

# City of Cape Town Budget 2011/12 – 2013/14



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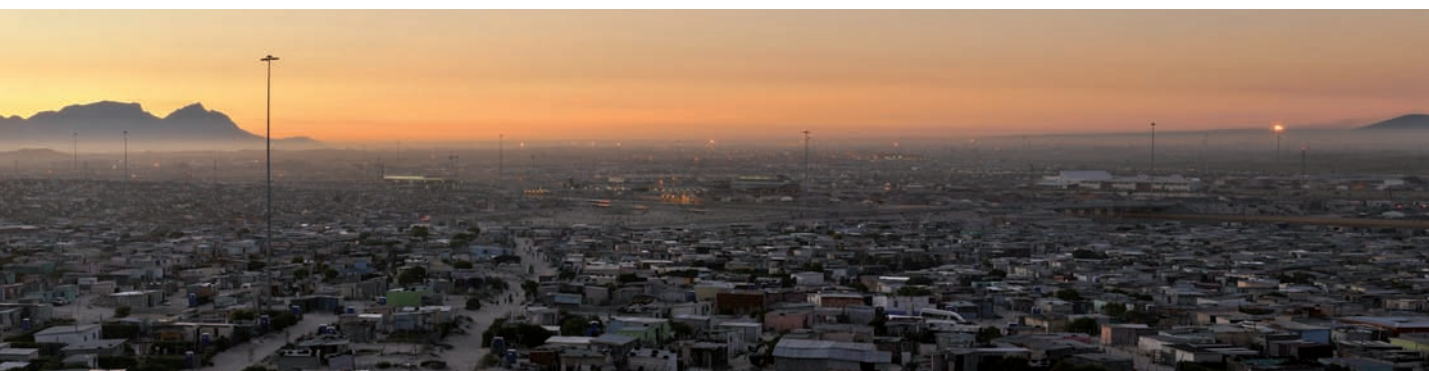
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# Abridged speech by Executive Mayor Ald. Patricia de Lille: Adoption of the municipal budget 2011/12



Alderman Patricia de Lille

## DELIVERED TO COUNCIL ON 8 JUNE 2011

It is a great honour to present the budget to you today in my first address since this Council was sworn in. This is a great moment for our city as this budget is the bridge between the priorities of two administrations. The previous administration was tasked with addressing long-standing problems and catching up with the backlog of much-needed bulk infrastructure. We are still continuing with that task and it will inform our planning for the city so that we can continue to deliver for all.

The success of that infrastructure roll-out thus far will allow this administration to focus on creating the economic environment in which investment thrives and jobs can be created. When we create those conditions, we will have served all the people of this city by giving them basic services and making their metro a hub of opportunity.

All of us were elected with a duty to serve the people, with our primary duty centred on local government's mandate to deliver services to all the people. In order to fulfil that mandate, the City requires the financial means to ensure that the roll-out of basic services continues uninterrupted.

This budget has been drawn up with two key considerations in mind. It is a budget that is still mindful of the fact that we are only just tentatively emerging from a multi-year economic downturn. As such, it has focused on high-priority programmes to drive efficiencies and deliver on our mandate, which was informed by the previous administration's IDP.

In so doing, this budget continues infrastructure outlay to ensure that every citizen of this city has services provided to them, especially the poor, and also to provide the enabling environment necessary for economic development.

This financial year, our total operating expenditure will increase from R19,476 billion in 2010/11 to R21,913 billion. This represents a 12,5% growth in spending, a consequence of rising bulk purchase costs, new transport allocations with the IRT and rising employee costs negotiated at the Bargaining Council.

This is measured against a rise in total operating revenue from R19,442 billion in 2010/11 to R21,913 billion this year.

Our capital budget also increases, mainly due to increases in state grants, from R3,995 billion in 2010/11 to R5,089 billion this year.

National Government continues to recognise Cape Town's ability to spend the money granted to it from Treasury on the key projects that improve the lives of our citizens.

There is a tendency to view the strategic objectives of government as isolated mandates. Some people look at delivery to the poor only. Others consider what the government is doing to fix infrastructure, the basic physical units of delivery. They want to be able to count the number of water and electricity connections. Still others want to know what the government is doing to encourage investment. Each person seems to have their own priority that they choose to focus on.





*The number of households receiving free basic services is expected to increase by an average of 2%*

What they fail to understand is that you cannot view these things in isolation.

Together, they are a complex set of relationships that are dependent on each other for their own success. You cannot deliver to the poor if you do not have physical infrastructure. You cannot create the economic environment for investment if there is no infrastructure. And you cannot talk of a city that is creating opportunities for jobs and dignity if it does not look after the poor.

Today's budget takes cognizance of these relationships and addresses them with the aim of consolidating the successes of the last administration. The new administration can begin to implement the strategic objective of fostering the conditions in which jobs can be created.

In this regard, we will deliver to all citizens with rates increases adjusted for prevailing economic conditions. As such, tariff increases above CPI must be viewed against rising costs, especially the price of bulk electricity from Eskom, staff remuneration from the bargaining council agreement, and the bulk purchases of water from the Department of Water Affairs.

But these increases are also to satisfy the necessity for cross-subsidisation of the poor. The free basic services we provide to the poor are the most comprehensive of any metro in the

country. These increases will be carried out under the City's policy of distinguishing between those who cannot pay for rates and those who will not pay.

There will be a rates tariff increase of 5,9% that will lead to a total revenue increase of 7,3%. Our rates policy ensures that we look after the most vulnerable members of our city. This will allow for the reclassification of old age homes as residential, not commercial, allowing them to pay half the rates.

Furthermore, this budget will see the rates rebate qualification for senior citizens and the disabled moving to those people who earn below R10 000 a month.

This increase will also allow for the continuation of our indigent policy and, indeed, its expansion. Those households with an income of less than R3 000 a month or a property valuation of less than R200 000, will continue to qualify for a full rates rebate. Furthermore, this budget proposes a new indigent category where qualifying ratepayers with monthly incomes between R3 000 and R4 000 will get a 50% rates rebate.

The tariff increase for water and sanitation will be 8,28%, which will lead to a total revenue increase of 10,1%. This will allow us to continue providing the free daily allocation of water of 350 litres to people who cannot afford it.

# Abridged speech by Executive Mayor Ald. Patricia de Lille: Adoption of the municipal budget 2011/12 continued



*The City aims to facilitate an efficient, effective and equitable economy throughout Cape Town*

In total, the City will spend R1,26 billion on free services to the poor in the 2011/12 financial year.

In terms of solid waste, there will be a tariff increase of 5,5%, with the indigent rebate sliding scale for residential properties ranked below R400 000 remaining in place.

Even though bulk supply costs from Eskom increased by 26,71%, the average City tariff increase is only 19,94%, which results in a total revenue increase of 22,4%. We will ensure that the free 50 kilowatt hours per month for all people within the City's area of supply who receive less than 450 kilowatt hours or less per month, will remain.

These increases will allow us to adequately finance the departments that deliver services to the people, especially free basic services to the poor and vulnerable people of our city.

Community Services will receive approximately R1,2 billion, an increase of 8,2%. This will enable us to provide the amenities that make our city more inclusive.

Corporate Services will receive approximately R1,6 billion, an increase of 8,2%. This money will be used to ensure that the City is well staffed with professional and caring public officials.

Economic and Social Development will receive approximately R300 million, an increase of 9,8%. This will allow us to focus on the new separate Mayco portfolio for social development. This portfolio will ensure that the City offers caring social services.

Finance will receive approximately R1,5 billion, which is an increase of 4,1%. This money will be spent on ensuring that we have the means to finance the city's development.

Health will receive approximately R700 million – an increase of 12,4%. This allocation will mean that we can continue to provide our citizens with primary health care.

Housing will receive approximately R700 million, an increase of 9,1%. Housing will be able to continue with their excellent

track record of delivery, which has seen housing delivery increase fourfold under the previous administration.

Safety and Security will receive approximately R1,2 billion, which is an increase of 6,1%. This money will ensure that our metro police and our community-based initiatives will help keep us safe.

Strategy and Planning will receive approximately R389 million, an increase of 4,3%. This department will help guide the city's new economic direction and improve planning regulations.

Transport and Roads will receive approximately R1,8 billion, an increase of 23,1%. This will be mostly allocated to continuing the roll-out of the IRT, which is becoming a world-class public transportation system for our people.

Finally, Utility Services will receive approximately R11,3 billion, which is an increase of 16,7%. This money will ensure the continued roll-out of basic services, to all citizens, especially the poor.

All of these allocations will help the City drive economic development through infrastructure-led growth while maintaining our core social functions of supporting the poor and the vulnerable in the city. These allocations will also allow for the continuing transformation of our communities through major socio-economic projects.

For example, in Utility Services, R115 million has been assigned for new wastewater treatment works in Bellville and Khayelitsha.

R1,2 billion has been assigned to transport to continue the roll-out of the IRT that is becoming the symbol of a united city.

R292 million has been allocated to housing for the upgrade of City rental units.

These projects, and others, are helping to build Cape Town so that we can realise the full potential of both our people and our economic capabilities.



*Cape Town is an important gateway to regional, provincial and national development*

A reassessment of the rates income indicates that there is an additional R25 million available. I propose that this money be divided between four projects that I am deeply passionate about.

I propose R2 million be given to help the City's homeless. Only by helping the most vulnerable can we speak of a City that is truly inclusive and cares for all.

I would like R5 million to go towards speeding up the roll-out of the Violence Prevention through Urban Upgrading (VPUU) initiative in Manenberg. The VPUU was one of the great success stories of the past administration and has helped the people of Khayelitsha by making communities there safer. The roll-out of this programme is under way in Manenberg and these funds will assist with its implementation.

I propose R8 million be given to assist with the establishment of apprenticeships in the Utility Services departments. The electricity department has had great success in training young people to become qualified technicians, many of whom have now been employed by the City or the private sector. The programme was a success in electricity because of skilled and qualified trainers. To help train new technicians and also help with the demands of the private sector, this allocation will mean that utilities can begin training apprentices and sending them to accredited technical institutions.

Lastly, I pledged to help the city's so-called backyard dwellers with services. In order to do that, the City needs an idea of the extent of services needed in communities. Those measurements have already taken place in Langa and Hanover Park in pilot projects under the previous administration. I propose that R10 million be given towards the further roll-out of these engineering surveys to even more backyarder communities across the metro so that we can begin planning and budgeting for their needs. This is an essential step to providing formal basic services to these often forgotten communities.

This budget was informed by the last IDP, which focused on infrastructure-led growth. It represents the consolidation of those goals with the realisation that the need for infrastructure continues. We are now starting the process of developing the IDP that will inform the budget for the next five years. We are moving towards our goal of leading economic development through being able to direct new infrastructure patterns where new development can take place. All the while, this budget ensures that we serve all of our residents via our core mandate of service delivery.

It is thus the bridge from the past objective of addressing infrastructure backlogs towards our strategy of creating the economic environment for investment in which jobs can be created. We will shortly be undertaking the new IDP process and engage with all stakeholders, including communities, civil society and the private sector. That engagement will seek input on how we can move forward to tackle poverty. We must do all that we can as a City to encourage the growth of employment opportunities.

That process will take time and hard work. But the work will be done to ensure that Cape Town remains the best metro in the country. The first step, however, is to ensure that we continue to roll out services and serve the people of this city.

*P. de Lille*

**Ald. Patricia de Lille**  
Executive Mayor of Cape Town





# Annual budget

# Part 1 – Annual budget

## 1.1 COUNCIL INPUT – EXCERPT FROM EXECUTIVE DEPUTY MAYOR'S SPEECH

Mr Speaker, today we consider approval of the budget for 2011/12 to 2013/14.

Since the tabling of the draft budget in February, there have been a number of further inputs from the public and from the subcouncils and portfolio committees.

We have also received unwelcome information, such as that the equitable share allocation from the national fiscus was cut by R27 million. It is highly questionable as to why Cape Town receives such a low equitable share compared to other similarly sized cities in the country.

We believe that this city is being seriously short-changed in funding for its fair share of national funds that are our right in terms of the Constitution.

My Speaker, responses to the various inputs are detailed in the budget documents and are summarised in the recommendation from the Mayoral Committee.

In particular, I note that we propose the adoption of the 50% rates rebate for households with incomes between R3 000 and R4 000 per month. We also extend the rebates to the aged and handicapped with an income of up to R10 000 per month.

Mr Speaker, the changes proposed in this budget cap five years of transformation of the City's finances which have rescued the city from likely collapse to one where income streams are able to sustainably provide a reasonable level of services to our citizens.

While we acknowledge that there have been increases to rates and tariffs beyond the inflation rate, we have avoided the Eskom scenario that we were heading towards five years ago, which would have placed the City in a situation of either collapse of services or sudden massive increases in rates and tariffs that no one would be able to afford.

But linked to these increases has been a careful consideration of the impact of such increases on financially vulnerable people. An enhanced package of rebates has been provided to ensure that rates are affordable.

Mr Speaker, five years ago, this City abandoned the false self-serving so-called transformation and deployed cadres approach of the previous City government and set on the path of true transformation to a modern open, opportunity city that provides the basis for a sustainable future for all.

Into this transformation we have brought an integrated administration, modern systems of open government and

accountability, secured our basic service provision, started the critical job of building a modern public transport system and rebuilt critical services that had been allowed to collapse, such as the Fire Service.

The reform of Cape Town's finances clearly tells the story of successful transformation. In its 2010 report on Cape Town, international ratings agency Moody's felt able to conclude that, 'The City of Cape Town is rated at the high end of the five metropolitan municipalities rated by Moody's in South Africa.' The Moody's report, added that 'the City adheres to prudent strategies in financial, debt and liquidity management. A well-established and focused management team provides stability to the City's strategic planning and operations. Budget execution and cash flows are regularly monitored and the administration is committed to reinforce internal controls.'

Transformation of the City these past five years has also seen a significant increase in the infrastructure that provides basic services to all and provides the platform for economic growth. From the low spend of less than R1 billion/year under the previous administration, capital spending peaked at R5,1 billion last financial year. Over this Council's term of office a total of R19 billion has been spent on capital compared to R7 billion the previous five years. Equally, we have more than doubled expenditure on repairs and maintenance to R1,7 billion per year.

In addition to the total of R1,3 billion that is spent on the provision of free basic services, there has been considerable increase in capital investment in services in under-privileged areas.

Over the last five years more than 60 000 dwellings were electrified within the boundaries of the City of Cape Town.

During the ANC term, capex for water and sanitation in informal settlements was an average R7 million per year.

This has trebled under DA rule, and is R23 million during the current financial year.

As far as cleansing is concerned we have been running door-to-door refuse collection and removal services in all informal settlements (100% of them) with free bags provided to every shack. This has cost R86 million per year. This is a community-based, labour-intensive integrated waste management service in informal settlements and disadvantaged areas that is a National benchmark.

We have run a sandy area programme in many of the previously disadvantaged sandy formal suburbs to remove excess sand and litter over the past five years at a cost of R36 million per year. We run a specialised equipment illegal dumping

removal service which runs on a scheduled programme which removes all illegal dumping in every suburb in Cape Town at least twice a year.

This is an equitable programme but experience has shown that far more work is undertaken in the disadvantaged areas as the dumping in those areas far exceeds those in the advantaged areas.

In formal areas refuse collection is an equitable programme, we share the same resources and offer the same service (a kerbside collection per household per week) in all areas. All areas are issued with 240 ℓ refuse containers as the norm. And in housing we have far outstripped the measly few

hundred houses that the ANC delivered in its period of office. A total of 32 484 housing opportunities were provided in the past four years alone.

Mr Speaker, this budget proposal is designed to take this delivery record forward.

Mr Speaker, in terms of Rule 32.1 of the Rules of Order, I move that consideration of the budget, together with related policies, be adjourned and resumed at a time determined by the municipal council.

In motivation, as this budget is to be executed by the new Council, it is appropriate that the new Council be given the opportunity to consider the budget before adoption.



*The purchasing of bulk electricity is one of the biggest expenditure items in the City's budget*

# Part 1 – Annual budget continued

## 1.2 EXECUTIVE SUMMARY

### 2011/12 budget context and background

The process of developing the City's annual budget is largely guided by the strategic thrusts and operational priorities of the City's established five-year Integrated Development Plan (IDP), as well as its MTREF that sets out the expected annual revenue and projected expenditure for the budget year under consideration, plus the two following financial years.

The 2011/12 financial year represents the first of the newly elected municipality's five-year term of office. It was against this backdrop, and with due consideration to the planning challenges this presents, that the 2011/12 MTREF and the annual budget of the City were drawn up.

Adding to the complexity of this process is the fact that the City, and indeed the country as a whole, is still experiencing many of the lingering impacts of the recent global financial crisis and the concomitant widespread economic recession. While the South African economy is in a gradual recovery phase, the effects of the economic challenges experienced over the past two years still linger and continue to place pressure on the finances of average Capetonians. The knock-on effect of this pressure is that it typically results in greater difficulties for the City in terms of revenue collection, which directly affects not only the City's ability to deliver services, but also to budget accurately for such service delivery in the short to medium term.

In light of these challenges, the budget theme adopted for the 2011/12 MTREF period is 'Driving efficiencies – reprioritisation of existing resources and current allocations'.

The choice of this theme reflects the City's understanding that, within the current tight economic constraints, little or no scope exists for additional City revenue growth, whether internally or externally funded.

This understanding is reinforced at a national level by the following extract from the National Treasury guidelines (Circular 51): '... (O)ver the next few years, government must deliver more services – and deliver them more efficiently – within a tight resource envelope. Achieving this objective requires a new way of working: The budget has been reprioritised so that money is moved from low-priority programmes to high-priority programmes. Municipalities are encouraged to adopt similar stances on these issues. This is particularly important in the run-up to the local government elections. Mayors and councils need to remain focused on the effective delivery of core municipal services.'

Despite this pressure on available resources, the 2011/12 budget gives particular priority to setting aside the financial means to build on the foundations that have been laid thus far in terms of providing services to, and raising the living standards of, Cape Town's poorest individuals and communities. In line with National Government's focus on poverty alleviation, this budget is designed to extend further the City's already extensive package of services and financial relief measures for Cape Town's indigent communities, while still maintaining appropriate levels of service delivery to Capetonians across the full income spectrum.

The total budget quantum for the 2011/12 year is R27 232 million, of which R22 142 million (81,3%) is allocated to the operating budget and R5 090 million (18,7%) to the capital budget.

### 2011/12 operating budget

#### Expenditure

Total operating expenditure has increased from R19 476 million in 2010/11 to R22 142 million in 2011/12. This 13,69% rise is primarily the result of increases in several City expenditure components, examples of which are noted in the table below:

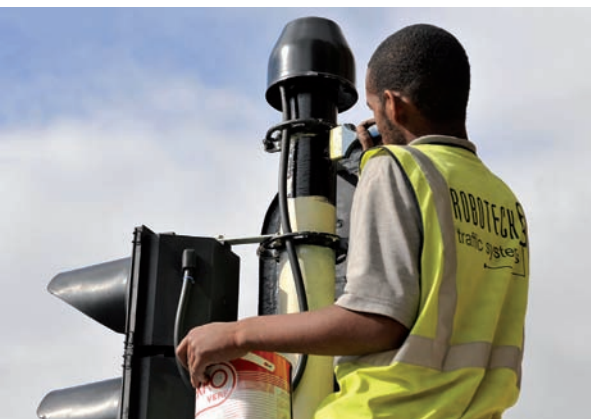
**TABLE 1: YEAR-ON-YEAR GROWTH OF EXPENDITURE COMPONENTS**

Category	Budget 2010/11	Budget 2011/12	Year on year
R thousand			
Employee-related costs	6 502 939	7 091 648	9,05%
Remuneration of councillors	92 296	108 786	17,87%
Debt impairment	967 716	1 039 970	7,47%
Depreciation/asset impairment	1 190 680	1 392 823	16,98%
Finance charges	739 507	766 367	3,63%
Bulk purchases	4 738 992	5 785 876	22,09%
Contracted services	1 763 709	2 320 168	31,55%
Transfers and grants	87 545	96 419	10,14%
Other expenditure	3 392 187	3 539 818	4,35%
<b>Total expenditure</b>	<b>19 475 572</b>	<b>22 141 875</b>	<b>13,69%</b>

#### Explanation of significant expenditure variances

- **Remuneration of councillors** – The 2011/12 budget includes provision for the salaries of additional councillors following ward demarcation amendments, and the impact of additional subcouncils after the 2011 municipal elections.
- **Debt impairment** – This is the working capital provision (bad debts) for both rate- and tariff-funded services. The calculation is based on the 2011/12 collection ratios, and is also informed by a recent opinion of the Auditor-General.





*It is likely that the demand for electricity will continue to grow as the city develops*

- **Depreciation and asset impairment** – The increase is the result of reductions in the predicted lifespan of certain assets, and the depreciation impact of major projects such as the integrated rapid transit (IRT) system and Cape Town Stadium.
- **Bulk purchases** – The increase is due to higher-than-inflation bulk purchase cost hikes envisaged for electricity and water services.
- **Contracted services** – This expenditure component now includes provision for repairs and maintenance. A further contributing factor to the 2011/12 increase is the need for additional funds to cater for subcouncil requests within the Community Services and Transport, Roads and Major Projects Directorates.

**TABLE 2: YEAR-ON-YEAR GROWTH IN STAFF COSTS**

Category	Budget 2010/11	Budget 2011/12	Year on year
R thousand			
Community Services	685 460	728 292	6,25%
Corporate Services	798 752	863 760	8,14%
Economic and Social Development	125 189	142 336	13,70%
Finance	425 183	458 990	7,95%
Health	390 268	455 899	16,82%
Housing	214 261	246 898	15,23%
Internal Audit	27 762	30 518	9,93%
Office of the City Manager	124 714	136 260	9,26%
Rates and Other	40 586	30 546	(24,74%)
Safety and Security	970 508	1 038 511	7,01%
Strategy and Planning	286 636	311 584	8,70%
Transport, Roads and Major Projects	406 038	466 797	14,96%
Utility Services	2 007 581	2 181 258	8,65%
<b>Total staff costs</b>	<b>6 502 939</b>	<b>7 091 648</b>	<b>9,05%</b>

#### Explanation of significant staff cost variances

- **Economic and Social Development** – Additional funds have been allocated to the resource funding requirements for the business improvement project within the City's Property Management Department.
- **Health** – The 2011/12 provision includes additional externally funded posts within the components of antiretroviral (ARV) treatment and primary health care.
- **Rates and Other** – These ad hoc amounts refer to corporate provisions relating to staff costs. The 2011/12 amount provides for the cost of competency assessments for City staff at level T14 and above. Provision is also made for the financial impact of the freedom-of-association option on medical aid for staff (R20 million) and a general allocation for the filling of critical vacancies (R10 million).
- **Transport, Roads and Major Projects** – The 2011/12 provision includes an additional allocation for the addition of essential IRT project staff.

## Part 1 – Annual budget continued

The 2011/12 operating budget also makes provision for the following additional allocations, over and above normal requirements:

Safety and security overtime	R20 million
Filling of critical vacancies	R10 million
Medical aid contingency	R20 million
Roads and stormwater (subcouncil requests)	R30 million
Community services (subcouncil requests)	R29 million

### 2011/12 revenue

The budget sees an increase in annual operating revenue from R19 442 million in 2010/11 to R21 981 million in 2011/12. This 13,06% growth in revenue is mainly the result of:

- an increase in respect of the national equitable share allocation, from R862 million in 2010/11 to R970 million in 2011/12; and
- projected organic growth and tariff increases on property rates and service charges (water, sanitation, electricity and refuse).

**TABLE 3: YEAR-ON-YEAR GROWTH IN REVENUE CATEGORIES**

Category	Budget 2010/11	Budget 2011/12	Year on year
R thousand			
Property rates	4 206 430	4 581 985	8,93%
Property rates – penalties and collection charges	80 430	85 759	6,63%
Service charges – electricity	6 638 174	8 125 664	22,41%
Service charges – water	1 659 871	1 828 095	10,13%
Service charges – sanitation	899 609	991 118	10,17%
Service charges – refuse	762 770	820 410	7,56%
Service charges – other	651 133	625 371	(3,96%)
Rental of facilities and equipment	244 503	264 043	7,99%
Interest earned – external investments	213 936	192 426	(10,05%)
Interest earned – outstanding debtors	210 860	218 335	3,55%
Fines	180 569	186 892	3,50%
Licences and permits	28 764	30 046	4,46%
Agency services	115 993	115 993	–
Transfers recognised – operational	1 478 282	1 897 816	28,38%
Other revenue	1 760 230	1 912 282	8,64%
Gains on disposal of PPE	310 444	105 000	(66,18%)
<b>Total revenue</b>	<b>19 441 998</b>	<b>21 981 235</b>	<b>13,06%</b>

### Individual service tariffs/rates

The proposed tariff increases shown in the table below are averages, and actual payments may differ for certain ratepayers.

**TABLE 4: AVERAGE TARIFF INCREASES FOR 2011/12, 2012/13 AND 2013/14**

Category	2011/12 %	2012/13 %	2013/14 %
Rates	5,90	10,00	5,40
Electricity	19,94	21,42	20,42
Water	8,28	10,12	10,25
Sanitation	8,28	10,12	10,25
Refuse removal	5,50	5,50	5,40
Refuse disposal	5,50	7,50	9,40

### Rates

In the 2011/12 financial year, the Rates paid by Capetonians will increase by an average of 8,9%. Total City Rates income is further bolstered to 7,3% as a result of Rates base growth. This allows the City to improve the assistance it provides to the vulnerable residents of Cape Town, primarily via its indigent support programme.

Old age homes, hostels and flats have been reclassified and, as a result, are now charged according to the residential rates structures. This in effect reduces their accounts payable by 50%.

Rates rebates to senior citizens and disabled persons are now also available to qualifying ratepayers with a monthly income of R10 000 or less (up from the previous qualifying limit of R8 500).

A new indigent category has been proposed, which will see qualifying ratepayers with monthly incomes between R3 000 and R4 000 receiving a 50% rebate on rates. This is in addition to the 100% rates rebate already received by those with incomes below R3 000.

### Water and sanitation

The combination of an average tariff increase of 8,28%, natural growth, and changes to consumption patterns, has the effect of increasing the Water and Sanitation Department's total revenue by 10,1% for the 2011/12 financial year.

The monthly indigent grant to residential properties valued up to R300 000 will increase from R38,00 to R40,50, thereby providing these properties with an additional 4,5 kℓ of water per month (350 ℓ/day) free of charge.

### Solid waste

The average tariff increase of 5,5% results in a total revenue increase of 7,6%. Old age homes have now been classified as

non-residential to enable them to make their own decisions regarding the number of bins they require, or even to opt for an alternative service provider.

A pilot project in Kraaifontein will see an additional 140 ℓ bin provided free of charge to each household for recycling purposes. New bins will be equipped with a radio frequency identification (RFID) tag to improve control, and owners will be held responsible if these tagged bins are damaged, lost or stolen.

The tariff for clean builder's rubble remains R50,00/kg.

The indigent rebate sliding scale for residential properties valued at R400 000 or below remains in place.

### Electricity

Although the Eskom bulk supply costs to the City have increased by 26,71%, the average City tariff increase is 19,94%, which translates into a total service revenue increase of 22,4%.

The domestic tariffs were redesigned to remove the service charge, and bring the fee structure in line with NERSA requirements. 'Domestic low' and 'domestic high' tariffs are being replaced by a new two-step tariff, which will mean that higher use will incur a higher tariff.

The very large power users (VLPU) system has been scrapped in favour of the 'time of use' metering method preferred by NERSA.

The Table Mountain light tariff has been increased substantially to reflect the cost of the service.

The free 50 kWh per month for domestic clients serviced by the City will remain for those receiving 450 kWh per month or less.

### 2011/12 capital budget

The capital budget has increased from R3 995 million in 2010/11 to R5 090 million for the 2011/12 financial period. This overall growth of 27,4% can be attributed to various factors, the most pertinent of which are:

- increased national and provincial allocations for the Housing and Transport, Roads and Major Projects votes; and
- additional funding from the Capital Replacement Reserve (CRR) for solid waste plant and equipment, and land acquisition for the expansion of Cape Town International Convention Centre (CTICC).

The External Financing Fund (EFF) allocation for 2011/12 is based on the affordability of the domestic medium-term note (DMTN) programme and the City's position on sustainable gearing levels over the medium to long term. The 2010/11 EFF amount shown in the following table includes roll-overs from 2009/10. These were approved in August 2010, thereby increasing the EFF base amount to slightly above the initial target of R1 billion per year.

In addition, changes to accounting practices in relation to the budgetary treatment of the procurement of minor furniture and equipment contributed to the reduced revenue funding-source requirement.

**TABLE 5: YEAR-ON-YEAR INCREASE IN CAPITAL FUNDING SOURCES**

Category	Budget 2010/11	Budget 2011/12	Increase/ (decrease)
Capital grants and donations	1 775 151	2 715 359	940 208
Capital Replacement Reserve	698 856	970 872	272 016
External Financing Fund	1 442 790	1 357 386	(85 404)
Revenue	78 930	46 250	(32 680)
<b>Total</b>	<b>3 995 727</b>	<b>5 089 867</b>	<b>1 094 140</b>

Major capital expenditure is planned in the following areas during the 2011/12 financial year:

- Utility services with a capital budget of R1 806 million. The most significant projects are:
  - Water Services:
    - o Bellville Wastewater Treatment Works – R102 million
    - o Northern Area Sewer Thornton – R45 million
    - o Extension to the Zandvliet Wastewater Treatment Works – R13 million
  - Electricity Services:
    - o New building complex at Bloemhof – R72 million
    - o Replacement of 33kV cables at Oakdale to Boston – R54 million
    - o Replacement of the Vanguard Transformer – R41 million
    - o Replacement of system equipment – R96 million
  - Solid Waste Services:
    - o Plant and vehicles – R162 million
    - o Development of landfill infrastructure – R75 million
    - o Rehabilitation and closure of landfill sites – R32 million
- Transport, Roads and Major Projects with a capital budget of R1 876 million. The most significant projects are:
  - IRT-related infrastructure – R1 202 million
  - Reconstruction of Metro Roads – R58 million
  - Reconfiguration of Green Point Common – R52 million
- Housing Directorate with a capital budget of R738 million. The most significant projects are:
  - Upgrade of rental units (flats) – R292 million
  - Development of 4 000 Units in Bardale/Fairdale – R50 million

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- Land acquisition for future housing – R75 million
- Infrastructure for 1 000 units in Happy Valley Phase 2 – R35 million
- Construction of outer cavity walls for some housing flats – R26 million
- Delft – The Hague Housing Project – R16 million

**TABLE 6: NEW PROJECTS (EXTRACT) IN THE 2011/12 CAPITAL BUDGET**

Project description	Budget 2011/12
R thousand	
Kraaifontein main substation reinforcing electricity supply	50
Supply 400 volt for Athlone gas turbine	1 400
Steenbras rehabilitation of existing building	500
Upgrading of Piers Road main substation	28 945
Upgrading of the SANS main substation	940
Overhead line – Servitude Access Road: Mitchells Plain	2 500
Construction of new early childhood development centre in Leonsdale	4 100
Construction of new early childhood development centre in Rocklands	1 800
Construction of bulk services infrastructure for housing in Ocean View	1 000
New development of two soccer/rugby fields, ablution/changeroom facilities, fencing and parking area at Masiphumelele sports complex	5 100
Completion of phase 2 of the upgrading of Turfhall Stadium to meet international standards	6 053
Development of a new sports complex in Wallacedene	3 900
Develop the existing Huguenot Square Hall into a two-story youth centre	1 920
Upgrading the Khayelitsha golf driving range	1 000
Bulk water augmentation scheme to link the Berg River Dam to the City's water network	14 300
New water main for Dummer Road, Somerset West	10 000
New, and upgrade of existing, depots for Engineering and Asset management	30 000
Head office for Water and Sanitation	9 000
New sewer line in the New Rest area	2 000
New northern-region sludge facility	3 000
Simon's Town/Fish Hoek fire structure upgrading – final phase	7 500
Property improvement: Mitchells Plain driving testing facilities – final phase	1 224
Upgrade of Melkbosstrand fire station – final phase	5 075
Establish the Maitland vehicle impounding facility – final phase	3 300
Widening of Stock Road, Philippi	1 500
Construction of the Watergate Access Road	1 500
Upgrade of Green Point promenade	2 000
Rehabilitation of proclaimed main roads, including Vanguard Drive and Van Riebeeck Road (Kuils River, Blackheath, Eerste River section) and others still to be identified	10 000
Macassar housing: Roads and stormwater	2 700
Bulk roads and stormwater for housing projects, including the new extensions of Bardale, Wallacedene, Pelican Park	35 343
Du Noon taxi terminus	4 500
Samora Machel taxi rank, Philippi	1 000
Nyanga main taxi rank	9 000
Wynberg transport interchange holding facility	2 000
Site C transport infrastructure development	21 300

### 1.3 OPERATING REVENUE FRAMEWORK

The City's revenue quantum is determined via a package of set tariffs that are not only affordable to ratepayers and service users, but also deemed to be at fair and realistic levels when viewed in the context of the City's programmes to assist those without the means to pay.

The City's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- projected city growth and continued economic development;
- realistic revenue management that allows the achievement of the rates collection target;
- electricity tariff increases as approved by NERSA;
- setting of trading service user charges at levels that reflect these services' cost-recovering nature;
- the municipality's property rates policy approved in terms of the Municipal Property Rates Act (Act 6 of 2004) (MPRA);
- the municipality's policies to assist the poor and render free basic services; and
- sundry tariff policies.

The following tables represent a summary of the 2011/12 MTREF (classified by main revenue source):

TABLE 7: SUMMARY OF REVENUE, CLASSIFIED BY MAIN REVENUE SOURCE									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Revenue by source</b>									
Property rates	3 182 895	3 163 360	3 754 425	4 206 430	4 206 430	4 206 430	4 581 985	5 067 554	5 483 728
Property rates – penalties and collection charges	75 850	77 244	86 889	80 430	80 430	80 430	85 759	96 389	102 610
Service charges – electricity revenue	2 922 573	3 979 645	5 336 970	6 638 174	6 774 585	6 774 585	8 125 664	9 945 832	12 197 910
Service charges – water revenue	1 231 444	1 281 671	1 483 354	1 659 871	1 659 871	1 659 871	1 828 095	2 037 247	2 268 485
Service charges – sanitation revenue	725 274	744 294	801 003	899 609	889 609	889 609	991 118	1 104 064	1 230 022
Service charges – refuse revenue	463 776	537 484	614 451	762 770	762 770	762 770	820 410	880 289	943 689
Service charges – other	442 033	400 121	499 999	651 133	512 621	512 621	625 371	715 707	825 988
Rental of facilities and equipment	214 371	219 609	243 468	244 503	250 087	250 087	264 043	274 609	287 769
Interest earned – external investments	367 956	441 012	293 555	213 936	213 936	213 936	192 426	219 741	273 743
Interest earned – outstanding debtors	167 747	215 721	212 978	210 860	207 324	207 324	218 335	230 343	242 832
Fines	159 224	183 283	154 584	180 569	174 769	174 769	186 892	197 171	207 819
Licences and permits	31 036	31 337	33 054	28 764	28 764	28 764	30 046	31 699	33 410
Agency services	112 654	109 222	111 097	115 993	115 993	115 993	115 993	115 993	115 993
Transfers recognised – operational	1 773 881	2 281 920	1 194 162	1 478 282	1 521 358	1 521 358	1 897 816	2 216 468	2 257 535
Other revenue	293 551	195 685	1 631 529	1 760 230	1 771 482	1 771 482	1 912 282	2 001 100	2 125 446
Gains on disposal of PPE	47 870	183 491	79 142	310 444	293 967	293 967	105 000	55 000	70 803
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>12 212 134</b>	<b>14 045 099</b>	<b>16 530 661</b>	<b>19 441 998</b>	<b>19 463 996</b>	<b>19 463 996</b>	<b>21 981 235</b>	<b>25 189 207</b>	<b>28 667 782</b>

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**TABLE 8: REVENUE BY SOURCE AS A PERCENTAGE OF TOTAL BUDGET**

Description	Current year 2010/11		2011/12 Medium-term Revenue and Expenditure Framework					
	Adjusted budget	%	Budget year 2011/12	%	Budget year +1 2012/13	%	Budget year +2 2013/14	%
<b>Revenue by source</b>								
Property rates	4 206 430	21,6%	4 581 985	20,8%	5 067 554	20,1%	5 483 728	19,1%
Property rates – penalties and collection charges	80 430	0,4%	85 759	0,4%	96 389	0,4%	102 610	0,4%
Service charges – electricity revenue	6 774 585	34,8%	8 125 664	37,0%	9 945 832	39,5%	12 197 910	42,5%
Service charges – water revenue	1 659 871	8,5%	1 828 095	8,3%	2 037 247	8,1%	2 268 485	7,9%
Service charges – sanitation revenue	889 609	4,6%	991 118	4,5%	1 104 064	4,4%	1 230 022	4,3%
Service charges – refuse revenue	762 770	3,9%	820 410	3,7%	880 289	3,5%	943 689	3,3%
Service charges – other	512 621	2,6%	625 371	2,8%	715 707	2,8%	825 988	2,9%
Rental of facilities and equipment	250 087	1,3%	264 043	1,2%	274 609	1,1%	287 769	1,0%
Interest earned – external investments	213 936	1,1%	192 426	0,9%	219 741	0,9%	273 743	1,0%
Interest earned – outstanding debtors	207 324	1,1%	218 335	1,0%	230 343	0,9%	242 832	0,8%
Fines	174 769	0,9%	186 892	0,9%	197 171	0,8%	207 819	0,7%
Licences and permits	28 764	0,1%	30 046	0,1%	31 699	0,1%	33 410	0,1%
Agency services	115 993	0,6%	115 993	0,5%	115 993	0,5%	115 993	0,4%
Transfers recognised – operational	1 521 358	7,8%	1 897 816	8,6%	2 216 468	8,8%	2 257 535	7,9%
Other revenue	1 771 482	9,1%	1 912 282	8,7%	2 001 100	7,9%	2 125 446	7,4%
Gains on disposal of PPE	293 967	1,5%	105 000	0,5%	55 000	0,2%	70 803	0,2%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>19 463 996</b>	<b>100%</b>	<b>21 981 235</b>	<b>100%</b>	<b>25 189 207</b>	<b>100%</b>	<b>28 667 782</b>	<b>100%</b>
<b>Total revenue from rates and service charges</b>	<b>14 886 316</b>	<b>76,5%</b>	<b>17 058 401</b>	<b>77,6%</b>	<b>19 847 082</b>	<b>78,8%</b>	<b>23 052 433</b>	<b>80,4%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating revenue statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Rates and service charge revenues comprise 76,5% of the City's total revenue mix. In the 2010/11 financial year, revenue from rates and service charges totalled R14,9 billion. This increases to R17 billion in 2011/12, and R20 billion and R23 billion respectively in the two outer financial years of the MTREF. A notable trend is the increase in the total percentage of revenue generated from rates and service charges, which increases from 77,6% in 2011/12 to 80,4% in 2013/14. This growth can mainly be attributed to the increased share that electricity sales contribute to the total revenue mix, which in

turn results from rapid increases in the Eskom tariffs for bulk electricity (electricity revenue increases from R6,8 billion in 2010/11 to R12,2 billion in 2012/13).

The collection of property rates is the second-largest revenue source in the 2011/12 financial year, totalling R4,6 billion (20,8% of revenue) and increasing to R5,5 billion (19,1% of revenue) in 2013/14.

Operating grants and transfers amount to R1,9 billion in the 2011/12 financial year, and increase to R2,3 billion by 2013/14. While this revenue component reflects a significant nominal increase over the MTREF period, the year-on-year growth flattening to 2% in 2013/14 is concerning. The following table gives a breakdown of the various operating grants and subsidies allocated to the City over the medium term:

**TABLE 9: OPERATING TRANSFERS AND GRANT RECEIPTS**

Description	2007/8			2008/9			2009/10			Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14						
<b>R thousand</b>															
<b>Receipts:</b>															
<b>Operating transfers and grants</b>															
<b>National Government:</b>	<b>1 498 565</b>	<b>1 804 254</b>	<b>2 522 834</b>	<b>1 046 000</b>	<b>1 043 258</b>	<b>1 043 258</b>	<b>1 356 841</b>	<b>1 437 256</b>	<b>1 394 874</b>						
Restructuring	49 131	58 857	–	5 555	6 304	6 304	7 024	–	–						
Finance management grant	1 633	–	750	1 000	1 325	1 325	1 210	1 250	1 300						
Department of Water Affairs	–	4 271	9 410	–	8 461	8 461	–	–	–						
Municipal infrastructure grant (MIG)	1 188	–	327 790	4 619	4 619	4 619	–	–	–						
2010 FIFA WC™ host city operating grant	–	–	665 188	27 780	27 780	27 780	–	–	–						
Public Transport Infrastructure and Systems Grant	450	–	885 305	147 273	131 176	131 176	340 782	307 014	191 570						
Department of Environmental Affairs and Tourism	4 138	8 744	19 991	10 883	14 153	14 153	193	180	180						
Equitable share	334 517	486 734	610 891	847 566	847 566	847 566	981 689	1 102 820	1 176 331						
Housing accreditation	266	–	–	820	820	820	890	938	989						
Local Government SETA	–	–	–	504	504	504	504	504	504						
RSC levies	1 107 242	1 245 648	–	–	–	–	–	–	–						
Electricity demand-side management	–	–	3 509	–	–	–	–	–	–						
South African National Biodiversity Institute	–	–	–	–	550	550	550	550	–						
Urban settlements development grant	–	–	–	–	–	–	24 000	24 000	24 000						
<b>Province:</b>	<b>162 181</b>	<b>395 343</b>	<b>510 715</b>	<b>405 494</b>	<b>450 279</b>	<b>450 279</b>	<b>522 086</b>	<b>774 992</b>	<b>858 213</b>						
Local Government and Housing – fire-fighting assistance	1 500	871	500	335	434	434	–	–	–						
Cultural Affairs and Sport – library services	10 031	14 696	19 520	15 990	14 408	14 408	16 464	–	–						
Local Government and Housing – housing	97 076	320 424	359 880	155 000	155 000	155 000	181 330	452 030	513 672						
Local Government and Housing – accreditation	–	–	–	1 000	1 000	1 000	1 700	1 000	1 054						
Local Government and Housing – settlement assistance	–	–	–	393	393	393	–	–	–						
Sustainable transport	11 717	–	–	10 300	–	–	–	–	–						
Health – TB	4 523	–	8 933	9 185	9 185	9 185	9 644	10 165	10 714						
Health – Global Fund	3 171	–	4 016	–	17 851	17 851	26 034	43 010	50 012						
Health – ARV	20 986	–	46 899	47 509	62 546	62 546	66 589	64 957	68 465						
Health – nutrition	3 008	–	3 519	3 836	3 836	3 836	4 020	4 252	4 482						
Health – vaccines	7 952	59 352	35 027	31 978	49 274	49 274	67 261	47 860	50 444						
Comprehensive health	65	–	–	128 321	128 321	128 321	134 609	141 718	149 371						
Other	–	–	32 421	1 202	350	350	–	–	–						
Table Mountain Biosphere	–	–	–	100	204	204	–	–	–						
Mamre fencing	–	–	–	94	94	94	94	–	–						
Heritage audit	–	–	–	250	250	250	250	–	–						
2010 FIFA World Cup™	2 153	–	–	–	2 000	2 000	–	–	–						
Mobility strategy	–	–	–	–	5 133	5 133	10 000	10 000	10 000						
Comprehensive integrated transport plan	–	–	–	–	–	–	2 900	–	–						
Rail park and ride facilities	–	–	–	–	–	–	1 190	–	–						
<b>Other grant providers:</b>	<b>14 324</b>	<b>26 263</b>	<b>50 943</b>	<b>26 788</b>	<b>27 822</b>	<b>27 822</b>	<b>18 889</b>	<b>4 220</b>	<b>4 448</b>						
Sunwest International	–	–	700	350	350	350	–	–	–						
Tourism	534	2 597	–	5 155	2 600	2 600	4 000	4 220	4 448						
Carnegie	5 800	5 252	12 168	12 294	10 033	10 033	13 940	–	–						
CMTF	–	–	–	6 100	9 197	9 197	150	–	–						
Other	3 878	4 087	38 065	964	964	964	30	–	–						
Mamre Trust	1	–	10	355	–	–	150	–	–						
MSF funding	–	–	–	613	573	573	–	–	–						
Baboon management	–	–	–	300	300	300	–	–	–						
Solar energy	–	–	–	146	146	146	146	–	–						
Cities for Climate Protection	–	–	–	329	329	329	329	–	–						
Neil Desai Skills Development Project	–	–	–	37	37	37	–	–	–						
ICLEI: carbon taxes	–	–	–	144	144	144	144	–	–						
CID	–	216	–	–	1 876	1 876	–	–	–						
DBSA	4 111	688	–	–	–	–	–	–	–						
Bill Gates	–	13 234	–	–	–	–	–	–	–						
World Health Organisation	–	189	–	–	–	–	–	–	–						
OUTsurance	–	–	–	–	567	567	–	–	–						
Rietvlei Conservation Fund	–	–	–	–	305	305	–	–	–						
National Lottery Board	–	–	–	–	87	87	–	–	–						
University of Columbia	–	–	–	–	313	313	–	–	–						
<b>Total operating transfers and grants</b>	<b>1 675 071</b>	<b>2 225 860</b>	<b>3 084 492</b>	<b>1 478 282</b>	<b>1 521 358</b>	<b>1 521 358</b>	<b>1 897 816</b>	<b>2 216 468</b>	<b>2 257 535</b>						

## Part 1 – Annual budget continued

The 2011/12 tariff level-setting process was largely influenced by the considerable increase in bulk electricity purchases, and the disproportionate increase above current consumer price index (CPI) levels. This has distorted the City's average tariff and charges increases. In the context of the City's primary cost drivers, such as staff remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, maintenance variables, etc., all of which are subjected to above-CPI increases, CPI-based revenue increase targets necessitated a fundamental reassessment of current budget allocations.

### 1.3.1 Property rates

Property rates will be levied in accordance with existing Council policies, the local government Municipal Property Rates Act, 2004 (MPRA) and the local government Municipal Finance Management Act, 2003 (MFMA).

The rates policy takes into account feedback received from ratepayers and client-facing staff between February and April 2011, and the final review by the Budget Steering Committee (BSC) in April 2011. This committee was established, inter alia, to oversee the total municipal account (TMA) modelling process, whereby the impact of all Council charges on any given household is assessed in terms of affordability.

The proposed average rates increase is 5,9% for all categories of properties, while the estimated total rates income is increased by a further 3% to take into account natural growth and the outcomes of objections to the 2009 general valuation (GV) roll implemented on 1 July 2010. Property rates are based on values indicated in the 2009 GV roll and is updated through supplemental valuation rolls for properties affected by land subdivisions, alterations to buildings, demolitions and new buildings (improvements). All values are as at the date of the GV, being July 2009.

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

The definitions and listing of categories are reflected in the rates policy, which is available on the City's website.

The following changes in the rates policy are highlighted:

- Residential properties
  - The inclusion of flats, hostels and old age homes, whose rates accounts will be reduced by between 45% and 50%
- Senior citizens' and disabled persons' rates rebate
  - Applicants must not be the owners of more than one property nationally and internationally (rebate is subject to the market-related rental being declared as part of the applicant's income)

- Gross monthly household income limit increases from R8 500 to R10 000
- Percentage rebate per income brackets is also increased
- Public benefit organisations (PBOs) and non-profit organisations (NPOs)
  - The constitutions for the above may not preclude any resident from becoming a member, or benefiting from their activities
  - Properties not meeting this policy's criteria, but meeting the PBO criteria as per the MPRA regulations, will be rated at 25% of the residential rate
- Sporting bodies
  - Created as a new section instead of being part of PBO/NPO
  - Properties leased from entities other than Council may also qualify

**TABLE 10: COMPARISON OF PROPOSED RATES TO BE LEVIED FOR THE 2011/12 FINANCIAL YEAR**

Category	Current tariff	Proposed tariff
	1 July 2010 Rand-in- the-rand	1 July 2011 Rand-in- the-rand
Agricultural properties and smallholdings in rural areas that qualify for the residential rebate	0,00530	0,005613
Bona fide farming properties	0,00106	0,001123
Residential properties	0,00530	0,005613
All other properties that do not qualify for rebates	0,01060	0,011226
Public service infrastructure	0,00190	0,002005

### 1.3.2 Sale of water and sanitation, and the impact of tariff increases

The proposed water and sanitation tariffs for 2011/12 are consistent with the national policy for the provision of free basic services, the National Strategic Framework for Water and Sanitation, and Council's indigent relief measures, rates and tariff policies, and equitable service framework.

The progressive nature of the existing domestic stepped tariff structure for water and sanitation is pro-poor, and accommodates the needs of the indigent. It is also designed to discourage high water consumption levels, which affect the size of both the water and sanitation portions of a consumer's bill. The tariff structure therefore enables all consumers to adjust their consumption levels to ensure affordability.



As a result of possible shifts in water use patterns experienced during periods of restrictions, and the continued implementation of water demand management initiatives, the three sets of tariffs have been retained to make allowance for these uncertainties should restrictions need to be imposed to deliver 10%, 20% and 30% savings levels respectively.

The normal tariff set relates to a saving level of at least 10% below the low water demand curve, as previous restrictions and water demand initiatives have been successful in reducing the normal water demand to this level, and the level 1 restriction measures have been incorporated into the promulgated Water and Sanitation Bylaw as permanent good water demand practice. The tariff levels of reduction or restriction imposed by the City on its consumers are therefore not only linked to the level of restriction imposed on the City by the National Department of Water Affairs, but also to the level of demand from its consumers.

Changes in the tariff policy and schedules for the 2011/12 financial year include:

- allowance for the installation of prepaid-water meters;
- the differentiation between controlled and uncontrolled consumption;
- the new sanitation tariff for City oxidation dams;
- the new tariff for water connections in which the meter is supplied by Council;
- the new tariff for voluntary retrofit/replacement with a water management device (20 mm); and
- cost-reflective tariffs for use of the Bulk Water Branch facilities.

Category	Current tariff 2010/11 Rand per kℓ	Proposed tariff 2011/12 Rand per kℓ
<b>DOMESTIC full</b>		
Step 1 (0 ≤ 6 kℓ)	0,00	0,00
Step 2 (> 6 ≤ 10,5 kℓ)	3,99	4,32
Step 3 (> 10,5 ≤ 20 kℓ)	8,51	9,22
Step 4 (> 20 < 35 kℓ)	12,61	13,66
Step 5 (> 35 ≤ 50 kℓ)	15,58	16,87
Step 6 (> 50 kℓ)	20,55	22,25
<b>DOMESTIC cluster</b>		
Step 1 (0 < 6 kℓ)	0,00	0,00
Step 2 (> 6 kℓ)	8,62	9,33
<b>COMMERCIAL</b>		
	9,18	9,93
<b>INDUSTRIAL</b>		
	9,18	9,93

Category	Current tariff 2010/11 Rand per kℓ (excl VAT)	Proposed tariff 2011/12 Rand per kℓ (excl VAT)
<b>DOMESTIC full – standard</b> Single residential properties – 70% of water consumption to a maximum of 35 kℓ of sewerage per month (70% of 50 kℓ water = 35 kℓ of sewerage)		
Step 1 (0 < 4,2 kℓ)	0,00	0,00
Step 2 (> 4,2 < 7,35 kℓ)	4,67	5,05
Step 3 (> 7,35 < 14 kℓ)	9,94	10,76
Step 4 (> 14 < 24,5 kℓ)	10,87	11,77
Step 5 (> 24,5 < 35 kℓ)	11,41	12,36
<b>DOMESTIC cluster</b>		
Step 1 (0 < 6 kℓ)	0,00	0,00
Step 2 (> 6 kℓ)	9,65	10,45
<b>COMMERCIAL</b>		
	7,05	7,63
<b>INDUSTRIAL</b>		
	7,05	7,63

The following tables show the impact of the proposed increases in water and sanitation tariffs for a single dwelling:

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (increase) R	Percentage change
<b>6</b>	0,00	0,00	0,00	–
<b>10,5</b>	17,95	19,44	1,49	8,28%
<b>20</b>	98,82	107,01	8,18	8,28%
<b>35</b>	287,99	311,84	23,85	8,28%
<b>50</b>	521,64	564,83	43,19	8,28%
<b>80</b>	1 138,03	1 232,26	94,23	8,28%

Monthly consumption kℓ	Current amount payable (excl VAT) R	Proposed amount payable (excl VAT) R	Difference (increase) R	Percentage change
<b>4,2</b>	0,00	0,00	0,00	–
<b>7,35</b>	14,70	15,92	1,22	8,28%
<b>14</b>	80,80	87,50	6,69	8,28%
<b>24,5</b>	194,91	211,05	16,14	8,28%
<b>35</b>	314,73	340,79	26,06	8,28%

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### 1.3.3 Waste removal and the impact of tariff increases

The solid waste tariffs are levied to recover costs of services provided directly to customers and include collection fees, disposal fees, compost sales, clearance of illegal dumping on private properties, weighbridge fees and other ad hoc services. It is proposed that both the collection tariffs (consumptive and sundry) and the disposal tariffs be increased (within CPI) by 5,5%.

Changes in the tariff policy and schedules for the 2011/12 financial year include:

- shifting old age homes from the residential/domestic classification to non-residential;
- the introduction of RFID tags on wheelie bins;
- the provision of an additional 140 ℓ wheelie bin in a pilot area for the storage and collection of recyclable waste; and
- the disposal of waste at dedicated disposal facilities based on a fixed rate per mass.

**TABLE 15: COMPARISON BETWEEN CURRENT WASTE REMOVAL FEES AND PROPOSED CHARGES**

SERVICES RENDERED	UNIT	REMARKS To be read in conjunction with definitions (refer policy on the City's website)	2010/11 R excl. VAT	VAT yes/no	2011/12 R excl. VAT
<b>Black lid 240 ℓ container service (Rblacklid)</b>					
Basic container service: Residential collection based on a once-per-week 240 ℓ service per household/service point in suburbs containerised	Per month	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	75,44	y	79,59
<b>Subsidised: Black lid 240 ℓ container service (Rblacklid)</b>					
Property owner with property value of up to and including R100 000	Rebate per month on first container only	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	100% rebate (75,44)	y	100% rebate (79,59)
Property value from R100 001 up to and including R150 000	Rebate per month on first container only	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	75% rebate (56,58)	y	75% rebate (59,69)
Property value from R150 001 up to and including R350 000	Rebate per month on first container only	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	50% rebate (37,72)	y	50% rebate (39,79)
Property value between R350 001 up to and including R400 000	Rebate per month on first container only	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	25% rebate (18,86)	y	25% rebate (19,90)
Additional once-per-week 240 ℓ service (black lid 240 ℓ)	Per additional 240 ℓ container per month	Enhanced service level (additional service of 240 ℓ black-lid container(s) serviced on the same day as the normal weekly service. Per fixed agreement – not variable)	75,44	y	79,59
Providing a lockable 240 ℓ container service	Per month	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week) Subject to availability	75,44	y	79,59
Subsidised service to homeless people shelters as per the tariff policy	Rebate per 240 ℓ container per month (limited to a maximum of 15 containers per shelter)	Account rendered to the registered and approved NGOs and organisations accredited to HOMAC. Enhanced service level (240 ℓ black-lid containers) serviced once a week	50% rebate (37,72)	y	50% rebate (39,79)
Providing a single lockable 240 ℓ container service	Per month	Account to property owner. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week) Subject to availability	75,44	y	n/a
Indigent relief on a 240 ℓ container	Rebate per month on first container only	In terms of Section 27 of the Credit Control and Debt Collection Policy. Basic container service (weekly service is 1 x 240 ℓ black-lid container per week)	100% rebate (75,44)	y	100% rebate (79,59)
Additional recycling container service: residential dry recyclable collection based on a once-per-week service per participating household	Per month	Account to property owner participating in the dry recyclable project. Container service	–		free

### 1.3.4 Sale of electricity, and the impact of tariff increases

The proposed tariff revisions have been formulated in accordance with the City's rates and tariff policy and comply with Section 74 of the Local Government Municipal Systems Act as well as NERSA recommendations.

In terms of Section 75A of the Systems Act, any fees, charges or tariffs that a municipality may wish to levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council, with a supporting vote by a majority of its members.

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

The domestic electricity tariff basket as a whole is budgeted to increase by an average of 19,94%, meaning that there is no further cross-subsidisation via commercial tariffs. The majority of consumers will, however, see a below-average increase.

Changes in the electricity tariff policy and schedules for the 2011/12 financial year include:

- the addition of a provision specifying how the free basic supply is applied to differentiate between City and Eskom customers;
- a choice of two tariff options for domestic consumers in the form of a lifeline or a domestic tariff;
- the introduction of a new four-block, lifeline, inclining block tariff; and
- the introduction of a new two-block, domestic, inclining block tariff.

**TABLE 16: COMPARISON BETWEEN CURRENT ELECTRICITY CHARGES AND PROPOSED TARIFFS (DOMESTIC CONSUMPTION)**

Category	Unit	Steps	VAT yes/ no	2010/11 c/kWh (excl. VAT)	Category	Unit	Steps	VAT yes/ no	2011/12 c/kWh excl. VAT
Lifeline	Energy charge (c/kWh)	0 – 50 kWh	y	–	Lifeline INCLUDES the FBE portion	Energy charge (c/kWh)	0 – 150 kWh	y	61,60
		50 – 150 kWh	y	58,11			150 – 350 kWh	y	81,04
		150+ kWh	y	70,47			350 – 600 kWh	y	107,43
			600+ kWh	y			118,06		
Domestic low	Energy charge (c/kWh)	All	y	93,31					
Domestic high	Service charge (R/day)	–	y	6,58	Domestic	Energy charge (c/kWh)	0 – 600 kWh	y	107,43
	Energy charge (c/kWh)	All	y	79,97			600+ kWh	y	118,06

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## 1.3.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a typical 'large' and 'small' household, as well as a 'small' household that receives free basic services:

TABLE 17: MBRR TABLE SA14 – HOUSEHOLD BILLS										
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12 % incr.	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Rand/cent	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12 % incr.	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Monthly account for household – 'large' household</b>										
<b>Rates and services charges:</b>										
Property rates	494,96	584,44	576,90	696,24	696,24	696,24	6,0%	737,74	782,00	828,92
Electricity: basic levy	62,94	66,36	120,16	178,55	178,55	178,55	240,6%	608,20	1 155,58	2 195,60
Electricity: consumption	324,80	345,95	882,02	1 111,38	1 111,38	1 111,38	(4,5%)	1 061,91	1 087,40	1 113,50
Water: basic levy	–	–	–	–	–	–	–	–	–	–
Water: consumption	146,02	174,06	224,99	266,13	266,13	266,13	3,0%	274,16	298,83	325,72
Sanitation	66,50	76,48	156,76	184,69	184,69	184,69	3,9%	191,92	213,96	233,21
Refuse removal	73,79	81,92	72,88	85,01	85,01	85,01	6,7%	90,73	95,72	100,98
Other	65,82	71,75	78,21	91,22	91,22	91,22	27,0%	115,85	147,13	186,86
<b>Subtotal</b>	<b>1 234,83</b>	<b>1 400,96</b>	<b>2 111,92</b>	<b>2 613,21</b>	<b>2 613,21</b>	<b>2 613,21</b>	<b>17,9%</b>	<b>3 080,51</b>	<b>3 780,62</b>	<b>4 984,79</b>
VAT on services	103,59	114,31	214,90	–	–	–	–	–	–	–
<b>Total large household bill</b>	<b>1 338,42</b>	<b>1 515,27</b>	<b>2 326,82</b>	<b>2 613,21</b>	<b>2 613,21</b>	<b>2 613,21</b>	<b>17,9%</b>	<b>3 080,51</b>	<b>3 780,62</b>	<b>4 984,79</b>
<b>% increase/decrease</b>	<b>–</b>	<b>13,2%</b>	<b>53,6%</b>	<b>12,3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,9%</b>	<b>22,7%</b>	<b>31,9%</b>
<b>Monthly account for household – 'small' household</b>										
<b>Rates and services charges:</b>										
Property rates	165,24	216,37	192,60	224,65	224,65	224,65	6,0%	238,04	252,32	267,46
Electricity: basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: consumption	213,78	235,09	385,30	664,54	664,54	664,54	(8,0%)	610,06	685,71	850,28
Water: basic levy	–	–	–	–	–	–	–	–	–	–
Water: consumption	116,06	138,35	139,51	189,20	189,20	189,20	3,8%	196,30	213,97	233,22
Sanitation	21,96	27,03	102,70	138,29	138,29	138,29	4,8%	144,97	158,04	172,26
Refuse removal	62,56	76,38	63,93	85,01	85,01	85,01	6,7%	90,73	95,72	100,98
Other	54,74	63,85	65,31	86,87	86,87	86,87	27,0%	110,32	140,11	177,94
<b>Subtotal</b>	<b>634,34</b>	<b>757,07</b>	<b>949,35</b>	<b>1 388,56</b>	<b>1 388,56</b>	<b>1 388,56</b>	<b>0,1%</b>	<b>1 390,42</b>	<b>1 545,87</b>	<b>1 802,14</b>
VAT on services	65,67	75,70	105,95	–	–	–	–	–	–	–
<b>Total small household bill</b>	<b>700,01</b>	<b>832,77</b>	<b>1 055,30</b>	<b>1 388,56</b>	<b>1 388,56</b>	<b>1 388,56</b>	<b>0,1%</b>	<b>1 390,42</b>	<b>1 545,87</b>	<b>1 802,14</b>
<b>% increase/decrease</b>	<b>–</b>	<b>19,0%</b>	<b>26,7%</b>	<b>31,6%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0,1%</b>	<b>11,2%</b>	<b>16,6%</b>

TABLE 17: MBRR TABLE SA14 – HOUSEHOLD BILLS CONTINUED

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12 % incr.	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Rand/cent	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12 % incr.	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Monthly account for household – 'small' household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates	–	–	192,60	224,65	224,65	224,65	6,0%	195,09	206,80	219,20
Electricity: basic levy	–	–	–	–	–	–	–	–	–	–
Electricity: consumption	–	–	36,87	43,01	43,01	43,01	(2,0%)	42,13	43,14	44,18
Water: basic levy	–	–	–	–	–	–	–	–	–	–
Water: consumption	–	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–	–
Refuse removal	–	–	72,88	85,01	85,01	85,01	6,7%	90,73	95,72	100,98
Other	–	–	–	–	–	–	–	–	–	–
<b>Subtotal</b>	–	–	<b>302,35</b>	<b>352,66</b>	<b>352,66</b>	<b>352,66</b>	<b>(7,0%)</b>	<b>327,95</b>	<b>345,66</b>	<b>364,36</b>
VAT on services	–	–	–	–	–	–	–	–	–	–
<b>Total small household bill</b>	–	–	<b>302,35</b>	<b>352,66</b>	<b>352,66</b>	<b>352,66</b>	<b>(7,0%)</b>	<b>327,95</b>	<b>345,66</b>	<b>364,36</b>
<b>% increase/decrease</b>	–	–	–	<b>16,6%</b>	–	–	–	<b>(7,0%)</b>	<b>5,4%</b>	<b>5,4%</b>

#### 1.4 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure for the 2011/12 budget and MTREF is informed by the following:

- the modelling of feasible and sustainable budgets in the medium term;
- cognisance of international, national and local economic and fiscal conditions;
- expenditure limits set at realistic and realisable revenue levels;
- the City's asset renewal strategy and its medium to long-term asset repairs and maintenance goals;
- relevant (budget and other) legislative imperatives; and
- operational gains and efficiencies directed to fund priority areas and known commitments.

The following table is a high-level summary of the 2011/12 budget and MTREF (classified by main type of operating expenditure):

## Part 1 – Annual budget continued

**TABLE 18: SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Expenditure by type</b>									
Employee-related costs	4 153 345	4 537 568	5 587 167	6 502 939	6 318 122	6 318 122	7 091 648	7 782 044	8 540 338
Remuneration of councillors	70 934	77 629	84 451	92 296	92 296	92 296	108 786	115 857	123 272
Debt impairment	708 643	771 801	635 851	967 716	967 873	967 873	1 039 970	1 160 460	1 345 183
Depreciation and asset impairment	809 719	864 825	1 043 389	1 190 680	1 263 258	1 263 258	1 392 823	1 476 807	1 606 205
Finance charges	274 801	396 168	599 797	739 507	739 507	739 507	766 367	914 347	1 070 070
Bulk purchases	2 141 514	2 880 965	3 667 765	4 738 992	4 656 592	4 656 592	5 785 876	7 365 579	9 171 558
Other materials	57 432	55 409	68 014	312 531	314 030	314 030	319 316	348 284	379 292
Contracted services	596 506	674 675	800 498	1 763 709	1 925 180	1 925 180	2 320 168	2 655 977	2 916 923
Transfers and grants	81 919	125 142	90 338	44 557	91 296	91 296	96 419	98 193	103 871
Other expenditure	3 161 688	3 483 628	3 854 585	3 122 644	3 087 736	3 087 736	3 220 503	3 590 887	3 767 782
Loss on disposal of PPE	1 613	3 492	3 076	–	–	–	–	–	–
<b>Total expenditure</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>

Staff costs for the 2011/12 financial year amount to R7 billion, which equals 32% of the total operating expenditure. Based on the three-year collective South African Local Government Bargaining Council (SALGBC) agreement, salary increases have been factored into this budget at a percentage increase of 7% for the 2011/12 financial year. Similarly, inflation-linked increases are estimated for the outer years of the City's MTREF. The budgetary process to attain balanced and sustainable budgets required a review of all staff vacancies. In this regard, vacancies older than 12 months were delimited from the City's post structure, and retained in exceptional circumstances only. The savings generated via this reduction in staff vacancies were put towards, inter alia, funding the impact of the national wage-curve agreement and the higher-than-CPI salary and wage increases for 2011/12.

The costs associated with the remuneration of councillors are determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office-bearers Act (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget.

The provision for debt impairment was based on collection rates achieved to date and projected over the MTREF period, as well as the City's arrears and debt recovery policies. For the 2011/12 financial year, this amount equates to R1 billion, and escalates to R1,3 billion by 2013/14. While this expenditure is considered to be a non-cash flow item, it does inform the total cost associated with the municipality's service delivery, as well as its realistically anticipated revenues.

Budget appropriations for depreciation and asset impairment total R1,4 billion for the 2011/12 financial year. Implementation of the Generally Recognised Accounting Practice (GRAP) 17 standard required the provision of a range of assets that were previously not included in the assets' register. This had a budgetary impact.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and equate to 3,5% (R766 million) of operating expenditure, excluding redemption costs. This figure increases to R1 billion by 2013/14.

Budgetary provisions for bulk purchases are largely informed by the purchase of electricity and water from the suppliers (Eskom and National Department of Water Affairs). In this regard, annual price increases have been factored into the budget appropriations, which in turn affect tariff requirements for these tariff-based services.

Other material provisions cater for sundry items, such as the purchase of fuel, diesel, maintenance materials, cleaning materials and chemicals. Growth is projected for this expenditure component over the MTREF period and, while it is currently at R319 million, it is anticipated to increase to R379 million by 2013/14.

The contracted services expenditure component now includes provisions for repairs and maintenance expenditure as well. An increase in expenditure levels from R2,3 billion (2011/12) to R2,9 billion (2013/14) is projected.

The following graph provides a visual representation of the main expenditure categories for the 2011/12 financial year:

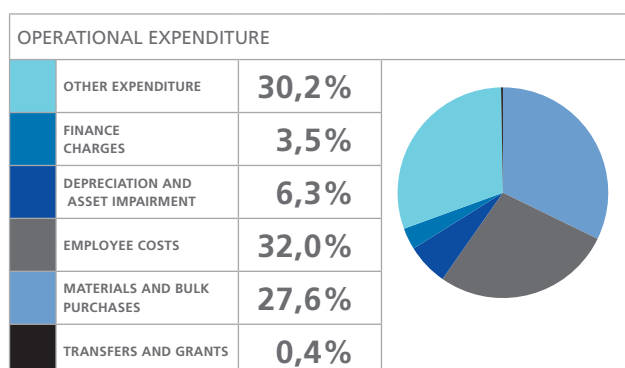


Figure 1: Main operational expenditure categories for the 2011/12 financial year

#### 1.4.1 Priority given to repairs and maintenance

The City acknowledges its obligation to preserve its extended asset base optimally and recognises the current inherent backlogs in this regard. In line with the budgetary approach of recent financial years, the 2011/12 appropriations again provide for significant and above-CPI increases in this cost component.

In terms of the MBRR, operational repairs and maintenance are not considered a direct expenditure driver, but an outcome of other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

TABLE 19: OPERATIONAL REPAIRS AND MAINTENANCE									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Repairs and maintenance by expenditure item</b>									
Employee-related costs	–	–	–	399 342	388 460	388 460	436 939	474 080	513 903
Other materials	–	–	–	227 354	222 472	222 472	221 703	240 108	260 278
Contracted services	–	–	68	871 602	966 772	966 772	1 034 317	1 117 326	1 231 181
Other expenditure	1 185 860	1 372 624	1 577 652	92 164	88 777	88 777	105 952	111 796	119 015
<b>Total repairs and maintenance expenditure</b>	<b>1 185 860</b>	<b>1 372 624</b>	<b>1 577 720</b>	<b>1 590 462</b>	<b>1 666 482</b>	<b>1 666 482</b>	<b>1 798 911</b>	<b>1 943 310</b>	<b>2 124 377</b>

## Part 1 – Annual budget continued

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*The City will continue to provide the free daily allocation of water to people who cannot afford it*

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*Service charges relating to water, sanitation and refuse removal constitute the biggest component of the City's total revenue basket*

The total repairs and maintenance allocation for 2011/12 equates to R1,8 billion and represents an increase of 13% compared to the 2010/11 budget. This trend is continued over the MTREF period, with a further increase to R2,1 billion by 2013/14. The 2011/12 provision represents more than 8% of total operating expenditure.

#### **1.4.2 Free basic services: basic social services package**

The City provides free basic services (refuse removal, water, sanitation and rates) to residential properties via two procedures:

- based on the municipal value of property; and
- based on application by those with limited income, whose property values exceed the set valuation levels.

The valuation method is utilised to prevent the bloated administration that would result from having to deal with the expected 200 000 to 250 000 applications. Via the billing system criteria, the City provides assistance to those residents assumed to be in need. While this implies that some who can actually pay also receive the benefit, the costs of preventing those few unintended cases from being assisted far outweigh the benefits of not providing them with free services.

A further benefit of the valuations-based approach is that it provides certainty and reduces the risk of fraud. The benefits vary based on the valuation of the properties at R400 000 or below, and the recipients vary between 103 000 and 275 000.

The second procedure allows any resident who is required to pay for services and whose gross monthly household income is R3 000 or below, to register as indigent to receive the same benefits as if their property values were below R100 000. To date, 2 218 residents have registered as such, showing that the valuations-driven measures are indeed reaching the less fortunate residents as envisaged.

A senior citizens' and disabled persons' rates rebate is granted to qualifying applicants where their gross monthly household income is below R10 000. For those whose income is less than R3 000, the rates rebate is 100%. This rebate reduces gradually to 10% for those earning between R9 001 and R10 000 per month.

For 2011/12, a new category of indigent support has been created, and will see the granting of a 50% rebate on rates to all residents whose gross monthly household income is between R3 001 and R4 000.

The City's electricity clients receiving less than 450 kWh per month on average, will receive the first 50 kWh per month free of charge. A total of 429 000 residents currently receive this benefit in the City and Eskom supply areas.

The assistance to households outlined above is regulated by Council's budget-related policies, which are reviewed annually based on the modelling of the impact of tariffs and policies on all residential properties. The cost of all free basic services is provided for in the City's balanced operating budget.

## Part 1 – Annual budget continued

The cost to the City of free refuse removal, the R40,50 for water and sanitation, and the 50 kWh of free electricity are funded 95% by National Government through the local government's equitable share received in terms of the annual Division of Revenue Act (DORA). However, the City allocates R37 million from rates income to balance this expenditure.

The cost of the 6 kl of free water (and concomitant sanitation) and the R200 000 valuation rates rebate for those residents within the valuation brackets that are deemed to be indigent, are paid for by the remaining residents. The water and sanitation subsidy funded by the remaining consumers amounts to R214 million, while the financing of rates amounts to R74 million.

### 1.5 CAPITAL EXPENDITURE

Vote description	Current year 2010/11		2011/12 Medium-term Revenue and Expenditure Framework					
	Adjusted budget	%	Budget year 2011/12	%	Budget year +1 2012/13	%	Budget year +2 2013/14	%
Community Services	154 095	3,86%	150 037	2,95%	194 804	4,09%	213 187	4,22%
Corporate Services	134 662	3,37%	208 630	4,10%	191 694	4,02%	144 285	2,86%
Economic and Social Development	31 024	0,78%	172 051	3,38%	14 160	0,30%	11 160	0,22%
Finance	14 175	0,35%	5 062	0,10%	3 396	0,07%	3 261	0,06%
Health	16 896	0,42%	24 848	0,49%	18 046	0,38%	11 546	0,23%
Housing	455 370	11,40%	738 081	14,50%	741 745	15,56%	596 441	11,81%
Internal Audit	242	0,01%	171	0,003%	121	0,003%	121	0,002%
Office of the City Manager	26 237	0,66%	20 055	0,39%	46 034	0,97%	44 034	0,87%
Safety and Security	35 837	0,90%	41 101	0,81%	14 777	0,31%	14 777	0,29%
Strategy and Planning	52 556	1,32%	46 570	0,91%	46 417	0,97%	52 917	1,05%
Transport, Roads and Major Projects	1 566 313	39,20%	1 876 566	36,87%	1 569 260	32,93%	1 713 003	33,93%
Utility Services	1 508 071	37,74%	1 806 695	35,50%	1 925 440	40,40%	2 244 431	44,45%
<b>Total capital expenditure – vote</b>	<b>3 995 477</b>	<b>100%</b>	<b>5 089 867</b>	<b>100%</b>	<b>4 765 897</b>	<b>100%</b>	<b>5 049 165</b>	<b>100%</b>

The capital budget increases from R3 995 million in 2010/11 to R5 090 million in 2011/12. This overall growth of 27,4% can be attributed to various factors, including:

- the significant additional external funding allocations to the housing and transport, roads and major projects votes;
- additional funding from the CRR for solid waste plant and equipment; and
- addressing the priorities of resource availability, urbanisation, ageing infrastructure (including institutional assets) and the curbing of future operating costs in the Water and Sanitation Department.

Major increases in the Water and Sanitation Department can be attributed to:

- the availability and capacity of resources, i.e. bulk water infrastructure (specifically the bulk water augmentation scheme) as well as the wastewater upgrade projects, such as the Bellville, Kraaifontein and Zandvliet treatment plants;

- growth and development-related projects, i.e. the projects funded from the development levies-related projects, and projects such as the northern-area sewer;
- ageing infrastructure, with a particular focus on vehicles, to ensure optimal use, reduction in maintenance costs, and ensuring that the Department is not negatively affected by the implementation of the Administrative Adjudication of Road Traffic Offences Act (AARTO); and
- reducing future operational costs and improving operational efficiencies, i.e. addressing issues surrounding facilities and head office projects.

Table 20 shows that the majority of allocations were made to those votes responsible for infrastructure development, such as Utility Services and Transport, Roads and Major Projects. The allocation to infrastructure development in 2011/12 represents just over R3 683 million, or 72,4%, of the total budgetary allocation for the year. Utility Services include the services responsible for the provision of electricity, solid waste management, water and sanitation.

In the outer years of the MTREF, the majority of the allocations were also made to infrastructure development, with R3 495 million (73,3%) and R3 957 million (78,4%) allocated for each of the financial years respectively.

The renewal of existing assets equates to R1 969 million, or 38,7%, of the total 2011/12 capital budget, while new assets represent R3 121 million, or 61,3%. It is important to note that asset renewal represents the upgrade or replacement of existing City-owned assets, while new assets will result in an increase in the asset base of the City.

Details regarding asset classes and proposed capital expenditure are contained in Table 30: MBRR Table A9 (asset management), while Tables 80 and 81: MBRR Table SA34a and b provide a detailed breakdown of the capital budget with regard to new asset construction and capital asset renewal. A detailed breakdown of the capital budget per project with an estimated project cost of more than R50 million in the medium term is available in Table 83 on page 150.

Some of the major projects/programmes to be implemented in the medium term include the following:

- Cemetery development and upgrades – R73 million
- Parks, sports and recreational facilities and swimming pools – R264 million

- Public lighting – R92 million
- Refurbishment and upgrades of water treatment works – R652 million
- Upgrades and renewal of sewers – R579 million
- Bulk water supply and water backlog eradication – R688 million
- Refurbishment and renewal of water network – R214 million
- Water demand management – R43 million
- Integrated transport system – R4 310 million
- Roads backlog eradication – R62 million
- Stormwater drainage backlog eradication – R45 million
- Rehabilitation of roads – R197 million
- Extension of main roads – R297 million

The graph below outlines the use of the capital budget to fund infrastructure-related projects in the medium term:

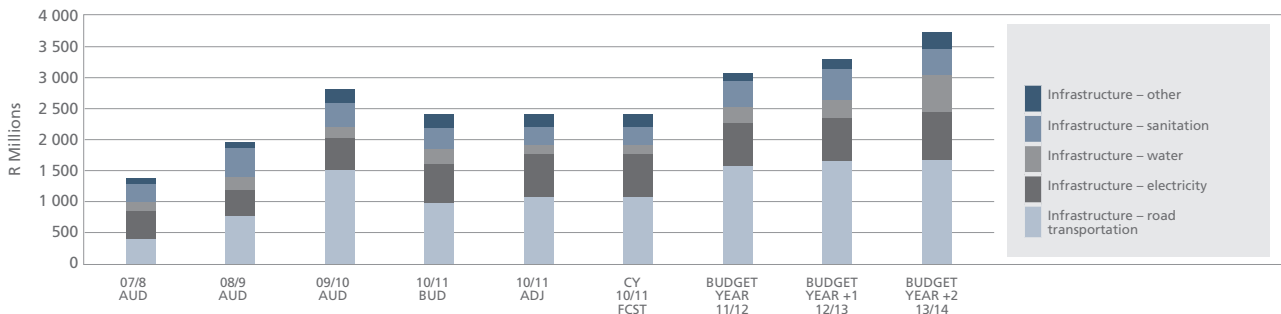


Figure 2: Capital infrastructure programme

- Transport initiatives – R155 million
- Trading stalls for informal and small businesses – R6 million
- Fire-fighting and security equipment – R14 million
- Customer care offices – R29 million
- Community Residential Upgrade (CRU) housing programme – R1 019 million
- Electricity for all (backlog eradication) – R174 million
- Refurbishment and renewal of electrical networks – R653 million
- Installation of prepaid-electricity meters – R10 million
- New electricity infrastructure – R1 373 million

**1.5.1 Future operational costs of new infrastructure**

Table 82: MBRR Table SA35, indicates the future operational costs resulting from the capital investment programme. The table shows that the costs estimated over the MTREF period are expected to grow from R2,9 billion in 2011/12 to R3,3 billion in 2013/14. No additional budgetary provision was made for these costs, as they are expected to be absorbed through efficiency gains and the prioritisation of existing operational resources.

**1.6 ANNUAL BUDGET TABLES**

The ten primary budget tables, as required in terms of Section 8 of the MBRR, are presented on pages 34 to 54. These tables reflect the City's 2011/12 budget and MTREF. Each table is accompanied by explanatory notes.

# Part 1 – Annual budget continued

**TABLE 21: MBRR TABLE A1 – BUDGET SUMMARY**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Financial performance</b>									
Property rates	3 258 745	3 240 604	3 841 313	4 286 861	4 286 861	4 286 861	4 667 744	5 163 942	5 586 338
Service charges	5 785 099	6 943 215	8 735 777	10 611 556	10 599 456	10 599 456	12 390 657	14 683 139	17 466 094
Investment revenue	367 956	441 012	293 555	213 936	213 936	213 936	192 426	219 741	273 743
Transfers recognised – operational	1 773 881	2 281 920	1 194 162	1 478 282	1 521 358	1 521 358	1 897 816	2 216 468	2 257 535
Other own revenue	1 026 453	1 138 348	2 465 853	2 851 362	2 842 386	2 842 386	2 832 592	2 905 916	3 084 072
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>12 212 134</b>	<b>14 045 099</b>	<b>16 530 661</b>	<b>19 441 998</b>	<b>19 463 996</b>	<b>19 463 996</b>	<b>21 981 235</b>	<b>25 189 207</b>	<b>28 667 782</b>
Employee costs	4 153 345	4 537 568	5 587 167	6 502 939	6 318 122	6 318 122	7 091 648	7 782 044	8 540 338
Remuneration of councillors	70 934	77 629	84 451	92 296	92 296	92 296	108 786	115 857	123 272
Depreciation and asset impairment	809 719	864 825	1 043 389	1 190 680	1 263 258	1 263 258	1 392 823	1 476 807	1 606 205
Finance charges	274 801	396 168	599 797	739 507	739 507	739 507	766 367	914 347	1 070 070
Materials and bulk purchases	2 198 946	2 936 374	3 735 779	5 051 523	4 970 622	4 970 622	6 105 191	7 713 863	9 550 850
Transfers and grants	81 919	125 142	90 338	44 557	91 296	91 296	96 419	98 193	103 871
Other expenditure	4 468 451	4 933 595	5 294 009	5 854 069	5 980 790	5 980 790	6 580 640	7 407 325	8 029 888
<b>Total expenditure</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>Surplus/(deficit)</b>	<b>154 019</b>	<b>173 798</b>	<b>95 730</b>	<b>(33 574)</b>	<b>8 106</b>	<b>8 106</b>	<b>(160 640)</b>	<b>(319 229)</b>	<b>(356 712)</b>
Transfers recognised – capital	1 225 981	2 900 886	1 940 857	1 635 800	1 714 971	1 714 971	2 661 159	2 620 437	2 671 239
Contributions recognised – capital and contributed assets	49 675	61 455	68 988	64 379	60 180	60 180	54 200	42 881	40 300
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
Share of surplus/(deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/(deficit) for the year</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
<b>Capital expenditure and fund sources</b>									
<b>Capital expenditure</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>
Transfers recognised – capital	1 227 256	2 903 740	1 949 507	1 641 200	1 722 285	1 722 285	2 664 499	2 620 437	2 671 239
Public contributions and donations	48 399	58 601	45 337	58 979	52 866	52 866	50 860	42 881	40 300
Borrowing	1 242 470	1 609 436	1 782 932	1 115 877	1 442 790	1 442 790	1 357 386	1 187 536	1 484 336
Internally generated funds	584 273	488 566	885 151	791 309	777 536	777 536	1 017 122	915 043	853 290
<b>Total sources of capital funds</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>



# Part 1 – Annual budget continued

## Explanatory notes to Table 21: MBRR Table A1 – budget summary

1. Table A1 represents a high-level summation of the City's budget, providing a view that includes all major components, including operating performance, capital expenditure, financial position, cash flow and MFMA funding compliance.
2. In essence, it provides a synopsis of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, and the City's commitment to eliminate basic service delivery backlogs.
3. The importance of ensuring that a municipal budget is fully funded is stressed in the municipal financial management reforms. In testing whether it is fully funded, a municipality is required to assess its financial performance, capital budget, financial position and cash flow budgets collectively. The City's key outcomes in this regard are as follows:
  - a. The City's financial performance shows deficit positions over the 2011/12 MTREF period. This is attributed to expenditure items such as post-retirement medical aid and rehabilitation of landfill sites that were included in the financial performance, but are funded from accumulated surplus. The cash flow budget outcome shows that this deficit is funded from previous years' uncommitted surpluses. It is consequently viewed as a sustainable position.
- b. The capital budget is funded from the following sources:
  - i. transfers recognised – capital, and public contributions and donations that are shown on the financial performance budget;
  - ii. borrowing, which is shown in the cash flow budget as part of the net cash from financing activities; and
  - iii. internally generated funds that are financed from previous years' accumulated surpluses, previous years' contributions to the CRR, and bulk infrastructure levies already collected. The affordability and sustainability of these funds are confirmed by the positive and increasing cash flow outcome over the 2011/12 MTREF period.
4. The City's cash-backing/surplus reconciliation over the 2011/12 MTREF period shows a positive and increasing trend, which is an indication that the City will be able to afford its commitments over the next three years.
5. The City's continued efforts to eradicate infrastructure backlogs are evident in the annual increase in investment in the cost of free basic services and the revenue cost of free basic services. That said, backlogs for sanitation and electricity services remain a reality.

**TABLE 22: MBRR TABLE A2 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASSIFICATION)**

Standard classification description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Revenue – standard</b>									
<b>Governance and administration</b>	<b>5 291 170</b>	<b>5 682 072</b>	<b>6 273 662</b>	<b>7 209 174</b>	<b>7 194 331</b>	<b>7 194 331</b>	<b>7 629 591</b>	<b>8 311 829</b>	<b>8 992 855</b>
Executive and Council	5 637	8 364	2 597	2 158	2 158	2 158	3 244	5 367	10 495
Budget and treasury office	5 112 407	5 367 505	6 093 989	6 801 981	6 800 998	6 800 998	7 418 361	8 137 181	8 791 951
Corporate services	173 126	306 203	177 076	405 036	391 176	391 176	207 986	169 280	190 408
<b>Community and public safety</b>	<b>1 671 642</b>	<b>3 087 032</b>	<b>1 812 088</b>	<b>1 647 158</b>	<b>1 570 682</b>	<b>1 570 682</b>	<b>1 851 763</b>	<b>2 193 182</b>	<b>2 201 661</b>
Community and social services	42 359	77 380	75 646	91 999	96 199	96 199	92 336	57 472	46 204
Sport and recreation	876 847	1 926 565	621 527	136 475	158 471	158 471	69 504	110 689	107 958
Public safety	219 865	267 717	232 638	245 796	254 516	254 516	253 408	259 822	265 444
Housing	355 970	611 722	616 844	906 807	739 058	739 058	1 062 443	1 386 245	1 385 051
Health	176 601	203 648	265 433	266 081	322 439	322 439	374 071	378 954	397 003
<b>Economic and environmental services</b>	<b>435 789</b>	<b>764 799</b>	<b>1 255 505</b>	<b>1 191 040</b>	<b>1 439 453</b>	<b>1 439 453</b>	<b>2 476 188</b>	<b>2 279 005</b>	<b>2 315 411</b>
Planning and development	162 696	139 820	138 529	187 603	179 350	179 350	170 645	188 296	195 237
Road transport	260 631	609 438	1 099 079	975 356	1 227 595	1 227 595	2 286 849	2 072 118	2 101 196
Environmental protection	12 462	15 541	17 897	28 081	32 508	32 508	18 693	18 591	18 978
<b>Trading services</b>	<b>6 088 185</b>	<b>7 470 438</b>	<b>9 195 700</b>	<b>11 088 555</b>	<b>11 030 027</b>	<b>11 030 027</b>	<b>12 733 955</b>	<b>15 061 185</b>	<b>17 864 838</b>
Electricity	3 294 465	4 375 480	5 785 196	7 209 309	7 180 765	7 180 765	8 598 668	10 500 645	12 851 605
Water	1 426 810	1 456 287	1 662 855	1 849 115	1 901 677	1 901 677	2 004 375	2 205 428	2 452 066
Wastewater management	846 053	1 027 195	1 052 516	1 161 107	1 091 625	1 091 625	1 230 486	1 358 273	1 496 568
Waste management	520 858	611 475	695 132	869 024	855 961	855 961	900 425	996 839	1 064 599
<b>Other</b>	<b>1 002</b>	<b>3 100</b>	<b>3 550</b>	<b>6 249</b>	<b>4 654</b>	<b>4 654</b>	<b>5 098</b>	<b>7 323</b>	<b>4 556</b>
<b>Total revenue – standard</b>	<b>13 487 789</b>	<b>17 007 441</b>	<b>18 540 505</b>	<b>21 142 176</b>	<b>21 239 147</b>	<b>21 239 147</b>	<b>24 696 594</b>	<b>27 852 525</b>	<b>31 379 321</b>

# Part 1 – Annual budget continued

**TABLE 22: MBRR TABLE A2 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASSIFICATION) CONTINUED**

Standard classification description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Expenditure – standard</b>									
<b>Governance and administration</b>	<b>2 860 571</b>	<b>2 722 032</b>	<b>3 409 682</b>	<b>3 980 568</b>	<b>3 986 530</b>	<b>3 986 530</b>	<b>4 330 991</b>	<b>4 900 553</b>	<b>5 508 305</b>
Executive and Council	179 968	214 509	216 418	273 039	258 348	258 348	275 954	310 832	333 841
Budget and treasury office	1 213 275	1 028 335	1 458 575	1 802 999	1 818 115	1 818 115	1 995 976	2 394 438	2 809 016
Corporate services	1 467 328	1 479 188	1 734 689	1 904 530	1 910 067	1 910 067	2 059 061	2 195 283	2 365 448
<b>Community and public safety</b>	<b>2 736 114</b>	<b>3 191 239</b>	<b>3 712 911</b>	<b>3 904 621</b>	<b>3 995 421</b>	<b>3 995 421</b>	<b>4 237 591</b>	<b>4 823 986</b>	<b>5 253 880</b>
Community and social services	275 921	319 070	358 441	396 659	393 674	393 674	461 888	486 319	527 924
Sport and recreation	563 264	681 893	1 065 075	1 085 025	1 138 223	1 138 223	1 099 643	1 162 234	1 253 638
Public safety	1 010 576	1 124 687	1 151 071	1 294 422	1 268 149	1 268 149	1 342 687	1 465 270	1 598 491
Housing	562 621	685 938	665 936	621 934	634 735	634 735	698 810	1 006 717	1 108 939
Health	323 732	379 651	472 389	506 582	560 640	560 640	634 563	703 446	764 889
<b>Economic and environmental services</b>	<b>1 114 035</b>	<b>1 219 192</b>	<b>1 367 880</b>	<b>1 783 320</b>	<b>1 775 325</b>	<b>1 775 325</b>	<b>2 241 867</b>	<b>2 384 682</b>	<b>2 388 342</b>
Planning and development	292 711	340 712	383 673	433 017	437 961	437 961	485 804	515 856	557 783
Road transport	711 146	732 650	817 570	1 167 833	1 144 088	1 144 088	1 561 502	1 658 868	1 602 056
Environmental protection	110 178	145 831	166 638	182 470	193 276	193 276	194 561	209 958	228 503
<b>Trading services</b>	<b>5 303 418</b>	<b>6 689 230</b>	<b>7 891 315</b>	<b>9 753 029</b>	<b>9 647 036</b>	<b>9 647 036</b>	<b>11 278 105</b>	<b>13 342 597</b>	<b>15 813 890</b>
Electricity	2 759 604	3 597 245	4 587 480	5 965 938	5 819 856	5 819 856	7 166 450	8 823 209	10 891 603
Water	1 074 292	1 555 665	1 499 872	1 733 577	1 715 215	1 715 215	1 834 373	2 023 289	2 229 209
Wastewater management	491 782	574 162	724 042	761 914	785 679	785 679	858 543	932 913	1 021 238
Waste management	977 740	962 158	1 079 922	1 291 600	1 326 285	1 326 285	1 418 740	1 554 185	1 671 840
<b>Other</b>	<b>43 978</b>	<b>49 609</b>	<b>53 143</b>	<b>54 033</b>	<b>51 579</b>	<b>51 579</b>	<b>53 320</b>	<b>56 618</b>	<b>60 077</b>
<b>Total expenditure – standard</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>Surplus/(deficit) for the year</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

## Explanatory notes to Table 22: MBRR Table A2 – budgeted financial performance (revenue and expenditure by standard classification)

1. Table A2 provides an overview of the City's budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 15 functional areas.
2. Major contributing items to the increased operating revenue are additional allocations on the equitable share, and the projected organic growth and tariff increases on property rates and service charges (water, sanitation, electricity and refuse).

3. A surplus of R2 554 million is reflected in this table as total revenue, and includes capital grants and transfers (capital grants and donations) received. The expenditure category excludes these transfers.
4. The table highlights the fact that the revenue for electricity, water and wastewater management (excluding waste management) exceeds the expenditure on these services (excluding internal charges). The deficit in the Solid Waste Management Department is absorbed by rates revenues.
5. Other functions within the rates component show a deficit when comparing revenue and expenditure, which is also funded from rates revenue.



**TABLE 23: MBRR TABLE A3 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)**

Vote description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Revenue by vote</b>									
Vote 1 – Community Services	103 730	190 563	123 505	145 449	146 937	146 937	145 823	154 439	139 708
Vote 2 – Corporate Services	66 184	66 972	46 258	27 782	29 789	29 789	29 282	30 807	32 199
Vote 3 – Economic and Social Development	110 977	232 463	130 124	377 649	364 711	364 711	180 138	137 622	154 437
Vote 4 – Finance	537 968	584 224	466 814	393 008	399 984	399 984	390 051	406 451	464 305
Vote 5 – Health	176 610	203 596	265 478	266 075	322 433	322 433	374 065	378 948	396 997
Vote 6 – Housing	357 397	616 885	624 820	927 365	756 355	756 355	1 089 240	1 411 528	1 402 874
Vote 7 – Internal Audit	694	723	20	–	–	–	–	–	–
Vote 8 – Office of the City Manager	5 745	11 464	3 002	17 358	19 838	19 838	16 244	12 367	10 495
Vote 9 – Rates and Other	4 736 393	4 943 670	5 800 425	6 594 508	6 591 884	6 591 884	7 226 170	7 924 093	8 525 782
Vote 10 – Safety and Security	219 866	261 186	224 169	224 412	222 309	222 309	235 416	243 829	256 452
Vote 11 – Strategy and Planning	111 479	96 922	80 526	120 849	116 535	116 535	76 729	101 819	112 012
Vote 12 – Transport, Roads and Major Projects	972 863	2 322 438	1 571 265	953 083	1 223 917	1 223 917	2 194 593	1 980 552	2 010 346
Vote 13 – Utility Services	6 087 881	7 476 333	9 204 098	11 094 639	11 044 454	11 044 454	12 738 843	15 070 068	17 873 714
<b>Total revenue by vote</b>	<b>13 487 789</b>	<b>17 007 441</b>	<b>18 540 505</b>	<b>21 142 176</b>	<b>21 239 147</b>	<b>21 239 147</b>	<b>24 696 594</b>	<b>27 852 525</b>	<b>31 379 321</b>
<b>Expenditure by vote to be appropriated</b>									
Vote 1 – Community Services	799 049	931 422	1 061 548	1 131 631	1 145 609	1 145 609	1 239 456	1 330 669	1 447 584
Vote 2 – Corporate Services	1 247 292	1 216 097	1 419 212	1 528 628	1 503 537	1 503 537	1 626 753	1 727 296	1 857 829
Vote 3 – Economic and Social Development	204 352	234 616	268 096	280 427	294 346	294 346	333 458	356 324	383 154
Vote 4 – Finance	814 013	996 253	1 264 843	1 497 452	1 506 369	1 506 369	1 567 385	1 765 156	1 990 258
Vote 5 – Health	370 593	437 668	534 937	575 397	629 506	629 506	707 404	783 394	852 562
Vote 6 – Housing	582 043	710 926	697 077	677 320	689 920	689 920	754 811	1 067 178	1 174 213
Vote 7 – Internal Audit	18 084	23 641	26 320	30 644	31 056	31 056	32 964	36 128	39 563
Vote 8 – Office of the City Manager	200 150	240 904	246 391	312 535	299 318	299 318	325 441	364 600	392 227
Vote 9 – Rates and Other	569 817	222 380	394 311	544 020	554 709	554 709	679 090	888 207	1 096 314
Vote 10 – Safety and Security	941 827	1 049 027	1 089 714	1 192 399	1 188 081	1 188 081	1 260 296	1 375 679	1 501 802
Vote 11 – Strategy and Planning	230 346	290 075	333 671	361 205	373 419	373 419	389 297	422 727	460 820
Vote 12 – Transport, Roads and Major Projects	805 027	773 388	1 156 255	1 492 544	1 507 720	1 507 720	1 855 942	1 949 390	1 906 982
Vote 13 – Utility Services	5 275 522	6 744 904	7 942 557	9 851 369	9 732 300	9 732 300	11 369 576	13 441 689	15 921 186
<b>Total expenditure by vote</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>Surplus/(deficit) for the year</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

Explanatory notes to Table 23: MBRR Table A3 – budgeted financial performance (revenue and expenditure by municipal vote)

1. Table A3 shows budgeted financial performance in relation to revenue and expenditure and the operating surplus or deficit per municipal vote.

# Part 1 – Annual budget continued

The following table provides an analysis of the surplus or deficit for trading services.

TABLE 24: SURPLUS/(DEFICIT) CALCULATIONS FOR TRADING SERVICES									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Electricity</b>									
Total operating revenue (including capital transfers and contributions)	3 294 550	4 381 574	5 793 734	7 215 502	7 195 300	7 195 300	8 603 670	10 509 648	12 860 607
Total operating expenditure	2 752 424	3 680 939	4 663 073	6 087 227	5 927 030	5 927 030	7 290 813	8 967 285	11 038 238
<b>Operating surplus/(deficit) for the year</b>	<b>542 127</b>	<b>700 635</b>	<b>1 130 661</b>	<b>1 128 275</b>	<b>1 268 270</b>	<b>1 268 270</b>	<b>1 312 858</b>	<b>1 542 363</b>	<b>1 822 369</b>
<b>Percentage surplus</b>	<b>16%</b>	<b>16%</b>	<b>20%</b>	<b>16%</b>	<b>18%</b>	<b>18%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>
<b>Water</b>									
Total operating revenue (including capital transfers and contributions)	2 272 458	2 483 279	2 715 224	3 010 113	2 993 193	2 993 193	3 234 747	3 563 581	3 948 508
Total operating expenditure	1 537 236	2 092 757	2 188 873	2 454 390	2 457 333	2 457 333	2 637 210	2 895 547	3 184 426
<b>Operating surplus/(deficit) for the year</b>	<b>735 222</b>	<b>390 522</b>	<b>526 351</b>	<b>555 723</b>	<b>535 860</b>	<b>535 860</b>	<b>597 537</b>	<b>668 034</b>	<b>764 082</b>
<b>Percentage surplus</b>	<b>32%</b>	<b>16%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>
<b>Solid waste</b>									
Total operating revenue (including capital transfers and contributions)	520 858	611 475	695 132	869 024	855 961	855 961	900 425	996 839	1 064 599
Total operating expenditure	977 740	962 158	1 079 922	1 291 600	1 326 285	1 326 285	1 418 740	1 554 185	1 671 840
<b>Operating surplus/(deficit) for the year</b>	<b>(456 882)</b>	<b>(350 682)</b>	<b>(384 790)</b>	<b>(422 577)</b>	<b>(470 325)</b>	<b>(470 325)</b>	<b>(518 315)</b>	<b>(557 346)</b>	<b>(607 241)</b>
<b>Percentage surplus</b>	<b>(88%)</b>	<b>(57%)</b>	<b>(55%)</b>	<b>(49%)</b>	<b>(55%)</b>	<b>(55%)</b>	<b>(58%)</b>	<b>(56%)</b>	<b>(57%)</b>

- The electricity revenue and expenditure growth remains constant in the 2011/12 and 2012/13 financial years, resulting in a trading surplus of 15% in both years. However, the expenditure growth in 2013/14 is significant due to the high increases in Eskom bulk purchases and the impact of tariff-setting policy. This also explains the slight deterioration to 14% of the electricity trading surplus in 2013/14.
- The surplus on the water account is relatively constant over the three years at levels of 18%, 19% and 19% respectively.
- The deficit within the solid waste component increases over the three years due to the increase in expenditure relating to the rehabilitation of landfill sites. This deficit is funded from rates revenue.

TABLE 25: MBRR TABLE A4 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13
<b>Revenue by source</b>									
Property rates	3 182 895	3 163 360	3 754 425	4 206 430	4 206 430	4 206 430	4 581 985	5 067 554	5 483 728
Property rates – penalties and collection charges	75 850	77 244	86 889	80 430	80 430	80 430	85 759	96 389	102 610
Service charges – electricity revenue	2 922 573	3 979 645	5 336 970	6 638 174	6 774 585	6 774 585	8 125 664	9 945 832	12 197 910
Service charges – water revenue	1 231 444	1 281 671	1 483 354	1 659 871	1 659 871	1 659 871	1 828 095	2 037 247	2 268 485
Service charges – sanitation revenue	725 274	744 294	801 003	899 609	889 609	889 609	991 118	1 104 064	1 230 022
Service charges – refuse revenue	463 776	537 484	614 451	762 770	762 770	762 770	820 410	880 289	943 689
Service charges – other	442 033	400 121	499 999	651 133	512 621	512 621	625 371	715 707	825 988
Rental of facilities and equipment	214 371	219 609	243 468	244 503	250 087	250 087	264 043	274 609	287 769
Interest earned – external investments	367 956	441 012	293 555	213 936	213 936	213 936	192 426	219 741	273 743
Interest earned – outstanding debtors	167 747	215 721	212 978	210 860	207 324	207 324	218 335	230 343	242 832
Fines	159 224	183 283	154 584	180 569	174 769	174 769	186 892	197 171	207 819
Licences and permits	31 036	31 337	33 054	28 764	28 764	28 764	30 046	31 699	33 410
Agency services	112 654	109 222	111 097	115 993	115 993	115 993	115 993	115 993	115 993
Transfers recognised – operational	1 773 881	2 281 920	1 194 162	1 478 282	1 521 358	1 521 358	1 897 816	2 216 468	2 257 535
Other revenue	293 551	195 685	1 631 529	1 760 230	1 771 482	1 771 482	1 912 282	2 001 100	2 125 446
Gains on disposal of PPE	47 870	183 491	79 142	310 444	293 967	293 967	105 000	55 000	70 803
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>12 212 134</b>	<b>14 045 099</b>	<b>16 530 661</b>	<b>19 441 998</b>	<b>19 463 996</b>	<b>19 463 996</b>	<b>21 981 235</b>	<b>25 189 207</b>	<b>28 667 782</b>

## Part 1 – Annual budget continued

TABLE 25: MBRR TABLE A4 – BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE) CONTINUED									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Expenditure by type</b>									
Employee-related costs	4 153 345	4 537 568	5 587 167	6 502 939	6 318 122	6 318 122	7 091 648	7 782 044	8 540 338
Remuneration of councillors	70 934	77 629	84 451	92 296	92 296	92 296	108 786	115 857	123 272
Debt impairment	708 643	771 801	635 851	967 716	967 873	967 873	1 039 970	1 160 460	1 345 183
Depreciation and asset impairment	809 719	864 825	1 043 389	1 190 680	1 263 258	1 263 258	1 392 823	1 476 807	1 606 205
Finance charges	274 801	396 168	599 797	739 507	739 507	739 507	766 367	914 347	1 070 070
Bulk purchases	2 141 514	2 880 965	3 667 765	4 738 992	4 656 592	4 656 592	5 785 876	7 365 579	9 171 558
Other materials	57 432	55 409	68 014	312 531	314 030	314 030	319 316	348 284	379 292
Contracted services	596 506	674 675	800 498	1 763 709	1 925 180	1 925 180	2 320 168	2 655 977	2 916 923
Transfers and grants	81 919	125 142	90 338	44 557	91 296	91 296	96 419	98 193	103 871
Other expenditure	3 161 688	3 483 628	3 854 585	3 122 644	3 087 736	3 087 736	3 220 503	3 590 887	3 767 782
Loss on disposal of PPE	1 613	3 492	3 076	–	–	–	–	–	–
<b>Total expenditure</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>Surplus/(deficit)</b>	<b>154 019</b>	<b>173 798</b>	<b>95 730</b>	<b>(33 574)</b>	<b>8 106</b>	<b>8 106</b>	<b>(160 640)</b>	<b>(319 229)</b>	<b>(356 712)</b>
Transfers recognised – capital	1 225 981	2 900 886	1 940 857	1 635 800	1 714 971	1 714 971	2 661 159	2 620 437	2 671 239
Contributions recognised – capital	49 675	61 455	68 988	64 379	60 180	60 180	54 200	42 881	40 300
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
Taxation									
<b>Surplus/(deficit) after taxation</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
Attributable to minorities									
<b>Surplus/(deficit) attributable to municipality</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
Share of surplus/(deficit) of associate									
<b>Surplus/(deficit) for the year</b>	<b>1 429 674</b>	<b>3 136 140</b>	<b>2 105 575</b>	<b>1 666 605</b>	<b>1 783 257</b>	<b>1 783 257</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

### Explanatory notes to Table 25: MBRR Table A4 – budgeted financial performance (revenue and expenditure)

1. Table A4 is a view of the budgeted financial performance in relation to revenue by source, and expenditure by type. In 2011/12, total revenue is R21 981 million (excluding accumulated surplus allocation), escalating to R28 667 million by 2013/14. This represents a revenue growth of 13,06%, 14,6% and 13,8% per annum over the three years. Major contributing items are the increased

allocation in respect of the national equitable share allocation, and the projected organic growth and tariff increases on property rates and service charges.

2. Revenue to be generated from property rates amounts to R4 667 million (including penalties and collection charges) in the 2011/12 financial year, increasing to R5 586 million by 2013/14. This represents 19% of the operating revenue base of the City, and therefore remains a significant funding source.



3. Service charges relating to electricity, water, sanitation and refuse removal constitute the biggest component of the City's total revenue basket, totalling R12 390 million for the 2011/12 financial year, and increasing to R17 466 million in 2013/14. For the 2011/12 financial year, service charges are 56,4% of the total revenue base, while the average year-on-year growth is approximately 18% in the medium term. The growth can be attributed primarily to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating include an increased allocation in respect of the equitable share, which is up from R862 million (2010/11) to R970 million (2011/12) on operating grants and donations.
5. The following graph illustrates the major expenditure by type:

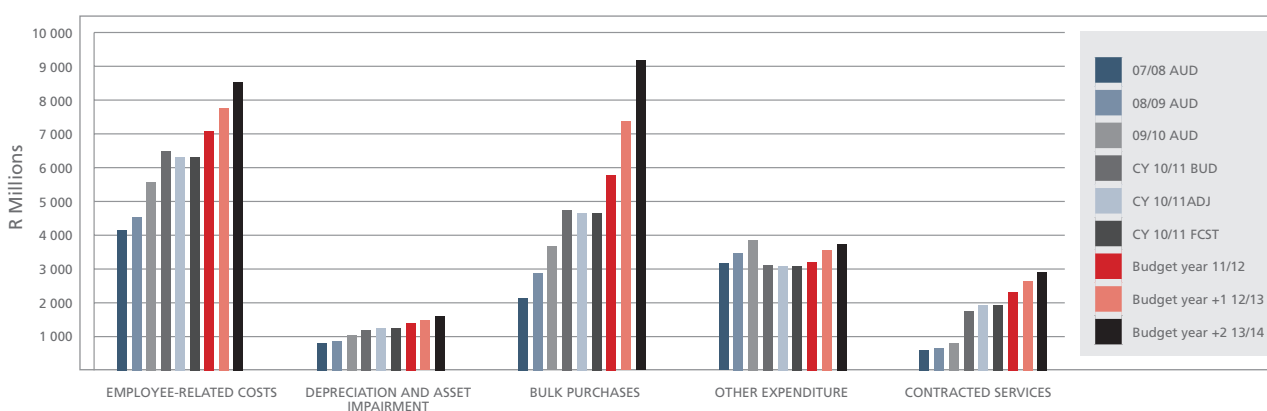


Figure 3: Expenditure by type



6. Bulk purchases have increased significantly between the 2007/8 and 2013/14 financial periods, escalating from R2 141 million to R9 171 million. These increases can be attributed to substantial increases in the cost of bulk electricity from Eskom and water from the Department of Water Affairs.
7. Employee-related costs are also a primary cost driver in the City's operating expenditure, having risen from R4 153 million in 2007/8 to R8 540 million in 2013/14. This is due to the internal alignment of pay scales (parity), performance-based increases and higher-than-CPI pay awards. Average CPI at the end of January 2011 was 4,03%. However, a provision of 5% was made for 2011/12 wage increases. This is based on the SALGBC collective wage agreement, which stipulates that 'should the average CPI be lower than 5% or higher than 10% for the period, any party may be entitled to reopen the negotiations'.
8. The increase in depreciation and asset impairment results from the adjusted (reduced) lifespan of certain asset classes, and the depreciation impact of major projects such as the IRT system, Cape Town Stadium, etc.
9. The expenditure component of contracted services now includes provision for repairs and maintenance. A further contributing factor to the 2011/12 increase is the additional funds allocated to cater for subcouncil requests within the Community Services, and Transport, Roads and Major Projects Directorates.



Employee-related costs are a primary cost driver in the City's operating budget

## Part 1 – Annual budget continued

<b>TABLE 26: MBRR TABLE A5 – BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE</b>									
Vote description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Capital expenditure – vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 – Community Services	158 513	239 253	138 365	134 629	154 095	154 095	150 037	194 804	213 187
Vote 2 – Corporate Services	110 794	108 062	188 743	124 624	134 662	134 662	208 630	191 694	144 285
Vote 3 – Economic and Social Development	16 541	20 244	15 736	16 898	31 024	31 024	172 051	14 160	11 160
Vote 4 – Finance	14 317	10 779	16 204	7 614	14 175	14 175	5 062	3 396	3 261
Vote 5 – Health	24 434	17 951	25 567	11 984	16 896	16 896	24 848	18 046	11 546
Vote 6 – Housing	147 529	227 314	229 711	625 763	455 370	455 370	738 081	741 745	596 441
Vote 7 – Internal Audit	125	484	419	242	242	242	171	121	121
Vote 8 – Office of the City Manager	5 648	13 358	4 309	21 996	26 237	26 237	20 055	46 034	44 034
Vote 9 – Rates and Other	–	–	–	–	–	–	–	–	–
Vote 10 – Safety and Security	55 510	96 956	58 554	33 893	35 837	35 837	41 101	14 777	14 777
Vote 11 – Strategy and Planning	39 012	95 849	73 332	74 174	52 556	52 556	46 570	46 417	52 917
Vote 12 – Transport, Roads and Major Projects	1 404 027	2 840 134	2 356 578	998 444	1 566 313	1 566 313	1 876 566	1 569 260	1 713 003
Vote 13 – Utility Services	1 125 949	1 389 960	1 555 409	1 557 103	1 508 071	1 508 071	1 806 695	1 925 440	2 244 431
<b>Total capital expenditure – vote</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>

**TABLE 26: MBRR TABLE A5 – BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE CONTINUED**

Vote description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Capital expenditure – standard</b>									
<b>Governance and administration</b>	<b>131 746</b>	<b>156 785</b>	<b>225 706</b>	<b>155 033</b>	<b>179 139</b>	<b>179 139</b>	<b>386 458</b>	<b>237 949</b>	<b>197 333</b>
Executive and Council	4 148	10 562	3 799	6 516	8 168	8 168	6 504	38 504	43 504
Budget and treasury office	8 238	8 749	8 538	7 626	13 409	13 409	10 725	3 233	3 374
Corporate services	119 360	137 474	213 369	140 891	157 562	157 562	369 229	196 212	150 455
<b>Community and public safety</b>	<b>1 445 100</b>	<b>2 703 844</b>	<b>1 268 217</b>	<b>1 050 036</b>	<b>1 151 582</b>	<b>1 151 582</b>	<b>1 032 477</b>	<b>1 004 658</b>	<b>870 708</b>
Community and social services	37 521	52 798	49 186	67 132	90 089	90 089	60 108	48 902	36 102
Sport and recreation	1 162 377	2 279 485	874 082	259 313	503 728	503 728	134 245	106 062	101 699
Public safety	73 709	127 474	90 591	90 899	87 298	87 298	73 925	48 052	39 775
Housing	147 355	226 936	228 579	620 708	453 574	453 574	740 500	783 995	682 186
Health	24 138	17 151	25 779	11 984	16 893	16 893	23 698	17 646	10 946
<b>Economic and environmental services</b>	<b>398 948</b>	<b>836 976</b>	<b>1 640 555</b>	<b>874 828</b>	<b>1 181 376</b>	<b>1 181 376</b>	<b>1 885 548</b>	<b>1 618 990</b>	<b>1 761 332</b>
Planning and development	40 941	74 752	46 452	49 508	33 887	33 887	36 995	48 649	47 049
Road transport	346 519	747 859	1 585 918	800 652	1 137 070	1 137 070	1 821 203	1 565 636	1 709 378
Environmental protection	11 488	14 365	8 186	24 669	10 419	10 419	27 350	4 705	4 905
<b>Trading services</b>	<b>1 125 778</b>	<b>1 361 317</b>	<b>1 527 195</b>	<b>1 524 967</b>	<b>1 480 997</b>	<b>1 480 997</b>	<b>1 783 335</b>	<b>1 901 300</b>	<b>2 219 791</b>
Electricity	537 568	496 871	665 972	718 471	774 760	774 760	804 650	868 151	868 342
Water	210 266	241 094	191 283	195 951	193 828	193 828	316 913	340 878	585 794
Wastewater management	267 326	458 464	384 535	319 645	262 851	262 851	377 502	430 466	427 050
Waste management	110 618	164 889	285 406	290 901	249 558	249 558	284 271	261 806	338 606
<b>Other</b>	<b>826</b>	<b>1 421</b>	<b>1 254</b>	<b>2 500</b>	<b>2 383</b>	<b>2 383</b>	<b>2 050</b>	<b>3 000</b>	<b>–</b>
<b>Total capital expenditure – standard</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>
<b>Funded by:</b>									
National Government	1 071 282	2 423 827	1 672 706	1 085 486	1 295 433	1 295 433	2 363 713	2 380 463	2 484 527
Province	154 698	477 059	253 151	550 314	419 539	419 539	297 446	239 974	186 711
District municipality	–	–	–	–	–	–	–	–	–
Other transfers and grants	1 276	2 854	23 650	5 400	7 314	7 314	3 340	–	–
<b>Transfers recognised – capital</b>	<b>1 227 256</b>	<b>2 903 740</b>	<b>1 949 507</b>	<b>1 641 200</b>	<b>1 722 285</b>	<b>1 722 285</b>	<b>2 664 499</b>	<b>2 620 437</b>	<b>2 671 239</b>
<b>Public contributions and donations</b>	<b>48 399</b>	<b>58 601</b>	<b>45 337</b>	<b>58 979</b>	<b>52 866</b>	<b>52 866</b>	<b>50 860</b>	<b>42 881</b>	<b>40 300</b>
<b>Borrowing</b>	<b>1 242 470</b>	<b>1 609 436</b>	<b>1 782 932</b>	<b>1 115 877</b>	<b>1 442 790</b>	<b>1 442 790</b>	<b>1 357 386</b>	<b>1 187 536</b>	<b>1 484 336</b>
<b>Internally generated funds</b>	<b>584 273</b>	<b>488 566</b>	<b>885 151</b>	<b>791 309</b>	<b>777 536</b>	<b>777 536</b>	<b>1 017 122</b>	<b>915 043</b>	<b>853 290</b>
<b>Total capital funding</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>

## Part 1 – Annual budget continued

### Explanatory notes to Table 26: MBRR Table A5 – budgeted capital expenditure by vote, standard classification and funding source

1. Table A5 reflects the City's capital programme in relation to capital expenditure by municipal vote (directorate), capital expenditure by standard classification, and funding sources required to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. The City has allocated multi-year appropriations amounting to R5 090 million for 2011/12, reducing slightly to R4 766 million in 2012/13, and then increasing again to R5 049 million in 2013/14.
3. The capital budget is funded by allocations made to the City by the Provincial Government of the Western Cape (Province) and National Government in the form of grants, public contributions and donations, borrowings and internally generated funds. Capital transfers from National Government, Province and other transfers and grants amount to R2 664 million (52,6%) in 2011/12, and this remains relatively constant at R2 620 million and R2 671 million in the 2012/13 and 2013/14 financial years respectively. Borrowing has been provided for in terms of cash availability in accordance with the DMTN programme. Internally generated funds have been provided for in the MTREF to the amount of R1 017 million, R915 million and R853 million for each of the respective financial years.

**TABLE 27: MBRR TABLE A6 – BUDGETED FINANCIAL POSITION**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
				Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	188 692	197 633	138 263	–	–	–	–	–	–	–
Call investment deposits	4 192 038	3 630 894	4 403 713	2 891 284	2 951 755	2 951 755	3 233 856	3 599 890	4 036 140	
Consumer debtors	2 292 286	2 744 102	3 361 410	3 168 812	3 558 401	3 558 401	3 840 680	4 201 359	4 601 354	
Other debtors	346 278	443 946	294 783	492 596	324 189	324 189	356 608	392 268	431 495	
Current portion of long-term receivables	16 949	21 517	17 480	19 419	16 606	16 606	15 776	14 987	14 238	
Inventory	216 340	200 289	197 080	213 169	206 934	206 934	217 281	228 145	239 552	
<b>Total current assets</b>	<b>7 252 583</b>	<b>7 238 381</b>	<b>8 412 729</b>	<b>6 785 281</b>	<b>7 057 885</b>	<b>7 057 885</b>	<b>7 664 200</b>	<b>8 436 649</b>	<b>9 322 779</b>	
<b>Non-current assets</b>										
Long-term receivables	197 968	157 693	119 058	142 318	113 105	113 105	107 450	102 077	96 973	
Investments	390 218	236 143	274 245	402 737	334 231	334 231	586 741	867 071	1 093 093	
Investment property	95 076	91 546	87 082	–	–	–	84 236	83 234	82 047	
Investment in associate	–	–	–	–	–	–	–	–	–	
Property, plant and equipment	12 142 997	16 329 013	19 947 252	23 415 609	22 808 330	22 808 330	26 414 579	29 711 230	33 155 377	
Agricultural	–	–	–	–	–	–	–	–	–	
Biological	–	–	–	–	–	–	–	–	–	
Intangible	20 083	32 821	31 709	–	–	–	6 559	–	–	
Other non-current assets	8 906	9 440	10 002	–	–	–	–	–	–	
<b>Total non-current assets</b>	<b>12 855 248</b>	<b>16 856 656</b>	<b>20 469 348</b>	<b>23 960 664</b>	<b>23 255 667</b>	<b>23 255 667</b>	<b>27 199 565</b>	<b>30 763 612</b>	<b>34 427 490</b>	
<b>TOTAL ASSETS</b>	<b>20 107 831</b>	<b>24 095 037</b>	<b>28 882 077</b>	<b>30 745 945</b>	<b>30 313 552</b>	<b>30 313 552</b>	<b>34 863 765</b>	<b>39 200 262</b>	<b>43 750 269</b>	



**TABLE 27: MBRR TABLE A6 – BUDGETED FINANCIAL POSITION CONTINUED**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft	–	–	–	–	–	–	–	–	–
Borrowing	409 239	475 484	262 983	199 643	199 673	199 673	168 659	186 105	150 892
Consumer deposits	240 268	239 904	229 160	266 851	252 076	252 076	277 284	305 012	335 513
Trade and other payables	4 097 826	3 870 289	4 402 741	3 917 328	3 818 771	3 818 771	4 006 159	4 195 229	4 468 538
Provisions	556 019	540 789	739 446	607 576	776 418	776 418	830 768	888 921	951 146
<b>Total current liabilities</b>	<b>5 303 352</b>	<b>5 126 466</b>	<b>5 634 330</b>	<b>4 991 398</b>	<b>5 046 938</b>	<b>5 046 938</b>	<b>5 282 869</b>	<b>5 575 268</b>	<b>5 906 089</b>
<b>Non-current liabilities</b>									
Borrowing	3 047 812	3 811 962	5 547 626	6 447 345	5 347 930	5 347 930	6 679 271	7 893 166	9 242 274
Provisions	2 400 457	2 611 175	3 049 114	3 277 375	3 386 916	3 386 916	3 809 727	4 289 241	4 797 467
<b>Total non-current liabilities</b>	<b>5 448 269</b>	<b>6 423 137</b>	<b>8 596 740</b>	<b>9 724 720</b>	<b>8 734 846</b>	<b>8 734 846</b>	<b>10 488 998</b>	<b>12 182 407</b>	<b>14 039 741</b>
<b>TOTAL LIABILITIES</b>	<b>10 751 621</b>	<b>11 549 603</b>	<b>14 231 070</b>	<b>14 716 118</b>	<b>13 781 784</b>	<b>13 781 784</b>	<b>15 771 867</b>	<b>17 757 675</b>	<b>19 945 830</b>
<b>NET ASSETS</b>	<b>9 356 210</b>	<b>12 545 434</b>	<b>14 651 007</b>	<b>16 029 826</b>	<b>16 531 768</b>	<b>16 531 768</b>	<b>19 091 898</b>	<b>21 442 586</b>	<b>23 804 439</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated surplus/(deficit)	7 296 280	10 258 033	12 280 444	11 257 755	12 679 476	12 679 476	13 403 485	13 873 432	14 135 761
Reserves	2 059 930	2 287 400	2 370 563	4 772 071	3 852 291	3 852 291	5 688 414	7 569 155	9 668 677
Minorities' interests	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>9 356 210</b>	<b>12 545 433</b>	<b>14 651 007</b>	<b>16 029 826</b>	<b>16 531 767</b>	<b>16 531 767</b>	<b>19 091 898</b>	<b>21 442 586</b>	<b>23 804 438</b>

#### Explanatory notes to Table 27: MBRR Table A6 – budgeted financial position

- The City's budgeted statement of financial position has been prepared on a basis that is consistent with GRAP 1 and international accounting standards, and, as such, it is comparable with the present statement of financial position, as well as statements of previous years. This enables all stakeholders to interpret the impact of the budget on the statement of financial position.
- The assets are in the order of relative liquidity, while liabilities are listed according to priority in terms of being met by means of cash. An extensive table of notes (Table 89: MBRR Table SA3) is provided on page 170, with details of the major components of items such as:
  - call investment deposits;
  - consumer debtors;
  - property, plant and equipment;
  - trade and other payables;
  - non-current provisions;
  - changes in net assets; and
  - reserves.
- Movements on the budgeted statement of financial performance will affect the budgeted statement of financial position. Assumptions made on the collection rate, for instance, will affect the budgeted cash position of the City, as well as the budgeted impairment of debtors. As such, the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance, and the general viability of the municipality.

# Part 1 – Annual budget continued

<b>TABLE 28: MBRR TABLE A7 – BUDGETED CASH FLOW STATEMENT</b>									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	10 539 870	9 141 515	12 641 040	17 090 513	17 049 027	17 049 027	19 105 632	22 099 201	25 308 401
Government – operating	1 717 988	2 273 951	2 550 811	1 478 282	1 521 358	1 521 358	1 897 816	2 216 468	2 257 535
Government – capital	1 275 655	2 900 886	1 940 857	1 700 179	1 775 151	1 775 151	2 715 359	2 663 318	2 711 539
Interest	261 317	577 105	383 657	424 796	421 260	421 260	410 761	450 084	516 575
Dividends	–	–	–	–	–	–	–	–	–
<b>Payments</b>									
Suppliers and employees	(10 030 976)	(11 163 936)	(13 220 119)	(17 062 043)	(17 622 752)	(17 622 752)	(19 175 742)	(22 422 694)	(25 433 594)
Finance charges	(271 461)	(405 411)	(523 550)	(739 507)	(739 507)	(739 507)	(766 367)	(914 347)	(1 070 070)
Transfers and grants	–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>3 492 393</b>	<b>3 324 110</b>	<b>3 772 696</b>	<b>2 892 220</b>	<b>2 404 538</b>	<b>2 404 538</b>	<b>4 187 458</b>	<b>4 092 030</b>	<b>4 290 385</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	59 981	187 505	82 380	310 444	293 967	293 967	105 000	55 000	70 803
Decrease/(increase) in non-current debtors	–	–	–	–	–	–	–	–	–
Decrease/(increase) in other non-current receivables	84 041	35 707	42 673	8 512	6 827	6 827	6 486	6 161	5 853
Decrease/(increase) in non-current investments	(1 027 192)	2 179 402	1 102 674	(118 757)	(63 520)	(63 520)	(193 176)	(280 330)	(232 822)
<b>Payments</b>									
Capital assets	(3 119 008)	(5 081 931)	(4 662 993)	(3 607 364)	(3 995 477)	(3 995 477)	(5 089 867)	(4 765 897)	(5 049 165)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(4 002 178)</b>	<b>(2 679 317)</b>	<b>(3 435 266)</b>	<b>(3 407 165)</b>	<b>(3 758 203)</b>	<b>(3 758 203)</b>	<b>(5 171 557)</b>	<b>(4 985 066)</b>	<b>(5 205 331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short-term loans	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	1 432 651	1 240 230	2 047 299	1 100 000	–	–	1 500 000	1 400 000	1 500 000
Increase/(decrease) in consumer deposits	23 142	(2 065)	(6 366)	24 259	22 916	22 916	25 208	27 728	30 501
<b>Payments</b>									
Repayment of borrowing	(224 538)	(409 834)	(524 137)	(262 982)	(263 005)	(263 005)	(199 673)	(168 659)	(186 105)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>1 231 255</b>	<b>828 331</b>	<b>1 516 796</b>	<b>861 277</b>	<b>(240 089)</b>	<b>(240 089)</b>	<b>1 325 535</b>	<b>1 259 069</b>	<b>1 344 396</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>721 470</b>	<b>1 473 125</b>	<b>1 854 226</b>	<b>346 332</b>	<b>(1 593 755)</b>	<b>(1 593 755)</b>	<b>341 435</b>	<b>366 034</b>	<b>429 450</b>
Cash/cash equivalents at the beginning of the year	437 356	1 158 826	2 631 951	2 544 952	4 486 176	4 486 176	2 892 421	3 233 856	3 599 890
Cash/cash equivalents at the end of the year	1 158 826	2 631 951	4 486 177	2 891 284	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340

### Explanatory notes to Table 28: MBRR Table A7 – budgeted cash flow statement

1. The table shows the cash and cash equivalents of the City for the 2010/11 to 2013/14 MTREF.
2. The City has embarked on an extensive debt collection process to boost cash levels. These initiatives and interventions have resulted in a positive cash position.

3. For the 2011/12 MTREF, the budget has been prepared to ensure high levels of cash and cash equivalents in the medium term, with cash levels anticipated to exceed R3 599 million by 2012/13, and continuing to increase to R4 029 million by 2013/14.

**TABLE 29: MBRR TABLE A8 – CASH-BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
				Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12
<b>R thousand</b>										
<b>Cash and investments available</b>										
Cash/cash equivalents at the year-end	1 158 826	2 631 951	4 486 177	2 891 284	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340	
Other current investments > 90 days	3 221 904	1 196 576	55 799	–	59 334	59 334	–	–	6 800	
Non-current assets – investments	390 218	236 143	274 245	402 737	334 231	334 231	586 741	867 071	1 093 093	
<b>Cash and investments available</b>	<b>4 770 948</b>	<b>4 064 670</b>	<b>4 816 221</b>	<b>3 294 021</b>	<b>3 285 986</b>	<b>3 285 986</b>	<b>3 820 597</b>	<b>4 466 961</b>	<b>5 129 233</b>	
<b>Application of cash and investments</b>										
Unspent conditional transfers	1 562 884	889 821	1 048 440	1 534 160	1 096 519	1 096 519	977 376	1 035 139	991 536	
Unspent borrowing	–	–	–	–	–	–	–	–	–	
Statutory requirements	–	–	–	–	–	–	463 985	497 227	474 934	
Other working capital requirements	676 073	653 218	668 200	1 007 536	(412 993)	(412 993)	1 516 353	1 685 261	1 850 322	
Other provisions	–	–	–	–	–	–	–	–	–	
Long-term investments committed	–	–	–	–	–	–	596 532	816 195	1 043 017	
Reserves to be backed by cash/investments	1 970 237	2 228 809	2 277 183	751 408	2 305 990	2 305 990	102 914	109 515	408 102	
<b>Total application of cash and investments</b>	<b>4 209 194</b>	<b>3 771 848</b>	<b>3 993 823</b>	<b>3 293 104</b>	<b>2 989 516</b>	<b>2 989 516</b>	<b>3 657 160</b>	<b>4 143 337</b>	<b>4 767 911</b>	
<b>Surplus/(shortfall)</b>	<b>561 754</b>	<b>292 822</b>	<b>822 398</b>	<b>917</b>	<b>296 470</b>	<b>296 470</b>	<b>163 437</b>	<b>323 624</b>	<b>361 322</b>	

### Explanatory notes to Table 29: MBRR Table A8 – cash-backed reserves/accumulated surplus reconciliation

1. The cash-backed reserves/accumulated surplus reconciliation is aligned with the requirements of MFMA Circular 42 – 'Funding a municipal budget'.
2. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year-end, and secondly reconciling the available funding with existing liabilities and commitments.
3. The outcome of this exercise is either a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available, and represent non-compliance with the MFMA requirement that the municipality's budget must be 'funded'.

4. The table shows that the City has maintained a surplus net cash flow position between the 2007/8 and 2010/11 financial years.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF, the objective of the medium-term framework was to ensure that the budget is fully funded in accordance with Section 18 of the MFMA.
6. The budget has been modelled progressively to move from a surplus of R163 million in 2011/12 to a surplus of R361 million by 2013/14.

# Part 1 – Annual budget continued

**TABLE 30: MBRR TABLE A9 – ASSET MANAGEMENT**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
				Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total new assets</b>	<b>2 071 701</b>	<b>3 811 509</b>	<b>3 071 943</b>	<b>2 032 160</b>	<b>2 431 907</b>	<b>2 431 907</b>	<b>3 121 246</b>	<b>3 041 198</b>	<b>3 622 497</b>	
Infrastructure – road transport	198 235	481 911	1 011 337	750 486	839 146	839 146	1 303 800	1 452 629	1 496 317	
Infrastructure – electricity	236 951	232 340	268 053	413 113	433 444	433 444	264 776	303 067	461 573	
Infrastructure – water	72 742	143 943	91 974	137 072	71 757	71 757	170 160	233 973	528 743	
Infrastructure – sanitation	152 581	320 520	247 942	169 407	149 828	149 828	253 070	295 763	185 849	
Infrastructure – other	18 724	13 264	21 848	38 700	45 575	45 575	36 445	500	266 832	
<b>Infrastructure</b>	<b>679 233</b>	<b>1 191 979</b>	<b>1 641 154</b>	<b>1 508 778</b>	<b>1 539 750</b>	<b>1 539 750</b>	<b>2 028 251</b>	<b>2 285 932</b>	<b>2 939 314</b>	
Community	1 111 188	2 138 849	810 905	279 518	488 705	488 705	141 254	113 430	98 710	
Heritage assets	1 443	294	602	30	983	983	–	–	–	
Investment properties	–	–	–	–	–	–	–	–	–	
Other assets	279 838	480 388	619 282	243 834	402 470	402 470	951 741	641 836	584 473	
Agricultural assets	–	–	–	–	–	–	–	–	–	
Biological assets	–	–	–	–	–	–	–	–	–	
Intangibles	–	–	–	–	–	–	–	–	–	
<b>Total renewal of existing assets</b>	<b>1 030 697</b>	<b>1 248 833</b>	<b>1 590 985</b>	<b>1 575 204</b>	<b>1 563 570</b>	<b>1 563 570</b>	<b>1 968 621</b>	<b>1 724 699</b>	<b>1 426 668</b>	
Infrastructure – road transport	200 116	283 271	494 337	222 349	242 682	242 682	278 490	204 477	179 395	
Infrastructure – electricity	210 859	183 764	253 925	225 301	248 501	248 501	429 053	390 856	298 290	
Infrastructure – water	75 178	71 146	81 505	90 287	80 546	80 546	78 029	58 145	73 250	
Infrastructure – sanitation	139 437	142 316	149 317	174 835	134 618	134 618	174 342	193 866	247 250	
Infrastructure – other	71 620	99 618	193 235	188 429	167 374	167 374	84 065	163 832	500	
<b>Infrastructure</b>	<b>697 210</b>	<b>780 116</b>	<b>1 172 319</b>	<b>901 202</b>	<b>873 720</b>	<b>873 720</b>	<b>1 043 979</b>	<b>1 011 177</b>	<b>798 685</b>	
Community	136 039	234 629	174 601	395 303	366 560	366 560	466 649	459 515	389 005	
Heritage assets	473	298	50	439	984	984	689	430	430	
Investment properties	–	–	–	–	–	–	–	–	–	
Other assets	196 975	233 791	244 015	278 261	322 306	322 306	457 304	253 577	238 547	
Agricultural assets	–	–	–	–	–	–	–	–	–	
Biological assets	–	–	–	–	–	–	–	–	–	
Intangibles	–	–	–	–	–	–	–	–	–	
<b>Total capital expenditure</b>										
Infrastructure – road transport	398 351	765 182	1 505 674	972 835	1 081 829	1 081 829	1 582 290	1 657 107	1 675 712	
Infrastructure – electricity	447 810	416 104	521 977	638 415	681 945	681 945	693 829	693 923	759 863	
Infrastructure – water	147 920	215 090	173 479	227 358	152 303	152 303	248 189	292 118	601 993	
Infrastructure – sanitation	292 017	462 837	397 259	344 242	284 446	284 446	427 412	489 629	433 099	
Infrastructure – other	90 344	112 882	215 083	227 129	212 949	212 949	120 510	164 332	267 332	
<b>Infrastructure</b>	<b>1 376 443</b>	<b>1 972 095</b>	<b>2 813 473</b>	<b>2 409 980</b>	<b>2 413 471</b>	<b>2 413 471</b>	<b>3 072 229</b>	<b>3 297 109</b>	<b>3 737 999</b>	
Community	1 247 227	2 373 478	985 506	674 821	855 265	855 265	607 903	572 945	487 715	
Heritage assets	1 915	591	652	469	1 967	1 967	689	430	430	
Investment properties	–	–	–	–	–	–	–	–	–	
Other assets	476 812	714 179	863 297	522 095	724 775	724 775	1 409 046	895 412	823 020	
Agricultural assets	–	–	–	–	–	–	–	–	–	
Biological assets	–	–	–	–	–	–	–	–	–	
Intangibles	–	–	–	–	–	–	–	–	–	
<b>TOTAL CAPITAL EXPENDITURE – ASSET CLASS</b>	<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>	

TABLE 30: MBRR TABLE A9 – ASSET MANAGEMENT CONTINUED

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>ASSET REGISTER SUMMARY – PPE (WDV)</b>	–	–	–	–	–	–	–	–	–
Infrastructure – road transport	1 670 319	1 929 058	2 625 673	3 486 528	3 611 442	3 611 442	5 055 559	6 556 337	8 047 249
Infrastructure – electricity	1 461 473	1 804 624	2 509 441	2 964 996	3 008 526	3 008 526	3 476 316	3 916 587	4 381 193
Infrastructure – water	1 185 904	1 191 957	1 168 225	1 308 667	1 233 612	1 233 612	1 374 287	1 544 670	2 002 675
Infrastructure – sanitation	717 107	710 759	925 141	1 196 772	1 136 976	1 136 976	1 474 672	1 863 315	2 177 688
Infrastructure – other	1 668 089	2 916 447	3 143 575	3 354 944	3 340 764	3 340 764	3 442 042	3 585 275	3 828 447
<b>Infrastructure</b>	<b>6 702 892</b>	<b>8 552 845</b>	<b>10 372 055</b>	<b>12 311 907</b>	<b>12 331 320</b>	<b>12 331 320</b>	<b>14 822 876</b>	<b>17 466 184</b>	<b>20 437 252</b>
Community	2 065 026	3 778 151	5 042 870	5 514 210	5 694 657	5 694 657	6 061 638	6 376 708	6 558 905
Community housing	657 538	641 140	621 457	594 815	594 815	594 815	561 871	524 483	480 188
Heritage assets	9 145	9 440	10 002	10 471	11 969	11 969	12 658	13 088	13 518
Investment properties	95 076	91 546	87 082	–	–	–	84 236	83 234	82 047
Other assets	2 823 796	3 335 045	3 910 935	3 954 523	4 068 703	4 068 703	4 935 540	5 310 768	5 645 516
Agricultural assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	20 083	32 821	31 709	–	–	–	6 559	–	–
<b>TOTAL ASSET REGISTER SUMMARY – PPE (WDV)</b>	<b>12 373 556</b>	<b>16 440 988</b>	<b>20 076 111</b>	<b>22 385 926</b>	<b>22 701 464</b>	<b>22 701 464</b>	<b>26 485 378</b>	<b>29 774 465</b>	<b>33 217 426</b>
<b>EXPENDITURE – OTHER ITEMS</b>									
<b>Depreciation and asset impairment</b>	809 719	864 825	1 043 389	1 190 680	1 263 258	1 263 258	1 392 823	1 476 807	1 606 205
<b>Repairs and maintenance by asset class</b>	1 185 860	1 372 624	1 577 720	1 590 462	1 666 482	1 666 482	1 798 911	1 943 310	2 124 377
Infrastructure – road transport	–	–	–	–	–	–	–	–	–
Infrastructure – electricity	–	–	–	–	–	–	–	–	–
Infrastructure – water	–	–	–	–	–	–	–	–	–
Infrastructure – sanitation	–	–	–	–	–	–	–	–	–
Infrastructure – other	–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
<b>TOTAL EXPENDITURE – OTHER ITEMS</b>	<b>1 995 579</b>	<b>2 237 449</b>	<b>2 621 109</b>	<b>2 781 142</b>	<b>2 929 739</b>	<b>2 929 739</b>	<b>3 191 735</b>	<b>3 420 117</b>	<b>3 730 582</b>
<b>% of capital expenditure on renewal of assets</b>	<b>49,8%</b>	<b>32,8%</b>	<b>51,8%</b>	<b>77,5%</b>	<b>64,3%</b>	<b>64,3%</b>	<b>63,1%</b>	<b>56,7%</b>	<b>39,4%</b>
<b>Renewal of existing assets as % of depreciation</b>	<b>127,3%</b>	<b>144,4%</b>	<b>152,5%</b>	<b>132,3%</b>	<b>123,8%</b>	<b>123,8%</b>	<b>141,3%</b>	<b>116,8%</b>	<b>88,8%</b>
<b>R&amp;M as a % of PPE</b>	<b>9,8%</b>	<b>8,4%</b>	<b>7,9%</b>	<b>6,8%</b>	<b>7,3%</b>	<b>7,3%</b>	<b>6,8%</b>	<b>6,5%</b>	<b>6,4%</b>
<b>Renewal and R&amp;M as a % of PPE</b>	<b>18,0%</b>	<b>16,0%</b>	<b>16,0%</b>	<b>13,5%</b>	<b>14,2%</b>	<b>14,2%</b>	<b>14,3%</b>	<b>12,3%</b>	<b>10,7%</b>

## Part 1 – Annual budget continued

### Explanatory notes to Table 30: MBRR Table A9 – asset management

1. Table A9 provides an overview of capital allocated by the City to acquire new assets and renew existing assets, as well as expenditure on repairs and maintenance, shown by asset class.
2. At this stage, spending on repairs and maintenance cannot be reflected by asset class due to the misalignment of the existing asset classes with the plant maintenance asset classes on the financial system. To ensure compliance in future, the City will embark on an asset creation project that will be finalised over the next few years.
3. The graph below provides a comparison of depreciation and operational repairs and maintenance over the MTREF period. It highlights the City's commitment to address the maintenance backlog.

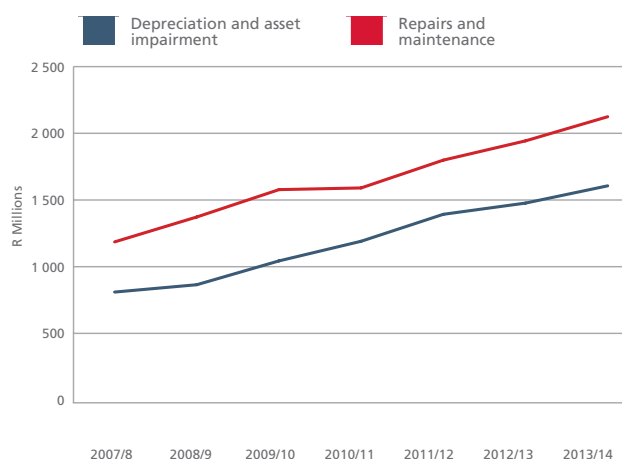


Figure 4: Depreciation in relation to repairs and maintenance in the MTREF

TABLE 31: MBRR TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Household service targets (000)</b>									
<b>Water:</b>									
Piped water inside dwelling	732	733	757	714	714	714	728	742	757
Piped water inside yard (but not in dwelling)	–	–	–	–	–	–	–	–	–
Using public tap (at least minimum service level)	115	142	146	190	190	190	194	198	202
Other water supply (at least minimum service level)	–	–	–	–	–	–	–	–	–
<i>Minimum service level and above subtotal</i>	847	875	903	904	904	904	922	940	959
Using public tap (< minimum service level)	–	–	–	–	–	–	–	–	–
Other water supply (< minimum service level)	–	–	–	–	–	–	–	–	–
No water supply	–	–	–	–	–	–	–	–	–
<i>Below minimum service level and subtotal</i>	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>847</b>	<b>875</b>	<b>903</b>	<b>904</b>	<b>904</b>	<b>904</b>	<b>922</b>	<b>940</b>	<b>959</b>

TABLE 31: MBRR TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT CONTINUED

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Household service targets (000) continued</b>									
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	754	779	811	812	812	812	828	846	867
Flush toilet (with septic tank)	–	–	–	–	–	–	–	–	–
Chemical toilet	13	4	16	16	16	16	17	17	17
Pit toilet (ventilated)	2	2	2	2	2	2	2	2	2
Other toilet provisions (> minimum service level)	42	40	50	50	50	50	51	52	53
<i>Minimum service level and above subtotal</i>	811	825	879	880	880	880	898	917	939
Bucket toilet	1	5	4	4	4	4	4	4	–
Other toilet provisions (< minimum service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	35	45	2	20	20	20	20	20	20
<i>Below minimum service level and subtotal</i>	36	50	6	24	24	24	24	24	20
<b>Total number of households</b>	<b>847</b>	<b>875</b>	<b>885</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>922</b>	<b>941</b>	<b>959</b>
<b>Energy:</b>									
Electricity (at least minimum service level)	784	764	731	738	738	738	745	752	758
Electricity – prepaid (minimum service level)	–	–	–	–	–	–	–	–	–
<i>Minimum service level and above subtotal</i>	784	764	731	738	738	738	745	752	758
Electricity (< minimum service level)	63	88	90	86	86	86	82	79	75
Electricity – prepaid (< minimum service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	–	–	–	–	–	–	–
<i>Below minimum service level and subtotal</i>	63	88	90	86	86	86	82	79	75
<b>Total number of households</b>	<b>847</b>	<b>852</b>	<b>821</b>	<b>823</b>	<b>823</b>	<b>823</b>	<b>827</b>	<b>830</b>	<b>834</b>
<b>Refuse:</b>									
Removed at least once a week	819	983	955	926	926	926	945	963	983
<i>Minimum service level and above subtotal</i>	819	983	955	926	926	926	945	963	983
Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
Using communal refuse dump	–	–	–	–	–	–	–	–	–
Using own refuse dump	–	–	–	–	–	–	–	–	–
Other rubbish disposal	–	–	–	–	–	–	–	–	–
No rubbish disposal	–	–	–	–	–	–	–	–	–
<i>Below minimum service level and subtotal</i>	–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>819</b>	<b>983</b>	<b>955</b>	<b>926</b>	<b>926</b>	<b>926</b>	<b>945</b>	<b>963</b>	<b>983</b>

# Part 1 – Annual budget continued

TABLE 31: MBRR TABLE A10 – BASIC SERVICE DELIVERY MEASUREMENT CONTINUED

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Outcome	Outcome	Outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Households receiving free basic service (000)</b>	–	–	–	–	–	–	–	–	–
Water (6 kilolitres per household per month)	847	901	903	904	904	904	922	940	959
Sanitation (free minimum-level service)	811	825	879	881	881	881	898	916	934
Electricity/other energy (50 kWh per household per month)	412	419	424	449	449	449	429	442	455
Refuse (removed at least once a week)	476	465	475	481	481	481	484	494	504
<b>Cost of free basic services provided (R'000)</b>	–	–	–	–	–	–	–	–	–
Water (6 kilolitres per household per month)	218 278	331 346	365 140	407 102	427 195	427 195	462 011	513 294	570 270
Sanitation (free sanitation service)	137 070	169 902	188 119	219 151	274 789	274 789	309 301	338 585	370 816
Electricity/other energy (50 kWh per household per month)	92 088	128 473	142 483	180 955	180 955	180 955	206 319	251 366	311 103
Refuse (removed once a week)	201 056	234 225	256 125	275 019	275 019	275 019	280 520	286 130	291 853
<b>Total cost of FBS provided (minimum social package)</b>	<b>648 492</b>	<b>863 946</b>	<b>951 867</b>	<b>1 082 227</b>	<b>1 157 958</b>	<b>1 157 958</b>	<b>1 258 151</b>	<b>1 389 375</b>	<b>1 544 042</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	–	–	–	–	–	–	–	–	–
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	30	30	38	38	38	41	45	49
Electricity (kWh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	240 ℓ	240 ℓ	240 ℓ	240 ℓ	240 ℓ	240 ℓ	240 ℓ	240 ℓ	240 ℓ
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)	40 825	54 048	39 297	49 188	49 188	49 188	52 533	58 312	62 044
Property rates (other exemptions, reductions and rebates)	308 253	344 447	398 820	887 466	887 466	887 466	906 730	1 006 470	1 070 884
Water	218 278	331 346	365 140	382 073	387 743	387 743	387 743	419 694	461 663
Sanitation	137 070	34 613	38 074	182 890	184 838	184 838	184 838	210 234	231 257
Electricity/other energy	73 000	86 469	100 641	96 947	96 947	96 947	105 847	115 564	143 336
Refuse	163 000	178 000	207 500	240 813	240 813	240 813	262 648	267 901	273 259
Municipal housing – rental rebates	27 290	29 732	29 289	34 668	34 668	31 500	33 617	35 200	36 900
Housing – top-structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
<b>Total revenue cost of free services provided (total social package)</b>	<b>967 716</b>	<b>1 058 655</b>	<b>1 178 761</b>	<b>1 874 045</b>	<b>1 881 663</b>	<b>1 878 495</b>	<b>1 933 956</b>	<b>2 113 375</b>	<b>2 279 343</b>



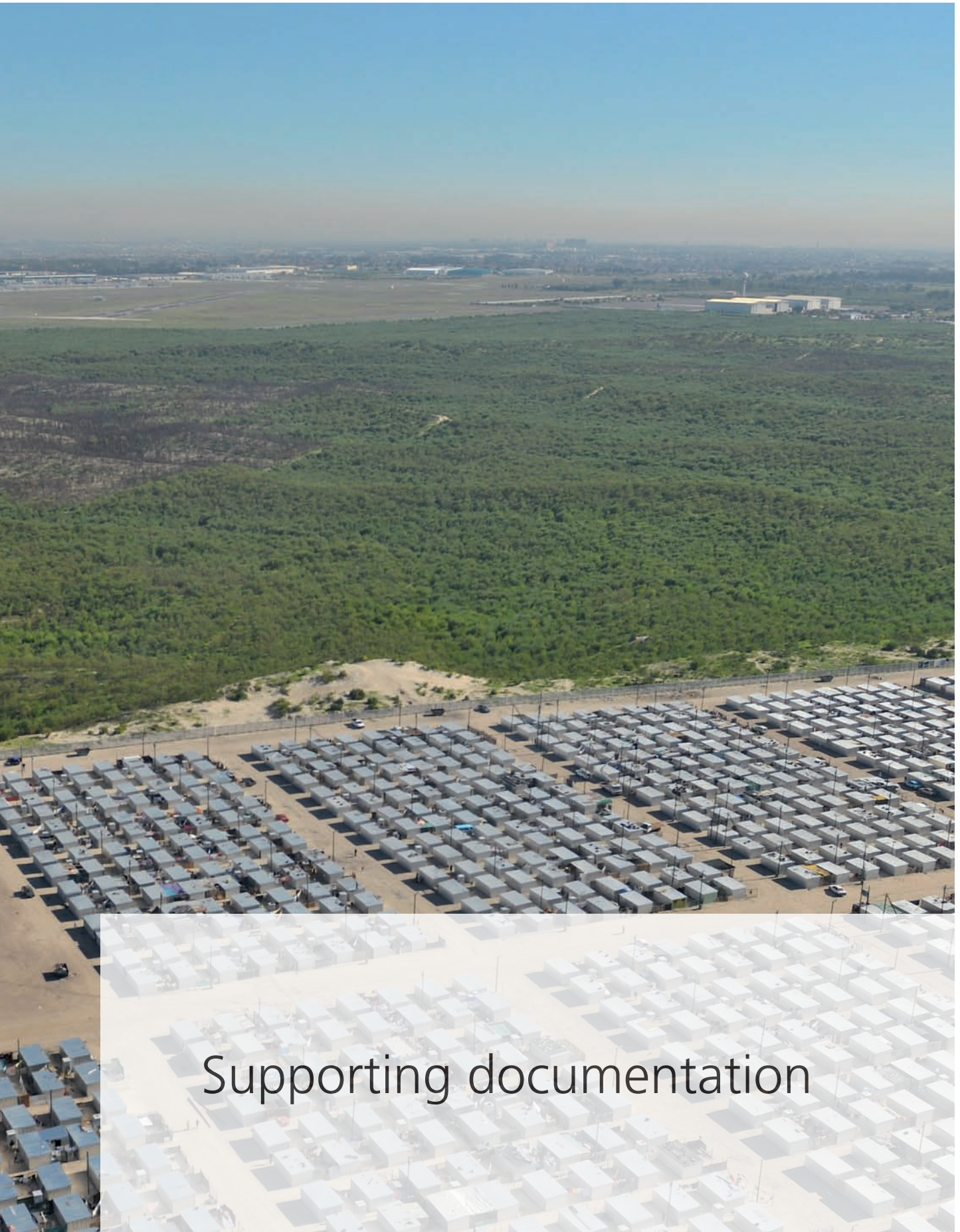


The City's refuse services have a backlog of an estimated 1%

### Explanatory notes to Table 31: MBRR Table A10 – basic service delivery measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below-minimum service level), for each of the City's main services.
2. The City's current backlog status can be summarised as follows:
  - a. Water services – The majority of Cape Town's population in both formal and informal settlements receives potable-water service levels that generally meet the national minimum standards as required by the Water Services Act (Act 108 of 1997). Thus, no backlogs exist for this service.
  - b. Sanitation services – The backlog is expected to reduce over the MTREF period from 24 000 in 2011/12 to 20 000 in 2013/14. The reduction will be a direct consequence of the additional funding allocated for this purpose.
  - c. Electricity services – The electrification strategy is to reduce the backlog by 3 000 households annually. As a result, the total electricity backlog is expected to decline from 82 000 in 2011/12 to 75 000 in 2013/14.
  - d. Refuse services – The City delivers a refuse collection service to all formal properties within its administrative boundaries. Informal settlements receive area cleaning and refuse removal services. An estimated 1% backlog exists as a result of ongoing informal household and settlement growth. This backlog is dealt with on an integrated basis as soon as information of the location of new informal households becomes available.
3. The number of households receiving free basic services is expected to increase by an average of 2% (for all services except electricity) in the course of the 2011/12 MTREF period. The amount for electricity declined from 2010/11 to 2011/12 due to Eskom's reduction of the consumption criterion. Consumption was reduced from 450 kWh and less per month, to 250 kWh and less per month. This has significantly reduced the number of households qualifying for a free basic electricity allowance.
4. The annual increase in households receiving free basic services increases the cost of providing these services. This cost is anticipated to rise from R1 258 million in 2011/12 to R1 389 million in 2012/13, and R1 544 million in 2013/14. The City's cost of free basic services as a ratio of the equitable share equals 130%, 127% and 133% over the three MTREF years respectively. This means that the equitable share does not compensate for the full cost of free basic services.
5. The total value of the social package of services provided by the City is R1 934 million for the 2011/12 financial year, and R2 113 million and R2 279 million for the following two years respectively. The revenue cost of free services provided as a percentage of total revenue averages 9% over the three years.





# Supporting documentation

## Part 2 – Supporting documentation

### 2.1 BUDGET PROCESS: MAYORAL OVERSIGHT AND RESPONSIBILITY

In terms of Section 24 of the MFMA, Council must, at least 30 days before the start of the financial year, consider the annual budget for approval. Section 53 requires the mayor of a municipality to provide general political guidance over the budget process as well as the priorities that must guide the preparation of the budget. Furthermore, Chapter 2 of the MBRR, gazetted on 17 April 2009, provides the following guidelines and provisions:

- '(1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in Section 53 of the Act.
- (2) The Steering Committee must consist of at least the following persons:
  - a) the councillor responsible for financial matters;
  - b) the municipal manager;
  - c) the chief financial officer;
  - d) the senior managers responsible for at least the three largest votes in the municipality;
  - e) the manager responsible for budgeting;
  - f) the manager responsible for planning; and
  - g) any technical experts on infrastructure.'

In addition to those listed above, the City has included a number of other administrative representatives from across the organisation in its BSC to strengthen the link between the eight strategic focus areas (SFAs) of the IDP and the objectives of the budget. The principles applied to the MTREF and presented to the BSC inform a number of financial scenarios in the short and medium term. These scenarios are based on revenue and expenditure parameters applied to the current three-year financial plan, and are utilised to calculate the affordability and sustainability of the City's budget.

#### 2.1.1 Budget process overview

In terms of Section 21 of the MFMA, the Mayor is required to table before Council, ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget. In compliance with this requirement, the IDP and budget time schedule were tabled before Council in July 2010. However, due to the pending 2011 local government elections, the adoption and approval dates for the 2011/12 IDP and MTREF were amended. These amendments were tabled before Council in February 2011.

The process below outlines the timeframes as per the amended schedule:

**July 2010** – A strategic session with the Executive Management Team (EMT) and the BSC investigated past performance trends of operating and capital budgets, identified budget realities going forward, and set the criteria and basis for the City's budget prioritisation process. The budget process and strategies were presented to the BSC and Finance Management Forum (FMF).

Service directorates, the IDP Office and the Budget Department held consultative sessions with subcouncils. The purpose of these engagements was to receive feedback on the current budget process, to inform subcouncils of line departments' three-year budgets, and to ascertain what the communities' service needs were, i.e. where budget allocation is required.

**August 2010** – 2011/12 MTREF proposals were workshopped by service directorates together with their respective portfolio committees, for consideration by the BSC. A budget/IDP public participation process involving subcouncils was embarked upon in order to submit to the BSC requests based on community needs, for the committee's consideration.

**September 2010 – November 2010** – The EMT and BSC considered various versions of the MTREF forecasting model with a view to ensure a credible, affordable and sustainable budget in the medium term.

**December 2010** – A forecast three-year budget (MTREF model) was submitted to Mayco for endorsement.

**February 2011** – Budget-related policies and tariffs were presented to the BSC. The draft 2011/12 operating and capital budgets, based on the parameters and assumptions set out in the MTREF model, were tabled before Council.

**March – April 2011** – The budget, IDP and tariff proposals were published for consultation and comment as part of the public participation process. Comments received as a result of the public participation process were submitted to the BSC and Mayco for consideration.

**May 2011** – The 2011/12 budget was submitted to Council for consideration and approval on 11 May 2011. At this meeting Council resolved that the consideration of the budget, together with related policies and reports on the agenda for the meeting, be adjourned until June 2011.

**June 2011** – The 2011/12 budget was adopted on 8 June 2011.



*The City embarked on a major project to upgrade its rental stock, which is scheduled for completion in 2015*

### 2.1.2 The IDP and the Service Delivery and Budget Implementation Plan

The City's IDP is its principal strategic planning instrument, which guides and informs its ongoing planning, management and development actions. The IDP represents the city administration's commitment to the exercise of its executive authority (except in cases where it is in conflict with national or provincial legislation, in which case such legislation prevails), and is effectively the local government's blueprint by which it strives to realise its vision for Cape Town in the short, medium and long term.

However, while the IDP represents the strategic intent of the City, it is also compiled with the understanding that a number of challenges will need to be overcome in order to achieve the strategic objectives it sets out. Some of these challenges are known, while others are as yet unknown and may arise at any time due to any number of national and international economic, political or social events.

On 1 July 2007, the City implemented a new five-year IDP for the period July 2007 to June 2012 to inform and guide the current elected public representatives in their term of office. This document is the fifth and last annual review of the IDP, and outlines the City's intent in terms of the agreed eight SFAs that are required to overcome Cape Town's challenges, achieve its vision and give effect to its other strategic considerations.

The process plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Advertising the time schedule on the City's website, in local newspapers and on notice boards
- Compiling an analysis report in preparation for determining the strategic priorities, and for inclusion in the IDP
- Engaging communities/ward forums and sector organisations to participate in the prioritisation of Council initiatives at ward, subcouncil and city-wide level
- Submission to subcouncils and portfolio committees of a summary of engagement inputs, and responses to public inputs, by line departments
- Tabling of draft annual report to Mayco
- Tabling of draft IDP and budget report to Mayco and Council
- Making public the 2009/10 oversight report
- Conducting IDP/corporate scorecard/budget public hearings to obtain public comment and inputs from communities, Province and other relevant stakeholders
- Drafting of IDP and budget consultation feedback to subcouncils and portfolio committees
- Council's final approval of the IDP/corporate scorecard and budget document by way of resolution, setting taxes and tariffs, approving changes to the IDP and budget-related policies, and approving measurable performance objectives for revenue by source, and expenditure by vote, before the start of the financial year

## Part 2 – Supporting documentation continued

- Notifying the public of approved 2011/12 IDP and budget
- Response to public comment with regard to budget, tariffs and policies
- Executive Mayor's approval of performance agreements within 28 days after approval of the IDP and budget, followed by submission to the Member of the Executive Council (MEC) for Local Government, and making it public within 14 days after approval
- Notifying the public of approved 2011/12 Section 57 (top management) performance agreements

### 2.1.3 Drivers of financial modelling and planning

The City's MTREF model is annually reviewed to determine the most affordable level at which the City will be able to operate optimally. It sets out the economic context and assumptions that inform the compilation of the next three years' budget. In addition, sustainability forms the basis of the preparation of the operating and capital budgets.

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

- higher-than-headline-CPI revenue increases, to the extent that they affect and support relevant Council services' operational activities;
- the assumption of a 100% capital expenditure implementation rate;
- credible collection rates based on collection achievements to date, incorporating improved success anticipated for selected revenue items;
- City growth; and
- 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.

### 2.1.4 Community consultation

In accordance with the MFMA, the Municipal Systems Act (Act 32 of 2000) and the MPRA (Act 6 of 2004), the draft 2011/12 MTREF and its accompanying documentation were made available via various media for public comment and consultation after it was tabled before Council on 23 February 2011. The document was published on the City's website, and hard copies were made available at libraries and Council offices from 25 February 2011 to 28 March 2011. Notices were published in all community and regional newspapers, and flyers were widely distributed with the aim of informing and encouraging communities to participate in the budget consultation process.

In addition, as legislated, the draft budget documentation was submitted in print and electronic formats to both Province and National Treasury after the budget was tabled before Council. This allowed the respective treasuries to provide views or comments on the City's budget, as stipulated in Section 23 of the MFMA.

The City's consultation process followed a three-pronged approach:

1. IDP consultation, which covered service delivery matters. Public hearing processes were held where communities were given the opportunity to comment on the 2011/12 draft IDP review.
2. MTREF/budget consultation, which is an internal process on budgetary allocations.
3. Community consultation undertaken with communities, interest groups, and ward forums through subcouncils and portfolio committees.

The public participation process also included an invitation to all relevant City departments to provide comments or proposals regarding budget-related policies. Two workshops were held on the rates and tariff policies on 21 January 2011 and 1 April 2011 respectively. As a result of these workshops, the policies were subsequently amended.

The external legal advisers have confirmed that the budget-related policies comply with the relevant provisions of the local government legislation and the relevant bylaws, and that the grant policy specifically complies with Section 67 of the MFMA.

During the consultation process, communities were given several opportunities to provide comments and input via a dedicated e-mail address, SMS line, fax, written submissions or verbal presentations at subcouncil meetings. The relevant departments responded to all comments or objections received during the consultation process, and the responses received during the community consultation process were also presented to the BSC and submitted to Mayco for consideration. The responses included:

- comments relating to service delivery and policy matters;
- concerns raised in respect of tariff increases, particularly for electricity, transport (parking), solid waste and water services; and
- requests for the amendment of certain tariff descriptions.

The following significant changes were effected in the final 2011/12 MTREF (when compared to the draft 2011/12 MTREF) and related documentation:



- The budget was updated with the 2011 Division of Revenue Bill (DORb) and the 2011/12 provincial government municipal allocations, which were gazetted subsequent to the tabling of the draft budget.
- The City's operating revenue was revisited to absorb the R27 million shortfall in the equitable share allocation.
- R150 million was included in the capital budget (CRR funding) for land acquisition to expand the CTICC.
- The Cape Town Stadium management introduced new tariffs, which have been included in the tariffs, fees and charges book.
- The rates policy was amended to include definitions for homeless people's shelters and vulnerable groups.
- The additional rates for special rating areas (SRAs) were amended, as the original cent-in-the-rand amount was calculated on the property database as at 31 January 2011. It is now based on the amended valuations as at 31 March 2011 to ensure that the City collects the correct rates from the 22 existing SRAs.

## 2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The strategic direction that the City will take is set out in its five-year IDP. The plan is being reviewed for the 2011/12 financial year in conjunction with the community, and its credibility is supported by a realistic and sound budget.

Based on public input, the City developed eight SFAs. Corporate objectives were developed from these areas, which were expanded on in directorate and departmental business plans. Resources were allocated firstly through a budget prioritisation model at a corporate level, and pulled through to the business plans, underpinned by programmes and projects.

### 2.2.1 The intergovernmental development agenda for Cape Town

The City engages Province and National Government in a structured and functional manner. At a political level, formal engagements between the provincial cabinet and the City's Mayco take place quarterly. At a technical and administrative level, sectoral as well as three formal engagements take place between the Province's heads of department and the City's EMT.

These are aimed at ensuring maximum benefit for the City through better planning, coordination and accountability among all spheres of government; enhancing the City's strategic objectives of infrastructure investment for economic growth, service delivery excellence and institutional efficiency; and achieving better and more efficient resource utilisation. In short, all the aforementioned engagements are aimed at ensuring that the City extracts value and benefit from its participation in intergovernmental and international cooperative relations.



*Fostering a safe and secure environment is an important challenge for the City*

## Part 2 – Supporting documentation continued

The national and provincial priorities, policies and strategies of importance include:

- the Green Paper on National Strategic Planning of 2009;
- Government's Programme of Action;
- the Development Facilitation Act of 1995;
- the Provincial Growth and Development Strategy (PGDS);
- the national and provincial spatial development perspectives;
- relevant sector plans, legislation and policies, such as for transport;
- national key performance indicators (NKPIs);
- the Accelerated and Shared Growth Initiative for South Africa (AsgjSA);
- the National 2014 Vision; and
- the national priority outcomes.

### 2.2.2 Strategic focus areas

The eight SFAs form the framework of the five-year IDP, and function as internal strategic levers to facilitate shared growth and development, and enhance urban efficiency and institutional effectiveness. The supportive link between the City's vision and the eight SFAs is shown in the following figure:

Visionary goals:	
a)	A prosperous city
b)	Effective and equitable service delivery
c)	A well-governed and efficiently run administration
Strategic focus areas:	
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 EFFICIENCY</b>	<b>INSTITUTIONAL EFFECTIVENESS</b>

Figure 5: IDP strategic objectives

The budget is allocated against the eight SFAs at a corporate level. This visionary framework is rolled out into objectives, KPIs and targets for implementation. These are then broken down into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources. The figure below visually represents the link between the IDP and the budget, and demonstrates how corporate strategy is cascaded down through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the City.

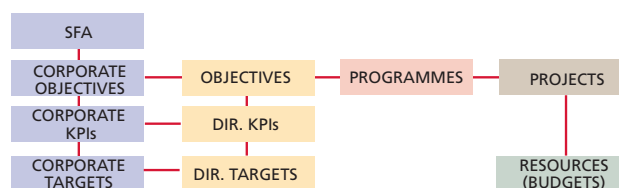


Figure 6: IDP and budget link



The following tables provide further details on the reconciliation between the IDP strategic objectives, the operating revenue and expenditure, and the capital expenditure budget:

TABLE 32: MBRR TABLE SA4 – RECONCILIATION BETWEEN THE IDP STRATEGIC OBJECTIVES AND BUDGETED REVENUE									
Strategic objective	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Good governance and regulatory reform	5 287 652	5 564 196	6 273 662	7 084 599	7 194 331	7 194 331	7 629 591	8 311 828	8 992 855
Health, social and community development	1 096 505	2 230 469	962 606	439 554	577 108	577 108	535 911	547 116	551 165
Integrated human settlements	356 145	506 761	616 844	880 638	739 058	739 058	1 062 443	1 386 245	1 385 051
Public transport systems	260 682	703 623	1 099 079	971 326	1 227 595	1 227 595	2 286 849	2 072 118	2 101 196
Safety and security	220 124	259 000	232 638	242 239	254 516	254 516	253 408	259 823	265 444
Shared economic growth and development	163 828	203 939	142 079	187 844	184 004	184 004	175 743	195 619	199 793
Sustainable urban infrastructure and services	6 102 853	7 539 453	9 213 597	11 335 976	11 062 535	11 062 535	12 752 648	15 079 777	17 883 816
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>13 487 789</b>	<b>17 007 441</b>	<b>18 540 505</b>	<b>21 142 176</b>	<b>21 239 147</b>	<b>21 239 147</b>	<b>24 696 594</b>	<b>27 852 524</b>	<b>31 379 320</b>

TABLE 33: MBRR TABLE SA5 – RECONCILIATION BETWEEN THE IDP STRATEGIC OBJECTIVES AND BUDGETED OPERATING EXPENDITURE									
Strategic objective	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Good governance and regulatory reform	2 866 666	3 076 643	3 409 681	3 962 562	3 984 575	3 984 575	4 340 991	4 910 953	5 519 103
Health, social and community development	1 162 916	1 428 289	1 895 904	2 039 025	2 155 708	2 155 708	2 191 094	2 346 654	2 540 739
Integrated human settlements	562 621	755 165	665 936	629 444	634 735	634 735	696 810	1 004 607	1 106 715
Public transport systems	711 146	897 070	817 570	1 101 385	1 154 236	1 154 236	1 561 502	1 658 869	1 602 056
Safety and security	1 010 576	1 096 512	1 151 071	1 276 360	1 266 841	1 266 841	1 337 687	1 459 995	1 592 931
Shared economic growth and development	336 689	435 386	436 816	483 289	489 540	489 540	549 125	583 244	629 453
Sustainable urban infrastructure and services	5 407 501	6 182 236	8 057 953	9 983 507	9 770 255	9 770 255	11 464 666	13 544 114	16 033 496
<b>Total expenditure</b>	<b>12 058 115</b>	<b>13 871 301</b>	<b>16 434 930</b>	<b>19 475 572</b>	<b>19 455 890</b>	<b>19 455 890</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>

## Part 2 – Supporting documentation continued

**TABLE 34: MBRR TABLE SA6 – RECONCILIATION BETWEEN THE IDP STRATEGIC OBJECTIVES AND BUDGETED CAPITAL EXPENDITURE**

Strategic objective	Goal	Goal code
<b>R thousand</b>		
Shared economic growth and development		A
Sustainable urban infrastructure and services		B
Public transport systems		C
Integrated human settlements		D
Safety and security		E
Health, social and community development		F
Good governance and regulatory reform		G
Shared economic growth and development		H
Sustainable urban infrastructure and services		I
Energy efficiency – sustainable future		O
Public transport systems		J
Integrated human settlements		K
Safety and security		L
Health, social and community development		M
Good governance and regulatory reform		N
1. Shared economic growth and development	Grow and strengthen the City's tourism capability	HC
	Develop and grow LED and SMME opportunities	HD
	Host a successful 2010 FIFA WC™ in Cape Town	HK
	Municipal investment into local economy	HL
	Develop new and strengthen existing partnerships	HM
	Improve processes: Building and land use applications	HN
	Maintain approval time for land use and planning	HS
2. Sustainable urban infrastructure and services	Prioritise large bulk infrastructure programmes	IB
	Demand management programmes (utilities, transport)	ID
	Reduce impact of floods on community livelihood	IE
	Conserve biodiversity and improve living environment	IF
	Safeguard health, protect natural aquatic, etc.	IG
	Manage and maintain the City's beach nodes	IH
	Integration in infrastructure, service plans and budget	II
	Access to sanitation	IJ
	Access to water	IK
	Manage maintenance of City infrastructure	IP
	Sustainable water supply	IQ
3. Energy efficiency for a sustainable future	Manage energy consumption	OA
4. Public transport systems	Improve public transport and secure new investment	JA
	Reduce average peak-period travel time	JI
	Promote non-motorised transport (NMT)	JJ
	Increase commuters using public transport	JK
5. Integrated human settlements	Transform dormitory suburbs	KA
	Establish policy and spatial planning frameworks	KI
	Maintain community facilities at required standard	KK
	Delivery of housing opportunities in accordance with the five-year housing plan	KL
	Upgrade of erven in informal settlements programme	KM

2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
			Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast
1 192 331	2 468 234	1 382 759	-	-	-	-	-	-
1 240 447	1 547 750	1 754 228	-	-	-	-	-	-
70 263	275 542	794 056	-	-	-	-	-	-
193 553	250 171	257 194	-	-	-	-	-	-
113 443	126 479	74 403	-	-	-	-	-	-
95 452	122 759	91 339	-	-	-	-	-	-
196 908	269 408	308 948	-	-	-	-	-	-
-	-	-	253 385	599 742	599 742	-	-	-
-	-	-	1 706 437	1 706 532	1 706 532	-	-	-
-	-	-	20 000	2 000	2 000	-	-	-
-	-	-	520 589	775 489	775 489	-	-	-
-	-	-	770 552	486 699	486 699	-	-	-
-	-	-	43 577	40 785	40 785	-	-	-
-	-	-	11 784	102 117	102 117	-	-	-
-	-	-	281 041	282 113	282 113	-	-	-
-	-	-	-	-	-	1 098	-	-
-	-	-	-	-	-	2 521	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	50 251	19 715	24 380
-	-	-	-	-	-	450	430	430
-	-	-	-	-	-	30 000	15 000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1 438 182	1 475 128	1 731 558
-	-	-	-	-	-	77 150	142 974	61 600
-	-	-	-	-	-	20 100	7 800	4 000
-	-	-	-	-	-	21 860	950	945
-	-	-	-	-	-	30 650	57 200	45 181
-	-	-	-	-	-	5 500	21 000	15 000
-	-	-	-	-	-	194 636	182 881	398 526
-	-	-	-	-	-	192 320	188 300	124 250
-	-	-	-	-	-	22 000	-	-
-	-	-	-	-	-	138 374	67 609	10 200
-	-	-	-	-	-	50 800	500	7 000
-	-	-	-	-	-	13 000	-	-
-	-	-	-	-	-	1 446 909	1 265 412	1 449 230
-	-	-	-	-	-	8 544	27 000	-
-	-	-	-	-	-	72 576	42 000	60 000
-	-	-	-	-	-	42 534	-	-
-	-	-	-	-	-	418 396	446 950	356 004
-	-	-	-	-	-	1 400	1 400	1 400
-	-	-	-	-	-	18 900	20 750	17 800
-	-	-	-	-	-	316 102	293 815	244 366
-	-	-	-	-	-	41 570	78 832	119 717

## Part 2 – Supporting documentation continued

**TABLE 34: MBRR TABLE SA6 – RECONCILIATION BETWEEN THE IDP STRATEGIC OBJECTIVES AND BUDGETED CAPITAL EXPENDITURE CONTINUED**

Strategic objective	Goal	Goal code
<b>R thousand</b>		
6. Safety and security	Improve urban design to reduce crime and emergency	LB
	Develop CCTV network for adequate coverage	LC
	Increase effectiveness of the City's Law Enforcement Services	LD
	Improve response time of the Fire and Rescue Service	LF
	Develop single emergency number	LH
	Reduce the occurrence of vehicle accidents	LK
7. Health, social and community development	Provide effective environmental health services	MD
	Provide effective primary health care with Province	ME
	Educate parents, caregivers and ECD forums	MF
	Provide developmental programmes and events	MG
	Promote sustainable community and healthy lifestyles	MH
8. Good governance and regulatory reform	Optimise staff structure/strategy/policy/skills	NA
	Enhance service delivery via alternate mechanisms	NB
	Improve service culture and workplace ethics	ND
	Management of key financial areas	NE
	Improve organisation and regulatory environment	NF
	Establish representative ward mechanisms	NG
	Improved customer satisfaction	NH
	Create new assets for public benefit	NL

### 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The City's measurable performance objectives, as reflected in the MBRR, are contained in Table 35: MBRR Table SA7 on page 70. The City's cycle and process of performance management system are illustrated in the following diagram.

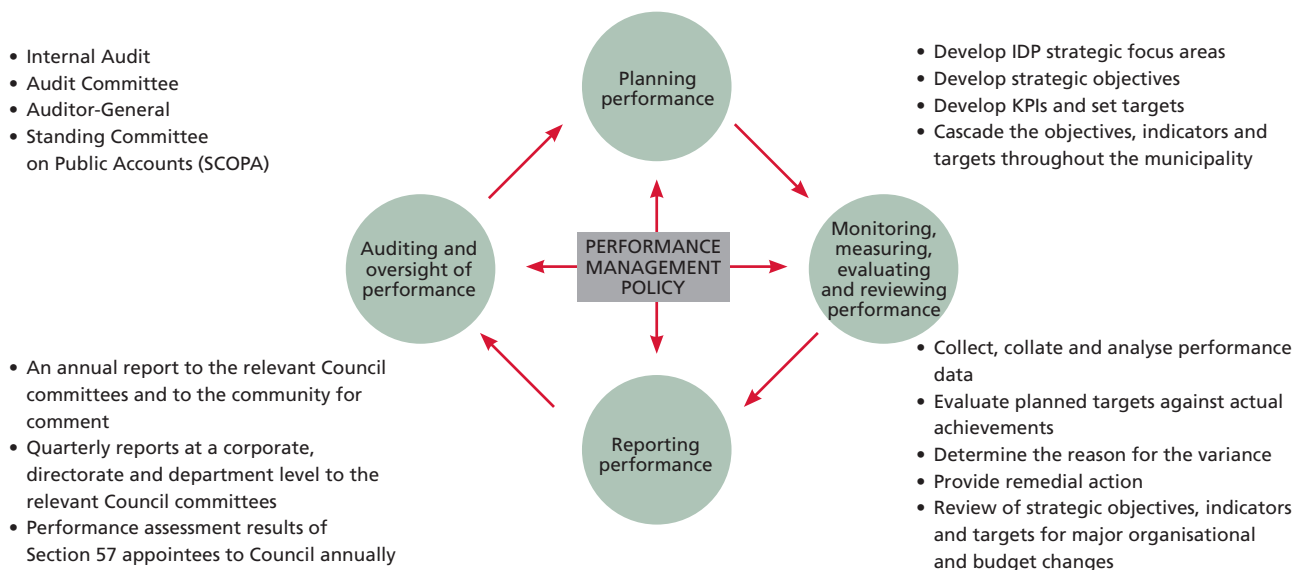


Figure 7: Cycle and process of performance objectives and indicators

2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
			Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
-	-	-	-	-	-	450	-	-
-	-	-	-	-	-	4 360	500	-
-	-	-	-	-	-	18 227	11 578	8 093
-	-	-	-	-	-	19 223	6 485	6 383
-	-	-	-	-	-	126	-	-
-	-	-	-	-	-	-	-	2 286
-	-	-	-	-	-	1 150	400	600
-	-	-	-	-	-	23 548	17 496	10 796
-	-	-	-	-	-	9 100	-	-
-	-	-	-	-	-	2 700	3 000	-
-	-	-	-	-	-	74 219	89 551	110 042
-	-	-	-	-	-	29 116	57 257	56 467
-	-	-	-	-	-	16 675	13 358	5 558
-	-	-	-	-	-	1 717	1 400	5 500
-	-	-	-	-	-	27 608	54 261	50 093
-	-	-	-	-	-	93 874	77 912	77 907
-	-	-	-	-	-	540	250	250
-	-	-	-	-	-	58 337	73 803	35 600
-	-	-	-	-	-	53 074	3 000	-
<b>3 102 398</b>	<b>5 060 343</b>	<b>4 662 927</b>	<b>3 607 364</b>	<b>3 995 477</b>	<b>3 995 477</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 041 165</b>

### Planning performance

The City must involve the community in deciding what priorities and needs the municipality wants to pursue. Community involvement will be in line with relevant legislation and approved policy.

The planning cycle delivers a five-year and annually reviewed IDP (including a corporate scorecard with definitions), an annual corporate SDBIP, directorate executive summaries (including SDBIPs), departmental business plans and SDBIPs, performance indicator measurement sheets, Section 57 performance plans, and individual performance assessments.

Planning ensures that clear strategic direction is set and prioritised. Planning is informed by feedback on performance. This is the stage when SFAs, objectives, performance indicators and targets are determined. Indicators measure the extent to which objectives are being achieved, indicating performance in relation to outcomes, outputs, activities and inputs. Targets set the level of performance to be achieved within a defined period of time.

Indicators must be measurable, relevant, objective and precise. They must include outcomes, output and input indicators. National general indicators must also be included. Proxy indicators will be used until auditable and cost-effective systems and processes are in place to measure the national general indicators.

The IDP will be set for the five-year term of office of the elected council and will be reviewed annually. It will include the SFAs, corporate objectives (strategic objectives), corporate indicators and targets. There will be a direct relationship between the SFAs, corporate objectives, corporate indicators and targets. The actual achievement of targets set for the objectives will be reported on a quarterly basis, where appropriate. This will also form the basis of the quarterly and annual reports on performance.

The components will be interlinked to ensure implementation. All the corporate objectives and indicators will cascade into a directorate and/or a departmental SDBIP, and/or the City Manager's and/or a Section 57 appointee scorecard.

## Part 2 – Supporting documentation continued

### **Monitoring, measuring, evaluating and reviewing performance**

**Monitoring and measuring** are the processes and procedures to collect, collate and analyse organisational performance data on an ongoing basis to determine whether planned performance targets have been met, exceeded or not met. These processes will take place on a quarterly and annual basis.

The performance **evaluation** results are determined by regular management meetings to establish:

- year-to-date performance progress and reasons for variances. Reasons for variance shall also be supplied in the event of under-performance or over-performance; and
- remedial actions (effective methods of correction or enhancement), if any, that need to be taken to achieve the agreed performance targets.

A **review** of indicators and targets may take place to the extent that changing circumstances so demand, and in accordance with a prescribed process. Reviews are mostly limited to major organisational changes and budget adjustments.

**Reporting performance** includes an annual report to the relevant Council committees and the community for comment, and quarterly reports at corporate, directorate and departmental level to the relevant Council committees.

### **Auditing and oversight**

The Internal Audit Directorate and the Audit Committee (including the Performance Management Committee) review the organisational performance management (OPM) system for functionality, performance information and compliance. The Auditor-General and Standing Committee on Public Accounts (SCOPA) review the annual report.



*Provision is made in the budget to maintain the high standard of the City's water supply system*



## Part 2 – Supporting documentation continued

### Measurable performance objectives

The following table shows the main measurable performance objectives to be accomplished in 2011/12:

**TABLE 35: MBRR TABLE SA7 – MEASURABLE PERFORMANCE OBJECTIVES**

#### Description

#### Strategic focus area 1: Shared economic growth and development

##### 1A Create an enabling environment for the economy to grow and become globally competitive

1A.1 Capital budget spend

1A.2 Number of EPWP job opportunities created

1A.3 Percentage of land use applications finalised within statutory timeframes

1A.4 Percentage of building plans finalised within statutory timeframes

#### Strategic focus area 2: Sustainable urban infrastructure and services

##### 2A Provide universal access to basic services

2A.1 Number of formal domestic customers receiving sewerage services

Previous indicator:

2A.1 Percentage of formal households with access to sanitation (outcome indicator)

2A.2 Number of sanitation service points (toilets) installed for informal settlement customers

Previous indicator:

2A.2 Percentage of informal settlement households with access to sanitation (outcome indicator)

2A.3 Number of formal domestic customers receiving water services

Previous indicator:

2A.3 Percentage of formal households with access to water

2A.4 Number of water service points (taps) installed for informal settlement customers

Previous indicator:

2A.4 Percentage of informal settlement households with access to water

2A.5 Number of electricity meters serving domestic customers

Previous indicator:

2A.5 Percentage of formal households with access to electricity (outcome indicator)

2A.6 Number of additional electricity subsidised connections installed

Previous indicator:

2A.6 Percentage of informal households with access to electricity (outcome indicator)

2A.7 Number of formal domestic customers receiving a kerbside refuse collection service

Previous indicator:

2A.7 Percentage of formal households with access to solid waste (outcome indicator)

2A.8 Number of informal settlement dwellings receiving a door-to-door refuse collection and area cleaning service

Previous indicator:

2A.8 Percentage of informal households receiving area cleaning and refuse collection service (outcome indicator)

##### 2B Conserve natural resources

2B.1 Megalitres of water consumed

Previous indicator:

2B.1 Reduction of water demand below unconstrained water demand by 27%

2B.2 Percentage of waste diverted from Council waste management facilities

2B.3 Percentage compliance with four critical DWA effluent standards (*E. coli* count, ammonia content, oxygen-demanding substances, total suspended solids)



Unit of measurement	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Number	–	–	–	New	–	R4 bn	R5 090 million	R4 766 million	R5 049 million
Number	12 501	16 379	18 000	16 000	–	16 000	22 000	22 000	22 000
Percentage	–	99%	80%	80%	–	80%	80%	80%	85%
Percentage	–	111,0% (including backlogs)	96%	70%	–	70%	75%	80%	85%
Number	97,1%	100,0% HH Coverage: 833 933	99,1%	–	–	585 515	588 443	591 385	594 327
Number	New	–	80,5%	–	–	31 268	32 268	34 268	36 268
Number	100,0%	100,0% HH Coverage: 833 933	100% 902 278 HHs	–	–	585 082	588 007	590 947	593 902
Number	–	–	100%	–	–	6 796	7 000	7 200	7 400
Number	92,5%	90,76% HH Coverage: 793 149 HH Total: 873 897 (883 933 non-electrification households)	90,46%	–	–	559 206	565 311	571 416	577 521
Number	–	–	62,43%	–	–	6 105	3 000	3 000	3 000
Number	99,0%	99,00% HH Coverage: 975 110 HH Total: 984 960	99,00%	–	–	604 059	609 495	614 962	620 497
Number	99,0%	–	99,00%	–	–	200 722	212 042	224 001	236 635
Percentage	26%	26,6%	27%	27%	–	339 450 Mℓ	349 633 Mℓ	360 122 Mℓ	368 385 Mℓ
Percentage	–	–	–	–	–	9,95%	10,95%	11,95%	12,95%
Percentage	–	–	–	–	–	–	82%	82%	82%

## Part 2 – Supporting documentation continued

**TABLE 35: MBRR TABLE SA7 – MEASURABLE PERFORMANCE OBJECTIVES CONTINUED**

### Description

#### **Strategic focus area 2: Sustainable urban infrastructure and services continued**

##### **2C Effectively manage the City's infrastructure and resources**

2C.1 Amount spent on repairs and maintenance

2C.2 SAIFI (system average interruption frequency index)

Previous indicator:

2C.2 Average number of customer power interruptions experienced per annum

2C.3 Percentage unaccounted for water

Previous indicator:

2C.3 Reduce volume of unaccounted-for water losses as part of total water consumed (input indicator)

2C.4 Percentage drinking water compliance with SANS 241

#### **Strategic focus area 3: Energy efficiency for a sustainable future**

##### **3A Develop, adopt and implement a comprehensive response to Cape Town's energy and climate change challenges**

3A.1 Percentage electricity purchases that are unaccounted for in sales

Previous indicator:

3A.1 Reduction of electricity consumption below projected unconstrained electricity demand by 10%

#### **Strategic focus area 4: Public transport systems**

##### **4A Improve public transport system and services (e.g. the implementation of phase 1A of the integrated rapid transit programme)**

4A.1 Percentage of capital budget spent on phase 1A of the IRT project

4A.2 Percentage spend of the operating budget on road and infrastructure maintenance

#### **Strategic focus area 5: Integrated human settlements**

##### **5A Provide equitable community facilities and services across the city**

5A.1 Number of community parks maintained according to selected service standards

Total = 3 133

5A.2 Number of libraries open according to minimum planned open hours, including ad hoc unforeseen closing hours

Total = 98

5A.3 Number of fenced formal sport fields compliant with the defined-level grass cover standard

Total = 524

5A.4 Number of halls maintained to specified standard

Total = 180

##### **5B Deliver housing opportunities in accordance with the five-year housing plan (reviewed annually)**

5B.1 Number of housing opportunities provided per year

5B.2 Number of housing opportunities provided through the Upgrading of Informal Settlements Programme (UISP) and Emergency Housing Programme (EHP)

Previous indicator:

5B.2 Number of erven upgraded per year

Unit of measurement	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Rand	R808 mil	–	R1 bn	R1,2 bn	–	R1,65 bn	R1,8 bn	R1,9 bn	R2,1 bn
Index	< 1,3		< 1,3	< 1,3	–	< 1,3	< 1,3	< 1,3	< 1,3
Percentage	18,6% Volume: 59 204 Mℓ	–	18,8% (62 040 Mℓ)	20% (67 400 Mℓ)	–	22,5%	20%	18%	16,5%
Percentage	New	New	96%	96%	–	96%	96%	96%	96%
Percentage	New	2,5%	Maintain reduction of 10% in energy consumption below projected energy consumption 10 855 Gwh	3,3%	–	9,3%	9,3%	–	–
Percentage	–	–	–	–	–	New	95%	95%	95%
Percentage	–	–	–	–	–	New	95%	95%	95%
Number	New	–	3 058	3 133	–	3 133	2 820	2 820	2 820
Number	66	–	63	49	–	63	68	68	68
Number	New	New	360	450	–	450	500	500	500
Number	New	New	121	198	–	181	180	180	180
Number	6 439	9 576	8 400	8 400	–	8 400	8 800	9 000	9 000
Number and percentage	100% compliance *60 informal settlements were serviced	100% compliance with plan specifications *95 informal settlements were provided with essential services	1 000 incrementally serviced erven	1 000	–	1 000	1 400	1 500	1 500

## Part 2 – Supporting documentation continued

**TABLE 35: MBRR TABLE SA7 – MEASURABLE PERFORMANCE OBJECTIVES CONTINUED**

### Description

#### **Strategic focus area 6: Safety and security**

##### **6A Foster a safe and secure environment**

6A.1 Survey score on five-point symmetric scale

6A.2 Percentage reduction in accident rate at high-frequency accident locations

6A.3 Percentage increase in arrests for drug-related crimes

6A.4 Percentage response times for fire and other emergency incidents within 14 minutes from call receipt up to arrival

#### **Strategic focus area 7: Health, social and community development**

##### **7A Facilitate the development of a healthy and socially inclusive society**

7A.1 Number of targeted development programmes

7A.2 Number of days when air pollution exceeds WHO guidelines

7A.3 The City's antenatal HIV prevalence

#### **Strategic focus area 8: Good governance and regulatory reform**

##### **8A Ensure enhanced service delivery with efficient institutional arrangements**

8A.1 Percentage improvement of responsiveness in service delivery

Previous indicator:

8A.2 Percentage improvement in time to finalise complaints

8A.2 Percentage improvement of responsiveness in service delivery

##### **8B Manage key financial and governance areas, such as income control, cash flow, indigent support, alternative income opportunities, asset and risk management**

8B.1 Opinion of Auditor-General

Previous indicator:

8B.2 View of Auditor-General

8B.2 Opinion of independent rating agency (high investment rating)

Previous indicator:

8B.3 View of independent rating agency

8B.3 Percentage spend of capital budget

##### **8C Establish effective community engagement channels**

8C.1 Community satisfaction (score 1 – 5)

Unit of measurement	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Scale	–	–	Achieving ≥ 3	≥ 3	–	≥ 2,7	≥ 2,7	≥ 2,7	≥ 2,7
Percentage and number	–	–	5% reduction (216 accidents)	5% (206 accidents)	–	5% (206 accidents)	4% 197	4% 189	3% 183
Percentage	10% increase in arrests in drug-related crimes (possession and dealing)		10% increase in arrests in drug-related crimes (possession and dealing) (760 arrests)	10% (836)	–	5% 1 002 (10% increase)	5% 1 052	5% 1 104	5% 1 160
Percentage			73%	80%	–	80%	85%	85%	85%
Number	–	–	New to CSC	20	–	20	20	20	20
Number	128	165	137	135	–	135	133	130	130
Percentage	–	–	–	–	–	19,6%	19,8%	19,8%	19,8%
Percentage	–	–	12% reduction (22 days)	12%	–	34% (annual target 2010/11)	– Biennial survey	40% Biennial survey	– Biennial survey
Percentage	–	–	–	–	–	New	100%	100%	100%
Narrative	Unqualified audit received from AG	Unqualified audit received from AG	Unqualified audit	Unqualified audit	–	Unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report
–	–	–	P-1 (short term) Aa2.za (long term)	High investment rating	–	A1+ (short term) AA- (long term)	A1+ (short term) AA- (long term)	A1+ (short term) AA- (long term)	A1+ (short term) AA- (long term)
Percentage	77%	78%	96,8%	95%	–	95%	95%	95%	95%
Scale	2,4	2,6	3	3	–	3	2,8	2,8	2,8

## Part 2 – Supporting documentation continued

The following table sets out the main performance objectives and benchmarks for the 2011/12 MTREF:

TABLE 36: MBRR TABLE SA8 – PERFORMANCE INDICATORS AND BENCHMARKS WC000 City of Cape Town – supporting table SA8 performance indicators and benchmarks										
Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Borrowing management</b>										
Borrowing to asset ratio	Total long-term borrowing/total assets	15,2%	15,8%	19,2%	21,0%	17,6%	17,6%	19,2%	20,1%	21,1%
Credit rating		Aa2	Aa2	Aa2	–	–	–	–	–	–
Capital charges to operating expenditure	Interest and principal paid/operating expenditure	4,1%	5,8%	6,8%	5,1%	5,2%	5,2%	4,4%	4,2%	4,3%
Borrowed funding of 'own' capital expenditure	Borrowing/capital expenditure, excluding transfers, and grants and contributions	78,4%	59,1%	76,7%	57,7%	–	–	63,2%	66,6%	64,2%
<b>Safety of capital</b>										
Debt to equity	Loans, creditors, overdraft and tax provision/funds and reserves	114,9%	92,1%	97,1%	91,8%	83,4%	83,4%	82,6%	82,8%	83,8%
Gearing	Long-term borrowing/funds and reserves	148,0%	166,7%	234,0%	135,1%	138,8%	138,8%	117,4%	104,3%	95,6%
<b>Liquidity</b>										
Current ratio	Current assets/current liabilities	1,4	1,4	1,5	1,4	1,4	1,4	1,5	1,5	1,6
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,4	1,4	1,5	1,4	1,4	1,4	1,5	1,5	1,6
Liquidity ratio	Monetary assets/current liabilities	0,8	0,7	0,8	0,6	0,6	0,6	0,6	0,6	0,7
<b>Revenue management</b>										
Annual debtors' collection rate (payment level %)	Last 12 months' receipts/last 12 months' billing	107,8%	84,0%	86,0%	99,2%	99,0%	99,0%	97,7%	98,4%	98,0%
Outstanding debtors to revenue	Total outstanding debtors to annual revenue	23,4%	24,0%	22,9%	19,7%	20,6%	20,6%	19,7%	18,7%	17,9%
Longstanding debtors recovered	Debtors > 12 months recovered/total debtors > 12 months old	–	–	–	–	–	–	–	–	–
<b>Creditors management</b>										
Creditors system efficiency	Percentage of creditors paid within terms (within MFMA Section 65(e))	91,2%	94,1%	95,7%	96,9%	–	–	–	–	–

**TABLE 36: MBRR TABLE SA8 – PERFORMANCE INDICATORS AND BENCHMARKS CONTINUED**  
**WC000 City of Cape Town – supporting table SA8 performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Funding of provisions</b>										
Provisions not funded – percentage	Unfunded provisions/total provisions	–	–	–	–	–	–	–	–	–
<b>Other indicators</b>										
Electricity distribution losses	Percentage volume (units purchased and generated less units sold)/units purchased and generated	8,3%	8,4%	7,7%	9,3%	9,3%	9,3%	9,3%	9,3%	9,3%
Water distribution losses	Percentage volume (units purchased and own source less units sold)/total units purchased and own source	20,2%	23,3%	25,2%	23,8%	23,1%	22,5%	20,0%	18,0%	16,5%
Employee costs	Employee costs/(total revenue - capital revenue)	34,0%	32,3%	33,8%	33,4%	32,5%	32,5%	32,3%	30,9%	29,8%
Remuneration	Total remuneration/(total revenue - capital revenue)	34,8%	33,0%	34,5%	34,1%	33,1%	33,1%	32,9%	31,5%	30,4%
Repairs and maintenance	R&M/(total revenue excluding capital revenue)	9,7%	9,8%	9,5%	8,2%	8,6%	8,6%	8,2%	7,7%	7,4%
Finance charges and depreciation	FC&D/(total revenue - capital revenue)	8,9%	9,0%	9,9%	9,9%	10,3%	10,3%	9,8%	9,5%	9,3%
<b>IDP regulation financial viability indicators</b>										
i. Debt coverage	(Total operating revenue - operating grants)/debt service payments due within financial year	10,6	13,0	22,3	26,3	26,3	26,3	32,5	32,7	37,6
ii. Outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	28,7%	30,9%	28,7%	24,3%	25,8%	25,8%	24,3%	22,9%	21,6%
iii. Cost coverage	(Available cash + investments)/monthly fixed operational expenditure	1,7	3,3	4,7	2,3	2,3	2,3	2,3	2,1	2,1

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing management

The City's capital expenditure is funded from the four sources of:

- government grants;
- public contributions and donations;
- borrowing; and
- internally generated funds.

The City's borrowing is undertaken in terms of Chapter 6 of the MFMA, in terms of which a long-term loan will only be entered into if it is deemed affordable and sustainable. Such borrowing further depends on the City's credit rating provided by the international rating agency Moody's. The City needs a credit rating to demonstrate its ability to meet

its financial obligations. Potential lenders also use this rating to assess the City's credit risk, which in turn affects the pricing of any subsequent loans taken.

Factors used to evaluate the creditworthiness of municipalities include the economy, debt, finances, politics, management and institutional framework.

For the past three years to July 2010, Moody's maintained the rating and outlook for the City as 'double A' (Aa2.za).

The following financial performance indicators have formed part of the compilation of the 2011/12 MTREF:

- The borrowing/asset ratio (a measure of long-term borrowing as a percentage of the total asset base) increases from 19,2% in 2011/12 to 21,1% in 2013/14. This shows that the share of the City's assets financed through debt is projected to increase.

## Part 2 – Supporting documentation continued

- Capital charges to operating expenditure (the measure of the cost of borrowing in relation to the operating expenditure) average 4,3% over the 2011/12 MTREF period. This indicates that the City annually spends an average of 4% of its operating expenditure budget on finance charges, which is considered feasible and sustainable.
- The borrowing funding as a ratio of own capital expenditure (the degree to which own capital expenditure, excluding grants and contributions, has been funded through borrowing) averages 64,6% over the 2011/12 MTREF period. This is due to the conservative approach taken in respect of capital expansion by the City to ensure affordability and sustainability in the medium term.

### 2.3.1.2 Safety of capital

- The debt/equity ratio (indicating the relative proportion of equity and debt used in financing assets) increases from 82,6% in 2011/12 to 83,8% in 2013/14, which means that the City is expected to finance most of its growth with debt.
- The City does not agree with the methodology applied to calculate its gearing ratio (a measure of the total long-term borrowings over funds and reserves), and prefers a calculation using debt less cash and bank balances, divided by community wealth/equity. Using this more appropriate calculation, the City's gearing ratio over the 2011/12 MTREF is 20%.

### 2.3.1.3 Liquidity

- The current ratio (the extent to which current assets cover current liabilities) for the City averages 1,5% over the 2011/12 MTREF period.
- The City's liquidity ratio (the City's ability to utilise cash and cash equivalents to extinguish or retire its current liabilities immediately) averages 1,47 over the 2011/12 MTREF period. Ideally, any municipality should have the cash and cash equivalents on hand to meet at least its current liabilities. This would translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. In this instance, the City also does not agree with the methodology applied to calculate the ratio. The preferred calculation is current assets less inventory, divided by current liabilities. The stated ratio is based on this preferred calculation method.

### 2.3.1.4 Revenue management

- Debt management actions are carried out against debtors who can pay, but choose not to, with a special focus on the top 1 000 debtors, government accounts, staff and councillor arrears, businesses and irrecoverable debt.

- Debtors who are experiencing difficulties in paying their accounts are given options either to register as indigent, or apply for rates rebates.
- The City has provided an affordable payment plan for debtors to off-set their arrears. Compliance with this payment plan leads to the suspension of all debt management actions and interest charges.
- The City's strategy for indigent debtors is as follows:
  - o Water demand management (WDM) devices and prepaid-electricity meters are installed free of charge.
  - o Water leaks are fixed on all indigent properties, free of charge.
  - o Once the water leaks have been repaired and the WDM devices and prepaid-electricity meters are installed, all debts are written off once.

### 2.3.1.5 Creditor management

- In compliance with Section 65 of the MFMA, the City ensures that all creditor invoices are settled within 30 days of the date of invoice or statement, on condition that goods and services are rendered on time and/or in a good condition. In isolated instances where services cannot be rendered on time, follow-up procedures and control measures are applied to ascertain reasons, thus facilitating diligent payment. These systems are built into the City's payment process, and suppliers are familiarised with the agreed payment terms and conditions. This commitment to service excellence ensures that the City maintains strong business relations with its suppliers.

### 2.3.1.6 Other indicators

- Past performance and forward projections show that electricity distribution losses have been kept constant at 9,3%. The City has strategies in place to reduce losses in this area. However, there is a limit to what can be done with available resources in the short term. While the losses incurred have historically remained well below international benchmarks, budgeting for the likelihood of a constant loss factor is prudent.
- Water distribution losses are expected to decline from 20% in 2011/12 to 16,5% in 2013/14. High priority is being given to a comprehensive water loss reduction strategy, with detailed action plans being developed for each of the technical losses. The Water and Sanitation Department is applying the resources required to implement WDM interventions, including:



- o the reduction of non-revenue water;
- o the reduction of high-pressure, minimum night flow for residential consumers;
- o education programmes;
- o plumbing leak and meter repair programmes; and
- o pipe replacement, effluent reuse, water restrictions and stepped tariffs.
- Employee-related costs as a percentage of total operating revenue reduce from 32,3% in 2011/12 to 30,9% in 2012/13, and 29,8% in 2013/14. This ratio is decreasing due to the higher-than-inflation increase in revenue provision for bulk electricity purchases.
- Repairs and maintenance as a percentage of total operating revenue also reduce from 8,2% in 2011/12 to 7,4% in 2013/14. This is as a result of the cost driver (i.e. bulk electricity purchases) escalating over the 2011/12 MTREF period.

#### **Free basic services: Basic social services package for indigent households**

The free basic services are provided on the basis that, as the value of the property increases above R100 000, there should be some funds available to pay a small portion of the costs of the services. This ratio is therefore gradually increased until the full costs (less the rebates granted to all residential properties) are billed when the property valuation exceeds R400 001. These value-driven rebates are allocated automatically by the City's rates billing system, keeping administration costs to a minimum.

Residents needing free basic services in addition to those provided via the billing system are able to register with the City on a periodic basis to receive the same benefits as they would have if their property values were below the R100 000 threshold.

Residential properties valued at more than R400 000 pay the normal municipal rates and tariffs, after allowing the R200 000 valuation rebate, 6 kℓ of free water, and 4,2 kℓ of free sanitation. Properties valued at between R350 001 and R400 000 receive a 25% rebate on refuse removal charges, while properties valued at between R300 001 and R350 000 receive a rebate of 50% on this service.

Properties valued at between R200 001 and R300 000 receive a rebate of 50% on refuse removal as well as an indigent grant of R40,50 per month to provide an additional 4,5 kℓ of free water (in addition to the 6 kℓ per month provided free to all residential properties) and free sanitation (based on water consumption).

Properties valued at between R150 001 and R200 000 receive a 50% rebate on refuse removal charges, the R40,50 indigent grant for water and sanitation charges, and a 100% rebate on rates.

Properties valued at between R100 001 and R150 000 receive a 75% rebate on refuse removal charges, the R40,50 indigent grant for water and sanitation charges, and a 100% rebate on rates.

Properties valued at R100 000 or below receive a 100% rebate on refuse removal, the R40,50 indigent grant for water and sanitation charges, and a 100% rebate on rates.

The free services provided to households in informal settlements are not included in this document. Such services include water via standpipes, refuse removal via skips or bags, and access to rate-funded services such as clinics, libraries, etc.

#### **2.3.2 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. It also provides bulk drinking water to adjacent local authorities, namely the Drakenstein and Stellenbosch municipalities.

#### **Blue Drop status**

The entire water supply system (including the City-owned catchments, dams, the ten water treatment plants, the bulk conveyance system and the whole distribution system) was assessed by the Department of Water Affairs for both the 2009 and 2010 Blue Drop performance ratings. After achieving 100% in the 2009 assessment, the City scored 98,2% in the more stringent 2010 assessment. This was the second-highest score achieved by a municipality in the country, prompting the regulator to comment as follows: 'The City of Cape Town once again impressed with a remarkable performance, scoring second highest to the City of Johannesburg by a slight fraction of a percentage point. Certainly a world-class drinking water quality management outfit, and therefore thoroughly deserves the Blue Drop certification for a second year in succession.'

As water service provider, the City constantly strives to improve its performance with respect to water quality management, which is why the water safety plan and risk assessments are integrated with the management processes. No major corrective interventions are currently required in terms of this plan, but provision is made in the normal budget allocations to maintain the standards already achieved.

## Part 2 – Supporting documentation continued

### Green Drop status

According to the latest report issued in 2009 by the Department of Water Affairs, the average Green Drop score for the City's 23 wastewater treatment works (WWTWs) was 81,48%.

The regulator's impression of the City's WWTWs is briefly as follows: 'As can be seen, overall wastewater quality management performance of the Cape Town Metro Municipality is very good. Of the 23 WWTWs, eight achieved scores equal to or higher than 90%. These were Cape Flats, Llandudno, Macassar, Melkbosstrand, Mitchells Plain, Oudekraal, Parow and Westfleur WWTWs – these WWTWs qualify for Green Drop status. It can however be noted that all of the works, including the above, require further improvement in terms of ensuring that the works are registered and that the relevant documentary proof is readily available. The remainder of the WWTWs still requires more improvement, specifically in relation to wastewater quality compliance, and WWTW capacity building and planning.'

### Areas requiring attention

The City continues to face the challenges of ageing infrastructure, rapid population growth, the cost of maintaining existing assets and a shortage of relevant skills. These are the same challenges that are being experienced by municipalities across South Africa.

### Addressing the areas requiring attention

The steps being taken by the Wastewater Section to address these problems include:

- recruitment of appropriate staff;
- post-retirement contracts, where possible;
- training existing staff in an effort to minimise the shortage of trained, experienced resources;
- formulation of comprehensive long-term master plans;
- allocation of financial resources to expand and maintain existing assets; and
- construction of new wastewater treatment facilities.

### Proposed 2011/12 budget and MTREF allocations

#### Capital budget

The capital budget is allocated for increased treatment capacity, process improvements or improved effluent quality.

Both the total project cost and the proposed 2011/12 capital budget are shown below:

**TABLE 37: WASTEWATER TREATMENT FACILITY CAPITAL BUDGET**

Wastewater treatment facility R thousand	Project	Budget 2011/12
Athlone	Three additional primary settlement tanks and associated equipment	11 500
Bellville	20 Mℓ/d increase in treatment capacity	102 000
Cape Flats	Disinfection of effluent	10 000
Kraaifontein/Fisantekraal	Upgrade RAS pump station	25 000
Potsdam	Increase in treatment capacity	4 877
Zandvliet	18 Mℓ/d increase in treatment capacity	12 660
Northern-area sludge processing facility	Northern-area sludge processing facility	3 000
Infrastructure replacement/ refurbishment – WWT		31 000
<b>Total for new infrastructure</b>		<b>200 037</b>

### Operating budget

The proposed 2011/12 operating budget is shown below:

**TABLE 38: WASTEWATER TREATMENT FACILITY OPERATING BUDGET**

Category R thousand	2011/2012 budget
Remuneration	76 364
Depreciation	35 985
Repairs and maintenance	49 865
Contracted services	57 959
General expenses	94 360
Interest on internal borrowings	68 487
Appropriation account	111 060
Internal utilities expenditure	57 214
Insurance departmental	4 936
Activity-based costs	15 077
Support services	30 976
<b>Total income statement expense</b>	<b>602 283</b>

## 2.4 OVERVIEW OF BUDGET-RELATED POLICIES

### 2.4.1 Approved policies

The following budget-related policies have been approved by Council and can be accessed on the City's website:

- Mayor's Special Fund – approved May 2010
- Cash Management and Investment Policy – approved March 2009
- Asset Control Policy – approved October 2004
- Funding and Reserves Policy – approved May 2010
- Supply Chain Management Policy – approved February 2011

### 2.4.2 Credit Control and Debt Collection Policy

This policy has been formulated in terms of Section 96(b) and 98 of the Municipal Systems Act and the Credit Control and Debt Collection Bylaw. The policy also includes the indigent policy, and can be accessed on the City's website.

### 2.4.3 Virement Policy

This 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. The policy provides for budgetary flexibility to be effected within votes based on motivation and sundry technical and financial stipulations. Minor amendments to the approved Virement Policy were tabled at the Council meeting in February 2011. The amended policy can be viewed on the City's website.

### 2.4.4 Tariff policies

The Municipal Systems Act requires Council to adopt a tariff policy and the general financial management functions covered in Section 62 of the MFMA include the implementation of such a policy. Specific legislation applicable to each service has been taken into consideration in developing this policy. The General Tariff Policy and subsequent Water and Sanitation, Electricity and Waste Management tariff policies can be viewed on the City's website.

## 2.5 OVERVIEW OF BUDGET ASSUMPTIONS APPLIED TO THE 2011/12 – 2013/14 MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

### 2.5.1 External loans

The MTREF/budget is influenced by the local and international economic climate, and it was therefore vital that the projected economic condition be properly considered during the budget preparation process.

While the 2011/12 MTREF was drafted against the backdrop of a reviving economy, the negative impacts of the multi-year recession are still noticeable and continue to influence reporting in both the private and public sectors.

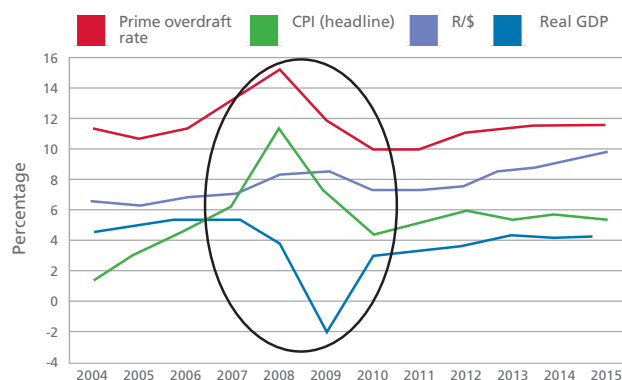


Figure 8: Key economic trends – 2004 to 2015 (sourced from Bureau for Economic Research)

In the midst of the recession, gross domestic product (GDP) was at a deficit of 1,8%, the inflation rate at 11,85%, the R/\$ exchange rate averaged R8,50, while interest rate levels hovered around the 13,5% mark. The preparation of the first draft of the 2011/12 MTREF was based on much-improved economic projections, including GDP at 3,55%, inflation of 5,35%, a R/\$ exchange rate of R7,76 and an average interest rate of 10%.

Despite this, 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 2011/12 MTREF period.

The 2011/12 MTREF budget theme, 'Driving Efficiencies – reprioritisation of existing resources and current allocations', resulted from the realisation that there was no or limited scope for additional externally or internally funded revenue growth, but that more needed to be done with the existing resource envelope. This was reiterated in National Treasury Budget Circular 54 as well as a National Treasury presentation to municipalities in August 2010.

### 2.5.2 The general inflation outlook and its impact on municipal activities

Headline CPI applied in the 2011/12 MTREF is 4,0%, 5,5% and 5,4% respectively for the three-year period. This differs somewhat from the Bureau for Economic Research (BER) CPI forecasts of 5,6%, 5,5% and 5,4% for the same period. The levels are within National Treasury and South African Reserve Bank (SARB) CPI projections (3% – 6% range).

## Part 2 – Supporting documentation continued

Budgetary allocations within the 2010/11 financial year were largely based on a CPI level of 5,6%. However, current projections indicate a materially lower average for the year of 3,7%. The base CPI was therefore over-provided, which facilitated an amended CPI base for the 2011/2012 financial year of 4%. Inflation for the MTREF outer years is projected to remain at 5,5% and 5,4% respectively. The graph below illustrates the CPI projections adopted by the City over the MTREF period.

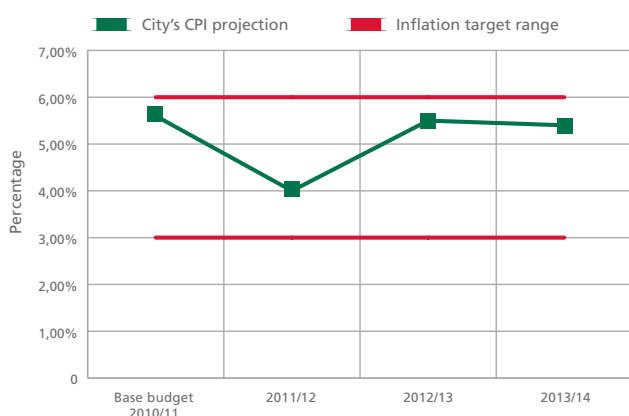


Figure 9: Consumer price index projections adopted in the MTREF

### Credit rating outlook

TABLE 39: CREDIT RATING OUTLOOK

Category	Currency	Rating	Annual rating 2010/11	Previous rating
Outlook	–	Stable	26 Jan 11	Stable
NSR issuer rating	Rand	Aa2.za	26 Jan 11	Aa2.za
NSR ST issuer rating	Rand	P-1.za	26 Jan 11	P-1.za
NSR senior unsecured	Rand	Aa2.za	26 Jan 11	Aa2.za

The rating categories can be defined as follows:

'Stable outlook' – The assigned credit rating is not expected to be affected by either positive or negative credit factors in the short term.

'NSR Issuer Rating' (Aa2.za) – This rating demonstrates very strong creditworthiness in relation to other domestic issuers.

'NSR ST Issuer Rating' (P-1.za) – Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

'NSR Senior Unsecured' (Aa2.za) – Issuers demonstrate very strong creditworthiness in relation to other domestic issuers.

### 2.5.3 Interest rates for borrowing and investment of funds

Average interest rates over the 2011/12 MTREF period are:

- 11,70%, 11,81% and 11,91% respectively for interest paid; and
- 5,55%, 5,91% and 6,34% respectively for earnings on investments.

### 2.5.4 Collection rate for revenue services

In accordance with relevant legislation and national directives, the City's projected revenue recovery rates are based on realistic and sustainable trends. In calculating the working capital reserve, the following collection ratios were applied:

TABLE 40: COLLECTION RATES

Service	Base budget 2010/11 %	2011/12 %	2012/13 %	2013/14 %
Property rates	96,0	95,0	95,0	95,0
Electricity	95,0	95,0	95,0	95,0
Water	89,5	91,5	90,5	91,0
Sewerage	90,5	92,0	90,5	91,0
Refuse	92,0	94,0	94,0	94,0
Housing	42,0	42,5	45,0	47,5

The total collection rate for 2011/12 averages 93,5% (excluding housing, which has an average collection rate of 42,50%) and is based on a combination of actual collection rates achieved to date, and the estimated outcomes for the current financial period. The projections for the outer years remained stable.

### 2.5.5 Growth or decline in tax base of the municipality

#### Service growth

The current unstable economic climate has restricted any material service growth. A conservative 1% increase was applied as rates service growth for the 2011/12 MTREF.

A similarly moderate approach was adopted by the Water and Sanitation Department over the 2011/12 MTREF period. Growth provisions of 0,5% were made for the 2011/12 financial year and 1% for each of the MTREF outer years. A further 0,4% of revenue intervention growth was allowed for the Department to cater for specific water infrastructure expansion in the outer years.

No service growth is applied for electricity in the 2011/12 financial year, but 1% and 2% are applied to the 2012/13 and 2013/14 years respectively. The increase over the two outer years is due to current consumption trends, which indicate an increase in the medium-term demand for electricity.

A 2% service growth was applied to the entire three-year MTREF period as a result of the growth in the City's population and user numbers.

#### Revenue growth parameters: Rates and trading services

Ensuring an affordable and sustainable budget necessitated the application of higher-than-CPI year-on-year revenue growth to rates and trading services. The following graph depicts the revenue parameters projected for the 2011/12 MTREF period:

- Refuse removal – This revenue parameter increase was modelled at 5,5%, which is within the ambit of the BER's CPI projection for 2011/12.

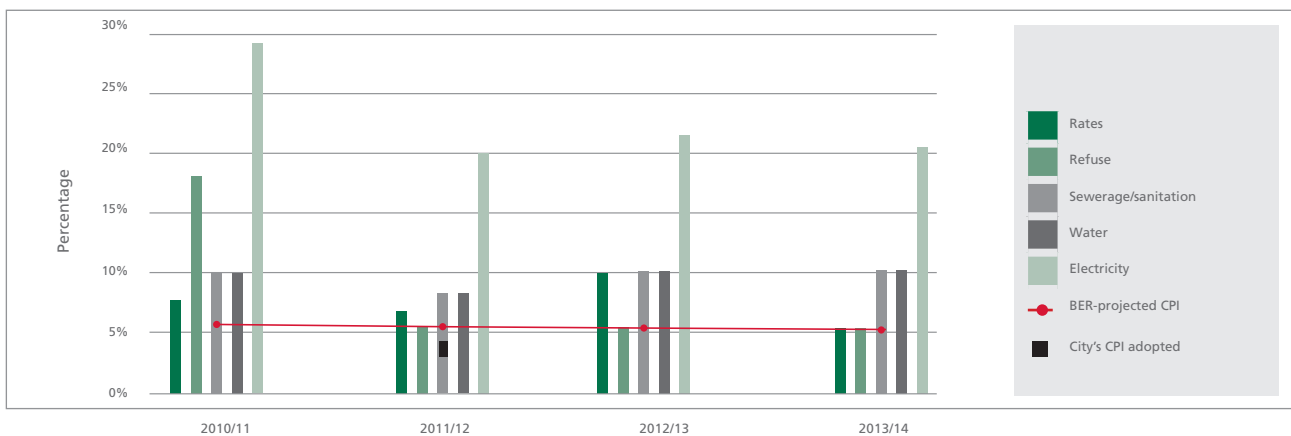


Figure 10: Revenue parameters for 2011/12 MTREF period

The following revenue parameter increases were applied to the 2011/12 MTREF and inform the tariff increases reflected in the TMA:

- Rates – With the current economic climate and other cost pressures affecting the budget, the rates revenue increase was 5,9%. This above-CPI increase is required to achieve an affordable and balanced rates budget, without impeding service delivery.
- Electricity – Electricity tariffs are linked to the Eskom tariffs for bulk electricity purchases, which are proposed by NERSA to be 26,71% for the 2011/12 financial year. In terms of NERSA's guidelines on municipal electricity tariff increases of November 2010, municipalities should not exceed a tariff of 20,38%. To ensure affordability to customers, the electricity revenue parameter increase was set at 19,94%, which is 0,44% lower than the Eskom-proposed increase.
- Water and sanitation – The revenue parameter adjustment for both water and sanitation is 8,28% for the 2011/12 financial year. While the revenue parameter increase is higher than CPI, it afforded the Water and Sanitation Department the means to ensure that current infrastructure is sufficiently maintained, to invest in new infrastructure and to cater for increased water demand.

The revenue parameters applied will generate the following revenue:

TABLE 41: REVENUE BASED ON PARAMETER INCREASES

Revenue Category	Budget 2010/11 R'000	Organic growth parameters %	Average tariff increases %	2011/12 budgeted revenue R'000
Rates	4 364 050	1,00	5,9	4 667 744
Refuse	762 391	2,00	5,5	820 410
Electricity	6 774 774	0,00	19,94	8 125 663
Water	1 673 211	0,50	8,28	1 828 095 <sup>1</sup>
Sanitation	907 146	0,50	8,28	991 118 <sup>2</sup>

<sup>1</sup> Intervention of 0,4% included

<sup>2</sup> Intervention of 0,4% included

## Part 2 – Supporting documentation continued

### 2.5.6 Salary increases

The City's salary increases applied to the staff budget were as follows:

TABLE 42: PARAMETERS APPLIED TO STAFF BUDGET				
	Base budget 2010/11 %	2011/12 %	2012/13 %	2013/14 %
<b>Salary increases</b>	8,4	7,0	7,5	7,4
<b>Add: Increments</b>	2,0	2,4	2,4	2,4

The promulgation of the collective salary and wage agreement by the SALGBC provided the general salary adjustment guidelines for the period 2009/10 to 2011/12.

The 2011/12 financial year represents the third year of the salary and wage agreement, which provides for an across-the-board increase based on average CPI (February 2010 to January 2011), plus 2%. The CPI for the staff budget is 4,08% (CPI average February 2010 to January 2011), however, a provision of 5% was made for 2011/12 due to the likelihood that a CPI figure of below 5% may not be accepted for the purpose of salary increase calculations.

In the absence of an agreement going forward, the 2011/12 increase formula was used to calculate the increases for the two outer years. A further increment allowance of 2,4% was provided to cover performance and other notch increases.

The graph below shows the correlation between CPI and the salary increases over the 2011/12 MTREF period. Salary increases are consistently higher than CPI. The increase in the salary budget was a contributing factor to the cost pressures experienced on the operating budget.

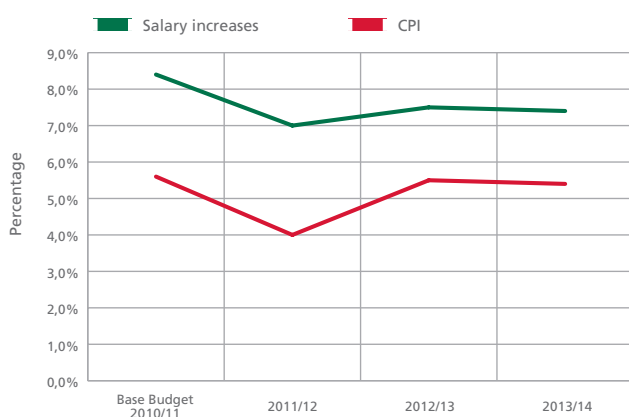


Figure 11: Correlation between the City of Cape Town's consumer price index and the salary increase over the MTREF period

### 2.5.7 Impact of national, provincial and local policies

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

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

TABLE 43: 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 currently being pursued to assess the application of the equation for the City to ensure that the allocation it receives is equitable and fair. The annual DORA publishes the equitable share allocations and, for the three-year MTREF period, these are as follows:

- 2011/12 – R971 million
- 2012/13 – R1 091 million
- 2013/14 – R1 164 million

#### General fuel levy

In his 2009 budget speech, the Minister of Finance announced that the general fuel levy will be shared with metropolitan municipalities. National Government thus opted for the sharing of a national tax with local government as a primary replacement for the former Regional Services Council (RSC) levies. The sharing of the general fuel levy with metros was introduced from the 2009/10 financial year through the Taxation Laws Amendment Act. The Act proposes that 23% of the revenue raised from the general fuel levy be allocated to metros.

To ensure a smooth transition, the RSC levies replacement grant is being phased out, and the sharing of the general fuel levy with metros is phased in over a four-year period, as follows:

- 2009/10 – Allocations were based on a 75% share of the 2009/10 RSC levy replacement grant, and 25% of its share of the 2008 overall fuel sales in metros.

- 2010/11 – Allocations are based on a 50% share of the 2009/10 RSC levy replacement grant, and 50% of its share of overall fuel sales in metros, based on the latest available information.
- 2011/12 – Allocations 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, based on the latest available information.
- 2012/13 – Sharing of general fuel levy will be based solely on total fuel sales within the jurisdiction of a metro, based on the latest available information.

The general fuel levy is legislated by the Act, which provides for each metro's share to be announced through the Government Gazette. The fuel levy-sharing amounts for each metro are therefore published annually through a notice in the Gazette. To allow municipalities to budget over three years, National Treasury submitted an allocation letter with the following where the two outer years are indicative:

2011/12 – R1,637 billion

2012/13 – R1,721 billion

2013/14 – R1,830 billion

### 2.5.8 Major parameters

The following table summarises the major parameters applied to the operating budget:

<b>TABLE 44: SUMMARY OF PARAMETERS APPLIED TO OPERATING BUDGET</b>			
	2011/12	2012/13	2013/14
	%	%	%
<b>CPI</b>	4,0	5,5	5,4
<b>COLLECTION RATES:</b>			
Rates	95,0	95,0	95,0
Electricity	95,0	95,0	95,0
Water	91,5	90,5	91,0
Sanitation	92,0	90,5	91,0
Refuse removal	94,0	94,0	94,0
Refuse disposal	94,0	94,0	94,0
Housing	42,5	45,0	47,5
<b>REVENUE PARAMETERS (excluding organic growth):</b>			
Rates	5,9	10,0	5,4
Electricity	19,94	21,42	20,42
Water	8,28	10,12	10,25
Sanitation	8,28	10,12	10,25
Refuse removal	5,5	5,5	5,4
Refuse disposal	5,5	7,5	9,4
<b>REVENUE PARAMETERS (including organic growth):</b>			
Rates	6,9	11,0	6,4
Electricity	19,94	22,42	22,42
Water	8,78	11,12	11,25
Sanitation	8,78	11,12	11,25
Refuse removal	7,5	7,5	7,4
Refuse disposal	7,5	9,5	11,4
<b>EXPENDITURE PARAMETERS:</b>			
<b>Salary increase:</b>			
Salary increase (SALGA agreement)	7,0	7,5	7,4
Increment provision	2,4	2,4	2,4
General expenses	4,0	5,5	5,4
Repairs and maintenance	7,0	8,5	8,4
<b>Interest rates:</b>			
Interest paid	11,7	11,81	11,91
Interest on investment	5,55	5,91	6,34
<b>OTHER:</b>			
	R million	R million	R million
Capital (EFF component) expenditure	1 357	1 188	1 484
Equitable share allocation	971	1 091	1 164
Fuel levy	1 637	1 721	1 830

## Part 2 – Supporting documentation continued

### 2.6 OVERVIEW OF BUDGET FUNDING

#### 2.6.1 Medium-term outlook: operating revenue

The following table offers a breakdown of the City's operating revenue in the medium term:

TABLE 45: BREAKDOWN OF OPERATING REVENUE IN THE MEDIUM TERM						
Description	2011/12 Medium-term Revenue and Expenditure Framework					
	Budget year 2011/12	%	Budget year +1 2012/13	%	Budget year +2 2013/14	%
Property rates	4 667 744	21,2%	5 163 942	20,5%	5 586 338	19,5%
Service charges	12 390 657	56,4%	14 683 139	58,3%	17 466 094	60,9%
Investment revenue	410 761	1,9%	450 084	1,8%	516 575	1,8%
Transfers recognised – operational	1 897 816	8,6%	2 216 468	8,8%	2 257 535	7,9%
Other own revenue	2 614 257	11,9%	2 675 572	10,6%	2 841 240	9,9%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>21 981 235</b>	<b>100%</b>	<b>25 189 207</b>	<b>100%</b>	<b>28 667 782</b>	<b>100%</b>

The following graph presents a breakdown of the operational revenue per main category for the 2011/12 financial year.

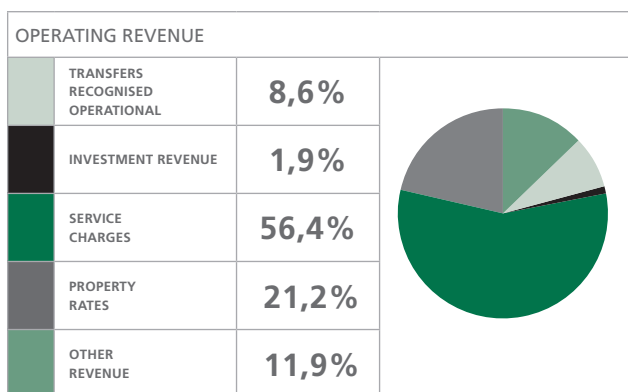


Figure 12: Breakdown of operating revenue in the 2011/12 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. To ensure an effective, efficient and well-run City, tariff increases are inevitable and assist in the compilation of a credible and adequately funded budget. The City derives most of its operational revenue (56%) from service charges for the provision of services such as water, electricity, sanitation and solid waste removal. Property rates (21%), transfer-recognised operating revenue (9%), investment revenue (1%) and other minor charges (13%) form part of the 2011/12 revenue base.

The revenue strategy is a function of a number of key aspects, including:

- National Treasury guidelines;
- the general economic climate (nationally and locally);
- the City's strategic guidelines and priorities;
- the General Tariff Policy;
- the Credit Control and Debt Collection Policy;
- the Property Rates Policy;
- the TMA modelling process;
- achievement of full recovery of cost for specific user charges; and
- a credible collection ratio.

The principles mentioned above guide and inform the annual increases in tariffs and rates.

TABLE 46: PROPOSED TARIFF INCREASES IN THE MEDIUM TERM

Revenue	2011/12 %	2012/13 %	2013/14 %
Rates	5,90	10,00	5,40
Electricity	19,94	21,42	20,42
Water	8,28	10,12	10,25
Sanitation	8,28	10,12	10,25
Refuse removal	5,50	5,50	5,40
Refuse disposal	5,50	7,50	9,40

Revenue to be generated from property rates in 2011/12 is R4 667 million and this increases to R5 586 million by



2013/14. Revenue from property rates represents 21% of the City's operating revenue base.

As part of the data update for the valuation roll, the City utilises aerial photography to identify new development areas and verify building extensions. In addition, physical inspection of 70 000 historic building plans will be undertaken by outside contractors for all the buildings that were illegally built and not previously valued.

Significant progress has been made in resolving the rates objections in the 2010/11 financial year. It is anticipated that the objection process for the 2009 GV will be concluded by the end of the 2010/11 financial year. The supplementary valuations will be conducted regularly to ensure an up-to-date valuation roll, which, in turn, will increase the City's revenue base from property rates.

Service charges relating to electricity, water, sanitation and refuse removal constitute the biggest component of the City's revenue basket, totalling R12 390 million for the 2011/12 financial year and increasing to R17 466 million in 2013/14. For the 2011/12 financial year, service charges are 56,4% of the total revenue base and the average year-on-year growth is approximately 18% in the medium term. The growth can be attributed to the increase in the bulk electricity and water prices.

Operational grants and donations amount to R1 521 million in 2010/11, increasing to R1 897 million in 2011/12 mainly due to the increased allocation in respect of the equitable share grant (from R862 million in 2010/11 to R970 million in 2011/12), as well as external grants received from Province and National Government.

**TABLE 47: MBRR TABLE SA15 - DETAILED INVESTMENT INFORMATION**

Investment type	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term revenue and expenditure framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>	<b>Audited outcome</b>	<b>Audited outcome</b>	<b>Audited outcome</b>	<b>Original budget</b>	<b>Adjusted budget</b>	<b>Full-year forecast</b>	<b>Budget year 2011/12</b>	<b>Budget year +1 2012/13</b>	<b>Budget year +2 2013/14</b>
<b>Parent municipality</b>									
Securities – National Government	26 024	31 650	42 400	48 400	48 400	48 400	54 400	60 400	66 400
Listed corporate bonds	1 512	–	–	–	–	–	–	–	–
Deposits – bank	4 192 038	3 630 894	4 486 176	3 705 307	2 883 196	2 883 196	3 169 665	3 590 366	4 019 816
Guaranteed endowment policies (sinking)	35 609	40 224	51 291	57 920	57 920	57 920	596 532	816 195	1 043 017
<b>Total</b>	<b>4 255 183</b>	<b>3 702 768</b>	<b>4 579 867</b>	<b>3 811 626</b>	<b>2 989 516</b>	<b>2 989 516</b>	<b>3 820 597</b>	<b>4 466 961</b>	<b>5 129 233</b>

## Part 2 – Supporting documentation continued

**TABLE 48: MBRR TABLE SA16 – INVESTMENT PARTICULARS BY MATURITY**

Investments by maturity	Period of investment			Monetary value	Interest realised
Name of institution and investment ID	Days	Type of investment	Expiry date of investment	R thousand	
<b>Parent municipality</b>					
ABSA	86	Money market	21 April 2011	25 000	328
ABSA	38	Money market	15 April 2011	10 000	57
ABSA	37	Money market	15 April 2011	10 000	55
ABSA	35	Money market	15 April 2011	10 000	52
ABSA	32	Money market	15 April 2011	20 000	96
ABSA	32	Money market	15 April 2011	20 000	96
ABSA	42	Money market	26 April 2011	10 000	63
ABSA	44	Money market	13 May 2011	20 000	132
ABSA	56	Money market	25 May 2011	20 000	169
ABSA	91	Money market	30 June 2011	20 000	277
ABSA	44	Money market	15 April 2011	25 000	165
ABSA	46	Money market	13 May 2011	25 000	173
ABSA	58	Money market	25 May 2011	25 000	218
ABSA	29	Money market	21 April 2011	30 000	130
ABSA	34	Money market	26 April 2011	30 000	153
ABSA	43	Money market	13 May 2011	30 000	194
ABSA	55	Money market	25 May 2011	30 000	249
ABSA	76	Money market	15 June 2011	30 000	346
ABSA	85	Money market	24 June 2011	30 000	388
ABSA	86	Money market	21 April 2011	30 000	393
FIRSTRAND	86	Money market	21 April 2011	25 000	327
FIRSTRAND	86	Money market	21 April 2011	30 000	392
FIRSTRAND	91	Money market	30 June 2011	9 000	130
FIRSTRAND	37	Money market	15 April 2011	10 000	55
FIRSTRAND	41	Money market	21 April 2011	10 000	61
FIRSTRAND	91	Money market	30 June 2011	10 000	145
FIRSTRAND	91	Money market	30 June 2011	12 000	174
FIRSTRAND	91	Money market	30 June 2011	12 000	174
FIRSTRAND	31	Money market	15 April 2011	15 000	69
FIRSTRAND	31	Money market	15 April 2011	15 000	69
FIRSTRAND	31	Money market	15 April 2011	20 000	92
FIRSTRAND	91	Money market	30 June 2011	20 000	274
FIRSTRAND	43	Money market	13 May 2011	25 000	161
FIRSTRAND	55	Money market	25 May 2011	25 000	205
FIRSTRAND	86	Money market	25 June 2011	25 000	324
FIRSTRAND	85	Money market	24 June 2011	25 000	320
FIRSTRAND	24	Money market	15 April 2011	30 000	106
FIRSTRAND	43	Money market	26 April 2011	30 000	193
FIRSTRAND	58	Money market	25 May 2011	30 000	262
FIRSTRAND	56	Money market	25 May 2011	30 000	251
FIRSTRAND	29	Money market	21 April 2011	50 000	215
INVESTEC	86	Money market	21 April 2011	30 000	393
INVESTEC	38	Money market	15 April 2011	10 000	57
INVESTEC	35	Money market	15 April 2011	10 000	52
INVESTEC	32	Money market	15 April 2011	10 000	48
INVESTEC	44	Money market	13 May 2011	10 000	66
INVESTEC	43	Money market	13 May 2011	20 000	128
INVESTEC	55	Money market	25 May 2011	20 000	166
INVESTEC	58	Money market	25 May 2011	30 000	262

**TABLE 48: MBRR TABLE SA16 – INVESTMENT PARTICULARS BY MATURITY CONTINUED**

Investments by maturity	Period of investment			Monetary value	Interest realised
Name of institution and investment ID	Days	Type of investment	Expiry date of investment	R thousand	
NEDBANK	86	Money market	21 April 2011	25 000	330
NEDBANK	86	Money market	21 April 2011	20 000	264
NEDBANK	31	Money market	15 April 2011	10 000	46
NEDBANK	37	Money market	15 April 2011	10 000	55
NEDBANK	35	Money market	15 April 2011	10 000	52
NEDBANK	31	Money market	15 April 2011	20 000	93
NEDBANK	38	Money market	15 April 2011	20 000	113
NEDBANK	91	Money market	30 June 2011	20 000	277
NEDBANK	46	Money market	13 May 2011	25 000	172
NEDBANK	43	Money market	13 May 2011	25 000	161
NEDBANK	58	Money market	25 May 2011	25 000	218
NEDBANK	55	Money market	25 May 2011	25 000	206
NEDBANK	76	Money market	15 June 2011	25 000	288
NEDBANK	85	Money market	24 June 2011	25 000	323
NEDBANK	32	Money market	15 April 2011	30 000	143
NEDBANK	34	Money market	26 April 2011	50 000	254
SCMB	38	Money market	15 April 2011	10 000	57
SCMB	37	Money market	15 April 2011	10 000	55
SCMB	35	Money market	15 April 2011	10 000	52
SCMB	32	Money market	26 April 2011	20 000	96
SCMB	60	Money market	27 May 2011	20 000	181
SCMB	91	Money market	30 June 2011	20 000	277
SCMB	44	Money market	13 May 2011	25 000	165
SCMB	43	Money market	13 May 2011	25 000	161
SCMB	56	Money market	25 May 2011	25 000	212
SCMB	55	Money market	25 May 2011	25 000	207
SCMB	76	Money market	15 June 2011	25 000	288
SCMB	85	Money market	24 June 2011	25 000	323
SCMB	29	Money market	26 April 2011	30 000	130
SCMB	58	Money market	25 May 2011	30 000	262
SCMB	31	Money market	15 April 2011	35 000	162
SCMB	44	Money market	15 April 2011	35 000	231
SCMB	43	Money market	26 April 2011	35 000	227
SCMB	29	Money market	21 April 2011	60 000	260
SCMB	46	Money market	13 May 2011	60 000	415
ABSA 2010 call account		Money market	On call	8 067	–
ABSA Bank call		Money market	On call	175 000	–
Investec call		Money market	On call	55 000	–
Nedbank call		Money market	On call	110 000	–
ABSA current account		Money market	On call	195 046	–
Fund managers		Money market		1 339 484	–
<b>Total investments and interest</b>				<b>3 820 597</b>	<b>15 659</b>

## Part 2 – Supporting documentation continued

### 2.6.2 Medium-term outlook: capital revenue

The following table offers a breakdown of the funding composition of the 2011/12 medium-term capital programme:

TABLE 49: SOURCES OF CAPITAL REVENUE IN THE MTREF								
Vote description	Current year 2010/11		2011/12 Medium-term Revenue and Expenditure Framework					
	Adjusted budget	%	Budget year 2011/12	%	Budget year +1 2012/13	%	Budget year +2 2013/14	%
R thousand								
<b>Funded by:</b>								
National Government	1 295 433		2 363 713		2 380 463		2 484 527	
Province	419 539		297 446		239 974		186 711	
Other transfers and grants	7 314		3 340		–		–	
<b>Transfers recognised – capital</b>	<b>1 722 285</b>	<b>43%</b>	<b>2 664 499</b>	<b>52%</b>	<b>2 620 437</b>	<b>55%</b>	<b>2 671 239</b>	<b>53%</b>
<b>Public contributions and donations</b>	<b>52 866</b>	<b>1%</b>	<b>50 860</b>	<b>1%</b>	<b>42 881</b>	<b>1%</b>	<b>40 300</b>	<b>1%</b>
<b>Borrowing</b>	<b>1 442 790</b>	<b>36%</b>	<b>1 357 386</b>	<b>27%</b>	<b>1 187 536</b>	<b>25%</b>	<b>1 484 336</b>	<b>29%</b>
<b>Internally generated funds</b>	<b>777 536</b>	<b>19%</b>	<b>1 017 122</b>	<b>20%</b>	<b>915 043</b>	<b>19%</b>	<b>853 290</b>	<b>17%</b>
<b>Total capital funding</b>	<b>3 995 477</b>	<b>100%</b>	<b>5 089 867</b>	<b>100%</b>	<b>4 765 897</b>	<b>100%</b>	<b>5 049 165</b>	<b>100%</b>

The information in the previous table can be graphically represented as follows:

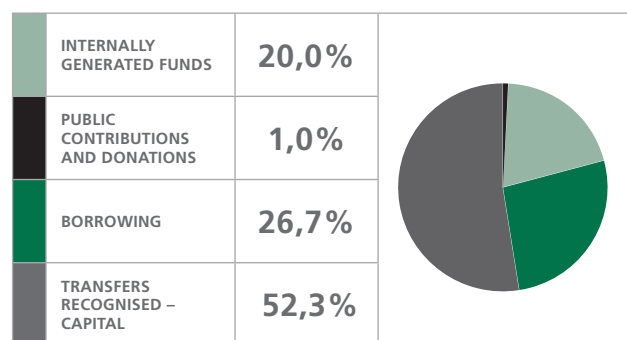


Figure 13: Sources of capital revenue for the 2011/12 financial year

Grants from Province and National Government, as well as other external sources, remain a significant funding source for the 2011/12 to 2013/14 capital budget. Capital transfers amount to R2 665 million in 2011/12, R2 620 million in 2012/13, and R2 671 million in 2013/14. Capital grant receipts remain steady at 52%, 55% and 53% of the total capital funding over the MTREF period.

Borrowing also continues to be a major source of funding for the 2011/12 to 2013/14 capital budget. The borrowing allocation for the capital budget is based on the cash availability of the DMTN programme. The borrowing amount reflected in the table above for the 2011/12 financial year includes certain roll-overs where directorates have already indicated that they will not be able to spend the full 2010/11 budgetary allocation by year-end, thereby increasing the borrowing amount to slightly above the initial R1 billion-per-year target. In addition, a change to the City's accounting practices in relation to the budgetary treatment of the procurement of minor furniture and equipment contributed to the reduced revenue-funding source requirement.

It should be noted that an additional amount of R300 million (towards the bulk water augmentation scheme) was approved as part of the 2013/14 EFF allocations, again resulting in borrowing exceeding the R1 billion-per-year target. This additional amount has however been included during the modelling phase of the MTREF.

An analysis of the City's borrowing liability is contained in the table below:

TABLE 50: MBRR TABLE SA17 – BORROWING DETAIL									
Borrowing – categorised by type	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
Long-term loans (annuity/reducing balance)	14 228	–	–	–	–	–	–	–	–
Long-term loans (non-annuity)	1 867 216	1 466 501	1 282 975	1 145 100	1 145 046	1 145 046	976 387	797 082	646 190
Local registered stock	11 400	6 800	6 800	6 800	6 800	6 800	6 800	–	–
Financial leases	156 961	141 224	61 767	–	–	–	–	–	–
Marketable bonds	998 007	2 197 437	4 196 084	5 295 445	4 196 084	4 196 084	5 696 084	7 096 084	8 596 084
<b>Total borrowing</b>	<b>3 047 812</b>	<b>3 811 962</b>	<b>5 547 626</b>	<b>6 447 345</b>	<b>5 347 930</b>	<b>5 347 930</b>	<b>6 679 271</b>	<b>7 893 166</b>	<b>9 242 274</b>

The following graph illustrates the growth in outstanding borrowing for the 2007/8 to 2013/14 period:

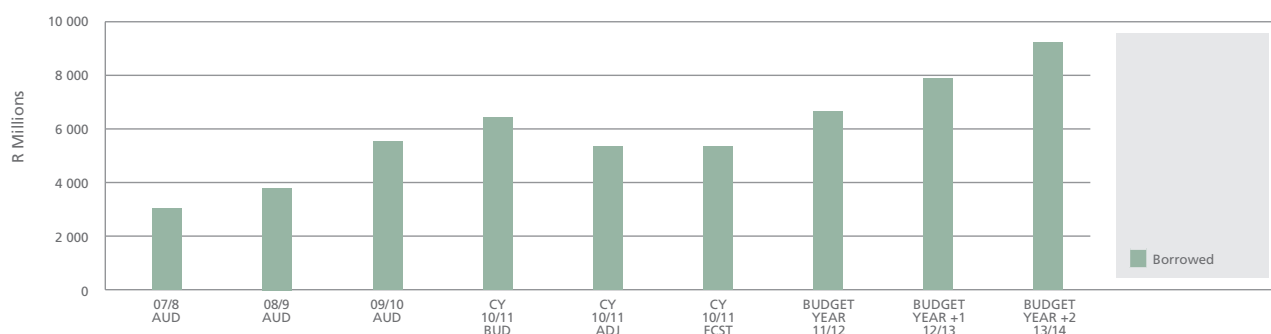


Figure 14: Growth in outstanding borrowings (long-term liabilities)

The internally generated funds item is funded in accordance with Section 18 of the MFMA, which requires that the annual budget must be funded from, among others, cash-backed accumulated funds from previous years' surpluses that have not been committed for other purposes.

The internally funded component of the capital budget is mainly funded from:

- previous years' accumulated surpluses;
- contributions made to the CRR in the previous year's operating budget; and
- bulk infrastructure contribution levies already collected.

The levels of contributions made to the CRR in the previous year's operating budget are considered within the MTREF process to determine affordability and sustainability. Internally generated funds amount to R1 017 million, R915 million and R853 million respectively over the three years of the MTREF.

The percentage of internally generated funds in relation to the total annual budget steadily declines from 20% in 2011/12, to 19% in 2012/13, and 17% in 2013/14. The main contributing factor to the internally generated funding reflecting as 20% of the annual capital revenue is the procurement of land for the expansion of the CTICC in the 2011/12 financial year. The Water and Sanitation Department's bulk infrastructure and the bulk water augmentation scheme are key contributors to the 19% level in 2012/13.

## Part 2 – Supporting documentation continued

TABLE 51: TABLE SA18 – CAPITAL TRANSFERS AND GRANT RECEIPTS									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>National Government:</b>	<b>1 071 282</b>	<b>2 423 827</b>	<b>1 672 706</b>	<b>1 045 900</b>	<b>1 295 433</b>	<b>1 295 433</b>	<b>2 363 713</b>	<b>2 380 463</b>	<b>2 484 527</b>
Department of Environmental Affairs and Tourism: Marine and Coastal Management	–	–	57	–	10	10	–	–	–
Department of Water Affairs and Forestry: Water Affairs and Forestry grant	–	–	–	–	7 699	7 699	–	–	–
Minerals and Energy: Electricity demand-side management (Eskom) grant	–	–	2 519	17 544	18 533	18 533	17 544	–	–
Minerals and Energy: Integrated national electrification programme (municipal) grant	15 376	22 076	8 760	7 018	7 018	7 018	4 386	17 544	17 544
National Government – Other: Previous years' DORA allocations	607	198	131	150	167	167	350	–	1 000
National Treasury: Local government finance management grant	170	4 235	1 044	–	2 390	2 390	40	–	–
National Treasury: Local government restructuring grant	42 837	51 819	26 798	3 550	6 462	6 462	–	–	–
National Treasury: Neighbourhood development partnership grant	6 244	49 292	39 266	95 000	98 152	98 152	77 500	84 226	80 000
National Treasury: Other	3 479	5 202	5 184	12 731	10 931	10 931	25 650	23 600	2 000
National Treasury: Urban settlements development grant	–	–	–	–	–	–	779 025	982 107	975 553
Provincial and Local Government: Municipal infrastructure grant (MIG Cities)	156 124	382 846	304 946	379 107	308 700	308 700	–	–	–
Sport and Recreation SA: 2010 FIFA World Cup™ stadiums development grant	813 964	1 601 122	511 357	55 000	64 000	64 000	–	–	–
Transport: Public transport infrastructure and systems grant	32 481	307 037	772 646	475 800	771 371	771 371	1 459 218	1 272 986	1 408 430
<b>Province:</b>	<b>154 698</b>	<b>477 059</b>	<b>253 151</b>	<b>589 900</b>	<b>419 539</b>	<b>419 539</b>	<b>297 446</b>	<b>239 974</b>	<b>186 711</b>
Cultural Affairs and Sport: Development of sport and recreation facilities	972	213 215	3 445	–	108	108	–	–	–
Cultural Affairs and Sport: Library services (conditional grant)	–	–	2 762	8 277	10 437	10 437	6 300	–	–
Health: Global Fund	–	6 641	2 841	–	2 585	2 585	2 230	–	–
Housing: Integrated housing and human settlement development grant	76 040	156 243	166 671	561 083	365 252	365 252	261 415	232 974	186 711
Housing: Previous years' gazetted allocations	2 088	7 431	19 889	–	940	940	–	–	–
Local Government: Multi-purpose centres	9 302	1 532	2 236	–	8	8	–	–	–
Provincial Government: Previous years' gazetted allocations	17 836	36 398	1 563	–	–	–	1 101	–	–
Transport and Public Works: Cape metropolitan transport fund	48 335	55 600	53 743	20 540	39 608	39 608	23 100	7 000	–
Transport and Public Works: Other	125	–	–	–	600	600	3 300	–	–
<b>Other grant providers:</b>	<b>49 675</b>	<b>61 455</b>	<b>68 988</b>	<b>64 379</b>	<b>60 180</b>	<b>60 180</b>	<b>54 200</b>	<b>42 881</b>	<b>40 300</b>
Other: Other	49 675	61 455	68 988	64 379	60 180	60 180	54 200	42 881	40 300
<b>Total capital transfers and grants</b>	<b>1 275 655</b>	<b>2 962 341</b>	<b>1 994 844</b>	<b>1 700 179</b>	<b>1 775 151</b>	<b>1 775 151</b>	<b>2 715 359</b>	<b>2 663 318</b>	<b>2 711 539</b>

## 2.6.3 Cash flow management

**TABLE 52: MBRR TABLE A7 – BUDGETED CASH FLOW STATEMENT**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	10 539 870	9 141 515	12 641 040	17 090 513	17 049 027	17 049 027	19 105 632	22 099 201	25 308 401
Government – operating	1 717 988	2 273 951	2 550 811	1 478 282	1 521 358	1 521 358	1 897 816	2 216 468	2 257 535
Government – capital	1 275 655	2 900 886	1 940 857	1 700 179	1 775 151	1 775 151	2 715 359	2 663 318	2 711 539
Interest	261 317	577 105	383 657	424 796	421 260	421 260	410 761	450 084	516 575
Dividends	–	–	–	–	–	–	–	–	–
<b>Payments</b>									
Suppliers and employees	(10 030 976)	(11 163 936)	(13 220 119)	(17 062 043)	(17 622 752)	(17 622 752)	(19 175 742)	(22 422 694)	(25 433 594)
Finance charges	(271 461)	(405 411)	(523 550)	(739 507)	(739 507)	(739 507)	(766 367)	(914 347)	(1 070 070)
Transfers and grants	–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>3 492 393</b>	<b>3 324 110</b>	<b>3 772 696</b>	<b>2 892 220</b>	<b>2 404 538</b>	<b>2 404 538</b>	<b>4 187 458</b>	<b>4 092 030</b>	<b>4 290 385</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	59 981	187 505	82 380	310 444	293 967	293 967	105 000	55 000	70 803
Decrease/(increase) in non-current debtors	–	–	–	–	–	–	–	–	–
Decrease/(increase) in other non-current receivables	84 041	35 707	42 673	8 512	6 827	6 827	6 486	6 161	5 853
Decrease/(increase) in non-current investments	(1 027 192)	2 179 402	1 102 674	(118 757)	(63 520)	(63 520)	(193 176)	(280 330)	(232 822)
<b>Payments</b>									
Capital assets	(3 119 008)	(5 081 931)	(4 662 993)	(3 607 364)	(3 995 477)	(3 995 477)	(5 089 867)	(4 765 897)	(5 049 165)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(4 002 178)</b>	<b>(2 679 317)</b>	<b>(3 435 266)</b>	<b>(3 407 165)</b>	<b>(3 758 203)</b>	<b>(3 758 203)</b>	<b>(5 171 557)</b>	<b>(4 985 066)</b>	<b>(5 205 331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short-term loans	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	1 432 651	1 240 230	2 047 299	1 100 000	–	–	1 500 000	1 400 000	1 500 000
Increase/(decrease) in consumer deposits	23 142	(2 065)	(6 366)	24 259	22 916	22 916	25 208	27 728	30 501
<b>Payments</b>									
Repayment of borrowing	(224 538)	(409 834)	(524 137)	(262 982)	(263 005)	(263 005)	(199 673)	(168 659)	(186 105)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>1 231 255</b>	<b>828 331</b>	<b>1 516 796</b>	<b>861 277</b>	<b>(240 089)</b>	<b>(240 089)</b>	<b>1 325 535</b>	<b>1 259 069</b>	<b>1 344 396</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>721 470</b>	<b>1 473 125</b>	<b>1 854 226</b>	<b>346 332</b>	<b>(1 593 755)</b>	<b>(1 593 755)</b>	<b>341 435</b>	<b>366 034</b>	<b>429 450</b>
Cash/cash equivalents at the beginning of the year	437 356	1 158 826	2 631 951	2 544 952	4 486 176	4 486 176	2 892 421	3 233 856	3 599 890
Cash/cash equivalents at the end of the year	1 158 826	2 631 951	4 486 177	2 891 284	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340

## Part 2 – Supporting documentation continued

The table on the previous page shows the cash and cash equivalents of the City within the approved 2010/11 to 2013/14 MTREF. The City has embarked on an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position. For the 2011/12 MTREF, the budget has been prepared to ensure high levels of cash and cash equivalents in the medium term, with cash levels anticipated to exceed R3 599 million by 2012/13, and increase steadily to R4 029 million by 2013/14.

### 2.6.4 Cash-backed reserves/accumulated surplus reconciliation

The following table meets the requirements of MFMA Circular 42, which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

1. What are the predicted cash amounts and investments that will be available at the end of the budget year?

2. How are those funds used?

3. What are the net funds available, or what is the funding shortfall?

A surplus would indicate the available cash-backed accumulated surplus. A shortfall (applications greater than cash and investments) points to non-compliance with Section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with Section 18 is assumed, because a shortfall would indirectly indicate that the annual budget is not appropriately funded (i.e. budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends in order to understand the consequences. For example, the budget year might indicate a small surplus situation, which in itself is an appropriate outcome. However, if, in prior years, there were much larger surpluses, this negative trend may be a concern that requires closer examination.

**TABLE 53: MBRR TABLE A8 – CASH-BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>	<b>Audited outcome</b>	<b>Audited outcome</b>	<b>Audited outcome</b>	<b>Original budget</b>	<b>Adjusted budget</b>	<b>Full-year forecast</b>	<b>Budget year 2011/12</b>	<b>Budget year +1 2012/13</b>	<b>Budget year +2 2013/14</b>
<b>Cash and investments available</b>									
Cash/cash equivalents at the year-end	1 158 826	2 631 951	4 486 177	2 891 284	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340
Other current investments > 90 days	3 221 904	1 196 576	55 799	–	59 334	59 334	–	–	6 800
Non-current assets – investments	390 218	236 143	274 245	402 737	334 231	334 231	586 741	867 071	1 093 093
<b>Total cash and investments available</b>	<b>4 770 948</b>	<b>4 064 670</b>	<b>4 816 221</b>	<b>3 294 021</b>	<b>3 285 986</b>	<b>3 285 986</b>	<b>3 820 597</b>	<b>4 466 961</b>	<b>5 129 233</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	1 562 884	889 821	1 048 440	1 534 160	1 096 519	1 096 519	977 376	1 035 139	991 536
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	463 985	497 227	474 934
Other working capital requirements	676 073	653 218	668 200	1 007 536	(412 993)	(412 993)	1 516 353	1 685 261	1 850 322
Other provisions	–	–	–	–	–	–	–	–	–
Long-term investments committed	–	–	–	–	–	–	596 532	816 195	1 043 017
Reserves to be backed by cash/investments	1 970 237	2 228 809	2 277 183	751 408	2 305 990	2 305 990	102 914	109 515	408 102
<b>Total application of cash and investments</b>	<b>4 209 194</b>	<b>3 771 848</b>	<b>3 993 823</b>	<b>3 293 104</b>	<b>2 989 516</b>	<b>2 989 516</b>	<b>3 657 160</b>	<b>4 143 337</b>	<b>4 767 911</b>
<b>Surplus/(shortfall)</b>	<b>561 754</b>	<b>292 822</b>	<b>822 398</b>	<b>917</b>	<b>296 470</b>	<b>296 470</b>	<b>163 437</b>	<b>323 624</b>	<b>361 322</b>



From the table on the previous page, it is clear that the cash and investments available total R3 821 million in the 2011/12 financial year and that this figure increases to R5 129 million by 2013/14, including the projected cash and cash equivalents as determined in the cash flow forecast.

The application of this funding can be broken down as follows:

- Unspent conditional transfers (grants) – These represent amounts rolled over, mainly relating to existing multi-year projects (e.g. the IRT project).
- Unspent borrowing – There is no unspent borrowing from previous years. A significant portion of the capital expenditure earmarked to be funded from borrowings has been funded from accumulated surpluses.
- Provisions for statutory requirements – This amount relates to the Housing Development Fund monies not available for general operational purposes.
- Other working capital – The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. For the purpose of the cash-backed reserves and accumulated surpluses reconciliation, a provision equivalent to one month's operational expenditure has been provided for.
- Long-term investments committed – Long-term investments primarily consist of the sinking funds for the repayment of current and future borrowings. This amount is 'held to maturity', and is not available for spending.
- Reserves to be backed by cash/investments – Most reserve-fund cash-backing is of a discretionary nature, but reserve funds are not available to support a budget, unless they are cash-backed. Some of the City's reserve funds do not need to be fully cash-backed.

The following graph offers an analysis of the trends relating to the reconciliation of cash and cash equivalents and the cash-backed reserves/accumulated funds over a seven-year period:

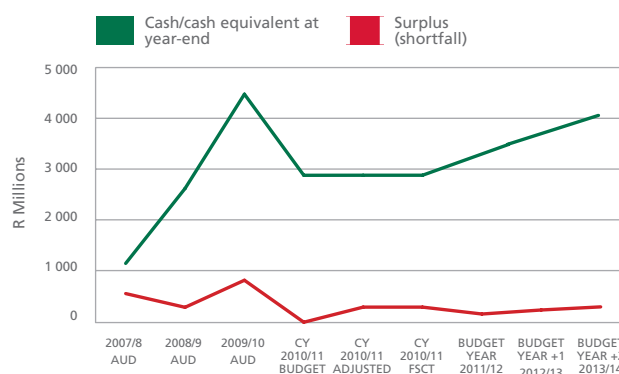


Figure 15: Cash and cash equivalents/cash-backed reserves and accumulated funds

### 2.6.5 Funding compliance measurement

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- realistically anticipated revenues to be collected;
- cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- borrowed funds, but only for the capital budget referred to in Section 17 of the MFMA.

To give effect to the above MFMA requirements, municipalities are required to assess their proposed budget against 14 different measures developed by National Treasury. The measures evaluate various financial health aspects of a municipality's budget and consist of information sourced from the budget document.

## Part 2 – Supporting documentation continued

The City's funding compliance outcome in respect of these measures is presented in the following table:

TABLE 54: MBRR TABLE SA10 – FUNDING COMPLIANCE MEASUREMENT										
Description	MFMA section	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
		Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand										
<b>Funding measures</b>										
Cash/cash equivalents at the year-end – R'000	18(1)b	1 158 826	2 631 951	4 486 177	2 891 284	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340
Cash and investments at the year-end less applications – R'000	18(1)b	561 754	292 822	822 398	917	296 470	296 470	163 437	323 624	361 322
Cash year-end/monthly employee/supplier payments	18(1)b	1,7	3,3	4,7	2,3	2,3	2,3	2,3	2,1	2,1
Surplus/(deficit) excluding depreciation offsets: R'000	18(1)	1 429 674	3 136 140	2 105 575	1 239 615	1 288 038	1 288 038	2 057 424	1 807 704	1 776 300
Service charge revenue % change – macro CPIX target exclusive	18(1)a, (2)	n/a	6,6%	17,5%	12,5%	(6,1%)	(6,0%)	8,6%	10,3%	10,2%
Cash receipts % of ratepayer and other revenue	18(1)a, (2)	95,3%	79,9%	83,3%	99,0%	97,7%	97,7%	95,2%	96,7%	96,4%
Debt impairment expense as a % of total billable revenue	18(1)a, (2)	7,7%	7,4%	5,0%	6,4%	6,4%	6,4%	6,0%	5,8%	5,8%
Capital payments % of capital expenditure	18(1)c, 19	100,5%	100,4%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excluding transfers)	18(1)c	76,4%	57,5%	75,5%	55,9%	–	–	61,8%	65,3%	63,1%
Grants % of government-legislated/gazetted allocations	18(1)a	–	–	–	–	–	–	99,9%	102,9%	98,5%
Current consumer debtors % change – increase/(decrease)	18(1)a	n/a	20,9%	14,5%	0,2%	5,9%	–	8,0%	9,4%	9,5%
Long-term receivables % change – increase/(decrease)	18(1)a	n/a	(20,3%)	(24,5%)	19,5%	(20,5%)	–	(5,0%)	(5,0%)	(5,0%)
R&M % of property, plant and equipment	20(1)(vi)	9,8%	8,4%	7,9%	6,8%	7,3%	7,3%	6,8%	6,5%	6,4%
Asset renewal % of capital budget	20(1)(vi)	33,2%	24,7%	34,1%	43,7%	39,1%	39,1%	38,7%	36,2%	28,3%

### 2.6.5.1 Cash/cash equivalent position

The City reflects a positive, increasing cash position over the forecast 2011 MTREF, indicating that the medium-term budget is sustainable.

### 2.6.5.2 Cash plus investment, less application of funds

The purpose of this measure is to understand how the municipality applies its available cash and investments. In the City's case, the total of cash plus investment, less applications, is more than the commitments for each corresponding year of the 2011 MTREF, which shows that the City can afford its commitments in the medium term.

### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

This measure outlines the level of financial risk should the municipality be under stress (i.e. the number of times that average monthly payments are covered). This ratio is positive and averages 2,2 over the 2011 MTREF period, which shows

that adequate provision in respect of the monthly payment coverage has been made. The City's view is that one month's provision is sufficient, given its demonstrated ability to meet its obligations.

### 2.6.5.4 Surplus/deficit excluding depreciation offsets

This measure highlights whether revenue levels are sufficient to conclude that the community is making a significant contribution to the municipal resources consumed each year. In respect of this ratio, the City shows a surplus over the 2011 MTREF, which means that the forecast tariffs and taxes are sufficient, implying that the community is making an adequate contribution to the economic benefits they receive.

### 2.6.5.5 Property rates/service charge revenue as a percentage increase, less macro inflation target

This measure tests whether the municipality is contributing appropriately to the achievement of national inflation targets. At 8,6%, 10,3% and 10,2% for the three MTREF years, this

ratio is higher than the National Treasury CPI targets. The increase can be substantiated by investigating the revenue increases relating to the following service charges:

- Rates – In the context of the economic environment in which the budget was compiled, the rates revenue increase was set at 5,9% plus 1% organic growth, making the total increase 6,9%. A higher revenue parameter increase is projected for the following year. However, it is acknowledged that the 2012/13 increase is currently set too high and will require refinement during the next budget/MTREF cycle.
- Electricity – To ensure affordability, the electricity revenue parameter was set below the proposed 20,38% NERSA/ Eskom increase for municipalities for 2011/12, despite a bulk purchase price increase of 26,71%. The City's electricity revenue parameter was set at 19,94%, 21,42% and 20,42% respectively over the three-year MTREF period. This more affordable revenue parameter was achieved through various budgetary initiatives. No service growth was factored into the 2011/12 figure, while 1% and 2% were factored in for the 2012/13 and 2013/14 years respectively. The increase in service growth over the two outer years is due to current consumption trends, which indicate an increase in the medium-term demand for electricity.
- Water and sanitation – The revenue increase for both water and sanitation was set at 8,28% for 2011/12. Lower consumption data resulted in the Water and Sanitation Department projecting service growth of 0,5%, also including an intervention of 0,4% for 2011/12. This increase was deemed necessary to ensure sufficient maintenance of current infrastructure and to allow for investment in new infrastructure, and the expected increase in water demand.
- Refuse removal – This revenue parameter increase was modelled at 5,5%, plus 2% organic growth. The increase is in line with CPI projections and is required to ensure continued and adequate service delivery.
- Service charges (other) – Revenue increased by 22%. 'Other revenue' consists of miscellaneous elements and fixed basic charges, which are based on the services above and have higher-than-CPI increases.

#### **2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue**

This is a macro measure of the rate at which funds are 'collected'. The purpose of this measure is to analyse an underlying assumed collection rate. This ratio increases from

95,2% in 2011/12 to 96,4% in 2013/14, which is lower than the provision made in the prior year's budget. The calculation includes billable and non-billable revenue (rental facilities and equipment, licences and permits, etc.).

The City's current 2010/11 collection ratio (year-to-date average for July to March, excluding non-billable revenue) outcome for property rates and service charges is 92,8%. The debt impairment percentage of total billable revenue is an accurate reflection of the City's collection ratio (100% less billable revenue, which equates to 94%). This collection ratio, even though higher than the previous years, is deemed realistic, due to new initiatives to be implemented in 2011/12 to improve revenue collections.

#### **2.6.5.7 Debt impairment expense as a percentage of billable revenue**

This measure indicates whether the provision for debt impairment is being adequately funded. It is based on the underlying assumption that the provision for debt impairment has to be increased to off-set under-collection. This ratio is consistent with the forecast average debt collection rate.

#### **2.6.5.8 Capital payments as a percentage of capital expenditure**

The purpose of this measure is to understand whether the timing of payments is being taken into consideration when forecasting the cash position. A 100% ratio over the forecast 2011/12 MTREF points to the fact that the capital assets payments on the cash flow budget equal the total of the capital expenditure budget. This relates to the manner in which the City treats payments in respect of capital expenditure. It is anticipated that the City will spend 100% of its capital budget.

#### **2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measure is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds. The City's long-term borrowing is undertaken in terms of Chapter 6 of the MFMA, in terms of which a long-term loan will be entered into only if it is affordable and sustainable. This ratio shows that the City's borrowing is less than its capital expenditure, and therefore sustainable and compliant with the MFMA.

#### **2.6.5.10 Transfers/grants revenue as a percentage of government transfers/grants available**

The purpose of this measure is to ensure that all available transfers from all spheres of government have been included in the budget. The outcome of this ratio for the City will not equate to 100%, due to the following:

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- Over and above the national and provincial 2011/12 allocations to the City, the City's 2011/12 grants budget includes:
  - o grants from Province and National Government rolled over from previous years; and
  - o funds/reserves, inclusive of interest accrued from grants, which stem from previous national and provincial transfers.
- The City's 2011/12 grants budget excludes:
  - o indirect national and provincial allocations that do not flow through the City's budget; and
  - o the value-added tax portion of certain national allocations.

### 2.6.5.11 Consumer debtors change (current and non-current)

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. The increase in this ratio is driven by the increase in consumer debtors, other debtors and long-term receivables.

### 2.6.5.12 Long-term receivables percentage change

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. The actual outcome for this ratio shows a continuous decreasing trend. Furthermore, it remains acceptable and constant over the 2011/12 MTREF period. The continuous decline in this ratio is due to new loans, such as car loans and housing loans,

no longer being allowed. Long-term receivables are therefore being reduced by an annual average of 5%.

### 2.6.5.13 Repairs and maintenance expenditure level

This ratio indicates whether sufficient provision is made for repairs and maintenance of property, plant and equipment. It shows a reducing trend, indicating that maintenance backlogs are increasing. The decline in the ratio is due to property, plant and equipment (PPE) increasing at a higher percentage than repairs and maintenance. The increase of the PPE results from the inclusion of the IRT system and Cape Town Stadium in the PPE measure. Both of these are new capital assets, and therefore inflate the total PPE figure. The City has acknowledged that the repairs and maintenance budget is not at an acceptable level, and has increased repairs and maintenance allocations above CPI over the past three years. This trend continues in the 2011/12 MTREF.

### 2.6.5.14 Asset renewal percentage of capital budget

This measure focuses on the credibility of asset renewal plan levels. The objective is to summarise and understand the proportion of budgets being provided for new assets and asset sustainability. This ratio outcome decreases from 38,7% in 2011/12 to 28,3% in 2013/14. The outcome is distorted and understated due to the inclusion of mega projects such as IRT in the capital budget. Excluding IRT, this ratio equals 50,67% (which is above the national norm of 40% as stated in Circular 55). The consistent trend shows that the budget is credible and sustainable.

## 2.7 EXPENDITURE ON GRANTS, AND RECONCILIATIONS OF UNSPENT FUNDS

**TABLE 55: MBRR TABLE SA19 – EXPENDITURE ON TRANSFERS AND GRANT PROGRAMMES**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast
<b>EXPENDITURE:</b>									
<b>Operating expenditure of transfers and grants</b>									
<b>National Government:</b>	<b>1 498 565</b>	<b>1 804 254</b>	<b>2 522 834</b>	<b>1 046 000</b>	<b>1 043 258</b>	<b>1 043 258</b>	<b>1 356 841</b>	<b>1 437 256</b>	<b>1 394 874</b>
Restructuring	49 131	58 857	–	5 555	6 304	6 304	7 024	–	–
Finance management grant	1 633	–	750	1 000	1 325	1 325	1 210	1 250	1 300
Department of Water Affairs	–	4 271	9 410	–	8 461	8 461	–	–	–
Municipal infrastructure grant	1 188	–	327 790	4 619	4 619	4 619	–	–	–
2010 FIFA WC™ host city operating grant	–	–	665 188	27 780	27 780	27 780	–	–	–
Public Transport Infrastructure and Systems grant	450	–	885 305	147 273	131 176	131 176	340 782	307 014	191 570
Department of Environmental Affairs and Tourism	4 138	8 744	19 991	10 883	14 153	14 153	193	180	180
Equitable share	334 517	486 734	610 891	847 566	847 566	847 566	981 689	1 102 820	1 176 331
Housing accreditation	266	–	–	820	820	820	890	938	989
Local Government SETA	–	–	–	504	504	504	504	504	504
RSC levies	1 107 242	1 245 648	–	–	–	–	–	–	–
Electricity demand-side management	–	–	3 509	–	–	–	–	–	–
South African National Biodiversity Institute	–	–	–	–	550	550	550	550	–
Urban settlements development grant	–	–	–	–	–	–	24 000	24 000	24 000

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TABLE 55: MBRR TABLE SA19 – EXPENDITURE ON TRANSFERS AND GRANT PROGRAMMES CONTINUED									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13
R thousand									
<b>Province:</b>	<b>162 181</b>	<b>395 343</b>	<b>510 715</b>	<b>405 494</b>	<b>450 279</b>	<b>450 279</b>	<b>522 086</b>	<b>774 992</b>	<b>858 213</b>
Local Government and Housing – fire-fighting assistance	1 500	871	500	335	434	434	–	–	–
Cultural Affairs and Sport – library services	10 031	14 696	19 520	15 990	14 408	14 408	16 464	–	–
Local Government and Housing – housing	97 076	320 424	359 880	155 000	155 000	155 000	181 330	452 030	513 672
Local Government and Housing – Accreditation	–	–	–	1 000	1 000	1 000	1 700	1 000	1 054
Local Government and Housing – settlement assistance	–	–	–	393	393	393	–	–	–
Sustainable transport	11 717	–	–	10 300	–	–	–	–	–
Health – TB	4 523	–	8 933	9 185	9 185	9 185	9 644	10 165	10 714
Health – Global Fund	3 171	–	4 016	–	17 851	17 851	26 034	43 010	50 012
Health – ARV	20 986	–	46 899	47 509	62 546	62 546	66 589	64 957	68 465
Health – nutrition	3 008	–	3 519	3 836	3 836	3 836	4 020	4 252	4 482
Health – vaccines	7 952	59 352	35 027	31 978	49 274	49 274	67 261	47 860	50 444
Comprehensive health	65	–	–	128 321	128 321	128 321	134 609	141 718	149 371
Other	–	–	32 421	1 202	350	350	–	–	–
Table Mountain Biosphere	–	–	–	100	204	204	–	–	–
Mamre fencing	–	–	–	94	94	94	94	–	–
Heritage audit	–	–	–	250	250	250	250	–	–
2010 FIFA World Cup™	2 153	–	–	–	2 000	2 000	–	–	–
Mobility strategy	–	–	–	–	5 133	5 133	10 000	10 000	10 000
Comprehensive integrated transport plan	–	–	–	–	–	–	2 900	–	–
Rail park and ride facilities	–	–	–	–	–	–	1 190	–	–
<b>Other grant providers:</b>	<b>14 324</b>	<b>26 263</b>	<b>105 724</b>	<b>26 788</b>	<b>27 822</b>	<b>27 822</b>	<b>18 889</b>	<b>4 220</b>	<b>4 448</b>
Sunwest International	–	–	700	350	350	350	–	–	–
Tourism	534	2 597	–	5 155	2 600	2 600	4 000	4 220	4 448
Carnegie	5 800	5 252	7 971	12 294	10 033	10 033	13 940	–	–
CMTF	–	–	89 075	6 100	9 197	9 197	150	–	–
Other	3 878	4 087	7 847	964	964	964	30	–	–
Mamre Trust	1	–	131	355	–	–	150	–	–
MSF Funding	–	–	–	613	573	573	–	–	–
Baboon Management	–	–	–	300	300	300	–	–	–
Solar Energy	–	–	–	146	146	146	146	–	–
Cities for Climate Protection	–	–	–	329	329	329	329	–	–
Neil Desai Skills Development Project	–	–	–	37	37	37	–	–	–
ICLEI: carbon taxes	–	–	–	144	144	144	144	–	–
CID	–	216	–	–	1 876	1 876	–	–	–
DBSA	4 111	688	–	–	–	–	–	–	–
Bill Gates	–	13 234	–	–	–	–	–	–	–
World Health Organisation	–	189	–	–	–	–	–	–	–
OUTsurance	–	–	–	–	567	567	–	–	–
Rietvlei Conservation Fund	–	–	–	–	305	305	–	–	–
National Lottery Board	–	–	–	–	87	87	–	–	–
University of Columbia	–	–	–	–	313	313	–	–	–
<b>Total operating expenditure of transfers and grants</b>	<b>1 675 071</b>	<b>2 225 860</b>	<b>3 139 273</b>	<b>1 478 282</b>	<b>1 521 358</b>	<b>1 521 358</b>	<b>1 897 816</b>	<b>2 216 468</b>	<b>2 257 535</b>

TABLE 55: MBRR TABLE SA19 – EXPENDITURE ON TRANSFERS AND GRANT PROGRAMMES CONTINUED									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Capital expenditure of transfers and grants</b>									
<b>National Government:</b>	<b>1 071 282</b>	<b>2 423 827</b>	<b>1 672 706</b>	<b>1 045 900</b>	<b>1 295 433</b>	<b>1 295 433</b>	<b>2 363 713</b>	<b>2 380 463</b>	<b>2 484 527</b>
Department of Environmental Affairs and Tourism: Marine and Coastal Management	–	–	57	–	10	10	–	–	–
Department of Water Affairs and Forestry: Water Affairs and Forestry Grant	–	–	–	–	7 699	7 699	–	–	–
Minerals and Energy: Electricity demand-side management (Eskom) grant	–	–	2 519	17 544	18 533	18 533	17 544	–	–
Minerals and Energy: Integrated national electrification programme (municipal) grant	15 376	22 076	8 760	7 018	7 018	7 018	4 386	17 544	17 544
National Government – Other: Previous years' DORA allocations	607	198	131	150	167	167	350	–	1 000
National Treasury: Local government finance management grant	170	4 235	1 044	–	2 390	2 390	40	–	–
National Treasury: Local government restructuring grant	42 837	51 819	26 798	3 550	6 462	6 462	–	–	–
National Treasury: Neighbourhood development partnership grant	6 244	49 292	39 266	95 000	98 152	98 152	77 500	84 226	80 000
National Treasury: Other	3 479	5 202	5 184	12 731	10 931	10 931	25 650	23 600	2 000
National Treasury: Urban settlements development grant	–	–	–	–	–	–	779 025	982 107	975 553
Provincial and Local Government: Municipal infrastructure grant (MIG Cities)	156 124	382 846	304 946	379 107	308 700	308 700	–	–	–
Sport and Recreation SA: 2010 FIFA World Cup™ stadiums development grant	813 964	1 601 122	511 357	55 000	64 000	64 000	–	–	–
Transport: Public transport infrastructure and systems grant	32 481	307 037	772 646	475 800	771 371	771 371	1 459 218	1 272 986	1 408 430

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TABLE 55: MBRR TABLE SA19 – EXPENDITURE ON TRANSFERS AND GRANT PROGRAMMES CONTINUED									
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Province:</b>	<b>154 698</b>	<b>477 059</b>	<b>253 151</b>	<b>589 900</b>	<b>419 539</b>	<b>419 539</b>	<b>297 446</b>	<b>239 974</b>	<b>186 711</b>
Cultural Affairs and Sport: Development of sport and recreation facilities	972	213 215	3 445	–	108	108	–	–	–
Cultural Affairs and Sport: library services (conditional grant)	–	–	2 762	8 277	10 437	10 437	6 300	–	–
Health: Global Fund	–	6 641	2 841	–	2 585	2 585	2 230	–	–
Housing: Integrated housing and human settlement development grant	76 040	156 243	166 671	561 083	365 252	365 252	261 415	232 974	186 711
Housing: Previous years' gazetted allocations	2 088	7 431	19 889	–	940	940	–	–	–
Local Government: Multi-purpose centres	9 302	1 532	2 236	–	8	8	–	–	–
Provincial Government: Previous years' gazetted allocations	17 836	36 398	1 563	–	–	–	1 101	–	–
Transport and Public Works: Cape Metropolitan Transport Fund	48 335	55 600	53 743	20 540	39 608	39 608	23 100	7 000	–
Transport and Public Works: Other	125	–	–	–	600	600	3 300	–	–
<b>Other grant providers:</b>	<b>49 675</b>	<b>61 455</b>	<b>68 988</b>	<b>64 379</b>	<b>60 180</b>	<b>60 180</b>	<b>54 200</b>	<b>42 881</b>	<b>40 300</b>
Other: Other	49 675	61 455	68 988	64 379	60 180	60 180	54 200	42 881	40 300
<b>Total capital expenditure of transfers and grants</b>	<b>1 275 655</b>	<b>2 962 341</b>	<b>1 994 844</b>	<b>1 700 179</b>	<b>1 775 151</b>	<b>1 775 151</b>	<b>2 715 359</b>	<b>2 663 318</b>	<b>2 711 539</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>2 950 726</b>	<b>5 188 201</b>	<b>5 134 117</b>	<b>3 178 461</b>	<b>3 296 509</b>	<b>3 296 509</b>	<b>4 613 175</b>	<b>4 879 786</b>	<b>4 969 073</b>



## 2.8 COUNCILLOR AND EMPLOYEE BENEFITS

TABLE 56: MBRR TABLE SA22 – SUMMARY OF COUNCILLOR AND STAFF BENEFITS									
Summary of Employee and Councillor remuneration	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Councillors (political office-bearers plus other)</b>									
Salary	42 747	47 334	51 602	67 164	67 164	67 164	79 175	84 321	89 717
Pension contributions	6 711	6 971	7 455	–	–	–	–	–	–
Medical aid contributions	–	–	–	–	–	–	–	–	–
Motor vehicle allowance	17 228	–	–	–	–	–	–	–	–
Cellphone allowance	2 102	–	–	2 745	2 745	2 745	3 219	3 428	3 647
Housing allowance	2 147	–	–	–	–	–	–	–	–
Other benefits or allowances	–	23 324	25 394	22 388	22 388	22 388	26 392	28 107	29 906
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – councillors</b>	<b>70 935</b>	<b>77 629</b>	<b>84 451</b>	<b>92 296</b>	<b>92 296</b>	<b>92 296</b>	<b>108 786</b>	<b>115 856</b>	<b>123 270</b>
<b>% increase</b>	<b>–</b>	<b>9,4%</b>	<b>8,8%</b>	<b>9,3%</b>	<b>–</b>	<b>–</b>	<b>17,9%</b>	<b>6,5%</b>	<b>6,4%</b>
<b>Senior managers of the municipality</b>									
Salary	10 191	11 135	12 339	12 491	12 491	12 491	13 494	14 830	16 284
Pension contributions	1 392	1 557	1 657	1 390	1 390	1 390	1 455	1 599	1 756
Medical aid contributions	–	–	–	273	273	273	266	292	321
Motor vehicle allowance	847	938	831	796	796	796	729	801	879
Cellphone allowance	–	–	–	142	142	142	101	111	122
Housing allowance	–	–	–	–	–	–	–	–	–
Performance bonus	801	1 235	86	1 241	1 241	1 241	1 427	1 568	1 722
Other benefits or allowances	–	–	–	69	69	69	763	839	920
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – senior managers of municipality</b>	<b>13 231</b>	<b>14 865</b>	<b>14 913</b>	<b>16 402</b>	<b>16 402</b>	<b>16 402</b>	<b>18 235</b>	<b>20 040</b>	<b>22 004</b>
<b>% increase</b>	<b>–</b>	<b>12,3%</b>	<b>0,3%</b>	<b>10,0%</b>	<b>–</b>	<b>–</b>	<b>11,2%</b>	<b>9,9%</b>	<b>9,8%</b>
<b>Other municipal staff</b>									
Basic salaries and wages	2 638 848	2 922 923	3 528 269	4 300 933	4 189 152	4 189 152	4 690 630	5 170 919	5 689 347
Pension contributions	374 654	439 886	499 657	763 177	701 950	701 950	821 004	902 284	990 707
Medical aid contributions	220 000	255 726	301 345	356 800	356 800	356 800	381 317	418 188	458 242
Motor vehicle allowance	150 770	154 677	155 811	156 992	163 757	163 757	179 744	197 539	216 898
Cellphone allowance	–	10 247	11 734	11 947	11 975	11 975	12 591	13 837	15 193
Housing allowance	50 580	55 926	43 831	48 531	48 531	48 531	40 397	44 396	48 747
Overtime	193 460	226 815	260 779	210 287	225 759	225 759	252 934	277 954	305 194
Performance bonus	–	–	–	–	–	–	–	–	–
Other benefits or allowances	511 802	456 503	770 828	637 870	603 796	603 796	694 796	736 887	794 006
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – other municipal staff</b>	<b>4 140 114</b>	<b>4 522 703</b>	<b>5 572 254</b>	<b>6 486 537</b>	<b>6 301 720</b>	<b>6 301 720</b>	<b>7 073 413</b>	<b>7 762 004</b>	<b>8 518 334</b>
<b>% increase</b>	<b>–</b>	<b>9,2%</b>	<b>23,2%</b>	<b>16,4%</b>	<b>(2,8%)</b>	<b>–</b>	<b>12,2%</b>	<b>9,7%</b>	<b>9,7%</b>
<b>Total parent municipality</b>	<b>4 224 280</b>	<b>4 615 197</b>	<b>5 671 618</b>	<b>6 595 236</b>	<b>6 410 418</b>	<b>6 410 418</b>	<b>7 200 434</b>	<b>7 897 900</b>	<b>8 663 608</b>
	<b>–</b>	<b>9,3%</b>	<b>22,9%</b>	<b>16,3%</b>	<b>(2,8%)</b>	<b>–</b>	<b>12,2%</b>	<b>9,7%</b>	<b>9,7%</b>

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<b>TABLE 56: MBRR TABLE SA22 – SUMMARY OF COUNCILLOR AND STAFF BENEFITS CONTINUED</b>									
Summary of Employee and Councillor remuneration	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Board members of entities</b>									
Salary	–	–	–	–	–	–	–	–	–
Pension contributions	–	–	–	–	–	–	–	–	–
Medical aid contributions	–	–	–	–	–	–	–	–	–
Motor vehicle allowance	–	–	–	–	–	–	–	–	–
Cellphone allowance	–	–	–	–	–	–	–	–	–
Housing allowance	–	–	–	–	–	–	–	–	–
Board fees	329	321	459	653	653	653	656	697	737
Other benefits and allowances	–	–	–	–	–	–	–	–	–
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – board members of entities</b>	<b>329</b>	<b>321</b>	<b>459</b>	<b>653</b>	<b>653</b>	<b>653</b>	<b>656</b>	<b>697</b>	<b>737</b>
<b>% increase</b>	<b>–</b>	<b>(2,5%)</b>	<b>43,0%</b>	<b>42,3%</b>	<b>–</b>	<b>–</b>	<b>0,5%</b>	<b>6,3%</b>	<b>5,7%</b>
<b>Senior managers of entities</b>									
Salary	858	1 694	1 893	2 509	2 509	2 509	2 664	2 834	3 012
Pension contributions	–	–	–	–	–	–	–	–	–
Medical aid contributions	–	–	–	–	–	–	–	–	–
Motor vehicle allowance	86	116	111	90	90	90	99	109	120
Cellphone allowance	–	–	–	–	–	–	–	–	–
Housing allowance	–	–	–	–	–	–	–	–	–
Performance bonus	–	–	–	–	–	–	137	145	153
Other benefits or allowances	–	–	–	–	–	–	–	–	–
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – senior managers of entities</b>	<b>944</b>	<b>1 810</b>	<b>2 004</b>	<b>2 599</b>	<b>2 599</b>	<b>2 599</b>	<b>2 900</b>	<b>3 087</b>	<b>3 284</b>
<b>% increase</b>	<b>–</b>	<b>91,6%</b>	<b>10,7%</b>	<b>29,7%</b>	<b>–</b>	<b>–</b>	<b>11,6%</b>	<b>6,5%</b>	<b>6,4%</b>
<b>Other staff of entities</b>									
Basic salaries and wages	18 696	22 603	27 558	29 875	31 736	31 736	32 285	34 703	37 268
Pension contributions	–	–	–	–	–	–	–	–	–
Medical aid contributions	–	–	–	–	–	–	–	–	–
Motor vehicle allowance	–	–	–	–	–	–	–	–	–
Cellphone allowance	–	–	–	–	–	–	–	–	–
Housing allowance	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance bonus	–	–	–	–	–	–	17	18	19
Other benefits or allowances	–	–	–	–	–	–	–	–	–
In-kind benefits	–	–	–	–	–	–	–	–	–
<b>Subtotal – other staff of entities</b>	<b>18 696</b>	<b>22 603</b>	<b>27 558</b>	<b>29 875</b>	<b>31 736</b>	<b>31 736</b>	<b>32 303</b>	<b>34 722</b>	<b>37 287</b>
<b>% increase</b>	<b>–</b>	<b>20,9%</b>	<b>21,9%</b>	<b>8,4%</b>	<b>6,2%</b>	<b>–</b>	<b>1,8%</b>	<b>7,5%</b>	<b>7,4%</b>
<b>Total municipal entities</b>	<b>19 970</b>	<b>24 734</b>	<b>30 021</b>	<b>33 127</b>	<b>34 988</b>	<b>34 988</b>	<b>35 859</b>	<b>38 506</b>	<b>41 308</b>
<b>TOTAL SALARY, ALLOWANCES AND BENEFITS</b>	<b>4 244 250</b>	<b>4 639 931</b>	<b>5 701 639</b>	<b>6 628 363</b>	<b>6 445 406</b>	<b>6 445 406</b>	<b>7 236 293</b>	<b>7 936 406</b>	<b>8 704 916</b>
<b>% increase</b>	<b>–</b>	<b>9,3%</b>	<b>22,9%</b>	<b>16,3%</b>	<b>(2,8%)</b>	<b>–</b>	<b>12,3%</b>	<b>9,7%</b>	<b>9,7%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>4 172 986</b>	<b>4 561 981</b>	<b>5 616 729</b>	<b>6 535 413</b>	<b>6 352 457</b>	<b>6 352 457</b>	<b>7 126 851</b>	<b>7 819 853</b>	<b>8 580 909</b>

<b>TABLE 57: MBRR TABLE SA23 – SALARIES, ALLOWANCES AND BENEFITS (POLITICAL OFFICE-BEARERS/ COUNCILLORS/SENIOR MANAGERS)</b>						
<b>Disclosure of salaries, allowances and benefits</b>						
<b>Rand per annum</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance bonuses</b>	<b>In-kind benefits</b>	<b>Total package</b>
<b>Councillors</b>						
Speaker	665 336	–	242 426	–	–	907 762
Chief Whip	623 752	–	228 565	–	–	852 317
Executive Mayor	831 669	–	318 578	–	–	1 150 247
Deputy Executive Mayor	665 335	–	242 426	–	–	907 761
Executive Committee	7 485 027	–	2 742 783	–	–	10 227 810
Total for all other councillors	68 903 685	–	25 836 237	–	–	94 739 922
<b>Total councillors</b>	<b>79 174 804</b>	<b>–</b>	<b>29 611 015</b>	<b>–</b>	<b>–</b>	<b>108 785 819</b>
<b>Senior managers of the municipality</b>						
Municipal Manager (MM)	1 410 938	322 744	18 000	214 510	–	1 966 192
Chief Financial Officer	1 010 992	266 001	139 057	174 143	–	1 590 193
Executive Director – Strategy and Planning	1 302 633	–	–	170 438	–	1 473 071
Executive Director – Corporate Services	1 071 476	236 030	78 000	170 438	–	1 555 944
Executive Director – Health	904 743	250 273	147 684	161 241	–	1 463 941
Executive Director – Community Services	1 085 667	226 848	103 680	–	–	1 416 195
Executive Director – Housing	1 126 296	250 391	–	–	–	1 376 687
Executive Director – Safety and Security	984 732	192 679	115 891	–	–	1 293 302
Executive Director – Utility Services	1 163 284	191 000	65 160	181 359	–	1 600 803
Executive Director – Economic and Social Development	996 924	224 735	77 040	–	–	1 298 699
Executive Director – Transport, Roads and Major Projects	1 283 727	282 967	–	193 839	–	1 760 533
Chief Audit Executive	1 152 918	40 570	85 087	160 883	–	1 439 458
<b>Total senior managers of the municipality</b>	<b>13 494 330</b>	<b>2 484 238</b>	<b>829 599</b>	<b>1 426 851</b>	<b>–</b>	<b>18 235 018</b>
<b>Convenco</b>						
Variable per meeting –						
Board meetings: Chairperson R3 526, member R2 623	395 900	–	–	–	–	395 900
Chief Executive Officer (CEO)	1 391 000	–	–	–	–	1 391 000
<b>Khayelitsha Community Trust</b>						
Variable per meeting –						
Board meetings: Chairperson R3 526, member R2 623	260 000	–	–	–	–	260 000
Chief Executive Officer (CEO)	603 977	–	99 000	70 298	–	773 275
Chief Financial Officer (CFO)	668 981	–	–	66 898	–	735 879
<b>Total for municipal entities</b>	<b>3 319 858</b>	<b>–</b>	<b>99 000</b>	<b>137 196</b>	<b>–</b>	<b>3 556 054</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR AND EXECUTIVE REMUNERATION</b>	<b>95 988 992</b>	<b>2 484 238</b>	<b>30 539 614</b>	<b>1 564 047</b>	<b>–</b>	<b>130 576 891</b>

## Part 2 – Supporting documentation continued

**TABLE 58: MBRR TABLE SA24 – SUMMARY OF PERSONNEL NUMBERS**

Summary of personnel numbers	2009/10			Current year 2010/11			Budget year 2011/12			
	Number	Positions	Per-manent employees	Contract employees	Positions	Per-manent employees	Contract employees	Positions	Per-manent employees	Contract employees
<b>Municipal council and boards of municipal entities</b>										
Councillors (political office-bearers plus other councillors)	210	–	210	210	–	210	220	–	220	
Board members of municipal entities	–	–	–	–	–	–	–	–	–	–
<b>Municipal employees</b>										
Municipal manager and senior managers	12	12	–	12	–	12	12	–	12	
Other managers	666	666	–	670	–	–	754	741	13	
Professionals	1 049	1 046	3	1 593	1 561	33	1 710	1 583	80	
<i>Finance</i>	123	122	1	203	193	10	198	194	4	
<i>Spatial/town planning</i>	15	14	1	27	27	–	27	27	–	
<i>Information technology</i>	54	54	–	153	152	1	162	161	1	
<i>Roads</i>	42	41	1	67	65	2	87	85	2	
<i>Electricity</i>	68	68	–	127	124	3	143	140	3	
<i>Water</i>	74	74	–	148	148	1	147	145	2	
<i>Sanitation</i>	49	49	–	56	56	–	47	–	–	
<i>Refuse</i>	9	9	–	41	41	–	50	49	1	
<i>Other</i>	615	615	–	771	755	16	849	782	67	
Technicians	2 077	2 072	5	2 670	1 915	196	2 375	2 026	349	
<i>Finance</i>	62	59	3	32	32	–	29	29	–	
<i>Spatial/town planning</i>	5	5	–	2	2	–	2	2	–	
<i>Information technology</i>	70	68	2	88	88	–	90	90	–	
<i>Roads</i>	79	79	–	41	41	–	43	43	–	
<i>Electricity</i>	321	321	–	198	198	–	205	205	–	
<i>Water</i>	292	292	–	113	113	–	140	140	–	
<i>Sanitation</i>	97	97	–	51	51	–	28	28	–	
<i>Refuse</i>	66	66	–	34	34	–	34	34	–	
<i>Other</i>	1 085	1 085	–	2 111	1 356	196	1 804	1 455	349	
Clerks (clerical and administrative)	4 368	4 283	85	5 795	5 535	260	5 829	5 560	269	
Service and sales workers	4 286	3 906	380	2 867	2 671	196	2 905	2 675	230	
Skilled agricultural and fishery workers	1	1	–	–	–	–	–	–	–	
Craft and related trades	815	813	2	2 163	2 160	3	2 204	2 201	3	
Plant and machine operators	1 762	1 761	1	3 096	3 074	22	3 103	3 080	23	
Elementary occupations	6 501	6 498	3	6 300	6 091	209	6 193	6 066	127	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>21 747</b>	<b>21 058</b>	<b>689</b>	<b>25 376</b>	<b>23 007</b>	<b>1 141</b>	<b>25 305</b>	<b>23 932</b>	<b>1 326</b>	
<b>% increase</b>	–	–	–	16,7%	9,3%	65,6%	(0,3%)	4,0%	16,2%	
<b>Total municipal employees headcount</b>										
Finance personnel headcount	1 403	1 377	26	1 471	1 462	9	1 505	1 478	27	
Human resources personnel headcount	287	279	8	346	319	27	435	407	28	



*Reducing the vehicle accident rate on the City's roads is a key objective of the Traffic Services and Metro Police Departments*

## Part 2 – Supporting documentation continued

### 2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

TABLE 59: MBRR TABLE SA25 – BUDGETED MONTHLY REVENUE AND EXPENDITURE

Description	Budget Year 2011/12					
	R thousand	July	August	September	October	November
<b>Revenue by source</b>						
Property rates	317 141	405 199	382 770	391 862	370 960	401 244
Property rates – penalties and collection charges	7 147	7 147	7 147	7 147	7 147	7 147
Service charges – electricity revenue	683 722	703 723	762 224	570 674	689 352	622 071
Service charges – water revenue	112 646	119 740	128 608	137 728	155 311	155 311
Service charges – sanitation revenue	72 414	72 414	74 384	82 265	89 161	79 309
Service charges – refuse revenue	58 540	68 125	70 340	70 340	69 180	69 180
Service charges – other	50 254	52 840	53 302	48 814	51 091	50 374
Rental of facilities and equipment	22 076	22 076	21 989	21 989	21 989	21 989
Interest earned – external investments	15 911	15 911	15 911	15 911	15 911	16 661
Interest earned – outstanding debtors	18 195	18 195	18 195	18 195	18 195	18 195
Dividends received	–	–	–	–	–	–
Fines	15 273	14 233	11 113	15 574	15 574	15 574
Licences and permits	2 819	2 923	2 819	2 507	2 507	2 507
Agency services	7 616	8 916	9 666	9 666	9 666	9 666
Transfers recognised – operational	127 826	131 251	135 736	155 440	163 009	155 039
Other revenue	158 057	157 717	157 719	157 717	157 728	160 207
Gains on disposal of PPE	1 524	208	1 753	1 753	1 753	9 977
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 671 160</b>	<b>1 800 617</b>	<b>1 853 676</b>	<b>1 707 582</b>	<b>1 838 533</b>	<b>1 794 450</b>
<b>Expenditure by type</b>						
Employee-related costs	591 163	591 123	591 053	590 705	590 701	590 641
Remuneration of councillors	9 065	9 065	9 065	9 065	9 065	9 065
Debt impairment	86 664	86 664	86 664	86 664	86 664	86 664
Depreciation and asset impairment	113 402	113 402	113 402	113 402	113 402	113 402
Finance charges	63 864	63 864	63 864	63 864	63 864	63 864
Bulk purchases	23 287	746 400	714 710	410 877	409 832	400 617
Other materials	26 228	26 138	26 836	26 679	27 367	24 929
Contracted services	148 135	164 098	180 663	180 979	195 424	185 268
Transfers and grants	7 249	7 249	7 629	7 629	7 629	13 257
Other expenditure	231 887	226 855	235 963	259 130	269 004	270 619
Loss on disposal of PPE	–	–	–	–	–	–
<b>Total expenditure</b>	<b>1 300 945</b>	<b>2 034 858</b>	<b>2 029 850</b>	<b>1 748 994</b>	<b>1 772 952</b>	<b>1 758 325</b>
<b>Surplus/(deficit)</b>	<b>370 215</b>	<b>(234 240)</b>	<b>(176 174)</b>	<b>(41 412)</b>	<b>65 581</b>	<b>36 125</b>
Transfers recognised – capital	66 081	133 531	110 429	194 083	151 585	279 097
Contributions recognised – capital	16 483	1 530	2 084	3 129	3 194	1 789
Contributed assets	–	–	–	–	–	–
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>452 779</b>	<b>(99 179)</b>	<b>(63 661)</b>	<b>155 800</b>	<b>220 360</b>	<b>317 011</b>
Taxation	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–
Share of surplus/(deficit) of associate	–	–	–	–	–	–
<b>Surplus/(deficit)</b>	<b>452 779</b>	<b>(99 179)</b>	<b>(63 661)</b>	<b>155 800</b>	<b>220 360</b>	<b>317 011</b>

Budget Year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
406 734	369 505	353 288	416 255	387 587	379 440	4 581 985	5 067 554	5 483 728
7 147	7 147	7 147	7 147	7 147	7 147	85 759	96 389	102 610
662 534	673 075	677 718	617 913	660 227	802 431	8 125 664	9 945 832	12 197 910
196 102	181 914	171 273	174 820	157 084	137 558	1 828 095	2 037 247	2 268 485
97 041	88 175	88 175	98 027	85 220	64 533	991 118	1 104 064	1 230 022
69 180	69 180	69 180	69 180	69 149	68 836	820 410	880 289	943 689
57 416	53 646	50 478	52 366	52 496	52 294	625 371	715 707	825 988
21 989	21 989	21 989	21 989	21 989	21 990	264 043	274 609	287 769
15 911	15 911	15 911	15 911	15 911	16 655	192 426	219 741	273 743
18 195	18 195	18 195	18 195	18 195	18 190	218 335	230 343	242 832
–	–	–	–	–	–	–	–	–
15 574	15 574	15 574	15 574	15 574	21 681	186 892	197 171	207 819
2 507	2 403	2 403	2 299	2 177	2 175	30 046	31 699	33 410
9 666	9 666	9 666	9 666	9 666	12 467	115 993	115 993	115 993
155 814	157 854	163 514	168 444	175 424	208 465	1 897 816	2 216 468	2 257 535
160 205	160 205	160 207	160 205	160 205	162 110	1 912 282	2 001 100	2 125 446
833	11 330	6 269	5 769	31 103	32 728	105 000	55 000	70 803
<b>1 896 848</b>	<b>1 855 769</b>	<b>1 830 986</b>	<b>1 853 760</b>	<b>1 869 154</b>	<b>2 008 700</b>	<b>21 981 235</b>	<b>25 189 207</b>	<b>28 667 782</b>
591 197	591 161	591 112	591 027	590 898	590 867	7 091 648	7 782 044	8 540 338
9 065	9 065	9 065	9 065	9 065	9 065	108 786	115 857	123 272
86 664	86 664	86 664	86 664	86 664	86 664	1 039 970	1 160 460	1 345 183
113 402	113 402	113 402	113 402	113 402	145 402	1 392 823	1 476 807	1 606 205
63 864	63 864	63 864	63 864	63 864	63 864	766 367	914 347	1 070 070
381 387	389 862	380 733	414 531	391 021	1 122 620	5 785 876	7 365 579	9 171 558
24 927	26 898	26 509	25 968	26 183	30 654	319 316	348 284	379 292
181 703	191 988	206 885	203 374	212 035	269 615	2 320 168	2 655 977	2 916 923
7 629	7 629	7 629	7 629	7 629	7 629	96 419	98 193	103 871
260 723	281 788	283 590	263 212	274 936	362 797	3 220 503	3 590 887	3 767 782
–	–	–	–	–	–	–	–	–
<b>1 720 562</b>	<b>1 762 323</b>	<b>1 769 454</b>	<b>1 778 736</b>	<b>1 775 699</b>	<b>2 689 177</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>176 286</b>	<b>93 445</b>	<b>61 533</b>	<b>75 024</b>	<b>93 455</b>	<b>(680 477)</b>	<b>(160 640)</b>	<b>(319 229)</b>	<b>(356 712)</b>
136 004	219 942	260 089	304 132	305 261	500 925	2 661 159	2 620 437	2 671 239
2 119	3 379	3 883	4 992	4 983	6 635	54 200	42 881	40 300
–	–	–	–	–	–	–	–	–
<b>314 409</b>	<b>316 766</b>	<b>325 505</b>	<b>383 148</b>	<b>403 699</b>	<b>(172 917)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
<b>314 409</b>	<b>316 766</b>	<b>325 505</b>	<b>383 148</b>	<b>403 699</b>	<b>(172 917)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

## Part 2 – Supporting documentation continued

**TABLE 60: MBRR TABLE SA26 – BUDGETED MONTHLY REVENUE AND EXPENDITURE (MUNICIPAL VOTE)**

Description	Budget year 2011/12					
	R thousand	July	August	September	October	November
<b>Revenue by vote</b>						
Vote 1 – Community Services	6 677	7 203	7 942	10 643	13 542	9 592
Vote 2 – Corporate Services	796	796	896	896	896	3 184
Vote 3 – Economic and Social Development	7 549	6 586	7 781	8 581	7 981	16 307
Vote 4 – Finance	30 387	31 307	32 057	32 057	32 057	32 170
Vote 5 – Health	31 602	31 602	31 602	31 602	31 312	31 102
Vote 6 – Housing	31 786	45 976	58 716	62 202	71 111	68 136
Vote 7 – Internal Audit	–	–	–	–	–	–
Vote 8 – Office of the City Manager	187	1 787	1 787	1 887	1 687	987
Vote 9 – Rates and Other	537 489	625 547	603 118	612 211	591 308	621 592
Vote 10 – Safety and Security	19 327	18 399	15 407	19 846	19 407	19 858
Vote 11 – Strategy and Planning	6 265	6 265	6 682	6 557	6 672	6 265
Vote 12 – Transport, Roads and Major Projects	72 439	121 586	88 488	183 387	137 548	270 265
Vote 13 – Utility Services	1 009 218	1 038 624	1 111 710	934 922	1 079 786	995 879
<b>Total revenue by vote</b>	<b>1 753 722</b>	<b>1 935 678</b>	<b>1 966 186</b>	<b>1 904 791</b>	<b>1 993 307</b>	<b>2 075 337</b>
<b>Expenditure by vote to be appropriated</b>						
Vote 1 – Community Services	100 159	100 769	102 357	101 639	106 041	103 025
Vote 2 – Corporate Services	144 131	127 764	129 519	130 125	135 777	131 452
Vote 3 – Economic and Social Development	26 127	26 411	27 248	27 898	27 810	28 510
Vote 4 – Finance	127 305	127 435	128 928	131 392	127 365	142 771
Vote 5 – Health	58 972	59 066	58 967	58 942	58 968	58 826
Vote 6 – Housing	49 341	50 417	53 235	55 753	61 444	53 842
Vote 7 – Internal Audit	2 683	2 683	2 800	2 736	2 702	2 847
Vote 8 – Office of the City Manager	26 463	26 456	26 716	26 769	26 784	26 705
Vote 9 – Rates and Other	55 254	55 254	55 254	55 254	55 254	55 254
Vote 10 – Safety and Security	98 278	102 778	103 156	106 548	107 669	106 589
Vote 11 – Strategy and Planning	30 423	31 492	32 119	31 706	32 305	31 550
Vote 12 – Transport, Roads and Major Projects	119 006	123 298	132 250	149 513	151 202	153 413
Vote 13 – Utility Services	462 805	1 201 036	1 177 302	870 720	879 633	863 542
<b>Total expenditure by vote</b>	<b>1 300 945</b>	<b>2 034 858</b>	<b>2 029 850</b>	<b>1 748 994</b>	<b>1 772 952</b>	<b>1 758 325</b>
<b>Surplus/(deficit) before associate</b>	<b>452 777</b>	<b>(99 180)</b>	<b>(63 664)</b>	<b>155 796</b>	<b>220 355</b>	<b>317 012</b>
Taxation	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–
Share of surplus/(deficit) of associate	–	–	–	–	–	–
<b>Surplus/(deficit)</b>	<b>452 777</b>	<b>(99 180)</b>	<b>(63 664)</b>	<b>155 796</b>	<b>220 355</b>	<b>317 012</b>



Budget year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
10 754	12 729	16 902	16 004	15 529	18 306	145 823	154 439	139 708
4 009	3 384	3 384	3 384	3 384	4 273	29 282	30 807	32 199
6 476	18 083	12 622	12 622	38 138	37 412	180 138	137 622	154 437
32 057	32 057	32 057	32 057	32 057	39 731	390 051	406 451	464 305
30 832	30 602	30 602	30 602	31 102	31 503	374 065	378 948	396 997
43 014	78 240	104 259	137 989	169 779	218 032	1 089 240	1 411 528	1 402 874
–	–	–	–	–	–	–	–	–
1 387	687	1 112	1 712	1 512	1 512	16 244	12 367	10 495
627 082	589 853	573 636	636 603	607 935	599 796	7 226 170	7 924 093	8 525 782
19 908	19 304	20 501	19 469	18 965	25 025	235 416	243 829	256 452
6 265	6 375	6 375	6 265	6 275	6 468	76 729	101 819	112 012
151 428	191 492	204 017	220 863	191 509	361 571	2 194 593	1 980 552	2 010 346
1 101 757	1 096 281	1 089 369	1 045 309	1 063 291	1 172 697	12 738 843	15 070 068	17 873 714
<b>2 034 969</b>	<b>2 079 087</b>	<b>2 094 836</b>	<b>2 162 879</b>	<b>2 179 476</b>	<b>2 516 326</b>	<b>24 696 594</b>	<b>27 852 525</b>	<b>31 379 321</b>
102 623	103 147	106 708	102 939	102 987	107 062	1 239 456	1 330 669	1 447 584
126 531	144 673	149 262	129 276	128 984	149 258	1 626 753	1 727 296	1 857 829
28 210	28 055	28 557	28 045	28 563	28 024	333 458	356 324	383 154
128 444	128 065	128 129	128 076	128 034	141 442	1 567 385	1 765 156	1 990 258
58 930	59 155	58 985	58 995	58 816	58 783	707 404	783 394	852 562
52 510	57 287	62 840	67 921	75 516	114 706	754 811	1 067 178	1 174 213
2 737	2 703	2 820	2 703	2 703	2 850	32 964	36 128	39 563
26 270	26 254	26 262	26 267	26 297	34 201	325 441	364 600	392 227
55 254	55 254	55 254	55 254	55 254	71 300	679 090	888 207	1 096 314
106 876	108 323	106 286	104 232	104 234	105 328	1 260 296	1 375 679	1 501 802
31 744	33 009	33 559	33 366	33 507	34 517	389 297	422 727	460 820
157 559	158 145	163 002	162 999	162 882	222 675	1 855 942	1 949 390	1 906 982
842 875	858 254	847 790	878 665	867 923	1 619 031	11 369 576	13 441 689	15 921 186
<b>1 720 562</b>	<b>1 762 323</b>	<b>1 769 454</b>	<b>1 778 736</b>	<b>1 775 699</b>	<b>2 689 177</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>314 407</b>	<b>316 764</b>	<b>325 382</b>	<b>384 143</b>	<b>403 777</b>	<b>(172 851)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
<b>314 407</b>	<b>316 764</b>	<b>325 382</b>	<b>384 143</b>	<b>403 777</b>	<b>(172 851)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

## Part 2 – Supporting documentation continued

**TABLE 61: MBRR TABLE SA27 – BUDGETED MONTHLY REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	Budget Year 2011/12					
	R thousand	July	August	September	October	November
<b>Revenue – standard</b>						
<b>Governance and administration</b>	<b>562 274</b>	<b>648 637</b>	<b>627 863</b>	<b>637 125</b>	<b>616 218</b>	<b>656 618</b>
Executive and Council	187	187	187	287	287	287
Budget and treasury office	553 284	641 302	618 873	627 965	607 063	637 459
Corporate services	8 804	7 148	8 803	8 873	8 868	18 872
<b>Community and public safety</b>	<b>89 868</b>	<b>105 055</b>	<b>115 433</b>	<b>125 889</b>	<b>137 099</b>	<b>129 799</b>
Community and social services	4 067	4 142	4 682	5 642	7 360	6 651
Sport and recreation	3 945	4 395	4 595	6 336	7 517	4 276
Public safety	19 326	19 998	17 006	21 446	21 307	21 207
Housing	30 927	44 917	57 547	60 864	69 602	66 562
Health	31 603	31 603	31 603	31 603	31 313	31 103
<b>Economic and environmental services</b>	<b>92 343</b>	<b>142 992</b>	<b>111 161</b>	<b>206 035</b>	<b>160 486</b>	<b>292 872</b>
Planning and development	12 837	13 039	13 139	13 239	13 414	13 489
Road transport	78 077	128 524	96 176	191 075	145 236	277 953
Environmental protection	1 429	1 429	1 846	1 721	1 836	1 429
<b>Trading services</b>	<b>1 009 228</b>	<b>1 038 633</b>	<b>1 111 719</b>	<b>934 931</b>	<b>1 079 295</b>	<b>995 238</b>
Electricity	720 180	742 572	802 670	606 948	728 037	657 856
Water	139 310	133 739	140 541	149 794	168 784	170 227
Wastewater management	86 355	84 355	88 325	98 006	103 452	95 151
Waste management	63 383	77 967	80 183	80 183	79 022	72 004
<b>Other</b>	<b>10</b>	<b>360</b>	<b>10</b>	<b>810</b>	<b>210</b>	<b>810</b>
<b>Total revenue – standard</b>	<b>1 753 722</b>	<b>1 935 677</b>	<b>1 966 187</b>	<b>1 904 791</b>	<b>1 993 308</b>	<b>2 075 337</b>
<b>Expenditure – standard</b>						
<b>Governance and administration</b>	<b>363 960</b>	<b>348 314</b>	<b>351 295</b>	<b>354 161</b>	<b>355 877</b>	<b>367 015</b>
Executive and Council	22 316	22 317	22 359	22 409	22 411	22 341
Budget and treasury office	161 623	161 750	163 362	165 810	161 753	177 313
Corporate services	180 021	164 247	165 574	165 942	171 713	167 362
<b>Community and public safety</b>	<b>329 153</b>	<b>335 497</b>	<b>340 650</b>	<b>346 556</b>	<b>357 595</b>	<b>345 943</b>
Community and social services	36 124	36 569	38 008	37 111	40 988	38 300
Sport and recreation	89 982	90 262	90 651	91 368	91 955	91 863
Public safety	104 952	109 392	110 066	113 789	114 784	113 809
Housing	45 189	46 265	49 027	51 401	56 963	49 189
Health	52 905	53 008	52 898	52 887	52 905	52 782
<b>Economic and environmental services</b>	<b>149 099</b>	<b>154 111</b>	<b>164 069</b>	<b>180 992</b>	<b>183 712</b>	<b>184 875</b>
Planning and development	38 543	39 151	39 848	39 714	40 107	40 268
Road transport	95 523	99 635	108 156	125 418	127 107	128 949
Environmental protection	15 034	15 325	16 065	15 860	16 497	15 657
<b>Trading services</b>	<b>454 494</b>	<b>1 192 736</b>	<b>1 169 559</b>	<b>862 545</b>	<b>871 458</b>	<b>855 733</b>
Electricity	157 836	859 207	829 723	524 707	524 236	514 232
Water	124 093	151 378	151 979	151 698	155 243	154 564
Wastewater management	69 910	70 117	72 120	70 950	71 927	71 355
Waste management	102 655	112 034	115 738	115 190	120 052	115 582
<b>Other</b>	<b>4 239</b>	<b>4 201</b>	<b>4 277</b>	<b>4 739</b>	<b>4 309</b>	<b>4 759</b>
<b>Total expenditure – standard</b>	<b>1 300 945</b>	<b>2 034 858</b>	<b>2 029 850</b>	<b>1 748 994</b>	<b>1 772 952</b>	<b>1 758 325</b>
<b>Surplus/(deficit) before associate</b>	<b>452 777</b>	<b>(99 181)</b>	<b>(63 663)</b>	<b>155 797</b>	<b>220 356</b>	<b>317 012</b>
Share of surplus/(deficit) of associate	–	–	–	–	–	–
<b>Surplus/(deficit)</b>	<b>452 777</b>	<b>(99 181)</b>	<b>(63 663)</b>	<b>155 797</b>	<b>220 356</b>	<b>317 012</b>

Budget Year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>653 535</b>	<b>626 933</b>	<b>605 215</b>	<b>668 252</b>	<b>664 713</b>	<b>662 207</b>	<b>7 629 591</b>	<b>8 311 829</b>	<b>8 992 855</b>
287	387	387	387	187	187	3 244	5 367	10 495
642 837	605 608	589 391	652 358	623 690	618 532	7 418 361	8 137 181	8 791 951
10 411	20 938	15 437	15 507	40 836	43 488	207 986	169 280	190 408
<b>106 384</b>	<b>141 445</b>	<b>172 576</b>	<b>204 456</b>	<b>234 572</b>	<b>289 186</b>	<b>1 851 763</b>	<b>2 193 182</b>	<b>2 201 661</b>
6 421	8 416	10 723	11 021	10 496	12 716	92 336	57 472	46 204
5 668	5 648	7 514	6 318	6 368	6 924	69 504	110 689	107 958
21 357	20 203	22 126	21 743	20 889	26 800	253 408	259 822	265 444
42 106	76 576	101 611	134 771	165 716	211 244	1 062 443	1 386 245	1 385 051
30 833	30 603	30 603	30 603	31 103	31 503	374 071	378 954	397 003
<b>173 624</b>	<b>214 559</b>	<b>228 009</b>	<b>245 245</b>	<b>216 742</b>	<b>392 119</b>	<b>2 476 188</b>	<b>2 279 005</b>	<b>2 315 411</b>
13 079	13 840	14 765	15 265	16 106	18 431	170 645	188 296	195 237
159 116	199 180	211 705	228 551	199 197	372 060	2 286 849	2 072 118	2 101 196
1 429	1 539	1 539	1 429	1 439	1 628	18 693	18 591	18 978
<b>1 101 416</b>	<b>1 095 690</b>	<b>1 088 478</b>	<b>1 044 368</b>	<b>1 062 700</b>	<b>1 172 257</b>	<b>12 733 955</b>	<b>15 061 185</b>	<b>17 864 838</b>
703 543	713 925	714 660	659 924	702 013	846 340	8 598 668	10 500 645	12 851 605
212 136	195 426	186 228	187 773	170 192	150 225	2 004 375	2 205 428	2 452 066
113 733	107 817	106 067	124 668	118 522	104 034	1 230 486	1 358 273	1 496 568
72 004	78 522	81 523	72 004	71 973	71 657	900 425	996 839	1 064 599
10	460	560	560	750	550	5 098	7 323	4 556
<b>2 034 970</b>	<b>2 079 088</b>	<b>2 094 838</b>	<b>2 162 881</b>	<b>2 179 477</b>	<b>2 516 319</b>	<b>24 696 594</b>	<b>27 852 525</b>	<b>31 379 321</b>
<b>347 549</b>	<b>365 357</b>	<b>370 173</b>	<b>350 082</b>	<b>349 761</b>	<b>407 446</b>	<b>4 330 991</b>	<b>4 900 553</b>	<b>5 508 305</b>
22 344	22 342	22 343	22 342	22 345	30 085	275 954	310 832	333 841
162 863	162 452	162 632	162 478	162 432	191 509	1 995 976	2 394 438	2 809 016
162 342	180 563	185 198	165 261	164 984	185 853	2 059 061	2 195 283	2 365 448
<b>344 618</b>	<b>351 327</b>	<b>357 965</b>	<b>357 008</b>	<b>364 026</b>	<b>407 253</b>	<b>4 237 591</b>	<b>4 823 986</b>	<b>5 253 880</b>
37 593	38 058	41 806	38 071	38 143	41 117	461 888	486 319	527 924
92 171	92 257	92 051	92 028	91 982	93 073	1 099 643	1 162 234	1 253 638
113 680	115 112	113 075	111 029	111 023	111 977	1 342 687	1 465 270	1 598 491
48 318	52 832	58 129	62 965	70 145	108 384	698 810	1 006 717	1 108 939
52 856	53 068	52 904	52 915	52 733	52 703	634 563	703 446	764 889
<b>189 016</b>	<b>190 896</b>	<b>196 212</b>	<b>196 153</b>	<b>196 608</b>	<b>256 124</b>	<b>2 241 867</b>	<b>2 384 682</b>	<b>2 388 342</b>
40 274	40 418	41 051	41 150	41 730	43 549	485 804	515 856	557 783
133 104	133 681	138 181	138 182	138 065	195 502	1 561 502	1 658 868	1 602 056
15 638	16 797	16 980	16 821	16 814	17 073	194 561	209 958	228 503
<b>835 070</b>	<b>850 446</b>	<b>840 345</b>	<b>871 197</b>	<b>860 457</b>	<b>1 614 065</b>	<b>11 278 105</b>	<b>13 342 597</b>	<b>15 813 890</b>
494 197	504 151	493 297	528 447	514 408	1 222 008	7 166 450	8 832 209	10 891 603
154 490	154 546	152 899	152 567	152 728	178 188	1 834 373	2 023 289	2 229 209
71 389	71 386	71 765	71 768	71 767	74 089	858 543	932 913	1 021 238
114 994	120 363	122 383	118 414	121 554	139 780	1 418 740	1 554 185	1 671 840
4 309	4 297	4 759	4 297	4 847	4 288	53 320	56 618	60 077
<b>1 720 562</b>	<b>1 762 323</b>	<b>1 769 454</b>	<b>1 778 736</b>	<b>1 775 699</b>	<b>2 689 177</b>	<b>22 141 875</b>	<b>25 508 436</b>	<b>29 024 494</b>
<b>314 408</b>	<b>316 765</b>	<b>325 384</b>	<b>384 145</b>	<b>403 778</b>	<b>(172 858)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>
-	-	-	-	-	-	-	-	-
<b>314 408</b>	<b>316 765</b>	<b>325 384</b>	<b>384 145</b>	<b>403 778</b>	<b>(172 858)</b>	<b>2 554 719</b>	<b>2 344 088</b>	<b>2 354 827</b>

## Part 2 – Supporting documentation continued

**TABLE 62: MBRR TABLE SA28 – BUDGETED MONTHLY CAPITAL EXPENDITURE (MUNICIPAL VOTE)**

Description	Budget Year 2011/12					
	R thousand	July	August	September	October	November
<b>Multi-year expenditure to be appropriated</b>						
Vote 1 – Community Services	10 419	2 830	4 119	9 177	10 475	5 956
Vote 2 – Corporate Services	6 158	6 158	6 453	14 882	13 625	8 614
Vote 3 – Economic and Social Development	133 707	1 307	20 707	707	2 207	957
Vote 4 – Finance	430	61	1 131	670	610	450
Vote 5 – Health	1 500	1 520	1 600	1 650	1 790	2 610
Vote 6 – Housing	6 850	20 420	31 678	34 056	36 505	39 963
Vote 7 – Internal Audit	–	–	81	20	–	10
Vote 8 – Office of the City Manager	–	1 677	1 651	1 905	2 247	1 030
Vote 9 – Rates and Other	–	–	–	–	–	–
Vote 10 – Safety and Security	3 761	1 698	3 612	6 528	4 559	2 906
Vote 11 – Strategy and Planning	1 261	1 868	3 138	3 283	2 890	1 698
Vote 12 – Transport, Roads and Major Projects	56 973	107 430	71 219	150 507	103 668	237 381
Vote 13 – Utility Services	148 403	66 698	91 428	88 682	122 029	79 851
<b>Total capital expenditure</b>	<b>369 461</b>	<b>211 665</b>	<b>236 817</b>	<b>312 067</b>	<b>300 604</b>	<b>381 425</b>

**TABLE 63: MBRR TABLE SA29 - BUDGETED MONTHLY CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)**

Description	Budget year 2011/12					
	R thousand	July	August	September	October	November
<b>Capital expenditure – standard</b>						
<b>Governance and administration</b>	<b>137 494</b>	<b>6 462</b>	<b>27 961</b>	<b>18 847</b>	<b>15 499</b>	<b>9 798</b>
Executive and Council	–	37	36	245	727	280
Budget and treasury office	187	87	954	917	722	577
Corporate services	137 307	6 338	26 971	17 686	14 050	8 941
<b>Community and public safety</b>	<b>27 891</b>	<b>33 888</b>	<b>48 281</b>	<b>56 072</b>	<b>61 107</b>	<b>58 608</b>
Community and social services	1 653	903	616	1 913	3 864	3 313
Sport and recreation	14 849	7 710	8 686	12 262	11 952	6 891
Public safety	3 039	3 535	5 950	6 465	7 295	6 081
Housing	6 850	20 220	31 428	33 781	36 205	39 713
Health	1 500	1 520	1 600	1 650	1 790	2 610
<b>Economic and environmental services</b>	<b>54 696</b>	<b>104 791</b>	<b>69 925</b>	<b>149 264</b>	<b>103 057</b>	<b>235 511</b>
Planning and development	1 588	915	2 591	2 591	3 066	2 043
Road transport	51 945	102 283	66 122	145 351	99 452	233 168
Environmental protection	1 163	1 593	1 213	1 322	540	300
<b>Trading services</b>	<b>148 331</b>	<b>66 525</b>	<b>90 650</b>	<b>87 883</b>	<b>120 742</b>	<b>77 509</b>
Electricity	10 439	20 699	35 047	44 586	67 283	33 731
Water	53 449	13 800	13 975	10 160	20 700	23 015
Wastewater management	81 425	15 472	20 122	21 981	21 278	20 763
Waste management	3 019	16 554	21 506	11 156	11 481	–
<b>Other</b>	<b>1 050</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>200</b>	<b>–</b>
<b>Total capital expenditure – standard</b>	<b>369 461</b>	<b>211 665</b>	<b>236 817</b>	<b>312 067</b>	<b>300 604</b>	<b>381 425</b>

Budget Year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
8 406	16 445	18 342	17 729	19 864	26 276	150 037	194 804	213 187
14 021	24 808	26 382	26 353	29 527	31 649	208 630	191 694	144 285
2 347	1 432	2 682	1 672	2 922	1 407	172 051	14 160	11 160
500	210	–	–	–	1 000	5 062	3 396	3 261
2 750	2 470	2 558	2 550	1 550	2 300	24 848	18 046	11 546
16 010	49 710	72 073	99 560	125 195	206 062	738 081	741 745	596 441
–	–	–	–	–	60	171	121	121
1 545	1 007	1 225	1 771	1 368	4 629	20 055	46 034	44 034
–	–	–	–	–	–	–	–	–
5 919	2 266	2 959	2 829	2 005	2 059	41 101	14 777	14 777
1 550	2 178	3 241	2 673	2 324	20 466	46 570	46 417	52 917
113 544	165 274	178 008	194 861	165 522	332 179	1 876 566	1 569 260	1 713 003
62 602	133 263	189 892	238 718	268 942	316 187	1 806 695	1 925 440	2 244 431
<b>229 193</b>	<b>399 063</b>	<b>497 362</b>	<b>588 717</b>	<b>619 218</b>	<b>944 274</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>

Budget year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>18 650</b>	<b>26 201</b>	<b>28 218</b>	<b>28 174</b>	<b>30 936</b>	<b>38 220</b>	<b>386 458</b>	<b>237 949</b>	<b>197 333</b>
385	655	420	392	30	3 297	6 504	38 504	43 504
585	493	1 298	1 268	1 263	2 378	10 725	3 233	3 374
17 680	25 053	26 500	26 514	29 643	32 546	369 229	196 212	150 455
<b>38 585</b>	<b>77 974</b>	<b>103 136</b>	<b>130 566</b>	<b>155 830</b>	<b>240 539</b>	<b>1 032 477</b>	<b>1 004 658</b>	<b>870 708</b>
4 491	6 146	9 697	8 413	8 781	10 316	60 108	48 902	36 102
9 344	13 646	12 238	10 668	11 676	14 322	134 245	106 062	101 699
6 239	5 701	6 996	9 124	6 809	6 689	73 925	48 052	39 775
15 960	50 160	71 798	99 960	127 165	207 261	740 500	783 995	682 186
2 550	2 320	2 408	2 400	1 400	1 950	23 698	17 646	10 946
<b>110 925</b>	<b>164 461</b>	<b>179 034</b>	<b>195 747</b>	<b>166 440</b>	<b>351 698</b>	<b>1 885 548</b>	<b>1 618 990</b>	<b>1 761 332</b>
860	2 880	4 680	4 502	4 700	6 578	36 995	48 649	47 049
109 305	160 942	173 664	190 519	161 161	327 292	1 821 203	1 565 636	1 709 378
760	638	690	726	579	17 828	27 350	4 705	4 905
<b>61 033</b>	<b>130 327</b>	<b>186 874</b>	<b>234 030</b>	<b>265 813</b>	<b>313 618</b>	<b>1 783 335</b>	<b>1 901 300</b>	<b>2 219 791</b>
29 832	75 836	103 453	110 338	128 029	145 377	804 650	868 151	868 342
13 905	16 028	30 745	33 786	33 200	54 150	316 913	340 878	585 794
17 096	23 482	24 444	37 117	45 196	49 126	377 502	430 466	427 050
200	14 981	28 232	52 790	59 388	64 965	284 271	261 806	338 606
–	<b>100</b>	<b>100</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>2 050</b>	<b>3 000</b>	–
<b>229 193</b>	<b>399 063</b>	<b>497 362</b>	<b>588 717</b>	<b>619 218</b>	<b>944 274</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>

## Part 2 – Supporting documentation continued

**TABLE 64: MBRR TABLE SA30 – BUDGETED MONTHLY CASH FLOW**

MONTHLY CASH FLOWS						
Budget year 2011/12						
R thousand	July	August	September	October	November	December
<b>Cash receipts by source</b>						
Property rates	357 793	343 721	345 388	373 483	364 409	364 698
Property rates – penalties and collection charges	–	–	–	–	–	–
Service charges – electricity revenue	656 232	630 424	633 481	685 009	668 367	668 897
Service charges – water revenue	130 447	125 317	125 924	136 167	132 859	132 965
Service charges – sanitation revenue	–	–	–	–	–	–
Service charges – refuse revenue	201 491	193 567	194 505	210 327	205 217	205 380
Service charges – other	–	–	–	–	–	–
Rental of facilities and equipment	6 435	6 182	6 212	6 717	6 554	6 559
Interest earned – external investments	14 274	13 713	13 779	14 900	14 538	14 549
Interest earned – outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	15 562	14 950	15 022	16 244	15 850	15 862
Licences and permits	4 718	4 532	4 554	4 925	4 805	4 809
Agency services	–	–	–	–	–	–
Transfer receipts – operational	320 390	67 140	556 585	59 933	260 530	559 701
Other revenue	14 715	14 137	14 205	15 361	14 988	14 999
<b>Cash receipts by source</b>	<b>1 722 056</b>	<b>1 413 683</b>	<b>1 909 656</b>	<b>1 523 067</b>	<b>1 688 116</b>	<b>1 988 419</b>
<b>Other cash flows by source</b>						
Transfer receipts – capital	239 901	168 995	219 108	259 079	206 913	180 168
Contributions recognised – capital and contributed assets	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–
Short-term loans	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–
Increase/(decrease) in consumer deposits	–	–	–	–	–	–
Decrease/(increase) in non-current debtors	–	–	–	–	–	–
Decrease/(increase) in other non-current receivables	–	–	–	–	–	–
Decrease/(increase) in non-current investments	–	–	–	–	–	–
<b>Total cash receipts by source</b>	<b>1 961 957</b>	<b>1 582 678</b>	<b>2 128 765</b>	<b>1 782 146</b>	<b>1 895 029</b>	<b>2 168 587</b>
<b>Cash payments by type</b>						
Employee-related costs	562 024	539 921	542 539	586 670	572 417	572 871
Remuneration of councillors	–	–	–	–	–	–
Collection costs	–	–	–	–	–	–
Interest paid	–	–	156 268	–	–	156 268
Bulk purchases – electricity	458 790	440 747	442 884	478 909	467 274	467 645
Bulk purchases – water and sewer	26 452	25 411	25 535	27 612	26 941	26 962
Other materials	–	–	–	–	–	–
Contracted services	–	–	–	–	–	–
Grants and subsidies paid – other municipalities	–	–	–	–	–	–
Grants and subsidies paid – other	–	–	–	–	–	–
General expenses	466 854	448 494	450 668	487 327	475 487	475 864
<b>Cash payments by type</b>	<b>1 514 119</b>	<b>1 454 573</b>	<b>1 617 893</b>	<b>1 580 517</b>	<b>1 542 117</b>	<b>1 699 609</b>
<b>Other cash flows/payments by type</b>						
Capital assets	378 144	363 273	365 034	394 727	385 136	385 442
Repayment of borrowing	–	–	94 059	–	–	94 059
Other cash flows/payments	–	–	–	–	–	–
<b>Total cash payments by type</b>	<b>1 892 263</b>	<b>1 817 845</b>	<b>2 076 985</b>	<b>1 975 244</b>	<b>1 927 254</b>	<b>2 179 110</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>69 694</b>	<b>(235 168)</b>	<b>51 780</b>	<b>(193 098)</b>	<b>(32 225)</b>	<b>(10 523)</b>
Cash/cash equivalents at the beginning of the month/year	2 989 516	3 059 210	2 824 042	2 875 822	2 682 723	2 650 498
Cash/cash equivalents at the end of the month/year	3 059 210	2 824 042	2 875 822	2 682 723	2 650 498	2 639 975

Budget year 2011/12						Medium-term Revenue and Expenditure Framework		
January	February	March	April	May	June	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
339 840	338 653	374 409	371 532	370 088	393 983	4 337 998	4 802 587	5 189 872
-	-	-	-	-	-	-	-	-
623 306	621 128	686 708	681 432	678 783	649 365	7 883 132	9 675 201	11 884 200
123 902	123 469	136 505	135 456	134 930	130 808	1 568 748	1 747 853	1 933 025
-	-	-	-	-	-	-	-	-
191 381	190 713	210 848	209 229	208 415	200 587	2 421 660	2 666 792	2 939 669
6 112	6 091	6 734	6 682	6 656	7 822	78 755	68 322	49 725
13 558	13 510	14 937	14 822	14 764	14 081	171 426	197 422	249 677
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
14 781	14 729	16 284	16 159	16 097	15 352	186 892	197 171	207 819
4 481	4 466	4 937	4 899	4 880	4 654	56 662	53 283	49 896
-	-	-	-	-	-	-	-	-
61 827	493 480	557 389	65 259	65 304	112 493	3 180 032	3 555 008	3 703 979
13 977	13 928	15 399	15 280	15 221	14 613	176 824	129 411	147 851
<b>1 393 165</b>	<b>1 820 168</b>	<b>2 024 150</b>	<b>1 520 752</b>	<b>1 515 138</b>	<b>1 543 759</b>	<b>20 062 129</b>	<b>23 093 049</b>	<b>26 355 712</b>
235 406	308 366	209 067	192 509	191 953	280 302	2 691 769	2 656 318	2 711 539
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1 500 000	1 500 000	1 400 000	1 500 000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>1 628 571</b>	<b>2 128 534</b>	<b>2 233 218</b>	<b>1 713 261</b>	<b>1 707 091</b>	<b>3 324 061</b>	<b>24 253 898</b>	<b>27 149 366</b>	<b>30 567 250</b>
533 824	531 960	588 125	583 607	581 338	582 455	6 777 749	7 450 881	8 191 291
-	-	-	-	-	-	-	-	-
-	-	156 268	-	-	205 361	674 164	791 138	919 817
435 770	434 248	480 097	476 408	474 556	452 603	5 509 931	7 042 593	8 844 385
25 124	25 037	27 680	27 467	27 361	26 095	317 676	367 011	373 576
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
443 430	441 881	488 535	484 782	482 897	557 383	5 703 600	6 395 804	6 854 418
<b>1 438 149</b>	<b>1 433 125</b>	<b>1 740 704</b>	<b>1 572 264</b>	<b>1 566 152</b>	<b>1 823 897</b>	<b>18 983 120</b>	<b>22 047 428</b>	<b>25 183 488</b>
359 171	357 916	395 706	392 665	391 139	434 010	4 602 363	4 311 971	4 568 137
-	-	94 059	-	-	94 059	376 235	362 667	379 150
-	-	-	-	-	-	-	-	-
<b>1 797 319</b>	<b>1 791 042</b>	<b>2 230 469</b>	<b>1 964 929</b>	<b>1 957 291</b>	<b>2 351 966</b>	<b>23 961 718</b>	<b>26 722 066</b>	<b>30 130 775</b>
<b>(168 748)</b>	<b>337 492</b>	<b>2 749</b>	<b>(251 668)</b>	<b>(250 200)</b>	<b>972 095</b>	<b>292 181</b>	<b>427 300</b>	<b>436 475</b>
2 639 975	2 471 228	2 808 720	2 811 469	2 559 801	2 309 601	2 989 516	3 281 696	3 708 996
2 471 228	2 808 720	2 811 469	2 559 801	2 309 601	3 281 696	3 281 696	3 708 996	4 145 471

## Part 2 – Supporting documentation continued

### 2.10 ANNUAL BUDGETS – INTERNAL DEPARTMENTS

#### 2.10.1 Community Services (Vote 1)

The top management structure of the Community Services Directorate consists of the executive director, three directors and three managers. The three directors respectively manage the following service delivery departments:

- City Parks, which includes the provision and maintenance of cemeteries, parks and zoned public open spaces
- Library and Information Services, which renders library services and provides electronic access to information to all communities via the SmartCape Internet service
- Sport, Recreation and Amenities, which provides, maintains and presents programmes at sport fields and stadiums, beaches and resorts, and amenities such as multi-purpose centres, community halls and swimming pools.

The three managers provide human resource, financial, strategic and operational support to the executive directors and the three line departments in their respective fields of expertise via a matrix support model.

Since Community Services provides its services through direct interaction with communities to improve their quality of life, it is highly labour intensive. The current approved staff complement comprises 3 717 permanent positions and 1 099 temporary positions. The temporary staff component is primarily employed over the high season to render additional services at facilities such as swimming pools, beaches and resorts. Approximately 100 temporary positions have also been filled at libraries with funding from a short-term conditional provincial grant. Excluding all internal charges, the 2011/12 operating expenditure budget amounts to R1 239 million, of which R728 million, or 59%, relates to staff costs.

In contrast, at R145 million, the Community Services capital budget represents only 2,9% of the City's total capital budget. This is mainly used to create and upgrade infrastructure such as multi-purpose centres, halls, sport fields, swimming pools, cemeteries and parks – all of which enable the departments to render their services to the public. Major infrastructure projects in the new three-year capital programme include the following:

- new cemetery developments and upgrades;
- regional parks at Athlone Nantes, Jack Muller in Bellville, and Khayelitsha wetlands;
- Monwabisi coastal resort upgrade;
- Blue Waters resort upgrade;
- new and upgraded sporting facilities;
- a new swimming pool at Bloekombos; and
- a new library at Kuyasa in Khayelitsha.

The Library and Information Services Department has no City-funded capital budget as it is deemed not to be the constitutional responsibility of the City (unfunded mandate). However, negotiations are under way with Province to have the function assigned to the City, which may change the funding model in future.

Community Services is almost fully funded from the City's rates and general account, since direct income of R42 million covers only 3% of the operating expenditure. This direct income is received via subsidised tariffs for the use of facilities that are provided below cost so as to keep them affordable for the broader community. In addition to the direct income for services, the Directorate also receives external operating grants of R31 million for specific services, as well as external capital grants of R73 million for the funding of specific capital projects.



**TABLE 65: COMMUNITY SERVICES DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Corporate Services Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11		2011/12 Medium-term Revenue and Expenditure Framework			
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	30	11	10	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	4	4	4	4	5	5
Service charges – other	13 983	12 060	13 289	15 337	15 337	15 337	15 872	16 745	17 649
Rental of facilities and equipment	18 123	18 263	19 710	20 937	20 937	20 937	21 981	23 080	24 234
Interest earned – external investments	35	18	6	–	–	–	–	–	–
Interest earned – outstanding debtors	69	86	38	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	2 093	2 491	3 772	3 799	3 799	3 799	3 052	3 220	3 394
Licences and permits	869	891	1 194	376	376	376	391	412	435
Agency services	–	–	5	–	–	–	–	–	–
Transfers recognised – operational	14 687	18 011	23 319	29 218	26 654	26 654	31 133	–	–
Other revenue	1 765	754	849	474	474	474	471	496	523
Gains on disposal of PPE	556	6 690	487	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>52 210</b>	<b>59 275</b>	<b>62 678</b>	<b>70 145</b>	<b>67 581</b>	<b>67 581</b>	<b>72 904</b>	<b>43 958</b>	<b>46 239</b>
<b>Operating expenditure by type</b>									
Employee-related costs	460 959	515 598	579 019	685 460	683 513	683 513	728 292	800 393	878 831
Remuneration of councillors	–	–	(2)	–	–	–	–	–	–
Debt impairment	–	30	–	–	–	–	–	–	–
Depreciation and asset impairment	45 957	50 129	68 825	59 406	71 009	71 009	77 048	83 212	89 869
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	8 556	7 820	9 313	10 146	10 131	10 131	9 919	10 337	10 947
Contracted services	11 934	13 373	9 608	225 790	227 854	227 854	273 041	291 238	314 386
Transfers and grants	1 617	–	–	–	–	–	–	–	–
Other expenditure	269 811	344 265	394 648	150 830	153 102	153 102	151 157	145 489	153 552
Loss on disposal of PPE	215	206	136	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>799 049</b>	<b>931 422</b>	<b>1 061 548</b>	<b>1 131 631</b>	<b>1 145 609</b>	<b>1 145 609</b>	<b>1 239 456</b>	<b>1 330 669</b>	<b>1 447 584</b>
<b>Operating surplus/(deficit)</b>	<b>(746 839)</b>	<b>(872 146)</b>	<b>(998 870)</b>	<b>(1 061 486)</b>	<b>(1 078 027)</b>	<b>(1 078 027)</b>	<b>(1 166 553)</b>	<b>(1 286 711)</b>	<b>(1 401 345)</b>
Transfers recognised – capital	46 006	114 012	55 676	68 863	73 010	73 010	71 309	107 000	93 468
Contributions recognised – capital	5 514	17 276	5 151	6 440	6 345	6 345	1 611	3 481	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(695 318)</b>	<b>(740 858)</b>	<b>(938 043)</b>	<b>(986 183)</b>	<b>(998 672)</b>	<b>(998 672)</b>	<b>(1 093 633)</b>	<b>(1 176 230)</b>	<b>(1 307 877)</b>
<b>Capital expenditure</b>	<b>158 513</b>	<b>239 253</b>	<b>138 365</b>	<b>134 629</b>	<b>154 095</b>	<b>154 095</b>	<b>150 037</b>	<b>194 804</b>	<b>213 187</b>

## Part 2 – Supporting documentation continued

### 2.10.2 Corporate Services (Vote 2)

The Corporate Services Directorate's strategy is to be a multi-disciplinary strategic partner to all other City directorates, and provide value-adding policies, strategies, processes, systems, interventions, knowledge and expertise.

The core functions and objectives of this Directorate are as follows:

- Strategic human resources – To maximise the human capital potential of the City by providing corporate direction in terms of human resource policies, strategies and alignment of people with business needs, including talent management, business improvement, quality management, change management, collective bargaining and the provision of consultative services to line management.
- Personnel services – To optimise human resource management within the organisation by empowering line management through the provision of advisory services, operational systems and processes for personnel administration, labour relations, training and development, payroll services and care for the well-being of employees.
- Information systems and technology – To provide information and communication technology (ICT) services to enable the service delivery objectives of all line departments.
- Employment equity – To provide corporate direction, ensuring compliance with employment equity legislation and the achievement of a diverse and representative workplace.
- Legal services – To provide an effective and efficient legal support service to Council in order to enable its constitutional mandate within the relevant legal framework, thereby managing and limiting the legal risks to the City.
- Communication – To manage the City's brand and reputational profile via the corporate branding architecture and provision of relevant information to the City's target audiences, and provide a range of specialist communication services to all departments.
- Customer relations – To provide a customer relations service to the City's customers to address their requirements in terms of access to municipal service delivery, thereby creating a positive image of the City as a whole.
- Specialised technical services – To optimise the potential of the City's buildings, corporate fleet and radio communications, thereby enhancing service delivery. Significant capital projects to be undertaken in the medium term include the following:
  - o facilities management structural rehabilitation project;
  - o retrofitting of Civic Centre lighting;
  - o data centre construction;
  - o dark-fibre broadband project; and
  - o enterprise resource planning hardware replacements.

In addition, the following key programmes and projects will be undertaken:

- staff loyalty and productivity programme;
- improving efficiency and effectiveness of core business processes;
- unified citizen interaction channels;
- mobile services activation – transactional service for mobile devices; and
- absenteeism and time management programmes.

<b>TABLE 66: CORPORATE SERVICES DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE</b>									
Directorate: Corporate Services									
Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11		2011/12 Medium-term Revenue and Expenditure Framework			
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	623	574	625	888	888	888	924	666	702
Rental of facilities and equipment	899	716	(4 688)	805	805	805	845	454	477
Interest earned – external investments	29	248	–	–	–	–	–	–	–
Interest earned – outstanding debtors	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	73	16	13	–	–	–	–	–	–
Licences and permits	3	1	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	29 992	29 139	7 628	1 000	1 246	1 246	–	–	–
Other revenue	16 708	24 186	24 220	23 089	23 089	23 089	24 013	24 686	26 020
Gains on disposal of PPE	2 573	2 138	3 492	2 000	2 000	2 000	1 500	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>50 900</b>	<b>57 017</b>	<b>31 290</b>	<b>27 782</b>	<b>28 029</b>	<b>28 029</b>	<b>27 282</b>	<b>25 807</b>	<b>27 199</b>
<b>Operating expenditure by type</b>									
Employee-related costs	637 392	600 257	790 382	798 752	765 644	765 644	863 760	934 815	1 013 183
Remuneration of councillors	–	–	(8)	–	–	–	–	–	–
Debt impairment	–	16	300	–	–	–	–	–	–
Depreciation and asset impairment	123 576	109 799	107 522	113 497	121 704	121 704	133 059	143 704	155 200
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	1 053	817	1 292	11 638	11 640	11 640	11 830	12 783	13 801
Contracted services	88 050	92 246	99 719	221 473	240 456	240 456	254 682	272 912	292 230
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	397 055	412 394	418 814	383 268	364 093	364 093	363 423	363 083	383 414
Loss on disposal of PPE	166	567	1 192	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>1 247 292</b>	<b>1 216 097</b>	<b>1 419 212</b>	<b>1 528 628</b>	<b>1 503 537</b>	<b>1 503 537</b>	<b>1 626 753</b>	<b>1 727 296</b>	<b>1 857 829</b>
<b>Operating surplus/(deficit)</b>	<b>(1 196 392)</b>	<b>(1 159 079)</b>	<b>(1 387 922)</b>	<b>(1 500 846)</b>	<b>(1 475 508)</b>	<b>(1 475 508)</b>	<b>(1 599 472)</b>	<b>(1 701 489)</b>	<b>(1 830 630)</b>
Transfers recognised – capital	15 284	9 955	11 562	–	140	140	–	–	–
Contributions recognised – capital	–	–	3 407	–	1 621	1 621	2 000	5 000	5 000
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(1 181 108)</b>	<b>(1 149 124)</b>	<b>(1 372 953)</b>	<b>(1 500 846)</b>	<b>(1 473 748)</b>	<b>(1 473 748)</b>	<b>(1 597 472)</b>	<b>(1 696 489)</b>	<b>(1 825 630)</b>
<b>Capital expenditure</b>	<b>110 794</b>	<b>108 062</b>	<b>188 743</b>	<b>124 624</b>	<b>134 662</b>	<b>134 662</b>	<b>208 630</b>	<b>191 694</b>	<b>144 285</b>

## Part 2 – Supporting documentation continued

### 2.10.3 Economic and Social Development (Vote 3)

The Directorate is made up of the four Departments of Social Development, Economic and Human Development, Property Management, and Tourism.

#### Social Development

The Department's work is driven by the need to create opportunities for communities to meet their developmental needs so that they could become resilient and self-reliant, enabling them to participate in the global economy. The Department is geared towards creating opportunities by:

- promoting early childhood development (ECD) and providing ECD centres of excellence;
- facilitating the provision of social infrastructure;
- promoting arts, culture and heritage as a strategic developmental lever;
- promoting social entrepreneurship;
- facilitating corporate social investment (CSI) contributions that enable developmental programmes; and
- addressing social development needs through programmes such as those aimed at ECD, street people, youth development and substance abuse prevention, in support of the City's broader substance abuse, disability, gender and poverty alleviation programmes.

#### Economic and Human Development

The purpose of the Department is to promote economic development-friendly practices through mainstreaming the City's Economic Development Strategy (EDS). The City's EDS aims to direct all available resources towards agreed goals and to ensure alignment with the plans of both internal and external economic development agents and partners. To this end, the goals of the EDS are as follows:

- to facilitate the creation of an efficient, effective and equitable spatial economy, where the economy's wealth, assets and economic opportunities are dispersed throughout the city;
- to channel the development of the City's productive assets (capital, land, natural resources, workforce, patents, intellectual capital and creative capital) to create a competitive economy that attracts investment and increases its exports; and
- to promote a model of economic development that provides all communities with opportunities to share the

benefits associated with economic growth (i.e. jobs and investment) and technological innovation (i.e. access to technologies that allow the poor access to affordable and services).

#### Property Management

The Department is currently focused on the implementation of the next phases of its business improvement project, which will centre on the testing of new business processes through standardising operating procedures, ensuring compliance with changing legislation and finalising service-level agreements with sister departments. The outcome of the human resources recruitment drive should also generate positive spin-offs, the net result of which should be a steady increase in throughput for most business products. This will continue the current upward trend of increased operating spending on advertising, consultants, legal fees, repairs and maintenance, and conferences and seminars.

Capital expenditure will remain steady, as the main demands of providing business equipment to human resources were catered for during the 2010/2011 financial year.

#### Tourism

The Tourism Department is a 'leverage' destination management department that strives to develop Cape Town as one of the world's most sought-after destinations. As the custodians of the City's constitutional local tourism mandate, the Department provides leadership in promoting Cape Town as a quality, experiential destination. It does so through responsible development and innovative strategic marketing in partnership with the tourism industry, with the aim of creating a sustainable advantage for the city's tourism sector and delivering socio-economic benefits to all Capetonians.

The Department has identified the following four key goals:

- sector leadership;
- destination and product development;
- sector support; and
- corporate excellence.

The achievement of these goals is driven through the three focus areas of responsible tourism for destination sustainability, tourism infrastructure and tourism growth with a focus on domestic tourism.

**TABLE 67: ECONOMIC AND SOCIAL DEVELOPMENT DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Economic and Social Development Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	1 497	2 020	2 635	2 221	2 221	2 221	2 310	2 437	2 568
Rental of facilities and equipment	70 185	66 076	76 661	65 335	65 335	65 335	68 602	72 032	75 633
Interest earned – external investments	33	19	11	10	10	10	10	11	11
Interest earned – outstanding debtors	334	10 378	1 087	550	550	550	615	649	684
Dividends received	–	–	–	–	–	–	–	–	–
Fines	41	66	75	2	2	2	2	3	3
Licences and permits	24	22	30	174	174	174	181	191	202
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	4 316	4 112	3 333	6 749	2 807	2 807	4 150	4 220	4 448
Other revenue	442	197	16 724	74	74	74	77	81	85
Gains on disposal of PPE	31 519	147 174	29 568	301 444	284 967	284 967	99 000	55 000	70 803
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>108 393</b>	<b>230 064</b>	<b>130 124</b>	<b>376 559</b>	<b>356 139</b>	<b>356 139</b>	<b>174 947</b>	<b>134 622</b>	<b>154 437</b>
<b>Operating expenditure by type</b>									
Employee-related costs	72 766	88 802	98 615	125 189	137 252	137 252	142 336	156 207	171 284
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	10 592	3 780	25 223	8 000	8 000	8 000	8 400	8 862	9 341
Depreciation and asset impairment	12 886	13 165	14 428	9 910	13 161	13 161	12 810	13 834	14 941
Finance charges	1	–	1	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	137	110	142	934	934	934	935	1 002	1 074
Contracted services	4 371	8 179	7 609	60 752	24 753	24 753	33 929	36 012	38 470
Transfers and grants	63 684	82 051	79 210	37 126	69 590	69 590	81 373	85 849	90 484
Other expenditure	39 912	38 529	42 775	38 515	40 656	40 656	53 675	54 557	57 560
Loss on disposal of PPE	3	–	92	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>204 352</b>	<b>234 616</b>	<b>268 096</b>	<b>280 427</b>	<b>294 346</b>	<b>294 346</b>	<b>333 458</b>	<b>356 324</b>	<b>383 154</b>
<b>Operating surplus/(deficit)</b>	<b>(95 959)</b>	<b>(4 553)</b>	<b>(137 972)</b>	<b>96 132</b>	<b>61 793</b>	<b>61 793</b>	<b>(158 511)</b>	<b>(221 702)</b>	<b>(228 717)</b>
Transfers recognised – capital	2 585	2 399	–	1 000	8 571	8 571	5 101	3 000	–
Contributions recognised – capital	–	–	–	90	–	–	90	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(93 375)</b>	<b>(2 153)</b>	<b>(137 972)</b>	<b>97 222</b>	<b>70 365</b>	<b>70 365</b>	<b>(153 320)</b>	<b>(218 702)</b>	<b>(228 717)</b>
<b>Capital expenditure</b>	<b>16 541</b>	<b>20 244</b>	<b>15 736</b>	<b>16 898</b>	<b>31 024</b>	<b>31 024</b>	<b>172 051</b>	<b>14 160</b>	<b>11 160</b>

## Part 2 – Supporting documentation continued

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### 2.10.4 Finance (Vote 4)

The Finance Directorate provides financial services, sustained via corporate governance procedures, thereby enabling the City to provide effective, efficient and affordable services to its citizens in compliance with the MFMA and other related legislation, policies and procedures.

The top management structure consists of the chief financial officer and ten directors (with responsibility for the Budget, Expenditure, Housing Finance and Leases, Integrated Risk Management, Inter-services Liaison, Revenue, Shareholder Management, Supply Chain Management, Treasury, and Valuations Departments).

No significant provision has been made for capital expenditure for the Finance Directorate and the majority of funds are for the replacement of furniture, equipment and computers. This budget allocation amounts to R5 million for 2011/12, R3 million for 2012/13, and R3 million for 2013/14.

The various departments in the Finance Directorate are responsible for, inter alia:

- maintaining accurate and complete financial records to enhance decision-making, thereby sustaining confidence in these City records;
- compiling and implementing affordable and balanced operating and capital budgets, aligned with the IDP of the City;
- managing the City's banking, investments, borrowings and cash flow in the most effective, economical and efficient manner;
- embedding a culture of risk management in the City to ensure the optimal use of scarce resources;
- billing and collecting monies and funds due to the City;
- monitoring and controlling all expenditure in order to embed sound financial discipline and ensuring accountability for the use of public funds;
- conducting fair property valuations for equitable rates levying on all properties in order to finance non-tariff-funded services;
- implementing sound supply chain management policies and procedures;
- expanding external funding provisions and allocations for the upgrade and development of informal settlements and housing areas;
- developing and reviewing financial and finance-related policies;
- ensuring compliance with relevant legislation, and implementing and maintaining good governance; and
- modelling the impact of the TMA on residents to ensure a fair distribution of the burden.

**TABLE 68: FINANCE DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Description	Directorate: Finance Services Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11		Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget				
<b>Operating revenue by source</b>									
Property rates	11	11	10	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	3	–	–	–	–	–	–
Service charges – other	8 139	5 627	5 946	6 736	6 736	6 736	7 005	7 390	7 789
Rental of facilities and equipment	1	3	–	1	1	1	1	1	1
Interest earned – external investments	330 043	405 175	267 257	188 914	188 914	188 914	171 378	197 371	249 622
Interest earned – outstanding debtors	2 113	(5 752)	12	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	23	28	–	–	–	–	–	–
Licences and permits	–	1	7	–	–	–	–	–	–
Agency services	101 858	100 014	101 217	105 000	105 000	105 000	105 000	105 000	105 000
Transfers recognised – operational	4 438	3 673	4 916	5 000	4 573	4 573	7 060	1 250	1 300
Other revenue	89 937	71 467	85 671	87 358	92 221	92 221	99 567	95 439	100 592
Gains on disposal of PPE	211	92	87	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>536 752</b>	<b>580 336</b>	<b>465 154</b>	<b>393 008</b>	<b>397 444</b>	<b>397 444</b>	<b>390 011</b>	<b>406 451</b>	<b>464 305</b>
<b>Operating expenditure by type</b>									
Employee-related costs	266 411	324 464	360 678	425 183	432 537	432 537	458 990	504 430	553 864
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	3 459	1 795	2 061	2 286	2 442	2 442	2 650	–	–
Depreciation and asset impairment	8 010	6 717	13 642	14 307	10 204	10 204	11 118	12 007	12 967
Finance charges	274 769	396 167	599 795	739 507	739 507	739 507	766 367	914 347	1 070 070
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	215	244	172	920	920	920	982	1 047	1 116
Contracted services	10 158	6 488	8 493	5 011	5 093	5 093	5 336	5 671	6 022
Transfers and grants	–	–	–	–	5 411	5 411	5 627	5 937	6 257
Other expenditure	250 972	260 352	279 910	310 239	310 255	310 255	316 315	321 717	339 961
Loss on disposal of PPE	19	27	91	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>814 013</b>	<b>996 253</b>	<b>1 264 843</b>	<b>1 497 452</b>	<b>1 506 369</b>	<b>1 506 369</b>	<b>1 567 385</b>	<b>1 765 156</b>	<b>1 990 258</b>
<b>Operating surplus/(deficit)</b>	<b>(277 261)</b>	<b>(415 917)</b>	<b>(799 689)</b>	<b>(1 104 444)</b>	<b>(1 108 925)</b>	<b>(1 108 925)</b>	<b>(1 177 374)</b>	<b>(1 358 704)</b>	<b>(1 525 953)</b>
Transfers recognised – capital	1 216	3 889	1 660	–	2 540	2 540	40	–	–
Contributions recognised – capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(276 044)</b>	<b>(412 028)</b>	<b>(798 029)</b>	<b>(1 104 444)</b>	<b>(1 106 385)</b>	<b>(1 106 385)</b>	<b>(1 177 334)</b>	<b>(1 358 704)</b>	<b>(1 525 953)</b>
<b>Capital expenditure</b>	<b>14 317</b>	<b>10 779</b>	<b>16 204</b>	<b>7 614</b>	<b>14 175</b>	<b>14 175</b>	<b>5 062</b>	<b>3 396</b>	<b>3 261</b>

## Part 2 – Supporting documentation continued

### 2.10.5 Health (Vote 5)

The City's Health Directorate is committed to working with all spheres of government to meet national and provincial targets to ensure a coordinated and integrated district health service to the citizens of Cape Town.

The core business of the City Health Directorate is environmental health services, also known as municipal health services. Municipal health services are defined in the National Health Act (Act 61 of 2003) as including water quality monitoring, food control, waste management, health surveillance of premises, surveillance of communicable diseases (excluding immunisations), vector control, environmental pollution control, disposal of the dead and chemical safety.

Air and noise pollution are also local government functions in terms of Schedule 4B and 5B of the Constitution. The key act governing air quality is the National Environment Management: Air Quality Act (Act 39 of 2004). Air pollution levels are frequently high in Cape Town's informal areas, even inside shacks. The City has adopted an air quality management plan, which outlines the strategies to deal with air pollution.

The City Health Directorate delivers the personal primary health care component (clinic services) via an infrastructure of 82 clinics, four community health centres, 24 satellite clinics and four mobile clinics. Services include:

- women and child health services (preventative and promotional services, i.e. family planning, immunisations, and treating sick children under the age of 13);
- HIV/Aids/sexually transmitted infections and tuberculosis control; and
- substance abuse.

Even though personal primary health care services are the statutory responsibility of Province's Health Department, the Constitution does make provision for these services to be assigned to local government via mutual agreement. In the interim, the City Health Directorate continues to render these services in terms of a service-level agreement with Province and will continue to improve on this cooperative arrangement.

The Directorate's capital programme is currently guided by the following principles:

- to maintain existing buildings;
- to complete new clinics already on the budget;
- to prioritise core business; and
- to agree on provincial funding for all new clinics in the future.

The City must revisit these principles in light of its intended developmental role.



**TABLE 69: HEALTH DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Description	Directorate: Health Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11			Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast			
<b>R thousand</b>									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	28	50	69	193	193	193	201	212	223
Rental of facilities and equipment	–	–	–	–	–	–	–	–	–
Interest earned – external investments	6	2	1	–	–	–	–	–	–
Interest earned – outstanding debtors	42	92	111	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	31	58	50	17	17	17	18	19	20
Licences and permits	29	31	38	33	33	33	34	36	38
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	169 948	195 593	257 458	261 448	314 898	314 898	357 500	364 019	388 355
Other revenue	476	750	1 171	3 339	3 339	3 339	3 472	3 663	3 861
Gains on disposal of PPE	124	87	164	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>170 685</b>	<b>196 662</b>	<b>259 062</b>	<b>265 029</b>	<b>318 479</b>	<b>318 479</b>	<b>361 225</b>	<b>367 948</b>	<b>392 497</b>
<b>Operating expenditure by type</b>									
Employee-related costs	240 309	281 697	331 600	390 268	415 112	415 112	455 899	536 521	589 632
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	–	12	–	–	–	–	–	–	–
Depreciation and asset impairment	5 961	5 966	6 879	5 644	6 927	6 927	6 966	7 524	8 126
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	1 360	1 622	1 896	2 720	2 675	2 675	2 565	2 724	2 892
Contracted services	6 142	9 471	4 498	10 417	10 417	10 417	11 531	12 332	13 179
Transfers and grants	228	548	592	625	625	625	2 737	4 134	4 732
Other expenditure	116 592	138 344	189 471	165 722	193 749	193 749	227 705	220 159	234 002
Loss on disposal of PPE	1	9	–	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>370 593</b>	<b>437 668</b>	<b>534 937</b>	<b>575 397</b>	<b>629 506</b>	<b>629 506</b>	<b>707 404</b>	<b>783 394</b>	<b>852 562</b>
<b>Operating surplus/(deficit)</b>	<b>(199 908)</b>	<b>(241 006)</b>	<b>(275 875)</b>	<b>(310 368)</b>	<b>(311 027)</b>	<b>(311 027)</b>	<b>(346 179)</b>	<b>(415 446)</b>	<b>(460 066)</b>
Transfers recognised – capital	5 566	6 813	4 618	1 046	3 954	3 954	12 840	11 000	4 500
Contributions recognised – capital	360	122	1 798	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(193 982)</b>	<b>(234 071)</b>	<b>(269 459)</b>	<b>(309 322)</b>	<b>(307 073)</b>	<b>(307 073)</b>	<b>(333 339)</b>	<b>(404 446)</b>	<b>(455 566)</b>
<b>Capital expenditure</b>	<b>24 434</b>	<b>17 951</b>	<b>25 567</b>	<b>11 984</b>	<b>16 896</b>	<b>16 896</b>	<b>24 848</b>	<b>18 046</b>	<b>11 546</b>

## Part 2 – Supporting documentation continued

### 2.10.6 Housing (Vote 6)

The 2011/12 – 2013/14 operating and capital budgets of the Housing Directorate are indicative of the comprehensive suite of programmes and projects managed and operated by the Directorate.

These programmes include:

- the upgrade of informal settlements in accordance with the urbanisation framework;
- the development of serviced sites;
- the development of new housing projects;
- the upgrade of City-owned rental units and hostels;
- the development of new City rental units (including hostel redevelopment);
- the management of City housing assets (including rental, hostel and selling-scheme properties);
- the acquisition of housing land; and
- the funding of infrastructure in support of future City housing projects.

The City Housing Directorate is also promoting engagements with the private sector via its City/banks agreement for the development of well-located gap (affordable) housing, and the City/small developers programme for the development of individual gap (affordable) sites by small developers. These are further supported by integrated housing projects, where the City partners/contracts with the private sector for the development of integrated communities.

In this regard, specific reference is made to the City's Pelican Park and Scottsdene developments, where, in conjunction with the private sector, the City Housing Directorate is constructing large-scale, integrated, environmentally and financially sustainable developments. These comprise lower-income housing, gap market housing and upmarket housing, coupled with commercial and community facility opportunities. Other, similar developments are also in the planning stage.

Another major City project reflected in the budget (at an estimated total value of R1 200 million) is the upgrade of rental stock. A total of 7 775 of the City's 43 921 rental units are undergoing a major upgrade and facelift, which is scheduled for completion in 2015. This project will ensure asset value retention and will enhance the living environment of the tenants. The project is funded by state housing and related grants.

The key to future development is the availability and, where required, acquisition of appropriate land for all formats of housing delivery. The multi-year budget clearly reflects the

City's provision for land acquisition from various funding sources, while also noting that the final outcome is a function of the land that becomes available coupled with the available funding for land purchases.

The City's newly achieved housing accreditation as well as the recently announced revised housing funding regimes (Urban Settlements Development Grant) provide opportunities for the Housing Directorate to expedite approval of housing projects within Cape Town, while also providing a platform for flexible and integrated housing project delivery.

The Urban Settlements Development Grant (R824 million) provides for the state funding of, inter alia, bulk infrastructure, housing development projects (services), land acquisition and community facilities – all with a targeted view to upgrading the informal settlements across the city in an affordable manner. That said, it must be noted that such interventions cannot rely solely on state funding for delivery, but require both private-sector and City involvement. The budget further reflects the grant funding received via the Human Settlements Development Grant (R471 million), which is used for the top structures associated with subsidy housing (household income < R3 500 per month).

From the revenue management perspective, the City Housing and Finance directorates have engaged in a number of additional initiatives specifically aimed at recovering monthly rental and selling-scheme charges. These initiatives include:

- the door-to-door collections campaign, which supports the recovery of housing charges, while further supporting the Expanded Public Works Programme by using community workers for the collection of housing monies;
- the consistent payers' incentive scheme; and
- the enhanced debt collections project, which includes system enhancements and expanded debt collection actions.

While the City is engaged in ensuring collections, the budget clearly reflects its awareness of the extremely challenging employment levels in many communities and, in this regard, applications for the indigent housing grant has experienced an increase in volume. This increase has also been driven by the challenging economic environment, coupled with the expanded array of debt collection actions initiated by the Housing and Finance directorates.

Overall, the City Housing Directorate budgets are indicative of the array of housing initiatives currently under way and the efforts by the City to ensure the maximisation of all financial opportunities in pursuit of its five-year housing plan.

**TABLE 70: HOUSING DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Description	Directorate: Housing Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11		Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget				
<b>R thousand</b>									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	11 558	11 197	10 650	10 460	10 460	10 460	10 107	10 663	11 239
Rental of facilities and equipment	124 256	133 107	150 815	156 772	156 772	156 772	169 728	176 012	184 242
Interest earned – external investments	37 537	35 380	26 171	25 000	25 000	25 000	21 000	22 319	24 066
Interest earned – outstanding debtors	3	887	525	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	4	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	98 548	251 830	204 179	172 736	172 736	172 736	219 136	489 801	552 187
Other revenue	5 081	4 331	6 800	4 578	4 941	4 941	5 541	5 846	6 162
Gains on disposal of PPE	3 400	15 818	37 790	2 000	2 000	2 000	2 000	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>280 387</b>	<b>452 551</b>	<b>436 930</b>	<b>371 546</b>	<b>371 909</b>	<b>371 909</b>	<b>427 512</b>	<b>704 641</b>	<b>777 895</b>
<b>Operating expenditure by type</b>									
Employee-related costs	136 016	154 977	176 632	214 261	214 803	214 803	246 898	269 134	287 258
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	185 577	135 646	140 979	117 024	117 024	117 024	112 168	119 804	134 179
Depreciation and asset impairment	59 327	166 333	84 924	65 802	67 068	67 068	65 468	69 906	74 621
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	459	268	659	8 615	8 734	8 734	14 147	15 174	16 272
Contracted services	3 941	2 635	2 988	31 487	33 131	33 131	141 179	388 532	446 896
Transfers and grants	2 550	–	–	1 000	3 540	3 540	–	–	–
Other expenditure	193 179	250 503	290 407	239 129	245 619	245 619	174 952	204 628	214 987
Loss on disposal of PPE	995	565	489	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>582 043</b>	<b>710 926</b>	<b>697 077</b>	<b>677 320</b>	<b>689 920</b>	<b>689 920</b>	<b>754 811</b>	<b>1 067 178</b>	<b>1 174 213</b>
<b>Operating surplus/(deficit)</b>	<b>(301 657)</b>	<b>(258 375)</b>	<b>(260 147)</b>	<b>(305 773)</b>	<b>(318 011)</b>	<b>(318 011)</b>	<b>(327 299)</b>	<b>(362 537)</b>	<b>(396 317)</b>
Transfers recognised – capital	77 010	164 334	187 890	555 818	384 447	384 447	661 728	706 887	624 978
Contributions recognised – capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(224 647)</b>	<b>(94 041)</b>	<b>(72 257)</b>	<b>250 045</b>	<b>66 436</b>	<b>66 436</b>	<b>334 429</b>	<b>344 350</b>	<b>228 661</b>
<b>Capital expenditure</b>	<b>147 529</b>	<b>227 314</b>	<b>229 711</b>	<b>625 763</b>	<b>455 370</b>	<b>455 370</b>	<b>738 081</b>	<b>741 745</b>	<b>596 441</b>

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### 2.10.7 Internal Audit (Vote 7)

The Internal Audit Directorate's mission is to provide independent, objective assurance and consulting services that are designed to add value and improve the organisation's operations. Put another way, Internal Audit helps the organisation accomplish its objectives by bringing about a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Directorate's vision is to be recognised by the audit industry as a unit that adds value, contributes to the achievement of

the City's goals, and assists the City to become known for its effective and equitable service delivery and well-governed and efficiently run administration.

Internal Audit has no revenue by source and all income is from secondary charges. Expenditure is mainly on employees, contracted services and operating costs. The Directorate has no major capital projects planned for the next three years, but some capital expenditure is planned for furniture and equipment, and computer hardware.

**TABLE 71: INTERNAL AUDIT DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Description	Directorate: Internal Audit Budgeted financial performance (revenue and expenditure)							2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11			Budget year	Budget year +1	Budget year +2	
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	2011/12	2012/13	2013/14	
<b>Operating revenue by source</b>										
Property rates	–	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–	–
Service charges – other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	–	–	–	–	–	–	–	–	–	–
Interest earned – external investments	–	–	–	–	–	–	–	–	–	–
Interest earned – outstanding debtors	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	655	695	–	–	–	–	–	–	–	–
Other revenue	14	2	15	–	–	–	–	–	–	–
Gains on disposal of PPE	25	27	5	–	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>694</b>	<b>723</b>	<b>20</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**TABLE 71: INTERNAL AUDIT DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE CONTINUED**

Directorate: Internal Audit Budgeted financial performance (revenue and expenditure)															
Description	2007/8			2008/9			2009/10			2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14						
R thousand															
<b>Operating expenditure by type</b>															
Employee-related costs	15 005	19 955	24 008	27 762	27 935	27 935	30 518	33 539	36 826						
Remuneration of councillors	–	–	–	–	–	–	–	–	–						
Debt impairment	–	–	–	–	–	–	–	–	–						
Depreciation and asset impairment	146	162	341	296	307	307	303	327	353						
Finance charges	–	–	–	–	–	–	–	–	–						
Bulk purchases	–	–	–	–	–	–	–	–	–						
Other materials	1	1	2	3	3	3	3	3	3						
Contracted services	928	656	678	612	612	612	617	652	687						
Transfers and grants	–	–	–	–	–	–	–	–	–						
Other expenditure	2 003	2 867	1 290	1 971	2 199	2 199	1 524	1 608	1 695						
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–						
<b>Total operating expenditure</b>	<b>18 084</b>	<b>23 641</b>	<b>26 320</b>	<b>30 644</b>	<b>31 056</b>	<b>31 056</b>	<b>32 964</b>	<b>36 128</b>	<b>39 563</b>						
<b>Operating surplus/(deficit)</b>	<b>(17 390)</b>	<b>(22 918)</b>	<b>(26 300)</b>	<b>(30 644)</b>	<b>(31 056)</b>	<b>(31 056)</b>	<b>(32 964)</b>	<b>(36 128)</b>	<b>(39 563)</b>						
Transfers recognised – capital	–	–	–	–	–	–	–	–	–						
Contributions recognised – capital	–	–	–	–	–	–	–	–	–						
Contributed assets	–	–	–	–	–	–	–	–	–						
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(17 390)</b>	<b>(22 918)</b>	<b>(26 300)</b>	<b>(30 644)</b>	<b>(31 056)</b>	<b>(31 056)</b>	<b>(32 964)</b>	<b>(36 128)</b>	<b>(39 563)</b>						
<b>Capital expenditure</b>	<b>125</b>	<b>484</b>	<b>419</b>	<b>242</b>	<b>242</b>	<b>242</b>	<b>171</b>	<b>121</b>	<b>121</b>						

### 2.10.8 Office of the City Manager (Vote 8)

The City Manager heads up the administration of the City, and also chairs the EMT, which is primarily responsible for decision-making, strategy and policy setting.

Contained within the Office of the City Manager is a strategic legal team, who advises the City Manager on policy decisions and legislation.

The Directorate consists of five departments, which are primarily responsible for the following:

- Executive Support – Providing executive committee support services to Council and its various committees, including the compilation, printing and circulation of agendas, and interpreting and translation services
- Governance and Interface – Rendering management support and legal, administrative and logistical services to the political executive office-bearers, councillors and subcouncils

- Forensics – Adding value to the fight against fraud and corruption and serious economic crimes, for the benefit of ratepayers
- Ombudsman – Improving the City's accountability by promoting fair and reasonable public administration, investigating and resolving residents' complaints about the municipality, and facilitating mediation and conciliation between both parties
- IDP/OPM – Guiding, directing and facilitating the process of developing, implementing, monitoring and reporting on the City's five-year IDP, including the SDBIPs, quarterly reports, annual report and the performance contracts of Section 57 appointees

Major activities proposed for the 2011/12 financial year include:

- completing the implementation of the Harare Square business hub;

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- the construction of the Lentegeur public space and civic office upgrade;
- implementing the planning phase for the construction of new subcouncil offices;
- overseeing and monitoring implementation of ward allocations within line departments; and
- a major drive towards the implementation of the OPM system in line with the national drive for outcomes-based performance management.

**TABLE 72: OFFICE OF THE CITY MANAGER – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Office of the City Manager Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	2	–	–	4	4	4	4	4	5
Rental of facilities and equipment	–	595	(7)	–	–	–	–	–	–
Interest earned – external investments	–	–	–	–	–	–	–	–	–
Interest earned – outstanding debtors	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	3 539	539	–	–	–	–	–	–	–
Other revenue	1 889	1 401	1 957	2 154	2 154	2 154	2 240	2 363	2 490
Gains on disposal of PPE	24	14	77	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>5 455</b>	<b>2 550</b>	<b>2 027</b>	<b>2 158</b>	<b>2 158</b>	<b>2 158</b>	<b>2 244</b>	<b>2 367</b>	<b>2 495</b>
<b>Operating expenditure by type</b>									
Employee-related costs	74 476	93 148	103 386	124 714	124 764	124 764	136 260	149 750	164 425
Remuneration of councillors	70 934	77 629	84 466	92 296	92 296	92 296	108 786	115 857	123 272
Debt impairment	–	5	–	–	–	–	–	–	–
Depreciation and asset impairment	3 236	3 455	4 942	4 689	4 833	4 833	5 887	6 358	6 867
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	192	139	220	444	444	444	437	464	492
Contracted services	4 625	5 126	5 430	4 625	4 702	4 702	4 860	5 144	5 441
Transfers and grants	7 930	7 960	6 873	1 140	7 080	7 080	5 270	813	857
Other expenditure	38 740	53 414	41 064	84 625	65 199	65 199	63 941	86 213	90 873
Loss on disposal of PPE	17	27	10	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>200 150</b>	<b>240 904</b>	<b>246 391</b>	<b>312 535</b>	<b>299 318</b>	<b>299 318</b>	<b>325 441</b>	<b>364 600</b>	<b>392 227</b>
<b>Operating surplus/(deficit)</b>	<b>(194 695)</b>	<b>(238 355)</b>	<b>(244 364)</b>	<b>(310 378)</b>	<b>(297 160)</b>	<b>(297 160)</b>	<b>(323 197)</b>	<b>(362 232)</b>	<b>(389 732)</b>
Transfers recognised – capital	290	8 914	975	15 200	17 680	17 680	14 000	10 000	8 000
Contributions recognised – capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(194 405)</b>	<b>(229 441)</b>	<b>(243 388)</b>	<b>(295 178)</b>	<b>(279 480)</b>	<b>(279 480)</b>	<b>(309 197)</b>	<b>(352 232)</b>	<b>(381 732)</b>
<b>Capital expenditure</b>	<b>5 648</b>	<b>13 358</b>	<b>4 309</b>	<b>21 996</b>	<b>26 237</b>	<b>26 237</b>	<b>20 055</b>	<b>46 034</b>	<b>44 034</b>

### 2.10.9 Safety and Security (Vote 10)

One of the most important strategic challenges facing the City is fostering a safe and secure environment. The current levels of crime and disorder in South Africa, and specifically in Cape Town, affect residents' quality of life, as well as the economy in terms of the City's ability to attract tourists and investors. The improvement of safety and security is crucial for shared and accelerated economic growth.

As such, the Safety and Security Directorate has identified the following key focus areas for 2011/12:

- Fostering a safe and secure environment by increasing the effectiveness of the City's law enforcement services

The particular challenges facing the City's three law enforcement services, namely Metro Police, Traffic Services, and Law Enforcement and Specialised Services, demand that continuous consideration be given to the strengthening of these services' capacity.

To this end, it will be the Directorate's primary objective to increase the effectiveness of all its departments. This will be achieved by:

- increasing the operational staff complement;
- training and development of human resources;
- expanding the externally funded law enforcement programme;
- introducing a reserve member system;
- increasing the implementation of the integrated spatially enabled response management system (ISERMS); and
- expanding surveillance capacity by increasing the number of closed-circuit television (CCTV) cameras around the city.

- Improving the community's perception regarding the levels of anti-social behaviour and general disorder in the city

The initiatives aimed at addressing the levels of disorder are:

- intensifying primary operational focus;
- reviewing existing bylaws, policies and standard operating procedures;
- increasing community-based initiatives; and
- increasing fleet capacity.

- Reducing vehicle accidents on the City's roads

Reducing the vehicle accident rate on the City's roads is a key objective of the Traffic Services and Metro Police Departments. The culture of non-compliance will be aggressively addressed, with a particular focus

on identified high-frequency accident locations. The following actions will be taken:

- directing resources towards national road safety strategies, including the Arrive Alive campaign;
- expanding speed-limit enforcement and increasing the use of speed cameras;
- increasing visibility through peak-hour patrols and regular roadblocks across the city;
- increasing Traffic Services' Ghost Squad capacity;
- continuing 'Operation Restore';
- improving driver's licence and vehicle testing facilities; and
- establishing a vehicle impoundment facility in partnership with Province.

- Increasing drug-related arrests

According to the United Nations Office on Drugs and Crime, the use of the drug 'tik' (methamphetamine) has taken on epidemic proportions in Cape Town. The Safety and Security Directorate is primarily responsible for ensuring that effective enforcement action is taken to target suspected drug dealers. To this end, the recently released crime statistics highlight the fact that proper police action is indeed being taken, and the City intends to continue with its successful drug combating efforts. This will be achieved via special operations targeting drug dealers in cooperation with other law enforcement agencies.

- Improving response time to emergency fire calls

The Fire and Rescue Service responds to, deals with and manages a number of varying fire risk and other emergencies across the city on a daily basis. In order to minimise the damage to property and the environment, rapid response to incidents of fire and other trauma is essential. The ever-expanding population and urban environment require proactive efforts to maintain and improve on minimum response times in order to limit the threat to life and property, particularly in the informal sectors of the city. The Directorate aims to increase its capacity to achieve this objective by upgrading fire stations and replacing dated communication equipment.

- Reduction of disaster risks through maintaining optimum preparedness

All communities are vulnerable to disasters, both natural and man-made. The City's Disaster Risk Management Centre (DRMC) aims to identify, prevent and reduce the occurrence of disasters, and soften the impact of

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those that cannot be prevented. During major incidents and disasters, the DRMC performs a coordinating role, ensuring that multiple emergency and essential services work in an integrated and efficient manner. After major events, it also ensures that communities and victims are assisted in recovering from the effects of the crisis they faced. These roles are included in the preparation and execution of the City's disaster risk management plan and the 35 disaster risk management contingency plans. All of these plans are regularly updated and aligned with current requirements to be ready for immediate

implementation should a particular situation arise. The contingency plans pertain to:

- nuclear power station emergencies;
- coastal oil spills;
- aircraft incidents;
- flooding and storms;
- sea surges/tsunamis/tidal waves; and
- epidemics/major infectious-disease outbreaks.

**TABLE 73: SAFETY AND SECURITY DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Description	Directorate: Safety and Security Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11		Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget				
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	1	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	(2)	(9)	151	151	151	157	166	175
Service charges – other	11 636	12 384	15 914	8 390	8 390	8 390	8 726	9 206	9 703
Rental of facilities and equipment	193	160	152	167	167	167	175	184	193
Interest earned – external investments	40	31	40	–	–	–	26	27	29
Interest earned – outstanding debtors	2 029	1 190	1 053	650	650	650	650	686	773
Dividends received	–	–	–	–	–	–	–	–	–
Fines	156 860	180 328	150 157	175 659	169 859	169 859	182 685	192 733	203 141
Licences and permits	26 806	27 560	30 837	27 148	27 148	27 148	28 233	29 786	31 395
Agency services	10 796	9 211	9 878	10 993	10 993	10 993	10 993	10 993	10 993
Transfers recognised – operational	3 607	8 894	2 825	1 210	3 727	3 727	424	–	–
Other revenue	(1 438)	1 154	1 379	44	44	44	46	49	51
Gains on disposal of PPE	142	167	384	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>210 670</b>	<b>241 076</b>	<b>212 611</b>	<b>224 412</b>	<b>221 129</b>	<b>221 129</b>	<b>232 116</b>	<b>243 829</b>	<b>256 452</b>



**TABLE 73: SAFETY AND SECURITY DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE CONTINUED**

Description	Directorate: Safety and Security Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11			Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast			
<b>R thousand</b>									
<b>Operating expenditure by type</b>									
Employee-related costs	645 959	733 811	832 904	970 508	970 598	970 598	1 038 511	1 140 656	1 252 440
Remuneration of councillors	–	–	(2)	–	–	–	–	–	–
Debt impairment	–	48	–	–	–	–	–	–	–
Depreciation and asset impairment	27 487	26 382	40 025	35 846	35 643	35 643	35 609	38 458	41 535
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	1 764	1 902	4 025	3 590	4 097	4 097	4 221	4 518	4 832
Contracted services	5 721	4 740	1 801	17 804	17 825	17 825	17 931	19 397	20 964
Transfers and grants	500	–	–	–	–	–	–	–	–
Other expenditure	260 381	280 683	210 850	164 650	159 918	159 918	164 024	172 651	182 031
Loss on disposal of PPE	16	1 461	112	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>941 827</b>	<b>1 049 027</b>	<b>1 089 714</b>	<b>1 192 399</b>	<b>1 188 081</b>	<b>1 188 081</b>	<b>1 260 296</b>	<b>1 375 679</b>	<b>1 501 802</b>
<b>Operating surplus/(deficit)</b>	<b>(731 157)</b>	<b>(807 951)</b>	<b>(877 104)</b>	<b>(967 986)</b>	<b>(966 952)</b>	<b>(966 952)</b>	<b>(1 028 180)</b>	<b>(1 131 850)</b>	<b>(1 245 350)</b>
Transfers recognised – capital	9 146	19 294	8 972	–	1 180	1 180	3 300	–	–
Contributions recognised – capital	50	816	2 586	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(721 961)</b>	<b>(787 841)</b>	<b>(865 545)</b>	<b>(967 986)</b>	<b>(965 773)</b>	<b>(965 773)</b>	<b>(1 024 880)</b>	<b>(1 131 850)</b>	<b>(1 245 350)</b>
<b>Capital expenditure</b>	<b>55 510</b>	<b>96 956</b>	<b>58 554</b>	<b>33 893</b>	<b>35 837</b>	<b>35 837</b>	<b>41 101</b>	<b>14 777</b>	<b>14 777</b>

**2.10.10 Strategy and Planning (Vote 11)**

The overall purpose and service mandate of the Directorate are to ensure that the City takes due cognisance of its developmental duties as derived from Section 153 of the Constitution, which requires local government 'to give priority to the basic needs of the community, and to promote the social and economic development of the community'.

The core functions of the Directorate are regulated and controlled by various statutes and legislation, including:

- the Land Use Planning Ordinance, No. 15 of 1985 (LUPO) and LUPO scheme regulations;
- the National Environment Management Act, Act 107 of 1998, and regulations (NEMA);
- the National Heritage Resources Act, Act 25 of 1999;
- the National Building Regulations and Building Standards Act, Act 103 of 1977;
- the scheme regulations promulgated in terms of the Black Communities Development Act, Act 4 of 1984; and

- the Outdoor Advertising and Signage Bylaw, No. 5801 of 2001.

The Directorate's strategic service delivery objectives are to:

- lead and be dynamic in shaping the City's short and longer-term future growth and development path through the City Development Strategy (CDS) and spatial development plans in order to ensure improved quality of life;
- provide access to accurate and reliable strategic and spatial information to inform development planning and decision-making;
- provide an efficient and effective service to the developers and property owners of Cape Town in terms of the approval processes for building development and land use management applications, thereby expediting approval processes;
- improve the enforcement aspects of the City's building development and land use regulation functions;

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- facilitate and formulate a City-wide climate change response that addresses issues of climate change mitigation, climate adaptation, resilience and the reduction of the City's carbon footprint;
- ensure that the City's key economic and social asset, namely its natural environment, is protected, integrated with urban landscapes, and optimised for maximum social and economic benefit; and
- lead and facilitate the implementation of the City's information and knowledge management framework and policy to develop the City's information and knowledge assets in support of the City's strategic development processes and service delivery.
- Blaauwberg Conservation Area, acquisition of land: The vision is to conserve, protect and enhance the unique natural, historical and cultural resources of this area for the enjoyment and education of both present and future generations.
- Quality public space legacy projects, completion of the 23 legacy spaces: The vision is to create quality public spaces as amenities for the residents of Cape Town.
- Integrated spatial information system (ISIS) project phase 2: The objective of this phase of the project is to mitigate risks associated with cadastral data management by implementing a system that integrates property and spatial data into a single system.

The Directorate's capital budget is R46 million, which is 0,92% of the City's total capital budget, and will be put to, inter alia, the following major capital projects:

- False Bay Ecology Park phases 2 and 3: The vision is to create a leading centre of conservation, environmental education and tourism.

The operating expenditure budget for the Directorate amounts to R389 million, excluding internal charges, of which 80% (R311 million) relates to staff costs.

The operating revenue budget for the Directorate is R77 million, excluding subsidies, grants and donations, of which approximately 94% (R72 million) relates to planning and building-related activities.

**TABLE 74: STRATEGY AND PLANNING DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Strategy and Planning Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	5	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	1	1	–	–	–	–	–	–	–
Service charges – other	86 834	53 841	58 302	93 281	93 281	93 281	71 569	75 505	79 582
Rental of facilities and equipment	64	43	19	109	109	109	114	120	126
Interest earned – external investments	69	18	5	–	–	–	–	–	–
Interest earned – outstanding debtors	1 347	1 820	1 079	–	–	–	20	21	22
Dividends received	–	–	–	–	–	–	–	–	–
Fines	123	280	488	1 088	1 088	1 088	1 132	1 194	1 258
Licences and permits	3 256	2 713	880	943	943	943	981	1 035	1 091
Agency services	–	(3)	(2)	–	–	–	–	–	–
Transfers recognised – operational	6 928	15 318	13 044	12 781	17 277	17 277	2 240	1 234	684
Other revenue	451	318	481	648	648	648	673	711	749
Gains on disposal of PPE	123	69	106	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>99 196</b>	<b>74 422</b>	<b>74 400</b>	<b>108 849</b>	<b>113 346</b>	<b>113 346</b>	<b>76 729</b>	<b>79 819</b>	<b>83 512</b>

**TABLE 74: STRATEGY AND PLANNING DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE CONTINUED**

Description	Directorate: Strategy and Planning Budgeted financial performance (revenue and expenditure)						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8	2008/9	2009/10	2010/11			Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast			
<b>R thousand</b>									
<b>Operating expenditure by type</b>									
Employee-related costs	180 694	226 845	249 972	286 636	283 818	283 818	311 584	342 431	375 989
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	–	21	–	–	–	–	–	–	–
Depreciation and asset impairment	8 170	9 087	16 811	18 345	19 449	19 449	24 912	26 905	29 057
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	523	598	543	780	809	809	869	882	935
Contracted services	8 215	6 727	10 838	11 117	19 130	19 130	17 516	17 528	18 540
Transfers and grants	2 453	900	902	961	961	961	1 025	1 054	1 111
Other expenditure	30 262	45 873	54 588	43 367	49 253	49 253	33 391	33 928	35 188
Loss on disposal of PPE	29	25	17	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>230 346</b>	<b>290 075</b>	<b>333 671</b>	<b>361 205</b>	<b>373 419</b>	<b>373 419</b>	<b>389 297</b>	<b>422 727</b>	<b>460 820</b>
<b>Operating surplus/(deficit)</b>	<b>(131 149)</b>	<b>(215 653)</b>	<b>(259 271)</b>	<b>(252 356)</b>	<b>(260 073)</b>	<b>(260 073)</b>	<b>(312 568)</b>	<b>(342 908)</b>	<b>(377 308)</b>
Transfers recognised – capital	12 283	22 501	6 126	12 000	3 189	3 189	–	22 000	28 500
Contributions recognised – capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(118 866)</b>	<b>(193 153)</b>	<b>(253 145)</b>	<b>(240 356)</b>	<b>(256 884)</b>	<b>(256 884)</b>	<b>(312 568)</b>	<b>(320 908)</b>	<b>(348 808)</b>
<b>Capital expenditure</b>	<b>39 012</b>	<b>95 849</b>	<b>73 332</b>	<b>74 174</b>	<b>52 556</b>	<b>52 556</b>	<b>46 570</b>	<b>46 417</b>	<b>52 917</b>

**2.10.11 Transport, Roads and Major Projects (Vote 12)**

The Transport, Roads and Major Projects Directorate was established on 1 February 2010 and is still being developed in certain areas. The Directorate consists of the two line departments Roads and Stormwater, and Transport; four departments dealing with major projects (e.g. Cape Town Stadium, the 2010 World Cup, IRT implementation and IRT operations), and three internal support departments.

The organisational structures for Cape Town Stadium and the two IRT departments are currently being developed. The function for the 2010 World Cup is being dissolved and staff members are being redeployed elsewhere within the City.

Significant capital programmes to be undertaken in the medium term include:

- the reconfiguration of Green Point Common;
- the IRT system;
- public transport interchanges;
- the rehabilitation of major roads;
- stormwater management;

- infrastructure for new housing projects; and
- non-motorised transport.

The provision and maintenance of infrastructure are the core focus of the Transport, Roads and Major Projects Directorate. The conservation of natural resources through the management of inland and coastal water quality is influenced by various factors and is measured against compliance with the standards set by the Department of Water Affairs. During the 2009/10 financial year, the City had a 69% compliance rate.

The improvement of public transport systems and services focuses primarily on the provision of an IRT system, i.e. providing the required transport infrastructure and institutional and operating mechanisms and arrangements for an integrated public transport system and service.

During the preceding three financial years, preparations for hosting a successful 2010 FIFA World Cup™ event have been completed in accordance with FIFA requirements. The current focus is on the operations of Cape Town Stadium and the closure of contracts linked to the preparation for, and hosting of, the 2010 FIFA World Cup™ event.

## Part 2 – Supporting documentation continued

**TABLE 75: TRANSPORT, ROADS AND MAJOR PROJECTS DIRECTORATE – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Transport, Roads and Major Projects Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11		2011/12 Medium-term Revenue and Expenditure Framework			
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	3 995	3 352	10 646	3 282	7 856	7 856	110 013	116 064	122 331
Rental of facilities and equipment	327	466	616	220	5 803	5 803	2 431	2 553	2 680
Interest earned – external investments	67	32	10	2	2	2	–	–	–
Interest earned – outstanding debtors	65	102	57	124	124	124	50	53	56
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–
Licences and permits	49	119	68	90	90	90	225	238	250
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	10 916	32 790	92 123	191 453	175 286	175 286	355 022	317 014	201 570
Other revenue	19 625	16 681	15 858	42 800	15 241	15 241	54 148	57 126	60 211
Gains on disposal of PPE	449	426	505	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>35 493</b>	<b>53 968</b>	<b>119 883</b>	<b>237 971</b>	<b>204 403</b>	<b>204 403</b>	<b>521 889</b>	<b>493 047</b>	<b>387 098</b>
<b>Operating expenditure by type</b>									
Employee-related costs	251 158	291 500	336 541	406 038	420 878	420 878	466 797	513 024	563 314
Remuneration of councillors	–	–	(2)	–	–	–	–	–	–
Debt impairment	–	18	–	–	–	–	–	–	–
Depreciation and asset impairment	172 165	85 286	207 545	313 262	339 274	339 274	356 928	358 840	379 678
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	2 460	2 669	3 046	55 245	56 406	56 406	35 804	38 329	41 465
Contracted services	33 471	39 656	98 679	248 664	343 804	343 804	539 725	499 442	534 883
Transfers and grants	2 957	33 013	2 311	3 705	3 705	3 705	–	–	–
Other expenditure	342 806	321 226	508 100	465 631	343 654	343 654	456 688	539 756	387 641
Loss on disposal of PPE	9	21	33	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>805 027</b>	<b>773 388</b>	<b>1 156 255</b>	<b>1 492 544</b>	<b>1 507 720</b>	<b>1 507 720</b>	<b>1 855 942</b>	<b>1 949 390</b>	<b>1 906 982</b>
<b>Operating surplus/(deficit)</b>	<b>(769 534)</b>	<b>(719 420)</b>	<b>(1 036 372)</b>	<b>(1 254 574)</b>	<b>(1 303 317)</b>	<b>(1 303 317)</b>	<b>(1 334 053)</b>	<b>(1 456 343)</b>	<b>(1 519 884)</b>
Transfers recognised – capital	935 187	2 265 538	1 427 732	706 563	1 010 701	1 010 701	1 667 805	1 486 006	1 623 248
Contributions recognised – capital	2 183	2 933	23 650	8 549	8 814	8 814	4 899	1 500	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>167 836</b>	<b>1 549 050</b>	<b>415 011</b>	<b>(539 462)</b>	<b>(283 803)</b>	<b>(283 803)</b>	<b>338 651</b>	<b>31 162</b>	<b>103 364</b>
<b>Capital expenditure</b>	<b>1 404 027</b>	<b>2 840 134</b>	<b>2 356 578</b>	<b>998 444</b>	<b>1 566 313</b>	<b>1 566 313</b>	<b>1 876 566</b>	<b>1 569 260</b>	<b>1 713 003</b>

### 2.10.12 Utility Services (Vote 13)

The Utility Services Directorate is committed to ensure sustainable municipal infrastructure and services (water, sanitation, electricity and solid waste) that will enable economic development and equitable access to basic services for all the citizens of Cape Town.

#### 2.10.12.1 Solid Waste Management Department

The increase in waste as a result of population growth is projected to be approximately 2% – 3% per year. Bulk waste management infrastructure requirements, specialised equipment investment needs and growing waste volumes are directly linked to population expansion, industrial development and tourism growth.

The integrated waste management (IWM) plan consists of operational and support strategies to manage and minimise waste, ensure sustainable and affordable services, and comply with the National Waste Management Strategy, as per the National Waste Act. In the short to medium term, these programmes, projects and initiatives are adjusted according to the available budget.

Key projects and initiatives for 2011/12 include:

- commencing with construction of a new northern-region landfill site by 2012/13;
- rehabilitating old landfill sites;
- upgrading and replacing the Solid Waste Management fleet in line with the seven-year vehicle replacement plan to improve equipment condition, reliability and availability;
- establishing two new IWM facilities within the next five years;
- completing two mini-material recovery facilities (MRFs);
- completing a comprehensive Municipal Systems Act Section 78(3) assessment of alternate service delivery mechanisms; and
- commissioning the waste recovery facility at the newly built Kraaifontein IWM facility.

Major capital projects for the 2011/12 financial year include:

- purchasing of plant and vehicles;
- the development of landfill infrastructure; and
- the rehabilitation and closure of landfill sites.

**TABLE 76: SOLID WASTE SERVICES DEPARTMENT – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Utility Services Department: Solid Waste Services Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	463 775	537 485	614 457	762 615	762 615	762 615	820 249	880 119	943 509
Service charges – other	11 568	11 396	9 965	13 883	13 883	13 883	13 899	15 465	18 687
Rental of facilities and equipment	20	6	48	8	8	8	8	9	9
Interest earned – external investments	25	35	16	–	–	–	–	–	–
Interest earned – outstanding debtors	16 525	20 053	18 832	20 000	20 000	20 000	20 000	21 100	22 239
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	5	3	3	3	3	3	4	4
Licences and permits	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	–	1 400	143	–	–	–	–	–	–
Other revenue	1 986	540	930	130	130	130	136	143	151
Gains on disposal of PPE	1 959	3 055	738	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>495 858</b>	<b>573 975</b>	<b>645 132</b>	<b>796 640</b>	<b>796 640</b>	<b>796 640</b>	<b>854 295</b>	<b>916 839</b>	<b>984 599</b>

## Part 2 – Supporting documentation continued

**TABLE 76: SOLID WASTE SERVICES DEPARTMENT – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE CONTINUED**

Directorate: Utility Services Department: Solid Waste Services Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating expenditure by type</b>									
Employee-related costs	239 439	275 633	400 412	457 123	461 585	461 585	481 681	528 695	579 799
Remuneration of councillors	–	–	(1)	–	–	–	–	–	–
Debt impairment	23 691	32 671	9 947	48 619	48 619	48 619	41 235	43 503	45 853
Depreciation and asset impairment	56 301	61 108	87 755	109 418	107 997	107 997	123 306	133 171	143 824
Finance charges	31	–	–	–	–	–	–	–	–
Bulk purchases	–	–	–	–	–	–	–	–	–
Other materials	15 645	15 268	23 494	41 502	45 396	45 396	46 267	49 266	52 414
Contracted services	272 665	335 261	351 970	437 560	465 353	465 353	489 692	518 174	552 370
Transfers and grants	–	450	450	–	385	385	385	406	428
Other expenditure	369 842	241 626	205 512	197 378	196 951	196 951	236 173	280 969	297 151
Loss on disposal of PPE	124	141	382	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>977 740</b>	<b>962 158</b>	<b>1 079 922</b>	<b>1 291 600</b>	<b>1 326 285</b>	<b>1 326 285</b>	<b>1 418 740</b>	<b>1 554 185</b>	<b>1 671 840</b>
<b>Operating surplus/(deficit)</b>	<b>(481 882)</b>	<b>(388 182)</b>	<b>(434 790)</b>	<b>(494 961)</b>	<b>(529 646)</b>	<b>(529 646)</b>	<b>(564 445)</b>	<b>(637 346)</b>	<b>(687 241)</b>
Transfers recognised – capital	25 000	37 500	50 000	72 384	59 321	59 321	46 130	80 000	80 000
Contributions recognised – capital	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>(456 882)</b>	<b>(350 682)</b>	<b>(384 790)</b>	<b>(422 577)</b>	<b>(470 325)</b>	<b>(470 325)</b>	<b>(518 315)</b>	<b>(557 346)</b>	<b>(607 241)</b>
<b>Capital expenditure</b>	<b>110 618</b>	<b>164 889</b>	<b>285 406</b>	<b>290 901</b>	<b>249 558</b>	<b>249 558</b>	<b>284 271</b>	<b>261 806</b>	<b>338 606</b>

### 2.10.12.2 Water and Sanitation Department

The Department's operating budget will increase in line with the City's MTREF.

The service's total revenue increases by 10% in the 2011/12 financial year. This base is primarily attributed to water sales. While the revenue parameter increase is higher than CPI, it affords the Department the capacity to ensure that current infrastructure is sufficiently maintained, to invest in new infrastructure and to meet increased water demand.

One of the Department's priorities is the funding of WDM strategies to enable planned programmes to be implemented in order to reduce the demand for, and wastage of, water across the city. The main programmes and projects in this regard are:

- the water leaks repair programme;
- the pressure management programme;
- the roll-out of water management devices;
- the treated-effluent reuse programme; and
- continued education and awareness.

The infrastructure planning for the Department was combined in a single integrated master plan, which is being

used to guide and inform the capital budget requirements. As the City does not dispose of raw, untreated wastewater, compliance with standards poses some challenges that need to be addressed. For the 2011/12 financial year, the planned projects are aimed at increasing treatment capacity, improving processes and raising levels of effluent quality. These programmes include:

- the extension of Zandvliet WWTW;
- a Bellville WWTW;
- a new bulk sewer for Thornton/Langa; and
- an Athlone WWTW.

To eradicate the sanitation backlog, and serve the influx of people in informal settlements, the Department is continuing with the implementation of the service provision programme in the 2011/12 financial year. The programme includes the ongoing replacement of pipes for 40 km reticulation on water networks and 20 km on sewerage networks, at an average cost of R1 million/km.

Effectively improving and maintaining the condition of the infrastructure involve high costs, which could place upward pressure on tariff increases in the short to medium term.

**TABLE 77: WATER AND SANITATION DEPARTMENT – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Utility Services Department: Water and Sanitation Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–	–	–	–
Service charges – water revenue	1 231 444	1 281 666	1 483 354	1 659 871	1 659 871	1 659 871	1 828 095	2 037 247	2 268 485
Service charges – sanitation revenue	725 286	744 309	801 008	899 609	889 609	889 609	991 118	1 104 064	1 230 022
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	63 695	36 115	37 665	78 883	74 483	74 483	51 104	53 915	56 826
Rental of facilities and equipment	4	4	4	7	7	7	7	7	8
Interest earned – external investments	38	34	27	–	–	–	–	–	–
Interest earned – outstanding debtors	127 363	172 427	183 819	170 000	170 000	170 000	180 000	189 900	200 155
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	10 823	13 675	2 527	–	8 090	8 090	–	–	–
Other revenue	15 830	7 528	27 454	14 571	47 447	47 447	9 904	10 448	11 013
Gains on disposal of PPE	2 310	2 613	3 492	–	–	–	–	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>2 176 793</b>	<b>2 258 372</b>	<b>2 539 349</b>	<b>2 822 940</b>	<b>2 849 506</b>	<b>2 849 506</b>	<b>3 060 227</b>	<b>3 395 581</b>	<b>3 766 508</b>
<b>Operating expenditure by type</b>									
Employee-related costs	429 527	554 218	719 091	849 867	756 995	756 995	940 629	1 005 239	1 123 034
Remuneration of councillors	–	–	(1)	–	–	–	–	–	–
Debt impairment	209 047	471 307	265 691	336 900	336 900	336 900	299 351	356 181	375 414
Depreciation and asset impairment	159 806	174 778	186 796	213 161	218 300	218 300	250 237	270 256	311 876
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	227 535	256 409	275 643	305 866	305 866	305 866	317 676	367 011	373 576
Other materials	19 832	18 523	18 469	61 073	63 073	63 073	68 485	78 695	89 058
Contracted services	126 869	138 663	179 114	349 613	398 140	398 140	386 818	434 730	507 027
Transfers and grants	–	219	–	–	–	–	–	–	–
Other expenditure	364 616	478 596	543 833	337 909	378 059	378 059	374 014	383 435	404 441
Loss on disposal of PPE	4	44	239	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>1 537 236</b>	<b>2 092 757</b>	<b>2 188 873</b>	<b>2 454 390</b>	<b>2 457 333</b>	<b>2 457 333</b>	<b>2 637 210</b>	<b>2 895 547</b>	<b>3 184 426</b>
<b>Operating surplus/(deficit)</b>	<b>639 558</b>	<b>165 615</b>	<b>350 476</b>	<b>368 550</b>	<b>392 173</b>	<b>392 173</b>	<b>423 017</b>	<b>500 034</b>	<b>582 082</b>
Transfers recognised – capital	81 032	217 616	165 882	172 173	128 687	128 687	159 520	168 000	182 000
Contributions recognised – capital	14 633	7 291	9 993	15 000	15 000	15 000	15 000	–	–
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>735 222</b>	<b>390 522</b>	<b>526 351</b>	<b>555 723</b>	<b>535 860</b>	<b>535 860</b>	<b>597 537</b>	<b>668 034</b>	<b>764 082</b>
<b>Capital expenditure</b>	<b>475 903</b>	<b>696 940</b>	<b>571 056</b>	<b>503 785</b>	<b>446 907</b>	<b>446 907</b>	<b>691 254</b>	<b>767 844</b>	<b>1 009 344</b>

## Part 2 – Supporting documentation continued

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### 2.10.12.3 Electricity Services Department

Historical data forecasts show that energy consumption for the City should continue to grow at a constant 3%. However, a lower forecast was used in the budget, as there was a clear indication of reduced energy consumption in recent years, with close to 0% actual growth in consumption since 2007/8. While demand-side measures will also contribute to slowing the rate of growth in demand, it is likely that the demand for electricity will continue to grow as the city develops.

The Department will be focusing on the upgrading and refurbishment of existing substations, underground cables and overhead power lines across the Cape metro area as part of the network development programme. Continued investment is required to ensure that quality, adequacy and reliability of supply are achieved and maintained. The most significant projects to be undertaken during the 2011/12 financial year are:

- the replacement of 33 kV cables from Oakdale to Boston;
- the replacement of the Vanguard transformer; and
- the replacement of system equipment.

Electricity service availability and access backlogs are still a problem in informal settlements and these are being

addressed by the electrification programmes of the Electricity Services Department and Eskom.

The Department's Public Lighting Section will continue to roll out its conversion of 180 000 mercury-vapour lamps to the more environmentally friendly high-pressure sodium lamps. The new lamps will not only reduce energy consumption by at least 12%, but will also provide more powerful illumination, which will enhance safety in the areas where they are installed.

The 26,7% Eskom increase in bulk supply costs to the City resulted in the bulk purchases increase of R1 100 million and the increase in the total service expenditure of R1 000 million in the 2011/12 financial year.

The Department's staffing strategy consists of a funding plan to expand its labour force and provide ongoing training. A shortage of technical skills prompted the reintroduction of apprenticeship training to target engineering areas. The first and second phases of the project have been successfully concluded and the final phase commenced in February 2011, with trade testing set to take place in April 2012. A learnership technician training programme has also been established, while a graduate internship programme will commence in 2011.



**TABLE 78: ELECTRICITY SERVICES DEPARTMENT – OPERATING REVENUE BY SOURCE, EXPENDITURE BY TYPE AND TOTAL CAPITAL EXPENDITURE**

Directorate: Utility Services Department: Electricity Services Budgeted financial performance (revenue and expenditure)									
Description	2007/8	2008/9	2009/10	2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>Operating revenue by source</b>									
Property rates	–	–	–	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–	–	–	–
Service charges – electricity revenue	2 922 543	3 979 634	5 336 959	6 638 174	6 774 585	6 774 585	8 125 664	9 945 832	12 197 910
Service charges – water revenue	–	–	–	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–	–	–	–
Service charges – refuse revenue	–	–	–	–	–	–	–	–	–
Service charges – other	228 475	251 503	334 292	417 576	278 889	278 889	333 639	407 437	498 684
Rental of facilities and equipment	283	167	138	144	144	144	151	159	167
Interest earned – external investments	33	19	10	10	10	10	12	13	14
Interest earned – outstanding debtors	19 864	18 580	18 231	19 536	16 000	16 000	17 000	17 935	18 903
Dividends received	–	–	–	–	–	–	–	–	–
Fines	–	17	–	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–	–	–	–
Agency services	–	–	–	–	–	–	–	–	–
Transfers recognised – operational	–	–	–	–	–	–	–	–	–
Other revenue	76 589	65 393	59 691	70 011	70 721	70 721	74 719	78 828	83 085
Gains on disposal of PPE	4 453	5 121	2 248	5 000	5 000	5 000	2 500	–	–
<b>Total operating revenue (excluding capital transfers and contributions)</b>	<b>3 252 240</b>	<b>4 320 435</b>	<b>5 751 569</b>	<b>7 150 450</b>	<b>7 145 349</b>	<b>7 145 349</b>	<b>8 553 684</b>	<b>10 450 204</b>	<b>12 798 763</b>
<b>Operating expenditure by type</b>									
Employee-related costs	401 886	465 955	567 993	687 504	599 927	599 927	741 317	813 886	892 779
Remuneration of councillors	–	–	–	–	–	–	–	–	–
Debt impairment	32 570	71 367	111 679	242 655	242 655	242 655	291 035	307 042	438 381
Depreciation and asset impairment	126 591	152 288	202 720	226 857	247 139	247 139	288 950	312 066	337 032
Finance charges	–	–	–	–	–	–	–	–	–
Bulk purchases	1 913 979	2 624 556	3 392 122	4 433 126	4 350 726	4 350 726	5 468 200	6 998 567	8 797 982
Other materials	5 233	5 427	4 738	114 830	108 677	108 677	122 757	132 961	143 886
Contracted services	19 414	11 378	19 047	137 604	132 731	132 731	142 085	153 060	164 754
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	252 735	349 570	364 490	244 651	245 175	245 175	236 469	249 703	263 425
Loss on disposal of PPE	16	399	282	–	–	–	–	–	–
<b>Total operating expenditure</b>	<b>2 752 424</b>	<b>3 680 939</b>	<b>4 663 073</b>	<b>6 087 227</b>	<b>5 927 030</b>	<b>5 927 030</b>	<b>7 290 813</b>	<b>8 967 285</b>	<b>11 038 238</b>
<b>Operating surplus/(deficit)</b>	<b>499 816</b>	<b>639 495</b>	<b>1 088 496</b>	<b>1 063 223</b>	<b>1 218 319</b>	<b>1 218 319</b>	<b>1 262 872</b>	<b>1 482 919</b>	<b>1 760 525</b>
Transfers recognised – capital	15 376	28 123	19 763	30 752	21 551	21 551	19 386	26 544	26 544
Contributions recognised – capital	26 935	33 017	22 402	34 300	28 400	28 400	30 600	32 900	35 300
Contributed assets	–	–	–	–	–	–	–	–	–
<b>Operating surplus/(deficit) after capital transfers and contributions</b>	<b>542 127</b>	<b>700 635</b>	<b>1 130 661</b>	<b>1 128 275</b>	<b>1 268 270</b>	<b>1 268 270</b>	<b>1 312 858</b>	<b>1 542 363</b>	<b>1 822 369</b>
<b>Capital expenditure</b>	<b>539 112</b>	<b>527 888</b>	<b>698 785</b>	<b>762 176</b>	<b>811 416</b>	<b>811 416</b>	<b>830 980</b>	<b>895 651</b>	<b>896 342</b>

## Part 2 – Supporting documentation continued

### 2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

TABLE 79: MBRR TABLE SA33 – CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS													
Description	Preceding years	Current year 2010/11	2011/12 Medium-term Revenue and Expenditure Framework			Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Total contract value
R thousand	Total	Original budget	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Expenditure obligation by contract</b>													
AFS (Automated Fuel Systems)	–	176 720	167 126	176 318	186 016	196 247	207 040	218 427	230 441	–	–	–	1 558 336
ABSA BANK (42S/2007/08)	6 727	5 034	5 775	6 745	–	–	–	–	–	–	–	–	24 281
<b>Total operating expenditure implication</b>	<b>6 727</b>	<b>181 754</b>	<b>172 901</b>	<b>183 063</b>	<b>186 016</b>	<b>196 247</b>	<b>207 040</b>	<b>218 427</b>	<b>230 441</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 582 617</b>

### 2.12 CAPITAL EXPENDITURE DETAILS

TABLE 80: MBRR TABLE SA34A – CAPITAL EXPENDITURE ON NEW ASSETS BY ASSET CLASS										
Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework			
R thousand	Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	
<b>Capital expenditure on new assets, by asset class/subclass</b>										
<b>Infrastructure</b>	679 233	1 191 979	1 641 154	1 508 778	1 539 750	1 539 750	2 028 251	2 285 932	2 939 314	
Infrastructure – road transport	198 235	481 911	1 011 337	750 486	839 146	839 146	1 303 800	1 452 629	1 496 317	
<i>Roads, pavements and bridges</i>	163 964	454 427	981 752	673 278	788 003	788 003	1 221 446	1 372 724	1 428 130	
<i>Stormwater</i>	34 270	27 484	29 585	77 207	51 143	51 143	82 353	79 905	68 187	
Infrastructure – electricity	236 951	232 340	268 053	413 113	433 444	433 444	264 776	303 067	461 573	
<i>Generation</i>	–	–	–	–	–	–	–	–	–	
<i>Transmission and reticulation</i>	224 687	202 063	235 810	386 952	407 025	407 025	238 696	258 023	433 573	
<i>Street lighting</i>	12 265	30 277	32 243	26 162	26 419	26 419	26 080	45 044	28 000	
Infrastructure – water	72 742	143 943	91 974	137 072	71 757	71 757	170 160	233 973	528 743	
<i>Dams and reservoirs</i>	7 295	27 741	21 030	48 640	6 902	6 902	48 450	169 000	403 209	
<i>Water purification</i>	–	–	–	–	–	–	–	–	–	
<i>Reticulation</i>	65 448	116 202	70 944	88 432	64 855	64 855	121 710	64 973	125 535	
Infrastructure – sanitation	152 581	320 520	247 942	169 407	149 828	149 828	253 070	295 763	185 849	
<i>Reticulation</i>	117 023	138 141	96 171	74 107	69 428	69 428	238 070	233 263	124 449	
<i>Sewerage purification</i>	35 558	182 379	151 772	95 300	80 400	80 400	15 000	62 500	61 400	
Infrastructure – other	18 724	13 264	21 848	38 700	45 575	45 575	36 445	500	266 832	
<i>Waste management</i>	4 058	4 041	16 832	35 500	41 693	41 693	32 000	500	266 832	
<i>Transportation</i>	–	–	–	–	–	–	–	–	–	
<i>Gas</i>	–	–	–	–	–	–	–	–	–	
<i>Other</i>	14 666	9 224	5 016	3 200	3 882	3 882	4 445	–	–	



## Part 2 – Supporting documentation continued

**TABLE 81: MBRR TABLE SA34B – CAPITAL EXPENDITURE ON THE RENEWAL OF EXISTING ASSETS BY ASSET CLASS**

Description	2007/8	2008/9	2009/10	Current year 2010/11			2011/12 Medium-term Revenue and Expenditure Framework		
				Audited outcome	Audited outcome	Audited outcome	Original budget	Adjusted budget	Full-year forecast
<b>R thousand</b>									
<b>Capital expenditure on renewal of existing assets by asset class/subclass</b>									
<b>Infrastructure</b>	<b>697 210</b>	<b>780 116</b>	<b>1 172 319</b>	<b>901 202</b>	<b>873 720</b>	<b>873 720</b>	<b>1 043 979</b>	<b>1 011 177</b>	<b>798 685</b>
Infrastructure – road transport	200 116	283 271	494 337	222 349	242 682	242 682	278 490	204 477	179 395
<i>Roads, pavements and bridges</i>	194 010	274 595	469 834	203 688	233 185	233 185	271 540	200 677	178 395
<i>Stormwater</i>	6 107	8 676	24 504	18 661	9 497	9 497	6 950	3 800	1 000
Infrastructure – electricity	210 859	183 764	253 925	225 301	248 501	248 501	429 053	390 856	298 290
<i>Generation</i>	–	–	–	–	–	–	–	–	–
<i>Transmission and reticulation</i>	210 430	183 717	253 905	225 301	248 501	248 501	428 753	390 856	298 290
<i>Street lighting</i>	429	47	20	–	–	–	300	–	–
Infrastructure – water	75 178	71 146	81 505	90 287	80 546	80 546	78 029	58 145	73 250
<i>Dams and reservoirs</i>	9 551	4 735	4 592	16 600	16 907	16 907	–	10 150	–
<i>Water purification</i>	4 257	5 753	2 547	2 370	507	507	–	–	–
<i>Reticulation</i>	61 370	60 659	74 366	71 317	63 132	63 132	78 029	47 995	73 250
Infrastructure – sanitation	139 437	142 316	149 317	174 835	134 618	134 618	174 342	193 866	247 250
<i>Reticulation</i>	50 994	71 384	65 553	75 635	56 518	56 518	110 904	132 066	166 650
<i>Sewerage purification</i>	88 442	70 933	83 764	99 200	78 100	78 100	63 437	61 800	80 600
Infrastructure – other	71 620	99 618	193 235	188 429	167 374	167 374	84 065	163 832	500
<i>Waste management</i>	65 692	91 260	191 711	180 932	159 082	159 082	80 765	163 332	–
<i>Transportation</i>	–	–	–	–	–	–	–	–	–
<i>Gas</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	5 928	8 358	1 524	7 498	8 292	8 292	3 300	500	500
<b>Community</b>	<b>136 039</b>	<b>234 629</b>	<b>174 601</b>	<b>395 303</b>	<b>366 560</b>	<b>366 560</b>	<b>466 649</b>	<b>459 515</b>	<b>389 005</b>
Parks and gardens	21 227	36 575	23 239	19 661	22 996	22 996	29 232	17 923	15 751
Sport fields and stadia	53 831	122 551	49 761	25 861	38 270	38 270	17 735	10 550	550
Swimming pools	3 073	14 214	2 518	3 804	4 516	4 516	1 100	–	–
Community halls	1 225	4 584	4 573	7 157	11 865	11 865	7 753	3 000	20 499
Libraries	1 280	7 225	1 452	–	–	–	4 500	–	–
Recreational facilities	2 527	4 600	704	942	1 342	1 342	188	–	–
Fire, safety and emergency	3 222	6 241	4 558	1 301	3 447	3 447	2 500	316	316
Security and policing	–	–	–	–	–	–	–	–	–
Buses	–	–	–	–	–	–	–	–	–
Clinics	9 173	8 402	8 603	2 284	6 158	6 158	6 730	3 539	4 900
Museums and art galleries	–	–	–	35	35	35	–	–	–
Cemeteries	5 373	8 039	10 563	9 213	9 435	9 435	14 522	19 768	23 850
Social rental housing	31 694	15 058	58 640	308 429	251 337	251 337	362 842	365 517	305 139
Other	3 414	7 140	9 991	16 616	17 160	17 160	19 547	38 903	18 000



## Part 2 – Supporting documentation continued

**TABLE 82: MBRR TABLE SA35 – FUTURE FINANCIAL IMPLICATIONS OF THE CAPITAL BUDGET**

Vote description	2011/12 Medium-term Revenue and Expenditure Framework			Forecasts			Present value
	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	
<b>R thousand</b>							
<b>Capital expenditure</b>							
Vote 1 – Community Services	150 037	194 804	213 187	–	–	–	–
Vote 2 – Corporate Services	208 630	191 694	144 285	–	–	–	–
Vote 3 – Economic and Social Development	172 051	14 160	11 160	–	–	–	–
Vote 4 – Finance	5 062	3 396	3 261	–	–	–	–
Vote 5 – Health	24 848	18 046	11 546	–	–	–	–
Vote 6 – Housing	738 081	741 745	596 441	–	–	–	–
Vote 7 – Internal Audit	171	121	121	–	–	–	–
Vote 8 – Office of the City Manager	20 055	46 034	44 034	–	–	–	–
Vote 9 – Rates and Other	–	–	–	–	–	–	–
Vote 10 – Safety and Security	41 101	14 777	14 777	–	–	–	–
Vote 11 – Strategy and Planning	46 570	46 417	52 917	–	–	–	–
Vote 12 – Transport, Roads and Major Projects	1 876 566	1 569 260	1 713 003	–	–	–	–
Vote 13 – Utility Services	1 806 695	1 925 440	2 244 431	–	–	–	–
<b>Total capital expenditure</b>	<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Future operational costs by vote</b>							
Vote 1 – Community Services	127 348	140 821	153 201	168 954	180 444	174 682	–
Vote 2 – Corporate Services	187 148	203 448	220 576	237 182	255 034	274 226	–
Vote 3 – Economic and Social Development	21 507	22 753	24 381	26 181	28 113	30 188	–
Vote 4 – Finance	13 956	14 491	15 378	16 569	17 854	19 237	–
Vote 5 – Health	16 518	18 073	18 971	20 248	21 615	23 593	–
Vote 6 – Housing	43 144	49 146	57 839	59 562	63 795	65 366	–
Vote 7 – Internal Audit	391	402	426	459	495	533	–
Vote 8 – Office of the City Manager	6 907	7 488	8 164	8 797	9 478	10 213	–
Vote 9 – Rates and Other	–	–	–	–	–	–	–
Vote 10 – Safety and Security	53 737	57 659	61 060	65 848	70 722	74 244	–
Vote 11 – Strategy and Planning	55 467	57 468	60 370	64 774	70 362	74 042	–
Vote 12 – Transport, Roads and Major Projects	613 884	656 801	669 928	720 847	763 385	817 436	–
Vote 13 – Utility Services	1 181 831	1 286 338	1 411 843	1 527 646	1 637 538	1 754 919	–
<b>Total future operational costs</b>	<b>2 321 836</b>	<b>2 514 888</b>	<b>2 702 136</b>	<b>2 917 069</b>	<b>3 118 834</b>	<b>3 318 680</b>	<b>–</b>
<b>Net financial implications</b>	<b>7 411 703</b>	<b>7 280 785</b>	<b>7 751 301</b>	<b>2 917 069</b>	<b>3 118 834</b>	<b>3 318 680</b>	<b>–</b>



*Libraries provide services through direct interaction with communities to improve their quality of life*

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Office of the City Manager	Various			Various	Various
<b>Subtotal: Office of the City Manager</b>					
Internal Audit	Various			Various	Various
<b>Subtotal: Internal Audit</b>					
Utility Services	Electricity Services: Rosmead Avenue reinforcement	C07.00617	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Main substation MV switchgear replacement	C08.84043	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Retreat area office	C08.84049	IB	Other assets	Civic land and buildings
Utility Services	Electricity Services: Oakdale – Boston: replace 33 kV cables	C09.84040	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: New building complex Bloemhof	C09.84065	IB	Other assets	Civic land and buildings
Utility Services	Electricity Services: Vanguard transformer replacement	C10.84029	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Oakdale upgrade	C10.84044	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Koeberg Road switching station phase 2	C10.84050	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Kraaifontein reinforcement	C12.84056	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: Piers Road substation upgrade	C12.84071	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Electricity Services: MV switchgear refurbishment: North	C14.84120	IB	Infrastructure – electricity	Transmission and reticulation
Utility Services	Solid Waste Management: Plant and vehicles	C12.85003	IB	Other assets	Specialised vehicles
Utility Services	Solid Waste Management: Development of landfill infrastructure	C12.85022	IB	Infrastructure other	Waste management
Utility Services	Solid Waste Management: Development of landfill infrastructure	C13.85000	IB	Infrastructure other	Waste management
Utility Services	Solid Waste Management: Rehabilitation and closure of landfill sites	C13.85001	IB	Infrastructure other	Waste management
Utility Services	Solid Waste Management: Plant and vehicles	C13.85005	IB	Other assets	Specialised vehicles
Utility Services	Solid Waste Management: Solid waste management infrastructure	C14.85001	IB	Infrastructure other	Waste management
Utility Services	Solid Waste Management: Plant and vehicles	C14.85004	II	Other assets	Specialised vehicles
Utility Services	Solid Waste Management: Rehabilitation of landfill sites	C14.85009	IB	Infrastructure other	Waste management



Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
	4 309	26 237	20 055	46 034	44 034	Various	Various
	<b>4 309</b>	<b>26 237</b>	<b>20 055</b>	<b>46 034</b>	<b>44 034</b>		
	419	242	171	121	121	Various	Various
	<b>419</b>	<b>242</b>	<b>171</b>	<b>121</b>	<b>121</b>		
144 333	17 683	124 541	2 109	–	–	63	New
56 172	3 128	11 065	11 000	17 350	13 179	Multi	Renewal
71 803	104	–	–	20 000	50 000	72	New
61 615	–	7 715	53 900	–	–	Multi	Renewal
255 199	12 683	19 544	71 506	117 083	17 598	3	New
79 550	–	–	41 000	38 550	–	Multi	Renewal
50 686	16 892	32 515	1 279	–	–	Multi	Renewal
102 204	–	–	–	12 162	90 043	Multi	New
53 567	–	–	50	30 379	23 138	101	Renewal
54 647	–	–	28 945	25 702	–	Multi	Renewal
50 000	–	–	–	–	50 000	Multi	Renewal
146 232	–	–	146 232	–	–	Multi	New
74 730	–	–	74 730	–	–	Multi	Renewal
163 332	–	–	–	163 332	–	Multi	Renewal
74 000	–	–	–	500	–	Multi	New
94 300	–	–	–	94 300	–	Multi	New
187 832	–	–	–	–	187 832	Multi	New
68 100	–	–	–	–	68 100	Multi	New
79 000	–	–	–	–	79 000	Multi	New

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE CONTINUED**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Utility Services	Water Services: Development of additional infrastructure	C05.01268	IG	Infrastructure – water	Various
Utility Services	Water and Sanitation: Bellville wastewater treatment works	C06.30170	IJ	Infrastructure – sanitation	Various
Utility Services	Water and Sanitation: Cape Flats wastewater treatment works	C06.30185	ID	Infrastructure – sanitation	Sewerage purification
Utility Services	Water and Sanitation: Athlone wastewater treatment works	C06.30201	II	Infrastructure – sanitation	Various
Utility Services	Water and Sanitation: Northern-area sewer Thornton	C07.00407	IJ	Infrastructure – sanitation	Reticulation
Utility Services	Water and Sanitation: Contermans Kloof water mains	C08.86024	IB	Infrastructure – water	Reticulation
Utility Services	Water and Sanitation: Main Road upgrade Muizenberg to Clovelly rehabilitation	C08.86038	IB	Infrastructure – water	Reticulation
Utility Services	Water and Sanitation: Zandvliet WWTW – extension	C10.86033	ID	Infrastructure – sanitation	Various
Utility Services	Water and Sanitation: Potsdam WWTW – extension	C11.86063	IB	Infrastructure – sanitation	Various
Utility Services	Water and Sanitation: Bulk water augmentation scheme	C11.86077	IB	Infrastructure – water	Dams and reservoirs
Utility Services	Water and Sanitation: Replace and upgrade water network	C12.86004	IQ	Infrastructure – water	Reticulation
Utility Services	Water and Sanitation: Macassar WWTW – extension	C12.86059	IB	Infrastructure – sanitation	Sewerage purification
Utility Services	Water and Sanitation: Infrastructure replace/ refurbish – WWTW	C12.86070	IP	Infrastructure – sanitation	Sewerage purification
Utility Services	Water and Sanitation: Construction of new head office	C12.86074	NE	Other assets	Other buildings
Utility Services	Water and Sanitation: Northern-regional sludge facility	C12.86075	IB	Infrastructure – sanitation	Sewerage purification
Utility Services	Water and Sanitation: Bellville WWTW – upgrade clarifiers	C13.86002	II	Infrastructure – sanitation	Sewerage purification
Utility Services	Water and Sanitation: Macassar WWTW extension (MIG)	C13.86052	II	Infrastructure – sanitation	Sewerage purification
Utility Services	Various			Various	Various
<b>Subtotal: Utility Services</b>					

Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
109 901	11 280	370	9 650	40 700	38 681	Multi	New
327 396	14 900	39 000	102 000	89 000	8 000	9	New
85 027	21 866	38 000	10 000	–	–	67	Renewal
101 991	12 164	23 200	11 500	–	–	49	Renewal
107 967	1 975	1 900	45 000	37 000	22 000	53	New
74 209	22 161	3 064	30 000	–	–	105	New
77 970	11 955	10 850	14 179	12 588	10 000	64	Renewal
138 248	–	6 098	12 660	60 300	34 950	15	Renewal
245 499	–	7 750	4 877	21 000	78 300	4	Renewal
487 900	–	800	14 300	89 300	374 000	Multi	New
50 800	–	–	50 800	–	–	Multi	Renewal
58 000	–	–	–	500	–	15	Renewal
70 000	–	–	30 000	–	–	Multi	Renewal
79 000	–	–	9 000	40 000	30 000	Multi	New
120 000	–	–	3 000	30 000	47 300	Multi	New
51 000	–	–	–	–	1 000	Multi	Renewal
75 000	–	–	–	–	15 500	15	Renewal
	1 408 619	1 181 659	1 028 937	985 695	1 005 810	Various	Various
	<b>1 555 409</b>	<b>1 508 071</b>	<b>1 806 655</b>	<b>1 925 440</b>	<b>2 244 431</b>		

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE CONTINUED**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Community Services	Various			Various	Various
<b>Subtotal: Community Services</b>					
Transport, Roads and Major Projects	Roads and Stormwater: Brackenfell Boulevard – De Bron – Lang	C05.00956	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: Construct Roads: Broadway extension	C05.00986	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: CSRM: Lotus canal widening: Gugulethu	C05.01092	IE	Infrastructure – road transport	Stormwater
Transport, Roads and Major Projects	Roads and Stormwater: Flood alleviation – Lourens River	C05.01503	IE	Infrastructure – road transport	Stormwater
Transport, Roads and Major Projects	Roads and Stormwater: Atlantis Development Corridor – M12	C07.00500	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: 2010: Klipfontein PT NMT scheme	C07.10501	HK	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: Vlakteplaas bulk roads and stormwater	C08.04407	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: Pelican Park: Strandfontein Road upgrade	C08.10325	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: Khayelitsha rail extension TI	C08.10502	JA	Other assets	Other
Transport, Roads and Major Projects	Roads and Stormwater: WC: Pedestrian improvements to Somerset Road	C08.10510	HK	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Roads and Stormwater: IM: Reconstruct roads – metro	C10.10411	IB	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Transport: Lentegour and Mandalay station PTIS: Dsg	C06.41752	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Transport: Mitchells Plain Station TI	C07.01059	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	Transport: Site C Transport infrastructure development	C10.10584	JJ	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	2010 World Cup Technical: 2010 reconfiguration of Common	C10.10105	HK	Community	Sport fields and stadia
Transport, Roads and Major Projects	IRT Implementation: Integrated bus rapid transit system	C09.00313	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: West Coast corridor	C10.10327	JA	Infrastructure – road transport	Roads, pavements and bridges

Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
	138 365	154 095	137 037	144 104	127 092	Various	Various
	<b>138 365</b>	<b>154 095</b>	<b>137 037</b>	<b>144 104</b>	<b>127 092</b>		
51 648	603	3 000	4 000	4 000	3 000	103	New
113 000	4 400	–	–	3 000	10 000	100	New
64 674	754	9 396	6 000	2 000	1 000	Multi	New
66 440	6 068	300	1 100	1 800	1 000	83	Renewal
67 579	14 850	5 469	3 400	5 000	2 000	104	New
50 732	14 661	7 500	5 000	–	–	Multi	New
60 500	–	500	5 500	16 500	3 000	100	New
281 373	49 473	32 140	24 000	20 000	30 000	66	Renewal
150 049	18 315	16 472	22 500	15 000	55 800	95	Renewal
53 797	24 642	17 526	2 000	–	–	54	Renewal
58 034	–	–	58 034	–	–	Multi	Renewal
59 607	80	11 000	15 000	10 226	23 000	Multi	New
139 035	8 862	14 800	53 020	22 220	14 000	78	New
73 300	–	–	21 300	17 000	35 000	90	New
295 457	158 539	84 879	52 039	–	–	54	New
344 522	64 453	141 769	65 966	55 439	16 895	Multi	New
2 413 888	50 633	211 559	156 587	815 428	576 196	55	New

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE CONTINUED**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Transport, Roads and Major Projects	IRT Implementation: IRT: Inner-city feeder stops	C11.10501	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: Trunk stations	C11.10502	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: Inner-city depots – property acquisition	C11.10503	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: Potsdam depot	C11.10504	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: Atlantis depot	C11.10505	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: NMT	C11.10507	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Implementation: IRT: Infrastructure SC1	C11.10508	JA	Infrastructure – road transport	Roads, pavements and bridges
Transport, Roads and Major Projects	IRT Operations: IRT: Vehicle acquisition	C11.10121	JA	Other assets	General vehicles
Transport, Roads and Major Projects	IRT Operations: IRT: Vehicle acquisition	C11.10122	JA	Other assets	General vehicles
Transport, Roads and Major Projects	IRT Operations: IRT: Control centre	C11.10123	JA	Other assets	Plant and equipment
Transport, Roads and Major Projects	IRT Operations: IRT: Fare collection	C11.10124	JA	Other assets	Plant and equipment
Transport, Roads and Major Projects	Various			Various	Various
<b>Subtotal: Transport, Roads and Major Projects</b>					
Finance	Various			Various	Various
<b>Subtotal: Finance</b>					
Corporate Services	Specialised Technical Services: Radio trunking infrastructure	C07.00621	LF	Other assets	Plant and equipment
Corporate Services	Specialised Technical Services: FM structural rehabilitation	C11.12501	IP	Other assets	Civic land and buildings
Corporate Services	Information Systems and Technology: Dark-fibre broadband infrastructure	C10.16621	NA	Other assets	Computers – hardware/ equipment
Corporate Services	Information Systems and Technology: Data centre construction	C11.16627	NF	Other assets	Other buildings
Corporate Services	Various			Various	Various
<b>Subtotal: Corporate Services</b>					
Health	Various			Various	Various
<b>Subtotal: Health</b>					
Safety and Security	Various			Various	Various
<b>Subtotal: Safety and Security</b>					

Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
175 053	–	54 477	93 059	27 517	–	Multi	New
331 753	–	57 475	113 390	49 291	111 598	Multi	New
91 656	–	–	91 656	–	–	Multi	New
91 689	–	10 000	81 689	–	–	23	New
119 120	–	67	119 053	–	–	Multi	New
76 198	–	5 505	40 000	15 347	15 347	Multi	New
413 992	–	–	–	–	413 992	Multi	New
200 000	–	–	200 000	–	–	Multi	New
211 746	–	–	–	–	211 746	Multi	New
172 108	–	54 128	44 148	73 831	–	Multi	New
311 893	–	77 076	186 360	40 799	7 657	Multi	New
	1 940 244	751 274	411 806	374 862	181 772	Various	Various
	<b>2 356 578</b>	<b>1 566 313</b>	<b>1 876 606</b>	<b>1 569 260</b>	<b>1 713 003</b>		
	16 204	14 175	5 062	3 396	3 261	Various	Various
	<b>16 204</b>	<b>14 175</b>	<b>5 062</b>	<b>3 396</b>	<b>3 261</b>		
52 553	–	2 000	1 000	1 000	1 000	Corporate infrastructure	Renewal
164 304	–	18 000	78 495	57 609	10 200	77	Renewal
138 887	66 096	42 791	–	30 000	30 000	Corporate infrastructure	New
60 000	–	–	30 000	–	–	Corporate infrastructure	New
	122 647	71 871	99 135	103 085	103 085	Various	Various
	<b>188 743</b>	<b>134 662</b>	<b>208 630</b>	<b>191 694</b>	<b>144 285</b>		
	25 567	16 896	24 848	18 046	11 546	Various	Various
	<b>25 567</b>	<b>16 896</b>	<b>24 848</b>	<b>18 046</b>	<b>11 546</b>		
	58 554	35 837	41 101	14 777	14 777	Various	Various
	<b>58 554</b>	<b>35 837</b>	<b>41 101</b>	<b>14 777</b>	<b>14 777</b>		

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE CONTINUED**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Housing	Existing Settlements: Scottsdene CRU project phase 1	C10.15425	KA	Community	Social rental housing
Housing	Existing Settlements: Uitsig CRU project (790 units)	C10.15427	KA	Community	Social rental housing
Housing	Existing Settlements: Woodlands CRU project (100 units)	C10.15428	KA	Community	Social rental housing
Housing	Existing Settlements: Manenberg CRU project (1 584 units)	C10.15430	KA	Community	Social rental housing
Housing	Existing Settlements: Kewtown CRU project	C10.15431	KA	Community	Social rental housing
Housing	Existing Settlements: Hanover Park CRU project	C10.15433	KA	Community	Social rental housing
Housing	Existing Settlements: Heideveld CRU project	C10.15434	KA	Community	Social rental housing
Housing	Existing Settlements: Marble Flats CRU project	C10.15435	KA	Community	Social rental housing
Housing	Existing Settlements: Langa Hostels CRU project (579 units)	C11.15418	KA	Community	Social rental housing
Housing	Existing Settlements: Hostel redevelopment CRU programme	C11.15419	KA	Community	Social rental housing
Housing	Existing Settlements: Brick skin walls – housing flats	C11.15439	KA	Community	Social rental housing
Housing	New Settlements: Witsand phase 2 Atlantis housing project	C06.41500	KL	Various	Various
Housing	New Settlements: Nyanga upgrading project (PLF and UISP)	C06.41502	KL	Various	Various
Housing	New Settlements: Bardale/Fairdale: Develop 4 000 units	C06.41540	KL	Various	Various
Housing	New Settlements: Happy Valley phase 2 – 1 000 units	C06.41568	KL	Various	Various
Housing	New Settlements: Delft – The Hague housing project – 1 400 units	C08.15508	KL	Various	Various
Housing	New Settlements: Land acquisition – housing developments	C10.15507	KL	Other assets	Other land
Housing	New Settlements: Land acquisition	C11.15501	KL	Other assets	Other land
Housing	New Settlements: Land acquisition	C12.15501	KL	Other assets	Other land
Housing	New Settlements: Pelican Park phase 1 – housing project	C12.15507	KL	Various	Various
Housing	Urbanisation: Urbanisation: Informal settlements upgrade	C12.15101	KM	Various	Various
Housing	Various			Various	Various
<b>Subtotal: Housing</b>					



Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
83 397	10 338	47 851	25 208	–	–	6	Renewal
78 987	4 052	33 250	32 147	9 538	–	22	Renewal
85 041	84	24 007	39 542	21 408	–	75	Renewal
178 170	1 567	1 837	1 500	57 755	57 755	42	Renewal
53 139	14 327	29 782	9 029	–	–	49	Renewal
225 881	7 167	30 861	33 258	55 478	64 382	47	Renewal
112 483	1 745	14 134	25 259	42 788	24 478	44	Renewal
107 974	2 767	20 782	24 995	23 588	27 296	66	Renewal
180 000	–	–	20 000	30 000	50 000	52	Renewal
95 000	–	–	15 000	40 000	40 000	Multi	Renewal
50 000	–	2 000	24 000	24 000	–	Multi	Renewal
51 257	10 762	23 159	13 509	–	–	32	New
72 618	72	1 500	3 000	6 500	7 000	Multi	New
147 660	25 186	31 000	50 000	12 000	–	18	New
55 064	664	4 400	35 000	15 000	–	14	New
62 871	–	871	16 000	22 000	24 000	13	New
80 000	–	–	75 000	–	–	Multi	New
82 000	–	–	–	82 000	–	Multi	New
80 000	–	–	–	–	80 000	Multi	New
50 000	–	–	20 000	20 000	10 000	67	New
149 795	–	–	13 000	50 700	86 095	Multi	New
	150 981	189 937	275 634	279 690	211 530	Various	Various
	<b>229 711</b>	<b>455 370</b>	<b>751 081</b>	<b>792 445</b>	<b>682 536</b>		

## Part 2 – Supporting documentation continued

**TABLE 83: MBRR TABLE SA36 – DETAILED CAPITAL BUDGET PER MUNICIPAL VOTE CONTINUED**

Municipal vote/ capital project	Programme/project description	Project number	IDP goal code	Asset class	Asset subclass
<b>R thousand</b>					
Economic and Social Development	CTICC expansion (land)	C12.17303	HS	Other assets	Other buildings
Economic and Social Development	Various			Various	Various
<b>Subtotal: Economic and Social Development</b>					
Strategy and Planning	Various			Various	Various
<b>Subtotal: Strategy and Planning</b>					
<b>Total capital expenditure</b>					

### 2.13 LEGISLATION COMPLIANCE STATUS

The City's compliance with MFMA implementation requirements has been substantially ensured through the following actions:

1. Budget and treasury office – A budget and treasury office has been established in accordance with the MFMA.
2. Budgeting – The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
3. In-year reporting – Full compliance has been achieved with regard to electronic monthly, quarterly and annual reporting to National Treasury.
4. Annual report – The City's annual report is prepared in accordance with the MFMA and National Treasury requirements.
5. Municipal entities – Four municipal entities were consolidated into the 2007/8 annual financial statements. The Philippi East Trading Centre and RED1 were discontinued during the 2007/8 financial year. The City has relinquished effective control of the Khayelitsha Community Trust from 30 June 2011.

6. Internship programme – As part of its participation 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 within the City's Finance Directorate. Five interns are currently employed in the City's Treasury Department.

### 2.14 MUNICIPAL ENTITIES – ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS (SDAS)

The City has one municipal entity, namely the Cape Town Convention Centre (Pty) Ltd (Convenco).

While Circular 55 stipulates that municipalities with municipal entities must produce annual budgets, adjustment budgets and quarterly financial information (in consolidated format) for these entities, National Treasury granted the City exemption in respect of this requirement until 30 June 2013, at which time application for exemption may be made again.

Total project estimate	Prior year outcomes		2011/12 Medium-term Revenue and Expenditure Framework			Project information	
	Audited outcome 2009/10	Current year 2010/11 Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14	Ward location	New or renewal
150 000	–	–	150 000	–	–	77	New
	15 736	31 024	22 051	14 160	11 160	Various	Various
	<b>15 736</b>	<b>31 024</b>	<b>172 051</b>	<b>14 160</b>	<b>11 160</b>		
	73 332	52 556	46 570	46 417	52 917	Various	Various
	<b>73 332</b>	<b>52 556</b>	<b>46 570</b>	<b>46 417</b>	<b>52 917</b>		
			<b>5 089 867</b>	<b>4 765 897</b>	<b>5 049 165</b>		

### Annual budgets and SDAs

**TABLE 84: CAPE TOWN CONVENTION CENTRE (PTY) LTD – SERVICE DELIVERY AGREEMENTS**

Period of agreement	No period stipulated, but subject to annual reviews 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 of Cape Town – 50,2% Provincial Government of Western Cape – 25,1% SunWest International Pty Ltd – 24,7% <b>The City has voting rights of 66%</b>
Oversight processes	Shareholder Management Department is a dedicated unit to monitor performance and ensure compliance
Mandate	Provide a world-class international conference centre
Funding in medium term	None at this stage. Expansion of exhibition area on another site is being investigated again, which could result in a contribution by the City
Summary of SDA	Sets out the obligations of Convenco and the City in respect of compliance and performance issues
Link to IDP	Strategic focus area 1: Shared economic growth and development
Past performance and future objectives	Has exceeded its targets in the past. 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 are always up to international standards. The assets of the conference centre

represent a major investment, which attracts substantial depreciation. There is also a policy for regular replacement of fixed assets to maintain the high standards, which results in high capital expenditure every year.

## Part 2 – Supporting documentation continued

**TABLE 85: CAPE TOWN CONVENTION CENTRE (PTY) LTD – OPERATING REVENUE BY SOURCE AND OPERATING EXPENDITURE BY TYPE**

Categories	Current year 2010/11						2011/12 Medium-term Revenue & Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Approved budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Operating revenue by source</b>									
Rental of facilities and equipment	57 238	54 936	69 331	62 708	61 708	61 708	67 530	72 595	77 967
Interest earned – external investments	6 814	8 715	8 837	8 418	8 418	8 418	8 755	9 236	9 735
Other income	74 356	68 379	72 390	72 213	73 213	73 213	75 474	81 134	87 138
<b>Total operating revenue</b>	<b>138 408</b>	<b>132 030</b>	<b>150 558</b>	<b>143 339</b>	<b>143 339</b>	<b>143 339</b>	<b>151 759</b>	<b>162 965</b>	<b>174 840</b>
<b>Operating expenditure by type</b>									
Employee-related costs	29 178	23 836	28 380	31 011	31 311	32 872	33 503	36 016	38 681
Remuneration of directors	86	80	226	370	370	370	396	425	457
Bad debts	68	277	3 065	242	242	242	251	265	280
Depreciation	6 794	18 303	19 657	22 519	22 519	22 519	23 420	24 708	26 042
Repairs and maintenance	23 234	22 509	28 486	32 701	32 701	34 801	38 257	42 956	47 978
General expenses	47 023	52 888	56 494	49 875	51 015	47 066	52 036	55 255	58 555
<b>Total operating expenditure</b>	<b>106 383</b>	<b>117 893</b>	<b>136 308</b>	<b>136 718</b>	<b>138 158</b>	<b>137 870</b>	<b>147 863</b>	<b>159 625</b>	<b>171 993</b>
<b>(Surplus)/deficit</b>	<b>(32 025)</b>	<b>(14 137)</b>	<b>(14 250)</b>	<b>(6 621)</b>	<b>(5 181)</b>	<b>(5 469)</b>	<b>(3 896)</b>	<b>(3 340)</b>	<b>(2 847)</b>

**TABLE 86: CAPE TOWN CONVENTION CENTRE (PTY) LTD - CAPITAL EXPENDITURE BY TYPE**

Categories	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Approved budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
Plant and equipment	3 664	3 209	1 662	3 353	3 353	3 353	6 068	5 682	1 897
Office equipment	1 662	3 841	5 294	8 320	10 691	10 691	11 075	8 235	9 485
Other land and buildings	19 094	5 860	5 410	4 000	19 146	19 146	5 855	8 110	2 710
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24 420</b>	<b>12 910</b>	<b>12 366</b>	<b>15 673</b>	<b>33 190</b>	<b>33 190</b>	<b>22 998</b>	<b>22 027</b>	<b>14 092</b>



CONTENTS AND GLOSSARY

MAYOR'S SPEECH

ANNUAL BUDGET

SUPPORTING DOCUMENT

## Part 2 – Supporting documentation continued

### 2.15 OTHER SUPPORTING DOCUMENTS

TABLE 87: MBRR TABLE SA1 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL PERFORMANCE'									
Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total property rates	3 531 973	3 561 855	4 192 543	5 104 617	5 104 617	5 104 617	5 568 774	6 102 459	6 585 013
<i>Less: revenue foregone</i>	(349 078)	(398 495)	(438 118)	(898 186)	(898 186)	(898 186)	(986 789)	(1 034 906)	(1 101 284)
<b>Net property rates</b>	<b>3 182 895</b>	<b>3 163 360</b>	<b>3 754 425</b>	<b>4 206 430</b>	<b>4 206 430</b>	<b>4 206 430</b>	<b>4 581 985</b>	<b>5 067 554</b>	<b>5 483 728</b>
<b>Service charges – electricity revenue</b>									
Total service charges – electricity revenue	2 922 573	3 979 645	5 336 970	6 638 174	6 774 585	6 774 585	8 125 664	9 945 832	12 197 910
<i>Less: revenue foregone</i>									
<b>Net service charges – electricity revenue</b>	<b>2 922 573</b>	<b>3 979 645</b>	<b>5 336 970</b>	<b>6 638 174</b>	<b>6 774 585</b>	<b>6 774 585</b>	<b>8 125 664</b>	<b>9 945 832</b>	<b>12 197 910</b>
<b>Service charges – water revenue</b>									
Total service charges – water revenue	1 231 444	1 281 671	1 483 354	1 659 871	1 659 871	1 659 871	1 828 095	2 037 247	2 268 485
<i>Less: revenue foregone</i>									
<b>Net service charges – water revenue</b>	<b>1 231 444</b>	<b>1 281 671</b>	<b>1 483 354</b>	<b>1 659 871</b>	<b>1 659 871</b>	<b>1 659 871</b>	<b>1 828 095</b>	<b>2 037 247</b>	<b>2 268 485</b>
<b>Service charges – sanitation revenue</b>									
Total service charges – sanitation revenue	725 274	744 294	801 003	899 609	889 609	889 609	991 118	1 104 064	1 230 022
<i>Less: revenue foregone</i>									
<b>Net service charges – sanitation revenue</b>	<b>725 274</b>	<b>744 294</b>	<b>801 003</b>	<b>899 609</b>	<b>889 609</b>	<b>889 609</b>	<b>991 118</b>	<b>1 104 064</b>	<b>1 230 022</b>
<b>Service charges – refuse revenue</b>									
Total refuse removal revenue	411 844	479 288	534 545	639 401	639 401	639 401	688 060	740 421	796 012
Total landfill revenue	51 932	58 196	79 906	123 369	123 369	123 369	132 350	139 868	147 677
<i>Less: revenue foregone</i>									
<b>Net service charges – refuse revenue</b>	<b>463 776</b>	<b>537 484</b>	<b>614 451</b>	<b>762 770</b>	<b>762 770</b>	<b>762 770</b>	<b>820 410</b>	<b>880 289</b>	<b>943 689</b>
<b>Other revenue by source</b>									
Fuel levy			1 371 610	1 510 960	1 510 960	1 510 960	1 637 276	1 721 220	1 830 452
Other revenue	293 551	195 685	259 919	249 270	260 522	260 522	275 006	279 880	294 994
<b>Total 'other' revenue</b>	<b>293 551</b>	<b>195 685</b>	<b>1 631 529</b>	<b>1 760 230</b>	<b>1 771 482</b>	<b>1 771 482</b>	<b>1 912 282</b>	<b>2 001 100</b>	<b>2 125 446</b>

**TABLE 87: MBRR TABLE SA1 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL PERFORMANCE' CONTINUED**

Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>EXPENDITURE ITEMS:</b>									
<b>Employee-related costs</b>									
Salaries and wages	2 627 790	2 915 747	3 540 694	4 314 665	4 202 884	4 202 884	4 701 335	5 185 751	5 705 632
Contributions to UIF, pensions, medical aid	618 572	723 079	830 700	1 150 419	1 089 192	1 089 192	1 246 664	1 355 050	1 486 994
Travel, motor car, accommodation and other allowances	270 177	290 062	303 145	322 354	329 096	329 096	373 184	408 279	448 290
Housing benefits and allowances	50 580	55 926	43 831	48 531	48 531	48 531	40 397	44 396	48 747
Overtime	193 460	226 815	260 779	210 287	225 759	225 759	252 364	277 955	305 194
Performance bonus	–	–	–	–	–	–	–	–	–
Long-service awards	–	–	59 165	43 282	43 282	43 282	37 489	41 201	45 238
Payments in lieu of leave	38 648	59 873	55 522	102 000	102 000	102 000	113 317	124 536	136 740
Post-retirement benefit obligations	373 000	287 087	512 856	326 543	292 519	292 519	345 322	364 314	383 987
<b>Subtotal</b>	<b>4 172 227</b>	<b>4 558 590</b>	<b>5 606 691</b>	<b>6 518 081</b>	<b>6 333 264</b>	<b>6 333 264</b>	<b>7 110 071</b>	<b>7 801 480</b>	<b>8 560 823</b>
<i>Less: employee costs capitalised to PPE</i>	<i>(18 882)</i>	<i>(21 022)</i>	<i>(19 525)</i>	<i>(15 142)</i>	<i>(15 142)</i>	<i>(15 142)</i>	<i>(18 423)</i>	<i>(19 436)</i>	<i>(20 485)</i>
<b>Total employee-related costs</b>	<b>4 153 345</b>	<b>4 537 568</b>	<b>5 587 167</b>	<b>6 502 939</b>	<b>6 318 122</b>	<b>6 318 122</b>	<b>7 091 648</b>	<b>7 782 044</b>	<b>8 540 338</b>
<b>Contributions recognised – capital</b>									
<i>Capital PCDR</i>	49 675	61 455	68 988	64 379	60 180	60 180	54 200	42 881	40 300
<b>Total contributions recognised – capital</b>	<b>49 675</b>	<b>61 455</b>	<b>68 988</b>	<b>64 379</b>	<b>60 180</b>	<b>60 180</b>	<b>54 200</b>	<b>42 881</b>	<b>40 300</b>
<b>Depreciation and asset impairment</b>									
Depreciation of property, plant and equipment	774 710	733 726	991 348	1 141 982	1 227 258	1 227 258	1 360 823	1 443 047	1 570 622
Lease amortisation	–	–	–	–	–	–	–	–	–
Capital asset impairment	35 009	131 099	52 040	48 699	36 000	36 000	32 000	33 760	35 583
<b>Total depreciation and asset impairment</b>	<b>809 719</b>	<b>864 825</b>	<b>1 043 389</b>	<b>1 190 680</b>	<b>1 263 258</b>	<b>1 263 258</b>	<b>1 392 823</b>	<b>1 476 807</b>	<b>1 606 205</b>
<b>Bulk purchases</b>									
Electricity bulk purchases	1 913 979	2 624 556	3 392 122	4 433 126	4 350 726	4 350 726	5 468 200	6 998 567	8 797 982
Water bulk purchases	227 535	256 409	275 643	305 866	305 866	305 866	317 676	367 011	373 576
<b>Total bulk purchases</b>	<b>2 141 514</b>	<b>2 880 965</b>	<b>3 667 765</b>	<b>4 738 992</b>	<b>4 656 592</b>	<b>4 656 592</b>	<b>5 785 876</b>	<b>7 365 579</b>	<b>9 171 558</b>

## Part 2 – Supporting documentation continued

**TABLE 87: MBRR TABLE SA1 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL PERFORMANCE' CONTINUED**

Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>Contracted services</b>									
<i>Contracted services</i>	353 417	495 018	647 631	1 642 302	1 810 008	1 810 008	–	–	–
Executive and Council	–	–	–	–	–	–	532	577	625
Budget and treasury office	–	–	–	–	–	–	19 111	20 665	22 332
Corporate services	–	–	–	–	–	–	257 602	276 119	295 815
Community and social services	–	–	–	–	–	–	59 679	63 587	67 852
Sport and recreation	–	–	–	–	–	–	215 962	230 049	248 769
Public safety	–	–	–	–	–	–	41 029	44 440	48 091
Housing	–	–	–	–	–	–	136 535	383 781	441 954
Health	–	–	–	–	–	–	5 884	6 366	6 883
Planning and development	–	–	–	–	–	–	13 884	14 512	15 320
Road transport	–	–	–	–	–	–	508 548	466 009	499 059
Environmental protection	–	–	–	–	–	–	15 129	15 002	15 870
Electricity	–	–	–	–	–	–	116 064	124 913	134 334
Water	–	–	–	–	–	–	152 721	188 437	225 101
Wastewater management	–	–	–	–	–	–	251 687	263 293	300 431
Waste management	–	–	–	–	–	–	456 684	486 534	519 022
Other	–	–	–	–	–	–	3 204	3 385	3 572
<i>Labour brokers</i>	225 647	158 956	133 035	92 986	98 599	98 599	47 788	52 369	55 095
<i>Contracted services ex payroll</i>	17 442	20 700	19 832	28 420	16 573	16 573	18 125	15 938	16 799
<b>Total contracted services</b>	<b>596 506</b>	<b>674 675</b>	<b>800 498</b>	<b>1 763 709</b>	<b>1 925 180</b>	<b>1 925 180</b>	<b>2 320 168</b>	<b>2 655 977</b>	<b>2 916 923</b>



**TABLE 87: MBRR TABLE SA1 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL PERFORMANCE' CONTINUED**

Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Other expenditure by type</b>									
Collection costs	143 935	159 579	167 822	190 447	186 673	186 673	201 229	212 296	223 760
Contributions to 'other' provisions	237 991	21 859	27 162	30 000	2 000	2 000	40 000	74 000	79 000
Consultant fees	42 119	58 841	100 860	71 431	83 250	83 250	158 009	131 530	142 167
Audit fees	12 189	14 345	16 434	17 225	17 200	17 200	16 388	17 290	18 223
Repairs and maintenance	1 185 860	1 372 624	1 577 652	–	–	–	–	–	–
General expenses	1 539 593	1 856 379	1 964 655	2 813 541	2 798 613	2 798 613	2 804 877	3 155 771	3 304 630
R&M labour to operating	–	–	–	–	–	–	436 939	474 080	513 903
<i>Projects</i>	–	–	–	–	–	–	94 544	179 201	244 675
<i>Security services</i>	–	–	–	–	–	–	193 454	204 094	215 116
<i>Indigent relief: reference</i>	–	–	–	–	–	–	185 870	196 093	206 682
<i>G&amp;D projects</i>	–	–	–	–	–	–	245 982	307 921	191 928
<i>Fuel</i>	–	–	–	–	–	–	169 601	156 318	165 840
<i>Indigent relief: R20</i>	–	–	–	–	–	–	119 752	126 338	133 161
<i>Chemicals</i>	–	–	–	–	–	–	93 334	98 467	103 784
<i>Licences and permits</i>	–	–	–	–	–	–	86 377	94 409	99 507
<i>G&amp;D labour to operating</i>	–	–	–	–	–	–	93 175	82 824	89 636
<i>MIDS/CIDS</i>	–	–	–	–	–	–	85 687	83 591	88 105
<i>Telecommunication</i>	–	–	–	–	–	–	77 866	82 400	86 849
<i>Electricity</i>	–	–	–	–	–	–	71 432	75 360	79 430
<i>R&amp;M vehicles to operations</i>	–	–	–	–	–	–	68 622	72 396	76 306
<i>Print stat and photo</i>	–	–	–	–	–	–	63 226	66 634	70 232
<i>G&amp;D housing PHP payment</i>	–	–	–	–	–	–	60 000	70 000	70 000
<i>Training</i>	–	–	–	–	–	–	–	58 932	62 114
<i>Rental</i>	–	–	–	–	–	–	–	55 761	58 772
<i>Tools, equipment and other</i>	–	–	–	–	–	–	–	–	52 098
<i>Hire of LDV – VAT</i>	–	–	–	–	–	–	–	–	51 997
<i>Hire charges</i>	–	–	–	–	–	–	–	–	51 777
<i>G&amp;D vaccines</i>	–	–	–	–	–	–	67 261	–	50 444
<i>Indigent relief: electricity</i>	–	–	–	–	–	–	–	–	46 403
<i>Premium: unicity insurance</i>	–	–	–	–	–	–	–	–	46 182
<i>Purchase of shares – CTICC</i>	–	–	–	–	–	–	–	150 000	200 000
<b>Total 'other' expenditure</b>	<b>3 161 688</b>	<b>3 483 628</b>	<b>3 854 585</b>	<b>3 122 644</b>	<b>3 087 736</b>	<b>3 087 736</b>	<b>3 220 503</b>	<b>3 590 887</b>	<b>3 767 782</b>
<b>Repairs and maintenance by expenditure item</b>									
Employee-related costs	–	–	–	399 342	388 460	388 460	436 939	474 080	513 903
Other materials	–	–	–	227 354	222 472	222 472	221 703	240 108	260 278
Contracted services	–	–	68	871 602	966 772	966 772	1 034 317	1 117 326	1 231 181
Other expenditure	1 185 860	1 372 624	1 577 652	92 164	88 777	88 777	105 952	111 796	119 015
<b>Total repairs and maintenance expenditure</b>	<b>1 185 860</b>	<b>1 372 624</b>	<b>1 577 720</b>	<b>1 590 462</b>	<b>1 666 482</b>	<b>1 666 482</b>	<b>1 798 911</b>	<b>1 943 310</b>	<b>2 124 377</b>

## Part 2 – Supporting documentation continued

**TABLE 88: MBRR TABLE SA2 – FINANCIAL PERFORMANCE BUDGET (REVENUE SOURCE/EXPENDITURE TYPE AND DEPARTMENT)**

Description	Vote 1 – Community Services	Vote 2 – Corporate Services	Vote 3 – Economic and Social Development	Vote 4 – Finance	Vote 5 – Health	Vote 6 – Housing
<b>R thousand</b>						
<b>Revenue by source</b>						
Property rates	–	–	–	–	–	–
Property rates – penalties and collection charges	–	–	–	–	–	–
Service charges – electricity revenue	–	–	–	–	–	–
Service charges – water revenue	–	–	–	–	–	–
Service charges – sanitation revenue	–	–	–	–	–	–
Service charges – refuse revenue	4	–	–	–	–	–
Service charges – other	15 872	924	2 310	7 005	201	10 107
Rental of facilities and equipment	21 981	845	68 602	1	–	169 728
Interest earned – external investments	–	–	10	171 378	–	21 000
Interest earned – outstanding debtors	–	–	615	–	–	–
Dividends received	–	–	–	–	–	–
Fines	3 052	–	2	–	18	–
Licences and permits	391	–	181	–	34	–
Agency services	–	–	–	105 000	–	–
Other revenue	471	24 013	77	99 567	3 472	5 541
Transfers recognised - operational	31 133	–	4 150	7 060	357 500	219 136
Gains on disposal of PPE	–	1 500	99 000	–	–	2 000
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>72 904</b>	<b>27 282</b>	<b>174 947</b>	<b>390 011</b>	<b>361 225</b>	<b>427 512</b>
<b>Expenditure by type</b>						
Employee-related costs	728 292	863 760	142 336	458 990	455 899	246 898
Remuneration of councillors	–	–	–	–	–	–
Debt impairment	–	–	8 400	2 650	–	112 168
Depreciation and asset impairment	77 048	133 059	12 810	11 118	6 966	65 468
Finance charges	–	–	–	766 367	–	–
Bulk purchases	–	–	–	–	–	–
Other materials	9 919	11 830	935	982	2 565	14 147
Contracted services	273 041	254 682	33 929	5 336	11 531	141 179
Transfers and grants	–	–	81 373	5 627	2 737	–
Other expenditure	151 157	363 423	53 675	316 315	227 705	174 952
Loss on disposal of PPE	–	–	–	–	–	–
<b>Total expenditure</b>	<b>1 239 456</b>	<b>1 626 753</b>	<b>333 458</b>	<b>1 567 385</b>	<b>707 404</b>	<b>754 811</b>
<b>Surplus/(deficit)</b>	<b>(1 166 553)</b>	<b>(1 599 472)</b>	<b>(158 511)</b>	<b>(1 177 374)</b>	<b>(346 179)</b>	<b>(327 299)</b>
Transfers recognised – capital	71 309	–	5 101	40	12 840	661 728
Contributions recognised – capital	1 611	2 000	90	–	–	–
Contributed assets	–	–	–	–	–	–
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>(1 093 633)</b>	<b>(1 597 472)</b>	<b>(153 320)</b>	<b>(1 177 334)</b>	<b>(333 339)</b>	<b>334 429</b>

Vote 7 – Internal Audit	Vote 8 – Office of the City Manager	Vote 9 – Rates and Other	Vote 10 – Safety and Security	Vote 11 – Strategy and Planning	Vote 12 – Transport, Roads and Major Projects	Vote 13 – Utility Services	Total
–	–	4 581 985	–	–	–	–	<b>4 581 985</b>
–	–	85 759	–	–	–	–	<b>85 759</b>
–	–	–	–	–	–	8 125 664	<b>8 125 664</b>
–	–	–	–	–	–	1 828 095	<b>1 828 095</b>
–	–	–	–	–	–	991 118	<b>991 118</b>
–	–	–	157	–	–	820 249	<b>820 410</b>
–	4	–	8 726	71 569	110 013	398 642	<b>625 371</b>
–	–	–	175	114	2 431	166	<b>264 043</b>
–	–	–	26	–	–	12	<b>192 426</b>
–	–	–	650	20	50	217 000	<b>218 335</b>
–	–	–	–	–	–	–	<b>–</b>
–	–	–	182 685	1 132	–	3	<b>186 892</b>
–	–	–	28 233	981	225	–	<b>30 046</b>
–	–	–	10 993	–	–	–	<b>115 993</b>
–	2 240	1 637 276	46	673	54 148	84 758	<b>1 912 282</b>
–	–	921 150	424	2 240	355 022	–	<b>1 897 816</b>
–	–	–	–	–	–	2 500	<b>105 000</b>
–	<b>2 244</b>	<b>7 226 170</b>	<b>232 116</b>	<b>76 729</b>	<b>521 889</b>	<b>12 468 207</b>	<b>21 981 235</b>
30 518	136 260	30 546	1 038 511	311 584	466 797	2 181 258	<b>7 091 648</b>
–	108 786	–	–	–	–	–	<b>108 786</b>
–	–	285 131	–	–	–	631 621	<b>1 039 970</b>
303	5 887	–	35 609	24 912	356 928	662 715	<b>1 392 823</b>
–	–	–	–	–	–	–	<b>766 367</b>
–	–	–	–	–	–	5 785 876	<b>5 785 876</b>
3	437	–	4 221	869	35 804	237 604	<b>319 316</b>
617	4 860	–	17 931	17 516	539 725	1 019 820	<b>2 320 168</b>
–	5 270	–	–	1 025	–	385	<b>96 419</b>
1 524	63 941	363 413	164 024	33 391	456 688	850 297	<b>3 220 503</b>
–	–	–	–	–	–	–	<b>–</b>
<b>32 964</b>	<b>325 441</b>	<b>679 090</b>	<b>1 260 296</b>	<b>389 297</b>	<b>1 855 942</b>	<b>11 369 576</b>	<b>22 141 875</b>
<b>(32 964)</b>	<b>(323 197)</b>	<b>6 547 080</b>	<b>(1 028 180)</b>	<b>(312 568)</b>	<b>(1 334 053)</b>	<b>1 098 631</b>	<b>(160 640)</b>
–	14 000	–	3 300	–	1 667 805	225 036	<b>2 661 159</b>
–	–	–	–	–	4 899	45 600	<b>54 200</b>
–	–	–	–	–	–	–	<b>–</b>
<b>(32 964)</b>	<b>(309 197)</b>	<b>6 547 080</b>	<b>(1 024 880)</b>	<b>(312 568)</b>	<b>338 651</b>	<b>1 369 266</b>	<b>2 554 719</b>

## Part 2 – Supporting documentation continued

TABLE 89: MBRR TABLE SA3 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL POSITION'									
Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
R thousand									
<b>ASSETS</b>									
<b>Call investment deposits</b>	–	–	–	–	–	–	–	–	–
Call deposits < 90 days	970 135	2 434 318	4 347 913	1 759 901	2 892 421	2 892 421	3 233 856	3 599 890	4 029 340
Other current investments > 90 days	3 221 903	1 196 576	55 800	1 131 383	59 334	59 334	–	–	6 800
<b>Total call investment deposits</b>	<b>4 192 038</b>	<b>3 630 894</b>	<b>4 403 713</b>	<b>2 891 284</b>	<b>2 951 755</b>	<b>2 951 755</b>	<b>3 233 856</b>	<b>3 599 890</b>	<b>4 036 140</b>
<b>Consumer debtors</b>									
Consumer debtors	4 862 811	5 823 664	6 660 840	7 970 014	7 825 705	7 825 705	9 147 953	10 669 093	12 414 271
<i>Less: provision for debt impairment</i>	(2 570 525)	(3 079 562)	(3 299 430)	(4 801 202)	(4 267 303)	(4 267 303)	(5 307 273)	(6 467 733)	(7 812 916)
<b>Total consumer debtors</b>	<b>2 292 286</b>	<b>2 744 102</b>	<b>3 361 410</b>	<b>3 168 812</b>	<b>3 558 401</b>	<b>3 558 401</b>	<b>3 840 680</b>	<b>4 201 359</b>	<b>4 601 354</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year	2 330 459	2 570 525	3 079 562	(3 833 486)	(3 299 430)	(3 299 430)	(4 267 303)	(5 307 273)	(6 467 733)
Contributions to the provision	682 723	601 738	598 836	(967 716)	(967 873)	(967 873)	(1 039 970)	(1 160 460)	(1 345 183)
Bad debts written off	(442 657)	(92 701)	(378 968)	–	–	–	–	–	–
<b>Balance at the end of the year</b>	<b>2 570 525</b>	<b>3 079 562</b>	<b>3 299 430</b>	<b>(4 801 202)</b>	<b>(4 267 303)</b>	<b>(4 267 303)</b>	<b>(5 307 273)</b>	<b>(6 467 733)</b>	<b>(7 812 916)</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excluding finance leases)	19 369 783	24 318 961	28 887 520	34 198 400	33 326 412	33 326 412	38 416 279	43 182 176	48 231 341
Leases recognised as PPE	398 956	398 128	398 121	133 704	398 121	398 121	398 121	398 121	398 121
<i>Less: accumulated depreciation</i>	7 625 742	8 388 076	9 338 389	10 916 495	10 916 203	10 916 203	12 309 026	13 785 833	15 392 038
<b>Total property, plant and equipment (PPE)</b>	<b>12 142 997</b>	<b>16 329 013</b>	<b>19 947 252</b>	<b>23 415 609</b>	<b>22 808 330</b>	<b>22 808 330</b>	<b>26 505 374</b>	<b>29 794 464</b>	<b>33 237 424</b>
<b>LIABILITIES</b>									
<b>Current liabilities – borrowing</b>									
Short-term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	409 239	475 484	262 983	199 643	199 673	199 673	168 659	186 105	150 892
<b>Total current liabilities – borrowing</b>	<b>409 239</b>	<b>475 484</b>	<b>262 983</b>	<b>199 643</b>	<b>199 673</b>	<b>199 673</b>	<b>168 659</b>	<b>186 105</b>	<b>150 892</b>
<b>Trade and other payables</b>									
Trade and other creditors	2 389 634	2 835 166	3 141 453	2 207 353	2 488 119	2 488 119	2 771 237	2 876 790	3 165 371
Unspent conditional transfers	1 562 884	889 821	1 048 440	1 534 160	1 096 519	1 096 519	977 376	1 035 139	991 536
VAT	145 308	145 302	212 848	175 815	234 133	234 133	257 546	283 301	311 631
<b>Total trade and other payables</b>	<b>4 097 826</b>	<b>3 870 289</b>	<b>4 402 741</b>	<b>3 917 328</b>	<b>3 818 771</b>	<b>3 818 771</b>	<b>4 006 159</b>	<b>4 195 229</b>	<b>4 468 538</b>

**TABLE 89: MBRR TABLE SA3 – SUPPORTING DETAIL TO 'BUDGETED FINANCIAL POSITION' CONTINUED**

Description	Current year 2010/11						2011/12 Medium-term Revenue and Expenditure Framework		
	2007/8 Audited outcome	2008/9 Audited outcome	2009/10 Audited outcome	Original budget	Adjusted budget	Full-year forecast	Budget year 2011/12	Budget year +1 2012/13	Budget year +2 2013/14
<b>R thousand</b>									
<b>Non-current liabilities – borrowing</b>									
Borrowing	2 890 851	3 670 738	5 485 859	6 447 345	5 347 930	5 347 930	6 679 271	7 893 166	9 242 274
Finance leases (including PPP asset element)	156 961	141 224	61 767	–	–	–	–	–	–
<b>Total non-current liabilities – borrowing</b>	<b>3 047 812</b>	<b>3 811 962</b>	<b>5 547 626</b>	<b>6 447 345</b>	<b>5 347 930</b>	<b>5 347 930</b>	<b>6 679 271</b>	<b>7 893 166</b>	<b>9 242 274</b>
<b>Provisions – non-current</b>									
Retirement benefits	1 815 535	2 000 911	2 388 826	2 509 339	2 681 345	2 681 345	3 026 667	3 390 981	3 774 969
<i>List other major provision items</i>									
Refuse landfill site rehabilitation	397 357	363 280	361 386	471 718	363 386	363 386	403 386	477 386	556 386
Other	187 565	246 984	298 902	296 318	342 184	342 184	379 673	420 874	466 112
<b>Total provisions – non-current</b>	<b>2 400 457</b>	<b>2 611 175</b>	<b>3 049 114</b>	<b>3 277 375</b>	<b>3 386 916</b>	<b>3 386 916</b>	<b>3 809 727</b>	<b>4 289 241</b>	<b>4 797 467</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated surplus/ (deficit)</b>									
Accumulated surplus/(deficit) – opening balance	1 224 439	7 296 280	10 258 033	10 749 339	12 280 444	12 280 444	12 679 476	13 403 485	13 873 432
GRAP adjustments	4 809 984	53 083	77	–	–	–	–	–	–
Restated balance	6 034 423	7 349 363	10 258 110	10 749 339	12 280 444	12 280 444	12 679 476	13 403 485	13 873 432
Surplus/(deficit)	1 429 674	3 136 140	2 105 575	1 666 605	1 783 257	1 783 257	2 554 719	2 344 088	2 354 827
Appropriations to reserves	(744 368)	(679 300)	(921 437)	(539 881)	(745 614)	(745 614)	(549 980)	(621 229)	(686 057)
Transfers from reserves	576 551	451 830	838 274	716 758	698 856	698 856	970 872	912 318	771 640
Depreciation offsets	–	–	–	426 990	495 219	495 219	497 295	536 384	578 527
Other adjustments	–	–	–	(1 762 055)	(1 832 686)	(1 832 686)	(2 748 897)	(2 701 614)	(2 756 607)
<b>Accumulated surplus/ (deficit)</b>	<b>7 296 280</b>	<b>10 258 033</b>	<b>12 280 522</b>	<b>11 257 755</b>	<b>12 679 476</b>	<b>12 679 476</b>	<b>13 403 485</b>	<b>13 873 432</b>	<b>14 135 761</b>
<b>Reserves</b>									
Housing Development Fund	490 354	510 851	531 472	647 526	575 129	575 129	599 972	628 825	663 673
Capital Replacement Reserve	908 673	1 042 091	1 180 916	390 951	1 227 674	1 227 674	806 783	515 694	430 111
Capitalisation	–	–	–	–	–	–	–	–	–
Government grant	–	–	–	2 854 907	1 279 932	1 279 932	3 497 995	5 624 929	7 757 941
Donations and public contributions	–	–	–	–	–	–	–	–	–
Self-insurance	660 903	734 458	658 175	758 253	672 053	672 053	680 748	690 193	700 413
Other reserves	–	–	–	120 434	97 503	97 503	102 915	109 515	116 540
Revaluation	–	–	–	–	–	–	–	–	–
<b>Total reserves</b>	<b>2 059 930</b>	<b>2 287 400</b>	<b>2 370 563</b>	<b>4 772 071</b>	<b>3 852 291</b>	<b>3 852 291</b>	<b>5 688 414</b>	<b>7 569 155</b>	<b>9 668 677</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>9 356 210</b>	<b>12 545 433</b>	<b>14 651 085</b>	<b>16 029 826</b>	<b>16 531 767</b>	<b>16 531 767</b>	<b>19 091 898</b>	<b>21 442 586</b>	<b>23 804 438</b>

## Part 2 – Supporting documentation continued

**TABLE 90: MBRR TABLE SA9 – SOCIAL, ECONOMIC AND DEMOGRAPHIC STATISTICS AND ASSUMPTIONS**

Description of economic indicator	Basis of calculation	1996 census	2001 census	2007 survey
<b>Demographics</b>				
Population	Stats SA data/estimate	2 563 095	2 893 249	3 497 097
Females aged 5 – 14	Stats SA data/estimate	240 464	260 241	287 307
Males aged 5 – 14	Stats SA data/estimate	240 650	257 985	284 101
Females aged 15 – 34	Stats SA data/estimate	495 555	571 867	653 762
Males aged 15 – 34	Stats SA data/estimate	472 794	539 939	631 811
Unemployment	Stats SA data/estimate	19,60	29,20	24,50
<b>Household income (households)</b>				
None	Stats SA data/estimate	38 391	102 070	n/a
R1 – R4 800	Stats SA data/estimate	n/a	n/a	n/a
R4 800 – R9 600	Stats SA data/estimate	n/a	n/a	n/a
<b>Household/demographics (000)</b>				
Number of people in municipal area	Stats SA data/estimate	2 563 095	2 893 249	3 497 097
Number of poor people in municipal area	Stats SA data/estimate	547 257	1 124 687	n/a
Number of households in municipal area	Stats SA data/estimate	653 085	777 389	902 278
Number of poor households in municipal area	Stats SA data/estimate	139 443	302 193	n/a
Definition of poor household (R per month)		Income < R1 000	Income < R1 608	–
<b>Housing statistics</b>				
Formal	Stats SA data/estimate	504 937	599 792	478 631
Informal	Stats SA data/estimate	125 233	142 910	140 605
Total number of households		630 170	742 702	619 236
Dwellings provided by municipality		–	–	–
Dwellings provided by province/s		–	–	–
Dwellings provided by private sector		–	–	–
<b>Total new dwellings</b>				
		–	–	–
<b>Economic</b>				
Inflation/inflation outlook (CPIX)		–	–	–
Interest rate – borrowing		–	–	–
Interest rate – investment		–	–	–
Remuneration increases		–	–	–
Consumption growth (electricity)		–	–	–
Consumption growth (water)		–	–	–
<b>Collection rates</b>				
Property tax/service charges		–	–	–
Rental of facilities and equipment		–	–	–
Interest – external investments		–	–	–
Interest – debtors		–	–	–
Revenue from agency services		–	–	–

2007/8	2008/9	2009/10	Current year 2010/11	2011/12 Medium-term Revenue and Expenditure Framework		
3 469 714	3 620 326	3 713 374	3 861 137	4 010 720	4 161 630	4 313 526
350 940	328 384	348 328	354 343	368 071	381 920	395 860
322 285	340 075	351 283	380 294	395 027	409 890	424 851
650 886	687 089	687 162	716 634	744 397	772 406	800 598
645 481	675 409	693 266	714 708	742 397	770 331	798 447
16,89	20,85	24,15	24,20	25,00	–	–
n/a	n/a	10 683	n/a	–	–	–
n/a	n/a	445 445	n/a	–	–	–
n/a	n/a	18 775	n/a	–	–	–
3 469 714	3 620 326	3 713 374	3 861 137	4 010 720	4 161 630	4 313 526
1 525 451	1 556 640	1 245 650	n/a	–	–	–
948 290	1 019 395	1 060 964	1 103 182	1 145 920	1 189 037	1 232 436
416 790	438 490	355 900	n/a	–	–	–
Expenditure < R1 800	Expenditure < R2 500	Expenditure < R3 500				
726 068	740 286	769 139	798 341	827 792	857 384	887 038
214 575	279 109	291 825	304 841	318 128	331 653	345 398
940 643	1 019 395	1 060 964	1 103 182	1 145 920	1 189 037	1 232 436
6 439	9 476	8 950	8 500	8 800	9 000	–
–	–	–	–	–	–	–
10 638	11 590	10 724	9 260	9 500	9 700	–
17 077	21 066	19 674	17 760	18 300	18 700	–
8,7%	6,5%	8,0%	5,6%	4,0%	5,5%	5,4%
–	–	–	–	9,0%	9,0%	9,0%
–	–	–	–	6,1%	6,3%	7,8%
6,4%	8,3%	11,5%	10,4%	6,1%	6,3%	7,8%
2,8%	0,5%	–	–	–	1,0%	2,0%
4,7%	2,7%	1,0%	0,5%	0,5%	1,0%	1,0%
97,1%	94,7%	95,0%	95,0%	95,0%	95,0%	95,0%
94,4%	164,2%	68,5%	65,2%	100,0%	100,0%	100,0%
100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
97,1%	94,7%	95,0%	96,0%	96,5%	96,5%	96,5%
–	–	–	–	–	–	–

## Part 2 – Supporting documentation continued

**TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS**

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
<i>Area North</i> Main contractor – Powerrec (Pty) Ltd Alternative contractor – BCB Cable Jointing CC	Yrs	2,5	Low voltage distribution kiosk maintenance and replacement	30 June 2013	12 500
<i>Area East</i> Main contractor – Powerrec (Pty) Ltd Alternative contractor – V2 Electrical Contractors CC					
<i>Area South</i> Main Contractor – Powerrec (Pty) Ltd Alternative Contractor – Light–Be Construction and Maintenance CC					
Current Affairs Electrical CC	Yrs	2	Supply of labour for location and repair of pilot cable faults	20 January 2013	3 600
BE Cox t/a BCL Medical Waste Management	Mths	28	Provision of medical waste disposal service	30 June 2013	375
Imvusa Trading CC t/a Magic-Scapes	Mths	29	Supply, delivery, removal and installation of rubber matting around play equipment	30 June 2013	1 000
C Cleak	Yrs	2	Appointment of a consultant to assist the Property Management Department (Market Valuation division) in various tasks related to performing market valuations of immovable property and rights in immovable property	28 February 2013	R250 per hour for Year 1 and R300 per hour for Year 2
BKS (Pty) Ltd	Mths	7	Collection and capture of single residential property data, forming part of the maintenance of the 2009 General Valuation roll	1 August 2011	9 404
Titan Helicopters (Pty) Ltd	Mths	29	The supply and man of a large helicopter and spotter aeroplane to be used to combat runaway fires within the border of the City of Cape Town and surrounding areas	30 April 2013	5 016
C2C Consulting Engineers	Yrs	1	Appointment of professional service provider: structural engineering services for the replacement of roof sheets, repair steel work and concrete work of pavilion at Parow North sport ground	15 February 2012	85
MS Davids Construction and Demolishing	Mths	29	Demolition of illegal structures and relocation	30 June 2013	8 000
Sisonke Treefellers CC Ulwando Bushclearing Pty Ltd t/a Ulwando Bushclearing	Yrs	2,5	Pruning of trees near bare-conductor low-voltage lines	30 June 2012	3 500
Biocure CC	Mths	33	Supply, delivery, commissioning, installation and maintenance of odour control systems and supply and delivery of odour control agent at various wastewater treatment works	30 June 2012	2 000
Hanover Cleaning Services	Mths	25	Cleaning services for the City's public transport interchange facilities	31 January 2012	4 500



TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
CB Richard Ellis Mass Appraisal Services (Pty) Ltd Rode and Associates (Pty) Ltd Afrivak Properties (Pty) Ltd MPRA Consortium	Mths	33	Provision of professional service providers: valuation of selected specialised properties forming part of the general valuation 2009	30 June 2012	Various
Silirilole Ihlahla Construction CC	Mths	29	Provision of community-based refuse collection and area cleaning services in Nomzamo/Lwandle	30 June 2012	500
African Sanitation Outsourcing (Pty) Ltd Enviro Options (Pty) Ltd	Yrs	2	Supply, delivery, installation and operation of dehydration toilets	4 October 2011	2 800
Sharon Porthen t/a Gazellcare	Yrs	2	Provision of a service provider to perform an occupancy survey in Vrygrond, Capricorn	21 October 2011	124
DB Erasmus t/a Pegasus Consulting Services Play Parks Engineering CC Rhode Bros Steel Projects CC Golden Rewards 618 CC t/a Shamrock New Era Recruiting	Yrs	2,5	Supply, delivery and/or installation of playground equipment and repair and/or maintenance of existing playground equipment	30 June 2012	1 500
Messrs Agriman (Pty) Ltd	Mths	31	Removal, beneficial use and disposal of granulated wastewater sludge from the Cape Flats wastewater treatment works	30 June 2012	various
EnviroServ Waste Management (Pty) Ltd Hlumani Wasteman SA Metal & Machinery Co Pty Ltd t/a SA Metal & Waste Control	Mths	29	Removal, transportation and disposal of grit and screenings from various wastewater treatment works	30 June 2012	16 330
<i>Main contractor</i> Jetvac South Africa (Pty) Ltd <i>Alternative contractors</i> Bishop Cleaning Services CC Ramatini Services Agents CC Blazepoint Trading 51 CC Quetzal Trading 116 CC Khuduyane Quigley CC K&S Waste Logistics (Pty) Ltd	Yrs	2	Maintenance of sewer pipelines	30 June 2012	5 000
Albrecht Nursing Agency (Pty) Ltd Masibambane Recruitment (Pty) Ltd World Focus 1929 CC t/a Shammah Medi-Locum	Mths	28	Employment of temporary staff via labour brokers for the medical profession	30 June 2012	1 740
Shine The Way 313 CC t/a Greg Pets	Mths	29	Collection, transport and disposal of animal carcasses	30 June 2012	2 500
BCB Cable Jointing CC – main contractor Batt Electrical Services CC – 1st alternative contractor Giles Supertension Jointing CC – 2nd alternative contractor	Mths	29	Cable jointing services for 11kV cables	30 June 2012	9 000
Siemens Ltd	Mths	28	Maintenance of high-voltage switches (links)	30 June 2012	Various

## Part 2 – Supporting documentation continued

**TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED**

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
DT Adriaanse t/a DTA Services LE Prof Services Enterprises CC t/a LA Prof Enterprises CF Meyer t/a CF Maintenance Services	Mths	28	Enforcement of illegal posters and signs in terms of the outdoor advertising and signage Bylaw	30 June 2012	3 600
Waste-Mart	Yrs	2,5	Transportation of containerised municipal solid waste from the Swartklip refuse transfer station to the Vissershok landfill site	30 June 2012	20 300
Mandalla Garden Services CC Zozo Cleaning Services CC Sikhumbuze Tree Specialist CC SFL Jacobs t/a Jacobs Maintenance & Services Brainwave Projects 473 CC t/a Kuthelayo Contracts MP Ekard t/a MPE Garden Services Skoonste Trein CC NDG Construction CC Mac Taxis t/a Jones Industrial and Domestic Mowing Bur Maintenance CC Cocopan Garden Services CC CA Davids t/a Davids Tool Hire Lawnmower and Garden Centre	Mths	20	Horticultural maintenance of the City's parks	30 June 2012	32 000
Element Consulting Engineers (Pty) Ltd – for item 1 only Phambili Merz (Pty) Ltd – for items 2 and 3	Mths	28	Provision of professional services: quality assurance inspection of switchgear and ancillary equipment	30 June 2012	500
Waste-Mart CC	Yrs	3	Provision of a refuse collection service in Brown's Farm, Philippi, Weltevreden and surrounding areas	30 June 2013	Estimated value
Chippa Waste Management (Pty) Ltd	Mths	26	Provision of a refuse collection service in Kraaifontein, Bloekombos, Wallacedene and surrounding areas	30 June 2012	16 640
Mhonko's Waste and Security Services CC	Yrs	3	Provision of a refuse collection service in Khayelitsha North and surrounding areas	30 June 2013	32 400
Waste-Mart CC	Mths	27	Provision of a refuse collection service in Delft/Mfuleni and surrounding areas	30 June 2012	20 832
DB Erasmus t/a Pegasus Consulting Service and Distinctive Choice 306 CC t/a Avante Services	Mths	25	Pruning of municipal trees on public spaces	30 June 2012	2 000
Shamrock Plumbing CC	Yrs	2	Period tender for the construction of new sewer lines in District 3, Khayelitsha	7 June 2012	Rates
Quetzal Trading 116 CC	Yrs	2	Period tender for the construction of new sewer manholes in District 3, Khayelitsha	20 May 2012	2 000

TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
ATC (Pty) Ltd t/a CBI Electric: African Cables	Yrs	3	Period tender for design, manufacture, supply, delivery, erection, testing, commissioning and maintenance of 12 kV underground cable and accessories	2 February 2013	7 000
<i>Area 1 – Blaauwberg</i> Toleni Construction CC <i>Area 7 – Khayelitsha</i> Triple C Maintenance and Services CC <i>Area 8 – Plumstead</i> Toleni Construction CC			Period tender for the provision of traffic-calming measures and footways	30 April 2012	500
JJ Dyers Environmental Services CC	Yrs	2	Repair of sewer lines in District 3, Khayelitsha	7 June 2012	2 000
OCS – Odour Control Solutions CC t/a OCS	Mths	29	Provision of odour neutralisation services at refuse transfer stations and landfill sites	30 June 2012	3 000
<i>Main contractors</i> C & A Johnson Meter Readers CC Meterwise Enterprises CC <i>Alternative contractors</i> WH Boshoff Meterlees Dienste BK Micromega Revenue Management Solutions (Pty) Ltd Ikapa Reticulation & Flow CC	Yrs	2	Electricity meter reading, delivery of warning notices to disconnect supply, disconnection and reconnection and special investigations to address data purification and meter reading problems	30 June 2012	24 000
Umtha Strategy Planning and Development Consultancy t/a Umtha Consultancy	Mths	25	Provision of service providers: water demand management – community engagement	30 April 2012	9 000
Teloc Waste Management CC	Yrs	2	Cleaning and inspection of sewer pipelines to reduce spills	30 June 2012	2 000
Siyathi Construction and Projects CC Qhamani Nande Building and Cleaning Projects CC	Yrs	2	Supply and placement of concrete toilet structures in informal settlements within the City	30 April 2012	2 000
Chadways Construction CC	Yrs	2	Supply and delivery of 100 litre polyethylene container toilets in concrete toilet structures (elsewhere supplied) in informal settlements	30 March 2012	600
Shamrock Plumbing CC	Yrs	2	Supply and installation of lockable Manhole covers for sewers in District 3, Khayelitsha	17 June 2012	2 000
DT Nelson t/a Techno Building Specialists	Yrs	2	Maintenance of Water Meters in District 3, Khayelitsha	24 June 2012	2 000
Nyamane Maintenance and Cleaning Services CC	Mths	22	Provision of a community-based refuse collection and area cleaning in the small informal settlements: Atlantic area	30 June 2012	10 400
Chipcor Construction (Pty) Ltd	Yrs	3	Provision of a community-based refuse collection and area cleaning in the small informal settlements: Central area	30 June 2013	4 200
Chipcor Construction (Pty) Ltd	Mths	34	Provision of a community-based refuse collection and area cleaning in the small informal settlements: Eastern area	30 June 2013	6 600
Jetvac SA (Pty) Ltd	Yrs	2	Periodic tender for the CCTV and visual inspection of stormwater infrastructure	18 April 2012	6 000

## Part 2 – Supporting documentation continued

**TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED**

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
Light-be Construction and Maintenance CC	Mths	22	Provision of works for high-mast public lighting installations	30 June 2012	3 000
Chadways Construction CC	Mths	34	Repair and replacement of locks and hinges to council's green litter bins	13 June 2013	2 000
Enviroserv Waste Management(Pty) Ltd and Wasteman Holdings (Pty) Ltd	Mths	35	Removal, transportation and disposal of dewatered wastewater sludge from various wastewater treatment works	30 June 2013	68 250
Siemens Ltd	Mths	34	Repair and maintenance services for Steenbras Power Station 12kV generators	30 June 2013	4 000
Imvusa Trading 700 CC t/a Mshengu Services	Mths	27	Rental, delivering, placement and servicing of portable non-flushing chemical toilet units for informal settlements within the City	30 June 2013	164 885
ABB South Africa (Pty) Ltd	Yrs	2	Period tender for manufacture, testing, supply and delivery, and installation, testing and commissioning of 12kV Indoor switchgear and ancillary equipment for new internal ARC-rated installations	3 October 2012	Rates
Landscape Fusion CC	Mths	29	Horticultural maintenance of Company Gardens	30 June 2013	3 480
Masiqhame Trading 113 CC	Mths	33	Provision of community-based refuse removal and area cleaning services in Kosovo informal settlement	30 June 2013	2 076
Chippa Investment Holdings CC	Mths	33	Provision of community-based refuse removal and area cleaning services in Gxagxa, KTC, Lusaka, Thambo Square, Millers Camp, Mpetha Square, Mkhonto Square, Mpinga Square, Phola Park, Waterfront, Gqobasi and Black City	30 June 2013	5 000
Golden Rewards 618 CC t/a Shamrock New Era Recruiting	Mths	33	Provision of community-based refuse removal and area cleaning services in New Rest, Kanana, Barcelona, Europe and Vukunzenzele informal settlements	30 June 2013	5 000
Masiqhame Trading 113 CC	Mths	32	Provision of community-based refuse removal and area cleaning services in Sweethome informal settlement	30 June 2013	2 000
ME McGaughey t/a Shamrock Recruiting	Mths	32	Provision of community-based refuse removal and area cleaning services in Brown's Farm, Graveyard, SBDC, Sheffield Road, Area K, Samora Machell and Phola Park informal settlements	30 June 2013	3 500
IDP Trading CC	Yrs	2	Collection and receipt of door-to-door housing account payments	30 October 2012	10 000
NCC Environmental Services (Pty) Ltd	Yrs	1,5	Provision of service provider: implementation of baboon management programme on the Cape Peninsula	30 June 2012	13 800
Directional Moling Services Labourtech Road Bullet Fixtrade 1489 CC t/a Libby Construction Dawie Scholtz Drilling CC	Yrs	2	Trenchless installation of underground ducts (thrustboring and directional drilling)	31 October 2012	5 000
Asla Magwebu Civils (Pty) Ltd	Yrs	2	Supply and delivery of temporary housing units	29 November 2012	60 000

TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
Quetzel Trading 116 CC Sannicare CC Ikamva Facilities Management Sakhi'khaya Suppliers CC	Mths	31	Supply and delivery of portable flush toilets	30 June 2013	1 500
Golden Rewards 401 CC	Mths	34	Provision of professional service provider: facilitation and management of Adderley Street night market on behalf of the Economic and Human Development Department	30 June 2012	1 423
Waste-Mart CC	Mths	32	The provision of services for the road transportation of containerised municipal solid waste from the Oostenberg refuse transfer station facility to the Visersshok landfill site	30 June 2013	20 572
Kohler Signs (Pty) Ltd and Steyn Signage and Maintenance CC	Mths	31	Supply, delivery and erection of signage boards for City parks	30 June 2013	500
Altius Trading 271 (Pty) Ltd t/a Atlantic Waste Soil & More Reliance Landfill Consultants CC Chippa Investment Holdings CC Mart-Waste CC	Yrs	3	Chipping and removal of garden refuse, drop-off site management, offer to purchase chipped green waste and waste skip container services to solid waste facilities within the City	30 June 2012	208 413
Tedcor Women In Waste Joint Venture (Pty) Ltd t/a Tedcor Women In Waste	Yrs	3	Removal and disposal of refuse from storage areas in informal settlements	30 June 2012	54 467
Masiqhame Training 857 CC ME McGaughey t/a Shamrock Recruiting Siqalo Cleansing & Gardening Services Cumax Twenty-one CC Nyamane Maintenance & Cleaning Services Empolweni Cleaning	Yrs	3	Provision of community-based refuse collection and area cleaning services in Khayelitsha	30 June 2012	19 238
Area North Manuel Electrical Northern Rigging & Electrical Current Affairs Electrical CC Powerrec (Pty) Ltd Light-Be Streetlight Maintenance Area East JA Sheldon t/a Shelcorp Vredendal Electrical Bk t/a WP Electric Rams and Oliver Electrical CC Citrine Construction (Pty) Ltd TT Mcopele t/a Temba & Son Electrical Contractors Area South LA Test and Fault Location CMF Electrical Contractors MC Concepts Construction and Services Fixtrade 1489 CC t/a Libby Construction Mandewo Trading Enterprises	Yrs	2	Provision of electrical and civil works for public lighting installations – street lights	6 September 2011	28 000

## Part 2 – Supporting documentation continued

**TABLE 91: MBRR TABLE SA32 – LIST OF EXTERNAL MECHANISMS CONTINUED**

External mechanism	Years/ months	Period of agreement	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement
Name of organisation	Number				R thousand
Jeffares and Green (Pty) Ltd	Yrs	3	Provision of professional services: Management of the City of Cape Town Railway Sidings in terms of the South African Railway Management Regulator Act (Act 16 of 2002); RSR 001:2004 and SANS 3000-1:200x	30 June 2012	2 961
Empolweni Cleaners CC	Mths	33	Provision of community-based refuse collection and area cleaning services in Mfuleni	30 June 2012	2 400
MS Dawood Builders Alpha Builders	Yrs	2	Period tender for the supply and installation of doors, door stiles and door furniture in various council-owned houses in the City (south area)	9 July 2011	400
Beach Clean Services South Africa CC	Mths	32	Provision of beach cleaning services, including deep sand cleaning by mechanical means	30 June 2012	4 000
TWB Plumbing CC C4 Millenium Park, Stellenberg Street, Parow Industria 7493	Yrs	2	Installation of hotwater cylinders, baths, sinks including plumbing repairs in various council-owned properties in the south area	2 August 2011	Rates
ADH Projects CC	Yrs	2	Supply, delivery, installation and maintenance of paving for electricity services	19 July 2011	180
Indawo (Cape) (Pty) Ltd	Yrs	2	Maintenance of substation buildings – painting of substations	23 October 2011	Various
A to Z Land Solutions CC t/a Land Solutions	Mths	34	Outsourcing of Bevcan sport complex	30 June 2012	440
Pro Turf (Pty) Ltd	Mths	34	Outsourcing of Ruyterwacht sport complex	30 June 2012	400
Peter Salomons (Pty) Ltd t/a Jetvac South Africa	Mths	33	Cleaning of pump station wetwells	30 June 2012	2 000
Southern Ambition 360 CC Industrial Poles and Masts (Pty) Ltd Powerrec (Pty) Ltd	Yrs	2	Supply, delivery and erection of galvanised high-mast poles, cross arms and floodlights	20 September 2011	7 900
R Khan t/a Urban Projects	Yrs	2	Supply, delivery and installation of concrete palisade fencing and gates for various projects	6 August 2011	2 500
Mazana Trading CC PTTP Projects Imvusa Trading 1755 CC	Mths	23	Delivery of notices to consumers for planned interruptions of electricity supply – City electricity supply area	30 September 2011	3 000
Aurecon (Pty) Ltd	Mths	64	Provision of professional engineering consultancy services: detailed inspection, testing of structural integrity of the digesters and replacement PF. The digest sludge mixed system at the Cape Flats wastewater treatment works	30 June 2012	4 144
WCL Trading CC	Mths	41	Restructuring of the Dial-a-Ride public transport service for special-need passengers	30 December 2011	9 732



# Glossary

<b>AARTO</b>	Administrative Adjudication of Road Traffic Offences Act
<b>Adjustment budgets</b>	Prescribed in Section 28 of the Municipal Finance Management Act, these are the formal means by which a municipality may revise its budget during a financial year
<b>Allocations</b>	Money received from Province and National Treasury
<b>ARV</b>	antiretroviral
<b>AsgiSA</b>	Accelerated and Shared Growth Initiative for South Africa
<b>BER</b>	Bureau for Economic Research
<b>Budget</b>	The financial plan of a municipality
<b>Budget-related policy</b>	A municipal policy that affects, or is affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy
<b>Budget Steering Committee (BSC)</b>	Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the MFMA
<b>Capital expenditure</b>	Spending on municipal assets, such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet
<b>Cash flow statement</b>	A statement showing when actual cash will be received and spent by the municipality, and the month-end cash and short-term investment balances
<b>CBD</b>	central business district
<b>CCTV</b>	closed-circuit television
<b>CDS</b>	City Development Strategy
<b>City</b>	City of Cape Town
<b>CPI</b>	Headline consumer price index
<b>Convenco</b>	Cape Town Convention Centre (Pty) Ltd
<b>CRR</b>	Capital Replacement Reserve
<b>CRU</b>	community residential unit
<b>CSI</b>	corporate social investment
<b>DMTN</b>	Domestic medium-term note
<b>DORA</b>	Division of Revenue Act. Annual legislation that shows the allocations from National Government to local authorities
<b>DORb</b>	Division of Revenue Bill. Annual legislation tabled in Parliament, though not yet enacted, which shows the allocations from National Government to local authorities
<b>DRMC</b>	Disaster Risk Management Centre
<b>ECD</b>	early childhood development
<b>EDS</b>	Economic Development Strategy
<b>EFF</b>	External Financing Fund
<b>Executive Management Team (EMT)</b>	A team comprising the City Manager, the executive directors and the Chief Audit Executive, which reports to the City Manager
<b>Equitable share</b>	A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services



<b>FMF</b>	Finance Management Forum
<b>GDFI</b>	Gross domestic fixed investment
<b>GDP</b>	gross domestic product
<b>GFS</b>	Government finance statistics. An internationally recognised classification system that facilitates comparisons between municipalities
<b>GRAP</b>	generally recognised accounting practice
<b>GV</b>	general valuation
<b>ICT</b>	information communication technology
<b>IDP</b>	Integrated Development Plan. The main strategic planning document of a municipality
<b>IRT</b>	integrated rapid transit
<b>ISERMS</b>	integrated spatially enabled response management system
<b>ISIS</b>	integrated spatial information system
<b>IWM</b>	integrated waste management
<b>KCT</b>	Khayelitsha Community Trust
<b>KPIs</b>	Key performance indicators. Measures of service output and/or outcomes
<b>LUPO</b>	Land Use Planning Ordinance
<b>Mayco</b>	Mayoral Committee
<b>MBRR</b>	Municipal Budget and Reporting Regulations
<b>MEC</b>	Member of Executive Council
<b>MFMA</b>	Municipal Finance Management Act (Act 56 of 2003). The principal piece of legislation relating to municipal financial management
<b>MIG</b>	municipal infrastructure grant
<b>MPRA</b>	Municipal Property Rates Act
<b>MRF</b>	material recovery facility
<b>MTREF</b>	Medium-term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years
<b>MYPD</b>	Multi-year price determination
<b>NEMA</b>	National Environmental Management Act
<b>NERSA</b>	National Energy Regulator of South Africa
<b>NKPI</b>	national key performance indicator
<b>NMT</b>	non-motorised transport
<b>NPO</b>	non-profit organisation
<b>Operating expenditure</b>	The day-to-day expenses of a municipality, such as general expenses, salaries and wages, and repairs and maintenance
<b>OPM</b>	organisational performance management
<b>PBO</b>	public benefit organisation

## Glossary continued

<b>Portfolio committee</b>	In line with Section 79 of the Structures Act, the City's portfolio committees process policies and bylaws relating to the functional areas within their terms of reference. They are responsible for the implementation monitoring of these policies and bylaws, as well as oversight of the functional areas. Portfolio committees are also responsible for assessing and monitoring service delivery, ensuring that annual budgets are spent wisely and that there is no wastage or corruption
<b>PPE</b>	plant, property and equipment
<b>Province</b>	Provincial Government of the Western Cape
<b>Rates</b>	A local government tax based on the assessed valuation of a property
<b>RFID</b>	radio frequency identification
<b>RSC</b>	Regional Services Council
<b>SALGBC</b>	South African Local Government Bargaining Council
<b>SARB</b>	South African Reserve Bank
<b>SCM</b>	Supply chain management
<b>SCOPA</b>	Standing Committee on Public Accounts
<b>SDA</b>	service delivery agreement
<b>SDBIP</b>	Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates
<b>SFAs</b>	Strategic focus areas. The main priorities of a municipality as set out in its IDP. Budgeted spending must contribute towards achievement of these strategic focus areas
<b>SRA</b>	special rating area
<b>Subcouncils</b>	The metropolitan area governed by the City is divided into subcouncils, each of which is made up of a number of wards. There are a total of 105 wards, each of which is represented by a councillor. A ward, in turn, is made up of a number of suburbs
<b>TMA</b>	Total municipal account
<b>VLPV</b>	very large power user
<b>Vote</b>	One of the main segments into which a budget is divided, usually at directorate level
<b>WDM</b>	water demand management
<b>WWTW</b>	wastewater treatment works
<b>UISP</b>	Upgrading of Informal Settlements Programme

*Back row: Trevor Robinson, Sumaya Rinqest-Kallis, Mfundo Sandondo, Amina Ebrahim, Juan Uys, Elmien Jordaan, Lucille Mays*

*Second row from back: Edward Jacobs, Marchelaine Dawood, Zukiswa Nqanqali (Manager: Operating Budget), Siphon Nodliwa*

*Third row: Nobesuthu Douse, Karen Fourie (Manager: Capital Budget), Johan Steyl (Director: Budgets)*

*Fourth row: Madenia Safodien, Noyolo Gwetyana*

*Fifth row: Eldre Foot, Khayelihle Mthethwa (National Treasury CA trainee), Ganief Elloker*

*Front row: Sandile Malimela, Alistair Kannemeyer, Simorné Cleophas, Naiemah Ishmail (Manager: Performance Budgeting), Dominique Waso*

*Absent: Gerrie Hattingh, Angelo von Willingh, Chrisna Pretorius*





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