-F2	U	Infrastructure – sanitation	Sewerage purification	
	Northern Area sewer – Thornton	C07.00407-F1	U	Infrastructure – sanitation	Reticulation	
	Rosmead Avenue reinforcement	C07.00617-F1	U	Infrastructure – electricity	Transmission and reticulation	
	Retreat reinforcement	C08.84047-F1	U	Infrastructure – electricity	Transmission and reticulation	
	Contermans Kloof water mains	C08.86024-F1	U	Infrastructure – water	Reticulation	
	Main Road upgrade Muizenberg to Clovelly rehabilitation	C08.86038-F1	AA	Infrastructure – water	Reticulation	
	Oakdale – Boston: Replace 33 kV cables	C09.84040-F1	AA	Infrastructure – electricity	Transmission and reticulation	
	Vanguard transformer replacement	C10.84029-F1	AA	Infrastructure – electricity	Transmission and reticulation	
	Tamboerskloof transformer replacement	C10.84030-F1	AA	Infrastructure – electricity	Transmission and reticulation	
	Oakdale upgrade	C10.84044-F1	U	Infrastructure – electricity	Transmission and reticulation	
	Zandvliet WWTW extension (MIG)	C10.86033-F2	U	Infrastructure – sanitation	Reticulation	
	Bulk water augmentation scheme (EFF)	C11.86077-F1	U	Infrastructure – water	Dams and reservoirs	
	Second meters on existing dwellings	C11.84062-F1	AB	Other assets	Plant and equipment	
	Purchase of fleet	C11.85002-F1	AA	Other assets	General vehicles	
	Development of landfill infrastructure	C11.85022-F1	U	Various	Various	
	Development of landfill infrastructure	C11.85022-F2	U	Infrastructure – other	Waste management	
	Potsdam WWTW extension (EFF)	C11.86063-F1	U	Infrastructure – sanitation	Sewerage purification	
	Potsdam WWTW extension (MIG)	C11.86063-F2	U	Infrastructure – sanitation	Sewerage purification	
	Oakdale phase 2	C12.84030-F1	AA	Infrastructure – electricity	Transmission and reticulation	
	Purchase of fleet	C12.85002-F1	AA	Other assets	General vehicles	
	Development of landfill infrastructure	C12.85022-F1	U	Various	Various	
	Development of landfill infrastructure	C12.85022-F2	U	Infrastructure – other	Waste management	
	Development of landfill infrastructure	C13.85000-F1	U	Various	Various	
	Development of landfill infrastructure	C13.85000-F2	U	Infrastructure – other	Waste management	
	Rehabilitation and closure of landfill sites	C13.85001-F1	U	Infrastructure – other	Waste management	
	Purchase of fleet	C13.85002-F1	AA	Other assets	General vehicles	
	Various	Various		Various	Various	
Community services	Various	Various		Various	Various	



Cape Town welcomed the world during the FIFA 2010 World Cup

	Total project estimate	Prior year outcomes		2010/11 Medium-term Revenue and Expenditure Framework			Project information	
		Audited outcome 2007/8	Adjusted budget 2008/9	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13	Ward location	New or renewal
				21 996	39 775	32 227	Multi	Various
				242	121	121	Multi	Various
	275 874	–	13 360	47 640	121 600	93 274	Multi	New
	82 220	3	–	5 000	50 000	20 000	9	New
	148 275	30 275	15 000	55 000	48 000	–	9	New
	79 161	10 212	22 000	38 000	–	–	67	Renewal
	58 902	18 716	28 000	7 000	–	–	105	New
	82 645	26 945	51 100	8 600	–	–	105	New
	100 208	92	2 116	3 000	50 000	45 000	53	New
	154 094	–	17 684	135 731	678	–	63	New
	68 577	16 122	51 605	850	–	–	71	Renewal
	63 784	18 500	19 800	10 000	15 000	–	105	New
	89 292	11 337	12 200	17 666	19 440	21 588	64	New
	63 504	–	–	7 715	55 789	–	Multi	Renewal
	56 215	–	–	–	41 000	15 215	Multi	Renewal
	52 889	–	–	–	52 889	–	Multi	Renewal
	54 625	–	16 893	37 000	732	–	Multi	New
	123 500	–	–	38 000	55 500	30 000	15	Renewal
	300 000	–	–	–	–	300 000	Multi	New
	75 000	–	–	25 000	25 000	25 000	Multi	New
	58 000	–	–	58 000	–	–	Corporate infrastructure	Renewal
	108 500	–	–	108 500	–	–	Multi	Renewal
	71 384	–	–	71 384	–	–	Multi	Renewal
	60 000	–	–	–	30 000	30 000	4	New
	91 700	–	–	9 500	22 200	60 000	4	New
	72 631	–	–	–	8 000	64 631	Multi	New
	59 000	–	–	–	59 000	–	Corporate infrastructure	Renewal
	115 482	–	–	–	115 482	–	Multi	Renewal
	88 630	–	–	–	88 630	–	Multi	Renewal
	115 482	–	–	–	–	115 482	Multi	Renewal
	80 000	–	–	–	–	80 000	Multi	Renewal
	74 000	–	–	–	–	74 000	Multi	New
	59 000	–	–	–	–	59 000	Corporate infrastructure	Renewal
				873 516	903 929	1 049 447	Multi	Various
				134 629	116 020	130 659	Multi	Various

# Capital expenditure details continued

**TABLE 35: DETAILED CAPITAL BUDGET**

Municipal vote/ capital project						
R in thousands	Programme/project description	Project number	IDP goal code	Asset class	Asset sub-class	
Transport, roads and major projects	Flood alleviation – Lourens River	C05.01503-F1	W	Infrastructure – road transport	Stormwater	
	Lentegeur and Mandalay Station public transport interchanges (PTIs): Dsg	C06.41752-F2	AI	Infrastructure – road transport	Roads, pavements, bridges	
	Sheffield Road Philippi: Plan and Design	C06.41911-F1	U	Infrastructure – road transport	Roads, pavements, bridges	
	Atlantis development corridor	C07.00500-F2	U	Infrastructure – road transport	Roads, pavements, bridges	
	Mitchells Plain Station TI	C07.01059-F2	AI	Infrastructure – road transport	Roads, pavements, bridges	
	Vlakteplaas bulk roads and stormwater	C08.04407-F2	W	Infrastructure – road transport	Roads, pavements, bridges	
	Pelican Park: Strandfontein Road upgrade – EFF	C08.10325-F1	U	Infrastructure – road transport	Roads, pavements, bridges	
	Pelican Park: Strandfontein Road upgrade – MIG	C08.10325-F2	U	Infrastructure – road transport	Roads, pavements, bridges	
	Khayelitsha rail extension TI	C08.10502-F2	U	Other assets	Other	
	IRT system (Ph1A): Public Transport Infrastructure (PTIF)	C09.00313-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Control centre: PTIF	C10.00093-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Feeder stations: West Coast: PTIF	C10.00127-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	Cape Town Stadium	C10.10104-F2	R	Community	Sports fields and stadia	
	2010 Reconfiguration of Common	C10.10105-F1	R	Community	Sports fields and stadia	
	IRT: West Coast corridor: PTIF	C10.10327-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Inner-city service: PTIF	C10.10350-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Integrated fare management system: PTIF	C10.10582-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	Site C transport infrastructure D	C10.10584-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Feeder stations: Inner city: PTIF	C11.10501-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Trunk stations: PTIF	C11.10502-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Property acquisition: Inner-city depot: PTIF	C11.10503-F1	AI	Infrastructure – road transport	Roads, pavements, bridges	
	IRT: Vehicle acquisition	C11.10546-F1	AI	Other assets	General vehicles	
		IRT: Vehicle acquisition	C11.10547-F1	AI	Other assets	General vehicles
		Various	Various		Various	Various
	Financial services	Various	Various		Various	Various
Corporate services	Radio trunking infrastructure	C07.00621-F1	AZ	Other assets	Plant and equipment	
	Dark fibre broadband infrastructure	C10.16621-F1	BC	Other assets	Computers – hardware/ equipment	
	Various	Various		Various	Various	
Health	Various	Various		Various	Various	
Safety and security	Various	Various		Various	Various	
Housing	Nyanga upgrading project (Project linked funding and Upgrade of Informal Settlements Programme) (PLF and UISP)	C06.41502-F1	AO	Various	Various	
	Bardale/Fairdale: Develop 4 000 units	C06.41540-F1	AO	Various	Various	
	Driftsands housing project	C07.00438-F1	AO	Various	Various	
	Scottsdene CRU project Phase 1	C10.15425-F1	AL	Community	Social rental housing	
	Uitsig CRU project (790 units)	C10.15427-F1	AL	Community	Social rental housing	
	Woodlands CRU project (100 units)	C10.15428-F1	AL	Community	Social rental housing	
	Manenberg CRU project (1 584 units)	C10.15430-F1	AL	Community	Social rental housing	
	Kewtown CRU project	C10.15431-F1	AL	Community	Social rental housing	
	Hanover Park CRU project	C10.15433-F1	AL	Community	Social rental housing	
	Heideveld CRU project	C10.15434-F1	AL	Community	Social rental housing	
	Marble Flats CRU project	C10.15435-F1	AL	Community	Social rental housing	
	Langa Hostels CRU project (579 units)	C11.15418-F1	AL	Community	Social rental housing	
	Hostels redevelopment CRU programme	C11.15419-F1	AL	Community	Social rental housing	
	Various	Various		Various	Various	
	Economic and social development Strategy and planning	Various	Various		Various	Various
	Various	Various		Various	Various	
Total capital expenditure						



	Total project estimate	Prior year outcomes		2010/11 Medium-term Revenue and Expenditure Framework			Project information	
		Audited outcome 2007/8	Adjusted budget 2008/9	Budget year 2010/11	Budget year +1 2011/12	Budget year +2 2012/13	Ward location	New or renewal
	68 671	972	6 500	1 000	–	–	83	Renewal
	61 300	300	4 000	17 000	15 000	25 000	Multi	Renewal
	106 000	–	–	–	–	6 000	35	New
	69 499	2 499	7 000	–	5 000	5 000	104	Renewal
	97 713	24 500	17 560	14 800	14 220	25 000	78	Renewal
	72 210	–	–	5 710	5 500	16 000	100	New
	113 073	4 277	30 000	17 313	–	–	66	Renewal
	103 300	–	19 800	14 500	24 000	20 000	66	Renewal
	105 763	17 351	23 800	15 000	20 000	25 000	95	Renewal
	73 322	–	–	59 925	12 615	782	Multi	New
	137 000	–	–	57 000	80 000	–	Multi	New
	62 670	–	–	–	–	62 670	Multi	New
	600 337	–	545 337	55 000	–	–	54	New
	295 457	–	164 685	130 772	–	–	54	New
	666 816	–	51 942	138 984	462 501	13 390	55	New
	159 910	–	10 000	34 200	62 700	53 010	Multi	New
	269 295	–	13 295	73 433	172 567	10 000	Multi	New
	52 600	–	–	4 600	18 000	30 000	90	New
	71 140	–	–	1 140	50 000	20 000	Multi	New
	91 200	–	–	–	45 600	45 600	Multi	New
	80 400	–	–	–	80 400	–	Multi	New
	70 000	–	–	–	70 000	–	Corporate infrastructure	New
	245 283	–	–	–	–	245 283	Corporate infrastructure	New
				358 068	450 076	449 220	Multi	Various
				7 614	10 215	9 009	Multi	Various
	50 553	1 196	–	2 000	1 000	1 000	Corporate infrastructure	Renewal
	110 072	–	67 778	42 294	–	–	Corporate infrastructure	New
				80 330	119 326	127 276	Multi	Various
				11 984	11 075	6 954	Multi	Various
				33 893	11 906	12 576	Multi	Various
	75 581	29	1 160	8 205	3 890	3 890	Multi	New
	172 474	14 946	47 489	66 000	22 000	–	18	New
	62 602	38	200	–	–	24 257	18	New
	110 539	–	28 504	63 023	6 357	–	Multi	New
	73 989	–	17 988	59 672	–	–	Multi	New
	73 176	–	1 198	31 695	40 284	–	Multi	New
	217 725	–	1 567	1 696	10 656	92 173	Multi	New
	60 044	–	13 327	33 406	13 311	–	Multi	New
	220 773	–	8 521	35 019	36 656	28 558	47	Renewal
	112 599	–	2 748	867	12 936	51 338	Multi	Renewal
	115 439	–	4 823	26 726	30 815	32 008	Multi	Renewal
	110 000	–	–	25 000	25 000	25 000	52	New
	120 000	–	–	–	–	40 000	Multi	New
				274 454	320 276	292 079	Multi	Various
				16 898	12 160	14 160	Multi	Various
				74 174	46 060	60 840	Multi	Various
				3 607 364	4 240 889	4 118 720		

# Other supporting documents



**TABLE 36: FINANCIAL PERFORMANCE BUDGET** (revenue source/expenditure type and department)

Description R in thousands	Community services	Corporate services	Economic and social development	Financial services	Health
<b>Revenue by source</b>					
Property rates	–	–	–	–	–
Property rates – penalties and collections	0	–	–	0	–
Service charges – electricity revenue	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–
Service charges – refuse revenue	4	–	–	–	–
Service charges – other	15 337	888	2 221	6 736	193
Rental of facilities and equipment	20 937	805	65 335	1	–
Interest earned – external investments	–	–	10	188 914	–
Interest earned – outstanding debtors	–	–	550	–	–
Fines	3 799	–	2	–	17
Licences and permits	376	–	174	–	33
Agency services	–	–	–	105 000	–
Other revenue	474	23 089	74	87 358	3 339
Transfers recognised – operational	29 218	1 000	6 749	5 000	261 448
Gains on disposal of PPE	–	2 000	301 444	–	–
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>70 145</b>	<b>27 782</b>	<b>376 559</b>	<b>393 008</b>	<b>265 029</b>
<b>Expenditure by type</b>					
Employee-related costs	685 460	798 752	125 189	425 183	390 268
Remuneration of councillors	–	–	–	–	–
Debt impairment	–	–	8 000	2 286	–
Depreciation and asset impairment	59 406	113 497	9 910	14 307	5 644
Finance charges	–	–	–	739 507	–
Bulk purchases	–	–	–	–	–
Contracted services	225 790	221 473	60 752	5 011	10 417
Transfers and grants	–	–	37 126	–	625
Other expenditure	160 975	394 907	39 449	311 158	168 442
<b>Total expenditure</b>	<b>1 131 631</b>	<b>1 528 628</b>	<b>280 427</b>	<b>1 497 452</b>	<b>575 397</b>
<b>Surplus/(deficit)</b>	<b>(1 061 486)</b>	<b>(1 500 846)</b>	<b>96 132</b>	<b>(1 104 444)</b>	<b>(310 368)</b>
Transfers recognised – capital	68 863	–	1 000	–	1 046
Contributions recognised – capital	6 440	–	90	–	–
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>(986 183)</b>	<b>(1 500 846)</b>	<b>97 222</b>	<b>(1 104 444)</b>	<b>(309 322)</b>



The scenic beauty of the Mother City

Housing	Internal audit	Office of the City Manager	Rates and other	Safety and security	Strategy and planning	Transport, roads and major projects	Utility services	Total
-	-	-	4 206 430	-	-	-	-	4 206 430
-	-	-	80 430	-	-	-	0	80 430
-	-	-	-	-	-	-	6 638 174	6 638 174
-	-	-	-	-	-	-	1 659 871	1 659 871
-	-	-	-	-	-	-	899 609	899 609
-	-	-	-	151	-	-	762 615	762 770
10 460	-	4	-	8 390	93 281	3 282	510 342	651 133
156 772	-	-	-	167	109	220	158	244 503
25 000	-	-	-	-	-	2	10	213 936
-	-	-	-	650	-	124	209 536	210 860
-	-	-	-	175 659	1 088	-	3	180 569
-	-	-	-	27 148	943	90	-	28 764
-	-	-	-	10 993	-	-	-	115 993
4 578	0	2 154	1 510 960	44	648	42 800	84 712	1 760 230
172 736	-	-	796 687	1 210	12 781	191 453	-	1 478 282
2 000	-	-	-	-	-	-	5 000	310 444
371 546	0	2 158	6 594 508	224 412	108 849	237 971	10 770 030	19 441 998
214 261	27 762	124 714	40 586	970 508	286 636	406 038	2 007 581	6 502 939
-	-	92 296	-	-	-	-	-	92 296
117 024	-	-	212 232	-	-	-	628 174	967 716
65 802	296	4 689	-	35 846	18 345	313 262	549 676	1 190 680
-	-	-	-	-	-	-	-	739 507
-	-	-	-	-	-	-	4 738 992	4 738 992
31 487	612	4 625	-	17 804	11 117	248 664	925 956	1 763 709
1 000	-	1 140	-	-	961	3 705	-	44 557
247 745	1 974	85 070	291 202	168 240	44 147	520 876	1 000 990	3 435 175
677 320	30 644	312 535	544 020	1 192 399	361 205	1 492 544	9 851 369	19 475 572
(305 773)	(30 644)	(310 378)	6 050 488	(967 986)	(252 356)	(1 254 574)	918 661	(33 574)
555 818	-	15 200	-	-	12 000	706 563	275 309	1 635 800
-	-	-	-	-	-	8 549	49 300	64 379
250 045	(30 644)	(295 178)	6 050 488	(967 986)	(240 356)	(539 462)	1 243 270	1 666 605

The magnificent Cape Town Stadium is built on the site of the first recorded game of football played in South Africa





## Other Supporting Documentation

## List of terms and abbreviations

**Adjustment budgets** – the formal means by which a municipality may revise its budget during a financial year, prescribed in Section 28 of the Municipal Finance Management Act

**Allocations** – money received from Provincial and National Treasury

**BEE** – black economic empowerment

**BER** – Bureau of Economic Research

**Budget** – the financial plan of a municipality

**Budget-related policy** – policy of a municipality affecting, or affected by, the budget; examples include tariff policy, rates policy, and credit control and debt policy

**Budget Steering Committee** – committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Municipal Finance Management Act

**Capital expenditure** – spending on municipal assets, such as land, buildings and vehicles; 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

**CBD** – central business district

**CCTV** – closed-circuit television

**CID** – city improvement district; defined geographic area in which the majority of property owners determine and agree to fund supplementary and complementary services in addition to those normally provided by a municipality, to maintain and manage the public environment at a superior level, thereby maintaining or increasing their investment; done by founding a Section 21 company managed by a member-elected board and operated by a board-appointed management team; similar to special rating area

**City** – City of Cape Town

**CMTF** – Cape Metropolitan Transport Fund

**Convenco** – Cape Town Convention Centre Company (Pty) Ltd

**CPI** – headline consumer price index (rate of inflation); an index of the cost of all goods and services to a typical customer, attempting to include everything that contributes to the cost of living

**CRR** – Capital Replacement Reserve

**DBSA** – Development Bank of Southern Africa

**DMTN** – domestic medium-term note; the City's municipal bond programme as an alternative source of capital funding

**DORA** – Division of Revenue Act; annual legislation that shows the allocations from national to local government

**DORb** – Division of Revenue Bill; annual legislation tabled in Parliament, though not enacted, that shows the allocations from national to local government

**ECD** – early childhood development

**EFF** – External Financing Fund

**EPWP** – Expanded Public Works Programme

**Equitable share** – a general grant paid to municipalities, predominantly aimed at assisting municipalities with the costs of free basic services

**Executive Management Team (EMT)** – a team comprising the City Manager and the Executive Directors and Chief Audit Executive; reports to the City Manager

**FBS** – free basic service

**FC&D** – finance charges and depreciation

**GDFI** – gross domestic fixed investment

**GFS** – Government Finance Statistics; an internationally recognised classification system that facilitates comparisons between municipalities

**GIA** – grants-in-aid

**GV** – General Valuation (Roll)

**HDI** – historically disadvantaged individual

**IBT** – inclining block tariff

**IDP** – Integrated Development Plan; the main strategic planning document of a municipality

**IRT** – integrated rapid transit; primarily bus-based passenger transport in an urban area with high capacity and frequency, and which is grade-separated from other traffic

**KCT** – Khayelitsha Community Trust

**KPI** – key performance indicators; measures of service output and/or outcome

**LED** – local economic development

**MAYCO** – Mayoral Committee

**MFMA** – Local Government: Municipal Finance Management Act (Act 53 of 2003); the principal piece of legislation relating to municipal financial management

**MIG** – Municipal Infrastructure Grant

**MOA** – memorandum of agreement

**MPRA** – Local Government: Municipal Property Rates Act (Act 6 of 2004)

**MSF** – Médecins Sans Frontières, or Doctors without Borders

**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 other financial years

**MYPD** – multi-year price determination

**NERSA** – National Energy Regulator of South Africa

**NMT** – non-motorised transport

**NT** – National Treasury

**Operating expenditure** – the day-to-day expenses of a municipality, such as general expenses, salaries and wages, and repairs and maintenance

**Portfolio committee** – structure in terms of Section 79 of the Local Government: Municipal Structures Act (Act 117 of 1998); processes policies and bylaws relating to the functional areas within its terms of reference, and is responsible for monitoring their implementation, as well as oversight of the functional areas; also responsible for assessing and monitoring service delivery, ensuring that annual budgets are spent wisely and that there is no wastage or corruption

## List of terms and abbreviations continued

**PPE** – property, plant and equipment

**PPP** – public private partnership

**Province** – the Provincial Government of the Western Cape

**PTI** – public transport interchange

**PTIF** – Public Transport Infrastructure Fund

**Rates** – local government tax based on assessed valuation of a property

**R&M** – repairs and maintenance

**RSC** – Regional Services Council

**SALGBC** – South African Local Government Bargaining Council

**SAPIA** – South African Petroleum Industry Association

**SCM** – supply chain management

**SDA** – service delivery agreement

**SDBIP** – Service Delivery Budget Implementation Plan; a detailed plan comprising quarterly performance targets and monthly budget estimates

**SETA** – Sectoral Education and Training Authority

**SFA** – strategic focus area; the main priorities of a municipality, as set out in the IDP; budgeted spending must contribute to the achievement of the SFAs

**SMME** – small, medium and micro-sized enterprise

**SRA** – special rating area; similar to CID

**subcouncils** – administrative areas into which the City's metropolitan area is divided, each of which is made up of a number of wards. There are a total of 105 wards, each of which is represented by a councillor. A ward, in turn, is made up of a number of suburbs.

**TMA** – total municipal account

**UISP** – Upgrade of Informal Settlements Programme

**Virement** – the process of reallocating money within various subdivisions of a vote

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

**WDV** – written-down value





Brightly-dressed soccer fans with flags and banners added to the enthralling experience

# Budget-related charts

Figure 8: Revenue by major source

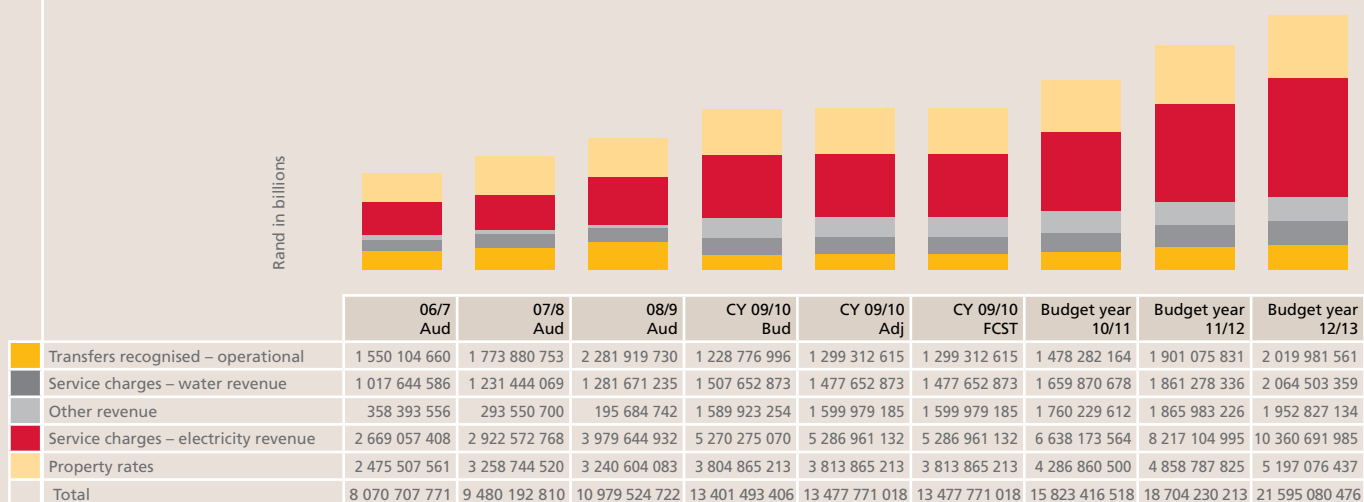


Figure 9: Revenue by minor source

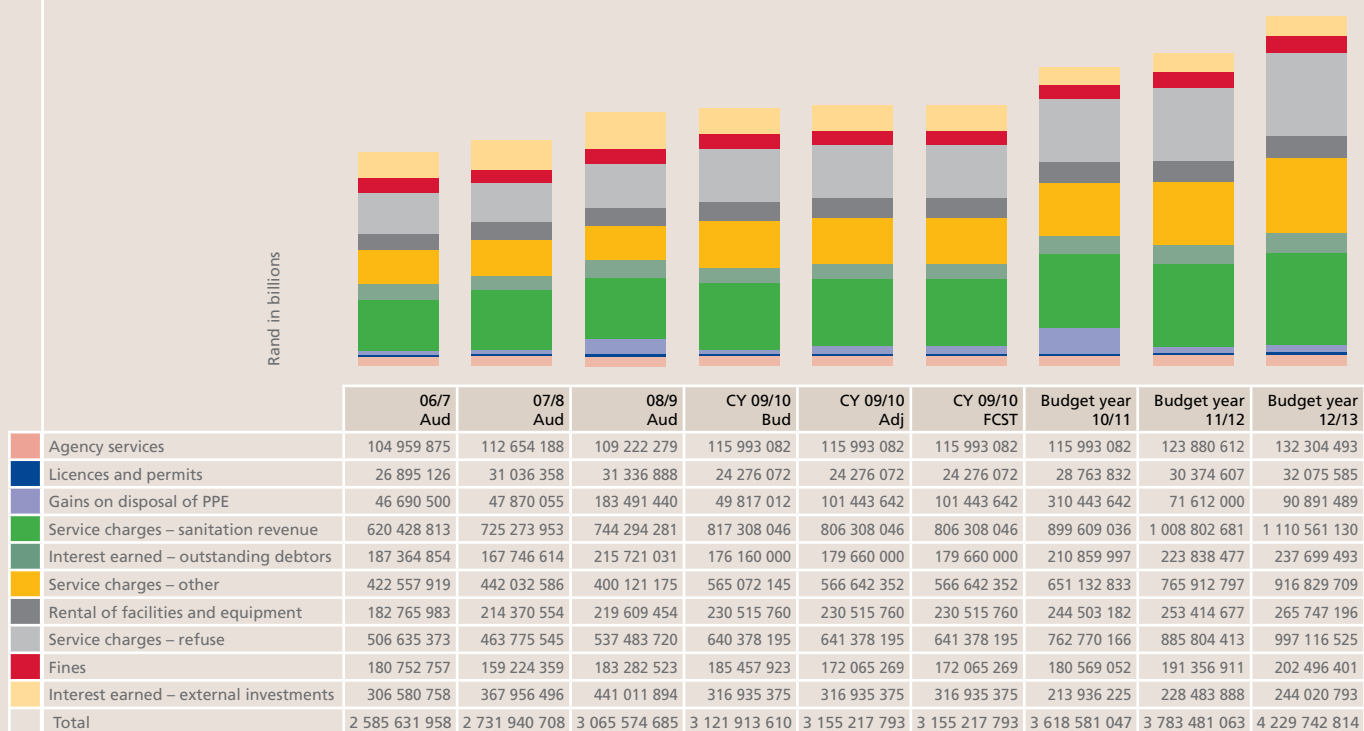


Figure 10: Operating expenditure by major type

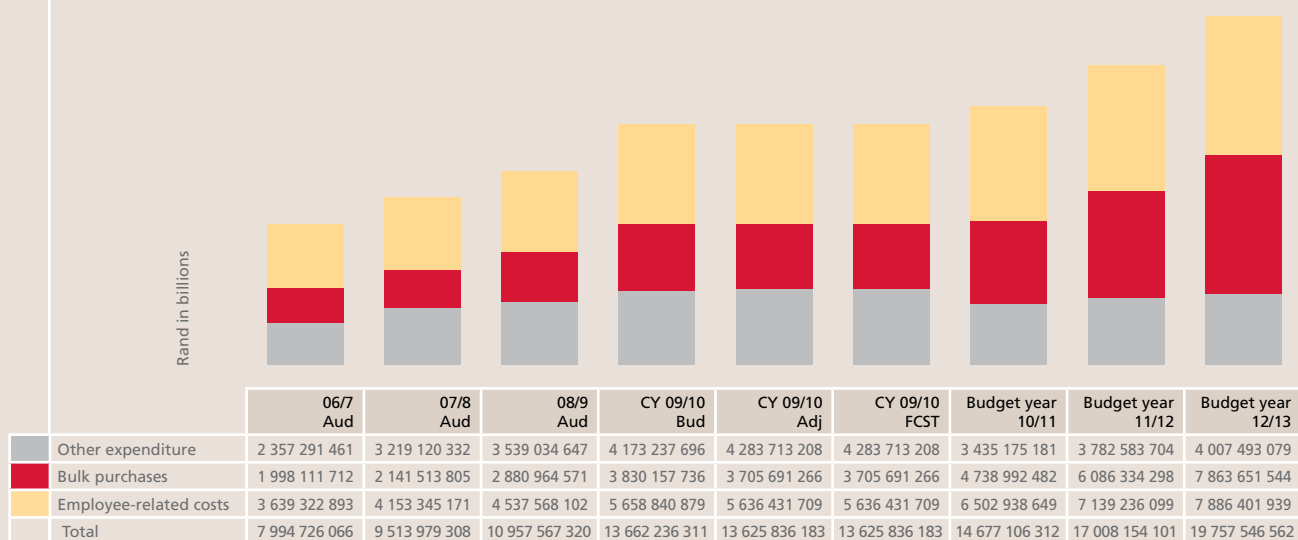
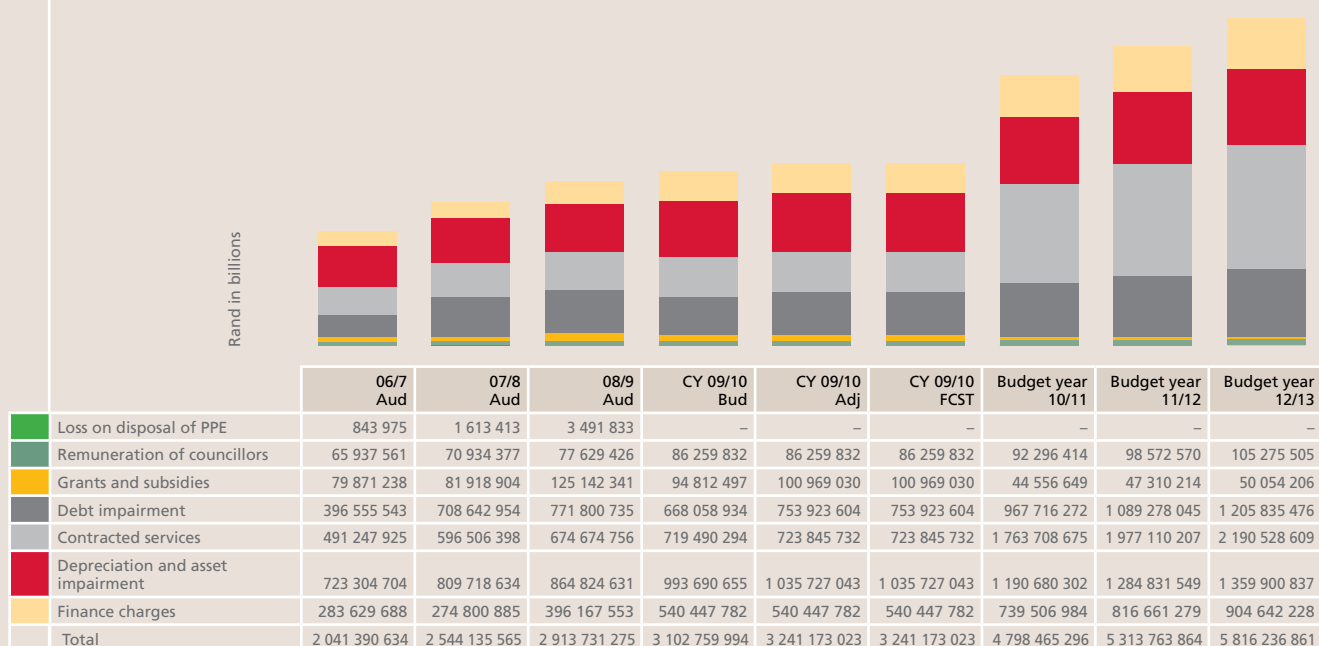


Figure 11: Operating expenditure by minor type



# Budget-related charts continued

Figure 12: Revenue by municipal vote classification

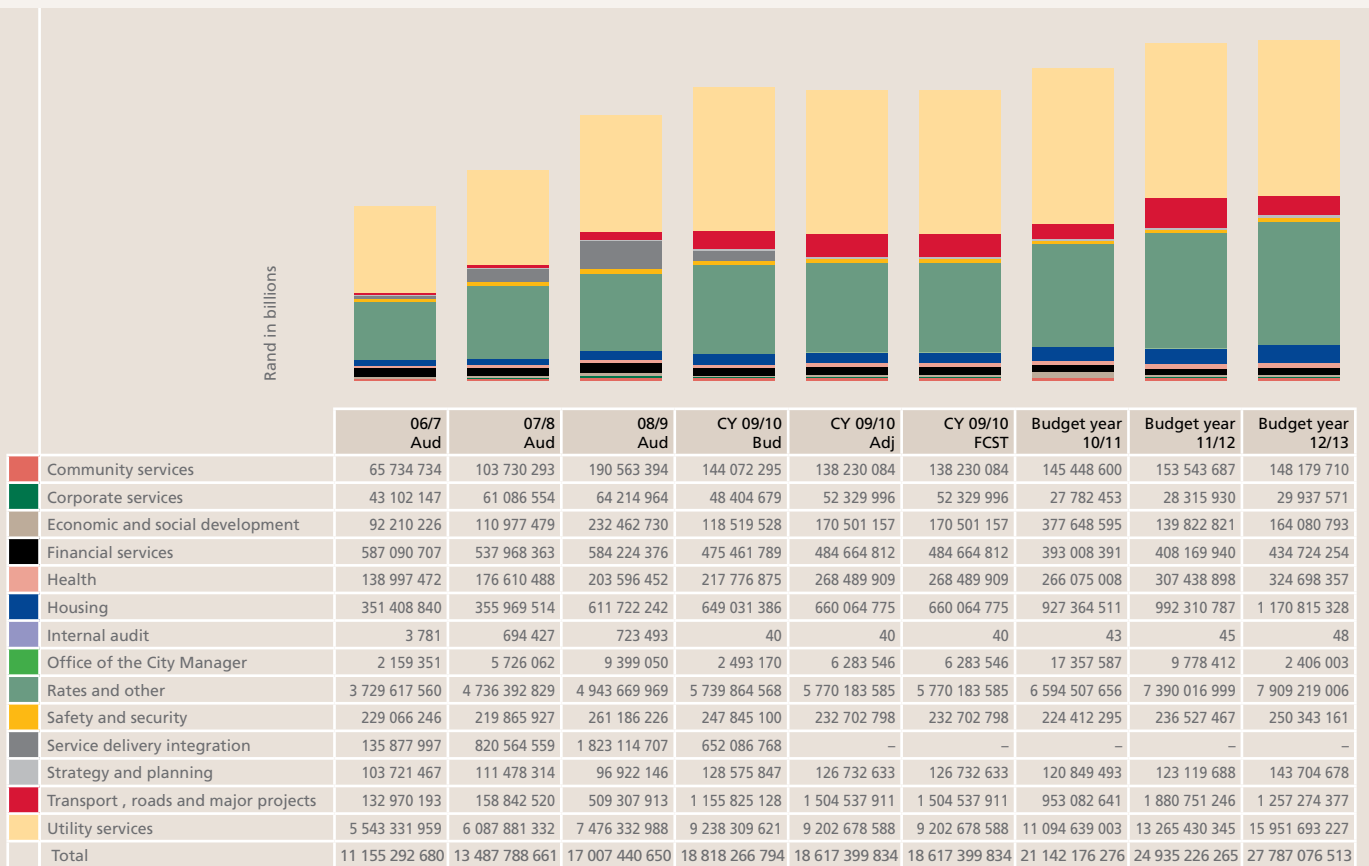


Figure 13: Expenditure by municipal vote classification

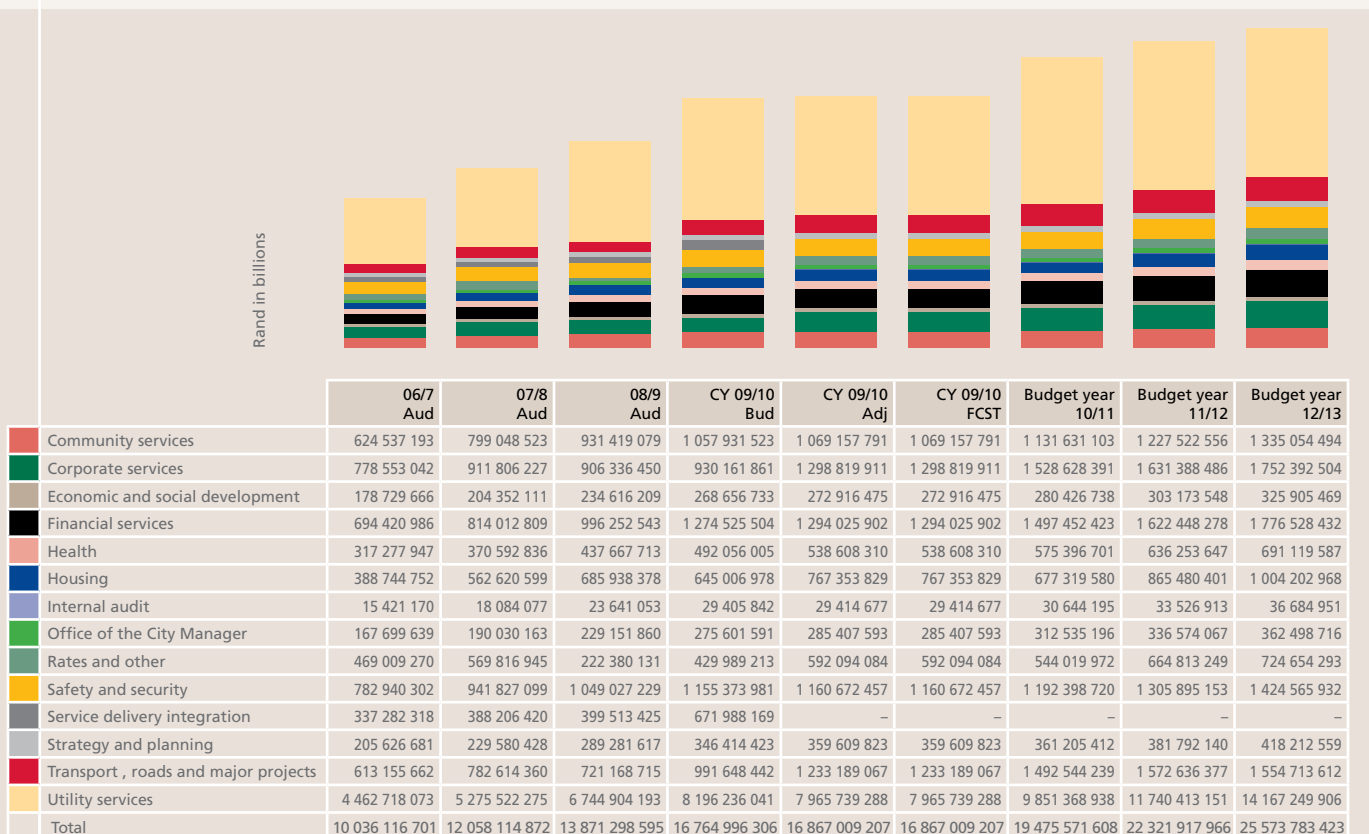


Figure 14: Revenue by standard classification

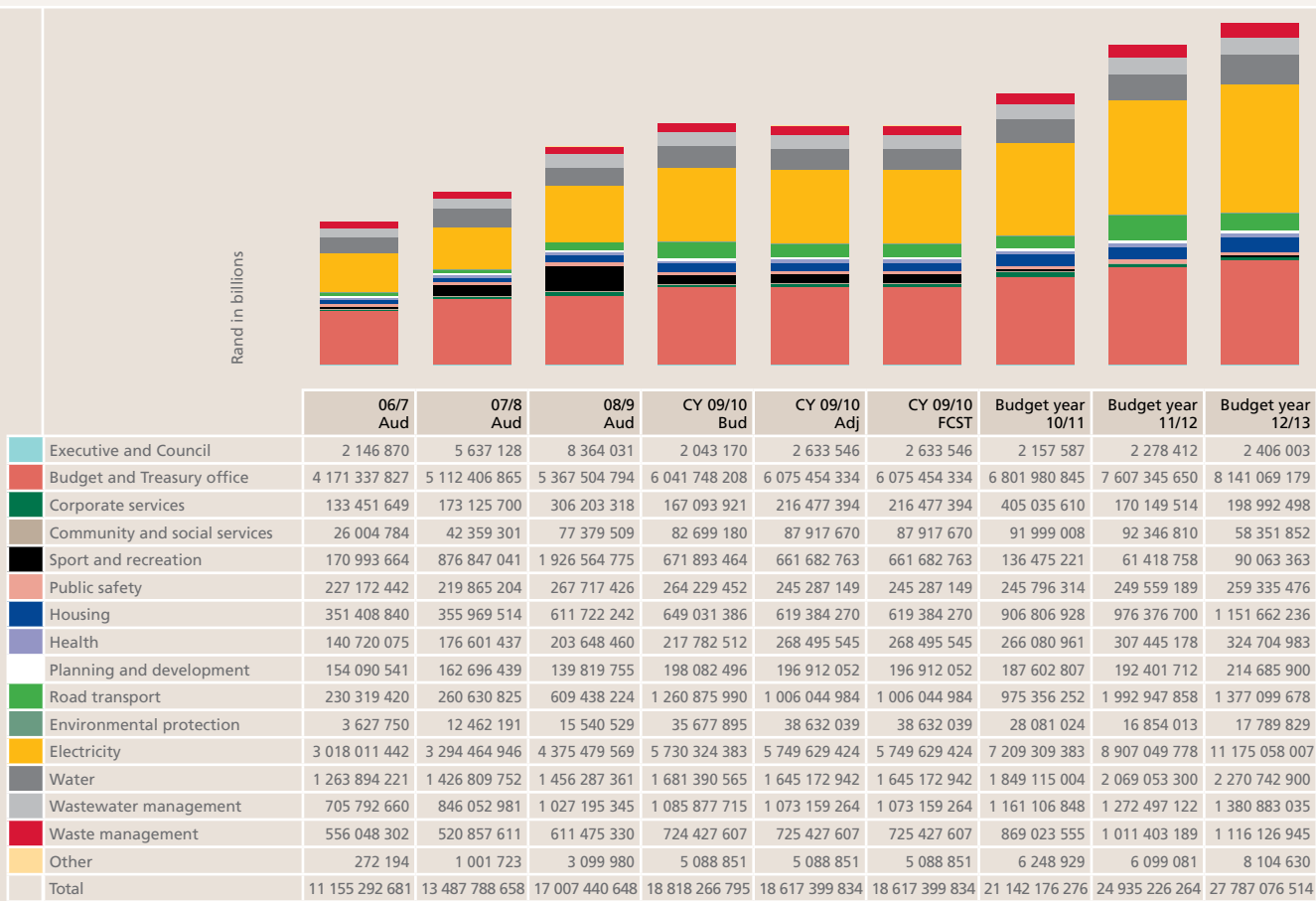
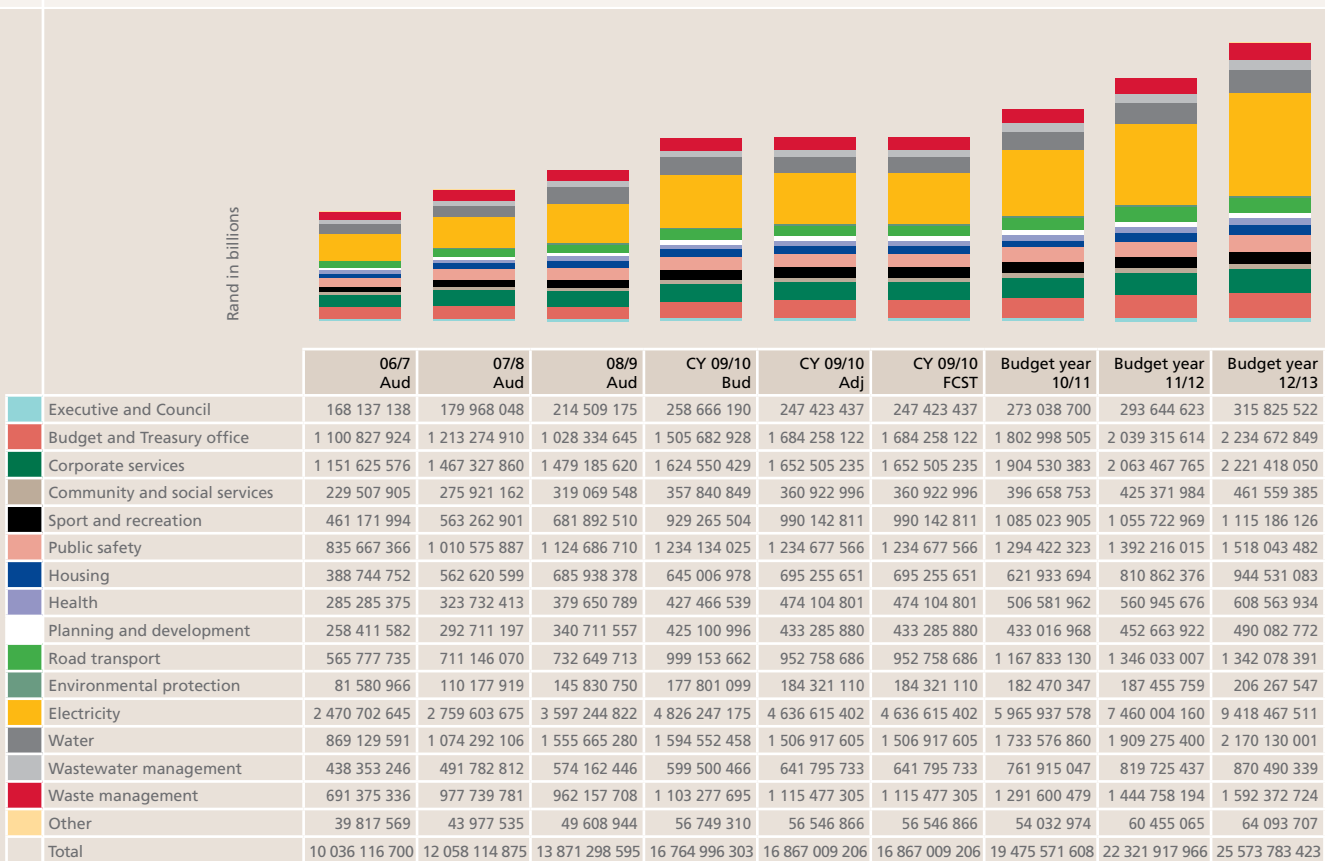


Figure 15 Expenditure by standard classification



# Budget-related charts continued

Figure 16: Capital expenditure by standard classification

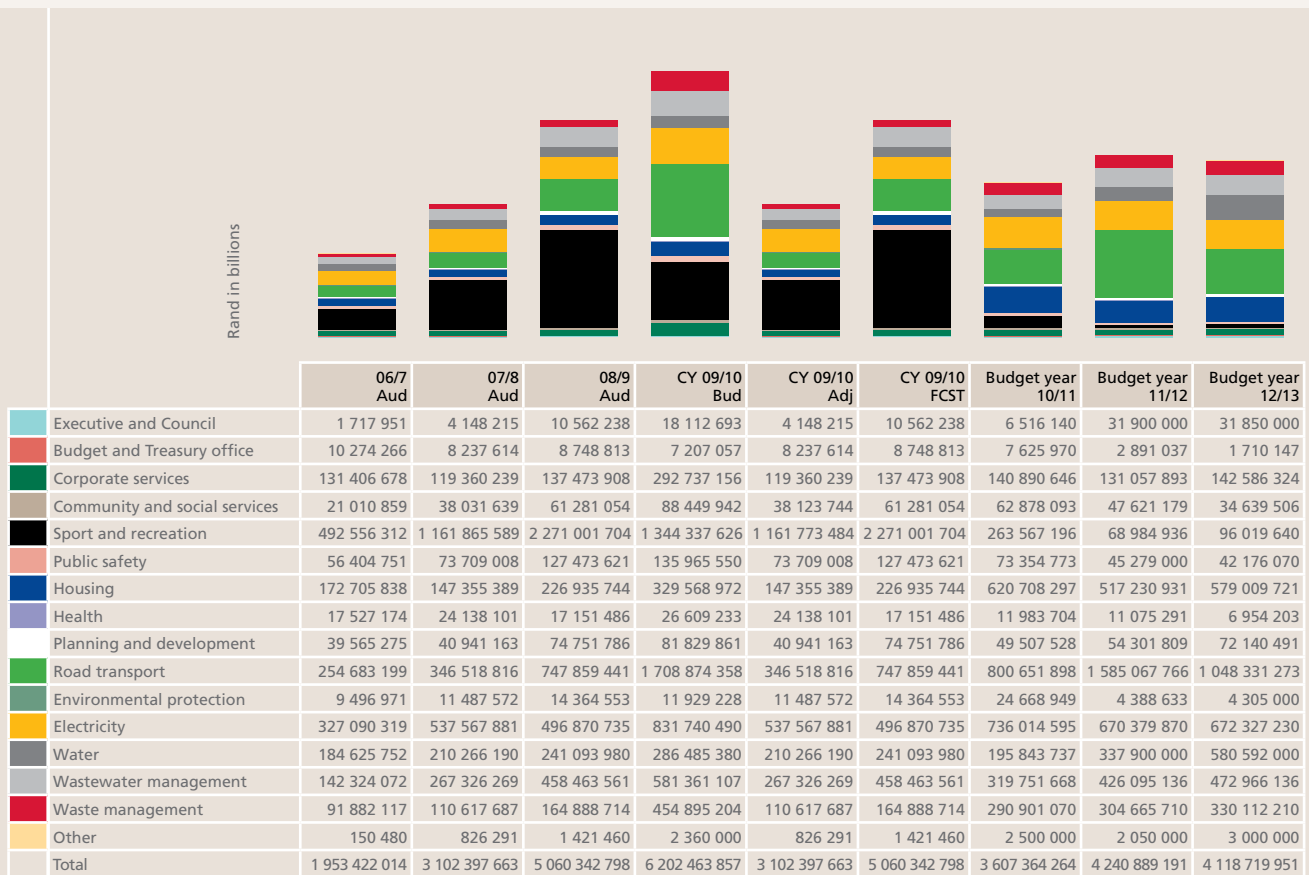


Figure 17: Capital expenditure by municipal vote major

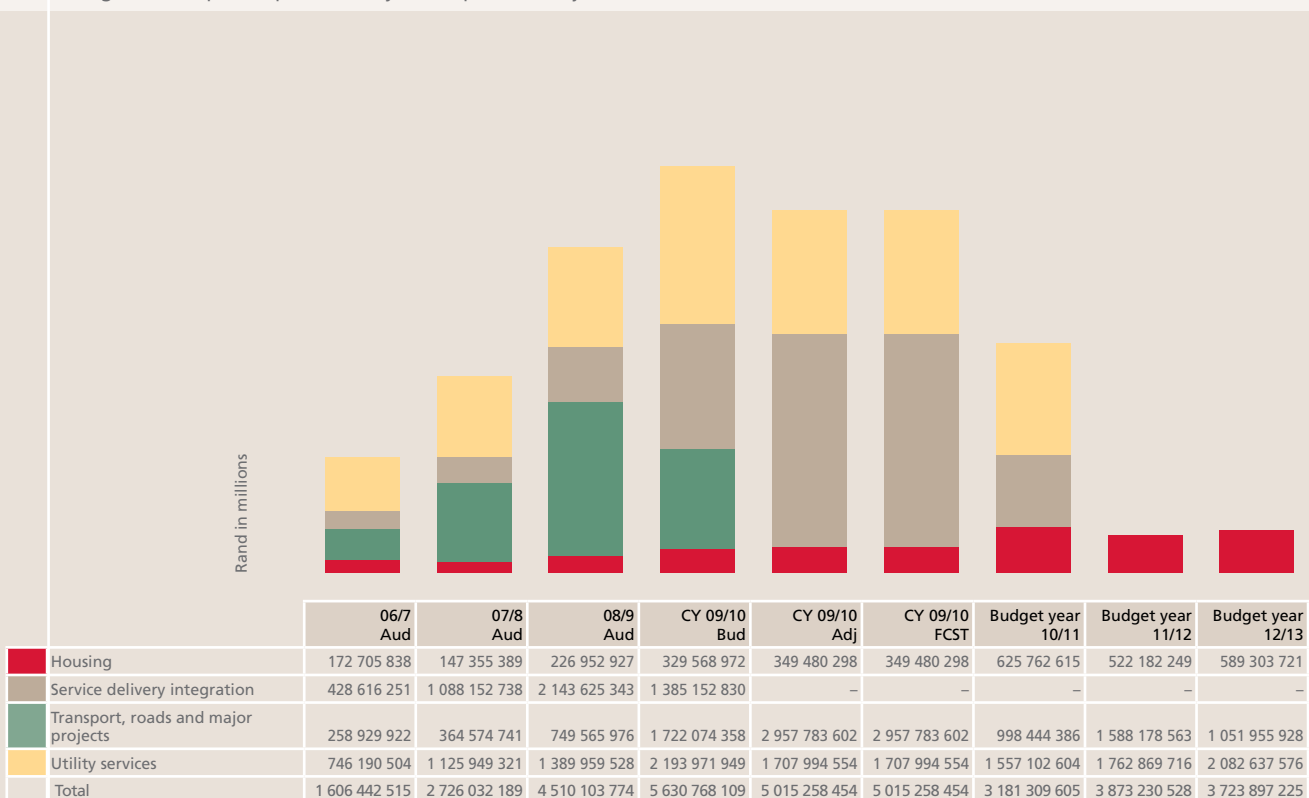
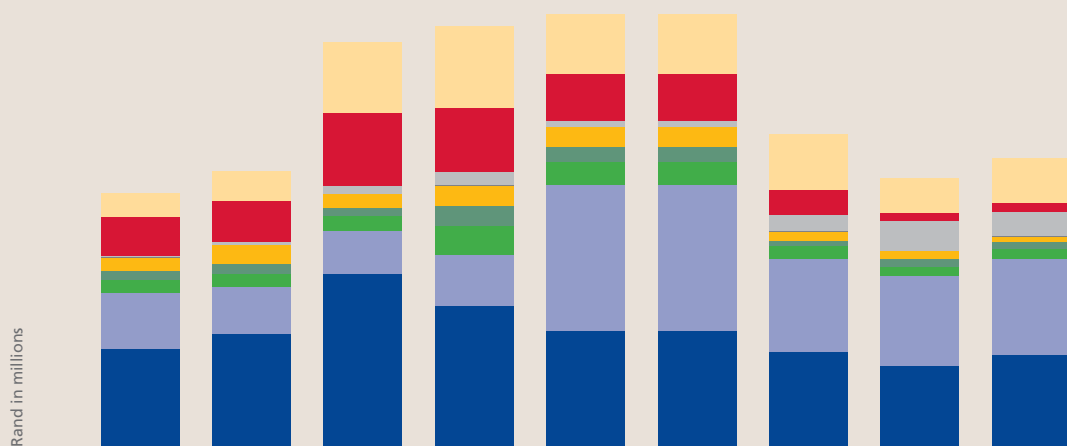
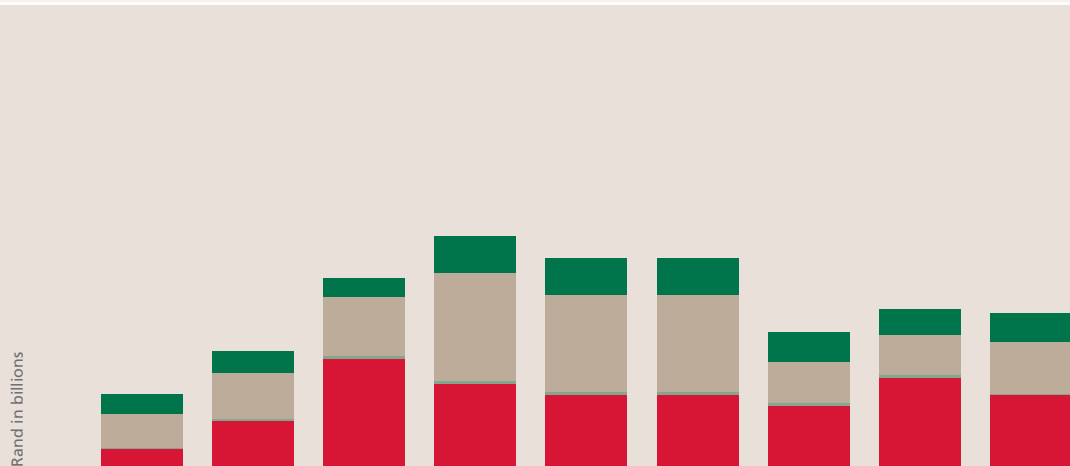


Figure 18: Capital expenditure by municipal vote minor



	06/7 Aud	07/8 Aud	08/9 Aud	CY 09/10 Bud	CY 09/10 Adj	CY 09/10 FCST	Budget year 10/11	Budget year 11/12	Budget year 12/13
Community services	137 942 911	158 512 954	239 252 867	196 482 950	162 419 773	162 419 773	134 629 274	116 019 973	130 659 146
Corporate services	75 301 527	63 575 354	57 503 512	68 234 674	195 771 111	195 771 111	124 624 111	120 325 669	128 275 669
Economic and social development	17 700 179	16 541 054	20 243 764	39 140 203	31 266 767	31 266 767	16 898 182	12 160 262	14 160 262
Financial services	11 993 008	14 316 634	10 779 403	26 222 400	19 743 145	19 743 145	7 614 125	10 214 593	9 008 703
Health	18 355 507	24 433 700	17 951 150	27 009 233	26 313 979	26 313 979	11 983 704	11 075 291	6 954 203
Internal audit	147 447	125 365	483 524	425 727	475 727	475 727	241 845	121 444	121 444
Office of the City Manager	1 947 587	4 339 321	11 219 811	18 705 561	7 712 507	7 712 507	21 996 166	39 775 158	32 227 158
Safety and security	51 346 888	55 509 543	96 955 639	85 105 782	63 979 813	63 979 813	33 893 239	11 906 070	12 576 070
Strategy and planning	32 244 445	39 011 548	95 849 355	110 369 218	79 557 511	79 557 511	74 174 013	46 060 203	60 840 071
Total	346 979 499	376 365 473	550 239 025	571 695 748	587 240 333	587 240 333	426 054 659	367 658 663	394 822 726

Figure 19: Capital funding by source



	06/7 Aud	07/8 Aud	08/9 Aud	CY 09/10 Bud	CY 09/10 Adj	CY 09/10 FCST	Budget year 10/11	Budget year 11/12	Budget year 12/13
Transfers recognised – capital	459 579 571	1 227 256 142	2 903 740 005	2 232 418 565	1 934 686 207	1 934 686 207	1 641 200 110	2 393 314 987	1 919 653 224
Public contributions and donations	43 025 570	48 398 999	58 601 237	62 441 213	59 024 816	59 024 816	58 978 600	54 200 000	42 600 000
Borrowing	893 912 573	1 242 469 997	1 609 435 709	2 908 075 943	2 621 350 434	2 621 350 434	1 115 876 833	1 078 238 525	1 386 770 315
Internally generated funds	556 904 300	584 272 525	488 565 847	999 528 136	987 437 330	987 437 330	791 308 721	715 135 679	769 696 412
Total	1 953 422 014	3 102 397 663	5 060 342 798	6 202 463 857	5 602 498 787	5 602 498 787	3 607 364 264	4 240 889 191	4 118 719 951









### **The Budget Department**

#### **Front, from left:**

Chrisna (Tinka) Pretorius; Zukiswa Nqanqali (Manager: Operating Budget); Madenia Safodien; Noyolo Gwetyana; Karen Fourie (Manager: Capital Budget); Johan Steyl (Director: Budgets); Naiemah Ishmail (Manager: Performance Budgeting); Ganief Elloker; Sandile Malimela; Marchelaine Dawood and Fritz van Zyl.

#### **Back, from left:**

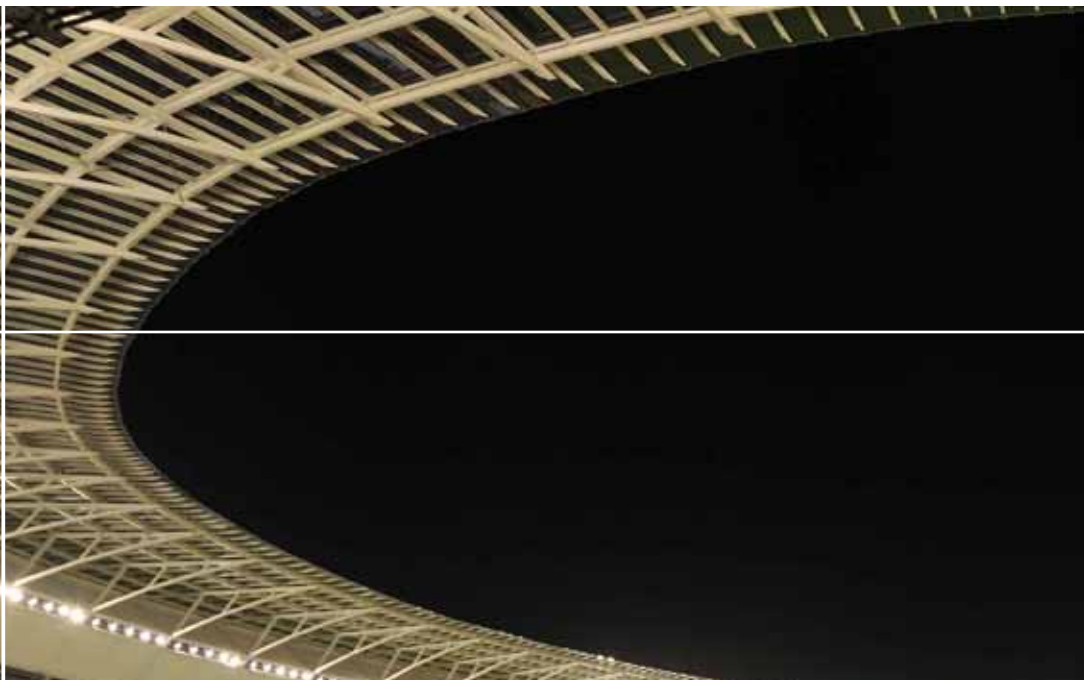
Gerrie Hattingh; Edward Jacobs; Amina Ebrahim; Trevor Robinson; Eldre Foot; Lucille Mays; Alistair Kannemeyer; Juan Uys and Elmien Jordaan.

#### **Absent:**

Sumaya Rinquest-Kallis; Mfundo Sandondo; Dominique Waso; Siphon Nodliwa and Simorne Cleophas

#### **Acknowledgements**

Published by: City of Cape Town Communication Department  
Project managers: Madenia Safodien (Budgets) and Aletta Kruger (Corporate Publications)  
Photography: Bruce Sutherland  
Copy: David Derbyshire  
Design: Ince.Motiv  
Printer: Tandym Print



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